

# Allocation of COVID-19 Epidemic Funding Budgets in Indonesia

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## ABSTRACT

Covid-19 has spread to several countries, including Indonesia. There are a lot of activities that the Government of Indonesia is currently doing to restore Indonesia. Among them are providing support for medical equipment, making treatment programs for the community, and determining the source of the budget to deal with Covid-19. The purpose of this study is to determine the source of the budget that will be used by the Government, and what efforts the Government can do in dealing with the Covid-19 problem. The results of this paper are budget sources that can be used in handling Covid-19 is the excess budget (SAL), endowment and accumulation of endowment funds for education, funds controlled by the State with certain criteria, funds managed by the Public Service Agency (BLU), and funds originating from the reduction of State Capital Inclusion in State-Owned Enterprises (BUMN). In meeting Covid-19 financing targets, the government can issue SUN / SBSN, determine sources of budget financing from domestic and / or foreign sources, as well as provide loans to the Indonesia Deposit Insurance Corporation. This research is a literature study. And the data collection method uses the documentation method.

**Keywords:** Covid-19, source of budget, source of financing, government policy.

## INTRODUCTION

Indonesia is experiencing a social disaster as a result of the spread of Corona Virus Disease 2019 (Covid-19). Not only in Indonesia, but several countries also feel it. Not sure when this virus will enter Indonesia. It did not take long for Covid-19

to spread so quickly, and many Indonesians were affected by this virus. It is known that the initial case of Covid-19 occurred in Wuhan, Hubei Province, China, in December 2019 and January 2020 (Qun Li et al, 2020). The same thing was revealed in Chan's study, a coronavirus was reported in Wuhan city, Hubei Province, China. Patients affected geographically are related to the local market as a potential source (Chan et al, 2020).

As we know that Covid-19 attacks the respiratory system. Quoted from the WHO website, the Covid-19 virus spreads through droplets or comes out of the nose when an infected person coughs or sneezes, so it is important for us to practice breathing ethics (such as coughing on a bent elbow). There is no specific drug or vaccine that can cure this disease. And until now it is still under research. People who already have a congenital disease will worsen the spread of this virus in his body.

Based on data from covid19.go.id, the number of cases due to Covid-19 in Indonesia dated May 1, 2020 there were 10,551 positive, 1,591 people recovered, and 800 people died. The number of these cases increased from before on April 30, 2020, which was 10,118 positive, 1,522 people recovered, and 792 people died. On April 29, 2020 there were 9,771 positive cases, 1,391 people recovered, and 784 people died. This number continues to grow every day. To prevent this case from increasing, the Government has made an appeal to "work from home, learn from home, and worship at home" in order to

reduce physical distancing. And has been in force in Indonesia since March 2020. But the Government still presents community services for basic needs, health services, and other public services.

Ahmad Yurianto as a spokesperson for handling Covid-19 said that in the health sector 78 laboratories had been activated, which were previously 32 laboratories to shorten the delivery time to the testing laboratory. To date, more than 36 thousand samples have been examined. This sample came from 196 districts / cities throughout Indonesia, which currently treat Covid-19 patients. Already more than 800 hospitals both owned by the central government, regional governments, owned by BUMN, TNI, Polri, and also privately owned, have carried out patient care services Covid-19. Completeness of standards for medical personnel will be met. Indonesia is now able to produce PPE with local raw materials, 100% polyester, in accordance with medical grade in order to provide maximum protection for all medical staff.

To deal with Covid-19, the President has determined that the government budget (central government to local government) is prioritized for the public interest in handling Covid-19. Quoted from liputan6.com, the Regional Government of DKI Jakarta Province is the regional government that allocates the highest budget for providing social safety networks in Indonesia with an allocation of Rp 6.57 trillion and the Regional Government of West Java Province is the regional government that allocates the highest health handling budget in Indonesia with an allocation of Rp 2.88 trillion.

## LITERATURE REVIEW

### State finances

In Law No. 17 of 2003, State Finances are all rights and obligations of the State that can be valued in money, as well as everything in the form of money or in the form of goods that can be owned by the State in relation to the implementation of those rights and obligations.

State Finances are managed in an orderly, obedient to the laws and regulations, efficient, economical, effective, transparent, and responsible by paying attention to a sense of justice and compliance.

### Government Policy in Handling Covid-19

In Indonesia, the handling of Covid-19 will be improved. The addition of hospitals that can serve Covid-19 patients, the activation of 78 laboratories that were previously only 32 laboratories, and improve medical completeness standards. The Indonesian government has made every effort so that the problems caused by this virus can quickly end. The efforts made by the Government to deal with Covid-19 are not only in the health sector, but also in the economy. This is done because the current economy is also very affected due to Covid-19.

