



Ministry of Finance  
Republic of Indonesia

# RECENT ECONOMIC DEVELOPMENT

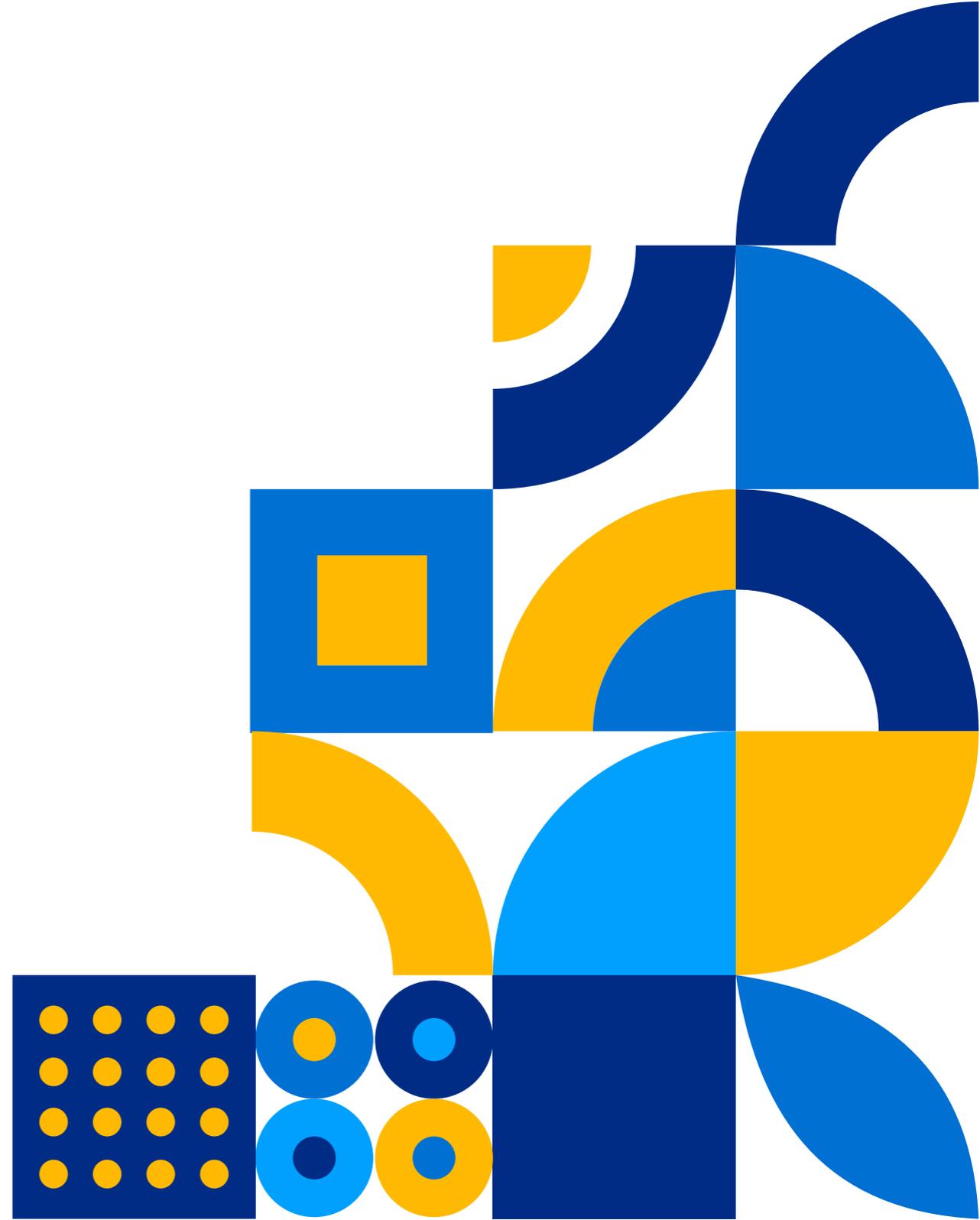
October 2025

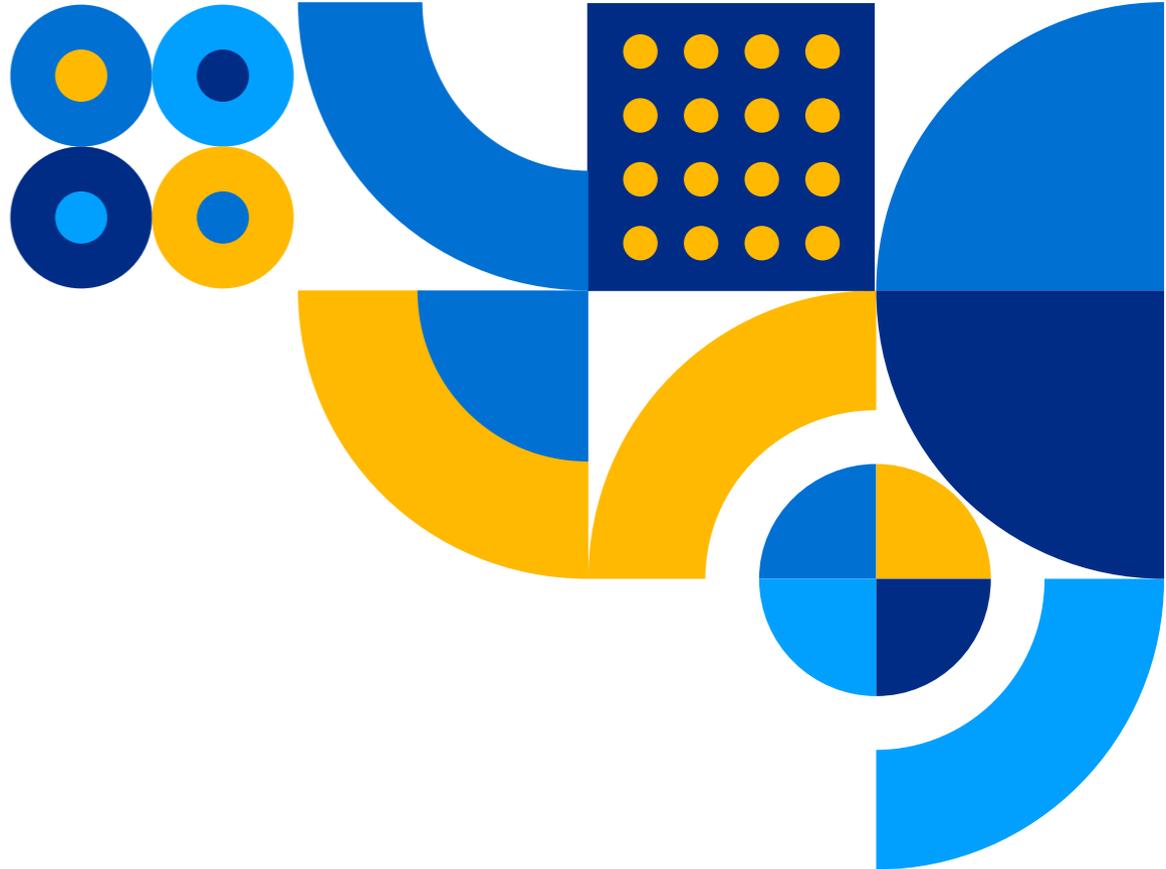


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# Overview

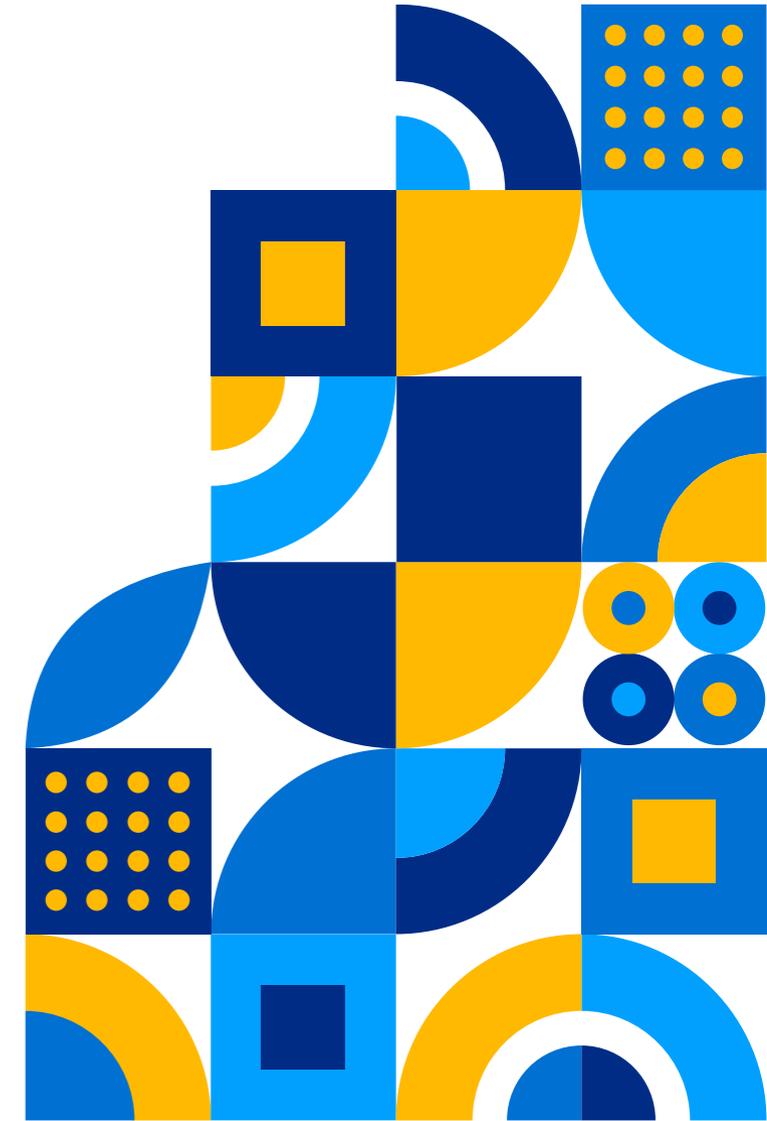
**01**   **Macroeconomic Update**

**02**   **2025 Fiscal Update**

**03**   **2026 Fiscal Policy**



# 1 Macroeconomic Update





# The US Central Bank Cuts Interest Rates, but the Trade War Persists

Global uncertainty needs to be closely monitored

Amid Uncertainty, Several Economies Remain Resilient with Improved Outlook

Upward Revision of Economic Growth Projection (% , yoy)

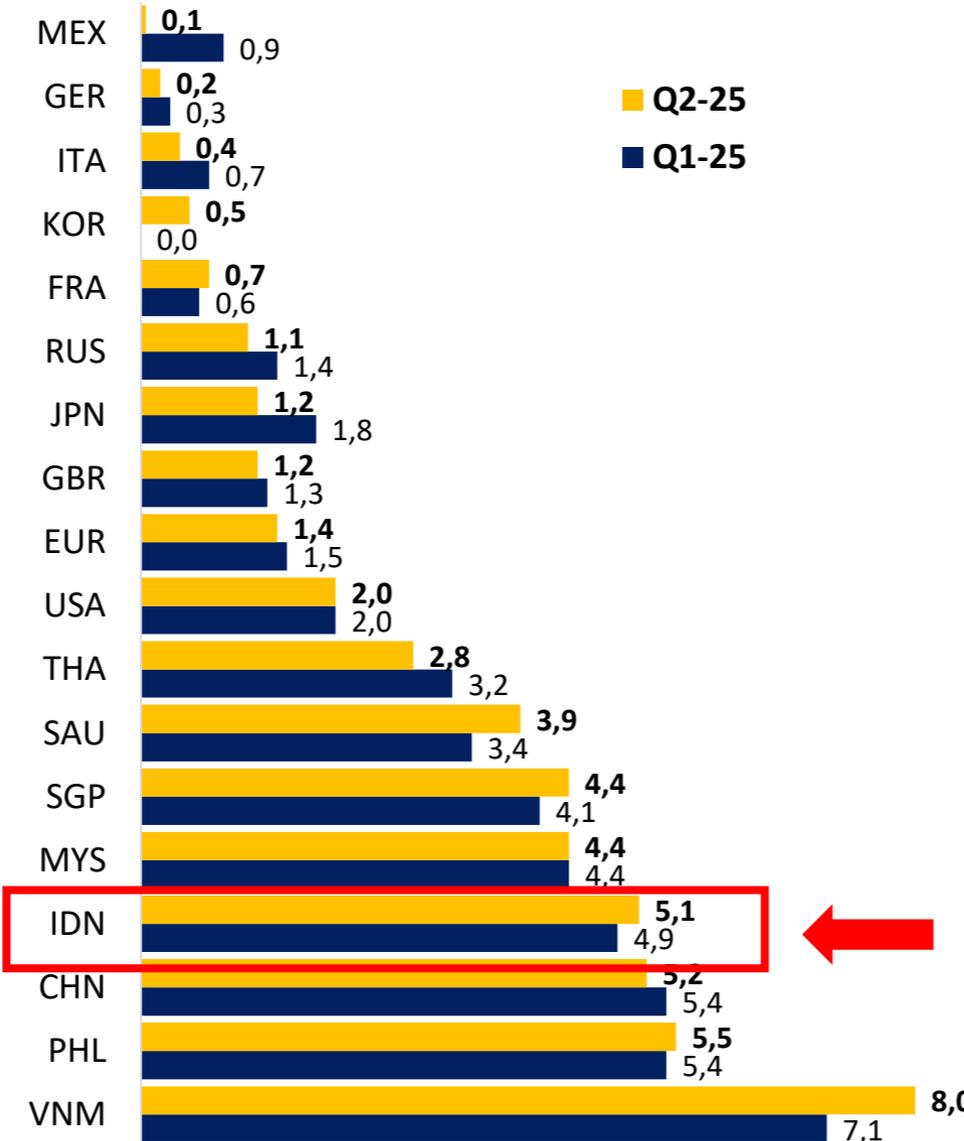


Tariff War and Fragmentation

Financial Market Volatility

Commodity Price Volatility

Cyber and Nuclear Threat



Economies	IMF Projection			
	2025f		2026f	
Global	3.2	▲0.2	3.1	0.0
US	2.0	▲0.1	2.1	▲0.1
China	4.8	0.0	4.2	0.0
EU	1.2	▲0.2	1.1	▼0.1
Japan	1.1	▲0.4	0.6	▲0.1
India	6.6	▲0.2	6.2	▼0.2
<b>Indonesia</b>	4.9	▲0.1	4.9	▲0.1

Source: IMF (WEO Oct), Bloomberg

The Fed's Rate Cuts Signals a Monetary Policy Easing



Federal Reserve cuts rates by quarter point and signals more to come



# Despite Improving Outlook, Uncertainty Remains High

## Downturn Risks from Current Global Uncertainty is Closely Monitored



### US federal government shutdown 2025

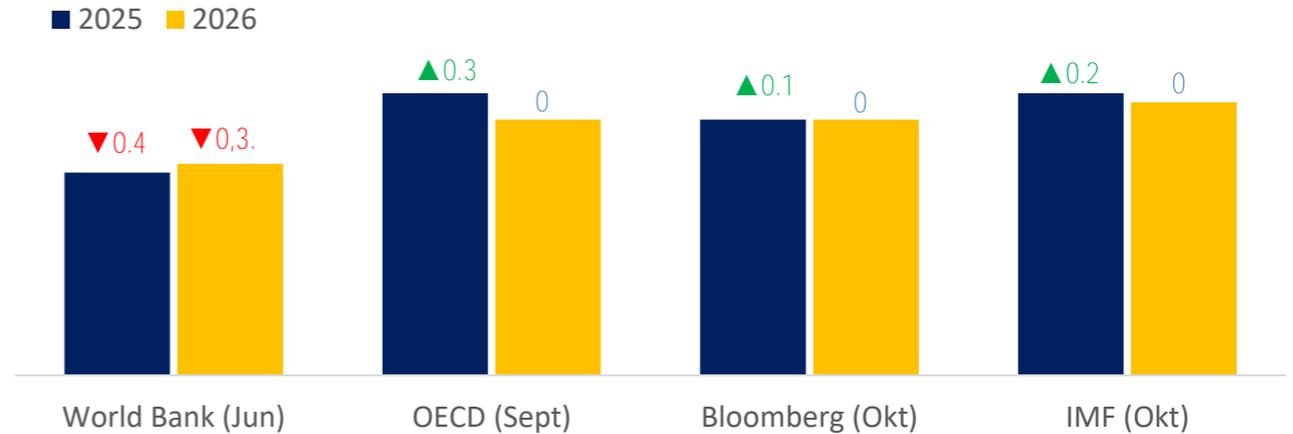
## US shutdown enters second week as Senate again rejects rival funding bills

Competing bills fail to pass 60-vote threshold, while Trump hints at possible deal with Democrats over health subsidies

