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Indonesia's Fiscal Response and Post-Crisis Sustainability

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Abstract

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This study examines the effectiveness of Indonesia's fiscal policy implementation under Statutory Framework No. 2 of 2020 during the COVID-19 pandemic, as well as its implications for post-crisis accountability and long-term fiscal sustainability. Using a normative juridical approach, the research finds that the extraordinary fiscal measures introduced through this statutory framework played a crucial role in maintaining national economic stability and supporting recovery efforts amid unprecedented shocks. The policy enabled flexible budget reallocation, expanded fiscal space, and accelerated government intervention in strategic sectors. However, several challenges remain, particularly in strengthening governance mechanisms, ensuring transparent oversight, and improving the efficiency of public financial management. These issues highlight the continuing need for reforms in the public finance system. Enhancing digital infrastructure, promoting real-time data transparency, and deepening institutional integration are essential prerequisites for achieving resilient and sustainable fiscal governance in the post-pandemic era. The study underscores that while the statutory emergency measures were effective during the crisis, long-term sustainability

1. Introduction

The COVID-19 pandemic created multidimensional shocks to the global economy and required countries to rapidly and flexibly change their fiscal policy paradigms. In Indonesia, fiscal pressure due to the health and economic crisis led the government to issue Law No. 2 of 2020 as the legal basis for implementing an extraordinary fiscal policy. This regulation expanded the budget deficit limit above 3% of GDP and provided room for the government to carry out non-conventional financing to maintain national economic stability.[1]

This expansive fiscal policy became the main pillar of the National Economic Recovery Program (PEN), focusing on supporting businesses, social assistance, and strengthening the health sector. Mirani et al.[2] assessed that this fiscal strategy was able to withstand the deep economic contraction in 2020, although it was accompanied by an increase in the deficit and the nation's debt burden. Meanwhile, the Safitri et al.[3] affirmed that the fiscal stimulus played a crucial role in maintaining national economic resilience, especially through increased infrastructure spending and support for MSMEs.

However, the effectiveness of this fiscal policy cannot be separated from significant challenges concerning accountability and transparency in budget

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[1] Ana Sopanah and Mohammad Fauzi Fikri Haikal. "The Effectiveness of Law No. 2 of 2020 concerning the Fiscal Policy Strategy of the Government of the Republic of Indonesia in Dealing with the Impact of the Covid-19 Pandemic." *Wiga: Jurnal Penelitian Ilmu Ekonomi* 12 (2022): 46-54.

[2] Kurnia Putri Mirani, Aniela Nania Margareth, Nila Cahyarani, and Agus Maulana. "Strategi Kebijakan Fiskal Pemerintah Dalam Meningkatkan Perekonomian Indonesia Pada Masa Pandemi Covid-19." *Bilancia: Jurnal Ilmiah Akuntansi* 5, no. 2 (2021): 193-204.

[3] Yulida Safitri, Yulida, Reni Diah Ningsih, Dwi Putri Agustianingsih, Vibhas Sukhwani, Akiko Kato, and Rajib Shaw. "Covid-19 impact on sdgs and the fiscal measures: Case of Indonesia." *International journal of environmental research and public health* 18, no. 6 (2021): 2911.

utilization. Suparman (2021) emphasized the importance of accountable fiscal governance amidst the large allocation of PEN funds to prevent irregularities and moral hazard. In line with this, Rusdiyantoro & Simanjuntak,[4] warned that fiscal flexibility during the pandemic needed to be balanced with a long-term consolidation strategy so as not to reduce the nation's fiscal credibility.

This policy also had a major impact on regional financial structures. Desdiani et al. (2022) found that the pandemic revealed an imbalance in fiscal capacity between regions and demanded reform in public spending governance to be more efficient and adaptive. Meanwhile, Okafor et al.[5] underscored that fiscal policy in the tourism sector proved to increase industry resilience to the crisis, although its effectiveness heavily depended on cross-institutional coordination and implementation at the regional level.

From the perspective of fiscal sustainability, several studies highlighted the potential risk of a prolonged deficit. Salem et al.[6] explained that the swelling deficit due to fiscal expansion must be balanced with state revenue reform so as not to threaten macroeconomic stability. Barua,[7] even emphasized that the pandemic opened up space for "coronanomics" an emergency economic policy model that is

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[4] Imam Rusdiyantoro and Robert A. Simanjuntak. "Kesinambungan Fiskal Indonesia Pada Masa Pandemi Covid-19." *Jurnal Pajak Dan Keuangan Negara (PKN)* 4, no. 1 (2022): 20-29.

