



Ministry of Finance  
Republic of Indonesia

# RECENT ECONOMIC DEVELOPMENT

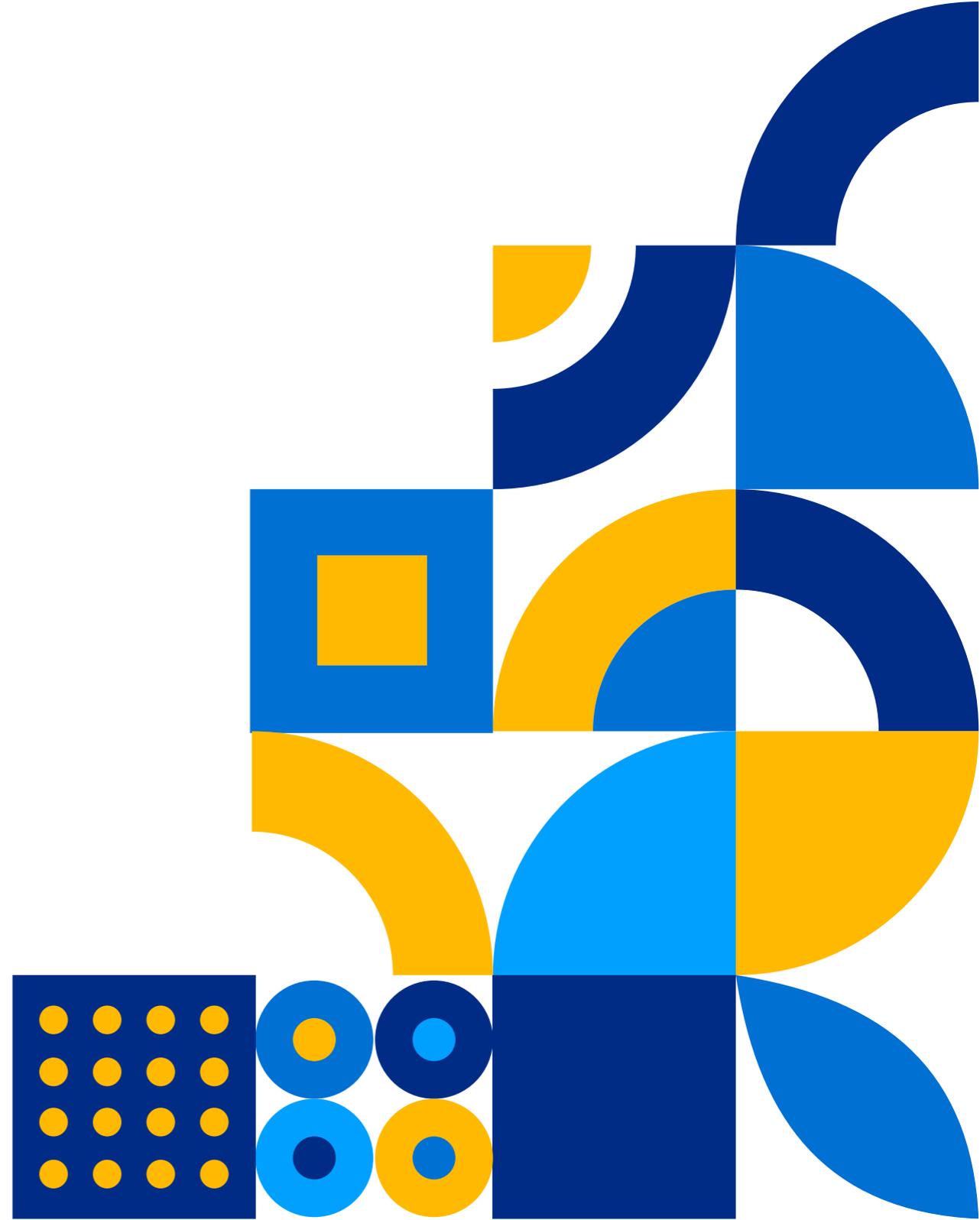
January 2026

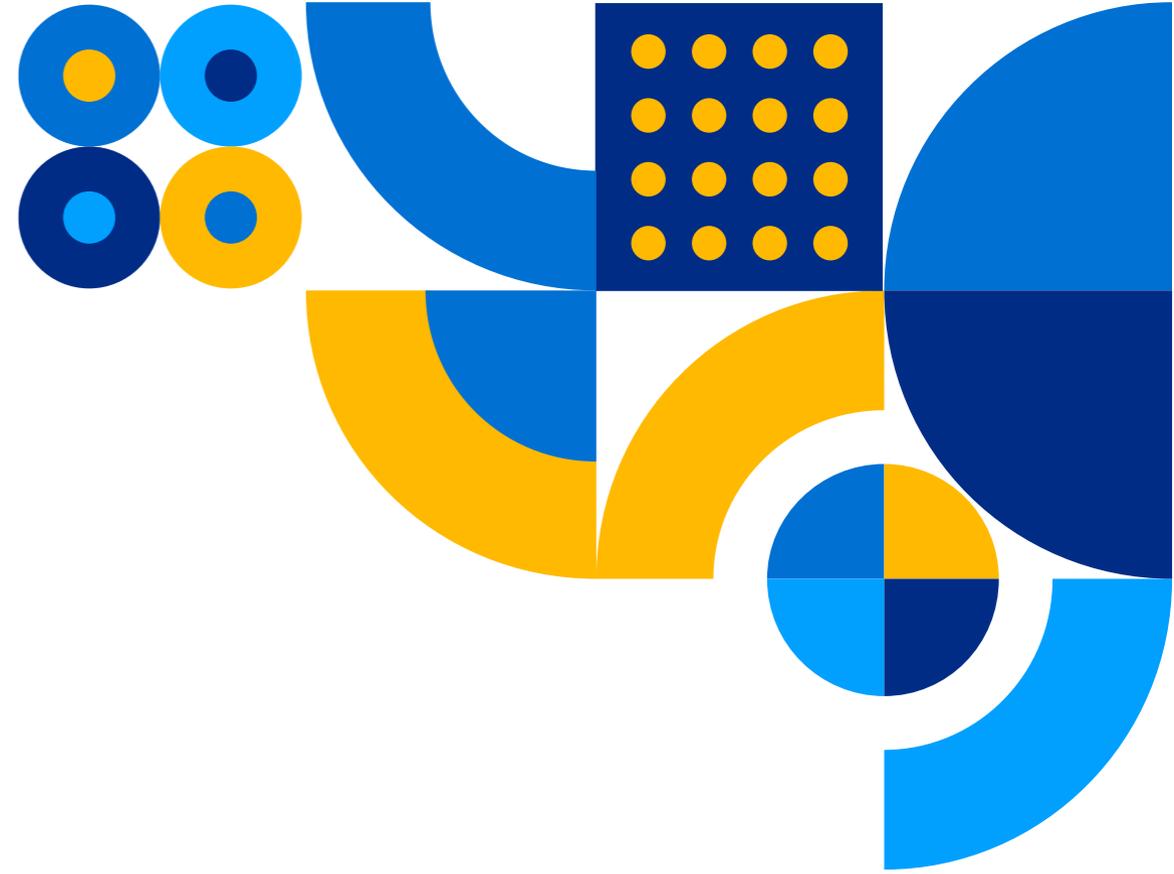


[IRU@Kemenkeu.go.id](mailto:IRU@Kemenkeu.go.id)



[fiskal.id/IRU](http://fiskal.id/IRU)



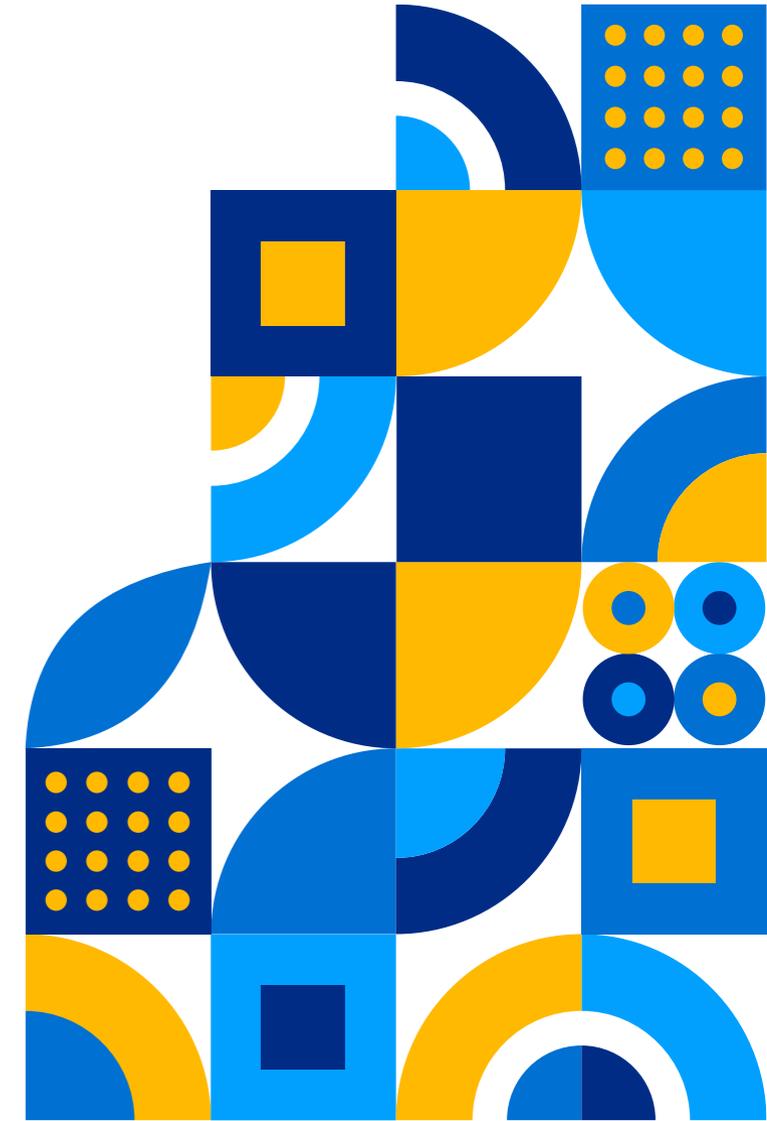


# Overview

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



# 1 Macroeconomic Update





# AMIDST GLOBAL UNCERTAINTY, ECONOMIC GROWTH REMAINS RESILIENT IN 2025



## Fed lowers interest rates but future cuts uncertain

Reuters

Subscribe

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

Bloomberg

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

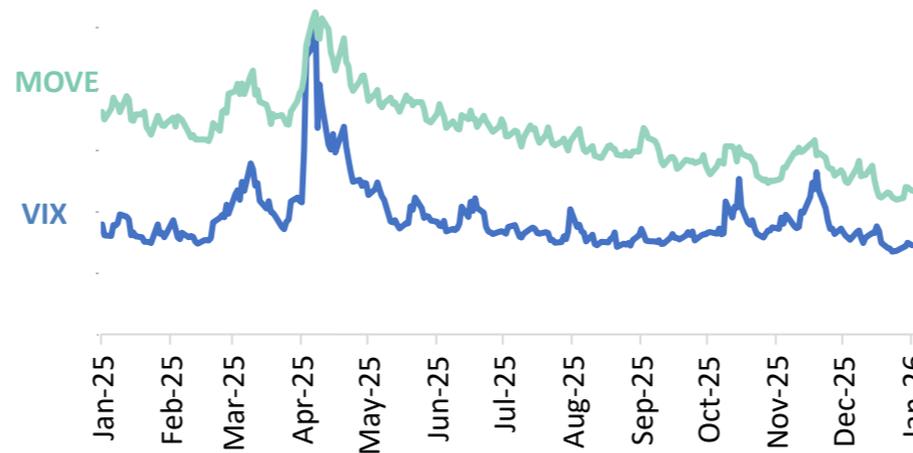
## US and China agree one-year trade truce after Donald Trump-Xi Jinping talks

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

BBC

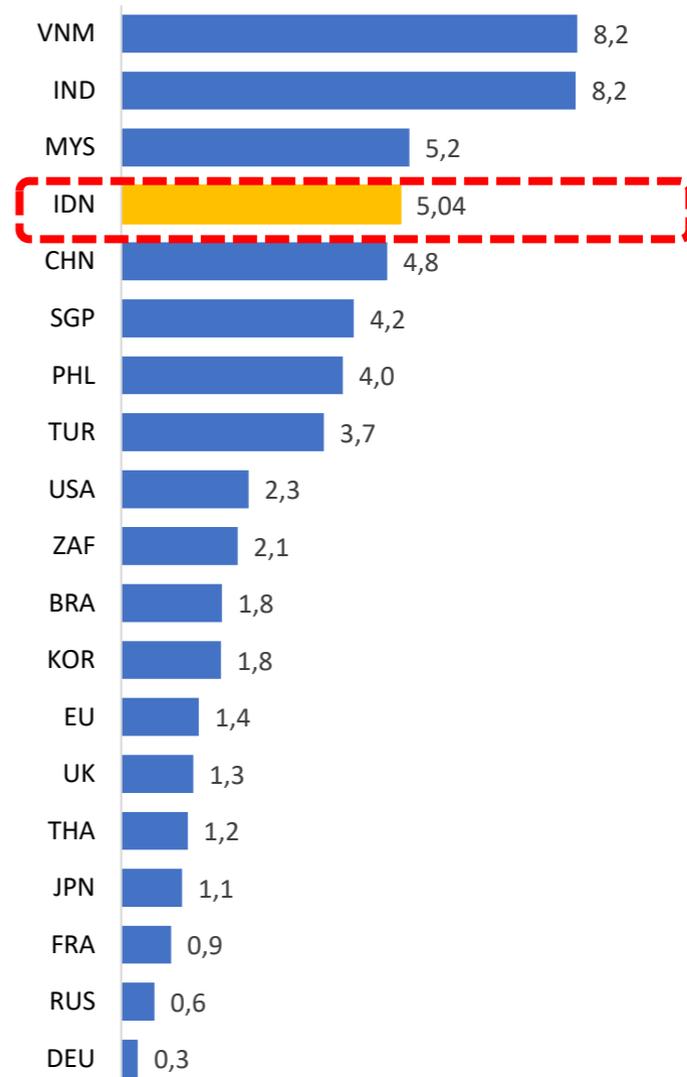
## Trump says US will 'run' Venezuela and 'fix oil infrastructure'

Uncertainty in capital markets and trade eased toward the end of 2025.



\*TPU/Trade Policy Uncertainty Index – ketidakpastian kebijakan perdagangan by Economic Policy Uncertainty; MOVE Indeks volatilitas pasar obligasi; VIX Indeks volatilitas pasar saham

Economic growth in several countries remains resilient (%yoy, Q3 2025)



Source: Bloomberg



# 2026 OUTLOOK: GROWTH REMAINS POSITIVE, BUT UPSIDE POTENTIAL IS LIMITED

## Global Uncertainty and Challenges Continue into 2026



### Geopolitics & Strategic Resource Competition

Countries are using control over critical minerals as a key diplomatic and national security tool..



### Monetary Policy Divergence

Monetary policies across countries are increasingly diverging, while interest rates remain at higher levels.



### Fiscal Pressures

Pandemic-era debt is coming due and needs to be refinanced at higher interest rates.



### Climate Risks

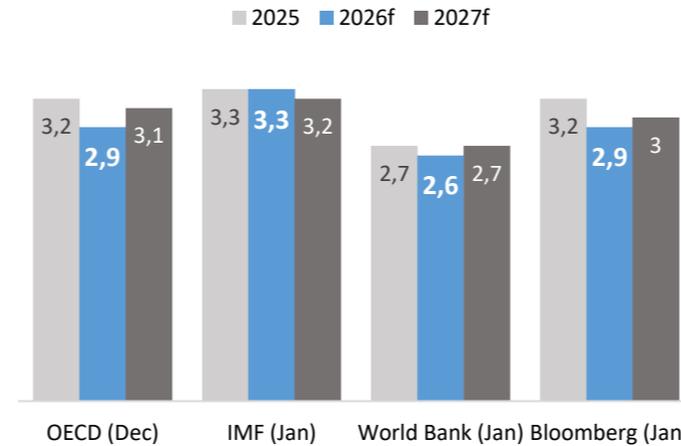
Potential disasters may weaken primary sector output and heighten fiscal risks.



### AI & Technology: Adoption vs Disruption

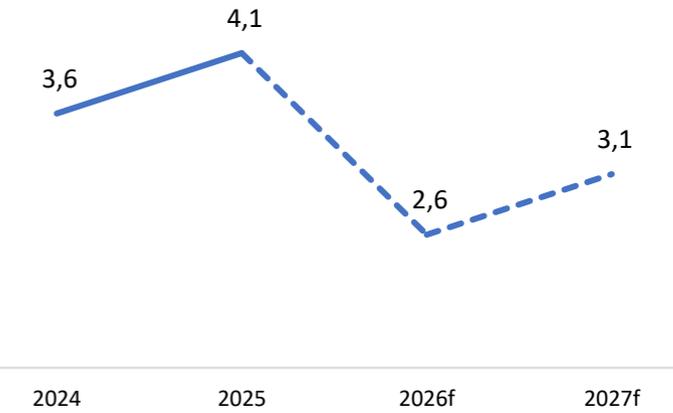
The rapid adoption of AI presents both transformative opportunities and disruptive challenges.

