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Planning and Budgeting Policy: Ensuring the Sustainability of Regional Development Implementation During Covid-19 and New Normal

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Abstract.
This study analyzed the implementation of refocusing policy and budget reallocation in the Sikka Sub-district in the budget year 2020. The study also examined the effect of the Pandemic of COVID-19 on the planning and budgeting of the Sikka Government Budget 2021. Furthermore, the study was qualitative. The data were primary, in the form of interview results directly taken from key informants or resources. In addition, the result showed that in 2020 the local Government of Sikka had some changes in the documents of the Medium-term Development Plant from 2018 up to 2023. Meanwhile, there were four changes to the Local Budget through Bupati Sikka's rules until they were officially stated as local changes rules of the Local Budget. Therefore, the Government had to do Locally owned sources of Revenue adaptation and local budget rationalization. Those differences and changes were used to afford the events on Health, economic conditions, and the social safety net. Moreover, to spend their area development, the Government needed to have a local loan as part of the national economic recovery program.

Keywords: *Budget Reallocation, Refocusing, Local loan*

1. Introduction

Regional planning and budgeting are in the stages of the APBD cycle (APBD preparation). The planning and budgeting process lasts for one year, starting from the Musrenbang in January to the determination of the APBD in December each year, followed by the decision of the APBD of the following year. However, in practice, few problems occur when regional planning and budgeting are carried out, both regarding the process and substance (Hadiwijoyo and Anisa, 2019).

Planning can be said to be an effort by public institutions to make development policy directions that must be carried out in an area, either country or Region, based on the advantages and disadvantages of the Region. Meanwhile, the budget is a statement regarding the estimated performance to be achieved during a specific period stated in financial measures, while budgeting is a process or method for preparing a budget.

According to Ardini (2022), the budget reflects organizations' activities that emphasize the short term. Therefore, the budget is essential in planning, controlling, and evaluating government activities. Furthermore, because the budget has an important position, a government unit must record the budget and report its realization so that the difference between the budget and the implementation can be compared and make follow-up improvements.

Planning and budgeting are integrated processes, so the output of planning is budgeting. The formulation of the program in planning ultimately has implications for the amount of budget needed to be provided so that the successful use of the budget starts from the planning. Planning as a reference for budgeting is a process of preparing plans for income, expenditure, and financing for a certain period which will then be ratified into a regional regulation on the Regional Revenue and Expenditure Budget (APBD). Regional income and expenditure budgets authorized through Regional Regulations can still be changed according to the mechanism regulated in the law. Still, in handling the COVID-19 Virus, many adjustments that are not by usual conditions have been made.

Indeed, budget refocusing and reallocation are forms of changes to the budget. However, the use of the phrase is unique in handling COVID-19. In the context of the regional Government, automatic refocusing and reallocation of budgets are intended as a form of change to the APBD as an instrument that contains related regional budgets in the current year.

At the end of 2019, the world was shocked by the outbreak of a deadly virus, Corona Virus Disease 19, better known as COVID-19 Virus. The Virus quickly infected humans in most countries and became a pandemic. Indonesia has also become one of the countries infected with the COVID-19 Virus, unmitigated since the announcement of COVID-19 cases in early March 2020 to February 06, 2022; the number of positive confirmed cases was 4,516,480, the number of recoveries was 4,183,027, and deaths were 144,554. However, this increase in the number of instances must also be followed by an increase in the budget for handling COVID-19.

Post-COVID-19 development planning is a formidable challenge for all countries in the world. However, the new normal life of a society where until now, there is no patent medicine to cure COVID-19 and a vaccine to prevent it makes it confident that the world community will live with COVID-19.

For the medium-term development planning scenario during this new normal, the Government has three alternative strategic options (Muhyiddin, 2020). First, stick with the original plan as stated in the 2020-2024 RPJMN, with a slight adjustment of the program to accommodate the new normal life in the threat of COVID-19. Second, make moderate adjustments to schedules and targets based on updated assumptions according to the situation and conditions of the COVID-19 Pandemic, then maintain a program where the beliefs that are the basics are still relevant and can still be adapted to post-COVID-19 needs—third, overhauling all programs and targets set based on various assumptions and new developments after COVID-19 and the economic crisis that accompanied it. In this case, all programs developed in the 2020-2024 RPJMN are reviewed, the strategy is reformulated, and the implementation period is rescheduled.

As one of the affected districts, Sikka Regency experienced obstacles to achieving development performance targets as stated in the Regional Government Work Plan for 2020 and even 2021 due to the COVID-19 Pandemic, a global pandemic that had an impact on international, national, and regional economic growth, including Sikka Regency. The Fiscal Capability of the Sikka District is included in the moderate Category and has not been able to finance the implementation of existing programs and activities fully. The regional revenue plan of Sikka Regency for the 2021 fiscal year is targeted at IDR 1,549,910,615,000. From the original regional income of IDR 105,958,406,152, transfer income of IDR 1,414,627,808,848, and other legitimate regional income of IDR 29,324,400,000.

