



Ministry of Finance
Republic of Indonesia

RECENT ECONOMIC DEVELOPMENT

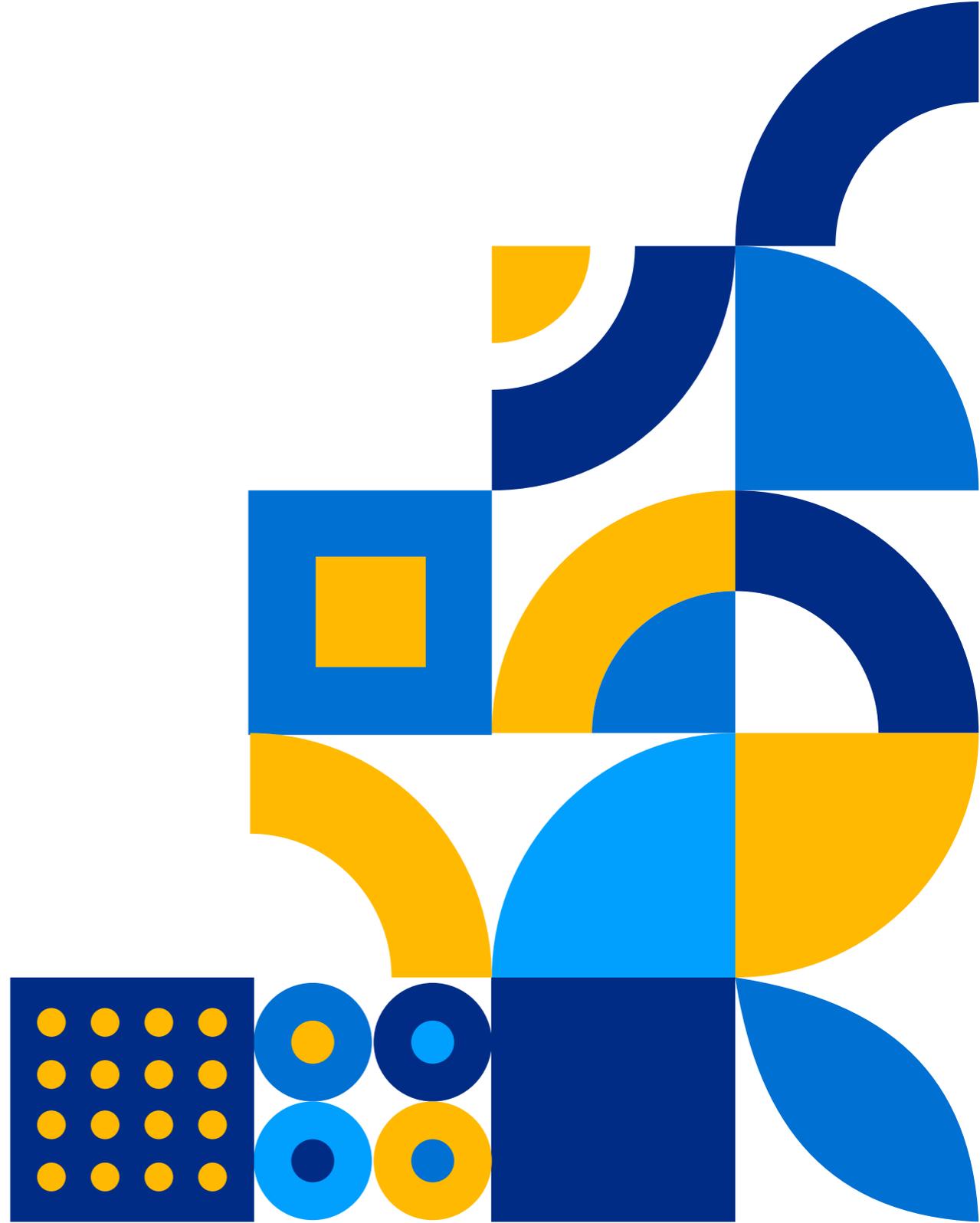
November 2025

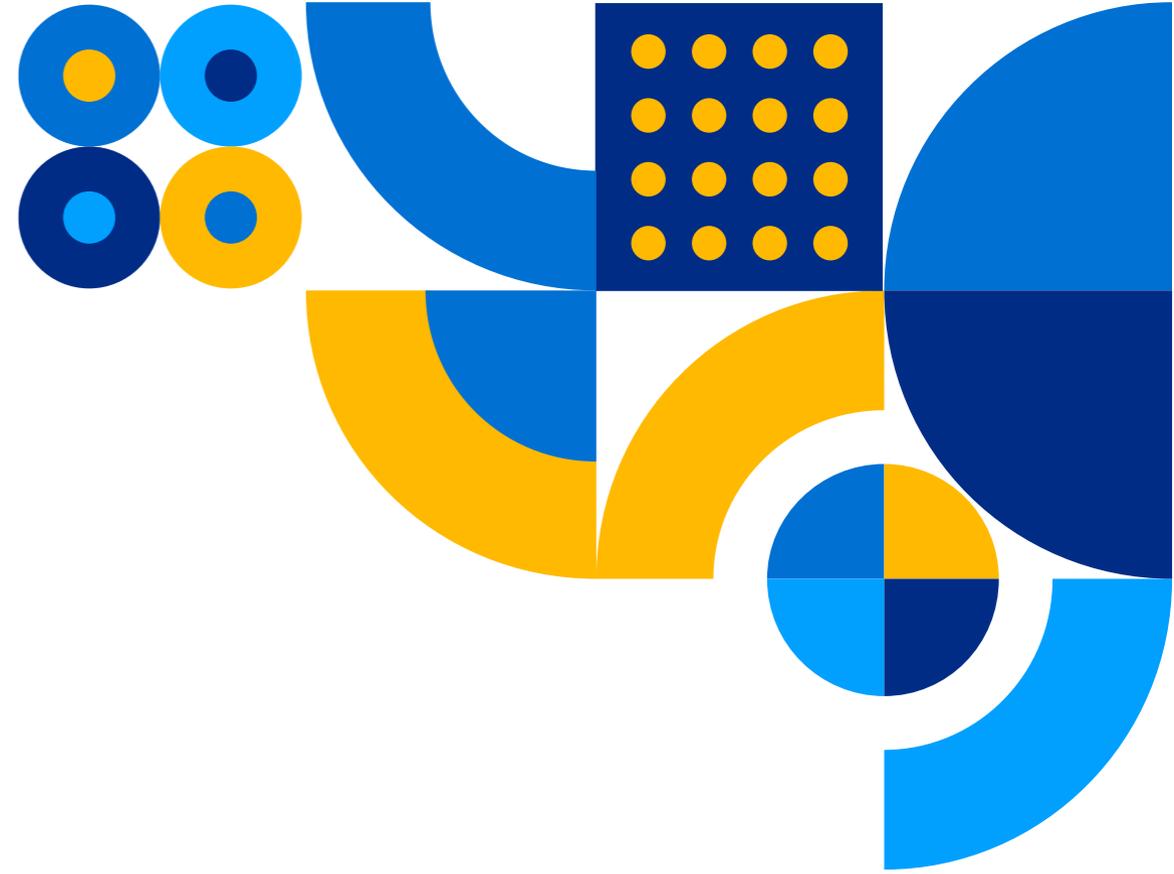


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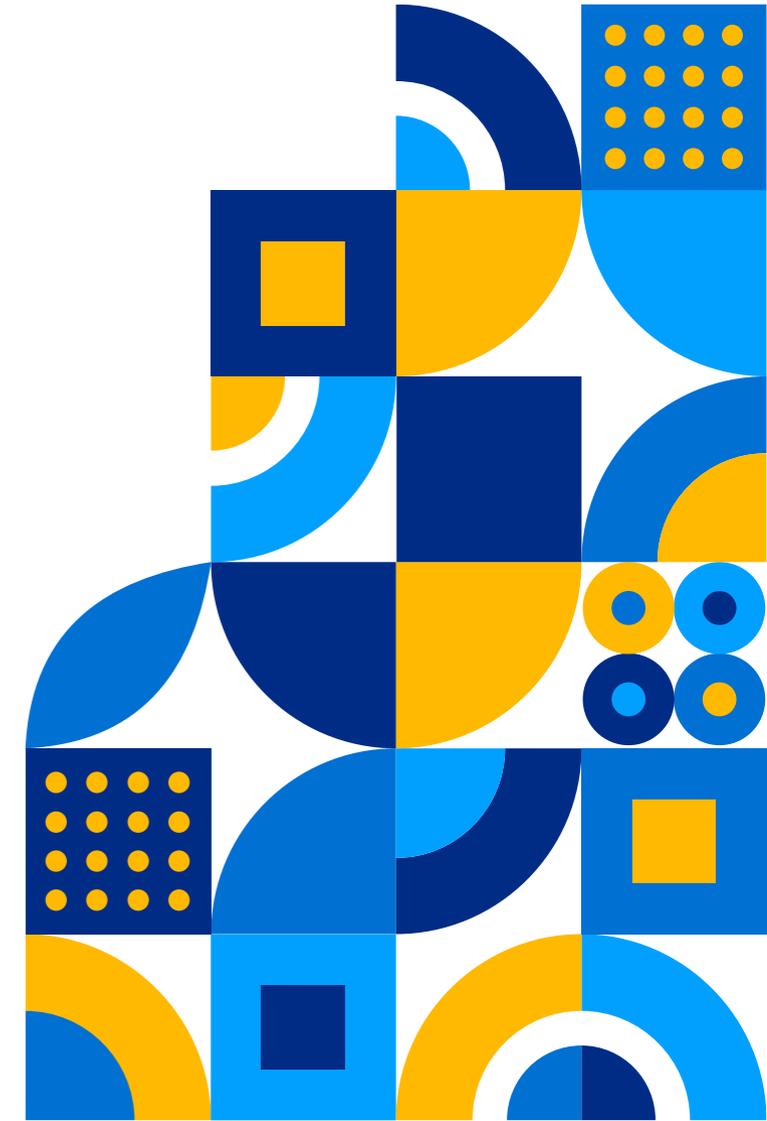


Overview

- 01** **Macroeconomic Update**
- 02** **2025 Fiscal Update**
- 03** **2026 Fiscal Policy**



1 Macroeconomic Update





Amid Global Uncertainty and Volatility, Several Economies Remain Resilient



Trump lowers tariffs on China and announces end to 'rare earths roadblock' after Xi meeting

30 October 2025

US economy Added

US shutdown clouds economic outlook

Economists warn hit to government spending risks doing lasting damage to GDP

FED RATE DECISION

25 BASIS POINTS

3.75%-4% NEW TARGET

BREAKING NEWS

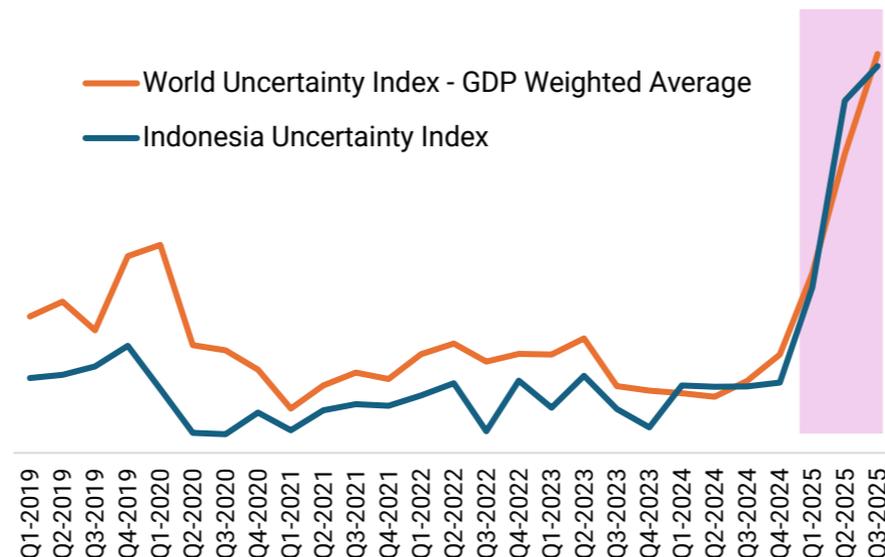
FED CUTS INTEREST RATES FOR SECOND TIME THIS YEAR CNN

Reuters

World Business Markets Sustainability Legal More

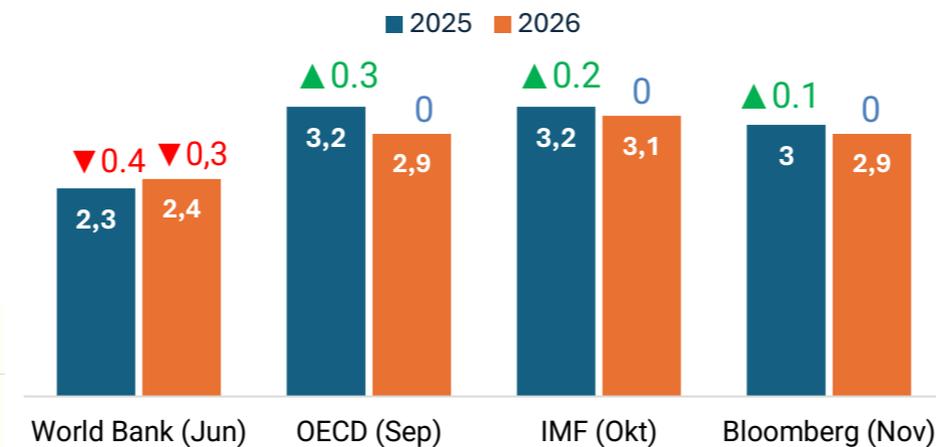
China's economy slows as trade war, weak demand highlight structural risks

Uncertainty Index Continues to Rise



Sumber: Ahir, Hites; Bloom, Nick; Furceri, Davide via FRED

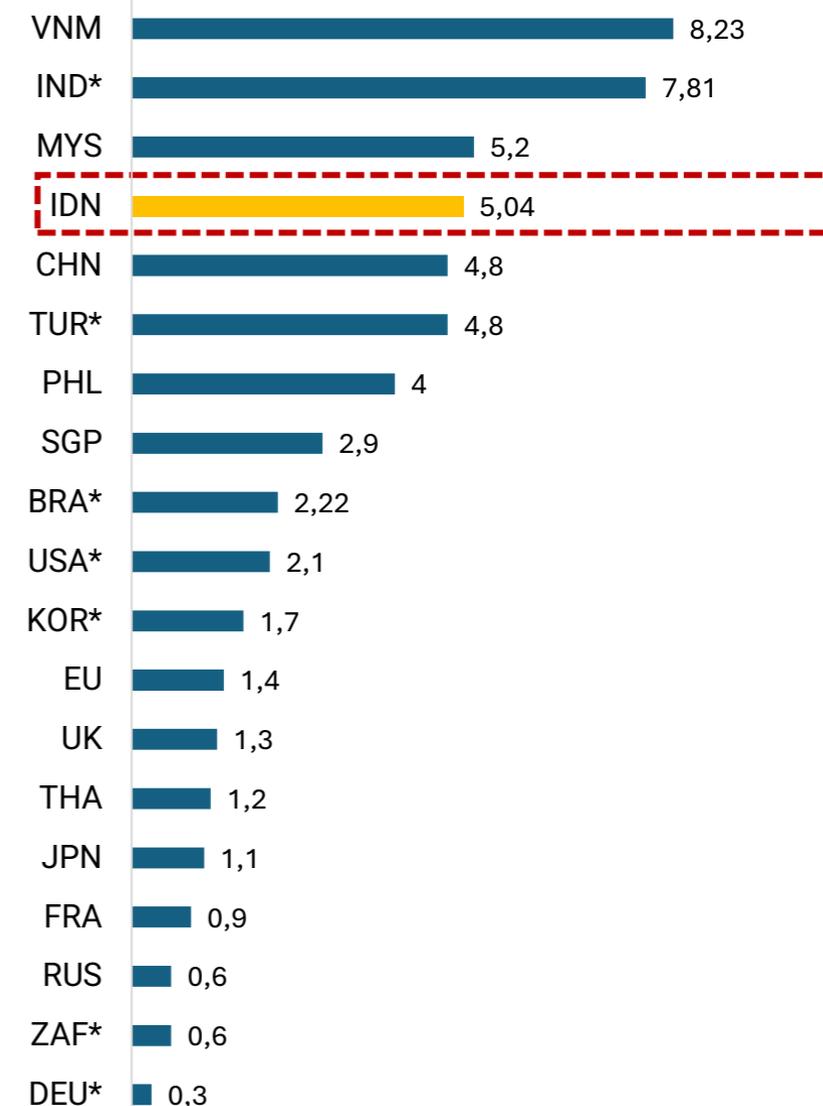
Global Economic Outlook is Improving



Source: Bloomberg

GDP Growth for Several Countries, Q3 2025

(%, yoy)



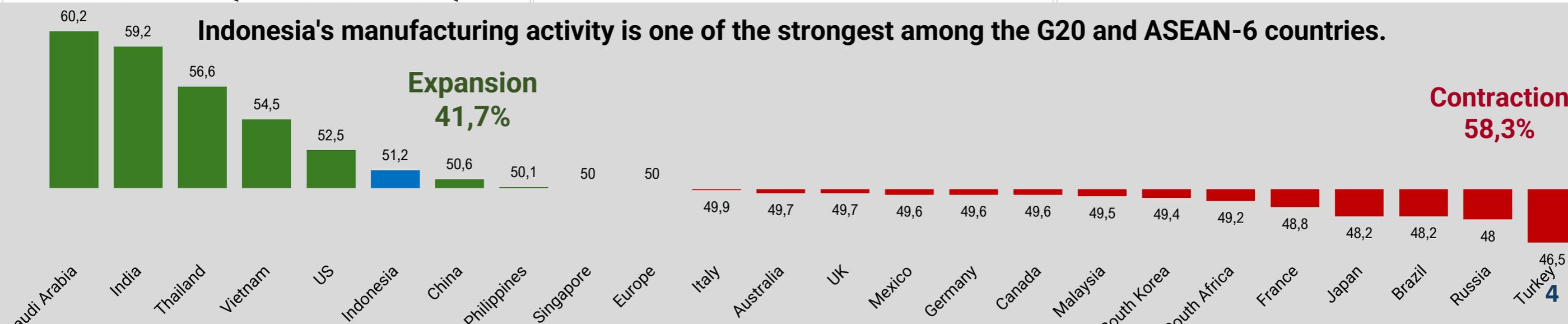
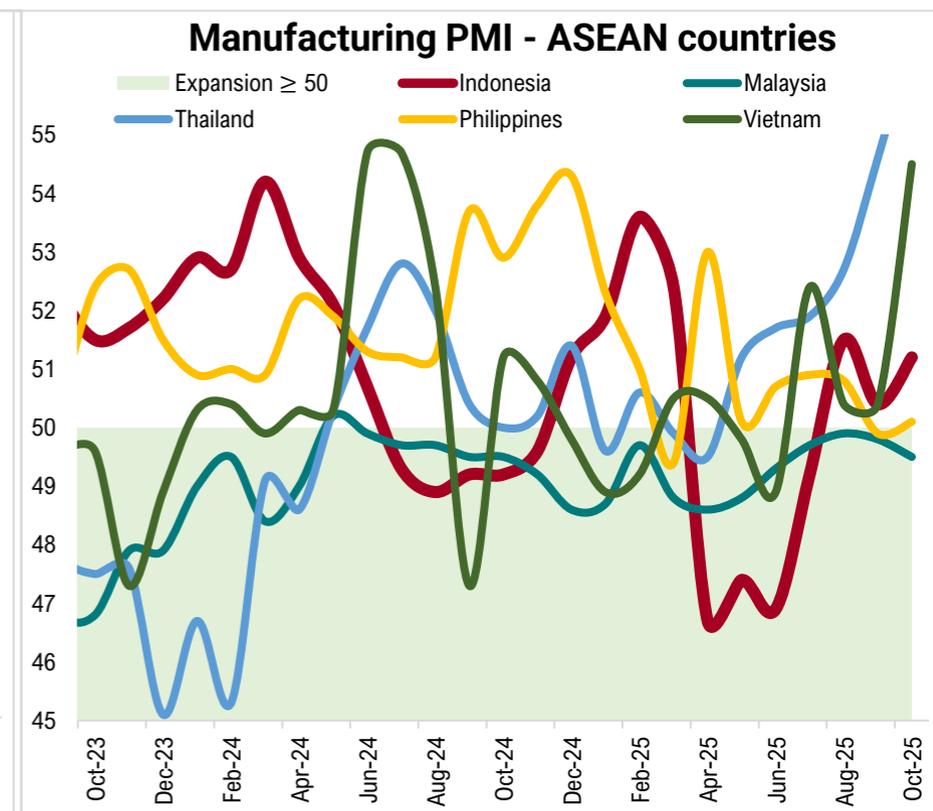
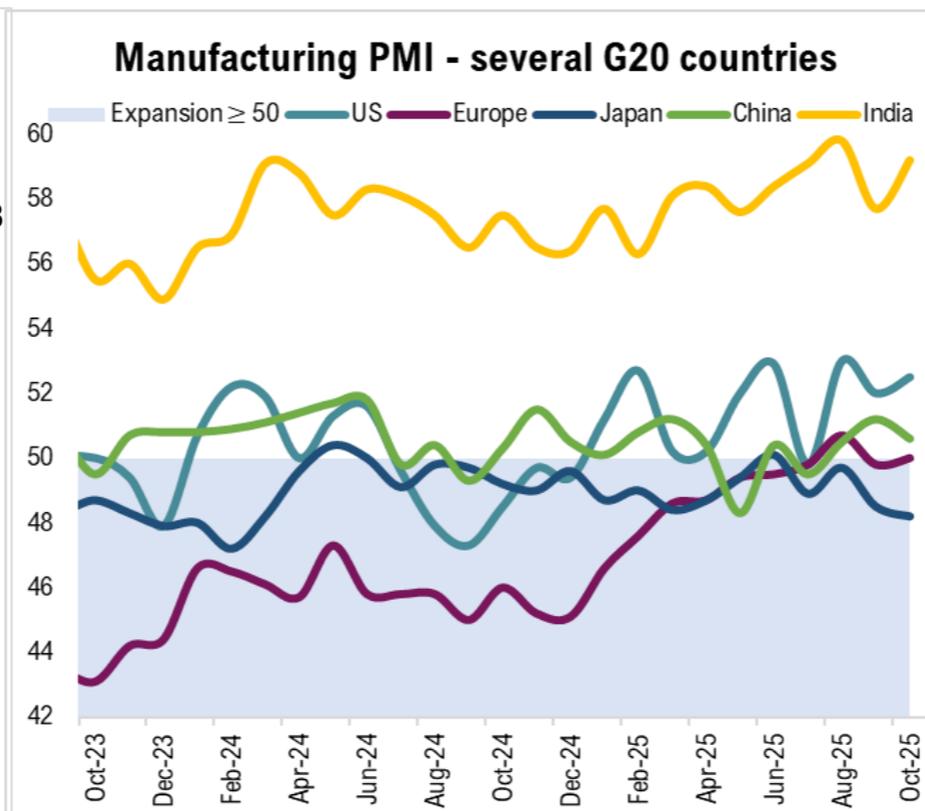
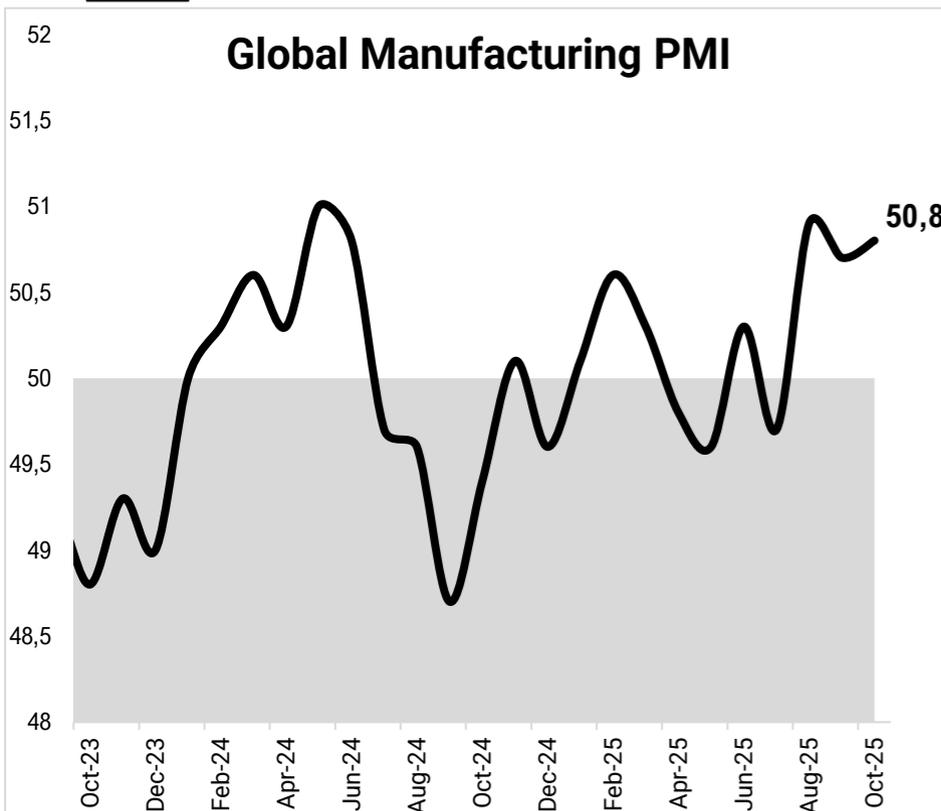
*Q2-2025 Data

Source: Bloomberg



GLOBAL MANUFACTURING ACTIVITY STILL STRONG IN OCTOBER

Output and new orders continued to strengthen. US and Asian countries continued to demonstrate the strongest performance among G20 countries.



