

Regional Government Policies in Dealing with Covid-19 and Its Economic Implication in Indonesia

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Abstract

The Covid-19 pandemic has been influencing the health sector in Indonesia and the economy in general. To deal with the impact, West Nusa Tenggara province's regional government has reallocated the public budget to stabilize the economic condition and overcome the pandemic. This paper aims to analyze the impact of the Covid-19 pandemic on the communities' socio-economic aspects and analyze the effectiveness of policies in dealing with the Covid-19 pandemic by setting the cluster and matrix specific impacts. We used descriptive statistics and importance-performance analysis or Cartesian diagram. The findings show that the number of positive cases of Covid-19 continues to increase with a tendency to escalate. It indicates that the Covid-19 pandemic will not end soon. The general economic condition has worsened, marked by negative economic growth, increasing unemployment, and the decline of purchasing power. However, the economic condition may slightly improve as indicated by the increase of economic growth during the last two quartiles of 2020.

Keywords: *Government Policies, Covid-19 Pandemic, Budget Reallocation, Regional Budget, Macroeconomic Indicators.*

1. Introduction

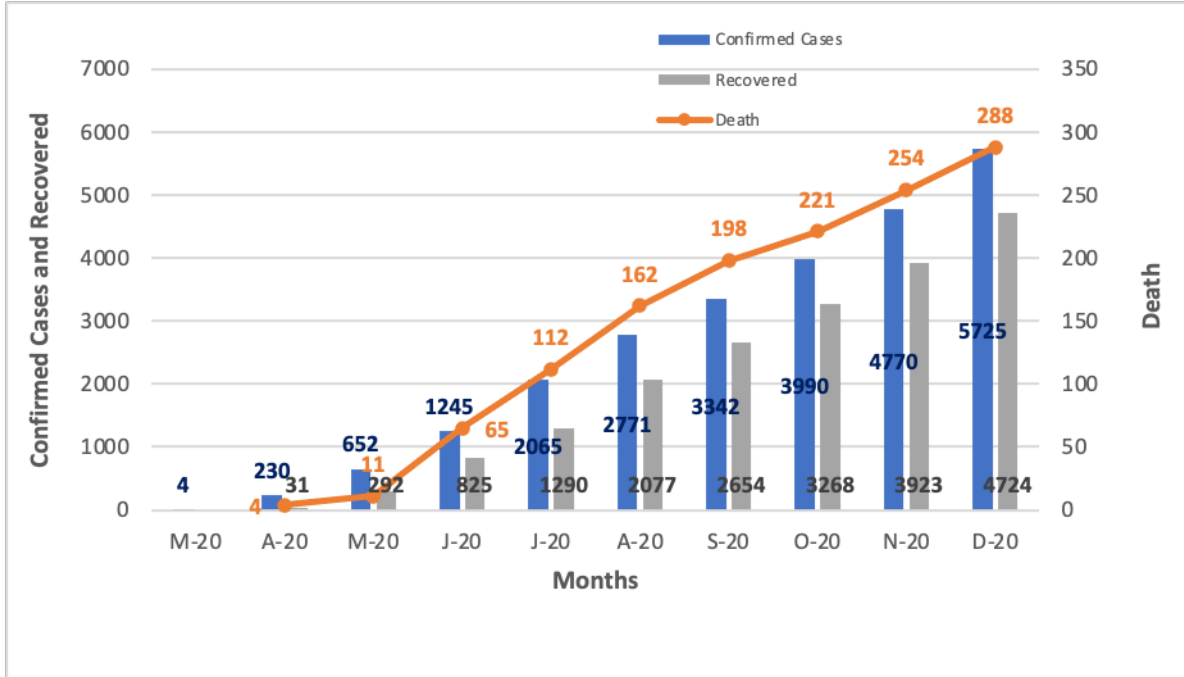
The central government of Indonesia first announced a confirmed case of Covid-19 in Indonesia on 2 March 2020 (Kompas, 3-3-2020). The number of confirmed cases then increased rapidly and reached 743,198 by the end of December 2020. Out of these confirmed cases, the number of recoveries and deaths were 611,097 and 22,138 respectively (KPC PEN, 2020). Considering this and the fact that vaccine's availability and provision remain uncertain, it is highly unlikely the number of confirmed cases will decrease anytime soon.

Since the first case was confirmed, the outbreak has been massive and spread across the country. On 24 March 2020, the regional government of West Nusa Tenggara (NTB) province declared the first confirmed case of Covid-19 in the region (CNN, 24-3-2020). Until the end of March 2020, only four people were confirmed cases and there was no death case. However, the number of confirmed cases, as well as recoveries and deaths increased significantly since then. Per December 2020, the number of all cases was increasing and there was no indication of decrease, as seen in Figure 1.

To curb the Covid-19 outbreak and the virus transmission, the central government has closed schools, places of worship, markets, shopping centres and tourist attractions, as well as limited the number of workers allowed to work from offices. Besides, the government has also issued work from home policy for civil servants (ASN) and implemented safe physical distancing measures. Furthermore, the central government has allowed local quarantine (or lockdown) if deemed necessary (Djalante et al., 2020). The debate around this policy continues to revolve around the social and economic implications (Surbakti, 2020; Suyanto, 2020). This situation is occurred in many countries around the world (Davies et al., 2020; Yu et al., 2020; Khan et al., 2020). If the central government implements a lockdown policy, then they must provide all the logistic needs. Therefore, a safer alternative is to implement the large-scale social restrictions (PSBB) (Kompas, 13-4-2020). Although the government remains responsible to provide buffers for businesses and safety nets for the vulnerable, the PSBB would not be as crippling as when a full lockdown was at place.

Since the outbreak started and the social restriction was implemented, temporary suspension and layoffs continue to increase every day. This condition raises new problems, namely a decrease in purchasing power and subsequently the weakening economic growth (Gusman, 2020; BPS, 2020). If the Covid-19 pandemic is not fully controlled soon, the economic impact will be more severe as the economic growth keeps slowing down, which may end up in recession.