The regional expenditure plan contained in the Sikka Regency Budget and Regional Expenditure Plan for the fiscal year 2021 has been discussed with the Sikka Regency DPRD to finance programs, activities, and sub-activities of IDR 1,492,485,000,000. It consists of Operating expenditures of IDR 879,939,237,840, Capital expenditures of IDR 386,601,968,330. Unexpected Expenditures of IDR 5,139,614,673 and Transfer Expenditures of IDR 220,804,179,157.

The Sikka Regency Government experienced a budget deficit of IDR 306,000,000,000 or 33.5% of the total expenditure above. The amount of obligation is meant by the Government taking policy steps to make regional loans; Regional Loans are one of the alternatives to regional financing, which can be accessed by local governments for regional infrastructure development, to optimize essential services to the community, accelerate the regional economy and ease of public access to development results. This loan policy is in line with the approach that has been contained in the Sikka Regency RPJMD for 2018-2023.

To accelerate the handling of the COVID-19 Pandemic, which is threatening/endangering the national economy/stability of the state financial system and efforts to save the national economy, the Government issued a State Finance Policy in the form of the National Economic Recovery Program (PEN). In that context, the Sikka Regency Government has applied for a PEN loan to PT. Sarana Multi Infrastruktur (PT.SMI) in August 2020 to build various facilities and infrastructure according to regional and community needs as proposed by the Sikka Regency Government for IDR 216.450.090.000, which is stated in the 2021 Sikka APBD document.

Several studies also discuss local government planning and budgeting policies during the COVID-19 Pandemic, including the research conducted by (Sanjaya, 2020), which in his study discusses the Banten Provincial Government, which is in a dire economic condition due to the COVID-19 Pandemic that requires to regulate regional budgeting policies, starting from the Regulation of regional revenues, regional expenditures, to regional financing arrangements. The results show that the regional budget management policy during the COVID-19 Pandemic in the Banten Provincial Government is that the Banten Provincial Government has carried out budget management following the guidelines set by the Government through the refocusing mechanism and reallocation of the regional revenue budget, regional expenditures, and appropriate regional financing.

Bardovič and Gašparík (2021), in their research, discuss how local governments in Slovakia are faced with the consequences of the COVID-19 Pandemic, how they handle the situation, and how it affects the implementation of the approved participatory budget. The findings show that a large group of local and regional governments has decided to suspend or cancel the execution of participatory budgeting. Of those who chose to implement it, one group did not need to adapt to the distance restrictions significantly; another group managed to hold a potential meeting before the first restrictions took effect. Only the last group faces the most severe challenges. However, the active use of online tools and the help of the released measures period proved essential for implementing participatory budgeting.

Of the various problems that arise in connection with the planning and budgeting processes that occur within the scope of local governments, especially during the COVID-19 Pandemic, where it is deemed necessary to identify the problems or factors that cause them. This study aims to examine the implementation of the policy of refocusing activities and reallocating the Sikka Regency budget in the 2020 fiscal year, the impact of the COVID-19 Pandemic in the planning and budgeting of the Sikka Regency Government for the 2021 fiscal year, and alternative financing for Sikka Regency as a result of the COVID-19 Pandemic.

2. Research Method

This study uses qualitative research methods. This qualitative approach is used to obtain descriptive data from written words from individuals or people employed as resource persons (Muntahanah, 2014). According to Sugiyono (2013: 9), qualitative research methods are based on the post-positivity philosophy, used to study the state of natural objects (not experiments). There are various types of qualitative research. This research is included in the case of study research, namely conducting complete observations on the objects raised in the formulation of the problem so that it is expected to be able to solve the existing problems. Case studies are conducted when the main research question is related to "how" or "why" when the researcher has little ability to control the events under investigation, and when the focus of the research is on modern (current) phenomena in the world in real-life contexts (Yin, 2013: 1).

This study only uses primary data. According to Sanusi (2014:104), researchers first record and obtain preliminary data directly. In this study, the interview method is informal and unstructured, allowing researchers to dig up as much information as possible according to the focus of the study set. Informal interviews were also conducted so that the informants could answer the researcher's questions more flexibly. This question-and-answer technique is carried out for all informants who are considered suitable to provide more detailed information at the place where the research is carried out. In this study, four people were identified as key informants who were considered to know and were involved in the planning and budgeting of the Sikka Regency Government, namely:

1. Regional Secretary of Sikka Regency: Adrianus Firminus Parera, SE., M.Si.
2. Head of the Planning, Research, and Development Agency of Sikka Regency: Margaretha Movaldes Damaga Bapa, ST.
3. Head of the Regional Financial and Asset Management Agency of Sikka Regency: Paulus Prasetia, SE.
4. Head of Regional Budget Planning at BPKAD Sikka: Desiskus A. Neno, SE.

Triangulation in testing the credibility of this research is defined as checking data from various sources in various ways and at multiple times. This study uses triangulation techniques to test the credibility of the data by checking the data to the same head with different methods (Sugiyono, 2018: 369).

3. Results and Discussion

3.1. Research Results on Planning and Budgeting Conditions for the Sikka Regency Government at the beginning of the COVID-19 Pandemic

The preparation of the Sikka Regency RPJMD for 2018-2023 is the mandate of Law of the Republic of Indonesia Number 25 of 2004 concerning the National Development Planning System and Law Number 23 of 2014 concerning Regional Government which has been translated into Government Regulation (PP) No. 8 of 2008 concerning Stages, Procedures for Preparation, Control and Evaluation of the Implementation of Regional Development Plans.

