




MINISTRY OF FINANCE
REPUBLIC INDONESIA

RECENT MACROECONOMIC AND FISCAL UPDATE

MINISTRY OF FINANCE
October 2022



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1

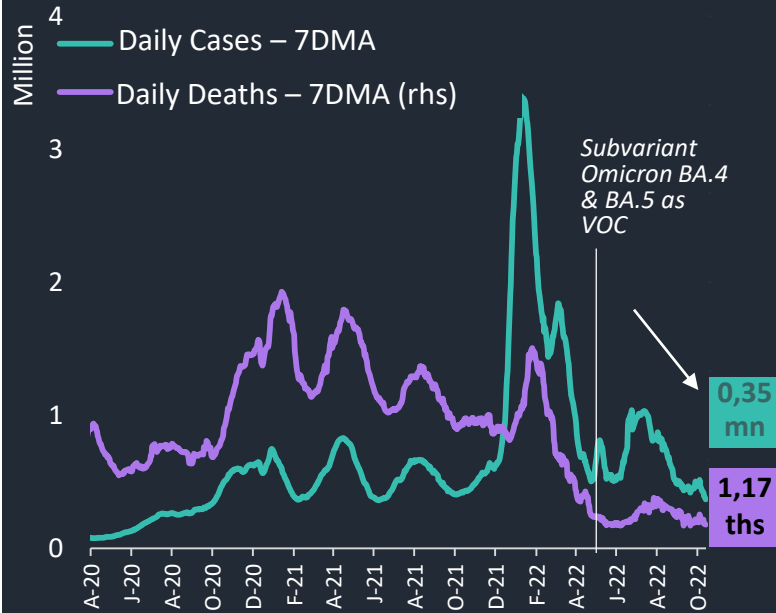
GLOBAL UPDATE & RISKS



COVID-19 CASES AND DEATHS HAS RECEDED AND BEEN UNDER CONTROL

Vaccinations continues to become the key policy to improve pandemic situation

COVID-19 GLOBAL (27 October)



Cumulative Cases

634.19 mn
(228 countries)

Recovered

613.15 mn
(96.2%)

Cumulative Deaths

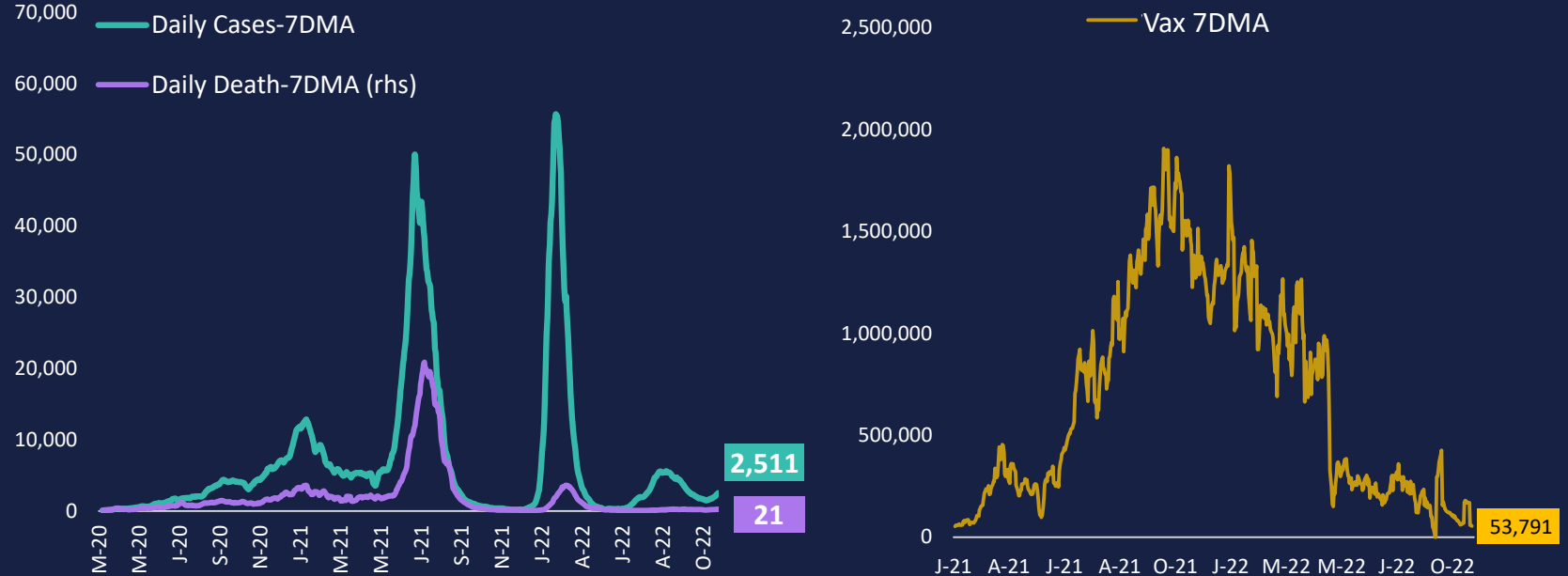
6,59 mn
(1.0%)

Active Cases

14.56 mn
(2.3%)

Source: worldometers.info, processed

COVID-19 & VACCINATION IN INDONESIA (28 October)



Cumulative Cases

6.48 mn

Recovered

6.30 mn
(97.1%)

Cumulative Deaths

158,544

Kasus Aktif

22.743
(0.4%)

Vax 1 **205.12 mn** (75.9% of population)

Vax 2 **171.84 mn** (63.6% of population)

Vax 3 **64,91 mn** (24.0% of population)

Vax 4 **0,66 mn** (0.25% of population)

Source: Indonesia's Ministry of Health, processed



THE RISKS HAS SHIFTED FROM PANDEMIC TO VARIOUS GLOBAL SHOCKS



Persistent
High Global
Inflation

Liquidity
Tightening &
Interest Rates
Hike



Increasing
Risks of Food,
Energy, and
Financial Crisis



Increasing Risk
of Stagflation



Heightening
Geopolitical
Fragmentation

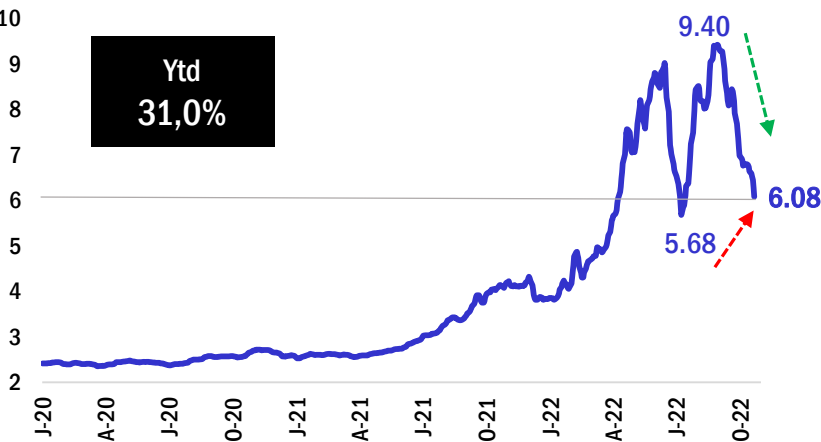




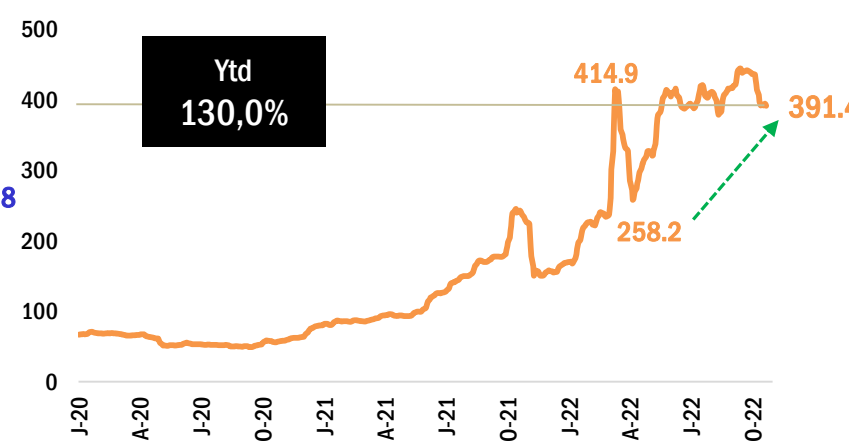
COMMODITY PRICES HAS BEEN VOLATILE, WITH SOME REMAINED RELATIVELY HIGH

Gas and coal prices have been consistently high since the pandemic and war in Ukraine commenced, while Brent is upticking post OPEC supply cut announcement.

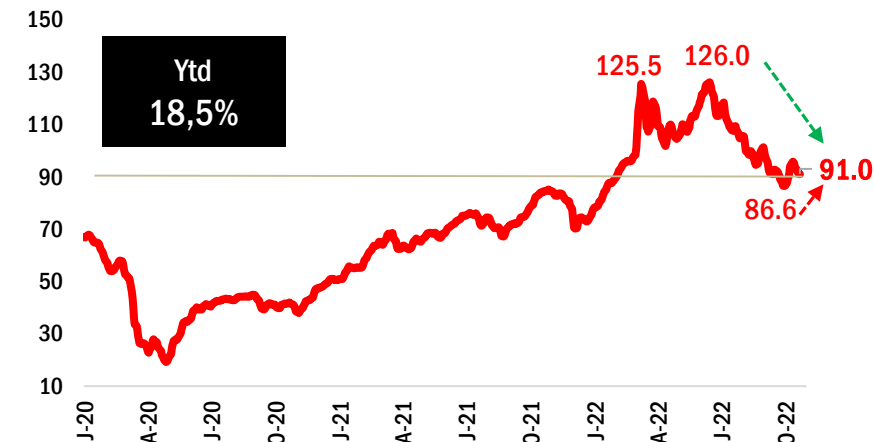
Natural Gas 5dma (US\$/MMBtu)



Coal 5dma (US\$/Metric Ton)

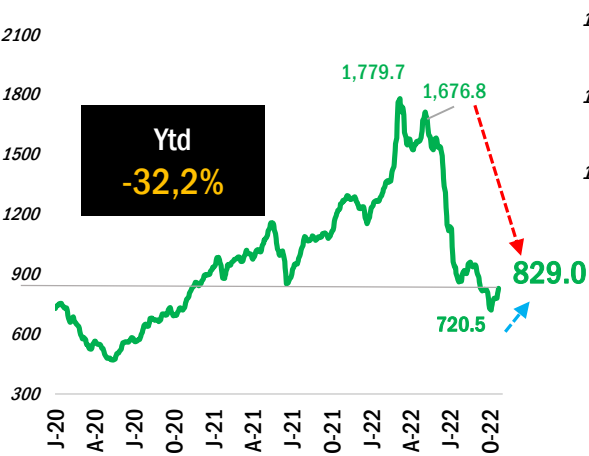


Brent 5dma (US\$/barrel)

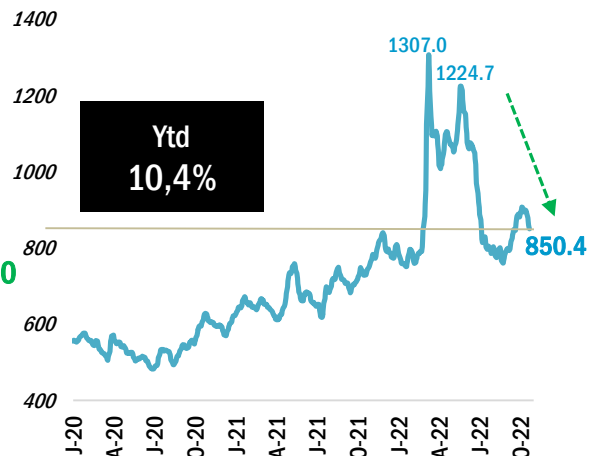


Bad weather and war put soybean and corn price (still) way beyond pre-pandemic level; CPO price's is upticking, while wheat price is slightly dropping.

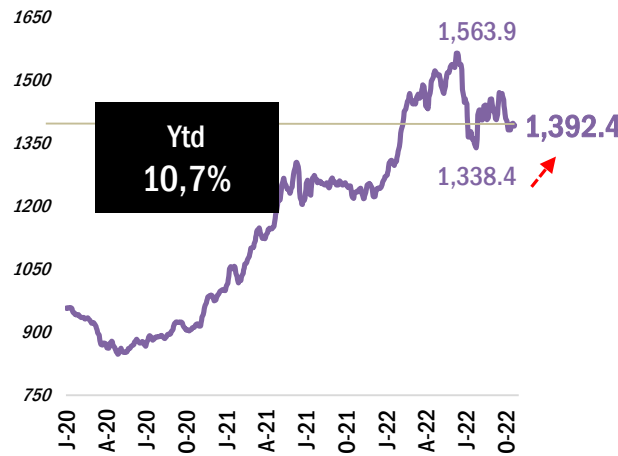
CPO 5dma (US\$/Ton)



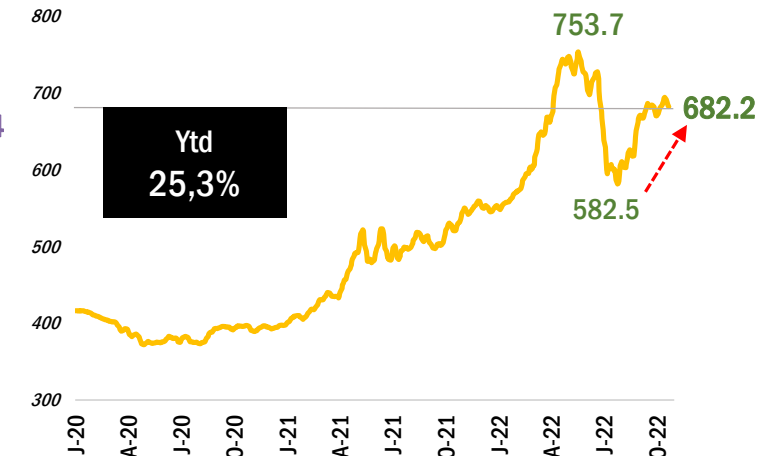
Wheat 5dma (US\$/Bushels)



Soybean 5dma (US\$/bu.)



Corn 5dma (US\$/Bushels)



Source: Bloomberg, UN, Reuters data as of 21 October 2022, processed



HIGH INFLATIONARY PRESSURES HAVE PROMPTED SHARP POLICY RATE HIKES IN MANY COUNTRIES

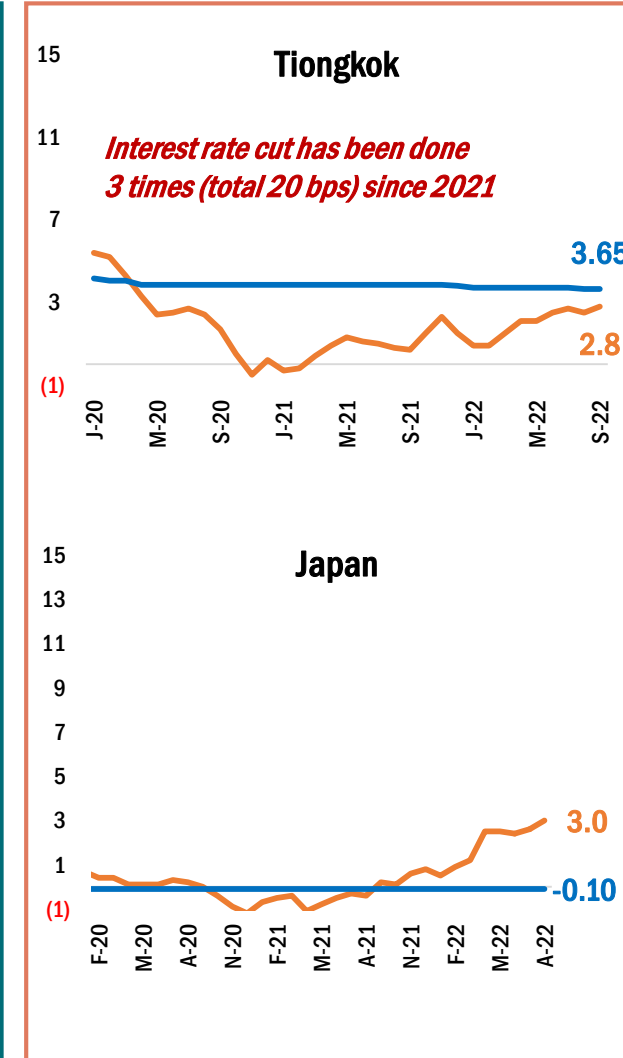
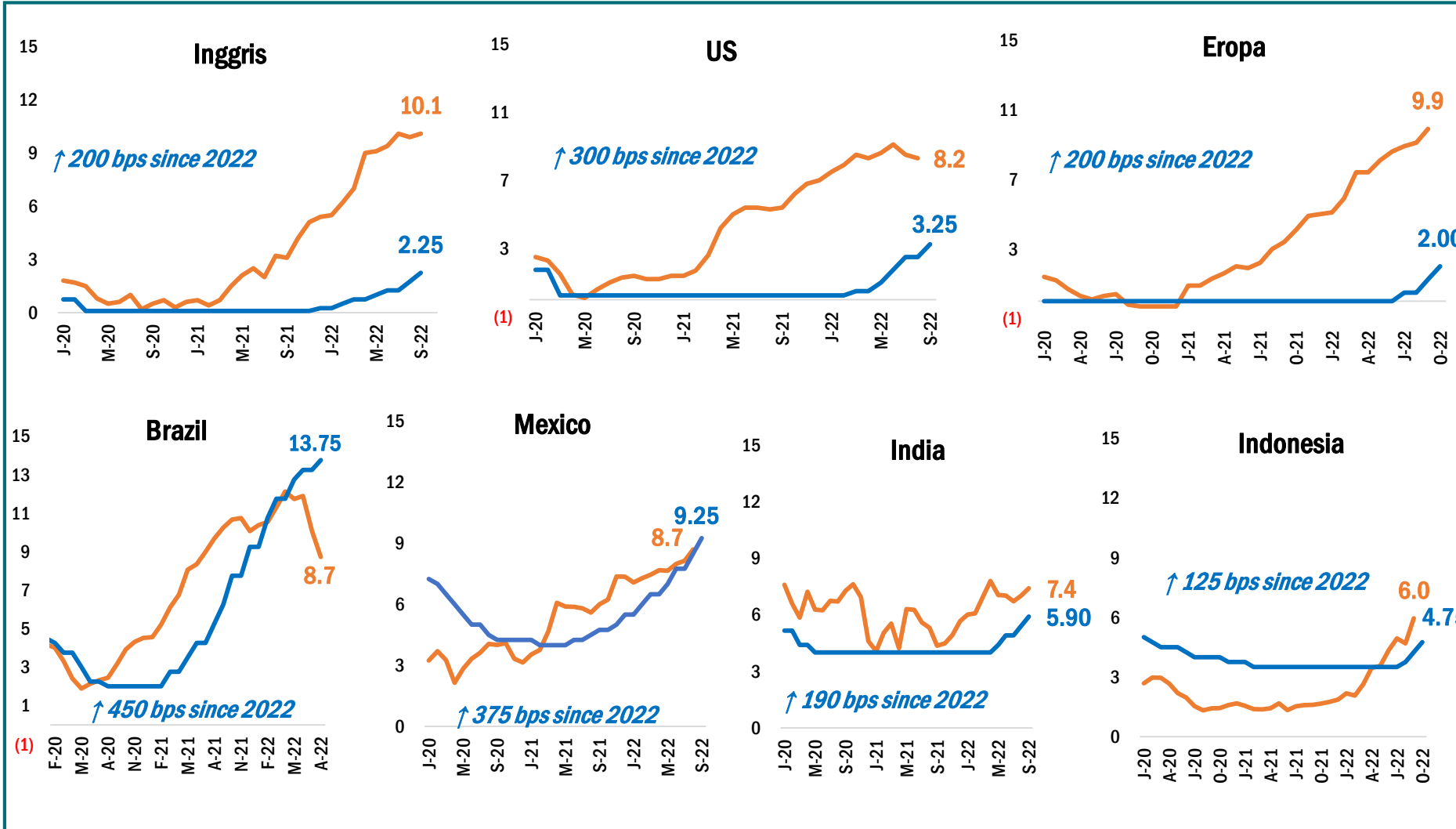
As a consequence, cost of fund is rising in tandem with tighter global liquidity condition

— Inflation Rate (%*yo*)

— Interest Rate (%)

Several G20 countries that have increased their policy rates ...