Figure 1. Number of Confirmed Cases of Covid-19, the Deaths and the Recoveries in NTB Province



Source: Satgas Covid-19 NTB, <https://corona.NTBprov.go.id/all-list-data> (processed data)

In the second quarter of 2020, developed countries such as Singapore, Germany, the United States, South Korea, and Hong Kong had declared an economic recession (Uly, 2020) after the economic activities had been declining in several months and hit negative economic growth in in two consecutive quarters (Putsana, 2020). Indonesia's economic growth also contracted during the last three quarters of 2020 (BPS NTB, 2020; BPS NTB, 2020a; BPS NTB 2020b; BPS NTB 2020c). Likewise, the economic growth in several regions in Indonesia have also experienced contraction at various levels (BPS, 2020b).

Therefore, it is crucial to do a study on the impact of Covid-19 pandemic on the regional economy suffered more and assess the policies issued by the regional government in overcoming the effects of Covid-19, especially in the economic sector. The results of this study is expected to provide information for the policy making in response to disruptive conditions such as the ones caused by the pandemic.

This paper aims to provide a brief description, analysis, and evaluation of the impact of Covid-19 on the economy of NTB province and the regional government policies to deal with it. It focuses on specific variables of macro-regional economics and captures the current government policy as responses to the crisis. This paper can be seen as a 'real-time evaluation' as it provides insights and lessons for the regional government to improve and adjust the existing policy options.

There are three objectives of this paper. *First*, to describe the impact of Covid-19 pandemic on the performance of the economic and social aspects of NTB province. *Second*, to analyze the regional government policies in dealing with the Covid-19 pandemic by setting cluster and matrix specific impacts.

2. Literature Overview

The Covid-19 pandemic could lead to the most significant economic crisis since the Great Depression of the 1930s (Cifuentes-Faura, 2021; Baker et al., 2020). Due to the health crisis, governments worldwide implement unprecedented lockdowns and mandating businesses to shut down for extended periods (Panyagometh, 2020). In addition to the threat to people's health posed by Covid-19, there are also concerns about its economic effects (Fetzer et al., 2020). Due to the health crisis, the economic growth is slowing down; global trade is decreasing; health sector is hurting; unemployment and underemployment is increasing; Foreign Direct Investment is reducing, and the tourism sector is hurting (McKibbin and Fernando, 2020; Ramelli and Wagner, 2020; Davies et al., 2020).

Some recent studies have tried to reveal the impact of the unprecedented Covid-19 pandemic on the economy. A descriptive study carried out by Khan et al. (2020) found that Covid-19 has significantly affected several major economic variables such as economic growth, global trade, health sector, unemployment and underemployment, foreign direct investment, and the travel and tourism sector.

Another study by Hoque et al. (2020) predicts that due to the lockdown enforcement and voluntary social distancing, the forgone revenue of China from tourism, travel, catering, and leisure was 75 percent, or approximately \$95 billion loss in 2020. Meanwhile, the International Labor Organization (ILO) reported that around 25 million jobs could be lost globally (ILO, 2020).

Studies of the impact of Covid-19 on the global market show global financial markets recorded sharp declines, and volatility was at similar or even higher levels than in the financial crisis that began in 2008 (Cifuentes-Faura, 2021; DeChambre, 2020; Estrada et al., 2021; Haldar et al., 2021). Ramelli et al. (2020) analyzed the reaction of the U.S. stock market toward COVID-19. They found that international trade and global value chains play an essential role in company value. Another study carried out by Davis et al. (2020) investigated the reaction of market shocks toward news about Covid-19. The study revealed that bad news triggered significant negative abnormal returns for firms with high exposures to Covid-19, such as the travel and lodging sectors.

Several studies aim to investigate the reaction of the stock market on Covid-19 in developing countries found that the Covid-19 has a significant impact on the stock market's volatility. Ibrahim et al. (2020) found China, Japan, South Korea, Malaysia, and the Philippines experienced high volatility over the long-term horizons. Other Asian countries such as Vietnam, Malaysia, and Laos experienced medium volatility over the medium-term horizons. Panyagometh (2020) found that most securities in the Thai stock market have been adversely affected by the pandemic. However, stocks in different sectors have varied in price responses, as some businesses may have benefitted from the pandemic. Olakojo et al. (2020) concludes that the negative impact of Covid-19 on stock markets in lower-income countries will linger compared to higher-income countries.

The government plays a significant role in curbing the spread of Covid-19 by instituting policies in many areas, including public health and beyond public health (Maora et al., 2020). Capano et al. (2020) noted that governments worldwide had issued a wide variety of policy measures to deal with the Covid-19 pandemic and its social and economic fallout. The policy measures in public health include lockdowns and closings, virus testing, and contact tracing. Meanwhile, to overcome the economic effect of the pandemic, such as unemployment, poverty, business declining, and economic disparity among groups of people, governments have been issued a wide variety of fiscal stimulus and other measures. Nevertheless, the policy measures at the national level have been investigated, and some articles have been published, the study of the theme at a regional level is hardly found. Therefore, this article aims to contribute to the theme by investigating the impact of policy measures especially on economic sector in regional level.

3. Research Method

Different authors have measured the impact of Covid-19 pandemic to economic performance of the regions in a variety of ways including qualitative as well as quantitative analysis (Khan et al., 2020; Coccia, 2021). The method used to achieve the research objectives is descriptive statistics and qualitative analysis. The descriptive statistics is to describe the quantitative facts related to economic performance, which consists of the economic growth rate, the inflation rate, the unemployment rate, the poverty rate, the disparity rate, the regional government budget, the local banking industry data, and the banking data of Regional Development Bank (BPD) of NTB. The banking data consists of third-party funds, total credit, and credit for MSMEs (micro, small, and medium enterprises).

The qualitative analysis used in order to gain insights into the effectiveness of government policies to overcome the effect of Covid-19 pandemic. The primary qualitative data include the local government's policies in dealing with the impact of the Covid-19 pandemic, covering the local government regulations (Perda and Pergub), the regional budget policies (APBD), and the economic recovery policies. To measure the performance indicators, we employed importance-performance analysis (IPA) or Cartesian diagram (Tileng et al., 2013). We could compare the confirmed cases of Covid-19 with the economic condition and between the economic situations and the issued policies through the diagram.

4. Results Findings and Discussion

4.1. Implemented Regional Government Policies

To cushion the impact of Covid-19 on the economic and health sectors, regional governments across Indonesia have issued various policies (Ayuningtyas et al., 2020), including revising the 2020 APBD. The NTB provincial government has changed the APBD by issuing a governor regulation (Pergub) number 4 of 2020 concerning the changes in translation of APBD 2020 on 13 April 2020. The changes might have caused the regional income to decrease by IDR412.3 billion (Rakhman, 2020). The largest decrease occurred in the general allocation fund (DAU) and local own-source revenue (PAD).

