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Analysis of the Implementation of Defense Expenditure Policy for Fiscal Year 2020 at the Ministry of Defense

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Abstract

This article aims to analyze the implementation of the defense spending policy in the fiscal year 2020 at the Ministry of Defense. The problem is focused on the success or failure of the implementation of defense spending policies in the fiscal year 2020 by using the theory of policy implementation by George C. Edward III. This study uses a qualitative approach with a descriptive method. The data were collected through documentation or literature study and analyzed qualitatively using an interactive model. This study concludes that the implementation of the defense spending policy has not been effective, especially in the procurement of the main weapon system equipment. This is a challenge faced by the Ministry of Defense. The procurement of the main weapons system can increase defense strength. However, the procurement of the main weapons system equipment that is still on raw materials from abroad shows the need for the development of the domestic defense industry. So support in the form of a larger budget and government commitment is very much needed so that the defense force can increase as well as the independence of the domestic defense industry can be realized immediately.

Keywords: Budgets; Defense Spending; Policy Implementation

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INTRODUCTION

National defense is one of the important aspects in ensuring the survival of the nation and state. Where national defense can be defined as all efforts intended to maintain the territorial integrity of the Unitary State of the Republic of Indonesia or defend the sovereignty of the state, as well as protect the entire nation from various threats originating from within and outside. To realize this goal, a budget for the defense function is needed. The purpose of expenditure or defense expenditure is not only to maintain and develop the main weapon system equipment (defense equipment) but also to meet routine personnel expenditures and capital expenditures. Kennedy (2016) states that defense spending is an organizational commitment to source funds to improve state security from military threats, be it physical, psychological, internal, or external.

The budget according to the defense function is contained in the 2020 State Budget includes the procurement of military goods and services; the production of domestic industrial defense equipment and the development of the defense industry; and maintenance of personnel. The total budget for the defense function in 2020 allocated by the government is Rp. 117.9 trillion. The government has cut this amount to deal with Covid-19. Gentilucci (2019) argues that defense spending is a completely rational choice made to increase welfare in the event of a conflict, defense spending is cut due to a reduced likelihood of conflict, which in turn is reduced by decreasing trade costs. The defense budget is not allocated for personnel expenditure only, but also goods and capital expenditures. The three types of spending are listed in several legal products, including: (1) Law Number 20 of 2019 concerning the State Revenue and Expenditure Budget for the Fiscal Year 2020; (2) Presidential Regulation Number 72 of 2020 concerning Amendments to

Presidential Regulation Number 54 of 2020 concerning Changes in Posture and Details of the State Revenue and Expenditure Budget for the Fiscal Year 2020; (3) Regulation of the Minister of Defense Number 20 of 2010 concerning the Structure, Program, and Budget of State Defense; (4) Regulation of the Minister of Finance Number 143/PMK.05/2018 concerning the Mechanism for the Implementation of the State Budget within the Ministry of Defense and the Indonesian National Armed Forces; and (5) Decree of the Minister of Defense Number: Kep/104/M/I/2020 concerning State Defense Policy in 2020 The three types of spending are listed in several legal products, including (1) Law Number 20 of 2019 concerning the State Revenue and Expenditure Budget for the Fiscal Year 2020; (2) Presidential Regulation Number 72 of 2020 concerning Amendments to Presidential Regulation Number 54 of 2020 concerning Changes in Posture and Details of the State Revenue and Expenditure Budget for the Fiscal Year 2020; (3) Regulation of the Minister of Defense

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and (5) Decree of the Minister of Defense Number: Kep/104/M/I/2020 concerning State Defense Policy in 2020

The implementation of defense spending policies does not always run smoothly. In the implementation of this policy, several problems were found.

First, the development of defense forces is often faced with the problem of limited resources, especially related to the budget allocated by the government. The size of the budget will certainly affect the routine expenditure of employees, goods, and capital. This means that the budget for the defense function can determine the welfare of TNI personnel as well as the procurement of defense equipment. According to Alynudin & Rawinarno (2016), the low budget has an impact on the defense system modernization program, which on average is old.

Second, the empowerment of the defense industry in Indonesia has not been maximized. The constraints on the production of the domestic defense industry are inseparable from budget constraints and Indonesia's tendency to buy used combat vehicles from other countries. According to Fitri & Sanur (2019), defense equipment production still relies on raw materials from abroad. Indonesia's defense sector itself until 2020 is still buying defense equipment from other countries, including fighter jets and submarines.

