Research Article

Revisiting Financial Resilience During The COVID-19 Pandemic: Case Study from The Indonesian Local Government

การศึกษาความยืดหยุ่นทางการเงินในช่วงสถานการณ์การแพร่ระบาดของโรค COVID-19: กรณีศึกษาจากรัฐบาลท้องถิ่นของประเทศอินโดนีเซีย

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Abstract

The COVID-19 pandemic hits economic sectors hard, leading to an economic crisis, which affects social and wealth inequalities. Financial resilience, thus, has given rise a research agenda on how institutions cope with the pandemic. Central to this study is the Indonesian local government–the village–in coping with the crisis, following financial resilience framework developed by Barbera, Jones, Korac, Saliterer, and Steccolini (2017). This study highlights that the environmental conditions are not adequate to draw resilience pattern, requiring critical consideration and organizational development, including village's anticipatory and coping capacities. In addition, perceived vulnerability can view anticipatory and coping capacities. This study provides relevant implications for policymakers to consider the importance of strengthening institutional and financial capacity toward resilience. For public administrator, the reliance on external setting and nationally imposed

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regulations to exercise readiness in coping with crisis is partially suggested. Yet, depending on internal sources and vulnerabilities can lead to more understand financial resilience.

Keywords: *Financial Resilience, Local-Level Government, Accounting Role, Village Fund, COVID-19*

บทคัดย่อ

สถานการณ์การแพร่ระบาดของโรค COVID-19 สร้างความเสียหายต่อภาคเศรษฐกิจจนนำไปสู่วิกฤตเศรษฐกิจที่ส่งผลกระทบต่อความเหลื่อมล้ำทางสังคมและความมั่งคั่ง ดังนั้น ความยืดหยุ่นทางการเงินจึงกลายมาเป็นวาระการวิจัยเพื่อศึกษาว่าสถาบันต่าง ๆ จัดการกับสถานการณ์การแพร่ระบาดของโรค COVID-19 อย่างไร งานวิจัยนี้มุ่งศึกษาการจัดการกับปัญหาสถานการณ์การแพร่ระบาดของโรค COVID-19 ของรัฐบาลท้องถิ่นในชุมชนของประเทศอินโดนีเซีย โดยใช้กรอบแนวคิดความยืดหยุ่นทางการเงินที่พัฒนาโดย Barbera et al. (2017) ผลการศึกษาแสดงให้เห็นว่าเงื่อนไขทางสภาพแวดล้อมไม่เพียงพอต่อการสร้างรูปแบบของความยืดหยุ่นได้ จำเป็นต้องใช้การพิจารณาอย่างมีวิจารณญาณและการพัฒนาองค์กร รวมถึงสมรรถภาพในการคาดการณ์สิ่งที่จะเกิดขึ้นในอนาคตและสมรรถภาพด้านการจัดการปัญหาของชุมชน อย่างไรก็ตาม การตระหนักถึงความไม่มั่นคงสามารถใช้ในการพิจารณาสมรรถภาพในการคาดการณ์สิ่งที่จะเกิดขึ้นในอนาคตและสมรรถภาพด้านการจัดการปัญหา นอกจากนี้ ผลการศึกษายังให้ประโยชน์เชิงปฏิบัติที่เกี่ยวข้องต่อผู้กำหนดนโยบายเพื่อพิจารณาความสำคัญในการเสริมสร้างความแข็งแกร่งของสมรรถภาพของสถาบันและสมรรถภามทางการเงินผ่านแนวคิดความยืดหยุ่น รวมถึง เจ้าหน้าที่บริหารรัฐกิจที่ต้องนำข้อกำหนดภายนอกและกฎระเบียบที่บังคับใช้ระดับชาติเพื่อบริหารความพร้อมในการจัดการวิกฤตนี้ ยิ่งไปกว่านั้น การพึ่งพาทรัพยากรภายในและความไม่มั่นคงเป็นตัวนำไปสู่การทำความเข้าใจความยืดหยุ่นทางการเงินที่มากขึ้น

คำสำคัญ: *ความยืดหยุ่นทางการเงิน รัฐบาลท้องถิ่น บทบาทของการบัญชี กองทุนหมู่บ้าน COVID-19*

Introduction

The Devastating impact of the COVID-19 has been generating enormous both social and economic change, leading to economic turbulence, which affects social and wealth inequalities, particularly in developing countries. For general and practical relevance, however, the pandemic provides an opportunity for a lesson learned, especially about how institutions cope with the crises and the impact on their financial circumstances. The question on how institutions–enhancing institutions' adaptive responses to the crises–has rekindled attention among scholars (Hopwood, 2009). One of the studies from Gendron and Smith–Lacroix (2015), that comprehensively comprehend the effect of financial crisis on considerable shows a reform of the political economy

which can shape a new knowledge on alternative models both in the financial practice and research agenda. A research agenda on financial resilience in the institution, thus, provides relevant implications for the public sector–particularly for the local government nearest to the citizens which provides services to respective constituents. Central to this study is the local government in Indonesia–the largest economy in Southeast Asia. The Indonesian local-level government, simply called 'the village' (Indonesian: *desa*) is an appealing case study given three out of five Indonesians live in the village (characterized mainly by agricultural features) (International Fund for Agricultural Development: IFAD, 2020). It is worth mentioning that overall country development can be seen from the village.