## Global Economic Growth Is Expected to Remain Stable (%yoy)



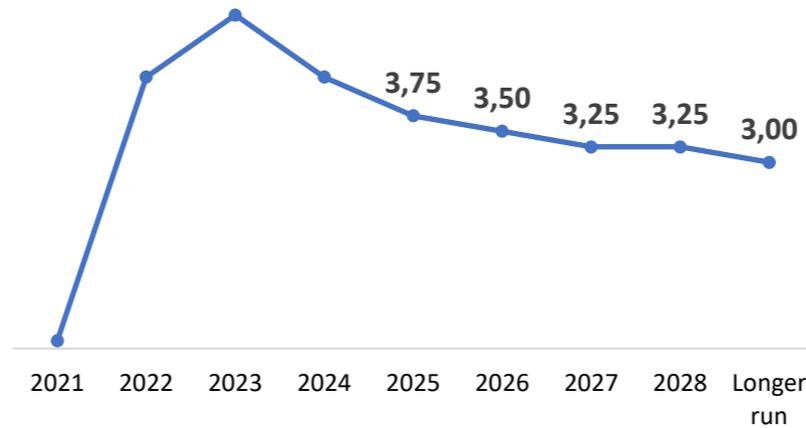
Source: IMF, OECD, WB, Bloomberg

## Trade Performance is Projected to Moderate (world trade volume growth, %yoy)



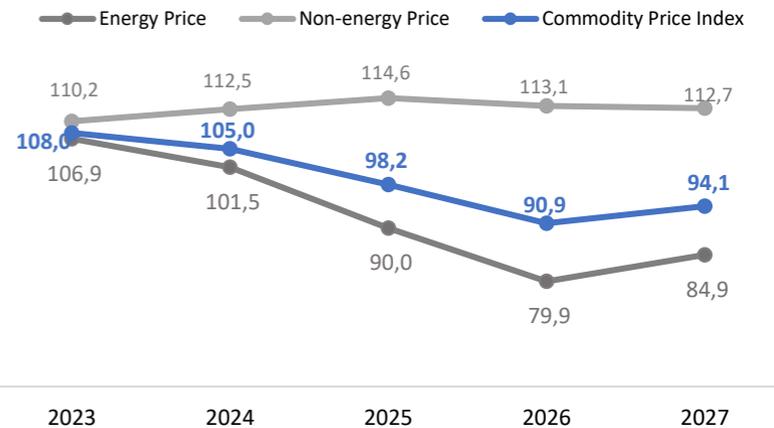
Source: IMF WEO Jan 2026

## FFR Cuts are Expected to Continue (% upper bound)



Source: federalreserve.gov

## Commodity Prices Corrected (index)



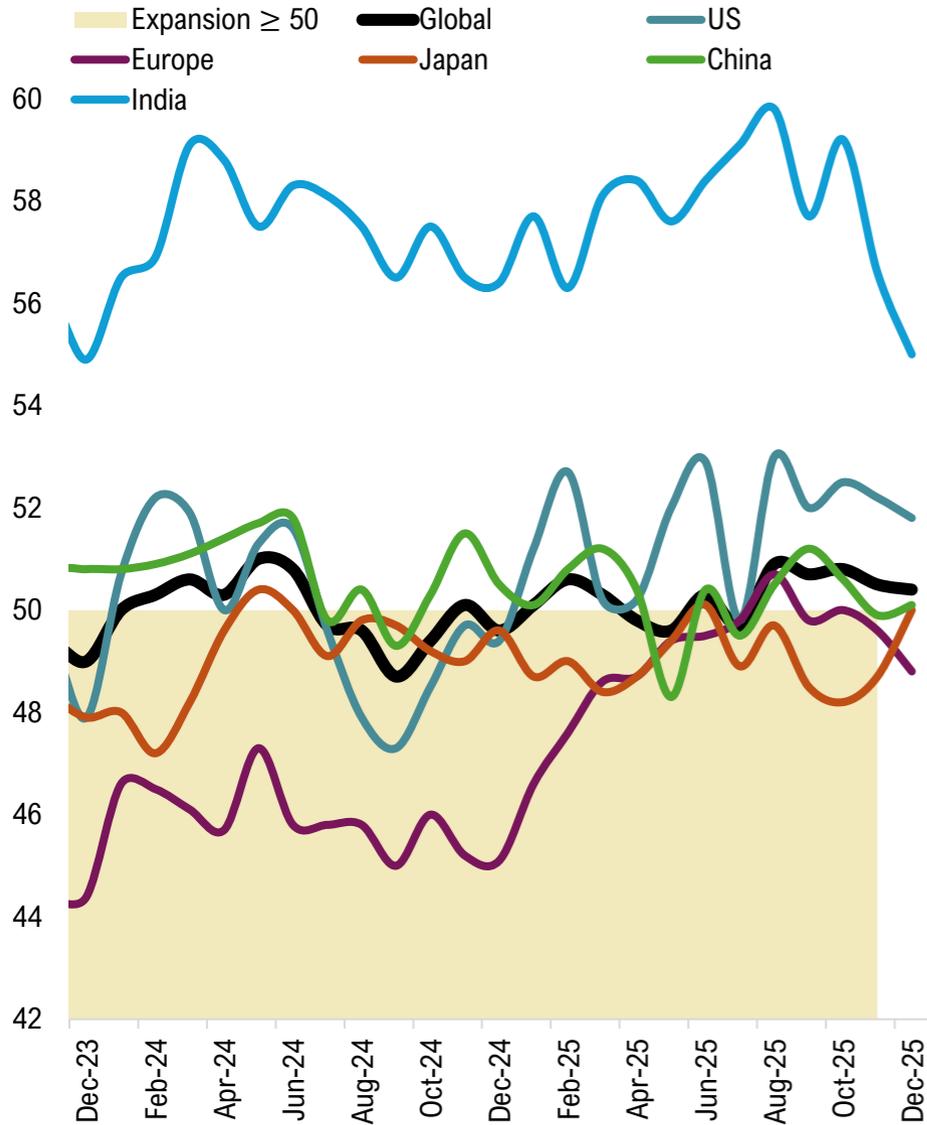
Source: World Bank GEP Jan 2026

# GLOBAL MANUFACTURING ACTIVITY CONTINUE TO EXPAND BY THE END OF 2025

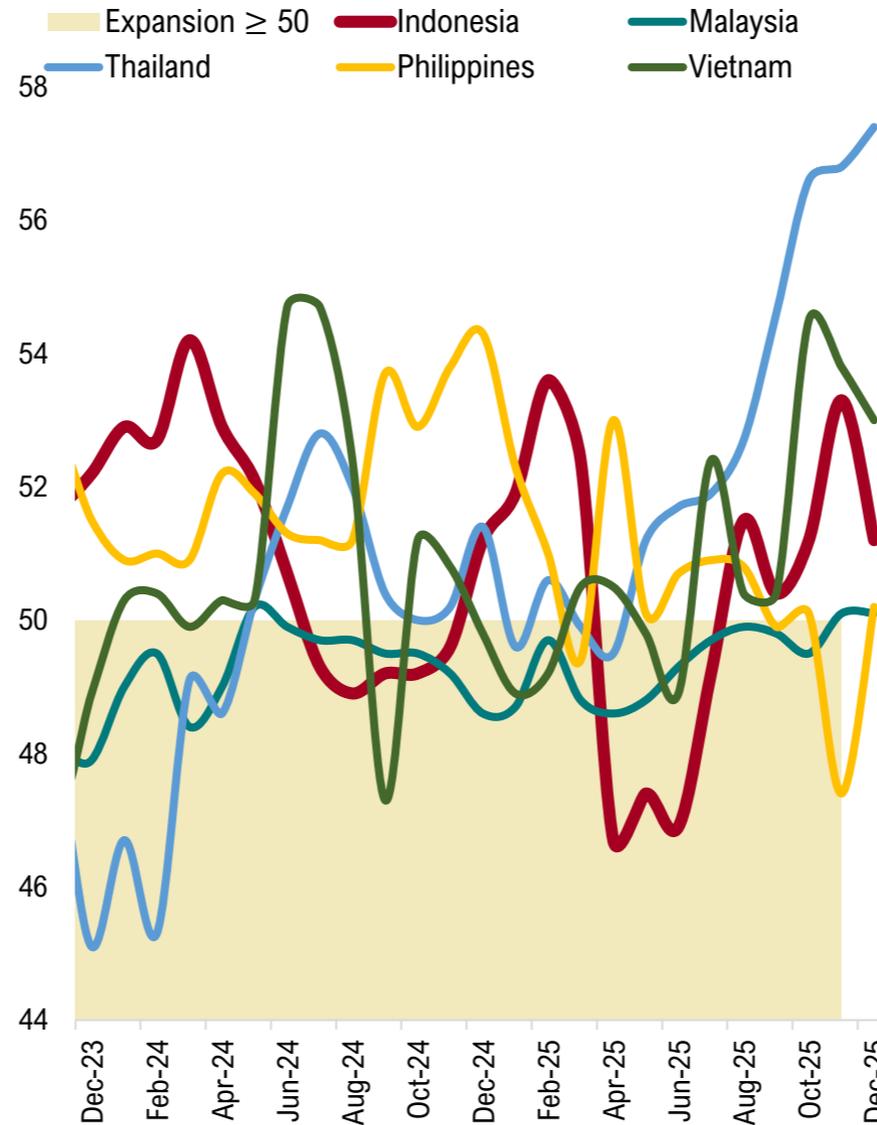
Output growth slowed, and new orders stagnated. US and Asian countries continued to show the best performance. Europe remained in the contraction zone, except for UK and France.

## MANUFACTURING PMI – DECEMBER 2025

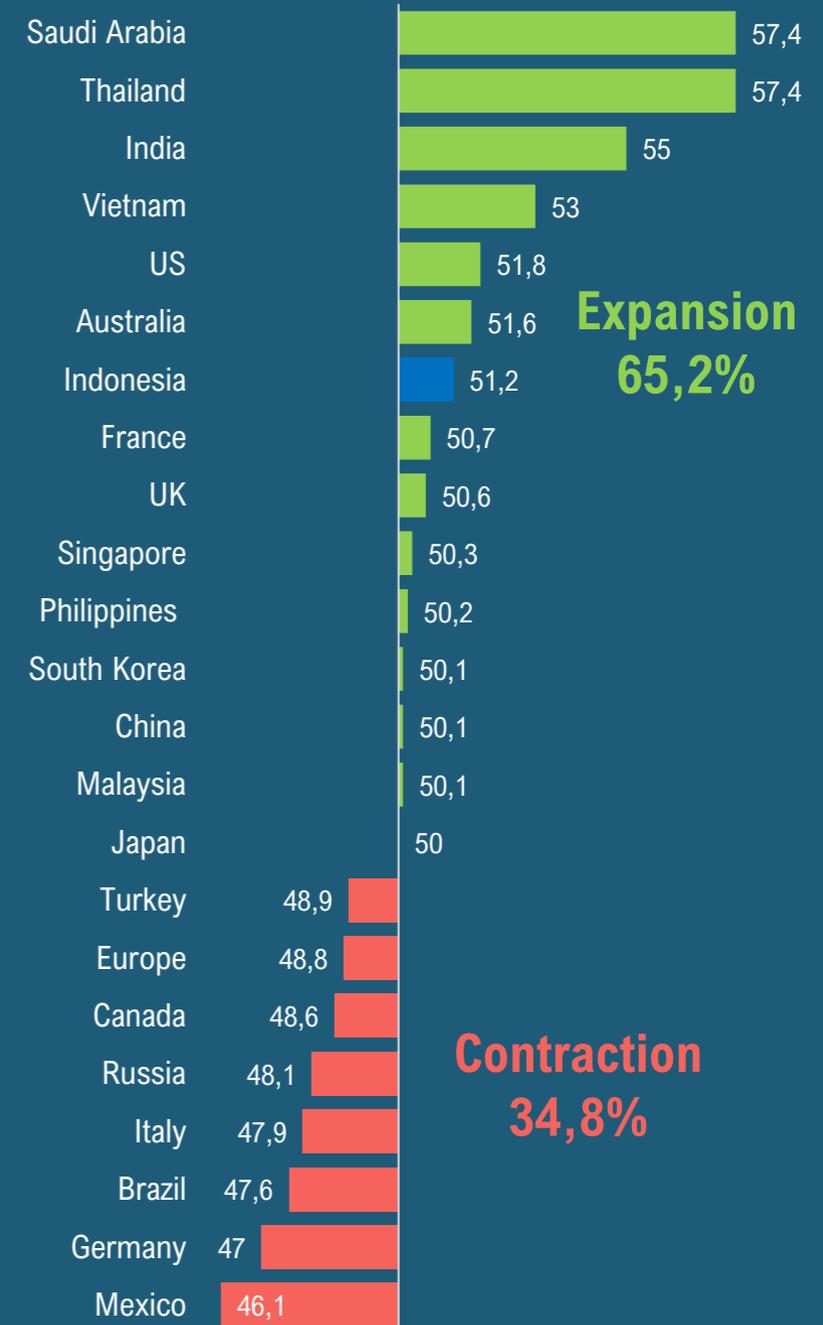
### Manufacturing PMI - several G20 countries



### Manufacturing PMI - ASEAN countries



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

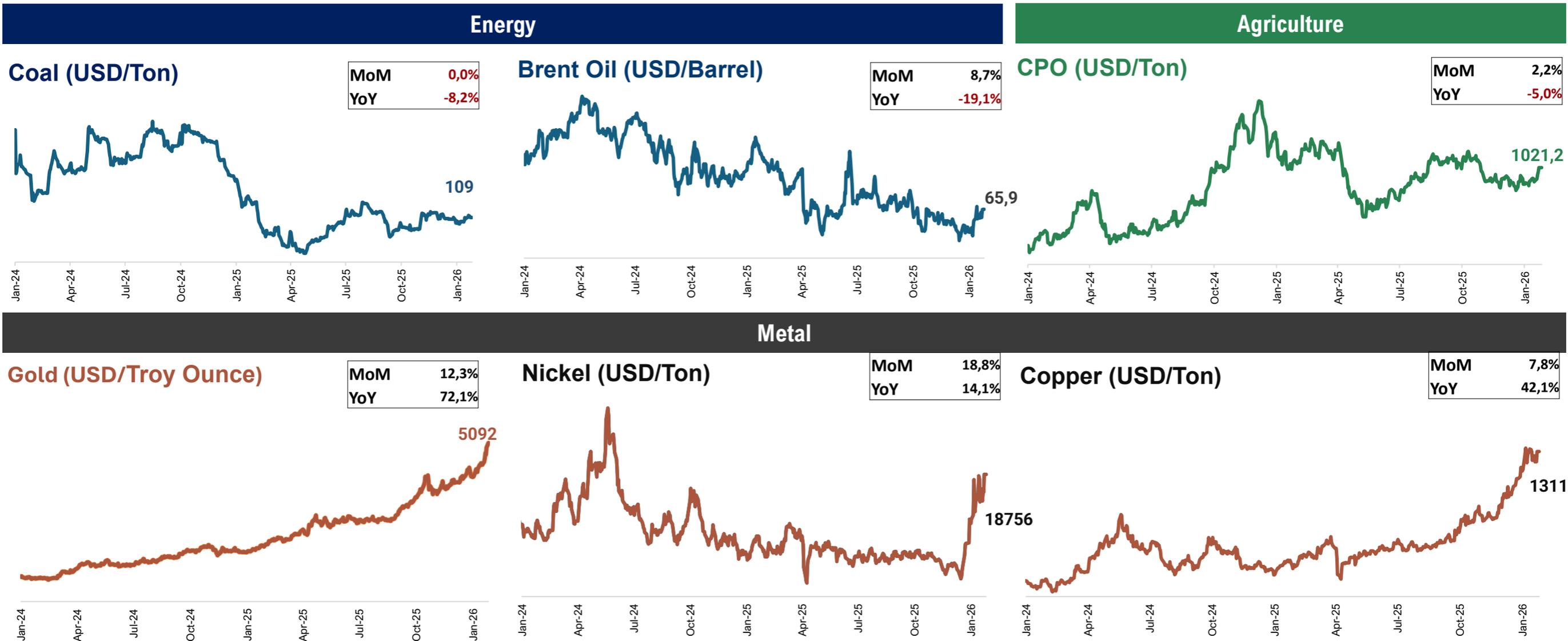


Sources: Bloomberg, IHS Markit



# DIVERGING TRENDS IN COMMODITY PRICES

Despite a broader energy price downturn, Brent saw a slight uptick on U.S.–Iran tensions, while strong Chinese demand and concern over supplies supported nickel.



