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## Regional Expenditure Politics Facing the Early Phases of the Pandemic

Case Studies of 34 Provinces in Indonesia

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**Abstract:** Several regulations issued as guidelines for implementing budget reallocation and program refocusing in the Early Phase of the Pandemic needed to be revised. This study aims to observe the practice of regional expenditure realization during the initial phase of the 2020 pandemic in Indonesia. This study uses a qualitative method by combining literature and spatial analysis. The determinant factor that supports the successful implementation of budget reallocation, program refocusing, and realization of regional expenditures is the application of administrative sanctions to regional governments that do not work according to the target. The sluggish performance of regional governments is caused by bureaucratic obstacles, limited knowledge of regulations, and fears of imposition of sanctions if they make wrong decisions. Data shows that out of 34 provinces, only four can carry out budget realization and spend over 80% on handling the impact of COVID-19. In the end, regional spending politics in Indonesia is focused on two keywords, namely pressure and political will to change.

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## I. Introduction

Corona Virus Disease (COVID-19) pandemic causes various systemic impacts on people's lives. Economic turmoil to demographics left a sad story at that time. The COVID-19 shock at the beginning of 2020, in March to be precise, shook the world, including Indonesia, so the economy experienced a rapid downturn. The sharp decline in the economy shows the strong influence of this virus on human life. The government also felt shocked therapy as the holder of budget authority. Government spending budgets at the central and regional levels have been affected by COVID-19.

Regional spending politics in the early phase of the pandemic began to move dynamically in line with the increasingly precarious situation. The government's position and priorities are starting to change and focus on resolving the impact of the pandemic. As a follow-up, the Central Government and Regional Governments finally reallocated their budgets. They refocused the program following instructions from the Minister of Home Affairs and the Minister of Foreign Affairs. Another impact of the COVID-19 Pandemic has also changed the regional work and development plan (RKPD) in which the Central and Regional Governments must make adjustments by creating a program for handling and recovering from the COVID-19 pandemic.

Regulations are a priority instrument that the government finally presents as an initial step in mitigating the impact of the pandemic. The government issued Law No. 2 of 2020 concerning the Stipulation of Government Regulation in place of Law No. 1 of 2020 concerning State Financial Policies and Financial System Stability for Handling the Corona Virus Disease 2019 (COVID-19) Pandemic and in the Context of Facing Harmful Threats National Economy and Financial System Stability Becomes Law (UU 2/2020) as a formal basis to start rearranging financial schemes at the central and regional levels.

Sometime later, the Government issued Presidential Regulation No. 54 of 2020 concerning Changes in the Posture and Details of the State Revenue and Expenditure Budget for the 2020 Fiscal Year (Perpres 54/2020) and Presidential Instruction No. 4 of 2020 concerning

Refocusing Activities, Budget Reallocation, and Procurement of Goods and Services in the Context of Accelerating Handling of Corona Virus Disease 2019 (COVID-19) (Inpres 4/2020) (Lestyowati & Kautsarina, 2020, p. 425). These regulations pressured the central government to instruct regional governments and other government units to adjust each institution's budgets and programs immediately.

The refocusing program instructed by the government focuses on health affairs, social safety net, and mitigating economic impacts. Thus, the reallocation carried out by the government is to ensure national and regional fiscal capacity to finance these three focuses. This change in program focus certainly shifts the paradigm of implementing sustainable development at the national and regional levels. Implementing the three main programs is expected to be able to run in harmony with the goals of sustainable development.

Implementing budget reallocation and program refocusing experienced problems related to determining and realizing predetermined budget expenditures. In April 2020, 380 regions still needed to meet the reallocation targets set by the government (Mulyana, 2020). As a result, the area was subject to sanctions for delaying the DAU in May. However, in June 2020, all regions in Indonesia met the government's budget reallocation target. The question that arises is, what about the realization of the budget that has been reallocated?

Governance for handling the impact of the COVID-19 pandemic in the context of decentralization is a mixture of the collaborative-governance model and governance based on autonomy, deconcentration & co-administration (Jaweng et al., 2020). The construction built in Presidential Decree No. 12 of 2020 is the authority of the Task Force (GT) due to the President's delegation. The delegation of power takes place between superior officials and subordinate officials (Chairman of the Central GT, the Governor as the Chair of the Provincial GT, the Regent as the Chair of the Regency GT, and the Mayor as the Chair of the City GT). This model establishes a national command and a perpendicular relationship between the Center

and the Regions, including regarding budget reallocation & program refocusing in the regions.

The complexity during the pandemic's beginning negatively impacted the local government spending mechanism. The delay in most regions in reallocating and refocusing has impacted the mission to deal with the impact of the pandemic. Regional spending experienced delays in terms of realization and bureaucracy. Structural obstacles indicate severe problems in the regions because some areas have succeeded in carrying out realization and reallocation following the deadlines given by the government.

The main argument to be put forward in this research is related to the importance of the political role of regional spending during an emergency, especially during the early phase of COVID-19. Regional spending politics certainly has a significant role in the success or failure of regions in carrying out budget reallocations and program refocusing. The budget is a work reference and goals to be achieved by the organization in the future, as well as a central component of management accounting in the public sector related to planning, coordinating, organizing, and controlling activities. The budget describes organizational activities emphasizing the short term (Henley, 1992, p. 56). Local governments can control operational activities to implement strategies to realize the vision and mission through the budget.