... and those that haven't yet.



Source: Bloomberg, data as of 13 October 2022, processed

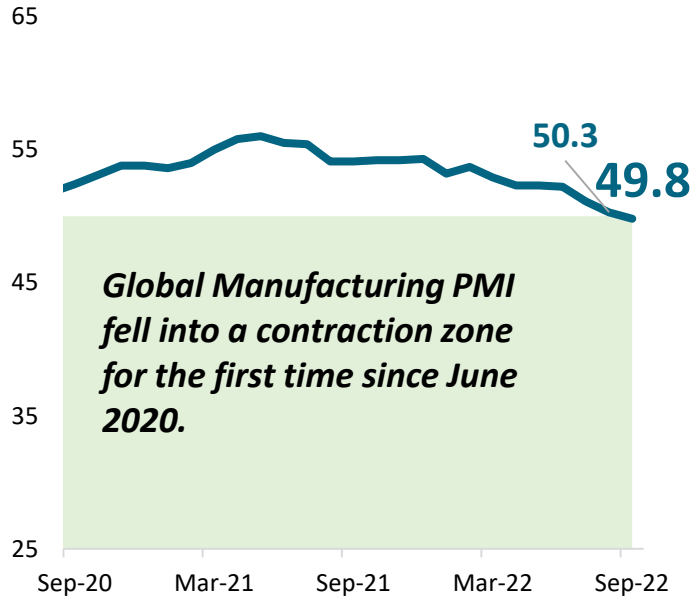


GLOBAL MANUFACTURING PMI HAS SLIPPED INTO CONTRACTION ZONE IN SEPTEMBER 2022

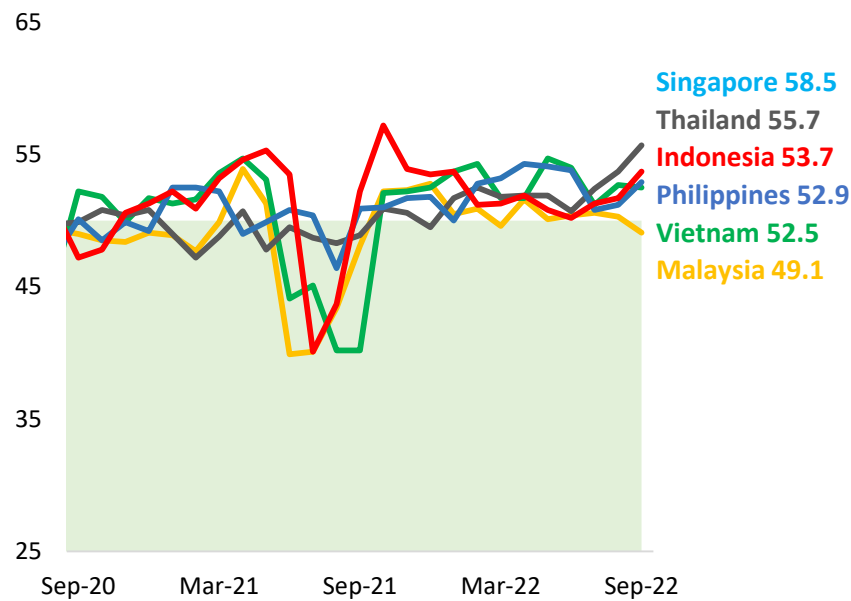
Manufacturing PMI in Indonesia remains accelerating amid contraction trend in major countries such as European countries, China, and South Korea.

PMI MANUFACTURE AS OF SEPTEMBER 2022

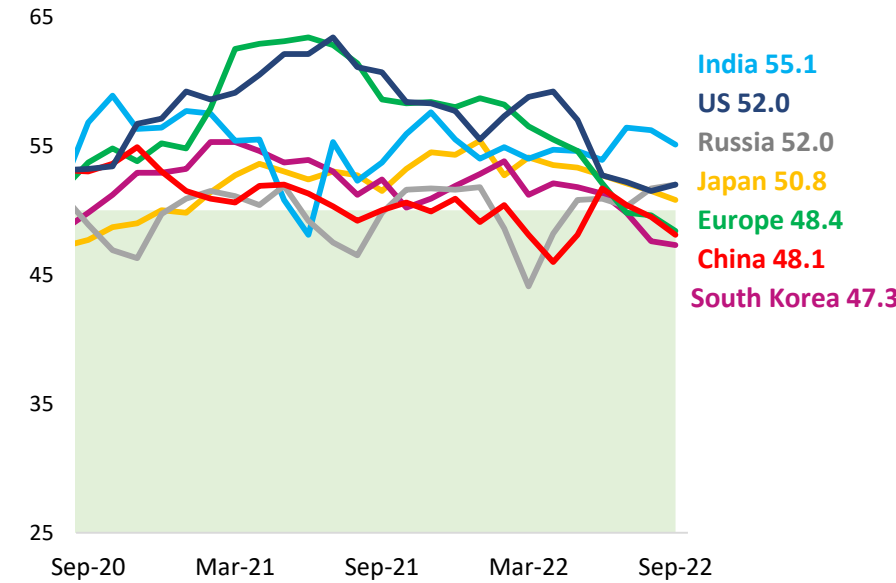
Global



ASEAN-5



Major Countries



Source: Bloomberg, IHS Markit

PMI Manufacture Performance for G20 and ASEAN-6 in September 2022
(exclude ARG, ZAF, SAU)

Accelerated

(in expansive zone & increasing from previous month)

26.1%

US, Indonesia, Thailand, Philippines, Singapore, Russia

Recovered

(upgrade from contraction zone in previous to month to expansive zone)

4.3%

Mexico

Decelerated

(in expansive zone, but slowed down from previous month)

21.7%

Japan, India, Vietnam, Brazil, Australia

Contracted

(in contraction zone)

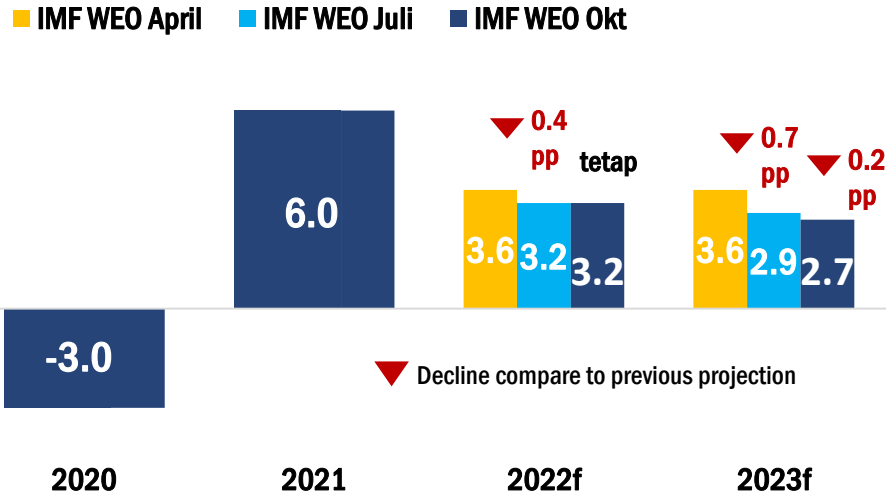
47.8%

Euro Zone, Germany, Italy, Spain, UK, China, South Korea, Malaysia, Canada, Turkey



GLOBAL ECONOMIC PROSPECT HAS WEAKENED WITH HIGH UNCERTAINTY

Global Economic Growth Projection IMF, % *yoj*



- Lower global economic growth projection was due to persistent high inflationary pressures, aggressive monetary policy tightening, war in Ukraine, and Covid-19 impact in China.
- The risk of recession increases, the IMF predicts that 43% of countries in the world (contributing more than 1/3 of the world's GDP) will experience a technical recession in the period 2022-2023.
- Downside risks significantly soared: under/over-tightening policies, strengthening US dollar, longer-lasting inflationary pressures, debt pressures in vulnerable developing countries, European energy crisis, worsening of China's property sector crisis, global economic fragmentation, weakening international cooperation

Various Countries Growth Projection by IMF, % *yoj*

| Countries | 2019 | 2020 | 2021 | WEO IMF (October) | | | |
|-------------------|------|------|------|-------------------|----------------------------------|-------|-----------|
| | | | | 2022f | | 2023f | |
| World | 2.8 | -3.0 | 6.0 | 3.2 | Unchanged compared July forecast | 2.7 | ↓ 0.2 pp |
| Advance Economies | 1.7 | -4.4 | 5.2 | 2.4 | ↓ 0.1 | 1.1 | ↓ 0.3 |
| United States | 2.3 | -3.4 | 5.7 | 1.6 | ↓ 0.7 | 1.0 | Unchanged |
| Europe Zone | 1.6 | -6.1 | 5.2 | 3.1 | ↑ 0.5 | 0.5 | ↓ 0.7 |
| Emerging Market | 3.6 | -1.9 | 6.6 | 3.7 | ↑ 0.1 | 3.7 | ↓ 0.2 |
| China | 6.0 | 2.2 | 8.1 | 3.2 | ↓ 0.1 | 4.4 | ↓ 0.2 |
| Indonesia | 5.0 | -2.1 | 3.7 | 5.3 | Unchanged | 5.0 | ↓ 0.2 |
| India | 3.7 | -6.6 | 8.7 | 6.8 | ↓ 0.6 | 6.1 | Unchanged |

Global Inflation Projection

2022
8.8% (↑ 0.5 pp)

2023
6.5% (↑ 0.8 pp)

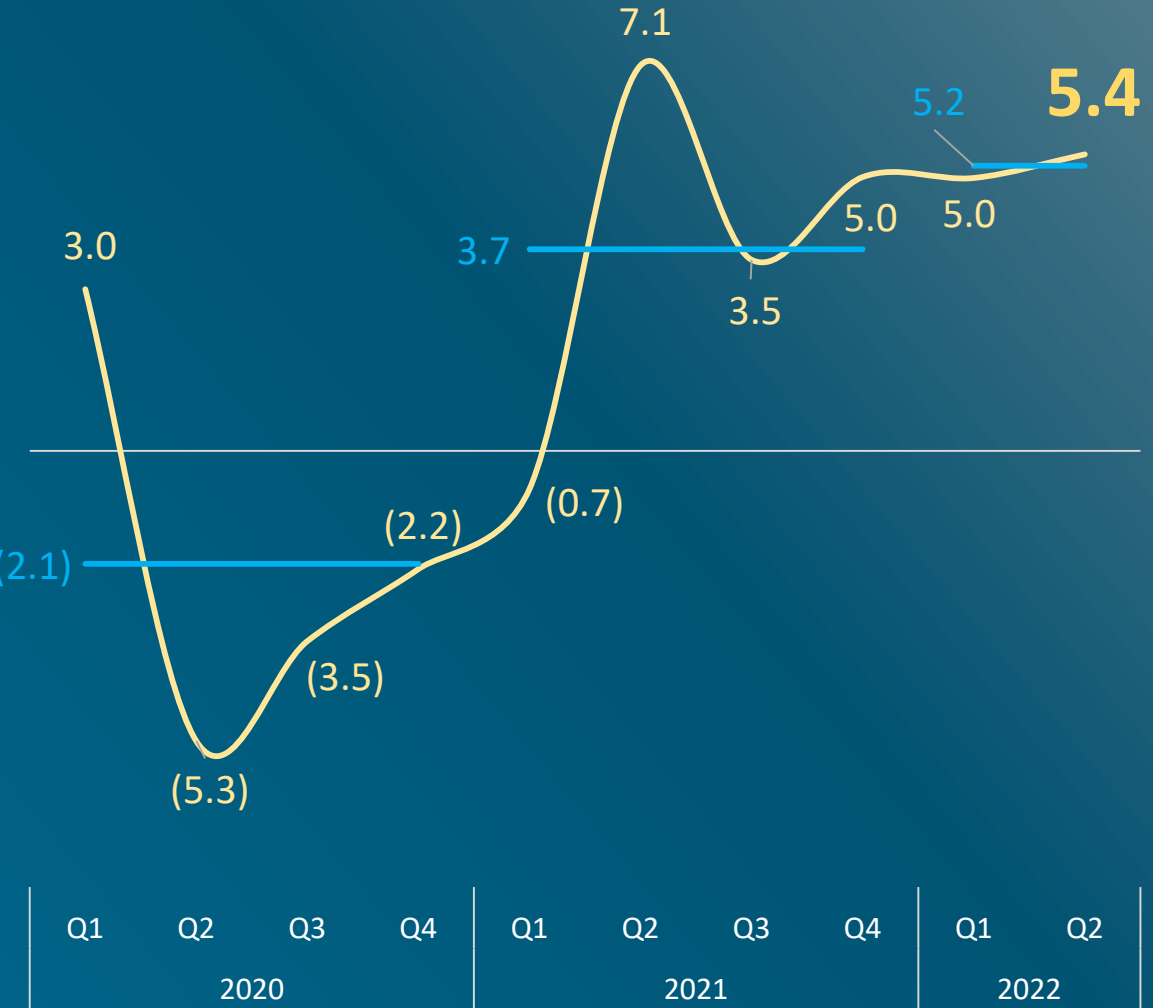
Source: WEO IMF July and October 2022, processed



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2 DOMESTIC ECONOMIC UPDATE

INDONESIA'S ECONOMIC RECOVERY CONTINUED TO STRENGTHEN



- **Household consumption** increased rapidly during the month of Ramadan and Eid al-Fitr, reflected in the high growth in consumption of transportation and communications as well as restaurants and hotels.
- **Government consumption** contracted in line with the decline in spending for handling the pandemic (medical devices, medicines, and patient care).
- **Investment** grew positively in line with the well-maintained sustainability of the expansion of the business world.
- **Exports** recorded high growth in line with the demand for superior national commodities and manufactured products.
- **From the production side**, high commodity prices have catalyzed strong growth in the mining and agriculture sectors. The expansion of the manufacturing and trade sectors continued to be stable, in line with improvements in production capacity and domestic demand.

| Share (% GDP) | Expenditure | 2020 | | | | | 2021 | | | | | 2022 | |
|---------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|
| | | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 | Q3 | Q4 | FY | Q1 | Q2 |
| 54.4 | HH Cons. | 2.8 | -5.5 | -4.0 | -3.6 | -2.6 | -2.2 | 6.0 | 1.0 | 3.6 | 2.0 | 4.3 | 5.5 |
| 9.1 | Gov. Cons. | 3.8 | -6.9 | 9.8 | 1.8 | 2.0 | 2.5 | 8.1 | 0.6 | 5.2 | 4.2 | -7.6 | -5.2 |
| 30.8 | Investment | 1.7 | -8.6 | -6.5 | -6.2 | -5.0 | -0.2 | 7.5 | 3.8 | 4.5 | 3.8 | 4.1 | 3.1 |
| 21.6 | Export | 0.2 | -12.4 | -13.0 | -6.9 | -8.1 | 6.9 | 31.5 | 29.2 | 29.8 | 24.0 | 16.7 | 19.7 |
| (18.9) | Import | -5.4 | -20.7 | -24.5 | -15.8 | -16.7 | 4.4 | 31.8 | 29.9 | 29.6 | 23.3 | 15.9 | 12.3 |
| | GDP | 3.0 | -5.3 | -3.5 | -2.2 | -2.1 | -0.7 | 7.1 | 3.5 | 5.0 | 3.7 | 5.0 | 5.4 |