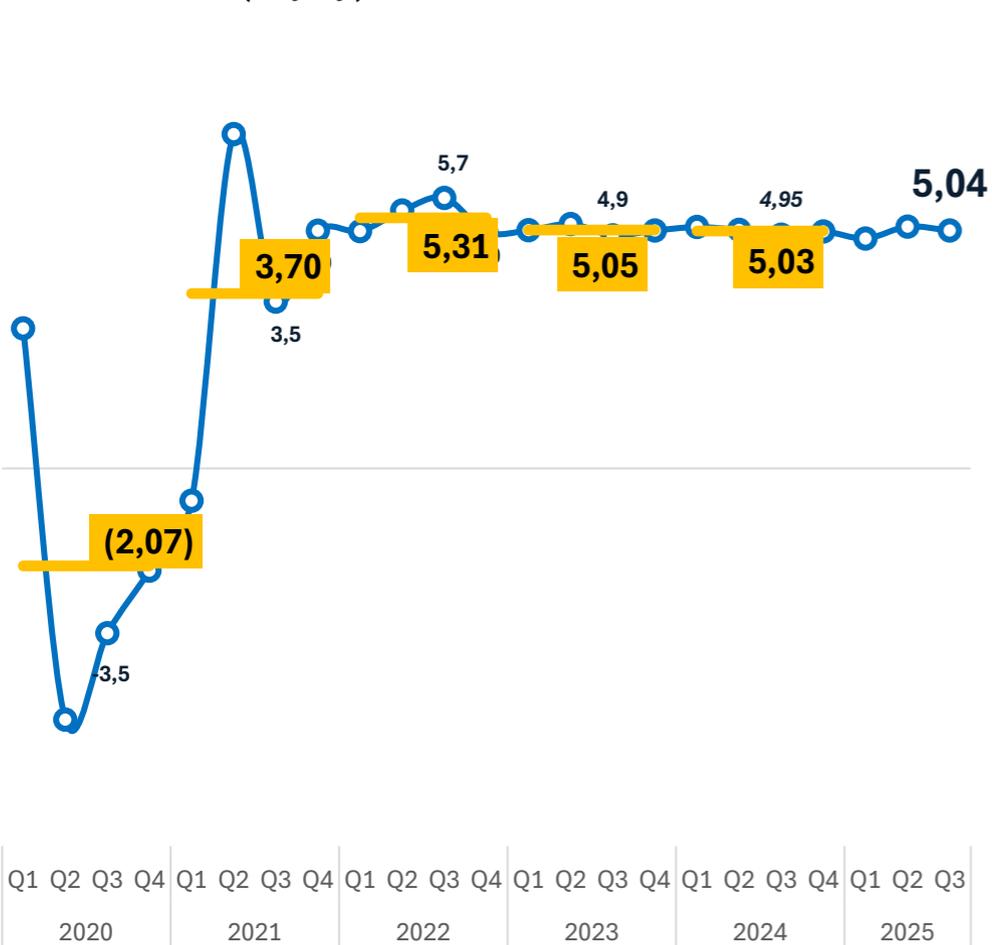
Source : Bloomberg. Data as of January 26, 2026. The YoY figure is a comparison of the average value from the beginning of the year to that date.



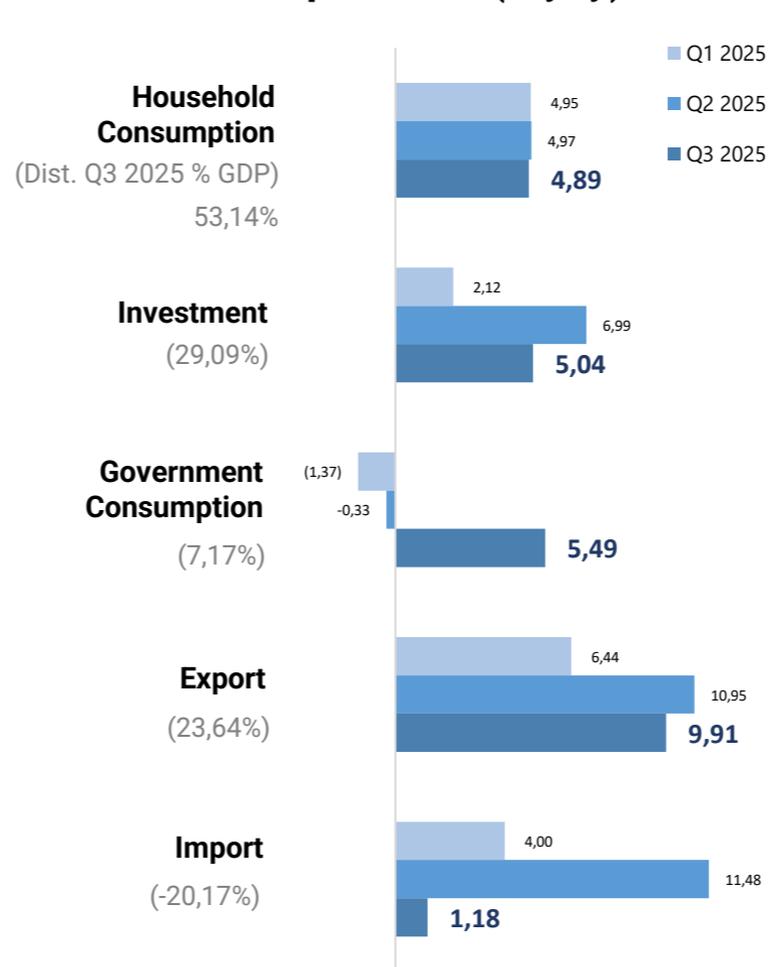
# INDONESIA'S ECONOMY GROWS 5.04% IN THE THIRD QUARTER OF 2025

Household consumption remains strong, investment and export activity grow strongly

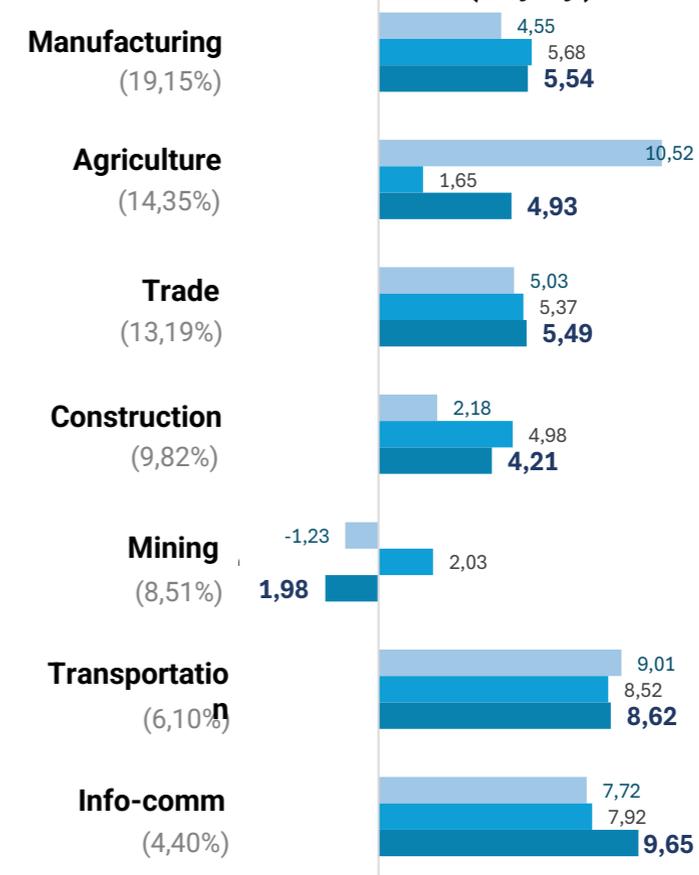
### GDP Growth(% ,yoy)



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



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



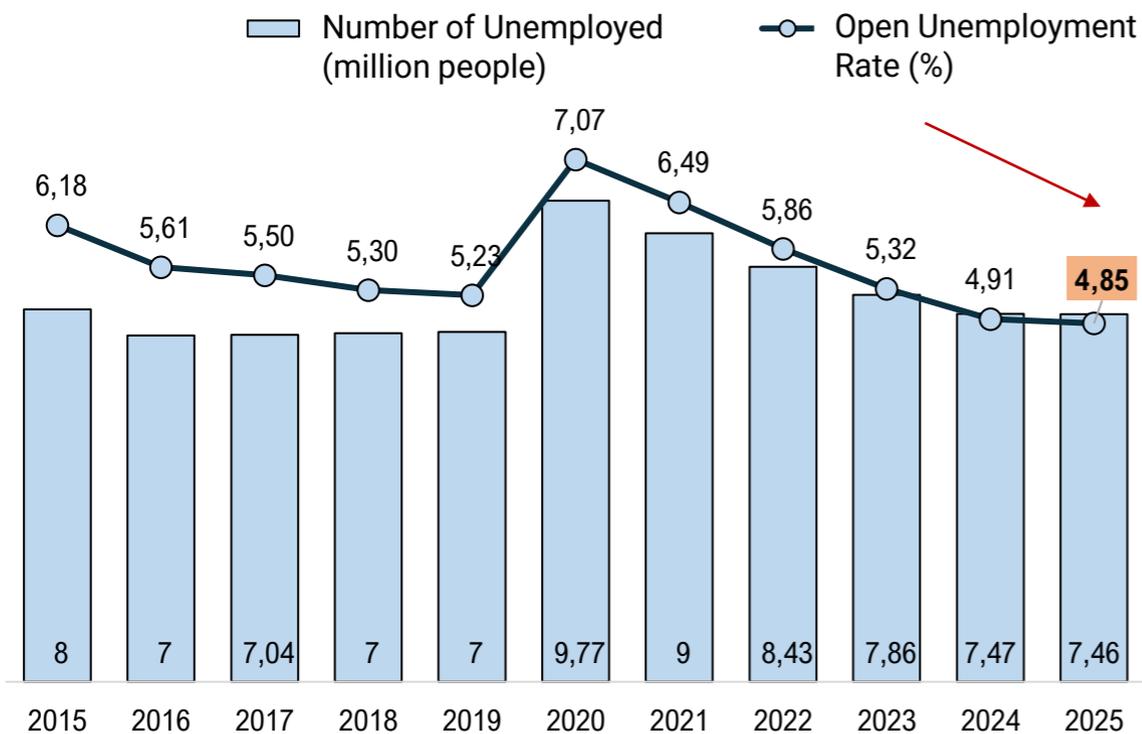
Source: Statistics Indonesia, processed



# ECONOMIC GROWTH REMAINS STABLE, UNEMPLOYMENT AND POVERTY CONTINUE TO IMPROVE

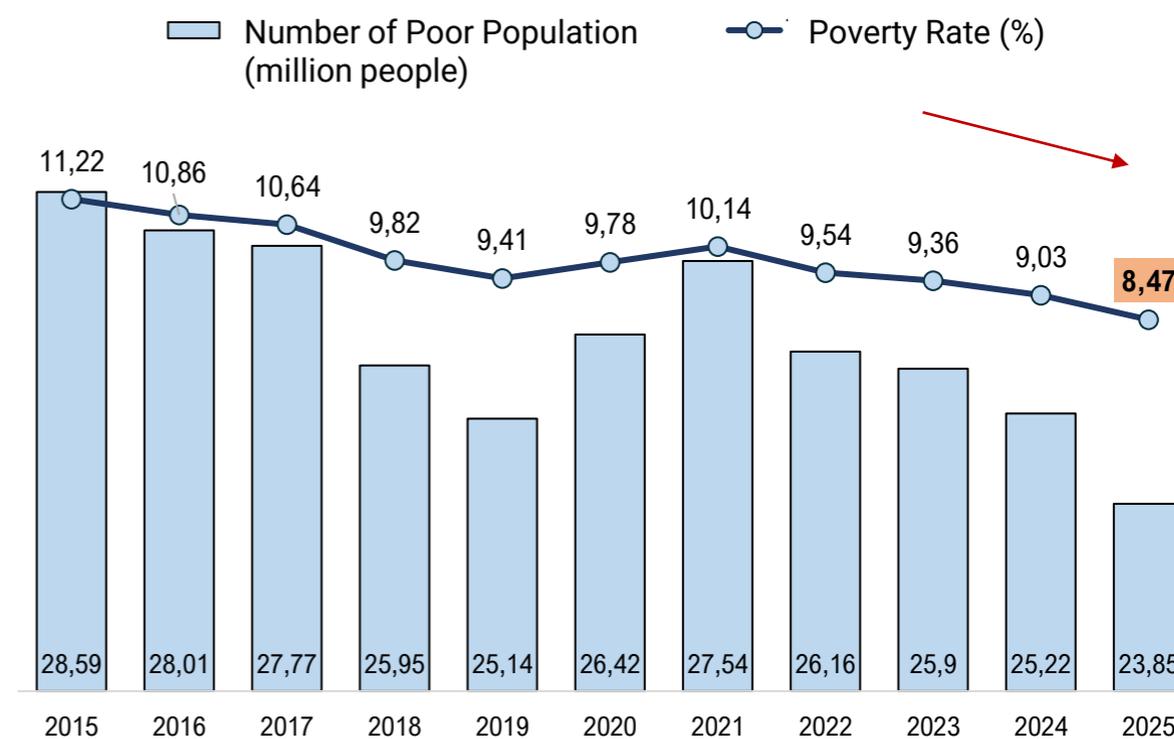
- The number of workers increased by 1.9 million people to 146.54 million people, resulting in a decrease in the number of unemployed by 4,092 people compared to August 2024.
- Strengthening economic activity and various Social Protection Programs have driven a decrease in the poverty rate from 9.03%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