The revision of regional revenues brought about adjustment to the regional expenditure. Inevitably, regional spending dropped as the revenue decreased. The nominal value of regional spending reduction was greater than the decline in the revenue. The reduced provincial expenditures included the spending on subsidies, grants, social assistance, revenue sharing at districts/cities, and financial assistance. The expenditure posts that have increased are personnel expenditures and unexpected expenditures (Rakhman, 2020).

Although the aggregate regional spending decreased, the regional government allocated spending for handling the Covid-19 pandemic amounting to IDR926.96 billion. The funds allocated for health management was IDR466.29 billion, handling economic impacts IDR310.51 billion, and social safety net IDR150.17 billion (Rakhman, 2020). To further reduce the economic impact, the regional government initiates the MSME/MSI (medium and small industry) empowerment programs such as by encouraging consumers to buy NTB local products, create more jobs and provide assistance to businesses and workers (Post Kota, 16-5-2020).

It is important to note that MSMEs played a significant role in the Indonesian economy. The latest Indonesian Statistics' (BPS) data shows that MSMEs provided jobs to 117 million workers or 97 percent of the sector's overall capacity in 2018. Only the remaining 3 percent worked in corporations (Purwanto, 2020). Purwanto (2020) also noted that the MSMEs contributed 61.07 percent to the country total GDP in the same period. With Indonesia's GDP in 2018 amounting to IDR14,038 trillion, the contribution of MSMEs was IDR8,573 trillion. Considering the scale of MSMEs' in the labour market and the role in the national GDP, the impact of the Covid-19 pandemic cannot be underestimated. Indeed, 84.7 percent of MSMEs have suffered from the negative effect of Covid-19 (BRI, 2020). Therefore, assisting the affected MSMEs is a necessary step to achieve a more immediate economic recovery (OECD, 2020).

Besides, the regional government, together with the regional people's representative council (DPRD), has issued a regional regulation (Perda) on controlling the disease on 3 August 2020. The Perda aims to minimize the virus transmission by

applying a fine of IDR500 thousand for anyone who does not wear masks in public places or crowds, and six-month imprisonment or an IDR50 million fine for violators of the Covid-19 protocols (DPRD NTB, 2020).

During the year of 2020, the realization of regional government expenditure in NTB was IDR19,699.26 billion or 94.66 percent of the total ceiling of IDR20.81 trillion (see Table 1). Compared to the same period in 2019, the performance of the realization of expenditures in 2020 was nominally lower. Still, its percentage of the budget ceiling was slightly higher. Unexpected expenditures' realization increased sharply from IDR12.04 billion in 2019 to IDR682.41 billion in 2020 due to an increase in the budget ceiling for unexpected expenditures as a result of APBD adjustments in dealing with the Covid-19 pandemic (Kanwil Perbendaharaan, 2020).

Table 1. Realization of the Regional Budget for NTB Province 2019-2020 (IDR billion)¹

DESCRIPTION	2020				2019		
	Ceiling (Pure)	Ceiling (Change)	Real	%	Ceiling	Real	%
REGIONAL INCOME	21,501.84	20,136.13	19,437.61	96.53	21,545.11	20,842.73	96.53
Regional Origin Income	3,877.18	3,624.00	3,634.68	100.29	3,633.12	3,597.64	99.02
Transfer Income	16,695.25	15,698.84	15,010.20	95.61	16,839.61	16,578.63	98.45
Other Legal Income	929.42	813.29	792.73	97.47	1,082.31	664.46	61.58
REGIONAL EXPENDITURE	21,613.52	20,810.28	19,699.26	94.66	22,270.13	20,411.49	91.65
Operational Expenditure	16,789.96	15,448.67	14,433.28	93.43	16,552.15	16,005.55	96.70
Capital Expenditure	3,997.3	2,911.20	2,701.24	92.79	4,497.97	4,098.16	91.11
Unexpected Expenditure	59.12	757.66	682.41	90.07	26.98	12.04	44.63
Revenue Sharing to Region	1,477.82	1,913.12	1,882.33	98.39	1,141.44	295.74	25.91
SURPLUS/DEFISIT	-822.18	-674.15	-261.65		-892.29	2,905.01	

Source: Regional Fiscal Study of NTB Province 2020 (processed data).

Meanwhile, the performance of income realization in 2020 was similar to the same period of the previous year. However, the actual amount of the regional income in 2020 was lower than in 2019 since the revenue budget ceiling in 2020 was also lower than in 2019. The amount of regional income decreased since the revenue from transfer income post dropped significantly in 2020. It is interesting to note that the realization of regional own-source income (PAD) post has increase in both value and percentage of realization. The fact shows that the Covid-19 has contrary affected on regional revenues, especially PAD, since the intensity of economic activity has significantly declined.

The local government continues to strive to overcome the impact of Covid-19 both in the health sector and in the economic sector (Rakhman, 2020). One of the instruments used by the government to stimulate economic growth in the regions is the regional budget (APBD) spending. APBD does not only plays roles as an instrument of allocation, distribution, and stabilization of public finances but also acts as a driving force and determinant of the achievement of regional macroeconomic targets, including the reduction of poverty, unemployment, and economic disparity. In other words, APBD budgeting needs to be thorough and reasonable as it can play a significant role in the economy (Afifi, 2020).