Source: Statistics Indonesia

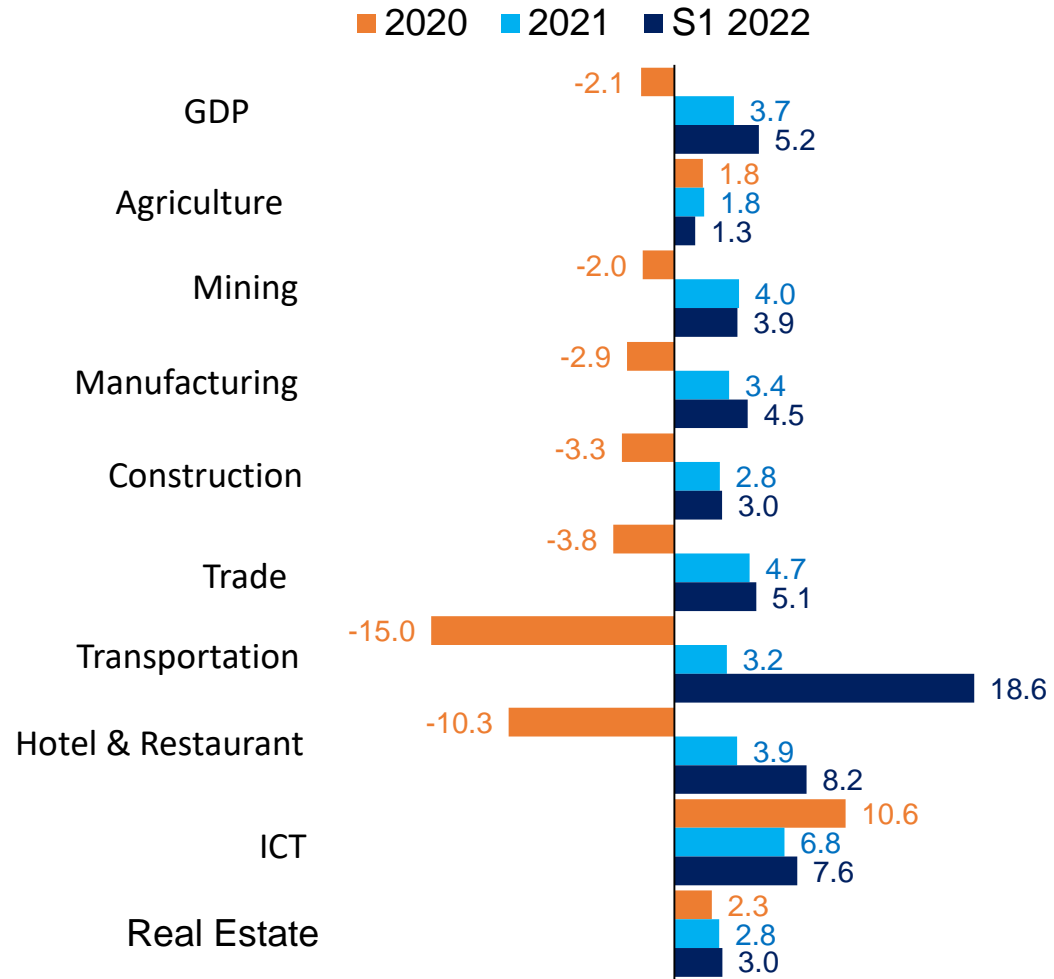


SECTORAL WISE, THE RECOVERY HAS BEEN RELATIVELY BROAD-BASED

Leading sectors are already growing above pre-pandemic levels

RECOVERY TREND: THE PRODUCTION SIDE

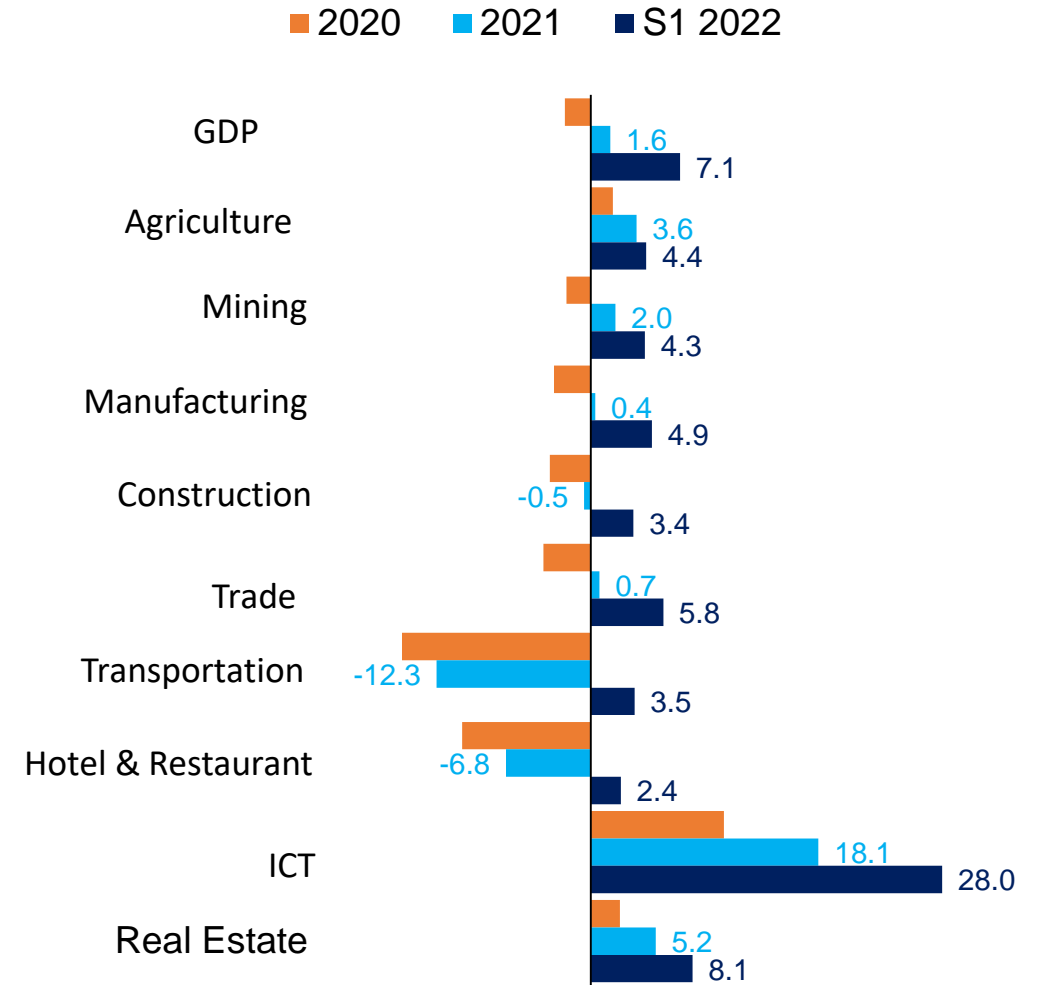
(%, YOY)



Source: Indonesia Statistics, processed

RECOVERY TREND: THE PRODUCTION SIDE

(% GDP level vs 2019)

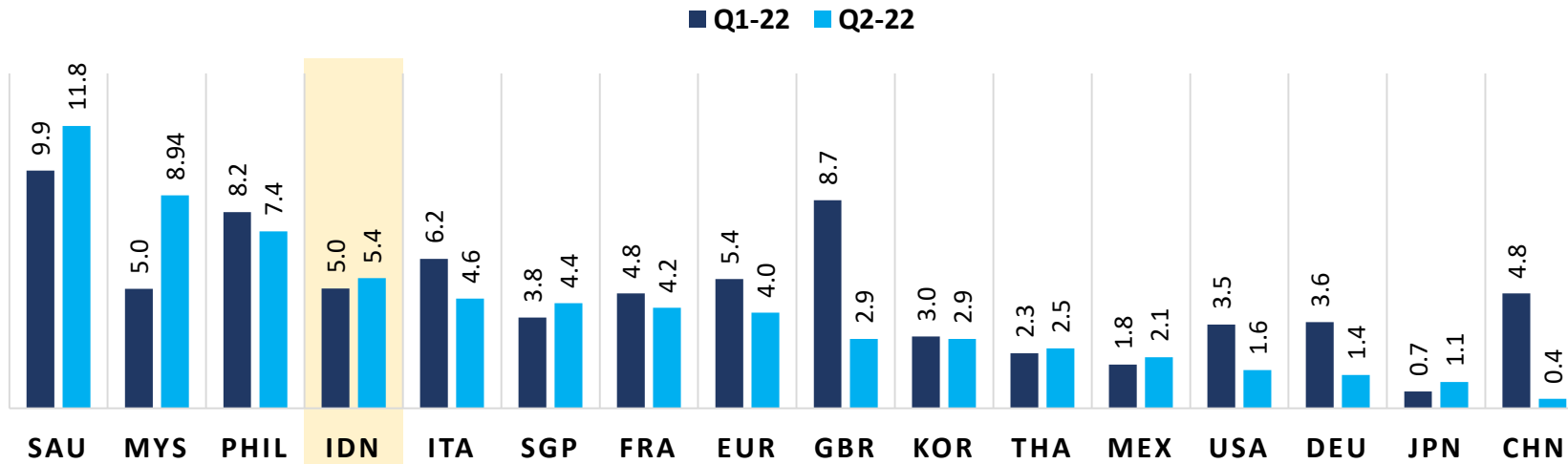


*Semi-annual growth compared to average 2019 levels



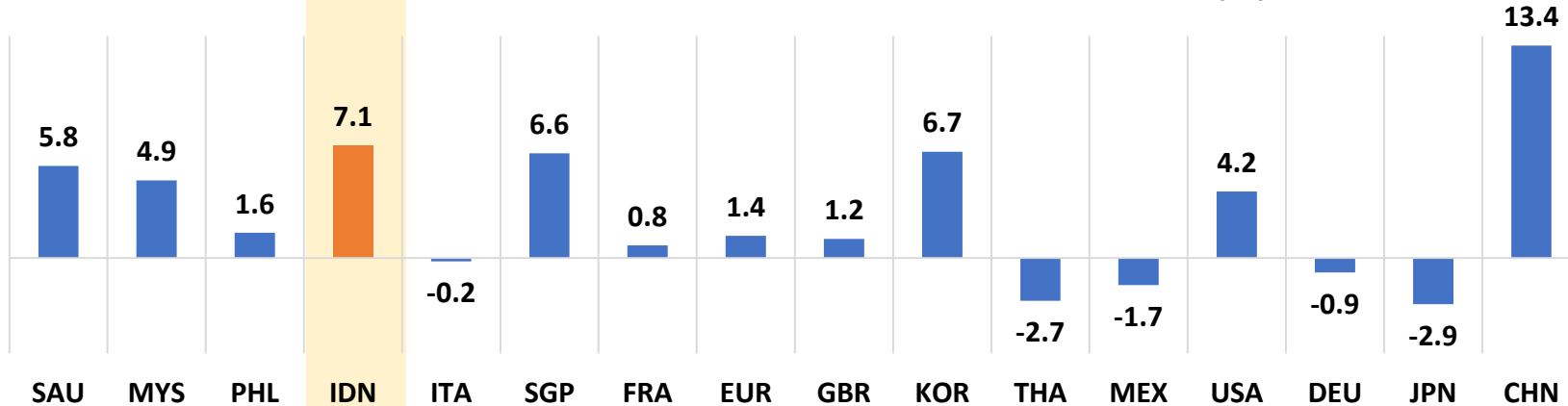
INDONESIA IS AMONG COUNTRIES WITH FASTEST PACE OF RECOVERY

Q2 2022 Economic Growth in G20 and ASEAN-5 Countries (% yoy)



- Q2 2022 economic growth experienced a slowing trend in most countries.
- The slowdown was caused by various factors, such as the Ukraine war and the energy crisis in Europe, the decline in investment in the US, as well as the zero-COVID policy & property crisis in China.
- Meanwhile, in Q2 2022, Indonesia's economic growth strengthened, supported by consumption and export performance.

Real GDP Levels Semester-I 2022 to Semester-I 2019 (%)



- Indonesia is among countries which have been able to emerge strongly from the pandemic.
- Many countries are still struggling to return their economy to the pre-pandemic level



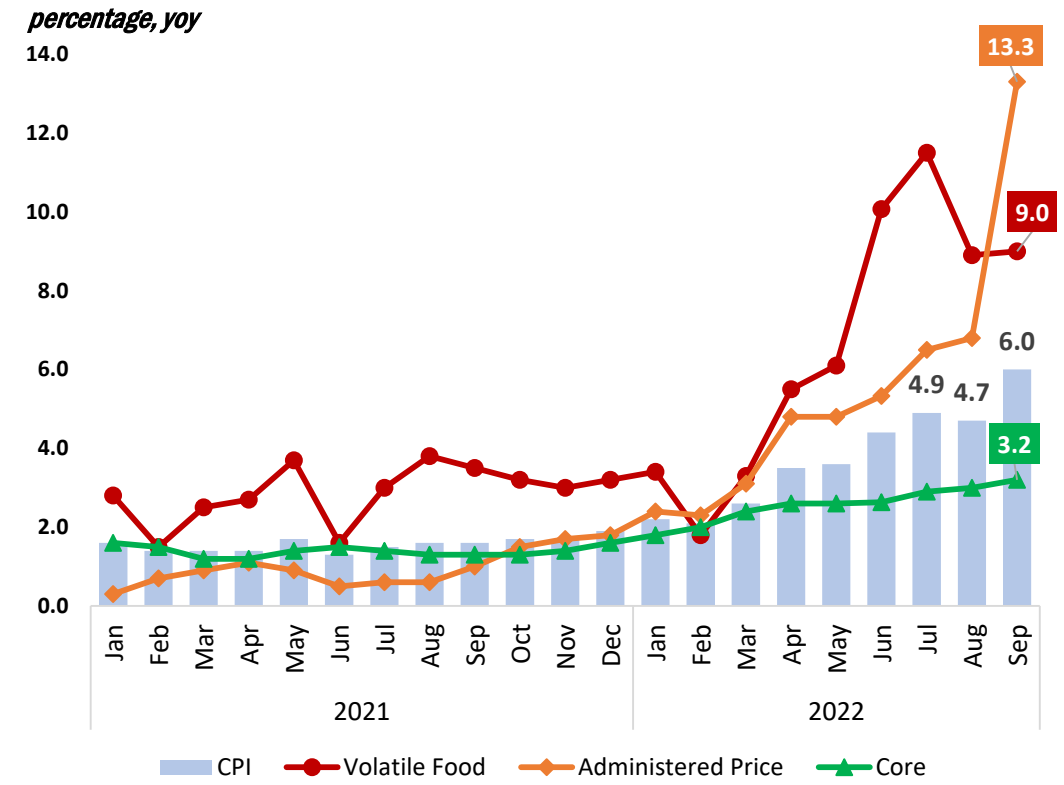
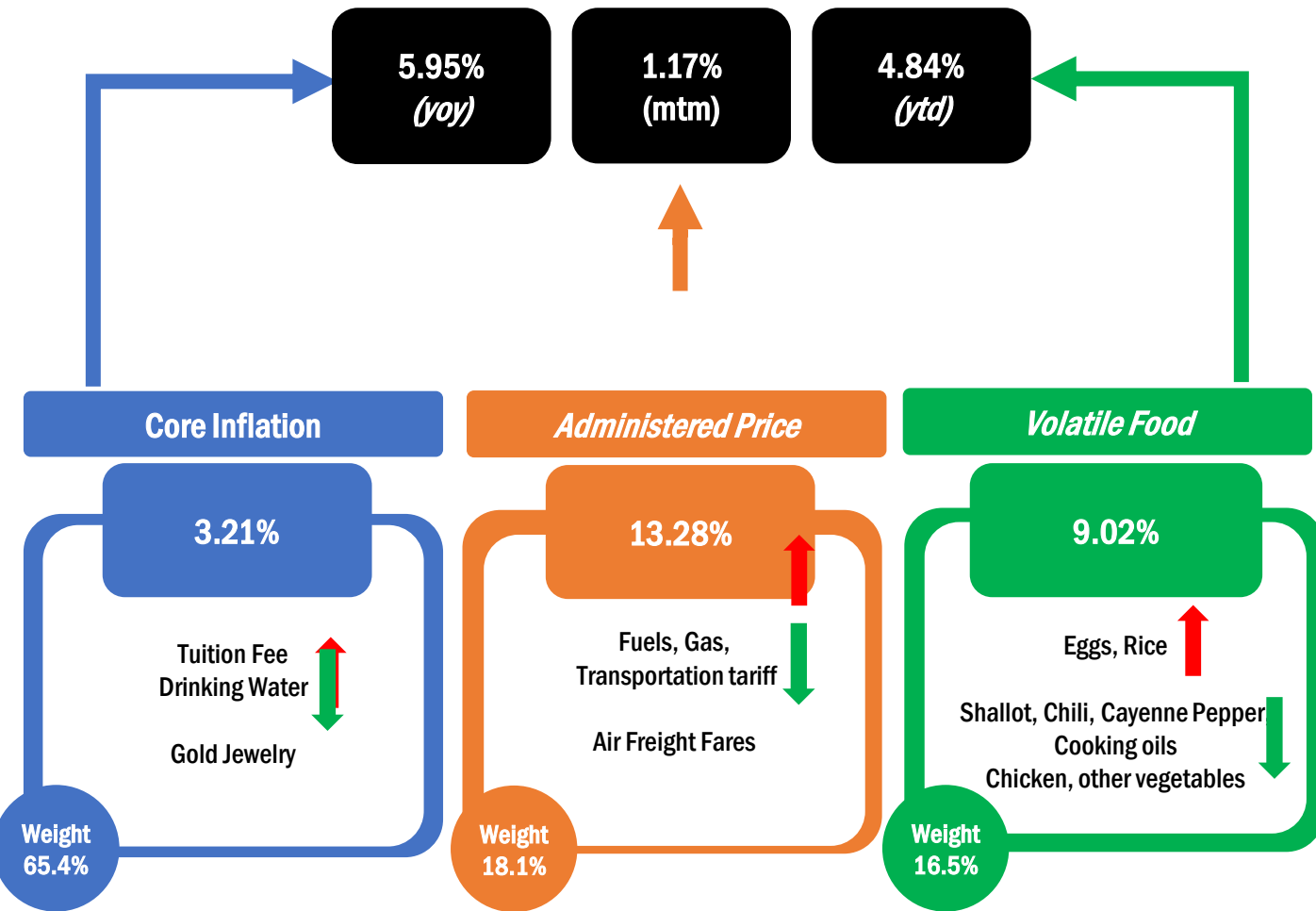
INFLATION HAS BEEN RISING, BUT REMAIN RELATIVELY MODEST COMPARED TO PEERS

Good timing of domestic fuel price adjustment has not induced inflation to surge sharply

INFLATION RATE IN SEPT 2022

INFLATION DYNAMIC BY COMPONENTS

Inflation rate in September was lower than initially anticipated with domestic fuel price hike as transportation tariff's hike, on average, were lower than projected while some food commodities recorded deflations