Source: Bloomberg IHS Markit



COMMODITY PRICE REMAINS VOLATILE

Energy

Coal (USD/Ton)

Coal prices steady the \$110/ton range since end of October, influenced by expectation of increasing Chinese demand



Brent (USD/Barrel)



Brent oil is moderated, following the supply concern and positive signal on Ukraine-Russia talks

Jan-24 Feb-24 Mar-24 Apr-24 May-24 Jun-24 Jul-24 Aug-24 Sep-24 Oct-24 Nov-24 Dec-24 Jan-25 Feb-25 Mar-25 Apr-25 May-25 Jun-25 Jul-25 Aug-25 Sep-25 Oct-25 Nov-25

Agriculture

CPO (USD/Ton)

MoM	-5,1%
YtD	-11,5%
YoY	11,2%



CPO prices continues the decline due to increased supply and weakening demand from China and India

Jan-24 Feb-24 Mar-24 Apr-24 May-24 Jun-24 Jul-24 Aug-24 Sep-24 Oct-24 Nov-24 Dec-24 Jan-25 Feb-25 Mar-25 Apr-25 May-25 Jun-25 Jul-25 Aug-25 Sep-25 Oct-25 Nov-25

Metal

Nickel (USD/Ton)

MoM	-3,1%
YtD	-3,3%
YoY	-10,5%



Nickel prices rebounded slightly since the third week of November, following restrictions on nickel exports

Copper (USD/Ton)



Copper's upward trend is strengthened over supply concerns because of mine disruptions, including Grasberg

MoM	1,4%
YtD	27,6%
YoY	5,5%

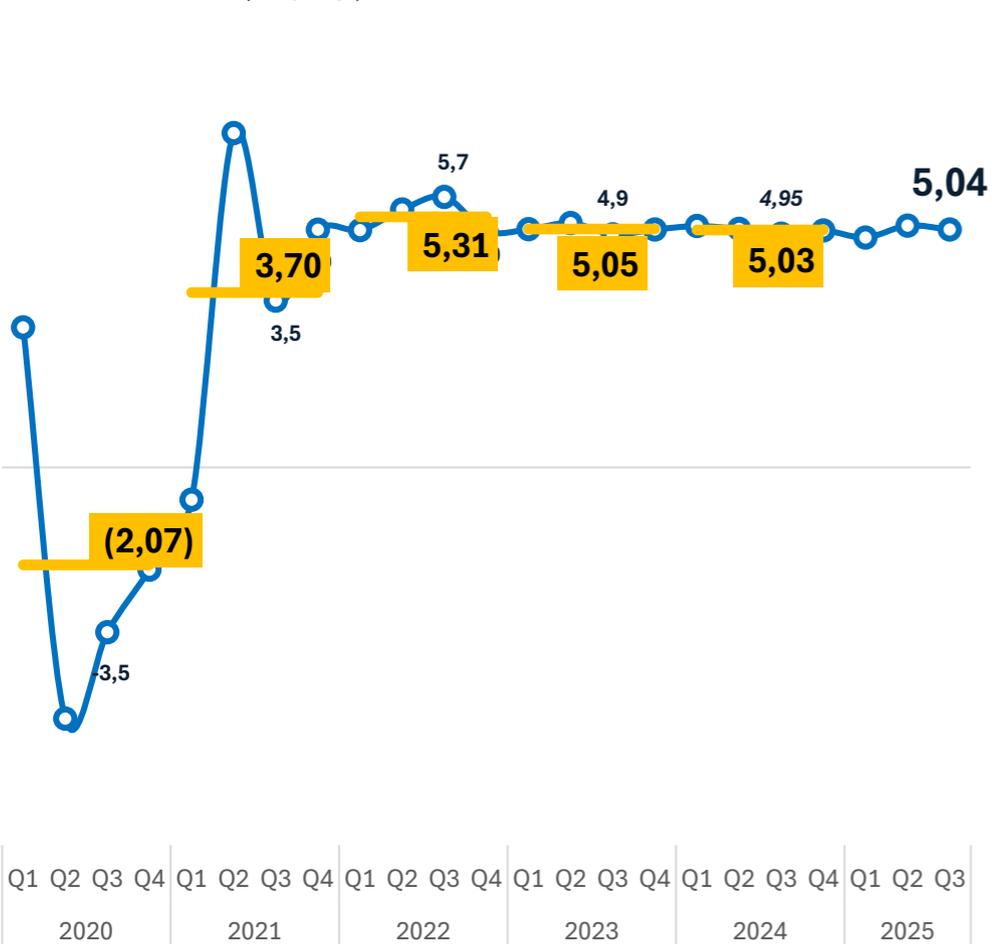
Jan-24 Feb-24 Mar-24 Apr-24 May-24 Jun-24 Jul-24 Aug-24 Sep-24 Oct-24 Nov-24 Dec-24 Jan-25 Feb-25 Mar-25 Apr-25 May-25 Jun-25 Jul-25 Aug-25 Sep-25 Oct-25 Nov-25



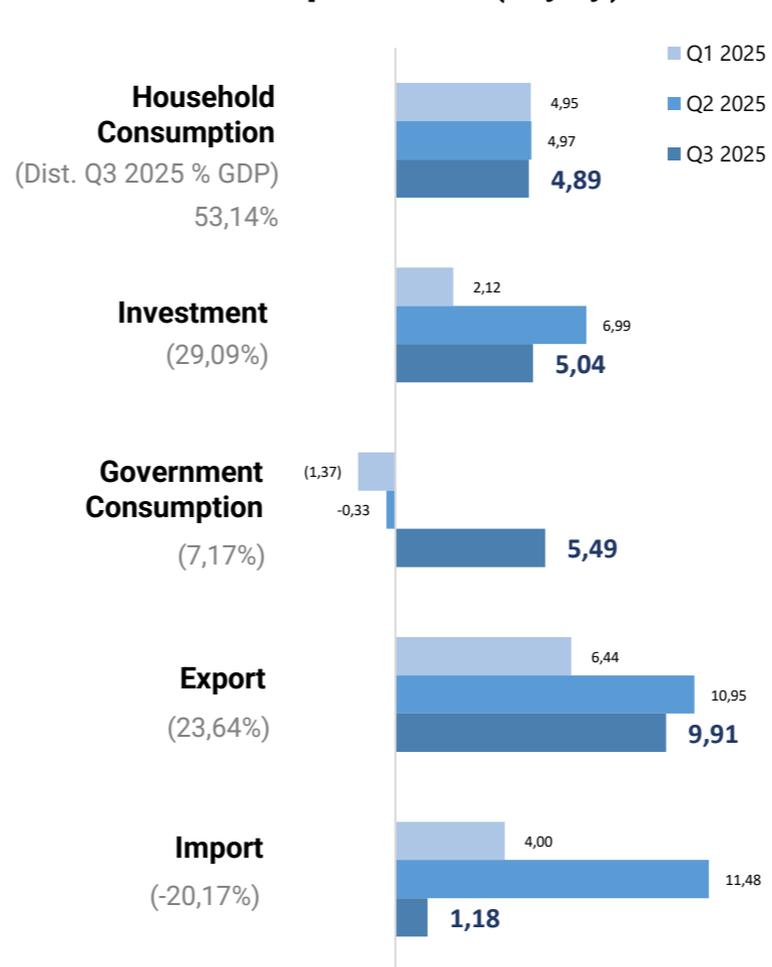
Indonesia's Economy Grows 5.04% In The Third Quarter Of 2025

Household consumption remains strong, investment and export activity grow strongly

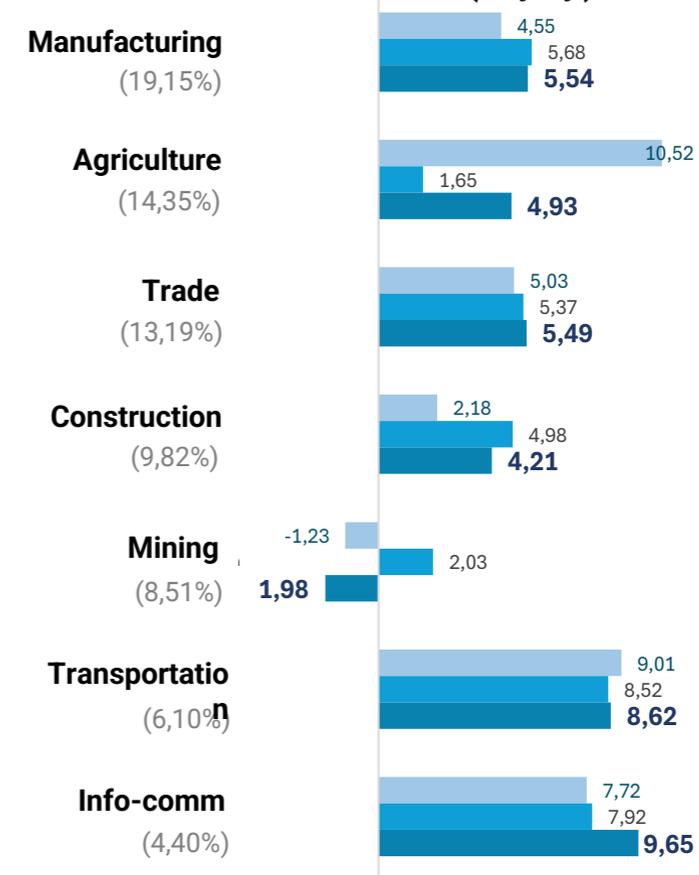
GDP Growth(% ,yoy)



GDP Growth: Expenditure(% ,yoy)



GDP Growth: Production (% ,yoy)



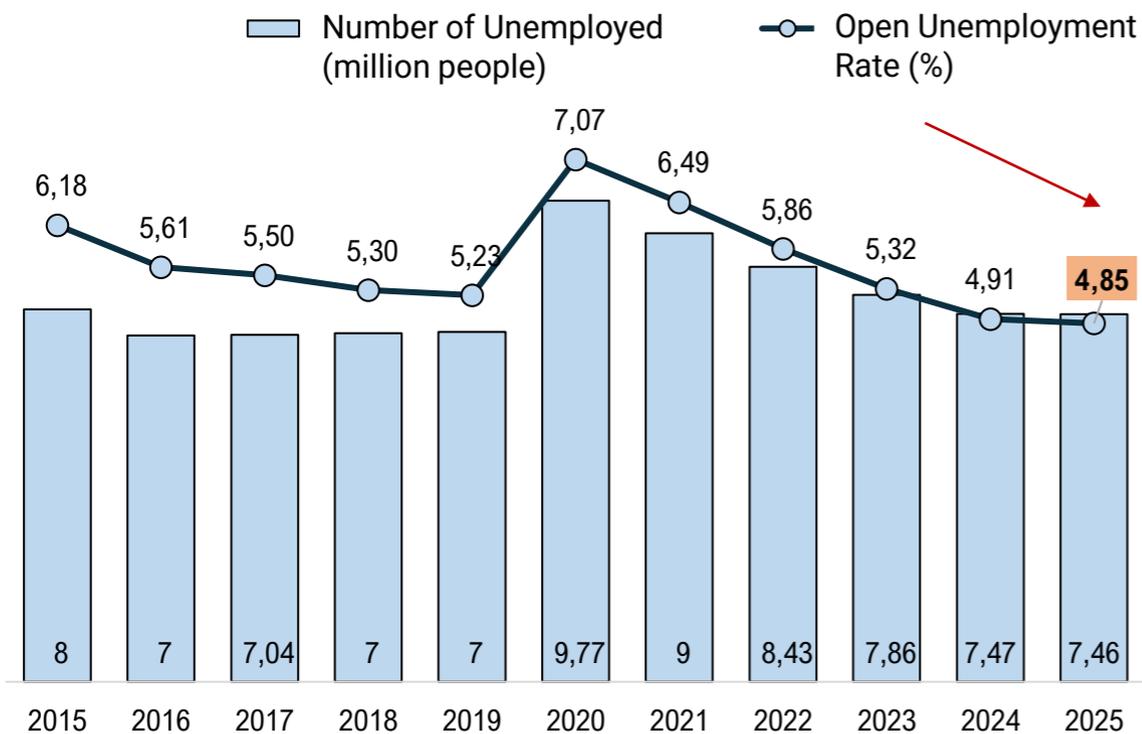
Source: Statistics Indonesia, processed



Economic Growth Remains Stable, Unemployment And Poverty Continue To Improve

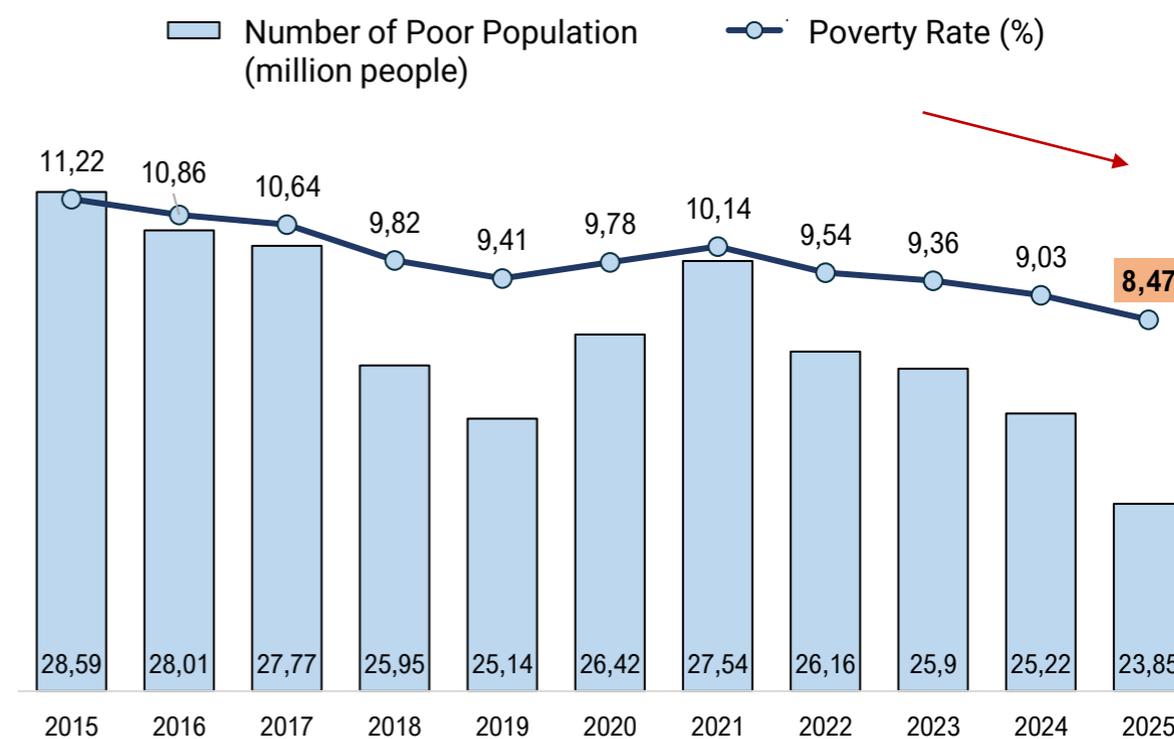
- The number of workers increased by 1.9 million people to 146.54 million people, resulting in a decrease in the number of unemployed by 4,092 people compared to August 2024.
- Strengthening economic activity and various Social Protection Programs have driven a decrease in the poverty rate from 9.03% (March 2024) to 8.47% in 2025.

Open Unemployment Rate



Source: Statistics Indonesia, August data, processed

Poverty Rate



Source: Statistics Indonesia, March data, processed

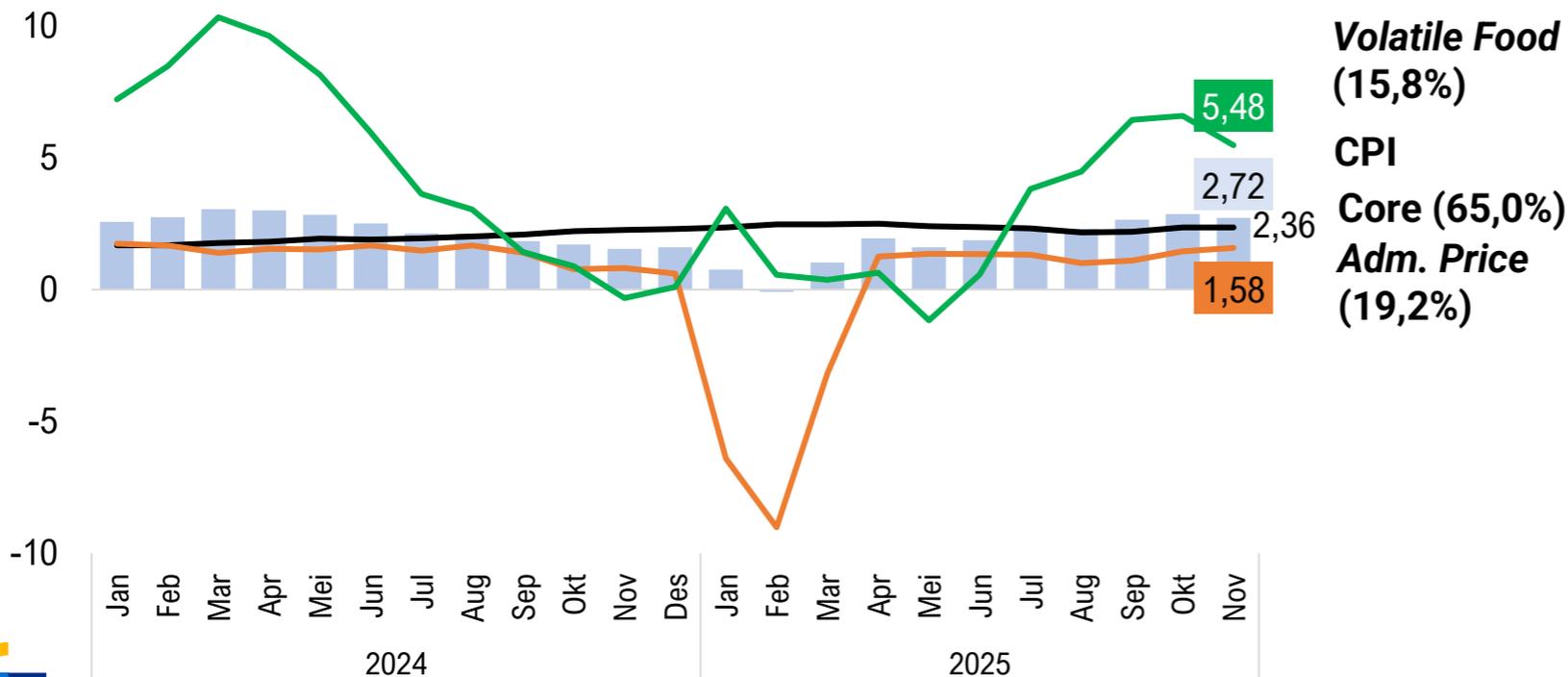




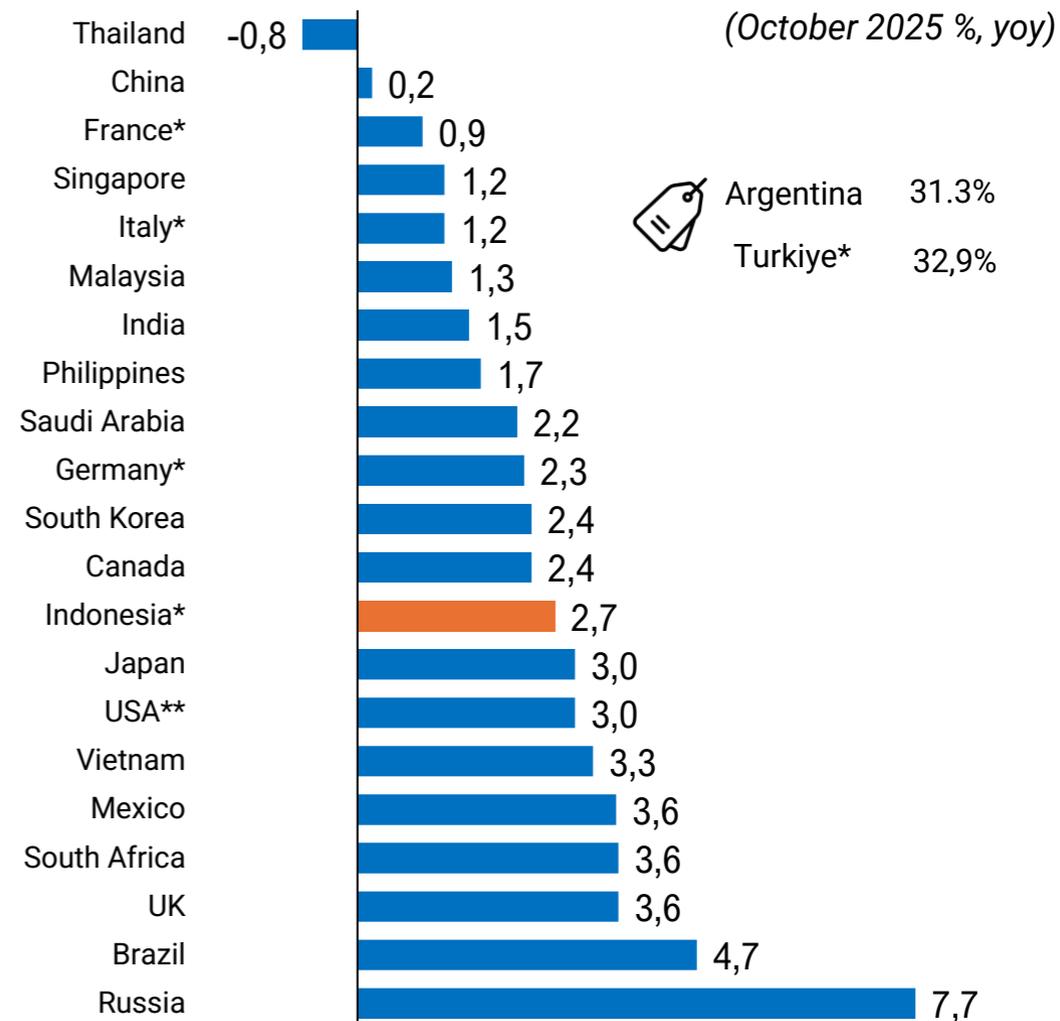
Stable Inflation Supports Household Purchasing Power

- **Price stability in food remains a priority**, with **volatile food inflation** continuously managed through market operations, stock strengthening, and price interventions, particularly in the lead-up to the Nataru holiday.
- **Core inflation** remained influenced by rising gold prices, while **administered price inflation** increased due to rising airfares and is likely to continue in December as mobility increases during the Nataru period.

Inflation remains consistently within the target range, supporting purchasing power



Indonesia's inflation is relatively benign amidst global pressure



Note: *November 2025 Data

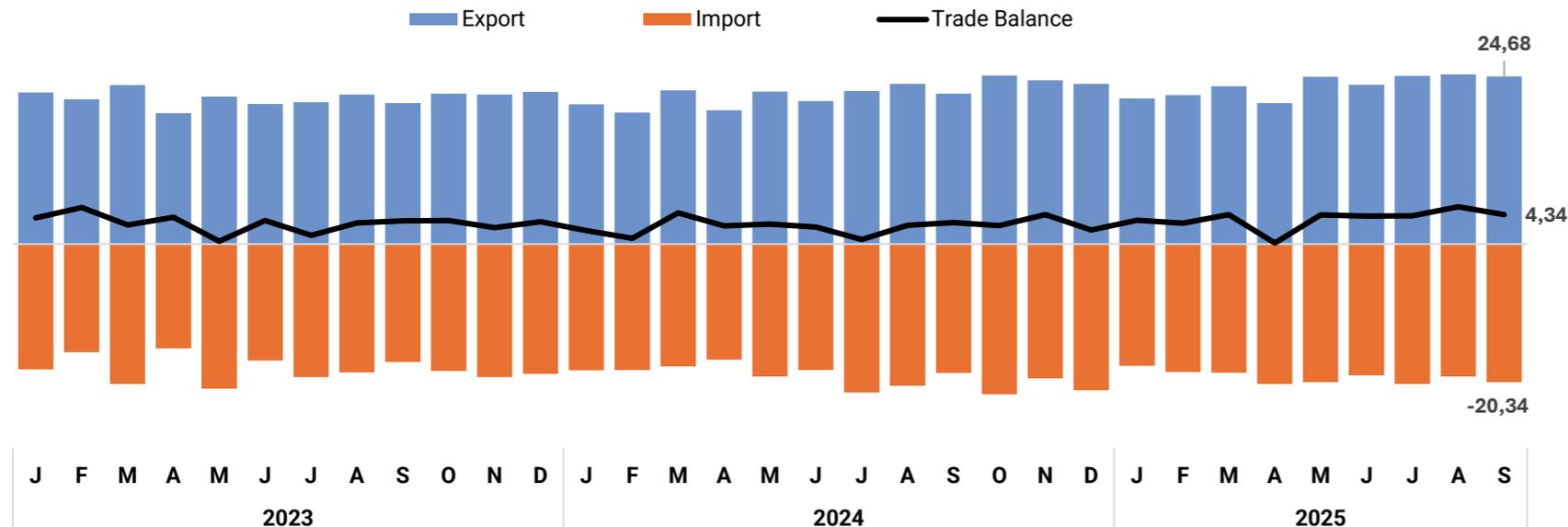
Source: Statistic Indonesia, Trading Economics



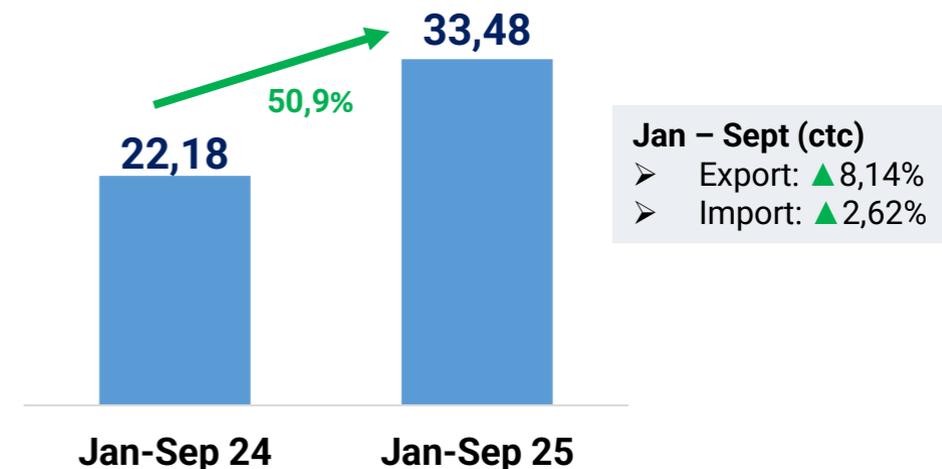
INDONESIA'S TRADE PERFORMANCE REMAINS IN SURPLUS AMID RISING IMPORTS

Indonesia's trade surplus continued through September 2025, with a cumulative increase significantly despite rising imports. This surplus was supported by exports of high-value-added products and strong competitiveness.

