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**Dynamics of Health Budget *Refocusing* and its Implication to Covid-19 Pandemic Mitigation in Remote Archipelagic Areas (A Case Study in Sumba Tengah Health Agency, Nusa Tenggara Timur Province)**

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ABSTRACT

Health crisis due to Covid-19 Pandemic should be mitigated to reduce the opportunity for a greater health loss. One key factor for the success of health intervention is the availability and proper use of budget. Districts lacking fiscal capacity should choose the best option available to address the issue. This aims to describe the dynamics of the health budget refocusing on mitigation of Covid-19 and its implication to the achievement of health development targets in remote archipelagic areas. This is a qualitative study conducted in Sumba Tengah District Health Agency, in October 2020. Data are collected through semi-structured interviews with several key informants. The policy of budget refocusing to mitigate Covid-19 at the district level is a highly dynamic and complex process. Understanding of budget refocusing policy among district personnel vary. Implementation of budget refocusing policy potentially create new long and short terms problems within the health sector.

**Keywords:** budget refocusing; Covid-19; remote archipelagic areas

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INTRODUCTION

Coronavirus Disease-19 (Covid-19) Pandemic has shocked the world. Indonesia is no exception. Although the number of the infected population in Indonesia is below that of other countries, in South East Asia, Indonesia has the highest number of deaths.<sup>(1)</sup> This crisis should be mitigated to reduce the opportunity for greater health loss due to both the pandemic itself and the post-pandemic effect.<sup>(2)</sup>

Each Covid-19 pandemic affected country continue attempts to end the suffering of its citizen by focusing on improving the quality of health and economic development. Health sector development becomes more crucial compared to other sectors because Covid-19 spreads rapidly. Delayed treatment may cost many lives. Besides, the World Health Organization (WHO) declares that the disease is not easy to rapidly confine to one specific area (it is *borderless*). Its cause is invisible to the naked eye.<sup>(3)</sup>

Sumba Tengah is among the districts in Nusa Tenggara Timur (NTT) Province with a low Human Development Index (HDI) in Indonesia. In 2013 and 2018, the HDI of the district was ranked 20 of 21 districts in NTT; and 369 of 415 districts in Indonesia. This indicator shows that the district's public health status is among the lowest in the province.

The Ministry of Health's 2015-2019 strategic plan targeted to enable 170 disaster-prone districts/cities to reduce the risk of health crises due to disasters in their disaster-prone areas. The Ministry of Health has developed some policies and programs in the management of health crises using a cluster approach by strengthening the Integrated Emergency Management System (SPGDT). This system aims to improve response time, improve access, and quality of health services, and minimize mortality and disability.

One of the determining factors of the success of the management of health problems is the availability and proper utilization of budget resources.<sup>(4)</sup> Availability and proper utilization of budget resources are determined by the quality of health sector financing, planning, and budgeting.<sup>(5)</sup> Unfortunately, similar to other developing countries, the health sector in Indonesia, is faced with limited resources to address existing problems. Sumba Tengah is among remote districts with an insufficient budget. In the midst of limited resources and increasing

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needs, local governments must select the best options. Selecting options in the midst of limited resources is closely related to aspects of equity and efficiency, for example, answers to questions: how should the health budget be allocated? What health services should the government pay for? What health interventions should take precedence?<sup>(6)</sup> To answer these questions in the event of a disaster and health crisis, a changing district budgeting priority is achieved by refocusing the budget.<sup>(7)</sup>

This study aims to describe the dynamics of the health budget refocusing for Covid-19 mitigation and its implication to the achievement of health development targets in Sumba Tengah District.

## METHODS

This qualitative study was conducted in Sumba Tengah District Health Agency, in October 2020. Data were collected through semi-structured interviews with key informants. These informants include The Chairman of the District Health Agency, the Chairman of the Immunization and Surveillance Section, and The Chairman of Subdivision of Planning and Evaluation in Sumba Tengah District. Collected data were analyzed descriptively. The research protocol was approved by the Health Research Ethics Review Committee of the Faculty of Public Health, of Universitas Nusa Cendana, Kupang.

