

SOCIAL MOBILITY

Aspiring middle classes struggle for economic security

Rachmadea Aisyah

THE JAKARTA POST/JAKARTA

Many Indonesians believe that people who work for the government are guaranteed a financially secure living. However, 25-year-old Tutut Widyaningrum does not feel this way.

Tutut, a resident of Tangerang, Banten, began working in February as a government legal official in Jakarta. She was elated to find that her salary would be just above the capital's minimum wage of Rp 3.35 million (US\$234.5).

Her salary, however, did not necessarily mean that she was financially secure. "I could help to pay my siblings' tuition fees, but I have to spend most of my income on basic necessities. I cannot save as much money as I expected, let alone buy a motorbike," Tutut said.

Tutut's story illustrates the challenges faced by the so-called aspiring middle class, a term the World Bank (WB) uses to categorize a group of people who are no longer vulnerable, but not yet free from financial risk.

Forty-five percent of Indone-

sians are categorized by the World Bank as the aspiring middle class, while 24 percent are categorized as vulnerable, meaning those who live just above the poverty line and are at risk of falling below it.

Some 20 percent of the population are categorized as the middle class, who have a less than 10 percent chance of becoming poor or vulnerable in the future, while 11 percent are categorized as poor.

"A country's middle class is both an indication of progress and also key to its development, but it [Indonesia's middle class] is not growing as fast as it should," WB country director for Indonesia Rodrigo Chavez said in a seminar on Monday.

Indonesia's middle class, defined by the WB as those who earn at least \$15 a day, account for only 20 percent of the total population as of 2016, data from the WB shows, whereas the poor, who earn less than \$1 a day, make up 11 percent.

"Approximately 115 million Indonesians could join the middle class soon, but they cannot move by themselves. They need targeted public policy," Chavez added.

Around 21 percent of households in Indonesia considered economically vulnerable in 2008 had fallen into moderate poverty by 2010, whereas 35 percent of households in moderate poverty had climbed into the economically vulnerable class, the WB said in its regional report titled "Riding the Wave: An East Asian Miracle for the 21st Century."

The social mobility of the aspiring middle class was imperative to spur economic growth, WB senior economist Matthew Wai-Poi said, pointing out that the current middle class, comprising one-fifth of the total population, could potentially contribute to 43 percent of the country's household consumption.

"If the aspiring middle class could climb further, Indonesia would become a truly middle class society and a high income country," Wai-Poi said.

Another challenge facing the aspiring middle class was unequal access to jobs, with connectivity being a significant constraint to mobility and market access, particularly in rural areas, the report said.

Moreover, many less-educated citizens had limited financial literacy, hindering the benefits financial services could provide, the report remarked.

Wai-Poi said high quality services provided by the government in health and education, combined with better jobs and skills, would help the aspiring middle class to achieve middle class status. Meanwhile, the government should collect more taxes from both classes to provide better quality services, he added.

Finance Minister Sri Mulyani Indrawati agreed with the report's findings, highlighting education as key to improving the social mobility of the aspiring middle class.

She urged regional administrations, who are in direct control of primary and secondary schools, to pay more attention to education. "Education is a tool for people to become middle class citizens."

She also highlighted the importance of efficiency, saying a larger education budget would not automatically lead to a better education system.

Low inflation trend may continue in 2018 amid stable costs

Marchio Irfan Gorbiano

THE JAKARTA POST/JAKARTA

Inflation in Indonesia is projected to stay benign next year as the government has signaled that there will be no adjustment to the electricity tariff, which is part of the administered prices component, analysts have said.

Inflationary pressure had risen earlier this year following the government's decision to cut electricity subsidies, but the inflation rate has been in decline over the past few months as the impact receded, according to the analysts.

"I think the [low inflation] trend will continue on the back of the government's commitment not to raise administered prices. Commodity prices also tend to be

stable," said David Sumual, chief economist at Bank Central Asia (BCA), over the phone on Monday.