The 2018-2023 Sikka Regency RPJMD is stipulated through the Sikka Regency Regional Regulation Number 3 of 2019 concerning the 2018-2023 Sikka Regency Medium-Term Development Plan. The determination of this RPJMD aims to provide a strategic policy foundation within the framework of achieving the vision, mission, and programs of regional heads. As a planning document, the Sikka Regency RPJMD 2018-2023 will be used by all Sikka Regency Regional Apparatuses as a reference for preparing regional Apparatus Strategic Plans as part of the implementation of the vision, mission, strategy, and development priorities of the Sikka Regency government.

At the end of 2020, the Sikka Regency Government finally made changes to the Sikka Regional Medium-Term Development Plan through Sikka Regency Regional Regulation Number 8 of 2020 concerning Amendments to Sikka Regency Regional Regulation Number 3 of 2019 concerning Sikka Regency's Medium-Term Development Plan 2018-2023 as a result of the COVID-19 Pandemic.

In terms of budgeting, the Sikka Regency Government's financial condition at the beginning of the 2020 fiscal year can be said to run normally like the previous budget years; this can be seen from the issuance of Sikka Regency Regional Regulation Number 11 of 2019 concerning the Sikka Regency Regional Budget for Fiscal Year 2020.

Changes to the composition of the Sikka Regency Regional Revenue and Expenditure Budget for the 2020 fiscal year were made four times through the Sikka Regent Regulation, including:

1. Sikka Regent Regulation Number 12 of 2020 concerning the first amendment to the translation of the Sikka Regency Regional Revenue and Expenditure Budget for the 2020 fiscal year.
2. Sikka Regent Regulation Number 15 of 2020 concerning the second amendment to the translation of the Regional Revenue and Expenditure Budget for Fiscal Year 2020.
3. Sikka Regent Regulation Number 23 of 2020 concerning the Third Amendment to the elaboration of the Regional Revenue and Expenditure Budget for Fiscal Year 2020
4. Sikka Regent Regulation Number 30 of 2020 concerning the Fourth Amendment to the Elaboration of the Regional Revenue and Expenditure Budget for Fiscal Year 2020.

After experiencing four changes in the translation of the Regional Revenue and Expenditure Budget in the 2020 fiscal year through the Sikka Regent Regulation, the Sikka

Regency Government then issued Sikka Regency Regional Regulation Number 3 of 2020 concerning Changes to the Sikka Regency Regional Budget for Fiscal Year 2020.

3.2. Discussion

3.2.1 Implementation of the Policy on Refocusing on Activities and Reallocation of the Sikka Regency Budget in the 2020 Fiscal Year

One of the basic arrangements regarding the obligation to refocus and reallocate the budget includes Law Number 2 of 2020 concerning the Stipulation of Government Regulations instead of Law Number 1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the Corona Virus Disease 2019 (COVID-19) Pandemic. - 19) and In Facing Threats That Endanger the National Economy and Financial System Stability.

In the implementation of the policy of refocusing activities and reallocating the budget in the 2020 fiscal year, the Sikka Regency Government has followed the directions from the central Government; this can be seen from the several changes made to the Sikka Regency Regional Revenue and Expenditure Budget. When changing the structure of the APBD budget, local governments may consider the provisions stipulated in Article 316 of Law Number 23 of 2014 concerning Regional Government. Therefore, it can be said that changes in household composition can be made in the APBD for the following reasons:

1. Developments that are not by the general policy assumptions of the APBD;
2. Circumstances that cause a shift in the budget between units, between activities, and between types of spending;
3. Events that cause the remaining balance of the previous year's budget calculation must be used for financing in the current budget year;
4. Emergencies and extraordinary circumstances.

Based on an interview conducted with the Secretary of the Regional Planning, Research, and Development Agency of Sikka Regency said:

> "Regarding refocusing and reallocation, we (Sikka Regency Government) here make changes to the Perbup when there is a directive from the central Government. The nature is that when there is an order for change (refocusing and reallocation) from the center, the Sikka Regency Government immediately executes the order through the Perbup first because it has not been discussed with the council members."

Based on the information above, it is true that in the 2020 fiscal year, many regulations come from the central Government, which regulates refocusing and reallocation. The Sikka Regency Government at that time made adjustments to the regional revenue and expenditure budget by directions from the central Government through a regent's Regulation. From the results of the interview with the Regional Secretary, Sikka also said that:

> " Yes, it is true. Almost all regulations or regulations from the central government are followed and carried out according to existing directions". Because the existing regulations are mandatory."

Based on the information above, it can be said that for the policy of refocusing activities and reallocating the budget in the 2020 fiscal year, the Sikka Regency Government has followed the direction of the central Government. This can be seen from the four changes to the Sikka Regency regional revenue and expenditure budget for the 2020 fiscal year, as described above.

