
JICA LOAN ASSISTANCE TOWARDS INDONESIA'S ECONOMIC EFFORTS AMID THE COVID-19 PANDEMIC

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Abstract: This research aims to analyze the role of the Japan International Cooperation Agency (JICA) in Indonesia's economic recovery efforts during the COVID-19 pandemic using the conceptual framework of the Interdependence theory. Qualitative research methods are employed to delve into the adaptive decision-making processes within Indonesia's economic policies. The findings highlight the interdependent steps taken in Indonesia's economic policies and assess the effectiveness of JICA's financial assistance in facilitating a gradual economic recovery. The study depicts the crucial role of JICA as a catalyst for interdependent changes, supporting Indonesia's economic recovery efforts amid the challenges posed by COVID-19. The implications of this research provide insights for decision-makers, emphasizing the effectiveness of interdependent decision-making in crisis management. Understanding the role of external assistance, such as JICA's support, becomes crucial for designing adaptive and effective economic recovery strategies. Overall, this research contributes to a nuanced understanding of Indonesia's economic response to the pandemic, offering practical insights for future crisis management and recovery efforts within the context of Interdependence theory.

Keywords: *COVID-19 Pandemic, International Assistance, Interdependence, JICA*

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INTRODUCTION

Indonesia's economic development is still being hit by the COVID-19 pandemic which has hampered business development. The result is that until the second quarter of this year, the Indonesian economy experienced a contraction of 5.3%. (Statistic Indonesia (BPS), 2020) If in the third quarter, it experiences another contraction, then Indonesia will officially fall into recession. Just like other countries already affected, such as South Korea, Singapore, and even the United States.

The government has made various efforts, one of which is the National Economic Recovery (PEN) program which has a budget of IDR 695 trillion (Ministry of Finance, 2020; Pradana, 2022) for handling COVID-19 it is targeted to be absorbed into 6 programs of the Committee for Handling COVID-19 and National Economic Recovery (KPC PEN) (COVID-19 Task Force, 2020). To maintain national economic recovery, Indonesia needs assistance from all parties, including foreign countries. Some assistance can be provided by foreign countries, one of which is in the form of loan funds to ease government spending which has swelled due to COVID-19.

This year's deficit was projected at the beginning of the year to be around 1.76% of Indonesia's Gross Domestic Product (GDP). With the pandemic, the Government has determined that the deficit will increase by more than 3% to 5.07% of Gross Domestic Product (GDP) based on Presidential Decree No. 54 of 2020 and then increase again to 6.34% of GDP based on Presidential Decree no. 72 of 2020 (Finance Ministry, 2020).

One of the assistances from other countries is Japan through the Japan International Cooperation Agency (JICA) which has signed a loan agreement with the Indonesian government amounting to 50 million yen or the equivalent of IDR 6.9 trillion for handling COVID-19 and assistance with government spending. This loan aims to help or stimulate the economy, protect the poor and vulnerable, and strengthen the capacity of health and medical services. This will be done by providing budget assistance which will be funded jointly with the Asian Development Bank (ADB). This program will also contribute to achieving SDG Goals, especially for 1 (Ending poverty in all forms everywhere), 3 "Ensuring healthy lives and supporting prosperity for all at all ages", and 8 "Supporting inclusive and sustainable economic growth, full and productive employment and decent work for all." (Japan International Cooperation Agency, 2020).

This loan from JICA has an interest of 0.01% per year which is softer than other financing, the tenor is up to 15 years with a grace period of up to 4 years. (Japan International Cooperation Agency, 2020) Overseas financing with lower interest is certainly safer for Indonesia, considering the value risk exchange if the debt is denominated in foreign currency. This is in line with the government's strategy to be careful in choosing foreign loans and only take out loans that have low risk.

