

**Research article**

# Financial Policy Implementation at the Ministry of Research and Development Institutions During the COVID-19 Pandemic

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**Abstract.**

At the end of 2019, an outbreak of COVID-19 occurred in China. Soon after, a global pandemic was declared. The virus entered Indonesia. The increase in COVID-19 cases led to reduced national economic growth, decreased state revenues, and increased state spending and financing. There were three significant impacts, namely on purchasing power, weakening investment, and declining export commodities. This changed the direction of Indonesia's financial policy. Quick steps were taken by the Government to help overcome the COVID-19 pandemic, namely by refocusing the budget to deal with the pandemic. This policy resulted in capital expenditure for projects and research that were not directly related to the COVID-19 response to be postponed. Moreover, some activities or projects that had been contracted had to be renegotiated to delay work, and employee spending had to be postponed as well. The purpose of this research was to analyze the impact of the changes in Government economic policies outlined in the Medium-Term Development Plan (RPJM) on the field of research and development, and to analyze potential research and development in the field of technology that can be carried out in dealing with the pandemic. This work was conducted using descriptive qualitative methods, and data were collected through interviews and direct observations.

**Keywords:** COVID-19, economic policy, budget refocusing

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## 1. Introduction

The COVID 19 pandemic occurred in Indonesia starting in April 2020 which has caused the economy to paralyze to date. The pandemic does not only have a direct impact on the health sector, but also on other life impacts such as socio-economic aspects. To reduce the number of COVID-19 infections, the government took the initial step, namely the restriction of community activities which resulted in restrictions in economic activity and even the circulation of goods and services was delayed. The government must take a policy to be able to deal with the COVID19 pandemic, because the problem of the COVID19 pandemic is a priority problem that must be resolved through official public policies to resolve conflicts that occur in the public. This policy has caused the economic

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impact of the COVID19 crisis in various regions, especially in areas that have sectors that are directly and indirectly affected by the crisis and participate in global chains that amplify the impact of the high crisis through the share of small and medium-sized units. There are three major impacts for the Indonesian economy, namely the purchasing power of the people in a free fall of 60 percent. The Central Statistics Agency (BPS) report in the second quarter of 2020 was minus 5.32 percent, while in the first quarter of 2020 it was only able to grow by 2.97 percent, the value fell far from Indonesia's economic growth in 2019. Not all regions are able to work remotely, there is still a digital divide in each region. This is due to an increase in the unemployment rate due to the COVID-19 pandemic. The second impact is the weakening of investment due to the uncertainty that the COVID19 pandemic will end which will result in the cessation of several business sectors. This has caused serious risks that affect the stability of a country, as can be seen from trade relations between countries which are the center of the spread of the COVID-19 virus outbreak. Restrictions on activities in the community affect trading business activities related to the supply of materials, both exports and imports. The third impact is that the world economy also has a major impact, resulting in a decline in commodities export. The government's policy of restricting travel has an impact on all commodities export. In the first quarter of 2020, the volume of world trade experienced a decline due to reduced export demand from trading partners. Global economic growth experienced a decline which resulted in weak inflation. In the field of government, tax revenue decreased in 2020 compared to 2019. The government's efforts in dealing with the Covid-19 pandemic are contained in Government Regulation in Lieu of Law of the Republic of Indonesia 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 dealing with threats that endanger the national economy and or financial system stability. Ministries/Agencies are asked to refocus and reallocate spending to fund the handling of Covid-19 and its impacts as well as social protection budget support to the community. The source of refocusing emphasizes on expenditures that are not related to handling COVID-19 such as capital expenditures for projects and research (not related to handling the COVID19 pandemic) which can be postponed or extended; activities or projects (not related to the handling of the COVID19 pandemic) that have been contracted and can be renegotiated with third parties to be delayed due to the impact of COVID19 and lastly personnel expenditures in the form of increased performance allowances and the appointment of civil servants. Changes in the Indonesian government's Medium-Term Development Plan (RPJM) that have been set for the period 2020 to 2024 must be revised emphasizing on development related

to handling the COVID pandemic. Changes in government financial policies due to the COVID-19 pandemic have the impact of changes or delays in achieving outputs for research development programs that have been planned in the RPJM. The National Nuclear Energy Agency is the only non-Ministerial government agency that has a task in the field of research and development of nuclear technology in Indonesia. Research and development during the COVID19 pandemic that will be prioritized and provided with responsive and relevant research funds in the health sector aimed at providing outputs and outcomes in handling the COVID19 pandemic.