Third, the procurement of the main defense system tools is carried out by buying used ones. Shopping for used defense equipment can potentially cause new problems in the future. These purchases not only trigger pressure from other countries but also expensive maintenance costs, encourage corrupt practices as well the involvement of third parties. So Indonesia has a fairly high dependence on other countries for the procurement or purchase of defense equipment. This is evidenced by the position of Indonesia which ranks 12th in

the world's largest arms importing country from 2014 to 2018.

Fourth, the procurement of defense equipment has not been transparent. This can be seen from the government's actions that are not open when buying defense equipment at high prices. The costs incurred for the purchase of defense equipment are generally not known to the public. Research conducted by Rivani (2017) shows that the lack of transparency in the procurement of defense equipment is triggered by the absence of a grand strategy that underlies Indonesia's defense. The problem that arises due to the non-transparent procurement of defense equipment is the practice of corruption. Indonesia itself is classified as a country with a very high risk of corruption in the defense or military sector in 2013 and high in 2015 (Rivani, 2017).

Lastly, cooperation or agreement with other countries in the context of procuring defense equipment does not always bring benefits to the domestic defense industry. Research conducted by Fitri & Sanur (2019) showed that the cooperation project between Indonesia and South Korea in the construction of the KFX or IFX fighter aircraft had stalled due to issues regarding the license to use technology from the United States. In addition, 11 Sukhoi-35 fighter jets in early 2019 had not arrived due to the enactment of the United States law that imposes sanctions on countries buying weapons from Russia, North Korea, and Iran (Muhaimin, 2019). In 2020, the Ministry of Defense will also cooperate with Austria in the context of purchasing 15 fighter jets.

The presence of various problems in the implementation of defense spending policies regarding the state's ability to provide budgets and the commitment of the government or related ministries to increase defense strength and the independence of the defense industry. Policies regarding defense spending must be implemented based on various

applicable regulations. By referring to laws and regulations, defense spending policies can improve the quality of human resources or the professionalism of land, sea, and air personnel, as well as realize defense strength and independence in the context of supporting national development. This is in line with the big theme of the 2020 State Budget, namely: "Supporting Advanced Indonesia".

This article aims to analyze the implementation of the defense spending policy for the 2020 fiscal year at the Ministry of Defense. This study provides an overview of how the defense spending policy is implemented or implemented so that it can be seen whether the policy was successful or failed. Paudel (2009) states that successful or successful policy implementation requires compliance with directives and objectives, the achievement of certain indicators of success, as well as an improvement in the political climate around a program. While policies have a risk of failure can be due to poor execution and given the nature of the field controlled trials are unlikely to be representative of real-world implementation scenarios (Signe, 2017).

RESEARCH METHODS

This research uses a qualitative approach to find out the implementation of the defense spending policy for the 2020 budget year at the Ministry of Defense. The emphasis on the qualitative approach lies in the use of words in understanding and interpreting the meaning of a phenomenon under study. While the method used in this study is descriptive to obtain an overview related to the social phenomena studied. The data is collected through documentation or literature study. So that the source of data in this study focuses on secondary data obtained through books, journals, laws and regulations, reports, and online news. Then the data were analyzed qualitatively using an interactive model by Miles, Huberman, & Saldana (2014) which

includes: data condensation, data presentation, as well as concluding, and verification.

Data condensation in this research is done by selecting, abstracting, and simplifying the data that has been obtained from books, journals, laws and regulations, reports, and online news. Data presentation according to Miles, Huberman, & Saldana (2014) is an organized collection of information that allows drawing and conclusion action. The form of data presented in this study is narrative, which can be presented in the form of tables and figures. Finally, drawing conclusions and verification are the last activities that can illustrate that the data and information collected from books, journals, laws and regulations, reports, and online news have been sufficient for conclusion drawing and verification.

RESULTS AND DISCUSSION

Allocated budget by the government for the defense function in 2020 amounting to Rp. 117.9 trillion. The amount of the defense spending budget is different from that stated in the 2020 APBN. The change in the posture of the APBN is contained in Presidential Regulation No. 72 of 2020. The amount of budget for the defense function has been cut by the government. When compared to the budget in previous years, the total defense spending budget in 2020 gets a larger portion. The detailed budget can be seen in the following table.

