



Ministry of Finance  
Republic of Indonesia

# RECENT ECONOMIC DEVELOPMENT

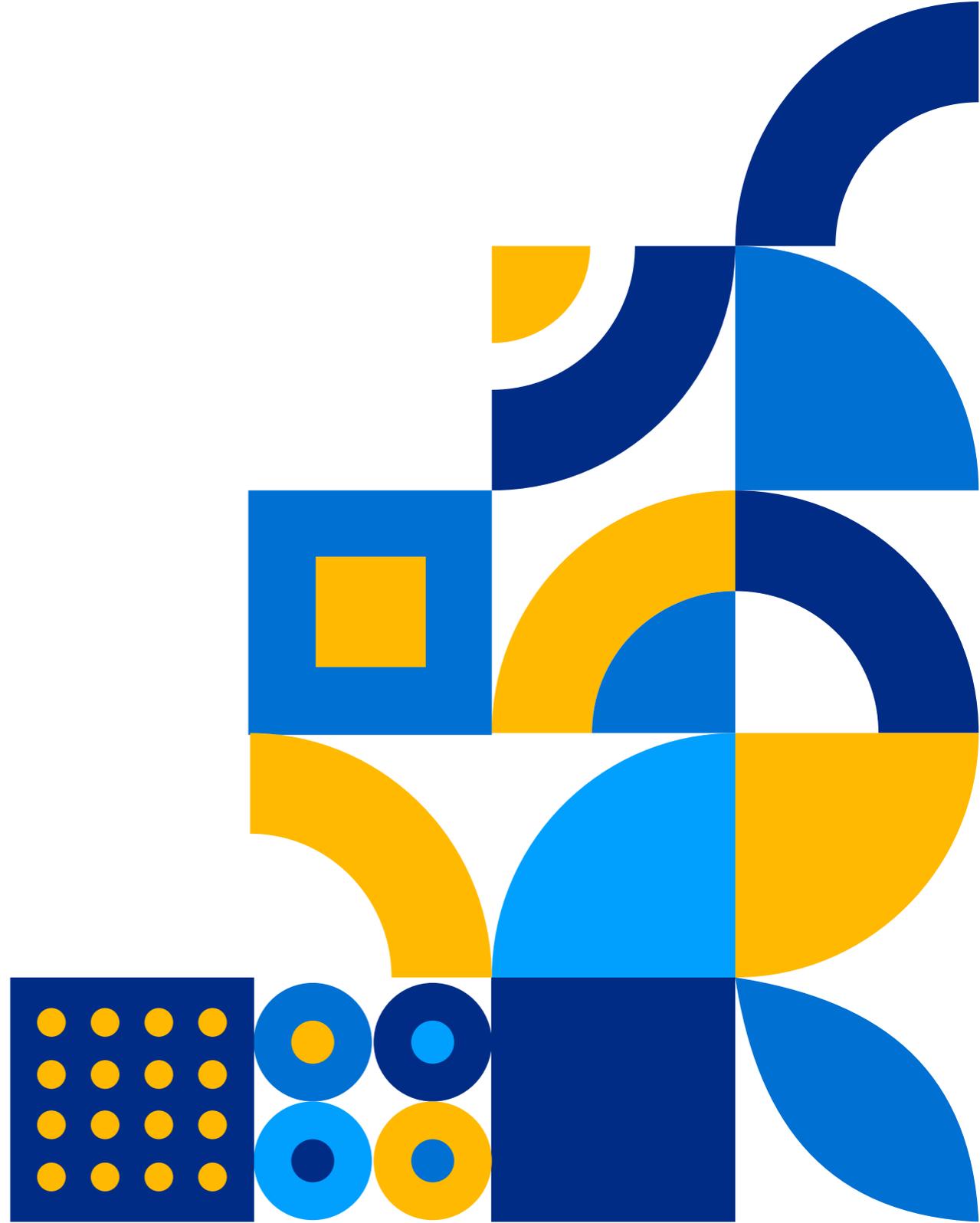
December 2025

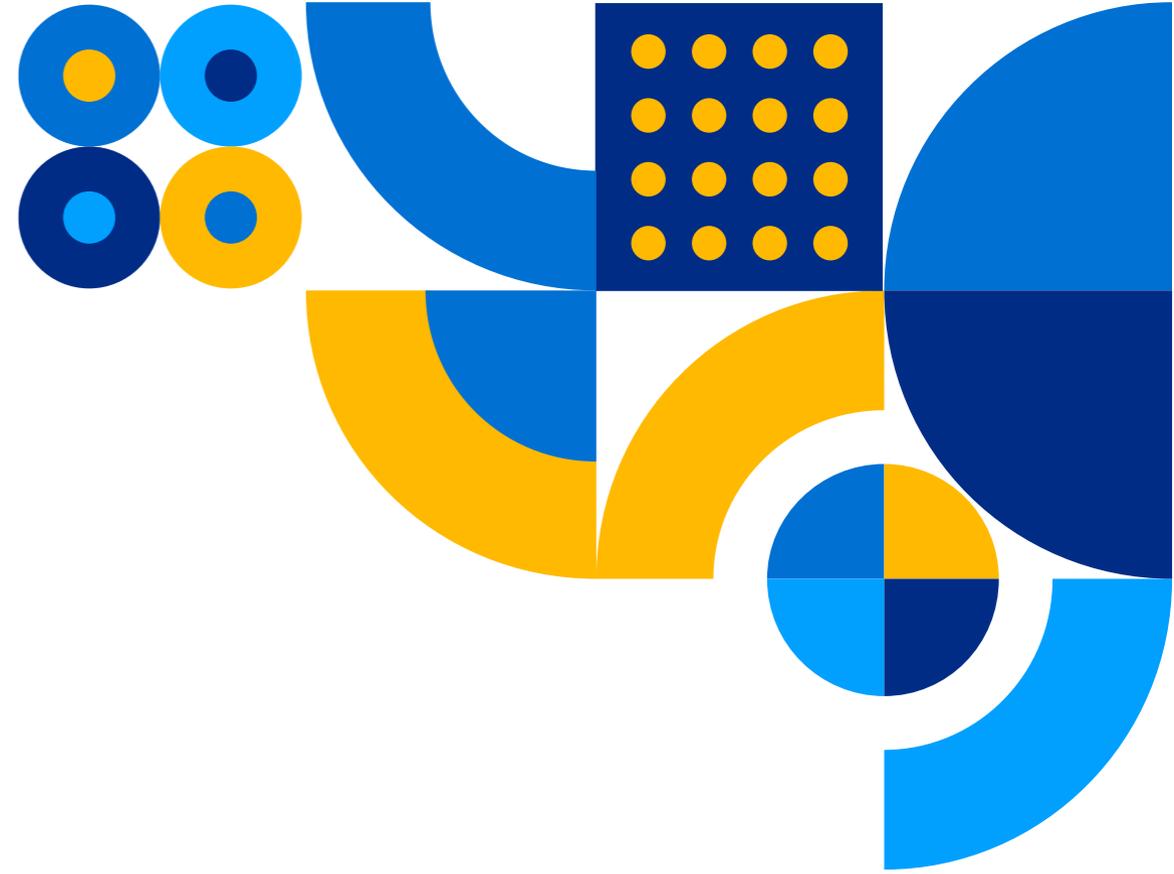


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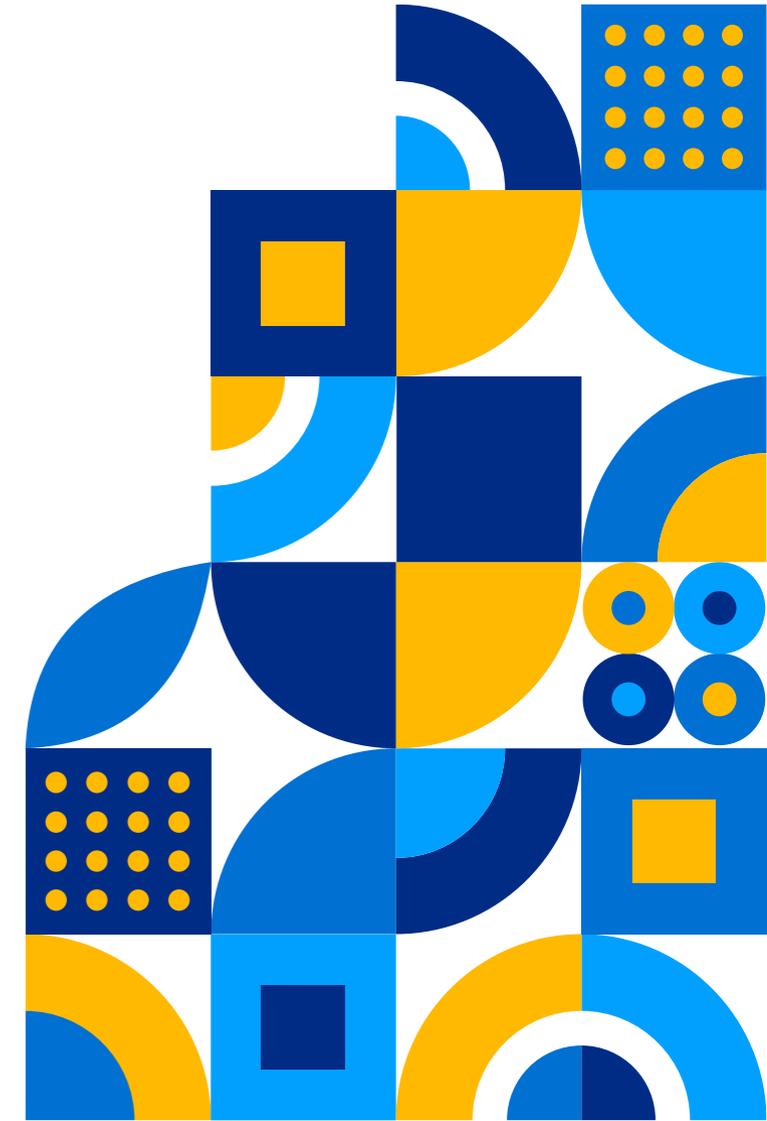


# Overview

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



# 1 Macroeconomic Update





# GLOBAL ECONOMIC OUTLOOK REMAINS RESILIENT AMID TRADE TENSIONS AND MONETARY POLICY DIVERGENCE



## Fed lowers interest rates but future cuts uncertain

Reuters

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## Bank of Japan raises rates to 30-year high, signals more hikes

**Bloomberg**

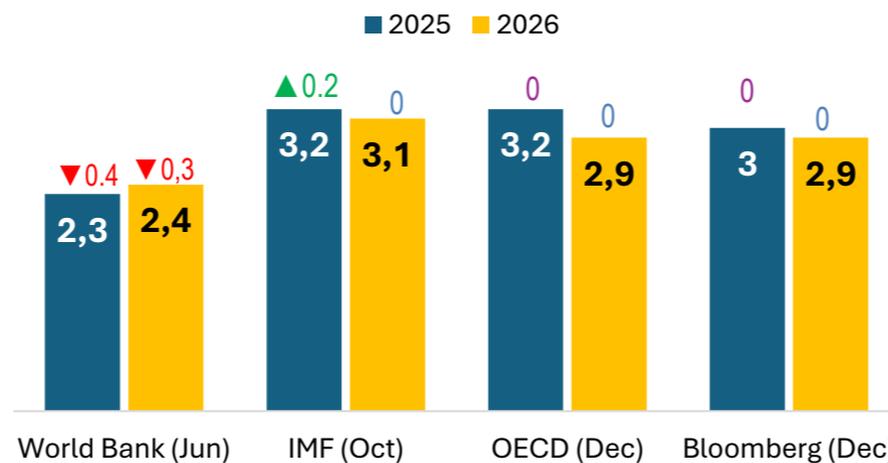
## China's Weakest Retail Sales Outside Covid Add to Economic Risks



## US and China agree one-year trade truce after Donald Trump-Xi Jinping talks

Leaders agree to postpone export restrictions on rare earths and semiconductors after South Korea summit

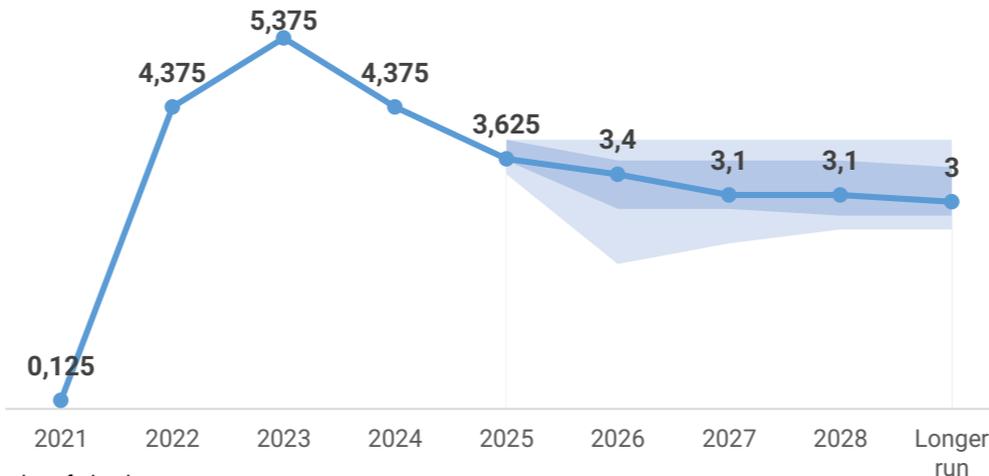
## Global Growth Is Projected to Remain Resilient