As a unitary state, the Indonesian government structure is divided into five levels of administration (See Figure 1), such as central government, provinces, regencies and cities, districts, and villages (the lowest-level administration office).

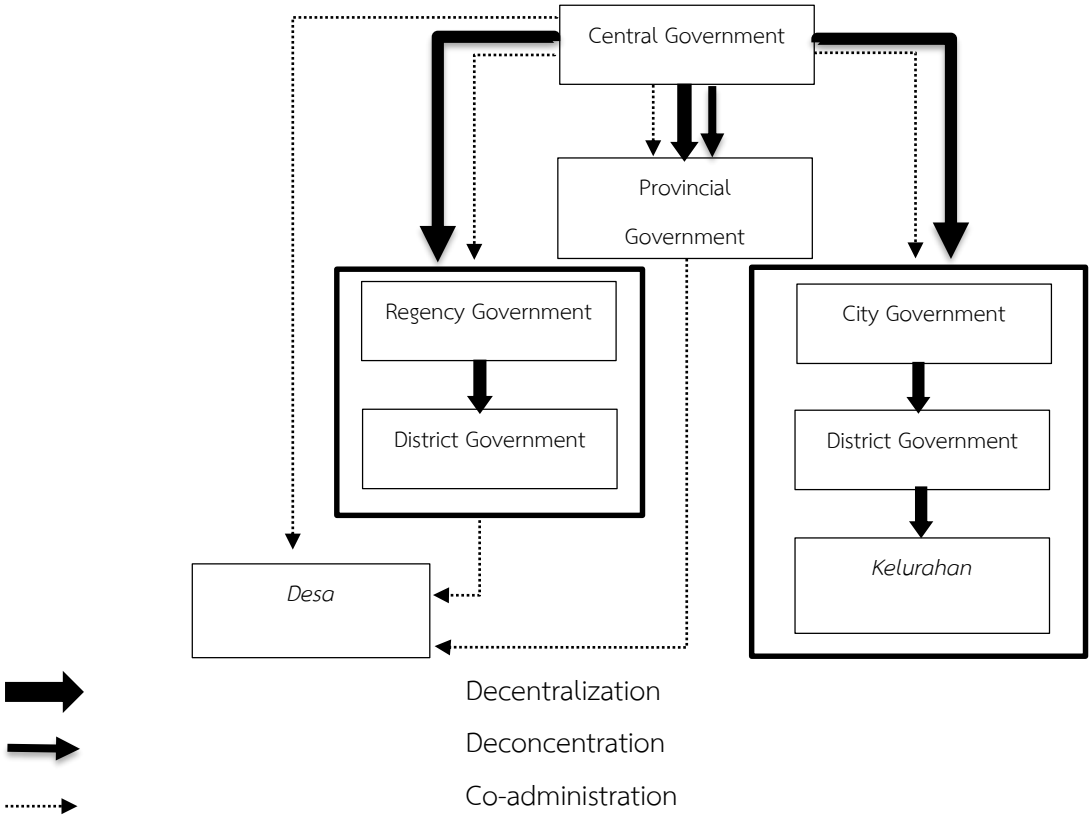


Figure 1 Basic Structure of Government Authority

Source: Badin Pengawasan Keuangan Dan Pembangunan: BPKP (2015).

Throughout most of history, especially Indonesia's regional government administration system, has been amongst the most centralized across countries in the world (Lewis, 2005). The Village Law (UU No. 6/2014), then embarks on a significant continuation of post-1998 historical pendulum to move toward greater decentralization. The Law not only provides clarity on the administrative status of villages, but also triggers to close the gap of urban-rural development (Utami, 2018). The number of villages in 2021 reaches 83,794 villages (Badan Pusat Statistik: BPS, 2022a), with this huge number, the government finds it challenging in fairly distributing the fund, given the vast variations in size (population, total area), poverty levels, and the development level of villages. The Minister of Finance, under regulation No. 49/2016 "Allocation, Distribution, Utilization, Monitoring and Evaluation Mechanism of Village Fund", formulate the allocation of the Village which is technically calculated by the formula shown in Table 1.