4.2. Impact of COVID-19

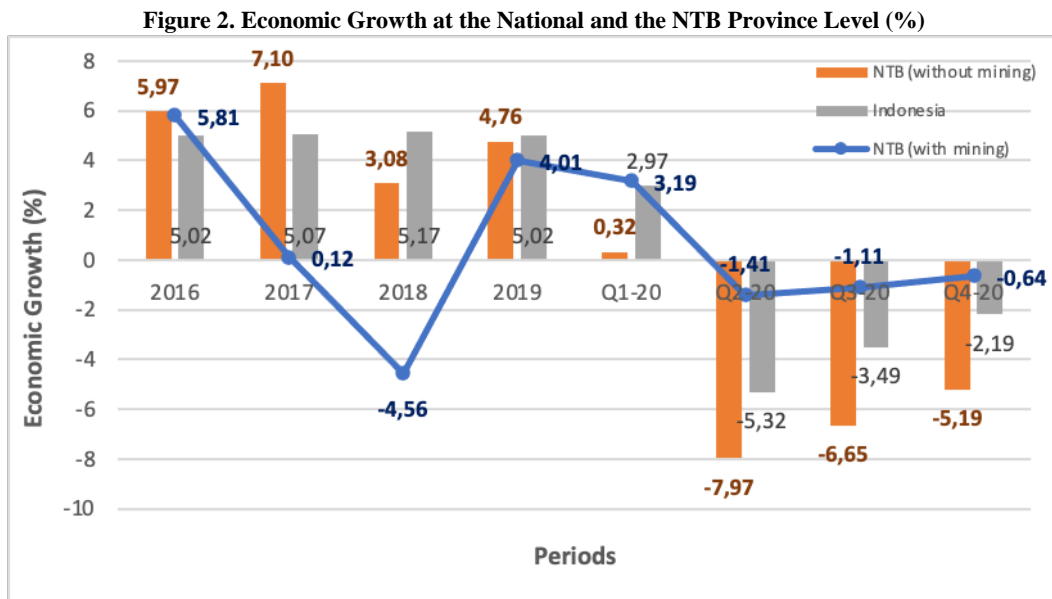
The impact of Covid-19 pandemic on the NTB economy was due to the implementation of the social restriction policies, which decreased the community mobility significantly (BPS, 2020). Bank Central Asia (BCA) economic research results show that the economic activities that were severely affected included tourism, aviation, public transportation, property and construction, manufacturing and building materials sectors. Then sectors that were affected less severely were financial

¹ The exchange rate of USD to IDR is about Rp 14.500.

services, mining, plantations, information technology and e-commerce. The only sectors with a positive growth were pharmaceutical and medical devices, food and beverages, and staple foods (Sumual, 2020).

4.2.1. Macroeconomic Indicators

The rate of economic growth in NTB province also experienced a slowdown on a year-on-year basis (see Figure 2). In the first quarter of 2020, the economy of NTB only grew by 3.19 percent (BPS NTB, 2020). The categories of business that experienced an increase compared to the conditions in the first quarter of 2019 included mining, accommodation and food and beverage, transportation and warehousing, health and social services, and other services. Meanwhile, the types of business that experienced a decline were trade, manufacturing, construction, and agriculture. The growth decline in the agriculture sector was caused by a shift in the planting period so that the peak harvest took place in April-May 2020.

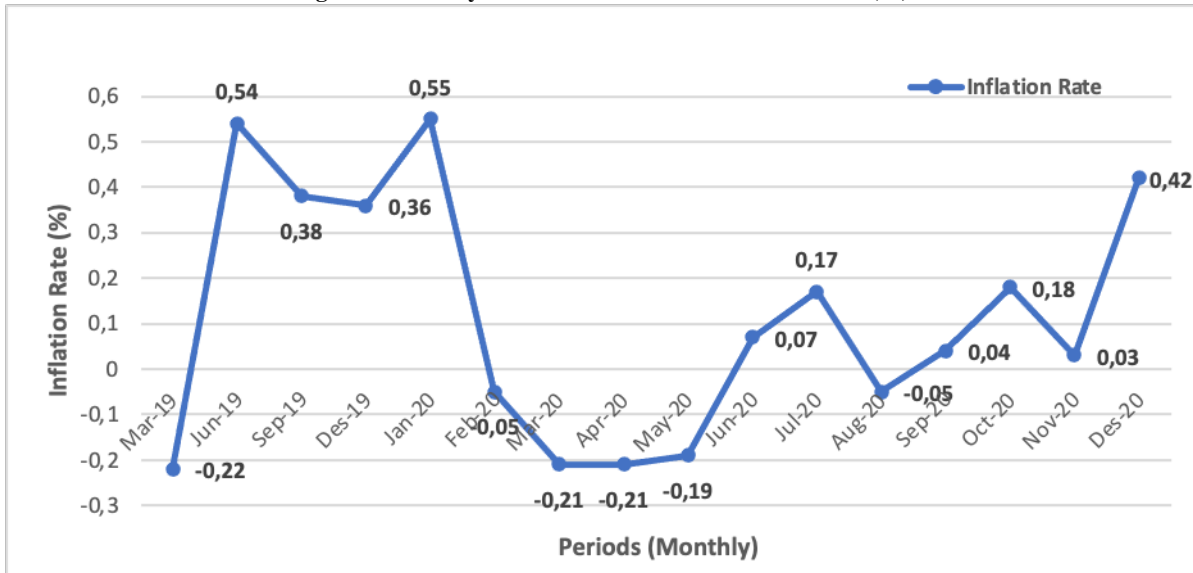


Source: BPS NTB and BI Representative Office of NTB (processed data).

In the second quarter of 2020, NTB's economic growth experienced a contraction of -1.41 percent (BPS NTB, 2020a; BI, 2020b). The decline in various business fields caused the contraction in development. This was due to the critical period of the Covid-19 outbreak during the second quarter of 2020. The deepest contraction happened in the category of accommodation and food and beverage by 58.66 percent; followed by transportation and warehousing, which contracted by 58.05 percent, and construction, which contracted by 26.71 percent. The highest growth was achieved by mining and excavation at 47.78 percent, followed by the information and communication at 17.81 percent, the financial services and insurance category at 10.83, and agriculture at 7.87 percent. The economic growth of NTB province without mining in the second quarter of 2020 (year-on-year) contracted by 7.97 percent (BPS NTB, 2020b). It means that the economy suffered and it continued until the end of 2020 with a little improvement. However, the Indonesia's economic growth in 2020 was higher than the OECD's prediction which was around -2.8 percent to -3.9 percent (Afifi, 2020; BI, 2020a).

Apart from the rate of economic growth, the primary indicator for measuring financial performance is the inflation rate. The decline in economic activities as a result of the Covid-19 pandemic has significantly affected the inflation rate (Apergis et al., 2020). When the Covid-19 outbreak began, the inflation contracted deeply (see Figure 3). The negative growth rate remained until June 2020 (BPS NTB, 2020c). Even during the Eid al-Fitr in May 2020, which in a normal situation would cause inflation (Olivia, et al, 2020), did not drive up general prices. This indicates that people purchasing power in general was decreasing despite the social assistance from the national and regional government. However, in the last four months of 2020 inflation tended to increase due to the relaxation of social distances and the resuming of economic activities.