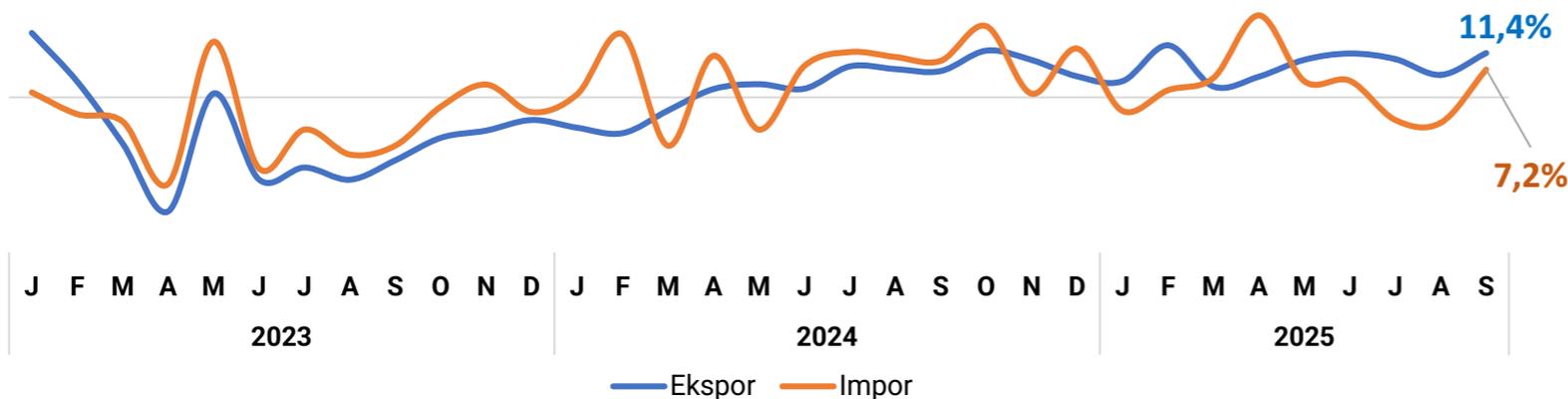
Indonesia Trade Balance, Monthly (US\$ Billion)



Trade Balance, Cumulative (US\$ Billion)



Export & Import Growth (% yoy)



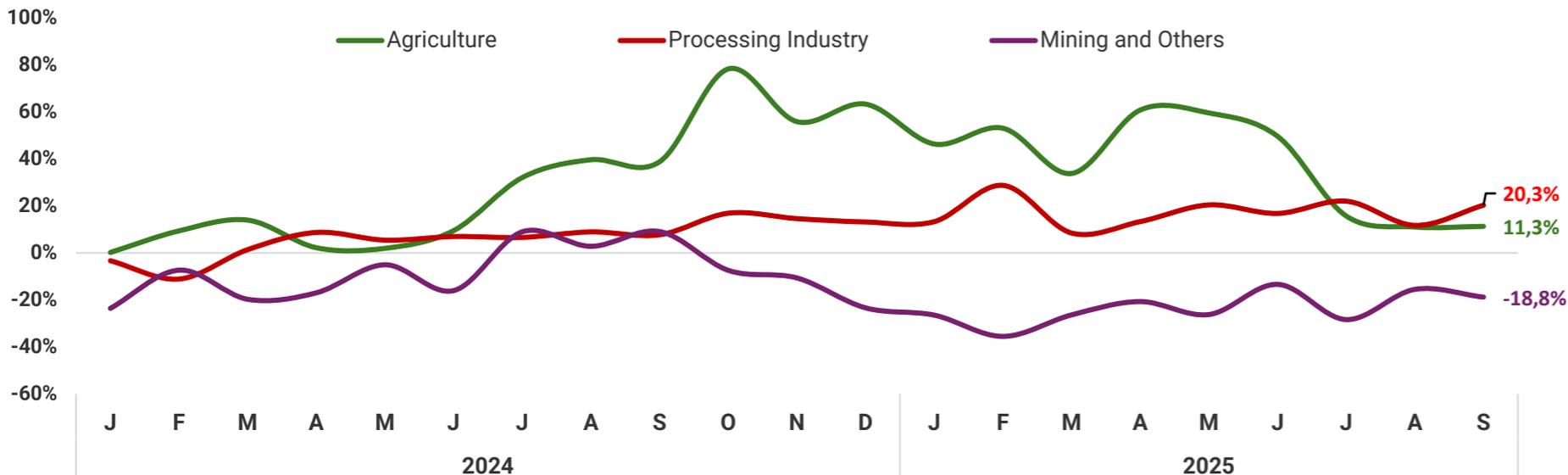
- The trade balance continued its positive performance, with a cumulative surplus reaching **USD 33.48 billion in January–September 2025**, increased from **USD 22.18 billion** in the same period last year.
- Export growth of **11.4% (yoy)**, accompanied by a **7.2% (yoy)** increase in imports, reflects rising domestic industrial activity amid resilient global demand.
- On a monthly basis, the trade surplus remained stable at around **USD 4.34 billion in September 2025**, indicating a balance between strong exports and import needs to support domestic production.



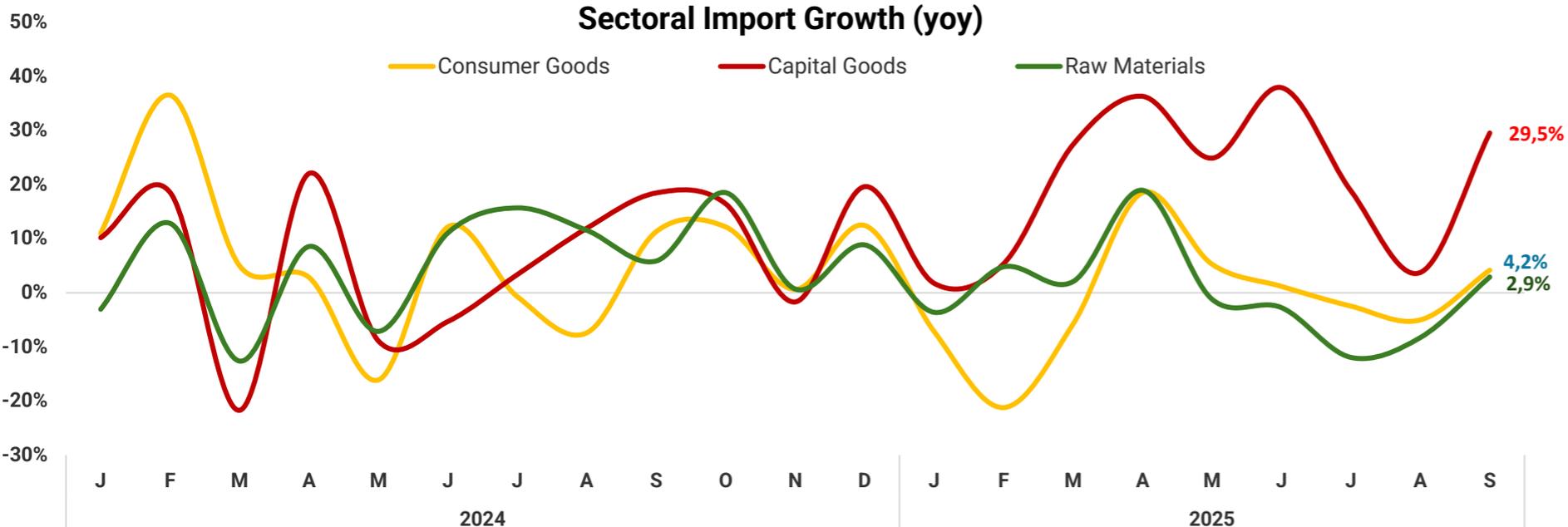
AGRICULTURAL EXPORTS SURGE, CAPITAL GOODS IMPORTS RISE SHARPLY

Indonesia's export performance in September 2025 was supported by strong growth in the agriculture and manufacturing sectors, while the increase in imports was mainly driven by a surge in capital goods, reflecting strengthened domestic investment activity.

Sectoral Export Growth (yoy)



Sectoral Import Growth (yoy)



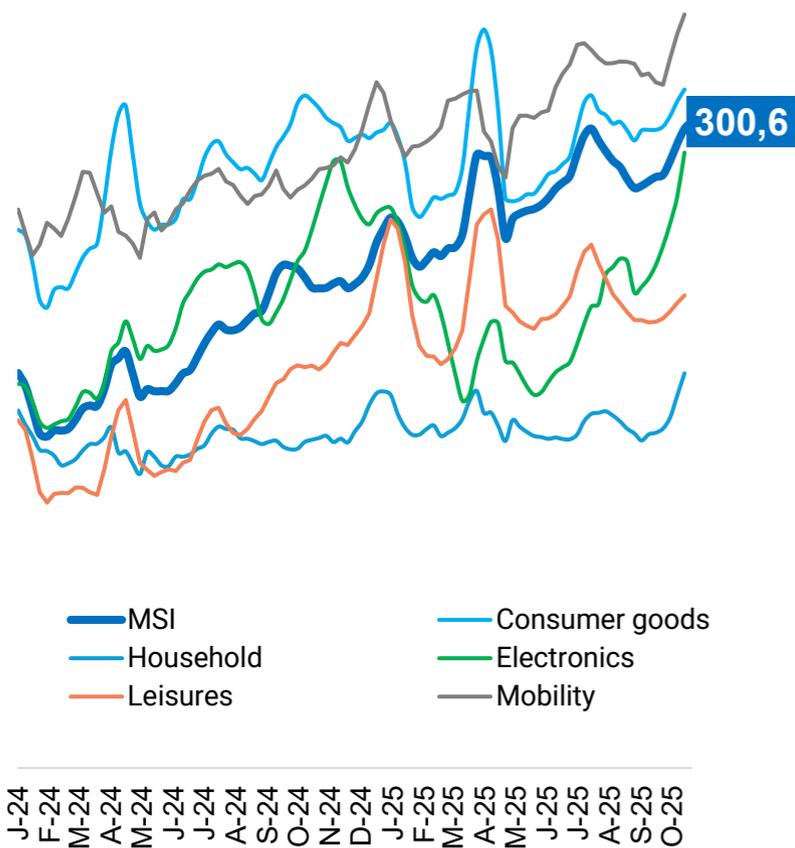
- The agriculture sector recorded robust growth of **20.3% (yoy) in September 2025**, indicating strong global demand for Indonesia's food and agricultural products.
- Manufactured exports grew by **11.3% (yoy)**, while mining exports declined by **18.8% (yoy)** due to the continued weakness in global commodity prices and lower export volumes of raw minerals.
- Capital goods imports rose significantly by **29.5% (yoy)**, signaling stronger investment and domestic production activities. Meanwhile, imports of raw materials and consumer goods grew moderately by **2.9% and 4.2%**, respectively, indicating steady demand from both industry and households.



Economic Activity of Households and Businesses Strengthened In October

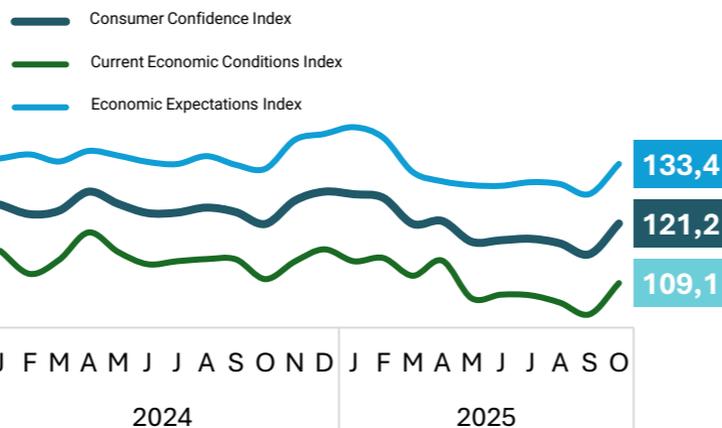
Consumer spending continues to strengthen, with increases occurring across various categories, particularly durable goods.

(as of Oct 26, Weekly, Index 100 = Jan '20)



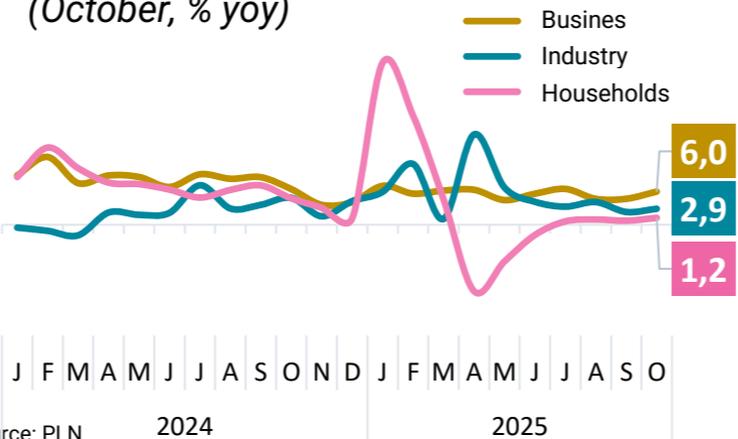
Source: Bank Mandiri

Consumer confidence has increased significantly, optimism has risen sharply for current and future economic conditions (October, Index)



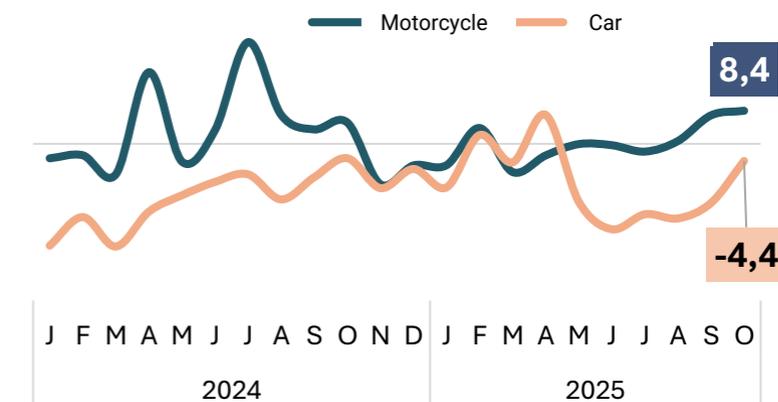
Source: Bank Indonesia

Electricity sales rise, business segment records highest growth (October, % yoy)



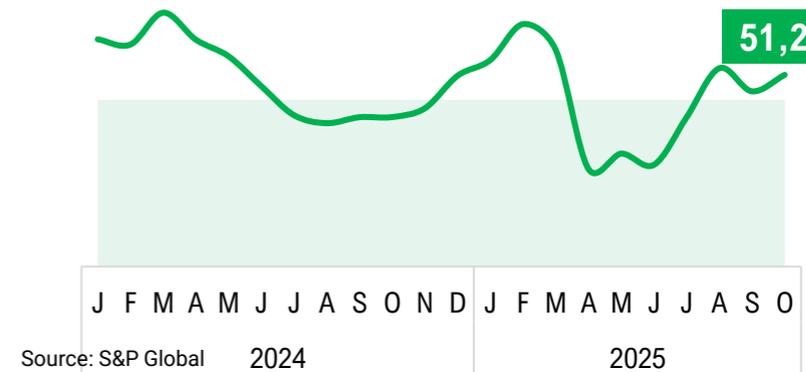
Source: PLN

Motorcycle sales have returned to growth, car sales showing improvement (October, % yoy)



Source: Bank Indonesia

Indonesia's manufacturing activity remains in expansion, in line with strong global demand and robust domestic purchasing power. (October, Index)

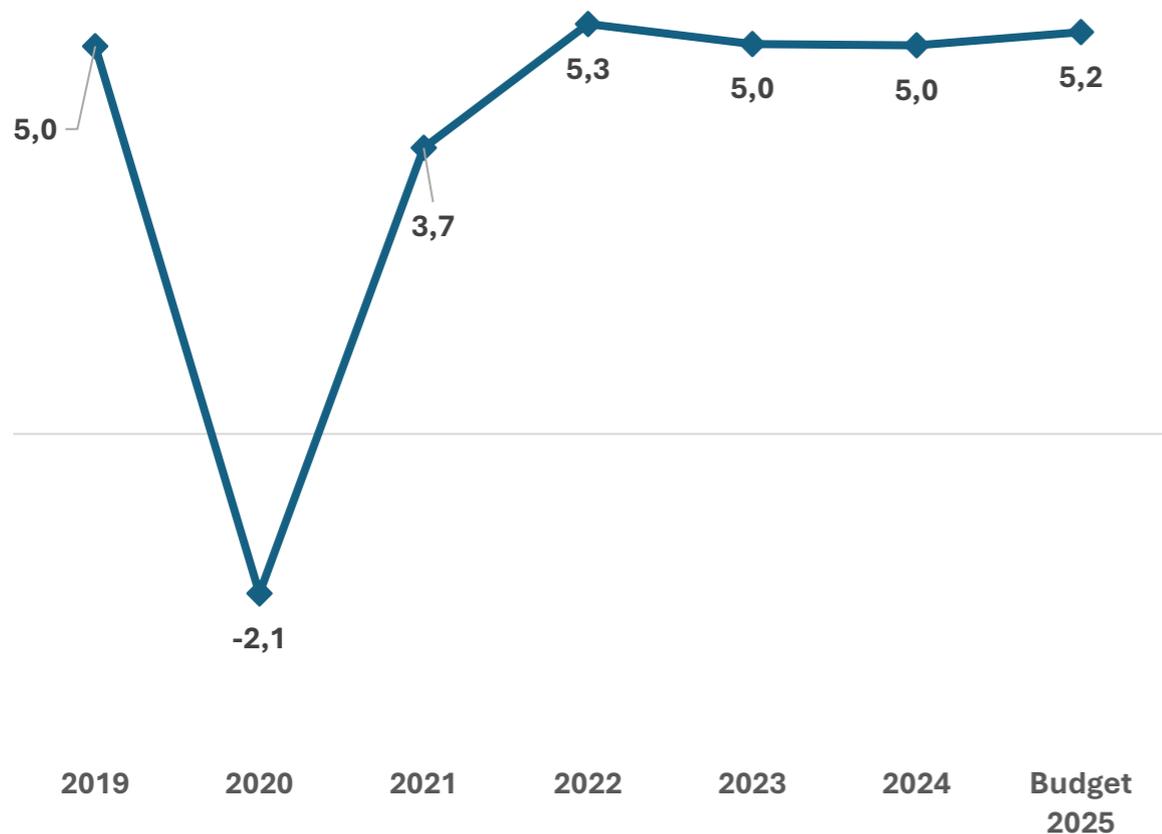


Source: S&P Global



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).



Economic Stimulus Package Phase I & II 2025

To maintain public welfare and purchasing power, support businesses, and stabilize the economy.



Household

- a. **50% Electricity Discount** for Customers with 2200 VA or Below **10.0 T**
- b. **VAT borne by the Govt. (DTP) for House Purchases** of Certain Value **4.4 T**
- c. **VAT borne by the Govt. on airline tickets** **0.3 T**

STIMULUS PACKAGE I
Jan-Feb
33.3 T



Workers & Labor-Intensive

- a. **Ease of access to Employment Loss Insurance (JKP)** **1.2 T**
- b. **Article 21 Income Tax (PPh) incentive** borne by the government for workers with a salary up to IDR 10 million/month **0.8 T**
- c. **Financing for labor-intensive industries** to revitalize machinery with a 5% interest subsidy **0.3 T**
- d. **50% contribution assistance** for Work Accident Insurance in the labor-intensive sector for 6 months **0.3 T**



MSMEs

Extension of the validity period of the final income tax (PPh) of 0.5% of turnover until the end of 2025. **2.0 T**
For MSMEs with annual turnover below IDR 500 million, this tax is fully exempted.



Electric & Hybrid Car

- a. **Battery-Based Electric Motor Vehicles (KBLBB):** 10% VAT borne by the Govt. (DTP) for KBLBB Completely Knocked Down. 15% Luxury Goods Sales Tax (PPnBM) borne by the government (DTP) for imported KBLBB, both CBU (Completely Built-Up) and CKD. 0% import duty (BM) for KBLBB CBU **13.2 T**
- b. **3% PPnBM borne by the government (DTP)** for hybrid motor vehicles. **0.8T**

STIMULUS PACKAGE II
Jun-Jul
24.4 T

- a. **Transportation Discounts** (train tickets, flights, and sea transport) **0.9 T**
- b. **20% Toll Tariff Discount** **0.7 T**
- c. **Additional Basic Food Cards and Food Aid** **11.9 T**

- a. **Wage Subsidy Assistance** for workers/laborers with salaries ≤ IDR 3.5 million or at the provincial/city minimum wage, and for teachers under the Ministry of Education and Culture and the Ministry of Religious Affairs **10.7 T**
- b. **Extension of JKK Contribution Discount, 50% discount** for 6 months for workers in labor-intensive sectors **0.2 T**



Economic Stimulus Provided To Maintain Purchasing Power And Support Growth

Temporary Cash Assistance (BLTS) – Sejahtera



Rp900 thousand (for 3 months)



Target: 35.05 million beneficiary families (deciles 1–4)

Allocation

Rp 31,5 T

Transportation Discounts for Christmas– New Year Holidays



Train Ticket Discount
(PT KAI): 30% off ticket price



Sea Transport Discount
(PT PELNI) : 20% off base fare



Ferry Transport Discount
(PT ASDP) 100% off port service fees



Airline Ticket Discount

Allocation

Rp 0,18 T

Internship Program for University Graduates



Allocation

Rp1,37 T

2025-2026
2025 :Rp 0,3T
2026:Rp1,06T



Target: 20,000 bachelor’s degree graduates (fresh grads) in the first year (max. 1 year), increasing to 100,000 graduates in subsequent years



2.5 months (Oct–Dec 2025),
3.5 months in 2026



Allowance: Equal to regional minimum wage (Rp3.8 million per month)



Economic Stimulus Package III

Protecting Family Income, Empowering Young Workers, and Maintaining Food Prices



BLTS Sejahtera:
IDR900th x 35.5 million
KPM: IDR31.95 T

Real. as of Oct 31: **IDR13.1 T**
for 14,6 million KPM

*KPM: Beneficiary Families

**Construction of Bulog
Warehouses IDR5 T**

**Replanting of 6 commodities
(Ministry of Agriculture)
IDR 2,4T budget**



Fresh Graduate Internship Program
Positions provided for 100,000
interns. Budget: IDR455.6 B.
Recruitment realization:
Batch 1: accepted participants – 16,112 people
Batch 2: applicants – 171,768 people

Providing opportunities for young people to learn directly in the workplace, improve their skills, and build their future careers.

