

IMPLEMENTATION OF THE ACTIVITY REFOCUSING POLICY AND REALLOCATION OF THE REGIONAL GOVERNMENT BUDGET FOR THE SPECIAL CAPITAL CITY OF JAKARTA DURING THE COVID-19 PANDEMIC

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ARTICLE INFO

Keywords:
Covid-19,
Refocusing,
Reallocation

ABSTRACT

The DKI Jakarta Provincial Government during the Covid-19 pandemic tried to overcome economic problems by taking a policy of refocusing activities and reallocating the budget. The DKI Jakarta Provincial Government in this case through instructions from the Ministry of Home Affairs is also required to refocusing activities and reallocating the budget through changes in the REGIONAL BUDGET. In this study, we analyzed and provided solutions for the formulation of policies for refocusing activities and reallocating the budget of the DKI Jakarta Provincial Government during the Covid-19 pandemic. This research uses a narrative descriptive qualitative method with various literatures. The results of this study show that there are variations in changes in the APBD in refocusing activities and budget reallocation caused by several things, especially the absence of clear guidelines in refocusing activities and budget reallocation. In dealing with these problems, solutions that can be implemented by the DKI Jakarta Provincial Government is to create a kind of Standard Operating Procedure (SOP) that contains limits in the scope of the budget and activities that must be reduced, supplemented, or readjusted.

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1. INTRODUCTION

In 2020, the world was shocked by a viral pandemic that attacked the respiratory system and became known as Corona Virus Diseases 2019 (Covid-19). The impact of the COVID-19 pandemic has forced all sectors to adapt. There are at least two things that are happening simultaneously: first, a sudden and devastating economic shock, the most visible of which is the massive increase in unemployment; and second, the worsening of the relative economic contraction has an impact on the number of sudden deaths [1]. The COVID-19 pandemic has subsequently had an impact on shifting financial needs, particularly on the health of the local and national economies. Substantial increases have occurred in regional spending for new equipment, health, and social services (United Cities and Local Government, 2020).

The impact on the economic aspect can be seen in the sharp decline in economic performance, disrupted consumption, hampered investment, and contracted exports and imports. In addition, there was a slowdown in economic growth. In the 2020 State Budget, Indonesia's economic growth was projected to be 5.3% before the COVID-19 pandemic, and -0.4% to 1.0% after the pandemic. This is a challenge faced by the Government of Indonesia when referring to Law Number 17 of 2002 concerning State Finances, which states that the maximum deficit limit is 3% of Gross Domestic Product.

When the business world experiences a decline in activity, the government should take an important role in overcoming the pandemic and restoring economic activity. The Indonesian government finally issued Law Number 2 concerning the stipulation of PERPU Number 1 of 2020 becoming law. The regulation is an effort to refocus the government's budget on handling COVID-19. The budget that before the pandemic was allocated to many sectors based on these regulations must be prioritized in handling the impact of COVID-19 on the health sector and economic recovery.

The economic slowdown requires the government to cut direct costs under its control. Allowing policymakers to experiment with new ideas is the main responsibility of the government [2]. To mitigate the more severe economic consequences and maintain people's welfare, the government has made various policy packages, including fiscal, monetary, and financial policies [3].

The terms "activity refocusing" and "budget reallocation" refer to Presidential Instruction Number 4 of 2020 concerning activity refocusing, budget reallocation, and procurement of goods and services in the context of accelerating handling of COVID-19 (Inpres No. 4/2020) [4]. Refocusing activities and reallocating budgets are again emphasized in Government Regulation in Lieu of Law Number 1 of 2020 concerning State Financial Policies and Financial System Stability for Handling the 2019 Corona Virus Disease (Covid-19) Pandemic and/or in the Context of Facing Threats that Endanger the National Economy and/or Financial System Stability (Perppu No. 1/2020), which states that in the framework of implementing policies in the field of regional finance [5].

Regional governments are given the authority to prioritize the use of budget allocations for certain activities (refocusing), change allocations, and use the regional revenue and expenditure budget. Furthermore, the technical provisions for implementing activity refocusing and budget reallocation are further regulated in the Minister of Home Affairs Regulation Number 26 of 2021 in conjunction with the Minister of Home Affairs Regulation Number 39 of 2020 concerning Prioritizing the Use of Budget Allocations for Certain Activities, Changes in Allocations, and Use of the Regional Revenue and Expenditure Budget (Permendagri No. 26/2021 juncto Permendagri No. 39/2020) [6].