Figure 3. Monthly Inflation in NTB Province 2019-2020 (%)



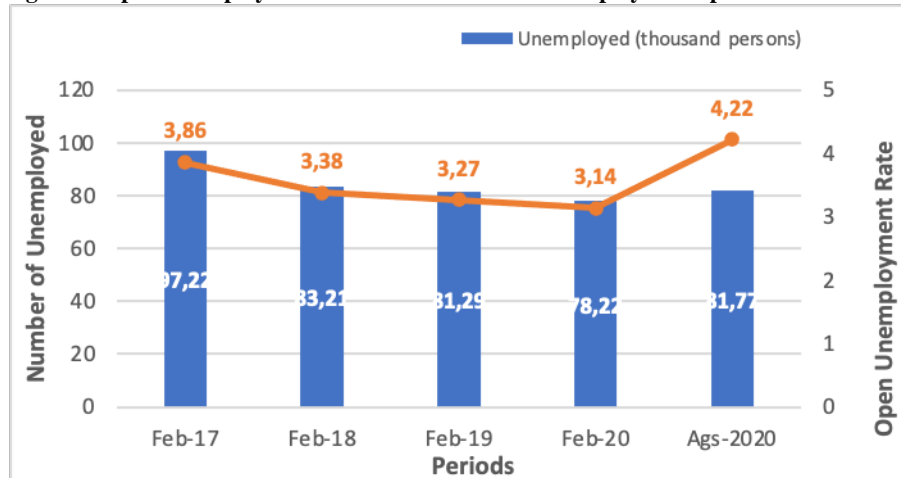
Source: BPS NTB (2020f) (processed data).

The government's social restriction policy, followed by the shutdown of the economy caused many job terminations. Head of NTB Provincial Manpower and Transmigration Office, Agus Patria, said 180 companies have terminated the employment of 11,000 employees because there were no income for the businesses. Most of those employees worked in hotels, villas, and restaurants (Kompas, 15-4-2020).

4.2.2. Sectoral Indicators

Head of NTB Provincial Tourism Office, Lalu Muhamad Faozal, mentioned that 4,000 hotel and restaurant employees stayed at home because of there were no visitors during the Covid-19 pandemic. There were also as many as 100 job terminations because companies could not pay the salaries as an impact of the Covid-19 pandemic (Kompas, 15-4-2020). The United Nation World Tourism Organization (UNWTO) predicted that the international tourist arrival could decrease by 20% to 30% across the world during 2020 (Khan et al., 2020). As a result, unemployment increased significantly in August 2020 (BPS NTB, 2020e). However, in 2021 this could decline along with the improvement of economy, as indicated by the increase of economic growth during the last two quarters of 2020.

Figure 4. Open Unemployment Rate and Number of Unemployed People in NTB Province

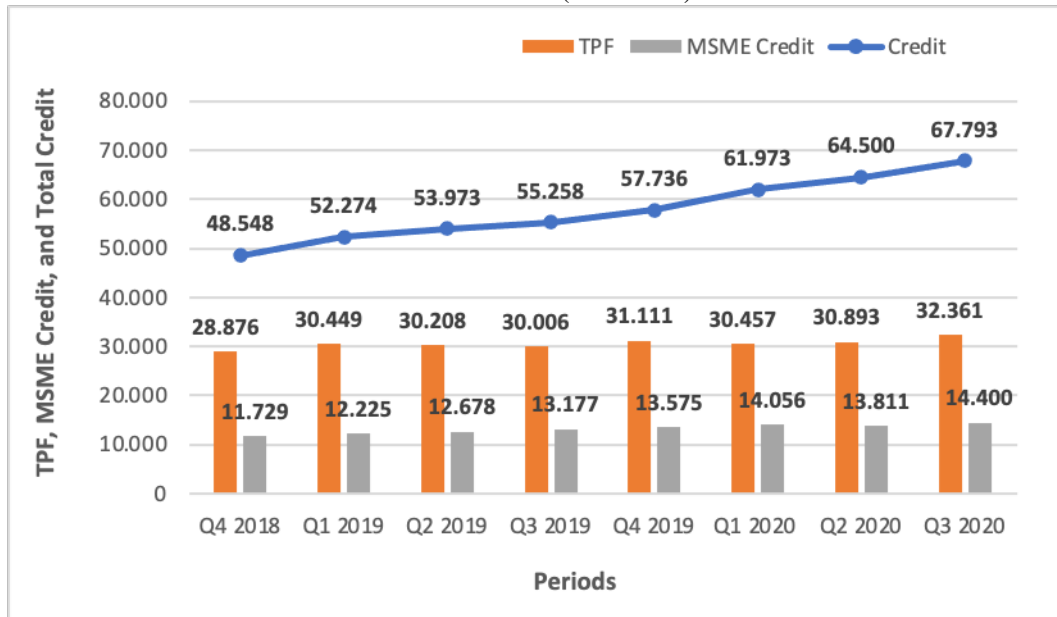


Source: BPS NTB (processed data).

Large-scale social restrictions have reduced people’s mobility so that the number of tourist arrivals sharply decreased (Travel Dream, 2020). It impacts the economic growth in transportation and warehousing, as well as in accommodation and food and beverage. The suspended economic activity further led to the increased unemployment rate as shown in Figure 4. Although there was a great number of suspensions and terminations in April 2020, in August 2020, the number of job terminations did not increase just as much as in the previous months as there was a relaxation of social restrictions since June. The policy was intended to improve the economic condition of the country and to provide opportunities for the people to work as well as to continue the business operation.

The banking industry's performance in the second quarter of 2020 was still positive, mainly supported by credit, which grew by 19.50 percent (year on year) (see Figure 5). This credit growth was mostly the contribution of credit to the productive sector, which was still growing at a steady pace. Meanwhile, the third-party funds (TPF) only increased by 0.02 percent (year on year). The decline in TPF was in line with the shift from allocating funds for saving to allocating them for consumption. The MSMEs’ credit continued to grow positively, with the second quarter sitting at 8.94 percent (year on year) (BI, 2020).

