

# Review of Refocusing and Reallocation of The Local Government Budget in Handling Covid-19 in Indonesia

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**Abstract**—The Covid 19 pandemic in Indonesia has an impact on the level of health and economic growth. In handling the Covid 19 pandemic, it is necessary to have sufficient public funds to funding and resolve the impacts that arise. The policy of refocusing and reallocating local government budgets is one of the alternative funding for handling pandemics in Indonesia. This research uses qualitative methods with case study techniques. The data used are refocusing and reallocation data from local governments in Indonesia, both provinces, cities and districts, which are derived from data from the Ministry of Home Affairs. The results of this study indicate that there are still many implementation of refocusing and budget reallocation carried out by local governments that have not been on target with the aim of handling Covid-19. The regional government has not implemented the standard Joint Decree of the Minister of Home Affairs and the Minister of Finance concerning the Acceleration of 2020 Local Government Budget Adjustments in the Context of Handling Corona Virus Disease 2019 (Covid-19), as well as Safeguarding Public Purchasing Power and the National Economy. The local government is only just making adjustments to the Local Government Budget in handling Covid-19. The target of regions that have made Local Government Budget adjustments is still not appropriate, because areas that are exposed to a lot of Covid-19 are in fact low refocusing and reallocation of the Local Government Budget, while areas that are slightly exposed to Covid-19 are refocusing and reallocation of their Local Government Budget is high.

**Keywords**—Covid-19, Refocusing, Reallocation, Local Government Budget

## I. INTRODUCTION

The world is currently being hit by tremendous anxiety and chaos caused by the emergence of a major disaster, namely the Covid-19 virus outbreak [1]. Indonesia is the fourth most populous country in the world Indonesia and is expected to be significantly affected over a longer period of time [2]. Indonesia is currently one of the countries in the world exposed to the COVID-19 virus. The number of virus outbreak cases shows that to date, the increase is quite significant and stable with an average of 100 cases per day. Until now, the number of confirmed cases of Covid 19 has increased significantly [3]. Recorded in Indonesia alone, as of July 7, 2020, the total number of cases of the Covid 19 virus was 66,226 people [4]. Meanwhile, as of July 8, 2020, cases

were increasing, there were 1,853 new cases with an average growth of 1.95% per day.

Judging from the map of the distribution of Covid-19 in Indonesia, positive cases have spread to 34 provinces in Indonesia [5]. DKI Jakarta is still the province with the most positive cases of Covid 19. Meanwhile, positive cases outside Java, such as South Sulawesi, are also recorded as having a high number of positive cases. The government will not be able to avoid deaths from the corona virus and the economic impact of the spread of this virus [6]. However, the government still has an obligation to maximize efforts to protect its people from the Covid 19 outbreak through various policies issued. In dealing with Covid-19, the Government of Indonesia is taking a fast and prudent approach to reduce its impact on the economy. If an economic slowdown occurs, the absorption of labor will decrease, increasing unemployment and poverty [7].

The corona virus pandemic (Covid -19) has stopped economic activity around the world, hurt companies and caused many to experience economic downturns [8]. Finance Minister Sri Mulyani revealed that the spread of the corona virus will be even more burdensome for the economy, in the worst conditions, Finance Minister Sri Mulyani estimates

that Indonesia's economic growth projection is around 2.3% due to the corona virus. However, the worst case scenario is that the Indonesian economy can be minus up to 0.4% [5]. When the economy is felt to be running too slowly, with the right fiscal and monetary policies it is hoped that it can encourage the economy to grow faster [9]. Through fiscal policy, the Government of Indonesia carries out a policy of refocusing activities and budget reallocation which are expected to affect income levels, income distribution, employment and investment opportunities [10]. According to Nugraha et al., (2020) [11] the government has succeeded in coordinating and agreeing in the process of determining the budget diversion policy. The government must adjust performance targets and program restructuring with budget reallocation [12]. The budget diversion referred to is taken from several non priority budget items, or in other words it can still be postponed. Sudaryanto's research results (2020) [13] show that the implementation of the 2020 Local Government Budget reallocation has referred to the Minister of Home Affairs Regulation No. 1 of 2020, however, there are obstacles, including development that has been scheduled, its implementation is delayed and the efforts made by the

Regional Government to discuss with DPRD on activities that are postponed for implementation of the Local Government Budget -Amendment.