Source: WB, IMF, OECD, Bloomberg

## Fed Funds Rate (FFR) cuts are projected to continue

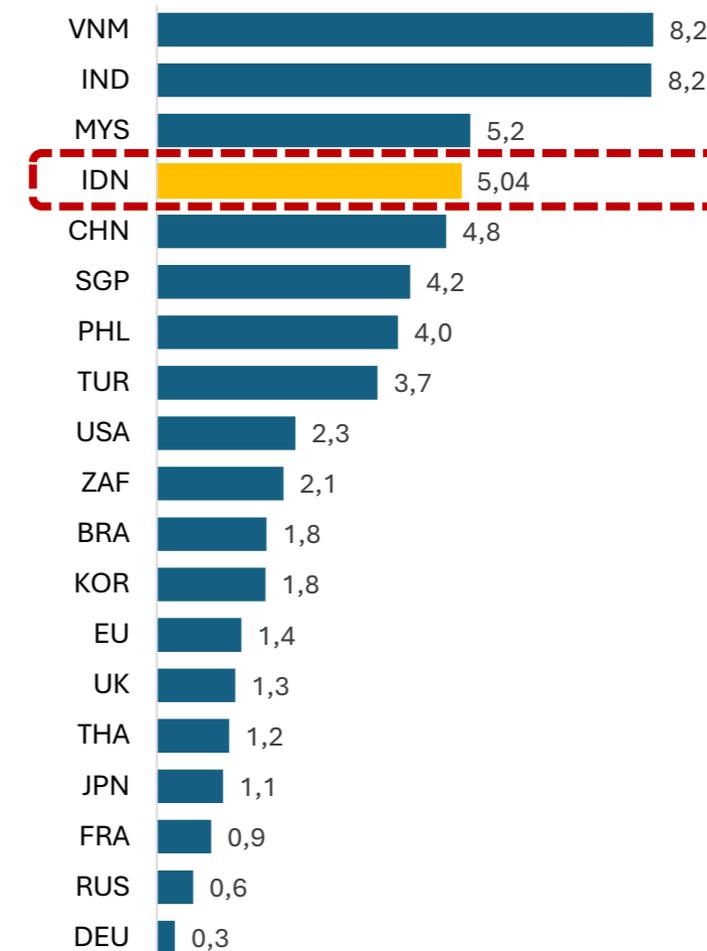
(%, upperbound)



Sumber: federalreserve.gov

## GDP Growth for Several Countries, Q3 2025

(%, yoy)

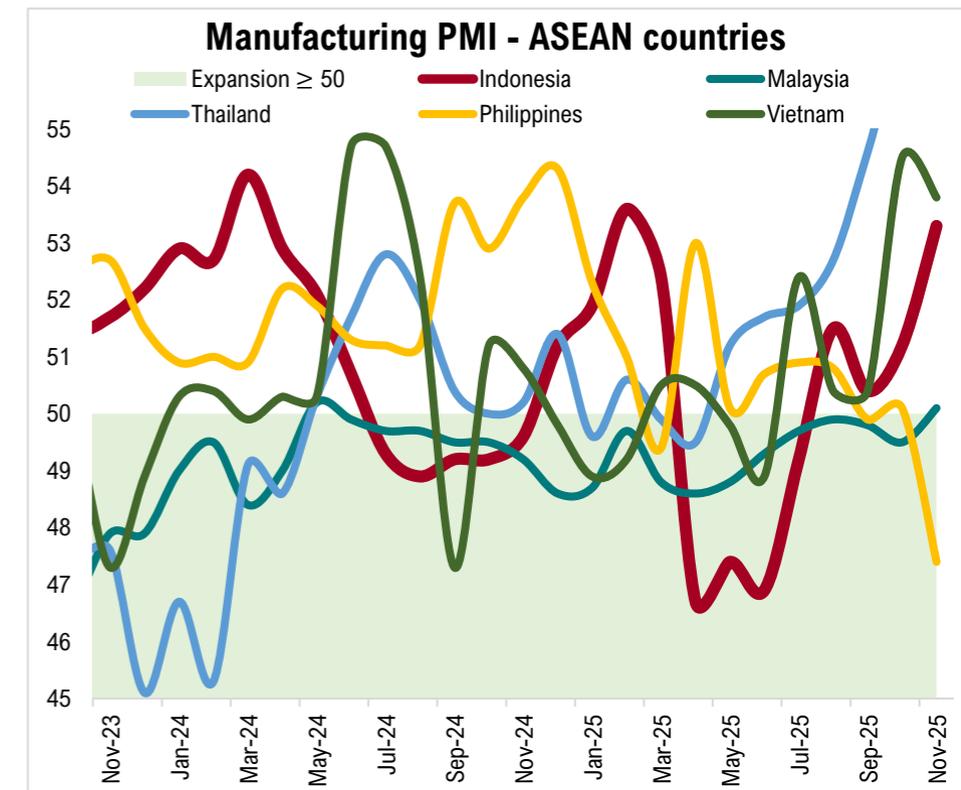
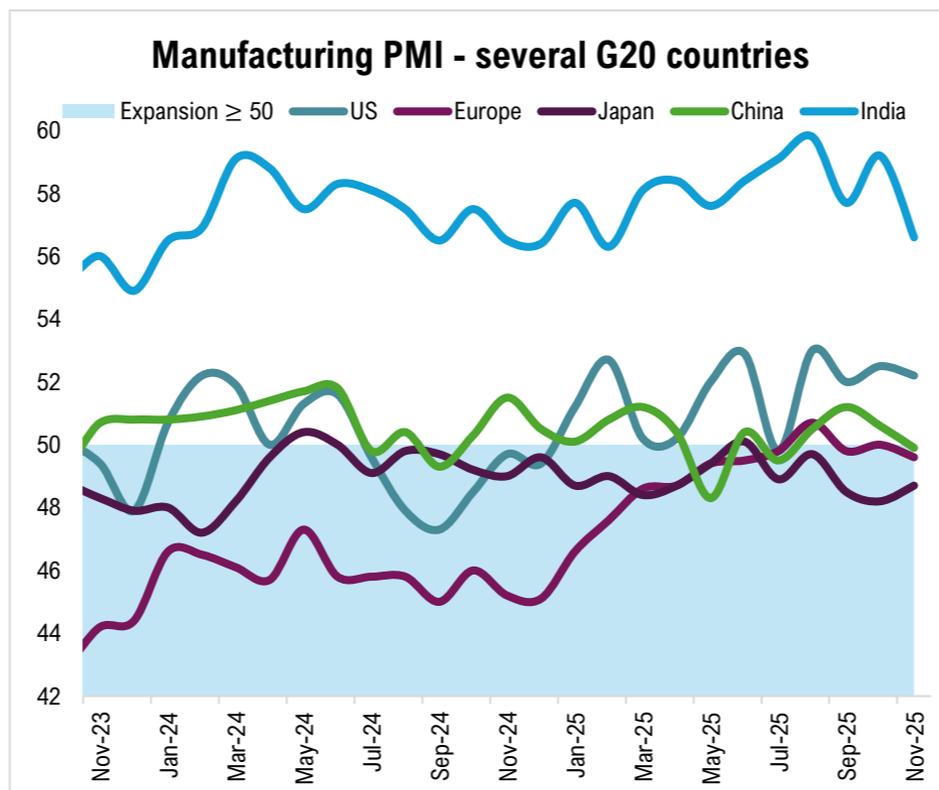
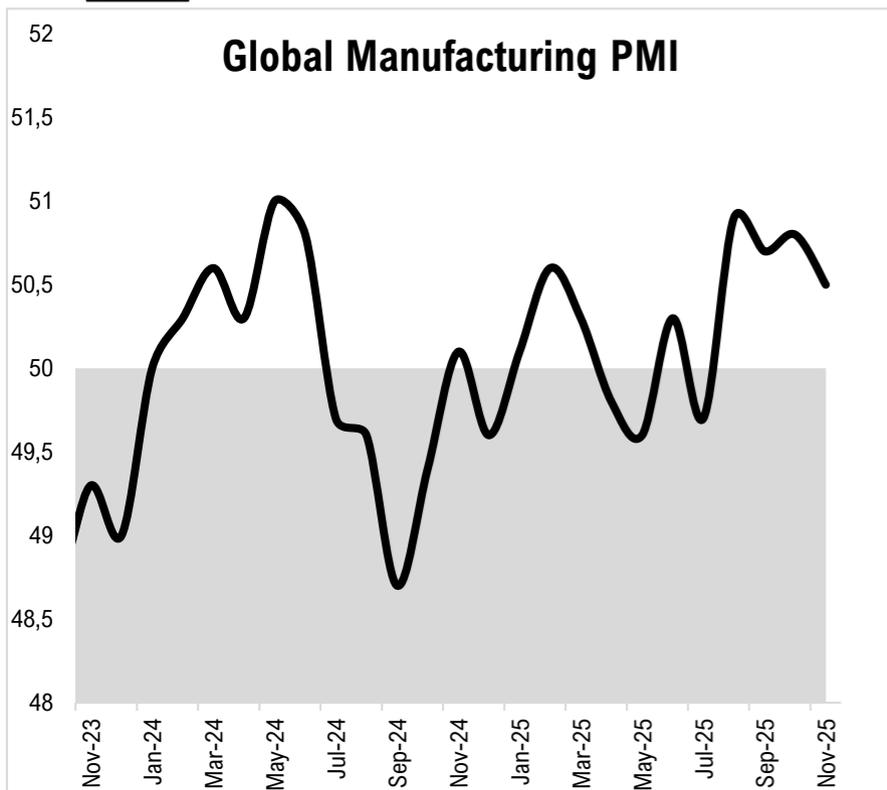


Source: Bloomberg

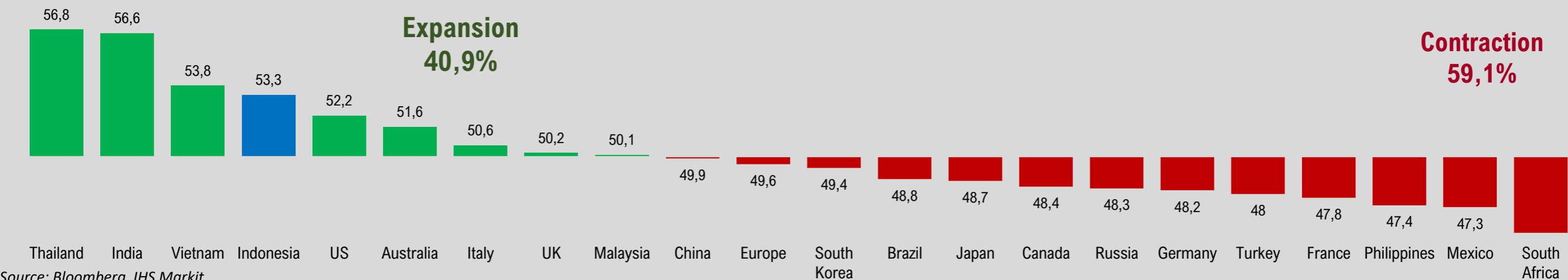


# GLOBAL MANUFACTURING ACTIVITY STILL EXPANSIVE IN NOVEMBER

Output and new orders continued to strengthen. US and Asian countries continued to show the best performance. China and Europe weakened again.



Indonesia's manufacturing activity is one of the strongest among the G20 and ASEAN-6 countries.



Source: Bloomberg, IHS Markit



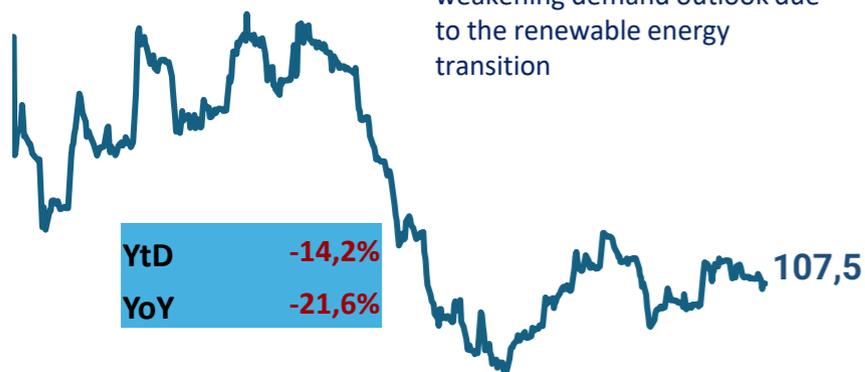
# COMMODITY PRICES ARE STILL VOLATILE

Compared to 2024, the prices of coal, Brent oil, and nickel have decreased, while CPO and copper recorded significant increases

## Energy

### Coal (USD/Ton)

Coal prices stabilized amid weakening demand outlook due to the renewable energy transition



### Brent (USD/Barrel)

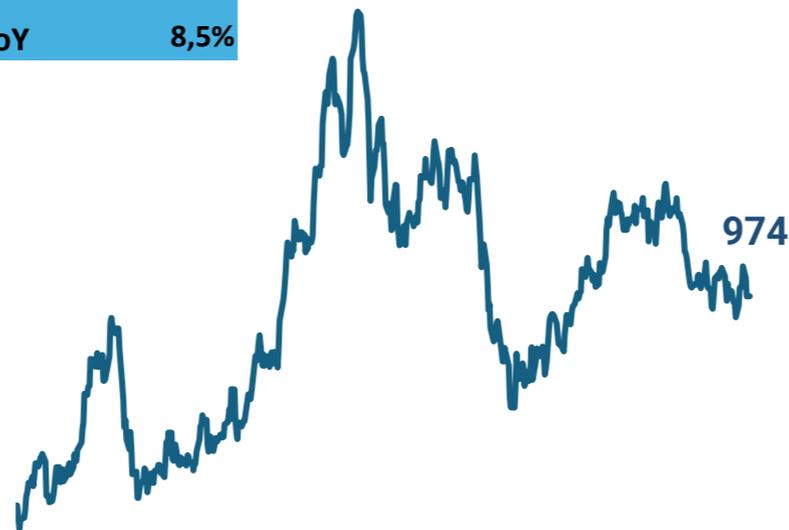
Amid geopolitical risks, oil prices continue to decline due to a supply surplus



## Agriculture

### CPO (USD/Ton)

YtD -11,4%  
YoY 8,5%



CPO prices recover as substitute vegetable oil prices and demand strengthen

## Metal

### Nickel (USD/Ton)

YtD 8,6%  
YoY -9,9%



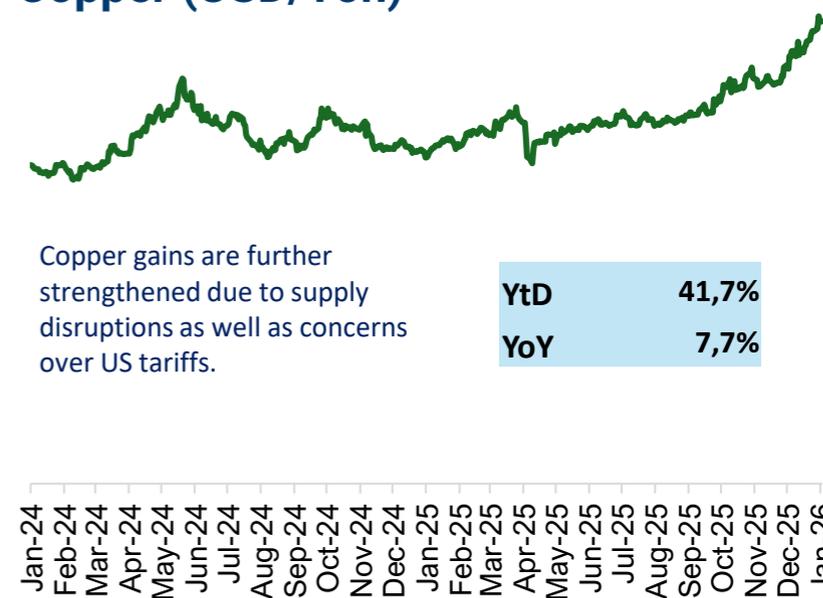
Nickel prices have rebounded since mid-December in response to the issue of export restrictions

### Copper (USD/Ton)

12.423

Copper gains are further strengthened due to supply disruptions as well as concerns over US tariffs.