MARKETS

## Gold hits fresh all-time high as U.S. government shutdown dents risk appetite

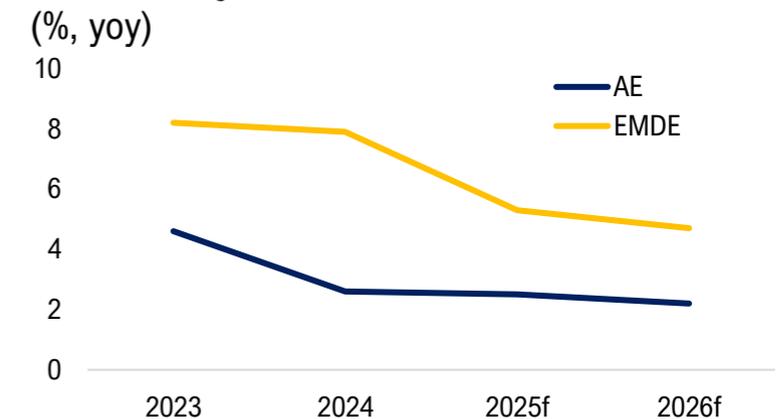
## Global Economic Outlook is Improving



Probability of 25 bps Rate Cut in FOMC in Oct: **97.8%**

Probability of 25 bps Rate Cut in FOMC in Dec: **87.5%**

## Inflation Projection Continues Downward Trend

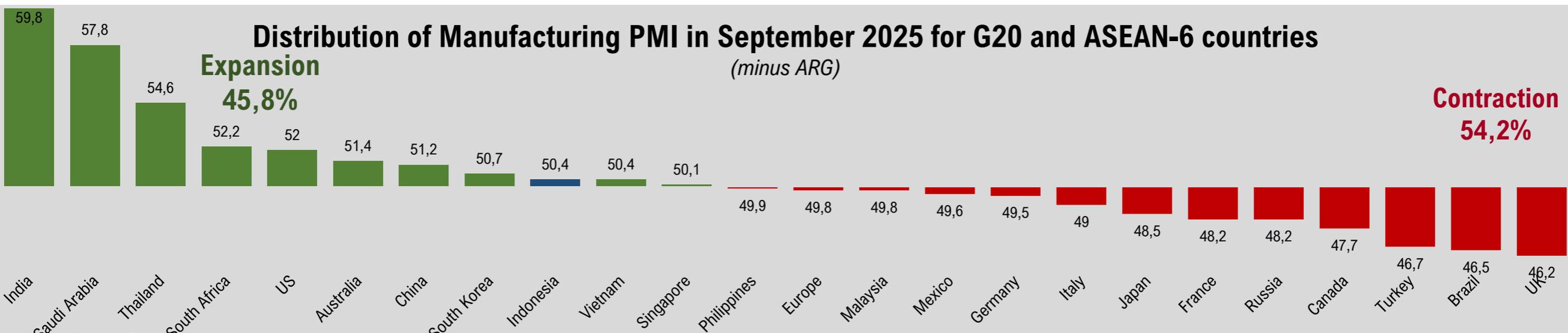
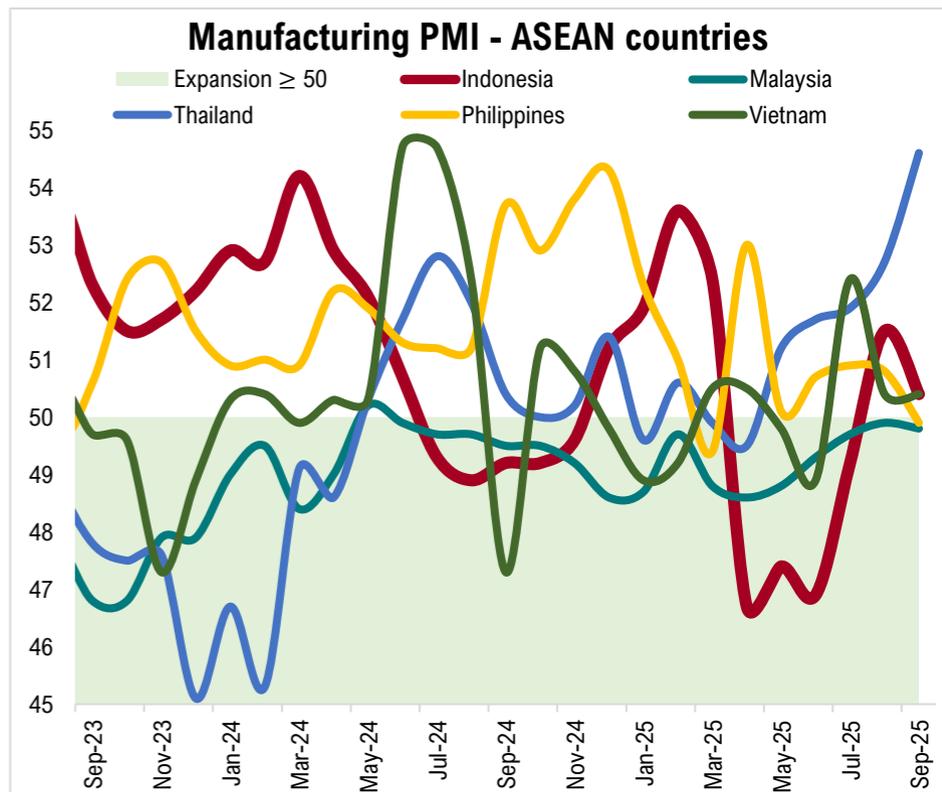
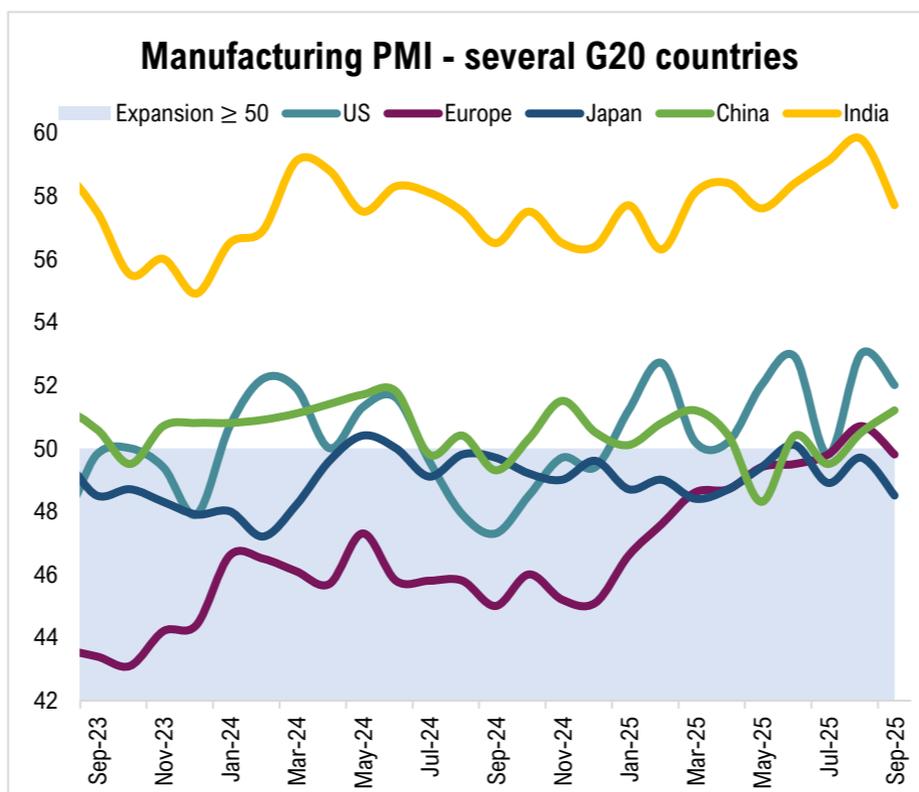
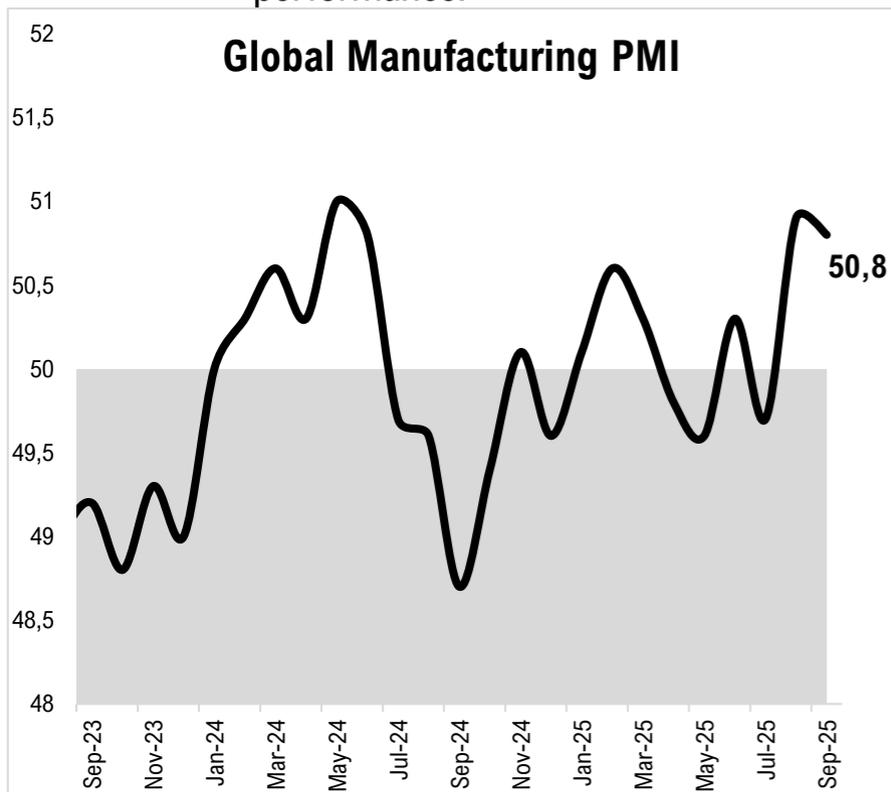


AE: Advanced Economies; EMDE: Emerging Markets & Developing Economies



# GLOBAL MANUFACTURING ACTIVITY STILL STRONG IN SEPTEMBER

Output and new orders continued to strengthen. The eurozone returned to contraction. India, the US, China, and Indonesia continued to demonstrate strong performance.



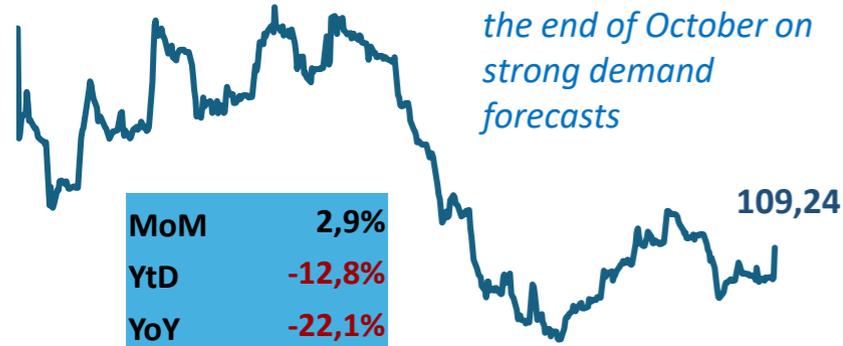


# COMMODITY PRICE REMAINS VOLATILE

## Energy

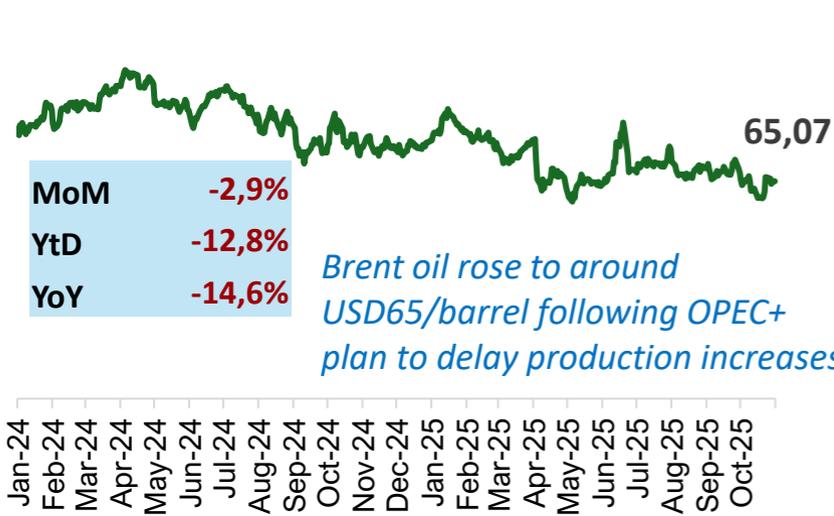
### Coal (USD/Ton)

Coal prices surged above USD109/ton at the end of October on strong demand forecasts



### Brent (USD/Barrel)

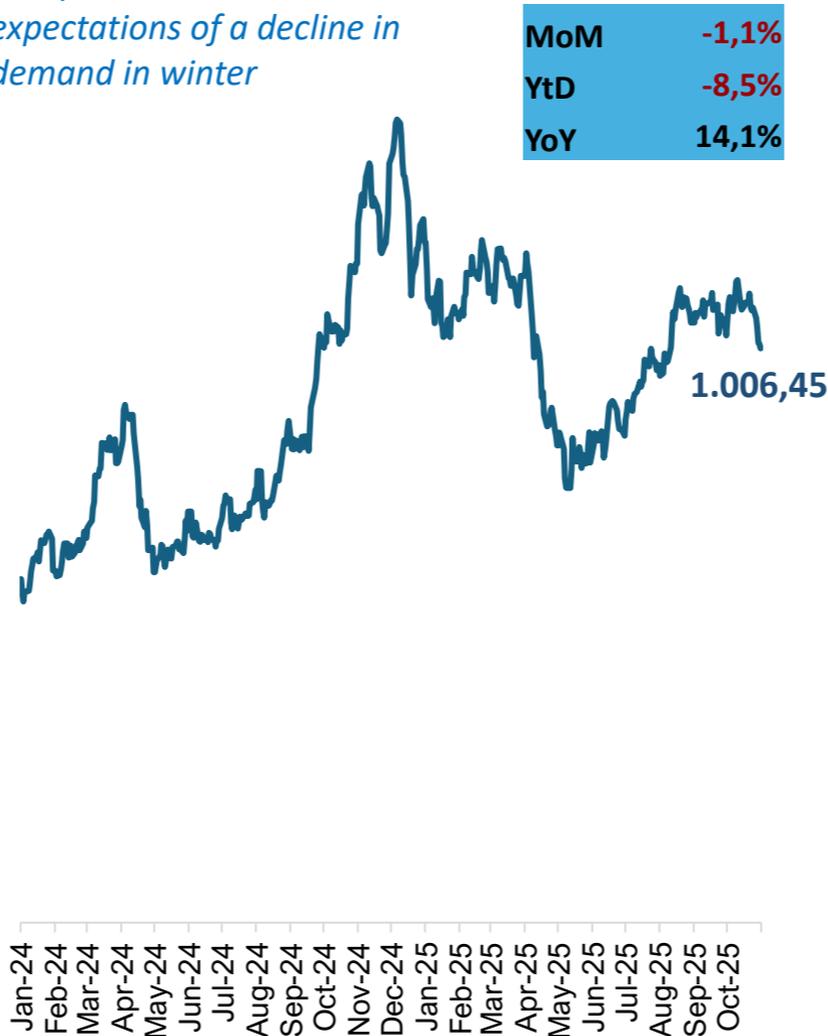
Brent oil rose to around USD65/barrel following OPEC+ plan to delay production increases



## Agriculture

### CPO (USD/Ton)

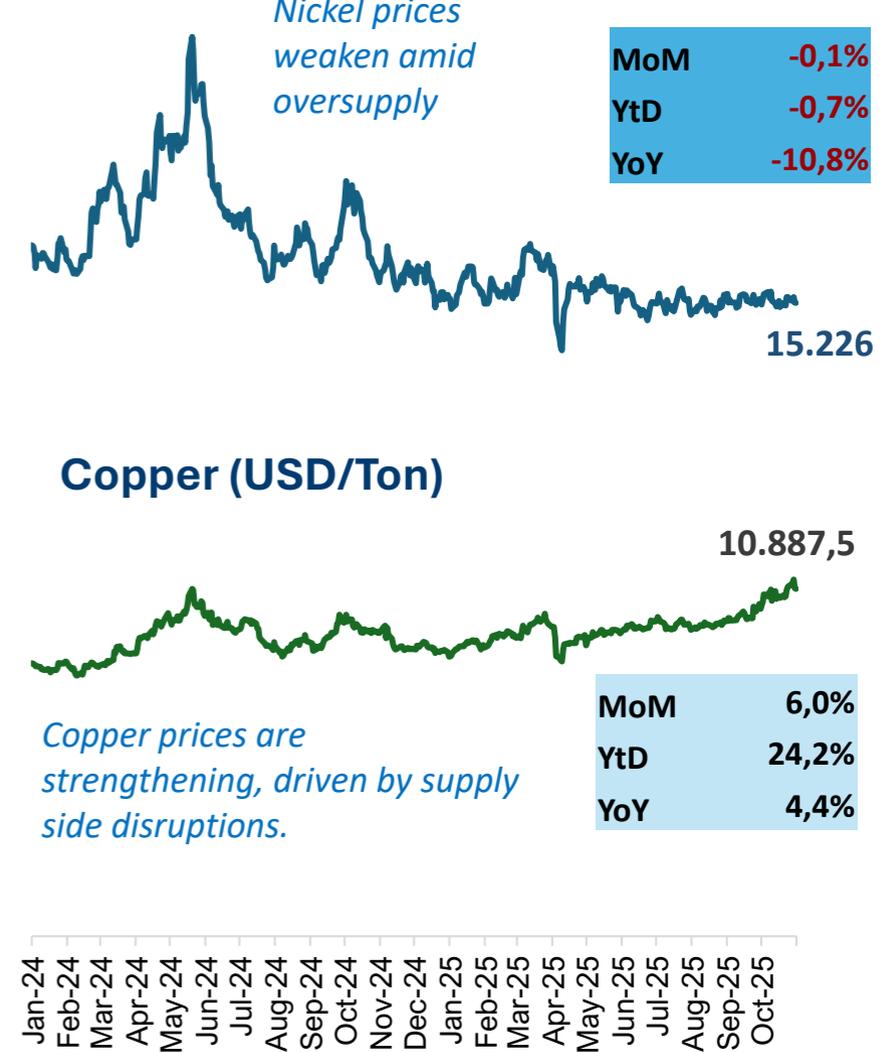
CPO prices declined with expectations of a decline in demand in winter



## Metal

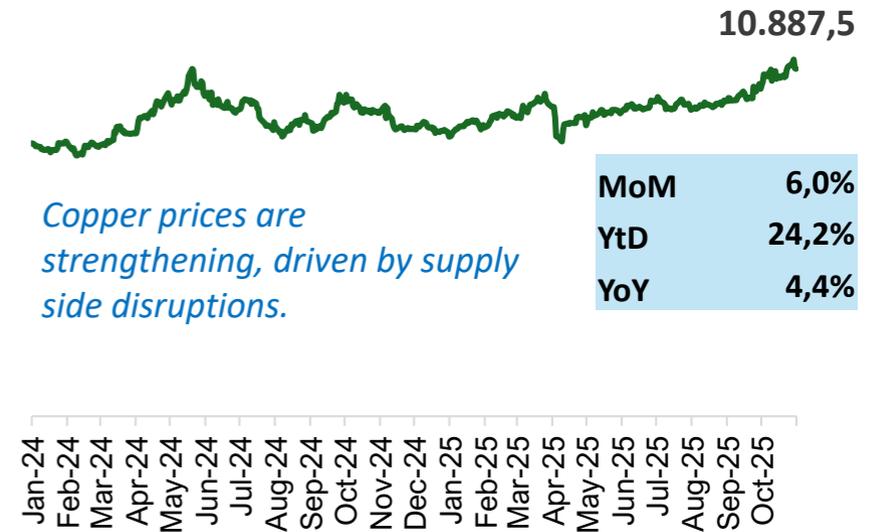
### Nickel (USD/Ton)

Nickel prices weaken amid oversupply



### Copper (USD/Ton)

Copper prices are strengthening, driven by supply side disruptions.