In 2020, almost all countries that are members of the Organization for Economic Cooperation and Development (OECD), which is made up of 38 countries, implemented measures to help countries affected by the COVID19 pandemic. Steps taken in terms of government revenues, government expenditures, state finance management, and fiscal and debt measures Strategies for increasing income and associated fiscal and debt regulations are the most commonly studied and implemented in a number of countries. In response to the impact of the COVID-19 pandemic, the Indonesian government has issued a number of policies pertaining to the health sector, social sector, fiscal policy and tax incentives, export-import trade policies, micro, small, and medium enterprises, large-scale social restrictions, legal fields, and other policies/facilities. Public policies must be stated and ratified through legislation and regulations. As a result, the related elements must adhere to the policies that have been established without exception. In the financial sector, specifically in relation to the state financial budget, namely issuing Presidential Regulation No. 54 of 2020 concerning changes in detailed posture and the 2020 State Budget, which is a follow-up to Perpu number 1 of 2020. Several ministries' budgets have been reduced in terms of this Presidential Regulation, but several other ministries' budgets have been increased, particularly in the Social, Economic, and Fiscal fields. Budget execution during the COVID19 pandemic was made flexible to address social, economic and health issues. This flexible fiscal policy is based on the dynamics of changes in the increase and decrease in the value of consumption, investment and export-import. Flexibility in the fiscal aspect does not make the budget a deficit from day to day. The government provides many different policy recommendations for the proposed programs for handling the COVID19 pandemic. The government cannot predict when COVID19 will end, so the government has taken the decision that we must live side by side with COVID19. Fiscal flexibility while maintaining the integrity of the overall budget. This strategy is expected to be able to increase economic growth, the fiscal deficit will decrease in line with the increase in consumption and investment in Indonesia.

According to William F. Willoughby, the budget as an instrument of democracy, the government must be open in making budget allocations and be responsible for the allocation. The need to use a budget arises from considering that the budget is part of the overall model for government reform. Budget as an instrument to produce efficiency and administrative economy. This activity is intended to foster the need for budget reform, namely the demand to make continuity of technical methods of government organization and administration to be more efficient and economical. The government is expected to reform business methods in government agencies, especially in handling finances. The government must have a reporting and accounting system that is in accordance with modern accounting principles in order to be able to ensure that the budget system is the main characteristic of a modern accounting system.

Prof. A.R Hatton said that the relationship between the budget and the economy and the efficiency of public affairs make the budget one of the strongest instruments in democracy. It is undeniable that it is prone to discrepancies made by human individuals, the government must be able to regulate it by creating an objective budgeting system, but still following regulations that do not intersect with the public.

Based on this background, the research objective that can be formulated is to describe the analysis on the implementation of budget policies for ministries and institutions that do not have output related to handling the COVID19 pandemic. The impact of the sustainability of research due to the budgetary financial policy set by the government.

## 2. method

This researchers focused at how the government's budget policy affects budget implementation in ministries and institutions involved in research and development that are not involved in dealing with the COVID19 pandemic. The qualitative qualitative research approach was used in this study. The qualitative method was chosen based on an assumption that the availability of research space in the form of depth and sharpness of analysis in revealing phenomena and facts related to the impact of the COVID19 pandemic on the analysis of government budget policies. Document analysis was used in the research approach (Bowen, 2009), in which researchers obtained Google Scholar, study institutions, journals, and mass media designed to explore results, information, research results, ministry documents, and policy analysts on the impact of the pandemic.

The research steps were carried out in four steps. First, the author found the problem of the influence of the budget posture policy from the spread of COVID19 which is

different from the previous economic crisis. Second, collecting secondary data on research and development budgets prior to the COVID19 pandemic during the COVID19 pandemic in Indonesia and reallocation of government budgets to research and development institutions in the nuclear sector. Third, data analysis by interpreting government budget policies in refocusing the budget and the impact of delays in ongoing research. Fourth, draw conclusions from this study.