YtD 41,7%  
YoY 7,7%



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 Dec-25 Jan-26

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 Dec-25 Jan-26

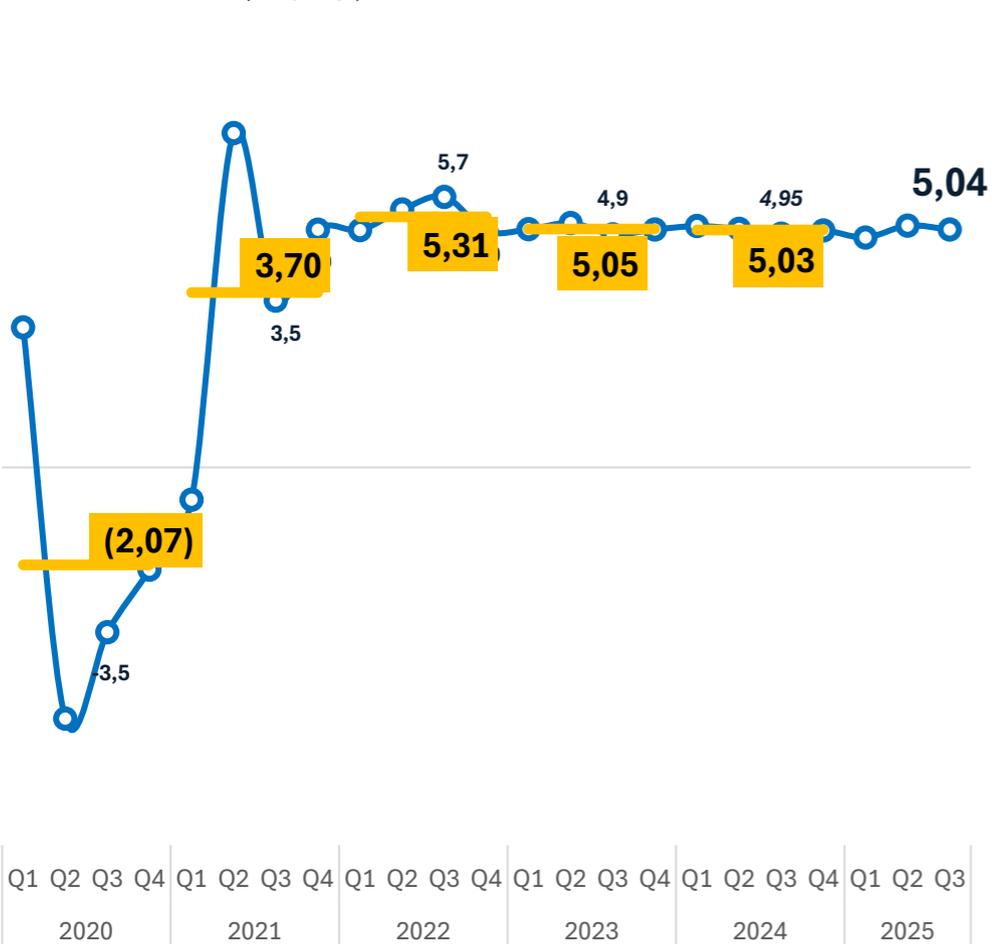
Jan-24 Feb-24 Mar-24 Apr-24 May-24 Jun-24 Jul-24 Aug-24 Sep-24 Oct-24 Nov-24 Dec-24 Jan-25 Feb-25 Mar-25 Apr-25 May-25 Jun-25 Jul-25 Aug-25 Sep-25 Oct-25 Nov-25 Dec-25 Jan-26



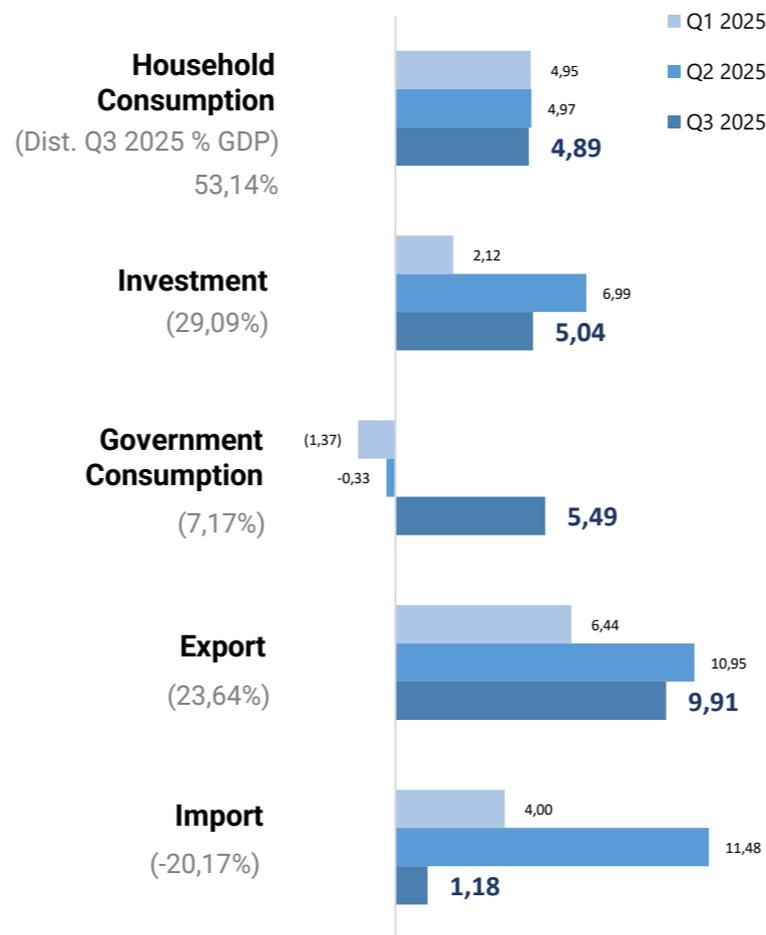
# Indonesia's Economy Grows 5.04% In The Third Quarter Of 2025

Household consumption remains strong, investment and export activity grow strongly

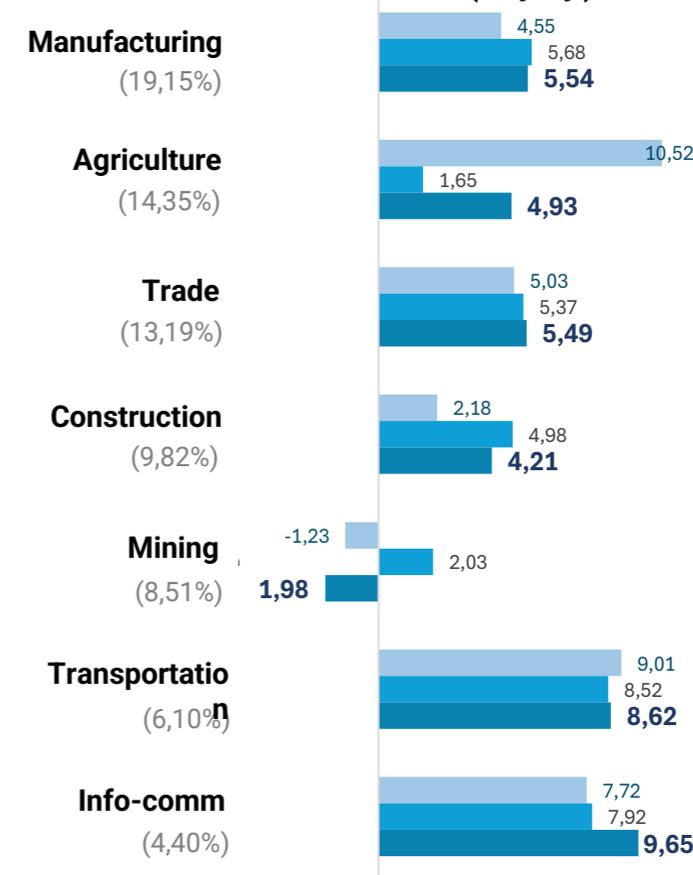
### GDP Growth(% ,yoy)



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



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



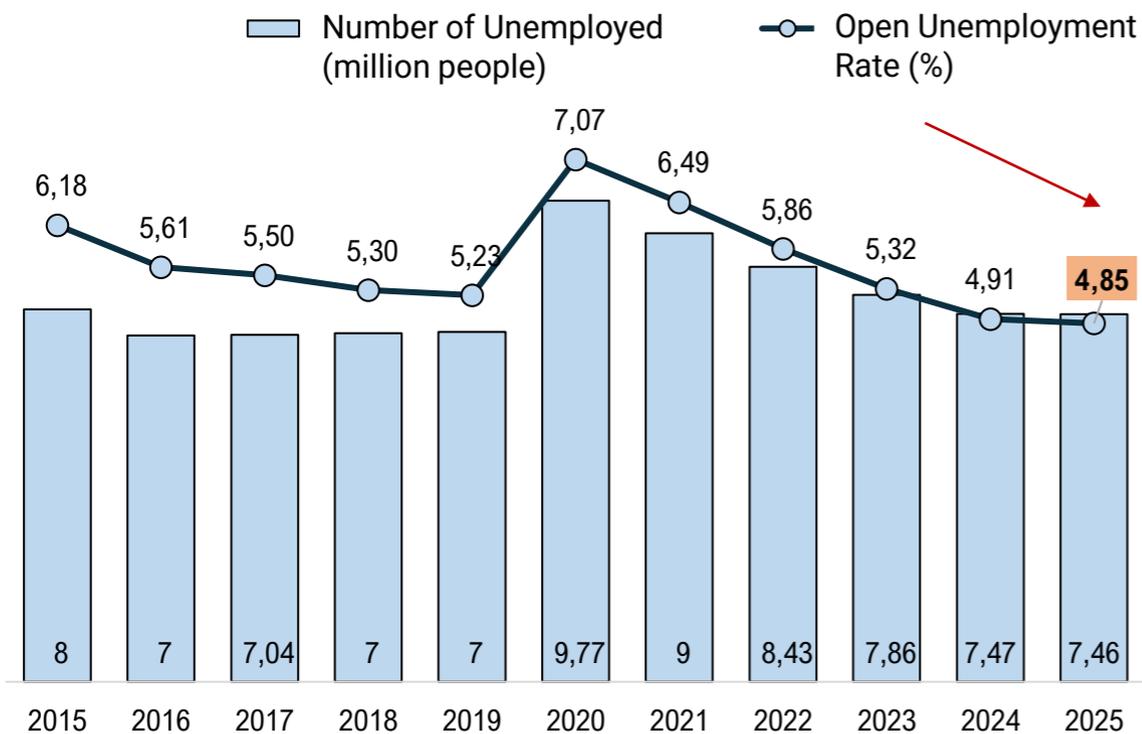
Source: Statistics Indonesia, processed



# Economic Growth Remains Stable, Unemployment And Poverty Continue To Improve

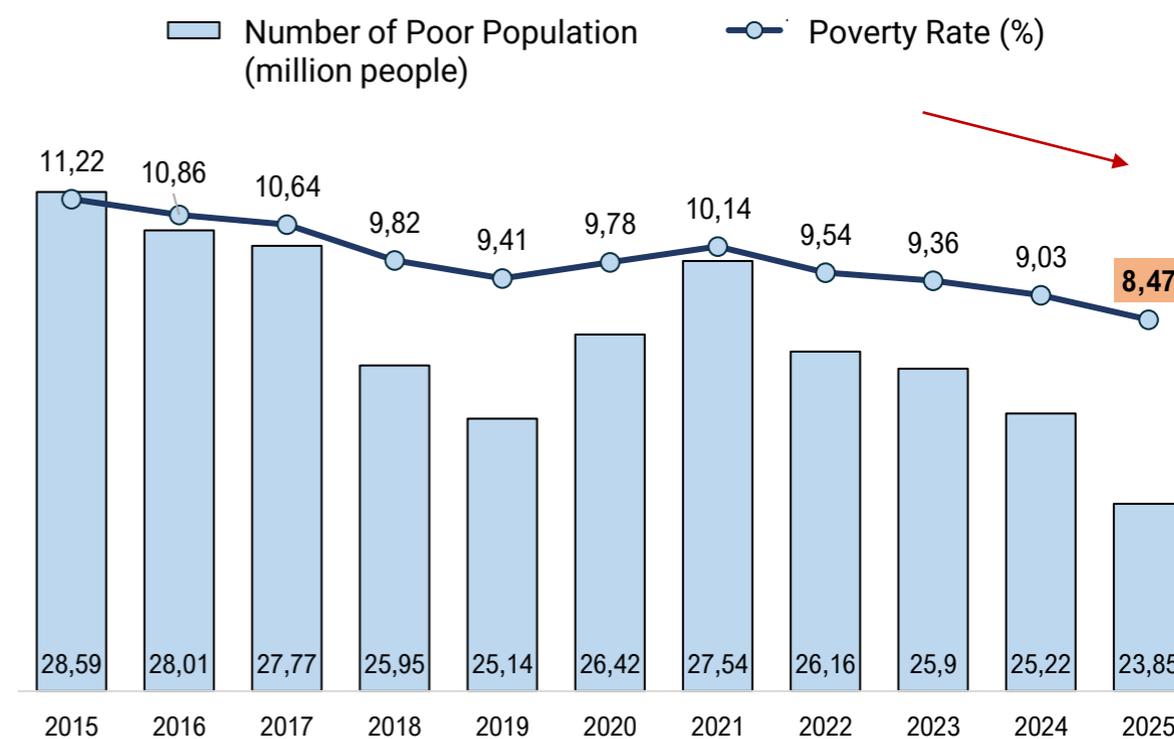
- The number of workers increased by 1.9 million people to 146.54 million people, resulting in a decrease in the number of unemployed by 4,092 people compared to August 2024.
- Strengthening economic activity and various Social Protection Programs have driven a decrease in the poverty rate from 9.03%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