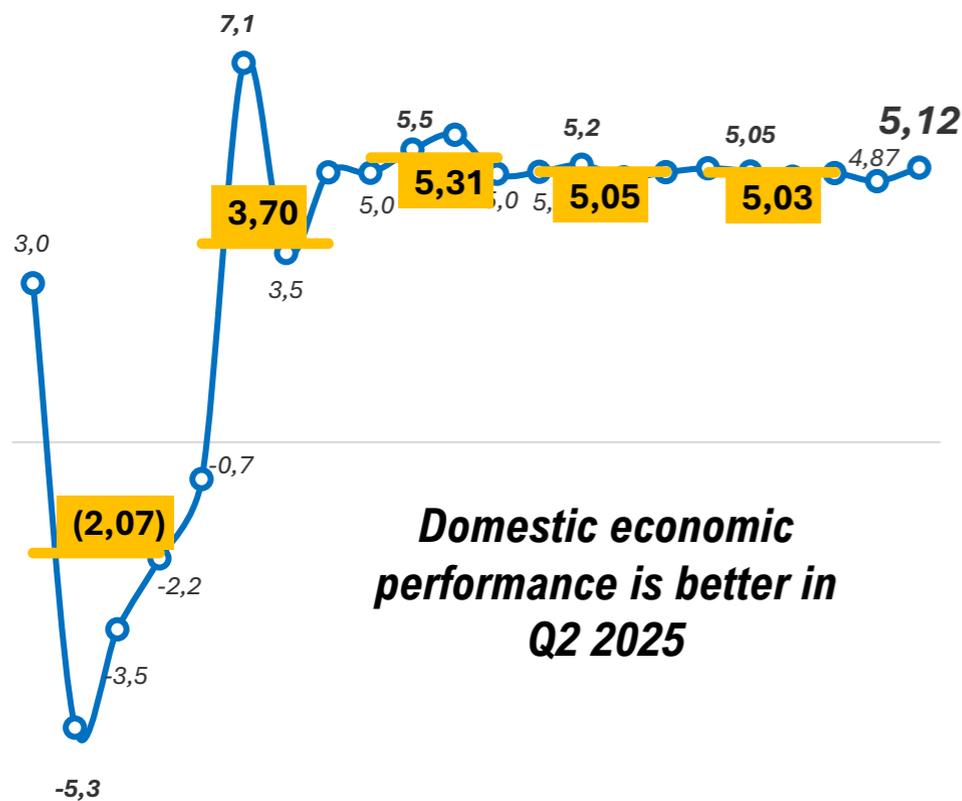




# Indonesia's Dynamic Economy Continues to Show Strong Growth Across Sectors

Driven by strong household consumption and expanding investment and export

### GDP Growth(% ,yoy)



*Domestic economic performance is better in Q2 2025*

Year	Q1	Q2	Q3	Q4
2020				
2021				
2022				
2023				
2024				
2025				

### GDP Growth: Expenditure(% ,yoy)

**Household Consumption**  
(Dist. Q2 2025 % PDB)  
54,2%

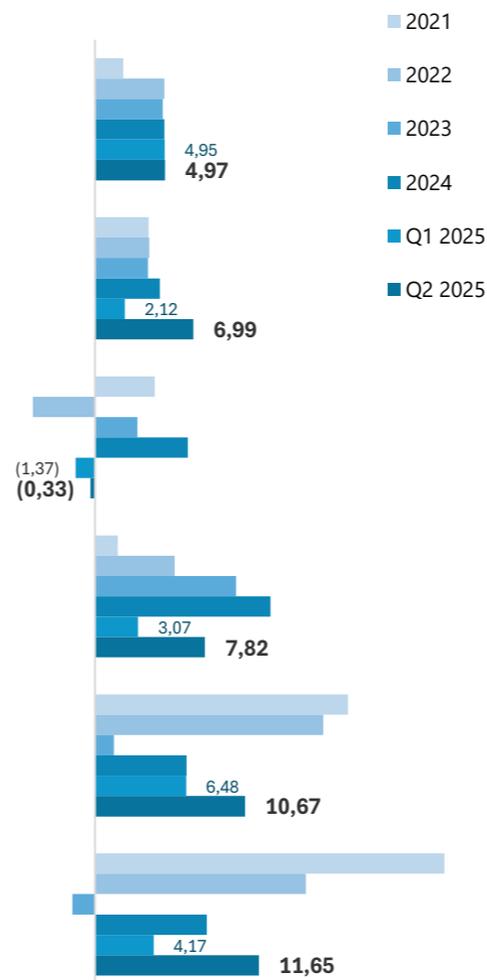
**Investment**  
(27,8%)

**Government Consumption**  
(6,9%)

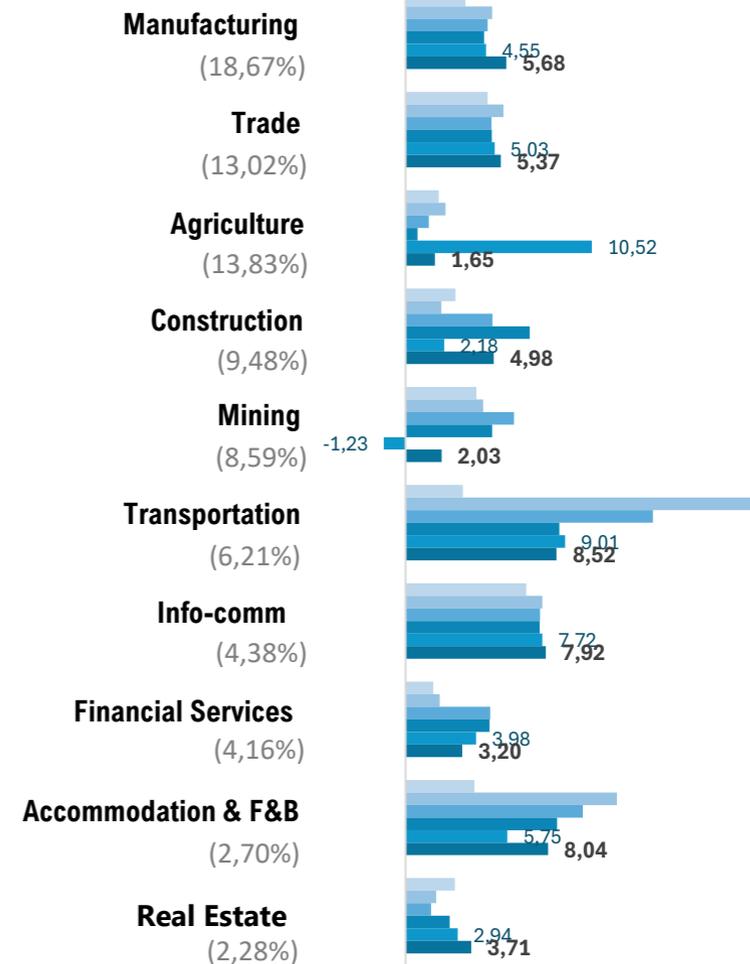
**Non-Profit Institution Consumption**  
(1,4%)

**Export**  
(22,3%)

**Import**  
(-20,7%)

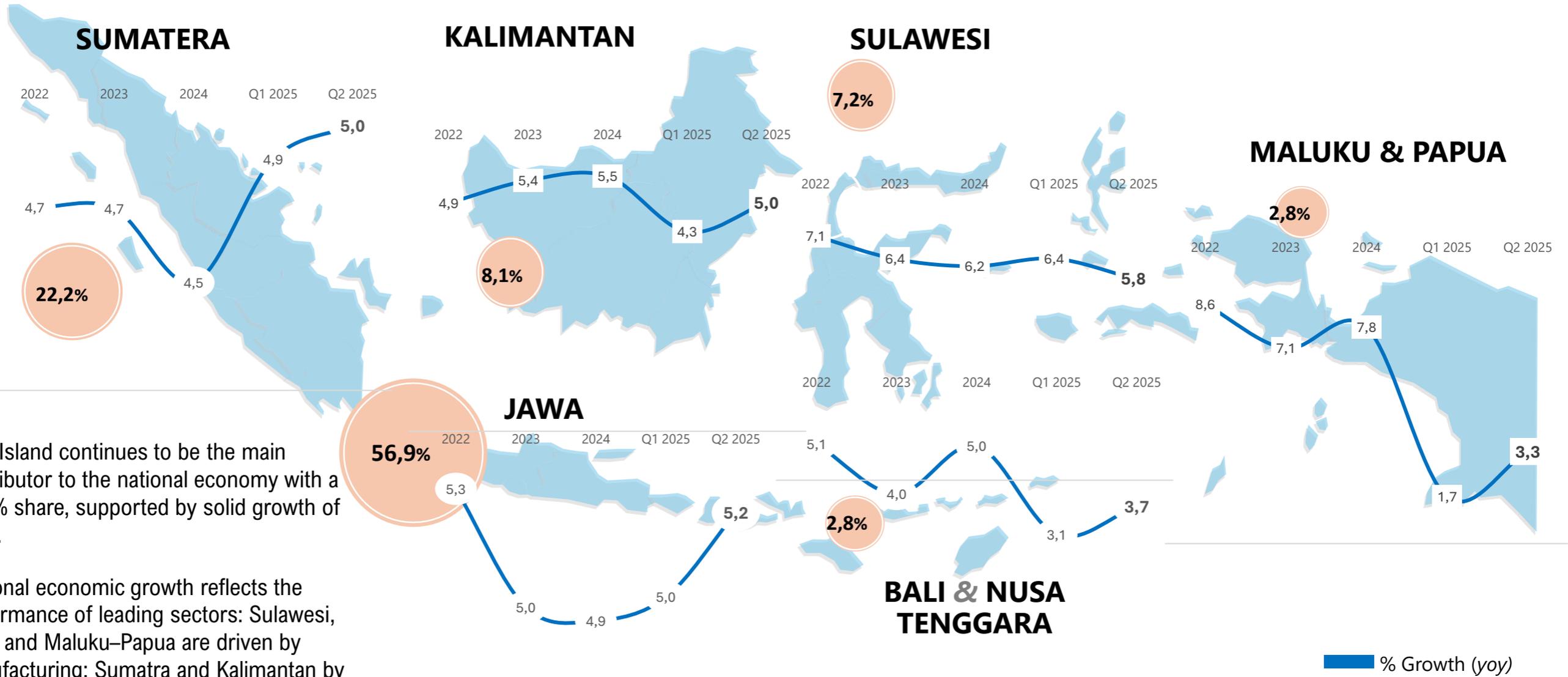


### GDP Growth: Production (% ,yoy)





# Economic Growth Across Indonesia Remains Resilient, with Various Risks Continuously Anticipated and Mitigated



- Java Island continues to be the main contributor to the national economy with a 56.9% share, supported by solid growth of 5.2%.
- Regional economic growth reflects the performance of leading sectors: Sulawesi, Java, and Maluku–Papua are driven by manufacturing; Sumatra and Kalimantan by agriculture and trade; while Bali–Nusa Tenggara is supported by tourism.

■ % Growth (yoy)  
 ○ Distribution of GDP Share at Current Prices, Q2-2025.

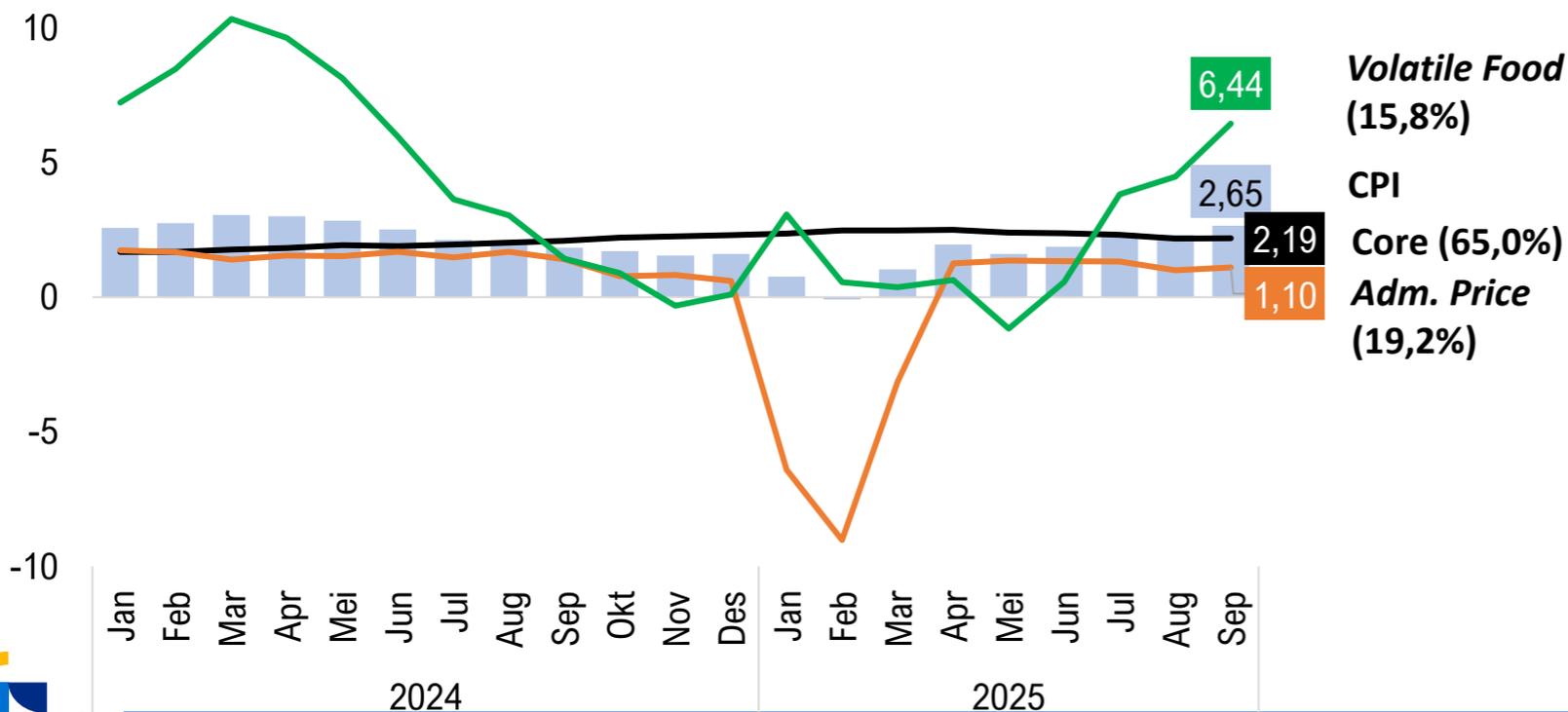
Source: Statistics Indonesia, processed



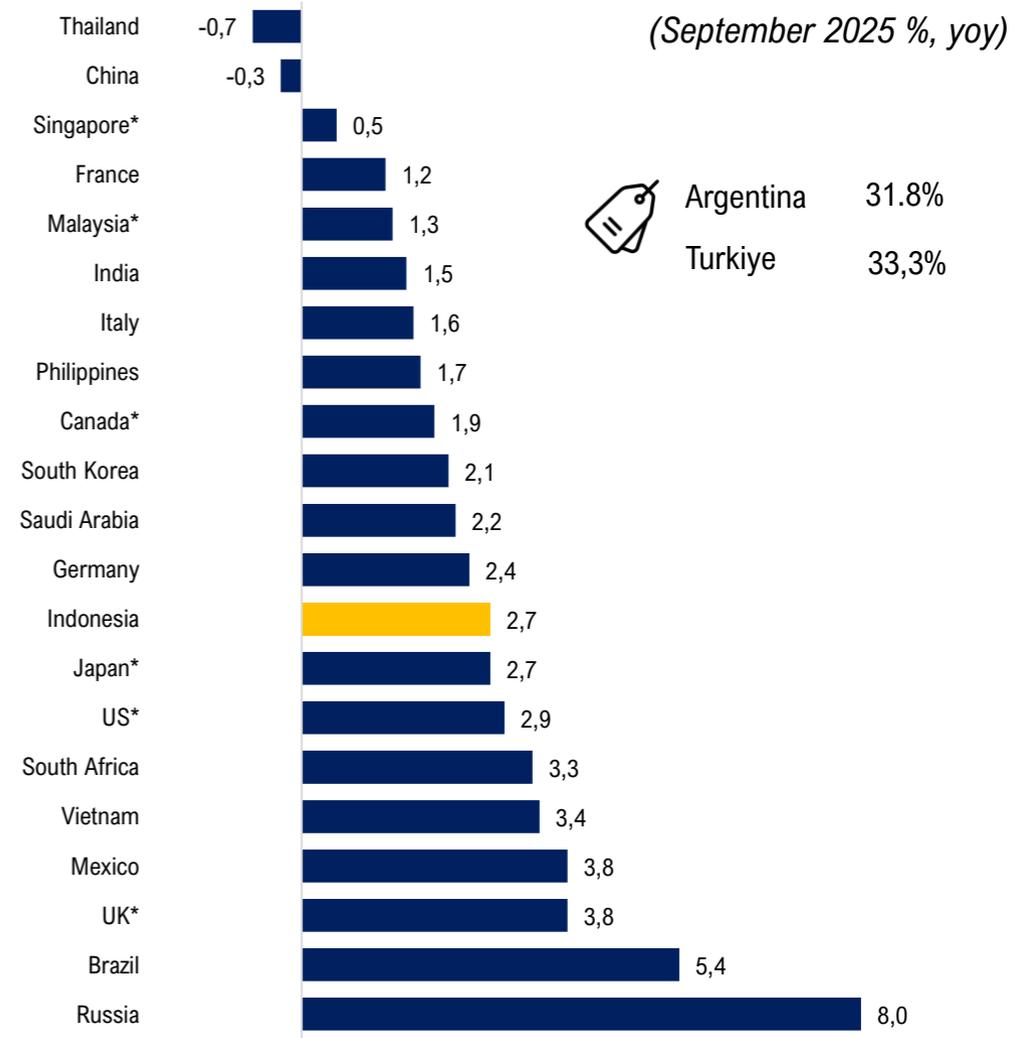
# Stable Inflation Supports Household Purchasing Power, While Many Countries Struggle to Cope with Pressures

- **Price stability in food remains a priority**, with **volatile food inflation** continuously managed through price intervention policies and strengthening the role of Bulog, including rice price stabilization through the SPHP program
- **Core inflation** reflects resilient purchasing power, while **administered price inflation** remains under control, supported by national energy price policies aimed at maintaining purchasing power.

