



KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

# Economic and Fiscal Updates

Jakarta, August 2020

Should you have further questions, please do not hesitate to contact us:



<https://fiskal.kemenkeu.go.id/informasi-publik/investor-relation-unit>



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





KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

# DISCLAIMER

This presentation has been prepared by the Fiscal Policy Agency, Ministry of Finance, Republic of Indonesia. This presentation is for your information and is subject to change without notice. By accessing this presentation, you are agreeing to be bound by the restrictions set out below. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

This presentation contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Republic of Indonesia to be materially different from those.

This presentation may not be reproduced, disseminated or quoted without the prior written consent of the Ministry of Finance of Indonesia. Relaying copies of this presentation to other persons elsewhere is prohibited

NOT FOR PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN ANY JURISDICTION IN WHICH SUCH PUBLICATION OR DISTRIBUTION WOULD BE PROHIBITED BY APPLICABLE LAW

Should you have further questions, please do not hesitate to contact us:



<https://fiskal.kemenkeu.go.id/informasi-publik/investor-relation-unit>

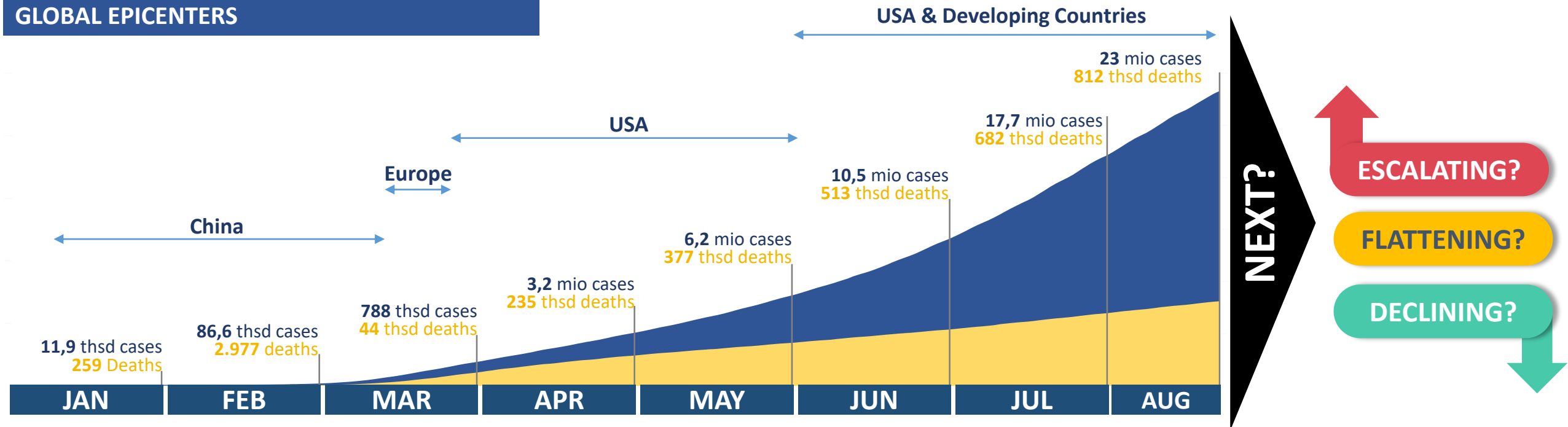


[IRU@kemenkeu.go.id](mailto:IRU@kemenkeu.go.id)

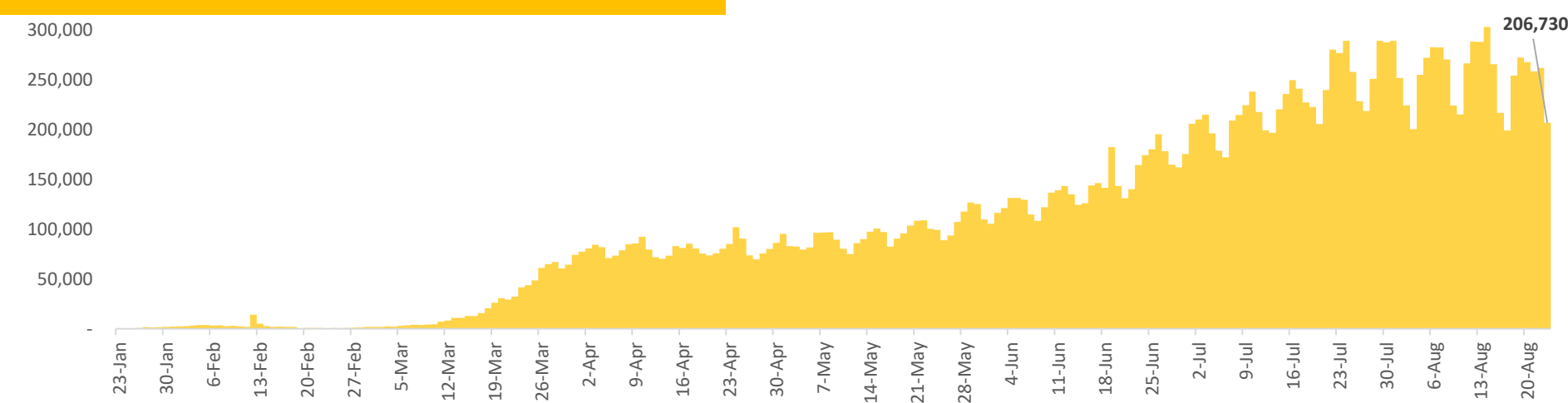


# GLOBAL COVID-19 CASES ARE INCREASING IN THE MIDDLE OF RELAXATION / NORMALIZATION

## GLOBAL EPICENTERS



## ADDITIONAL DAILY CASES



- Currently, the epicenters of the pandemic are large populated countries (US, Brazil, India, Russia) driving an escalating increase in cases.
- The increase in cases also occurred in many countries that had already relaxed, such as Mexico, the Philippines, Australia, Hong Kong, Japan, etc.

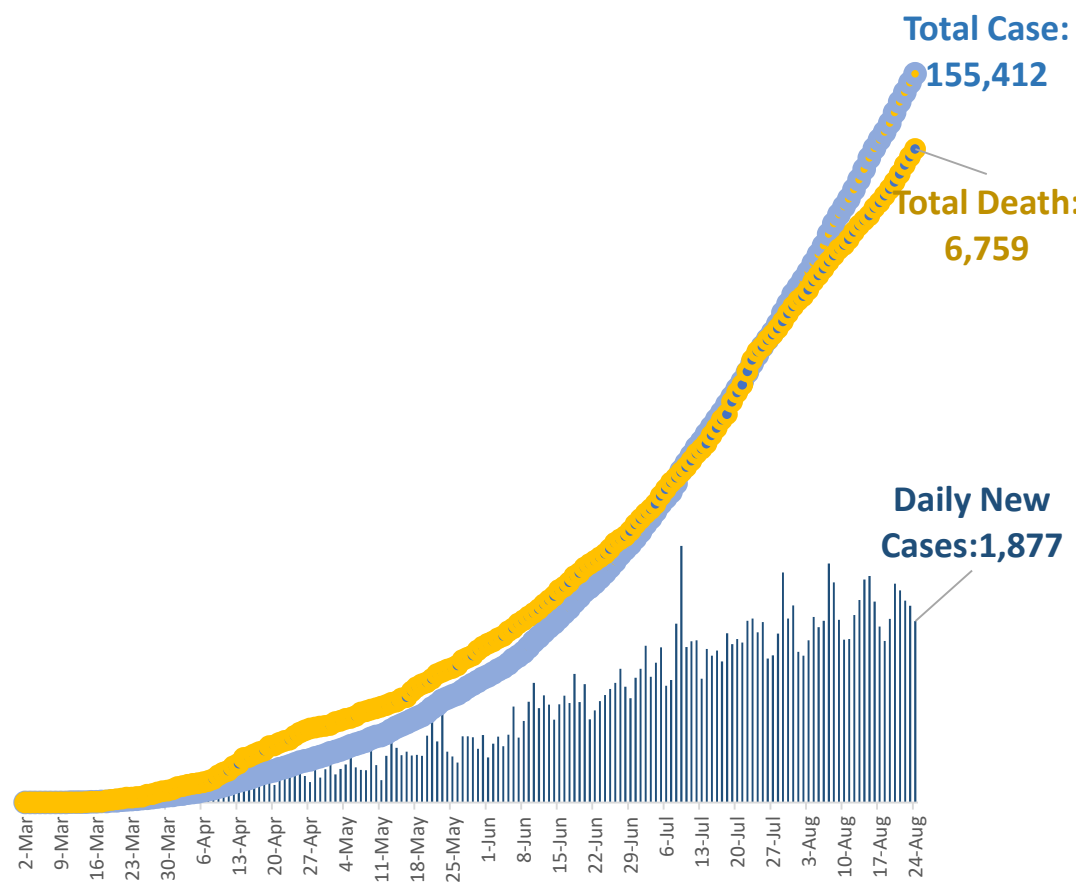
Source: worldmeters.info, August 24, 2020



# ENTERING TRANSITION PERIOD OF PSBB, DAILY NEW CASES HAS SHOWN A SLIGHT UPWARD TREND

Jakarta is once again becoming the epicenter of Covid-19 in Indonesia

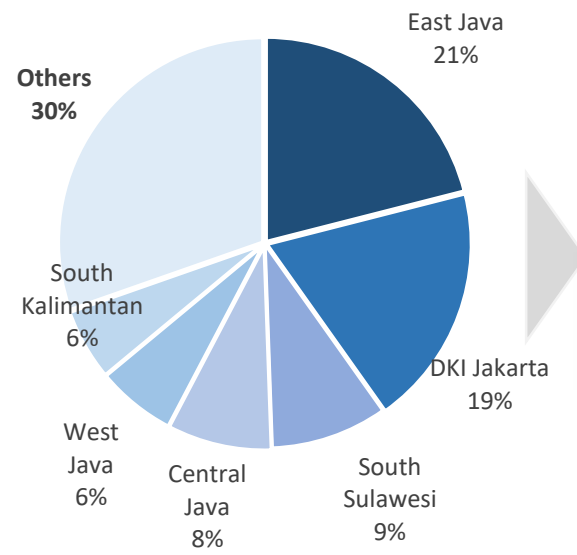
COVID-19 Updates in Indonesia  
Source: Ministry of Health, as of 24 August 2020



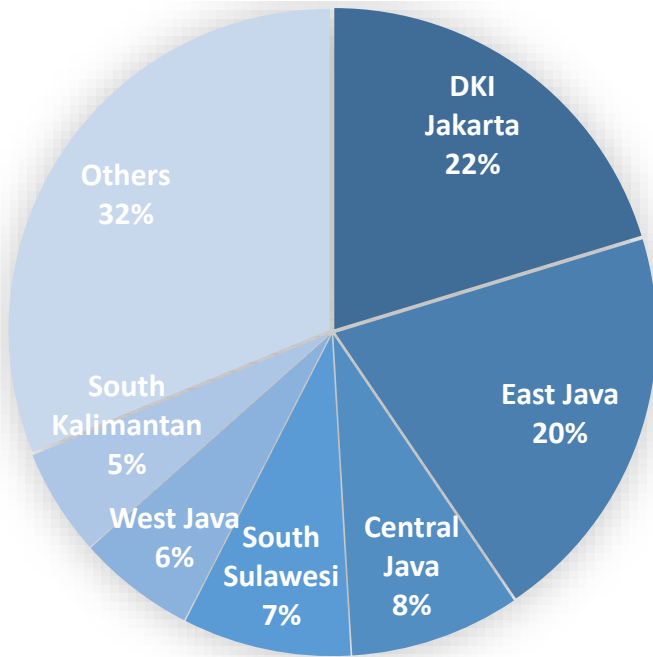
Recovered Patients= 111,060 People (71% of total positive cases)

COVID-19 Distribution in Indonesia  
Source: Ministry of Health, as of 24 August 2020

As of 20 July 2020



As of 24 August 2020



After the outbreak epicenter shifted from DKI Jakarta to Jawa Timur in July, the epicenter once again moved to Jakarta



# SEVERAL INDICATORS HAVE BEEN INDICATING ECONOMIC IMPROVEMENT

Along with the relaxation of social restriction policy in several regions, including Jakarta



## Fiscal

- Tax revenue decreased, but several sectors have performed well
- The improvement in international trade has not yet been able to boost tax performance
- On-track financing and controlled cash conditions



## Real Sector

- Rebound public consumption continues, but remains weak
- The real sector improved, but not as high as June
- Domestic production growth continues



## External

- The Foreign Exchange Reserves increased, supported by the provision of Government financing
- Export and import activities decreased slightly compared to last month



## Monetary and Financial Sector

- Foreign inflow for Government Securities; outflow for shares
- The decline in SBN yields was lower than early 2020, foreign ownership was still low
- Bank liquidity was maintained, credit growth declined
- Deflation in July

Several sectoral indicators continued to improve in July:

Consumer Confidence Index - Manufacturing PMI - Export - Customs Revenue - Expenditure disbursement - Social assistance spending disbursement - Government liquidity (expansionary)







KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

# Economic Updates

Should you have further questions, please do not hesitate to contact us:



<https://fiskal.kemenkeu.go.id/informasi-publik/investor-relation-unit>



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



# COVID-19 PANDEMIC CAME AS AN UNPRECEDENTED CHALLENGE FOR GLOBAL ECONOMY

Impacted heavily on economic activities and economic performance globally.