With relatively benign administered prices next year, the inflation rate was expected to hover around 3 percent, lower than the government's target of 3.5 percent, said Bank Mandiri senior economist Andry Asmoro.

The government has recently announced its plan to halt increases in the prices of fuel, liquefied petroleum gas (LPG) and electricity next year in an effort to encourage domestic consumption.

However, the projection of a gradual improvement in the global economy and a slight increase in commodity prices in 2018 was

one of the major factors contributing to Indonesia's inflation, which would reach 3.5 percent in the upcoming year, said PermataBank economist Josua Pardede.

Inflation in November was recorded at 0.2 percent month-to-month (mtm), bringing the rate during the January-November period to 2.87 percent, the Central Statistics Agency (BPS) announced on Monday.

Annual inflation stood at 3.3 percent year-on-year (yoy) in November, still lower than 3.5 percent as targeted by Bank Indonesia (BI).

Monthly inflation in November was the lowest month-to-month rate in the same month over the last three years, said BPS head Suhariyanto. ✓

✓ Suhariyanto said price increases in food commodities were the main contributor to inflation in November, with the highest rises recorded in rice, shallots, chicken meat, eggs and fish.

He said seasonality also played a part in the price increase in food commodities based on their historical data.

BCA's David said the low inflation trend could be attributed to the relatively flat consumer demand, which was reflected in the core inflation component in November, which remained within expectations this year.

The core inflation component was recorded at 0.13 percent in November, while volatile food and administered prices stood at 0.38 percent and 0.21 percent, re-

spectively.

David said the weak consumer demand could be attributed to the declining purchasing power among middle to lower income people.

At the middle to upper segment, meanwhile, there was a lack of confidence in consumption of durable goods, such as cars and motorcycles, he said.

Household spending expanded by 4.93 percent year-on-year (yoy) in the third quarter of this year, slower than 4.94 percent and 4.95 percent recorded in earlier quarters.

As a result, economic growth plateaued at 5.03 percent as of September this year, below the government's expected 5.2 percent growth as stated in the re-

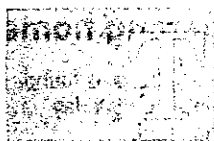
vised 2017 state budget. The government, however, remains optimistic that it could achieve a 5.17 percent growth by year-end.

Despite already reaching its peak in May and June, inflationary pressure would likely rise in December as consumer demand traditionally increased during the festive season of Christmas and New Year, PermataBank's Josua said.

Bank Mandiri's Andry voiced a similar opinion that inflation in November remained within his expectations due to the seasonality factor.

He projected that the inflation rate would stay below 3.5 percent at year-end despite the seasonal pickup in economic activity during the final months.

Credit market weakening



The latest assessments by the International Monetary Fund and World Bank share the view that Indonesia's banking system is well capitalized, its profitability is high, and system-wide liquidity remains ample.

But despite these positive key indicators of financial stability, extra caution is needed to monitor discouraging developments that show a slowdown in the credit market, the main artery of lifeblood for economic activities.

First of all, bank lending growth has mostly been hovering below 10 percent over the past three years. We need a well-functioning credit system to support economic growth. Between 2011 and 2013 when economic growth averaged 6 percent, bank credit expanded by more than 20 percent a year. But even throughout this year lending growth may remain stagnant at below 8 percent despite the two cuts in Bank Indonesia's (BI) benchmark interest rate to as low as 4.25 percent over the past few months.

Many analysts have estimated that the impact of the rate cuts will be fully transmitted to lending activities only sometime next year. But several other analysts do not agree with this forecast as the amount of undisbursed loans already committed by banks increased by 16 percent to Rp 1.4 quadrillion (US\$103.7 billion) as of September.

The weakening credit market was caused by both demand-side issues as borrowers hesitated to take up loans because of greater business risks and by supply-side problems because banks, concerned about the rising incidence of bad loans, have been pulling back on lending to protect themselves against the possibility of a higher level of non-performing loans. If this trend continues, the drying up of credit could cause severe damage to consumer confidence and slow down economic activity.