Realization as of 16 Nov: **IDR380,9 millions**

Internship Program Requirements

- Indonesian citizen (WNI)
- Graduate of a diploma or bachelor's degree program within no more than 1 year from the date of issuance of the diploma
- From a higher-education institution registered with the Ministry of Education, Culture, Research, and Technology

Benefit peserta:

- Job training and certification
- Allowance (Batch 1: Rp3.3 million, Batch 2: Rp3.8 million)
- Registered in the Work Accident Insurance (JKK) / Life Insurance (JKM) programs
- Maximum duration of 6 months





The Government Just Released a New Stimulus Package (8+4+5 Program)

8 Acceleration Program 2025

1. **Internship Program for Higher Education Graduates** (maximum one year since graduation)
2. **Expansion of Article 21 Income Tax (PPH 21) Subsidy** – for workers in tourism-related sectors
3. **Food Assistance for the period of October** – November 2025
4. **Discount on Work Accident Insurance (JKK) and Death Insurance (JKM) contributions** for independent workers in online transportation for six months
5. **Additional Service Benefit Program (MLT)** for Housing – BPJS Ketenagakerjaan
6. **Cash for Work Program** – Ministry of Transportation and Ministry of Public Works
7. **Deregulation Program** – Implementation of Government Regulation No. 28/2025
8. **Urban Program** (Pilot Project in Jakarta Capital City / DKI Jakarta): improving housing quality and providing a marketing platform for MSME gigs

4 Programs Continued in 2026 Program

1. **Extension of the utilization period of Final Income Tax (PPH Final) 0.5%** for MSME taxpayers until 2029, along with adjustments to eligible recipients of Final Income Tax (PPH Final) 0.5% for MSME taxpayers
2. **Extension of Article 21 Income Tax Subsidy (PPH 21 DTP)** → for workers in tourism-related sectors (State Budget 2026)
3. **Article 21 Income Tax Subsidy (PPH 21 DTP)** → for workers in labor-intensive industries (State Budget 2026)
4. **Program for Discounted JKK and JKM Contributions** → for all non-wage recipient workers (BPU)

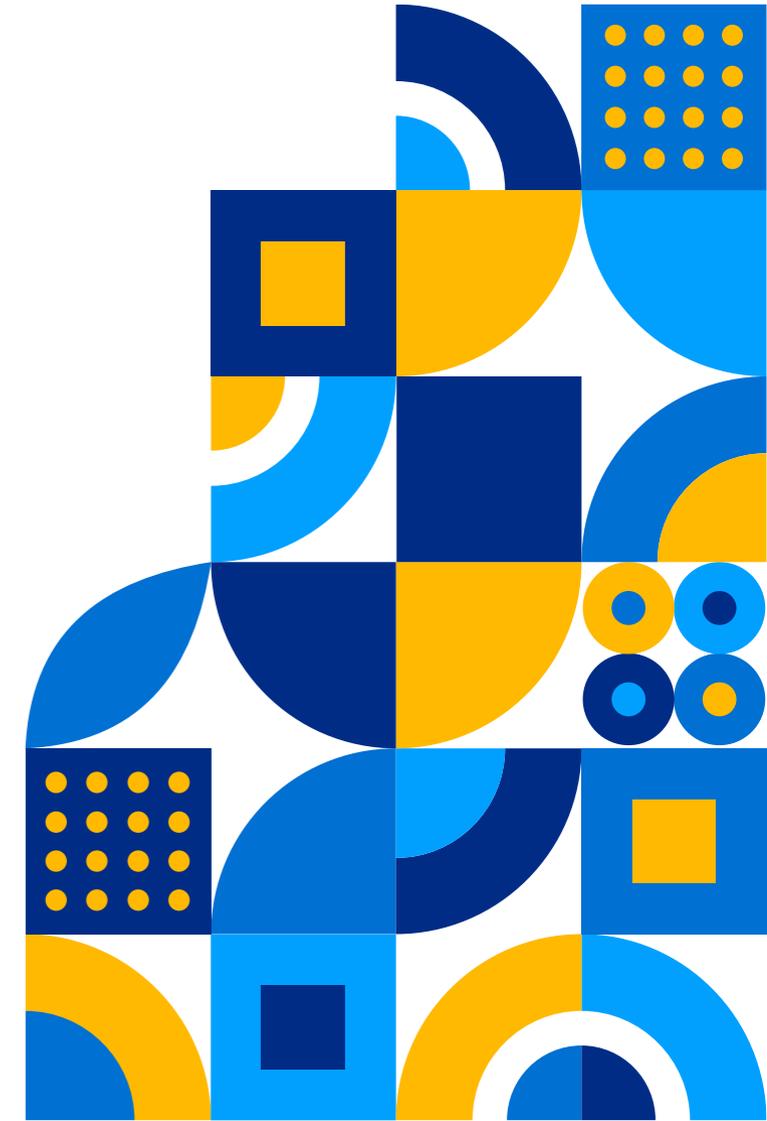
5 Labor Absorption Program

1. **Operation of KDKMP (Red-and-White Village/Urban Cooperative)**
2. **Replanting in Smallholder Plantations**
3. **Red-and-White Fishermen Village**
4. **Revitalization of Northern Coast (Pantura) Fishponds**
5. **Modernization of Fishing Vessels**





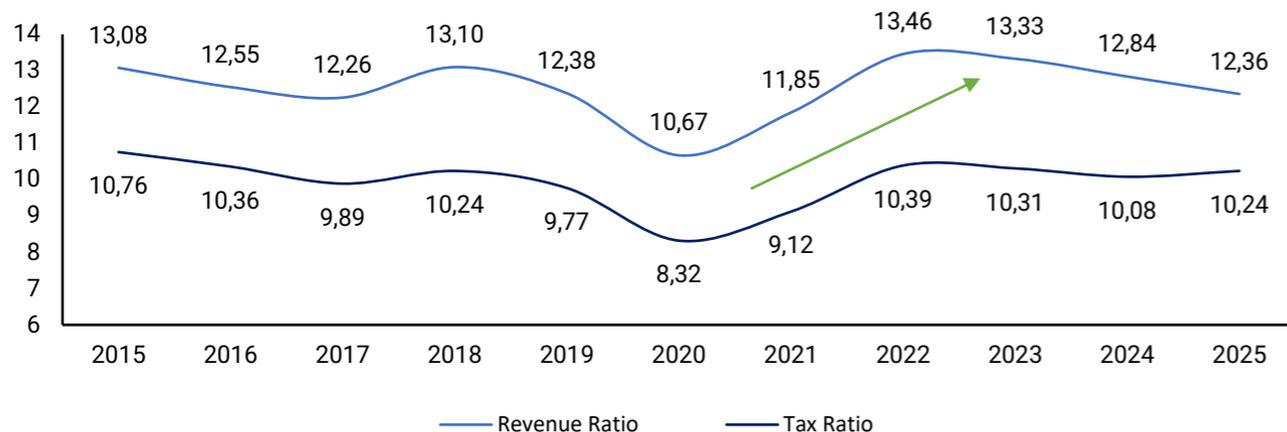
2 2025 Fiscal Update



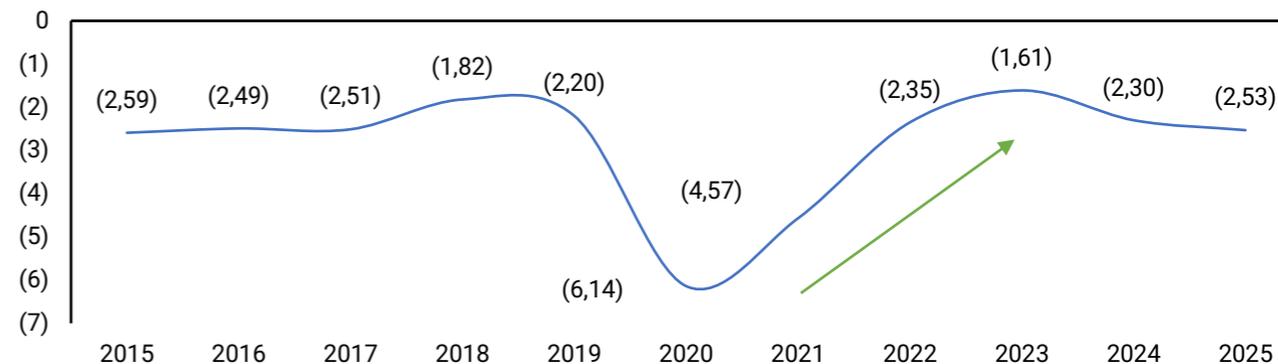


The state budget is well-maintained to become a credible instrument in the long term

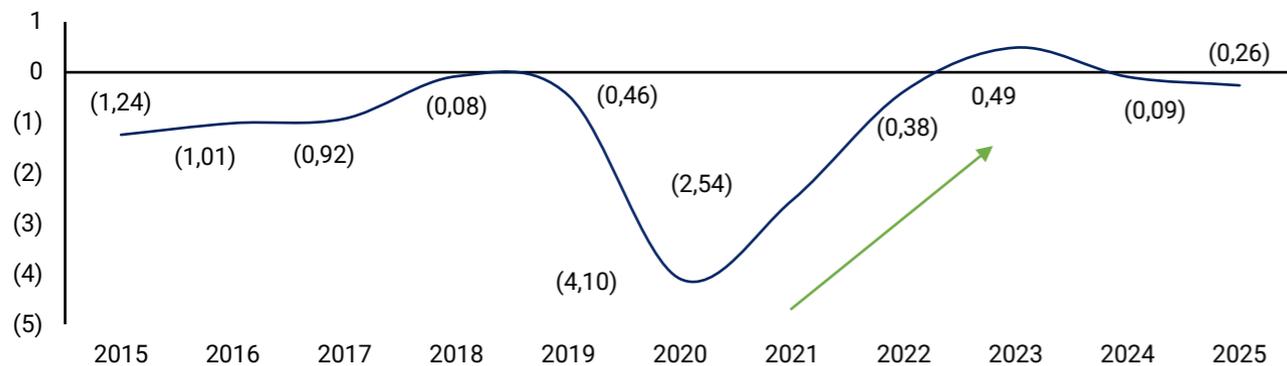
The revenue ratio must continue to be improved (% GDP)



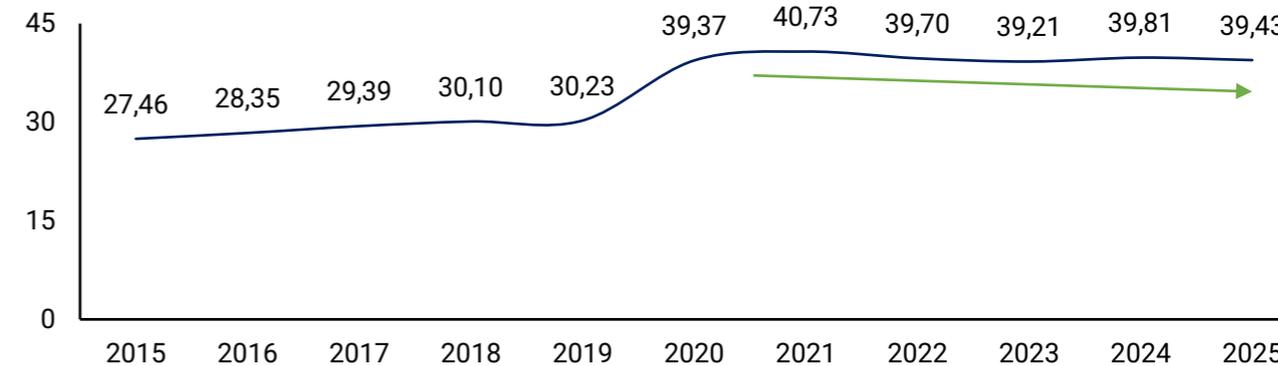
A controlled deficit (% GDP)



Primary balance is approaching to positive (% GDP)



Debt ratio is under control (% GDP)





2025 Macroeconomic Basic Assumptions

	2024		2025	
	Budget	Realization	Budget	Realization
Economic Growth (%, yoy)	5.2	2024: 5.03%	5.2	5.04 ¹⁾
Inflation (%, yoy)	2.8	1.57 (yoy)	2.5	2.86 ²⁾ (yoy) 0.28 ²⁾ (mtm)
Exchange Rate (IDR/USD average)	15.000	16,162 (eop) 15,847 (ytd)	16.000	16,644 ³⁾ (eop) 16,453 ³⁾ (ytd)
10 Y T-Bonds Rate (%, average)	6.7	7.0 (eop) 6.8 (ytd)	7.0	6.11 ⁴⁾ (eop) 6.72 ⁴⁾ (ytd)
ICP Indonesian (USD/barel, average)	82	71.6 (eop) 78.1 (ytd)	82	66.81 ²⁾ (eop) 69.01 ²⁾ (ytd)
Oil Lifting (tbpd)	635	579.7	605	580.3 ²⁾
Gas Lifting (tboepd)	1.033	978.8	1.005	974,0 ²⁾

➤ **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.

➤ **Government bond (SBN) yields consistently declining**, supported by a strong and resilient domestic financial market amid global uncertainties

➤ **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 :

¹⁾ As of Q3 2025

⁴⁾ As of last auction 14 Nov 2025

²⁾ As of October 2025

³⁾ Bank Indonesia as of 28 Nov 2025



State Budget Realization as of October 31, 2025

(in IDR tn)	2025			
	Budget	Outlook	Real. as of October 31	% Outlook
A. Revenue	3,005.1	2,865.5	2,113.3	73.7
1. Tax Revenue	2,490.9	2,387.3	1,708.3	71.6
1. Tax	2,189.3	2,076.9	1,459.0	70.2
2. Custom and Excise	301.6	310.4	249.3	80.3
II. Non-Tax Revenue	513.6	477.2	402.4	84.3
B. Expenditure	3,621.3	3,527.5	2,593.0	73.5
I. Central Government Expenditure	2,701.4	2,663.4	1,879.6	70.6
1. Line Ministries Expenditure	1,160.1	1,275.6	961.2	75.4
2. Non-Line-Ministries Expenditure	1,541.4	1,387.8	918.4	66.2
II. Transfer to Region	919.9	864.1	713.4	82.6
C. Primary Balance	(63.3)	(109.9)	(45.0)	41.0
D. Surplus/ (Deficit)	(616.2)	(662.0)	(479.7)	72.5
% Surplus/(Deficit) to GDP	(2.53)	(2.78)	(2.02)	
E. Financing	616.2	662.0	532.9	80.5



Gross Tax Revenue Continues Growth Trend

GROSS REALIZATION as of OCTOBER
2024 | 2025

Rp1.767,13 T | **Rp1.799,55 T**

	Corporate Income Tax	Rp331,39 T	▲ 5,3%
	Personal Income Tax (PPH OP) and Employee Income Tax (PPH 21)	Rp192,19 T	▼ -12,6%
	Final Income Tax, Income Tax Article 22, and Income Tax Article 26	Rp280,25 T	▲ 0,3%
	VAT & Luxury Goods Sales Tax	Rp796,12 T	▼ -2,1%
	Other	Rp199,60 T	▲ 42,8%

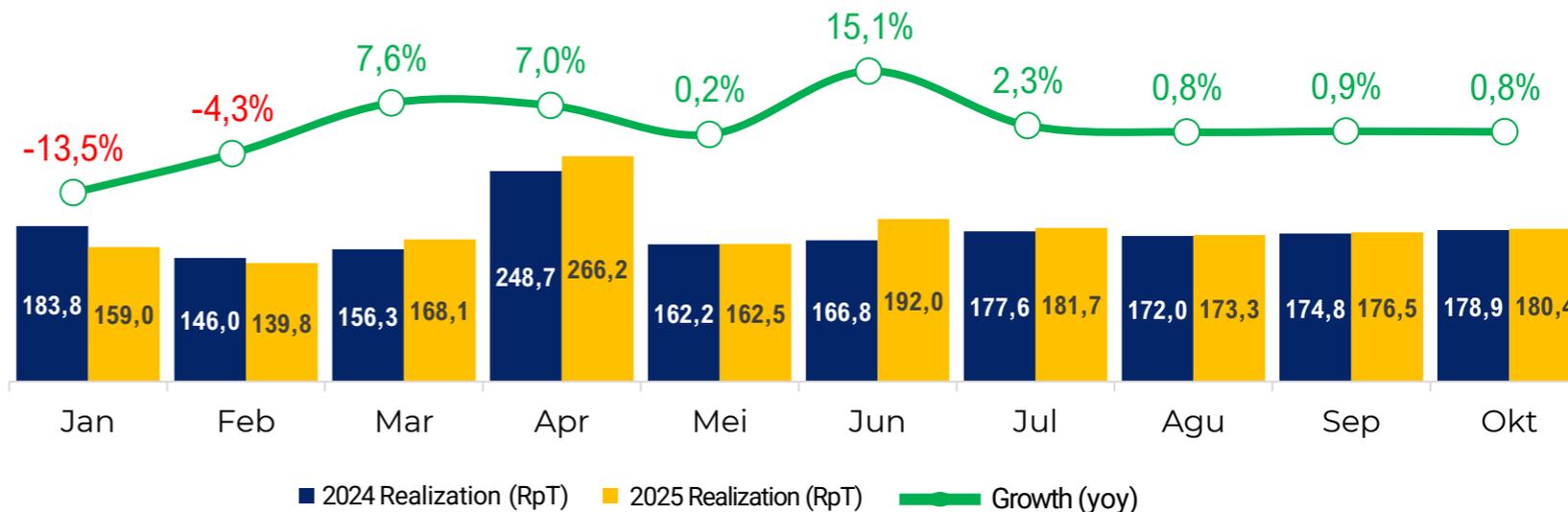
NET REALIZATION as of OCTOBER
2024 | 2025

Rp1.517,54 T | **Rp1.459,03 T**

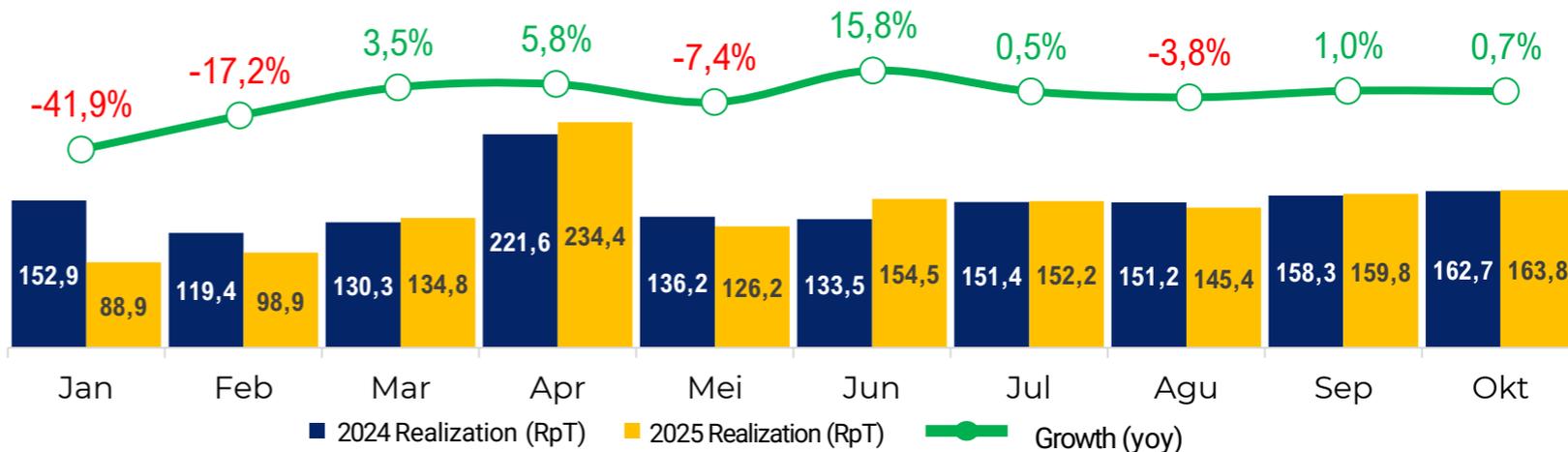
70,2% Mid Year Report outlook

	Corporate Income Tax	Rp237,56 T	▼ -9,6%
	Personal Income Tax (PPH OP) and Employee Income Tax (PPH 21)	Rp191,66 T	▼ -12,8%
	Final Income Tax, Income Tax Article 22, and Income Tax Article 26	Rp275,57 T	▼ -0,1%
	VAT & Luxury Goods Sales Tax	Rp556,61 T	▼ -10,3%
	Other	Rp197,61 T	▲ 42,3%

Gross Tax Per Month



Net Tax Per Month





Realization of Customs and Excise Revenue

Revenue realization up to September grew by 7.6%, driven by increases in export duty and excise revenue.

REALIZATION as of OCTOBER 2025

Rp 249,3 T ▲ 7,6%

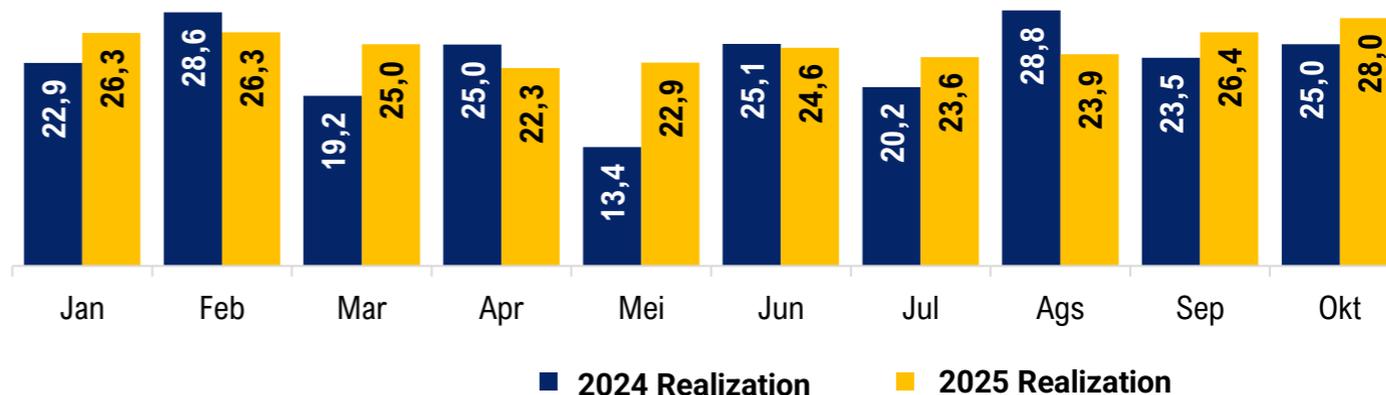


80,3% of Midyear Report Outlook



EXCISE	Rp184,2 T	▲ 5,7%
EXPORT DUTY	Rp24,0 T	▲ 69,2%
IMPORT DUTY	Rp41,0 T	▼ 4,9%

Monthly Revenue Developments



Customs and excise revenues grew, supported by higher **imports** of capital goods and investment, as well as increased tobacco **production**.

- Excise Rp184,2 T** (75,4% of state budget target) and **tobacco excise (CHT) production** at 258,4 billion sticks (▼ 2,8% yoy);
- Export Duty Rp24,0 T** (537,4% of state budget target), driven by rising **CPO prices**, **higher palm oil export volumes**, and the **copper concentrate** export policy (Mar–Sept);
- Import Duty Rp41,0 T** (77,5% of state budget target), influenced by lower duties from **food commodities** and increased utilization of **Free Trade Agreements (FTA)**.

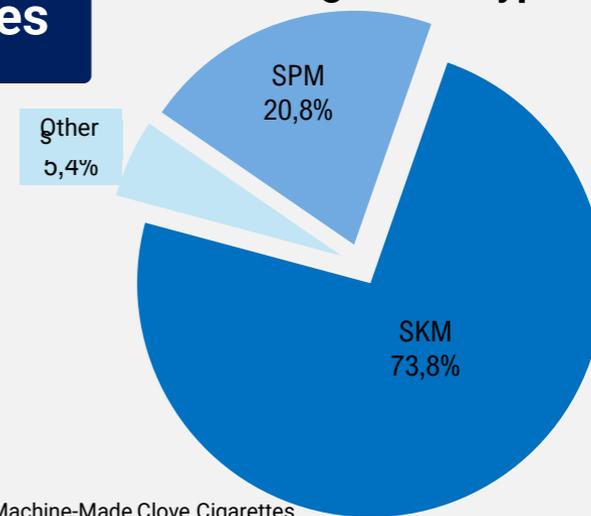
Enforcement of Illegal Cigarettes

15.845 enforcements

954 million sticks

▲ 40,9% (yoy)

Cigarettes type



*SKM = Machine-Made Clove Cigarettes
*SPM = Machine-Made White Cigarettes



Non-Tax Revenue Realization

As of October 31, 2025 reached

Rp402,4 T

84,3% Mid-Year State Budget Report Outlook



Notes :

Oil & Gas natural resource revenues include DMO, and Non-Oil & Gas natural resource revenues include Sales of Mining Products (PHT)

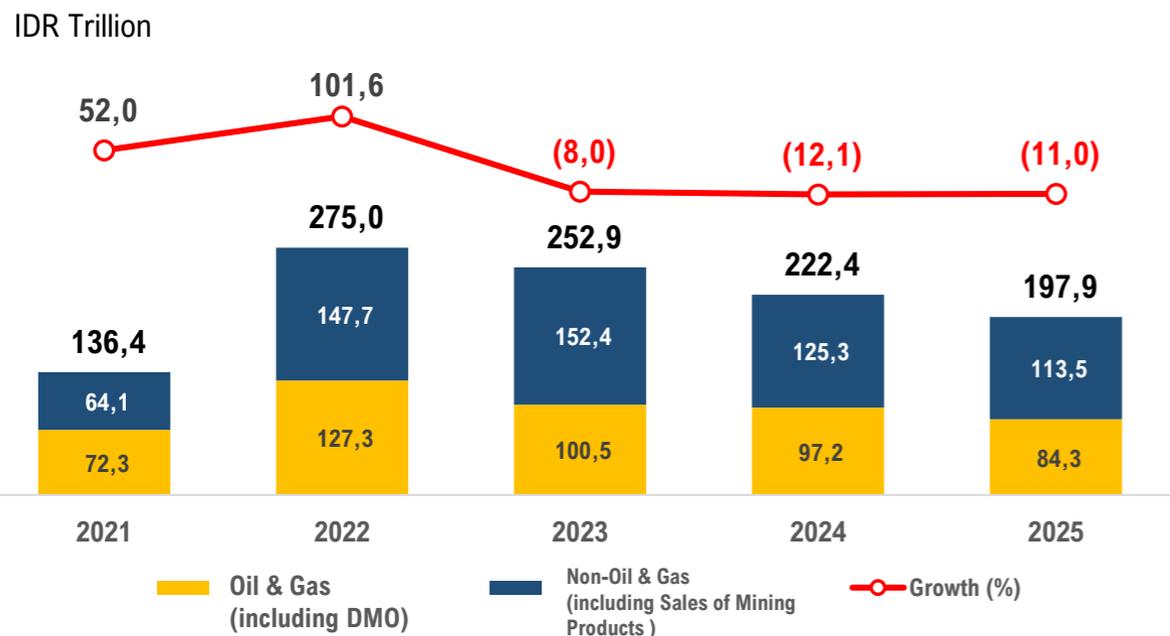
- Oil & Gas Natural Resources revenues contracted by 13.2% YoY, driven by **lower Indonesian crude prices (ICP) and declining natural gas lifting.**
- Non-Oil & Gas Natural Resources revenues contracted by 9.4% YoY, influenced by moderating **coal prices** and a decrease in **coal production volume.**
- Non-Tax Dividend Revenue (KND) contracted by 85.1% yoy due to the transfer of state-owned enterprise (SOE) dividend management to BPI Danantara (Law No. 1 of 2025).
- Non-Tax State Revenue (PNBP) from Ministries/Agencies grew by 17.6% yoy, mainly from **Ministry of Communication and Digital Affairs** (frequency and telecommunication fees), **Attorney General's Office** (corruption replacement payments related to CPO), **Ministry of Immigration and Passports** (visa and passport services), **Ministry of Transportation** (transportation services), and **State General Treasurer** (bond premiums and returns from state fund placements).
- Public Service Agency (BLU) revenues increased by 0.7% YoY as a positive impact of the implementation of Regulation PMK 30/2025 on the PE CPO tariff and its derivatives





Realization of Natural Resource Non-Tax Revenue Remains Under Pressure

Natural resource revenue continued to contract due to moderating crude oil prices (ICP), coal benchmark prices (HBA), and declining coal production volumes



- ❖ Oil & gas natural resource revenue contracted by **13.2%** YoY, driven by **lower ICP and decreasing natural gas lifting**, despite increases in oil lifting and a weaker Rupiah
- ❖ Mineral & Coal non-tax natural resource revenue (which accounts for **92%** of Non-Oil & Gas natural resource revenue) contracted by **9.9%** YoY due to reduced coal production caused by lower demand from China and India (the main consumers), as well as decreasing domestic coal consumption (Domestic Market Obligation/DMO).