### 3. Results and Discussion

In accordance with Presidential Regulation number 46 of 2013 is to carry out government duties in the field of research, development and utilization of nuclear science and technology in accordance with the provisions of laws and regulations. Research, development and use of peace and as much as possible for the welfare of the people of Indonesia. According to article 3, in carrying out these duties:

1. Reviewing and formulating national policies in the field of research;
2. Coordination of functional activities in the implementation of tasks;
3. Implementation of research, development and utilization of nuclear science and technology;
4. Facilitating and fostering the activities of government agencies and other institutions in the field of research, development and utilization of nuclear science and technology;
5. Implementation of coaching and providing administrative support to all organizational units;
6. Implementation on the management of nuclear standardization and quality assurance;
7. Education and training development;
8. Supervision on the implementation of tasks;
9. Submission of reports, suggestions, considerations in the field of research, development and utilization of nuclear science and technology.

Jamila Lestyowati and Abdila Faza Kautsarina (2020), in the article entitled Implementation of Budget Reallocation and Refocusing Activities in Pandemic Covid19: Case Study of Yogyakarta BDK, explaining how health effects due to Pandemic Covid19 caused a big

impact on social economics. Things that must be done almost throughout the Ministry of Institutions, namely to reallocation the budget based on the regulations that have been determined by the government. There are 5 most common challenges in the implementation of the reallocation of the absence of clear direction at the beginning of the revision, namely: (1) mapping activities that can still be implemented up to the end of the year; (2) the difficulty of the appropriate revision account; (3) procurement of goods and services; (4) coordination between divisions; (5) the possibility of no budget potential occurs. This causes the stairs of the leadership to refocus the planned work program. Jamila and Abdila's research has a relationship with the author's research because it discusses reallocation and refocusing the activity due to Pandemic Covid19.

Nurul Aeni (2021), in his journal entitled *Pandemic Covid19: The impact of health, economic and social*, explaining the direct impact of Pandemic Covid19 in the health sector is that health services are influenced by several factors that occur quickly and suddenly so as to bring up the unpreparedness of various parties to make adjustments. Some health services choose to stop service while due to unpreparedness. While others succeed in allocating most resources to overcome Pandemic Covid19, causing health services other than Covid19 cannot be handled optimally. Another impact on the economic field raises unemployment, due to limiting economic activity due to social restrictions due to regional quarantine. The final impact in the social field increases the growth of poor families, due to restrictions on economic activities due to regional quarantine, residents spend more at home without being able to do work outside. So that expenditure increases, while income does not exist. The results of this study provide efforts to the government in the economic field by strengthening the agricultural and industrial sectors based on agriculture. The government must provide assistance and provide facilities for micro and household businesses, to open new jobs. The conclusion of this study is the impact of Pandemic Covid19 has links to each other in terms of health, economics and social.

The National Nuclear Energy Agency (BATAN) is one of the non-ministerial government institutions that develops technology and research in the field of nuclear power. Research and development of technology in the nuclear field during the COVID pandemic experienced an impact, one of which was that researchers were not allowed to work together in one laboratory, this caused some delays in the development of research. However, there were several studies that used software that can be controlled remotely. The COVID-19 pandemic condition makes researchers have to immediately implement their strategic plans, by making innovations related to handling

the COVID pandemic and conducting research using remote methods or delaying continuing research.

BATAN as part of the agency ministry has the task of reallocating and refocusing activities in the context of handling the impact of COVID19. Based on Presidential Instruction Number 4 of 2020 concerning Refocusing Activities, Budget Reallocation, and Procurement of Goods and Services in the Context of Accelerating Handling of Corona Virus Disease 2019 (COVID19), all work units under BATAN that have a DIPA budget are asked to reallocate budget and refocus through activities revision of the budget on each work unit. BATAN restructured the spending priority scale, conducted an analysis of the expenditures that had been budgeted in the initial period. After that determine the priority scale by sorting the budget based on the level of urgency. The government's policy is to refocus the spending budget, especially in the health and social sectors related to the direct handling of COVID19.