Table 1. Total Defense Expenditure Budget for 2016-2020

Year	Budget
2016	IDR 98.1 trillion
2017	IDR 117.3 trillion
2018	IDR 106.7 trillion
2019	IDR 115.4 trillion
2020	IDR 117.9 trillion

Source: CNBC Indonesia, 2020

Table 1 shows that the defense spending budget fluctuates every year. The difference in the amount of the budget from year to year determines the output that has

been set by the government. The larger the defense spending budget, the more fulfilled the policy outputs will be. The defense budget in 2020 is prioritized to meet employee performance allowances and the procurement or maintenance of defense equipment. Policies related to performance allowances are intended to improve the welfare of personnel. Meanwhile, the procurement and maintenance of defense equipment are aimed at increasing the country's defense capability. The existence of the main weapon system is one of the important prerequisites in meeting the needs of the national defense system because the main weapon system is used to protect the entire nation from various potential threats while at the same time maintaining the country's sovereignty. With an increase in the defense spending budget at the Ministry of Defense, the welfare of employees or personnel as well as the independence of the national defense industry can be realized.

The Ministry of Defense continues to strive to procure, maintain or replace defense equipment by increasing the role of the domestic defense industry. Domestic defense industry players consist of 8 BUMN companies and 33 private companies (Kompaspedia, 2020). Strategic defense industry state-owned companies, including PT Dirgantara Indonesia (aircraft industry), PT PAL Indonesia (ship industry), PT Pindad (defense manufacturing industry), and PT Dahana (explosives industry). The development of the domestic defense industry is intended to reduce dependence on raw materials originating from abroad to create defense independence.

Susdarwono, Setiawan, & Husna (2020) state that the defense industry is the main support for the implementation of industrial mobility if a country faces a military threat. The weapons industry in most industrialized countries has an oligopolistic structure: capital intensity (including human resources) in production, high costs for military or defense research

and development, as well as strong confidentiality standards in procurement projects (Blum, 2019).

The amount of the defense spending budget which has not yet reached 1% of the Gross Domestic Product makes Indonesia's defense sector lagging behind other countries. The limited defense budget can of course hinder the production of domestic industrial defense equipment and the development of national defense industry players. Indonesia is still relying on the purchase of combat vehicles, helicopters, and other defense equipment from abroad. Meanwhile, the defense spending policy in 2020 in the form of procurement of defense equipment by the Ministry of Defense and the TNI has not yet fully purchased defense equipment products in the domestic defense industry. This is because the national defense industry has not been able to meet all the needs of the TNI's defense equipment. Some of the main weapon systems made by the domestic defense industry are the Pindad Tiger Tank,

Defense spending or spending is an integral part of government spending. The budget allocated by the government for the defense function is intended to support national development, so the size of the budget can also have an impact on the economy. In this context, defense spending policies in the form of domestic industrial defense equipment production, as well as the development of the defense industry, can affect a country's economy. The domestic defense industry as an export commodity can contribute to foreign exchange for Indonesia because it can meet the needs of defense and security equipment. Thus, Indonesia can free itself from the possibility of embargoes from other countries. In 2020, the export value of Indonesian defense equipment is USD 5.44 million. But on the other hand, Indonesia's imports of defense equipment are still relatively high. Indonesia became the third-largest defense equipment importing country in Southeast Asia from 2016 to

2020. At the global level, on average, Indonesia is the 17th largest defense equipment importing country with an import value of 1.8% of the total world (DPR RI Expertise Board)., 2021).

The implementation of the defense spending policy for the 2020 fiscal year has not been effective due to budget constraints and the ability of human resources to operate or develop defense equipment. If the defense spending policy is effective with the availability of adequate resources, then economic growth can increase. Vice versa, a country with a high economy will allocate a larger amount of government spending. This is reinforced by the statement of Saputro, Rivai, & Meirinaldi (2021) that if the defense budget increases, then economic growth will also increase. Details of the 2020 defense function budget by type of expenditure can be seen in Figure 1.

Organisasi/ Fungsi/Subfungsi	Jenis Belanja			Jumlah
	Belanja Pegawai	Belanja Barang	Belanja Modal	
Kementerian Pertahanan	53.006.785.824	30.536.603.474	34.365.661.070	117.909.050.368
Pertahanan	52.955.392.252	30.423.267.837	34.343.147.734	117.721.807.823
Pertahanan Negara	52.517.087.759	22.986.424.797	14.951.435.629	90.454.948.185