## Open Unemployment Rate



Source: Statistics Indonesia, August data, processed

## Poverty Rate



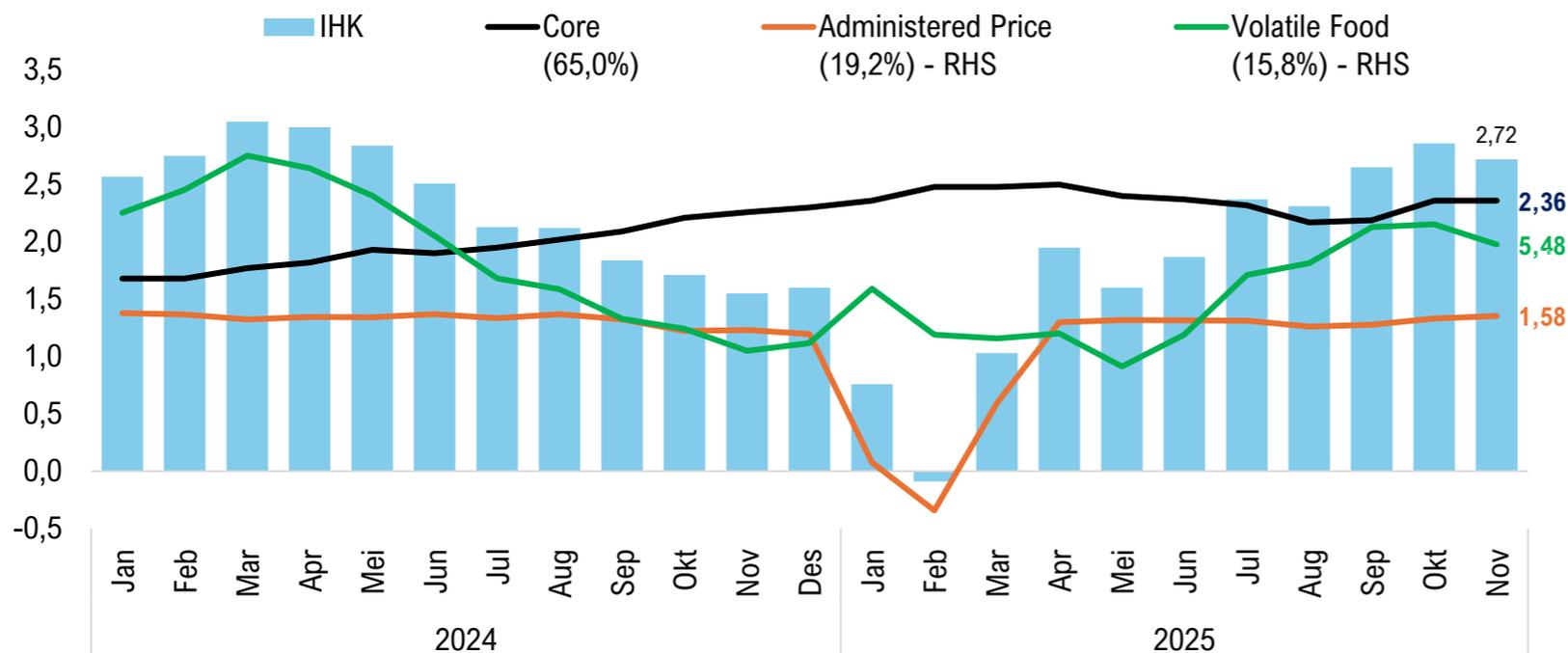
Source: Statistics Indonesia, March data, processed





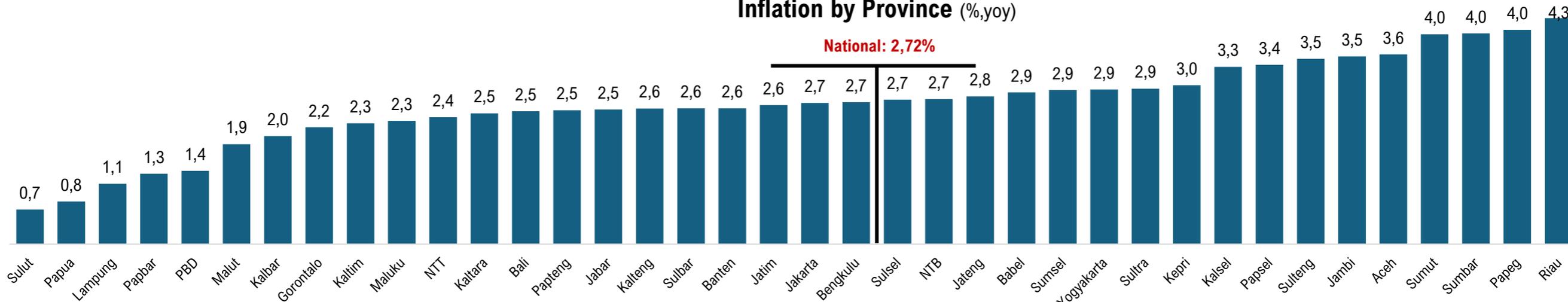
# NOVEMBER INFLATION EASES, HOUSEHOLD PURCHASING POWER REMAINS RESILIENT

Inflation stability within the target range continues to support the strength of household purchasing power.



- **Volatile food inflation** is well contained through market operations, strengthened stock availability, food reserves, and price interventions, particularly ahead of the Christmas and New Year holiday period (Nataru).
- **Core inflation** remains influenced by rising gold prices.
- **Administered price inflation** increased due to higher air transportation fares and may continue into December in line with increased mobility during the Nataru period.

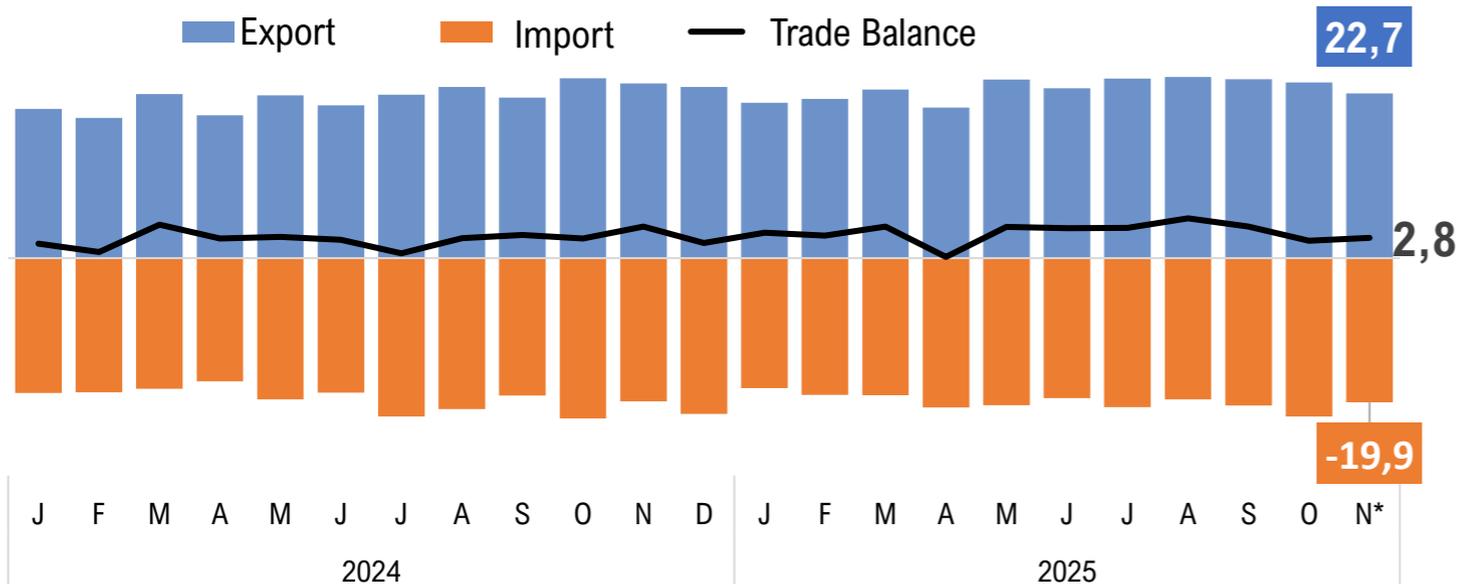
## Inflation by Province (%yoy)





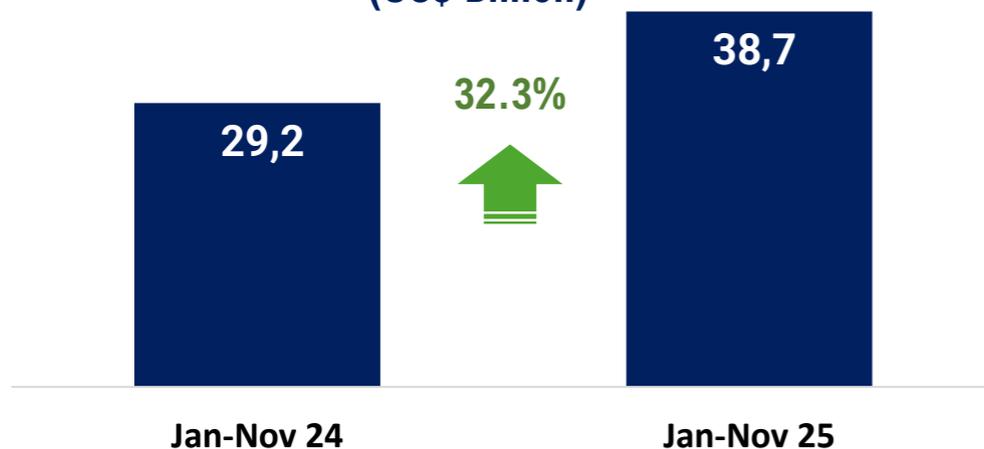
# Trade Surplus Continues, But Front-Loading Effect Begins to Ease

### Indonesia Trade Balance, Monthly (US\$ Billion)



- The trade balance maintained a monthly and cumulative surplus.
- Export growth in January – November 2025 was supported by:
  - Base metals (19.4% yoy),
  - Palm cooking oil (21.9% yoy),
  - Basic organic chemicals (47.9% yoy), and
  - Semiconductors (99.2%).
- Imports in January – November 2025 were supported by imports of capital goods, such as machinery and equipment, communication equipment, and computers.

### Trade Balance, Cumulative (US\$ Billion)



**Export**  
(Jan – Nov 2025)

USD256,7 billion  
(5,7% yoy)

**Import**  
(Jan – Nov 2025)

USD218,1 billion  
(2.1% yoy)



# 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**

**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**



## MSMEs

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



## 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. **0.8 T**



# 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 Nov 30: **IDR25.3 T**  
for **28.1 million KPM**

\*KPM: Beneficiary Families

**Construction of Bulog Warehouses IDR5 T**

**Replanting of 6 commodities (Ministry of Agriculture)**  
**IDR 2,7T budget**  
**Real as of 17 Dec: IDR1.0 T for 56,6 th ha**



**Fresh Graduate Internship Program**  
**Positions provided for 100,000 interns. Budget: IDR455.6 B.**  
**Realization:**  
Batch 1: **13.552** people  
Batch 2: **59.512** people  
Batch 3: **24.908** people  
Total **97.972** people

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

**Realization as of 16 Dec: IDR64.5 bil.**

### 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, batch 3: 4,2jt)
- 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)