As a comparison, the government issued global bonds amounting to USD4.3 billion in 3 forms of global securities, namely Government Securities (SBN) series RI1030, RI 1050, and RI0470. The RI1030 series has a tenor of 10.5 years which matures on October 15, 2030, issued for USD 1.65 billion with a global yield of 3.9%. The second series is RI1050 with a tenor of 30.5 years or maturing on October 15, 2050. The nominal amount issued is also USD 1.65 billion with a yield of 4.25%. The third series is RI0470 with a tenor of 50 years,

maturing April 15, 2070, amounting to USD1 billion with a yield rate of 4.5%. This series is the first global bond issued with a tenor of 50 years (Fajar, 2020).

In the context of fiscal planning, the deficit increasing to 6.34% of Gross Domestic Product (GDP) is a serious consideration. Japan, through the Japan International Cooperation Agency (JICA), is providing a loan of 50 million yen or IDR 6.9 trillion to support handling COVID-19 and help with government spending. Interdependence theory can be adapted to analyze the linkages and dependencies between countries, where external assistance is a key aspect in supporting prosperity and economic recovery.

JICA loans with interest of 0.01% per year and a tenor of up to 15 years, including a grace period of 4 years, reflect the government's strategy to choose external financing with low risk and safer interest rates for Indonesia. As a comparison, the issuance of global bonds by the Indonesian government amounting to USD 4.3 billion shows the steps taken in meeting financing needs, although with different risks. In the context of global bonds, a comparison with the RI1030, RI1050, and RI0470 series provides an overview of diverse external financing strategies.

As a country that has also experienced the turmoil caused by COVID-19, Indonesia's preparations not to get caught in a current that could weaken the economy are very important. Assistance from the Japanese Government through JICA is one of the strategies for Indonesia's economic recovery amidst the COVID-19 pandemic. Using Interdependence Theory, this research will analyze the role of JICA assistance from Japan in the context of interconnectedness and interdependence between countries, which can influence the sustainability and success of Indonesia's economic recovery.

METHOD

This research explores the role of non-political elites or civil society in the context of the dynamics of international relations, especially regarding the impact of the trade war between China and America on Indonesia. The research focuses on Indonesia's economic recovery efforts amidst the COVID-19 pandemic and the trade war between two of the world's largest economies. In facing these challenges, this research examines cooperation strategies with other countries, especially with Japan through the Japan International Cooperation Agency (JICA). Interdependence Theory is the basis for analysis to understand the interrelationships and dependencies between countries in this context.

This research is an analytical study of the role of non-political elites or civil society in the dynamics of international relations. This research is related to previous research, namely the impact of the trade war *between* China and America on Indonesia. So, this research examines one of the efforts so that Indonesia can survive amid the COVID-19 pandemic and the trade war between two of the world's largest economic countries. One of them is

collaborating with other countries. In this case, it is Japan, through JICA. This research will provide information about JICA's role in Indonesia's economic recovery efforts during the COVID-19 pandemic.

The type of qualitative research used in this research is a case study *that will allow researchers to explore a single phenomenon in the case being studied*, which is limited by time and activities (programs, events, processes, institutions, or social groups). The choice of a qualitative approach in this research is based on Creswell's opinion regarding the characteristics of qualitative research, which include (a) the concept is not mature due to a lack of theory and previous research, (b) the view that existing theories may be inappropriate, inadequate, incorrect, or ambiguous, (c) the need to explore and explain phenomena and to develop theories, or (d) the nature of the phenomena may not be suitable for quantitative measures. Furthermore, a qualitative approach is deemed appropriate because this type of research has the characteristics of qualitative research, namely: constructing the reality of socio-cultural meaning, examining the interaction of events and processes, involving complex and difficult-to-measure variables, is closely related to the context, fully involves researchers such as having a natural background, uses purposive samples, applies inductive analysis, prioritizes "meaning" in turning reality, and asking the question "why" (*why*), not "what" (*what*). (Creswell, 2002)

In collecting this data, the author used library research. This data collection technique is carried out by reading, studying, and studying books, scientific magazines, mass media, internet sites, and other sources related to this research. To gain knowledge about the theories and terms and understandings needed.