Data from the Financial Services Authority shows that the ratio of non-performing loans in the banking industry rose only slightly to 2.96 percent as of September from 2.93 percent a year earlier. But this figure did not include two other problem loan types — special-mention and re-structured loans. Even though the latter carried less risks, they could easily turn into non-performing loans with just a slight deterioration in economic conditions.

Since banks also need to balance their third-party funds and interest margins and guard against the threat of soaring non-performing loans, they have parked an increasing amount of their funds in government bonds. As of September, bank funds put into government bonds totaled Rp 617.5 trillion, up by 16 percent from a year earlier.

BI Governor Agus Martowardojo said last week that the central bank would relax the rules on bank reserves and loan-to-value policy to give more room for lenders to increase their loans.

But improvements in the supply-side of the credit system will be less meaningful for stimulating credit growth if the demand-side issues — business risks — that have made companies averse to taking new loans are not addressed.

Business risks can be mitigated if the government is really serious about improving its regulatory and legal frameworks.

Jokowi's agrarian reform program makes slow progress

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THE JAKARTA POST/JAKARTA/
BANDUNG

Praised as a breakthrough step toward reducing poverty by enabling low-income citizens to create their own businesses, President Joko "Jokowi" Widodo's agrarian reform program is facing the difficult task of providing legal ownership statuses for land owners.

The process of checking and confirming the rightful owner of a plot of land has been slow and tedious, but to prove his administration's commitment to land reform, the President made his eighth visit to West Java on Monday to distribute some 10,000 land certificates.

Jokowi said that issuing these land certificates was the government's main program to provide the people with legal certainty.

"Each time I go to a village or a regency, the main complaint of the people there is always related to a land dispute [...] between neighbors and between local people and companies," Jokowi said at the distribution event on Monday, which was held at the Sabulungan building in Soreang, Bandung regency, West Java.

"These disputes happen be-

In 2016, govt issued 46 million land certificates from 126 million target

Indigenous communities to gain communal rights over customary forests

cause residents don't have [land] certificates."

A certificate would give residents legal certainty over their land, he added.

West Java Governor Ahmad Heryawan said that as of Monday, the government had issued certificates for 311,791 parcels of land, which adds up to only 52.4 percent of the 594,500 plots of land in the province that have yet to be certified or obtain a clear legal status.

"Out of total [10,000] certificates issued, 3,500 were for small and medium enterprises; 2,300 for agriculture and 1,600 for fishermen. The remaining 2,600 certificates are currently being processed," said Heryawan.

In starting his land redistribution program last year, Jokowi asked Agrarian and Land Spatial Planning Minister Sofyan Djalil to ensure the issuance of 126 million land certificates.

"At the end of 2016, we issued certificates for 46 million plots of

land; some 80 million are not yet certified," the President said.

"In previous years, the government issued only 500,000 certificates per year. At that rate, it would take us 160 years to complete our land certification program. I don't want that.

"Therefore, my target is that by 2025, all Indonesians will have obtained a land certificate."

The government is targeting to distribute 5 million land certificates in 2017, followed by 7 million in 2018 and 9 million in 2019.

The distribution of land certificates in Bandung regency on Monday was the 47th of such events that has taken place since the President kicked off the program in Gunung Kidul regency, Yogyakarta, on Oct. 10, 2016.

Official government data shows that as of November, around 2 million certificates have been distributed across the county.

The government had explained at the start of the program that it would only allocate idle land, and not land that is part of forest conservation areas.

In addition to its efforts in agrarian reform, the Jokowi administration has also implemented a social forestry program.

In it, millions of hectares of land will be distributed among customary people who are then

granted the communal rights to control and use customary forests to improve their welfare.

In December 2016, Jokowi signed a decree that acknowledged the ownership rights of nine indigenous communities over 13,100 ha of customary forests.

The government is also currently working on its "one-map" policy, which will clearly determine conservation forest areas.

The map is expected to set clear boundaries between conservation areas and customary forests.