Oil & Gas	ASSUMPTION		REALIZATION		
	2025 State Budget	2025 Mid-Year Report	2024	2025	
Average Dec '24 until Sept '25					
ICP (US\$/barel)	82,00	70,00	79,62	69,26	↓ - 13,0%
Oil Lifting (thousand barrels per day)	605	605	582	589	↑ 1,2%
Gas Lifting (thousand barrels of oil equivalent per day)	1.005	978	969	960	↓ - 0,9%
Exchange Rate (Rp/1 US\$)	16.000	16.400	15.877	16.400	↑ 3,3%
Mineral & Coal	ASSUMPTION		REALIZATION		
Average Jan - Oct '25					
Coal Reference Price (US\$/ton)	127	115	122,08	112,53	↓ - 7,8%
Amount Jan - Oct '25					
Production Volume (million ton)	710	710	707,75	658,48	↓ - 7,0%
Coal Royalty (IDR Trillion)	70,7	70,7	64,2	56,9	↓ - 11,3%
Sales of Mining Product (IDR Trillion)	37,2	21,9	27,8	16,6	↓ - 40,4%

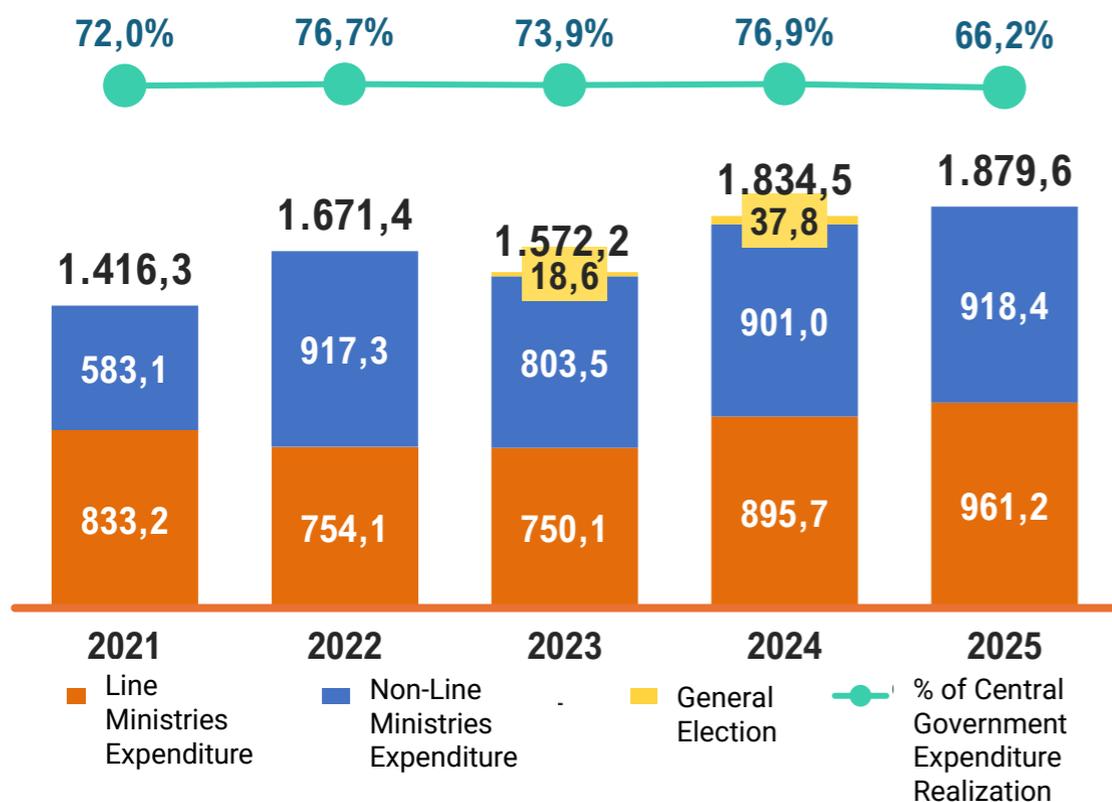


Realization of Central Government Expenditure reached Rp1,879,6 Tr (70,6% of the Mid-Year Report Outlook)

An additional Rp783,8 trillion in expenditure needs to be accelerated over the next two months to achieve the Outlook target

As of October 31, 2025

Realization of Central Government Expenditure As of 31 October, 2021–2025 (IDR Trillion)



Line Ministries Expenditure

Rp961,2 T

(75,4% of Mid-Year Report Outlook)

allocated to maintain people's purchasing power through social assistance programs (PBI JKN, PKH, basic food cards, PIP, and KIP College) and to support the implementation of government priority programs.

Non-Line Ministries Expenditure

Rp918,4 T

(66,2% of Mid-Year Report Outlook)

allocated for timely payment of pension benefits and subsidy disbursement.

2021-2024: of central government financial reports (LKPP)
2025: of Mid-Year Report Outlook



Central Government Expenditure for Priority Programs IDR611.7 T (65,8% from IDR929.0 T budget)

Benefits directly received by communities in various regions across Indonesia.

*) Realization as of Oct 31

Purchasing Power Strengthening & Protection

10 mil beneficiaries	Program Keluarga Harapan IDR27.5 T (IDR28.7 T budget)	96%
14.9 mil students	Scholarships/PIP/KIP Kuliah IDR23.8 T (IDR27.7 T budget)	86%
18.3 mil beneficiaries	Food Stamp (BPNT) IDR54.1 T (IDR58.4 T budget)	93%
96.8 mil beneficiaries	Contribution Subsidies for PBI JKN IDR40.6 T (IDR46.5 T budget)	88%
1.2 mil teachers	TPG/TPD Non PNS IDR16.5 T (IDR21.2 T budget)	78%
212.6 th houses	Housing Programs IDR24.8 T (IDR52.1 T budget)	48%

Public Services

39.7 mil beneficiaries	Free Nutricious Meals (MBG) IDR32.7 T (IDR71 T budget)	46%
57.2 mil beneficiaries	Cek Kesehatan Gratis & TB, revitalisasi 32 RS IDR5.6 T (Rp9.3 T budget)	60%
165 schools	Sekolah Rakyat and Sekolah Unggul Garuda IDR1.4 T (IDR10.2 T budget)	13%

Price Stabilization & Production

9.5 mil farmers	Non-Energy Subsidies. ie. KUR and Fertilizer Subsidies IDR59.5 T (IDR104.5 T budget)	57%
42.5 mil beneficiaries	Energy Subsidies and Compensation IDR255.5 T (IDR394.3 T budget)	65%
2.2 mil ha rice fields	Lumbung Pangan IDR11.8 T (IDR20.6 T budget)	57%
2.1 mil tonnes rice	Bulog and Food Reserve IDR22.1 T (IDR22.1 T budget)	100%

Productivity and Public Infrastructure

12.5 th schools	School Renovation and Revitalization IDR13.5 T (IDR20 T budget)	67%
65.9% progress	Dams, Irrigation and Maintenance of water resources infrastructure IDR11.9 T (IDR23.0 T budget)	52%
62.0% Progress	Road and Bridge Preservation IDR8,8 T (IDR17.3 T budget)	51%
73.9% Progress	Fishing villages, national salt production, and saline tilapia aquaculture (BINS) IDR1.6 T (IDR2.6 T budget)	62%

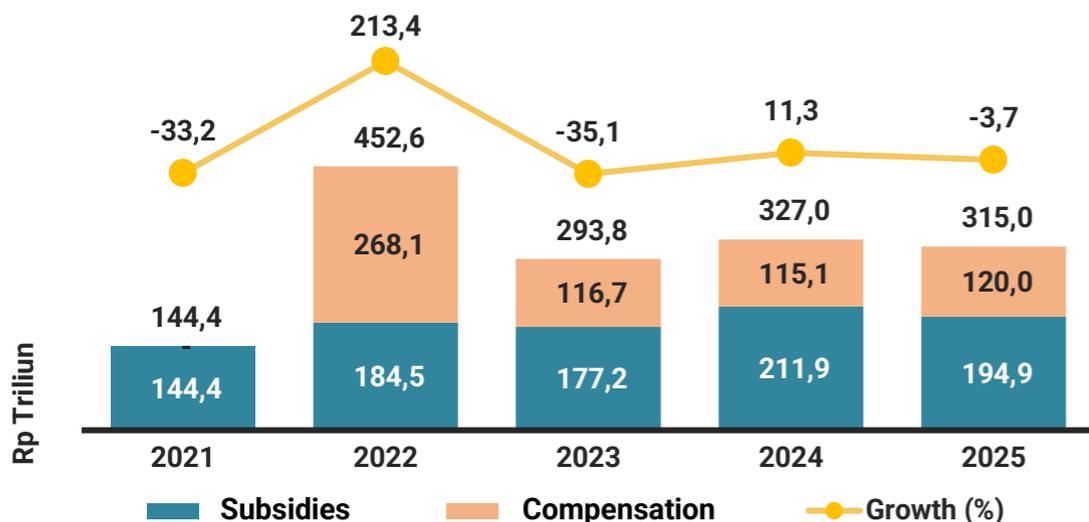




Realization of the Distribution of Goods at Subsidized Prices

The government provides an adequate and sufficient subsidy quota through the end of the year.

Subsidies and Compensation: IDR315.0 T (66,3% of Outlook)



- Subsidy payments are made regularly every month.
- Compensation payments for 2024 and Q1-2025 have already been disbursed.

People are benefiting from various goods sold at subsidized prices.

Types of Subsidized Goods	2024	2025		
	Realization	Target	Realization	Growth (%)
Fuel (thousand KL)	13,476.6	19,410.0	13,915 (72%)	▲ 3.3%
LPG 3 Kg (million kgs)	6,131.6	8,170.0	6,353.4 (78%)	▲ 3.6%
Subsidized electricity (mil beneficiaries)	41.3	42.1	42.5 (101%)	▲ 2.9%
Fertilizer (million tonnes)	5.9	8.9	6.5 (73%)	▲ 10.8%
Subsidized Housing (thousand houses)	158.6	240.0	172.1 (72%)	▲ 8.5%



Free Nutritious Meal (MBG) Program (42.7 million beneficiaries; 15,369 SPPG)

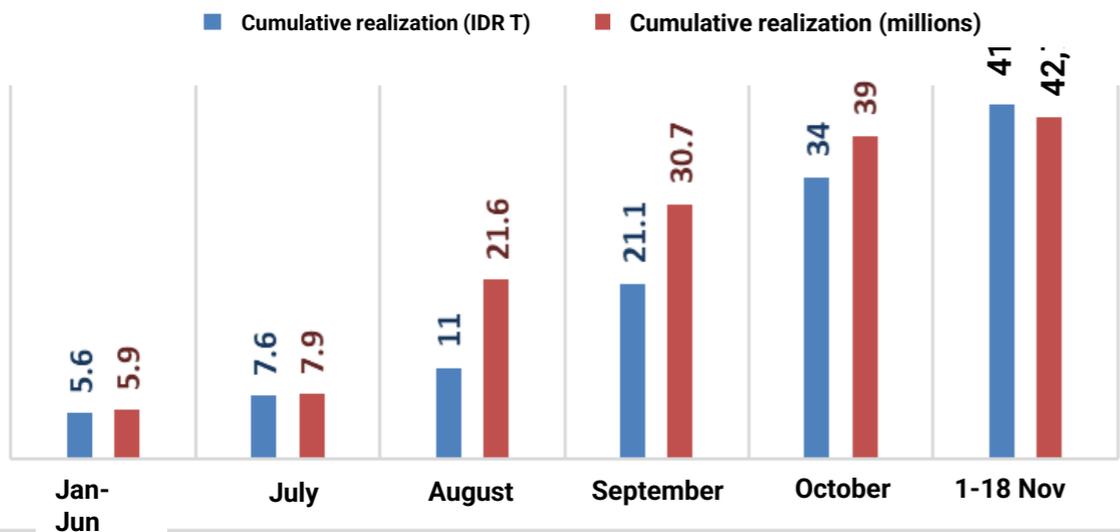
Realization: **IDR41.2 T**

(58.0% budget of IDR71 T)

The allocation will be adjusted in line with progress toward reaching 82.9 million beneficiaries.

The MBG program has absorbed **556,735 workers**
(as of 18 November 2025)

Realization acceleration to the end of the year



Source: DJPB



As of Nov 18, 2025

President Prabowo Subianto visited SD Jati 03 in Jakarta on 7 May 2025 to review the implementation of the MBG program.

Source: BPMI Setpres

MBG implementation has been realized across 38 provinces throughout Indonesia.





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

Items	2025		
	Budget	Outlook	% of Budget
A. STATE REVENUE	3,005.1	2,865.5	95.4
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. STATE EXPENDITURE	3,621.3	3,527.5	97.4
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
C. PRIMARY BALANCE	(63.3)	(109.8)	173.4
D. SURPLUS (DEFICIT)	(616.2)	(662.0)	107.4
%GDP	(2.53)	(2.78)	
E. BUDGET FINANCING	616.2	662.0	107.4

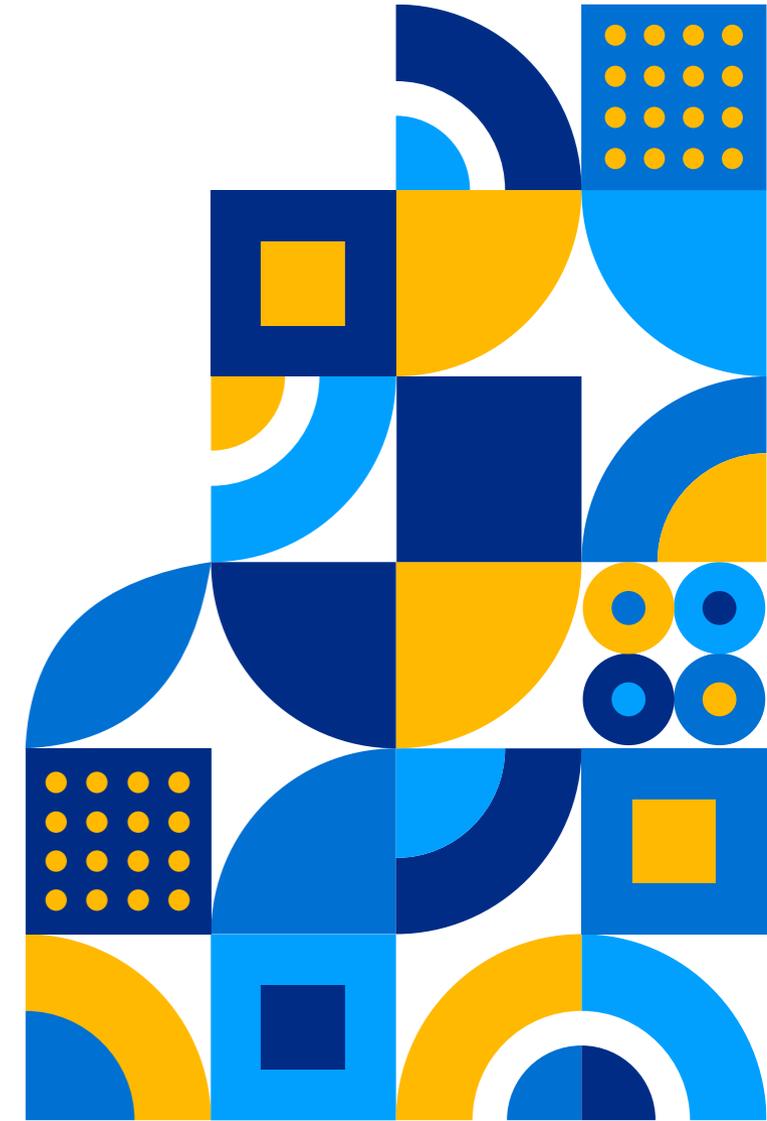
- State revenue:** IDR 2,865.5 T or 95.4% of the budget target
 - **Tax:** IDR 2,076.9 T or 94.9% target
 - **Customs and excise:** IDR 310.4 T or 102.9% target
 - **Non-tax revenue:** IDR 477.2 T or 92.9% target
- State expenditure:** IDR 3,527.5 T or 97.4% target
 - **Ministries/agencies:** IDR 1,275.6 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**
- Budget deficit:** IDR 662.0 T (2.78% of GDP)
- 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



3

2026

Fiscal Policy





Macroeconomics Assumption and Development Indicators Target 2026

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

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



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



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



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



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





2026 State Budget Priority Agenda

1. FOOD SECURITY



Rp164,7 T

4,29%
of Total Expenditure

- ▶ 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

10,47%
of Total Expenditure

- ▶ 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

8,72%
of Total Expenditure

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

20%
of Total Expenditure

- ▶ 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

6,35%
of Total Expenditure

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

4,73%
of Total Expenditure

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**



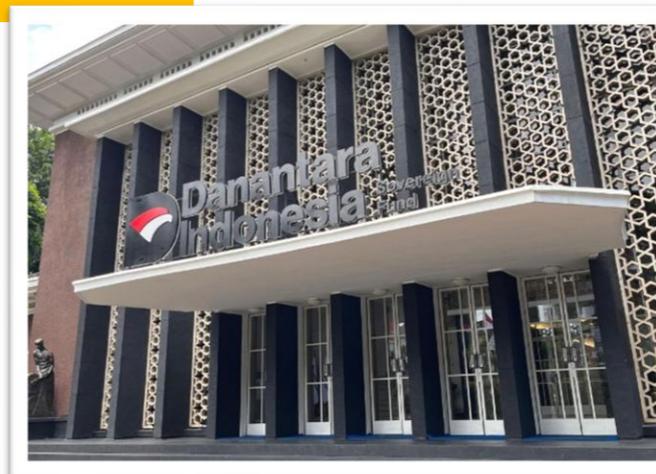
2026 State Budget Priority Agenda

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**



Central Government Spending

Benefits directly received by the public amounting to Rp1,376.9 trillion*

* Some are part of the duties and functions of Regional Governments

- ✓ Family Hope Program (PKH) **Rp28.7 T**
- ✓ PIP/KIP College Scholarships and Other Scholarships **Rp88.6 T**
- ✓ Food Assistance Card (BPNT) **Rp43.8 T**
- ✓ Health Insurance Contribution Assistance **Rp69.0 T**
- ✓ Free Health Checkups & Tuberculosis Treatment, Hospital Revitalization **Rp7.3 T**
- ✓ School Renovation/Rehabilitation **Rp22.5 T**
- ✓ Free Nutritious Meals **Rp335.0 T**
- ✓ Community Schools and Garuda Excellent Schools **Rp27.9 T**
- ✓ Road and Bridge Preservation **Rp24.9 T**
- ✓ Housing Programs **Rp48.7 T**
- ✓ Dams and Irrigation Development **Rp12 T**
- ✓ Village/Urban Cooperative “Merah Putih” **Rp83 T**
- ✓ Non-Energy Subsidies (including KUR and Fertilizer Subsidies) **Rp108.8 T**
- ✓ Teacher Professional Allowance (TPG) / Non-Civil Servant Teacher Allowance (TPD) **Rp63.5 T**
- ✓ Energy Subsidies and Compensation **Rp381.3 T**
- ✓ Food Security Warehouses **Rp22.4 T**
- ✓ Bulog and National Food Reserves **Rp28.5 T**
- ✓ National Fishermen and Coastal Village Programs **Rp6.6 T**





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



Transfers To Regions Synergized With Central Government Spending

Priority: Public Welfare (Benefits) for Society

Central Government Expenditure and Transfer to Region (TKD) form an integrated framework to strengthen regional development.



Fulfillment of Basic Expenditure Needs of Local Governments in 2026



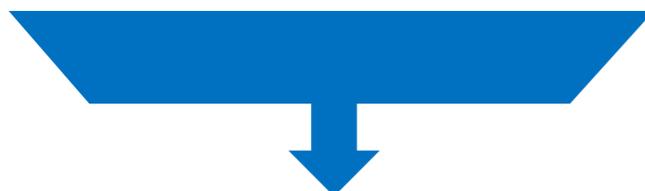
**TKD
2026**

Rp693,0T



Consist of:

- ✓ Revenue Sharing Fund (DBH): **Rp58,5 T**
- ✓ General Allocation Fund (DAU): **Rp400,0 T**
- ✓ Special Allocation Fund (DAK) : **Rp157,1 T**
- ✓ Special Autonomy Fund (Otsus) : **Rp14 T**
- ✓ Special Fund for Yogyakarta (DIY): **Rp1 T**
- ✓ Village Fund: **Rp60,6 T**
- ✓ Fiscal Incentives: **Rp1,8 T**



- ✓ Salaries and allowances of regional civil servants (ASND)
- ✓ Office operational expenses
- ✓ Public services (e.g., school and community health center operations)

2026 Transfer to Region Policy :

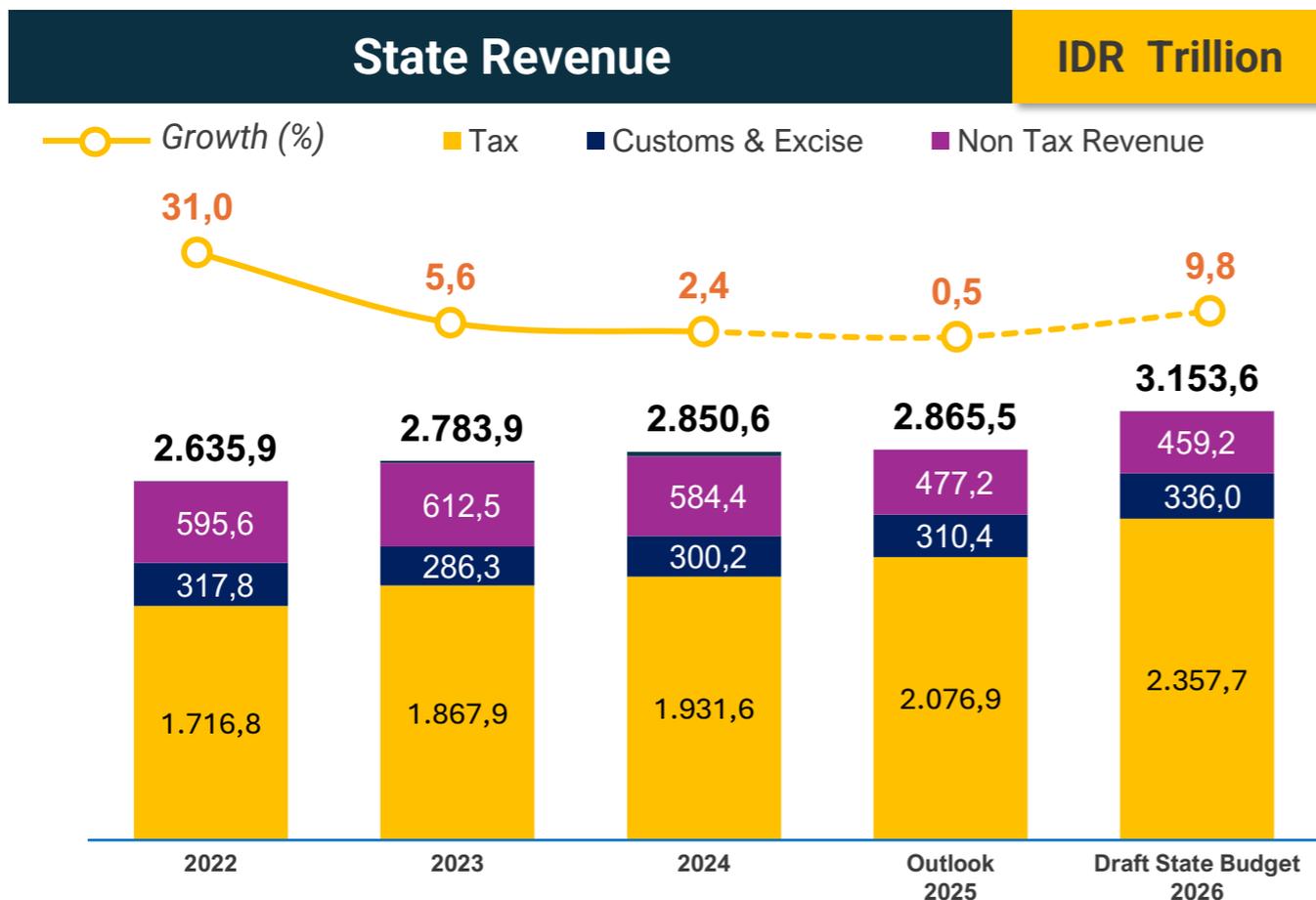
- TKD allocated for personnel expenditure needs and local government operations 
- Allocation considers Special Autonomy Laws for Aceh, Papua, Yogyakarta, and revenue-sharing mechanisms 
- Village Funds support the Red & White Village Cooperative initiative 
- The DBH policy takes into account the Central Government's Priority Spending for local communities. 
- Encourage creative/innovative financing for regional development 

• All ministries/agencies implementing government priority programs must synergize with local governments



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
4. Providing incentives to support purchasing power, investment, and downstreaming