**Inflation remains consistently within the target range, supporting purchasing power**



## Indonesia's inflation is low compared to many countries struggling with pressures



Note: \*August 2025 Data

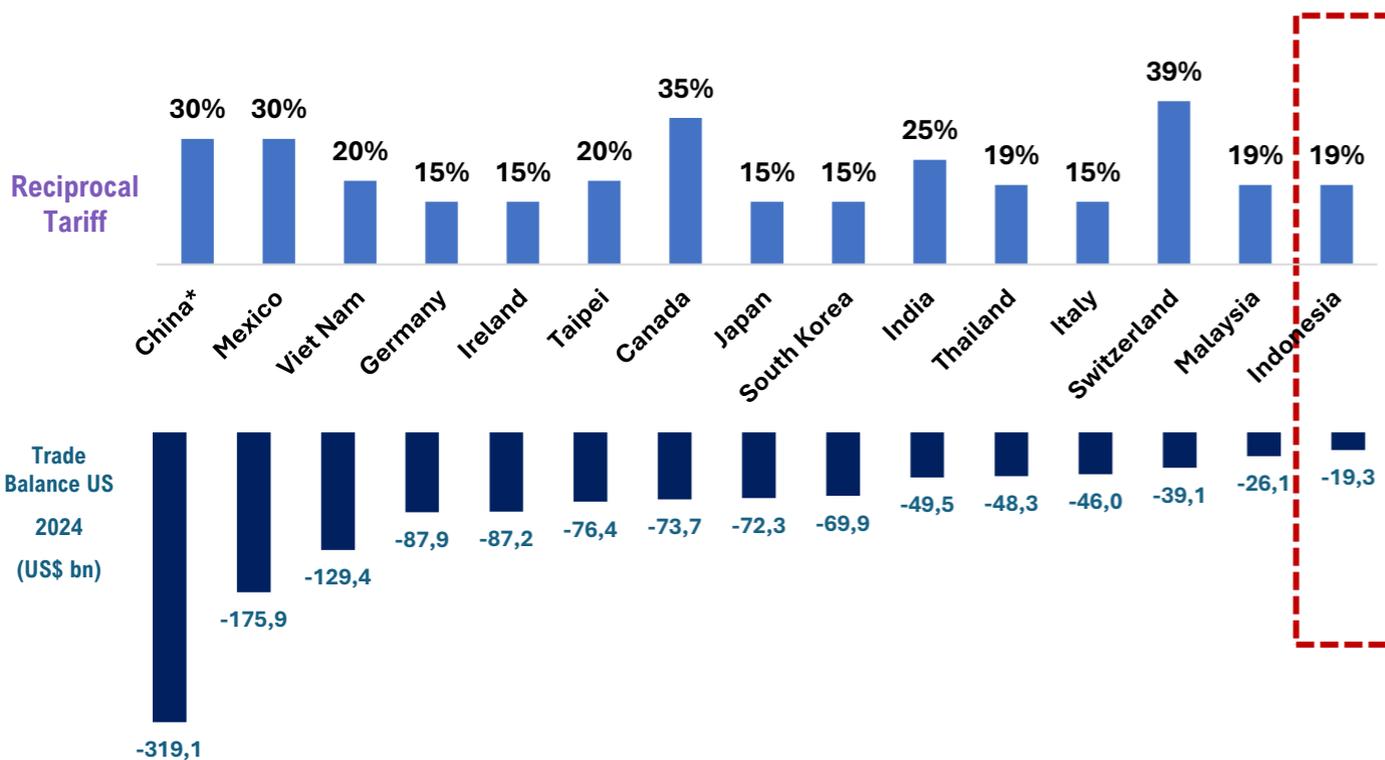
Source: Statistic Indonesia, Trading Economics



# Indonesia Has Recently Reached Trade Agreement with the US, Improving Trade Outlook

It remains crucial to stay vigilant for emerging opportunities

## US Reciprocal Tariffs



## Government's Measures



**Negotiation / Diplomacy**

- Tariff adjustment
- Increasing US products import
- Tax and customs reforms
- Adjustment of local content requirement (TKDN)



**Deregulation**

- Improving investment climate
- Addressing Non-Tariff Barrier by involving related ministries



**Countercyclical Measure**

- Stimulus package
- Effectivity of Priority Program
- Dananara
- Export facilities & incentives

## Indonesia-US Trade Deal

**Trump tariffs**

Donald Trump announces trade deal with Indonesia

Jakarta to be hit with 19% tariff on exports to US after talks with Washington

JULY 16, 2025



## US-Indonesia Trade Deal

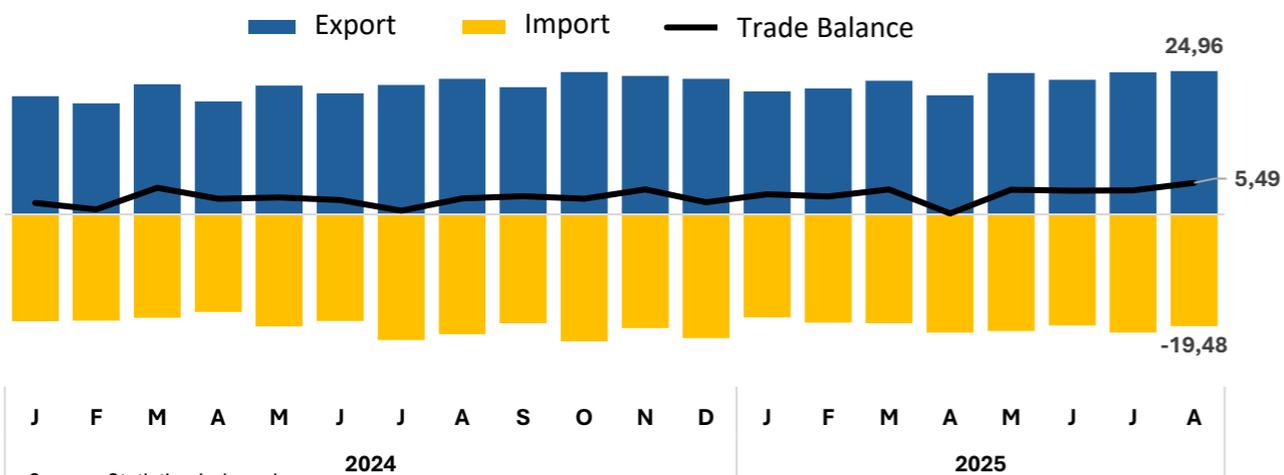
- 19% US tariff on Indonesian exports
- Indonesia impose no tariff to US products
- Indonesia will purchase USD 15 billion in US energy products, USD 4.5 billion in agricultural goods, and 50 Boeing jets.

\*based on the June 2025 trade deal, consisting of 10% baseline tariff and 20% tariff for all products due to fentanyl issue

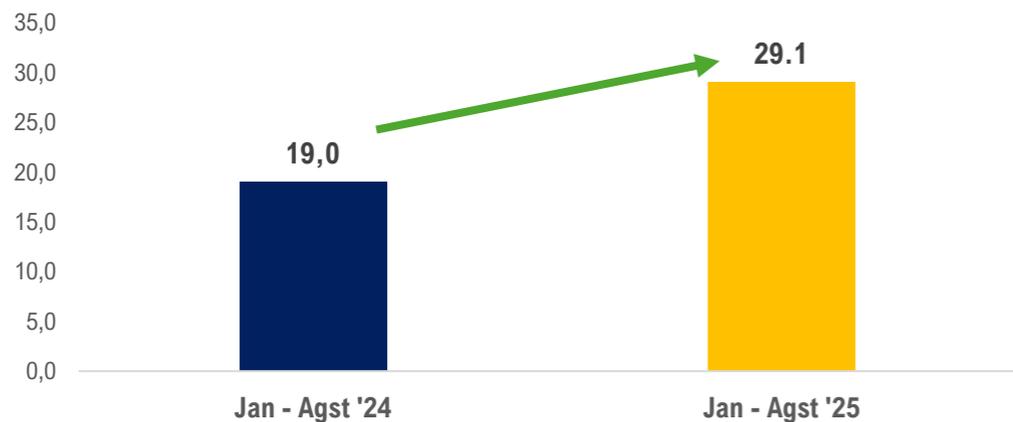


# Robust Trade Balance in August 2025 Amid Lower Tariffs and Intensified Cooperation

## Indonesia Trade Performance



## Cumulative Trade Balance (USD billion)



## Top 5 Export and Import Destinations Jan-Aug '25

### Non-Oil and Gas Export

	China	USD 40.4 billion	↑	12.2% (yoy)
	US	USD 20.6 billion	↑	3.0% (yoy)
	India	USD 12.6 billion	↓	-9.5% (yoy)
	Japan	USD 10.1 billion	↓	-14.9% (yoy)
	Malaysia	USD 8.0 billion	↑	6,0% (yoy)

### Non-Oil and Gas Import

	China	USD 54.8 billion	↑	8.2% (yoy)
	Japan	USD 10.0 billion	↓	-19.4% (yoy)
	US	USD 6.5 billion	↓	-16.3% (yoy)
	Singapore	USD 6.0 billion	↓	-37.4% (yoy)
	Thailand	USD 6.0 billion	↓	-15.2% (yoy)

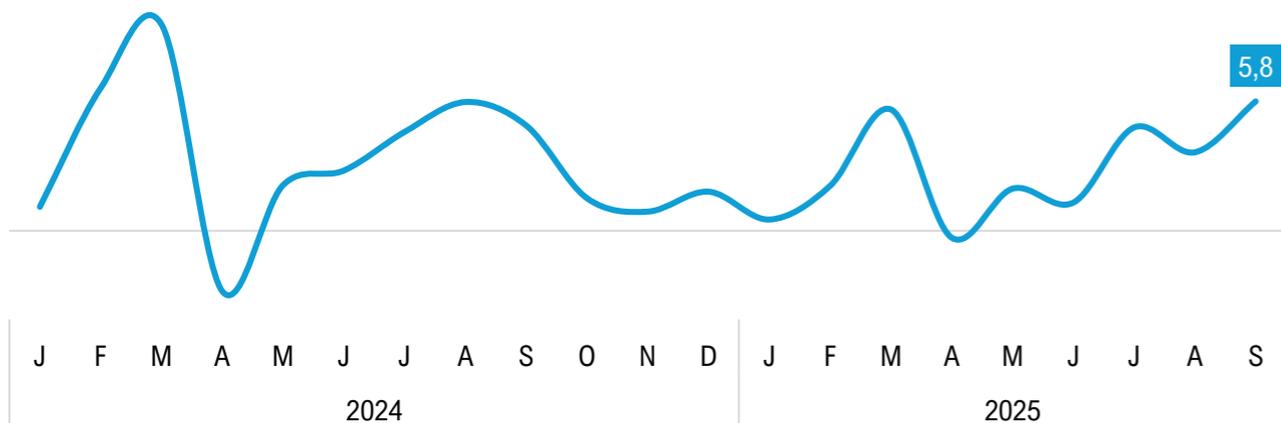
Source: Statistics Indonesia, DGCE



# On the Domestic Side, Consumer Spending and Business Activities are Still Expanding

## Retail Sales shows an increasing trend

(September, Index & % yoy)



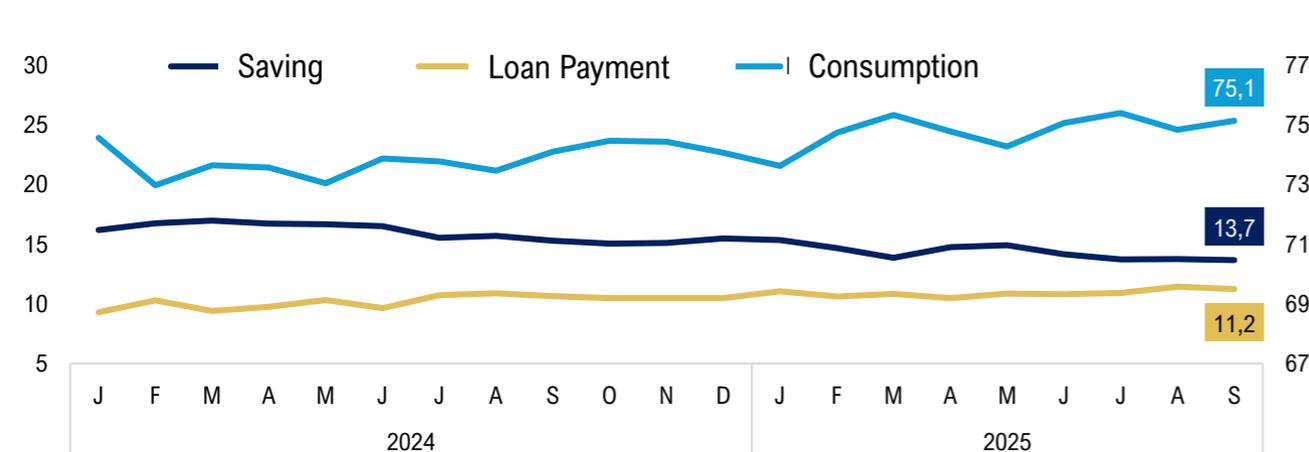
## Manufacturing activity continue to expand, despite slowing down, driven by domestic demand

(September, Index)



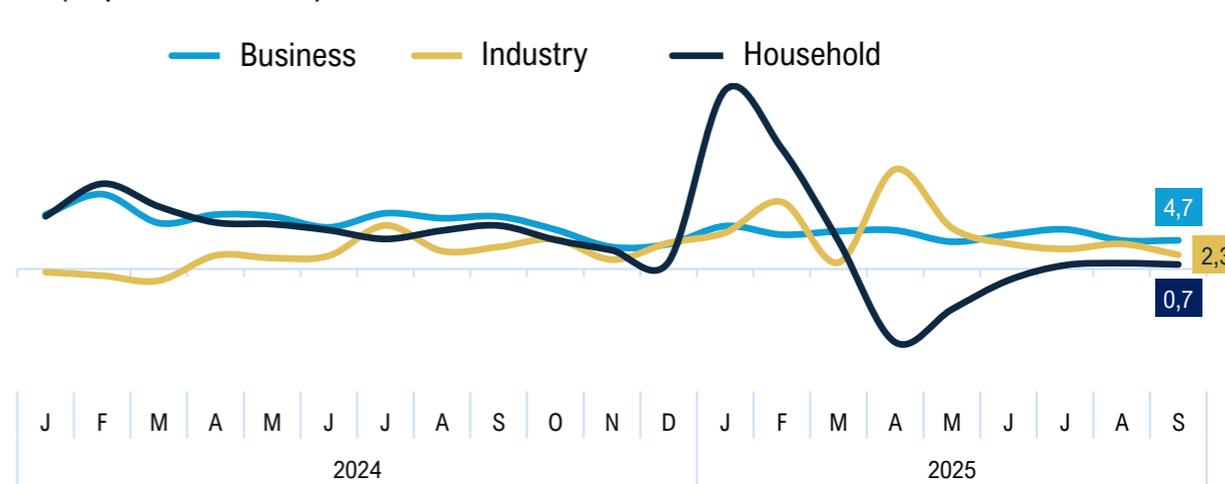
## Consumption spending proportion is increasing

(September, %)



## Electricity consumption grow positively

(September, Index)