Table 1 The formulation of the village fund allocation

Formula per district/municipality	**Formula per village**
Total villages x basic allocation per village (90% of total Village Fund / number of villages)	Basic allocation (90%)
The remaining 10% is calculated based on the population variable (weighted 25%), poverty rate (weighted 35%), total area (weighted 10%), and construction cost index (IKK-weighted 30%). Note: Construction cost index is considered as a proxy to measure the level geographic constraints.	Allocations are calculated with the key variables (population, poverty rate, total area, and geographic constraint level of each village) Note: Geographic constraint level is determined by the availability of basic service infrastructure, infrastructure conditions, and accessibility/transport).
Determined by central government	Determined by mayor/Head of district

Source: Bappenas (2017).

In terms of the income, the village earns revenue from own revenues (PAD), shared tax and non-tax revenues (DBH) (Lewis, 2015), Village Fund, provincial aid, and other lawful local revenue. The Village Fund alone (known as *dana desa*) is a fixed revenue earmarked from the national state budget (APBN)–a large-scale fiscal decentralization program that has delegated budget and authority to the village. Despite profound dynamics and challenges, the Village Fund can ostensibly discern service delivery improvement and reduce social inequality and poverty as a core mandate of The Village Law.

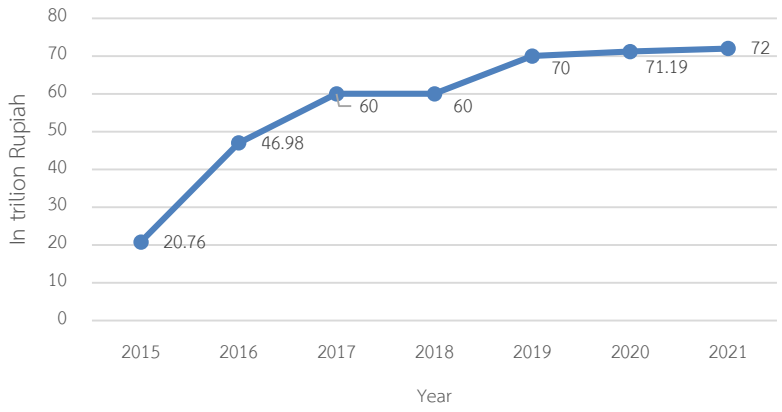


Figure 2 Village fund transfer from 2015 to 2021

Source: Created by author from many sources

Figure. 2 presents the amount of village fund transfer, and Figure. 3 shows the number of villages that received Village Fund from 2015 to 2021. It shows that the village fund transfer from the central to the village dramatically increases every year. In 2015, Rp20.76 trillion was distributed to 74,093 villages, while it increased significantly in 2016, which was accounted for Rp46.98 trillion to 74,754 villages. The graph shows no change in village fund transfer from 2017 and 2018, which was Rp60 trillion. In contrast, an increase with approximately Rp10 trillion appeared in 2019, bringing it to Rp70 trillion, distributed to 74,953 villages. Besides, the central government transferred Rp71.19 trillion to 74,950 villages in 2020. According to Regulation of the President of the Republic of Indonesia No.54/2020, Village Fund of the Fiscal Year 2020 was adjusted to be Rp71.19 trillion from previously was Rp72 trillion or decreased Rp810 million. This is due to COVID-19 pandemic hit. In 2021, there is increasing budget from 2020, which is Rp 72 trillion, and distributed to more villages (74,961).