Figure 1. Budget Details by Type of Expenditure in 2020

Source: Attachment in Presidential Regulation Number 72 of 2020

From Figure 1 it can be seen that the budget for the defense function is not only used for personnel expenditures but also for goods and capital expenditures. Personnel expenditures account for the largest portion of the budget for the defense function, reaching Rp 53 trillion or 41.6%. Meanwhile, the defense budget allocated for goods and capital expenditures is IDR 30.5 trillion or 32.9% and IDR 34.4 trillion or 25.4%. Of the allocation, 74.5% is budget for personnel expenditure as well as goods expenditure, while capital expenditure is 25.4%. With the largest portion of the personnel expenditure budget and the

minimal capital expenditure budget, it can have an impact on the procurement of defense equipment. Kennedy, Tobing, &

The three types of spending as stated in Presidential Regulation Number 72 of 2020 are allocated for several policies or programs carried out within the Ministry of Defense and the TNI. Several policies or defense spending programs as stated in Presidential Regulation Number 72 of 2020, include: (1) the program for the use of integrative defense forces.

Implementation of this program through various activities, including procurement of military weapons, non-defense equipment, small and large caliber munitions, as well as construction of supporting facilities and infrastructure; (2) modernization program for defense equipment and non-defense equipment in the land, sea, and air dimensions. Modernization of defense equipment and non-defense equipment can be carried out by procuring replacement of combat vehicles, aircraft, water transport equipment, weapons and munitions, material for defense equipment as well as non-defense equipment, increased procurement of alpung, kri, kal, ranpur, rantis, radar, psu, and other complex equipment; (3) defense industry and technology development program. This program focuses on the production of the main equipment of the national or domestic weapon system (defense equipment) as well as the development of the defense industry; (4) Support program for land, sea, and air readiness. This program is carried out with various activities, such as maintenance of the defense equipment, aircraft, water transportation equipment, apung, kal, kri, radar, and other combat vehicles, maintenance of non-defense equipment maintenance, administration of intelligence, security, and empowerment of defense areas, as well as system development. as well as performance evaluation; and (5) the research and development program of the Ministry of Defense.

The implementation of several programs and activities has its budget allocation. The defense spending policy in 2020 which focuses on modernizing the main weapons system equipment (alutsista) has a very limited budget. The limited budget for modernizing the defense equipment system is contrary to the stated objectives, namely: to create the independence of the domestic defense industry. However, Indonesia's defense sector is still dependent on the purchase of defense equipment from abroad. One of the factors causing the not yet optimal modernization of defense equipment is the limited budget allocated.

The defense spending budget allocated for research and development in the defense sector in 2020 is only IDR 222 million and research and development activities for defense equipment and defense science and technology are IDR 23.5 million. In addition, the budget for the production of domestic industrial defense equipment is only Rp. 2.47 billion. In other words, the increase in the defense function budget reached Rp. 117.9 trillion is not in line with the modernization of the main weaponry system which is being intensified by the Ministry of Defense or the TNI to increase defense forces. Modernization of the defense equipment system is not only carried out with the purchase of new weapons but also with the maintenance or maintenance of the defense equipment system. Support in the form of adequate budget availability and synergy between users, namely: the Ministry of Defense and the defense industry (such as PT PAL,

The House of Representatives Expertise Agency (2021) stated that the ideal budget in the defense budget is expected to reach a minimum of more than 1% of GDP per year. The defense spending budget to date still reaches 0.86% of GDP, where the budget is still relatively low when compared to other countries, including ASEAN. The Indonesian House of Representatives Expertise Agency (2021)

stated that the defense spending budgets in several other ASEAN countries which have reached above 1% of GDP are Brunei Darussalam at 4.1%, Singapore at 3.2%, Thailand at 1.47%, Malaysia at 1.14%, and the Philippines 1.01%. Meanwhile, in the Strategic Plan of the Ministry of Defense from 2020 to 2024, the ideal defense budget is USD 124 billion or equivalent to Rp. 1.760 trillion.

Fitri & Sanur (2019) stated that the lack of funding to develop technology has made the defense industry unable to produce various high-tech and strategically valuable defense equipment prototype products. It can be said that the government's commitment to realizing the modernization of defense equipment by encouraging the development of the domestic defense industry is still not effective. Improving research capabilities and developing defense technology are very much needed to realize the independence of the defense industry. In addition, efforts to modernize the defense equipment system need to be accompanied by international cooperation. The Indonesian defense industry has collaborated with other countries in the procurement of military weapons for the modernization of defense equipment, including South Korea, Ukraine, Turkey, and Russia. Along with the establishment of cooperation between countries, technology transfer can be realized. The existence of technology transfer can be used as a motivation for the Government or the Ministry of Defense to increase the production of domestic industrial defense equipment owned by Indonesia to strengthen independence.