## Open Unemployment Rate



Source: Statistics Indonesia, August data, processed

## Poverty Rate



Source: Statistics Indonesia, March data, processed

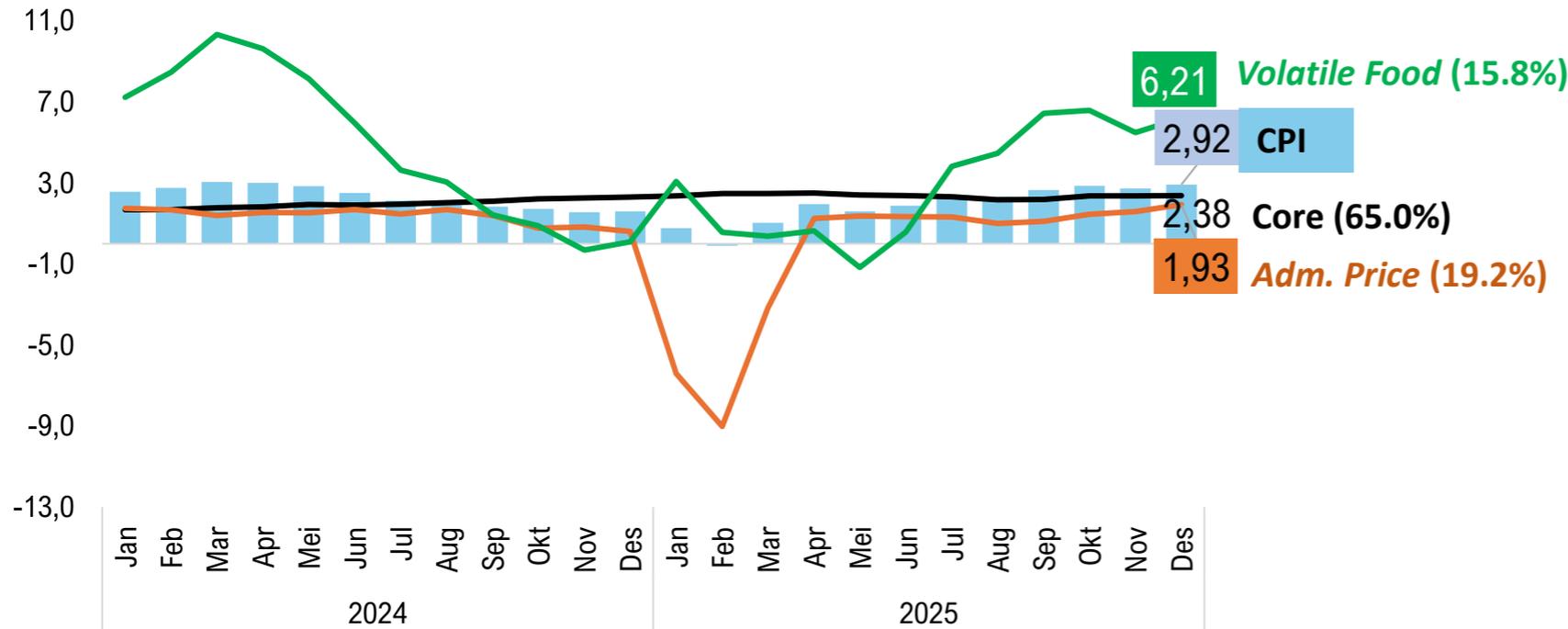




# STABLE INFLATION SUPPORTS HOUSEHOLD PURCHASING POWER

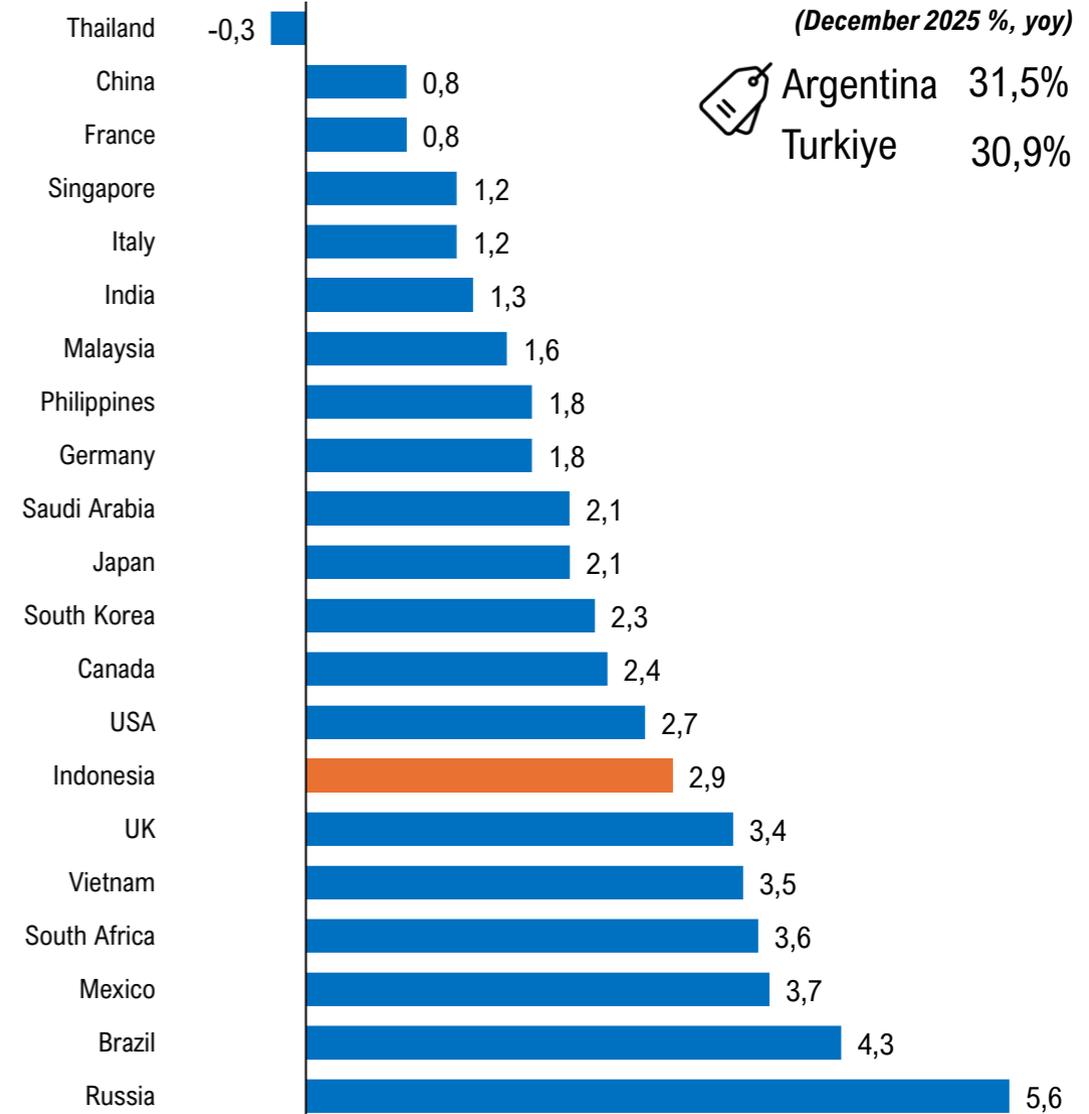
- **Volatile food inflation** was influenced by weather and distribution disruptions, while food price stabilization efforts continued to be strengthened, including by optimizing the role of the State Logistics Agency (Bulog) in rice market interventions
- **Core inflation** remained stable, despite being influenced by rising gold prices. There is still room for incentives to stimulate further economic activity, while risks remain manageable
- **Administered price inflation** remained low, supported by the Government through energy subsidy and compensation policies, including electricity discounts as a stimulus measure

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



Source: BPS

## Indonesia's inflation is relatively benign amidst global pressure



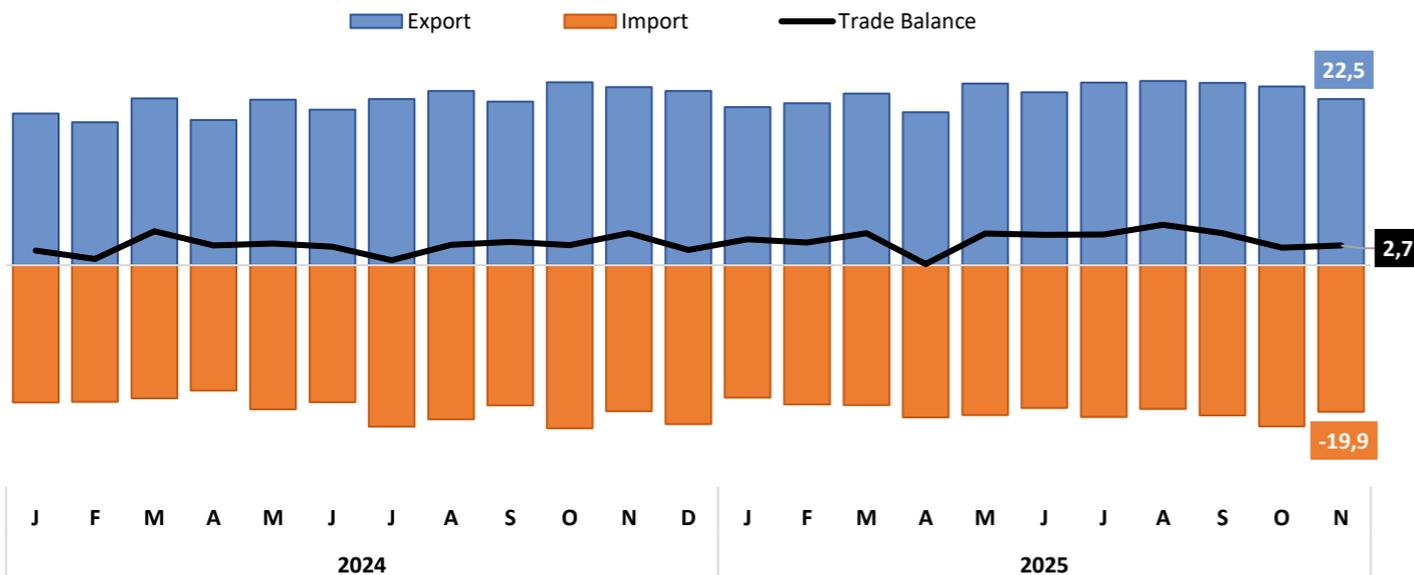
Source: Trading Economics



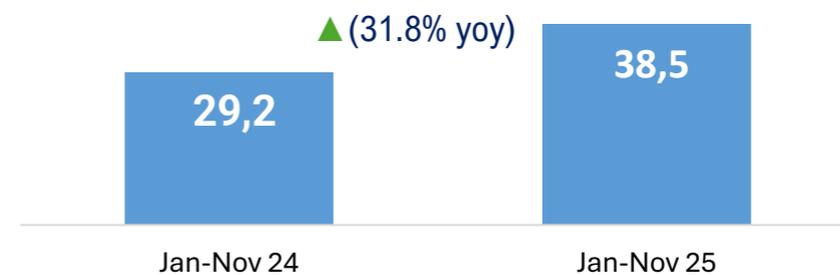
# INDONESIA'S NOVEMBER TRADE BALANCE REMAINS SOLID AMID MODERATING EXPORTS

The January–November 2025 trade balance surplus increased, supported by export growth that remained higher than imports

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

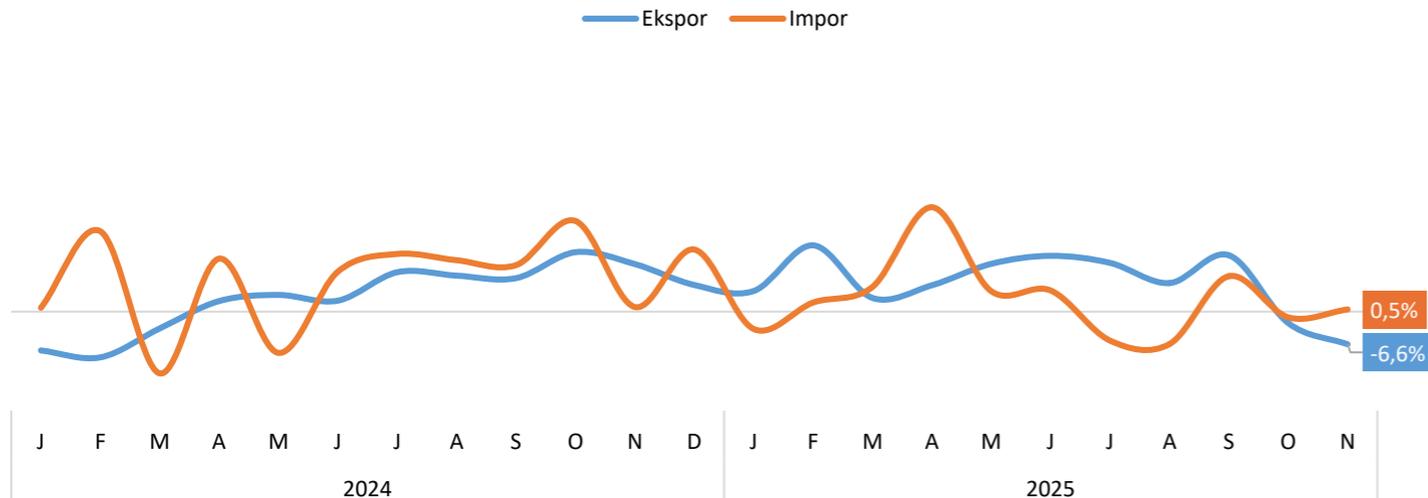


### Trade Balance, Cumulative (US\$ Billion)



<b>Export</b> (Jan – Nov '25)	USD256.56 billion ▲ (5.61% yoy)
<b>Import</b> (Jan – Nov '25)	USD218.02 billion ▲ (2.03% yoy)

### Export & Import Growth (% , yoy)

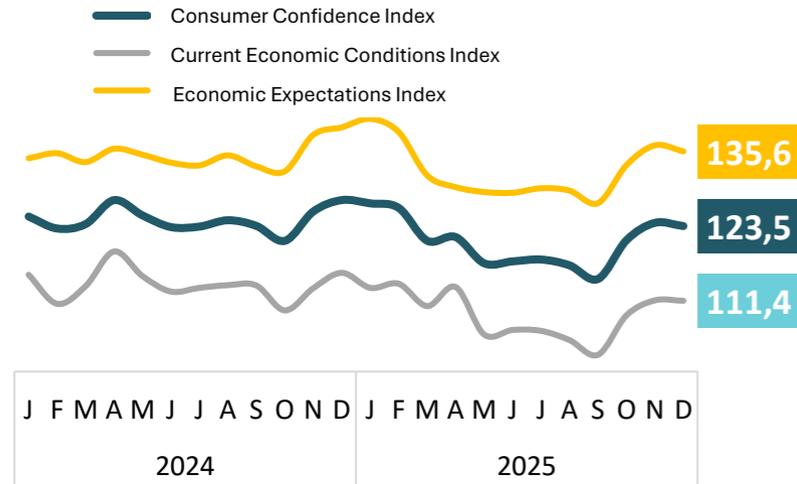


- Exports of the largest non-oil and gas commodities increased from January–November 2025, except for mineral fuels, which declined.
- Imports of electrical machinery/equipment and parts experienced the highest increase (14.8%, ctc).
- Exports to China grew 6.4% (ctc), while those to the United States grew 16.9% (ctc).
- Imports from China grew 18.9% (ctc), while imports from the United States grew 1.3% (ctc).



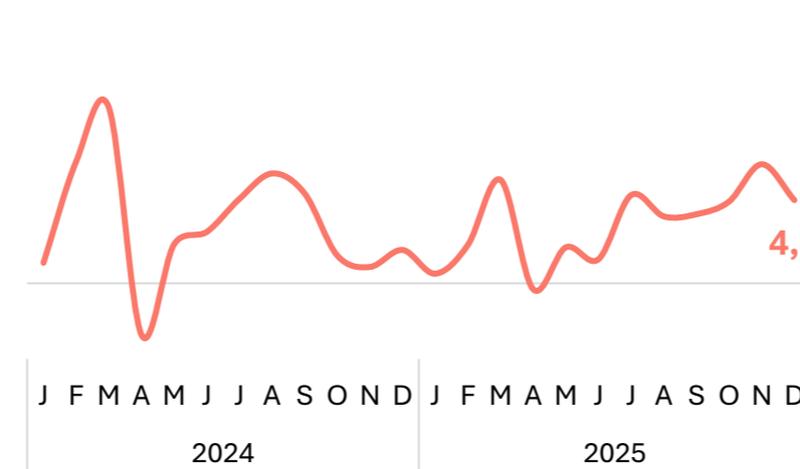
# ECONOMIC ACTIVITY REMAINS RESILIENT IN LINE WITH PUBLIC OPTIMISM

**Consumer confidence remains strong, perceptions of current conditions are stable, and forward-looking expectations stay positive (December, Index)**



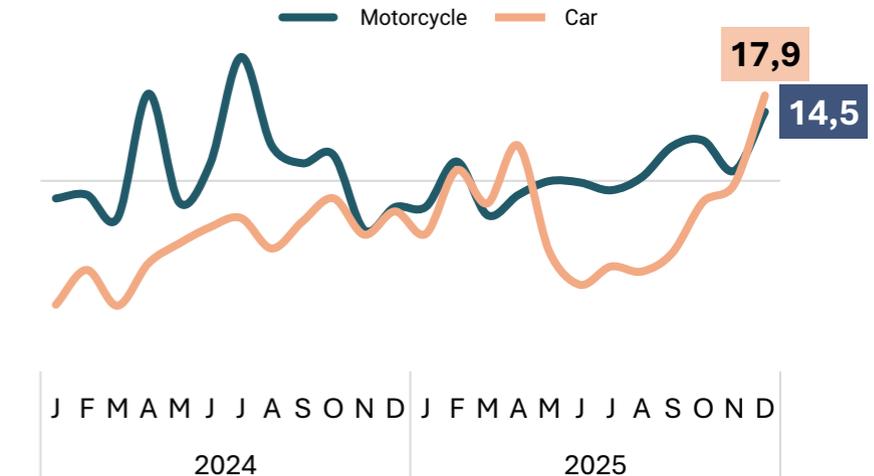
Source: Bank Indonesia

**The Real Sales Index continues to grow through year-end, driven by food and beverage products, spare parts (mobility-related), and recreational goods (December, Index)**



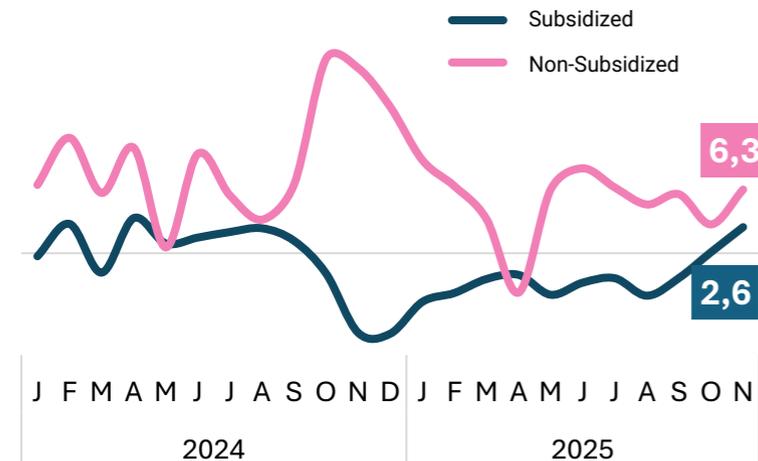
Source: Bank Indonesia

**Car and motorcycle sales recorded strong growth toward the end of 2025 (December, % yoy)**



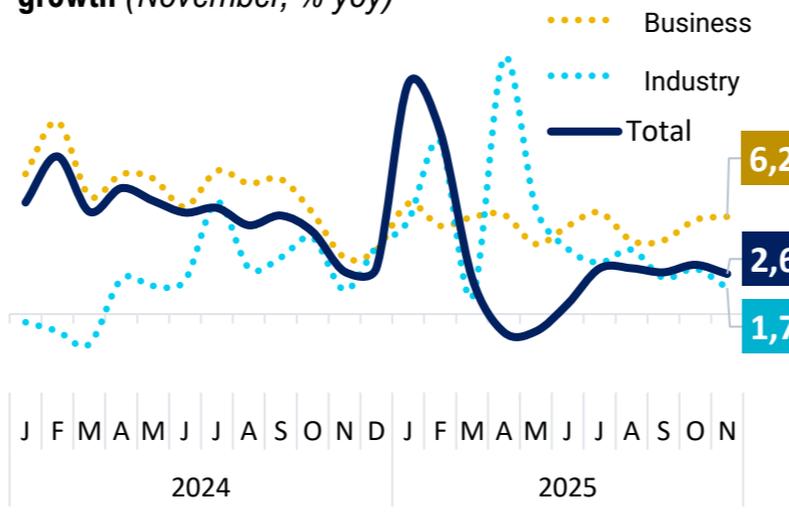
Source: Gaikindo & AISI

**Fuel consumption remains on an expansionary trend, reflecting active household and business activities (November, % yoy)**