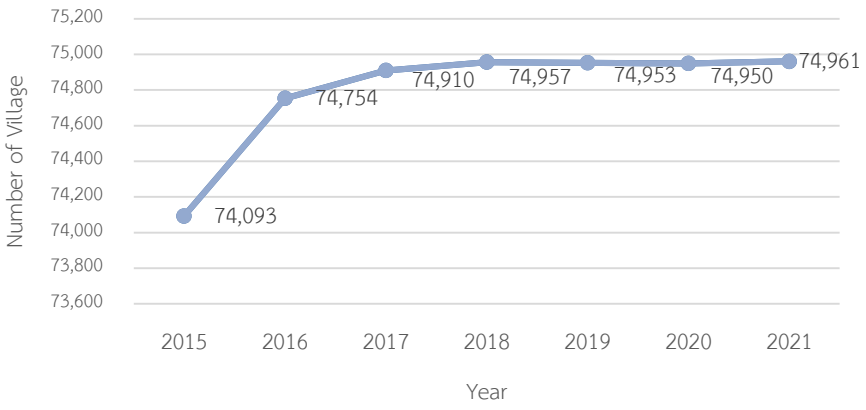


Figure 3 Number of villages that received village fund from 2015 to 2021

Source: Created by author from many sources

Several problems are often found in the Indonesian village: low institutional capacity, ineffective participatory budgeting mechanism, corruption, and inefficient resource allocation (Utami, 2018). Moreover, the COVID-19 pandemic exacerbates the village's financial inability, including the management system. It is clear to mention that the COVID-19 pandemic's impact has not only been health crisis, but also severe volatile to the economy, even worth mentioned since the Asian financial crisis (Olivia, Gibson, & Nasrudin, 2020). An additional complication–in the context of the institutional set-up–has found it difficult for Indonesian government to handle the COVID-19 spread. As Olivia et al. (2020) stated that the regulatory context, has been a main issue in a bid of virus curbs. Despite the Law No. 6/2018 on 'Health Quarantine' passed on 08 August 2018, its implementation was not in place when the COVID-19 hit in the end of 2019. During the pandemic, a predicament in a coordination always transpires from different outlook and readiness among central and local government. Some measures have been implemented by the government, until the number of COVID-19 cases seen low, like on July 2021, the government decided to relax some COVID-19 curbs, which was driven by social and economic concerns. In addition to the economic concern, the government's policy has been intended at steadying the ship, tackling economic susceptibility, and poverty reduction (the needs of the poor and addressing new potential areas of poverty) (Olivia et al., 2020). As indicated by changes in the Village Fund transfer in 2020, there is a responsive policy in terms of budgeting mechanism during the COVID-19 pandemic. Therefore,

referring to the question mentioned above–how institutions draw adaptive responses to the crises–is critical to be explored, and this study is attempting to answer this research question.

This study is constructed into 6 sections: Section 1 conveys the introduction and the research objective in this study. The literature review–a profound foundation of financial resilience–is explained in Section 2. Research approach is constructed in Section 3. In terms of empirical findings, Section 4 is comprehensively delineated, and the last section, Section 5 and 6, conclusion and suggestion are provided.

Research objective

This study delineates financial resilience in the Indonesian village. There are twofold research objectives proposed in this study. First, to describe regulations devoted to the local government during the COVID-19 pandemic. Second, to depict the local government's financial resilience during the COVID-19 pandemic.

Literature review

Financial resilience in the local government

A term of resilience reflects a cultivation of the capability to sustain development in the essence of expected and unprecedented change and varied development' trajectory and potential thresholds between them (Folke, 2016). In terms of resilience dimension, the previous literature discussed this context in very board terms, showing varied meanings and notably from a normative point of view. Some scholars focus on only anticipatory programs and risks' awareness (see, Lengnick-Hall & Beck, 2005; Somers, 2009; Linnenluecke & Griffiths 2013a; Boin & Lodge 2016), or situation awareness (McManus, Seville, Brunsdon, & Vargo, 2007). Therefore, to accommodate multiple cases of local government's reaction to the crisis, this study utilizes Barbara's framework that incorporates the view of reactions to the crisis and resilience patterns shaped by various dimensions and conditions (Barbera et al. , 2017). This comprehensive framework adds new perspectives on the role of the interactions of environmental conditions and internal capacity as well as conditions in drawing such actions and reactions over time. This framework is powerful as it enriches the resilience literature by identifying and operationalizing the pertinent dimensions of financial resilience. Barbara's financial resilience framework (see Figure 4) starts from recognizing

external shock, defined as events that substantially impact organizations, sometimes even materializing that risk of organizational failure. Perceptions play an essential role in facing crises. Individual perceptions and the managerial interpretation of conditions lead to how organizations pay attention to an event or possible shock, and which measure they take as a response to a crisis (Pearson & Clair, 1998). A study conducted by Bourmistrov and Kaarbøe (2017) shows that top level managers translate their perceptions of the crisis by tightening the control of budget across the line managers. In addition, interaction with the environmental condition is explored to draw attention in coping with crisis and design-related vulnerabilities to reflect organizational capacity in responding to the crises (Shaw, 2012). The environmental conditions including institutional, economic, and socioeconomic features are critical in forming perceived financial vulnerabilities and capacities (Barbera et al., 2017). Vulnerability can characterize the exposure's level to shocks (McManus et al., 2007), which results from both organization's external and internal sources, turning out to be an interface between the environmental circumstance and the organization (Barbera et al., 2020). Anticipatory capacities are the presence of tools and capacities that allow organizations to better recognize and manage their vulnerabilities and identify probable financial crisis before they occur, including planning, controlling, and monitoring systems and events awareness and sense making (Barbera et al., 2020). Further, anticipatory capacities as an alert for facing with crisis, that explore possible directions in repositioning and redefining services and activities and designing more inclusive strategies to the crises (Barbera, Jones, Korac, Saliterer, & Steccolini, 2021). Finally, the term coping capacity, the last domain in financial resilience framework, refers to resources and capacities that let crises be confronted and vulnerabilities to be managed, including the organization's capacity to perceive the effect of the crisis without shifting structures or function, the fundamental principles, culture, and values, and the capability to implement anti-mainstream changes, incorporating structures, functions, objectives, and also values (Darnhofer, 2014).