From a development perspective, the budget is a collection of public money that the public can use through public documents (Baker, 2015, p. 309). The budget as a policy is something that the public cannot use. Based on the preferences, the budget is constructed by economists, accountants, and public administration. Political budget policies are dominated by the executive and legislature (Thurmaier & Willoughby, 2014, p. 2). This shows that the process of budget preparation and planning, budget execution, and budget evaluation is still under government intervention (Yandra et al., 2018, p. 1).

Without the role of the budget, the government will not be able to allocate resources for the vision and programs that have been prepared. The vitality of the part of the budget certainly requires a systematic and bureaucratic

formulation process because budgets have political consequences across stakeholders. Therefore, ideally, for development actors to understand the politics of a particular budget process, it would be invaluable to have information on the formal structure of the following roles and responsibilities in the budget process and the formal rules governing decision-making, political choices, and accountability in public expenditure management system—a technocratic approach to understanding the politics of the budget process by knowing the two points above. At a practical level, such an approach would focus on generating recommendations by strengthening the space for technical analysis through a transparent process (Norton & Elson, 2002, p. vi).

Regional spending politics is synonymous with the relationship between budget formulators and stakeholders related to the budget itself. Regional Regulations on the Regional Revenue and Expenditure Budget (APBD), as a product of the political budgetary process, is a government action plan to provide services to the community per community expectations (Riharjo & Mustika, 2020, p. 789). On the other hand, budget politics can also be interpreted as meeting ideas between policymakers and budget holders and meeting points between government supply and community demand. The budget can be a political commodity that affects public satisfaction with the regime of political power.

World Bank studies show that municipal-level governments have chosen different paths to adjust their spending to moderate the impact of income shocks based on their financial condition and the severity of the effect. Recovery can be slow and fragile for cities with weaker financial capacities. Thus, the regions must build resilience and fiscal ability to respond to the pandemic crisis (World Bank, 2021, p. 1).

The phenomenon in local government spending in Indonesia could be more optimal. This is indicated by efficiency, effectiveness, transparency, and accountability principles, which must still be fulfilled in regional fiscal policy and realization. Due to this situation, the application of the principles of managing local government spending is difficult to be categorized as good, let alone very good

(Susetyo et al., 2017, p. 18). Another problem is that there is not necessarily a process that causes the optimal management of regional expenditures to not reach the optimal category in terms of efficiency and effectiveness. The overlap between the levels of local government spending on the possibility of discretionary development planning at the local government level is less effective in its implementation.

The problem of spending realization during the pandemic shows that some local governments needed help to run the wheels of government in an emergency. In fact, at the end of 2020, there was a political event that some parties had been waiting for, namely the Simultaneous General Election of Regional Heads (Simultaneous Election of Regional Heads). Usually, in the run-up to the Democratic Party, local spending will increase and have the potential to create fraudulent activities. Previous research by Amalia and Pratolo (2013, p. 1) states that the incumbent may use grant spending during post-conflict local elections for their political interests. The gap, in this case, shows that under certain conditions, not all regional heads were able to commit budget fraud during a pandemic.

Budget planning is the process of determining the future since the budget is prepared, where the process is oriented toward achieving development goals. The development planning document is essential for the government and is used as a guide in preparing the budget. Planning and budget documents are the government's commitment to responding to the wishes and expectations of the community (Riharjo et al., 2015, p. 2). The problem that arose during the pandemic was an emergency that forced local governments to refocus the program. This is due to a change in the focus of development which is overcoming the impact of the pandemic.

Policy changes made during the pandemic show that, above planning, there are still unpredictable situations (force majeure) ready to overhaul various designs relatively quickly. Budgets (income and expenditure) structured systematically and bureaucratically can change anytime. In 2020, the steps to obtain funds for handling the COVID-19 pandemic through

refocusing and budget reallocation activities were carried out using a top-down management communication pattern combined with down-top management. The process of reallocation and refocusing by the regions conforms to the procedures regulated by the Ministry of Home Affairs and the Ministry of Finance, and it's just that the value of the rationalization of spending is not as expected (Abdi Hidayat et al., 2022).

The role of local spending politics is vital in this case because, above all that has been planned, politics can become a determinant and catalyst for some bottlenecks due to bureaucratic complications. The political process in formulating budget policies and realization will determine how far accelerated completion can be implemented. Interaction across stakeholders in the budget realization process has its dynamics. Variations in dynamics in regional spending show different managerial abilities between regions in dealing with complicated situations during a pandemic.

Previous research has shown that Reallocation and Refocusing policies experience success and failure in different aspects. On the one hand, the government succeeded in coordinating and agreeing on establishing a budget diversion policy. As a consequence (both central and regional) must adjust performance targets and program restructuring with budget reallocations. Budget reallocations are taken from several non-priority budget items that can still be postponed (Adi Nugraha et al., 2020, p. 25). On the other hand, the implementation of the 2020 APBD reallocation encountered obstacles, including scheduled construction, delayed implementation, and efforts made by the Regional Government to discuss with the DPRD regarding postponed activities for implementing the Revised APBD (Sudaryanto, 2020, p. 235). Other findings state that in terms of the realization of the 2020 regional government budget, the average government spending and revenue are at a lower level experiencing a contraction. The decline in government revenue, which is relatively lower than expenditure for most local governments, makes sense because of the inadequate distribution of spending, especially on capital expenditure (Qibthiyah, 2021, p. 6).