The Indonesian government has prepared a funding budget of 405.1 trillion to handle Covid-19 in Indonesia. The budget is used for health, social safety nets, tax incentives and people's business credit (KUR) stimulus and economic recovery programs in Indonesia.

The budget funds come from changes in the allocation of the State Budget (APBN) in 2020. In Law No. 20 of 2019, the APBN is the annual financial plan of the state government approved by the House of Representatives. The budget value that can be reallocated for Covid-19, includes non-urgent goods expenditures, as well as capital expenditure that is not a priority and has not yet been linked.

Since Covid-19 entered Indonesia, the Government issued Government Regulation in Lieu of the Law of the Republic of Indonesia (Perppu) Number 1 of 2020 Regarding State Financial Policies and Financial System Stability for Handling Pandemic Corona 2019 Disease (Covid-19) and / or In Order Facing Threats that Harm National Economy and / or Financial System Stability. In this regulation the Government of Indonesia implemented

several policies in the face of the Covid-19 Pandemic.

In meeting the Covid-19 financing target, the Government also issued SUN / SBSN with the specific purpose of being able to be purchased by Bank Indonesia, SOEs, corporate investors, and retail investors. In addition, the Government determines budget financing sources originating from domestic and / or foreign countries, as well as providing loans to the Deposit Insurance Corporation.

In Perppu No.1 Year 2020 the government also provides tax relaxation by adjusting the rates for Corporate Taxpayer Income Tax (PPh), and permanent business

entities (BUT), namely 22% for 2020-2021 and 20% starting in 2022.

The government will provide financial assistance for health incentives IDR 75 trillion, social protection incentives IDR 110 trillion, tax incentives and people's business credit (PBC) IDR 70.1 trillion, and financing and restructuring incentives IDR 150 trillion (m.cnnindonesia.com). The government has also made many programs to respond to the impacts that occur in the community, including food packages, pre-employment cards, increasing family hope programs and providing direct social assistance to communities in need.

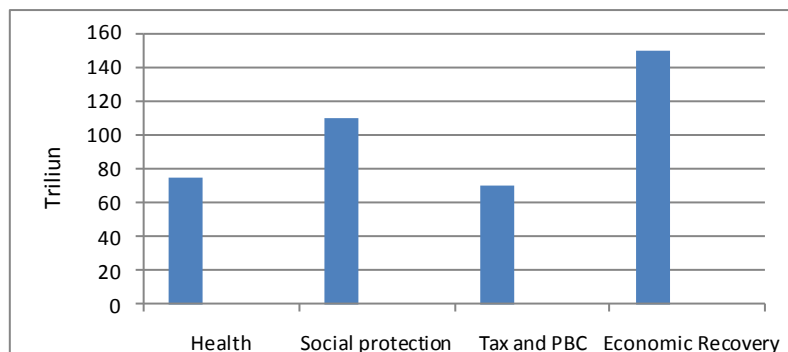


Figure 1. Graphic funding assistance from the Government

Allocation of Budget Resources for Covid Handling 19

In Perppu No. 1 of 2020 it is said that the sources of the budget that can be used in handling Covid-19 are:

1. Remaining Budget Over (SAL),
2. Endowment funds and accumulated education endowments funds,
3. Funds controlled by the State with certain criteria,
4. Funds managed by the Public Service Agency (BLU), and
5. Funds originating from the reduction of the State Capital Inclusion in State Owned Enterprises (BUMN).

## METHOD

This research is a literature study. The data collection method used is the documentation method. The documentation is usually done to collect secondary data

from various sources, both personally and institutionally (Sanusi, 2013).

## DISCUSSION

The government has made a number of policies to respond to the Covid-19 virus in Indonesia. Among them is to quarantine Indonesian citizens who tested positive after returning from abroad, tightened checks at airports and international ports, to ensure free examination fees for patients who were positive for Covid-19 infection. The entire implementation of this policy certainly requires sufficient budget support.

Referring to Perppu No. 1 of 2020, the regulation contains two main policy points, namely regarding state financial policy and financial system stability. The policy points of state finance include state revenue policies, including policies in the field of taxation, financing policies and state

expenditure policies which include policies in the area of regional finance. The financial system stability policy points include policies for handling financial institution problems that endanger the national economy and / or financial system stability.