The development of the domestic defense industry requires a long time and process and must be carried out sustainably. Efforts to develop the national defense industry have been continuously carried out to date to increase the defense force to meet the minimum basic needs. The success of implementing a policy is

essentially determined by several factors as stated by Edward III (1980), namely: communication, resources, attitude of the implementer, and bureaucratic structure.

Communication

Communication between organizations can of course support the success of a policy made by the government. What is meant by communication here is how the parties involved in a policy carry out the policy to achieve certain goals. In this case, the implementation of the defense spending policy for the 2020 budget year needs to involve many parties, from the Ministry of Defense, the TNI, the defense industry, to other relevant agencies to introduce the policies or programs being implemented. The defense spending policy for the 2020 fiscal year needs to be communicated intensively between the government, the Ministry of Defense, the TNI, the domestic defense industry, and other related parties by conducting socialization.

In 2020, the Ministry of Defense will socialize with strategic industrial SOEs, namely: PT Dirgantara Indonesia, PT PAL Indonesia, PT Pindad, PT Dahana, and PT LEN to realize the independence of the national defense industry. The socialization was carried out by providing an important understanding as well as an overview of the defense industry that was adapted to conditions on the ground so that it could benefit the financial health of the domestic defense industry.

On the other hand, the Ministry of Defense of the Republic of Indonesia (2020) stated that in defense there are strategic policies that cannot be conveyed to the public because the Ministry of Defense experiences suffering from knowing, while the blessings of the public experience due to ignorance. The Ministry of Defense through the Public Relations Bureau held a meeting with the media crew to close the gap between them. So that the relationship

between the Ministry of Defense staff and the public will be better.

Resource

The resource factor is needed to support the success of a policy made or determined by the government. The budget allocated by the government for the defense function itself reaches Rp. 117.9 trillion. In the implementation of defense spending policies, particularly related to the production or modernization of defense equipment, the budget for goods and capital allocated is still limited or not sufficient to fully increase defense independence. The manufacture or procurement of high-tech and strategically valuable defense equipment requires an adequate budget and superior human resource capabilities.

The limited capital expenditure budget essentially causes the procurement of defense equipment to achieve the goals that have been set, both through international cooperation and the domestic defense industry has not run optimally. This makes Indonesia unable to fully realize the independence of the defense industry because it still relies on raw materials from abroad and purchases defense equipment from user countries. On the other hand, the defense spending budget, which is dominated by personnel spending, has a significant impact on the welfare of employees or personnel. The employee expenditure budget is in the form of salary payments, allowances, and savings in old age to support the duties and functions of the Ministry of Defense.

In terms of human resources, the limitations in the capacity to produce defense equipment by the domestic defense industry as well as the mastery of military technology are challenges that must be faced by the government, especially the Ministry of Defense. Sebastian (2015) mentions that the obstacles that are often faced by the domestic defense industry are that it takes a long time to prepare human

resources for mastering high technology and the lack of attention to research and development of defense technology. Increasing the capability of human resources is needed to operate or develop defense technology. Efforts that can be made to improve the capabilities of human resources are technology transfer, joint production or cooperation, and the development of research related to defense technology.

In terms of natural resources, Indonesia has so far been able to produce as much as 800 thousand barrels of oil per day with reserves reaching 3.2 billion barrels (Danaryati, 2021). The oil can be used as fuel or lubricant, and engine oil, especially for defense equipment maintenance. This can have a positive impact on the independence of the national defense industry because there is no need to depend on other countries for oil procurement as a supporting tool for defense equipment. The use of oil can also be used for weapons, ships, aircraft, and other equipment.

The attitude of the Executor

The attitude of the implementer is one of the factors that can determine the success of a policy. In the procurement of defense equipment to increase the strength and independence of national defense, the Government, the Ministry of Defense, and the TNI are trying to continue to modernize the defense equipment to meet the minimum basic needs. However, the modernization of the defense equipment system has not been effective until now because it still relies on raw materials from abroad. Strong commitment from implementers, be it the Government, the Ministry of Defense, and the TNI, as well as the defense industry, is needed to increase strength and create defense independence. In reality, the increase in the budget allocated by the government for the defense function has not been in line with

the modernization of defense equipment due to the lack of government commitment.

Bureaucratic Structure

The bureaucratic structure within the Ministry of Defense is led by Prabowo Subianto the current Defense Minister. In the organizational structure, there is a Secretariat General, Expert Staff to the Minister, Inspectorate General, and other ranks under the command of the Minister of Defense. Where they have functions and duties following organizational units. In the research and development of defense technology, for example, the Research and Development Agency has a strategic role and has collaborated with other parties (such as the defense industry). The organization at the Ministry of Defense has been structured structurally. So the various programs that are run are based on the functions and duties of the government organizational unit, namely the Ministry of Defence.