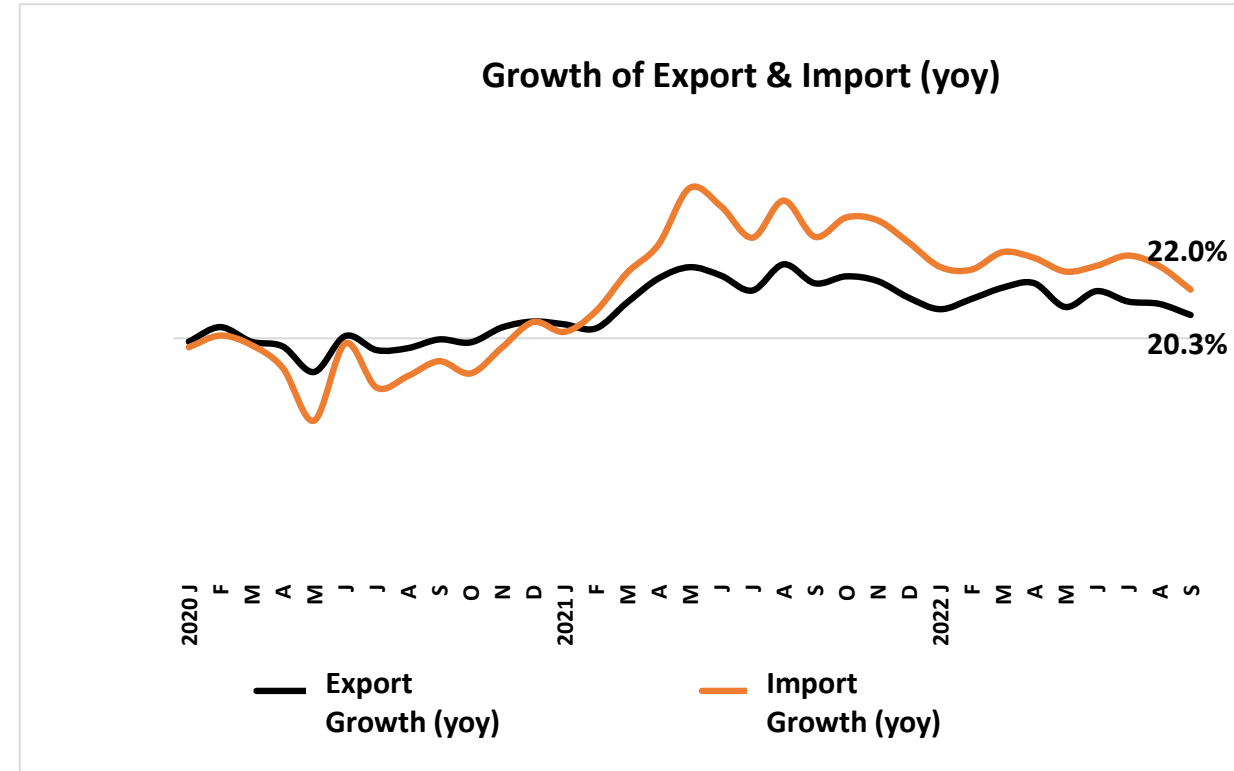
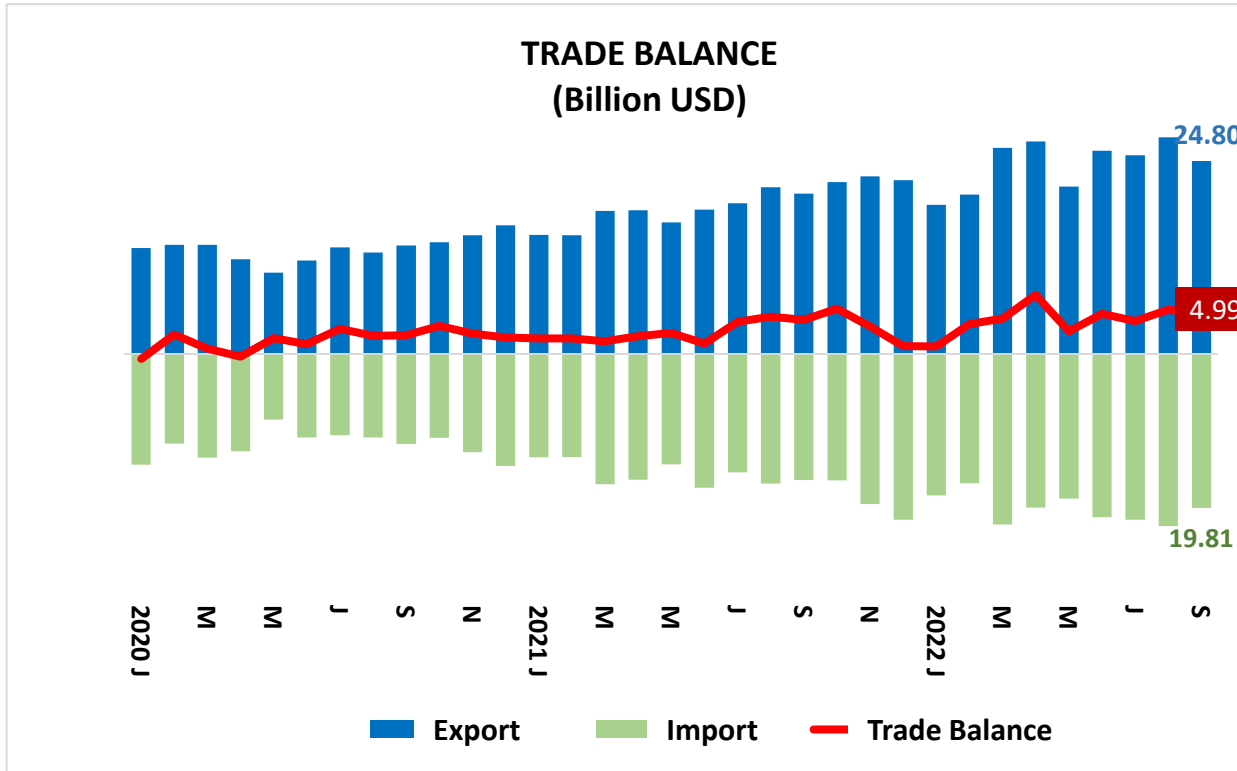


Source: Statistics Indonesia



EXTERNAL POSITION CONTINUED TO STRENGTHEN

Export continued to grow strongly amid global economic pressures, while trade surplus has recorded surplus in 29 months in a row



- In September 2022, Exports reached USD24.8 billion, and Imports reached USD19.8 billion.
- Exports still recorded a solid performance, increasing monthly (mtm) and yearly (yoy) by 10.99% and 20.28%, respectively.
- Meanwhile, imports reflecting much improved economic recovery and activities also still grew strongly by 20.57% (mtm) and 22.02% (yoy). The increase in imports was supported by the continued rise in Indonesia's Manufacturing PMI.
- The trade balance in September 2022 recorded a surplus of USD4.99 billion, continued the surplus trend for 29 consecutive months.

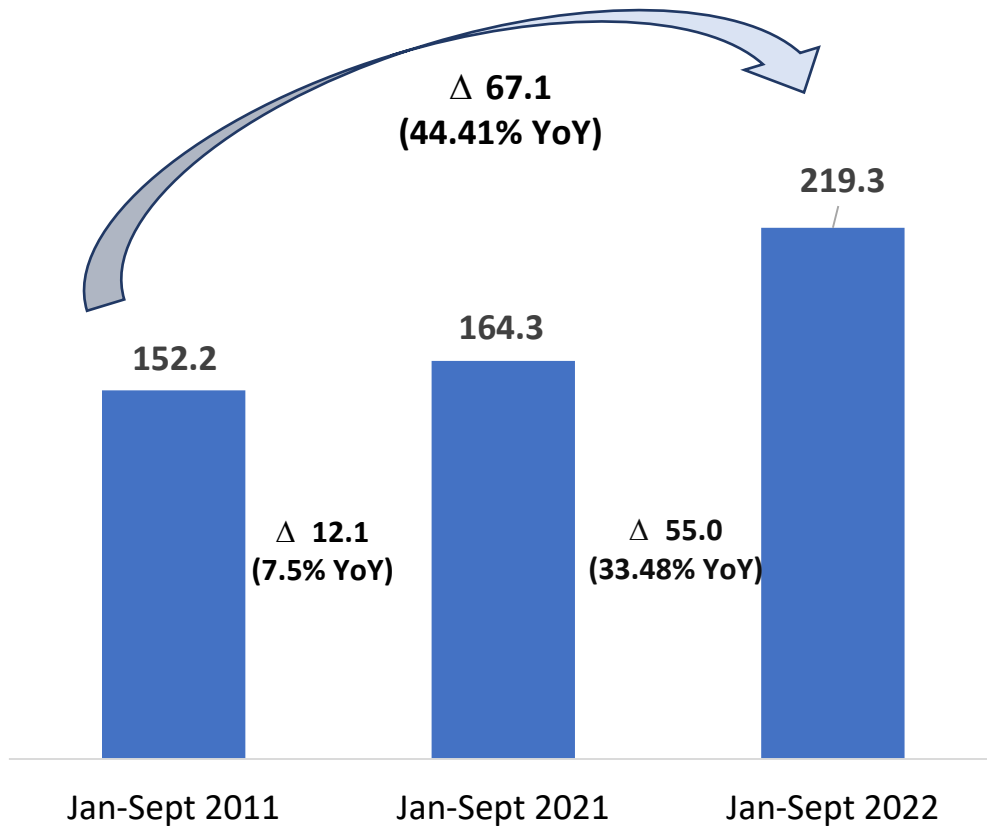
Source: Statistics Indonesia



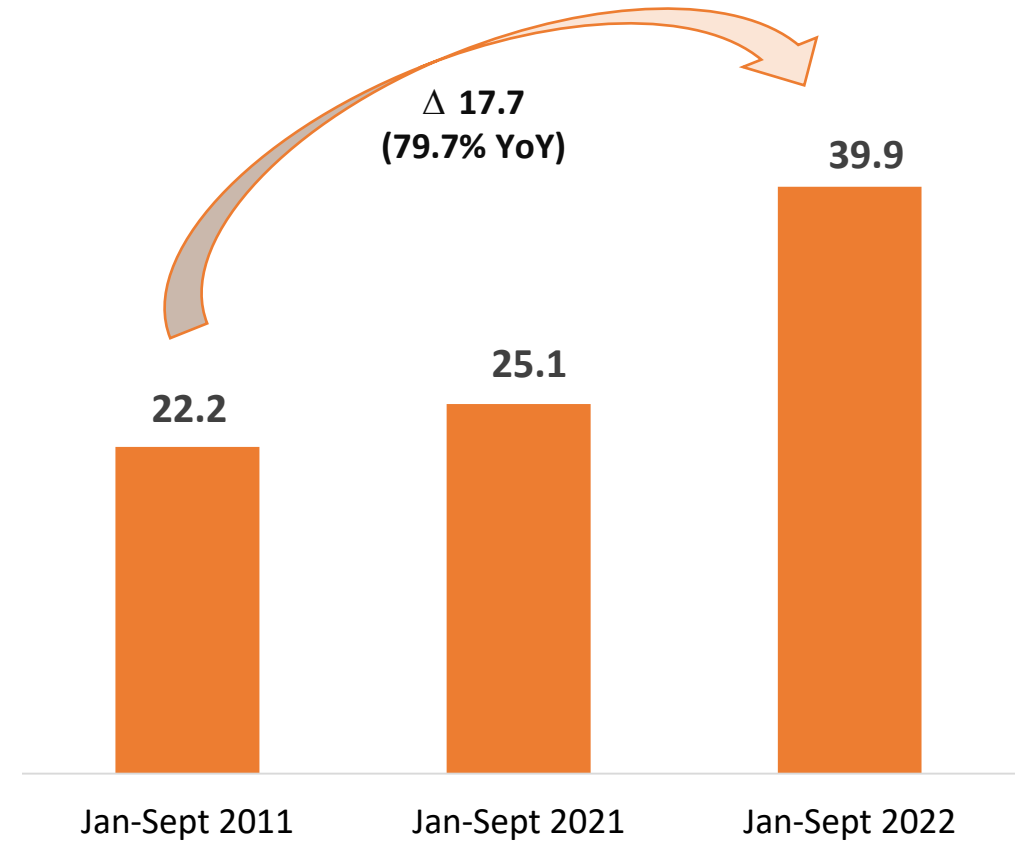
EXPORT AND TRADE BALANCE POSTED A RECORD HIGH IN HISTORY

High commodity prices and downstreaming strategy have boosted export performance

Export in Two Different Boom Episodes (USD bn)



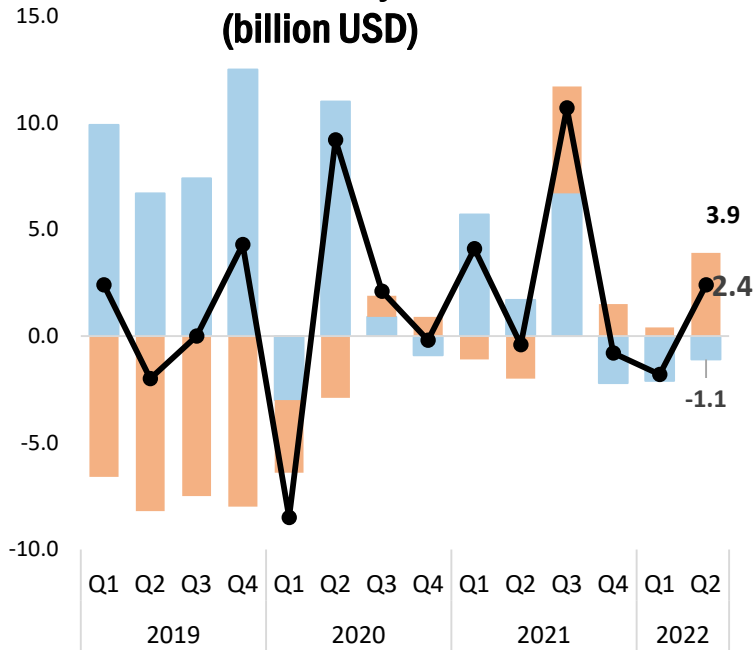
Trade Balance in Two Different Boom Episodes (USD bn)





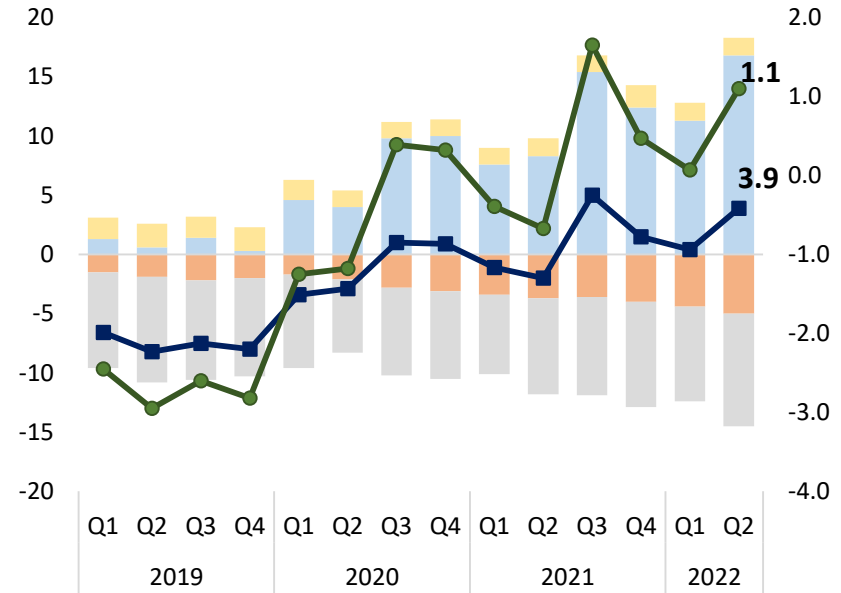
BALANCE OF PAYMENT HAS IMPROVED WITH CURRENT ACCOUNT SURPLUS

Balance of Payment (billion USD)



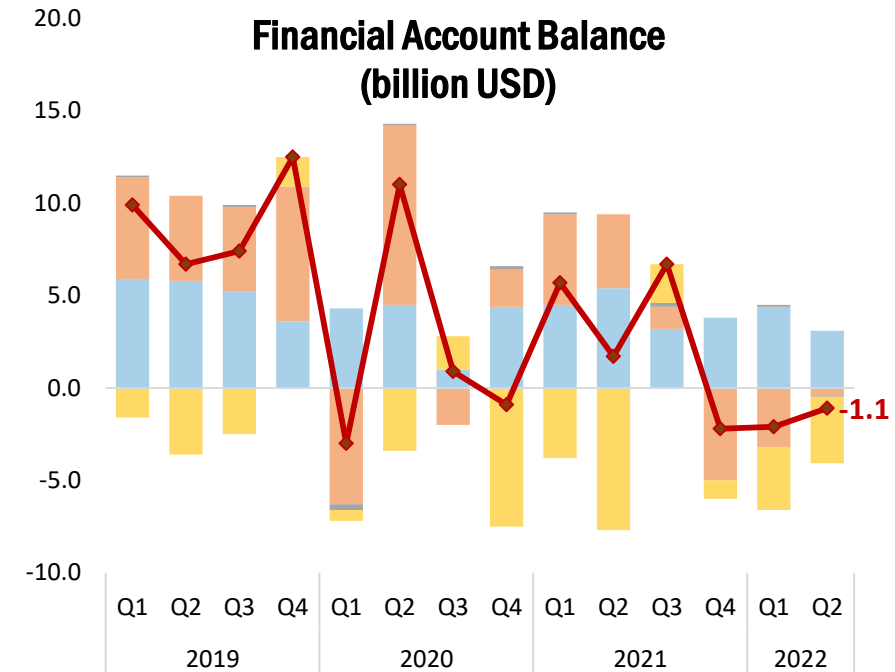
- Current Account
- Capital & Financial Account
- Overall Balance

Current Account Balance (billion USD)



- Secondary Income
- Primary Income
- Services
- Goods
- Current Account
- Current Account (% of GDP) - RHS

Financial Account Balance (billion USD)



- Direct Investment
- Financial Derivatives
- Portfolio Investment
- Other Investment
- Capital & Financial Account

Balance of Payments (BOP) in the Q2-2022
2022 remained solid, bolstering external resilience

Source: Bank Indonesia

Current account surplus kept on recording a surplus, primarily driven by substantial goods trade surplus

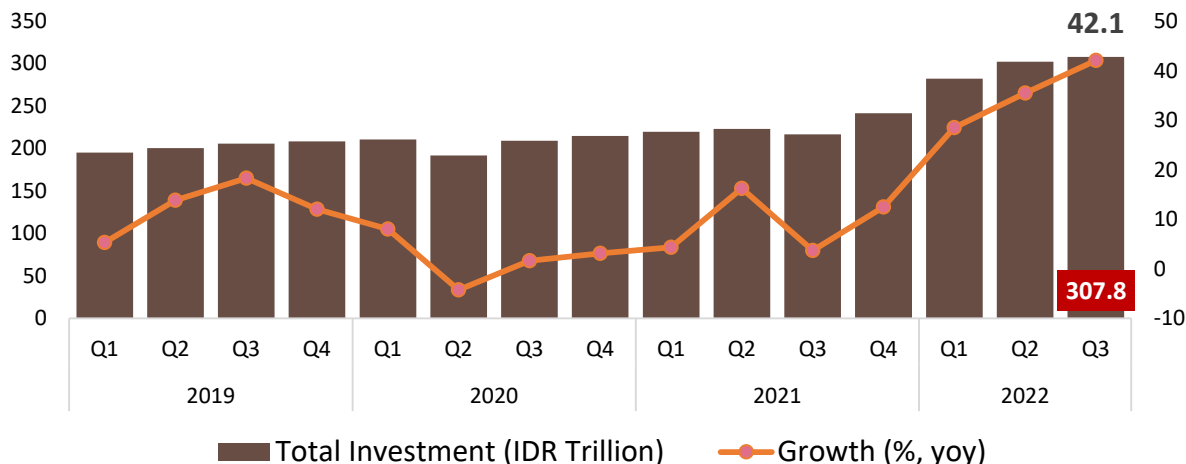
Despite global pressures, capital and financial account remains relatively stable, supported by strong FDI inflow