The refocusing policy was also carried out by the state capital of Indonesia, DKI Jakarta. Based on DKI Jakarta Governor Regulation Number 28 of 2020 concerning the Second Amendment to Governor Regulation Number 162 of 2019 Concerning the Explanation of the Regional Revenue and Expenditure Budget for the 2020 Fiscal Year As an effort to accelerate the handling of COVID-19, the regional government of DKI Jakarta has reallocated the budget by referring to Presidential Instruction Number 4 of 2020 Concerning Refocusing of Budget Reallocation Activities as well. Procurement of goods and services as well as Instruction Number I of 2020 from the Minister of Home Affairs have led the Jakarta Provincial Government to reallocate and refocus its budget to deal with the impact of the COVID-19 virus. In this refocusing, there are three sectors related to handling COVID-19, including health management, economic impact, and social safety nets. In the process of fiscal decentralization, local governments have the power to increase and maintain financial resources to fulfill regional responsibilities.

Based on the description above, this paper intends to review the implementation of the policy of refocusing activities and reallocating budgets carried out by the Regional Government of DKI Jakarta in the 2020 fiscal year. This research raises two problem formulations, namely: 1) How is the policy of refocusing activities and budget reallocation by the government of DKI Jakarta Province during the COVID-19 pandemic? 2) What are the challenges faced, and what is the ideal solution for the Provincial Government of DKI Jakarta to meet the demands of refocusing activities and reallocating the budget during the COVID-19 pandemic? This study aims to analyze the policy of refocusing activities and budget reallocation of the Provincial Government of DKI Jakarta during the COVID-19 pandemic.

2. METHOD

In this journal, the descriptive qualitative method is carried out in a narrative manner using references as a literature study. A case study is an in-depth study of an individual, a group, an organization, an activity program, and so on at a certain time. The goal is to obtain a complete and in-depth description of an entity. Descriptive research is intended to describe a phenomenon that is found based on secondary data [7]. This study uses a descriptive-qualitative desk-literature method. The data used is sourced from secondary data obtained from books, journals, scientific articles, internet searches, and documents published by the Provincial Government of DKI Jakarta and the Ministry of Home Affairs relating to refocusing policies and budget reallocations carried out during the COVID-19 pandemic.

3. RESULT AND DISCUSSION

The Provincial Government of DKI Jakarta is refocusing the 2020 APBD budget in the context of handling COVID-19. In this refocusing, there are three sectors related to handling COVID-19, including health management, economic impact, and the social safety net. In addition to the existing realization, regional income has also undergone adjustments.

Table 1 Development Of The Fifth Amendment Of The 2020 APBD Refocusing & 2020 KUPA

Regional Revenue	APBD Determination 2020	(Pergub Number 95 of 2020 regarding the Fifth Amendment to Pergub 162 of 2019 Concerning the	KUPA APBD 2020 Fiscal Year	%
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Elaboration of APBD for Fiscal Year 2020)				
(1)	(2)	(3)	(4)	(5=4:2)
INCOME	82.195.994.476.363	54.561.716.238.840	57.066.321.235.686	69,43
LOCALLY-GENERATED REVENUE	57.561.162.309.490	34.796.856.095.745	38.085.985.616.631	66,17
Local tax	50.170.000.000.000	29.375.000.000.000	32.480.000.000.000	64,74
Regional Reimbursement	755.755.000.000	468.713.000.000	468.413.750.000	61,98
Results of Separated Regional Wealth Management	750.000.000.000	750.000.000.000	844.471.501.251	112,60
Other Legitimate Local Original Revenues	5.885.407.309.490	4.203.143.035.745	4.293.100.365.380	72,94
BALANCED FUND OTHER REGIONAL INCOME	21.618.304.052.873	17.011.021.810.095	16.885.064.544.055	78,11
RECEIPT OF FINANCING	3.016.528.114.0002	2.753.838.333.000	2.095.271.075.000	69,46
SiLPA	5.500.000.000.000	1.181.974.225.449	1.203.971.456.696	21,89
DCD thawing	-	-	1.400.000.000.000	100,00
Regional Loans	260.154.000.000	3.525.157.493.703	3.562.513.493.703	1369,39
TOTAL REGIONAL REVENUE	87.956.148.476.363	59.268.847.957.992	62.232.806.186.085	71,89