Global economic environment has been challenging in the last couple of years, then COVID-19 pandemic came, **an unprecedented massive shock that world has not prepared**



## COVID-19 PANDEMIC

Gives shocks in both demand and supply side, creates domino effects in several aspects:

HEALTH

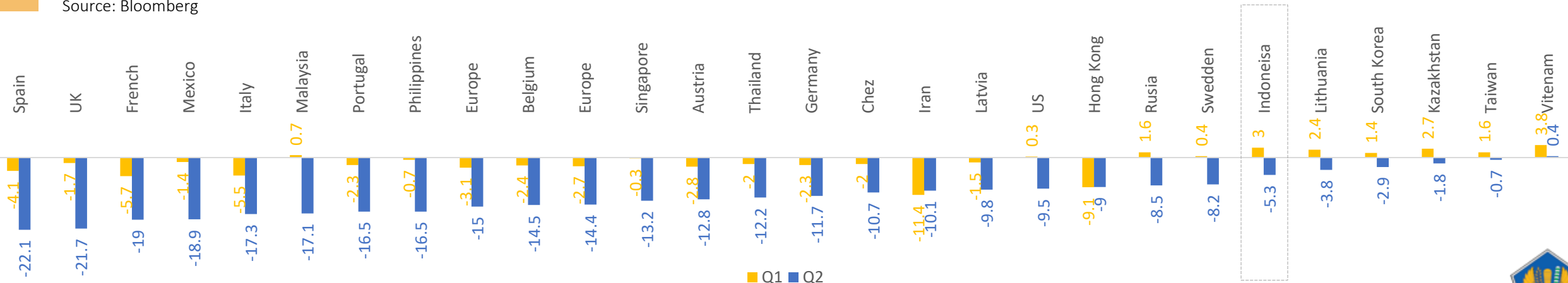
ECONOMY

SOCIAL

FINANCE

Impact of the pandemic has been already reflected in deep contraction and significant slowdown of Q1 and Q2 2020 economic growth around the world

Source: Bloomberg

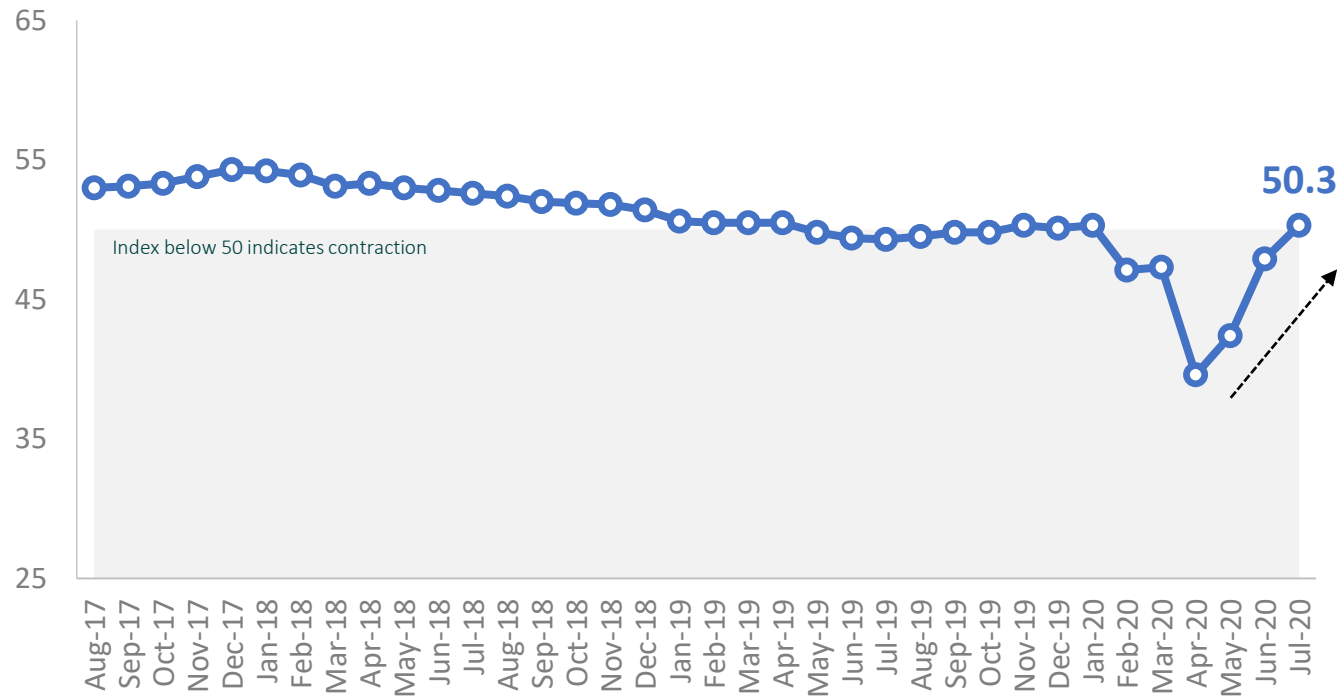


# HOWEVER, GLOBAL ECONOMY STARTS TO REBOUND SINCE THE LAST 6 MONTHS

Driven by output improvements and new orders

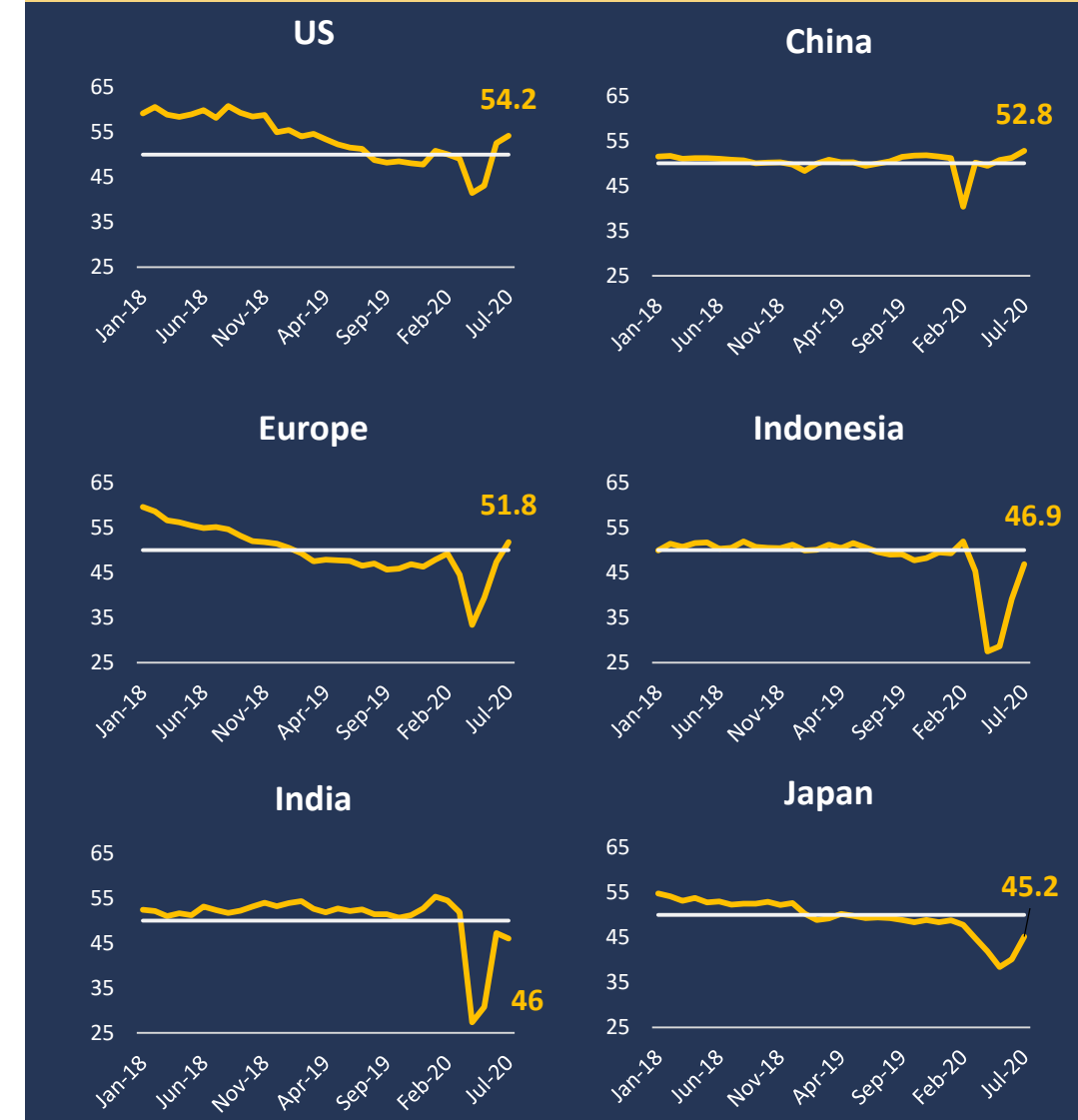
## Global Manufacturing PMI

Source: Bloomberg



- Global economic activity continues to improve although still in the contraction territory.
- PMI data in June showed that several countries have already back to expansive zone such as China, US, and Malaysia.