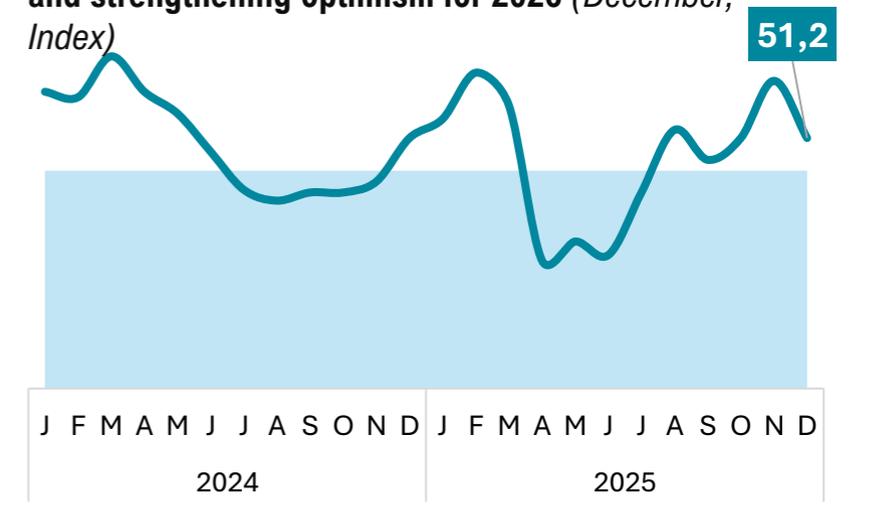
Source: Pertamina

**Total electricity sales grow steadily, with business-sector electricity consumption posting the highest growth (November, % yoy)**



Source: PLN

**Manufacturing expansion has continued over the past five months, supported by rising domestic demand and strengthening optimism for 2026 (December, Index)**

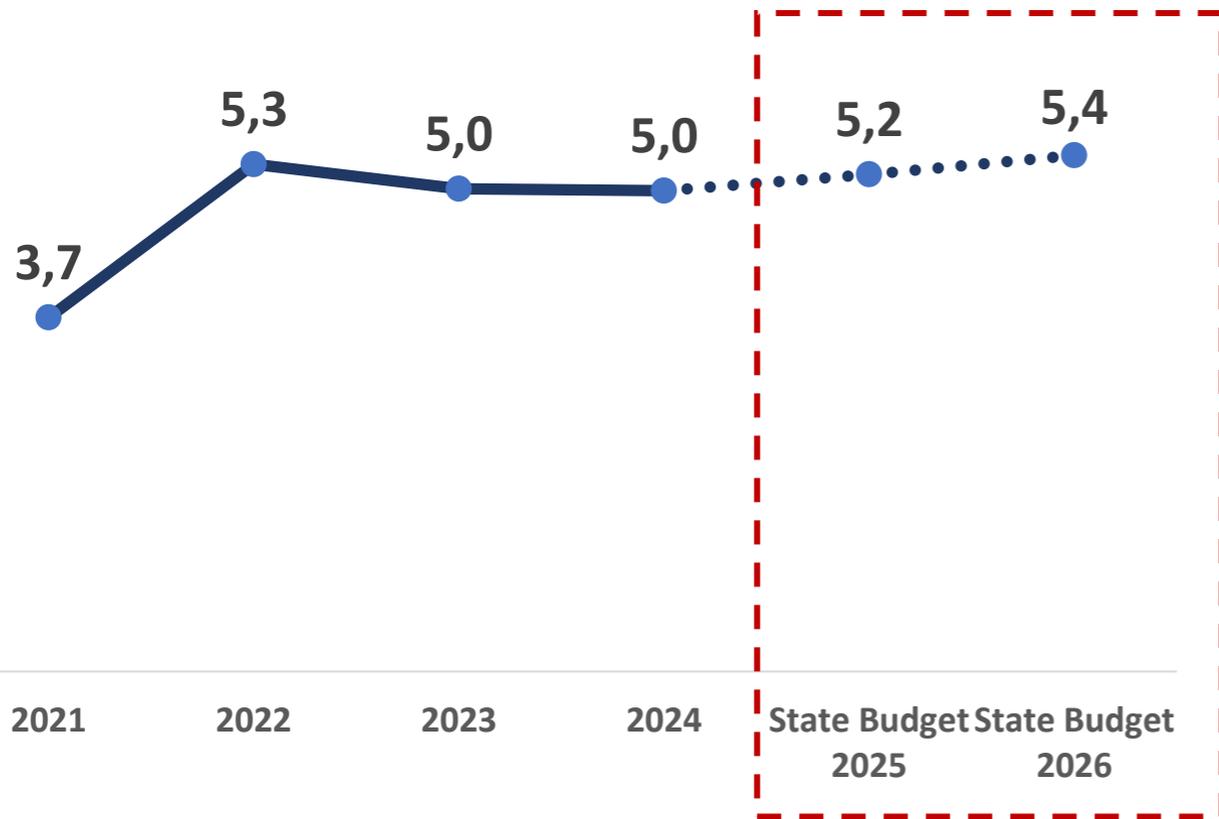


Source: S&P Global



# Q4 2025 ECONOMIC GROWTH PROJECTED TO REMAIN HIGH, PROVIDING A STRONG FOUNDATION FOR 2026

## Economic Growth Projection



## Contributing Factors

### Q4 2025

**Household consumption remains strong**, supported by stable inflation, economic stimulus, and social spending

**Expansionary state expenditure**, notably in personnel and good & services

**Positive investment trends**, driven by increased construction activity, public & private capex, and realization of govt. priority programs

**Sustained trade surplus**, supported by export of high-value added products, including downstreaming commodities

### Q1 2026

#### Strengthening household consumption

(Resilient purchasing power supported by social protection spending, holiday allowance (THR) payments, and high-quality job creation.)

#### Strong growth in Government Consumption

(Accelerated public expenditure and a low base effect from Q1 2025)

#### Investment Acceleration

(Expedited Danantara projects, support for disaster rehabilitation and reconstruction, and physical development of KDMP)



# ECONOMIC STIMULUS PACKAGE TO MAINTAIN PURCHASING POWER AND SUPPORT GROWTH

## Q1 STIMULUS PACKAGE

Maintaining the purchasing power of households and businesses, including:

- Electricity Discounts
- VAT Covered by Government (DTP) for Housing
- VAT Covered by Government (DTP) for Airline Tickets
- Access to Employment Loss Insurance (JKP)
- Financing for Labor-Intensive Industries
- Incentives for the Automotive Industry

**IDR33,3T**

## Q2 STIMULUS PACKAGE

Encouraging Domestic Consumption

- Transportation Fare Discounts
- Toll Fee Discounts
- Expanded Social Assistance
- Wage Subsidies & Food Assistance
- Discount on Work Accident Insurance Contributions (JKK)

**IDR24,4T**

## Q3 STIMULUS PACKAGE

Encouraging Economic Growth

- Discount on Work Accident and Life Insurance Contributions (JKK & JKM)
- Article 21 Income Tax Relief for the Tourism Sector
- Food Assistance
- Extension of Final 0.5% Income Tax Payment Period for MSMEs

**IDR15,6T**

## Q4 STIMULUS PACKAGE

Maintaining Purchasing Power, Encouraging Economic Activity, and Empowering the Youth, including:

- Internship Programs
- Direct Cash Assistance (BLTS)
- Holiday Season Ticket Discounts (Nataru)

**IDR37,4T**

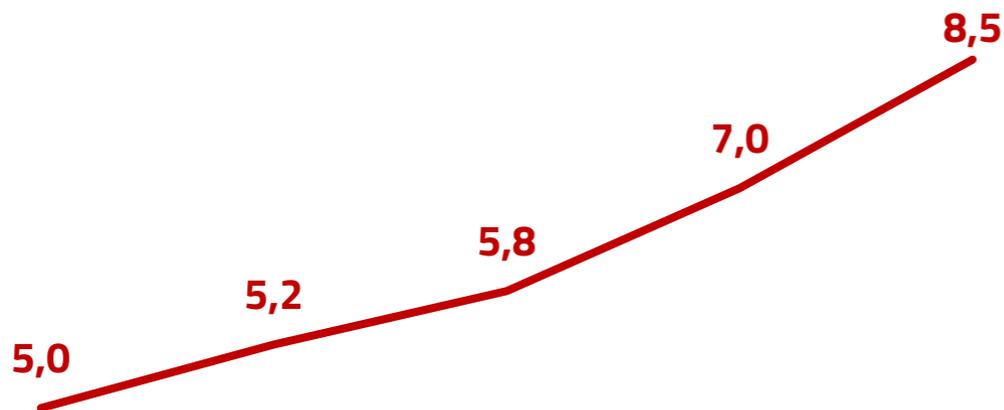




# Strengthening the Role of Danantara for Investment Acceleration

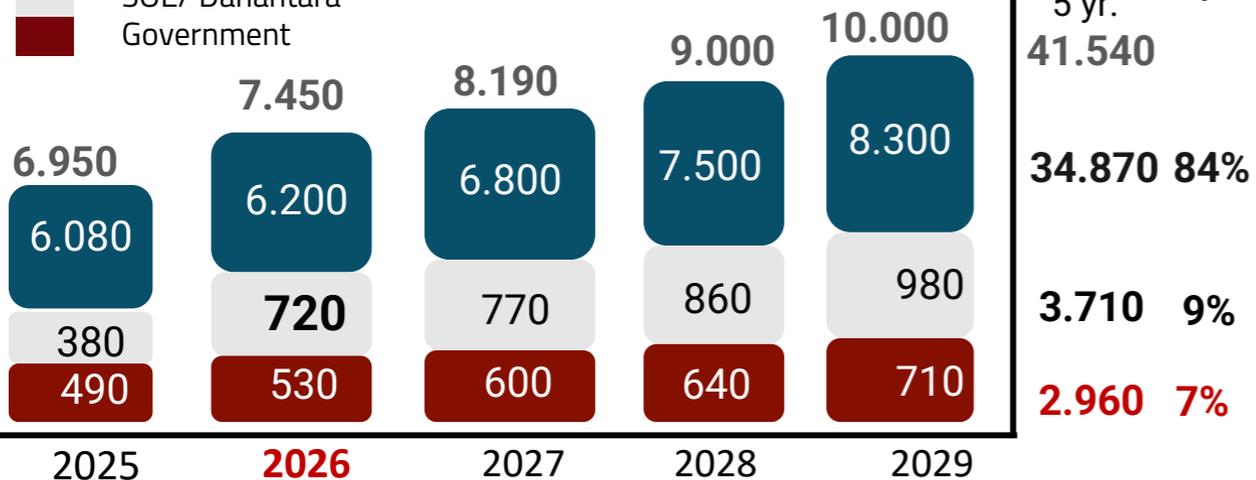
## Investment Growth (%)

Strong investment to drive 8% economic growth



## Investment Contributor (IDR T)

Private  
SOE/ Danantara  
Government



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

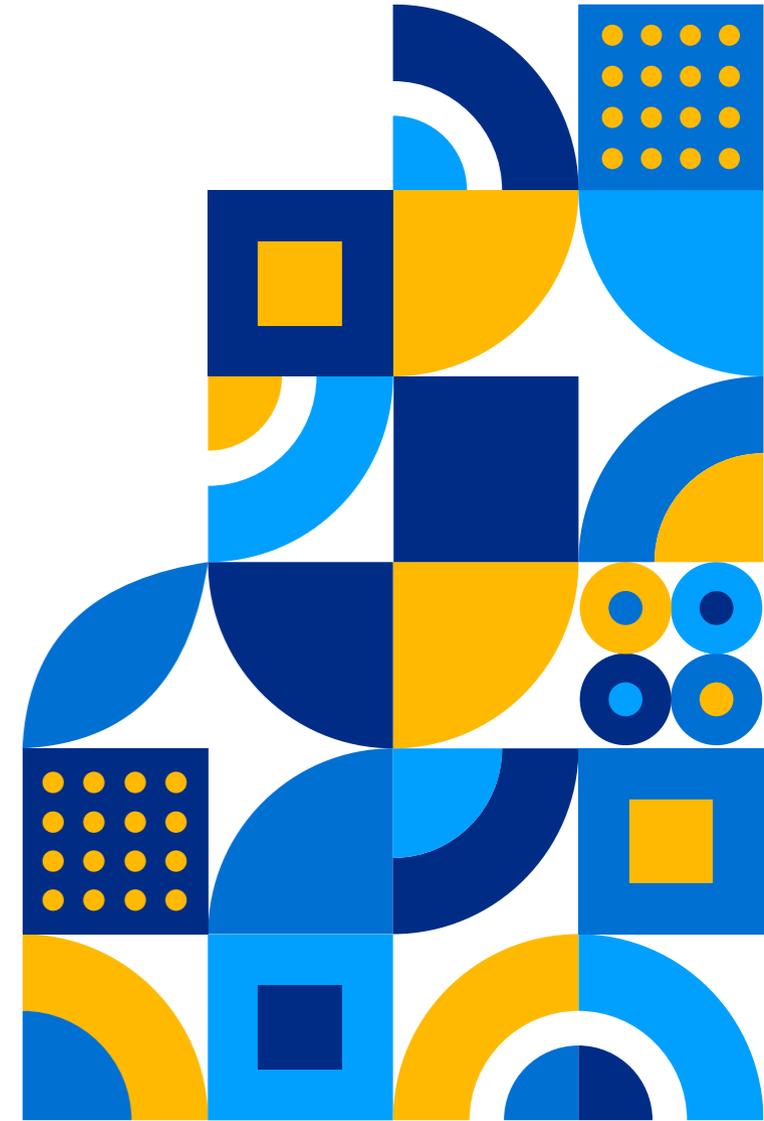


# Deregulation and Debottlenecking to Strengthen the Investment Climate for High Growth

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.	



# 2 2025 Fiscal Update

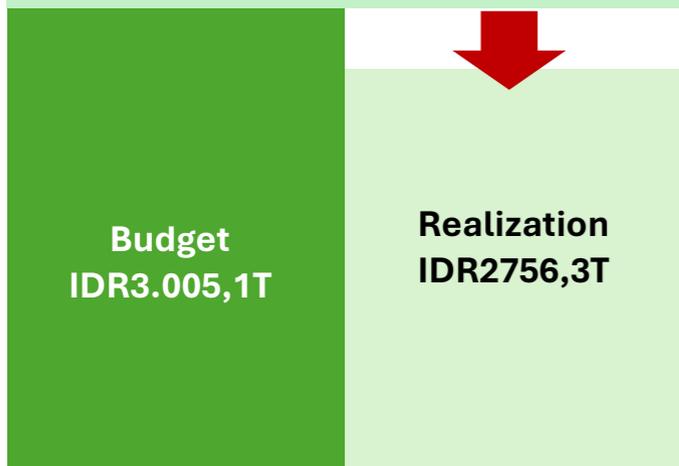




# AN EXPANSIONARY BUDGET SUPPORTS THE ECONOMY AND SAFEGUARDS PURCHASING POWER

Serving as a shock absorber and an agent of development—while maintaining fiscal sustainability.