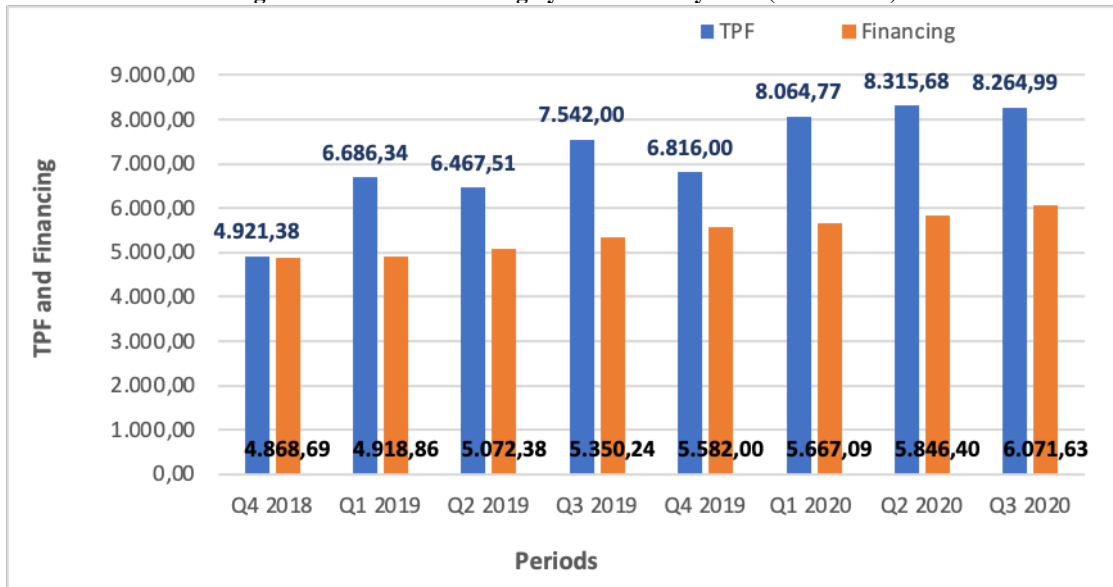
Figure 5. Thi2rd-party Fund (TPF), Credit, and MSME Credit by the Banking Industry in NTB Province (IDR billion)



Source: NTB Economic Development Report for Quarter III 2020 (processed data).

The performance of Bank NTB Syariah, regional government-owned bank, also shows a positive trend marked by positive growth both from TPF and financing (see Figure 6). In the second quarter of 2020, TPF continued to grow by 28.58 percent (year on year), while funding grew by 15.26 percent (year on year) (Bank NTB Syariah, 2020a). The high growth of financing at Bank NTB Syariah and credit growth in the banking industry in NTB show that economic activities were still running well. This indicates that the impact of Covid-19 on the banking and financial sector was not as severe even when the TPF slightly decreased in the third quarter of 2020 (Bank NTB Syariah, 2020c).

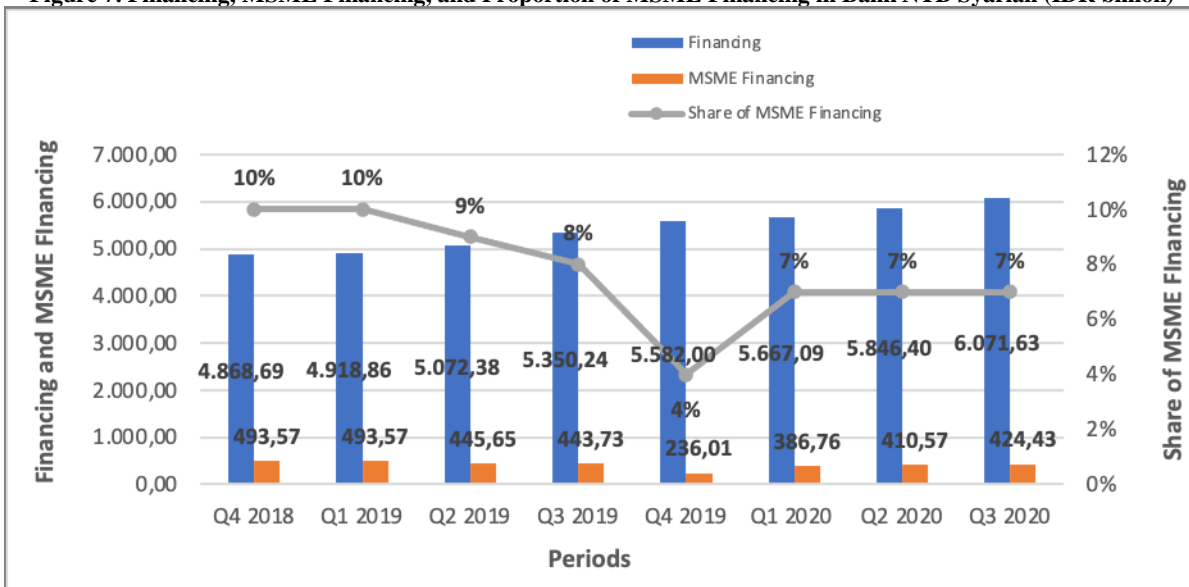
Figure 6. TPF and Financing by Bank NTB Syariah (IDR billion)



Source: Bank NTB Syariah Financial Report (processed data).

Although the financing and mobilization of public funds carried out by Bank NTB Syariah continued to increase, its contribution to the development of MSMEs tended to decline (see Figure 7). The proportion of MSMEs' financing was only at 7 percent, even though it was higher than in the fourth quarter of 2019 but on a year on year basis, the overall financing was still 2 percent lower (Bank NTB Syariah, 2020; Bank NTB Syariah, 2020b, Bank NTB Syariah, 2020c). Besides, the nominal value of funding for MSMEs was lower and decreased by 7.9 percent. It shows that the assistance from Bank NTB Syariah to the development of MSMEs was still not optimal.