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

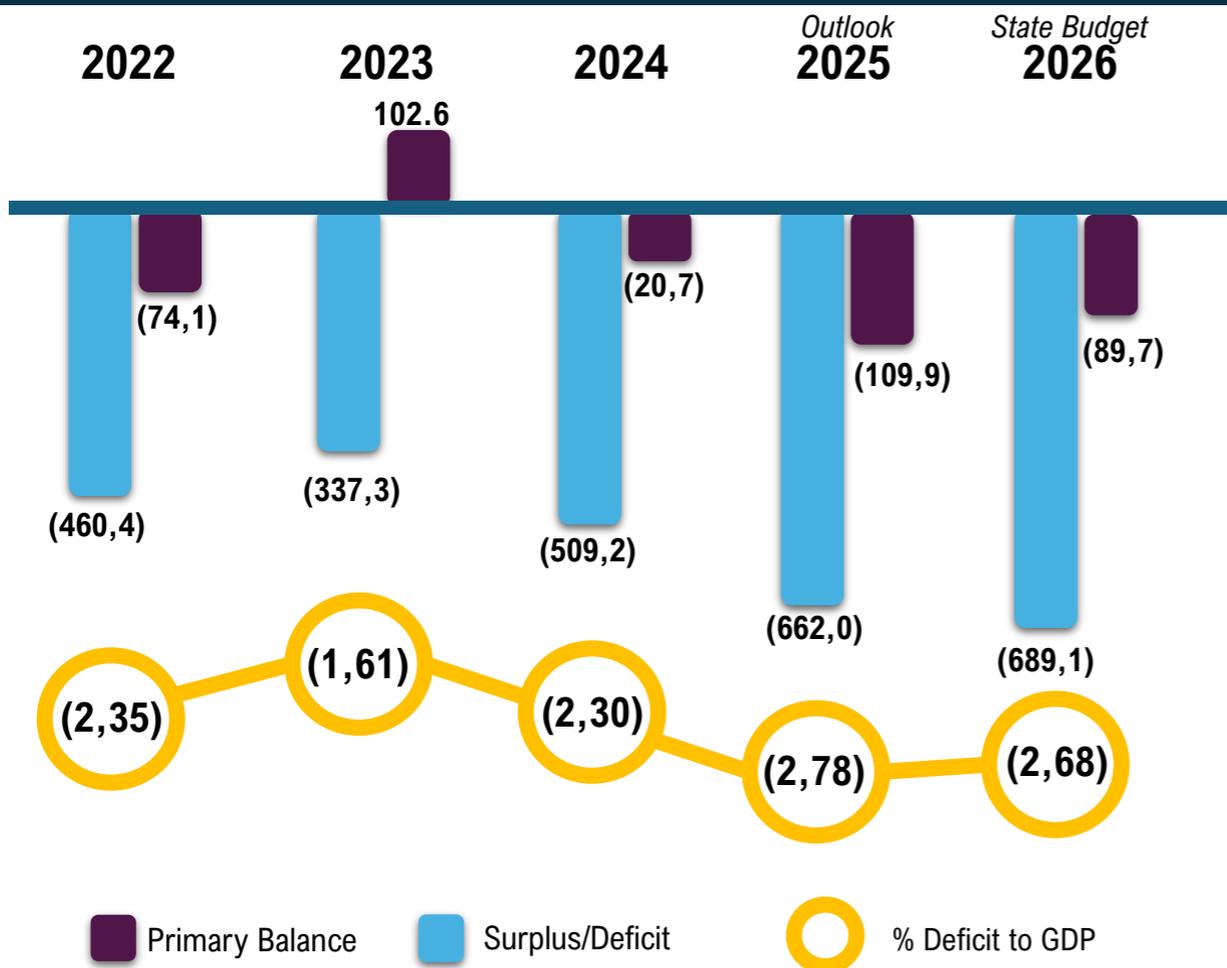


State Budget (APBN) 2026: Controlled Deficit at 2.68% of GDP

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

Development of Budget Deficit and Primary Balance 2022–2026

IDR Trillion



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



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
A. Revenue	3,147.17	3,153.6	5,9
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. Expenditure	3,786.5	3,842.7	56,2
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
C. Primary Balance	(39.4)	(89,7)	(50,3)
D. Surplus/ (Deficit)	(638.8)	(689,1)	(50,3)
% Surplus/(Deficit) to GDP	(2.48)	(2,68)	
E. Financing	638.8	689,1	50,3



STRATEGIC COLLABORATION FOR HIGH GROWTH

GROWTH STRATEGY

Promoting High Value-Added Sectors

All Sectors

Revitalizing Resilient Sectors

Labor Intensive Sectors



Deregulation and Debottlenecking

Labor Intensive Sectors

FISKAL STRATEGY

**Role of the State
Budget – 3 Functions**

Growth

Stabilization

Redistribution

Strengthening long-term **fundamentals**
– **countercyclical** response when
pressure occurs

INVESTMENT STRATEGY



Private Sector

Economic Growth Target:

8% in 2029

Outlook 2025

5,2%

2026 State Budget

5,4%

2029 Target

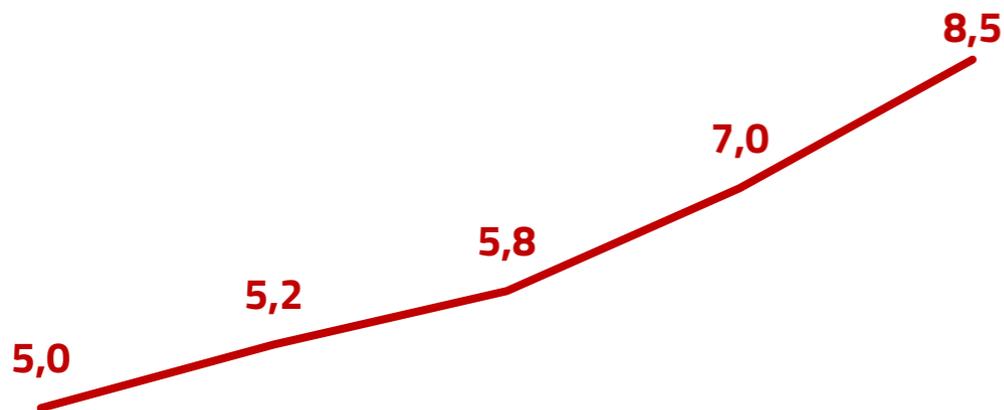
8%



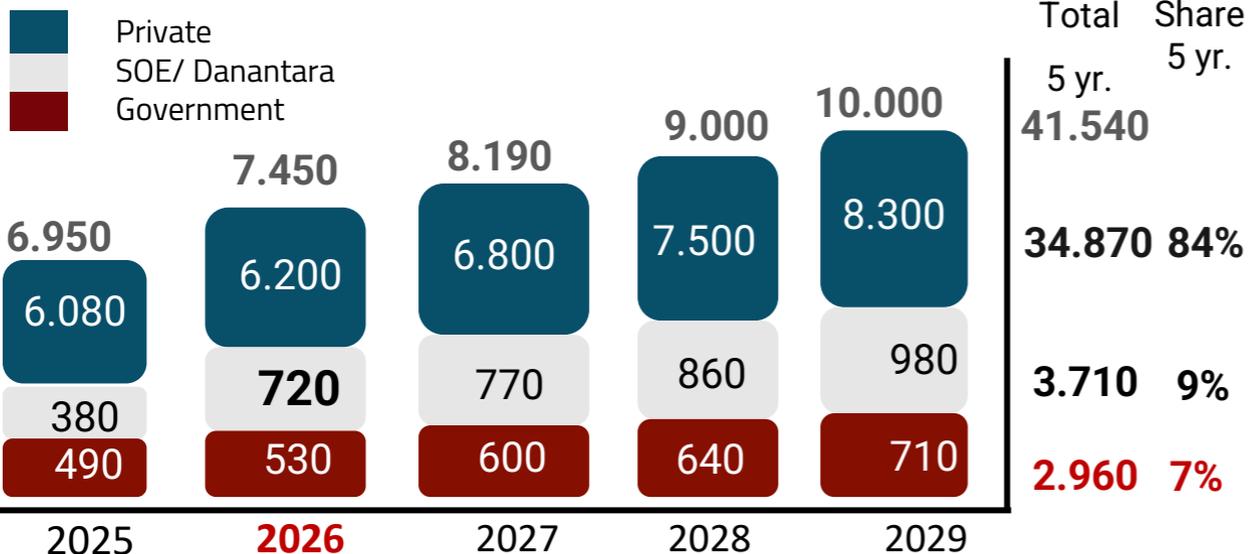
Strengthening the Role of Danantara for Investment Acceleration

Investment Growth (%)

Strong investment to drive 8% economic growth



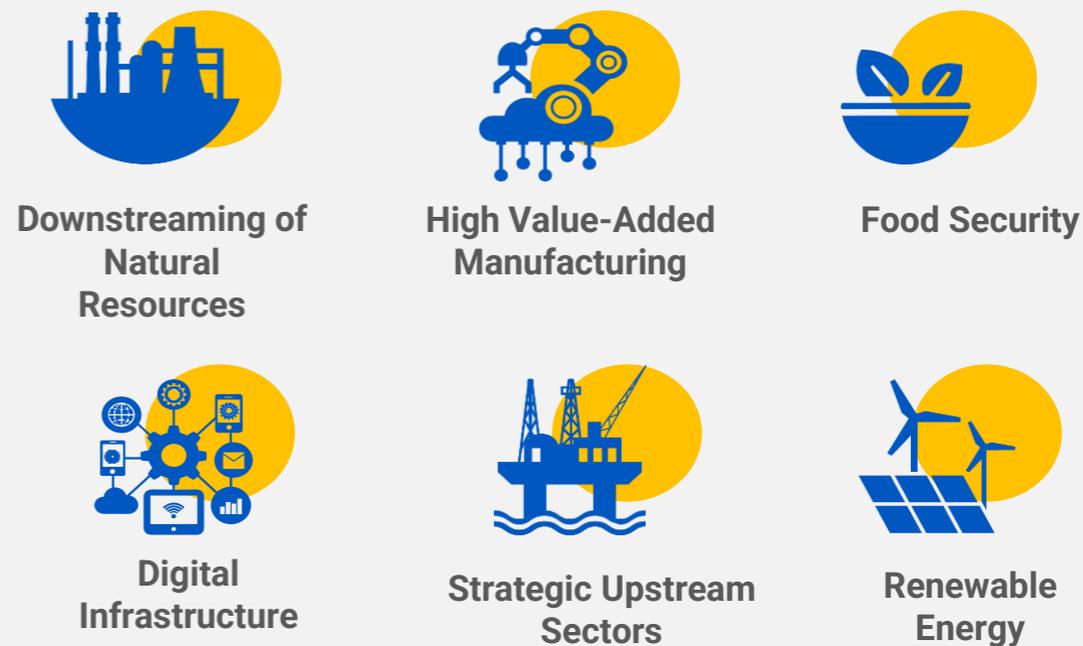
Investment Contributor (Rp T)



Private Sector

Strengthened as the "Engine of Economic Growth"

Strategy for Creating High Value-Added Investment & Economic Resilience





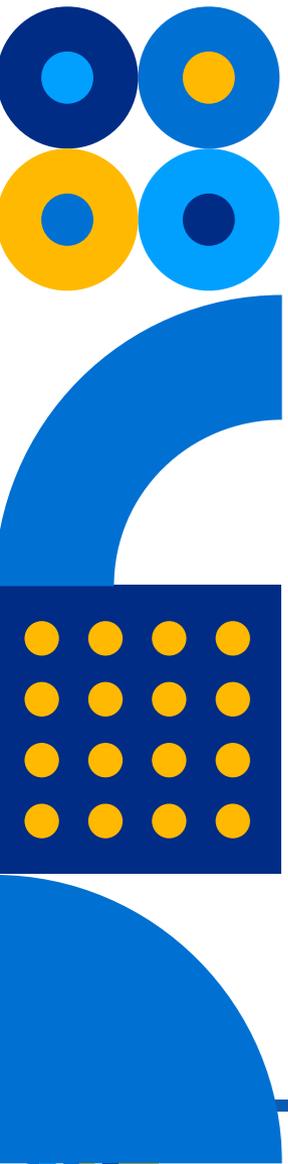
Deregulation and Debottlenecking to Strengthen the Investment Climate for High Growth

Strategy	Key Initiatives	Reform Implementation
Acceleration of Licensing Processes	Integration of the national Online Single Submission (OSS) system up to the regional regulation level, and implementation of a positive fictitious approval principle in business licensing.	<ul style="list-style-type: none"> ➤ Government Regulation (PP) No. 28/2025 enhances business convenience by simplifying procedures and accelerating services
Facilitation of Import Processes for Industrial Support and Priority Programs	<ul style="list-style-type: none"> • Elimination of unnecessary technical regulations. • Import exemptions for forestry-based raw materials. • Implementation of risk-based import inspections (border and post-border). 	<ul style="list-style-type: none"> ➤ Ministerial Regulation (Permenperin) No. 35/2025 facilitates certification for the local content (TKDN) component level in the manufacturing sector.
Support for Strategic Investments	<ul style="list-style-type: none"> • Relaxation of local content requirements (TKDN) policies. • Strengthening fiscal incentives and attracting FDI in priority sectors. 	<ul style="list-style-type: none"> ➤ Ministerial Regulation (Permendag) 16/2025 provides relaxation for industrial raw material imports.
Development of Growth Areas	<ul style="list-style-type: none"> • Acceleration of processes in Special Economic Zones (SEZs) and free trade zones. • Automation of IT- and risk-based services. 	<ul style="list-style-type: none"> ➤ Revocation of 145 regulations related to fertilizer distribution → increased rice production, maintained stock levels of 4 million tons, and stable prices.
Monitoring Deregulation Efforts	Utilization of digital dashboards for tracking progress on deregulation initiatives.	



Long-term Economic Growth Forecast and Its Assumptions

	Indicator	Projection			
		2026	2027	2028	2029
	Economic Growth (%)	5.4	5.3 – 6.1	5.6 – 7.0	5.8 – 8.0
	Inflation (%, yoy)	2.5	1.5 - 3.5	1.5 - 3.5	1.5 - 3.5
	Exchange rate (IDR/USD average)	16.500	15.700 - 16.900	15.700 - 16.900	15.700 - 16.900
	10Y T-Bonds Rate (%, average)	6.9	6.3 - 7.3	6.0 - 7.0	6.0 - 7.0
	ICP Indonesian (USD/barel, average)	70	60 - 80	60 - 80	60 - 80
	Oil Lifting (tbpd)	610	568 - 696	567 - 792	578 - 901
	Gas Lifting (tboepd)	984	904 – 1,118	1,023 – 1,345	1,110 – 1,539



Thank You

✉ IRU@Kemenkeu.go.id 🌐 fiskal.id/IRU

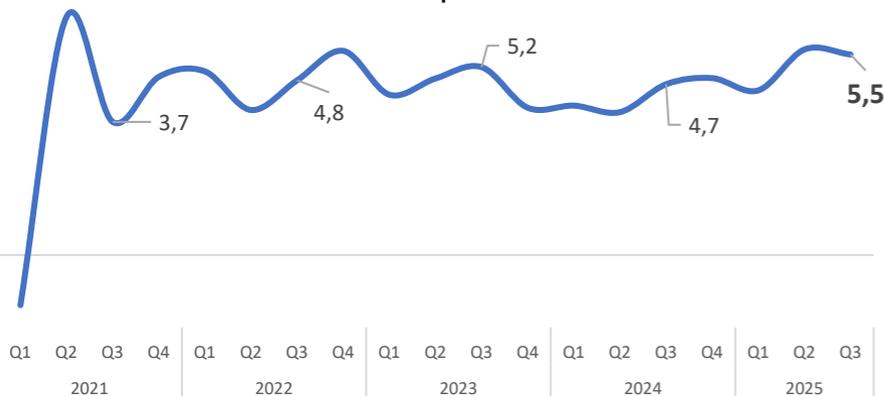


Key Sectors Grow Strongly, Supporting National Economic Performance

19,2%

MANUFACTURING

Growth remained stable, driven by domestic and export demand. The food and beverage industry rose 6.49%, supported by strong CPO output; basic metals grew 18.62% due to higher demand for iron and steel; and chemicals-pharmaceuticals expanded 11.65% thanks to increased chemical production.



14,4%

AGRICULTURE

Agriculture grew due to domestic demand: food crops increased by 9.94% thanks to rice productivity, plantations by 4.56% driven by palm oil and coffee production, and livestock by 6.51% due to demand for chickens and eggs for the MBG program.



13,2%

TRADE

Growth was supported by increased domestic supply, boosted by stronger trade in agricultural and manufacturing goods, as well as online activity through higher credit card and electronic payment transactions.



Q3-2025 Distribution

9,5%

CONSTRUCTION

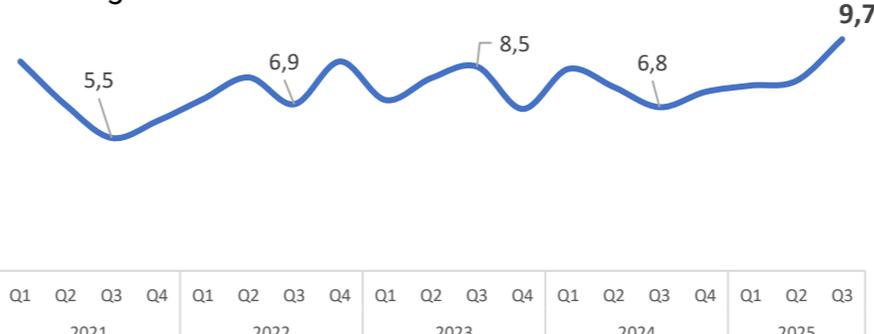
Increased growth was driven by accelerated infrastructure development under the National Strategic Projects (PSN).



8,5%

INFOCOM

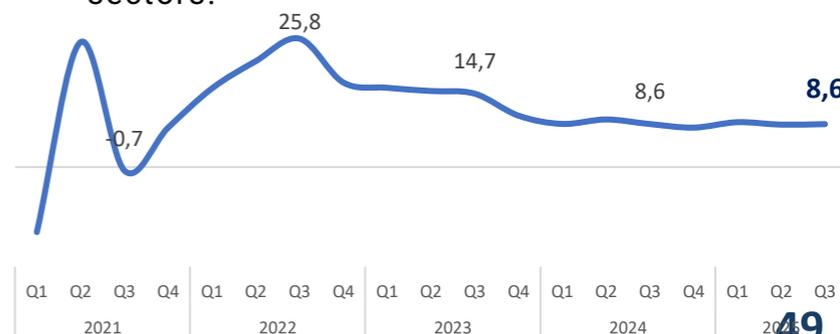
Solid growth in line with rising telecommunication activity, reflected in higher revenue from telecom services due to surging data traffic and electronic trading transactions.



6,1%

TRANSPORTATION

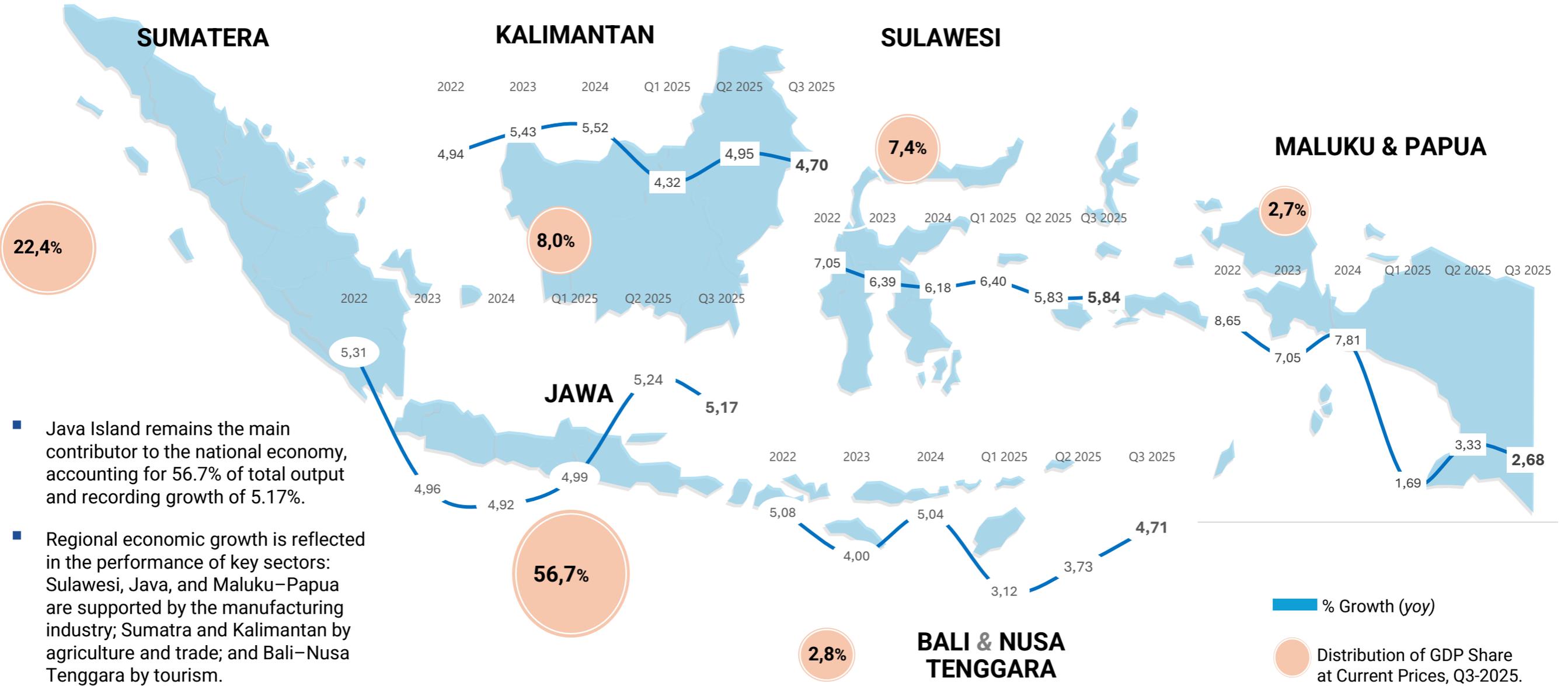
Growth aligned with rising distribution activity for goods from the manufacturing and trade sectors.





Spatial Economic Structure Grows Stably

Spatially, the highest economic growth is in the Sulawesi region.



- Java Island remains the main contributor to the national economy, accounting for 56.7% of total output and recording growth of 5.17%.
- Regional economic growth is reflected in the performance of key sectors: Sulawesi, Java, and Maluku–Papua are supported by the manufacturing industry; Sumatra and Kalimantan by agriculture and trade; and Bali–Nusa Tenggara by tourism.

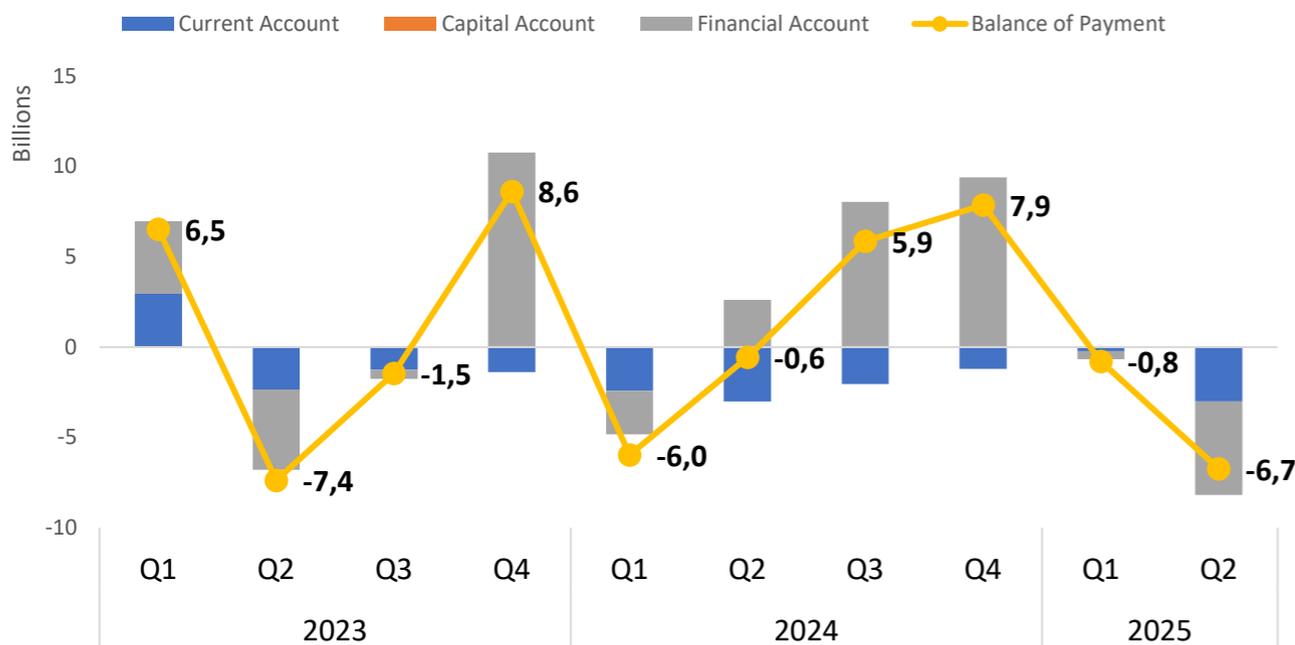
■ % Growth (yoy)

● Distribution of GDP Share at Current Prices, Q3-2025.