## State Revenue Remains Quite Challenging



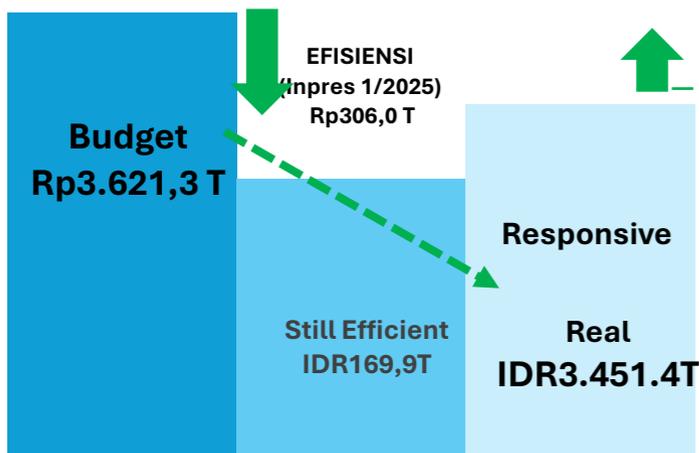
### Challenging Situation:

- Global trade and investment pressures
- Declining commodity prices

### Still Supporting the Domestic Economy:

- 12% VAT on luxury goods
- Refunds to support business liquidity
- State-owned enterprise (SOE) dividends (non-tax state revenue) redirected to Danantara

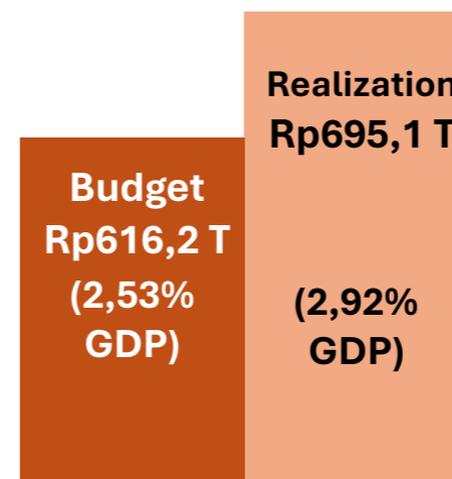
## State Expenditure: Responsive & Anticipatory



### Efficient, Continually Supporting the Economy & Welfare

- Economic stimulus for businesses
- Social protection for communities
- Priority programs for structural improvements (MBG, Community Schools, Free Health Checks)

## DEFICIT “Expansionary & Measured”



## State Budget for the Economy and Welfare



Growth Projection 5,2%



Priority Program



Poverty Rate Decline (8.47%) & Unemployment Rate (4.85%)



Deficit remained controlled (2,92% 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	2.92 <sup>2)</sup> (yoy)
 <b>Exchange Rate</b> (IDR/USD average)	15.000	16.162 (eop) 15.847 (ytd)	16.000	16.782 <sup>2)</sup> (eop) 16.475 <sup>2)</sup> (ytd)
 <b>10 Y T-Bonds Rate</b> (%, average)	6.7	7.0 (eop) 6.8 (ytd)	7.0	6.01 <sup>3)</sup> (eop) 6.71 <sup>4)</sup> (ytd)
 <b>ICP Indonesian</b> (USD/barel, average)	82	78.1 (ytd)	82	67.95 <sup>5)</sup> (ytd)
 <b>Oil Lifting</b> (tbpd)	635	579.7	605	577.6 <sup>5)</sup>
 <b>Gas Lifting</b> (tboepd)	1.033	978.8	1.005	965.5 <sup>5)</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 31 December 2025

<sup>3)</sup> As of 31 December 2025

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

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



# Preliminary 2025 State Budget Realization as of 31 Dec

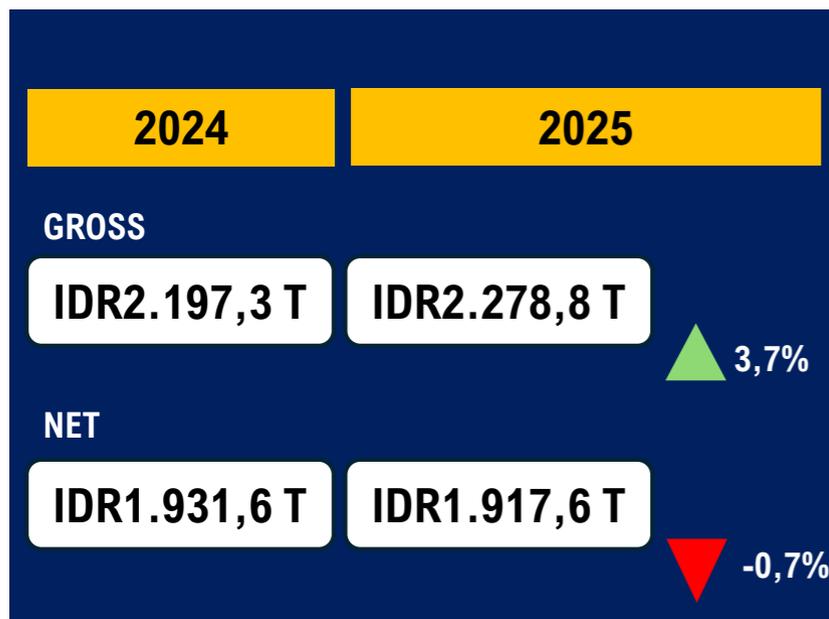
Expansive with a Controlled Deficit of 2.92% of GDP

(in IDR tn)	2024	2025			
	Audited Report	Budget	Outlook	Preliminary Realization (31 Dec)	% Budget
<b>A. Revenue</b>	<b>2,850.6</b>	<b>3,005.1</b>	<b>2,865.5</b>	<b>2,756.3</b>	<b>91.7</b>
1. Tax Revenue	2,231.8	2,490.9	2,387.3	2,217.9	89.0
1. Tax	1,931.6	2,189.3	2,076.9	1,917.6	87.6
2. Custom and Excise	300.2	301.6	310.4	300.3	99.6
II. Non-Tax Revenue	584.4	513.6	477.2	534.1	104.0
<b>B. Expenditure</b>	<b>3,359.8</b>	<b>3,621.3</b>	<b>3,527.5</b>	<b>3451.4</b>	<b>95.3</b>
I. Central Government Expenditure	2,496.2	2,701.4	2,663.4	2,602.3	96.3
1. Line Ministries Expenditure	1,324.0	1,160.1	1,275.6	1,500.4	129.3
2. Non-Line-Ministries Expenditure	1,172.2	1,541.4	1,387.8	1,102.0	71.5
II. Transfer to Region	863.5	919.9	864.1	849.0	92.3
<b>C. Primary Balance</b>	<b>(20.7)</b>	<b>(63.3)</b>	<b>(109.9)</b>	<b>(180.7)</b>	<b>285.3</b>
<b>D. Surplus/ (Deficit)</b>	<b>(509.2)</b>	<b>(616.2)</b>	<b>(662.0)</b>	<b>(695.1)</b>	<b>112.8</b>
<b>% Surplus/(Deficit) to GDP</b>	<b>(2.30)</b>	<b>(2.53)</b>	<b>(2.78)</b>	<b>(2.92)</b>	
<b>E. Financing</b>	<b>554.9</b>	<b>616.2</b>	<b>662.0</b>	<b>744.0</b>	<b>120.7</b>

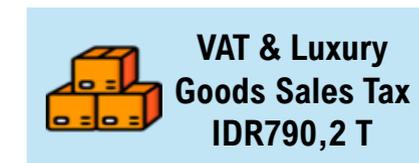
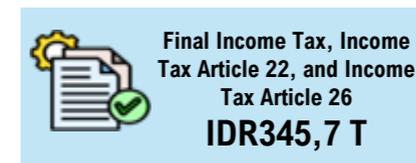
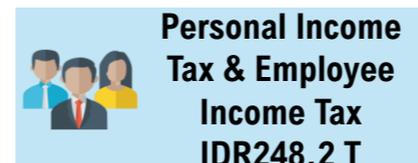
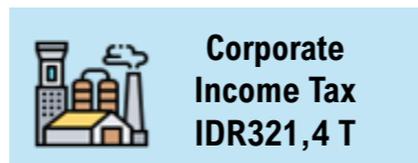


# TAX REVENUE 2025: IDR 1,917.6 trillion

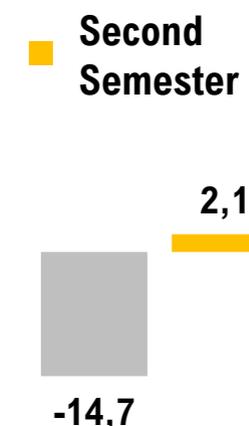
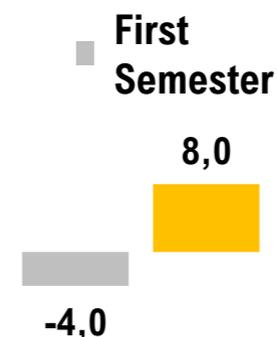
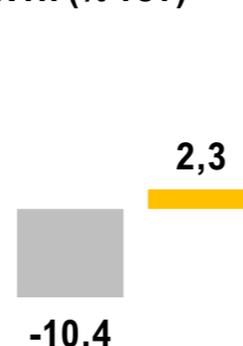
TAX REVENUE IN THE FIRST SEMESTER CONTRACTED, AFFECTED BY MODERATING COMMODITY PRICES AND TAX REFUNDS, WITH A TURNAROUND IN THE SECOND SEMESTER



## NET REALIZATION



## GROWTH (% YOY)



- On a gross basis, tax revenue recorded positive performance in line with economic conditions and was supported by efforts to improve taxpayer compliance and understanding.
- The decline in net tax revenue was driven by a combination of moderating commodity prices, increased tax refunds due to relaxation measures and accelerated audits, as well as fiscal policies aimed at preserving purchasing power and business sustainability.

- In the second semester, the Directorate General of Taxes adjusted its strategies in education, supervision, audits, and law enforcement, leading to an improvement in tax revenue after experiencing pressure in the first semester.
- Cross-agency law enforcement was intensified as a deterrent effect, including collaboration between the Ministry of Finance and the National Police Task Force for State Revenue Optimization (OPN), the Attorney General's Office, the Corruption Eradication Commission (KPK), the Financial Transaction Reports and Analysis Center (PPATK), and the Financial and Development Supervisory Agency (BPKP), as well as cooperation with other countries such as Singapore on account seizures through Mutual Legal Assistance (MLA).



# CUSTOMS AND EXCISE REVENUE

Revenue in 2025 grew by 0.02%, driven by export duty receipts

## 2025 REVENUE

# IDR 300,3 T



99,6% of  
State Budget

▲ 0,02%



### EXCISE

IDR 221,7 T ▼ 2,1%



### EXPORT DUTY

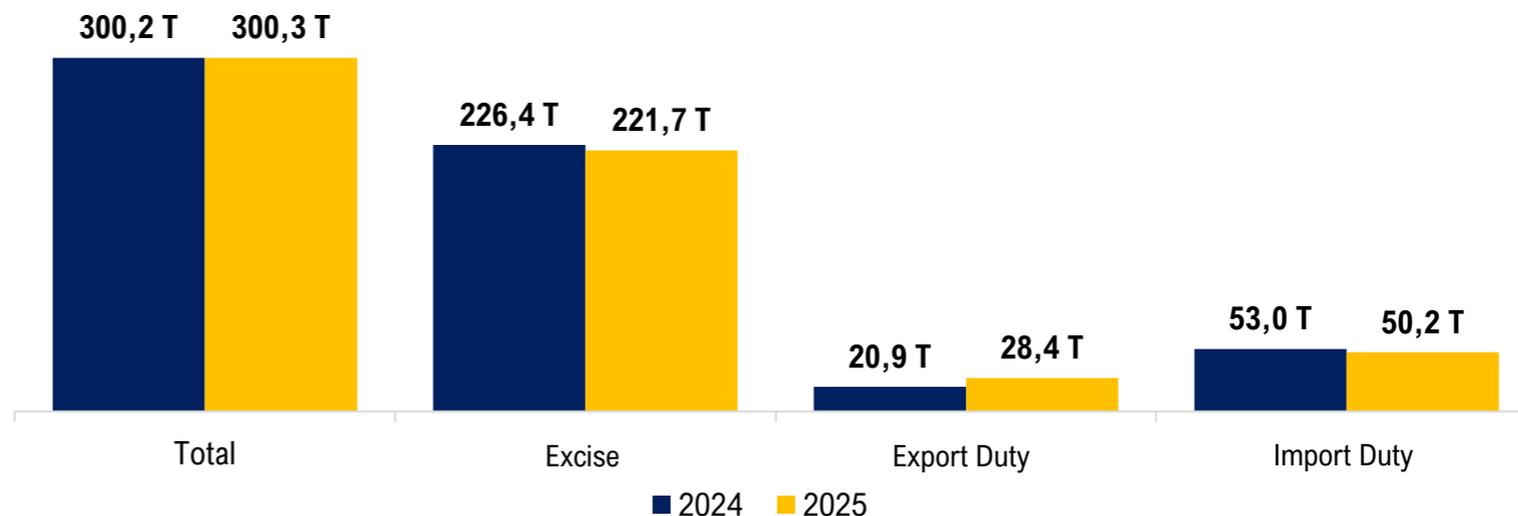
IDR 28,4 T ▲ 36,1%



### IMPORT DUTY

IDR 50,2 T ▼ 5,3%

## DGCE Revenue 2024 & 2025



Customs and excise revenue reached **IDR 300.3 T**, growing 0.02% (yoy), with the following breakdown:

- Excise** amounted to **IDR 221.7 T** (90.8% of the State Budget target), contracting 2.1% (yoy), in line with a 3.0% (yoy) decline in **tobacco product production**;
- Export Duties** totaled **IDR 28.4 T** (636.1% of the State Budget target), growing 36.1% (yoy), driven by higher **CPO prices**, increased **palm oil export volumes**, and the relaxation of export policies for **copper concentrate**;
- Import Duties** reached **IDR 50.2 T** (94.8% of the State Budget target), contracting 5.3% (yoy), influenced by **slower import growth** and **increased utilization of FTAs**.



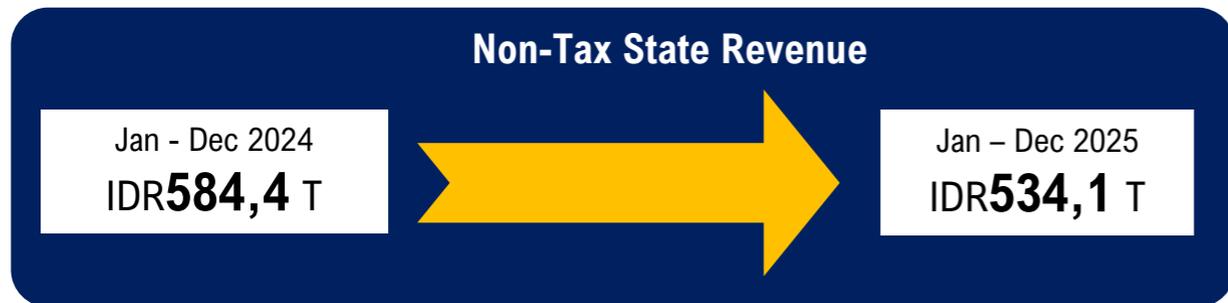
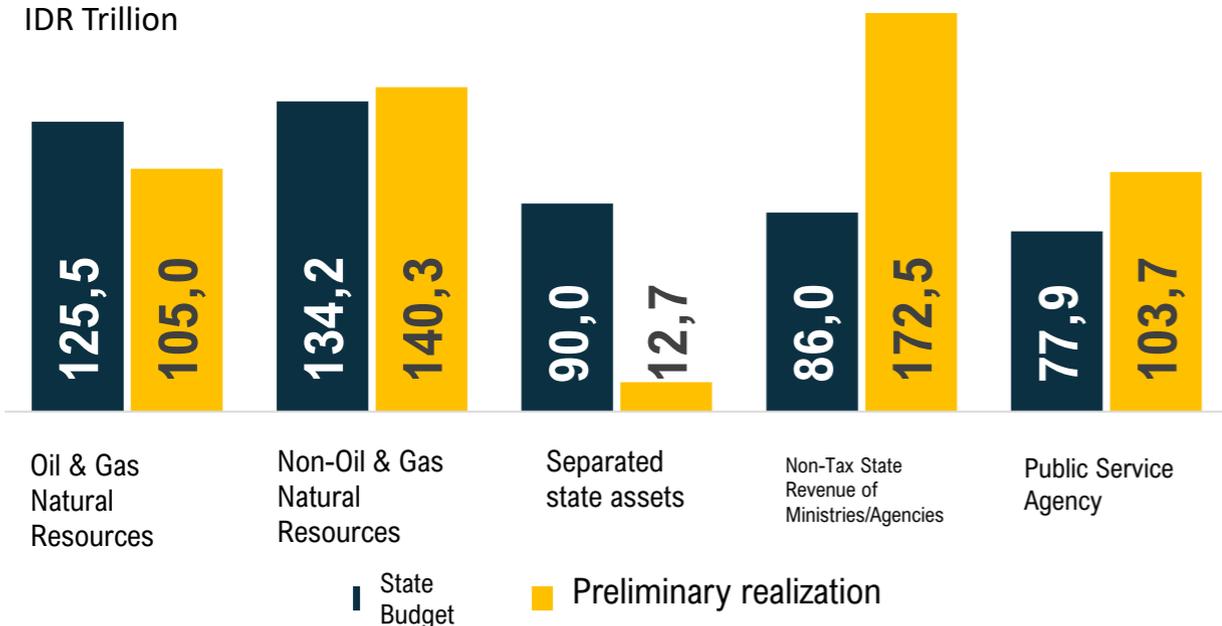
# REALIZATION OF NON-TAX STATE REVENUE (PNBP) EXCEEDS TARGET

## Amid Commodity Price Normalization and Declining Production Volumes

As of 31 December 2025, the realization of PNBP reached:

**IDR534,1 T**

IDR Trillion



- The realization of PNBP in 2025 amounted to **104.0% of the State Budget target**, despite the continued decline in crude oil and coal prices, accompanied by a decrease in coal production volumes, as well as the transfer of the management of SOE dividends to BPI Danantara (amounting to IDR77.3 T).
- The improvement in PNBP performance was driven by **enhanced governance** of Mineral and Coal Natural Resource (SDA Minerba) PNBP and Public Service Agencies (BLU) through the implementation of Government Regulation (PP) No. 19/2025 (on the Types and Tariffs of PNBP at the Ministry of Energy and Mineral Resources) and Minister of Finance Regulation (PMK) No. 30/2025 (on Service Tariffs of the Public Service Agency for the Plantation Fund Management at the Ministry of Finance).
- The performance of PNBP of Ministries/Agencies (K/L) reached **200.5% of the State Budget target**, mainly supported by revenues from the use of Radio Frequency Spectrum, payments of replacement money from corruption cases involving CPO and sugar, as well as forestry administrative fines collected by the PKH Task Force

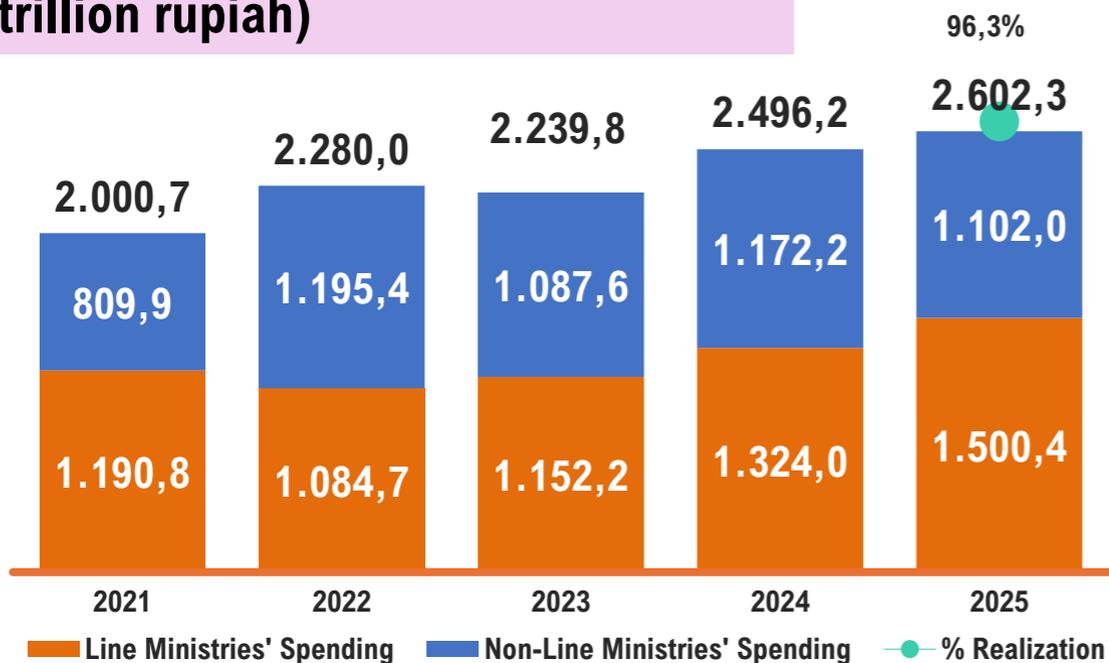


# Realization Of Central Government Expenditure (BPP) IDR2,602.3 T (96.3% APBN)

to support the government's priority programs

**Realization of BPP (indicative)  
as of December 31, 2021-2025  
(trillion rupiah)**

2021-2024: of LKPP  
2025: of APBN



**APBN**  
**IDR2.701,4 T**

**Semester Report**  
**IDR2.663,4 T**

**Realization (indicative)**  
**IDR2.602,3 T**

Designed to be flexible, accommodating the Government's priority programs, incl.