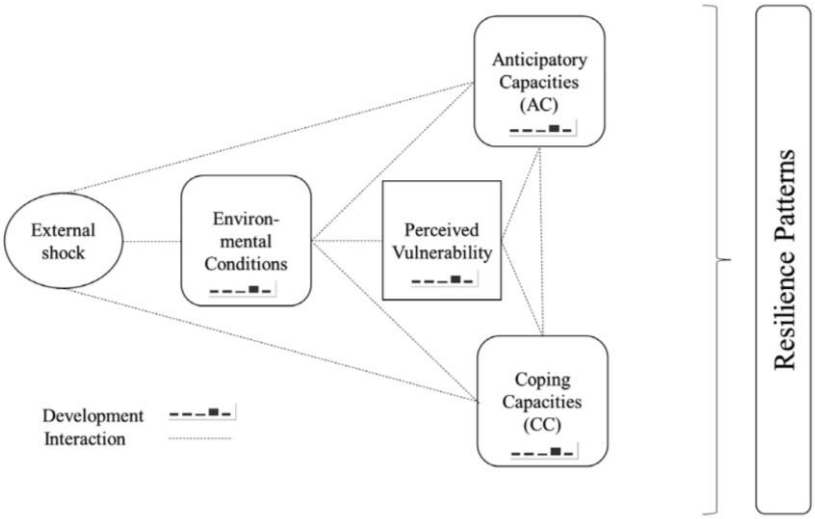


Figure 4 Dimensions of financial resilience adopted from Barbera et al. (2017)

Research methodology

This study is an interpretive study that explores financial resilience by using case-based research for fully understanding the adaptive responses to crises. As Yin (1994) mentions, the ability to deal with variety of evidence such as documents, interviews, and observations is a unique strength of case-based research. The field material was collected from 2019 to 2020 of village budget (APBDes). We also used semi-structured interviews from some key informants that are shown in Table 2, whose active roles, thus, affect the budgeting process and financial-related issues. The interview lasted from October to December 2021. This study has limitations in terms of reaching generalized implications due to only capturing three villages in Pandeglang regency of Indonesia. Among regencies, Pandeglang has the lowest Gross Regional Product (GRP) per capita (only USD 130,740.28 in 2020) (Badan Pusat Statistik: BPS, 2022b). Rural areas can view dynamic results on financial resilience pattern. This is the reason why we select the villages in Pandeglang. In addition, it is often found corruption, and the mayor is lacking in skill to organize the Village Fund (Habibi & Nugroho). The selecting criteria of the sample is based on purposive sampling. The respondents are determined by criteria or considered understood the context being studied. We conducted interviews in only three villages who responded and subjected to be informant with consent, it is quite difficult to find huge number of samples, since village apparatus are unwilling to share about financial information.

Table 2 Key informants

Code of village	*Date*	*Position*
Village 1	07 October 2021	Head of Village
	11 October 2021	Secretary
	27 October 2021	Planning Officer
Village 2	08 November 2021	Head of Village
	16 November 2021	Secretary
	24 November 2021	Planning Officer
Village 3	02 December 2021	Head of Village
	13 December 2021	Secretary
	22 December 2021	Planning Officer

Findings

This section elucidates the village budget condition from 2019 to 2020 (this period is recognized as a time of COVID-19 pandemic), and resilience capacity of the village in experiencing the crisis. Table 2. shows the change of the village budget. Looking at the Village Fund (mentioned above as a focused revenue), Village 2 and Village 3 have decreased by 17.77 % and 29.12%, respectively. In contrast, there is an increase of 21.55% in Village 1. Generally, except village government expenditure in Village 3, community empowerment and unexpected expenditure in Village 1 and Village 2 appears to decrease compared to the budget year 2019.

External shocks: village's perspective on the COVID-19 pandemic

This study begins by describing village administrators' perception of the COVID-19 pandemic. It is undeniable that the COVID-19 pandemic has already been recognized to cause a financial crisis (Fox & Bartholomae, 2020). As an early-stage phase, this perception will lead village administrators' interpretation to face a particular event. Individual perception of the "triggering" circumstance plays an essential role in dealing with the crisis, given that both anticipation and risks awareness are required by resilience (Linnenluecke & Griffith, 2013b). A vast majority of village administrators appeared to have a similar perception of the COVID-19 pandemic, which can cause a financial shock.

"Yes, it is certainly understood that it causes a financial crisis, the initial planning of funds for community development has now been postponed" [Village 1, Head of the village.]