In contrast to previous studies, this study uses a comparative case study using Local Government Budget reallocation and refocusing data from all local governments in Indonesia as the object of research, and discusses all components of revenue and expenditure of local government budgets in refocusing & reallocation of Local Government Budget. The purpose of this study was to review the refocusing & reallocation of the Regional Budget in handling the Covid-19 pandemic.

## II. METHOD

This research was conducted using a qualitative method which is a comparative case study. A qualitative approach is used to produce in-depth descriptions of speech, writing, and observable behavior of an individual, community group and organization in a certain context that is studied from a comprehensive, comprehensive, and holistic point of view [14]. The objects studied in this study were data refocusing and reallocation of Local Government Budget in Indonesia during the Covid-19 Pandemic, namely on July 7, 2020 and data from local governments exposed to Covid 19 on July 7, 2020.

The type of data used in this study is secondary data sourced from the Ministry of Home Affairs' reallocation and refocusing Local Government Budget reports, data on the number of people exposed from [www.covid.co.id](http://www.covid.co.id) and other relevant data obtained online. Data collection techniques with documentation and literature study through various literature both journals, internet and other reading [15]. The data analysis steps are as follows: Data collection, data reduction, comparing reallocation and refocusing of Local Government Budget data with the number of people exposed in each local government, Conclusion.

## III. RESULT

Policies for Regional Governments related to the acceleration of handling Covid -19 are contained in the Minister of Home Affairs Regulation No. 20 of 2020 concerning the Acceleration of Handling Covid -19 in the Local Government Environment; Joint Regulation of the Minister of Home Affairs and Minister of Finance Number 119/2813 / SJ concerning the Acceleration of 2020 Regional Budget Adjustments in the Context of Handling Covid -19 and Safeguarding Public Purchasing Power and the National Economy; and Instruction of the Minister of Home Affairs Number 1 of 2020. Governors and Regents / mayors determine disaster alert / emergency status by considering: Based on a study or assessment of the condition of the area where Covid -19 is spreading; After a study or assessment of regional conditions is carried out, the Governor, Regent / Mayor shall determine the status of the Covid -19 disaster; 2020 Local Government Budget adjustments.

There is a change in the posture of the 2020 Local Government Budget of a local government because at this time a very extraordinary pandemic is happening. Where this pandemic has claimed so many lives. Of course, the government, especially local governments, who are directly exposed to the Covid-19 virus, will not remain silent about this. The government must do as soon as possible how to solve this problems immediately [16] This outbreak has

become a momentum to analyze and improve the implementation of good clinical governance.

TABLE I. PROVINCIAL AND REGENCY / CITY LOCAL GOVERNMENT BUDGET ALLOCATION DATA IN INDONESIA FOR THE 2002 FISCAL YEAR

No	Type of local government	Before Adjustment	After Adjustment
1	Province	417,24 T	332,93 T
2	District/City	881,26 T	774,82 T

There are 540 local governments that are the source of data in this reallocation and refocusing of the Local Government Budget. Local governments that submitted reports on the results of Local Government Budget adjustments (7 July 2020, 16.00 WIB) were 540 local governments covering 34 provinces, 413 districts, 93 cities. Before adjusting Local Government Budget funds, the amount of Local Government Budget funds for provinces in Indonesia is 417.24 T, while after making Local Government Budget adjustments it is 332.93 T. In regencies/cities before adjusting Local Government Budget funds, the amount of Local Government Budget funds is 881.26 T, meanwhile, after making Local Government Budget adjustments of 774.82 T. There is a difference between before and after the adjustment, this indicates that Local Government Budget funds have been allocated and focused on handling covid-19.

TABLE II. LOCAL GOVERNMENT BUDGET ALLOCATION SECTOR

Description	Alocation	% Allocation
Health Care	29,19 T	39,26%
Provision of Social Assistance (Social Safety Net)	28,47 T	38,30%
Economic Impact Management	16,68 T	22, 44%
<b>TOTAL</b>	<b>74,34 T</b>	

In Presidential Instruction Number 4 /2020 concerning Activity Refocusing, Budget Reallocation, and Procurement of Goods and Services in the Context of Accelerating Handling of Covid -19 itself, the focus of the regulation is to emphasize more on budget reallocation efforts that were previously intended for other than handling Covid -19, which was then changed to focus on efforts to accelerate handling Covid -19. This is very important considering that Covid -19 is one of the most extraordinary events. So substantially, if we look at the concept of public interest, refocusing the budget is a must.