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Another problem that occurs is that the local government has not implemented the standard Joint Ministerial Regulation of the Minister of Home Affairs and the Minister of Finance concerning the Acceleration of Adjustment of the 2020 Regional Revenue and Expenditure Budget in the Context of Handling Corona Virus Disease 2019 (COVID-19), and Public Purchasing Power and the National Economy. The regional government only needs to adjust the Regional Revenue and Expenditure Budget (APBD) in handling COVID-19. The targets for regions that make APBD adjustments still need to be more appropriate because the areas most exposed to COVID-19 have low APBD allocations. In contrast, areas slightly exposed to COVID-19 have high APBD allocations (Okfitasari et al., 2021, p. 269).

The actual financial situation also determines the direction of government in a region. Regional governments will be able to carry out their functions effectively and efficiently without sufficient costs to provide services and development because the financial position of the region is an important determinant in its realization (Hastuti, 2018, p. 785). Finance is one of the basic criteria for knowing the actual ability of the region to manage its household (Kaho, 2012, p. 151). Thus, the local government, with its fiscal decentralization space, becomes the determining factor in leading the direction of growth and development of a region, including regional resilience in facing future pandemics or other threats.

A good budget system is critical to making progress in reducing poverty and tackling inequality. This is critical to the government's ability to deliver services and reduce poverty. It is also crucial to fighting corruption and building an effective state with the required capability, responsiveness, and accountability. Public budgeting is a key function of the state, and the budget process involves a wide range of stakeholders outside government, including parliaments, oversight bodies, civil society, and donors. A better political understanding of the budget system can help improve aid effectiveness and assess gaps in budgetary practices (Santiso, 2007, p. 5).

Regional spending politics must be placed on the purity of its purpose to realize people's welfare as stipulated in the Indonesian constitution. The purity inherent in regional spending politics should be permeated and imbued with every element of local government. The complex problem is that the poor realization results throughout mid-2020 show that the pure practice of regional spending politics has yet to be fully realized. Relations between political elements, both the executive and the legislature, often become a determinant of obstacles in realizing the political purity of regional spending as a path to prosperity. The regional autonomy framework that applies in Indonesia can potentially weaken executive-legislative coordination in the regions in the politics of the COVID-19 budget (Soeparno, 2022, p. 27).

The political commitment of regional spending can be measured concretely through regional financial performance, especially in realization. Remember, political relations involve the internal circle of local government and the vertical loop, namely the central government. The failure of political communication and coordination in reallocation, refocusing, and realization also determines the output achievements of these three activities.

This research explores the practice of local spending realization during the early phase of the 2020 pandemic in Indonesia. Researchers focused on the issues of reallocation, refocusing, and budget realization in 34 provinces throughout Indonesia. The writing structure begins with the background of the problem, then proceeds with research methods, discussion of results and discussion, and research conclusions. The analysis is directed at efforts to identify differences in achievements between provinces to the determinants and obstacles to reallocation, refocusing, and budget realization policies in the early phase of the pandemic. Ultimately, the identification of political spending commitments will be assessed based on the performance achievements of each local government in Indonesia and the dynamics that occur in the political process within them.



## II. Methods

This study was carried out using a qualitative descriptive approach. Methodologically, the study was conducted using a scalpel with a mix of literature study methods and spatial analysis. The research process was carried out by collecting data and literature, then analyzing the data obtained to answer the objectives of this study. This study uses literature studies to describe text (literature) with context (empirical facts) through an accurate and systematic evidence-based textual correlation analysis. On the other hand, the use of spatial analysis supported by the Google Data Studio platform aims to show changes in conditions during the budget reallocation and refocusing policies that took place at the beginning of the pandemic (2020). Google Data Studio is an online data processing application with data visualization features in graphic form to spatial maps. The data and literature used in this study were obtained from various theories, perspectives, and journals relevant to this research.

This study uses secondary data from the Indonesian Ministry of Home Affairs and the Indonesian Central Bureau of Statistics (BPS). The range of data used in this research is one year, in 2020. The object of this research is 34 provinces throughout Indonesia (before the creation of the New Autonomous Region in Papua). The scope of the study at the provincial level was chosen as a jurisdiction with varying characteristics in each region. This study does not measure the final results in December with the consideration that usually, the results in December the realization of spending will be close to 100% not because of the quality of the Regional Government's performance, but instead of the final expenditure towards the end of the fiscal year.

## III. Results and Discussion

### A. Implementation of Budget Reallocation and Program Refocusing Policy in Indonesia

Implementing public policies at the regional level is the key to successfully managing the impact of a pandemic. Local government is the unit of government and implementer of public policy

closest to the community. Apart from that, the regional government is also the most comparable entity in conveying complaints and various problems in the community. Thus, local governments need to implement public policies holistically and integratively. This implementation means being able to meet the basic needs of the community and ensure the existence of public participation in the implementation process.

Implementing the refocusing program has been part of the target, thereby hampering effectiveness in mitigating the impact of the pandemic in the regions. The problem of data on beneficiary social safety nets that need to be more accurate and double determines the ineffectiveness of mitigating economic impacts during a pandemic. The asynchronous data between the government and hospitals also affect the effectiveness, where the differences in data affect regional financial performance in the claim process and so on. Likewise, with the regional economic recovery, there are still several complaints related to incentives for big industries, even though the industry is the sector with the largest employment absorption in the region.