The next step is to reallocate expenditures, especially not limited to efforts to allocate the capital expenditure budget to operational expenditures. This is an important thing to do because the main priority is now heading towards overcoming COVID-19 and its various domino effects. This activity can be done by reducing or temporarily stopping research and technology development activities that are reallocated to handling COVID19. BATAN has also cut certain expenditures, such as official travel expenses, meeting expenses that are not directly felt by the public. There are 15 work units under BATAN which are the source of data in budget reallocation and refocusing in 2020. Before the adjustment of APBN funds the total amount of BATAN's budget in 2020 was Rp. 125,842,504,000, while after adjustment of the BATAN budget it was Rp. 63.822.042.000 -.

In accordance with presidential instructions number 4 of 2020, refocusing activities, reallocating budgets and procuring goods and services in the context of accelerating the handling of the Corona Virus Disease 2019 (COVID19) pandemic aims to prioritize the use of handling the COVID19 pandemic. In 2020 BATAN had a national priority program, namely Radiation Monitoring System for Safety and Security at the Center for Nuclear, Radioisotope and Radiopharmaceutical Reactor Facilities at Radiography and Radiopharmaceutical Technology Center and Nuclear Power Plants at Nuclear Energy System Studies Center is inseparable from the 2020 budget posture refocusing program prioritizing the use of budget allocations for activities to accelerate the handling of the COVID-19 pandemic. The direct impact of government policies related to budget refocusing on research and development institutions is cutting research and development funds and delaying research results. Based on the table above, it is known that BATAN

TABLE 1: National Nuclear Energy Agency (BATAN) Budget Allocation Data for the 2020 Fiscal Year.

Work Unit Research Budget	Before Adjustment	After Adjustment
Isotope and Radiation Application	Rp5.716.460,-	Rp2.409.470,-
Informatics and Nuclear Strategic Zone Utilization	Rp4.073.802,-	Rp3.162.681,-
Assessment of Nuclear Energy System	Rp21.850.000,-	Rp12.101.454,-
Nuclear Mineral Material Technology	Rp4.943.180,-	Rp2.588.403,-
Radioisotopes and Radiopharmaceuticals Technology	Rp8.076.946,-	Rp4.918.507,-
Multipurpose Reactor	Rp46.973.245,-	Rp25.029.568,-
Nuclear Facilities Engineering	Rp4.100.000,-	Rp1.489.566,-
Science and Accelerator Science	Rp3.888.000,-	Rp2.192.447,-
Nuclear Fuel Technology	Rp2.200.000,-	Rp633.097,-
Science and Technology of Advanced Materials	Rp3.206.402,-	Rp1.684.363,-
Radiation Safety and Metrology	Rp5.754.596,-	Rp2.998.405,-
Radioactive Waste Technology	Rp7.029.618,-	Rp.3.351.838,-
Science & Nuclear Applied Technology	Rp6.480.246,-	Rp3.059.527,-
Nuclear Reactor Technology & Safety	Rp1.550.000,-	Rp1.550.000,-
TOTAL	Rp125.842.504,-	Rp63.822.042,-

experienced a budget refocusing of Rp. 62,020,462,000, - equivalent to 49.28%. This has caused a delay in the implementation of research that is not related to the handling of the COVID-19 pandemic and made several studies made into a multi-year system.

There are several criteria for refocusing and reallocating the 2020 budget on the BATAN budget posture, namely:

1. Cuts in the expenditure of goods/services that do not have a direct impact on the community;
2. Trimming spending on unrelated business trips within or outside the city in the context of overcoming the COVID19 pandemic;
3. Reduction of expenditure on goods related to the procurement of office equipment, because all work in the new normal era is already using online system;
4. Postponement of infrastructure and heavy equipment procurement for the following year;
5. Changing the research project implementation period to be multi-year;
6. Rationalization of personnel expenditures in the form of adjusting employee overtime payments by considering real wages for urgent work.



There is a difference between before and after adjustment, this indicates that research and development funds for nuclear technology at BATAN have been allocated and focused on handling COVID-19. The total budget at BATAN during the 2020 fiscal year was Rp. 669.407.836.000,-, the reallocation of the budget for handling the COVID19 pandemic during 2020 was Rp. 5.359.309. BATAN. This number is not significant in handling the COVID pandemic, because almost all employees in the BATAN environment during the first 6 months of the COVID pandemic did not carry out activities in the BATAN work environment. Except for the reactor operators who are still active in the Serpong nuclear area, it cannot be controlled remotely.