## PMI Manufacture in Selected Countries



Source: Bloomberg



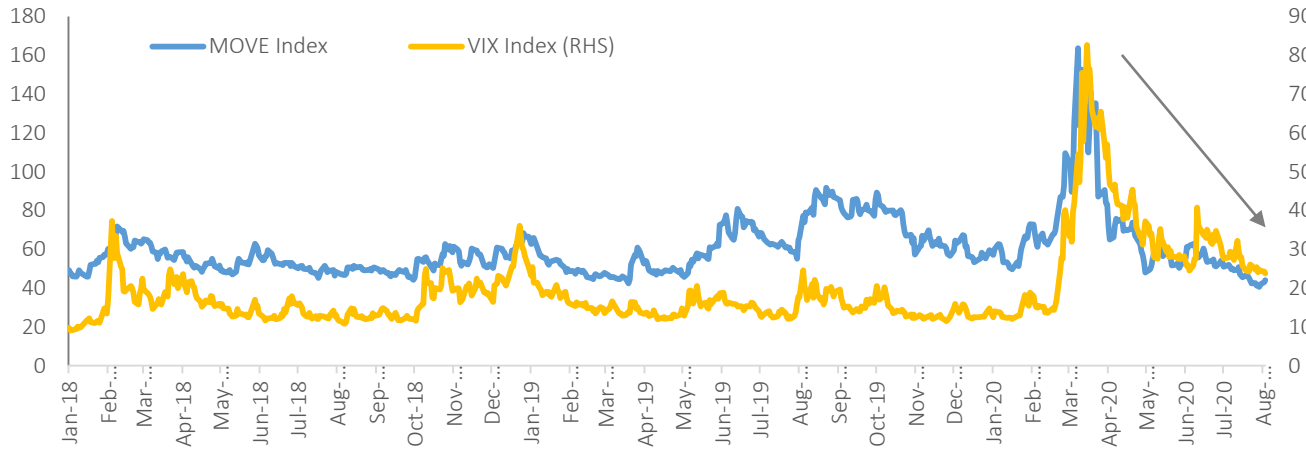


# THE GLOBAL FINANCIAL MARKET SHOWS IMPROVEMENT

Driven by improving economic activities in numbers of countries

## Global financial market volatility eased

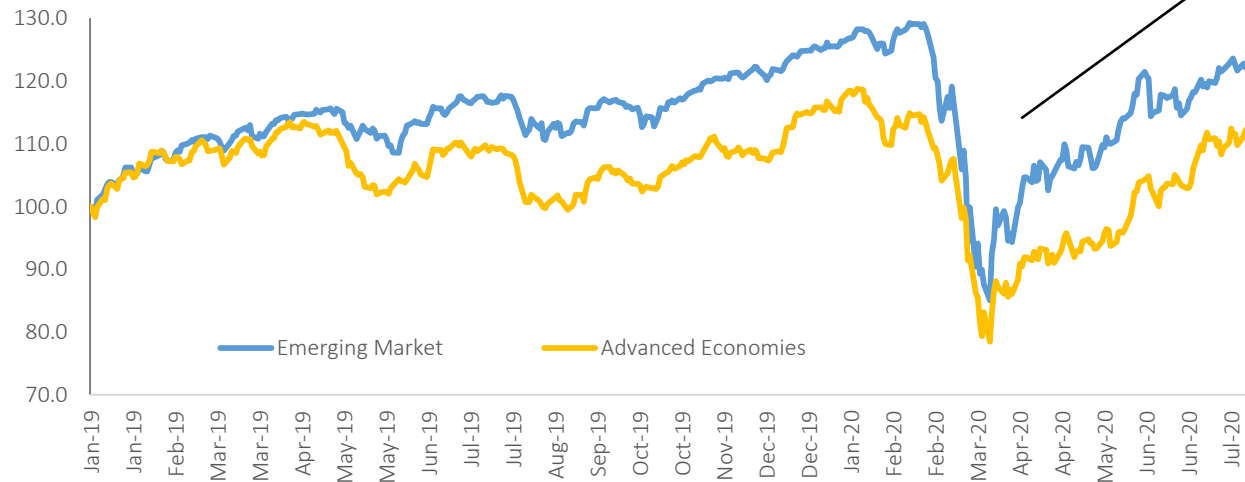
Source: Bloomberg,



- Global PMI data has been moving toward the positive zone, giving a boost to a positive sentiment in global financial markets.
- However, the increasing number of COVID-19 cases and the China-US geopolitical tension are still considered factors that need to be taken into account to impulse a negative sentiment

## The global stock market is rising (MSCI Index, 100 = Jan 2019)

Source: Bloomberg,



## Capital flows back into the Emerging Market (Bloomberg EM Capital Flow Proxy Index)

Source: Bloomberg,

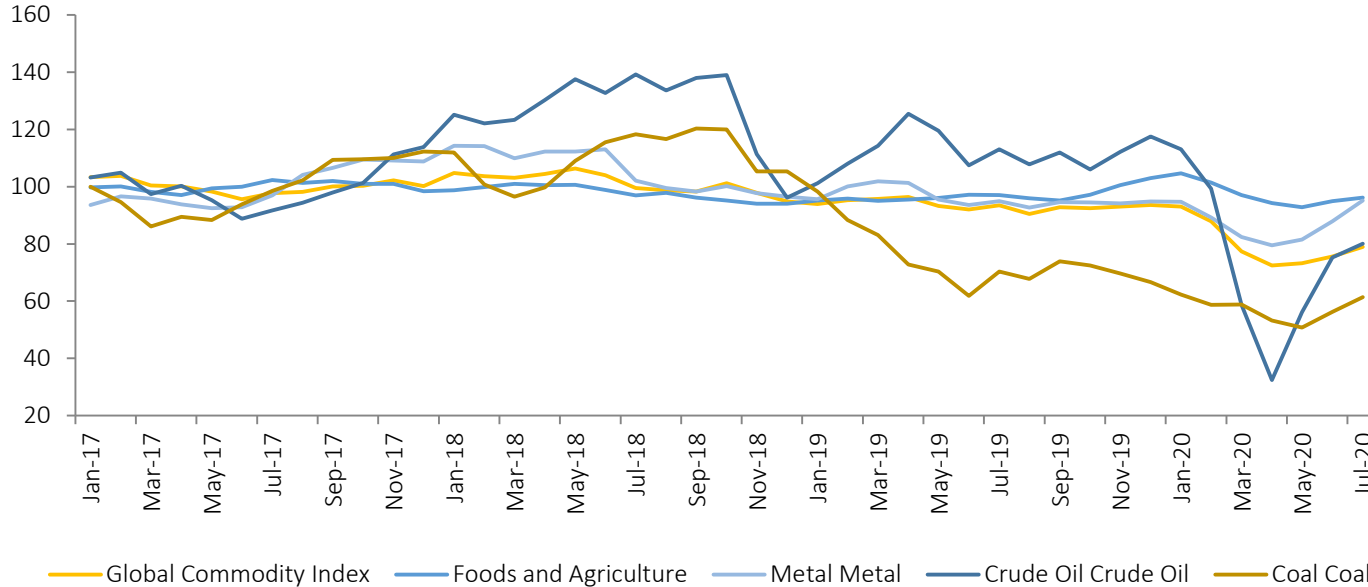


# COMMODITY PRICES CONTINUE TO STRENGTHEN AS THE IMPACT OF IMPROVING GLOBAL ECONOMY

Most of commodity prices has been gradually improving

## Commodity Prices

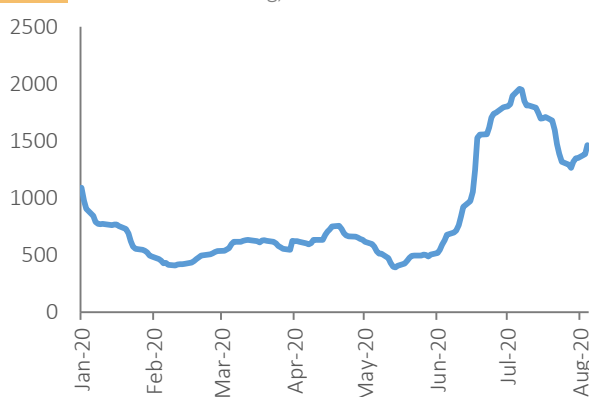
Source: Bloomberg, Indexed 2017 = 100



- Global commodity prices continued the positive trend in July, in line with global improving demand.
- However, the increase was not as strong as the previous month because the recovery in global trading activity was stagnant as reflected in the movement of the Baltic Dry Index.
- In particular, gold prices has created new high records in the past weeks, indicating the attitude of investors to anticipate the global economic uncertainty and considering gold as the safe haven asset

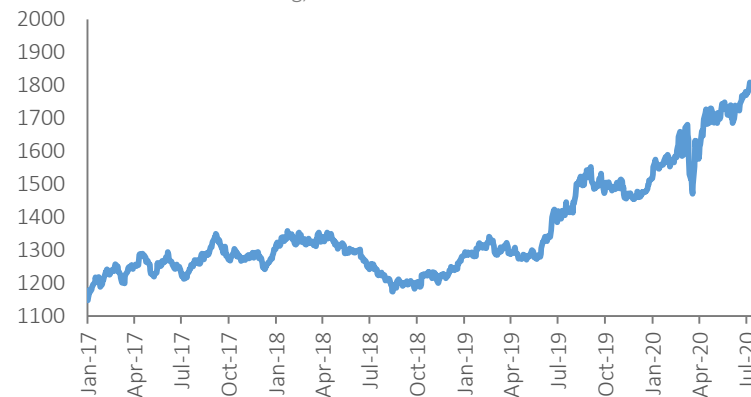
## Baltic Dry Index

Source: Bloomberg, Indexed 2017 = 100



## Gold Price

Source: Bloomberg, Indexed 2017 = 100



# COVID-19 CONTINUED TO ADVERSELY AFFECT INDONESIAN ECONOMIC GROWTH IN Q2-20

Q2-2020 is expected to be the lowest point of Indonesian GDP growth before starting to gradually recover in Q3-2020

| Expenditure Side<br>(%, YoY) | Growth<br>Distribution<br>(2019) | 2019  |       |       |       |       | 2020  |        |
|------------------------------|----------------------------------|-------|-------|-------|-------|-------|-------|--------|
|                              |                                  | Q1    | Q2    | Q3    | Q4    | Y     | Q1    | Q2     |
| Private Consumption          | 57.9                             | 5.3   | 5.4   | 5.1   | 4.9   | 5.2   | 2.6   | (5.6)  |
| Government Expenditure       | 8.8                              | 5.2   | 8.2   | 1.0   | 0.5   | 3.2   | 3.7   | (6.9)  |
| Gross Capital Formation      | 32.3                             | 5.0   | 4.6   | 4.2   | 4.1   | 4.4   | 1.7   | (8.6)  |
| Export                       | 18.4                             | (1.6) | (1.7) | 0.1   | (0.4) | (0.9) | 0.2   | (11.7) |
| Import                       | 18.9                             | (7.5) | (6.8) | (8.3) | (8.0) | (7.7) | (2.2) | (17.0) |
| GDP                          |                                  | 5.1   | 5.1   | 5.0   | 5.0   | 5.0   | 3.0   | (5.3)  |

- The decline in household consumption was mainly due to the social restriction imposed by the government since March 2020, including the prohibition of hometown visit during Eid Days. The sharp decline occurred in the consumption items of:
  - Clothing (-5.1%).
  - Transportation and communication (-15.3%).
  - Leisure/travel (-16.5%).
- The weakening of household consumption is also reflected in the inflation indicator showing a slowing trend, namely an average of 2.3% (YoY) in Q2-2020.
- GCF (investment) contraction was due to lower capital expenditures for both building components and other fixed assets. This is in line with investment indicators. such as cement consumption (-23.9%), sales of commercial vehicles (-82.5%), and imports of capital goods (-20.1%).
- The contraction in government consumption growth occurred as a result of a decrease in actual personnel expenditure (-11%) and goods expenditure (-21.1%). Meanwhile, the increase in social assistance spending has not been able to offset the decline that has occurred.
- International trade performance also recorded negative double digit growth. However net export has contributed positively to the performance of the national economy in line with the trade balance surplus for the second quarter of 2020 amounting to \$ 2.9 billion.