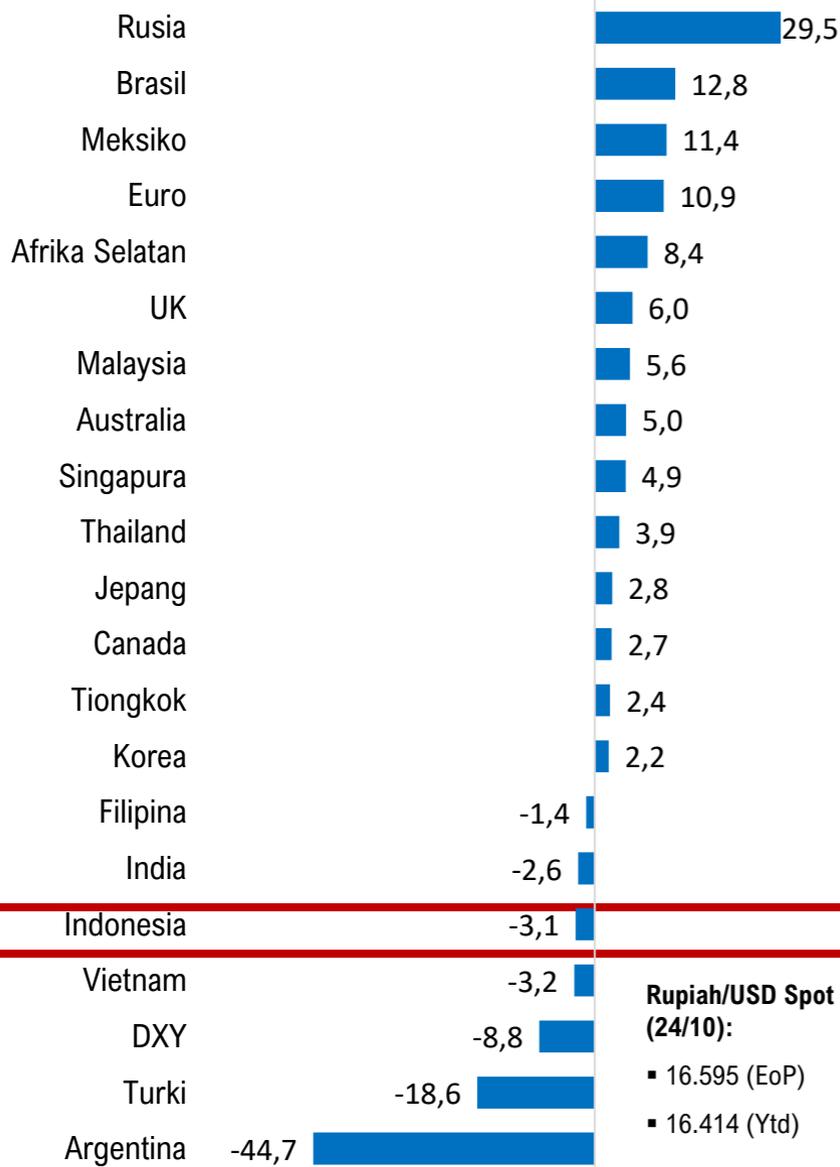


Source: Bank Indonesia, PLN, S&P Global



# Financial Instrument Performance Improves, Investor Confidence Continues to Recover

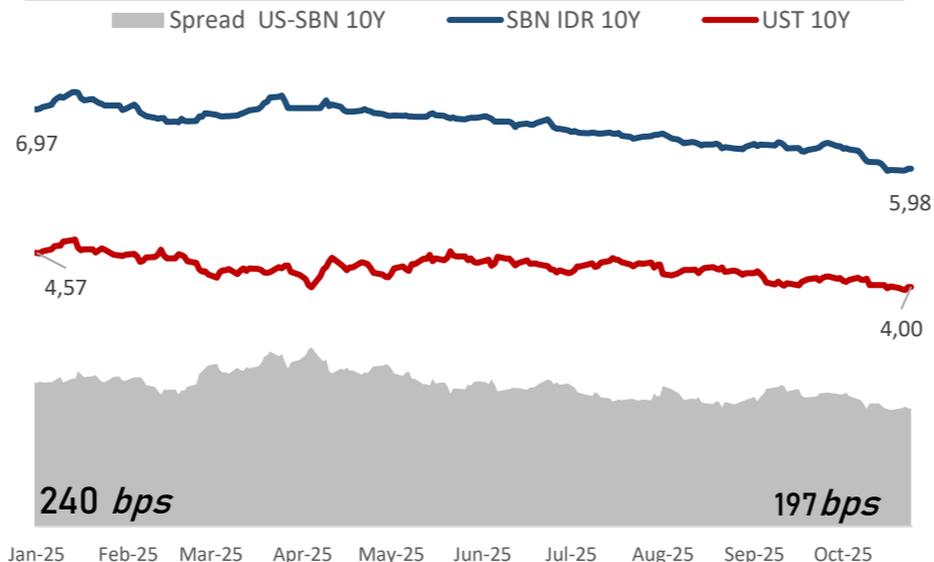
## Exchange Rate & USD Index (% ytd)



Source: Bloomberg, as of 24 October

## Currency Risk Eases

(Yield spread between IDR Government Bonds and US Treasuries)



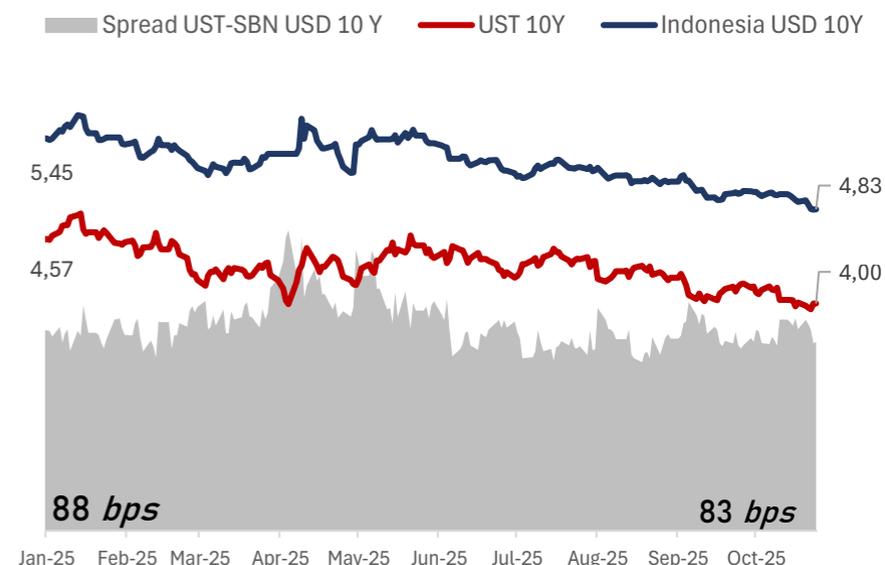
## Global Investor Buying Interest Remain Resilient



Source: Bloomberg, DJPPR, Bank Indonesia, as of 24 October

## Country Risk Maintained

(Spread of USD Government Bond Yields and UST)



## Jan-24 Oct'25 accumulation:

- Outflow Rp175,5T**
  - SBN inflow Rp8,58 T
  - SRBI outflow Rp136,76 T\*
  - Stock outflow Rp47,32 T

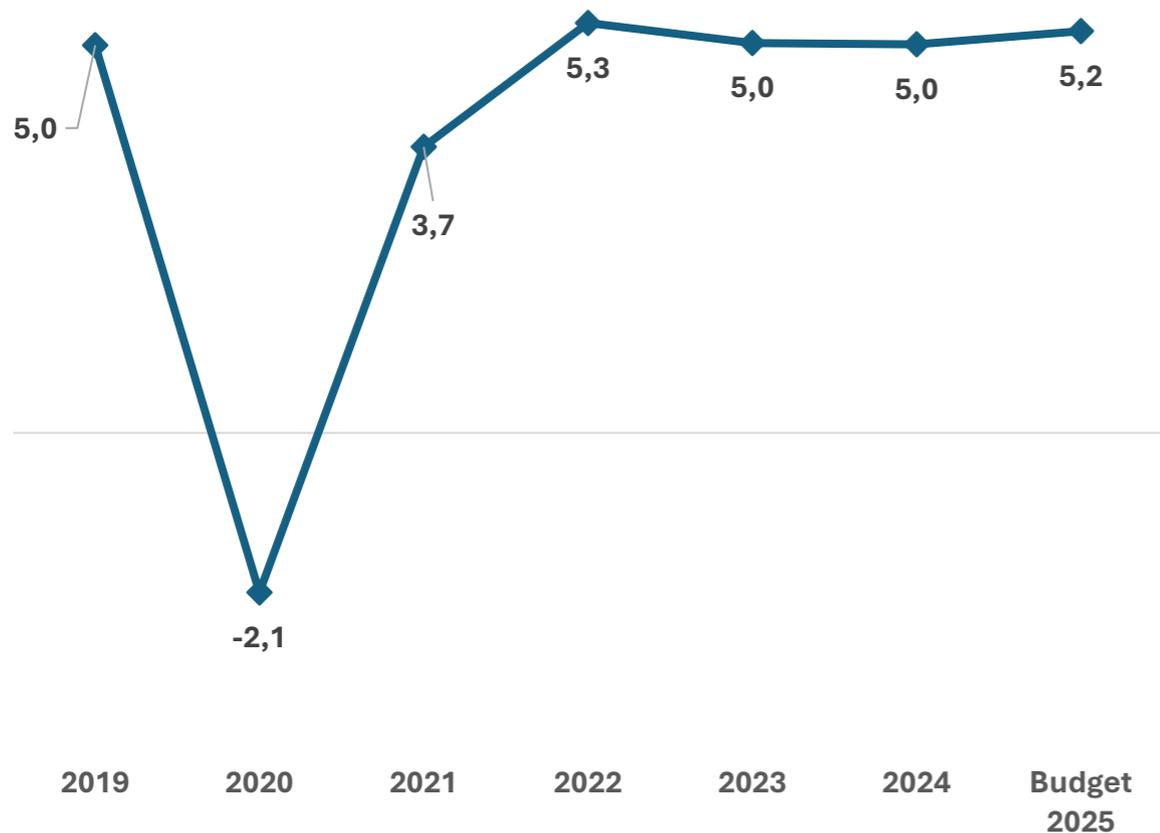
### Note:

\*) SRBI outflow is in line with the increasingly accommodative monetary policy to support economic activity

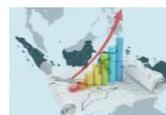


# Boosting Economic Growth 2025, as a Stepway Towards 8% in The Medium Term

## 2025 Economic Growth Projection (%)



## 2025 Growth-Driven Policies



### Acceleration of State Spending



### Optimization of Priority Programs

- Acceleration of MBG allocation
- Effectiveness of FLPP with target 350k unit
- People's Schools, Food Barns, Red & White Village Cooperatives (KDMP)



### Maintaining Public Purchasing Power

- Controlled inflation
- Effectiveness of the remaining Phase II 2025 fiscal stimulus and plans for Semester II 2025
- Optimization of Social Protection Programs



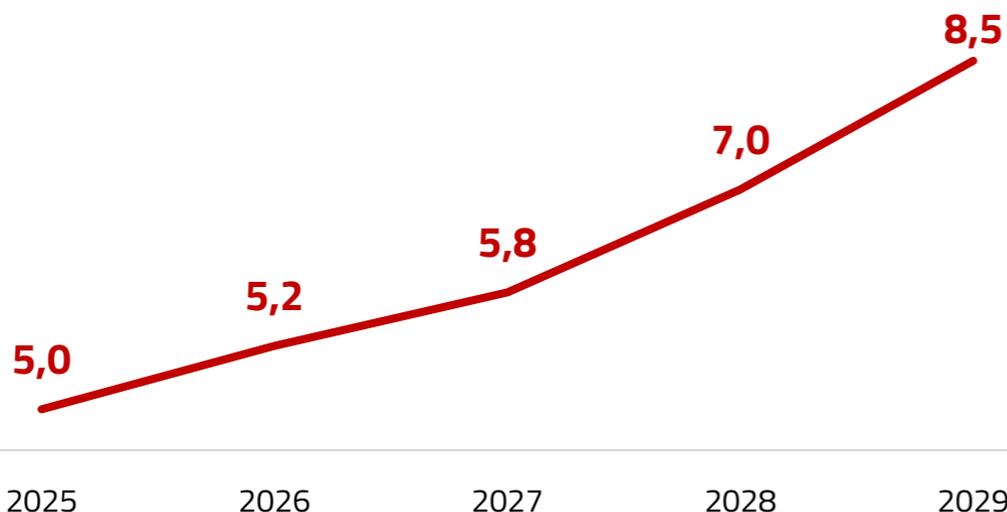
**Maintaining External Sector Resilience and Increasing Exports, including** strengthening downstreaming and optimizing export proceeds (DHE).



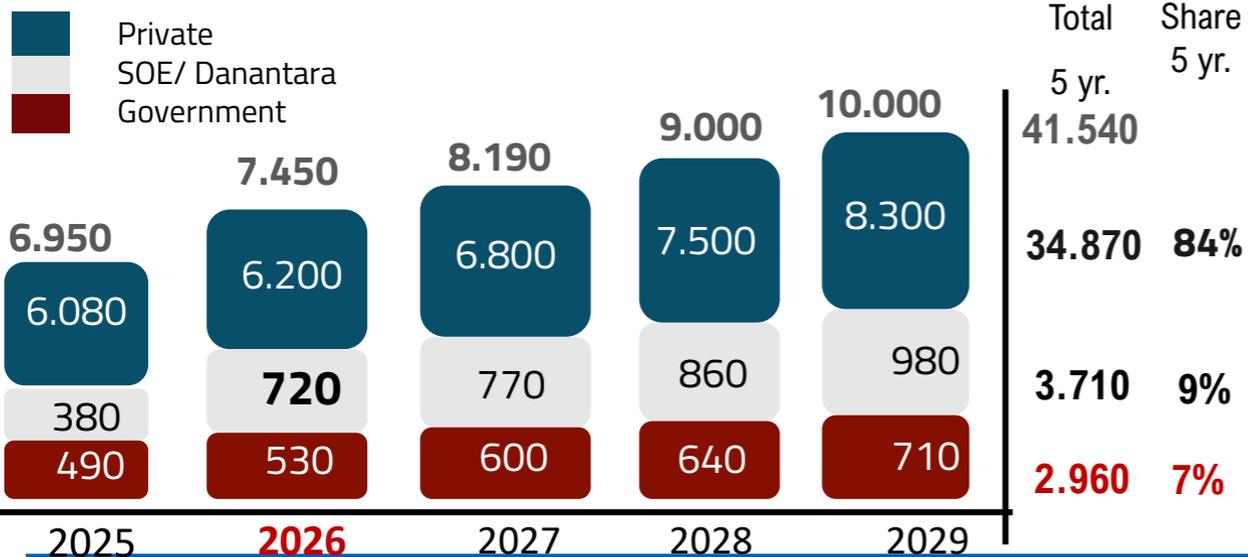
# Strengthening the Role of Danantara for Investment Acceleration

## Investment Growth (%)

Strong investment to drive 8% economic growth



## Investment Contributor (Rp T)



Private Sector

Strengthened as the **“Engine of Economic Growth”**

## Strategy for Creating High Value-Added Investment & Economic Resilience



Downstreaming of Natural Resources



High Value-Added Manufacturing



Food Security



Digital Infrastructure



Strategic Upstream Sectors



Renewable Energy



# Strategy to Maintain Purchasing Power and Drive Economic Growth through Strengthened Support in the Second Semester (5.0% to 5.2% in 2025)

## Aggregate Supply



- **Increase banking liquidity by Rp200 T.**
- **Infrastructure support**
- **Tax incentive support for businesses**
- **Deregulation and debottlenecking for trade and investment**



- The economy **grows at a higher rate.**
- Investment with higher added value and **increased** consumption.
- The real sector is **expanding.**
- **More liquid with efficient** financial market.



## Aggregate Demand



- **Efficiency relaxation** (unblocking and providing Additional Budget).
- **Acceleration of ministry/agency spending absorption.**
- **Maintaining inflation levels** within the target range.
- **Economic stimulus package, strengthened by 2<sup>nd</sup> half year Stimulus.**





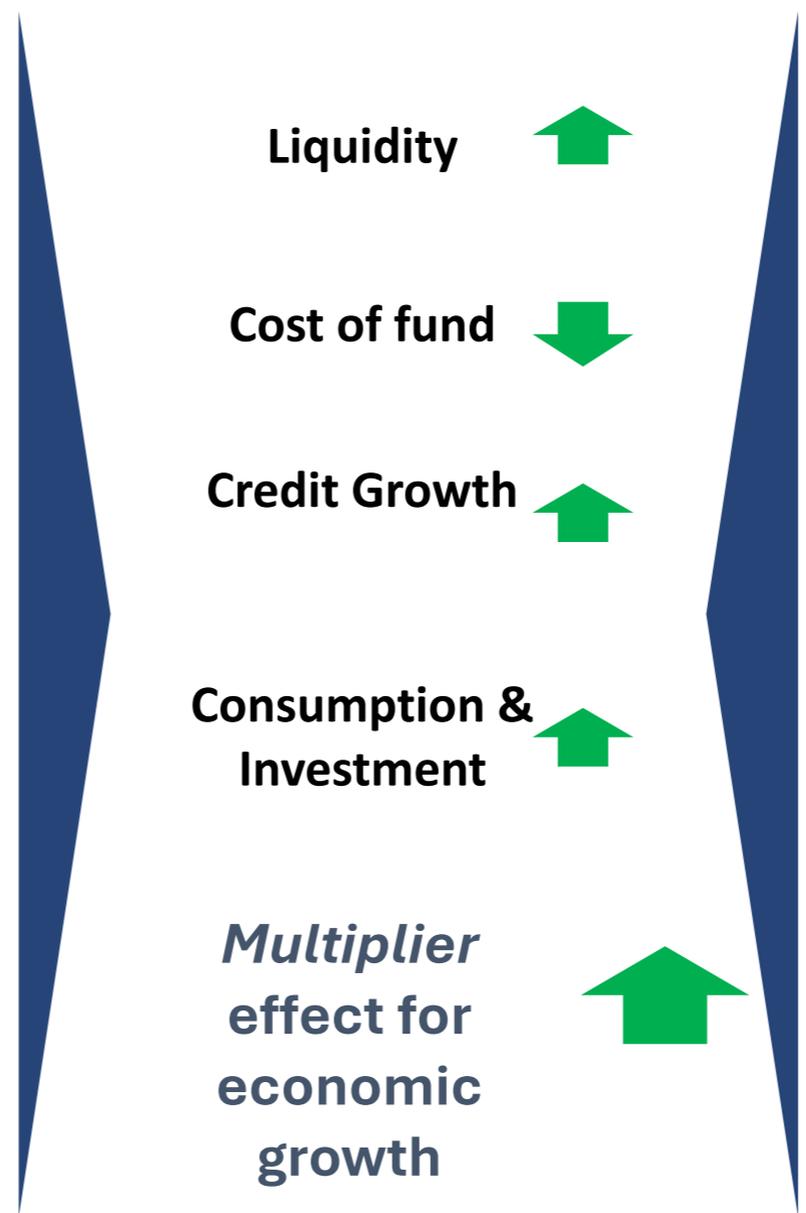
# Low-Interest State Cash Placement in Commercial Banks to Support Economic Activities

All funds are directed productively, including through the placement of **IDR200 trillion** of state funds in commercial banks



## MoF Decree No. 276/2025 on Government Fund Interest Rates in State-Owned Banks:

- In the form of conventional/sharia on-call deposits with a non-auction mechanism.
- Tenor of 6 months and extendable
- Yield at 80.476% of Bank Indonesia's policy rate.
- Not to be used for the purchase of Government Securities (SBN).