From the adjustment of the Local Government Budget to accelerate the handling of covid-19 during the 2020 fiscal year, it is allocated for 3 areas: Health expenditure and other matters related to health in the context of prevention and handling of the Covid -19 pandemic, Provision of social safety net, Handling of economic impacts, especially maintaining so that the regional business world remains alive. Due to the increasing number of cases of people exposed to covid, the allocation of the Local Government Budget for health management is the most important, so that the highest allocation amount is 29.19 T with an allocation percentage of 39.26%. The provision of social assistance (social safety net) is no less important in the process of handling Covid-19 in Indonesia, so that the amount of funds allocated for this sector is 28.47 T with an allocation percentage of 38.30%. The existence of covid-19 also puts Indonesia in economic problems [17]. With the existence of large-scale social

restriction policies, many unemployment rates have increased, economic turnover has also slowed down [18]. Handling in economic terms is also one area of the allocation of Local Government Budget funds totaling 16.68 T with a percentage of 22.44%.

TABLE III. REALLOCATION AND REFOCUSING IN THE PROVINCIAL AND REGENCY / CITY LOCAL GOVERNMENT BUDGET FOR THE 2020 FISCAL YEAR

No	Type of local government	Adjustment of transfer income to regions and village funds
1.	Province	(16.098.582.338.382,70)
2.	District	(58.537.168.604.186,80)
3.	City	(9.320.904.053.835,00)
Total		(83.956.654.996.404,50)
No	Type of local government	Adjustment of original regional income (PAD)
1.	Province	(54.669.011.856.569,90)
2.	District	(17.542.572.125.181,80)
3.	City	(14.040.007.196.802,00)
Total		(86.251.591.178.553,80)
No	Type of local government	Rationalization of personnel spending
1.	Province	(8.723.104.665.593,71)
2.	District	(8.285.079.124.532,96)
3.	City	(3.686.577.215.059,85)
Total		(20.694.761.005.186,50)
No	Type of local government	Rationalization of spending on goods / services
1.	Province	(31.859.552.373.439,30)
2.	District	(44.695.752.153.732,50)
3.	City	(14.654.365.199.307,80)
Total		(91.209.669.726.479,50)
No	Type of local government	Rationalization of capital expenditures
1.	Province	(35.655.664.658.684,00)
2.	District	(47.178.165.822.799,80)
3.	City	(15.356.307.373.456,80)
Total		(98.190.137.854.940,60)

Local governments make adjustments to regional revenue targets and adjustments of expenditures through:

1. Adjustment of expenditures: rationalization of personnel expenditures, rationalization of goods and services expenditures, rationalization of capital expenditures

2. Adjustment of revenue target: adjustment of transfer revenue to regions and village fund, adjustment of original regional revenue (PAD).

Adjustment of transfer income to regions and village funds, based on details of the allocation of transfers to regions and village funds stipulated in the Regulation of the Minister of Finance Joint Regulation of the Minister of Home Affairs and the Minister of Finance Number 119/2813 / SJ Adjustment of original regional income, taking into account potential regional taxes and levies regions in each province and district / city and taking into account macro-assumption estimates, such as the growth of regional tax ratios, economic growth, and inflation rates in 2020. There are several criteria for reallocating and refocusing the Local Government Budget, namely:

1. Rationalization of spending on goods / services at least by 50%;

2. By reducing the expenditure budget, especially for, among other things, official trips within the region and outside the region, consumables for office purposes, printing and copying, food and beverages, and meeting packages at the office and outside the office; rationalization of capital expenditures by at least 50%;

3. By reducing the expenditure budget, especially for, among others, the procurement of official / operational vehicles, the procurement of machines and heavy equipment, and / or other infrastructure development that is still possible to postpone the following year; rationalization of personnel expenditure, especially the adjustment of the amount of additional ASN income, controlling / reducing the honorarium for activities / honorarium for BOS fund managers, and / or controlling / reducing the provision of overtime pay by considering the real need for implementation of work that is urgent and is carried out selectively. From table III, we can see if all local governments have carried out refocusing and reallocation of their budgets on revenues and expenditures as stipulated in the applicable regulations.