The data and information needed to answer research problems were collected from two main sources, namely primary and secondary sources. Primary data was obtained from in-depth interviews and discussions. Meanwhile, secondary data is collected from processed data from other people in documents, reports, publications, and so on.

Data analysis was carried out simultaneously with the data collection process (ongoing *analysis*) using data analysis techniques commonly used in qualitative research. Qualitative data was analyzed using *inductive and logical methods* (Marshall & Rossman, 1989). This qualitative data analysis procedure contains two main elements, data reduction and interpretation. The data analysis process in qualitative research includes testing (*examining*), selecting, categorizing, evaluating, comparing, synthesizing, and reflecting on the data (*completing the coded data*) which is carried out cyclically to build inferences, retest the inferences, and then withdraw them again. conclusion (Neuman, 1997).

RESULTS AND DISCUSSION

JICA And JICA Offer Loan Program

JICA is an organization that plays a role in implementing Official Development Assistance (ODA) from Japan. JICA is a bilateral donor agency that implements all aid schemes, such as technical cooperation, soft conditional loans or ODA loans, and grant assistance. JICA currently has representative offices in 90 locations in various countries and has activities in more than 150 countries. (Japan International Cooperation Agency, 2020)

ODA itself has been helping Indonesia since 1954 or 67 years ago, when right after it participated in the Colombo Plan, Japan for the first time accepted 15 training participants from Indonesia. Since diplomatic relations were established until now, Japan has consistently provided support for Indonesia's development. Japan is Indonesia's largest development partner country, where the amount of aid distributed reaches 45% of the cumulative amount of ODA received by Indonesia since 1960. On the other hand, of the 190 countries and regions that received Japanese aid (ODA), Indonesia is the largest aid recipient. (1960-2015, 11.3%) (Japan International Cooperation Agency, 2020).

The total value of ODA that Indonesia has received over 60 years has reached 5.5 trillion Yen or the equivalent of IDR 690 trillion. During that time JICA has implemented at least 700 ODA soft loan projects, sent around 17,000 experts, and held technical training in Japan under the Knowledge Co-Creation Programs program for approximately 44,000 participants from Indonesia, all of which was carried out based on this collaboration. to socio-economic development plans and other development issues in Indonesia. (Japan International Cooperation Agency, 2020) One of the most significant outputs of aid is helping 60% of the construction of toll roads in the Jakarta metropolitan area, 60% of the construction of main roads on the island of Sumatra, and 7% of the total electricity generation capacity in Indonesia (Japan International Cooperation Agency, 2020).

One of JICA's latest assistance is for the Jakarta MRT (Mass Rapid Transit), which is the first subway in Indonesian history. In this project, JICA was involved starting from the planning stage. The ODA loan includes assistance to deal with the COVID-19 pandemic in Indonesia. The COVID-19 pandemic which has also hit Indonesia since March 2020 has greatly weakened the nation's foundations, especially posing a threat to the nation's social and economic aspects. Responding to the predicted economic and social impacts, the Indonesian Government announced steps for economic and social stabilization in March 2020, which consist of three main pillars:

- (i) economic stabilization measures to maintain business activities,
- (ii) social assistance for the poor and vulnerable, and
- (iii) measures to strengthen medical and testing systems.

These measures are expected to require funding totaling \$32.4 billion (2.7% of GDP) (Hakim & Meiliana, 2020). According to the revised budget for FY2020 formulated in June

2020, spending on economic and social stabilization measures, reduced income from tax revenues and so on, means the budget deficit is expected to swell from the originally budgeted 1.76% of GDP to 6,000. 34% of GDP (Hakim & Meiliana, 2020). Moreover, according to the Indonesian Government's initial calculations, the (gross) funds needed to cover the budget deficit increased by 39.8 billion dollars from 42.4 billion dollars to 82.2 billion dollars, so there is a need to raise an additional 10.9 billion dollars in external funds. Securing the necessary funding for the COVID-19 Response is an urgent matter (CNN Indonesia, 2020)