Previous studies have shown that regulations at the national level only implicitly explain the intent of reallocating budgets and refocusing activities (Yuniza et al., 2022, p. 200). The basic principle is that budget reallocation policies and activity refocusing, in the short term, should be focused on providing emergency assistance to vulnerable populations and affected businesses. However, these principles need to be outlined in legal products or orders in the form of policies, resulting in the implementation of regulations that are not running effectively.

The mixed results of budget realization show that local governments have tried to increase the effectiveness of their performance. However, by referring to the criteria in this research, not all regions can carry out the refocusing program effectively. Variants that arise cause gaps in local government performance that must be addressed immediately. Identification of evaluations that raise supporting and constraining determinants needs to be followed up with management, regulation, and

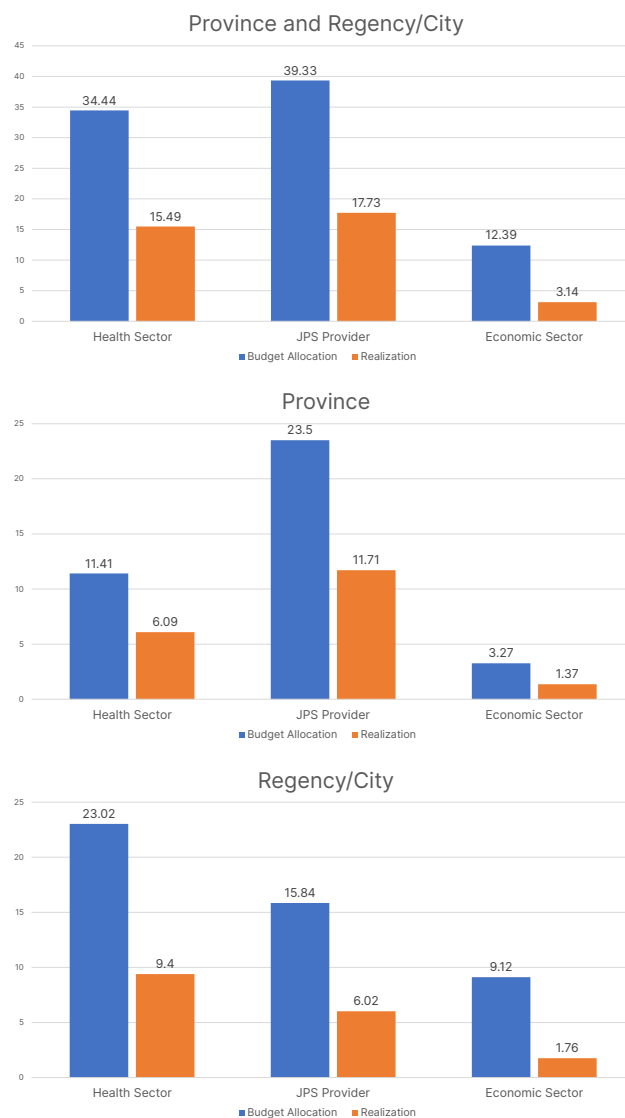
coordination improvements between regional government lines (horizontal and vertical).

Implementing budget policies to mitigate the impact of the pandemic throughout 2020 formed two unique phenomena. The first unique phenomenon was the realization of regional expenditure budgets, most of which were below the 40% mark. The next phenomenon that occurred was the acceleration of the level of budget realization when entering November. These two phenomena illustrate a quite concerning problem because the existence of a budget as a savior during a pandemic has stagnated.

The three hundred and eighty regions sanctioned due to delays in the reallocation and refocusing processes indicated severe problems in the regional budget planning process. Another issue that also arises after the design is in terms of the realization of the budget by the local government.

The realization of regional spending by local governments has progressed relatively slowly. Data from the Ministry of Home Affairs for September 2020 (Figure 1) shows that the realization of the budget for dealing with the impact of the pandemic is still below 50%. Realization in September, part of the third quarter of one fiscal year, is still far from the 50% milestone. The technical factors that were complained about by the local government at that time became the primary determinant that affected the stagnation of budget realization. In fact, in an emergency, some aspects of public safety must take precedence over the complexity of the regional financial bureaucracy.

