I. BACKGROUND

The preparation of the Regional Revenue and Expenditure Budget (APBD) for the 2021 fiscal year is somewhat different from the previous years. In 2020, the APBD preparation process was faced with the COVID-19 pandemic situation, which began to affect Indonesia in early March. This pandemic prompted the government to adjust its budget policy through the issuance of Perppu No. 1 of 2020, passed into Law No. 2 of 2020.

This policy would undoubtedly have an impact on the regions, which then had to make changes or reallocate the 2020 FY budget for handling COVID-19 as mandated by the law. Yet, in the midst of the reallocation process, local governments must start preparing the 2021 APBD.

Another issue that makes a difference in the preparation of the 2021 fiscal year APBD is that local governments must refer to several different laws and regulations from the previous year, either due to revisions or the issuance of new regulations. Of
Encouraging the Acceleration of 2021 APBD Preparation in the Midst of a Pandemic and Regulatory Transition

course this change requires local governments to make adjustments. The regulation that has changed in connection with the preparation of the APBD is Government Regulation (PP) No. 58 of 2005, replaced by PP No. 12 of 2019 concerning Regional Financial Management. Meanwhile, the new regulations are Permendagri No. 70 of 2019 concerning Regional Government Information Systems (SIPD) and Permendagri No. 90 of 2019 concerning Classification, Codification and Nomenclature of Regional Development and Financial Planning.

The situation mentioned above caused many local governments to experience delays in carrying out the stages of the budgeting process. Based on Permendagri No. 64 of 2020 concerning the Guidelines for the Preparation of the 2021 APBD, the regional government should have submitted the Draft APBD to the DPRD by the end of September for discussion. However, based on information traced from various reports and statements of several regional government representatives in the Local Governance Forum organized by PATTIRO on 17 September 2020, many regions have only finished compiling General Budget Policies and Temporary Budget Ceiling Priorities (KUA-PPAS). The KUA-PPAS should have been completed by the second week of July 2020. It is feared that this delay will have an impact on further delays in ratifying the APBD, which in turn will have an impact on delays in the delivery of public services. Therefore, a specific strategy is needed to accelerate the preparation of the 2021 APBD in the midst of a pandemic and regulatory transition.

II. CHANGES TO REGULATIONS AND NORMS

One of the regulations that has changed regarding the preparation of the APBD is PP No. 58 of 2005, changed by PP No. 12 of 2019. One of the main norms that has changed, along with the changes in regulation, is the provision on the structure of the APBD. In the revenue structure, the new regulation changes the classification of balancing fund revenue to transfer revenue, where this transfer income is also classified into central government transfers and inter-regional transfer funds. Based on this classification, local governments can also receive transfer funds from other regions in the form of revenue sharing and financial assistance.

In the expenditure structure, the new regulation simplifies the classification of regional expenditures, previously consisting of nine groups, into four groups, namely operating expenditures, capital expenditures, unexpected expenditures and transfer...
Encouraging the Acceleration of 2021 APBD Preparation in the Midst of a Pandemic and Regulatory Transition

expenditures. Apart from the APBD structure, another norm that has changed from regulatory changes is related to giving discretion to regional heads to continue drafting the APBD even though there is no agreement between the regional government and the DPRD in the discussion of KUA-PPAS. Another norm is the sanction for regional heads who are late in compiling the Draft APBD in the form of not being granted financial rights for a six-month period.

Apart from the changes to the PP as described above, there are also new regulations, namely Permendagri No. 70 of 2019 and Permendagri No. 90 of 2019. The first mentioned Permendagri regulates the obligations of local governments to include all codes and nomenclature that have been formulated in planning documents into SIPD. The aim is that all APBD data throughout Indonesia can be compiled in one system so that it will make it easier for the central government to conduct guidance and supervision. Apart from that, SIPD is also intended to consolidate national development planning with regional development that will support the One Data program through the Electronic-Based Government System (SPBE). Meanwhile, the last mentioned Permendagri regulates the unification of classification, code and nomenclature of the APBD to match the classification, code and nomenclature in SIPD. Thus, in preparing programs and activities to be included in regional planning documents, the regional government must first adjust it to the classification, code and nomenclature in the Permendagri. If local governments wish to include programs and activities that are not regulated in the Permendagri, they must register them with the Ministry of Home Affairs as proposals for updating.