According to the Environment and Forestry Ministry's forest management director, Muhammad Said, indigenous communities would be involved in mapping customary forests in the future.

"This is to avoid conflicting claims between the government and the customary people," Said added.

However, Jaro Wahid, a member of the Kasepuhan Karang indigenous community, claimed that he was recently arrested for using the land that had been allocated to him in Jokowi's land distribution program.

According to National Police's special crime director, Sr. Comr. Irsan, "Many problems have emerged in the field because [police] officers don't understand the program and its regulations."

Pertamina may find relief in fuel prices

Viriya P. Singgih

THE JAKARTA POST/JAKARTA

The government might increase the price of certain fuel types sold by state-owned energy giant Pertamina to help ease the company's financial burdens.

Since April 2016, the government has maintained the prices of Premium gasoline with a research octane number (RON) of 88 at Rp 6,450 (49 US cents) per liter and subsidized Solar diesel at Rp 5,150 per liter. This has forced Pertamina to bear the burden when the prices are below its real economic value.

Pertamina claims it lost \$1.42 billion in potential revenues within the first nine months of 2017, because the Indonesian Crude Price (ICP) grew simultaneously by 28.9 percent year-on-year to \$48.86 per barrel.

It has since sent a letter explaining its financial situation to the Energy and Mineral Resources Ministry, the Finance Ministry and the State-Owned Enterprises Ministry in hopes of some relief.

Commenting on this matter, the Energy and Mineral Resources Ministry's oil and gas director-general Ego Syahril said the government initially decided to maintain the price of Premium and Solar in efforts to preserve people's purchasing power.

"However, we'll see the situation prior to 2018. If the crude price surpasses \$60 per barrel, we might have to adjust the prices, for instance, by increasing the price of Premium to Rp 6,750," Ego said.

The ICP stood at around \$59 per barrel in November, while the price of global benchmark

Subsidized fuel prices have not risen in line with ICP since April 2016

Pertamina claims to have lost \$1.42 billion in potential revenues since ICP reached \$48.86 per barrel

Brent crude even reached \$63.73 per barrel on Dec. 1.

The ministry, along with Pertamina and the Supreme Audit Agency (BPK), is also currently reviewing the price formula for Premium and Solar, which should be subject to adjustment once every three months.

At present, the formula takes into account several components, including the distribution cost, the value-added tax (PPN) and the motor vehicle fuel tax (PBBKB).

"The formula was initially introduced in 2015. Some cost components might have to be adjusted in line with the current situation," Pertamina finance director Arief Budiman said.

A price adjustment will be a big boost for Pertamina, which saw its total liabilities climb by 1.08 percent year-on-year (yoy) to \$26.36 billion in the first half of 2017.

As of 2016, the government still owed Pertamina Rp 22 trillion in subsidies for the sale of subsidized 3-kilogram liquefied petroleum gas (LPG) canisters and subsidized Solar diesel. Moreover, the government has yet to pay Rp 8.4 trillion for gasoline supplied by Pertamina to the Indonesian Military since 2014.

The government, however,

has only committed to repay Rp 4 trillion of its military-related debts to Pertamina by the end of the year.

Meanwhile, Pertamina president director Elia Massa Manik said it would be difficult for the company to accelerate its expansion efforts without any price adjustments.

Pertamina has estimated that it will need around \$120 billion to support its business plans within the next decade, one-third of which will be used to finance various refinery projects.

The company has allocated \$5.5 billion in capital expenditure in 2018, up from \$4.5 billion this year. It has projected that the figure will reach around \$10 billion a year in the 2019-2021 period following the start of the construction of its refinery projects.

"Yes, we can still make a profit in 2017. [...] But in the future, it all depends on the crude price. That's why we have voiced our concerns to the government," Elia said.

The government has also ordered Pertamina to support the former's policy to ensure fuel prices are uniform in all corners of the archipelago. Pertamina plans to establish fuel distribution agents in 150 remote locations by 2019 with a total investment of around Rp 3.8 trillion to support the government.