# STRATEGIC SECTORS WERE ALSO NEGATIVELY AFFECTED BY THE PANDEMIC

Manufacturing sector growth as well as trade growth were contracted in Q2-2020

| Production Side<br>(%, YoY) | Share to<br>total GDP<br>2019 | 2019        |             |             |             |             | 2020        |              |
|-----------------------------|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
|                             |                               | Q1          | Q2          | Q3          | Q4          | Y           | Q1          | Q2           |
| <b>Primary Sector</b>       | <b>19.98</b>                  | <b>2.01</b> | <b>3.13</b> | <b>2.84</b> | <b>2.88</b> | <b>2.72</b> | <b>0.18</b> | <b>0.47</b>  |
| Agriculture                 | 12.72                         | 1.82        | 5.33        | 3.12        | 4.26        | 3.64        | 0.02        | 2.19         |
| Mining                      | 7.26                          | 2.32        | -0.71       | 2.34        | 0.94        | 1.22        | 0.45        | -2.72        |
| <b>Secondary Sector</b>     | <b>31.69</b>                  | <b>4.51</b> | <b>4.17</b> | <b>4.60</b> | <b>4.42</b> | <b>4.43</b> | <b>2.39</b> | <b>-5.89</b> |
| Manufacturing               | 19.70                         | 3.85        | 3.54        | 4.14        | 3.66        | 3.80        | 2.06        | -6.19        |
| Electricity, Gas, and Water | 1.17                          | 4.48        | 2.65        | 3.83        | 5.96        | 4.24        | 3.91        | -4.70        |
| Construction                | 10.75                         | 5.91        | 5.69        | 5.65        | 5.79        | 5.76        | 2.90        | -5.39        |
| <b>Tertiary Sector</b>      | <b>44.23</b>                  | <b>6.55</b> | <b>6.47</b> | <b>6.20</b> | <b>6.37</b> | <b>6.40</b> | <b>4.61</b> | <b>-6.31</b> |
| Trade                       | 13.01                         | 5.21        | 4.63        | 4.43        | 4.24        | 4.62        | 1.60        | -7.57        |
| Logistic and Warehousing    | 5.57                          | 5.45        | 5.88        | 6.66        | 7.55        | 6.40        | 1.29        | -30.84       |
| Infocomm                    | 3.96                          | 9.06        | 9.60        | 9.24        | 9.71        | 9.41        | 9.80        | 10.88        |
| Financial Services          | 4.24                          | 7.23        | 4.49        | 6.15        | 8.49        | 6.60        | 10.62       | 1.03         |
| Other Services              | 17.45                         | 6.94        | 7.60        | 6.57        | 6.20        | 6.81        | 4.68        | -6.35        |
| <b>GDP</b>                  |                               | <b>5.07</b> | <b>5.05</b> | <b>5.02</b> | <b>4.97</b> | <b>5.02</b> | <b>2.97</b> | <b>-5.32</b> |

- Few sectors still have positive growth, i.e. information and communication (10.88%, yoy), financial services (1.03%, yoy), health services (3.71%, yoy) and agriculture (2.19%, yoy).
- The manufacturing sector contracted -6.19% (yoy), mainly driven by slowing of non-food product producing industry groups such as textiles-garments, electronic goods, and the automotive industry. Shown by the declining Indonesian manufacturing PMI to 31.7 in Q2-2020.
- The closure of various malls and shopping outlets as a result of the implementation of the social restriction led to a decline in retail trade (grew -7.57%, yoy)
- The transportation sector recorded the deepest contraction, as the consequences of restrictions on travelling by public transportation, both flights and land transportation.
- A positive growth sector, Agriculture (2.19%) supported by the peak of the rice harvest season, while the positive growth of Information and Communication (10.88%) was due to the increasing demand for data services & digital activities.

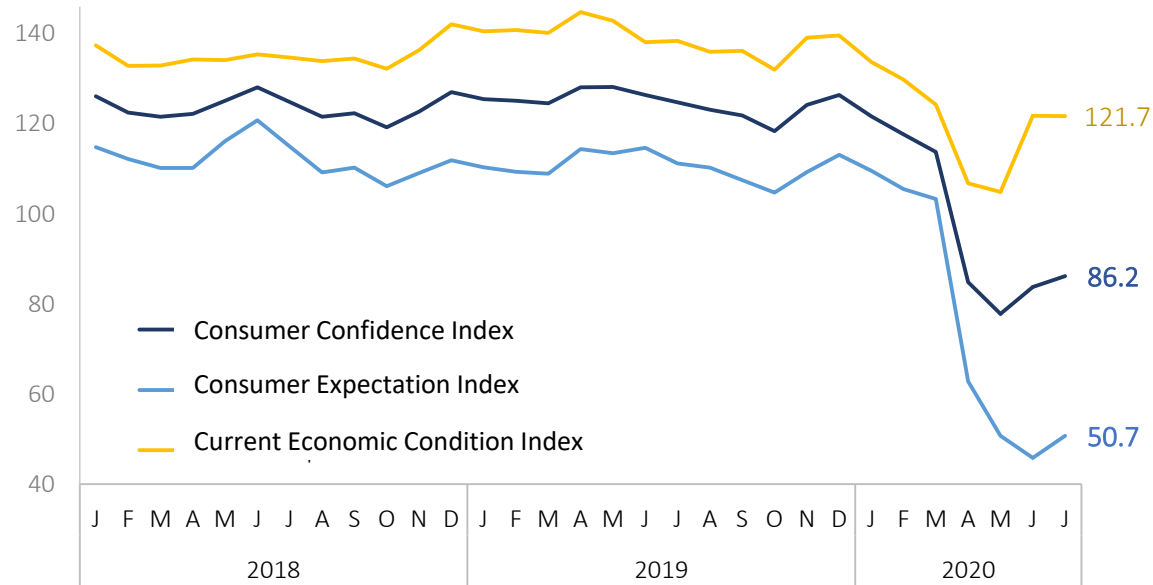


# INDONESIA ECONOMIC ACTIVITY STARTS SHOWING AN UPWARD TREND

Both sides of production (supply) and sales (demand) are showing a positive development

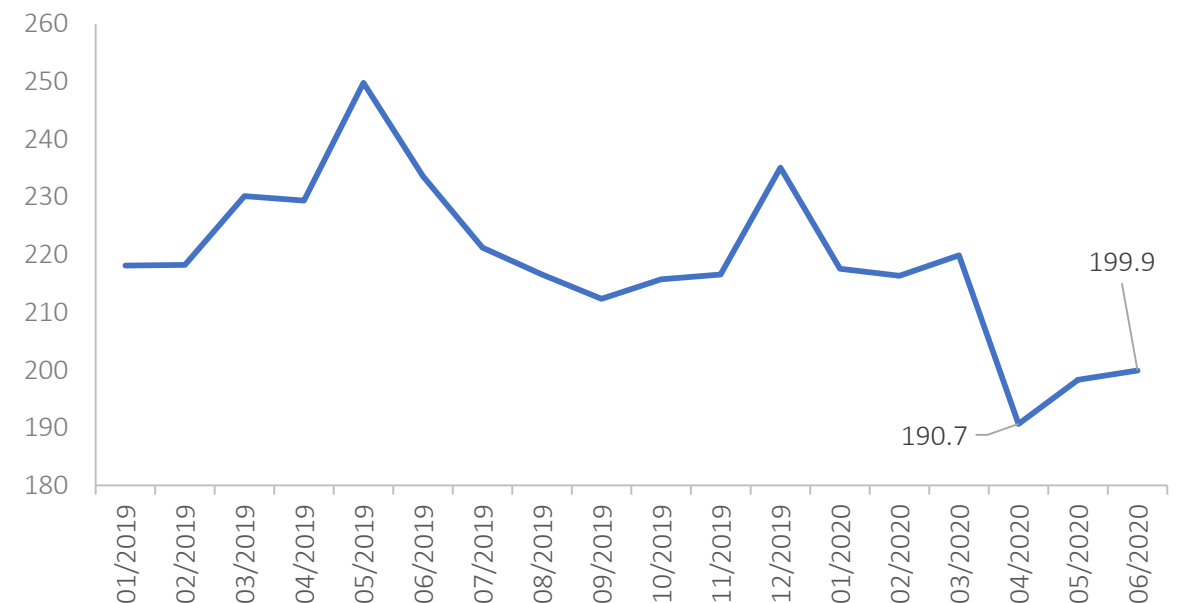
## Consumer Confidence Index Survey

Source: Ministry of Health, as of 20 July 2020



## Retail Sales Index

Source: Ministry of Health, as of 20 July 2020



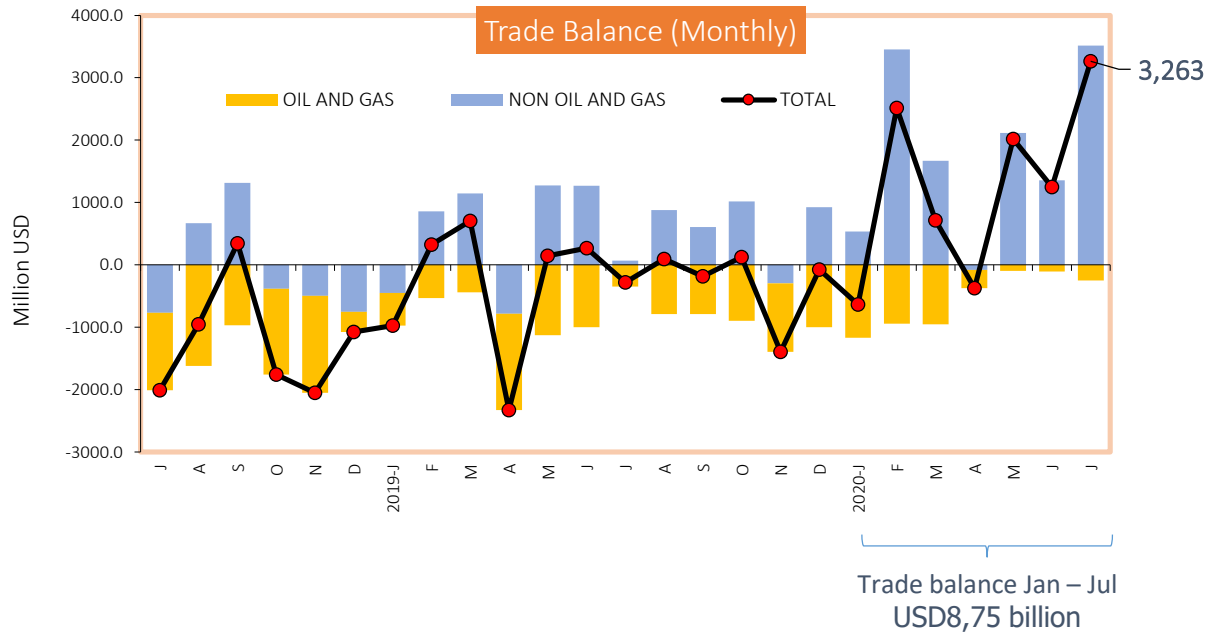
- **The Consumer Index** in July 2020 indicated consumers' optimism has improved mainly due to the strengthening economic activities
- **Indonesian Manufacturing PMI**, has left its lowest point occurred in April of 27.5 to 46.9 in July 2020, approaching the positive level
- **June 2020 Retail Sales** improved compared to previous month. Mainly occurred in the food, beverage, tobacco, and motor vehicle fuel, while clothing subgroup still experienced a pressure





# INDONESIA RECORDED A CONSIDERABLE TRADE SURPLUS IN JULY

Exports rose for a third consecutive month while demand for imports remained weak amid the pandemic