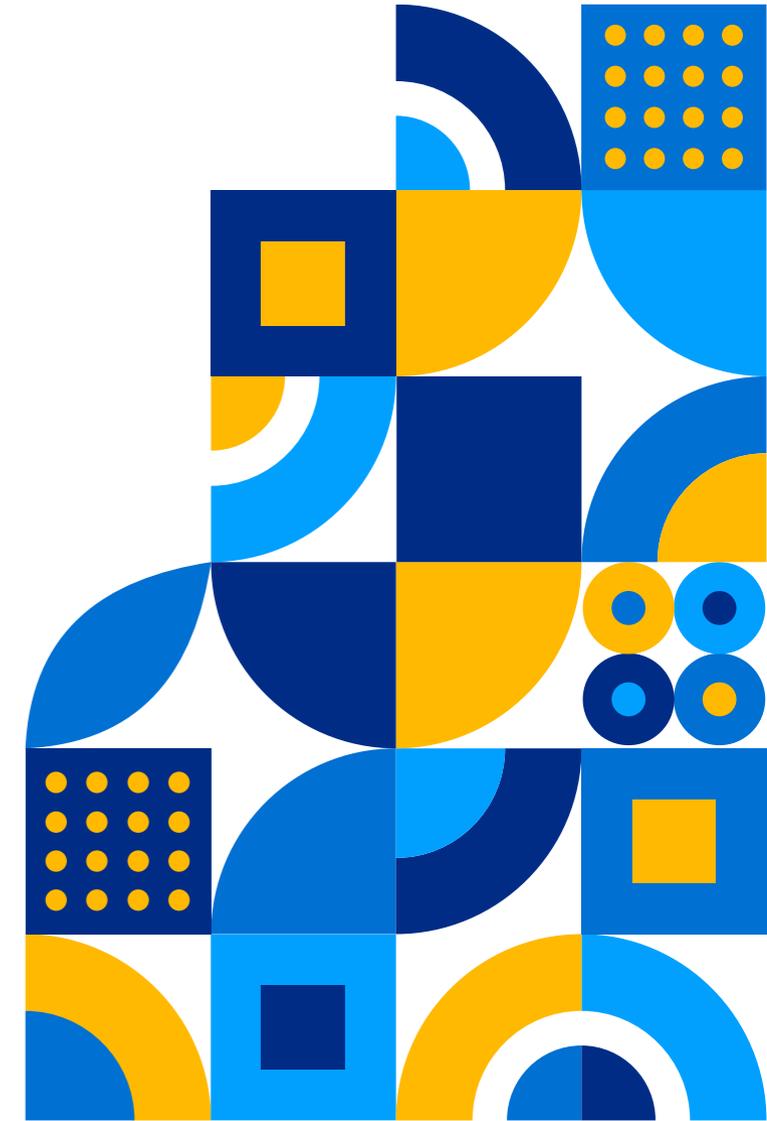
Stronger **coordination of fiscal and monetary policies.**

**Danantara and private sectors** as engine of growth.

- Investment strategies are directed toward **high-multiplier** sectors.
- Consistently supports **resilient and labor-intensive industries.**



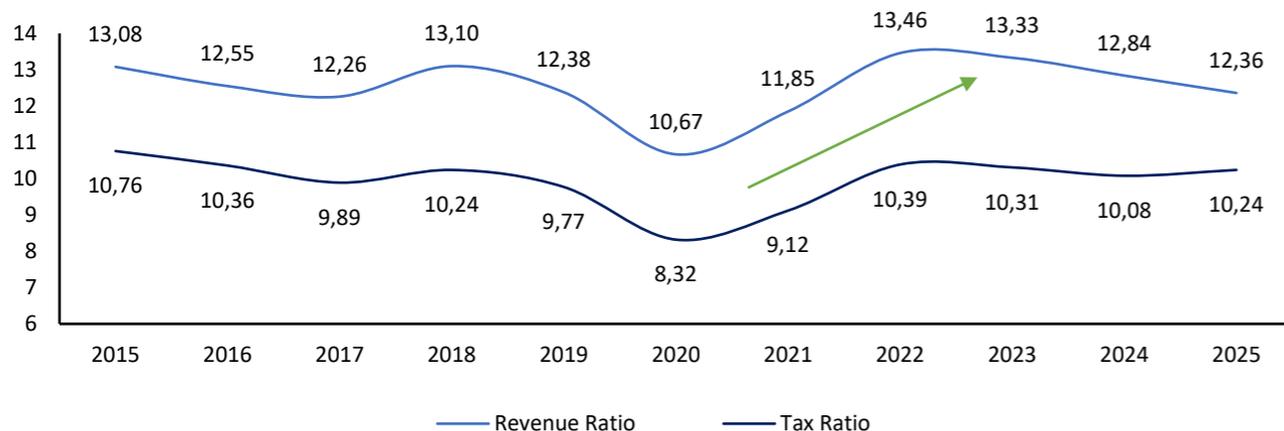
# 2 2025 Fiscal Update



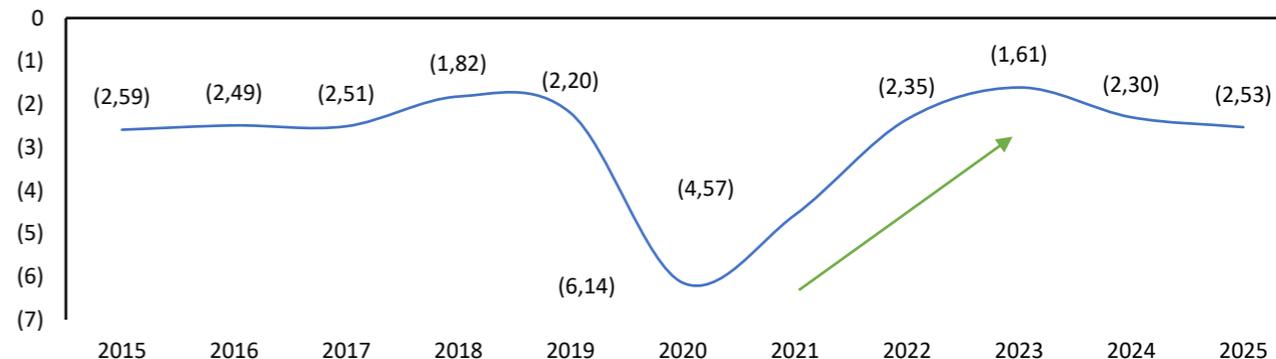


# The state budget is well-maintained to become a credible instrument in the long term

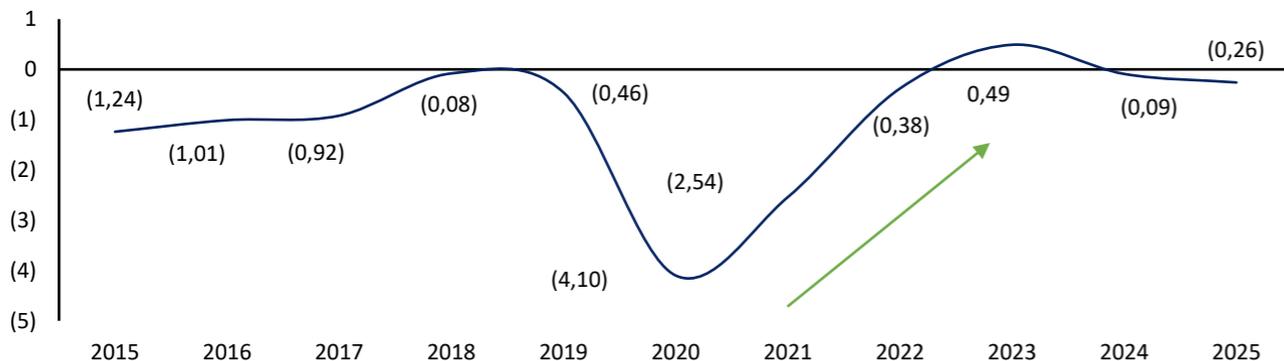
### The revenue ratio must continue to be improved (% GDP)



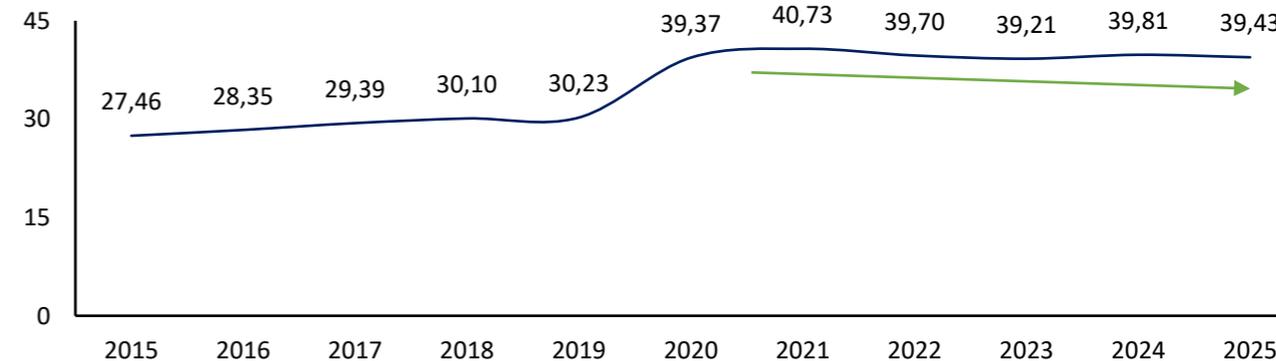
### A controlled deficit (% GDP)



### Primary balance is approaching to positive (% GDP)



### Debt ratio is under control (% GDP)





# 2025 Macroeconomic Basic Assumptions

	2024		2025	
	Budget	Realization	Budget	Realization
 <b>Economic Growth</b> (%, yoy)	5.2	2024: 5.03%	5.2	5.12 <sup>1)</sup>
 <b>Inflation</b> (%, yoy)	2.8	1.57 (yoy)	2.5	2.65 <sup>2)</sup> (yoy) 0.21 <sup>2)</sup> (mtm)
 <b>Exchange Rate</b> (IDR/USD average)	15.000	16,162 (eop) 15,847 (ytd)	16.000	16,645 <sup>3)</sup> (eop) 16,423 <sup>3)</sup> (ytd)
 <b>10 Y T-Bonds Rate</b> (%, average)	6.7	7.0 (eop) 6.8 (ytd)	7.0	6.21 <sup>4)</sup> (eop) 6.77 <sup>4)</sup> (ytd)
 <b>ICP Indonesian</b> (USD/barel, average)	82	71.6 (eop) 78.1 (ytd)	82	66.07 <sup>5)</sup> (eop) 69.28 <sup>5)</sup> (ytd)
 <b>Oil Lifting</b> (tbpd)	635	579.7	605	580.3 <sup>6)</sup>
 <b>Gas Lifting</b> (tboepd)	1.033	978.8	1.005	974,0 <sup>6)</sup>

➤ **Household consumption remains resilient**, supported by economic stimulus, while **investment increases**, particularly in construction for strategic projects and priority programs (including MBG and housing). **The manufacturing sector** dominates growth contribution, driven by downstreaming and domestic demand

➤ **Volatile food inflation is under control** through price interventions and the strengthening of Bulog's role, while administered prices are supported by energy price policies to maintain people's purchasing power.

➤ **The movement of the Rupiah exchange rate** is supported by easing trade tensions and expectations of an FFR cut, providing room for Bank Indonesia to lower domestic interest rates to further support economic growth.

➤ **Market interest in government securities (SBN) remains high, with SBN yields consistently declining** amid global dynamics and rising yields of government bonds in advanced economies such as Japan and Europe.

➤ **Oil price dynamics are influenced by geopolitical factors** and OPEC+ policy responses

➤ **Oil and gas lifting is optimized** through increased investment and technological development.

Notes :

2025 Realization

<sup>1)</sup> As of Q2 2025

<sup>2)</sup> As of September 2025

<sup>3)</sup> Bank Indonesia as of 24 October 2025

<sup>4)</sup> As of last auction 07 October 2025

<sup>5)</sup> As of August 2025

<sup>6)</sup> As of September 2025



# State Budget Realization as of September 30, 2025 is Still on Track

(in IDR tn)	2025				
	Budget	Outlook	Real. as of September 30	% Outlook	% Growth
<b>A. Revenue</b>	<b>3,005.1</b>	<b>2,865.5</b>	<b>1,863.3</b>	<b>65.0</b>	<b>(7.2)</b>
1. Tax Revenue	2,490.9	2,387.3	1,516.6	63.5	(2.9)
1. Tax	2,189.3	2,076.9	1,295.3	62.4	(4.4)
2. Custom and Excise	301.6	310.4	221.3	71.3	7.1
II. Non-Tax Revenue	513.6	477.2	344.9	72.3	(19.8)
<b>B. Expenditure</b>	<b>3,621.3</b>	<b>3,527.5</b>	<b>2,234.8</b>	<b>63.4</b>	<b>(0.8)</b>
I. Central Government Expenditure	2,701.4	2,663.4	1,589.9	59.7	(1.6)
1. Line Ministries Expenditure	1,160.1	1,275.6	800.9	62.8	(0.3)
2. Non-Line-Ministries Expenditure	1,541.4	1,387.8	789.0	56.8	(2.9)
II. Transfer to Region	919.9	864.1	644.9	74.6	1.5
<b>C. Primary Balance</b>	<b>(63.3)</b>	<b>(109.9)</b>	<b>18.0</b>	<b>(16.4)</b>	<b>(84.8)</b>
<b>D. Surplus/ (Deficit)</b>	<b>(616.2)</b>	<b>(662.0)</b>	<b>(371.5)</b>	<b>56.1</b>	<b>52.7</b>
<b>% Surplus/(Deficit) to GDP</b>	<b>(2.53)</b>	<b>(2.78)</b>	<b>(1.56)</b>		
<b>E. Financing</b>	<b>616.2</b>	<b>662.0</b>	<b>458.0</b>	<b>69.2</b>	<b>31.7</b>



# The 2025 State Budget Deficit Outlook at 2,78%: Supporting Economic Performance

Items	2025		
	Budget	Outlook	% of Budget
<b>A. STATE REVENUE</b>	<b>3,005.1</b>	<b>2,865.5</b>	<b>95.4</b>
I. Taxation Revenue	2,490.3	2,387.3	95.8
1. Tax Revenue	2,189.3	2,076.9	94.9
2. Customs and Excise	301.6	310.4	102.9
II. Non-Tax Revenue	513.6	477.2	92.9
III. Grant	0.6	1.0	170.7
<b>B. STATE EXPENDITURE</b>	<b>3,621.3</b>	<b>3,527.5</b>	<b>97.4</b>
I. Central Government Spending	2,701.4	2,663.4	98.6
1. Line Ministries Spending	1,160.1	1,275.6	109.9
2. Non-Line Ministries Spending	1,541.4	1,387.8	90.0
II. Transfer to Regions	919.9	864.1	93.9
<b>C. PRIMARY BALANCE</b>	<b>(63.3)</b>	<b>(109.8)</b>	<b>173.4</b>
<b>D. SURPLUS (DEFICIT)</b>	<b>(616.2)</b>	<b>(662.0)</b>	<b>107.4</b>
<b>%GDP</b>	<b>(2.53)</b>	<b>(2.78)</b>	
<b>E. BUDGET FINANCING</b>	<b>616.2</b>	<b>662.0</b>	<b>107.4</b>

1. **State revenue:** IDR 2,865.5 T or 95.4% of the budget target

– **Tax:** IDR 2,076.9 T or 94.9% target

– **Customs and excise:** IDR 310.4 T or 102.9% target

– **Non-tax revenue:** IDR 477.2 T or 92.9% target

2. **State expenditure:** IDR 3,527.5 T or 97.4% target

– **Ministries/agencies:** IDR 1,275.6 T (109.96%)

→ **Supporting priority development programs: food security, energy security, MBG, education, health, villages & MSMEs, universal defense, and investment**

– **Non-ministries/agencies spending:** IDR 1,387.8 T (90%) → Maintaining food price stability and public purchasing power

– **Transfers to regions:** IDR 864.1 T (93.9%)

→ **Supporting public services in education and health, including additional ASN updates and natural absorption**

3. **Budget deficit:** IDR 662.0 T (2.78% of GDP)

4. **Budget financing:** IDR 662.0 T

→ **additional Treasury Surplus** of IDR 85.6 T to reduce SBN issuance, meet government obligations/priority spending, and finance the deficit



# Continuing Structural Reform Strategies While Maintaining Prudent Fiscal Governance and Anticipating Global Risks



## Food security

“Nourishing stability, cultivating sustainability”

## Energy security

“The backbone of resilience and growth”

## Free nutritious meals (MBG)

“Empowering Indonesia through nutritious meals”

## Educational program

“Quality education, many ways forward”

## Health program

“Healthy people for strong and sustainable economy”

## Village development, cooperatives, MSMEs

“Empowering communities, advancing the nation”

## Universal defense

“A foundation for economic, Social, and political self-reliance  
Toward equitable prosperity”

## Accelerating global trade & investment

“strengthening Indonesia in the global value chain”