TABLE IV. 10 LARGEST REGIONS PERCENTAGE OF LOCAL GOVERNMENT BUDGET ADJUSTMENT

NO	PROVINCE	% ADJUSTMENT LOCAL GOVERNMENT	DISTRICTS/CITY	% ADJUSTMENT LOCAL GOVERNMENT
1.	DKI Jakarta	(49,22%)	Teluk Wondama	(58,27%)
2.	Southeast Sulawesi	(33,11%)	West Tulang Bawang	(46,60%)
3.	East Kalimantan	(29,11%)	Ogan Komering Ulu	(43,03%)
4.	Gorontalo	(26,86%)	Musi Banyu Asin	(39,97%)
5.	West Nusa Tenggara	(26,84%)	Nunukan	(39,19%)
6.	North Sulawesi	(25,62%)	North Kolaka	(38,32%)
7.	Central Kalimantan	(24,18%)	South Buton	(38,21%)
8.	East Nusa Tenggara	(23,59%)	Penukal Abab Lematang Ilir	(36,04%)
9.	South Kalimantan	(22,40%)	Kepulauan Anambas	(32,36%)
10.	Riau	(22,08%)	Pamekasan	(31,84%)

From table V, judging from the map of the distribution of Covid-19 in Indonesia, positive cases have spread to 34 provinces in Indonesia [5]. DKI Jakarta and Java Island are still the regions with the most positive cases of Covid 19. Meanwhile, positive cases outside Java, such as South Sulawesi, are also recorded as having a high number of positive cases. However, from tabel IV about the list of the 10 largest regions that made Local Government Budget adjustments, the areas that were exposed to the Covid-19 case were not included in the 10 largest regions that adjusted the Local Government Budget. This is meaning that the Local Government Budget adjustments had not been carried out optimally and had not been on target.

DKI Jakarta is the only area from the island of Java that is included in the 10 largest regions that have adjusted the Local Government Budget, even though Java Island is one of the areas most exposed to Covid-19 cases. There are almost 30,000 positive cases of Covid-19 that have occurred in Java, but only DKI Jakarta is included in the 10 largest areas. From district/city exposed covid 19 data, we can see none of them include on the 10 higher of district/city that made Local Government Budget adjustments. Meanwhile, areas where there are not so many positive cases of Covid-19 actually have a high percentage of Local Government Budget adjustments. This shows that the practice of refocusing and reallocation has not been right on target to areas that need immediate handling of Covid-19.

TABLE V. LIST OF CASES EXPOSED TO COVID-19

No	District	Total Case
1	East Java	14.601
2	DKI Jakarta	12.857
3	South Sulawesi	6.192
4	Central Java	4.878
5	West Java	3.779
6	South Kalimantan	3.695
7	South Sumatera	2.356
8	Papua	2.057
9	Bali	1.940
10	North Sumatera	1.821
11	Banten	1.531
12	West Nusa Tenggara	1.392
13	North Sulawesi	1.252
14	Central Kalimantan	1.058
15	North Maluku	967
16	Maluku	830
17	West Sumatera	780
18	East Kalimantan	603
19	Southeast Sulawesi	487
20	DI Yogyakarta	346
21	West Kalimantan	344
22	Kepulauan Riau	313
23	Gorontalo	276
24	West Papua	266
25	Riau	236
26	North Kalimantan	206
27	Lampung	201
28	Central Sulawesi	191
29	Bangka Belitung	171
30	Bengkulu	144
31	West Sulawesi	127
32	Jambi	121
33	East Nusa Tenggara	118
34	Aceh	88

#### IV. CONCLUSION

After the text edit has been completed, the paper is ready for Indonesia is currently one of the countries in the world exposed to the Covid -19 virus. The number of confirmed cases of the Covid 19 virus in Indonesia alone, as of July 7, 2020, the total number of cases of the Covid 19 virus was 66,226 people. Meanwhile, as of July 8, 2020, cases were increasing, there were 1,853 new cases with an average growth of 1.95% per day. As a result of the Covid-19 Pandemic, it has an impact on health, social relations and economic development. The government made a policy of refocusing & reallocating PPE in handling the economic crisis. The results of this study indicate that there are still a lot of reallocation and refocusing carried out by local governments that have not been on target with the aim of handling Covid-19. The regional government has not implemented the standard Joint Decree of the Minister of Home Affairs and the Minister of Finance concerning the Acceleration of 2020 Local Government Budget Adjustments in the Context of Handling Corona Virus Disease 2019 (Covid-19), and Public Purchasing Power and the National Economy. The local government is just making adjustments to the Local Government Budget in handling Covid-19. The targets of regions that have made Local Government Budget adjustments are still not suitable, because the regions that are exposed to the most Covid-19 actually have low Local Government Budget allocations, while regions that are slightly exposed to Covid-19 actually have high Local Government Budget allocations.

We suggest for further research, a more in-depth review of the revenue and expenditure items in the APBD can be carried out in the budget refocusing and reallocation policy. Further research can also be carried out whether this refocusing and budget reallocation has been on target as expected by the government

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