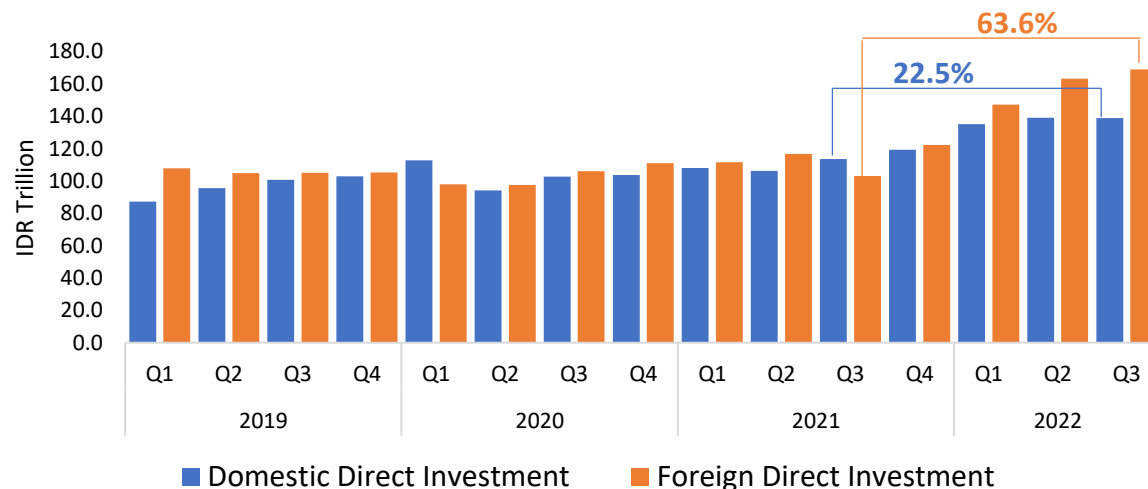
DIRECT INVESTMENT CONTINUED TO STRENGTHEN, GROWING AT 42.1% IN Q3 2022 (YOY)

Relatively solid macroeconomic performance and credible and consistent government policies in improving friendlier investment climate have boosted investors' confidence to continue investing in Indonesia

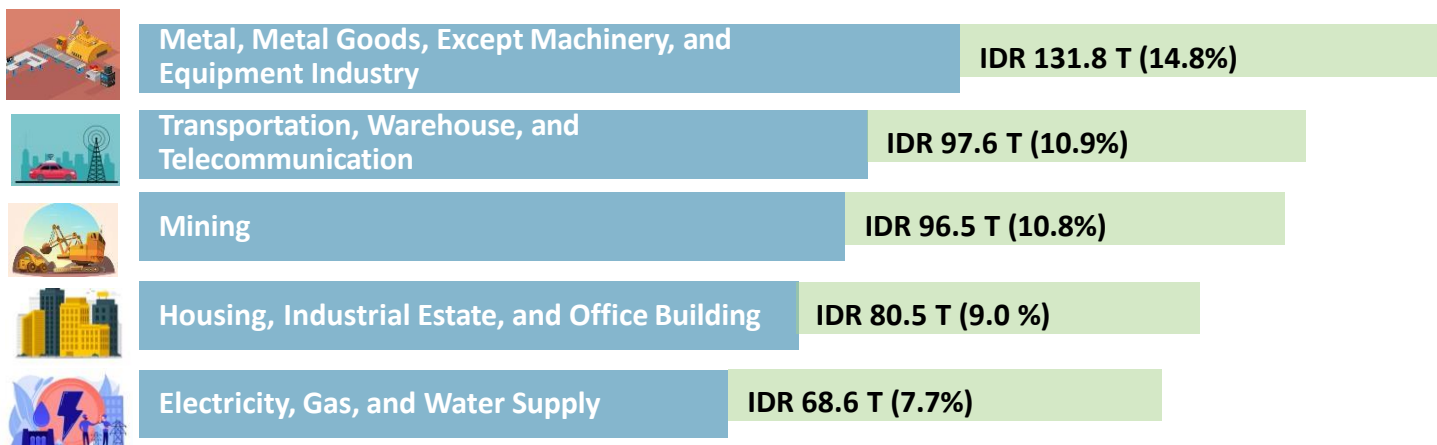
Direct Investment Realization



Domestic & Foreign Direct Investment Realization



Domestic Direct Investment (DDI) and Foreign Direct Investment (FDI) by Sector (Jan-Sept 2022)



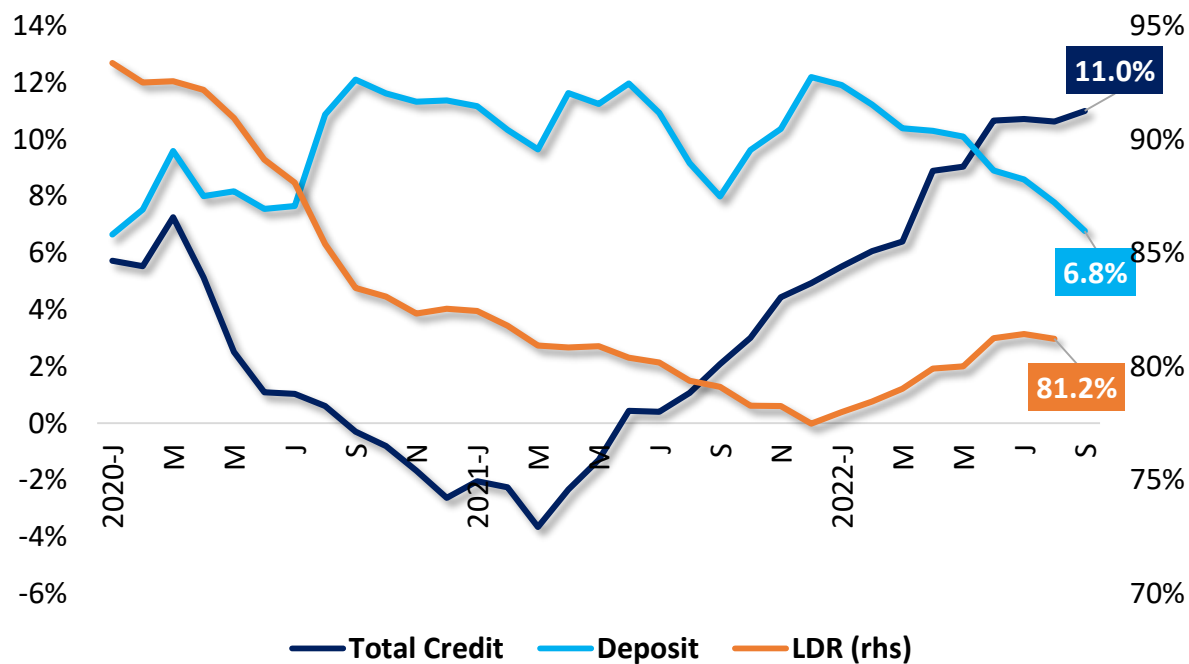
- The investment realization in January – September 2022 reached IDR 892.4 trillion, increased by 35.3% (yoy).
- Investment realization in Q3 2022 **absorbed 325,575 workers, while the whole three quarters have absorbed 965,122 workers.**
- Since the third quarter of 2021, FDI investment in the metal mineral downstream sector has remained in the first rank of the largest investment by sector.



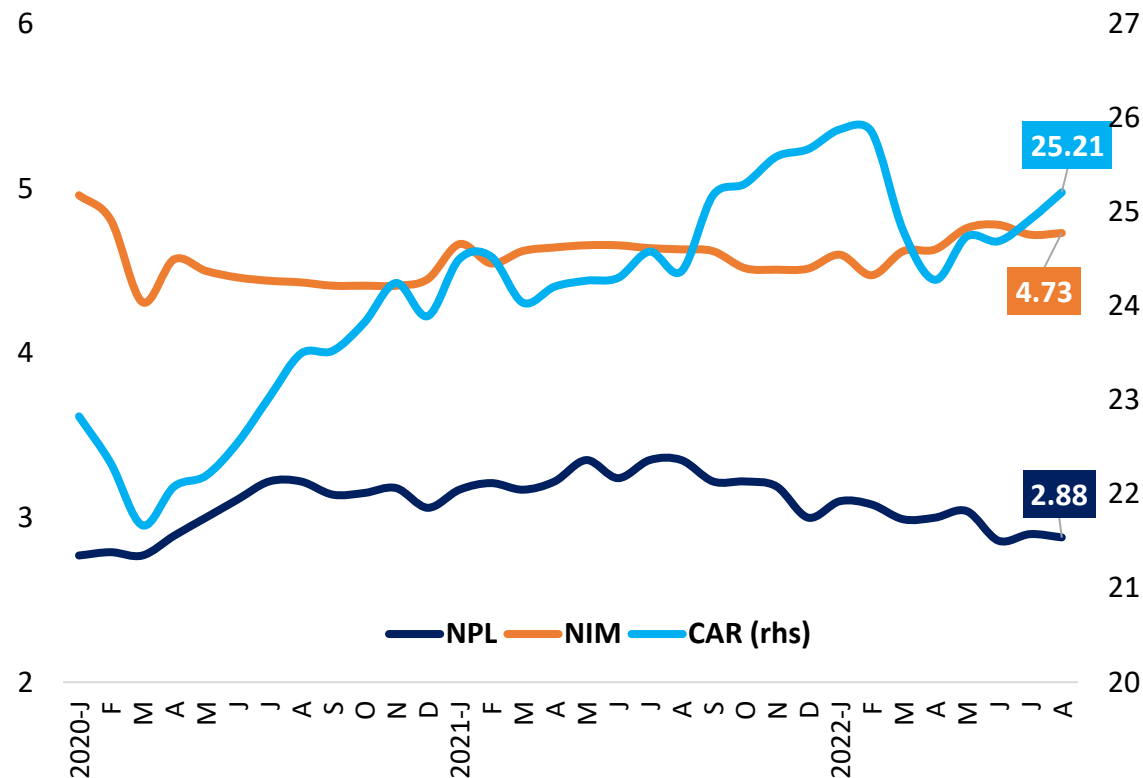
BANKING SECTOR REMAINS RELATIVELY SOLID & WELL - BUFFERED

Credit has continued to grow with stronger economic activities, while credit risk remained relatively low. Capital adequacy ratio in the banking strong is among the highest in the region at around 25%.

Credit, Deposit Growth & LDR



Banking Performance Indicator (%)

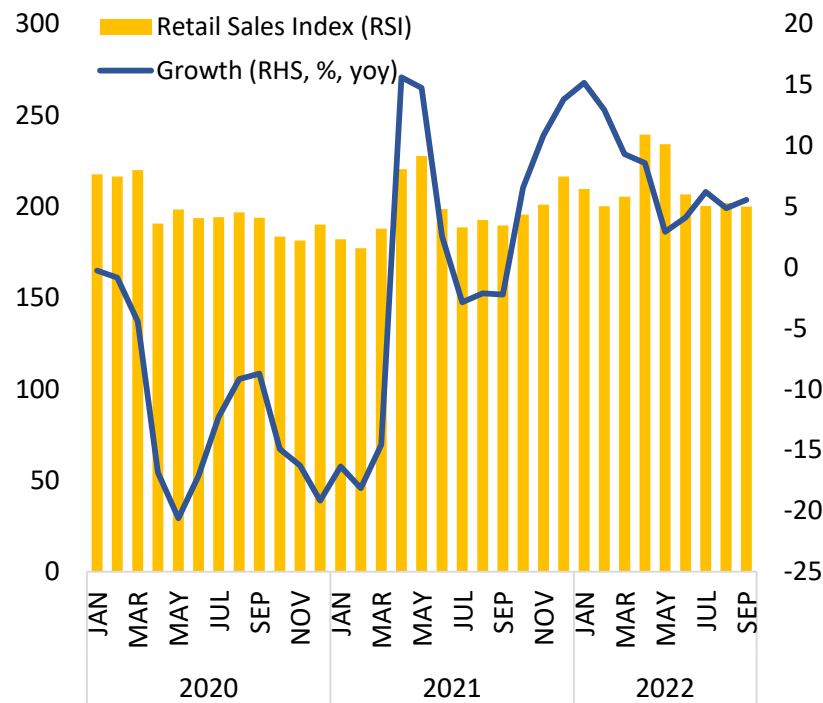




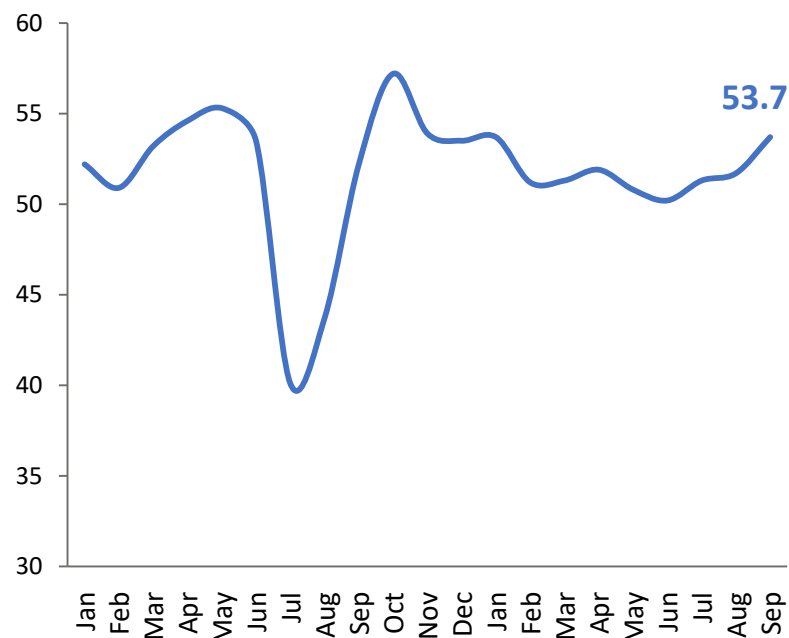
THE NEAR-TERM GROWTH PROSPECT REMAINS RELATIVELY STRONG

Several leading indicators, both consumption and production side, show an upward trend

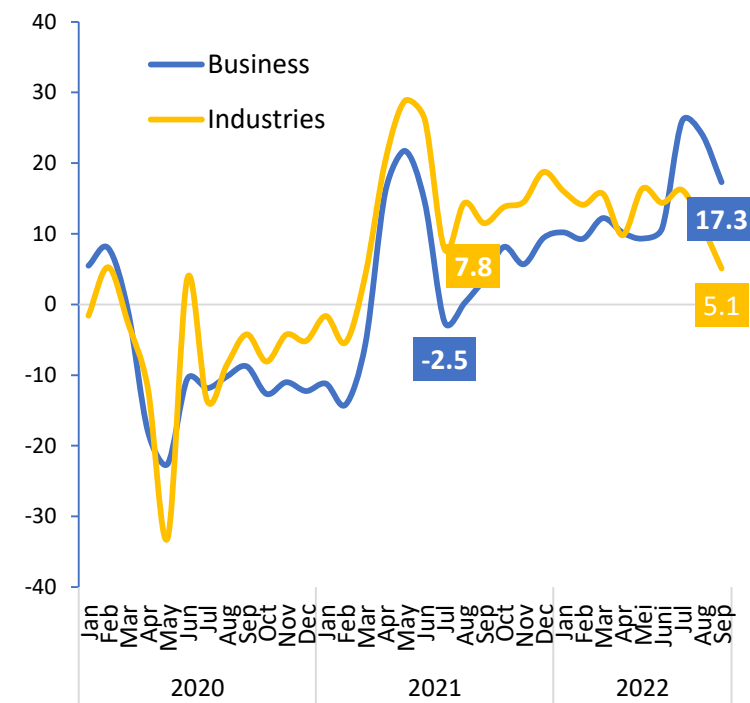
Retail Sales Index continues to strengthen, in line with public optimism and mobility



Indonesia's manufacturing PMI is at an expansionary level for twelve consecutive months



Electricity consumption by business and industry remained relatively high.