In the provisions for refocusing and reallocating the budget to the Sikka Regency Government, there is a description of the budget that must be changed, namely in the form of adjusting regional revenue targets and spending rationalization. As stipulated in the Joint Decree of the Minister of Home Affairs and the Minister of Finance Number 119/2813/SJ and 177/KMK.07/2020 concerning the Acceleration of Adjustment of the 2020 Regional Revenue and Expenditure Budget in the Context of Handling Corona Virus Disease 2019 (COVID-19), as well as Security Public Purchasing Power and the National Economy (SKB 119/2813/SJ and 177/KMK.07/2020), procedures for refocusing and reallocating budgets to local governments.

Regional Heads must carry out adjustments to original regional income by taking into account the potential for provincial taxes and regional retributions and taking into account macro assumptions, such as the growth of the regional taxation ratio, economic development, and the inflation rate in 2020, which may affect the target of provincial tax revenues and regional levies as a result of the decline. Accordingly, the Sikka Regency Government has carried out economic activities. This was confirmed by the Regional Secretary of Sikka Regency, who said:

> "The area, in this case, the Sikka Regency Government, has to make adjustments because there are also many MSMEs, hotels, and restaurants that are not running normally. So the retribution is also affected. So almost some components of our income (especially in PAD) have decreased."

Based on the information above, it can be said that there was indeed an adjustment in terms of the components of the Regional Original Revenue in the Sikka Regency Regional Regulation Number 3 of 2020 with a pre-change budget of IDR 114,233,844,995.00 experiencing a reduction of 4.92% or IDR 5,619,917,094.41 so that the budget after the change was made to IDR 108,613,927,900.

Regional Heads must adjust regional expenditures by rationalizing personnel expenditures, rationalizing spending on goods/services by at least 50% by reducing the expenditure budget, and rationalizing capital expenditure by at least 50% by reducing the expenditure budget. In terms of explaining personnel expenditures, the Sikka Regency Government has justified this by adjusting the additional employee income allowance. Secretary of the Regional Planning, Research, and Development Agency of Sikka Regency said:

> "For additional employee income allowances in 2020, rationalization was also carried out."

This statement was supported by the Head of Regional Budget Planning at the BPKAD Sikka office, saying that:

> "The additional employee income allowance or TPP, in 2020, we paid it not in full (half and a half), maybe about six months instead of 12 months."

Based on the information above, it can be said that the rationalization of employee spending has indeed been carried out in the 2020 fiscal year from the original amount of IDR 484,526,350,000.00, rationalization or reduction of IDR 32,627,123,654.00 or 6.73% so that the total employee expenditure after the change to IDR 451,899,226,346.00.

For the rationalization of goods and services spending, adjustments were made from the initial nominal of IDR 328,750,798,979.00, reduced by IDR 62,098,250,993.41 or 18.89% so that the total expenditure of goods and services after the change to IDR 266,652,547,985.59. Furthermore, from the capital expenditure post, adjustments were made from the initial IDR

167,863,136,769.00, reduced by IDR 83,874,512,397.67 or 49.97% so that the total capital expenditure after the change became IDR 83,988,624,371.33.

The budget difference from the adjustment of regional revenues and expenditures is used to fund spending in the health sector and other health-related matters in the context of preventing and handling the COVID-19 Pandemic, providing a social safety net, and managing economic impacts, especially keeping the regional business world alive. If we look at the number of funds realized to deal with the prevention and spread of the COVID-19 Virus for the fiscal year 2020, which is IDR 63,342,443,194 with the following details:

Table 1. Unexpected Shopping Realization Details

NO	DESCRIPTION	AMOUNT (IDR)
1	Realization of Unexpected Spending for COVID 19	57.200.111.049,00
2	Realization of the Additional DAU for Sub-districts and Villages in the context of Handling COVID-19	2.446.760.378,00
3	Realization of Unexpected Expenditures for Handling Natural Disasters and Other Unexpected Expenditures	3.695.571.767,00
	TOTAL	**63.342.443.194,00**

Source: BPKAD Sikka Accounting (2021)

Based on the information above, it can be seen that for the Unexpected Expenditure component at the beginning of the 2020 fiscal year, the Sikka Regency Government initially only budgeted IDR 2,809,230,935. As a result, changes were made and increased to IDR 73,330,218,634.65, and the realized Unexpected Expenditure budget of IDR 63,342,443,194.00. Therefore, the details of spending to deal with the impact of COVID-19 through Health Performance, Social Safety Net, and Handling of economic effects are as follows:

Table 2. Details of APBD Expenditures for COVID-19

DESCRIPTION	AMOUNT (IDR)
Employee Shopping	3.440.500.000,00
Shopping for Goods and Services	41.650.542.876,00
Capital Expenditure	14.555.828.551,00
TOTAL	**59.646.871.427,00**

Source: BPKAD Sikka Accounting (2021)

Based on the information above, it can be seen that the total expenditure for handling the COVID-19 Pandemic in the 2020 fiscal year was IDR 59,646,871,427, with details in terms of employee expenditure of IDR 3,440,500,000, goods and services spending of IDR 41,650,542,876 and for capital expenditure of IDR 14,555,828,551. Points for activities related to the health sector of IDR 25,399,030,897 and for actions associated with handling economic impacts and social safety nets. It amounted to IDR 34,247,840,530.