Japan and Indonesia have close economic relations through the Economic Partnership Agreement (EPA). Japan is the third largest destination for Indonesian exports (9.1% of total exports, China first with 13.5%, the US second with 9.8%), the second largest source of imports (9.5% of total imports) (2018), and the third largest source of foreign direct investment (2019) (Japan Embassy in Indonesia, 2020). Many Japanese companies are very interested in expanding their business in Indonesia, according to JBIC Development's "Overseas Business Survey of Manufacturing Companies" (2019) (Japan Bank For International Cooperation, 2019). Indonesia is seen in the medium term (over the next three years) as the fifth most promising country/region for business development (India first, China second), with 1,994 Japanese companies operating in Indonesia (2018) (Investor.id, 2018). Controlling the spread of infection in Indonesia significantly impacts preventing the spread of infection in Japan and the Japanese economy, including Japanese companies that have expanded to Indonesia.

Purpose of JICA Loans to Indonesia

Japan, through the Japan International Cooperation Agency (JICA), has confirmed its commitment by signing a loan agreement worth 50 million yen or the equivalent of IDR 6.9 trillion with the Indonesian government, as part of joint efforts to deal with the impact of the COVID-19 pandemic. This agreement not only reflects financial support, but also emphasizes the main objectives, namely maintaining the continuity of economic activities, providing protection to the most vulnerable communities, and strengthening the capacity of health and medical services in Indonesia (Jain, 2019; Signing of Japan's ODA Soft Loan Agreement with Indonesia: Building a Disaster Resilient Society in Indonesia, Through Improving Various Disaster-Related Policies and Strategies | Indonesia | Countries & Regions | JICA, nd). The program will contribute to the achievement of Sustainable Development Goal No.1, "End poverty in all its forms everywhere"; No. 3, "Ensuring healthy lives and supporting well-being for all at all ages"; and No. 8, "Support inclusive and sustainable economic growth, full and productive employment and decent work for all." (Japan International Cooperation Agency, 2020)

Therefore, implementing the newly introduced COVID-19 crisis response Emergency relief yen loan is very significant in supporting the maintenance and recovery of Indonesia's economic activities. Based on their funding needs, financial support is provided to the Government of Indonesia to assist them in responding to COVID-19 through the "COVID-19 Active Response Program Loan and Expenditure Support" (hereinafter referred to as the "Program") with co-financing from the COVID-19 Active Response and Expenditure Support Program (hereinafter referred to as "CARES"), which is carried out by the Asian Development Bank (ADB).

Japan and JICA Cooperation Policy Regarding COVID-19

Program Response and Priority

Japan's State Development Cooperation Policy for the Republic of Indonesia (September 2017), identifies assistance for business establishments and the investment environment as part of the priority areas of "support for increasing international competitiveness," helping to improve the quality of life as part of "Supporting the realization of a safe and fairness through balanced development," and also improving its ability to handle infectious disease issues as part of "support to enhance its ability to handle problems in the Asian region and the international community." Additionally, the JICA Country Analysis Paper for the Republic of Indonesia (June 2018) indicates the need for cooperation on the expenditure side if something like a financial crisis occurs.

Moreover, Indonesia's stable and sustainable development, located in a geopolitically important region between the Indian and Pacific Oceans, can help realize peace and stability in the Indo-Pacific region, thereby contributing to ensuring peace and stability in a "free and open Indo-Pacific". Also providing financial support as an economic measure to help curb the spread of COVID-19, and providing social protection and assistance to those affected, contribute to achieving the SDGs, including Goals: 1. (No Poverty) 2. (Zero Hunger), 3 (Good Health and Well-Being), 5 (Gender Equality), 8 (Decent Work and Economic Growth), and 10 (Reduced Inequality).