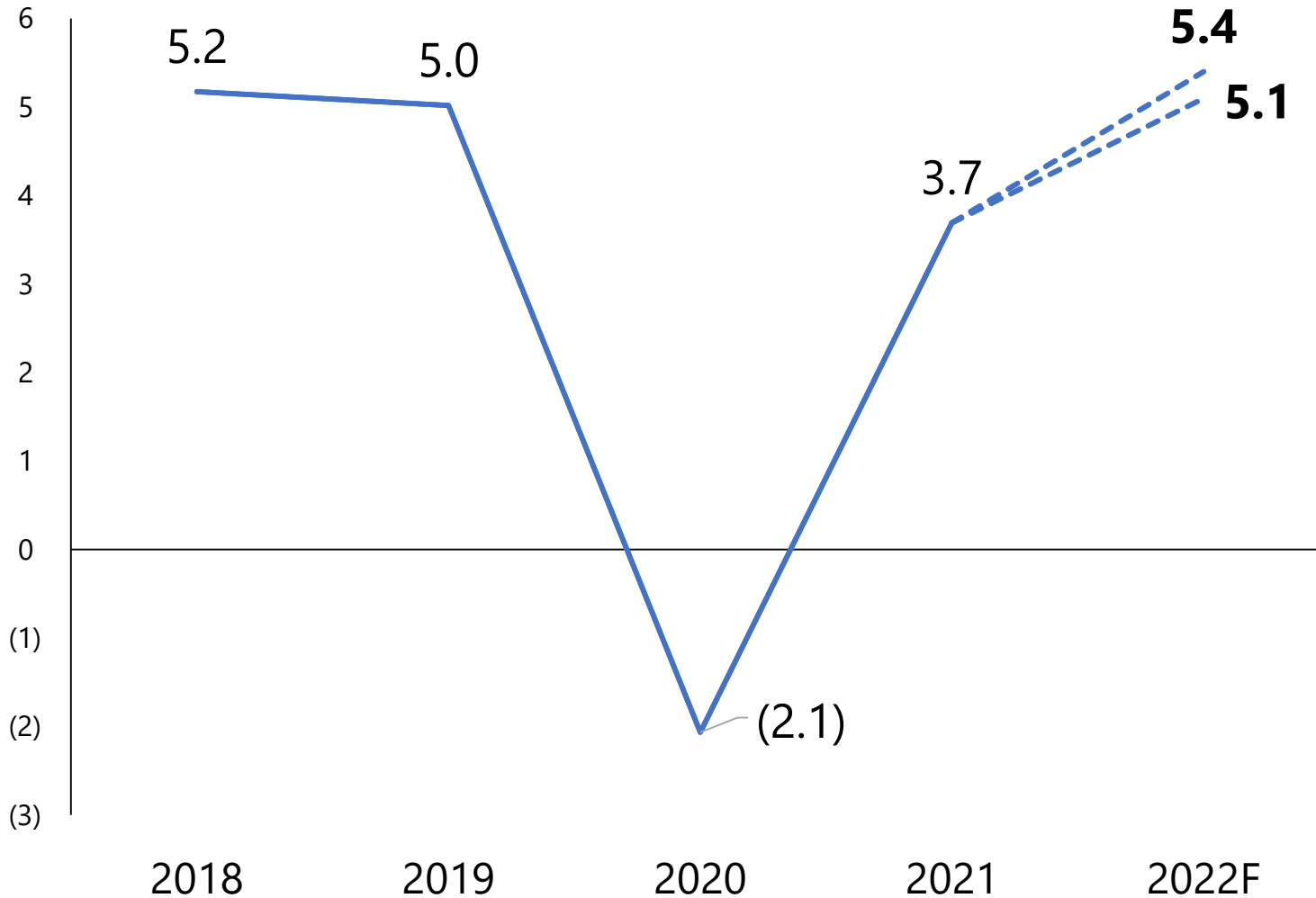


2022 ECONOMIC GROWTH OUTLOOK WILL REMAIN STRONG

Household consumption and export play a significant role in boosting the economy

Indonesia's GDP Growth Forecast (% , yoy)

Source: Indonesia statistic, MoF's estimation



Indonesia's Growth Forecast by Various Institution

| | 2022 | 2023 |
|-----------------------------------|------|------|
| IMF (WEO Oct) | 5,3 | 5,0 |
| Bank Dunia (IEP June) | 5,1 | 5,3 |
| ADB (ADO Update Sept) | 5,4 | 5,0 |
| Bloomberg Consensus (Sept) | 5,2 | 5,0 |

- Learning from the experience of 2011-12 commodity boom, **economic trajectory will capitalize on the commodity supercycle plus ongoing reform agenda**
- Consumption growth will continue its recovery trend, supporting the economic growth
- Strong export performance will also bolster economic growth
- The leading indicators until August still show the consistency of economic recovery:



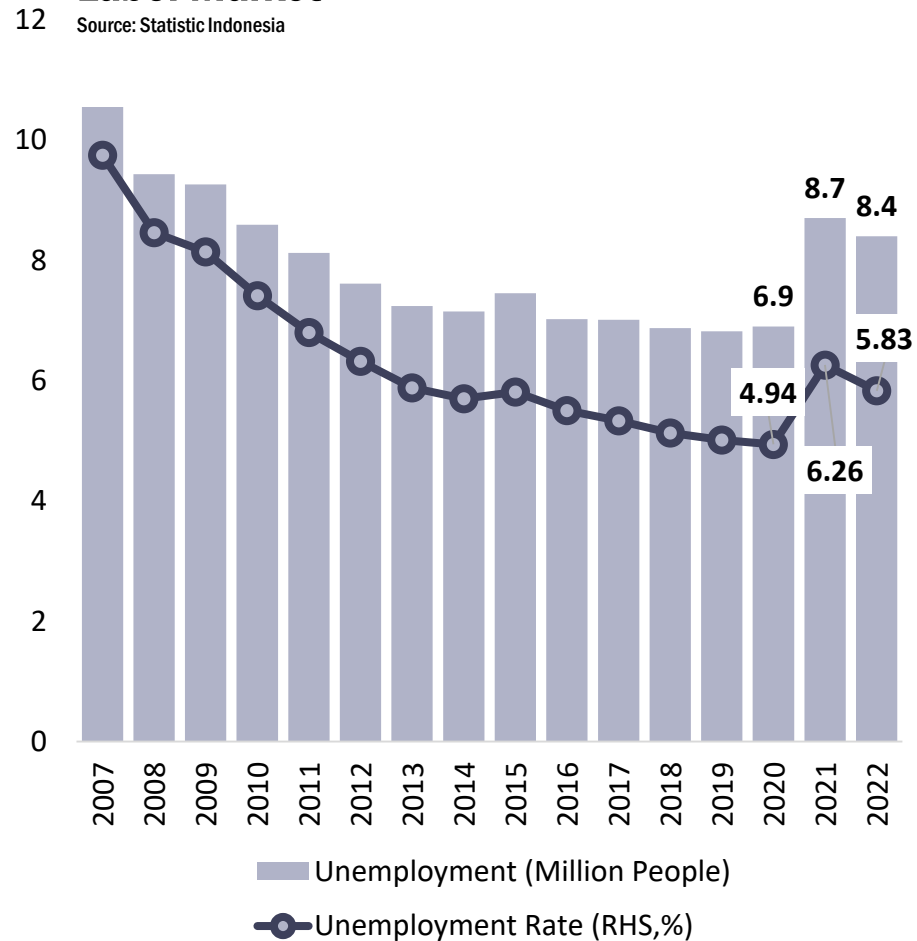
UNEMPLOYMENT AND POVERTY RATE DECLINED WITH ROBUST ECONOMIC RECOVERY

Social Safety Net and other recovery programs during pandemic has effectively reduced poverty and employment rates

The labor market is gradually recovering driven by a quality economic recovery

Labor Market

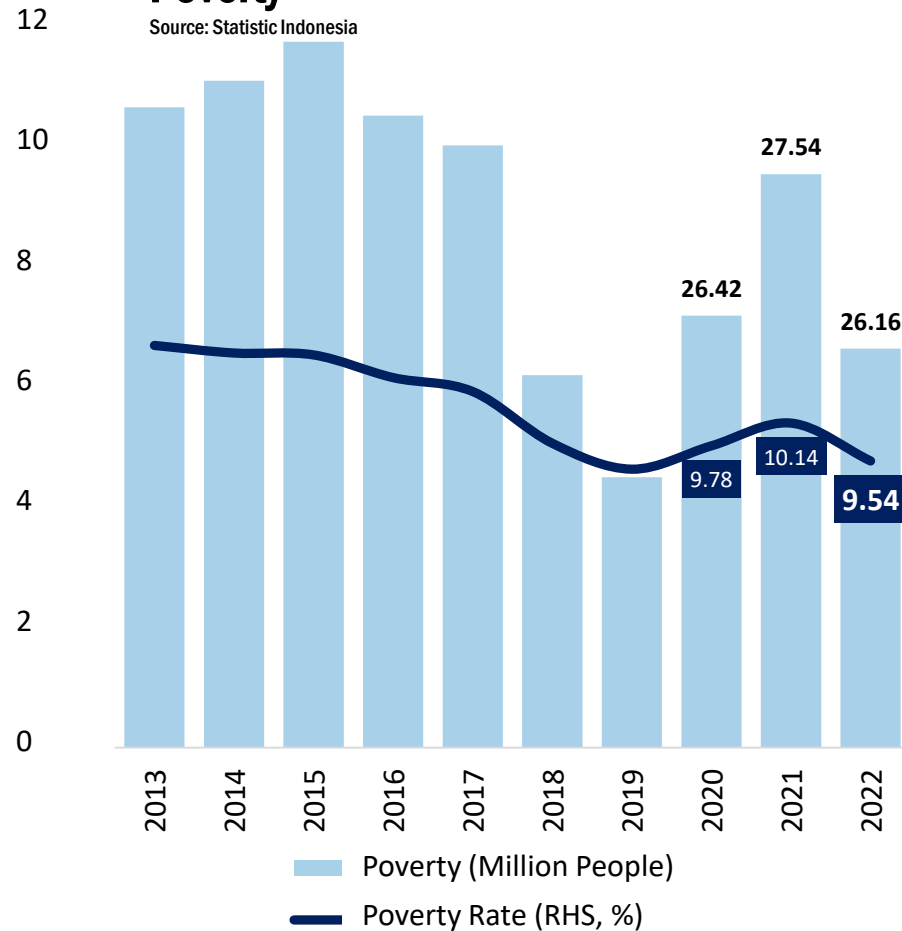
Source: Statistic Indonesia



Poverty rate continues a downward trend to single digits

Poverty

Source: Statistic Indonesia



Protection towards the improvement of public welfare is always maintained through various social protection programs

Social Security Budget

| | |
|------|-------------------|
| 2021 | IDR468,2 Trillion |
| 2022 | IDR502,6 Trillion |
| 2023 | IDR479,1 Trillion |

Micro Credit Program (Kredit Usaha Rakyat - KUR)

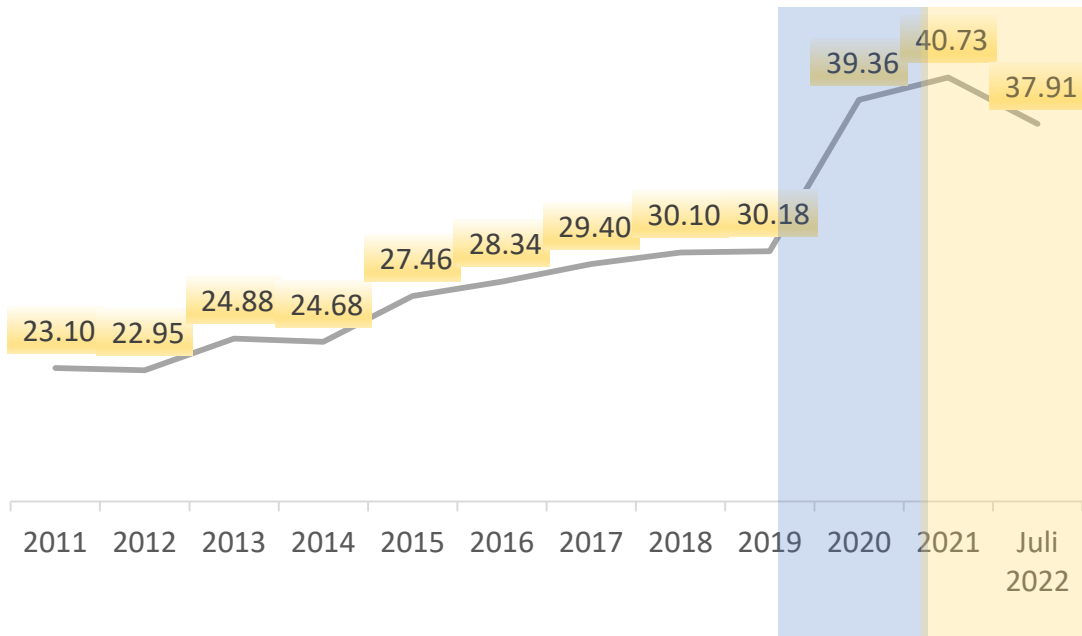
| | |
|------|-----------------|
| 2021 | IDR285 Trillion |
| 2022 | IDR316 Trillion |
| 2023 | IDR450 Trillion |



STRONG BUDGET PERFORMANCE IS LIKELY TO LOWER GOV'T DEBT RATIO

Indonesia's economic prospects have received appreciations from International Institutions

Debt-to-GDP ratio on a Downward Trend

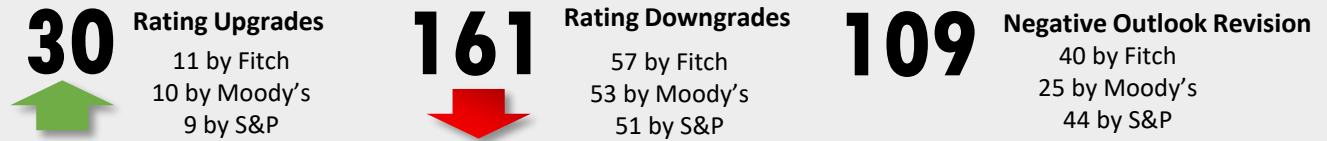


- The Covid-19 pandemic handling increased the Indonesia's debt ratio position in 2020-2021
- The Debt-to-GDP ratio at the end of July 2022 decreased to 37.91%, driven by controlling debt financing in line with the better performance of the government budget and the recovery of the economy so that the outlook for the budget deficit declined

S&P upgraded Indonesia's outlook from negative to STABLE in line with rating affirmations by Moody's, Fitch, R&I and JCRA: confirm the condition of strong economic fundamentals and positive prospects

- **The Ability to absorb shocks** from the pandemic without any negative impact on the medium-term economic trajectory
- **The impact of the pandemic on Indonesia's fiscal is better than that of its peers**, with a promising fiscal consolidation scenario
- Significant progress in returning to a **moderate fiscal deficit and improving Indonesia's external economic position**

Rating Action during the 2020-2021 Pandemic



- During the pandemic, major rating agencies are rampantly taking action ratings the pandemic has had a major impact, especially on fiscal conditions
- More action ratings in 2020 than the 2008 GFC crisis
- In 2022, the three rating agencies have carried out **14 Rating Action Upgrades, 48 Rating Action Downgrades and 12 Negative Outlook Revisions**

Indonesia Rating Position

| Rating Agency | Sovereign Credit Rating | Outlook | Assessment Date |
|---------------|-------------------------|---------|-----------------|
| R&I | BBB+ | Stable | 27 May 2022 |
| S&P | BBB | Stable | 27 April 2022 |
| JCR Agency | BBB+ | Stable | 27 July 2022 |
| Moody's | Baa2 | Stable | 10 January 2022 |
| Fitch | BBB | Stable | 13 June 2022 |



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3 **INDONESIAN ECONOMIC RESILIENCE**

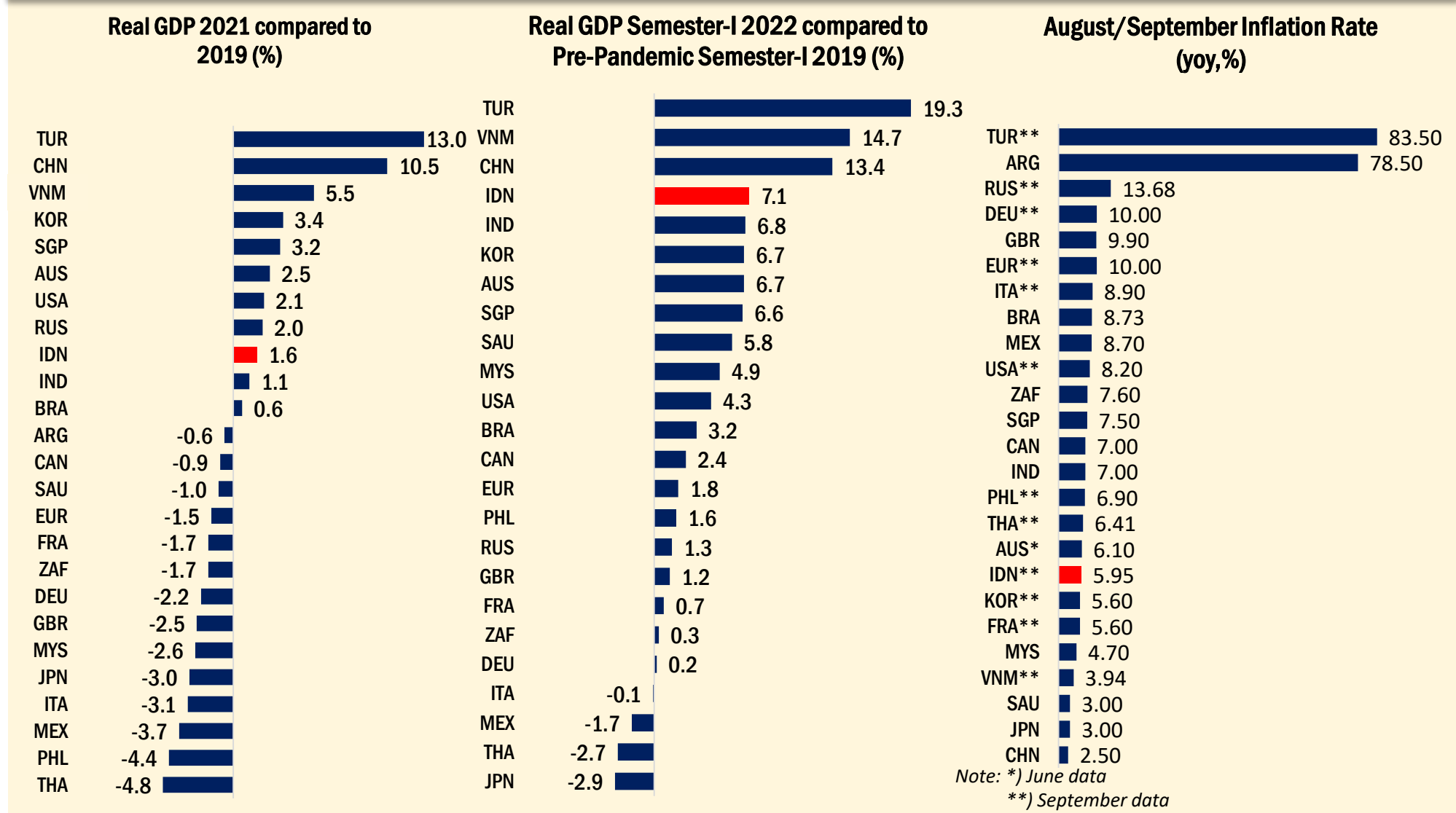


INDONESIA'S ECONOMY IS AMONG THOSE RECOVERING FAST WITH MANAGEABLE INFLATION

Since 2021, the Indonesian economy has recovered to pre-pandemic levels, shown by real GDP which was 1.6% above the 2019 level, and 7.1% in the first half of 2022.

The robust economic recovery was accompanied by relatively modest inflationary rate.