3.2.2 The Impact of the COVID-19 Pandemic on the Planning and Budgeting of the Sikka District Government for the fiscal year 2021

During the COVID-19 Pandemic, many changes have occurred, affecting different areas of life. One of the most important is the financial or business sector. COVID-19 as a health problem shifted quickly to social and economic issues. Central and local governments throughout Indonesia have made various efforts to maintain the stability of the countries and regional financial systems. Until the birth of the Decree instead of Law Number 1 of 2020, multiple steps were taken in the financial sector to accelerate the Government's efforts to maintain financial system stability.

However, the various efforts of the Central Government are not perfect, as the pandemic situation is increasingly difficult to control, and many things must be considered outside the financial sector. Therefore, behind all the policies that were born and the rapid action of the central Government, there are still gaps that still need to be filled in terms of policies and practices. This gap challenges local governments to take political steps for the regions. But, of course, it must remain within the corridors of the unitary state of the Republic of Indonesia.

Several impacts indeed feel the Sikka Regency Government and the community due to this COVID-19 Pandemic. The Secretary of the Sikka County Regional Planning, Research, and Development Agency said that:

> "The COVID-19 pandemic has caused state income to fall because the largest income sector of the country is actually from the tax sector; well, taxes cannot be paid if people (people) have no work activity or economic activity is not running."

Based on the information above, it can be said that the impact that is quite felt is the reduction of taxes; the reason is first at the level of the central Government; let's say if state revenues sourced from taxes are reduced, the impact will undoubtedly affect transfers to the regions will also definitely be reduced in amount or more precisely on the component of the revenue sharing fund to the areas whose source of revenue includes Income Tax (PPh) article 21 and article 25/29 of private individuals, Land and Building Tax (PBB), as well as the share of land and building rights acquisition (BPHTB), will decrease. This is because taxes as one of the components of income have reduced quite drastically. After all, all economic activities are restricted, and almost none.

The second reason at the local government level is that the source of local tax revenues, such as hotel tax, restaurant tax, entertainment tax, billboard tax, parking tax, and so on, has also decreased due to the reduction in community activities which are indeed limited and even eliminated for a while, in terms of regional levies, they also feel the impact. The Secretary of the Regional Planning, Research, and Development Agency of Sikka District also added that:

> "When the transfer funds from the central Government have come down, then the plans for programs and activities both in the form of spending and so on must also come down. This means that the targets set in the RPJMD for the district or the Regent's plan for five years, for the current year, will also be reduced (adjusted)."

In terms of planning and budgeting carried out by the Sikka Regency government, it was also affected by the COVID-19 Pandemic. The statement submitted by the Regional Secretary of Sikka District:

> "Many things (programs) that have been planned in the APBD certainly do not run all, so what will happen is to make changes in the APBD. We only prioritize these three things: social safety nets, health care, and economic conditions".

Regarding the statement above, the Secretary of the Regional Planning, Research, and Development Agency of Sikka District also added that:

> "The impact felt for the Planning and Budgeting of the Sikka Regency Government, namely in the preparation of the APBD, we can only budget for expenditures that are mandatory to bind or in the nomenclature of operating expenditures, such as salaries and benefits of ASN (Regent and DPRD) than expenditures that are routine for office operations, for example for telephone, water, electricity, paper. Capital expenditure activities, intended for development, are almost non-existent because the money has been reduced".

Based on the information above, it can be said that it is true that the impact felt by the Sikka Regency Government during the COVID-19 Pandemic during the Planning and Budgeting process is that it is tough to allocate existing funds so that they can be precise or by each post with each current need. The natural condition is that the Sikka District Government is experiencing a budget deficit or spending needs are more significant than revenue. Local governments have alternative financing options, one example of which is the PT Sarana Multi Infrastruktur (SMI) loan scheme. This shows that the Sikka District Government is already considering exploring alternative financing sources to overcome the Pandemic's impact.

3.3.3 Regional PEN Loans as an Alternative to Sikka District Financing

The rapid development of the Region requires a lot of product and has resulted in increased funding for development. This is because the state budget is minimal, while the cost of implementing the development program is very high. However, many programs are still planned to improve community services.

Meanwhile, the COVID-19 Pandemic that has hit the world today has also affected the economic condition of the Sikka Regency. This situation led to an increasingly urgent budgetary need to meet the regional development plan. The Sikka District Government was aware of this and needed to develop an idea to find alternative funding sources to keep the wheels of development turning. Hence, one is trying to use unconventional sources or funds outside the APBD and APBN.

Financing the development of unconventional regions can be carried out with several proposed alternative financing policy options that local governments can choose (Utri Dianniar, 2021), including:

1. Regional Loans

   Regional loans are one of the alternative financing funding that local governments can use to finance development and overcome the budget deficit, expenditure financing, and liquidity constraints related to regional capital expenditures, can be used to accelerate the achievement of regional development program goals and improve services to the community. One of the loans the Government provides to local governments to accelerate regional economic recovery due to the COVID-19 Pandemic is the Regional PEN Loan by PT Sarana Multi Infrastruktur (SMI).