[5] Luke Emka Okafor, Usman Khalid, and Katarzyna Burzynska. "Does the level of a country's resilience moderate the link between the tourism industry and the economic policy response to the COVID-19 pandemic?." *Current Issues in Tourism* 25, no. 2 (2022): 303-318.

[6] Islam Elbayoumi Salem, Zakaria Elkhwesky, and Haywantee Ramkissoon. "A content analysis for government's and hotels' response to COVID-19 pandemic in Egypt." *Tourism and Hospitality Research* 22, no. 1 (2022): 42-59.

[7] Suborna Barua. "Understanding coronanomics: The economic implications of the COVID-19 pandemic." *The Journal of Developing Areas* 55, no. 3 (2021): 435-450.

effective for short-term recovery but potentially creates long-term dependence on fiscal stimulus.

On the other hand, various studies also showed that Indonesia's post-pandemic fiscal policy succeeded in maintaining the momentum of economic recovery. Akhmad,[8] noted that fiscal intervention through social assistance and MSME support accelerated economic growth back into positive territory in 2021. Adrian et al.[9] also showed that fiscal stimulus greatly contributed to accelerating the recovery of domestic consumption and increasing public investment. Nevertheless, Ikhsan and Virnanda,[10] assessed that to maintain post-crisis fiscal sustainability, Indonesia needs to strengthen a fiscal reaction function oriented towards expenditure efficiency and budgetary discipline.

Thus, the transformation of fiscal policy triggered by Law No. 2 of 2020 has two main dimensions. First, the policy was effective in encouraging national economic stabilization and maintaining social resilience during the pandemic. Second, there is a need for fiscal consolidation and strengthening accountability to ensure long-term fiscal sustainability. Based on these two dimensions, this research is directed to answer two core questions in an integrated manner: How effective is the implementation of Law No. 2 of 2020 in fiscal policy and crisis handling on the structure of state finance And what are the challenges and the urgency for improving long-term fiscal mechanisms and accountability after the implementation of the

[8] Taufik Akhmad. "Pertumbuhan ekonomi Indonesia di masa pandemi Covid-19." *Muttaqien* 3, no. 1 (2022): 67-77.
[9] Adrian Adrian, Kuncoro Wibowo, and Samuel Horas Sarjana. "Post-pandemi Covid-19 economic recovery." *Jurnal Manajemen & Bisnis Jayakarta* 3, no. 2 (2022): 72-81.
[10] Mohamad Ikhsan, and I. Virananda. "Fiscal sustainability in Indonesia with asymmetry." *Economics and Finance in Indonesia* 67, no. 1 (2021): 4.

Law? These two questions are complementary in understanding the balance between the need for expansive fiscal policy for economic recovery and the necessity of maintaining governance and long-term fiscal sustainability in Indonesia.

2. Methods

This study uses the normative juridical method, which is a legal research approach that focuses on the study of valid positive legal norms, principles, and concepts. This method is used to examine how Law No. 2 of 2020 is applied in the context of fiscal policy, and how its provisions are interpreted and implemented in the practice of state financial management during the COVID-19 pandemic. The normative juridical approach was chosen because the main focus of this research is to analyze the legal aspects of fiscal policy, not merely its economic or social impact. Thus, this research seeks to understand how legal instruments function as the basis for legitimizing government actions in facing a crisis and how this implies the principles of accountability and long-term fiscal sustainability.

Within the framework of the normative juridical method, this research uses several analytical approaches: the statute approach, the conceptual approach, and the historical approach. The statute approach is carried out by examining the legal norms contained in Law No. 2 of 2020, including its connection with derivative regulations such as Government Regulations, Minister of Finance Regulations, and implementing regulations related to fiscal policy and state financing. The conceptual approach is used to understand the ideas and legal doctrines underlying the formation of fiscal policy in emergency situations, such as the concept of an extraordinary policy framework, the principle of state of emergency in public finance, and the principle of fiscal accountability in good governance. Meanwhile, the historical approach is used to trace the background and dynamics of the formation of Law No. 2 of 2020, including the economic and legal conditions that preceded its issuance.