The World Bank has approved a \$250 million financing program for Indonesia to strengthen its public health system and increase testing and capacity to respond to COVID-19. Also, additional loans for the COVID-19 response have been approved for additional funding from the "Development Finance First Financial Sector Reform of 300 million dollars and additional Social Assistance Reform Program funding of 400 million dollars. The ADB has approved grants for \$3 million to procure medical equipment and a \$20 billion emergency aid package for the entire region. They approved CARES for Indonesia of \$1.5 billion on April 23, 2020 (Japan International Cooperation Agency, 2020). Furthermore, ADB is currently preparing disaster contingent financing. The Asian Infrastructure Investment Bank has also approved CARES co-financing of \$750 million.

Development Potential of JICA Loans

Looking at the previous explanation regarding the projected loan budget for Indonesia, the development potential of this JICA loan can be seen through the following:

a. Program Description

(1) Program Objectives. The Program aims to maintain economic activity, protect the poor and vulnerable people, and strengthen health and medical services, in response to the COVID-19 pandemic in Indonesia, through providing budget support that contributes to socio-economic stability and promotion of efforts development.

(2) Program Location / Target Area. All Indonesian countries.

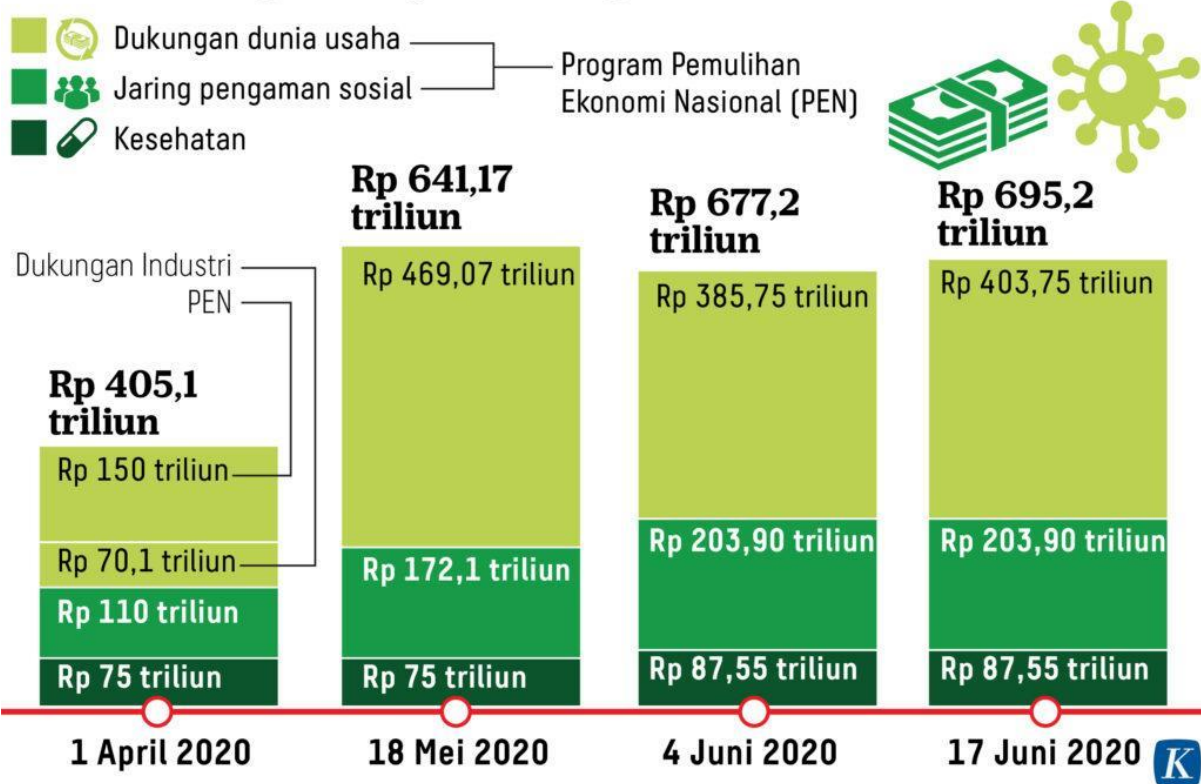
(3) Program Components. To stabilize the economy and society affected by COVID-19, budget support will be provided to the Government of Indonesia to formulate and implement the following programs.