   There are several consequences if regional loans are carried out, namely, (1) Opening Investment Opportunities / Capital Accumulation in Financing Infrastructure Development for the Benefit of Public Goods, (2) Regional loans need to be adjusted to regional capacity and also supported by regional loan management skills so as not to burden the REGIONAL BUDGET because they must be able to pay back according to the agreed agreement. Without credit management capacity, local governments face reckless behavior and corruption, (3) Because regional loans have long-term implications, if the loan exceeds the remaining term of office of the current regional head, it will burden the next Government. It will not necessarily result in an increase in PAD from the previous period. When PAD falls or stagnates, the Government can be overwhelmed to repay the loan debt, (4) There are financial risks associated with the repayment of the loan. In regions where fiscal expansion still relies on central government transfer funds, funds such as DAU, DAK, and other regional incentive funds can only be used to pay off arrears or interest on the debt.

2. Utilization of Corporate Social Responsibility (CSR) Funds

   The next possible regional development funding option is to optimize the allocation of CSR funds from the private sector to the community. Corporate Social Responsibility (CSR) is an ongoing commitment by the business world to act ethically, contribute to the development of the local area or the wider community, and improve the living standards of workers and their families.

   There are several consequences if this second option is used: (1) Building partnerships between local governments and companies. Through CSR, various social problems such as poverty, low quality of education, and lack of health facilities can be resolved more optimally, (2) There will be a synergistic effect between the company's activities and local governments, and overlapping activities can be avoided. Projects funded through this program can meet the needs of the community and technically meet the standards set by local authorities, (3) Trust, reliability, responsibility, accountability, and risk management of the company to enable the company to satisfy customers, acquire new customers, achieve credible brand positions, and create innovative business processes certainly improve the company's reputation, (4) Each partner has different interests. Coordination takes time because the needs and interests of one partner can clash with the needs and interests of the other. Among other things, this has a short-term impact on increasing communication costs. Failed partnerships can create rifts between the partners involved, (5) they are Vulnerable to abuse and corruption. Many CSR funds, especially from large companies, are vulnerable to corruption and abuse by specific individuals if not adequately monitored.

3. Cooperation between Government and Business Entities

   Government Cooperation with Business Entities based on the Regulation of the Minister of National Development Planning Number 4 of 2015 concerning Procedures for the Implementation of Public-Private Cooperation in Infrastructure Provision is a cooperation between the Government and business entities in the provision of infrastructure for the public interest by referring to specifications that have been previously set by the person in charge of a cooperation project that uses all or part of the resources of commercial companies, taking into account the division of risks between the parties.

   The consequences if used the option of cooperation between government and business entities include (1) This program allows the Government to select and hold accountable private entities that can effectively and efficiently manage the facilities and infrastructure under construction, (2) In PPP projects (megaprojects) with a long duration and very high investment value, the state and the private sector have opportunistic behavior (profit-seeking behavior) among them and hurt the sustainability and quality of the projects carried out, (3) In general, PPP contracts are long-term contracts that can exceed the term of office of regional heads and require strong political support to maintain the integrity of regional commitments to carry out their obligations

Regional PEN loans are financial support provided by the central Government to local governments in the form of loans used in connection with the acceleration of regional economic recovery as part of a national stimulus package.

Regional PEN loans are one of the alternative financings for the Sikka Regency Government in funding its priority activities, especially in dealing with the impact of the COVID-19 Pandemic. The Government provides relaxation of credit loan guarantee limits for corporations and the provision of regional PEN loans to encourage the acceleration of national and regional economic recovery. Regarding the reason for choosing the Regional PEN Loan as alternative financing, it was explained by the Regional Secretary of Sikka Regency who said:

> "The choice of Regional PEN Loans as alternative financing for the Sikka Regency Government at that time was indeed in the context. At that time, the condition was a pandemic, and the center provided relaxation of interest-free regional loans through regional PEN loans. Therefore, we believe interest-free loans through regional PEN were the right solution".

Based on the information above, it can be seen that from several alternative regional financing options, Sikka Regency decided to make provincial loans through Pt. Sarana Multi Infrastruktur is the implementer of providing Regional PEN Loans. The Regional Loan chosen by the Sikka Regency Government is activity-based and referred to as the Activity Loan, which is a Regional Loan used to finance the construction of certain facilities and infrastructure that is the authority of the Region.

The Regional Loan Proposal by the Sikka Regency Government was first proposed in August 2020 with an initial loan plan of IDR 216,450,090,000 to finance the construction of the 2021 fiscal year by sending a statement of interest from the Regional PEN to Pt. Sarana Multi Infrastruktur (SMI) through the Ministry of Finance and the Ministry of Home Affairs with details of the proposed 135 activities. This is what was conveyed by the Regional Secretary of Sikka District, who said:

> "For the Regional PEN Loan, it started approximately around August 2020 with an initial nominal of 216 billion and 135 planned activities."

The above statement was later approved by the Secretary of the Sikka Regional Planning and Development Agency:

> "Especially in Sikka district in 2020, the Regent made a regional loan. However, the regional loan was carried out for only three things, so there was development; the Regent wanted to build roads, water infrastructure, and health services."

The Secretary of the Sikka District Regional Planning, Research, and Development Agency later added that:

> "But if this loan can be realized in 2020, then there is no interest; we still need time to complete the existing requirements so that it can only be met in 2021, while for 2021, the existing loans are already subject to interest."