The main data sources in this study are secondary data, including primary, secondary, and tertiary legal materials. Primary legal materials include statutory regulations such as the 1945 Constitution of the Republic of Indonesia, Law No. 17 of 2003 concerning State Finance, Law No. 1 of 2004 concerning State Treasury, and Law No. 2 of 2020 and its derivatives. Secondary legal materials include research results, academic journals, reports from government institutions (such as the Ministry of Finance and the Supreme Audit Institution/BPK), and scientific literature discussing aspects of fiscal policy and public accountability. Tertiary legal materials include law dictionaries, encyclopedias, and other supporting reference sources that help clarify the legal terminology and theoretical concepts used.

Data analysis is performed qualitatively by interpreting legal materials and related documents to obtain a comprehensive understanding of the effectiveness of the implementation of Law No. 2 of 2020. The data is systematically analyzed through the process of inventorying, classifying, and interpreting legal norms, then compared with the principles of good fiscal governance. The results of this analysis are used to assess the extent to which the legal norms in Law No. 2 of 2020 are able to achieve the goals of effective, accountable, and sustainable fiscal policy.

3. Results and Discussion

3.1The Implementation of Law No. 2 of 2020: Accountability, Fiscal Sustainability, and the Urgent Need for Reform in State Financial Governance

Law No. 2 of 2020 was issued as a legal response to the extraordinary situation faced by Indonesia at the beginning of the COVID-19 pandemic. The government faced immense pressure due to declining economic activity, falling tax revenues, and the increasing need for state expenditure for the health sector, social protection, and support for businesses. In this context, Law No. 2/2020 provided the legal basis for the government to implement extraordinary fiscal policies with the primary goals of maintaining economic stability, ensuring the sustainability of social programs, and encouraging national economic recovery. This law also changed the paradigm of national fiscal policy from a conservative approach based on a limited deficit to a flexible and adaptive approach to emergency conditions.[11]

Before Law No. 2/2020 was enacted, Indonesia's fiscal management was strictly regulated by Law No. 17 of 2003 concerning State Finance, which limited the budget deficit to a maximum of 3% of Gross Domestic Product (GDP). Through Law No. 2/2020, this provision was temporarily overridden so that the government had the flexibility to expand the deficit to finance economic recovery policies and crisis management. This step represents a fundamental shift in fiscal governance,

[11] Ana Sopanah and Mohammad Fauzi Fikri Haikal. "The Effectiveness of Law No. 2 of 2020 concerning the Fiscal Policy Strategy of the Government of the Republic of Indonesia in Dealing with the Impact of the Covid-19 Pandemic." *Wiga: Jurnal Penelitian Ilmu Ekonomi* 12 (2022): 46-54.

which is not only technical but also marks a change in the legal and political framework of the national budget. Mirani et al.[12] assessed that the easing of the deficit limit was a strategic instrument in dealing with macroeconomic shocks, especially since the pandemic suppressed almost all productive sectors, causing Indonesia's economic growth to contract by -2.07% in 2020.

In practice, the implementation of fiscal policy based on Law No. 2/2020 was reflected through the reallocation and refocusing of the State Revenue and Expenditure Budget (APBN). The government made several changes to the APBN during the 2020–2022 period to adjust financing needs for national priority programs, including the National Economic Recovery Program (PEN). This program involved a massive stimulus with an allocation of more than Rp 695 trillion in the first year of implementation. The stimulus was directed at strengthening the health sector, supporting businesses and MSMEs, providing social protection, and maintaining the stability of the national financial system. According to Salem et al.[13] the implementation of expansive fiscal policy through the PEN program was able to hold back a deeper economic contraction while maintaining the purchasing power of the lower-middle class.

Nevertheless, the effectiveness of this policy cannot be separated from implementation challenges. The realization of fiscal stimulus often faced

[12] Kurnia Putri Mirani, Aniela Nania Margareth, Nila Cahyarani, and Agus Maulana. "Strategi Kebijakan Fiskal Pemerintah Dalam Meningkatkan Perekonomian Indonesia Pada Masa Pandemi Covid-19." *Bilancia: Jurnal Ilmiah Akuntansi* 5, no. 2 (2021): 193-204.

[13] Islam Elbayoumi Salem, Zakaria Elkhwesky, and Haywantee Ramkissoon. "A content analysis for government's and hotels' response to COVID-19 pandemic in Egypt." *Tourism and Hospitality Research* 22, no. 1 (2022): 42-59.

bureaucratic constraints and slow budget absorption. The Safitri et al.[14] noted that cross-institutional coordination and assistance distribution mechanisms were still not optimal in the early stages of implementation, especially for social assistance programs and liquidity support for MSMEs. This caused some of the target beneficiaries not to be fully reached in the first year of implementation. However, in 2021 and 2022, the effectiveness of distribution improved along with the refinement of regulations and budget oversight, including through the digitalization of the beneficiary data system and monitoring of fiscal realization.