## RESULTS

### Dynamics of Health Budget Refocusing at Health Agency and Puskesmas Levels

The results show that the proportion of the health budget allocated through District Budget (APBD) before the Covid-19 pandemic did not reach the standards set by the central government. In 2020, the proportion of the health budget in the district was less than 10%, whereas Health Law No. 36 of 2009 set the proportion to be at least 10% of the total budget, excluding remuneration of health workers. According to the health agency, the local government is inconsistent in its support to the health sector when compared to the normative regulations. The situation has not changed compared to the previous years and the government does not comply with the mandate of the law.

Under the budget constraints, the health agency faces difficulties to process the budget refocusing to respond to Covid-19. The central government sets the amount of the refocused budget to respond to Covid-19 for Central Sumba Regency to be 35 billion from the total district budget. All the refocused budget must be sourced from reallocation of various budgets within the different District apparatus Organization (OPD). In its implementation, the target of budget refocusing was not achieved despite the various sources of existing programs and activities from which it is reallocated. The health agency was requested by the local government to reallocate a total of 7-8 billion from the expenditure planned from the previous year. Only about 6 billion can be reallocated by the health from its expenditure on physical activities and routine activities.

Local government requirement and setting of budget reallocation within the health agency are deemed unfair and unreasonable as there are budgets in non-health OPDs whose programs and activities are not priority during a pandemic but are not subject to the reallocation policy. However, budgets within the health agency, which actually touches basic public services as well as the treatment of Covid-19, are subject to reallocation to meet the refocusing target of 35 billion from the Local Budget. This is evidenced from the following quote from informant interview:

*Yes. It will return to the health agency as activities to address Covid-19. But in my opinion, it is not optimal. Other OPDs that have non-significant activities should (have their budget) suspended and cut to support health activities. Budget for the health agency should not be cut from our routine activities either. It is as if there were no other OPDs from which cut budget. So, as I said earlier that I didn't really agree with this mechanism. The central government has declared no cuts, while the district level does otherwise. That's why I have to say this planning doesn't make sense. So, we were forced to cut budget from our routine activities; despite the fact that these routine activities are very much supportive of the Minimum Service Standards as specified by planning provisions. (IIHO\_1)*

The process of refocusing local budgets is complex. According to the informants, the stages did not go through the proper steps of budget revision. Within the period of April 2020 - October 2020, there have been five times of budget revisions. It was admitted that the budget revision process no longer formally involved the OPD leadership. Budget revisions were only made between the health agency finance team and the finance team at the district secretariat. Another aspect that renders the refocusing process complex is the central government requirement not to allocate budget sourced from the Special Allocation Fund (DAK) for health sector. As a result, to implement the budget refocusing policy, the health agency must reallocate funds for priority activities sourced from the General Allocation Fund (DAU) and other sources of funds such as Regional Original Revenue (PAD),

Revenue Sharing Fund (DBH) and others. The total budget for these sources of funds is limited. So far, the largest share of funds for expenditure on programs and activities at the health agency has been predominantly DAK sources. As a result, the reallocation of budget for routine expenditures originating from non-DAK sources forced the health agency to experience budget constraints to undertake programs and other activities important for the health of the population. The budget refocusing process that does not go through the cross-sectoral joint discussion stage has its own consequences in selection of activities/programs within the health agency. Programs and activities tend to be directed towards addressing Covid-19 pandemic, while programs and routine activities to support other health services are less prioritized.

### **Implications of Refocusing Health Budget to the Achievement of District Health Development Targets**

The process of refocusing of budget for Covid-19 mitigation has its own implications to the achievement of district health development targets. Reallocation of budgets from routine activities other than DAK funding causes the health agency to experience lack of budget to carry out supporting activities such as monitoring and evaluating of essential health programs, including immunization programs and nutrition programs as well as public health surveillance programs. According to informants, routine activities such as periodic program monitoring and evaluation are necessary to ensure that the implementation of direct activities at the health center level is in line with the annual plan and the targets of the Minimum Service Standards (SPM) achieved.