- Free Meals Program;
- Schools of Excellence
- Free Health Check-ups;
- Strengthening Food Security.

Supporting various Government priority policies and programs, incl.

- Spending efficiency policy
- Adjustment of the Government structure
- Economic Stimulus, incl. Electricity discounts, additional food cards, food assistance
- School revitalization;
- THR and Salary Distribution<sup>13</sup>
- Strengthening Defense and Security

Perform the role of:

- *Development Agent* through the support of the Government's Priority Programs
- *Shock Absorber* through support for various economic stimulus
- *Anticipation of disaster management*
- *Fiscal sustainability policy*

**Efficiency Policy  
Presidential Instruction  
1/2025  
IDR 306,7 T**  
exempt from Employee  
Expenditure and Social  
Assistance



**Relaxation of reserve/  
unblocking measures  
IDR206,4 T**  
to support Government  
Priority Programs

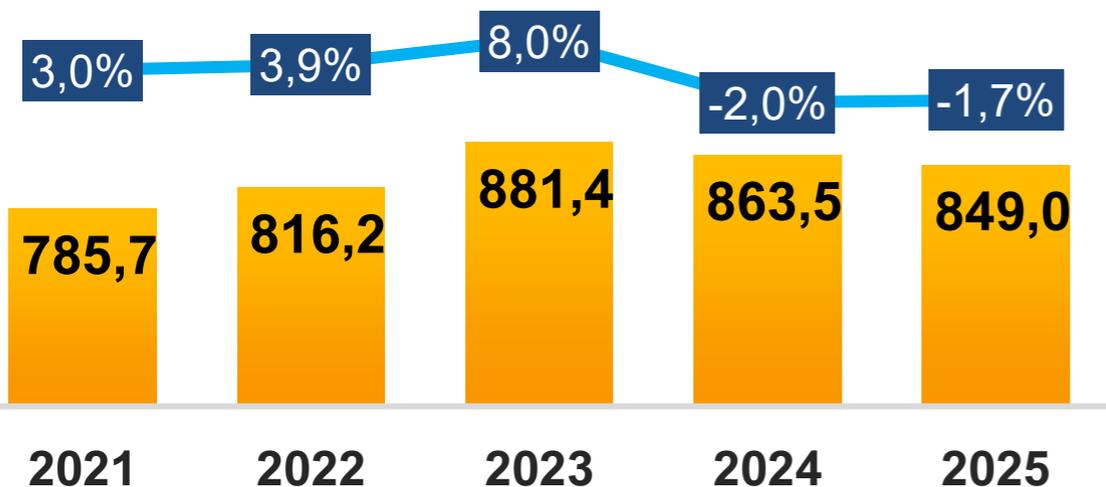




# Regional Transfers (TKD) IDR849,0 T

Supporting public services and priority sectors, as well as encouraging effective and efficient regional spending

## Realization of Distribution (TKD) 2021-2025 (IDR Trillion)



## Highlights of TKD Realization 2025:

- Increasing the Effectiveness and Efficiency of TKD Policies
- Distribution of Teacher Professional Allowance since March amounting to IDR67.3 T directly to the ASND Teacher Account
- The Village Fund Policy supports the establishment of a Legal Entity of 83.1 thousand KDKMP
- Additional DAU for THR and Salary of 13 Regional ASN amounting to IDR 7.6 T
- Relaxation of TKD distribution for disaster areas in 3 provinces in Sumatra amounting to IDR2.25 T
- Partial distribution of KB DBH amounted to IDR 18.5 T

## Summary of Output of Budget Utilization of TKD 2025 incl:

### DBH

- JKN Contribution (4.9 mn people)
- Jamsostek Contributions (696 thousand people)
- (Forest protection and security) 1.302 Ha)
- Forest and land fire control (35 Ha)

### DAU

- Regional Govt Salaries 3,63mn employees
- Salary Payment for 565,2 thousand PPPK
- Funding for 8.498 Districts
- 3.445 New Classroom, 256 unit Hospitals & Puskesmas, and Procurement of Medical Devices 8.279 unit

### DAK

- BOSP for 50,4 mn Students
- Construction/ renovation 1,122 health centers and the operationalization of 10.1 thousand health centers
- Farming Roads 88 KM
- SPAM Expansion 92,4 thousand SR & IPAL 5,5 thousand SR

### Village Fund

- Village Direct Cash Assistance (1,9 mn KPM)
- Village Road 12,3 thousand KM
- 83.128 Legal Entity KDKMP
- Posyandu 7.403 unit

### Otsus Fund & DIY

- Papua Superior School Scholarships 1097 Students
- Smart Card/Poor Student 15.200 siswa
- Healthcare 91.173 people
- Health insurance 2138 people
- Roads 210 Km
- Bridges 18 unit
- Village Land Verification in DIY 3.450 Field

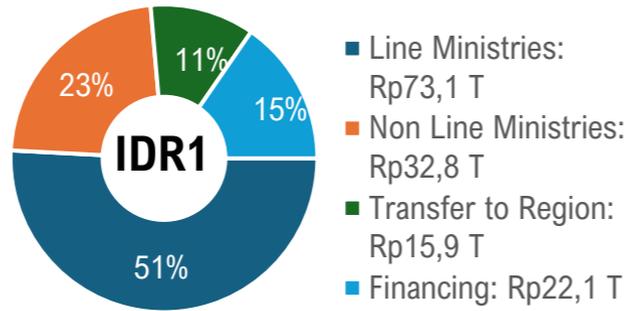


# PRIORITY PROGRAMS UPDATE

## FOOD SECURITY PROGRAM

The food security budget is intended to ensure that the public has **access to sufficient, safe, and affordable food** in a sustainable manner by strengthening Indonesia's agricultural sector, while simultaneously **improving the welfare of farmers**

**Realization IDR143.9 T**  
(99.5% budget IDR144.6 T)



Programs in 2025 including:

**Distribution of 8.1 million tonnes Subsidized Fertilizer** (2024: 7.2 million ton) **IDR32,7 T**

**69 thousand ha new paddy field creation and 381 thousand ha of land optimization** **IDR8,9 T**

**Development of 55 thousand ha irrigation network and 20 dams** **IDR15,6 T**

**Rice and cooking oil food assistance for 18.3 million family recipients** **IDR11,5 T**

**Procurement of 489.96 thousand tonnes of rice dan 1.65 million tonnes of paddy from farmers and 480.33 thousand tonnes of corn** **IDR16,6 T**

**Bulog rice reserves in the end of 2025 3.3 million tonnes**

showing food reserve is safe.

## VILLAGE DEVELOPMENT, COOPERATIVES, MSMEs

Aimed at enhancing welfare and eradicating poverty



**Realization IDR34.0 T**  
(84.2% budget IDR40.4 T)

- KUR Credit Ceiling ..... IDR270.1 T
- KUR Interest Subsidy..... IDR31.6 T
- Line Ministries ..... IDR2.0 T

Programs in 2025 including:



**Ministry of MSME IDR0.4 T** including, to support the facilitation of promotion, marketing, and the strengthening of entrepreneurship



Revitalization of three MSME industrial clusters and the provision of two sets of testing equipment packages and supporting facilities



**Ministry of Cooperative IDR0.9 T**, including to implement digitalization for cooperatives



KUR interest subsidy **4.6 million debtor**, KUR credit ceiling **IDR270.1 T**



**Ministry of Industry IDR0.2 T** including to facilitate and develop the hala industry



# PRIORITY PROGRAMS UPDATE

## FREE NUTRITIOUS PROGRAM(MBG)

To fulfill nutritional needs, increase school participation, and accelerate the local economy

### Beneficiaries

**56.13\***

**38**

Million beneficiaries | Provinces

(from 82.9 million target)

\*) data as of 7 January

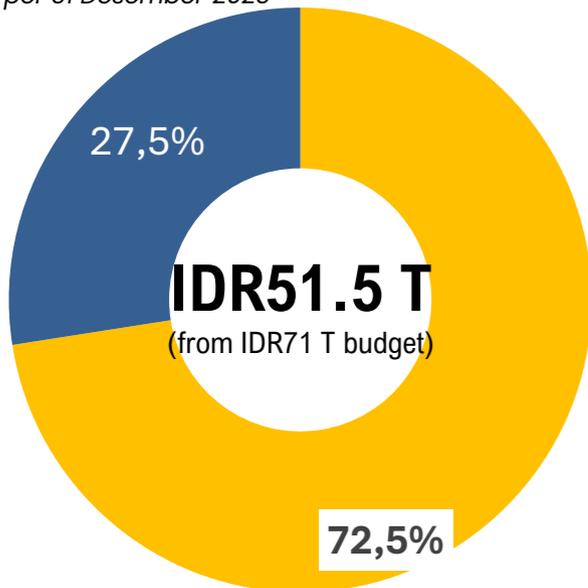


### Private Sector Participation

**19,069 SPPG** (public kitchen)  
**741,985 workers**

## Realisasi Anggaran MBG

per 31 Desember 2025



**Direct benefits received by the public: IDR43.3 T** for the provision of nutritious food for students, toddlers, pregnant and breastfeeding mothers, as well as teachers and education personnel across Indonesia

## FREE HEALTH CHECK(CKG)

Early detection of health conditions to prevent disease and improve public health



**CKG until 31 Dec 2025 has served 70.8 million people**



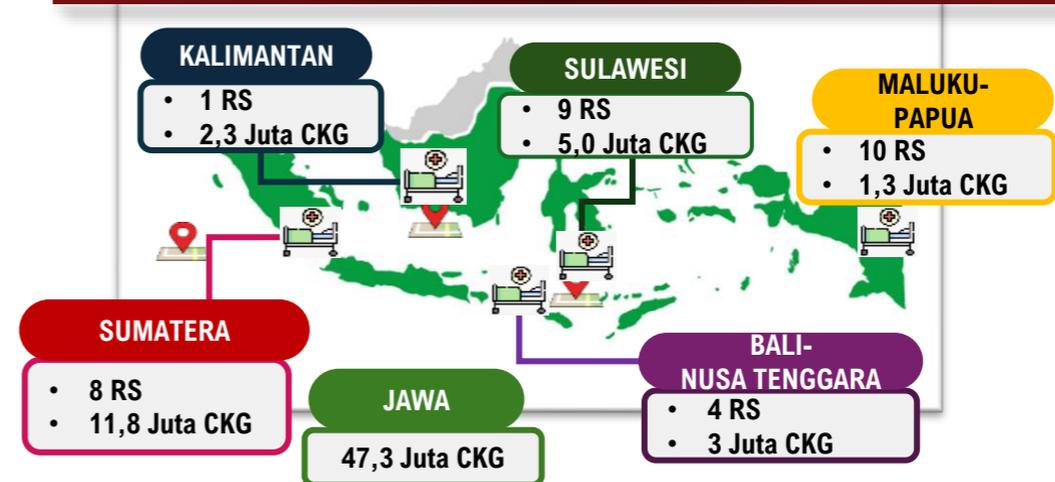
**IDR2.1 T**

## HOSPITAL REVITALIZATION

Upgrading Class D/D Pratama hospitals to Class C, with a primary focus on strengthening infrastructure and facilities for priority services in Oncology, Cardiology, Stroke, and Uro-Nephrology (KJSU)



### CKG dan Hospital Revitalization Distribution





# PRIORITY PROGRAMS UPDATE

## PEOPLE'S SCHOOL (Schools Rakyat / SR)

Present to expand access to quality education and break the cycle of poverty.

“So with this, we aim to break the cycle of poverty. Children from underprivileged or poor families should not remain poor.”



### Realization (Dec 31, 2025)



## IDR6.6 T

(80.5% from budget allocation IDR8.2 T)

### IDR5.4 T

Renovation of Education Centers by the Ministry of Public Works

### IDR1.1 T

Education Programs/Provision by the Ministry of Social Affairs



Educating 15,895 underprivileged students (deciles 1–2).



Involving 6,849 teachers and education personnel.



Operation of 166 Sekolah Rakyat (SR) – from elementary to senior high schools – across Indonesia:



35 Schools



28 Schools



13 Schools



14 Schools



69 Schools



7 Schools

### Objectives

#### 1 Breaking the cycle of poverty

To break the intergenerational cycle of poverty.

#### 2 Broadening Access to Education

Aiming to guarantee access to quality education for children from low-income and extremely disadvantaged families.

#### 3 Preparing the Golden Generation 2045

Developing the next generation of leaders and change-makers.

### Facilities

- Health Check-ups
- Talent Mapping
- Basic Academic Competencies
- Discipline Enhancement
- Boarding School (Dormitory)
- School Uniforms and Supplies
- Three Meals & Two Snacks per Day
- Digital Learning Support

SR becomes a miniature model for integrated poverty alleviation, serving as a hub connected with other priority programs such as CKG, MBG, PKH, Basic Food (Sembako), PBI JKN, as well as housing and empowerment programs.



# PRIORITY PROGRAMS UPDATE

## GARUDA EXCELLENCE SCHOOLS (Sekolah Unggul Garuda – SUG) & School Revitalization

Aiming to enhance human resource competencies and ensure the provision of high-quality educational facilities and infrastructure

### Objectives



#### Strengthening Human Resources

Enhancing senior high school competencies through high-quality education for high-performing student



#### Strengthening Science & Tech

Improving science and technology quality to compete for admission to the world's leading universities



#### Enhancing the Economy

Developing high-quality human capital as a key driver of future economic growth

### SUG Program Ecosystem

#### NEW SUG

Focused on student enrollment, curriculum, teachers, and facilities

#### Realization IDR97,8 Bn

- **Group 1:** 4 locations (Bangka Belitung, Central Timor Regency NTT, Southeast Sulawesi, and North Kalimantan). Construction is pending environmental impact assessment (AMDAL).
- **Group 2:** 5 locations, with 1 location already ready (Nabire). Construction will be carried out in 2026.

#### SUG TRANSFORMATION

Focused on student development, teacher training, and school management

#### Realization IDR79 Bn

Transformation of 12 elite senior high schools (SMA) across 11 provinces. Targeted for completion and the start of classes in 2026.

### Budget Realization

### Establishment of Endowment Fund

# IDR176.8 Bn

From budget allocation IDR2.0 T

Preparation by  
**Kemdiktisaintek**

□ 2025

## IDR1.7 T

□ 2026 - 2029

Funding support for SUG is provided through the allocation of DAP for SUG.

### Revitalization of Schools & Madrasahs

#### Realization

*As of 31 Dec 2025*

## IDR18.9 T (94.5% from allocation IDR20 T)



**Kemendikdasmen:** Realized IDR 16.7 trillion out of IDR 16.9 trillion for 16,178 educational units (78% public, 22% private).