From the perspective of its impact on the structure of state finance, the implementation of Law No. 2/2020 caused a significant change in the APBN composition. The proportion of state expenditure increased sharply, while tax revenues decreased due to the weakening of economic activity. The APBN deficit surged from 2.2% of GDP in 2019 to 6.1% in 2020, and the government debt ratio rose from 30.2% to 41% of GDP. According to Rusdiyantoro and Simanjuntak,[15] this condition is still within safe limits but requires a medium-term fiscal rebalancing strategy so as not to pose a risk to future fiscal sustainability.

The change in the structure of state expenditure also indicates a shift in priorities. Capital expenditure and infrastructure were partially diverted to social and

[14] Yulida Safitri, Yulida, Reni Diah Ningsih, Dwi Putri Agustianingsih, Vibhas Sukhwani, Akiko Kato, and Rajib Shaw. "Covid-19 impact on sdgs and the fiscal measures: Case of Indonesia." *International journal of environmental research and public health* 18, no. 6 (2021): 2911.

[15] Imam Rusdiyantoro and Robert A. Simanjuntak. "Kesinambungan Fiskal Indonesia Pada Masa Pandemi Covid-19." *Jurnal Pajak Dan Keuangan Negara (PKN)* 4, no. 1 (2022): 20-29.

health spending. Okafor et al.[16] found that government fiscal intervention contributed to strengthening the resilience of the tourism sector, but program efficiency remains an important note because some stimulus has not had a maximal impact on job creation. Meanwhile, Barua,[17] emphasized that the success of fiscal policy must be measured not only by the volume of stimulus but also by the accuracy of the targets and the transparency of its implementation.

The evaluation of the financing structure showed an increase in debt financing as the main source of deficit coverage. Adrian et al.[18] identified that a more flexible financing policy, including the issuance of Government Bonds and Samurai Bonds, helped maintain fiscal liquidity without causing monetary instability. However, this creates a long-term fiscal responsibility that must be balanced with revenue reform, especially through the optimization of digital taxes and the expansion of the tax base. Akhmad,[19] added that fiscal sustainability requires a combination of spending efficiency and financing innovation so that the fiscal space is maintained in the face of the next crisis.

In general, the implementation of Law No. 2 of 2020 proved effective in providing sufficient fiscal space to respond to the crisis and maintain national economic stability. This policy successfully curbed the economic contraction and

[16] Luke Emka Okafor, Usman Khalid, and Katarzyna Burzynska. "Does the level of a country's resilience moderate the link between the tourism industry and the economic policy response to the COVID-19 pandemic?." *Current Issues in Tourism* 25, no. 2 (2022): 303-318.

[17] Suborna Barua. "Understanding coronanomics: The economic implications of the COVID-19 pandemic." *The Journal of Developing Areas* 55, no. 3 (2021): 435-450.

[18] Adrian Adrian, Kuncoro Wibowo, and Samuel Horas Sarjana. "Post-pandemi Covid-19 economic recovery." *Jurnal Manajemen & Bisnis Jayakarta* 3, no. 2 (2022): 72-81.

[19] Taufik Akhmad. "Pertumbuhan ekonomi Indonesia di masa pandemi Covid-19." *Muttaqien* 3, no. 1 (2022): 67-77.

protected vulnerable sectors, while demonstrating the state's ability to manage fiscal policy adaptively. However, challenges remain in terms of implementation efficiency, transparency of budget use, and control of the medium-term debt ratio. In line with the findings of Ikhsan and Virnanda,[20] the effectiveness of Law No. 2/2020 can only be assessed as optimal if followed by fiscal policy reforms oriented towards sustainability and public accountability. Thus, although Law No. 2/2020 provided a quick and effective response to the crisis, a long-term evaluation is still needed to ensure the balance between fiscal flexibility and discipline in state financial management.

3.2. Accountability and Fiscal Sustainability in Implementing Law No. 2 of 2020: Challenges, Mechanisms, and the Urgency of State Financial Governance Reform

After the enactment of Law No. 2 of 2020, public and academic attention was not only focused on the effectiveness of the policy in overcoming the short-term economic crisis but also on the extent to which the policy was accountable and sustainable in the long term. As the pandemic began to subside in 2021–2022, an urgent need emerged to ensure that the fiscal flexibility provided during the crisis did not lead to governance irregularities or reduce the quality of public oversight of state finance. Sopanah and Haikal,[21] affirmed that the success of extraordinary fiscal

[20] Mohamad Ikhsan, and I. Virananda. "Fiscal sustainability in Indonesia with asymmetry." *Economics and Finance in Indonesia* 67, no. 1 (2021): 4.