Source : BKD

Changes in Regional Expenditure Policy

Article 1 point 36 of Law Number 23 of 2014 concerning Regional Government states that regional expenditures are all regional obligations that are recognized as a deduction from the value of net assets in the relevant fiscal year period. Regional Expenditure is used, among other things, to fund Mandatory Government Affairs related to basic services stipulated by the SPM, as mandated in Article 298 of the said Law. Regional Expenditure in the 2020 APBD is planned to be Rp. 79,610,435,317,743, consisting of Indirect Expenditure of Rp. 34,675,138,144,312 and Direct Expenditure of Rp. 44,935,297,173,431 The realization of regional spending up to the second quarter of 2020 amounted to IDR 19,861,334,505,951, or 24.95 percent of the total planned spending in the APBD. The realization of indirect expenditure (14.14 percent) was IDR 11,256,144,087,164, and the realization of direct expenditure (10.81 percent) was IDR 8,605,190,418,787. The following is a breakdown of spending realizations up to the second quarter of 2020:

Table 2 Realization of Regional Expenditure Up to Quarter II 2020

NO	DESCRIPTION	2020		REALIZATION UNTIL QUARTER II 2020	APBD DETERMINATION	REALIZATION (%)
		APBD DETERMINATION	REALIZATION UNTIL QUARTER II 2020			
A	Indirect Shopping	34.675.138.144.312	11.256.144.087.164	32,46		
1	Employee Shopping	20.886.283.045.005	7.188.154.825.536	34,42		
2	Flower Shopping	76.000.000.000	31.562.920.403	41,53		
3	Subsidy Spending	5.579.192.320.807	1.156.745.546.017	20,73		
4	Grant Shopping	2.575.054.083.320	291.785.201.920	11,33		
5	Shopping for Social Assistance	4.805.798.650.000	1.144.675.380.000	23,82		
6	Expenditure on Financial Assistance to Provinces/Districts/Cities and Village Governments	563.908.448.200	103.743.280.000	18,40		
7	Unexpected Shopping	188.901.596.980	1.339.476.933.288	709,09		

Based on the table above, the total spending in the 2020 APBD is planned to be Rp. 79,610,435,317,743, and by the end of the second quarter of 2020, 24.95 percent, or Rp. 19,861,334,505,951, has been realized. Furthermore, the explanation for the evaluation of regional spending up to the second quarter of 2020 is as follows Indirect Expenditure In the 2020 APBD, indirect spending is expected to be IDR 34,675,138,144,312 with 32.46 percent, or IDR 11,256,144,087,164, realized by the end of the second quarter of 2020. Furthermore, a detailed explanation of the indirect expenditure evaluation is as follows:

1. Personnel Expenditure: In the 2020 APBD, personnel expenditure is planned to be IDR 20,886,283,045,005, and by the end of the second quarter of 2020, 34.42 percent, or IDR 7,188,154,825,536, had been realized.
2. Interest Expenditure. In the 2020 APBD, interest spending is planned to be IDR 76,000,000,000, and until the end of the second quarter of 2020, 41.53 percent, or IDR 31,562,920,403, has been realized.
3. Subsidy Expenditure: In the 2020 APBD, subsidy spending is planned to be IDR 5,579,192,320,807, and by the end of the second quarter of 2020, 20.73 percent, or IDR 1,156,745,546,017, had been realized.
4. Grant Expenditure: In the 2020 APBD, grant spending is planned to be Rp. 2,575,054,083,320, and by the end of the second quarter of 2020, 11.33 percent, or Rp. 291,785,201,920, has been realized.
5. Social Assistance Expenditure: In the 2020 APBD, social assistance spending is planned to be IDR 4,805,798,650,000, and by the end of the second quarter of 2020, 23.82 percent, or IDR 1,144,675,380,000, has been realized.
6. Financial Assistance Expenditure: In the 2020 APBD, financial assistance spending is planned to be Rp. 563,908,448,200, and by the end of the second quarter of 2020, 18.40 percent, or Rp. 103,743,280,000, has been realized.
7. Unexpected Expenditure. In the 2020 APBD, unexpected spending was IDR 188,901,596,980, and by the end of the second quarter of 2020, 709.09 percent, or IDR 1,339,476,933,288 had been realized.