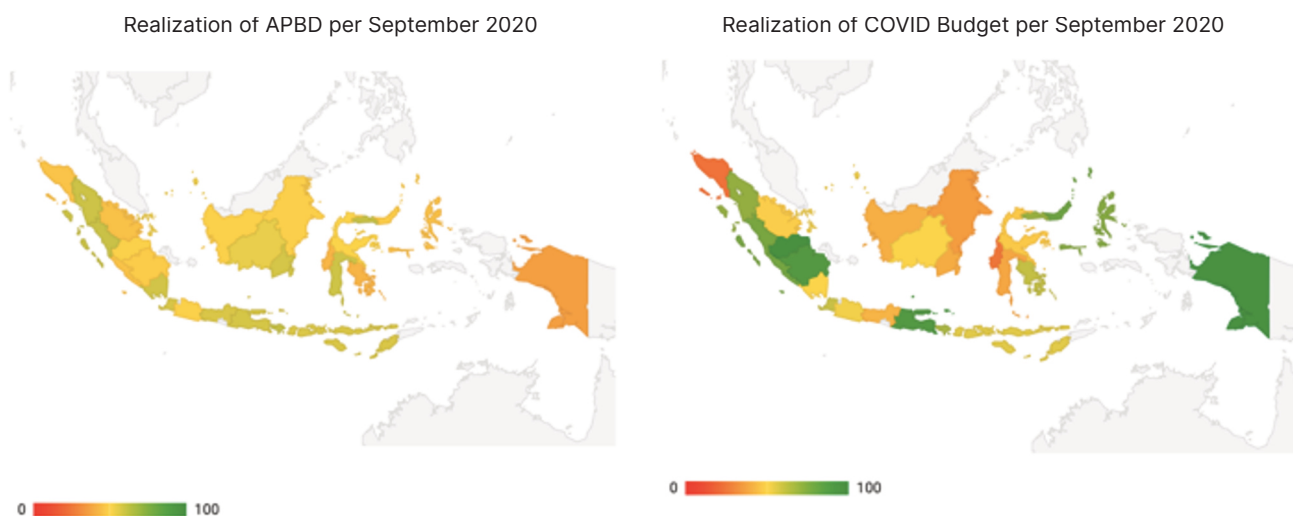
Figure 1 shows low realization up to the final phase of the 2020 fiscal year. The low realization by the regions during that period was a problem that ultimately impacted the effectiveness of mitigating the effects of COVID-19 in the areas. Countermeasures that are hampered impact regional economic conditions and social dynamics, such as increasing poverty and unemployment. At the regional level, this contradicts previous research, which stated that crisis conditions would encourage the emergence of common interests and cooperation between the executive-legislative agencies to protect their



**Figure 1.** Percentage of Budget Allocation and Realization of COVID-19 Impact Mitigation throughout Indonesia in trillions (Directorate General of Regional Financial Development, Ministry of Home Affairs, Republic of Indonesia, 2020 – 30 September 2020, 18.00 WIB)

constituents from the threat of the COVID-19 Pandemic (Soeparno, 2022, p. 27).

Throughout September 2020 (seven months after the first COVID case in Indonesia), there were 21 provinces with spending realization at a level above 50%. Other findings show that for the particular budget for COVID-19 countermeasures, 21 regions can also carry out expenditure realization above 50%. If the test standard is raised to 60%, then there will only be 15 Provinces with a budget realization for handling the impact of COVID-19 above this threshold. Likewise, with the realization of APBD



**Figure 2.** Realization of APBD and Budget for Mitigating the Impact of COVID-19 in 34 Provinces throughout Indonesia (Directorate General of Regional Financial Development, Ministry of Home Affairs, Republic of Indonesia, 2020 – 30 September 2020, 18.00 WIB, data processed)

in general, there were only 11 provinces that were able to pass this milestone. When viewed spatially, most areas in Indonesia are in yellow. The spatial map can be seen in [Figure 2](#).

The dominance of the yellow hue in [Figure 2](#) shows that most regions in Indonesia appear to have difficulty implementing budget realization. At a glance, this trend shows a situation similar to the reality of budget realization during pre-COVID-19, where the average regional spending would be more intense towards the end of the year. The problem is that 2020 is an emergency. Even the Central Government declared this year a disaster, so extraordinary work is needed to fight out of a crisis. This similarity shows the impression that the Regional Government needs creativity and agility to get out of the pinhole of the problem. The regional government has lost its sense of crisis because the performance of recorded regional expenditures could be better.

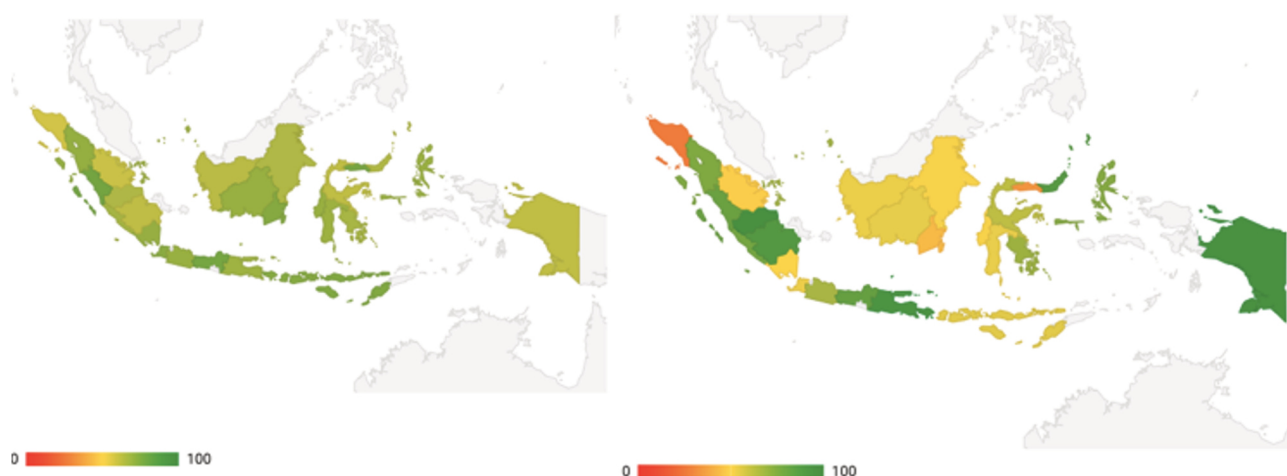
The problem of stagnation in the realization of spending in the early phase of the pandemic is a form of the country's unpreparedness in facing the emergency phase. Previous research findings indicate difficulties in revising the budget, especially in the momentum of decision-making ([Lestyowati & Kautsarina, 2020, p. 436](#)). When complications occur, there should be two-way communication between the center and the regions so that handling budget issues can focus on troubleshooting problems at that time.