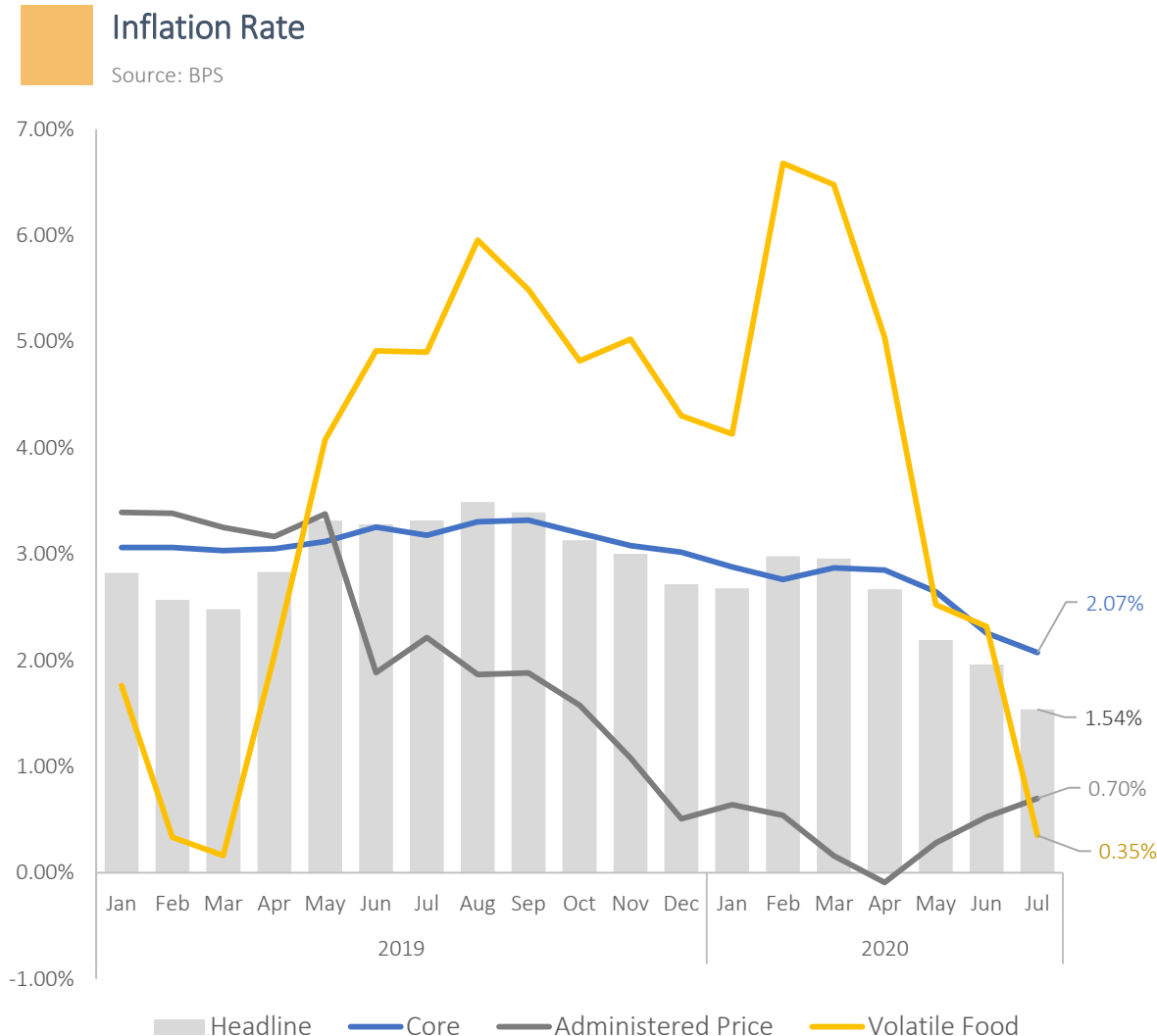
|                        |          | Jul'20 |        | Jun-'20 |        |
|------------------------|----------|--------|--------|---------|--------|
|                        | Juta USD | yoy    | ytd    | yoy     | ytd    |
| Total Export           | 13729.8  | -9.9%  | -6.2%  | 2.1%    | -5.5%  |
| Total Import           | 10466.8  | -32.6% | -17.2% | -6.4%   | -14.3% |
| <b>Non Oil and Gas</b> |          |        |        |         |        |
| Export                 | 13025.1  | -5.9%  | -4.0%  | 3.5%    | -3.6%  |
| Import                 | 9508.6   | -30.9% | -14.9% | 3.1%    | -11.8% |
| <b>Oil and Gas</b>     |          |        |        |         |        |
| Export                 | 704.7    | -49.7% | -34.3% | -20.3%  | -30.6% |
| Import                 | 958.2    | -45.2% | -32.8% | -60.5%  | -30.9% |

- The trade balance in July '20 experienced a significant increase due to rising exports and contraction of imports (mtm). This surplus is expected to continue and support the GDP growth of 2020
- The performance of non-oil and gas exports has supported the trade balance, which recorded a surplus. Cumulatively, trade balance (Jan-Jul) recorded USD8.75 billion, which was considerably better than the same period last year.
- On Month-on-Month basis, import on raw materials as well as capital goods have been encouraging (raw material: 24%, capital goods: 27.4%, month-on-month). These indicate a positive improvement of Indonesia's production side



# INFLATION HAS BEEN LOW AND MANAGEABLE

As of July, low inflation was still driven by weak demand as the impact of COVID-19 Pandemic



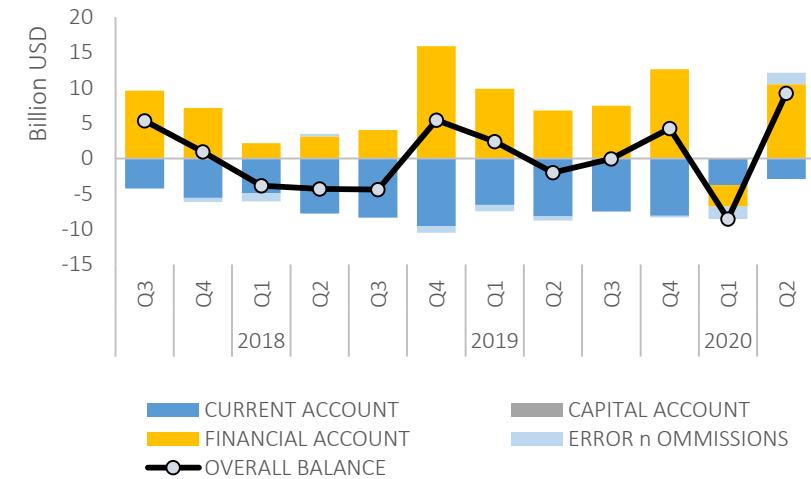
- The slowdown in the general inflation rate continues until July 2020 driven by the still weak level of demand and abundant supply of foodstuffs.
  - Until July, inflation reached 0.98% (ytd) or 1.54% (yoy) or deflation 0.10% (mtm).
  - The slowdown still occurs in most expenditure groups, except on health and personal care and other services.
  - The impact of school holidays/new school year is relatively low, in contrast to high historical patterns.
- The slowdown occurred in the core component and volatile food, while slight pressure was on the administered price.
  - Core inflation and volatile food still on the downward trend in line with low demand and abundant supply from harvest and imported stock.
  - Administered price inflation started to increase since May due to the increase in the transportation rates in line with the easing of PSBB and the formation of higher prices to comply with the health protocol.

# IMPROVEMENT OF Q2 2020 INDONESIA'S BALANCE OF PAYMENTS

CAD narrowed to -1.2% of GDP and the surplus in the capital and financial account increased

## Balance of Payment

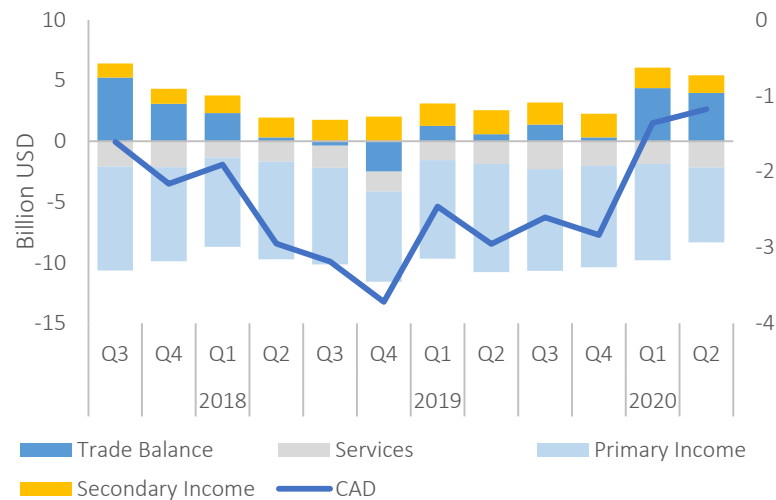
Source: Bank Indonesia



- Indonesia's balance of payments (BOP) for Q2 of 2020 recorded a surplus of USD9.2 billion
- This improved after the previous quarter which recorded a deficit of USD8.5 billion
- The improvement in the balance of payments was due to a reduction in the current account deficit and an increase in the capital and financial account surplus.

## Current Account Balance

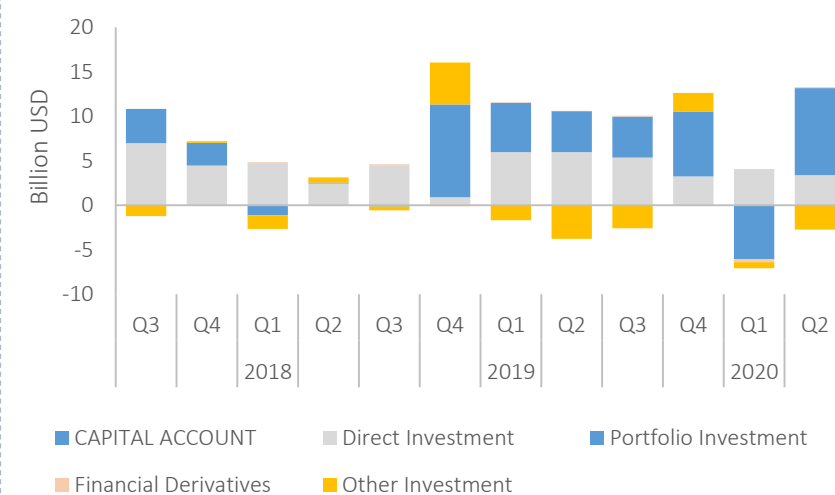
Source: Bank Indonesia



- CAD was 1,2% of GDP, lower than from the first quarter (1,4% of GDP)
- Mainly driven by a decline in the deficit in the primary income account due to a decrease in yield payments to investors.
- The decrease in the deficit in primary income was due to lower yield payments to investors
- The secondary income surplus decreases, in line with the decline in income from Indonesian Workers (TKI) and Foreign Workers (TKA)

## Capital and Financial Account Balance

Source: Bank Indonesia



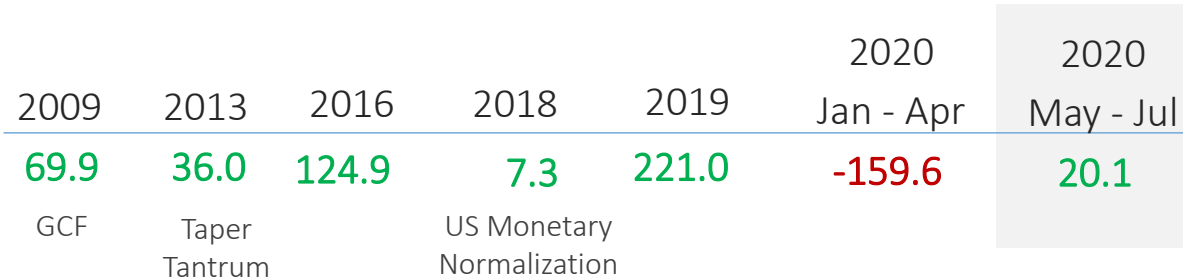
- Financial Capital Account was surplus of USD10.5 billion, supported by the improving performance of portfolio investment which recorded a surplus of USD9.8 billion and the maintained surplus of direct investment
- The high performance of the portfolio investment surplus was supported by the issuance of global government and corporate bonds and an increase in purchases of Government Debt Securities
- Meanwhile, there was a deficit in other investment in line with the Q2 quarterly pattern for foreign loan payments.