In summary, changes to regulations and norm provisions related to the preparation of the 2021 APBD can be seen in the following table:
**The Table of changes to regulations and norm provisions related to the preparation of the 2021 APBD**

<table>
<thead>
<tr>
<th>Previous Regulation</th>
<th>New Regulations/Changes</th>
<th>Terms of Norms</th>
</tr>
</thead>
</table>
2. Regional Head’s discretion to prepare the Draft APBD in case of disagreement in the discussion of the KUA-PPAS with the DPRD.  
3. Sanctions for regional heads who are late in submitting the Draft APBD to the DPRD. |
| Permendagri No. 70 of 2019 | Permendagri No. 90 of 2019 | Local governments are required to enter the code and nomenclature of programs, activities and sub-activities that have been outlined in regional planning documents into the Regional Government Information System (SIPD).  
1. Unification of classification, code and nomenclature of programs, activities and sub-activities in regional planning documents so that they can be inputted into SIPD.  
2. Local governments that wish to add different programs, activities and sub-activities to the Permendagri, must submit a proposal to the MoHA for updating. |

**III. CHALLENGES FACED**

Along with the changes in several regulations as outlined above, there are several challenges faced by local governments. *First*, local governments need a lot of time to prepare planning documents. This is mainly because local governments must make adjustments to Permendagri No. 90 of 2019. The Bappeda (Regional Development Planning Agency), as the planning coordinator in the regions, must consolidate all Regional Apparatus Organizations (OPD) to ensure that they can compile programs and activities according to the classification, code and nomenclature in accordance with the Permendagri. On the other hand, OPDs cannot do it quickly because they must first map programs and activities before adjusting them to the Permendagri.
Encouraging the Acceleration of 2021 APBD Preparation in the Midst of a Pandemic and Regulatory Transition

Even further, after making adjustments, OPD also had to discuss with Bappeda, which sometimes took more than once. Demands to ratify the APBD in a timely manner may result in the adjustment process being rushed. Because of this demand, it is feared that the regional government will sacrifice programs and activities whose codes and nomenclature are not in accordance with the Permendagri. In fact, it could be that these programs and activities are quite innovative or very supportive of the achievement of regional development goals. Although there is an opportunity to submit a proposal for updating, it may not be done for fear that the process will take a long time, while at the same time the regions are required to ratify the APBD according to the schedule mandated by Permendagri No. 64 of 2020. Along with the adjustment process, local governments are also required to enter their planning document data into SIPD. The SIPD input process also took time related to the lack of adequate human resources tasked with carrying out the duty.

Second, the central government assistance process is constrained by restrictions on activities due to the COVID-19 pandemic. Normally, in each APBD preparation process, local governments receive intensive assistance from the central government, especially with the existence of various new regulations. However, during the pandemic, the process did not run optimally due to limited official travel so that discussions between the central and regional governments could mostly only take place online. The Ministry of Home Affairs has not developed adequate distance learning materials, so that the online technical guidance and mentoring has not been effective. This constrained process causes results that are not optimal either. For example, related to the updating process of Permendagri No. 90 of 2019, for example, of all the proposed upgrades that have been submitted, only 80% have been discussed. Meanwhile, related to SIPD, currently only 53% of regions have done their input. (DG of Regional Development Assistance, MoHA, August 5, 2020).

Third, regional governments must unify their understanding with the DPRD related to the change in regulations. If this is not carried out, there is a concern that there will be differences in perceptions between the local government and the DPRD, which may lead to protracted discussion of planning documents, which in turn will result in delays in the APBD approval process.
IV. RECOMMENDATIONS

It is feared that the various situations and challenges faced above will cause delays in ratifying the APBD, or even if the APBD is passed in a timely manner, the quality of the proposed programs and activities reduced due to the hasty preparation. In order to solve the problems mentioned above, PATTIRO delivers the following recommendations:

1. **Gradual implementation of Permendagri No. 90 of 2019.** This recommendation is in line with Article 4 of Permendagri No. 64 of 2020, which provides an opportunity for regions that have not updated to attach the results of their program and activities mapping to the Regional Government Work Plan (RKPD). Further, the article also stipulates that the above attachment can be proposed as a KUAPPAS document, which, if approved by the DPRD, can then be stipulated as APBD. Thus, implicitly this article recognizes programs and activities that have not been updated, and implicitly states that Permendagri No. 90 of 2019 can be implemented in stages, parallel to the updating process.

2. **Evaluation of RAPBD encouraged as the update process.** Based on statutory laws and regulations, before it is passed, the RAPBD is first evaluated by the central government (for provincial APBD) and the governor (district/city APBD). This process should also be used as a comprehensive updating process for regional programs and activities in accordance with Permendagri No. 90 of 2019. After this update is carried out, the Permendagri can be fully implemented for the preparation of the 2022 APBD. This evaluation process is prioritized by implementing an online system that can be followed by local governments easily.

3. **Delay the SIPD inputing process.** In line with the updating process through the evaluation of the 2021 RAPBD, the central government should postpone the obligation of local governments to input planning documents into SIPD. Input to SIPD should only be made in the preparation of APBD for the 2022 fiscal year after Permendagri No. 90 of 2019 has been completely updated and implemented.

4. **Encourage the DPRD’s understanding of various regulatory changes related to regional planning and budgeting.** This role can not only be carried out by local governments through the process of discussing budgeting documents, but can also be carried out by the Ministry of Home Affairs through technical guidance.