In its implementation in Indonesia, foreign loans, especially from JICA, are useful for increasing financing in the 2020 State Revenue and Expenditure Budget (APBN). Because spending on COVID-19 mitigation needs is a huge drain on the state budget. Even the Special Staff of the Ministry of Finance, Yustinus Prastowo, said that most of the loan funds for programs obtained so far are not only to fund the handling of COVID-19 but also to fill the state deficit (Kontan.co.id, 2020). Based on considerations of the continued spread of positive COVID-19 cases which impact various economic fields, the government then prepared Indonesia's macroeconomic assumptions and the need for funds to deal with COVID-19.

The government has changed the projected cost needs for handling COVID-19 at least three times in less than three months since the implementation of Presidential Regulation Number 54 of 2020 concerning Changes in Posture and Details of the 2020 State Revenue and Expenditure Budget (APBN).

Initially, the budget was IDR 405.1 trillion for health IDR 75 trillion, and the national economic recovery program (PEN) IDR 330.1 trillion. Then the PEN budget increased to IDR 641.17 trillion, while for health it remained at IDR 75 trillion (Tim Harian Kompas, 2020). The next change is IDR 677.20 trillion, consisting of IDR 589.65 trillion for the PEN program and IDR 87.55 trillion for health. Finally, the costs for handling COVID-19 are estimated at IDR 695.2 trillion, namely for the health sector allocated IDR 87.55 trillion, and the PEN program IDR 607.65 trillion. The PEN budget has increased by IDR 18 trillion from the previous projection of IDR 589.65 trillion (Tim Harian Kompas, 2020).

Perkembangan Biaya Penanganan Covid-19 APBN 2020



b. State deficit

Due to the large number of budget allocations, the state budget is experiencing a budget deficit. So, the loan from JICA is also assigned to fill the budget, apart from meeting the procurement needs for dealing with COVID-19. Because of this, loans from JICA alone cannot cover all the needs that Indonesia needs to overcome the COVID-19 pandemic. As of May 2020, the Ministry of Finance recorded that government debt reached IDR 5,258.57 trillion. The increase in debt is in line with the budget for handling Covid-19 which increased to IDR 695.2 trillion (Tim Harian Kompas, 2020). Government debt is still dominated by SBN, whose portion is 84.49 percent, while the loan portion is 15.51 percent. Total government debt in the form of SBN is IDR 4,442.9 trillion (Tim Harian Kompas, 2020). Law Number 7 of 2003 concerning State Finances regulates the maximum limit for government debt at 60 percent of GDP.

Loan Reciprocity Prediction from JICA

For the Japanese government, economic and social stability in Indonesia, and economic recovery are very important. Especially for the manufacturing industry where

Japanese companies invest a lot. Currently, the continued increase in COVID-19 cases has disrupted the operation of various Japanese-owned business operations in Indonesia, for example, PT Honda Prospect Motor (HPM) which temporarily closed production of Honda cars due to the outbreak of the COVID-19 outbreak and sluggish sales in April last year (Damara, 2020). Meanwhile, even worse, Nissan closed its car factory in Indonesia permanently because it had suffered losses due to COVID-19 (Okezone, 2020). Automotive is a leading manufacturing sector in Japan, brands such as Toyota control around 30% of car sales in Indonesia (Damara, 2020).

Automotive sales were very worrying last year, according to a report by the Association of Indonesian Automotive Industries (Gaikindo), the distribution of new cars from factories to *dealers* or *wholesalers* during that period only reached 532,027 units or decreased by 48.3% (Kurniawan & Kurniawan, 2021). Meanwhile, motorbike sales decreased by 43.57% to 3.6 million units last year from 6.4 million units in the previous year (Satria & Kurniawan, 2021).