# Tax Revenue Continues Its Growth Trend

## Gross Tax Revenue up to SEPTEMBER

2024

2025

**IDR1,588.21 T**

**IDR1,619.20 T**



Corporate Income Tax

Rp304.63 T ▲ 6.0%



Personal Income Tax

Rp16.90 T ▲ 39.4%



VAT and Luxury Goods Sales Tax

Rp702.20 T ▼ -3.2%



Land and Building Tax

Rp19.69 T ▲ 18.4%

## Net Tax Revenue up to SEPTEMBER

2024

2025

**IDR1,354.86 T**

**IDR1,295.28 T**

62,4% of outlook



Corporate Income Tax

Rp215.10 T ▼ -9.4%



Personal Income Tax

Rp16.82 T ▲ 39.8%



VAT and Luxury Goods Sales Tax

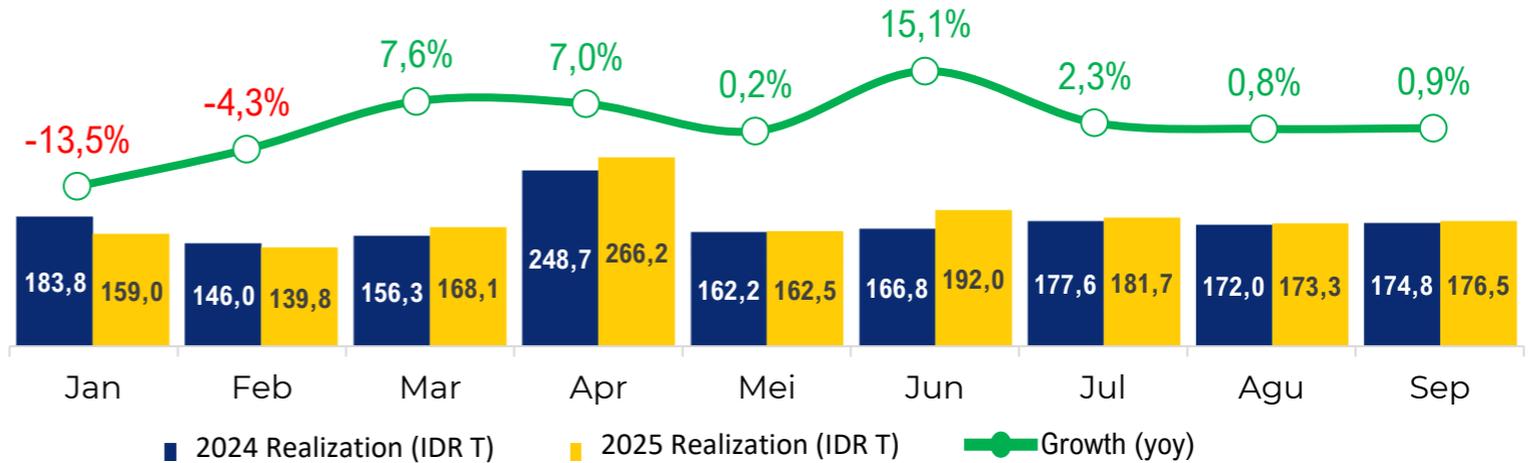
Rp474.44 T ▼ -13.2%



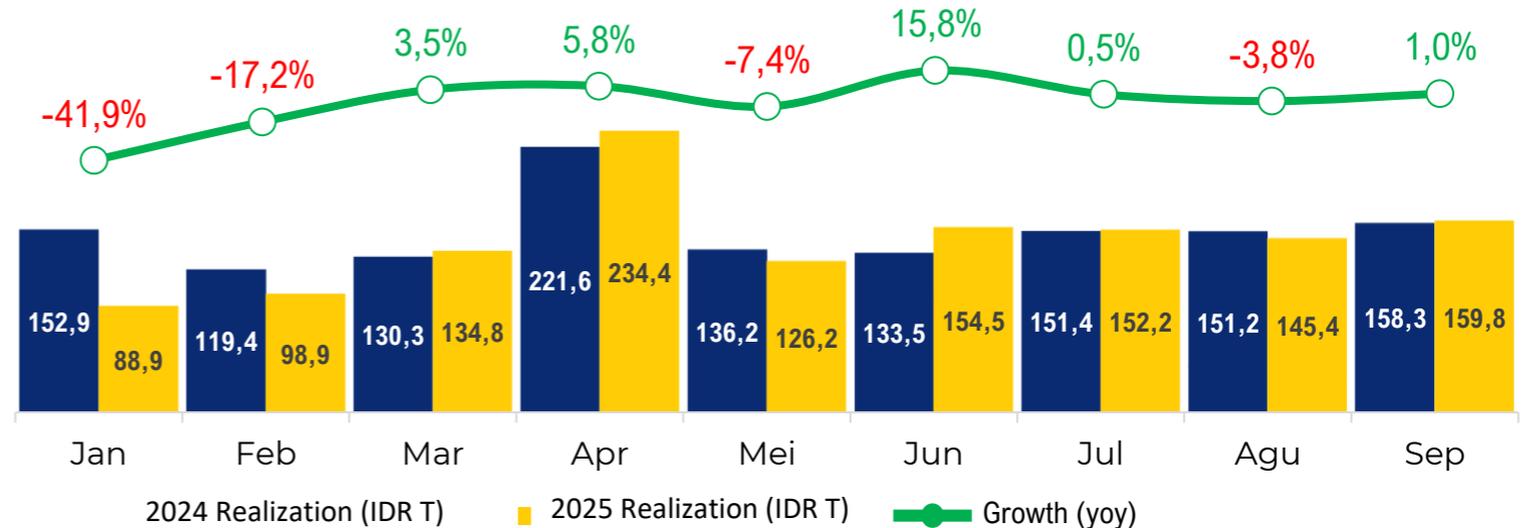
Land and Building Tax

Rp19.50 T ▲ 17.6%

## Gross Tax per Month



## Net Tax per Month





# Central Government Expenditure for Priority Programs IDR480.4 T (51.6% from IDR930.7 T budget) (1/2)

Continuing Structural Reform Strategies While Maintaining Prudent Fiscal Governance and Anticipating Global Risks

\*) Realization as of Oct 3

## Strengthening and Protection of Purchasing Power

<b>10 mil</b> beneficiaries	Program Keluarga Harapan <b>IDR19.9 T</b> (IDR28.7 T budget)	<b>69%</b>
<b>12.5 mil</b> Student	Scholarships/PIP/KIP Kuliah/ <b>IDR20.6 T</b> (IDR27.7 T budget)	<b>74%</b>
<b>18.3 mil</b> beneficiaries	Food Stamp (BPNT) <b>IDR35.9 T</b> (IDR51.2 T budget)	<b>70%</b>
<b>96.7 mil</b> Beneficiaries	Contribution Subsidies for PBI JKN <b>IDR34.7 T</b> (IDR46.5 T budget)	<b>75%</b>
<b>1.1 mil</b> Teachers	TPG/TPD Non PNS <b>IDR13.8 T</b> (IDR21.2 T budget)	<b>65%</b>
<b>192.7</b> thousand houses	Housing Programs <b>IDR24.8 T</b> (IDR52.1 T budget)	<b>48%</b>
<b>40.4 mil</b> beneficiaries	Free Health Check & TB, Hospital Revitalization <b>IDR3.6 T</b> (IDR9.3 T budget)	<b>38%</b>

## Education and Health

**31.2 mil** **Free Nutricious Meals (MBG)** **29%**  
beneficiaries **IDR20.6 T** (IDR71 T budget)

Area	Beneficiaries (millions)	Area	Beneficiaries (millions)
Sumatera	6.60	Sulawesi	2.33
Jawa	18.42	Maluku-Papua	0.70
Kalimantan	1.36	Bali - NuSra	1.83

**165** **Sekolah Rakyat dan Sekolah Unggul Garuda** **8%**  
Campuses **IDR1.1 T** (IDR14.4 T budget)

**IDR816.0 billion** ➔ **Ministry of Public Works:** Renovation of Education Centers

**IDR204.6 billion** ➔ **Ministry of Social of Affairs:** Provision of Education

Area	School (Unit)	Area	School (Unit)
Sumatera	22	Sulawesi	15
Jawa	48	Maluku-Papua	7
Kalimantan	4	Bali - Nusra	4



# Central Government Expenditure for Priority Programs IDR480.4 T

(51.6% from IDR930.7 T budget) (2/2)

Continuing Structural Reform Strategies While Maintaining Prudent Fiscal Governance and Anticipating Global Risks

\*) Realization as of Oct 3

## Production and Price Stabilization

**8.9** mil farmers  
**Non-Energy Subsidies. ie. KUR and Fertilizer Subsidies**  
**IDR52.4 T** (IDR104.5 T budget) **50%**

**Total KUR beneficiaries: 3.5 million debtor.**

- Jawa **1.87 mil debtor**
- Sumatera **0.78 mil debtor**
- Bali-Nusra **0.22 mil debtor**
- Kalimantan **0.18 mil debtor**
- Sulawesi **0.36 mil debtor**
- Maluku-Papua **0.05 mil debtor**

**42.4** mil beneficiaries  
**Energy Subsidies and Compensation**  
**IDR192.2 T** (IDR394.3 T budget) **49%**

**51.2** Thousand tools  
**Lambung Pangan**  
**IDR8.0 T** (IDR23.2T budget) **34%**

**2.1** mil ton rice  
**Bulog and Food Reserve**  
**IDR22.1 T** (IDR22.1 T budget) **100%**

## Productivity and Public Infrastructure

**12.5** thousand campuses  
**School Renovation and Revitalization**  
**IDR12.8 T** (IDR20 T budget) **64%**

**53.4%** Progress  
**Dams. Irrigation and Maintenance of water resources infrastructure**  
**IDR10.3 T** (IDR23.0 T budget) **45%**

**35.0%** Progress  
**Road and Bridge Preservation** **IDR6.6 T**  
 (pagu IDR18.9T budget) **35%**

**37%** Progress  
**Fishing villages, national salt production, and saline tilapia aquaculture (BINS)**  
**IDR1.7 T** (IDR2.6 T budget) **64%**

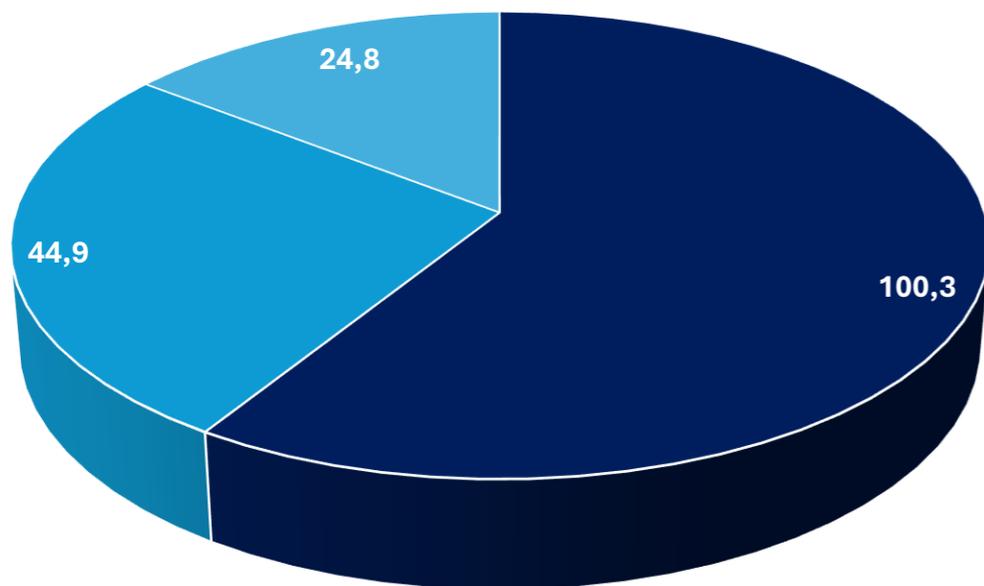




# 2025 Infrastructure Development – IDR170.1 T (42.3% of Budget Ceiling Rp402,4 T)

## Supporting Self-Sufficiency in Food, Energy, Water, and Connectivity

### 2025 Infrastructure Spending Composition



- Central Government Expenditure
- Transfer to Regions
- Financing

**President has instructed to accelerate 2025 infrastructure spending**

### Priority Output Achievements, including:



#### HOUSING

- ❖ Housing Financing Liquidity Facility (FLPP) IDR24.8 T (192.7 thousand houses)



#### CONNECTIVITY

- ❖ Construction and preservation of roads IDR14.7 trillion (construction progress 47.8% of the target 177 km)



#### EDUCATION

- ❖ School revitalization from pre-school to university (11,600 campuses)



#### ENERGY SECURITY

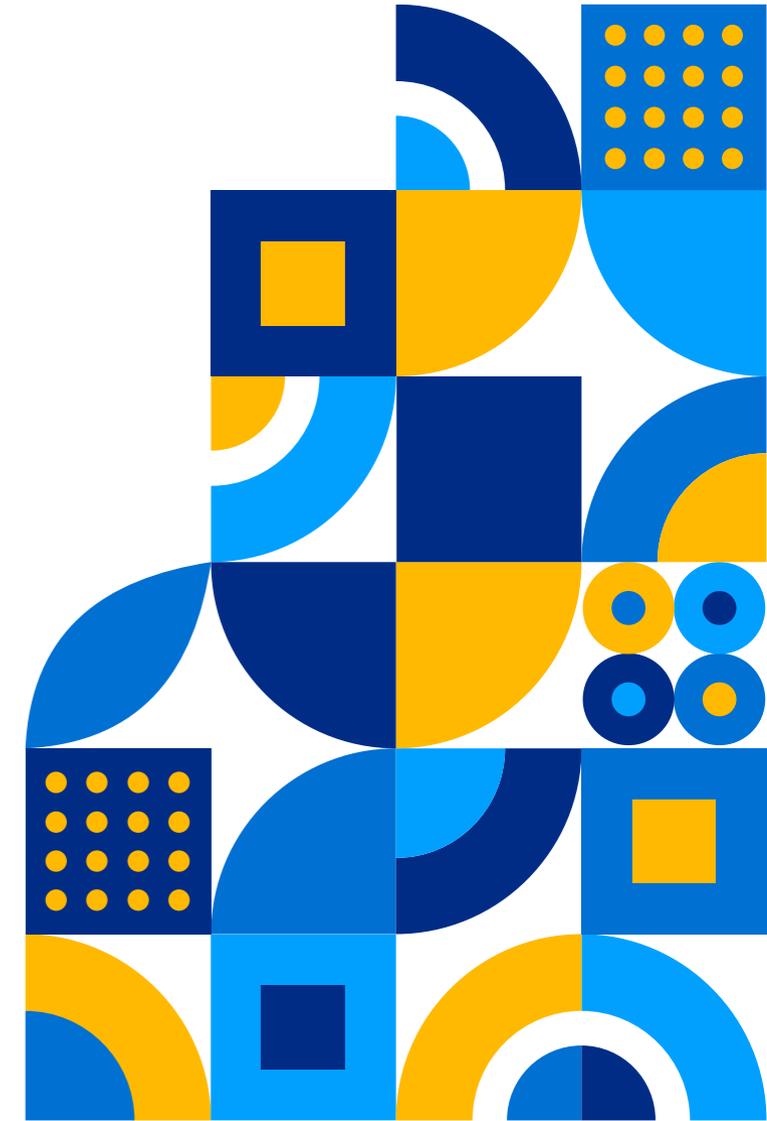
- ❖ Rural power infrastructure IDR3.6 T (36 Provinces)



# 3

## 2026

# Fiscal Policy





# Economy 2026 Targeted for Higher, Stable, and Equitable Growth

The strong economic performance in 2025 provides a foundation, reinforced by the 2026 fiscal strategy and strong synergy with the Danantara and the private sector

## Fiscal Strategy:

- Strengthening long-term **fundamentals**
- **Countercyclical** measures in times of pressure
- Inclusive across all regions

## APBN as an Instrument:

- **Quality Spending**
  - 8 Priority Agendas
  - Social Protection
- **Stimulus as a buffer**
- **Optimization of State Revenue**
- **Innovative and Sustainable Financing**

## APBN as an *Enabler*:

- Focus on strategic sectors, high value-added, and export-oriented.
- Continue supporting the performance of labor-intensive sectors

## Fulfilling functions:

Allocation

Stabilization

Distribution

**RESILIENT  
SELF-RELIANT  
PROSPEROUS  
INDONESIA**

**Synergy and Strengthening of the Role as a Growth Engine Continues to be Enhanced**



**Private Sector**



# Realizing a Resilient, Independent, and Prosperous Indonesia

## Economic and fiscal strategy 2026

### A Short-term strategy: "maintaining economic resilience and protecting the people"

#### Economic Stability

- **Economic Diplomacy** (Trade & Investment Negotiations, Deregulation),
- **Collaboration** on Fiscal, Monetary, and Financial Sector

#### Protect The Business & People's Purchasing Power

- Fiscal incentives
- Social protection
- Subsidies & compensation

#### Budget Sustainability

- Efficiency and Reconstruction of Spending
- Deficit & Debt controlled
- Revenue optimization
- Fiscal Resilience: fiscal buffer & flexibility

### B Medium-term: "improving competitiveness, productivity and supporting the development agenda"

1	<b>Food Security</b> "Nourishing stability, cultivating sustainability"	3	<b>Free Nutritious Meals</b> "Empowering Indonesia through nutritious meals"	5	<b>Health Programs</b> "Healthy people for strong and sustainable economy"	7	<b>Universal Defense</b> "A foundation for economic, social, and political self-reliance toward prosperity"
2	<b>Energy Security</b> "The backbone of resilience"	4	<b>Educational Program</b> "Strengthening quality education"	6	<b>Village Development Cooperatives &amp; MSMEs</b> "Empowering communities, advancing the nation"	8	<b>Accelerating Global Investment and Trade</b> "strengthening Indonesia in the global value chain"



# 2026 State Budget Priority Agenda

## 1. FOOD SECURITY

**Rp164,7 T**



- ▶ Fertilizer Subsidy : **9,62 mio tons**, Rp46,9 T
- ▶ Rice field development and land optimization: **550.000 ha** Rp19,7 T
- ▶ Farmers' access road **103 km**
- ▶ Bulog to maintain rice and paddy stock: **3 mio tons**, Rp22,7 T

## 2. ENERGY SECURITY

**Rp402,4 T**



- ▶ Energy subsidies will continue
- ▶ **(Fuel, Electricity, and 3 kg LPG) targeted effectively using DTSEN**
- ▶ Tax Incentive
- ▶ Development of New and Renewable Energy (NRE)
- ▶ Village electricity programs



# 2026 State Budget Priority Agenda

## 3. MBG



**Rp335 T**

Education Function **Rp223,6 T**

Health Function **Rp24,7 T**

Economic Function **Rp19,7 T**

Reserve **Rp67 T**

**82,9 mio Beneficiaries**

- ▶ 71,9 mio Students
- ▶ 2,9 mio Pregnant/Breastfeeding Mothers
- ▶ 8,1 mio Toddlers

## 4. EDUCATION PROGRAM



**Rp769,1 T**

- ▶ Education budget through **TKD** (e.g., allowances for public/private teachers, BOS, PAUD operational assistance) **Rp 264,6 T**
- ▶ Education budget through **non-BGN Ministries / Institutions** (e.g., school revitalization and People's Schools) **Rp 246,9 T**
- ▶ **MBG** **Rp 223,6 T** for **71,9 mio students**
- ▶ **Financing** (e.g., LPDP for 4,000 students, 452 research projects, 23 state universities with legal entity status) **Rp 34 T**



# 2026 State Budget Priority Agenda

## 5. HEALTH PROGRAM

**Rp244 T**



Insurance contribution assistance: **96.8 mio** people & non-salaried workers (PBPU) **Rp69,0 T**  
49.6 mio people

Hospital revitalization **Rp2,7 T**, reduction of stunting and TB

Free Health Check (CKG) for 130.3 million participants  
**Rp2,6 T**

Nutritional assistance for toddlers & pregnant women: **7.4 million people** **Rp24,7 T**

## 6. VILLAGE DEVELOPMENT, COOPERATIVES, AND MSMEs

**Rp181,8 T**



Red and White Village Cooperative (KDMP) **80 thousand unit**

Village Fund **Rp60,6 T**

Placement of funds in state-owned banks (Himbara) for loans to KDMP at low interest rates **Rp83,0 T**

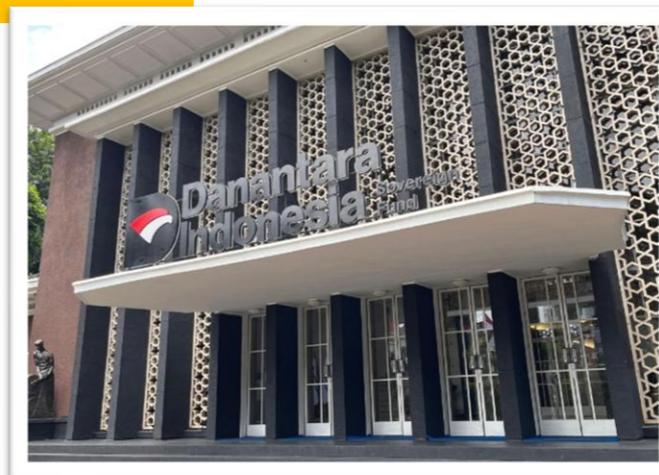


## 7. UNIVERSAL DEFENSE



- ▶ Defense: **Rp185.2 T** for modernization of defense equipment and development of domestic industry.
- ▶ Order and Security (including the National Police, State Intelligence Agency, National Narcotics Agency): **Rp179.4 T** for border security and prevention of terrorism and crime.
- ▶ Law (Prosecutor's Office, Human Rights, Judiciary, etc.): **Rp60.4 T** for combating corruption and narcotics crimes.