[21] Ana Sopanah and Mohammad Fauzi Fikri Haikal. "The Effectiveness of Law No. 2 of 2020 concerning the Fiscal Policy Strategy of the Government of the Republic of Indonesia in Dealing with the Impact of the Covid-19 Pandemic." *Wiga: Jurnal Penelitian Ilmu Ekonomi* 12 (2022): 46-54.

policy must be followed by strengthening accountability mechanisms so as not to create dependence on high-deficit policies.

In the post-crisis context, the issue of fiscal accountability becomes increasingly important because the government is faced with a dilemma between maintaining expansive policies and enforcing budgetary discipline. Rusdiyantoro and Simanjuntak,[22] showed that even though the fiscal deficit decreased from 6.1% in 2020 to 4.5% in 2022, the burden of debt financing remained high, creating the need to strengthen transparency in the management of financing and budget allocation. The main objective of post-pandemic fiscal policy is not only economic recovery but also ensuring that every rupiah spent can be accounted for legally and ethically, in accordance with the principles of good governance and public transparency.

In the governance structure, oversight of the implementation of fiscal policy under Law No. 2/2020 involves key institutions such as the Ministry of Finance (Kemenkeu), the Supreme Audit Institution (BPK), the Financial Services Authority (OJK), and the People's Representative Council (DPR). The BPK plays a role in auditing the use of the budget and debt financing, while the Kemenkeu is the center of national fiscal management. However, the findings of the Safitri et al.[23] indicate persistent weaknesses in inter-institutional coordination in carrying out internal and external oversight functions. As a result, the reporting and auditing of stimulus

[22] Imam Rusdiyantoro and Robert A. Simanjuntak. "Kesinambungan Fiskal Indonesia Pada Masa Pandemi Covid-19." *Jurnal Pajak Dan Keuangan Negara (PKN)* 4, no. 1 (2022): 20-29.

[23] Yulida Safitri, Yulida, Reni Diah Ningsih, Dwi Putri Agustianingsih, Vibhas Sukhwani, Akiko Kato, and Rajib Shaw. "Covid-19 impact on sdgs and the fiscal measures: Case of Indonesia." *International journal of environmental research and public health* 18, no. 6 (2021): 2911.

programs are often late, while the public accountability system is not fully integrated with digital data-based real-time monitoring mechanisms.

In addition to institutional oversight, the aspect of public data openness is also an important highlight. Mirani et al.[24] assessed that one of the weaknesses in the implementation of fiscal policy during the pandemic was the low public access to information on budget allocation and realization, especially for social assistance programs and business incentives. This transparency limitation has the potential to lead to moral hazard, such as misuse of public funds and potential conflicts of interest. Therefore, public data openness must be strengthened through a digital reporting system that allows the public and oversight institutions to monitor budget use openly and accurately.

The main challenges of fiscal accountability after the implementation of Law No. 2/2020 can be grouped into four dimensions: regulatory, institutional, technical, and political-ethical. From the regulatory side, a number of implementing regulations are not synchronized, especially those related to reporting the use of economic recovery funds. This creates an overlap of authority between fiscal management institutions and reduces the effectiveness of oversight. From the institutional side, coordination between institutions such as the BPK, Kemenkeu, and OJK is often not well coordinated, so that the supervision of public fund flows is partial. Okafor

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[24] Kurnia Putri Mirani, Aniela Nania Margareth, Nila Cahyarani, and Agus Maulana. "Strategi Kebijakan Fiskal Pemerintah Dalam Meningkatkan Perekonomian Indonesia Pada Masa Pandemi Covid-19." *Bilancia: Jurnal Ilmiah Akuntansi* 5, no. 2 (2021): 193-204.

et al.[25] underscored that weak institutional synergy is a serious obstacle in maintaining the integrity of fiscal policy implementation, especially in tourism sector recovery and MSME programs involving many regional government entities.