The nutrition program, for example, encountered a problem, namely sub-optimal monitoring and supervision activities. Mid-year semester reports from the Puskesmas level show that the proportion of visits to posyandu has decreased. The low number of visits is thought to have an impact on the low coverage of weighing infants and children under 5 yo. As a result, there will be many infants and children under 5 yo as well as pregnant women with unmonitored nutritional status. This is potential to raise the proportion of severely malnourished and malnourished and children under 5 yo in the district. This is evidenced from the following quote from informant interviews:

*The nutrition programs in were not implemented March and April. All because of the influence of Covid-19. Posyandu visits have decreased. The report from May has not arrived yet. (IIHO\_3).*

Likewise, other programs such as the immunization program for infants and children under 5 yo. The reallocation of budgets for Covid-19 mitigation has disrupted quarterly monitoring and evaluation activities of the implementation of immunization. Puskesmas assistance activities for the School Children Immunization Month (BIAS) program in August 2020 did not run optimally due to budget constraints. This is evident from an under-achievement of immunization for school children, which has only reached 40% of the target of 45% by mid-2020.

## **DISCUSSION**

The budget refocusing policy at the district level to address Covid-19 is a very dynamic and complex process. Initially this policy was not sufficient within the context of mobilizing budget to address Covid-19 at the central and district levels. Apart from not being sufficiently strong, there is a potential for irregularities in district financial policies by refocusing the budget using Presidential Instruction (Inpres) as the only instrument. This was evident from the Inpres, which placed the position of district leaders or executive organizations as dominant in budgeting and budget execution. Whereas in the Constitution of the Republic of Indonesia has specified that district budgeting must be formulated by the executive and legislative organs.<sup>(8)</sup> However, this concern did not last long with the issuance of a Government Regulation in Lieu of Law (Perpu) No. 1 of 2020.<sup>(9)</sup>

Under normal circumstances, revisions to the district budget has been set up to once a year. However, during the Covid-19 pandemic, APBD revisions could be made as many times as needed. There have been continuous discussions related to shifting, omitting and adding to budgets to address the need for funds both for health and economic sectors and providing *social safety net*. Districts with adequate fiscal capacity are not faced with challenges of budget availability. However, remote archipelagic districts do not have high fiscal capacity and depend more on balancing funds; hence refocusing process presents its own challenges, namely budget constraints. In addition, perception of sectoral self-importance of some district apparatuses resulted in some resistance to budget reallocation. As a result, the targeted amount of budget refocusing was not achieved. Health agencies experiencing shortage of funds to run essential health programs need to maximize cooperation with the village government through the puskesmas to utilize village funds to finance health programs.<sup>(10)</sup>

This study discovers that understanding of budget refocusing policy vary within local governments and local officials. This is evidenced by the differing perception about budget shifting, omission, and increase. Budget refocusing is not executed professionally by the local government and its machinery. Refocusing is interpreted as shifting, omission, and increasing the amount of budget without in-depth attention to the substance of programs and activities. This can be seen from the omission and reduction of the health agency's budget for routine activities

which are crucial to other health problems such as immunization programs and malnutrition. Meanwhile, budgets that exist within other district apparatus without responsibility to mandatory basic services are not reallocated.

Budget refocusing has the potential to create new problems in the health sector, both for short and long run. The short-term consequence, for example, is outbreak (KLB) can occur if the immunization program is neglected. In the long run, severe malnutrition and malnutrition cases may increase if the coverage of monitoring of infant and children under 5 yo nutritional status and of interventions to improve nutrition children under 5 yo does not reach the target. If these routine programs which constitute basic health services do not receive adequate budget allocations, the district will face a double burden of disease management. The double burden in question is the burden to address Covid-19 pandemic and to address an epidemic of other infectious diseases and nutritional problems.