The implementation of the defense spending policy for the 2020 budget year at the Ministry of Defense has not been effective, especially in the procurement of defense equipment. The ineffectiveness of the procurement of defense equipment requires the establishment of precise directions and goals and targets to be achieved to encourage the motivation of the implementers as well as the government's commitment to its implementation. This is reinforced by the statement from Paudel (2009), that successful policy implementation requires compliance with directives and objectives, the achievement of certain indicators of success, as well as an improvement in the political climate around a program. That is, the targets and achievements of the Ministry of Defense in the procurement of defense equipment can be used as the main motivation so that policy implementation can run effectively.

The Minister of Defense in this case is responsible for realizing the independence of the national defense industry as well as

increasing defense power. Cooperation and coordination between all levels within the organizational structure of the Ministry of Defense are needed so that the policies and programs that are implemented can be right on target. One of them is by establishing cooperation and collaboration with the domestic defense industry to realize the independence of the defense industry, starting from the planning process to the production of defense equipment.

The defense spending policy in the first semester of 2020 is more focused on the implementation of War Military Operations, maintenance of Alpeng, KAL, KRI, Ranpur or Rantis, construction of land, sea, and air facilities and infrastructure, production of domestic industrial defense equipment as well as supporting the handling of Covid-19. Meanwhile, the realization of the defense spending budget in the second semester of 2020 emphasizes the implementation of the modernization program for defense equipment and non-defense equipment, facilities, and infrastructure for land, sea, and air dimensions. The achievements and output targets of the Ministry of Defense in detail can be seen in Figure 2 below.

Output Prioritas	Capaian (Realisasi) Tahun 2016-2019				Target Tahun 2020-2021	
	2016	2017	2018	2019	2020	2021
Pengadaan amunisi halber (leci) (unit)	7.630.294	2.666.432	3.681.805	235.717	13 [desjatan]	13 [desjatan]
Alpeng, KRI, KAL, dan Ranpur atau Bantir Miter Lant (unit)	11	28	2	12	14	16
Pengadaan atau penggantian kendaraan tempur	24	14	3	18	12	12
Dukungan pengadaan alat utama sistem persenjataan (paket)	35	11	2	1	5	5
Pengadaan atau penggantian pesawat udara	20	4	4	4	4	4

Figure 2. Achievements and Priority Output Targets of the Ministry of Defense for 2016-2021

Source: 2021 State Budget Financial Note

Figure 2 shows that the achievement or realization of goods expenditures emphasizes the provision of a strong

defense in the land dimension only, but also in the sea and air dimensions. The realization of priority output from defense spending from 2015-to 2019 experienced a sharp contraction, although there was an increase in 2019 (Indonesian DPRI Expertise Body, 2021). By continuing to make efforts to procure and maintain defense equipment and non-defense equipment, defense forces can increase significantly. The Ministry of Defense continues to pursue the procurement of defense equipment and non-defense equipment to fulfill the Minimum Essential Force (MEF).

When compared to previous years, the procurement of defense equipment is currently much more advanced and has developed significantly. This can be seen from the ranking of the Indonesian military in the global and Southeast Asian arenas. Indonesia managed to rank 16th out of 138 countries with a military strength index of 0.2544. Meanwhile, at the Southeast Asian level, Indonesia occupies the first position. Global Fire Power (2020) states that the military power ranking refers to several assessments including manpower, airpower, land forces, naval forces, natural resources, logistics, financials, and geography.

CONCLUSION

The budget allocated by the government has a significant influence on the priority outputs of the Ministry of Defense. The defense spending policy for the 2020 budget year is more focused on the maintenance of personnel on land, sea, and air and the procurement of defense equipment. The Ministry of Defense and the TNI are trying to improve the quality of human resources or the professionalism of land, sea, and air personnel while at the same time realizing the independence of the national defense industry. Efforts to produce or modernize defense equipment are aimed at supporting national development as well as developing the role

of domestic defense industry players. Technology transfer is one of the efforts that the Ministry of Defense and the domestic defense industry can continue to do. It can be said that the production and modernization of defense equipment require a strong commitment from the government to increase defense power while realizing the independence of the defense industry. So that the Indonesian defense or military sector is increasingly optimistic about facing various threats, disturbances, and challenges that come from within and outside the country.

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