**Kemenag:** Realized IDR 240 billion from an allocation of IDR 500 billion.

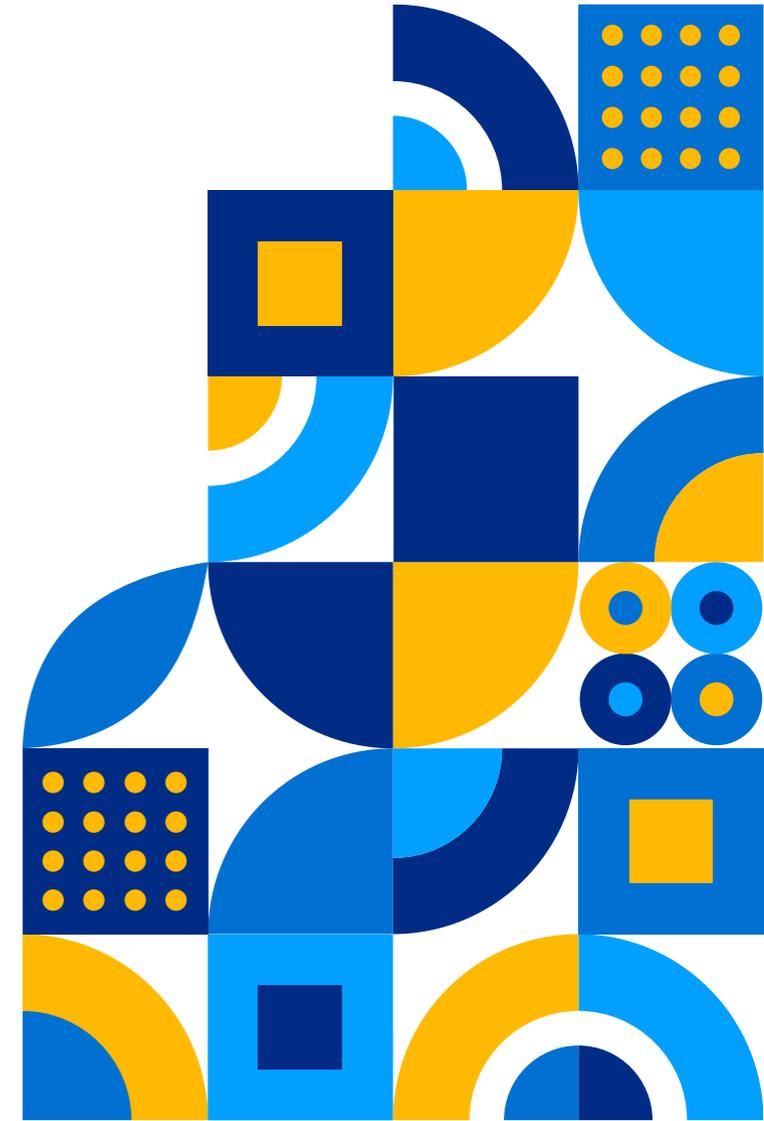


• **KemenPU:** Realized IDR 1.9 trillion out of IDR



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> (IDR/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: IDR3,149,7 trillion

Quality spending for sustainable development

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

Increased from the 2026 Indicative Ceiling of IDR1,167.8 trillion

**IDR1.510,5 T**

**Minimum  
Government Needs**

**Priority Spending of  
Ministries/Agencies**

Minimum Operational Spending, including:l.:

- Personnel Expenditure: IDR332.8 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 IDR162.4 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

**IDR1.639,2 T**

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



# 2026 State Budget Priority Agenda

## 1. FOOD SECURITY



**IDR164,7**

**T**

**4,29%**

of Total Expenditure

- ▶ Fertilizer Subsidy : **9,62 mio tons**, IDR46,9 T
- ▶ Rice field development and land optimization: **550.000 ha** IDR19,7 T
- ▶ Farmers' access road **103 km**
- ▶ Bulog to maintain rice and paddy stock: **3 mio tons**, IDR22,7 T

## 2. ENERGY SECURITY



**IDR402,4**

**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



**IDR335 T**

**8,72%**  
of Total Expenditure

Education Function **IDR223,6 T**  
Health Function **IDR24,7 T**  
Economic Function **IDR19,7 T**  
Reserve **IDR67 T**

**82,9 mio Beneficiaries**

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

## 4. EDUCATION PROGRAM



**IDR769,1 T**

**20%**  
of Total Expenditure

- ▶ Education budget through **TKD** (e.g., allowances for public/private teachers, BOS, PAUD operational assistance) **IDR 264,6 T**
- ▶ Education budget through **non-BGN Ministries / Institutions** (e.g., school revitalization and People's Schools) **IDR 246,9 T**
- ▶ **MBG** **IDR 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) **IDR 34 T**



# 2026 State Budget Priority Agenda

## 5. HEALTH PROGRAM



**IDR244 T**

**6,35%**  
of Total Expenditure

Insurance contribution assistance: **96.8 mio** people & non-salaried workers (PBPU) **IDR69,0 T**  
**49.6 mio** people

Hospital revitalization **IDR2,7 T**, reduction of stunting and TB

Free Health Check (CKG) for 130.3 million participants

**IDR2,6 T**

Nutritional assistance for toddlers & pregnant women: **7.4 million** people **IDR24,7 T**

## 6. VILLAGE DEVELOPMENT, COOPERATIVES, AND MSMEs



**IDR181,8 T**

**4,73%**  
of Total Expenditure

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

Village Fund **IDR60,6 T**

Placement of funds in state-owned banks (Himbara) for loans to KDMP at low interest rates **IDR83,0 T**



# 2026 State Budget Priority Agenda

## 7. UNIVERSAL DEFENSE



- ▶ Defense: **IDR185.2 T** for modernization of defense equipment and development of domestic industry.
- ▶ Order and Security (including the National Police, State Intelligence Agency, National Narcotics Agency): **IDR179.4 T** for border security and prevention of terrorism and crime.
- ▶ Law (Prosecutor's Office, Human Rights, Judiciary, etc.): **IDR60.4 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**



# 2026 CENTRAL GOVERNMENT SPENDING FOR PRIORITY PROGRAMS Rp1,360.2T

Strengthen economic fundamentals through improving the quality of human resources, strengthening purchasing power, and community business activities that contribute to promoting prosperity in the region

## Education

- ✓ Salary, Non-Civil Servant TPG/TPD Rp64.9 T (Kemendikdasmen, Kemdiktisaintek, Kemenag).
- ✓ PIP/KIP Lectures/other scholarships IDR 66.5 T (Kemenag, Kemenkeu, Kemendiktisaintek, Kemendikdasmen).
- ✓ School Renovation/Revitalization Rp27,6 T (Kemen PU, Kemendikdasmen, dan Kemenag)
- ✓ People's School and Garuda Superior School Rp27,9 T (Kemen PII, Kemensos dan

## Cooperatives and MSMEs

- ✓ Merah Putih village/sub-district cooperative (Kemenkop)

## Health

- ✓ Family Hope Program (PKH) Rp28,7 T (Kemensos).
- ✓ Health Insurance Contribution Assistance Rp69,0 T (Kemenkes)
- ✓ Free Health Checks & TB, Hospital Revitalization Rp5,5 T (Kemenkes)
- ✓ Free Nutritious Meals Rp335,0 T (BGN)

## Food Security

- ✓ Food Barn Rp23,7 T (Kementan dan Kemen PU).
- ✓ Bulog and food reserves Rp33,0 T (Bapanas).
- ✓ National fishing and salt villages Rp6,7 T (Kemen KP).

## Infrastructure

- ✓ Road and Bridge Preservation Rp19,5 T (Kemen PU).
- ✓ Housing Rp49,0 T (Kemen PKP dan Kemenkeu)
- ✓ Dams & Irrigation Rp12 T (Kemen PU)

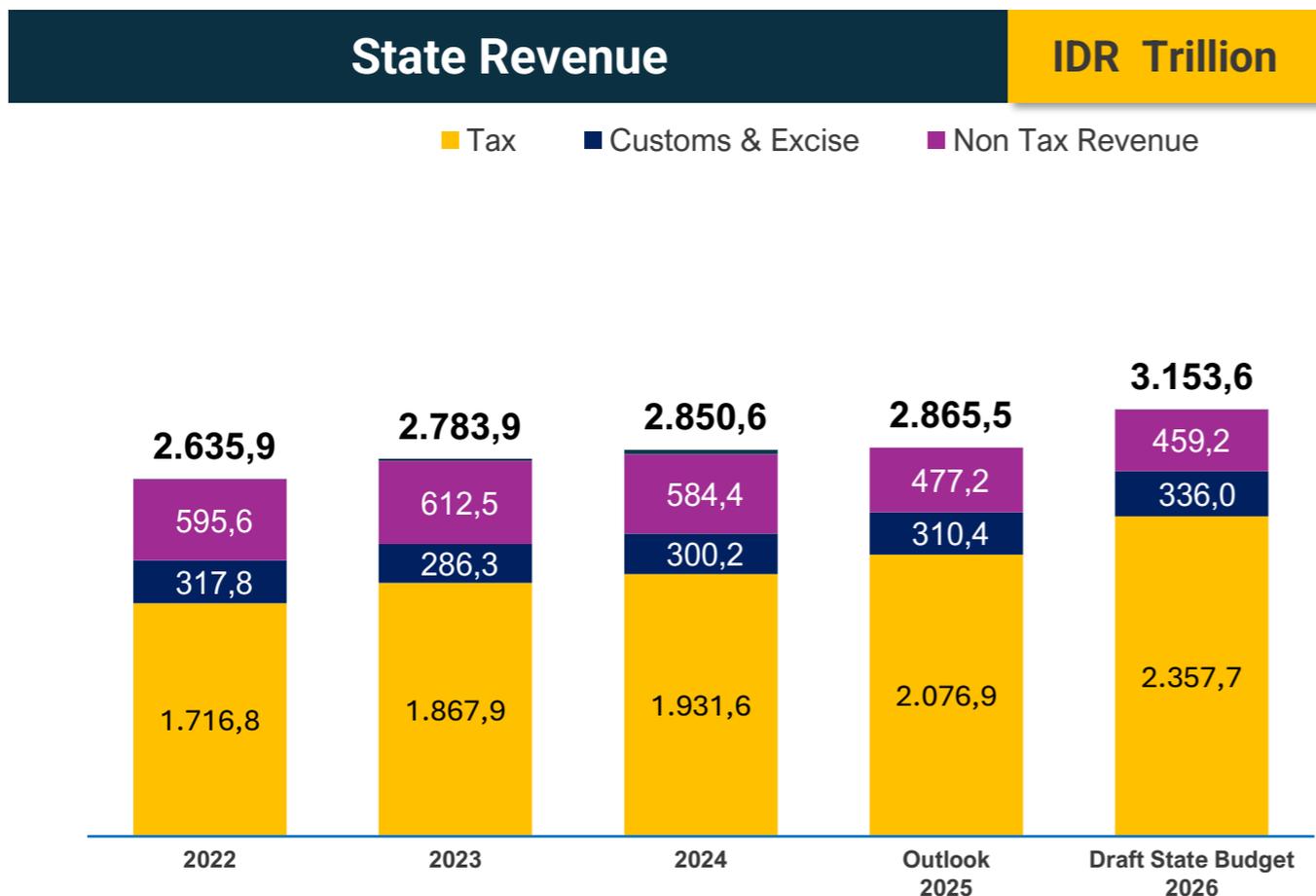
## Social Protection

- ✓ Non-Energy Subsidy, a.l. KUR and fertilizer subsidies Rp108,8 T (Kementan, Kemenhub, Kemenkeu dan Kemen UMKM).
- ✓ Energy Subsidy + Compensation Rp356,8 T (Kemen ESDM).
- ✓ Basic Food Card (BPNT) Rp43,8 T (Kemensos)



# 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	Preliminary Realization 2025	Draft State Budget 2026
Revenue Ratio	13,46	13,33	12,88	11,58	12,24
Taxation Ratio	10,39	10,31	10,08	9,31	10,47

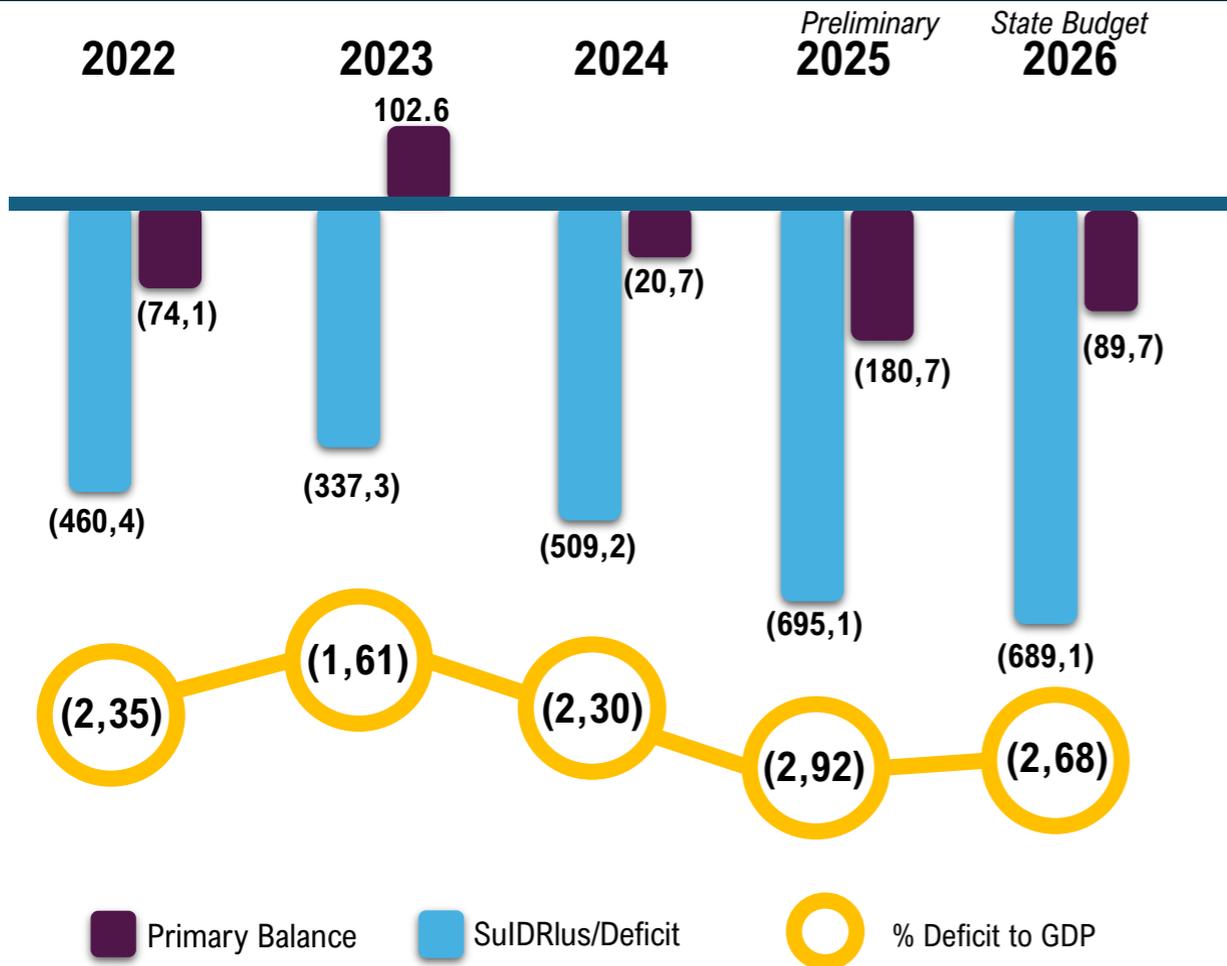


# State Budget (APBN) 2026: Controlled Deficit at 2.68% of GDP

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 SuIDRIus) 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

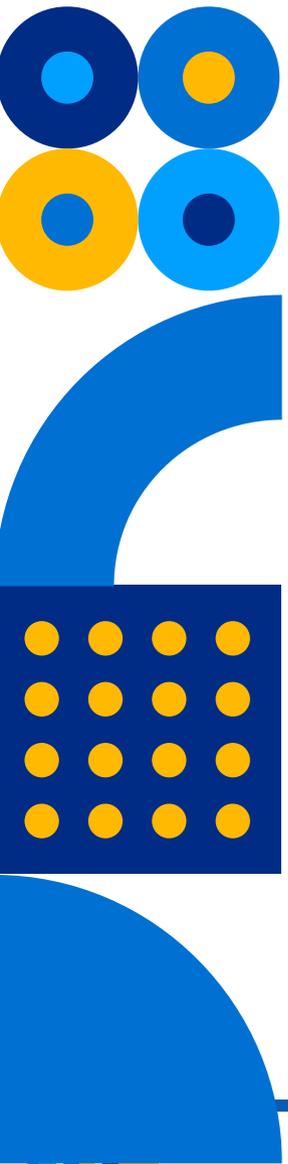
Additional State Expenditure of IDR56.2 trillion (including IDR5.9 trillion from optimization) → Deficit 2,68% of GDP

(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. Taxation 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. SuIDRIus/ (Deficit)</b>	<b>(638.8)</b>	<b>(689,1)</b>	<b>(50,3)</b>
<b>% SuIDRIus/(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>



# 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

✉ [IRU@Kemenkeu.go.id](mailto:IRU@Kemenkeu.go.id) 🌐 [fiskal.id/IRU](http://fiskal.id/IRU)