Direct Expenditures In the 2020 APBD, direct spending is planned to be IDR 44,935,297,173,431; by the end of the second quarter of 2020, 19.15 percent, or IDR 8,605,190,418,787, had been realized. Furthermore, a detailed explanation of direct expenditure evaluation is as follows:

1. Personnel Expenditure: In the 2020 APBD, personnel expenditure is planned to be IDR 3,304,485,588,485; by the end of the second quarter of 2020, 42.08 percent, or IDR 1,390,445,970,849, had been realized.
2. Expenditure on goods and services: in the 2020 APBD, expenditure on goods and services is planned to be Rp. 23,589,563,846,594; by the end of the second quarter of 2020, 28.58 percent, or Rp. 6,741,568,392,679, has been realized.
3. Capital Expenditure: In the 2020 APBD, capital expenditure is planned to be IDR 18,041,247,738,352, and by the end of the second quarter of 2020, 2.62 percent, or IDR 473,176,055,259, has been realized. This relatively small expenditure realisation was due to the non-achievement of the revenue target as a result of the COVID-19 pandemic and the reallocation and refocusing of direct and indirect expenses that were diverted to unexpected expenses in the context of accelerating the handling of COVID-19.

Policy Objectives of Changes in Regional Expenditure

Following the Joint Decrees of the Ministers of Home Affairs and Finance (numbers 119/2813/SJ and 177/KMK, 07/2020) concerning the acceleration of the 2020 regional revenue and Expenditure Budget in the context of dealing with Corona Virus Disease 2019 (Covid-19), as well as Power Security Buy Community and the National Economy, the Regional Expenditure Policy for 2020 is as follows:

- a. Rationalisation of personnel spending;
- b. Rationalization of spending on goods and services by at least 50 percent by reducing the budget, especially for official travel, consumables for office needs, printing and duplication, official clothing and its attributes as well as special clothing on certain days, maintenance, maintenance of motorised vehicles, rental house/building/warehouse/parking, rental of mobility facilities, rental of heavy equipment, office services, consulting services, experts/instructors/resources, money handed over to third parties or the community, food and drinks, as well as meeting packages at the office and outside the office, outreach, workshops, technical assistance, training, and FGD as well as other meetings that invite many people,
- c. Rationalize capital expenditure by at least 50 percent by reducing spending on the procurement of official and operational vehicles, the procurement of machinery and heavy equipment, land

acquisition, room and building renovations, furniture and office equipment, the construction of new buildings, and other infrastructure developments that are still possible to be postponed next year.

In accordance with the instructions of the Minister of Home Affairs Number 5 of 2020 regarding Priorities for Using Changes in the APBD for the 2020 Fiscal Year, it mandates that local governments should accelerate the use and realization of the APBD for the 2020 Fiscal Year, including through the use of unexpected expenditures with priority:

Health care

Budget adjustments, including additional spending budgets, are intended so that the implementation of the 2020 revised APBD can be more efficient and effective in handling Jakarta public health, especially for handling the COVID-19 outbreak, including the following:

- 1) Provision and/or delivery of health infrastructure facilities to the community;
- 2) Dissemination of information related to guidelines for adapting new productive and safe habits to COVID-19;
- 3) Carrying out capacity building and carrying out sample tests through the provision of BSL-2 mobiles and containers in accordance with statutory provisions;
- 4) Accelerating the provision of PPE in order to support the implementation of simultaneous regional head elections for regional governments conducting elections for governors, regents, and mayors;
- 5) Increasing the capacity and quality of health service facilities under the authority of the regions, both in terms of human resources and facilities and infrastructure, especially in terms of handling the COVID-19 pandemic;
- 6) Provision and preparation of facilities that support health protocols in the framework of adapting new habits towards a productive and safe society in various public facilities such as markets, terminals, stations, government service offices, and other facilities;
- 7) Carry out strict monitoring and supervision of the implementation of health protocols in order to maintain public compliance and discipline in complying with them;
- 8) Make efforts to track and implement social restrictions in the event of a local transmission of the COVID-19 pandemic case in their respective areas;
- 9) Support for other supporting activities for efforts to deal with the COVID-19 pandemic carried out by the central government;
- 10) Other health care

Handling The Economic Impact

Budget allocation for handling economic impacts, among others:

- 1) Procurement of food and basic needs in order to maintain regional food security and maintain price stability for goods needed by the community;
- 2) Implementation of a cash-intensive programme by prioritising local resources, local manpower, and local technology in the framework of accelerating economic recovery;
- 3) Improving the regional economy in the tourism sector affected by COVID-19 through the re-implementation of office meetings, FGDs, seminars, and the like at hotels or similar meeting places while still paying attention to health protocols in accordance with regional needs and status related to the spread of COVID-19;
- 4) Provision of stimulus and subsidies to MSME and cooperative actors in the form of providing working capital assistance, strengthening business capital, opening access to financial institutions, and optimising digital platforms in marketing activities;
- 5) Expansion of KUBE activity targets and objectives in the regions;
- 6) Domestic and international investment promotion;
- 7) Improving the management of maritime affairs, fisheries, and marine affairs;
- 8) Handling other economic impacts