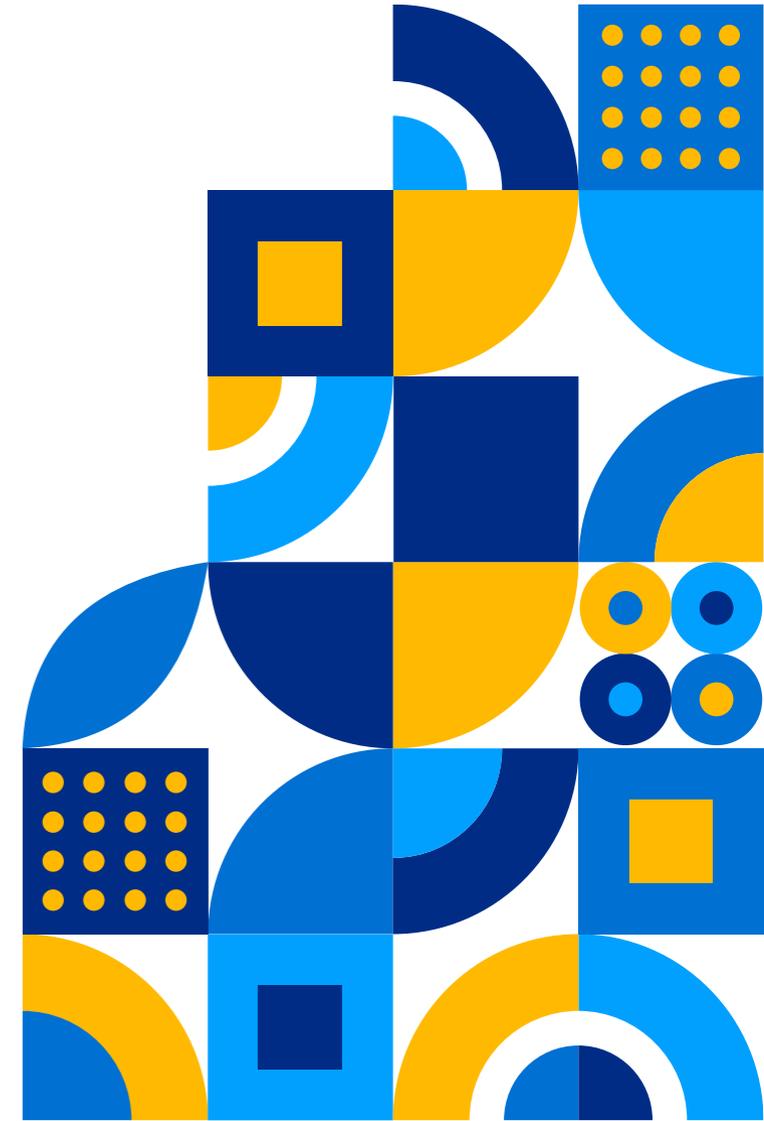
## 5 Labor Absorption Program

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**





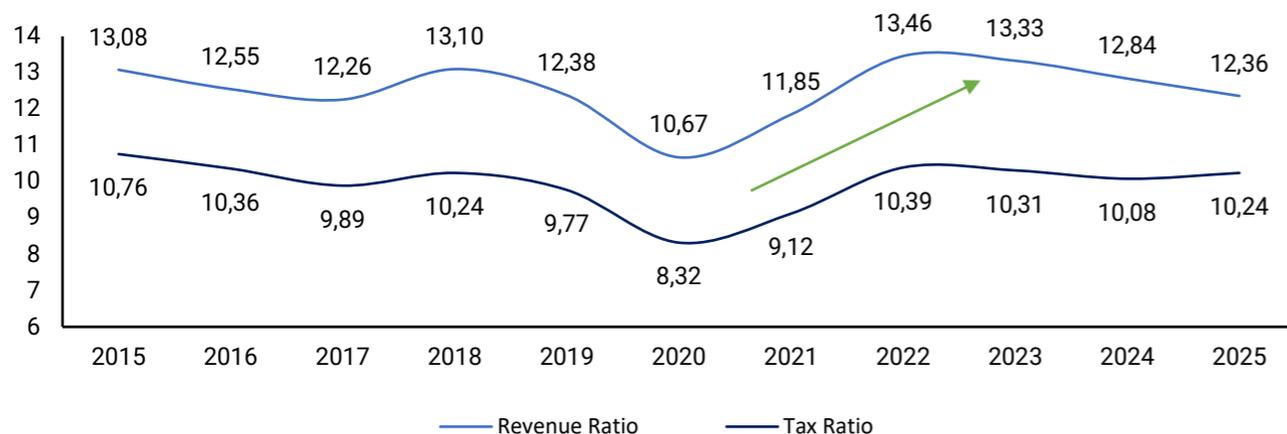
# 2 2025 Fiscal Update



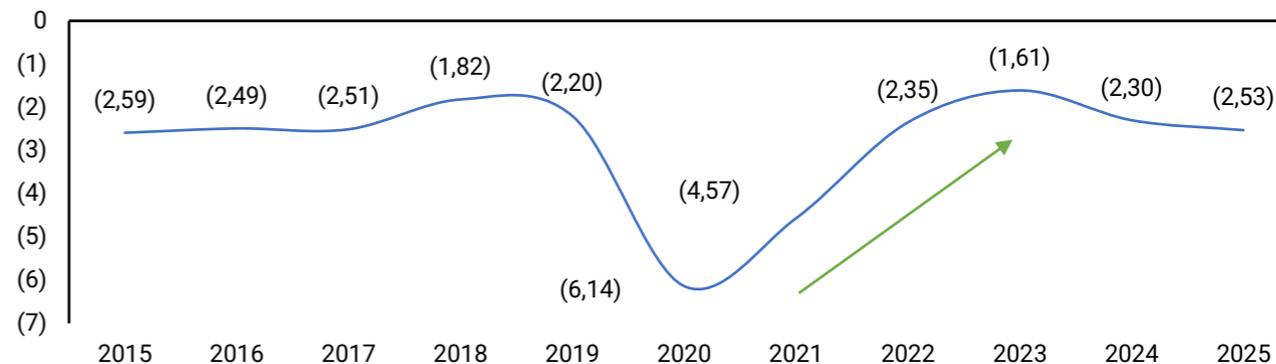


# The state budget is well-maintained to become a credible instrument in the long term

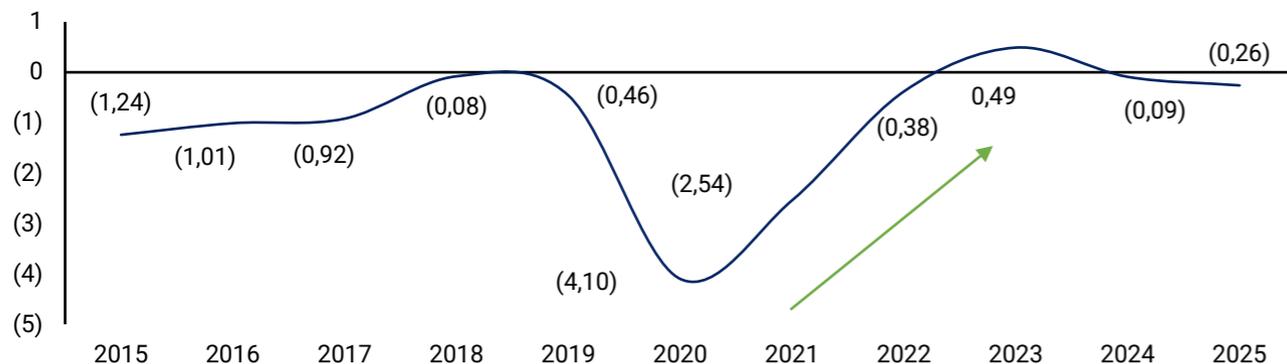
## The revenue ratio must continue to be improved (% GDP)



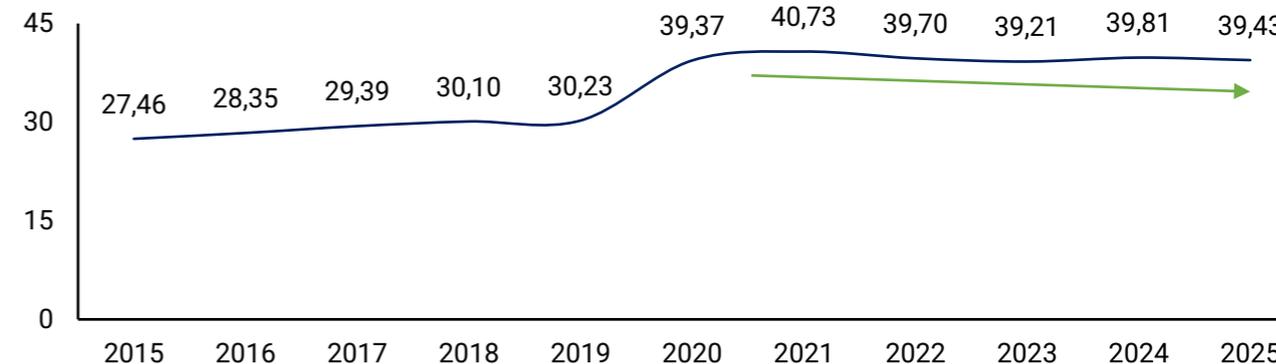
## A controlled deficit (% GDP)



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

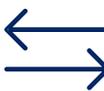


## Debt ratio is under control (% GDP)





# 2025 Macroeconomic Basic Assumptions

	2024		2025	
	Budget	Realization	Budget	Realization
 <b>Economic Growth</b> (%, yoy)	5.2	2024: 5.03%	5.2	5.04 <sup>1)</sup>
 <b>Inflation</b> (%, yoy)	2.8	1.57 (yoy)	2.5	2.72 <sup>2)</sup> (yoy) 0.17 <sup>2)</sup> (mtm)
 <b>Exchange Rate</b> (IDR/USD average)	15.000	16,162 (eop) 15,847 (ytd)	16.000	16,790 <sup>3)</sup> (eop) 16,471 <sup>3)</sup> (ytd)
 <b>10 Y T-Bonds Rate</b> (%, average)	6.7	7.0 (eop) 6.8 (ytd)	7.0	6.12 <sup>4)</sup> (eop) 6.71 <sup>4)</sup> (ytd)
 <b>ICP Indonesian</b> (USD/barel, average)	82	71.6 (eop) 78.1 (ytd)	82	62.83 <sup>2)</sup> (eop) 67.95 <sup>2)</sup> (ytd)
 <b>Oil Lifting*</b> (tbpd)	635	579.7	605	599.3 <sup>2)</sup>
 <b>Gas Lifting</b> (tboepd)	1.033	978.8	1.005	951,7 <sup>2)</sup>

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

➤ **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. Concerns over increased supply pushed prices lower.

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

Notes :

2025 Realization

<sup>1)</sup> As of Q3 2025

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

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

<sup>4)</sup> As of last auction 16 Dec 2025

<sup>\*)</sup> Under the new categorization, oil lifting now includes LPG, which was previously classified under gas lifting.



# State Budget Realization as of November 30, 2025

(in IDR tn)	2025			
	Budget	Outlook	Real. as of Nov 30	% Outlook
<b>A. Revenue</b>	<b>3,005.1</b>	<b>2,865.5</b>	<b>2,351.5</b>	<b>82.1</b>
1. Tax Revenue	2,490.9	2,387.3	1,903.9	79.8
1. Tax	2,189.3	2,076.9	1,634.4	78.7
2. Custom and Excise	301.6	310.4	269.4	86.8
II. Non-Tax Revenue	513.6	477.2	444.9	93.2
<b>B. Expenditure</b>	<b>3,621.3</b>	<b>3,527.5</b>	<b>2,911.8</b>	<b>82.5</b>
I. Central Government Expenditure	2,701.4	2,663.4	2,116.2	79.5
1. Line Ministries Expenditure	1,160.1	1,275.6	1,119.7	87.1
2. Non-Line-Ministries Expenditure	1,541.4	1,387.8	1,005.5	72.5
II. Transfer to Region	919.9	864.1	795.6	92.1
<b>C. Primary Balance</b>	<b>(63.3)</b>	<b>(109.9)</b>	<b>(82.2)</b>	<b>74.8</b>
<b>D. Surplus/ (Deficit)</b>	<b>(616.2)</b>	<b>(662.0)</b>	<b>(560.3)</b>	<b>84.6</b>
<b>% Surplus/(Deficit) to GDP</b>	<b>(2.53)</b>	<b>(2.78)</b>	<b>(2.35)</b>	
<b>E. Financing</b>	<b>616.2</b>	<b>662.0</b>	<b>573.5</b>	<b>86.6</b>



# Tax Revenue Continues Growth Trend



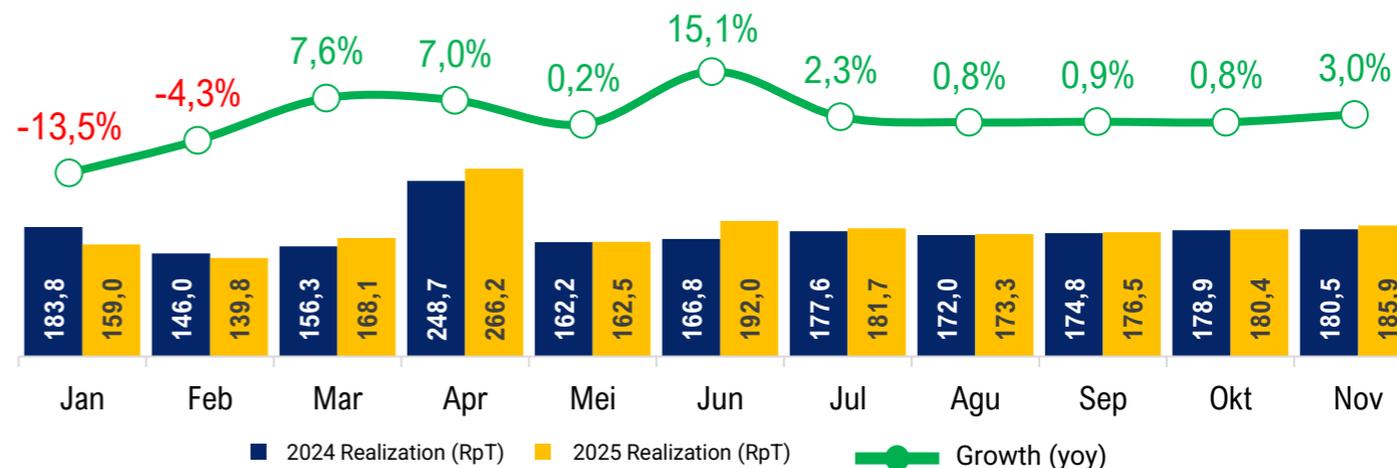
## GROSS REALIZATION

	as of Nov 2024	as of Oct 2025	as of Nov 2025
	<b>Rp1.947,65 T</b>	<b>Rp1.799,55 T</b>	<b>Rp1.985,48 T</b>
Corporate Income Tax	Rp331,39 T ▲ 5,3%	Rp359,78 T ▲ 4,7%	
Personal Income Tax (PPh OP) and Employee Income Tax (PPh 21)	Rp192,19 T ▼ -12,6%	Rp218,94 T ▼ -7,6%	
Final Income Tax, Income Tax Article 22, and Income Tax Article 26	Rp280,25 T ▲ 0,3%	Rp310,40 T ▲ 1,7%	
VAT & Luxury Goods Sales Tax	Rp796,12 T ▼ -2,1%	Rp907,93 T ▲ 0,1%	
Others	Rp199,60 T ▲ 42,8%	Rp188,43 T ▲ 22,0%	