Figure 7. Financing, MSME Financing, and Proportion of MSME Financing in Bank NTB Syariah (IDR billion)

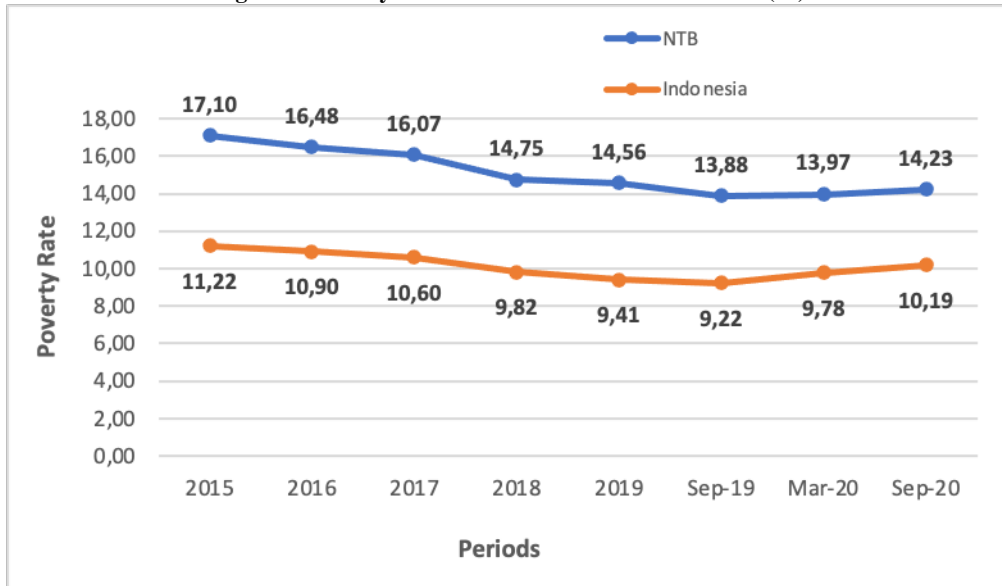


Source: Bank NTB Syariah Financial Report (processed data).

4.2.3. Poverty and Inequality Indicators

The shutdown of economic activities also caused the poverty rate to increase slightly. This rate, however, could be curbed by the social assistance policy initiated by both the central and regional governments. In September 2019, the number of poor people was 705,680. In March 2020, it increased to 713,890 people. In other words, the rate increased from 13.88 percent in September 2019 to 13.97 percent in 2020 (see Figure 8).

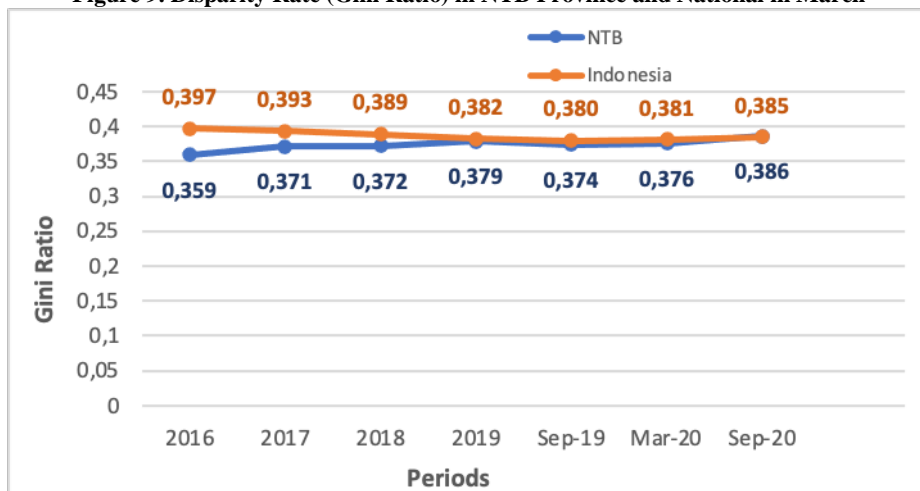
Figure 8. Poverty Rate in NTB Province and National (%)



Source: BPS RI, BPS NTB (2020g), and BPS NTB (2020h) (processed data).

The disparity among the layers of community tended to get narrower, but the Covid-19 pandemic has turned it around so that in March 2020, the Gini Ratio increased slightly as seen in Figure 9. This condition could be attributed to the increase in the number of open unemployment and the number of poor people in the same period. The social assistance provided by both the local and the central governments, and the social benefits did not stop the widening inequality of income in NTB, especially in September 2020 when the disparity rate exceeded the national level.

Figure 9. Disparity Rate (Gini Ratio) in NTB Province and National in March



Source: BPS RI and BPS NTB (processed data)

4.2.4. Policy Evaluation

Although the regional governments—at the provincial and district levels—have revised the regional budget (APBD) and allocated a relatively large budget for handling Covid-19 and its impact on the socio-economy, the number of cases continue to grow. Meanwhile, since the second quarter's economic performance showed a worsening trend, marked by downward and negative growth. The economic growth without mining, which is an indicator of the people's livelihood, showed an increasingly sharp decline in growth during the last three quarters of 2020. Similarly, the EU economy is forecasted to contract by 8.3% in 2020 and several countries in Europe such France, Italy, Spain, and United Kingdom are expected to grow greater than -10 % (Cifuentes-Faura, 2021). Meanwhile, China is predicted recover rapidly with a growth rate of 8.2% in 2021, higher than remaining countries (Wang et al., 2021).

The social assistance and economic stimulation did not increase people's purchasing power and the economic sectors' growth as well. People's purchasing power was relatively low due to the large number of job terminations and the reduced income. Therefore, the demand of consumer goods and services decreased significantly. As a result, inflation rate also declined during the second quarter of 2020, and only picked up in the following third quarter. The increase in inflation at the beginning of the third quarter of 2020 was more due to the shortage supply as a result of the halted economic activities, mainly the production and distribution. The social restriction policy with partial lockdown is suspected to be the cause of the decline in the performance of economic indicators as seen in many countries around the world (Coccia, 2021; Ramadi et al., 2021).

By employing importance-performance analysis (IPA) (Tileng et al., 2013) we could compare two indicators of government performance in dealing with the pandemic. We compared: a) the number of confirmed cases of covid-19 with the economic condition during the pandemic; and b) between the economic condition and the issued policies. Each of the comparison would result in four possibilities that can be described in importance-performance matrix (IPM) or often called the Cartesian diagram. The IPM consists of four quadrants based on importance-performance measurement result as presented in the figures below.