Based on the information above, it can be said that it is true that the proposal to make this regional loan began in 2020. Still, the distribution by the Sikka Regency Government can only be fulfilled in 2021. Therefore, based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 43 / PMK.07 / 2021 concerning the Second Amendment to the Regulation of the Minister of Finance Number 105 / PMK.07 / 2020 concerning Management of National Economic Recovery Loans for Local Governments, Article 2 paragraph (3) states that the interest rate on Regional PEN Loans is given with the following conditions: a. for loan funds sourced from the 2020 Fiscal Year State Budget and the Loan Agreement signed in 2020, the interest rate is given at 0%; and b. for loan funds sourced from the State Budget for the Fiscal Year 2021 and subsequent years and the Loan Agreement signed in 2021 and subsequent years, the interest rate is determined by a Decree of the Minister of Finance.

Pt. SMI's loan contract to the Sikka Regency Government can only be implemented in 2021. Hence, the loans provided by the Sikka Regency Government are subject to credit interest based on the Regulation of the Minister of Finance of the Republic of Indonesia No. 43 / PMK.07 / 2021. The above information is what was conveyed by the Regional Secretary of Sikka County, who said:

> "The Regional PEN loan taken by the Sikka Regency Government is subject to an interest rate of 6.19% of the total loan with a repayment period of 8 years."

The above statement was later reaffirmed through a report by the Secretary of the Sikka District Regional Planning, Research, and Development Agency, who said that:

> "We take an 8-year tenor with an interest of 6.19%; for those two years, we only pay interest, namely in 2021 and 2022, while for principal and interest, it will only start in 2023."

Based on the information above, it can be said that the interest rate obtained by the Sikka Regency Government is under the content of the Decree of the Minister of Finance Number 125 / KMK.07 / 2021 concerning the determination of the pen loan interest rate which states that interest subsidies on regional loans to support the National Economic Recovery program in 2021 whose funds are sourced from Pt Sarana Multi Infrastruktur, given for loans with a term of three (3) years interest of 5.30%, loans with a time of five (5) years interest of 5.66% and loans with a period of eight (8) years interest of 6.19%. Along the way, the proposed activities, which initially amounted to 135 moves, were changed to 148 activities with the following focus activities:

Table 3. The focus of Regional PEN Loan Activities

FOCUS OF ACTIVITIES	Budget
Health Facilities and Infrastructure	38.593.245.000
Clean Drinking Water Network	53.052.448.000
Road Infrastructure	118.284.120.000
Planning and Oversight	6.325.000.000
TOTAL LOAN VALUE	**216.254.813.000**

Source: BPKAD Sikka Budget (2021)

Based on the information above, it can be seen that the total regional PEN loans, which were initially IDR 216,450,090,000, have also changed or decreased to IDR 216,254,813,000, with details for Health Facilities and Infrastructure activities budgeted at IDR 38,593,245,000, provision of clean drinking water networks of IDR 53,052,448,000, road infrastructure development of IDR 118,284,120,000 and for planning and supervision activities of IDR 6,325,000,000. Then the total loans approved by Pt. SMI will be distributed to the Sikka Regency Government in three stages; the first phase will be realized at the end of December 2021, amounting to IDR 54,063,703,250.

The proposed Regional PEN Loan is a tangible manifestation of the discretionary policy taken by the Sikka Regency Government, in this case by the Regent of Sikka, as alternative financing to finance its priority activities, especially in dealing with the impact of the COVID-19 Pandemic. In addition, this regional PEN loan is also intended for activities to build health facilities and infrastructure, provide clean drinking water networks, and build road infrastructure that is still very much needed in several areas of the Sikka Regency.

The Sikka County government should be able to pay back as per the agreed agreement. As a result, regional loans need to be adjusted to regional capacity and supported by regional loan management skills not to burden the provincial budget because they must be able to repay according to the agreed agreement. In addition, without credit management capacity, the Sikka District government could face reckless behavior and corruption.

Regional loans have long-term implications so that if the loan exceeds the remaining term of office of the current regional head, it will actually burden the next Government and will not necessarily result in an increase in PAD from the previous period. On the other hand, when PAD goes down or stagnates, the Government can be overwhelmed to repay the loan debt.

The Sikka District Government needs to be aware of the financial risks associated with the repayment of loans. In regions where fiscal expansion still relies on central government transfer funds, funds such as DAU, DAK, and other regional incentive funds can only be used to pay off arrears or interest on the debt. Therefore, a detailed survey of the Region's capabilities in terms of financial capacity, institutional capacity, human resource reserves, and regional loan repayment capabilities is required.

4. Conclusion

Based on the results of research related to Local Government Planning and Budgeting during the COVID-19 Pandemic, it can be concluded that the implementation of the policy of Refocusing activities and budget reallocation in FY 2020, Sikka Regency has followed the direction of the central Government, this can be seen from it that four budget changes were made to Regional Revenue and Expenditure through Regent Regulation, including: (1) Sikka Regent Regulation Number 12 of 2020 concerning the first amendment elaboration of the Sikka District Revenue and Expenditure Budget for the fiscal year 2020; (2) Sikka Regent Regulation Number 15 of 2020 concerning the second amendment to the elaboration of the Regional Revenue and Expenditure Budget for the fiscal year 2020; (3) Sikka Regent Regulation Number 23 of 2020 concerning the third amendment to the elaboration of the Regional Revenue and Expenditure Budget for the fiscal year 2020; (4) Sikka Regent Regulation Number 30 of 2020 concerning the fourth amendment to the elaboration of the Regional Revenue and Expenditure Budget for the fiscal year 2020.