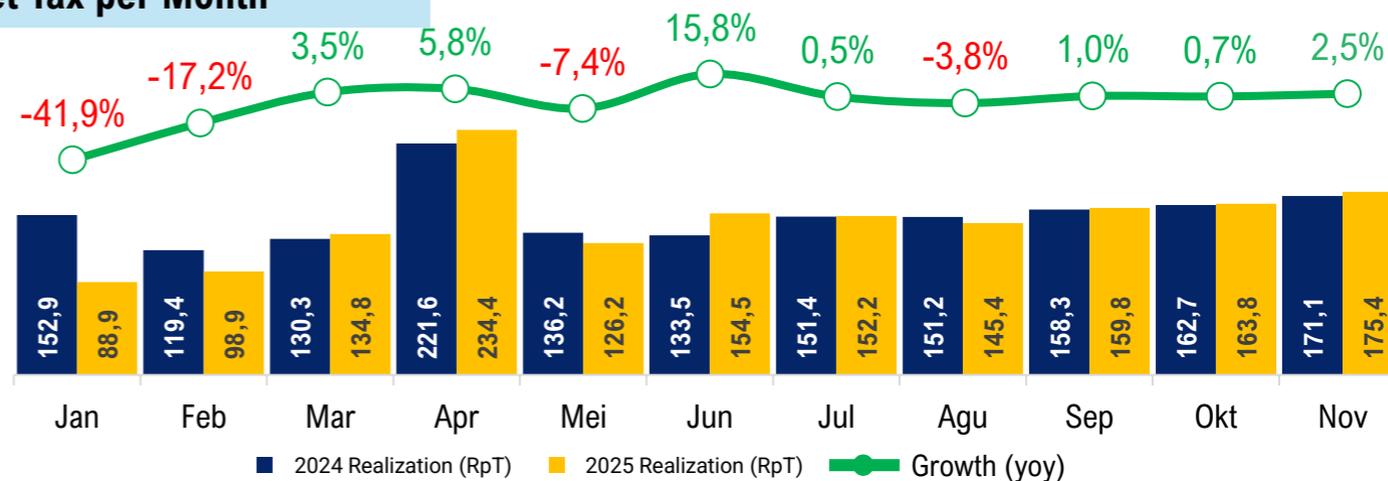
## NET REALIZATION

	as of Nov 2024	as of Oct 2025	as of Nov 2025
	<b>Rp1.688,64 T</b>	<b>Rp1.459,03 T</b>	<b>Rp1.634,43 T</b>
		70,2% Mid Year Report outlook	78,7% Mid Year Report outlook
Corporate Income Tax	Rp237,56 T ▼ -9,6%	Rp263,58 T ▼ -9,0%	
Personal Income Tax (PPh OP) and Employee Income Tax (PPh 21)	Rp191,66 T ▼ -12,8%	Rp218,31 T ▼ -7,8%	
Final Income Tax, Income Tax Article 22, and Income Tax Article 26	Rp275,57 T ▼ -0,1%	Rp305,43 T ▲ 1,4%	
VAT & Luxury Goods Sales Tax	Rp556,61 T ▼ -10,3%	Rp660,77 T ▼ -6,6%	
Others	Rp197,61 T ▲ 42,3%	Rp186,33 T ▲ 21,5%	

## Gross Tax per Month



## Net Tax per Month



Net tax revenue pressure is influenced by economic and policy factors (moderation in prices of major commodities such as oil and coal, restitution, and the Average Effective Rate of Income Tax Article 21 policy).



# Realization of Customs and Excise Revenue

Revenue realization up to November grew by 4,5%, driven by increases in export duty and excise revenue.

## REALIZATION as of NOVEMBER 2025

# Rp 269,4 T ▲ 4,5%

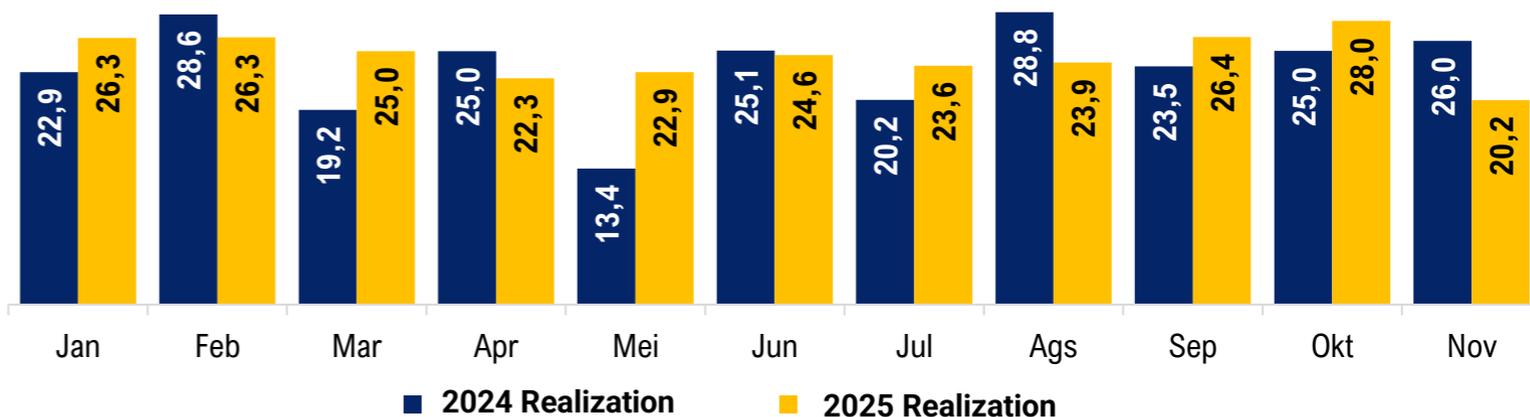


89,3% of Midyear Report Outlook



<b>EXCISE</b>	<b>Rp198,2 T</b>	<span style="color: green;">▲ 2,8%</span>
<b>EXPORT DUTY</b>	<b>Rp26,3 T</b>	<span style="color: green;">▲ 52,2%</span>
<b>IMPORT DUTY</b>	<b>Rp44,9 T</b>	<span style="color: red;">▼ 5,8%</span>

## Monthly Revenue Developments



### Breakdown of customs and excise revenue

- **Excise duty** amounted to IDR 198.2 trillion (81.2% of the APBN target), grew by 2.8% (yoy), with tobacco excisable goods (**CHT production**) reaching 285 billion sticks (declining by 2.4% yoy);
- **Export duties** totaled IDR 26.3 trillion (589.0% of the APBN target), grew by 52.2% (yoy), driven by higher **CPO prices and palm oil export volumes**, as well as the policy on **copper concentrate exports**;
- **Import duties** reached IDR 44.9 trillion (84.9% of the APBN target), contracted by 5.8% (yoy), influenced by lower import duties from **food commodities** and the utilization of **FTAs**.

On the other hand, the use of Trade AI poses new challenges, particularly its impact on revenue under-invoicing, thus requiring proactive supervision and mitigation.

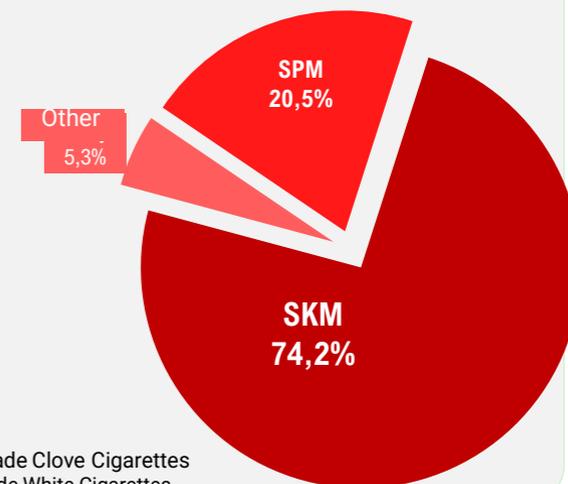
## Enforcement of Illegal Cigarettes

# 17.641 enforcements

# 1.001 million sticks

▲ 34,9% (yoy)

### Cigarettes type



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



# Non-Tax Revenue Realization (PNBP) On-Track

Non-Tax Revenue Realization realization is still experiencing pressure due to the impact of moderation in kerosene prices.

As of Nov 30, 2025 reached

## Rp444,9T

### 94,2% 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 12.4% YoY, driven by lower Indonesian crude prices (ICP) and declining natural gas lifting.
- **Non-Oil & Gas Natural Resources revenues** contracted by 8.9% YoY, influenced by moderating coal prices and a decrease in coal production volume.
- **Non-Tax Dividend Revenue (KND)** contracted by 86.3% 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 20.1% yoy, mainly from Attorney General's Office (corruption replacement payments related to CPO), Ministry of Communication and Digital Affairs (frequency and telecommunication fees), 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 2.4% YoY as a positive impact of the implementation of Regulation PMK 30/2025 on the PE CPO tariff and its derivatives





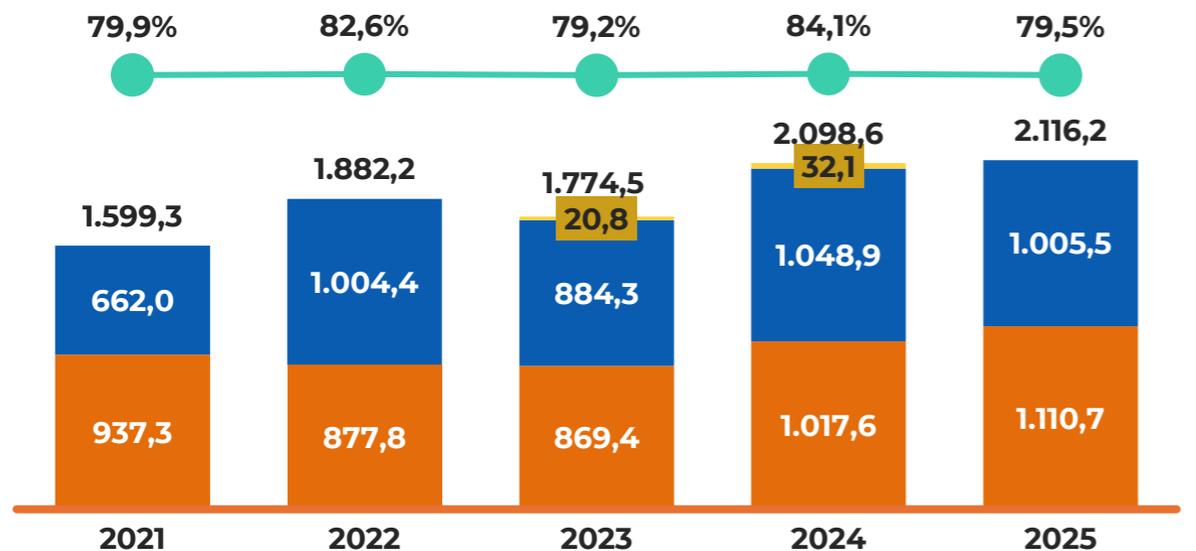
# Realization Of Central Government Expenditure (BPP): IDR2.116,2 T (79,5% of Mid-Year Report Outlook)

Accelerate the IDR547.3 spending in December to stimulate the economic growth

## BPP Relization

as of 30 November 2021-2025 (IDR Trillion)

2021-2024: of LKPP  
2025: of Mid Year Outlook



■ Non-Line Ministry Spending ■ Election ■ TOTAL BPP ● % BPP Realization

### Line Ministries Spending

Incl. to maintain purchasing power through the Social Assistance program (PBI JKN, PKH, basic food card, PIP, and KIP Lecture) and the Government's priority programs implementation.

### Non-Line Ministries Spending

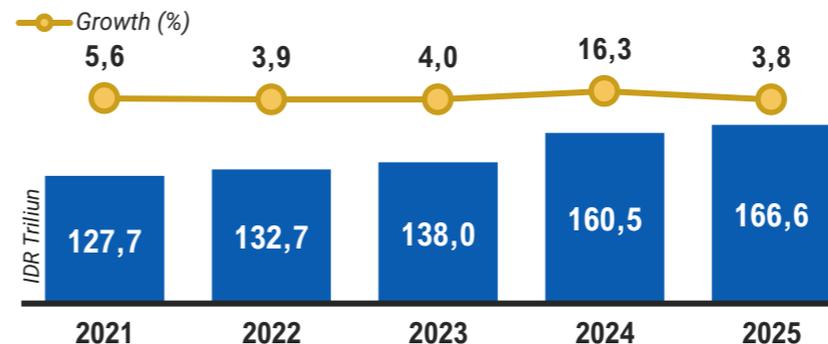
incl. for timely payment of pension benefits and subsidies.

## Line Ministries Spending IDR1.110,7 T (87,1% Mid-Year Report Outlook)

- Employee Spending IDR289,8 T (95,1% Outlook)
- Goods and Supplies Spending IDR404,5 T (84,7% Outlook)
- Capital Spending IDR249,6 T (72,5% Outlook)
- Social Spending IDR166,8 T (90,0% Outlook)

## Non-Line Ministries Spending IDR1.005,5 T (72,5% Mid-Year Report Outlook)

### Pension Payments IDR166,6T On-Track



There was an increase of 100 thousand retirees (2025: 3.73 million) compared to the same period last year (2024: 3.63 million).



# Rapid Fiscal Support in Responding to the Sumatera Disaster

All fiscal instruments are being optimized to support emergency response efforts through post-disaster rehabilitation and reconstruction.

**A**

## Acceleration of Emergency Community Assistance Disbursement

- Total funds: Rp268 billion
- Rp4 billion per regency/city
- Rp20 billion per province
- The State Secretariat will immediately convey this to the 3 affected provinces and 52 regencies/cities.

**B**

## Standby Funds (DSP) and Disaster Reserve Funds Prepared

- **2025:** Remaining DSP Rp394.7 billion (as of 8 Dec); Disaster Reserve: Ceiling Rp5 T, used Rp2.03 T. Rp1.6 T under budget revision process (ABT), including Rp589 billion for Sumatra
- **2026:** DSP Rp250 billion; Disaster Reserve Rp5 T, can be used for Rehabilitation & Reconstruction in coordination with BNPB

**C**

## Relaxation of Intergovernmental Transfers to Regions (3 Provinces and 52 Regencies/Cities)

- Minister of Finance Regulation (RPMK) on TKD relaxation: target completion 23 Dec 2025
- **Planned relaxation of TKD disbursement 2025: Rp2.25 T**
- **Planned TKD 2026: Rp43.8 T**

**D**

## Acceleration of Rehabilitation and Reconstruction Process

- **Initial estimated needs: Rp51 T (Aceh Rp25.41 T, North Sumatra Rp12.88 T, West Sumatra Rp13.52 T), to be financed from the 2026 Infrastructure Presidential Instruction (Inpres) budget**
- A circular letter will be issued to all relevant ministries/agencies responsible for the Inpres
- Disaster Reserve Fund (Rp5 T) under BNPB coordination.
- Ministries/agencies may use allocations under Special Output in accordance with prevailing regulations.