Comparison of G-20 and ASEAN-6 Indicators



Source: IMF, CEIC, MoF, 13 October 2022

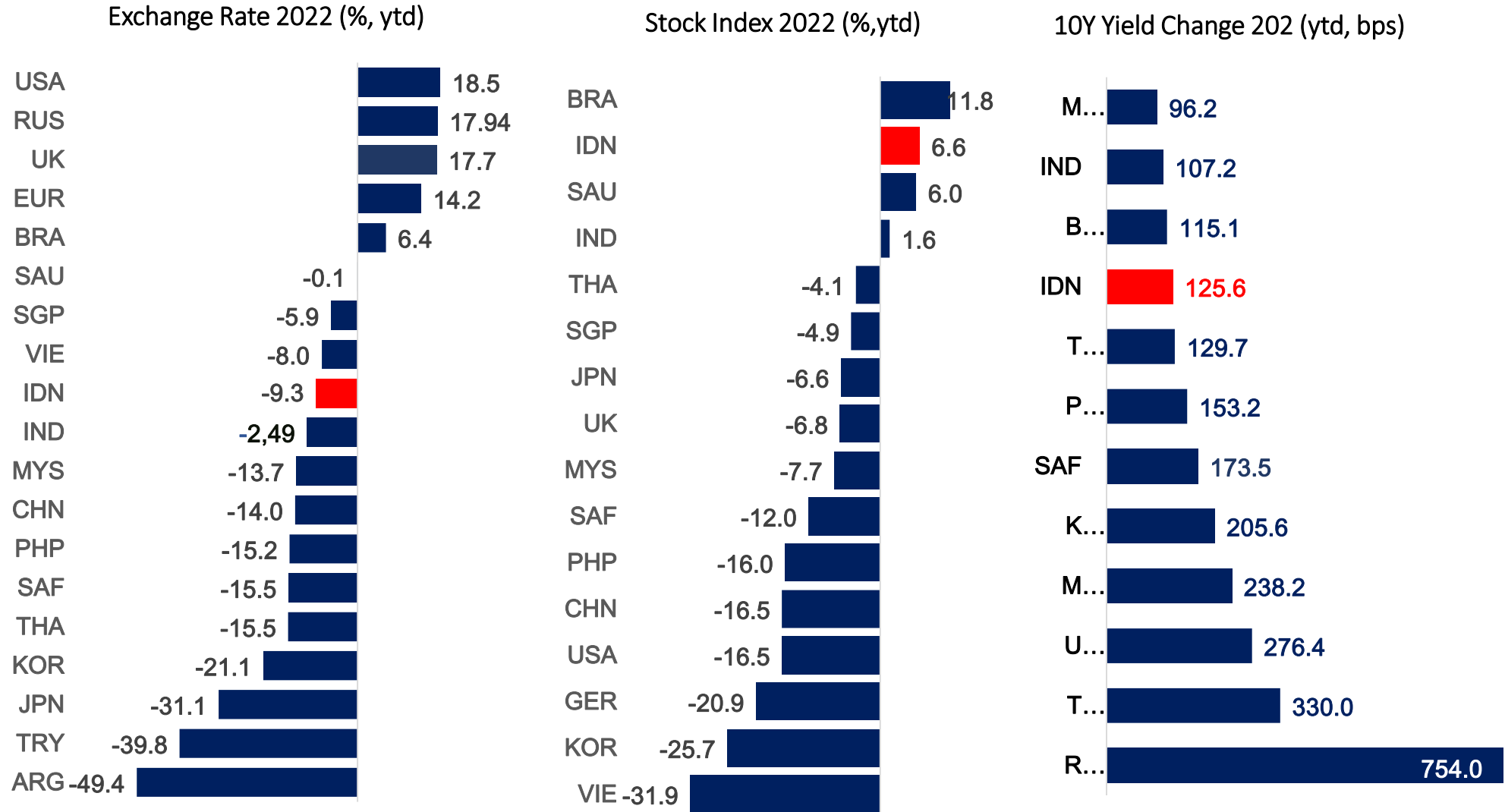


PRESSURE IN INDONESIA'S FINANCIAL SECTOR IS RELATIVELY MODERATE COMPARED TO MANY COUNTRIES

Indonesia's sound macroeconomic fundamentals have contributed in limiting financial market pressures

Rupiah depreciation and increase of Indonesia's bonds yield are among the lowest, while stock index outperforms many peers.

Comparison of G-20 and ASEAN-6 Indicators



Source: Bloomberg, 21 October 2022

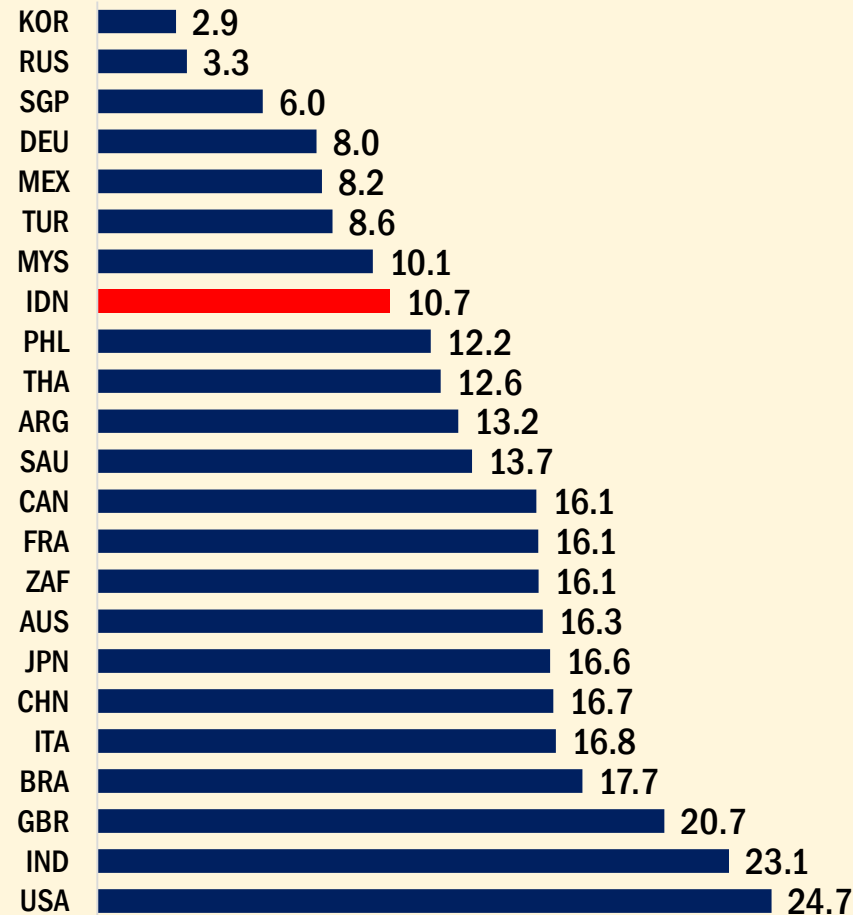


INDONESIA'S FISCAL POLICY MANAGEMENT IS DISCIPLINE & PRUDENT

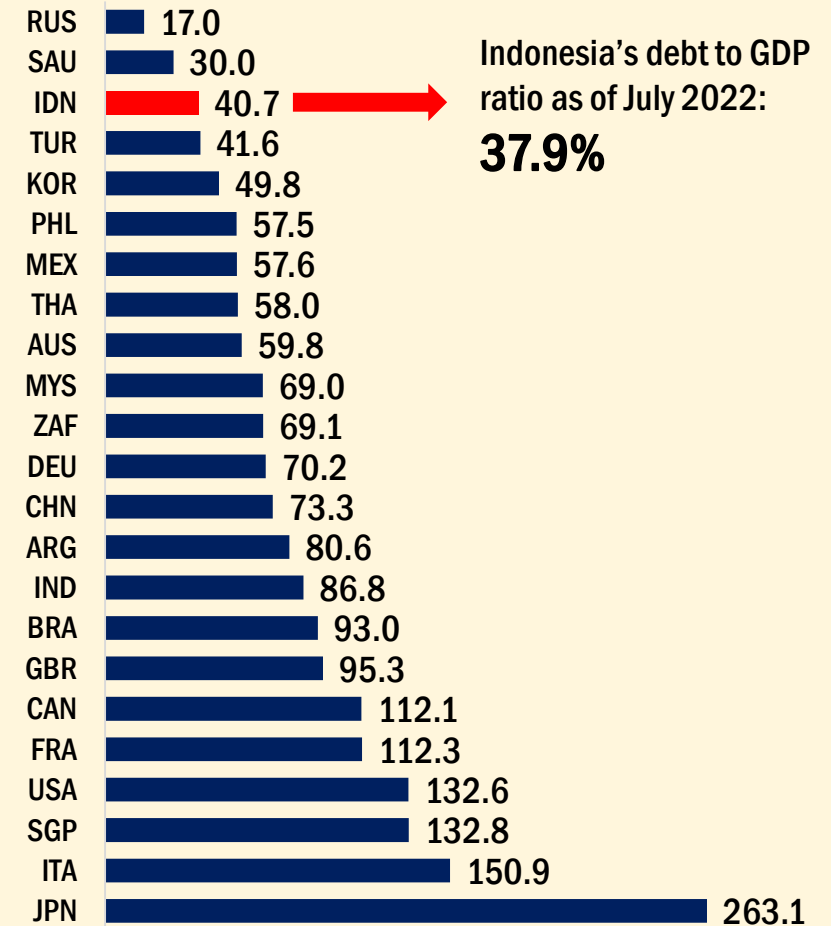
Prudent and sustainable
fiscal management is
reflected from moderate
deficit and low debt level

Comparison of G-20 and ASEAN-6 Indicators

Accumulated Fiscal Deficit 2020-2021 (% of GDP)



Debt Ratio 2021 (% of GDP)





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4 2022 BUDGET UPDATES



STRONG BUDGET PERFORMANCE CONTINUES IN 2022

Revenue stream is very strong, mainly supported by the economic recovery and global commodity prices

| Account (IDR T) | 2021 | | | 2022 | | | |
|---------------------------------------|----------------|--------------|---------------|-------------------------------------|------------------------|----------------------------|---------------|
| | Audited Budget | % of Budget | Growth (%) | Revised Budget (Perpres 98/2022) | YTD 30 Sept 2022 | % of Perpres 98/2022 | Growth (%) |
| A. Revenue | 2,011.3 | 115.4 | 22.1 | 2,266.2 | 1,974.7 | 87.1 | 45.7 |
| I. Tax Revenue | 1,547.8 | 107.2 | 20.4 | 1,784.0 | 1,542.6 | 86.5 | 49.3 |
| 1. Tax | 1,278.6 | 104.0 | 19.3 | 1,485.0 | 1,310.5 | 88.2 | 54.1 |
| 2. Custom & Excise | 269.2 | 125.2 | 26.4 | 299.0 | 232.1 | 77.6 | 26.9 |
| II. Non-Tax Revenue | 458.5 | 153.8 | 33.4 | 481.6 | 431.5 | 89.6 | 34.4 |
| B. Expenditure | 2,786.4 | 101.3 | 7.4 | 3,106.4 | 1,913.9 | 61.6 | 5.9 |
| I. Central Government | 2,000.7 | 102.4 | 9.1 | 2,301.6 | 1,361.2 | 59.1 | 7.6 |
| II. Regional Transfer & Village Funds | 785.7 | 98.8 | 3.0 | 804.8 | 552.7 | 68.7 | 2.1 |
| C. Primary Balance | (431.6) | 68.2 | (31.9) | (434.4) | 339.4 | (78.1) | 271.2 |
| D. Surplus (Deficit) | (775.1) | 77.0 | (18.2) | (840.2) | 60.9 | (7.2) | 113.5 |
| <i>% to GDP</i> | (4.57) | 80.2 | (5.6) | (4.50) | 0.33 | | |
| E. Financing | 872 | 86.6 | (27.0) | 840.2 | 429.8 | 51.2 | (30.9) |
| F. Financing Surplus | 96.67 | | | | 490.7 | | |

The Government revenues grew significantly, supported by increased economic activity, the impact of the implementation of the Law on Intergovernmental Transfer, and rising commodity prices.

The government expenditures are directed towards the distribution of various social assistance & subsidies, funding for national strategic projects, as well as economic recovery programs, including Transfers to Regions.

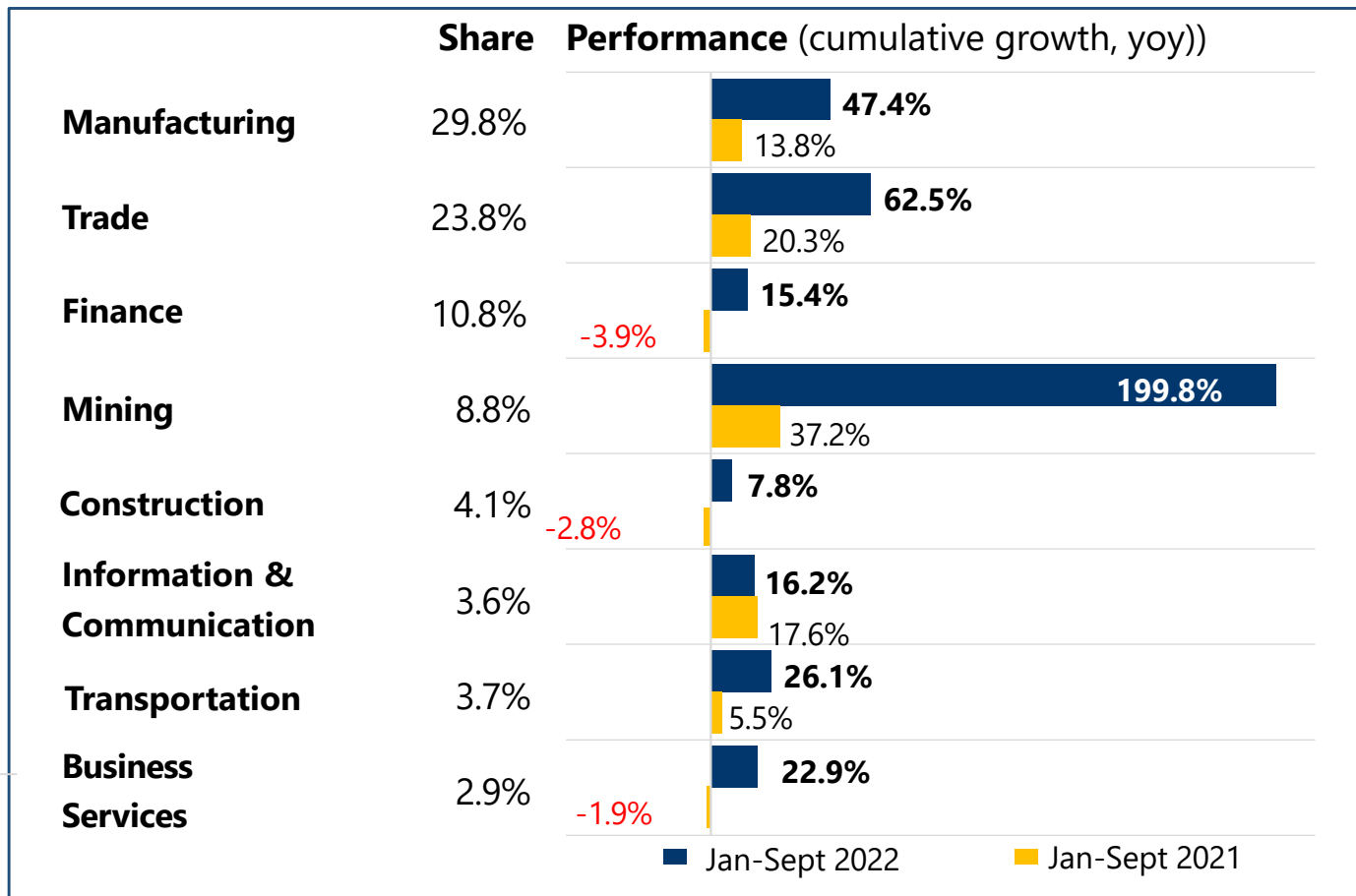
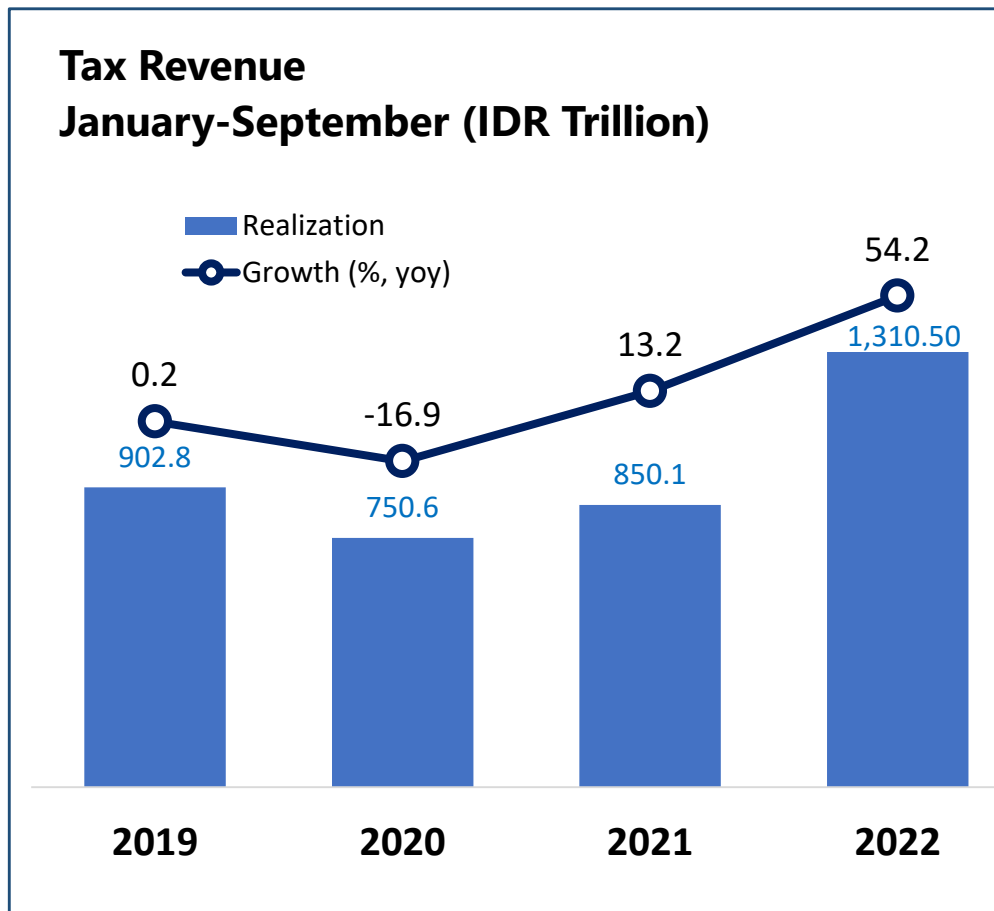
The Budget Surplus and Primary Balance are still within the responsive corridor to face market pressures and the dynamics of the budget

Budget Financing is managed efficiently and carefully amidst global economic uncertainty.



REVENUE COLLECTION CONTINUES TO STRENGTHEN

Supported by commodity boom, stronger confidence in doing economic activities, and tax reforms



The outstanding tax revenue collection in January-September 2022 was driven by:

- The trend of **increasing commodity prices**;
- Expansive **economic growth**;
- **Low base in 2021** due to **fiscal incentives**;
- Impact of the implementation of **the HPP Law**.