Once completed, Pertamina estimates it will need to disburse Rp 3 trillion annually to keep the program running.

As of today, Pertamina has only been able to build 34 fuel agents nationwide, 62.9 percent of the total target of 54 before year-end.

PAYMENT SYSTEM

BI pushes for banking efficiency with integrated network

Anton Hermansyah

THE JAKARTA POST/JAKARTA

Bank customers in Indonesia can expect to enjoy lower lending rates in the future as lenders become more efficient as a result of a newly introduced interconnected payment network, dubbed the National Payment Gateway.

With a shared infrastructure, banks will be able to slash the costs of an interbank network, which contribute to overall expenses leading to higher lending rates in Indonesia compared to its peers in Southeast Asia.

The costs of the interbank network are reflected in the merchant discount rate (MDR), a fee charged by banks to merchants for transactions with debit and credit cards using electronic data capture (EDC).

"Banks usually charged 2 to 3 percent of the merchant discount rate if a customer used another bank's card. However, the rate now is just 1 percent with shared infrastructure," Bank Indonesia (BI) Governor Agus Martowardojo said during the new system's launch at BI's headquarters on Monday.

Despite the lower MDR, he said banks could still enjoy growth in their fee-based income as transaction volume would continue to increase.

With an interconnected network, banks will have efficient operations as there will be no need

to invest large sums for automated teller machines (ATMs) and EDCs by themselves.

He cited as an example the plethora of ATMs and EDCs in stores and shopping malls that are costly for banks to maintain and the money spent on them could be invested in other resources.

Another example of efficiencies stemming from a shared network is the ATM Himbara Link, an integrated ATM system owned by four state-owned lenders under the State-Owned Banks Association (Himbara) — Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI) and Bank Tabungan Negara (BTN).

The ATM Himbara Link, Agus said had helped significantly reduce fees for transfers and cash withdrawals as online bank transfers among state-owned lenders cost only Rp 4,000 (29 US cents) per transaction, from the previous Rp 6,500.

BI transformation program head Onny Widjanarko said the country's four switching companies and biggest issuers of e-money, namely Bank Mandiri, BNI, BRI and BCA, would form a consortium to manage the shared network that should be established before July 2018.

"The name of the consortium will be PT Penyelenggara Transaksi Elektronik Nasional. It has a minimum equity of Rp 50 billion,

while the shares will be decided by the switching companies and the banks," he said.

Through the newly launched National Payment Gateway, existing infrastructure used for debit card and e-money transactions in the country will be expanded to credit card transaction settlements in 2019.

Currently only 60 out of 118 banks are connected to the new gateway and BI expects the remainder to join in July next year.

Starting January 2018, Onny said banks would issue debit cards with the payment gateway's red eagle logo, which will have lower administration fees compared to foreign switching giants, such as Visa and Mastercard.

"The [gateway] card is for domestic transactions only, but the monthly cost will be lower than foreign switching brands," he said.

He said there were 140 debit cards in Indonesia and 90 percent of these bore the logos of foreign switching networks.

Debit card transactions in Indonesia amount to Rp 17 trillion per day, BI data show.

Onny said the efficiency efforts through infrastructure sharing was essential as the banking industry had to move quickly into a less-cash system, adding that people in India and China already used QR codes and Near Field Communications (NFC) wireless technology for their purchases.

Air Force chief may lead TNI

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J.Post

Nurul Fitri Ramadhani

THE JAKARTA POST/JAKARTA

Air Force chief of staff Air Chief Marshal Hadi Tjahjanto is likely to take over the controls of the Indonesian Military (TNI) soon, replacing Gen. Gatot Nurmantyo who will retire next March.

President Joko "Jokowi" Widodo submitted a letter to the House of Representatives, through State Secretary Pratikno, on Monday, proposing Hadi undergo screening. The letter was signed by the President on Dec. 3, informing the House of the plan for Gatot to step down and be replaced with Hadi.