In 2019 alone, Japanese companies invested \$4.3 billion, or the equivalent of IDR 59 trillion, making it the third largest investor in Indonesia (Budhiman, 2020). Economic stability is necessary to streamline existing business operations and the potential for future business development. Many Japanese companies plan to relocate or move their factories from Japan or other countries to Indonesia, especially after the trade war between China and the United States. Some examples, as announced by President Joko Widodo, are the allocation and expansion of investment by Japanese companies to Indonesia, such as Denso, Sagami, Panasonic, Mitsubishi Chemical, and Toyota (Lumanauw, 2020). In December 2020, Japan also stated its commitment to invest up to IDR 57 trillion in Indonesia's Sovereign Wealth Fund or endowment fund (Margrit, 2020).

The Role of Loans from JICA for Indonesia's Economic Efforts

With the interconnectedness of economies between countries today, almost no country can develop alone economically. Sales networks, both exports and imports, as well as investments between countries, make it impossible for a country to only care about itself. If a country that is a trading partner or investment destination experiences an economic setback due to prolonged COVID-19 then the impact will not be good either, this is no exception to Japan.

In analyzing the role of loans from JICA for Indonesia's economic efforts, an approach is used using the concept of the term foreign aid *which* can be interpreted as the actions of the state, society (population), community institutions, or other institutions that located in a certain country or certain market abroad, providing assistance in the form of loans, giving grants or also investing their capital to certain parties in other countries (Ikbar, 2002). In simple terms, foreign aid can be defined as everything that deals with the transfer of material resources and services from certain countries to other countries that need them in a

transaction in the form of loans, gifts, and foreign investment. (Ikbar, 2002). In this case, the foreign aid being analyzed is aid from Japan through JICA, in the form of money (monetary) to help Indonesia meet its needs for equipment or accommodation to deal with Covid-19.

Michael Todaro (Todaro, 1987) defines foreign aid as any capital flow to a third-world country, which meets the criteria:

- a. From the perspective of the donor country (aid provider), the objectives must be non-commercial and
- b. The assistance must meet concessional conditions, with interest rates and repayment terms for loaned capital that are soft or not burdensome for the borrowing country.
- c. In contrast, the loan terms in point (b), are commercial loans with soft interest rates and short or medium-term repayment terms.

This loan from JICA falls into the third category, becoming a debt category for Indonesia to Japan. This assistance from Japan comes at the right time when Indonesia is experiencing a state budget deficit so that JICA's assistance is not only used to accommodate the handling of COVID-19, but also to cover the state deficit used during the COVID-19 pandemic.

The next approach in this research is to use Robert Keohane and Joseph Nye to argue that Complex Interdependence characterizes relations between Western countries. When there is a high degree of interdependence, countries will form international institutions to face common problems. Institutions promote cooperation across international boundaries by providing information and reducing costs. These institutions can be formal international organizations or a series of somewhat formal agreements dealing with common activities or issues. Japan and Indonesia are interdependent countries, and this is inevitable, with Indonesia being one of Japan's largest automotive destinations and Japan being Indonesia's export destination, this international cross-border cooperation needs to be continued in conditions conducive to the interests of both countries.

In creating state conduciveness, during this pandemic, countries that have greater sources of funds or capital will be the countries that assist countries that are predicted to experience socio-economic challenges during the pandemic. In this research, of course, the country assisting is Japan. The role of Japanese assistance is important for Indonesia, because of the large budget needed to meet the needs for handling COVID-19. As the costs of handling COVID-19 continue to increase throughout 2020 with budget allocations for various needs, JICA assistance worth IDR 6.9 trillion for handling COVID-19 is sufficient to contribute to maintaining economic activity, protecting the most vulnerable communities, and strengthening health service capacity and medical, as a response to the COVID-19 pandemic in Indonesia.