Regional officials should have been sensitive to the economic crises and disasters that occurred at that time. Ideally, regional governments only have a few reasons not to spend their budget immediately. The reason is that regional officials, in this case, governors, regents, and mayors, have been protected by Law No. 2/2020, which states that stimulus fund implementers cannot be sued civilly or criminally and are not considered a loss to the state. The fear of criminal cases that have the potential to be accrued by regional officials is the primary cause of the stagnation in the realization of provincial spending.

After President Joko Widodo's speech and the direction of the Minister of Home Affairs at a regional head briefing meeting on September 1, 2020, there was a tendency to increase the realization of spending in the regions. During the meeting, the President asked regional heads to accelerate the realization of provincial and regency, and city APBD spending, especially those related to goods spending, capital spending, and social assistance, because the President was of the view that at that time, the third quarter was the right momentum to carry out economic recovery ([Republika Online, 2020](#)).

Uniquely, after this directive, there has been a significant change in the level of realization of the APBD and the realization of COVID-19 spending in Indonesia. At the test standard of





**Figure 3.** Realization of APBD and Budget for Mitigating the Impact of COVID-19 in 34 Provinces throughout Indonesia (Directorate General of Regional Financial Development Ministry of Home Affairs RI, 2020 – 10 December 2020, 18.00 WIB, data processed)

60%, all Provinces with APBD realization above this threshold. However, there are only 18 provinces that have been able to pass this milestone in terms of the realization of the COVID-19 countermeasures budget. When viewed spatially, most areas in Indonesia are in yellow. The spatial map can be seen in [Figure 3](#).

[Figure 3](#) shows a significant change in tone where the color of the map changes to greener on the realization of the APBD. The number of regions with greener areas is much more dominant in the aspect of regional expenditure for mitigating the impact of COVID-19. The events from September to early December were dominated by narratives of accelerating provincial spending from the Central Government and expert criticism. The acceleration shows that pressure is becoming an accelerator capable of accelerating the realization of expenditure in the regions during COVID-19.

### **B. Supporting and Obstacles Determinants to the Realization of Regional Expenditures in the Early Phase of the Pandemic**

When realized effectively, budget reallocation and program refocusing in the regions will provide axiological value. The program's usefulness is a concrete demand from the community and an

indicator of the success of the local government in carrying out its work program. Alignment between goals and usefulness is an essential aspect to pay attention to. This beneficial achievement finally became the touchstone of local government performance in handling the pandemic.

Technical challenges in realizing regional spending in the early phase of the pandemic were dominated by regulatory issues, budget flexibility, and several projects already underway. Previous studies have shown that there is no specific standard; APBD flexibility for budget reallocation and activity refocusing, as well as the situation in several regions that have already signed contracts with third parties hindering local governments in determining the amount of the budget to be reallocated ([Yuniza et al., 2022, p. 211](#)).

However, realizing the program had been re-planned and reallocated did not work correctly. The findings in the results section show that problems related to program realization occur as a whole with various issues. The diversity of problems in the regions indicates that problems must be solved to minimize potential issues in future budgeting periods. Minimizing risks will later support the successful implementation of pandemic response programs in the regions.

Expenditure execution; a considerable amount of spending in a brief period with various types of expenditures (different SOPs, risk in procurement). These variations cause spending execution to be hampered due to differences in prices and units of each item. Price normalization occurred after innovation emerged from the public and business actors creating substitute products, ultimately lowering health-related goods' costs. Budget distortions are ultimately created due to price changes and the movement of people's increasingly uncertain needs.

Another serious problem to pay attention to is related to internal resistance from the regional government in the refocusing and reallocation process. Sectoral egos between lines within local government internals become a bottleneck hindering the budget reallocation process. This is an extraordinary incident where handling in the field should prioritize humanitarian principles rather than sectoral ego. Previous studies have shown that sectoral ego issues within the local government environment (in this study, the District Government Work Unit) in the form of refusal to reallocate also colored the chaotic handling of COVID-19 in the regions (Andriyani, 2021, p. 12).

The next problem is that regional heads must be more careful in making regional expenditures. Regional officials' concern about being entangled in legal cases results from an uneven understanding of regulations related to budget reallocation and program refocusing. This concern and limited knowledge ultimately hampered the reallocation process to budget realization. This classic problem often occurs both in regular times and during pandemics. Legal certainty is a demand from government governance so that regional apparatuses can use their discretion to the maximum in making decisions to deal with the impact of a pandemic.

Nevertheless, several factors also ultimately influenced local governments' success in carrying out budget realization in the early phase of the pandemic. Central government support in the timely implementation of transfers to regions also helps regions to accelerate the response to COVID-19. Sanctions for delaying the DAU to 380 regions due to delays in budget reallocations have hampered implementation of the pandemic

response. However, the central government's decision to continue sending DAU to these regions supports local governments amid their budget reallocations and program refocusing limitations.