According to the letter, the President took into account Hadi's capability to lead the TNI and Hadi met all the requirements.

Factions at House Commission I, overseeing defense, applauded Jokowi for returning to the tradition, which had existed since the fall of the New Order regime, of rotating the leadership of the TNI among the services, the Army, Navy and Air Force.

However, the Army has been in command for the previous two terms as Jokowi appointed Gatot, the former Army chief of staff, as TNI commander in 2015, to replace the Army's Gen. Moeldoko. Preceding Moeldoko was former Navy chief of staff Adm. Agus Suhartono.

It had been expected that then Air Force chief of staff Air Chief Marshal Agus Supriatna would have received the position if the rotation tradition had been maintained.

"[Hadi's appointment] shows that the rotation system is working. Moreover, he is an eligible candidate to be TNI chief," Commission I deputy chairman Asril Hamzah Tanjung of the Gerindra Party said.

The 53-year-old Hadi, who was sworn in as Air Force chief of staff a year ago, will have a relatively long term as chief of the TNI as he is not due to retire until 2022.

When he was first promoted to air marshal, Hadi was touted as the strongest candidate to replace Gatot, who will enter his mandatory retirement age on April 1, 2018.

Hadi became the Air Force spokesman in 2013. Two years later in 2015, he was assigned to be the commander of the Abdurrahman Saleh Air Base in Malang, East Java. In the same year, a Hercules aircraft from his squadron crashed into a residential area in Medan, North Sumatra, killing approximately 120 people.

Hadi, a 1986 Air Force Academy graduate, is no stranger to Jokowi. He served as head of the Adi Sumarmo Air Base in Surakarta, Central Java, in 2010 and 2011 when Jokowi was mayor.



Antara

Hadi Tjahjanto

Jokowi proposes Air Chief Marshal Hadi Tjahjanto as new TNI chief

Lawmakers must speed up process so it can be completed before Dec. 13

A year after taking office as president in 2014, Jokowi promoted Hadi to presidential military secretary. In 2015, Hadi received another promotion to become the Defense Ministry's inspector general and the State Palace increased his rank from two-star to three-star Air Force marshal.

Jokowi then increased Hadi's rank to four-star marshal when he inaugurated him as the Air Force chief of staff earlier this year.

The 2004 TNI Law stipulates that candidates for the TNI's top post must be the chief of staff of one of its three services. Therefore, Hadi's new rank and experience as Air Force chief makes him eligible to be nominated as the next TNI chief.

Muradi, the director of the Political Studies and Security Center (PSPK) in Bandung-based Padjadjaran University, said proposing Hadi could help rejuvenate the military.

"Hadi will have enough time to achieve internal consolidation in the TNI. The far off date of his retirement should allow him to strengthen the integration of the defense system," he said.

The House is expected to speed up the replacement process. On Tuesday, it will hold a plenary meeting where the President's letter will be read out. After that, Commission I can hold a confirmation hearing, with the whole process completed before the legislative body goes into recess on Dec. 13.

"The replacement should be decided on before the recess. Maybe we'll [hold the hearing] this week," said Commission I deputy chairman TB Hasanuddin of the Indonesian Democratic Party of Struggle (PDI-P).

The lawmakers, however, have the right to reject Hadi should they find him ineligible after the hearing.

"If we don't approve of Hadi, then the President must give us another name," Hasanuddin said.

Setya to step down from House: MKD

JAKARTA: The House of Representatives' Ethics Council (MKD) has said that sooner or later House Speaker Setya Novanto would resign from his post, as his current detention by the Corruption Eradication Commission (KPK) prevented him from leading the legislative body.

MKD deputy chairman Sarifuddin Sudding said that Setya had expressed his willingness to resign when questioned by lawmakers about potential ethical violations at the Corruption Eradication Commission's (KPK) office.

"He [Setya] conveyed an apology to the public. He said he realized that a House Speaker held many important duties, which could not be delegated to a deputy speaker. He will make a decision [about his resignation] in the near future," Sudding said on Tuesday.