"Obviously, due to the implementation of PSBBs, SMEs find difficulty purchasing goods, especially from villages to districts" [Village 2, Planning officer.]

"Understood, and it causes a financial crisis. The village apparatus should manage finance properly so that the village apparatus can handle it" [Village 2, Secretary]

"COVID-19 pandemic causes a financial shock" [Village 3, Head of the village.]

Table 3 Village budget of observed village administrations in 2019 and 2020 in IDR (Indonesian Rupiah)

Account	Village 1			Village 2			Village 3		
	Budget		Variance	Budget		Variance	Budget		Variance
	2019	2020		2019	2020		2019	2020	
Revenues									
Own revenues (PAD)	-	3,100,000	100%	-	-	-	2,906,500	-	100%
Transfer income									
Village fund	909,780,000	1,105,860,000	21.55%	1,306,848,000	1,074,648,000	(17.77%)	1,375,065,000	974,591,000	(29.12%)
Shared tax and non-tax revenues (DBH)	19,650,000	18,190,000	(7.43%)	15,837,000	18,302,000	15.57%	39,697,000	24,336,000	(38.70%
Village fund allocation	397,158,000	372,282,000	6.26%	399,540,000	398,880,000	(0.17%)	415,008,000	406,236,000	(2.11%)
Provincial financial aid	50,000,000	50,000,000	-	50,000,000	50,000,000	-	50,000,000	50,000,000	-

Table 3 Village budget of observed village administrations in 2019 and 2020 in IDR (Indonesian Rupiah)

Account	Village 1			Village 2			Village 3		
	Budget		Variance	Budget		Variance	Budget		Variance
	2019	2020		2019	2020		2019	2020	
Other lawful local revenue	-	-	-	-	7,201,600	100%	-	-	-
Total revenues	1,376,588,000	1,549,432,000	12.56%	1,772,225,000	1,549,031,600	(12.60%)	1,882,676,500	1,455,163,000	(22.71%)
Expenditure									
Village government administration	441,544,000	322,560,000	(26.95%)	662,097,000	490,657,600	(25.90%)	491,653,300	516,907,600	5.14%
Village development	773,009,500	427,429,700	(44.71%)	1,020,923,000	925,379,000	(9.36%)	1,111,370,000	813,472,250	(26.80%)
Community development	24,820,000	-	(100%)	25,875,000	20,565,000	(20.52%)	54,029,200	39,811,500	(26.31%)
Community empowerment	55,085,000	636,541,500	1,055.56%	16,330,000	4,880,000	(70.12%)	148,774,000	71,479,250	(51.95%)
Unexpected expenditure	5,000,000	162,900,000	3,158%	-	97,550,000	100%	-	-	-
Total Expenditure	1,299,458,500	1,549,432,000	19%	1,725,225,000	1,539,031,600	(10.79%)	1,805,826,500	1,441,670,600	(20.17%)

The perception of the COVID-19 is crucial, as it reflects self-awareness, providing organization both readiness and self-regulation in responding to the crisis. Individual perception determines how much attention is paid to external or potential crises and which measure the village takes in a form of response to the crises. More important than this individual perception is leadership skills to make decisions and manage processes. Often, village administrators are locals who have lived in that area for a long time; implementing the resilient measures requires new knowledge beyond the village.

Moreover, it entails many financial resources with a considerable responsibility to direct the spending most effectively and cope with the crisis. In line with this result, it may be expected that when village administrators recognize an intensively strong threat from outside, this will translate into profound responses in coping with the crisis.

External environment

In anticipating the crisis, resilient organizations are concerned about the external environment (McManus et al., 2007). The key informants are asked whether there are external factors directly or indirectly interacting with the village to draw strategic policies to respond to the crisis. Although the village has its own rights in terms of budget spending, the village relies on centrally imposed government regulation, particularly during the COVID-19 pandemic. The national law travels to the village with an order to implement such actions about the COVID-19 prevention.

“There is a regulation about preventing COVID-19, and it is mandatory to be implemented by village administrators” [Village 1, Secretary.]

“Following the rules or policies from the central government only” [Village 2, Secretary.]

“We just follow the regulation from the central” [Vilalge 3, Secretary]

In addition, to deal with crisis, organizations will likely rely on connections across organizational actors and inter-organizational actors (Linnenluecke & Griffiths, 2013b; Skertich, Johnson, & Comfort, 2013). However, based on our observation, the spirit of collaboration did not appear in the village in a horizontal form. Lack of cooperation between organizations members tends to establish of resilience framework poorly.

“There is no collaboration with third parties, but there is an inter-departmental approach to carry out activities that cannot be carried out during the pandemic” [Village 3, Secretary.]