The Sikka District Government has made adjustments to local revenues as a result of declining economic activity. This can be seen in the original regional income in the Sikka Regency Regional Regulation Number 3 of 2020 with a pre-change budget of IDR

114,233,844,995.00 experiencing a reduction of 4.92% or IDR 5,619,917,094.41 so that the budget after the change was made to IDR 108,613,927,900.

In terms of regional expenditure, adjustments have been made through the rationalization of employee expenditure, rationalization of goods/services expenditure by at least 50% by reducing the expenditure budget, and rationalization of capital expenditure by at least 50% by reducing the expenditure budget. This can be seen from the employee spending post, which initially amounted to IDR 484,526,350,000.00, rationalization or reduction of IDR 32,627,123,654.00 or 6.73% so that the total employee expenditure after the change was IDR 451,899,226,346.00. For the rationalization of goods and services spending, adjustments were made from the initial nominal of IDR 328,750,798,979.00, reduced by IDR 62,098,250,993.41 or 18.89% so that the total expenditure of goods and services after the change to IDR 266,652,547,985.59. From the capital expenditure post, adjustments were made from the initial amount of IDR 167,863,136,769.00, reduced by IDR 83,874,512,397.67 or 49.97% so that the total capital expenditure after the change became IDR 83,988,624,371.33.

The budget difference from the adjustment of regional revenues and expenditures is used to fund spending in the health sector and other health-related matters in the context of preventing and handling the COVID-19 Pandemic, providing a social safety net, and managing economic impacts, especially keeping the regional business world alive. Suppose we look at the number of funds realized to deal with preventing and spreading the COVID-19 Virus for the fiscal year 2020, IDR 63,342,443,194. The total expenditure for handling the COVID-19 Pandemic in the 2020 fiscal year is IDR 59,646,871,427, for details for activities related to the health sector of IDR 25,399,030,897 and for actions associated with handling economic impacts and social safety nets of IDR 34,247,840,530.

To overcome the need for regional financing development, the Sikka Regency Government decided to carry out a Regional PEN loan policy. However, this regional PEN policy is not the only alternative to regional financing; there are still several alternatives to restricted financings, such as utilizing Corporate Social Responsibility funds or cooperation between the Government and business entities.

The Regional Loan Proposal by the Sikka Regency Government was first proposed in August 2020 with an initial loan plan of IDR 216,450,090,000 to finance the development of the 2021 fiscal year by sending a statement of interest from the Regional PEN to Pt. Sarana Multi Infrastruktur (SMI) through the Ministry of Finance and the Ministry of Home Affairs with details of the proposal of 135 activities but for the fulfillment of equity by the Sikka Regency Government, it can only be fulfilled in 2021, while the loan repayment period for eight years with loan interest of 6.19% of the total loan.

Along the way, the proposed activities, which initially amounted to 135, were changed to 148. As a result, the total regional PEN loan, which initially amounted to IDR 216,450,090,000 also altered or reduced to IDR 216,254,813,000, with details for health facilities and infrastructure activities budgeted funds of IDR 38,593,245,000, provision of clean drinking water networks of IDR 53,052,448,000, road infrastructure development of IDR 118,284,120,000 and for planning and supervision activities of IDR 6,325,000,000. Then the total loans approved by Pt. SMI will be distributed to the Sikka Regency Government in three stages; the first phase will be realized at the end of December 2021, amounting to IDR 54,063,703,250.

The limitations in this study were from the resource person who was initially planned to be the Head of the Regional Planning, Research, and Development Agency of Sikka Regency, namely Mrs. Margaretha Movaldes Damaga Bapa, ST. Still, for one reason or another, she delegated to the Secretary of the Regional Planning, Research, and Development Agency of Sikka Regency, namely Mr. Ambrosius Peter, S.Ip., M.Si.

Several suggestions can be submitted for consideration, namely (1) for the central Government, especially the Ministry of Finance and the Ministry of Home Affairs; it is necessary to synergize to compile several standard operating procedures (SOPs) so that there are no inconsistencies and variations due to changes in the regional budget. Furthermore, related to budget reallocation and refocusing activities, at least include a) Selection of reduced budget elements and their details. b) Selection of factors for increasing the budget and its details. c) Criteria for the use of unforeseen budgets related to handling COVID-19. d) Types of activities that need to be readjusted and must be billed to the APBD.

(2) During the COVID-19 Pandemic, the Sikka Regency Government is expected to direct revenue targets more precisely by focusing on improving the regional economy and the power to implement and issue decisions that are capable of developing optimizations so as not to rely on assistance sourced from the Central Government, (3) Implement revenue adjustments and rationalization of appropriate expenditures. Under the interests that are prioritized and expected so as not to interfere or affect the performance of the Sikka Regency Government, (4) The Sikka Regency Government is likely to focus on regional finances during the period of controlling the budget deficit/surplus to carry out appropriate financing, (5) In implementing regional PEN loan programs and activities, it should be carried out under the principles of Economization, Efficiency, and Effectiveness.

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