**Already Disbursed**



*"We will help everyone—every citizen affected by the disaster will be assisted, because you are all part of us,"*

*"Do Not Use the Sumatra Disaster for Personal Gain"*

**E**

## Restructuring of Regional PEN Loans and PEN Supporting Loans

- Deferral of debt service payments
- Extension of loan tenors up to a maximum of 15 years
- Partial write-off of obligations for severely damaged infrastructure financed by loans

**F**

## Acceleration of State Asset (BMN) Insurance Claims in Affected Re

- The Director General of State Assets at the Ministry of Finance has issued a circular letter to ministries/agencies to immediately identify and expedite the submission of BMN insurance claims.
- Coordination with the Financial Services Authority (OJK) is needed to provide relaxation and accelerate BMN insurance claims.

**G**

## BPDHLH Ready to Disburse Disaster Pooling Funds

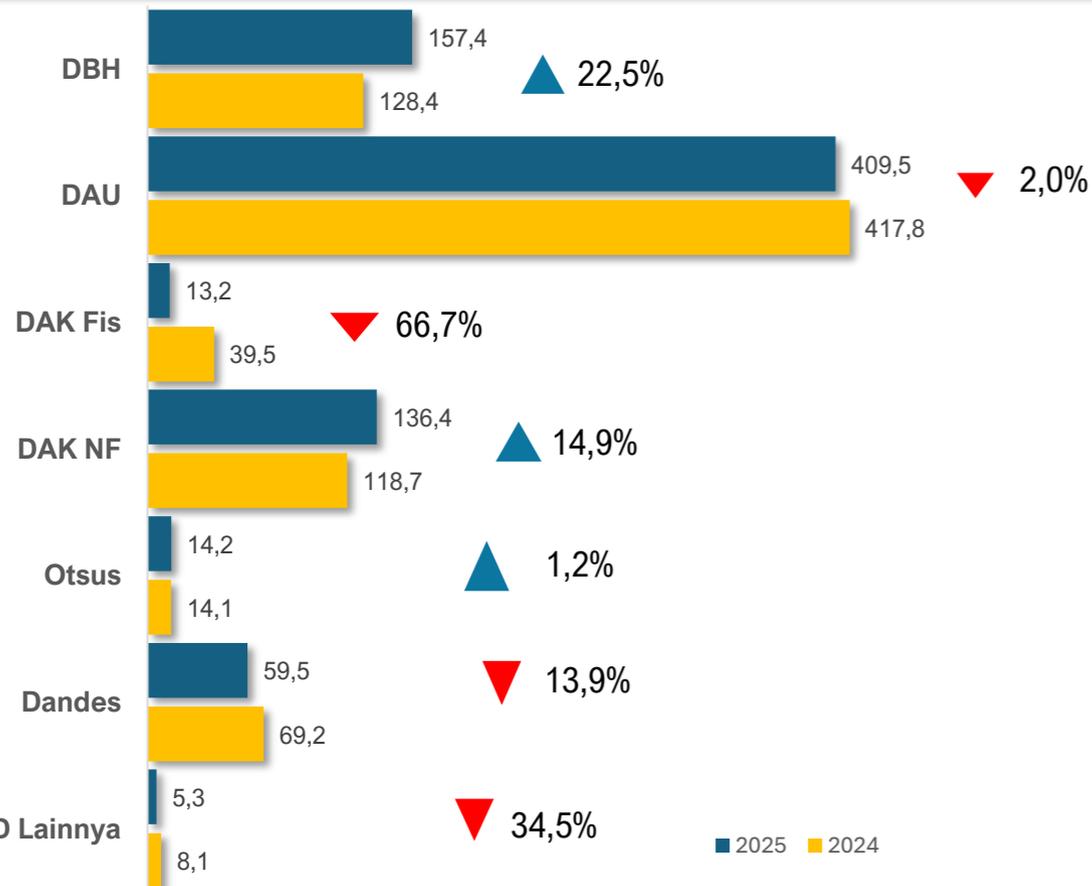
- **Fiscal space of IDR 250.4 billion** (cumulative through 2024: IDR 145 billion; 2025: IDR 105.4 billion).
- Proposal-based scheme from affected regions, coordinated through the National Disaster Management Agency (BNPB).
- Socialization of application and disbursement mechanisms.



# Realization of TKD 2025 is on Track, While Regional Govt Spending is Contracting

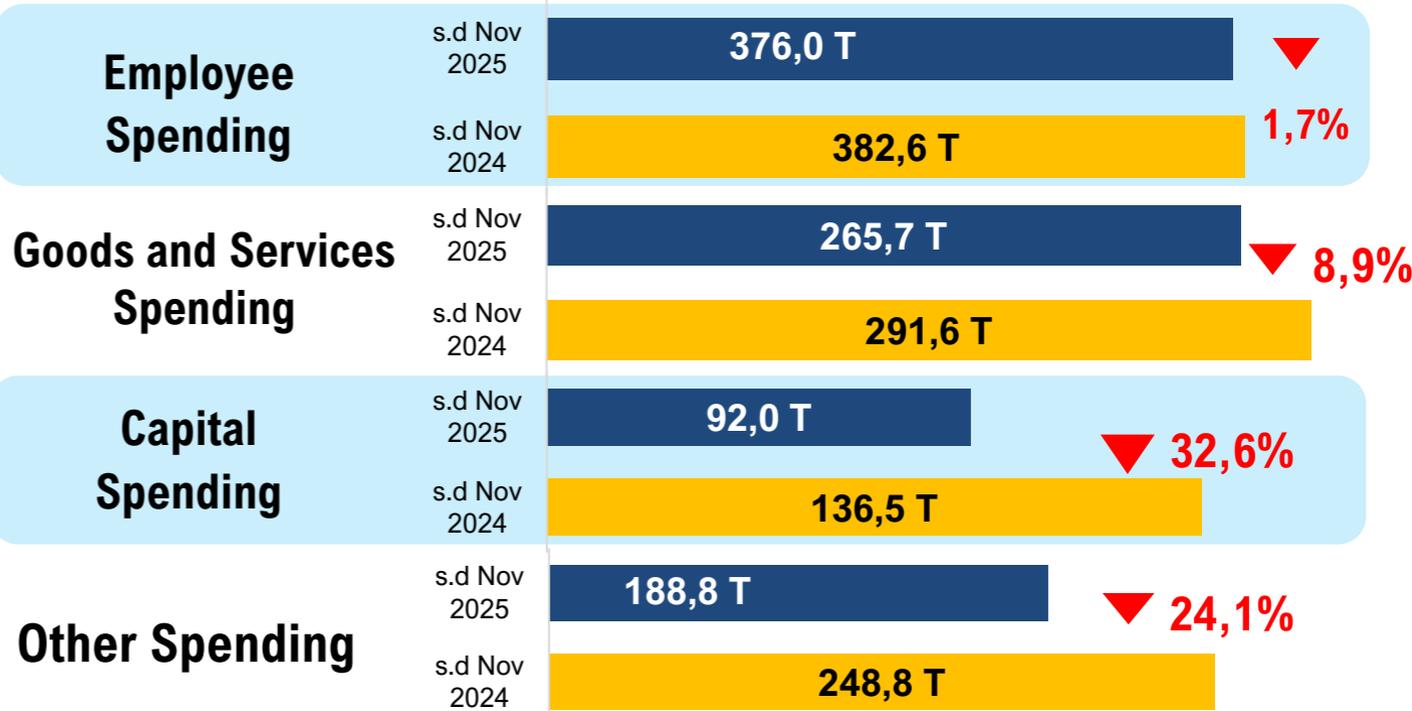
data as of 30 November 2025

**Realization TKD IDR795,6T (91,5% budget) ▼ 0,3%**



**Regional Spending Realization IDR922,5T (65,3% budget) ▼ 12,9%**

All components of regional budget's expenditure have decreased



## Local Government Funds in Banking as of the End of November 2025 Still High



- The realization of TKD against the Presidential Instruction target is quite high, and the rest will be optimized as regional cash.
- The largest increase in TKD realization was in revenue sharing funds (DBH) and Non-Physical Special Allocation Fund (NF DAK), while the others decreased.



## FREE NUTRITIOUS MEALS PROGRAM

50.7 million recipients (of 82.9 million)

Implemented by 17,555 SPPG

Absorbs 741,985 employees as of 30 Nov 2025

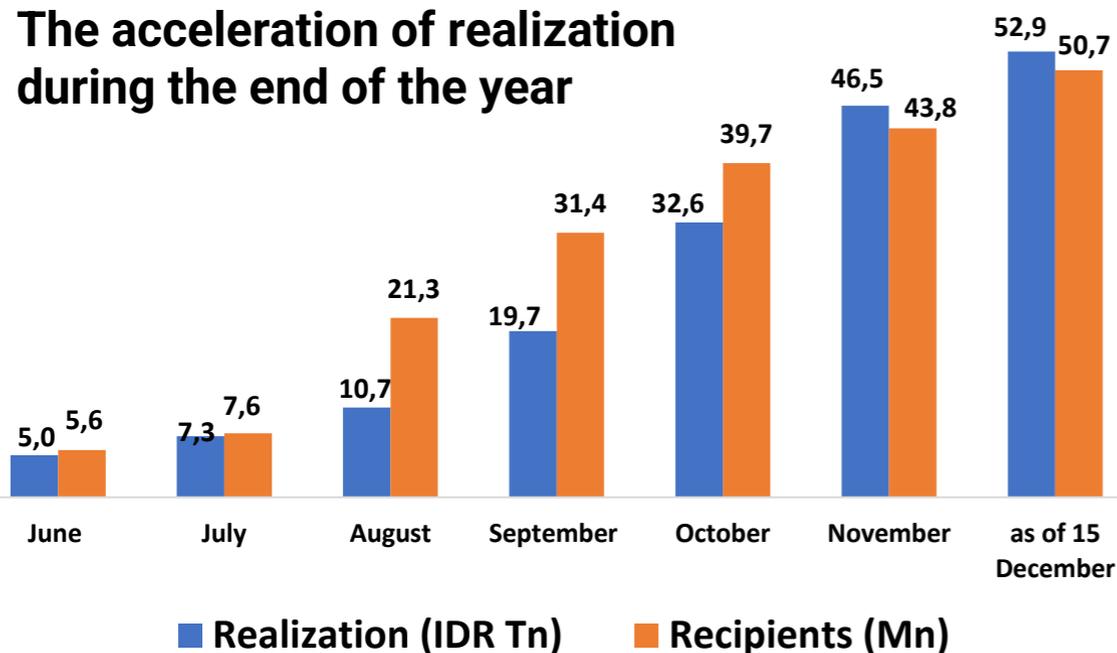
Realization

**IDR52,9 T**

as of 15 Des:

(74,6 % Budget IDR71 T)

The acceleration of realization during the end of the year



\*School holiday starts 22 December 2025

## PEOPLE'S BUSINESS CREDIT(KUR)

KUR is received by 4.2 million debtors with of 6% p.a interest.

### KUR Distribution Realization IDR250,8 T

(87,7% of 2025 budget IDR286 T) for 2025 KUR distribution

### REALIZATION OF KUR Interest Subsidy IDR26,0 T

(67,9% of IDR38,28 T budget)

for the payment of interest subsidy bills during 2025 only

### KUR incentives for Sumatra disasters:

#### 1. Handling KUR of Debtors Affected by Disasters (Presidential Directive)

- **Phase I (Des'25–Mar'26):** Mapping of impacted KUR debtors
- **Phase II (Apr'26–Jun'26):** Elimination of obligations for businesses that cannot continue, Relaxation for other debtors (tenor, grace period, supply), SB/SM: **0% (2026)** and **3% (2027)**.
- **Phase III (Jan'26–Des'26):** Relaxation of new debtors' KUR, Interest **0% (2026)** and **3% (2027)**, Grace period & relaxation of KUR conditions

#### 2. Budget Needs

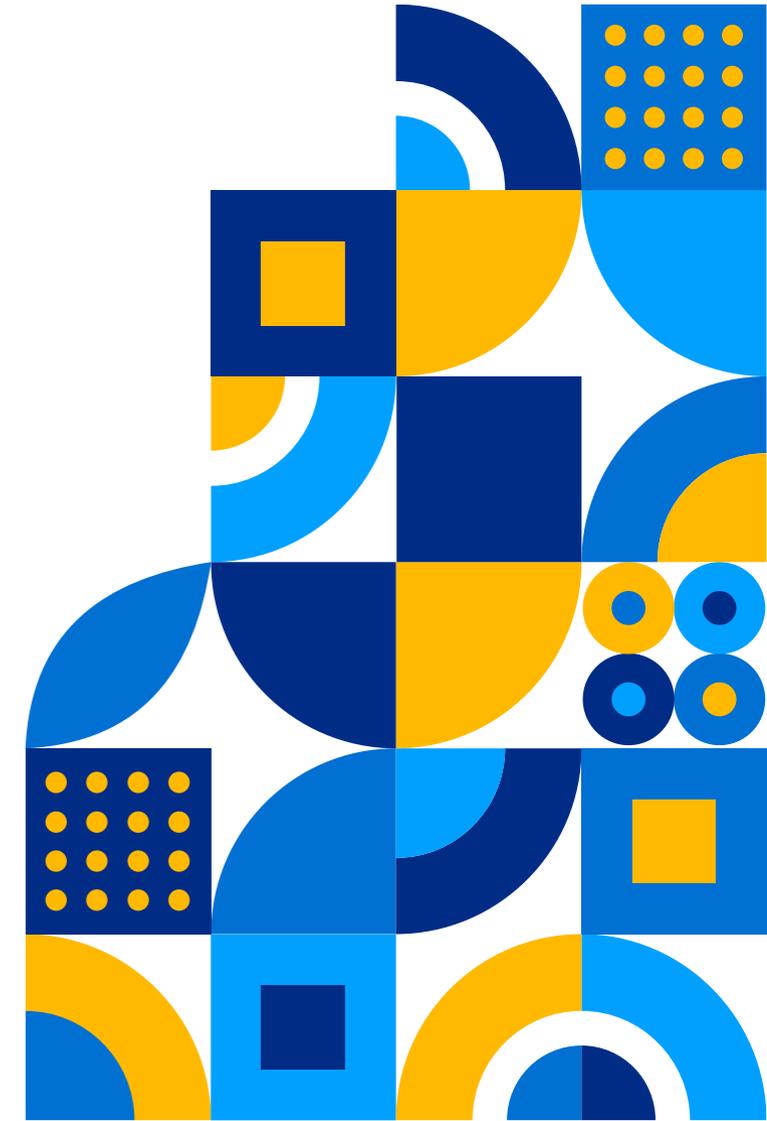
Extras SB/SM KUR **IDR2,14 Tn** and allocated in **2026–2027**