From the technical-operational side, the accounting and financial monitoring systems used by the government are not yet fully integrated across sectors. Barua,[26] noted that delays in reporting and differences in reporting standards between agencies cause a fiscal data gap that has implications for the quality of audits and evaluations. Meanwhile, the political and public ethical dimensions also significantly influence the effectiveness of oversight. Salem et al.[27] reminded that in emergency situations, the process of accelerating state expenditure often leads to the risk of conflict of interest, which, if not strictly regulated, can damage public trust in the government.

Facing these various challenges, the urgency of state financial governance reform is unavoidable. The government needs to strengthen digital-based oversight systems such as e-audit, e-budgeting, and real-time fiscal reporting to increase the accuracy, efficiency, and transparency of budget use. Adrian et al.[28] assessed that the implementation of digital systems is able to minimize the risk of irregularities while speeding up the audit process, especially in regional government environments. In

[25] Luke Emka Okafor, Usman Khalid, and Katarzyna Burzynska. "Does the level of a country's resilience moderate the link between the tourism industry and the economic policy response to the COVID-19 pandemic?." *Current Issues in Tourism* 25, no. 2 (2022): 303-318.

[26] Suborna Barua. "Understanding coronanomics: The economic implications of the COVID-19 pandemic." *The Journal of Developing Areas* 55, no. 3 (2021): 435-450.

[27] Islam Elbayoumi Salem, Zakaria Elkhwesky, and Haywantee Ramkissoon. "A content analysis for government's and hotels' response to COVID-19 pandemic in Egypt." *Tourism and Hospitality Research* 22, no. 1 (2022): 42-59.

[28] Adrian Adrian, Kuncoro Wibowo, and Samuel Horas Sarjana. "Post-pandemi Covid-19 economic recovery." *Jurnal Manajemen & Bisnis Jayakarta* 3, no. 2 (2022): 72-81.

addition, increasing the capacity of fiscal management human resources is also a prerequisite so that flexible fiscal policy remains within the corridor of legal accountability and public ethics.[29]

Fiscal sustainability must also be viewed as part of long-term governance. Akhmad,[30] affirmed that post-pandemic fiscal policy should not be reactive to the crisis but must be oriented towards macroeconomic stability and budgetary discipline. Long-term fiscal risk assessment needs to be carried out periodically to ensure that debt financing and economic stimulus do not create structural burdens in the future. In the view of Ikhsan and Virnanda,[31] fiscal consolidation is the next important phase after the relaxation period, so that Indonesia is able to maintain fiscal credibility while strengthening national economic resilience.

Thus, the effectiveness of Law No. 2 of 2020 is measured not only by its success in curbing the economic crisis but also by its ability to drive reform of the fiscal management system to be more accountable, transparent, and sustainable. Flexible fiscal policy without strong governance will create long-term risks to fiscal stability and public trust. Therefore, the successful implementation of Law No. 2/2020 must be seen as part of the institutional learning process towards modern, resilient, and integrity-driven state financial governance.

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[29] Hassane Alami, Marie-Pierre Gagnon, and Jean-Paul Fortin. "Some multidimensional unintended consequences of telehealth utilization: a multi-project evaluation synthesis." *International journal of health policy and management* 8, no. 6 (2019): 337.
[30] Taufik Akhmad. "Pertumbuhan ekonomi Indonesia di masa pandemi Covid-19." *Muttaqien* 3, no. 1 (2022): 67-77.
[31] Mohamad Ikhsan and I. Virananda. "Fiscal sustainability in Indonesia with asymmetry." *Economics and Finance in Indonesia* 67, no. 1 (2021): 4.

4. Conclusion

The implementation of Law No. 2 of 2020 proved to be a strategic step in responding to the multidimensional crisis due to the COVID-19 pandemic through an extraordinary fiscal policy. This policy successfully provided wider fiscal space for the government to maintain economic stability, support the health sector, and protect vulnerable groups through the national economic recovery program. However, the effectiveness of its implementation is determined not only by the amount of stimulus but also by the quality of governance and accountability of its execution. In general, the fiscal policy based on Law No. 2/2020 was able to hold back economic contraction and accelerate recovery, although it increased the burden of debt and the state budget deficit.

The main challenges that emerged include weak inter-institutional coordination, delayed financial reporting, and a lack of integration of digital-based oversight systems. Therefore, the sustainability of post-pandemic fiscal policy needs to be directed at strengthening public accountability, expenditure efficiency, and transparency in the use of public funds. In the long term, the success of Law No. 2/2020 must be measured not only by its short-term effectiveness in dealing with the crisis but also by its ability to become the foundation for a fiscal governance reform that is adaptive, transparent, and sustainable for national economic stability.

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