There is a constraint often found in the village to perform effective communication among governmental actors, such as infrastructure and accessibility of the government office. However, interviewees mentioned that the office's location is accessible. Thus, it facilitates effective coordination among organizational members, stakeholders, and the community, and it can form strategical action to cope with the crisis.

“The government office is accessible to the community” [Village 1, Secretary.]

“Yes, the government office is in an accessible area” [Village 2, Secretary.]

“It is very accessible” [Village 3, Secretary.]

Accessibility is essential, given that resilience is indispensable in collaboration information sharing (McManus et al., 2007) and effective communication (Kendra & Wachtendorf, 2003). The environmental circumstances, including economic substance, institutional settings, and socioeconomic contexts, are considered applicable in shaping the extended resilience dimensions which are perceived financial vulnerabilities and capacities (Barbera et al., 2017).

Perceived vulnerability: peril and resources

Previous studies revealed that institutions with high level of vulnerability were linked with coping strategies, mainly in terms of managing internal resources by reducing expenditure and downsizing (Barbera et al., 2021). It led us to conduct a profound investigation on the village's financial condition, including peril and resources, reflecting the village's capacity to cope with the crisis. By looking at the financial conditions, the village budget reported the decrease of the village's income from the village fund in Village 2 -17.77% and Village 3 -29.12% in 2020. The condition indicates there is no unprecedented expense, which must be spent during COVID-19.

"No, the village's financial condition can still be controlled, but this pandemic affects the village apparatus" [Village 1, Secretary.]

A probe into the village's resources – with a focus on human capacity – most notably capacity-building creates a strong buffer for the village in managerial purposes. In addition, through PERMENVILLAGE PDTT No. 19/2020 (Regulation of The Minister of Village, Disadvantaged Regions, and Transmigration of The Republic of Indonesia on general guidelines for village community assistance), the Indonesian government provides professional facilitators to help improve the capacity, effectiveness, and accountability in terms of data collection, planning, implementation, and controlling mechanism in reaching SDGs' Village.

"Financial training from the government is invited by DMPD (Dinas Pemberdayaan Masyarakat Village, Village Community)" [Village 2, Secretary.]

"Yes, there is village financial management training in village financial system applications" [Village 3, Planning officer.]

The key instrument to accomplish this has been facilitators (*pendamping desa).* These are non-civil servant professionals hired by the Ministry of Villages and coordinated under the Village Community Empowerment Agency (PMD) with specific tasks building the capacity of village administrators and community organizations. Although the presence of facilitators helps improve

the managerial skill of villages administrator (technical capacity) and assist participatory processes to be government-financially resilient. However, assistance has probably a short-run impact, which will lead to a risk of dependence on facilitators. Vulnerability exhibits the exposure to the crisis (McManus et al., 2007; Hendrick, 2011). Nevertheless, instead of vulnerability's objective measure, it is the perceived vulnerability which has put greater emphasis in understanding financial resilience pattern (Maher & Deller 2011). Peril and resources appear in the village as a perceived vulnerability which is fertile ground in understanding financial resilience pattern.

Anticipatory capacities

Our investigation revealed a lack of anticipatory capacities, highlighting the absence of a risk management system in the village. However, the village financial system is supported by a village financial application called "*Siskeudes*" to help the village government towards effective and efficient financial management and increasing transparency and accountability in the village.

"Well, so far, it has been good, because we are using an application, so it is not complicated, we do not use a manual system anymore" [Village 1, Secretary.]

"We have the system, and it is very useful" [Village 2, Planning officer.]

"Yes, it is called 'Siskedes'" [Village 3, Planning officer.]

Siskeudes is an accounting software–incorporating technology–developed by the Financial and Development Supervisory Agency (BPKP) to make high quality village financial governance. However, this accounting technologies have not provided expected benefits in the time of crisis, that nuances the deployment of technological feature to the crisis response program. Public sector accounting technology that contributes to maintaining a high capacity to anticipate crises, including financially systematic procedures on effective planning and efficient allocation of village funds to meet public needs is critical. Given the fact that the presence of accounting and auditing technologies and their fundamental discourses–with their effective deployment–affected field dynamics in the financial crisis, both before and after its rise (Chabrak & Gendron, 2015). Local-level government's anticipatory capacities should rely on well-developed control and collegiate planning systems, deployed for projections and simulations, and rigorous creation of reserves. However, the features of what has been exercised by the village appeared to in a weak willingness to keep possible risks under control.

Coping capacities: village in handling the pandemic, yet how far?

Organizations take various strategical course of actions when coping with crises, which affect their financial substances (Beeri, 2012). By redefining the route of service delivery and main activities, the village takes some steps in line with central government regulation, such as shifting the budget allocation to the priority during the COVID-19 pandemic. The condition is similar to what local government in Austria, England, and Italy implemented, such as significant reductions in public spendings.