### **C. Budget Politics in the Early Phases of COVID-19 in Indonesia**

The political pattern of regional spending is inseparable from the pressure exercised by the central government. The change in the tone of the achievement map for the realization of regional spending in this study shows that there needs to be pressure to force the Regional Government to improve. Therefore, the sanction for delaying the transfer of the General Allocation Fund (DAU) by the Central Government should be seen as shock therapy for the Regional Governments. A far more important message to be pushed forward is to ensure that you have the commitment and capacity to deal with the impact of a pandemic. In addition, the paradigm of imposing sanctions needs to be changed in than emergency by imposing sanctions on delaying DAU to regions that do not immediately carry out budget realization within a certain period. In addition, sanctions need to be selected according to the reasons: if the problem is technical, assistance is required, but if the motive is political and low commitment, then fiscal sanctions and other forms of administrative sanctions are needed.

Legal certainty in the budget formulation is essential for the government to deal with future emergencies. Ideally, the budget system and recording of receipts and expenditures must be carried out carefully and systematically (Masmarullan & Isiswati, 2019, p. 164). If this system can run well, the technical problems in budgeting will be solved by themselves. The remaining reforms are on the central premise of awakening regional political will in dealing with emergencies such as COVID-19.

Of course, the downturn that occurred in most regions in Indonesia did not apply as a whole. The success of several regional governments in carrying out regional expenditure realization should be appreciated and used as a reflective lesson for the central government and local governments in looking at learning

**Table 1.** Realization of APBD Expenditure throughout Indonesia

Province	General Budget Realization in September	General Budget Realization in November
Bangka Belitung Islands	50.44	89.11
West Sumatra	63.83	85.3
Central Java	59.64	84.73
Gorontalo	64.61	84.25
East Nusa Tenggara	59.65	81.92
South Kalimantan	60.9	80.89
Special Capital Region of Jakarta	70.67	80.83
West Nusa Tenggara	58.98	80.62
Bali	65.21	80.55
Banten	60.41	79.5
Maluku	52.84	79.1
North Kalimantan	52.16	77.06
North Sumatra	63.22	76.82
Lampung	61.45	76.75
Central Kalimantan	55.68	76.38
West Sulawesi	39.75	76.11
West Java	48.31	76.09
North Maluku	43.31	75.66
Special Region of Yogyakarta	56.73	75.42
South Sulawesi	62.59	75.07
East Java	60.53	74.91
Riau Islands	53.69	74.37
Bengkulu	43.79	73.09
Southeast Sulawesi	39.15	72.42
Jambi	48.61	70.36
East Kalimantan	48.05	70.13
North Sulawesi	46.8	69.93
West Kalimantan	48.2	68.03
South Sumatra	46.59	66.7
Papua	32.21	66.43
Central Sulawesi	50.37	66.21
Riau	43.65	63.7
West Papua	44.13	63.05
Aceh	44.12	61.5

Source: Ministry of Home Affairs RI (2020)

messages that can be replicated. [Table 1](#) shows the performance of the Provincial Government in achieving budget realization above 80%.

**Table 2.** Realization of Expenditures for Mitigating the Impact of COVID-19 throughout Indonesia

Province	General Budget Realization in September	General Budget Realization in November
Special Region of Yogyakarta	85.33	100
Jambi	100	100
Papua	98.48	98.73
Bali	71.69	96.71
East Java	93.55	95.98
South Sumatra	92.63	92.63
North Sulawesi	86.77	92.22
Central Java	39.08	88.88
West Sumatra	84.17	87.07
Special Capital Region of Jakarta	48.03	85.02
Bengkulu	84.85	84.85
North Sumatra	77.19	82.04
North Maluku	81.02	81.02
Southeast Sulawesi	65.41	75.31
Riau Islands	53.94	73.28
West Java	53.54	72.19
Central Sulawesi	46.34	66.48
Maluku	13.91	58.74
East Nusa Tenggara	57.48	57.48
West Nusa Tenggara	57.48	57.48
Central Kalimantan	50.65	56.39
South Sulawesi	34.08	56.06
West Kalimantan	37.04	55.16
Banten	64.14	54.77
West Sulawesi	18.63	52.31
East Kalimantan	30.86	52.27
Lampung	50.97	50.97
North Kalimantan	38.69	50.81
Riau	47.28	47.28
Bangka Belitung Islands	38.39	43.81
South Kalimantan	36.29	41.17
West Papua	38.25	38.25
Gorontalo	76.13	28.66
Aceh	17	20,2

Source: Ministry of Home Affairs RI (2020)

The achievements above show a significant acceleration from September to November. Initially, 8 of the nine regencies above had not touched the realization above 70% in September

2020, but their achievements increased dramatically in November. As another comparison, [Table 2](#) shows the performance of the Provincial Government in achieving above 80% realization of the budget for overcoming the impact of COVID-19.

In contrast to the achievements in realizing the APBD, the achievements above show that the 13 regions above have a good sense of crisis. Two districts were recorded as having realization achievements below 705. After September, there was a significant acceleration from September to November, where the 13 regions above experienced a drastic increase in achievements in November.

Suppose a slice analysis is carried out in the two tables above. In that case, four provinces recorded optimal realization records during the Early Phase of the 2020 Pandemic: West Sumatra Province, DKI Jakarta Province, Central Java Province, and Bali Province. This is relevant to the situation on the ground, considering that the regional heads in these four provinces have distinguished track records. The positive performance and political will of the Governor and staff at the service level are valid proof that amid the darkness and confusion of the Regional Governments facing a crisis, there are still diamonds in the form of leadership factors that position the four provinces above as best practices in post-pandemic management.