Optimizing the implementation of the provision of a social safety net

The criteria for implementing the provision of a social safety net in the 2020 APBD changes include:

- 1) Carry out integrated verification and validation of social welfare data, coordinating with the central government agency in charge of the said social welfare data collection;
- 2) Periodically monitor and evaluate the implementation of various types of social assistance and/or grants that have been provided by the central government and/or regional governments;

- 3) Collect data on the list of names and addresses of Village BLT recipients in order to prevent overlapping with the implementation of other social assistance;
- 4) Adequate distribution of social grants or assistance in the form of money and/or goods from the Regional Government is accelerated, including among others individuals or communities who are affected or have social risks, such as poor families, informal or daily sector workers, and individuals or communities who have social risks due to being affected by the COVID-19 pandemic; public or private health facilities participating in handling the COVID-19 pandemic; vertical agencies whose working areas are in the area concerned in order to support the handling of the COVID-19 pandemic.

The variations in APBD changes made by the Provincial Government of DKI Jakarta in the context of dealing with the COVID-19 pandemic, especially in their regions, are influenced by national policies regarding the mandate of budget reallocation and refocusing of activities. Policies at the national level, such as the Presidential Instruction of the Republic of Indonesia Number 4 of 2020 and Government Regulation in Lieu of Law Number 1 of 2020, neither state what the definition of budget reallocation and activity refocusing is. Regulations at the national level only implicitly explain the intent of budget reallocation and activity refocusing. In several studies, it was argued that budget reallocation policies and activity refocusing should, in the short term, focus on providing emergency assistance to vulnerable populations and affected businesses. However, the results of this research are not contained in legal products or orders in the form of policies. Therefore, the regions hold great authority to determine which components in their APBD must be reduced and which components must be increased in order to support the acceleration of the handling of the COVID-19 pandemic.

4. CONCLUSION

In accordance with the mandate of the Minister of Home Affairs Instruction Number 5 of 2020 concerning Priorities for Using the Revised APBD for the 2020 Fiscal Year, the priority for the availability of funds for handling the COVID-19 pandemic comes from, among other things, Unexpected Expenditure Allocations. Therefore, in the 2020 KUPA, the BTT budget increased by +2752.39 percent from the 2020 APBD determination, namely from IDR 188,901,596,980 to IDR 5,199,308,695,785. The addition to the BTT budget comes from the rationalization of indirect expenditure, direct expenditure, and financing. The principles used in rationalizing the 2020 budget are maintaining budget allocations at the forefront of society, such as honoraria for social institutions such as RT/RW, Jumantik Posyandu, LMK, FKDM, City Council, PKK, and Dasawisma, maintain budget allocations for BLUD services such as health, education, MSMEs, parking, and Ragunan Wildlife Park, reducing office and network operational budgets by 50% for Diskominfo networks and office operations, maintain a minimum public service budget allocation, including: health, education, flood control, road maintenance, waste management, and special KDO BBM, maintaining the budget allocation for infrastructure maintenance, such as flood prevention at Sunter Cipinang Melayu, Cipinang Muara, Krukut River, Pesanggrahan, Ciliwung, Jatikramat, and Pondok Bambu, payment of PJU accounts, and traffic lights, maintaining the DAK program budget allocation, maintaining non-PNS budget allocations for certain regional agencies, such as command centers, complaints, assistance from the TNI and POLRI in security, etc. In connection with the rationalization of direct expenditures for handling COVID-19, there were several infrastructure activities that were stopped. With the government's policy regarding the provision of regional PEN loans, the provincial government of DKI Jakarta obtained loans to fund the stopped infrastructure activities. Given the uncertain conditions of the COVID-19 pandemic, especially with the various possible developments of the COVID-19 case from time to time, the Provincial Government of DKI Jakarta should have clear guidelines regarding the procedures for implementing budget reallocations and refocusing activities. The lack of strict regulations regarding this matter has led to the birth of many variations in APBD changes in line with changes in people's lives triggered by developments in the COVID-19 case. So a kind of Standard Operating Procedure (SOP) is needed related to budget reallocation and activity refocusing that contains at least options for reduced budget components and their details, options for increased budget components and their details, standards for using unexpected budget expenditures related to handling COVID-19, and types of activities that must be refocused and are charged to the APBD.

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