"Yes, the policy for community development, such as roads, was postponed first because the funds were used to prevent COVID-19, even though the community was disappointed, and that is what the village can give to the community in the current condition" [Village 1, Planning officer.]

"The budget is for preventing COVID-19 because the priority is handling COVID-19" [Village 1, Secretary.]

Before the COVID-19, infrastructure development agenda was a priority and should be added in the budget. During the COVID-19, the village aligned with the central regulation to reorientate the village fund allocation to three priorities: first, distributed to recover the village's economy through the following activities, for example, poverty eradication, the village's budgetary mechanism improvement, etc., second, delivered to empower the village's infrastructure, such as road, sanitation, agriculture activities, etc., and third, allocated to promote new normal adaptation, including cash transfer (Cash transfer from village fund was distributed to 8,045,861 families or 39,263,802 people) (Badan Pemeriksa Keuangan Republik Indonesia: BPKRI, 2021). Nevertheless, there is still long-standing predicament–inconsistency between the autonomy of the village envisaged under the Village Law and a sticky paternalistic style in ministry-led programs and restrictive rules in terms of fund utilization. Consequently, some interviewed key informants recognized the fund as a burden, rather than an empowering apparatus. The democratic process has been elevated by accommodating the head of the village with stronger legitimacy for their role and encouraging locals to take village meetings (especially in budgetary process) more seriously. Unfortunately, inherent cultural values where village heads are apparent as a benign father could often undermine it (Utami, 2018). We find that current village's operational capability has limited concentration on outcomes and have not been formed in a way that would track village outputs across time and notify further adaptation. In the disbursement process, the combination of inequality in village administration

capacity and a standardized procedure also produced several complications. It is suggested that the fund allocation for village technical and leadership trainings—a low-risk investment option with high returns in the long period; Enhance village tracking system–a platform with cohort-based criteria to assess periodical progress and self-sustaining financial base. Most locals often work in the agriculture sector. They obtain low income and face financial difficulty during the COVID-19 pandemic. Village 2 provides initiatives to help locals, for example, offering a low rental of agricultural equipment (tractors) through village-owned enterprises.

"There is a village-owned business entity in which it rents out tractors to the community at a lower rent" [Village 3, Secretary.]

Developing and deploying coping capacities has been a successful feature experienced by this village to address vulnerabilities. Despite short-term capacities utilization to deal with the crisis, they also used adaptive and transformative ones. This left them to maintain a self-sufficiency status and self-regulation, not to being too reliant on funding or policy from central government, through constant anticipation of, as well as active adaptation to, crisis. The above findings show that the readiness to maintain self-sufficiency in more comprehensive anticipatory mechanism, adaptation and transforming capacities, ensuring internal sources of financial vulnerability. As resources, abilities, and coping capacities allow crisis to be confronted and vulnerabilities to be managed. The dynamic interaction of the situations and dimensions could reflect diverse patterns of financial resilience, such as self-regulation, constrained or reactive adaptation, contented or powerless fatalism (Barbera et al., 2017).

Conclusion

This paper considers financial resilience, despite quite new research topic, of the Indonesian local-level government during the COVID-19 pandemic. The COVID-19 pandemic impact on local-level government capacity, often seen with significant reductions in public spending, has been a question on how local-level government cope with crisis, particularly financial circumstances.

The funding mechanism of village through central government under the COVID-19 support program or stimulus does not lead to a reliable footing to address specific demands. Funds are delivered in a way that does not have an obvious order. For example, a clear financial framework should take account for demand-by-demand basis, deprivation, local-level government financial

reserves, and local demographics. In addition, the public sector accounting technologies have not provided expected benefits in the time of crisis, that nuances the deployment of technological feature to the crisis response program. The findings also indicate that environmental conditions (reflected in external shocks: perception and external environment), often emphasized in contributions on financial crisis, are not adequate to shape resilience pattern and to ensure the resilience processes, which require critical consideration and the development of organizational capacities, including local-level government's anticipatory and coping capacities. The presence of perceived vulnerability could essentially derive anticipatory and coping capacities which draw a significant description of resilience pattern–resulting consequences from their interaction over time.

Suggestion

This study suggests policymakers and regulators to emphasize relevant factor on the process of strengthening institutional and financial capacity toward resilience and prepare for crisis both at national and local level. For public administrator, the reliance on internal sources and vulnerabilities can lead to more understand on required anticipatory and coping capacities to build a framework (institutional and financial capacities), impacting their finances over time. This study has limitations that it highlights only on three local-level governments in Indonesia. For future research, it is critical to consider both national and local-level government's financial sustainability, as well as comparative international studies. Further studies are expected to include comparison across countries, quantitative tools, and the evolution of resilience patterns and related various dimensions.

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