#### **D. Discussion**

The problems that arose in the early phase of the pandemic clearly showed that the government apparatus, both at the central and regional levels, needed to be ready to face an emergency. The absence of regulatory safety nets for the financial system in dealing with emergencies owned by countries like Japan has made regional governments need clarification in carrying out instructions from the central government. On the other hand, changes in regulations that were too fast by the central government became a serious obstacle for regional governments to run at top speed to face the residual dynamics caused by the pandemic. This is very unfortunate, considering that the Regional Government is the closest support for the community in dealing with crises. This is in line with previous findings, which

stated that on the coordination side, governance issues, especially in the regions, were already a challenge before the pandemic ([Kemenangan & Setiawan, 2021, p. 79](#)).

Reflecting on the database problem, this problem will not become a structural and fatal problem if every element of the government is willing to work together to build a real-time database system and one door. Data chaos is the cause of delays in regional spending, where this problem is an internal problem within the government (central and regional). Suppose there is serious will and political will in all government hierarchies. In that case, this problem will be overcome so that the quality of the decision-making database and regional expenditure indicative base will improve, and the certainty of the principle of spending on target can be fulfilled.

The central government should also quickly identify and mitigate problems in the implementation aspect when local governments need clarity in regulatory mandates related to regional spending. Apart from the series of outreaches carried out in the early phase of the pandemic, the lagging regions in the process of realizing regional expenditures indicated that there were messages that needed to be fully captured by the provincial governments during the socialization process. In addition, the quality and commitment of human resources within the local government to keep pace with emergency dynamics still need to be improved. Local governments face enormous pressure to mitigate the pandemic's severity ([Permanasari et al., 2022](#)).

Regional governments such as the Ministry of Home Affairs also tend to improve under pressure from the central government. The existence of the Ministry of Home Affairs as the handler of the Regional Government cannot be doubted because the Ministry of Home Affairs gave a warning twice. During this time, the Regional Government immediately improved its performance. The sign in June 2020 regarding 380 regions that had not carried out reallocations until the President's warning in early September proved that the Regional Governments' motivation to carry out their duties during an emergency period must be stimulated first.

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Extraordinary steps are needed to secure the budget, accompanied by an accountable and transparent evaluation to avoid an economic crisis (Suparman, 2021).

This issue aligns with previous research, which states that the regional autonomy framework (Indonesia) tends to take longer to reach a consensus in budget politics. This is caused by the many political bargaining between the executive-legislative from various levels, as well as central-regional coordination, which has the potential to tend to be weak (Soeparno, 2022, p. 28). Coordination between government lines during an emergency seems to override emergency conditions where the policy negotiation process is still carried out regularly. As a result, budget realization and policy refocusing hit a steep road in several regions.

Regional Government, in this case, looks like a horse that must be whipped first to run faster. Of course, this sets a bad precedent because, with external pressure, the Regional Government will be more willing to leave its comfort zone. This aligns with previous research, which suggests that local government services to the community have yet to run optimally. There are still many constraints on fiscal implementation in local governments where decentralization of spending authority is implemented first to accommodate political pressure (Hastuti, 2018, p. 791). In fact, regional spending during a pandemic is not a sexy commodity for political battles because the safety of all of Indonesia's bloodshed is far more important than anything else.

In the end, regional spending politics in Indonesia is focused on two keywords, namely pressure and political will to change. Pressure power has relatively good effectiveness in forcing Regional Governments to accelerate the realization of regional expenditures. Apart from that, the strong political will of regional heads and the conscience to put themselves in action during times of crisis helped save the region from the crisis storm of the COVID-19 pandemic. The central government is expected to be able to play these two factors. Moreover, the pressure factor is under the control of the central government.

## IV. Conclusion

Implementing budget reallocation and program-refocusing policies in Indonesia could have run optimally in the early phase of the COVID-19 Pandemic. Obstacles in the planning process to realize regional spending are a classic problem that also occurred during the pre-pandemic period. Bureaucratic barriers and knowledge of regulations are determinants of obstacles to the realization of provincial expenditures in Indonesia. Best practice for budget realization in four provinces shows that there are still 30 other provinces that need help in realization, especially since 2020 is the initial and critical phase of the pandemic. The initial phase of the pandemic provided essential lessons related to regional spending politics. The regions still need to be whipped up with pressure through regulations or sanctions because not all areas have a sense of crisis and political will to realize regional spending promptly.

At the regulatory level, Indonesia needs an exit plan scenario in the form of the Central-Regional Financial System Safety Net Law in the event of a pandemic or other national emergency. Regulations that often change due to the absence of guidelines still need to be clarified by the Regional Government. In addition, there needs to be a realignment of the mechanism for administrative sanctions against Regional Governments, such as setting a budget realization target in the quarter or semester period, to minimize coercion of year-end budget realization. This is due to the tendency for a massive increase in regional spending at the end of the year and sluggishness in the early semester.

Finally, budgetary and spending politics in Indonesia are not only determined by interactions between government units. Because on top of that, fundamental aspects must be fulfilled, namely the awareness of the local government and the political will to carry out regional spending policies in a timely manner. If these fundamental things can be fulfilled, the Regional Government will undoubtedly be able to handle the role of fiscal decentralization during regular and crisis times.



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