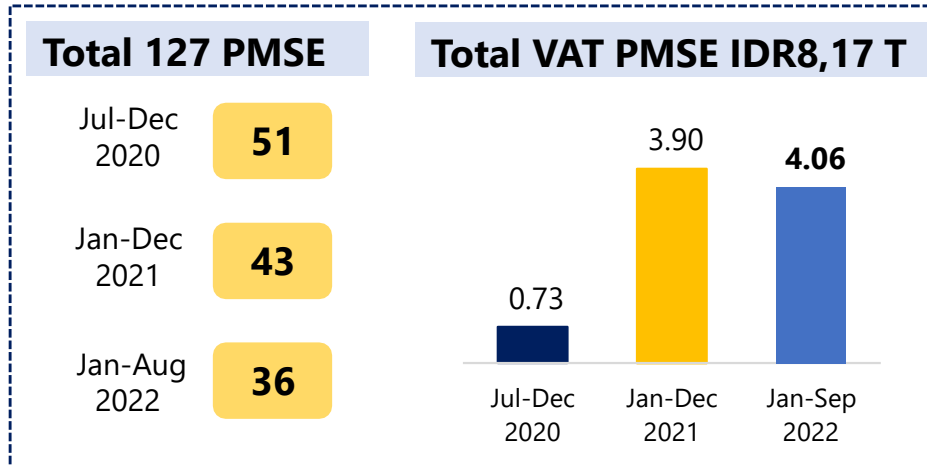
- **The best performing sectors in the economy** (i.e. manufacturing, trade, and mining) **are also translated into the tax revenue** and recorded the highest growth among sectors.
- **Much improved economic recovery** and activities **are also reflected in all sectors** of tax receipts, which significantly grew higher compared to the same period last year.



THE TAX REFORM (UU HPP NO.7/2021) HAS SHOWED SIGNIFICANT EARLY GAIN FOR INDONESIA

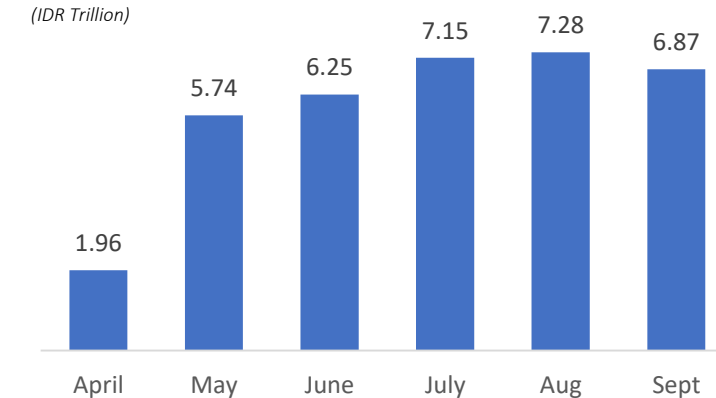
VAT rate hike has boosted the VAT collection, while electronic based transactions have also been significantly captured in the tax system

1 VAT Trading Through Electronic System (PPN PMSE)



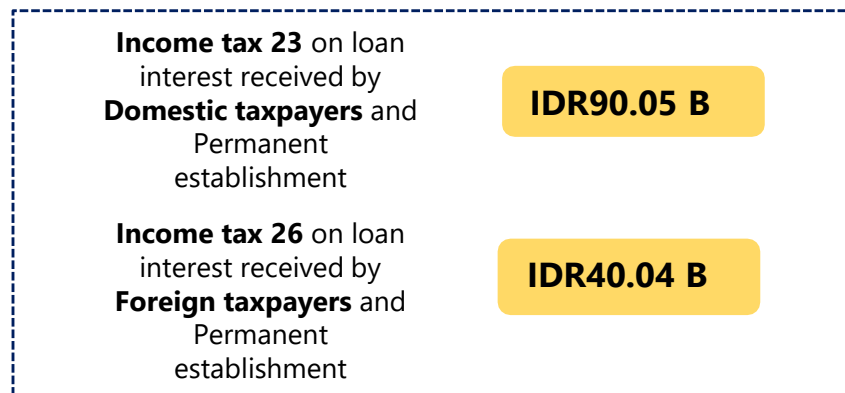
2 Impact of VAT Rate Adjustment

(valid on April 1)



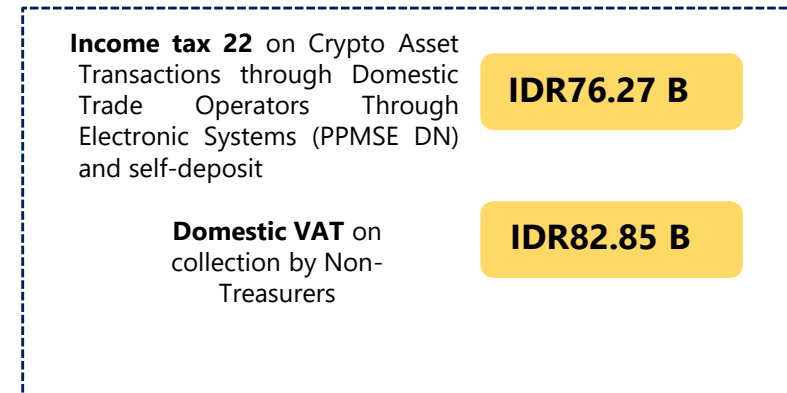
3 Fintech Tax - P2P Lending

(valid on May 1, starting to be paid and reported in June)



4 Crypto Tax

(valid on May 1, starting to be paid and reported in June)

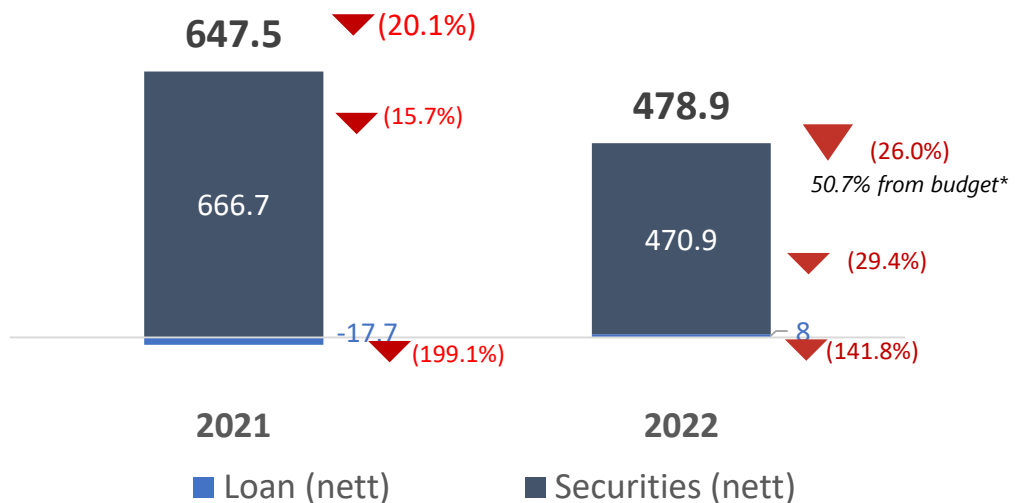




BUDGET FINANCING ADOPTS PRUDENT, FLEXIBLE, AND OPPORTUNISTIC PRINCIPLE

Financing is anticipating the ongoing volatility

Financing Realization Up To 30 Sept



Government Securities (Net) IDR 470.9 T

Loan (Net) IDR 8.0 T

Domestic Loan (Nett)

IDR 2.6T

- Domestic Loan Withdrawal (Gross) **IDR 4.0**
- Domestic loan principal installment financing **IDR (1.4)**

Foreign Loan (Nett)

IDR 5.5 T

- Foreign Loan Withdrawal (Gross) **IDR 63.0**
- Foreign loan principal installment financing **IDR (57.5)**

INVESTMENT FINANCING REALIZATION:

IDR 60.0 T*

*up to 30 Sept 2022



State Asset Management Agency (LMAN) IDR20T



International Development Fund Cooperation Agency (FLPP) IDR 1 T



Housing Finance Liquidity Facility (FLPP) IDR 14T



Education Fund Management Agency (LPDP) IDR 20 T



Sarana Multigriya Finansial IDR 2T



Governance is improved with the **Key Performance Indicator (KPI)** of Investment Financing



Disbursement of Investment Financing allocation is based on **performance and priority analysis**



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5

2023 BUDGET & STRUCTURAL REFORM AGENDAS



2023 BUDGET IS AIMED TO BOOST PRODUCTIVITY FOR INCLUSIVE AND SUSTAINABLE ECONOMIC TRANSFORMATION

HUMAN RESOURCE QUALITY

INFRASTRUCTURE

BUREAUCRACY REFORM

INDUSTRIAL REVITALIZATION

GREEN ECONOMY

Quality Fiscal Consolidation (mandated by Law of 2/2020)

REVENUE MOBILIZATION

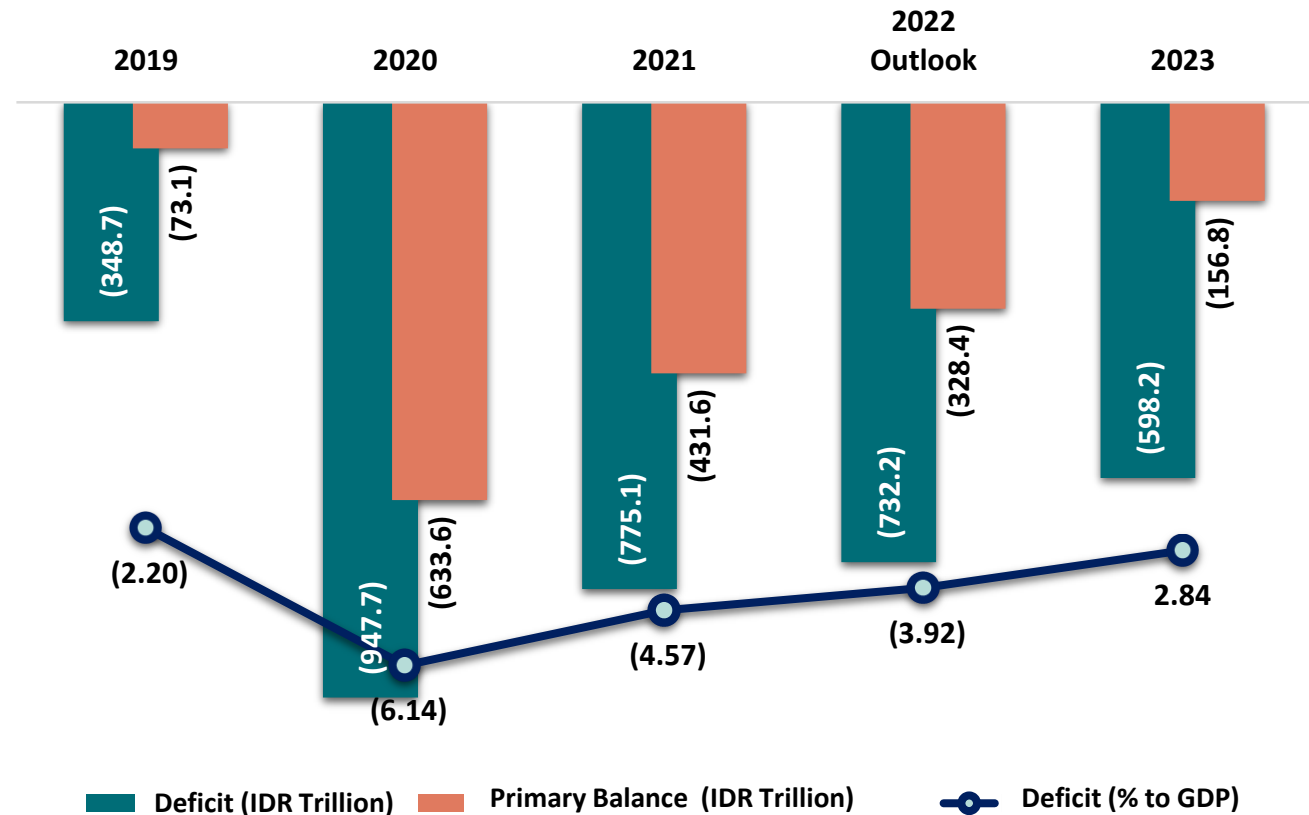
- Effectiveness of HPP Law (increased tax ratio);
- Non-tax Rev optimization through services innovation and asset management reformation

SPENDING BETTER

- Efficient and Productive
- Focusing on *human capital, physical capital, institutional reform, adaptation in endemic*
- Anticipating *uncertainty*

INNOVATIVE & SUSTAINABLE FINANCING

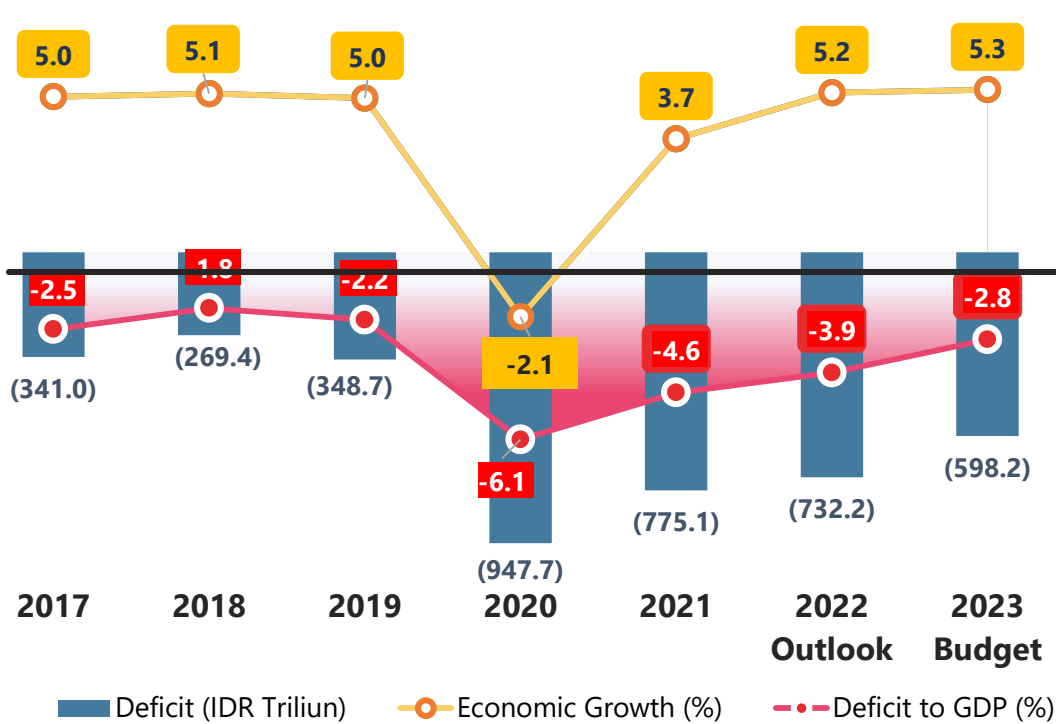
- Managing debt risk
- Increasing the role of private sector, SOE, Public Service Agency (BLU), SWF, SMV (Innovative Financing)





THE GOVERNMENT HAS COMMITTED AND CONSISTENT TO PURSUE FISCAL CONSOLIDATION IN 2023 ONWARD

The budget deficit returns to below 3% of GDP, supported by fiscal reforms and stronger economic recovery



| Account (IDR T) | 2020 | 2021 | 2022 | | | 2023 | |
|-----------------------------------|----------------|----------------|----------------|-----------------|----------------|----------------|---------------|
| | Audited | Audited | Budget | Perpres 98/2022 | Outlook | Budget | Growth* (%) |
| State Revenue* | 1,647.8 | 2,011.4 | 1,846.1 | 2,266.2 | 2,436.9 | 2,463.6 | 1.1 |
| Tax Revenue | 1,285.1 | 1,547.9 | 1,510.0 | 1,784.0 | 1,924.9 | 2,021.2 | 5.0 |
| Non Tax Revenue | 343.8 | 458.5 | 335.6 | 481.6 | 510.9 | 441.4 | (13.6) |
| State Expenditure | 2,595.5 | 2,786.4 | 2,714.2 | 3,106.4 | 3,169.1 | 3,061.2 | (3.4) |
| Central Government Expenditure | 1,833.0 | 2,000.7 | 1,944.5 | 2,301.6 | 2,370.0 | 2,246.5 | (5.2) |
| Regional Transfer & Village Funds | 762.5 | 785.7 | 769.6 | 804.8 | 799.1 | 814.7 | 2.0 |
| Primary Balance | (633.6) | (431.6) | (462.2) | (434.4) | (328.4) | (156.8) | (52.3) |
| Surplus (Deficit) | (947.7) | (775.1) | (868.0) | (840.8) | (732.2) | (598.2) | (18.3) |
| <i>% to GDP</i> | <i>(6.14)</i> | <i>(4.57)</i> | <i>(4.85)</i> | <i>(4.50)</i> | <i>(3.92)</i> | <i>(2.84)</i> | |
| Financing | 1,193.3 | 871.7 | 868.0 | 840.2 | 732.2 | 598.2 | (18.3) |



Economic Growth
5.3%



Inflation
3.6%



Exchange Rate
IDR 14,800/USD



10Y T-Bonds Rate
7.9 %



ICP
90
USD/Barrel



Oil Lifting
660
Thousand bpd



Gas Lifting
1,100
million bpd



THE STRUCTURAL REFORM AGENDAS CONTINUES, EXPECTED TO ENHANCE LONG-TERM POTENTIAL GROWTH

The Job Creation Law aims at addressing development challenges and improving business and investment climate in Indonesia

Progress on Law on Job Creation

79 Laws revised and simplified into Job Creation Law (186 Articles, 15 Chapter, and 51 Derivative Regulations)

 **Improvement of Investment Ecosystem and Business Activities**

 **Government Investment**

 **MSME Empowerment**

 **Land Reform**

 **Government Administration**

 **Labor Reform**

 **Fiscal**

The progress already materialize

 **Online Single Submission**
Pelayanan Perizinan Berusaha Terintegrasi Secara Elektronik

Launched on 2020 to speed up business licensing progress



implementation of wages and Job Loss Guarantee Program



Institutional improvement through establishment of Investment Ministry



Revision on tax regulation is underway to improve ease of doing business



4 New special economic zones



Positive list of investment to improve priority sectors

Indonesia Investment Authority



Initial capital amounted to USD 5 Billion or IDR 75 Trillion
INA has secured up to USD 25 Billion commitment from investor partners



INA has acquired two toll road assets in Trans Java Network
INA has invested in the largest Indonesia OTA through private debt deal



INA will continue to focus on executing investment deployment with estimated **total pipeline up to USD 2.6 bn in 2022** across different sectors, including several **thematic funds strategy**



Anchor investors together with ADIA, ADG and GIC into the IPO of leading tower company, **Mitratel**, for **± USD 800 million**



Engaged three big international investment funds



Investment Capacity: **± USD 3.75 million**

Collaborating with Two Global Prominent Companies



Investment Capacity: **USD 7.5 Bn**



Investment Capacity: **USD 10 Bn**



As of YTD **Aug-22**, INA has signed **1 Master Agreement, 2 HoA, 7 LOIs/NBO, 2 Binding Offer, 1 CSPA/SPA and 74 NDA** with SOEs, potential investors, advisors, and banks



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THANK YOU

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