Mapped in a Cartesian diagram comparing the number of cases and the economic conditions, the position of the province of NTB is in quadrant I (see Figure 9). The confirmed cases continued to grow while the economic conditions tended to increase. Meanwhile, the comparison between the policies and the economic conditions showed that the province of NTB is in quadrant I (see Figure 10). The economy was slightly improving, and there were local government policies. This shows that the regional government had issued policies to deal with the Covid-19 pandemic and made efforts to recover the economy but it had not succeeded in overcoming the pandemic. It seemed that the economic condition slowly recovered even though the growth remained negative. Comparison of the findings with those of other studies confirms that China had relatively few cases of COVID-19 by the end of March 2020 due to decisive and early interventions, effective mobilization of resources and strong collaboration between the state and society in containing the spread of the virus (Wu et al., 2020). Moreover, difference economic and health performance among countries around the globe are driven by both the quality of the government response to the pandemic and by countries' exposure to the international transmission of the pandemic's impact, notably via tourism (König et al., 2020).

Figure 10. Cartesian Diagram between the Covid-19 Cases and the Economic Conditions in NTB Province

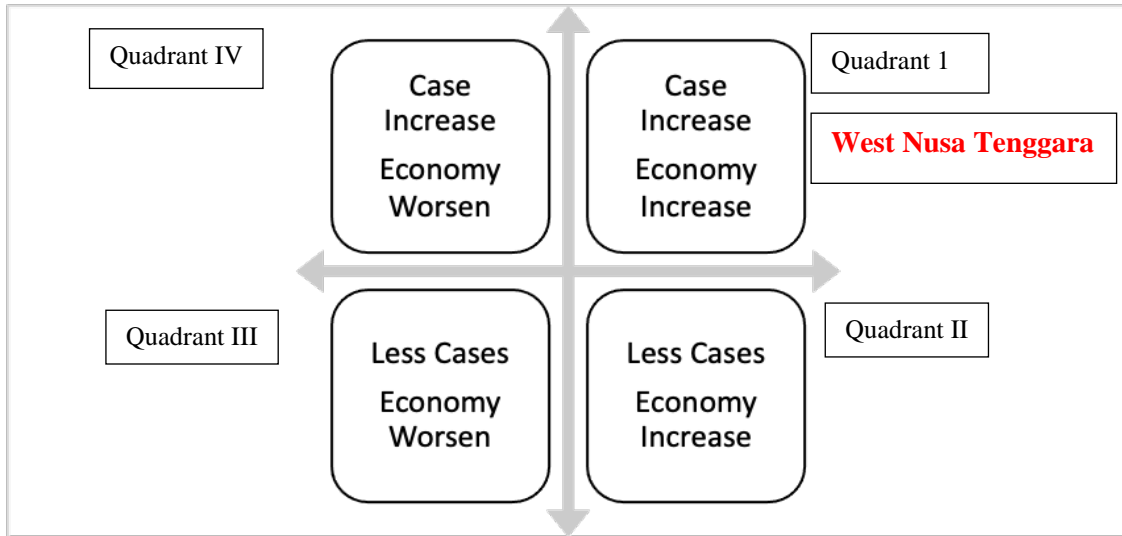
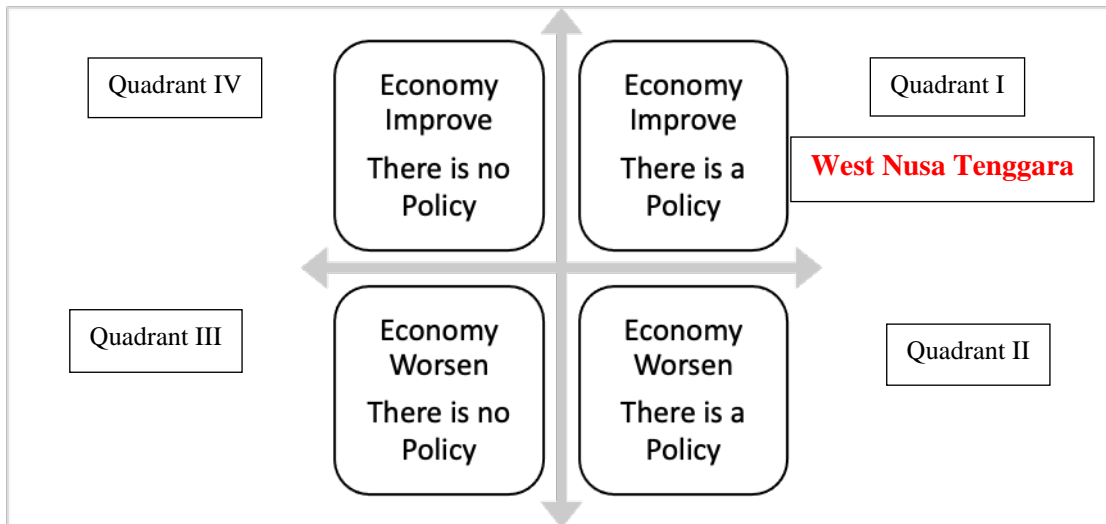


Figure 11. Cartesian Diagram between Economic Conditions and Policies in NTB Province



4. Conclusions

The Covid-19 pandemic in the province of NTB has affected the community's social and economic conditions. This study has found that the confirmed cases of Covid-19 has continued to increase with a tendency to escalate. It indicates that the Covid-19 pandemic will not end soon. Meanwhile, the general economic condition has worsened, marked by the negative economic growth, the increasing unemployment, and the decline of purchasing power. However, the economic condition has recovered slowly during the last two quarters of 2020 the contraction of economic growth has slightly decreased.

The evidence from this study suggests that although the regional government has attempted to overcome the impact of the Covid-19 pandemic by issuing new and dramatic policies, such as public budget reallocation, regional regulation institution,

MSME/SMI assistances, social benefits for the vulnerable groups, and health protocols, their effectiveness has not been optimal. The increasing number of confirmed cases of Covid-19 and the negative economic growth should alert the government and think harder to strategically revise and plan their policies. Otherwise, the current situation will end in an economic depression. Currently, the signs of economic recession is visible as indicated by the slow economic growth, rising unemployment, and decreased purchasing power.

Although the regional government is dynamically revising and refocusing the budget to handle the Covid-19 and the economic situation, efforts to increase budget absorption should become a priority—the higher the absorption of the budget for handling the impact of Covid-19, the higher its effectiveness will be. Greater efforts are needed to ensure that government policy could effectively lessen the spread of covid-19. Two studies by Coccia (2021) and Dash et al., (2021) emphasis that an effective strategy to reduce the negative impact of future epidemics/pandemics similar to COVID-19 and for a more resilient economy Government should invest more resources in the healthcare. Thus, further research could analyze and reassess public health expenditure programs and measure the impact of social security programs on the people welfare.

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