Ideally, the refocusing process is a joint endeavor, taking into account the substance of development affairs of the existing district apparatus. Within the era of regional autonomy, there are affairs shared by the central government and regional governments. These affairs carried out jointly (concurrently) by the central and regional government, are divided into two broad categories, namely obligatory and optional affairs. Obligatory affairs are further divided into two types, namely mandatory basic service and mandatory non-basic service. Mandatory basic service consists of education, health, public works, public housing, public order and social affairs. In the context of policy of budget refocusing to address Covid-19 pandemic, the local governments do not need to omit and reduce budgets for district apparatus responsible mandatory basic service functions. This is important because mandatory basic service affairs directly deal with people's lives and have a Minimum Service Standards to meet per provisions of Law No. 32 of 2014 concerning Regional Government. To minimize problems in budget refocusing, the Regional Development Planning, Research and Development Agency (Bappelitbangda) must play its role as a facilitator to coordinate the preparation, control and evaluation of the implementation of regional development plans. Bappelitbangda should become a central institution to ensure that the refocusing process is effective, efficient and rational through justified removal, shifting and addition to the budget. Budget refocusing should not be left to the sole responsibility of the district apparatus finance team and the regional government finance team. Budget refocusing should be a collective work of all regional operators. Budgets that can be reallocated include expenditures for on-urgent goods, and non-priority capital expenditures.<sup>(11)</sup> The adequacy of budget for implementation of mandatory functions which constitute basic services must be guaranteed so as to ensure that vital and essential health sector development targets can be achieved by the end of the fiscal year.

In the midst of increase of refocused budgets in the form of Unexpected Assistance (BTT) in the districts, it is critical for all stakeholders to consider transparency of the process and budget utilization. Reallocation of a large amount budget should ensure a well-measured outputs and outcomes within the context of addressing health and economic impacts and providing social safety nets. Transparency of the refocusing process will increase public and stakeholder trust in the local government. Theoretically, increased trust is a good social capital for local governments to address Covid-19 pandemic. The community will tend to participate actively as they know the process and have the sense of ownership of programs and activities being carried out as well as can directly scrutinize the use of budget.

The BTT budgeted by the local government must also be used effectively and efficiently. Procurement of health goods and services must be carried out in a transparent and careful manner through negotiations that are harmless to the government and service providers.<sup>(12)</sup> Besides having a negative impact, the Covid-19 pandemic has a positive impact on budget execution within the context of bureaucratic reform. For example: saving on official travel expenditure by increasing the intensity of online meetings; online meetings imply reduced space usage and in turn reduces electricity consumption and expenditure; save on consumption costs for lack of face to face meetings; the targeted output produced by employees can still be achieved because of the professionalism of the apparatus towards the quality of public services; and so on.<sup>(13)</sup>

Restrictions on economic activities of the population during the Covid-19 pandemic in 2020 have the potential to reduce district income. The number of workers who lose their jobs results in increase of unemployment rate. The worsening of the Covid-19 outbreak will result in high unemployment rates.<sup>(14)</sup> As a result, local revenues from local taxes will be much lower due to the instability of the district economy. If refocusing 2020 BTT budget is realized in its entirety, the remaining 2020 BTT budget can be reused as revenue for the 2021. This is likely to help district finances because district revenues in 2021 are estimated to experience a significant decline.

## CONCLUSION

The implementation of the budget refocusing policy at the district level to respond Covid-19 is a highly dynamic and complex process. Remote archipelagic areas with low fiscal capacity are more dependent on balancing funds transfer from the central government. Budget refocusing in these regions is not carried out professionally by the regional governments and their district apparatus. Refocusing is more interpreted as shifting, omitting, and raising the amount of budget without in-depth attention to the substance of programs and activities. This implies that the implementation of budget refocusing has the potential to create new problems in the health

sector, both for short terms, such as infectious diseases, and long-term such as nutrition issues. Adequacy of the budget for implementation of basic-service mandatory health affairs, needs to be guaranteed to ensure that the targets of vital and essential health development program targets are achieved by the end of the fiscal year without neglecting the response to Covid-19 pandemic.

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