Regarding state financial policy, for example, Article 2 of Perppu 1 of 2020 states, the government has the authority to set a budget deficit limit exceeding 3% of gross domestic product (GDP) during the handling of Covid-19 and / or to face threats that endanger the national economy and / or financial system stability at most until the end of the 2022 fiscal year. Since the 2023 fiscal year, the magnitude of the deficit will again be as high as 3% of GDP. To implement the state financial policy, the government can adjust the amount of mandatory spending as well as shifting the budget between units, organizations, functions and / or between programs.

Not only that, to carry out state financial policy, the government gets space to use budgets sourced from at least five posts, namely the remaining excess budget; endowment and accumulation of endowment funds for education; funds controlled by the state with certain criteria; funds managed by the Public Service Agency (BLU); and funds originating from the reduction of the State Capital Inclusion (PMN) in BUMN.

The government can also explore external funding sources by issuing state debt securities (SUN) and / or state sharia securities (SBSN) with specific objectives, especially in the context of a corona pandemic. Later the debt securities can be purchased by Bank Indonesia, state-owned enterprises (BUMN), corporate investors and retail investors. Further provisions regarding regional financial policies will be regulated through a Minister of Finance Regulation. To maximize the handling of the Covid-19 outbreak, the central government also gave authority to local governments to take tactical and strategic steps.

Article 3 paragraph (1) of Perppu 1/2020 states that regional governments are given the authority to prioritize the use of budget allocations for certain activities (refocusing), changes in the allocation and use of the regional budget for handling Covid-19. Related to the technical implementation, later it will be regulated in a Minister of Home Affairs Regulation.

In addition, the results of the search for the Institute for Budget and Policy Studies (IBPS) show that the government actually has an emergency spending post that can be used to handle the Covid-19 pandemic.

In the APBN structure there is a shopping post known as 'Other Expenditures' which is in the 'Central Government Expenditures' group. Minister of Finance Regulation (PMK) No. 102 /PMK.02/ 2018 concerning Budget Classification states that Other Expenditures are state expenditures with two main criteria.

First, it is used for payment of government obligations that are not included in the category of employee expenditure, goods expenditure, capital expenditure, debt obligation payment expenditure, subsidies, grants and social assistance expenditure. Second, these expenditures are urgent and cannot be predicted in advance. The criteria for these two types of shopping need to be underlined.

Furthermore, PMK No. 102 /PMK.02/ 2018 explains that the shopping post can be used for six things, one of which is for emergency response. That is, this shopping post can be used to finance government activities related to state conditions that are emergency and immediate handling. In other words, the government's policy in handling the Covid-19 pandemic, which has not yet been allocated a budget in the 2020 State Budget, can still be carried out using the Other Expenditure heading.

In practice, these other expenditures are rarely used by the government. This can be seen from the realization of the budget,



which on average only 25 percent in the last four years. In 2015, Other Expenditures only absorbed 31.8 percent, then 26.7 percent in 2016, 17.7 percent in 2017, and 24 percent in 2018. The realization of the budget is also always the most distended among other state expenditure items.

During the same time period, other expenditure budgets have also not been used for emergency response. This is of course because there are no urgent conditions. The 2015 Central Government Financial Report (LKPP) shows that the use of the budget in Other Expenditure posts is generally used to support the implementation of the Ministry of Finance's duties as the State General Treasurer (BUN). In 2018, for example, the realization of Other Expenditures BUN absorbs up to Rp 10.9 trillion or 67 percent of the Other Shopping Posts. Unfortunately there are no details as to what budget is used by the Ministry of Finance.

This year, the budget for Other Expenditures is set at Rp 128 trillion or 8 percent of Central Government Expenditures. Compared to the 2019 State Budget, the allocation for other expenditures in 2020 increased by Rp 14 trillion or 12 percent.

## CONCLUSION

Based on the discussion above, it can be concluded that the source of the Covid-19 epidemic funding budget was obtained from the State Budget (APBN) which has been altered in 2020 due to the epidemic of the Covid-19 epidemic. The changes to the APBN budget are set out in Perppu No.1 Tahun 2020. The government has prepared funds amounting to 405.1 trillion to deal with this epidemic. The budget originates from changes in the APBN 2020. Budgets that can be reallocated include spending on non-urgent goods, and capital expenditure that is not a priority and has not yet been linked. The funding also uses a budget sourced from the Remaining Over budget (SAL), an endowment fund and an accumulation of endowment funds for education, funds

controlled by the state with certain criteria, funds managed by the Public Service Board (BLU) and funds from the reduction of state capital participation (PMN) to BUMN.

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How to cite this article: Hasibuan GL, Dermawan D, Ginting HS et.al. Allocation of COVID-19 epidemic funding budgets in Indonesia. *International Journal of Research and Review*. 2020; 7(5): 75-80.

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