The Hanura Party lawmaker said it would be more elegant for Setya to give up his post rather than be fired.

Setya was named a suspect in the high-profile graft case relating to the procurement of e-IDs. He previously sent a letter to the House demanding that no process be pursued regarding his dismissal as House Speaker, asking the council to wait for the verdict of the pretrial motion he filed to the South Jakarta District Court against the KPK.

The council, however, has moved to investigate allegations of ethical violations, including an accident that led to Setya receiving medical treatment at the Medika Permata Hijau Hospital.

All factions at the House, except for the Golkar Party, have demanded that he give up his post for the sake of the House's image. — *JP*

REGIONAL STUDIES

Govt in search of future Indonesianists

Indra Budiari

THE JAKARTA POST/JAKARTA

When a noted scholar, Cornell University's Benedict Anderson, passed away in 2015 Indonesia lost a foreign scholar with a deep interest and extensive knowledge on the world's largest archipelagic country.

Along with famed anthropologist Clifford Geertz and another Cornell intellectual, Daniel Lev, who both passed away earlier, the death of Anderson marked the end of the "first generation" of Indonesianists whose works became references for students and scholars to learn about Indonesia.

Now the country is starting to reach out to youth from abroad who love and understand the Indonesian culture to fill the role, but experts warned that it would not be an easy thing to do.

Fatchiah E. Kertamuda, vice rector at Paramadina University, said on Monday that a comprehensive plan was needed if the government wanted to attract future Indonesianists from Generation Z, those who are born be-

tween the mid-1990s and mid-2000s.

Speaking at a gathering of Indonesianists and scholars organized by the Foreign Ministry, Fatchiah said regulations and bureaucracy had to stop being barriers keeping foreigners from studying or participating in programs at Indonesian universities.

She also pointed out that the government must consider conducting more promotions abroad to expand the world's awareness of Indonesia's rich and diverse culture.

"But since the target is Gen Z, the promotion should be focused on social media and other digital channels," she said.

The ministry plans to hold the World Indonesianists Congress sometimes in 2018 and Monday's event was aimed at gathering feedback from Indonesianists and scholars.

Michael Vatikiotis, a senior journalist who wrote the book *Indonesian Politics under Soeharto*, said that after 20 years living in Indonesia, he experienced many changes in the last few years in

term of intolerance and it might affect the world's perception of Indonesia.

In November and December 2016, the country saw two of the largest rallies in its history as hundreds of thousands of Muslim hit Jakarta streets to protest against then Jakarta governor Basuki "Ahok" Tjahaja Purnama. Political analysts and experts considered the events to be signs of the rise of Muslim conservatism.

"I covered a lot of protests in Jakarta and my biggest fear now is diversity is under threat in Indonesia," Vatikiotis said.

However, Philippa Lilly Joumalop, a participant from Papua New Guinea who studies information systems at Universitas Komputer Indonesia in Bandung, West Java, said there were more things to be cherished than worried about in Indonesia. Having moved from her hometown three years ago, it did not take long for her to fall in love with Indonesian plurality and religious tolerance. For instance, she said she loves how the Cathedral Church and Istiqlal Grand Mosque are located across

from each other in Central Jakarta. Every year the cathedral provides parking for Muslims performing Idul Fitri prayers in Istiqlal.

"That is a very rare sight for me," she told *The Jakarta Post*. "After finishing my studies and returning home I would like to think that one day I will return to Indonesia."

Another participant, South Korean Youngjin Son, an exchange program student at the London School of Public Relations in Jakarta, said the decision of the South Korean government to get closer to Southeast Asian countries was the main reason she took the five-month program.

"I'd like to be known as a specialist of this region and that's why I came to study here," she said.

In May, the Research, Technology and Education Ministry emphasized that it would continue to assist foreigners looking to study in the country.

Data released by the ministry reveals that in 2016 the government issued 6,967 study permits for foreigners, with Timor Leste, Malaysia and Thailand named as the top three countries of origin.