The transfer of refocusing funds on the procurement of other capital expenditures in the form of map data for geographic and topographic purposes for the study of the nuclear energy system which can be delayed in future years, procurement of software for geological and geophysical research studies, procurement of meteorological monitoring equipment as part of hardware used to create a site study supporting nuclear power plants. Given the state of the COVID-19 pandemic in Indonesia. BATAN as one of the entities must support government policy programs to make savings on budgets, whether they are not priorities or even national priorities that do not support the acceleration of handling the COVID19 pandemic. The delay in the implementation of research supporting goods affects the output targets that have been set. So BATAN must revise the planned output target.

During 2020 the government carried out two refocusing and reallocation of the budget, the first for handling the COVID19 pandemic and the second for handling budget optimization to encourage economic growth and handling the COVID19 pandemic in the context of national economic recovery. In terms of national economic recovery, the government will focus on strategies to reduce the risk of economic contraction in the third quarter and fourth quarter of 2020, especially by optimizing the potential budget that may not be absorbed and reallocating programs that can be implemented and completed in 2020. The impact of the COVID19 pandemic in the economy, especially in small and medium-sized industries, is a decrease in demand and a decrease in sales, a decrease in small business activities resulting in temporary or permanent business closures, delays in the distribution of goods, difficulties in obtaining raw materials and difficulties in obtaining business capital.

Based on table II above, we can see that the budget reallocation carried out by BATAN was still being carried out within BATAN's work environment to support government programs in the context of handling COVID-19 through an economic recovery program

TABLE 2: Identification of Budget Allocation and Realization of PC-PEN (Covid Handling-National Economic Recovery) Fiscal Year 2020.

Note	DIPA Budget Allocation (in thousands)
Handsantizer, Face Shield, Disinfectant Spray, Multivitamin, Communication Cost	Rp1.220.957,-
Consumption	Rp590.151,-
Supplies masks, gloves, disinfectant liquid	Rp623.827,-
Rapid Test and PCR test	Rp1.546.046,-
Portable Hand Washer	Rp276.890,-
Local Transport Work From Office	Rp477.010,-
Thermogun Procurement	Rp137.055,-
<b>TOTAL</b>	<b>Rp4.921.936,-</b>

in collaboration with medium-sized work unit companies. According to government regulation number 23 of 2020 that the government runs the National Economic Recovery program (PEN Program) in response to the decline in community activities that are economically affected by the COVID pandemic, especially in the informal sector and MSMEs. The main purpose of the PCPEN program is a way to guarantee, protect, save, strengthen and develop the economic activities of business actors who are starting businesses during the COVID19 pandemic. Therefore, the procurement of routine expenditures at BATAN does not experience budget refocusing, because it is considered to support the government's PCPEN program by empowering surrounding MSMEs to carry out procurement of routine needs.

Results should be clear and concise. Show only the most significant or main findings of the research. Discussion must explore the significance of the results of the work. Adequate discussion or comparison of the current results to the previous similar published articles should be provided to shows the positioning of the present research (if available).

#### 4. Conclusions

The COVID-19 pandemic has had a major impact on Indonesia in terms of health, social relations and economic growth. The government makes a policy of refocusing and reallocating the State Revenue and Expenditure Budget. With regard to the aspects of research and technology development, budget refocusing and reallocation at the National Nuclear Energy Agency experienced a decrease in the research budget in 2020 by 50.71%, equivalent to Rp. 63,822,042,000, -. However, this budget refocusing has no effect on the results of the National Priority outputs that have been set in RPJM.

The budget policy in the context of dealing with COVID-19 by the government must be able to provide leeway to the affected research and development institutions so that they are allowed to make adjustments to the supporting outputs that have been determined due to delays in the procurement of research tools and output supporting activities.

We suggest for further research, to provide a more in-depth review of income and expenditure items in the APBN at the Ministry of Research and Development Institutions affected by the refocusing and reallocation of the budget. Research can also be carried out on the effectiveness of the use of the Covid-19 pandemic shopping account. In addition, it is necessary to examine whether the refocusing and budget reallocation policies have been on target as expected by the government.

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