3

2026

Fiscal Policy





# 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	



# 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"



# 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

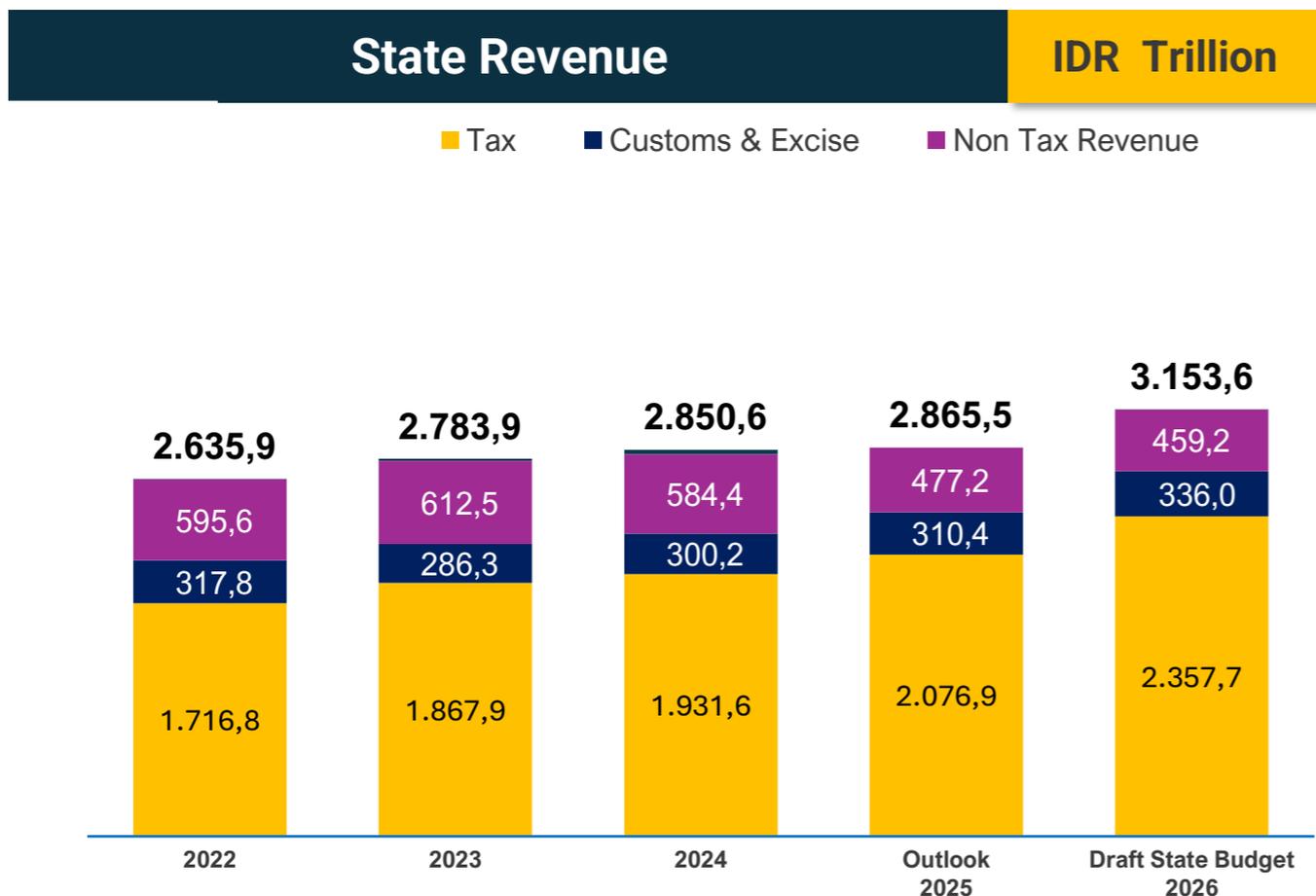


- ▶ **Strengthening Danantara's role in accelerating productive investment:** Investment supporting the downstreaming of the mineral and coal sectors, energy transition, agriculture, maritime, and fisheries. **USD38 Bio**
- ▶ **Investment in the 3 million housing program**, reaching **770 thousand housing units** through FLPP, BSPS, KUR schemes for MSME contractors, and DTP VAT.
- ▶ **Investment in water security and waste management** **31**



# 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

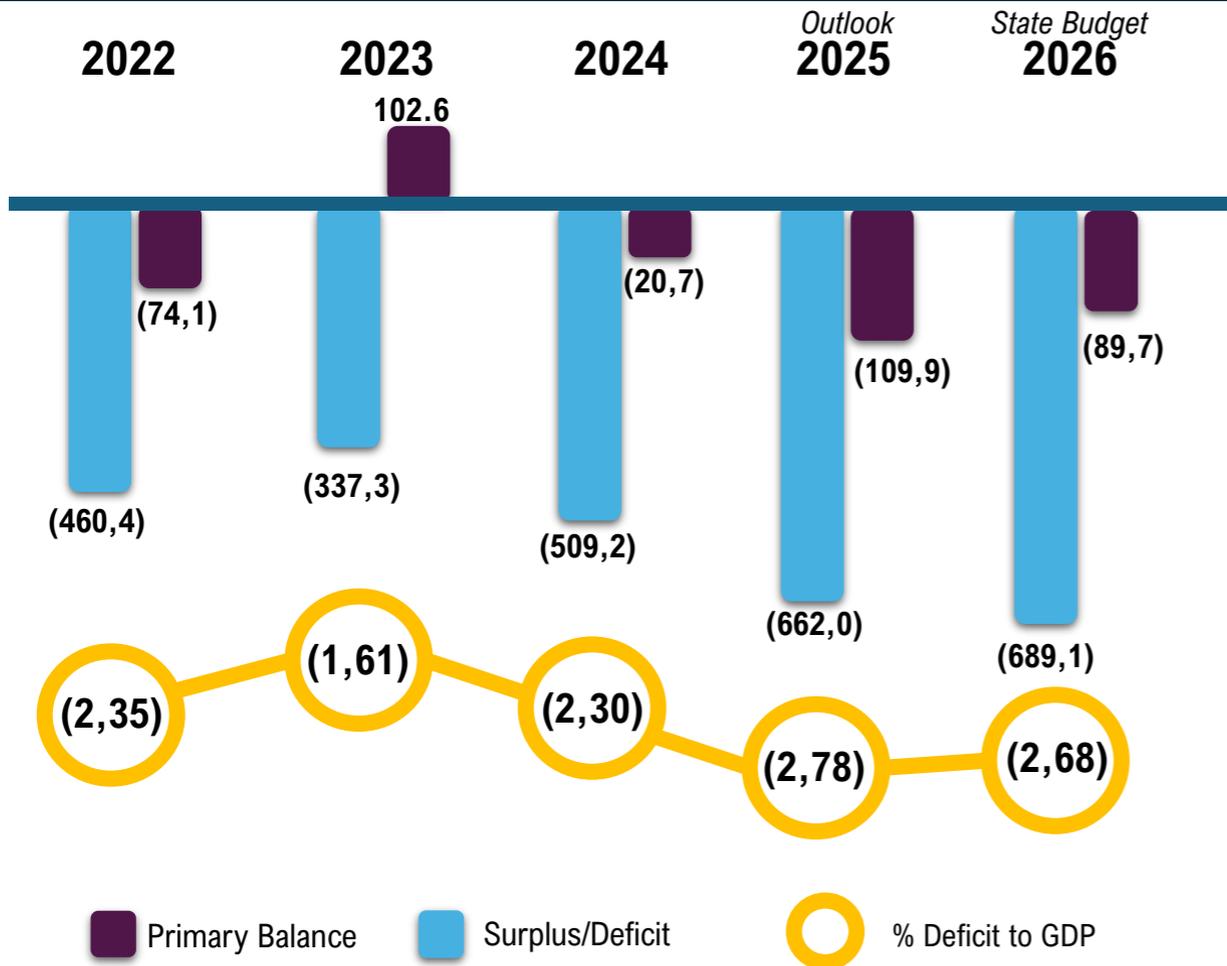


# State Budget (APBN) 2026: Controlled Deficit at 2.68% of GDP

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

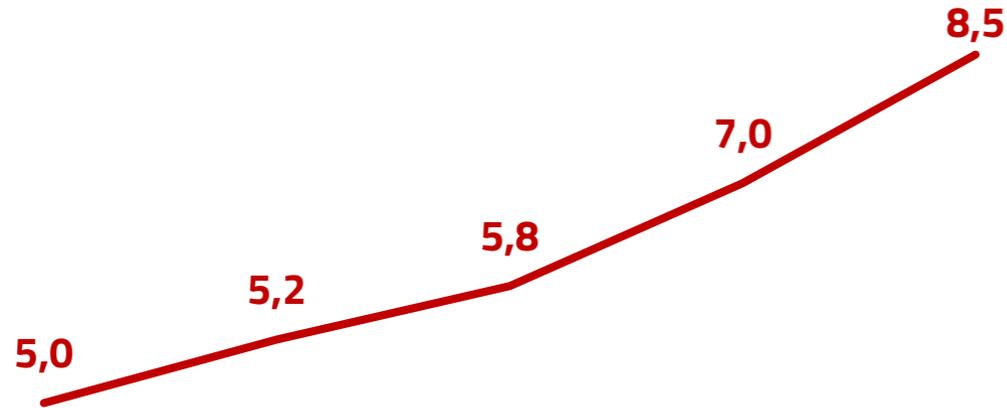
(in IDR tn)	2026		
	State Budget Draft (RAPBN)	State Budget (Approved)	Difference vs RAPBN
<b>A. Revenue</b>	<b>3,147.17</b>	<b>3,153.6</b>	<b>5,9</b>
1. Tax Revenue	2,692.0	2,693.7	1,7
1. Tax	2,357.7	2,357.7	0,0
2. Custom and Excise	334,4	336.0	1,7
II. Non-Tax Revenue	455,0	459.2	4,2
<b>B. Expenditure</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>



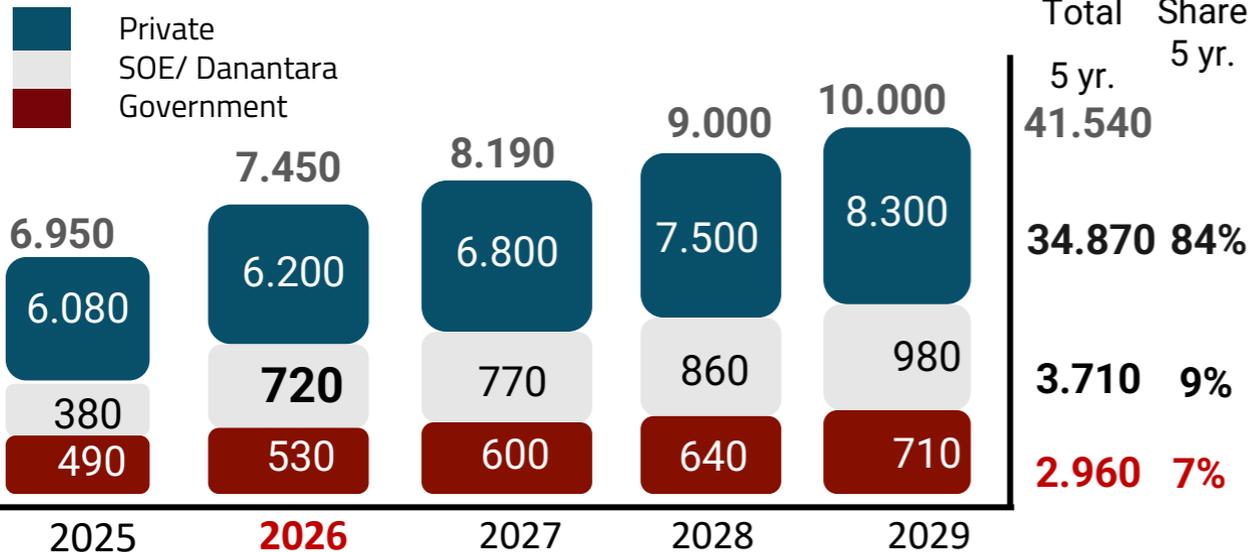
# Strengthening the Role of Danantara for Investment Acceleration

## 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



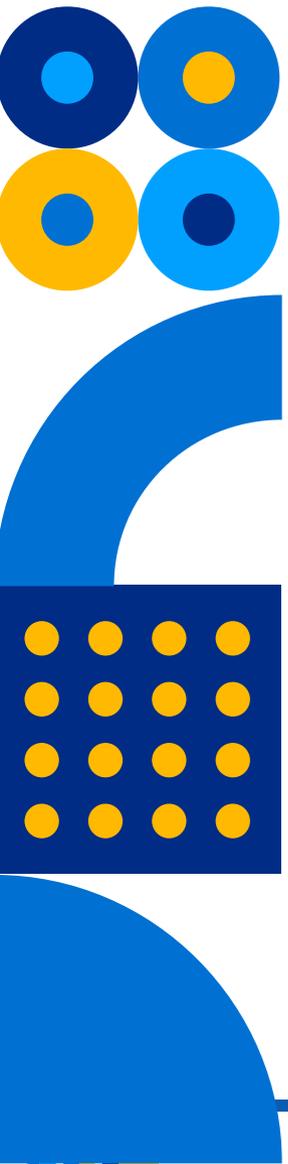
# Deregulation and Debottlenecking to Strengthen the Investment Climate for High Growth

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



# Long-term Economic Growth Forecast and Its Assumptions

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



# Thank You

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