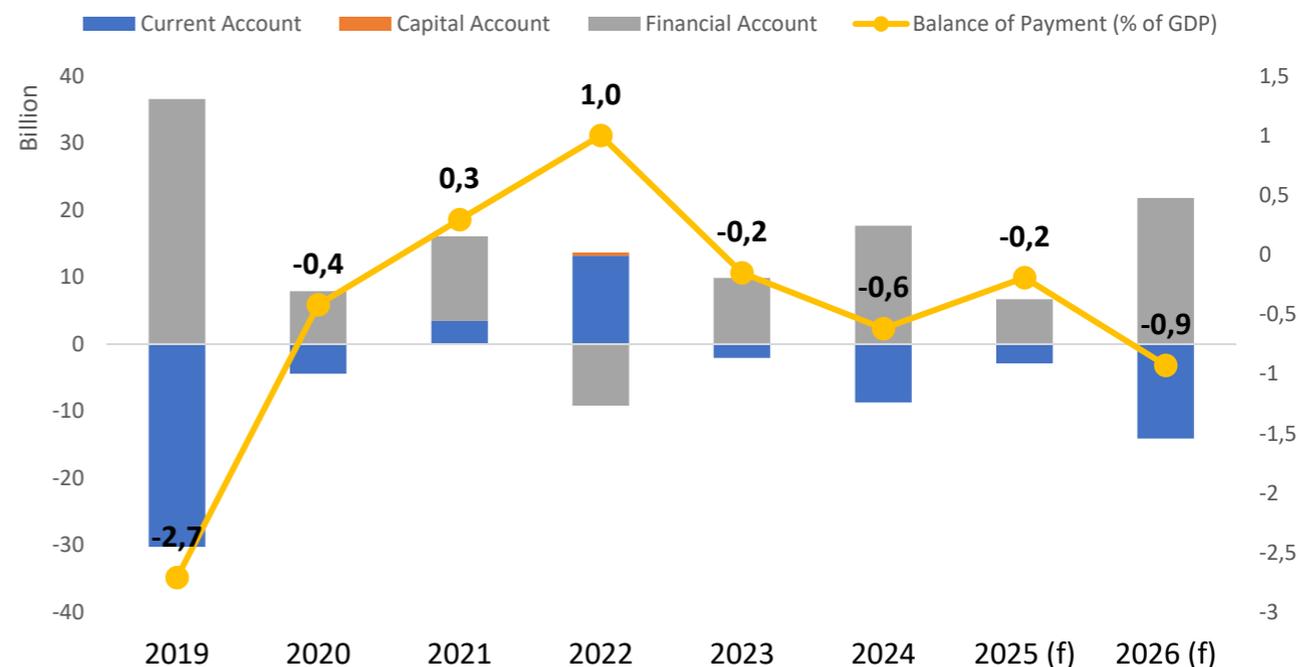


Indonesia's External Position Normalizes Toward a Sustainable Deficit

Indonesia's Quarterly Balance of Payment
(USD billion)



Indonesia's Yearly Balance of Payment
(USD billion)



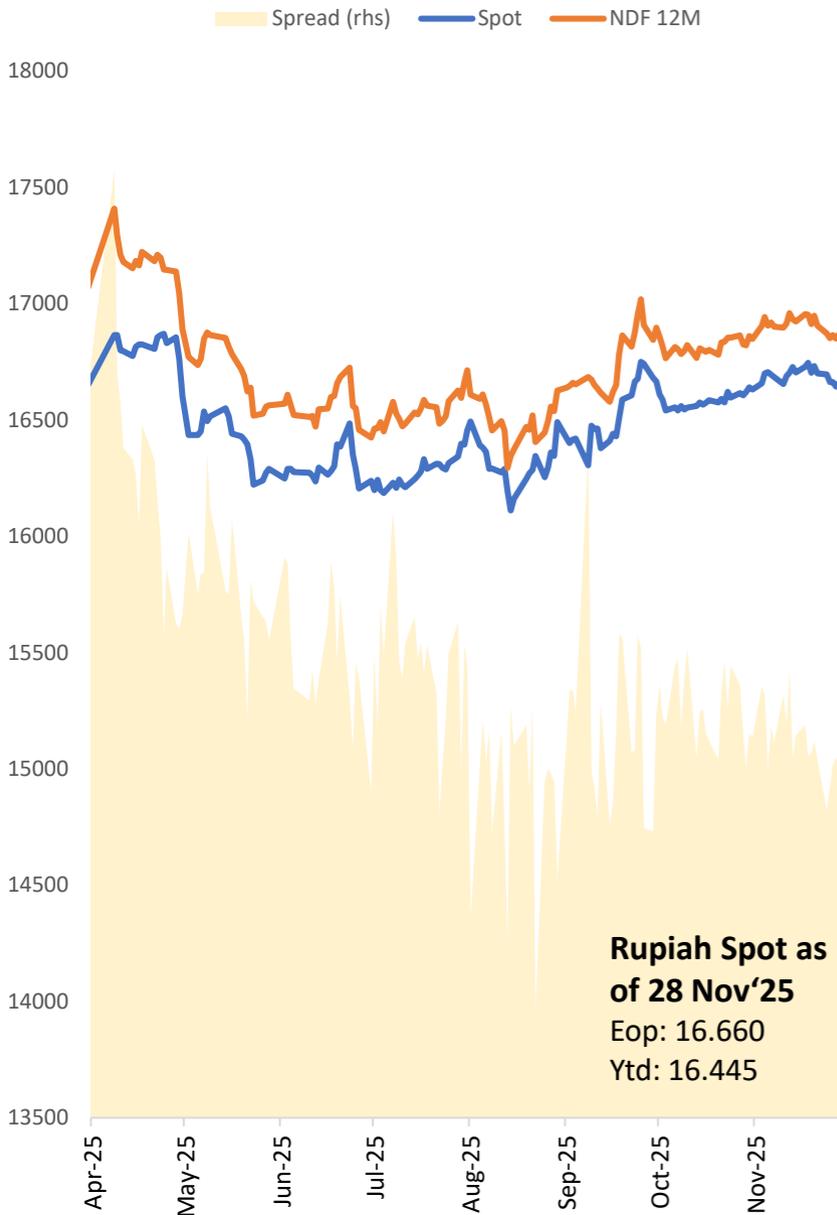
- Indonesia's external balance remains sound, though short-term volatility persists due to fluctuations in financial flows.
- The current account recorded a narrow deficit as commodity prices softened, while manufacturing exports continued to provide important buffers.
- The financial account has been the main driver of BoP fluctuations, with strong inflows in late 2023 and 2024 reversing in early 2025 amid heightened global uncertainty & domestic monetary easing.

- The recent BoP deficit in Q2 2025 reflects portfolio outflows, dividend repatriation, and rising import demand as domestic activity strengthens.
- For full-year 2025 and 2026, the BoP is projected to remain in deficit but in a sustainable level (-0.2% to -0.9% of GDP).
- While currency depreciation pressures persist, the external position remains fundamentally sound, underpinned by adequate reserves, low external debt vulnerabilities, and credible fiscal-monetary policy coordination.



DOMESTIC FINANCIAL MARKETS STABLE, FOREIGN INVESTOR INTEREST IN THE INDONESIAN STOCK MARKET INCREASING

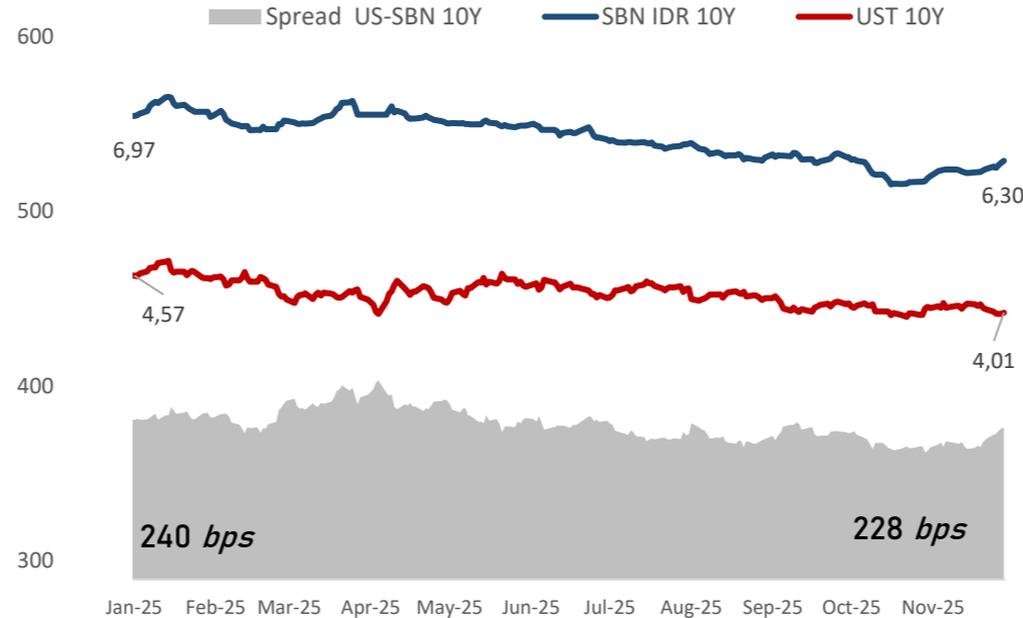
Exchange Rate



Source: Bloomberg, as of 28 Nov

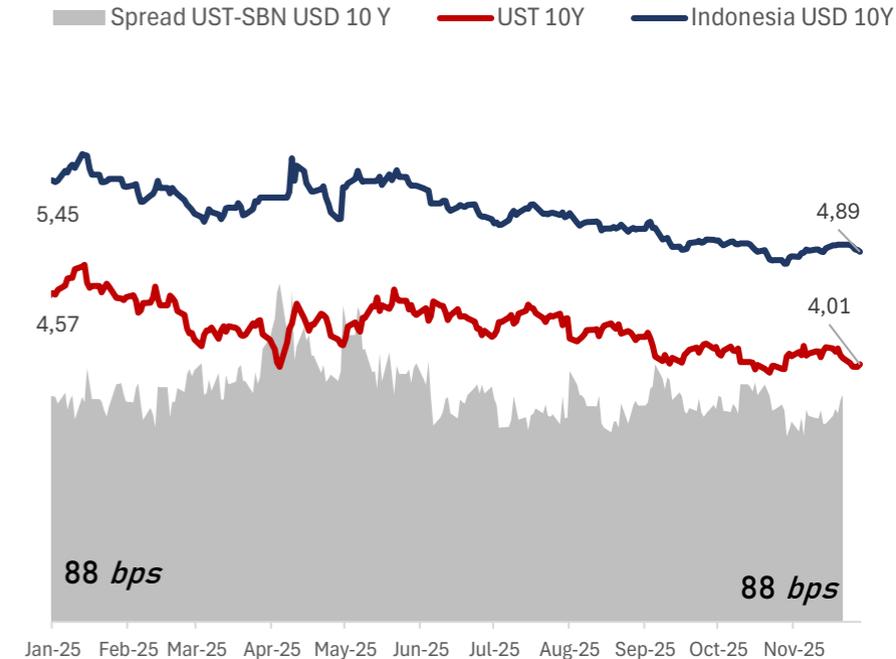
Currency Risk Eases

(Yield spread between IDR Government Bonds and US Treasuries)



Country Risk Maintained

(Spread of USD Government Bond Yields and UST)



Global Investor Buying Interest Remain Resilient



Jan- 28 Nov '25 Accumulations:
Outflow Rp178,14 T (Nov: outflow 0,43 T)

- **SBN outflow Rp3,30 T* (Nov: outflow 4,75 T)**
- **SRBI outflow Rp145,26 T** (Nov: outflow 7,88 T)**
- **Saham outflow Rp29,58 T*** (Nov: inflow 12,20 T)**

Note:

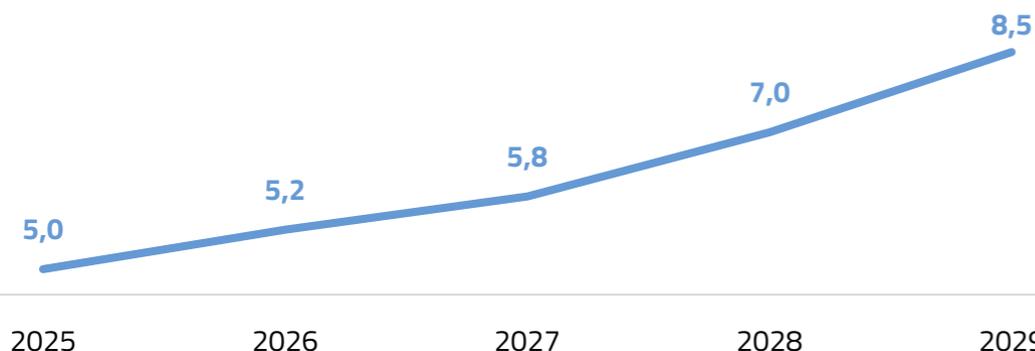
- *) The monthly SBN outflow trend is slowing.
- **) SRBI outflow is in line with increasingly loose monetary policy to support economic activity.
- ***) Stocks have recorded a net inflow on a monthly basis since October-November.



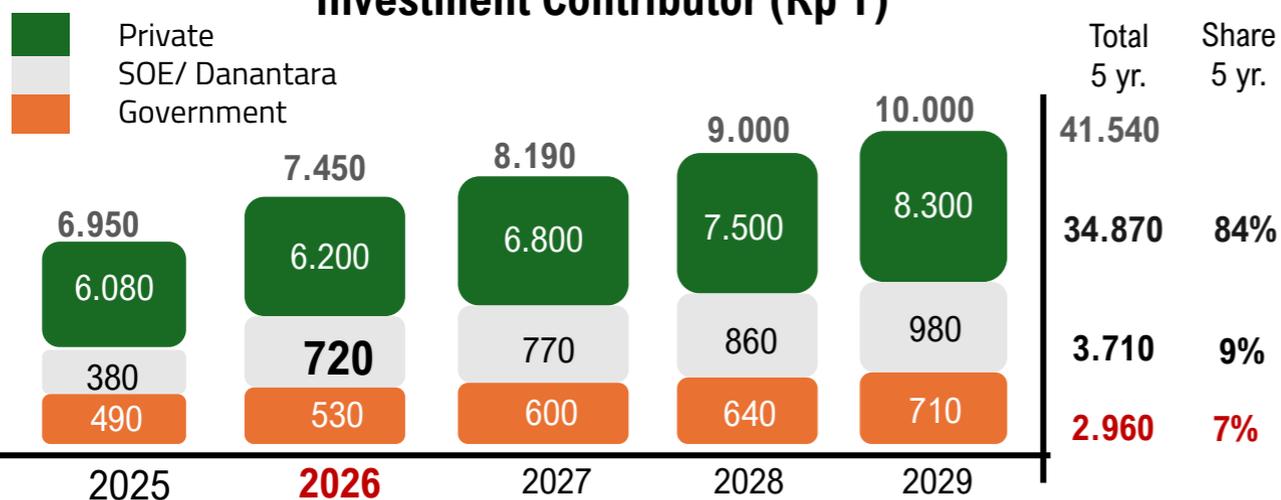
Strengthening the Role of Danantara for Investment Acceleration

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



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"



Government-Subsidized Microcredit Program (KUR)

As of 31 October 2025

Realization of KUR Interest Subsidy: **IDR20.3 trillion** (53.1% of IDR38.28 trillion budget) for the payment of interest subsidy claims in 2025 (excluding carry-over)

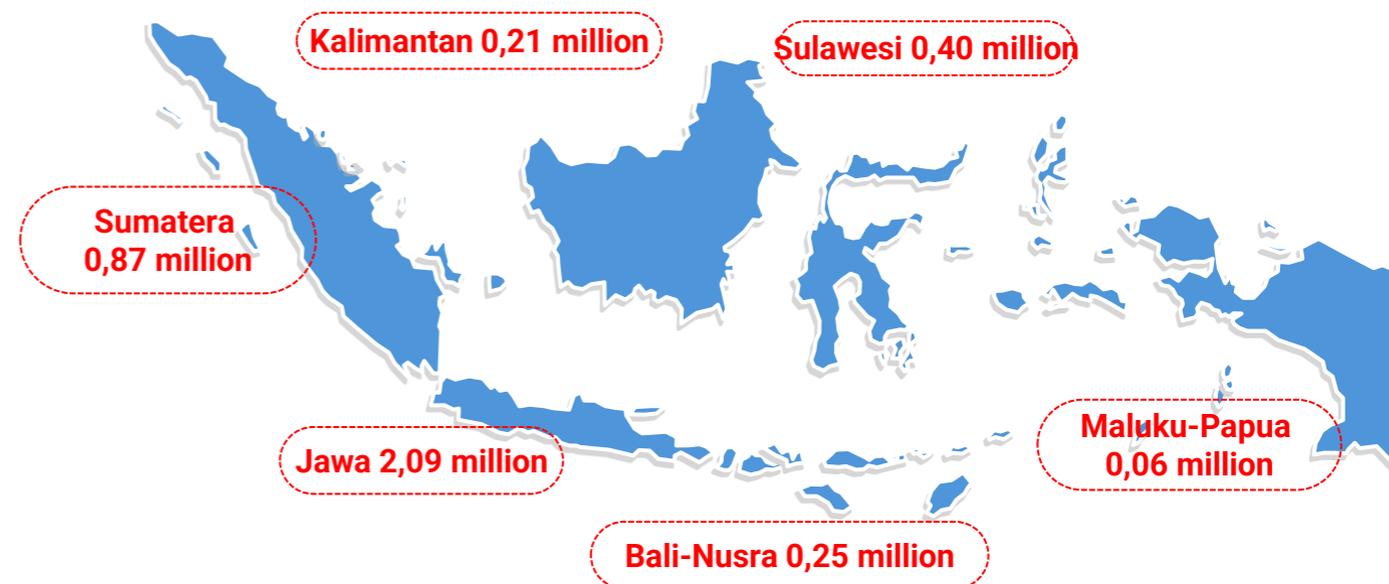


Realization of KUR Disbursement: **IDR228,1 trillion** (79.7% of IDR286 trillion budget) for KUR disbursement throughout 2025

Beneficiaries **3.9 million borrower**

Trade	39.3%,
Agriculture	38.1%,
Other Sectors	15.0%,
Fisheries	1.5%,
Manufacturing	6.0%
Construction	0.1%

Distribution of Borrowers



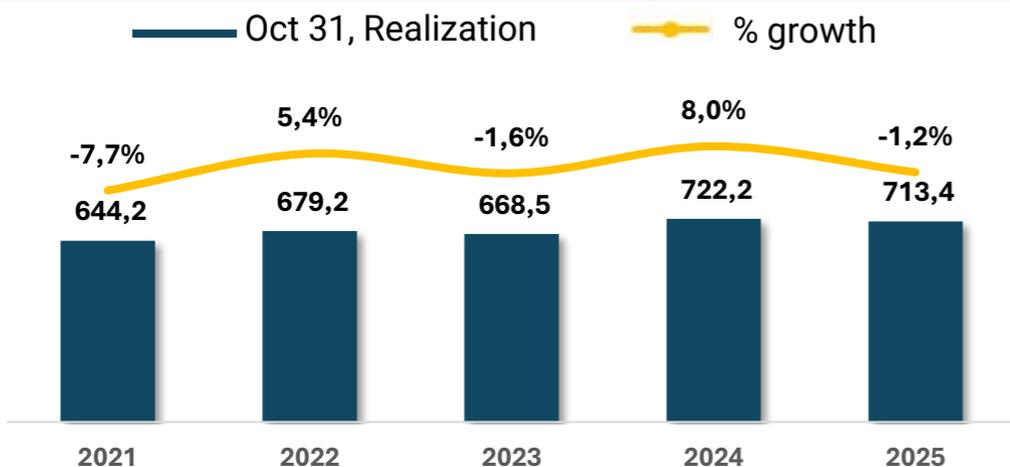
The KUR interest subsidy is paid by the State Budget (APBN) to the KUR-disbursing banks, enabling KUR borrowers to enjoy an interest rate of 6% per annum.



Transfers to Regions (TKD) Rp713.4 T

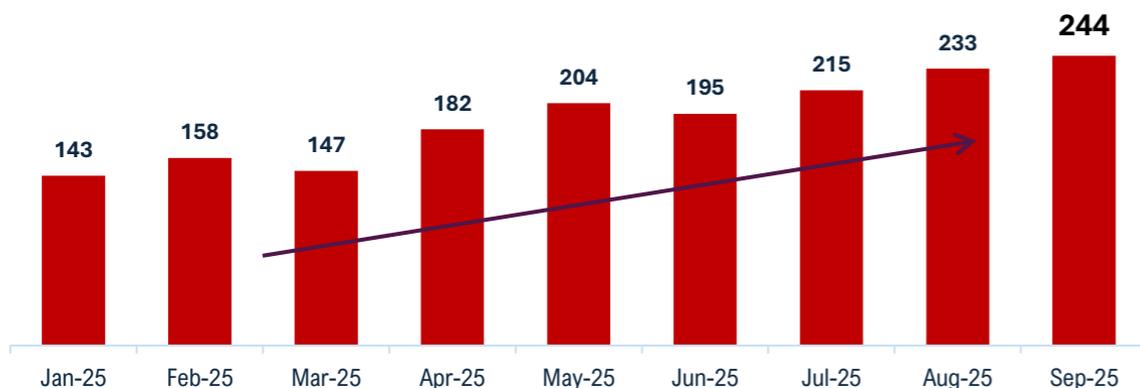
(82.1% of Post-Presidential Instruction Budget Ceiling)

Development of Regional Transfer Funds

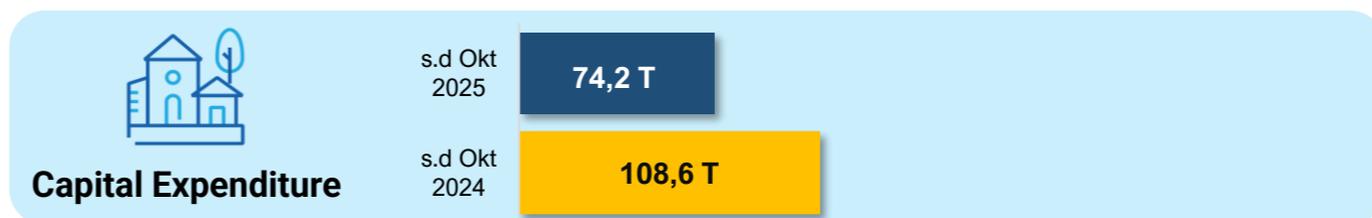
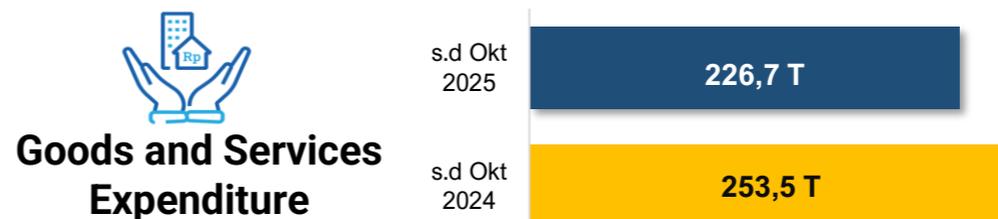
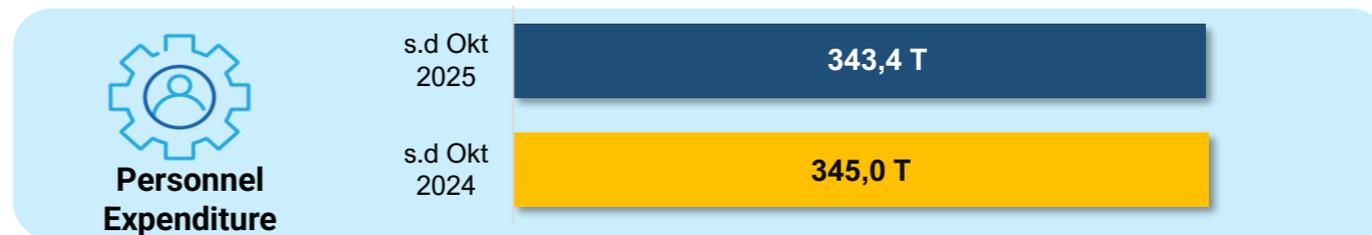


The realization of regional transfer funds (TKD) was higher compared to the same period last year, supported by improvements in distribution and fulfillment of disbursement requirements.

Regional Government Funds in Banks as of End-August 2025 Remain High (Rp Trillion)



- Regional Government Spending (APBD) contracted by 13.5% or decreased by Rp126.1 trillion (yoy) → Regional governments need to immediately accelerate spending realization.