## 8. ACCELERATION OF INVESTMENT AND TRADE



- ▶ **Strengthening Danantara's role in accelerating productive investment:** Investment supporting the downstreaming of the mineral and coal sectors, energy transition, agriculture, maritime, and fisheries. **USD38 Bio**
- ▶ **Investment in the 3 million housing program**, reaching **770 thousand housing units** through FLPP, BSPS, KUR schemes for MSME contractors, and DTP VAT.
- ▶ **Investment in water security and waste management.**



# Strong Social Protection Must Be Maintained

## LIFELONG SOCIAL PROTECTION

From pregnancy to elderly

# Rp508,2T



**Childhood**  
0-6 Years

- PKH for Pregnant Mothers
- PKH for Early Childhood



**School Age**  
7-18 Years

- PKH for Elementary–Junior–Senior High School
- PIP (Education Assistance) for Elementary–Junior–Senior High School: Rp15.5T
- Public Schools Rp4,9T
- ATENSI (Care) for children and orphans



**Working Age**  
19-59 Years

- Indonesia Smart Card (KIP) for Higher Education Rp17T
- Contribution to Job Loss Insurance Rp1,2T
- KUR (People’s Business Credit) Subsidy Rp36,5T
- Housing subsidies/assistance
- Contribution subsidy for National Health Insurance (JKN) for informal workers



**Elderly**  
60+ Years

- PKH for the Elderly
- ATENSI and Food Support for the Elderly

**Food Assistance Card (18.3 million households): Rp43.8T**

**Household Energy Subsidy: Rp210.1T**

**JKN Premium Assistance for the Poor (PBI JKN – 96.8 million people) & BP Contribution: Rp69.0T**

**Housing subsidy and financing for Low-Income Communities (MBR)**

### ADAPTIVE SOCIAL PROTECTION FOR DISASTERS/CRISIS

Food and ATENSI for Persons with Disabilities

ATENSI for Victims of Drug and Addictive Substance Abuse

Disaster Emergency Fund

Government Food Reserves



# CENTRAL GOVERNMENT EXPENDITURE IN 2026: Rp3,149,7 trillion

Quality spending for sustainable development

## 2026 Ministry/Agency (K/L) Budget Ceiling

Increased from the 2026 Indicative Ceiling of Rp1,167.8 trillion



**Rp1.510,5 T**

**Minimum  
Government Needs**

**Priority Spending of  
Ministries/Agencies**

Minimum Operational Spending, including:l.:

- Personnel Expenditure: Rp332.8 T
- Operational Goods Expenditure
- Defense and Security Operations, Education Operations (including Smart Indonesia Program / PIP and College KIP), and support for ministries/agencies' main duties and functions

Spending includes, among others:

- Regular Social Assistance, including: Family Hope Program (PKH), National Health Insurance Contribution Assistance (PBI JKN), Food Assistance Card, totaling Rp162.4 T
- Expenditures financed by Non-Pure Rupiah sources;
- MBG Program Expenditures;
- Priority Spending for 98 Ministries/Agencies.

## 2026 Non-Ministry/Agency (Non-K/L) Budget Ceiling



**Rp1.639,2 T**

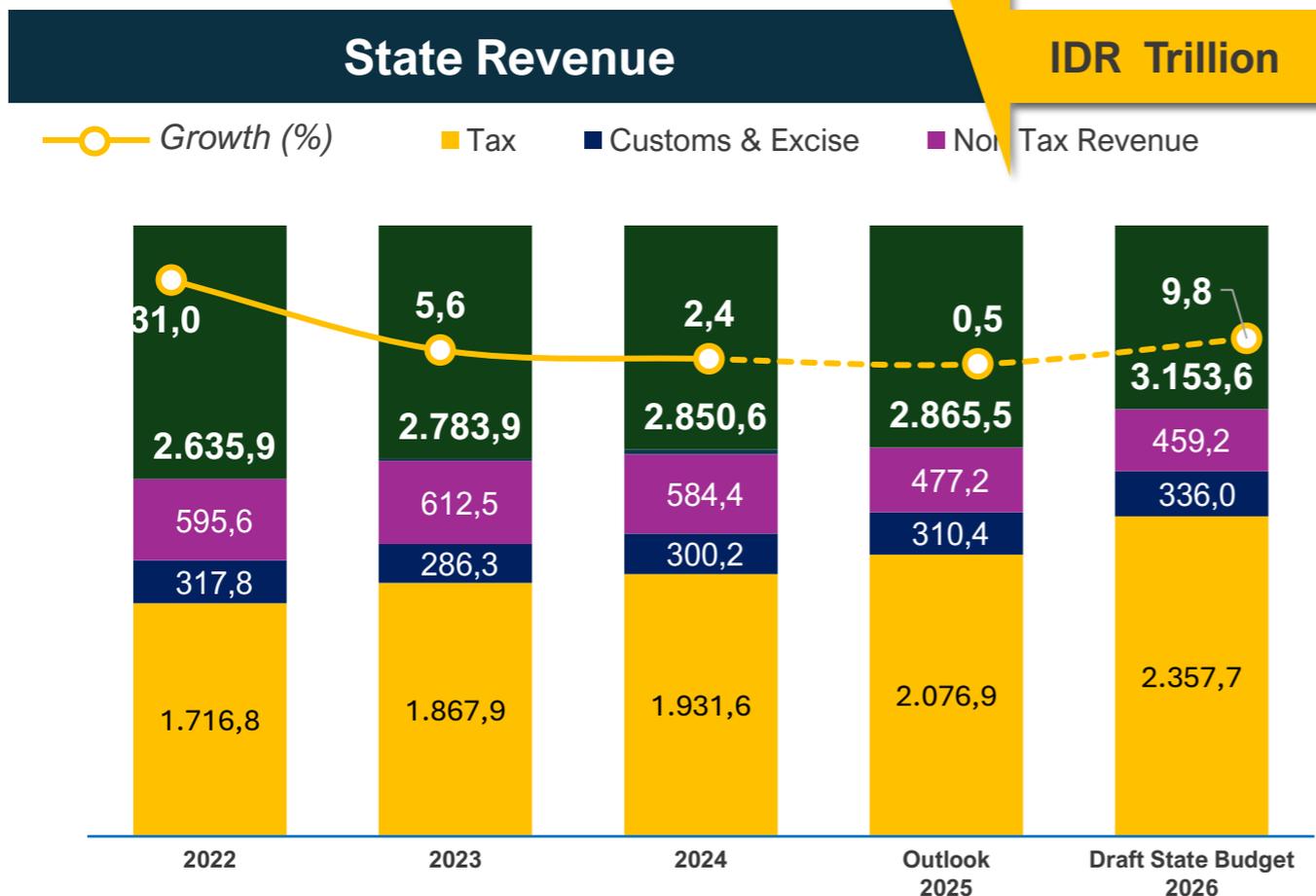
- Mandatory Expenditure (including pension payments, debt interest, disaster management)
- Subsidies/compensation and other priorities
- Presidential Discretion





# 2026 STATE REVENUE TARGET IDR 3,153.6 T

State revenue grew 9.8% and taxes grew 13.5% amid challenges in commodity prices and the global economy



### Tax

1. Utilization of CORETAX and synergy in data exchange with Ministries/Agencies
2. Collection system for domestic and cross-border digital transactions
3. Joint programs in data analytics, supervision, audit, intelligence, and tax compliance

### Customs

1. Excise Policy on Tobacco Products and Excise Base Expansion
2. Intensification of Import Duties on International Trade
3. Export Duty Policy to Support Product Downstreaming
4. Law Enforcement to Combat the Circulation of Illegal Excise Goods and Smuggling

### Non-Tax Revenue

1. Optimization, governance improvement, innovation, supervision, and law enforcement in natural resources management
2. Strengthening synergy among Ministries/Agencies and the Mineral and Coal Information System (SIMBARA)

Ratio (% GDP)	2022	2023	2024	Outlook 2025	Draft State Budget 2026
Revenue Ratio	13,46	13,33	12,88	12,04	12,24
Taxation Ratio	10,39	10,31	10,08	10,03	10,47

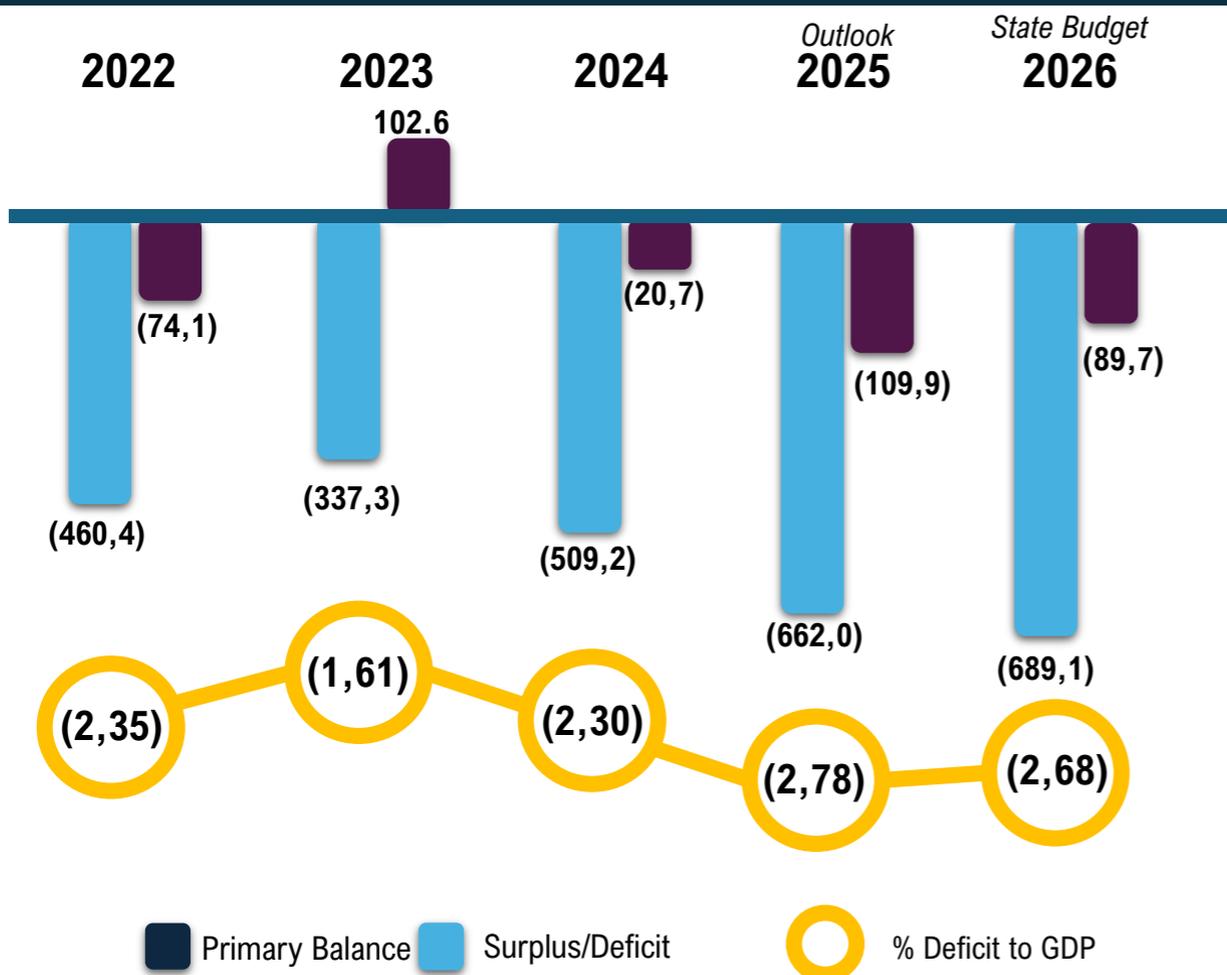


# State Budget (APBN) 2026: Controlled Deficit at 2.68% of GDP

Lower than 2025 (prudent), yet sufficient to support priority programs (expansive).

## Development of Budget Deficit and Primary Balance 2022–2026

IDR Trillion



## Budget Financing Policy 2026

- Maintaining debt-to-GDP ratio at safe limit and manageable.
  - Prioritizing domestic debt sources
  - Developing innovative financing
  - Actively managing debt portfolio
- **Optimizing and synergizing** Public Service Agencies (BLU), Special Mission Vehicles (SMVs), Indonesian Investment Authority (INA), and Danantara Investment Management Agency (BPI)
- **Utilizing SAL** (Budget Surplus) as a fiscal buffer
- **Enhancing access to investment financing**
- **Deepening the domestic financial market**
- **Promoting innovative financing**, including Public-Private Partnerships (PPP)

Budget Financing in the State Budget (APBN) FY 2026 amounts to IDR 689,1 trillion



# THE 2026 STATE BUDGET STRUCTURE

Additional State Expenditure of Rp56.2 trillion (including Rp5.9 trillion from optimization)

→ Deficit 2,68% of GDP

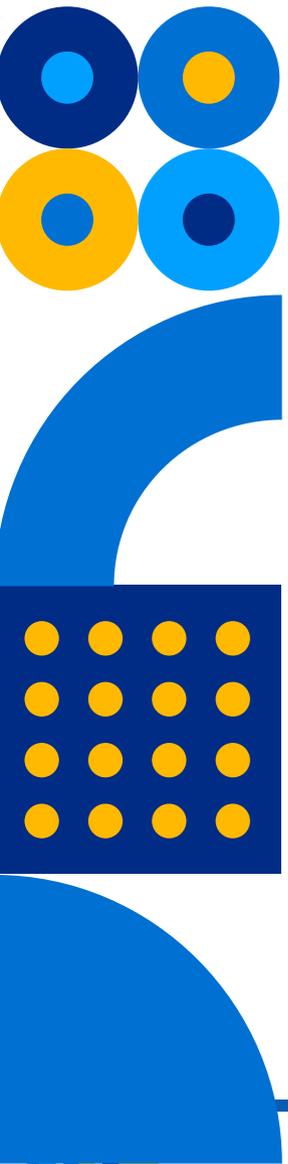
(in IDR tn)	2026		
	State Budget Draft (RAPBN)	State Budget (Approved)	Difference vs RAPBN
<b>A. Revenue</b>	<b>3,147.17</b>	<b>3,153.6</b>	<b>5,9</b>
1. Tax Revenue	2,692.0	2,693.7	1,7
1. Tax	2,357.7	2,357.7	0,0
2. Custom and Excise	334,4	336.0	1,7
II. Non-Tax Revenue	455,0	459.2	4,2
<b>B. Expenditure</b>	<b>3,786.5</b>	<b>3,842.7</b>	<b>56,2</b>
I. Central Government Expenditure	3,136.5	3,149.7	13,2
1. Line Ministries Expenditure	1,498,3	1,510.5	12,3
2. Non-Line-Ministries Expenditure	1,638,2	1,639.2	0,9
II. Transfer to Region	650,0	693,0	43,0
<b>C. Primary Balance</b>	<b>(39.4)</b>	<b>(89,7)</b>	<b>(50,3)</b>
<b>D. Surplus/ (Deficit)</b>	<b>(638.8)</b>	<b>(689,1)</b>	<b>(50,3)</b>
<b>% Surplus/(Deficit) to GDP</b>	<b>(2.48)</b>	<b>(2,68)</b>	
<b>E. Financing</b>	<b>638.8</b>	<b>689,1</b>	<b>50,3</b>



# Macroeconomics Assumption and Development Indicators Target 2026

	INDICATORS	TARGET
	<b>Economic Growth</b> (% , yoy)	5.4
	<b>Inflation</b> (% , yoy)	2.5
	<b>Exchange Rate</b> (Rp/US\$)	16,500
	<b>10-Year Government Bond Yield</b> (%)	6.9
	<b>Indonesian Crude Oil Price</b> (USD/barrel)	70
	<b>Oil Lifting</b> (thousand barrels/day)	610
	<b>Gas Lifting</b> (thousand BOE/day)	984

	INDICATORS	TARGET	
	<b>Open Unemployment Rate</b> (%)	4.44 – 4.96	
	<b>Poverty Rate</b> (%)	6.5 – 7.5	
	<b>Extreme Poverty Rate</b> (%)	0 – 0.5	
	<b>Gini Ratio</b> (indeks)	0.377 – 0.380	
	<b>Human Capital Index</b> (index)	0.57	
	<b>Farmer Welfare Index</b> (Index)	0.7731	
	<b>Proportion of Formal Job Creation</b> (%)	37.95	
	<b>GNI per Capita</b> (USD)	5,520	
	<b>Greenhouse Gas Emission Intensity</b> (%)	37.14	
	<b>Environmental Quality Index</b> (Index)	76.67	



# Thank You

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