However, based on research results and comparison of data on Indonesia's budget needs, this assistance from JICA does not cover all of Indonesia's needs. So, the role of JICA assistance becomes less effective in helping the Government overcome COVID-19 because of the large budget needed by Indonesia to overcome the COVID-19 pandemic. Indonesia still needs other foreign loans to meet needs and increase the budget for dealing with COVID-19. However, this assistance from JICA has an important role in allocating the COVID-19 budget at the start of the program, the use of which, apart from spending, is also to cover the state APBN used in the initial period of dealing with COVID-19.

Analysis of JICA Loans to Indonesia

The loan provided by the Japan International Cooperation Agency (JICA) to Indonesia amounting to 50 million yen or around IDR 6.9 trillion for handling COVID-19 offers a rich and complex perspective when analyzed through the lens of Interdependence Theory. This theory emphasizes the interconnectedness and dependence between countries in international relations and can provide an in-depth understanding of the dynamics of relations between Japan and Indonesia in the context of the global pandemic.

1. Economic Dependency:

- Japan as a lender and Indonesia as a loan recipient show mutually beneficial economic dependence. Japan's financial support provides economic interdependence between the two countries.

2. Shared Safety and Health:

- Handling COVID-19 is a common challenge that requires international cooperation. JICA loans are not only focused on economic aspects but also on maintaining collective security and health. This reflects interdependence in maintaining regional and global stability.

3. ADB Intermediation Role:

- Collaboration with the Asian Development Bank (ADB) as a partner in providing budget support highlights Indonesia's dependence on multilateral institutions. This creates a relationship of interdependence between Japan and Indonesia and involves third actors in this scenario.

4. Local Capacity Strengthening:

- The focus on strengthening health and medical service capacity emphasizes the desire to create local self-reliance. It describes interdependence regarding relying on each other to overcome complex health challenges.

5. Social and Economic Impact:

- This loan considers the social and economic impact of the pandemic in Indonesia and Japan. This shows a shared interest in managing the global crisis which can create a domino effect.
6. **Japan-Indonesia Relations:**
- This loan also reflects the historical and diplomatic relations between Japan and Indonesia. Their interdependence in overcoming the pandemic challenges creates a stronger foundation for future cooperation.

The positive things from JICA loans to Indonesia include;

1. **Financial Support:**

- The JICA loan provides significant financial support to Indonesia, helping the country overcome the economic challenges caused by the COVID-19 pandemic.

2. **International Cooperation:**

- Collaboration with JICA reflects the good relations between Japan and Indonesia, confirming Japan's commitment to supporting partner countries in facing the global health crisis.

3. **Focus on Health and Economy:**

- The loans are aimed at economic recovery and strengthen the capacity of health and medical services, providing a holistic approach to handling the pandemic.

The negative things about JICA loans to Indonesia include;

1. **Basic Duty:**

- Although loans provide financial support, the principal or interest charges can create additional burdens on the Indonesian economy in the long term.

2. **Dependence on Foreign Affairs:**

- Reliance on foreign loans can create economic dependency, which can be a risk if not managed well.

For this reason, researchers analyze that there are opportunities that can be taken;

1. **Health System Strengthening:**

- Loans can be an opportunity to design programs that can strengthen Indonesia's health system, increasing responsiveness to future health crises.

2. **Increased Bilateral Cooperation:**

- This loan can open the door to increased bilateral cooperation between Japan and Indonesia in various sectors, creating new opportunities for joint development.

CONCLUSION

Based on the analysis of the Interdependence theory perspective, JICA loans to Indonesia have the power to create positive financial interdependence between the two countries, strengthen bilateral cooperation, and provide opportunities for the development of economic sectors. However, weaknesses emerge in dependence on foreign loans, while opportunities open to increase positive interdependence and develop economic sectors through further cooperation. Threats involve the uncertainty of global economic conditions and the risk of increasing debt that requires careful management. Therefore, while capitalizing on profits, the Indonesian government must balance mutually beneficial economic relations with Japan and manage potential risks associated with dependence on foreign loans.

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