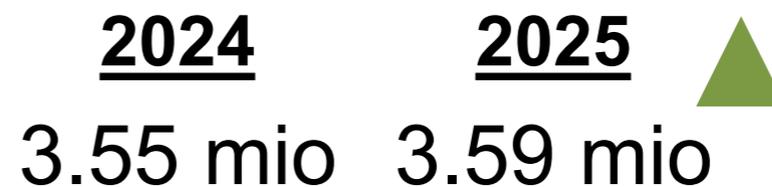




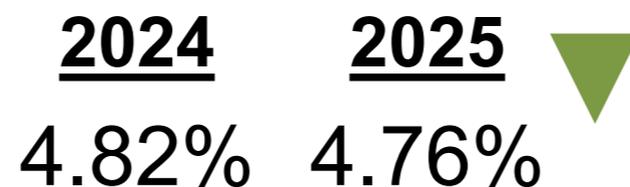
The State Budget, including Expenditure for Priority Programs, Aims to Enhance People's Welfare



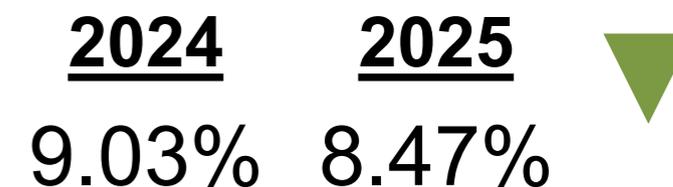
Additional Job Creation



Open Unemployment Rate



Poverty Rate



Sources: Statistics Indonesia, February data, processed

Sources: Statistics Indonesia, March data, processed



Strengthening Strategic Sectors For High Economic Growth

The government is committed to achieving 8% economic growth by 2029, while taking into account the dynamics of global risks



Share 2024		2023	2024	F 2025		F 2026	
	Consumption						
54%	HH Consumption	4.8	4.9	4.7	- 5.0	5.0	- 5.5
29%	Investment	3.8	4.6	4.5	- 4.7	5.0	- 5.9
22%	Export	1.3	6.5	5.4	- 6.4	6.5	- 6.8
							Sectoral
13%	Agriculture	1.3	0.7	5.6	- 5.9	5.9	- 6.5
19%	Manufacturing	4.6	4.4	4.3	- 4.6	4.7	- 5.3
13%	Trade	4.9	4.9	4.8	- 5.1	5.1	- 5.7
10%	Construction	4.9	7.0	4.4	- 4.7	5.2	- 5.4
	PDB	5.0	5.0	4.7	- 5.0	5.2	- 5.8

Growth Strategy 2026



Demand Side

- Keeping **purchasing power under control**
- **Strengthening the effectiveness of flagship programs**(lumbung pangan, sekolah rakyat, MBG, Koperasi Merah Putih, School Revitalization, Free Health Checkup, Defense and Housing).
- **Danantara Investment** is focused on encouraging investment in strategic sectors including high-value-added sectors
- **Exports are increased** through downstream activities and diversification of products and export markets



Supply Side

- **Strengthening the supply chain and downstreaming of the agricultural sector**(through the MBG program and the B40 Program)
- **Strengthening added value, linkages, and competitiveness**(e.g. Nickel, Copper and Bauxite Downstreaming, national electric car production, data center)
- **PSN projects, waste to energy, housing, revitalization and school construction**

Economic Growth Forecast Year 2026 **5.2% - 5.8%**





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**

Fulfilling functions:

- Allocation
- Stabilization
- Distribution

APBN as an *Enabler*:

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

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



Private Sector

**RESILIENT
SELF-RELIANT
PROSPEROUS
INDONESIA**

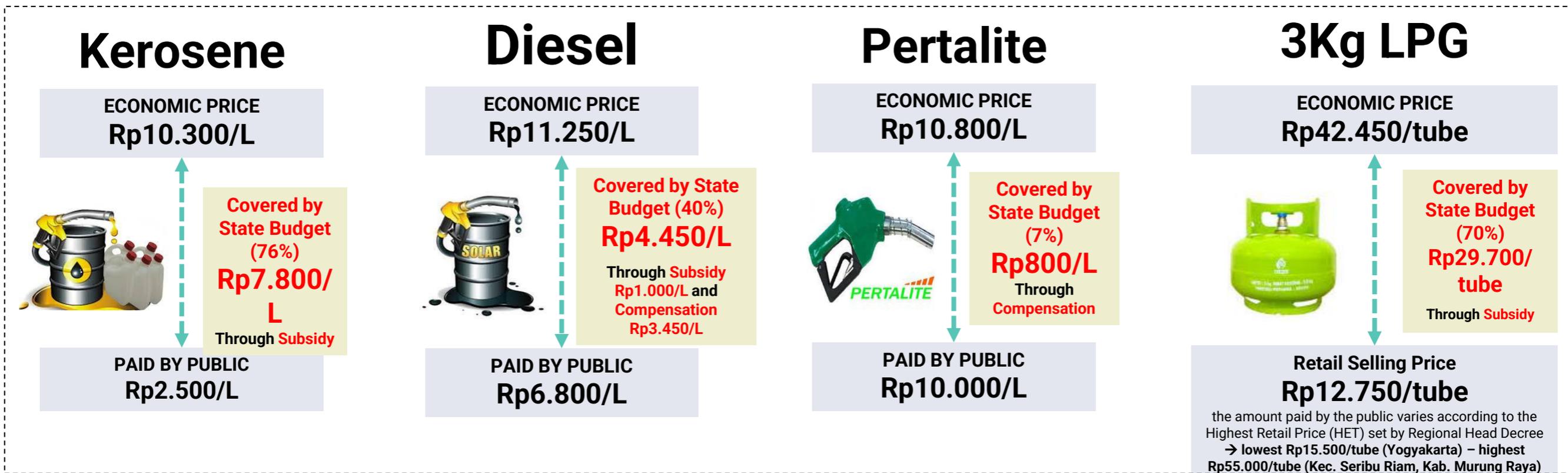


8 Economic Program Packages for the Second Half of 2025

No	Program/Activity	Beneficiaries	Benefit Amount	Estimated Budget	Follow-up Action
1	Internship Program for University Graduates (fresh graduates ≤1 year)	20.000 people	Allowance (equivalent to minimum wage – around Rp3.3 million/month) for 6 months	Rp198 Bn (for Oct-Des 2025)	<ul style="list-style-type: none"> • Reallocation of the Ministry of Manpower budget • Issuance of Technical Guidelines
2	Expansion of Article 21 DTP Income Tax: for workers in tourism-related sectors	552.000 workers	100% VAT borne by the government for 21 sectors for 3 months	Rp120 Bn	Revision of Minister of Finance Regulation (PMK) Number 10 of 2025 concerning Article 21 Income Tax on Certain Income Borne by the Government as Part of the 2025 Fiscal Year Economic Stimulus
3	Food Assistance	18.3 million households (beneficiaries)	10 kg of rice for 2 months (Oct-Nov)	Rp7 T	Bapanas submits a proposal for additional budget and prepares the Head of Bapanas Regulation.
4	JKK and JKM Contribution Assistance for Non-Wage Receiving Workers (PBPU), online transportation drivers/motorcycle taxi drivers, drivers, couriers, logistics	731.361 people	50% Discount on JKK-JKM Contributions for 6 Months JKK: Death Benefit 48x Wage, Disability Benefit 56x Wage, Scholarship of IDR 174 Million (for 2 children) JKM: Total Benefits IDR 42 Million.	Rp18,4 Bn (for Oct–Dec 2025, covered by BP Jamsostek)	Acceleration of Government Regulation enactment
5	Additional Service Benefit (MLT) Program for Housing by BPJS Employment	1,050 Unit	<ul style="list-style-type: none"> • Relaxation of Mortgage Interest Benefits (KPR/KPA/PUMP/PRP) BI Rate+3% (max). • Developer Loans rate+4% (max). • Relaxation of OJK Credit Information System (SLIK) Requirements. 	Rp150 Bn (Interest Differential) borne by BPJS Employment	<ul style="list-style-type: none"> • Acceleration of new unit realization through collaboration with distributing banks and housing developers. • Relaxation of participation and credit eligibility requirements.
6	Cash for Work Programs by the Ministry of Transportation and the Ministry of Public Works	609,465 people	Daily wages (projects from September to December 2025)	Rp3,5 T → Ministry of Public Works Rp1,8 T → Ministry of Transportation	Acceleration of absorption: expediting procurement, fund disbursement, and physical implementation of activities.
7	Acceleration of Deregulation under Government Regulation No. 28 (Integration of Ministry/Agency Systems & Digital Spatial Plans [RDTR] into OSS)	2025 → 50 regions	<ul style="list-style-type: none"> • Digital RDTR and Integration into the OSS System • IDR 3.5 billion per RDTR (IDR 3 billion Central Government, IDR 0.5 billion Local Government) 	2025: Rp175 Bn (Ministries/Agencies and Local Governments)	<ul style="list-style-type: none"> • Acceleration of the completion of derivative regulations (Ministerial Regulations) • Integration of Ministry/Agency systems into OSS under the Ministry of Investment
8	Urban Program: Improving settlement quality & providing spaces for the Gig Economy		<ul style="list-style-type: none"> • Initial Pilot: Jakarta Capital Region (DKI Jakarta) • Expansion: West Java, Central Java, East Java, Banten, Bali, Manado, Makassar, and Batam 	Rp2,7 T (Funded by Regional Budget [APBD]: DKI Jakarta contingency fund) & Ministry of Tourism and Creative Economy	<ul style="list-style-type: none"> • Acceleration of BSPS (Self-Help Housing Stimulus Program, Ministry of Public Works and Housing) and DKI Jakarta Regional Budget implementation. • Encouraging the utilization of KUR (People's Business Credit) and CSR (Corporate Social Responsibility).
TOTAL 2025 BUDGET				APBN:Rp12,79 T	Total: Rp15,66 T
				Non APBN:Rp2,87 T	



Subsidies and Compensations: Difference Between Economic Energy Prices and Government-Set Prices



Electricity



Subsidized
(e.g. Household (RT)
R1/450 & R1/900 VA

Non Subsidized
(compensation)
e.g. R1/900 RTM & R1/1300 VA

ECONOMIC PRICE

Average:
Rp1.783 per kWh

PAID BY PUBLIC

Subsidy: Rp415 – 605 per kWh

Compensation: Rp1.352 – 1.445 per kWh

COVERED BY STATE BUDGET

Rp1.178 – 1.368 per kWh (66 – 77 %)

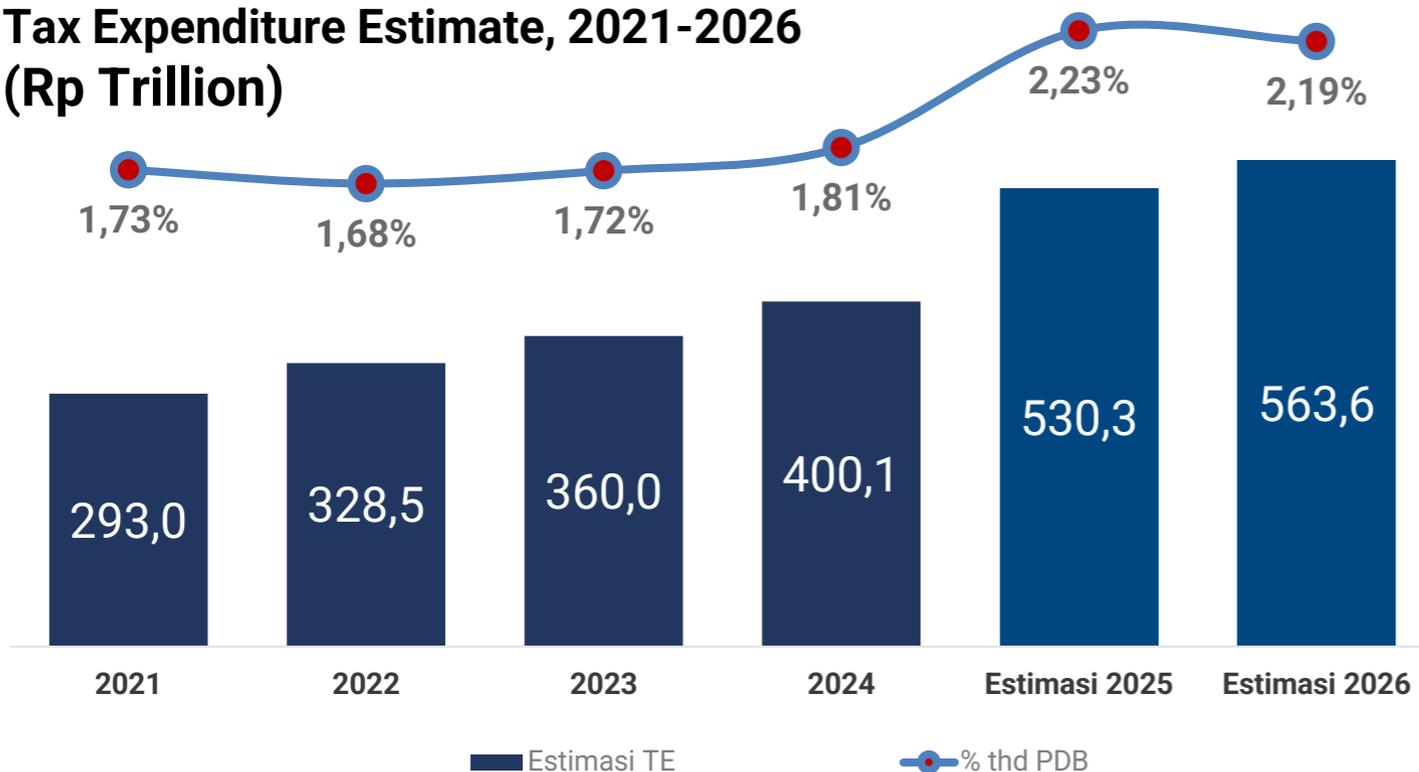
Rp338 – 431 per kWh (19 – 24 %)

Assumption : ICP US\$69, Exchange Rate Rp16.498/US\$

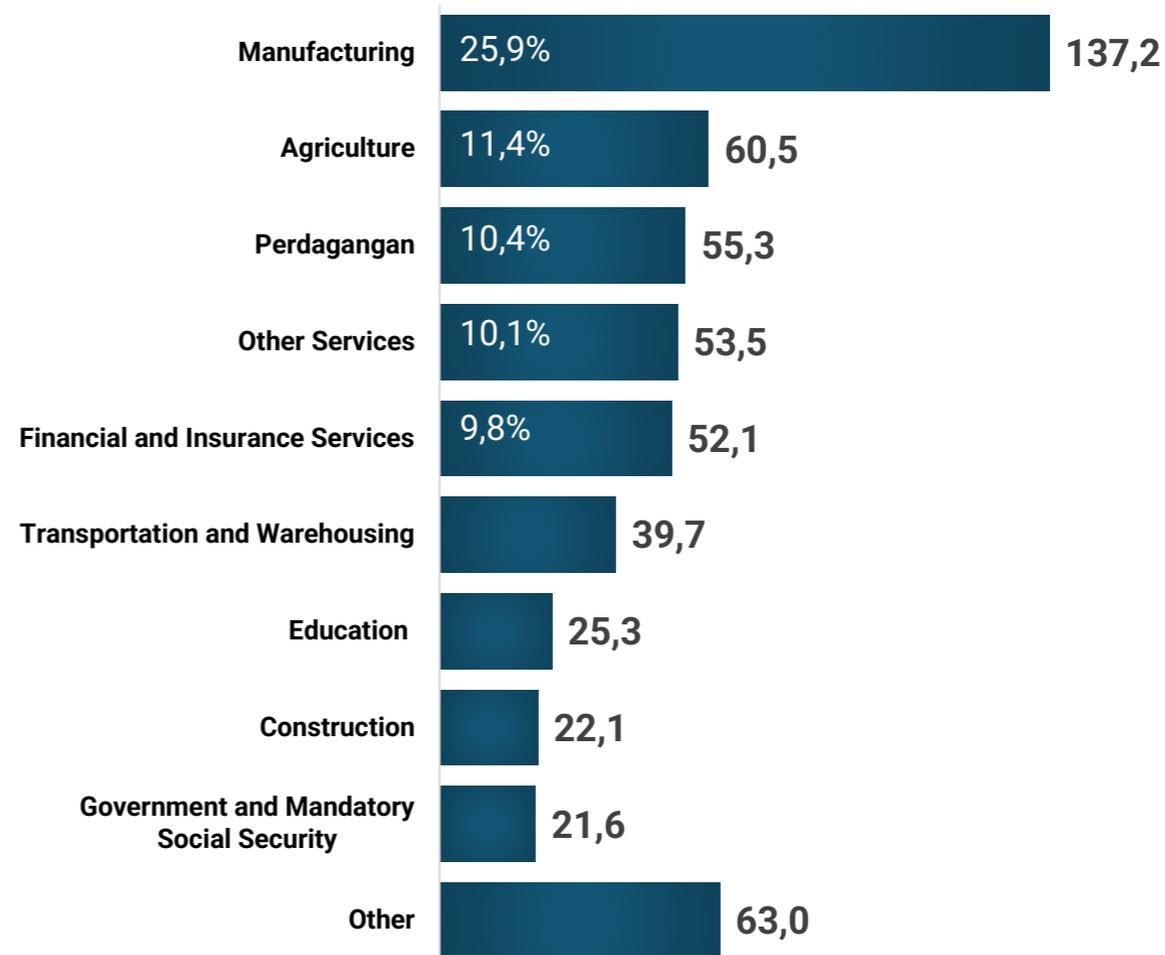


The government is providing tax incentives to support public purchasing power and the economy

Tax Expenditure Estimate, 2021-2026 (Rp Trillion)



Estimated Tax Expenditure by Sector, 2025 (Rp Trillion)



Tax Expenditure Estimate, 2025 (Rp Trillion)



- The increase in the tax expenditure estimate is in line with economic growth, as indicated by consistently rising production and consumption activities.
- Approximately 64.7% of the tax expenditure is in the form of VAT (IDR 343.3 Trillion), which is aimed at maintaining public purchasing power.
- Tax expenditure is primarily allocated to key sectors of the economy, such as manufacturing (25.9% of the total) and agriculture (11.4% of the total).



Various types of tax incentives are provided to support all economic sectors

The government continues to allocate tax expenditure to improve public welfare, support UMKM, and promote a conducive investment climate

Estimation of Tax Expenditure by Purpose, 2025

(Rp Trillion)

To support community welfare



VAT Exemptions apply to:

- Basic food goods;
- Educational, healthcare, and public transportation services;
- Financial and insurance services;
- Electricity for usage below 6,600 VA



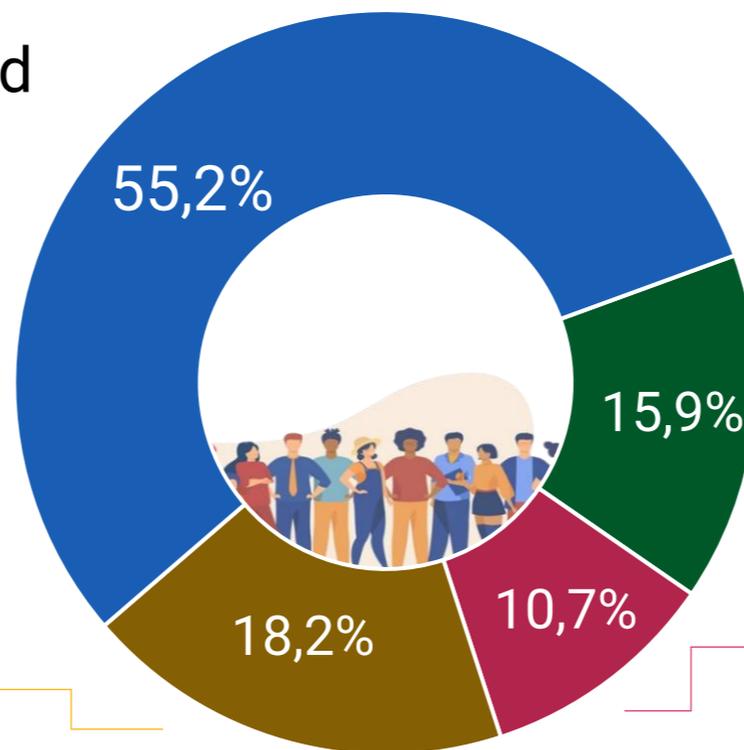
To develop and support UMKM



- Final VAT on UMKM
- Final Income Tax on UMKM
- 50% Income Tax Rate Reduction for Legal Entity

Household
292,7T

MSME
96,4 T



Investment
84,3 T

Business Sector
56,9 T



To support investment:

- Exemption from VAT, Import Tax, and Excise in Free Trade Zones
- 0% Import Tax on the Import of Certain Capital Goods, Machinery, and Materials
- Tax Holiday for Pioneer Industries
- Exemption from Import Tax and Excise on the Import of Capital Goods
- Sales Tax on Luxury Goods Incentive for LCGC



To Support Business Sector:

- Final Income Tax on the Transfer of Land and/or Building Rights
- Final Income Tax on Bond Interest Income
- Supply of Freight Forwarding Services
- Corporate Income Tax Rate Reduction for Publicly Listed Companies
- Accumulation of Reserve Funds Chargeable as Expense



The strategy of optimizing tax revenue while maintaining a conducive investment climate

CHALLENGES IN TAX OPTIMIZATION FOR 2026



Global Challenges: Geopolitical shifts and rising protectionism among nations, which trigger trade wars and the weakening of commodity prices.



The adaptation and effective implementation of international tax best practices in response to global changes.



The shift from a conventional economic structure to a digital economy, which has not been fully accommodated within the tax system.



The effectiveness and sustainability of tax reform and the improvement of tax administration

GENERAL TAX POLICY FOR 2026

Expanding the tax base through intensification and extensification to support strong fiscal capacity, economic growth, and social protection.

Strengthening the sustainability of tax reform and harmonizing international tax policies to boost revenue collection and the tax ratio.

Enhancing compliance through information technology-based oversight, strengthening synergies and joint programs, and law enforcement to support the improvement of the tax administration and system.

Managing the provision of tax incentives to be more targeted and measurable in order to accelerate investment and industrial downstreaming, which creates high added value.



2026 Tax Policy

Focus on Base Expansion, Compliance Enhancement, Incentives to Support Investment, and Administrative Improvement

1 Optimizing the expansion of the tax base through data- and risk-based intensification and extensification activities.

- Optimizing the use of Coretax for tax data management
- Utilizing Compliance Risk Management (CRM) for Taxpayer compliance oversight

2 Enhancing comprehensive, integrated, and sustainable Taxpayer compliance and optimizing the Ministry of Finance's joint program activities.

- Optimizing joint audit, joint analysis, joint investigation, joint collection, and joint intelligence activities to enhance synergy within the Ministry of Finance
- Formulating and implementing an effective Compliance Improvement Plan

3 Providing targeted and measurable tax incentives.

- Supporting an investment-friendly climate, enhancing community economic capacity, green economic development, and infrastructure development
- Supporting the provision of tax incentives that boost public purchasing power

4 Formulating fair and legally certain tax regulations to support the improvement of tax administration.

- Optimizing the formulation of implementing regulations for the Tax Regulation Harmonization Law
- Optimizing fair law enforcement activities through regulations that provide a deterrent effect



2026 Customs and Excise Policy

Sound Fiscal Management, An Effective Economy, and Optimal Revenue."

1 Sound and Sustainable Fiscal Management



- Enhancing Customs Facilities to attract investment, boost exports, and support downstreaming.
- Optimizing Special Area facilities to support regional growth.
- Increasing UMKM Product Exports through the optimization of export clinics and collaboration with various entities.
- Enhancing the effectiveness of international customs cooperation and economic diplomacy.

3 Optimal State Revenue



- Intensification of the CHT tariff policy based on 4 pillars (Consumption Control, State Revenue, Labor Sustainability, and Supervision of Illegal Cigarettes) with the CHT Revenue Sharing Fund (DBH CHT) as a policy buffer.
- Intensification of import duties on certain commodities.
- Extensification of Excise-Goods (BKC) through efforts to add new excisable objects.
- Expanding the base of export tax revenue.
- Strengthening customs valuation and developing an adaptive goods classification system.
- Strengthening the Ministry of Finance's collaborative (joint) programs.

2 Community Protection and Effective, Contr Economic Support



- Strengthening capacity and revitalizing maritime surveillance.
- Strengthening surveillance of borders, coasts, and main Seaports and Airports.
- Prevention and eradication of smuggling and the circulation of illegal Excise-Goods (BKC).
- Monitoring the trade of illegal prohibited and/or restricted goods.
- Prevention and eradication of the illicit trafficking of Narcotics, Psychotropics, and Precursors (NPP).
- Prevention and handling of transnational crime.
- Enhancing the effectiveness of law enforcement and customs and excise audits.

4 Organizational, Human Resource, and IT Management



- Strengthening a dynamic and adaptive organization.
- Enhancing the Management of Customs and Excise Business Processes.
- Fulfillment and Strengthening of Human Resources with integrity, competence, and a culture aligned with organizational needs and values.
- Enhancing the Core System and Smart Customs initiatives.

Improving the quality of communication, publication, and guidance to service users, as well as inter-institutional cooperation.



Challenges and Strategies for Optimising Non-tax Revenue (PNBP)



POLICY DIRECTION

1. Optimizing natural resource utilisation through policy refinement, improved management, and enhancing value added while maintaining environmental sustainability.
2. Enhancing governance and compliance by advancing service innovation, strengthening policy evaluation, improving PNBP oversight, and optimising the utilisation of state assets.
3. Strengthening institutional synergy across government agencies through expanded use of digitalisation and information technology.

STRATEGIES FOR OPTIMISING PNBP

1. Evaluating periodically on tariff policies
2. Expanding the implementation of SIMBARA (Mineral and Coal Information System) to other commodities
3. Strengthening supervision of PNBP through the implementation of the Joint Program for optimising State Revenue
4. Implementing the digitalisation & simplification of the PNBP service system through an integrated system
5. Developing the analytical data and risk profiles for Business Actors & Working Units
6. Expanding the implementation of the Automatic Blocking System (ABS)



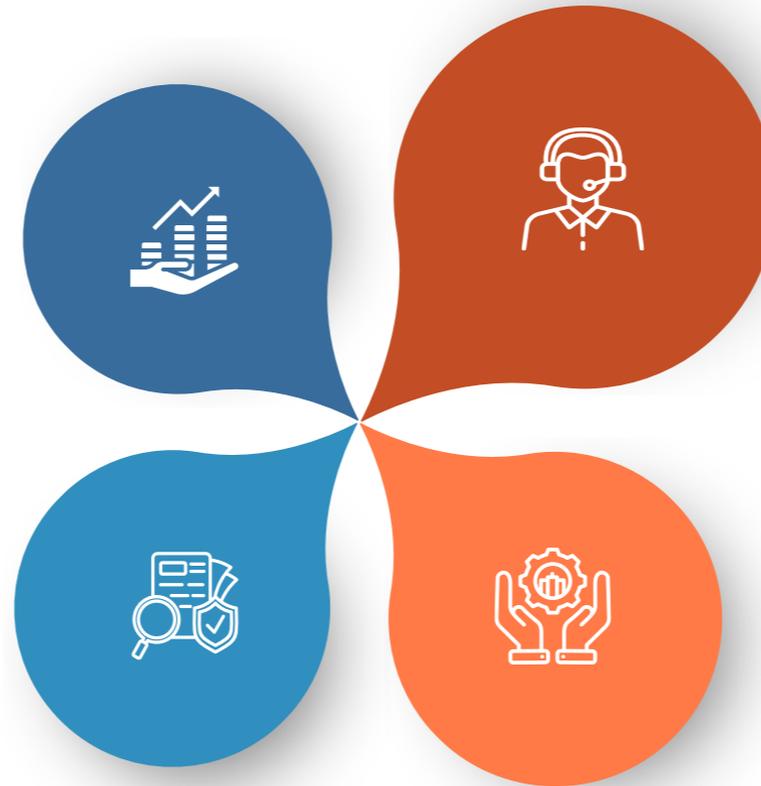
Conceptual Framework In Managing Non-tax State Revenue

OPTIMIZING NON-TAX REVENUE

Strategies in optimizing revenue including optimization of natural resources and state assets, to strengthen fiscal resilience

SUPPORTING GOVERNMENT POLICIES

Supporting increased economic growth, including downstream policies, fulfilling domestic needs (DMO) and environmental preservation.



IMPROVING PUBLIC SERVICES

Encourage innovation and digitalisation of services to support quality, accessible, and affordable public services.

EXPANDING GOOD GOVERNANCE

Promote legal certainty, transparency and accountability.



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 2nd half year Stimulus.**