# THE IMPROVEMENT OF INVESTORS' SENTIMENT TOWARDS INDONESIA IS DRIVEN BY VARIOUS QUICK RESPONSE POLICIES

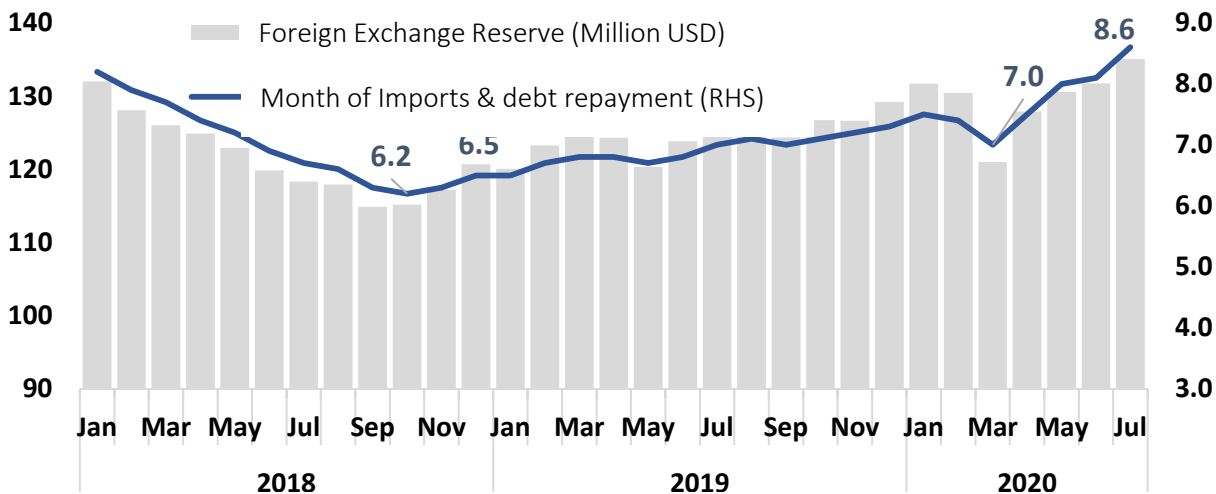
## Improvement in capital inflows to Indonesia- Rp Trillion

Source: CEIC



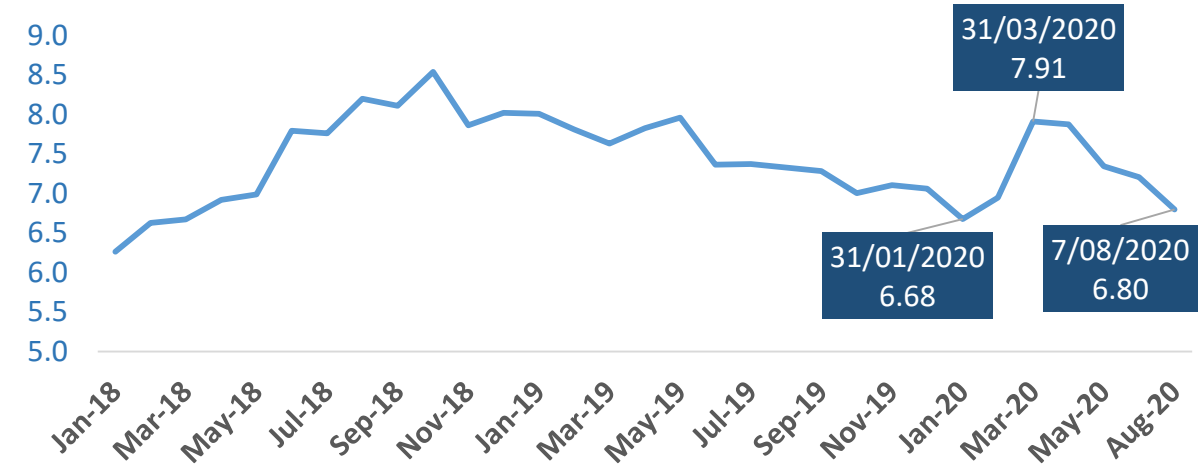
## Increasing Foreign Exchange Reserve

Source: Bank Indonesia



## Declining in 10y Government Bond Yield

Source: Bloomberg



- Investor confidence in Indonesia has improved as seen from the return of capital inflows to the domestic financial market, particularly on the SBN market. Positive sentiment was reflected in lower yields.
- Positive sentiment has been supported, among others, by various extraordinary steps in dealing with Covid-19 and economic recovery, including the Burden Sharing program.
- Capital inflows also contributed to the increase in foreign exchange reserves.

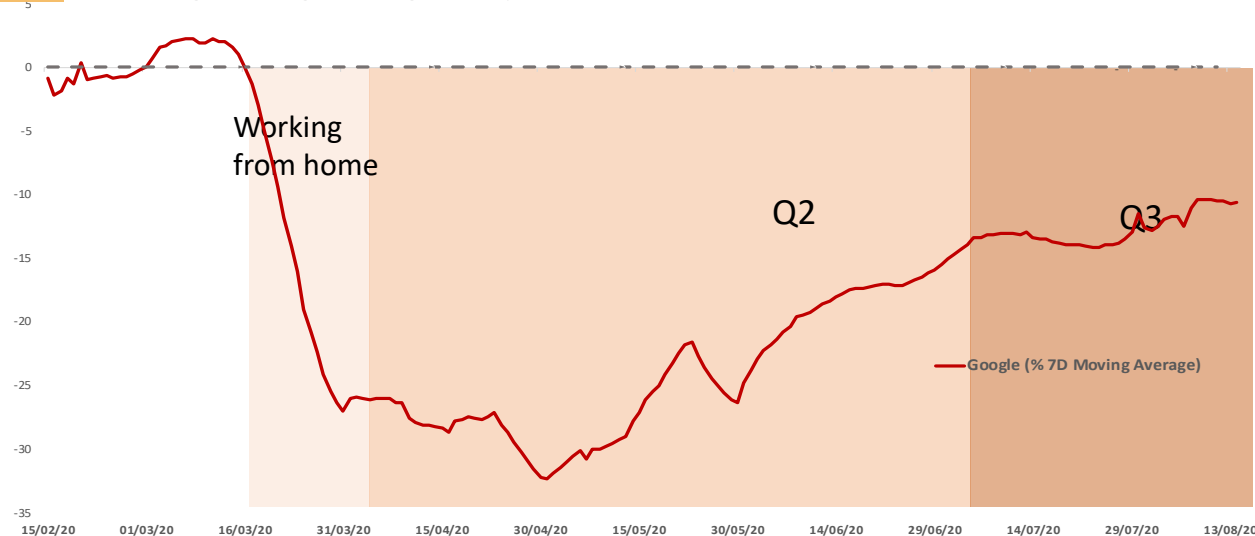


# PEOPLE MOBILITY HAS BEEN IMPROVING SINCE JULY

Although it has not gone back to pre-COVID level, it has improved from its lowest point in March

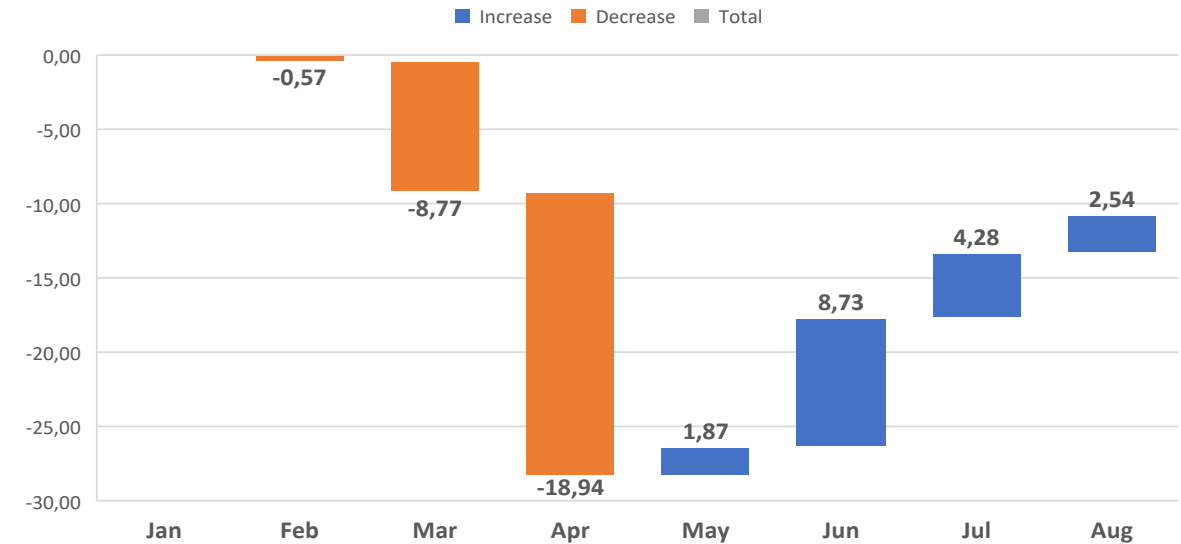
## Google Mobility Index Changes

Source: Google, % change of average mobility in Jan 3 – Feb 6 2020



## Google Mobility Index Changes (MoM)

Source: Google,



- People mobility level has been higher in August compared to July
- Nevertheless, the improvement has been slightly weaker in August 2020, since additional cases has started to increase in Jakarta
- Local government has been continuously following the improvement of COVID-19 cases and imposing necessary measures to minimize the spread of virus





# INDONESIAN SOVEREIGN CREDIT RATING ITABLE IN THE PANDEMIC PERIOD

Fitch Ratings (Fitch) has affirmed Indonesia's Sovereign Credit Rating at BBB with a stable outlook, as announced on 10 August 2020

| Rating Agency              | Sovereign Credit Rating | Outlook  |
|----------------------------|-------------------------|----------|
| Moody's                    | Baa2                    | Stable   |
| Fitch                      | BBB                     | Stable   |
| S&P                        | BBB                     | Negative |
| Japan Credit Rating Agency | BBB+                    | Stable   |
| Rating & Investment        | BBB+                    | Stable   |

Fitch's affirmation on Indonesia's rating at BBB/stable outlook reflects the acknowledgement of Fitch, as one of leading rating agencies in the world, on Indonesia's macroeconomic stability and economic prospects in the medium-term amid the COVID-19 pandemic which has significantly suppressed the global economy.

During the Pandemic, Fitch has downgraded 33 sovereign ratings and revised the outlook for 44 sovereign ratings to "negative", including: U.K., Hong Kong

According to Fitch, the factors that support the affirmation are:

- A favourable medium-term growth outlook and a low government debt/GDP ratio:
- The macroeconomic aspect of Indonesia has responded well because it is relatively stable in the face of the COVID-19 pandemic
- Fiscal credibility compiled by Fitch as one of the main factors for fiscal sustainability in the long term
- Even though Indonesia's deficit was widened during the pandemic, the ratio of Indonesia's debt to GDP was still much lower than that of peer countries (same rating)
- The concept of the burden of sharing reports as a breakthrough by Fitch in financing the national economic recovery program (PEN)
- Monetary policy that is supportive of stabilizing the economy, particularly turmoil in the financial sector
- Fitch believes that in order to push back the growth momentum before COVID-19, Indonesia needs to pay attention to several things including, accelerating structural reforms



# 2020 INDONESIA'S ECONOMIC GROWTH PROJECTION

The projections are divergent among prominent institutions

Indonesia Economic Growth Projection, June's Update (in %, yoy)

|      | MoF        | IMF  | World Bank | OECD        | ADB  | Bloomberg<br>(Median) |
|------|------------|------|------------|-------------|------|-----------------------|
| 2020 | -1.1 – 0.2 | -0.3 | 0.0        | -3.9 - -2.8 | -1.0 | 0.5                   |
| 2021 | 4.5 – 5.5  | 6.1  | 4.8        | 2.6 - 5.2   | 5.3  | 5.5                   |

Other risks that are potentially  
affect global economy



- Prolonging of COVID-19 global pandemic
- International geopolitical tension
- Tighter global liquidity

Source: WB Global Economic Prospect 2020, OECD Economic Outlook 2020, Asian Development Outlook 2020, World Economic Outlook IMF, Bloomberg (processed)



# 2021 IS EXPECTED FOR THE ECONOMY TO GRADUALLY RECOVER

Continuing the positive trend of 2<sup>nd</sup> half of 2020

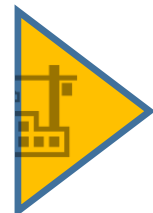
- Domestic demand (consumption and investment) is expected to recover
  - PEN execution, as well as the vaccine distribution will be the key to restore people's confidence
- Government consumption is supportive to support momentum growth
  - Carry forward countercyclical policies & accelerate post-pandemic PEN program
- Exports is predicted to improve following the recovery of global economy
  - Exports will be directed to open up new markets, while import will be focused on meeting industrial need



Household Consumption



Government Expenditure



Gross Capital Formation



Export  
Import

GROSS DOMESTIC PRODUCT

2020 Outlook

(1.3) – 0.0

2.0 – 4.0

(4.2) – (2.6)

(5.6) – (4.4)  
(10.5) – (8.4)

(1.1) – 0.2

2021 Outlook

4.1 – 5.3

4.5 – 7.0

6.0 – 7.1

2.7 – 6.2  
3.2 – 8.5

4.5 – 5.5





KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

# Fiscal Policy Updates

Incl. The National Economic Recovery Program (PEN)

Should you have further questions, please do not hesitate to contact us:



<https://fiskal.kemenkeu.go.id/informasi-publik/investor-relation-unit>



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

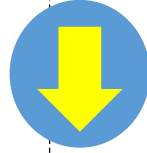


# 2020 BUDGET: FLEXIBLE, DYNAMIC, BUT REMAIN PRUDENT

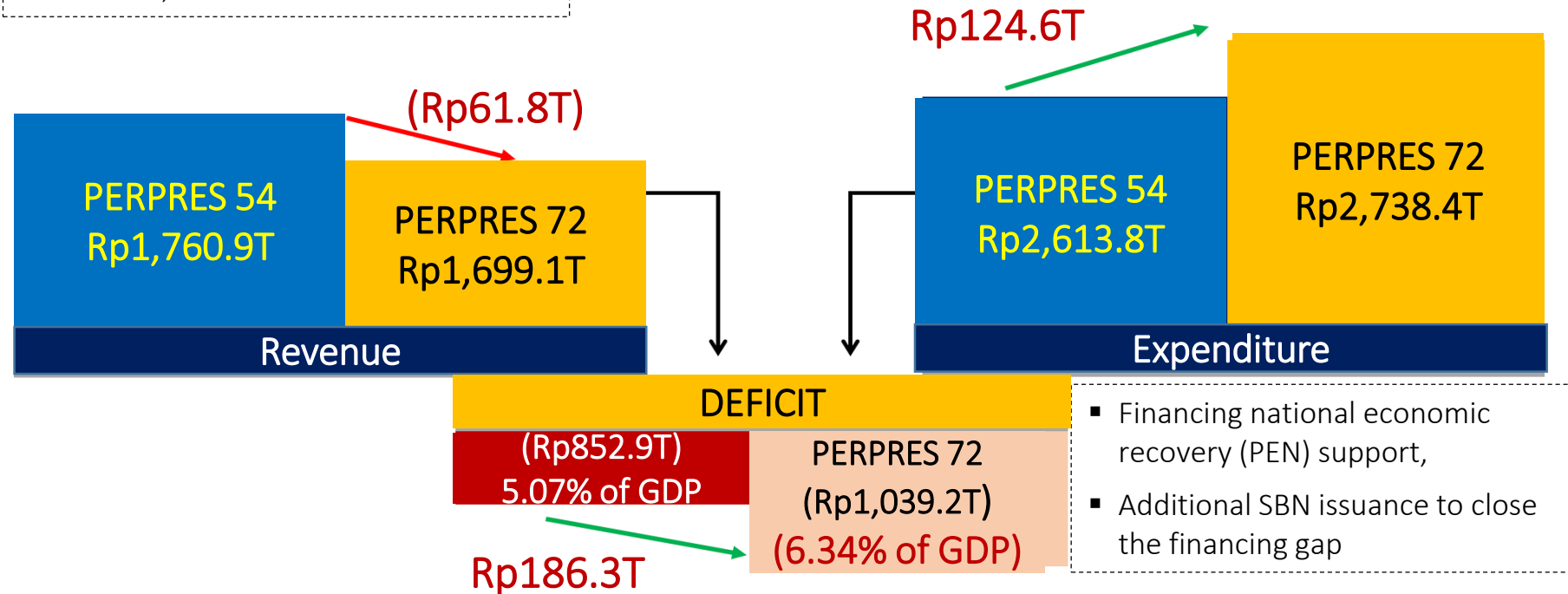
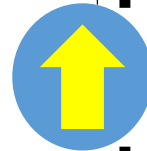
To support the acceleration of economic recovery, the deficit widened from 5.07% of GDP to 6.34% of GDP

## WIDER DEFICIT TO ENSURE THE BUDGET AVAILABLE FOR THE TREATMENT OF COVID-19 AND ECONOMIC RECOVERY

- Slowing economic activity, falling oil and commodity prices
- Tax incentives for the business sector, relaxation of Tax Income art. 21, 22 and 25 and accelerating VAT refunds;



- Focus on health, social safety net and support from the business world and MSMEs, corporate financing, and Sectoral and Local Government;
- Savings on Non priority spending

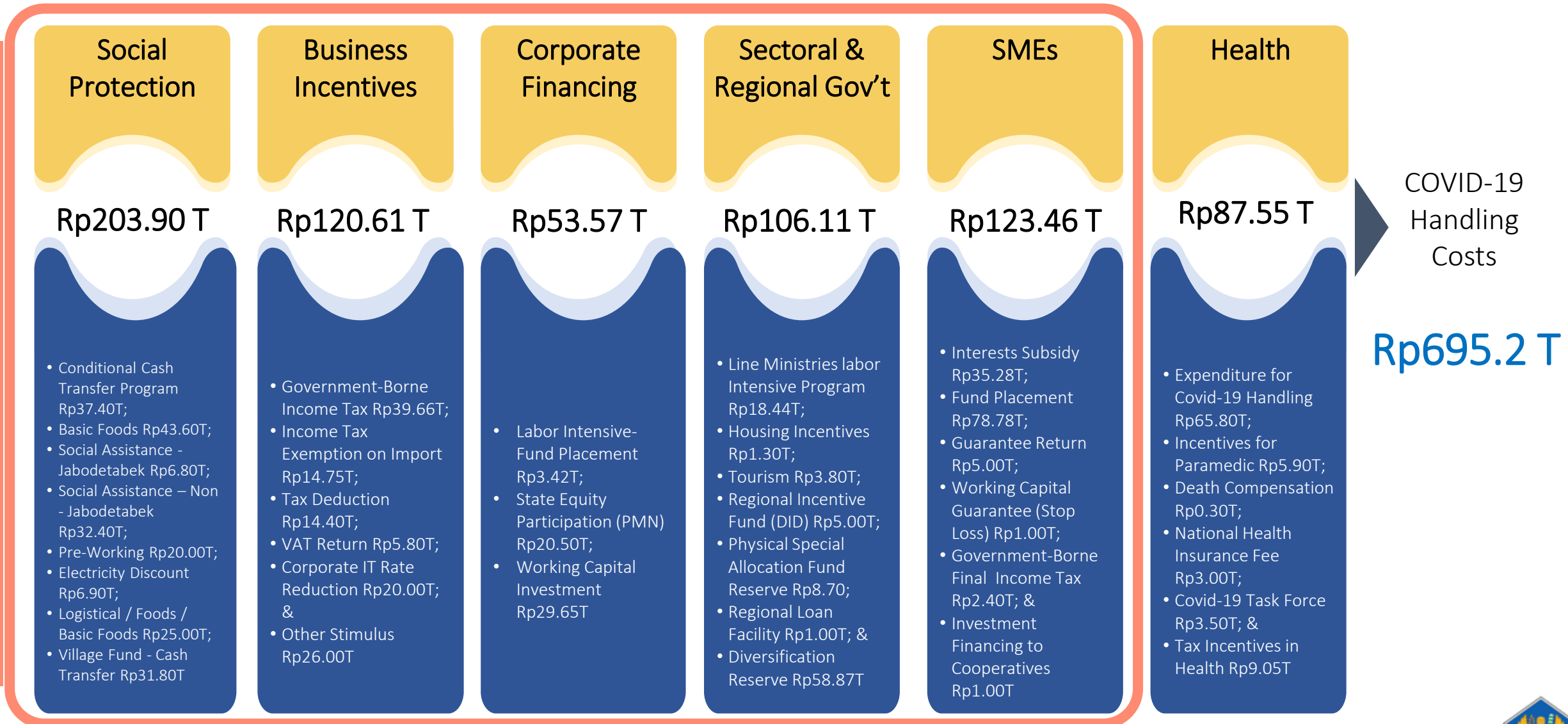




# THE GOVERNMENT OF INDONESIA'S ECONOMIC RECOVERY PROGRAM BUDGET

To deal with health, social protection, and support of MSMEs, the business world, and local governments

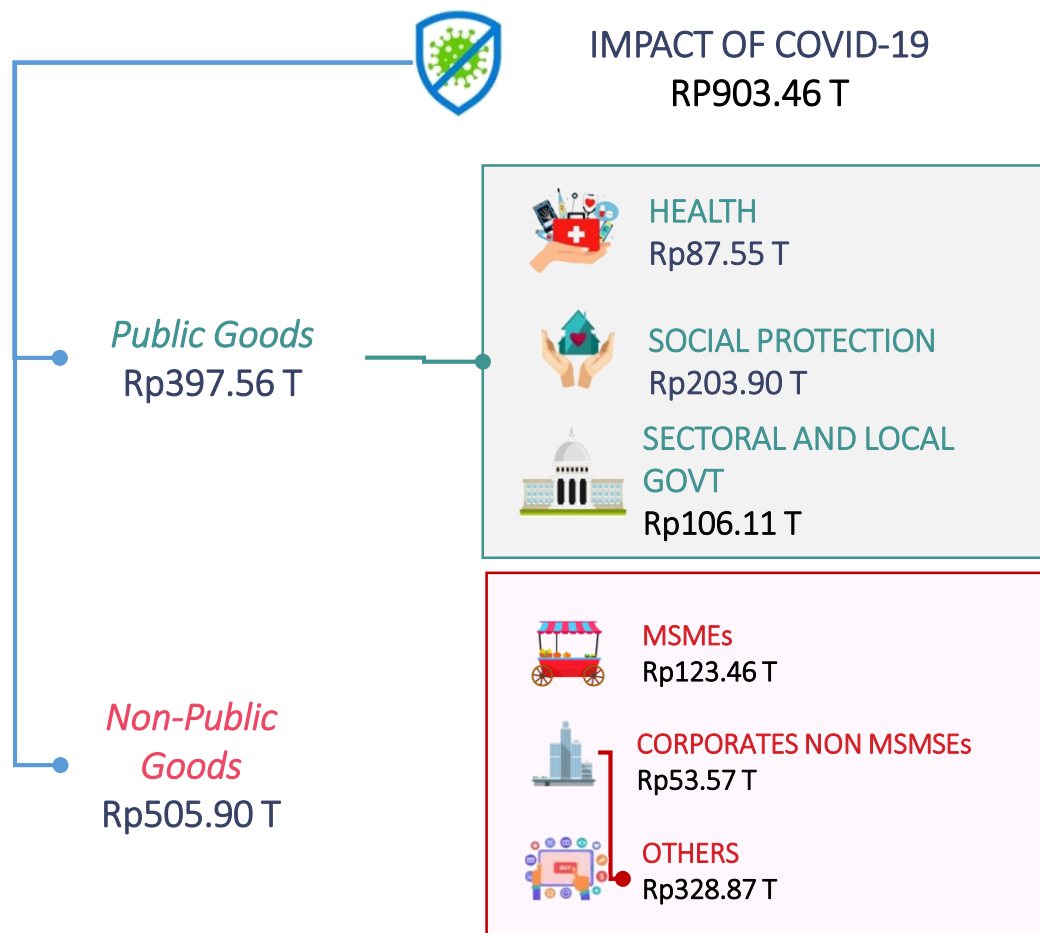
NATIONAL ECONOMIC RECOVERY PROGRAMS (PEN)



Source: Ministry of Finance



# ADDITIONAL SOURCE OF FUNDING FOR PEN BUDGET: MoF AND BI HAS DEVELOPED BURDEN SHARING SCHEME



## Scheme for Burden Sharing – SKB II (7 July 2020)

### 1. Public Goods

Covered by BI entirely, equal to the BI reverse repo rate

Issuance specifically to BI through private placement

### 2. Non-Public Goods

The government will cover the amount of 3 months BI reverse repo minus 1%, the rest will be borne by BI

Issuance through market mechanism (auction, Green Shoe Option, etc)

### 3. Other Non-Public Goods

Government borne entirely at the market rate

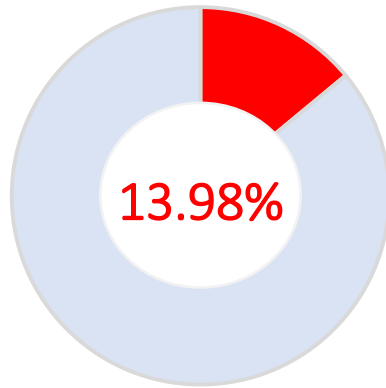
## Burden sharing between the Government and BI:

- Public Goods: carried out since the issuance until the maturity date of SUN and / or SBSN;
- MSME Non-Public Goods: for a period of 7 (seven) years from the issuance of SUN and / or SBSN (to be paid by BI in the form of a contribution)
- Corporate financing Non-Public Goods: 5 (five) years from the issuance of SUN and / or SBSN (to be paid by BI in the form of a contribution)



# PROGRESS OF COVID-19 & NATIONAL ECONOMIC RECOVERY (PEN) PROGRAM: EXPENDITURE SIDE

## HEALTH

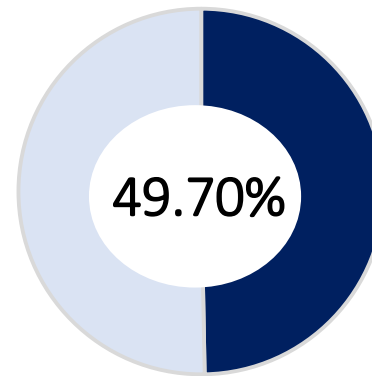


Total disbursed Rp 7.20 T

### Spending details:

- ❑ Central and Regional Health Incentives Rp1.86 T
- ❑ Healthcare Benefit for the Death of Rp. 21.60 billion
- ❑ Covid-19 task force (distribution) Rp. 3.2 T
- ❑ Incentives for import and VAT for Health Rp. 2.26 T
- ❑ Low disbursement → requires a shifting program

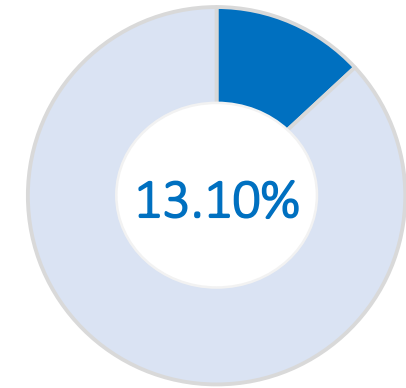
## SOCIAL PROTECTION



Total disbursed Rp87.85 T

- ❑ Middle income group incentives → needs further design program
- ❑ The acceleration of completing KPM data does not overlap with social assistance
- ❑ Batch 4 of Pre-Employment Card Program has restarted

## SECTORAL AND LOCAL GOVT



Total disbursed Rp11.18 T

### Spending details

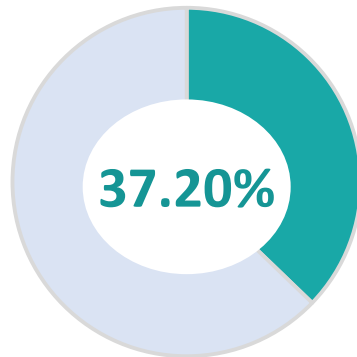
- ❑ Labor Intensive KL Rp. 9.01 T
- ❑ DID for Economic Recovery Rp. 654.9 Billion
- ❑ Physical DAK Rp. 328.8 billion
- ❑ MSMEs support Rp. 2.4T

Realization as of 20<sup>th</sup> Aug 2020



# PROGRESS OF COVID-19 & NATIONAL ECONOMIC RECOVERY (PEN) PROGRAM: EXPENDITURE SIDE

## MSME



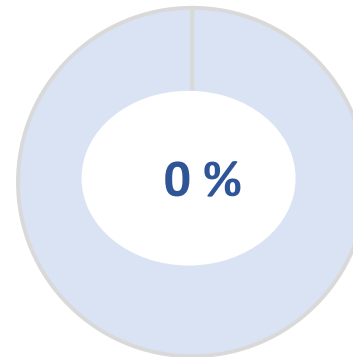
Total disbursed RP32,51 T

- Remain low disbursement → needs program evaluation

### Realization Details:

- Fund placement: IDR 41.2T
- LPDB investment financing: IDR 1 T
- Government bourne for MSMEs' Income Tax for : IDR 0.27T
- Interest: Subsidy for MSMEs IDR 2.16T

## CORPORATE FINANCING

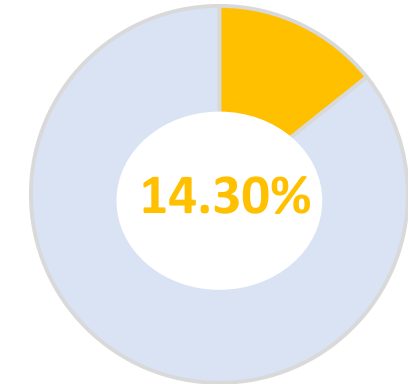


- Soon will be utilized for SOE injections
- The guarantee for labor-intensive corporate loans will begin soon

### Details:

- Timing of PMN realization and credit guarantee
- The labor-intensive corporate loan guarantee is ready to be implemented

## BUSINESS INCENTIVES



Tax incentives is less optimal

Allocated at Rp120.61 T

Disbursement → Rp17.23 T

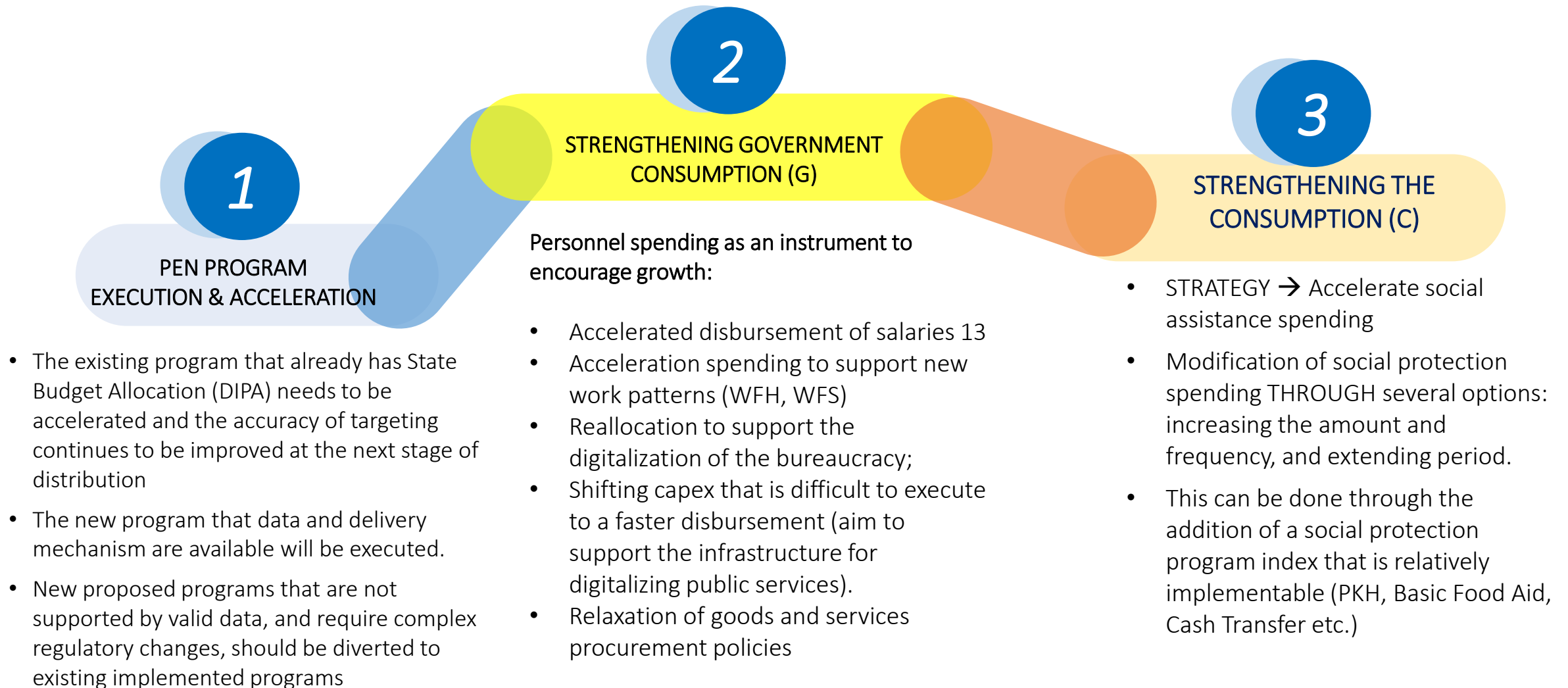
- ☐ Needs further socialization,
- ☐ Stimulus is expected to be fully utilized as economic regains

Realization as of 14<sup>th</sup> Aug 2020



# STRATEGY TO SPUR RECOVERY THROUGH FISCAL POLICIES

Q3 2020 is the key to avoid a recession; optimizing the role of government is important to stimulate the economy





# NEW PROPOSAL FOR THE USE OF COVID-19 HANDLING COSTS

As the efforts to boost economic growth in the second semester



## Health

- 1. Incentives for Medical and Non-Medical Personnel:**
  - Incentives extension up to Dec 2020
  - Reward for Incentives for Medical and Non-Medical
- 2. Support for Hospitals** by accelerating the procurement process for medical stuff and claim for hospitalization costs
- 3. New Normal Socialization**
- 4. Covid-19 Vaccine Supplies**



## Social Securities

- 1. The utilization of food reserve/logistic fund**
  - 2. Social Security programs for middle income class**
  - 3. Extension period of Electricity bill Discount**
  - 4. Additional Electricity bill Discount**
- New proposals that have been budgeted:**
- 1. Islamic Boarding School/Pesantren assistance** for implementation of health protocols and online learning
  - 2. Rice aid** for Family Hope Program beneficiaries
  - 3. Cash transfer** Rp500K for 9Mio Basic Food beneficiaries and non PKH



## Sectoral & Regional Gov't

- 1. Support for MSMEs** (Rp2.4Mio per recipient)
- 2. Support for worker affected by Covid-19** (Rp600K/month for 4 months for those who registered in BP Jamsostek with salaries below Rp5Mio)
- 3. Buying Local Product Program** for supporting the MSMEs and cashback program for MSMEs' consumers

**Note:**  
The new proposal programs are funded by expansion reserves and unused government borne taxes



## Business Incentives

- 1. Exemption from applying the minimum account provisions** for customers with electricity consumption below the minimum account
- 2. Exemption from social, business and industrial customer expense / subscription fees**





KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

# 2020 Budget Realization

Should you have further questions, please do not hesitate to contact us:



<https://fiskal.kemenkeu.go.id/informasi-publik/investor-relation-unit>



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



# 2020 Budget Realization as of July 2020

|                                    | 2018                   |             |            | 2019   |                        |             |            | 2020   |                        |             |            |
|------------------------------------|------------------------|-------------|------------|--------|------------------------|-------------|------------|--------|------------------------|-------------|------------|
|                                    | Realization of July 31 | % of Budget | Growth (%) | Budget | Realization of July 31 | % of Budget | Growth (%) | Budget | Realization of July 31 | % of Budget | Growth (%) |
| Revenue                            | 994.6                  | 52.6        | 16.5       | 2165.1 | 1052.4                 | 48.6        | 5.8        | 1699.9 | 922.2                  | 54.3        | -12.4%     |
| Domestic Revenue                   | 991.3                  | 52.4        | 16.2       | 2164.7 | 1052.1                 | 48.6        | 6.1        | 1698.6 | 919.8                  | 54.1        | -12.6%     |
| Taxation Revenue                   | 780.1                  | 48.2        | 14.6       | 1786.4 | 810.6                  | 45.4        | 3.9        | 1404.5 | 711                    | 50.6        | -12.3%     |
| Tax Revenue                        | 687.2                  | 48.3        | 14.3       | 1577.6 | 705.4                  | 44.7        | 2.7        | 1198.8 | 601.9                  | 50.2        | -14.7%     |
| Custom and Excise                  | 92.9                   | 47.9        | 16.4       | 208.8  | 105.2                  | 50.4        | 13.2       | 205.7  | 109.1                  | 53          | 3.7%       |
| Non Tax Revenue                    | 211.3                  | 76.7        | 22.7       | 378.3  | 241.5                  | 63.8        | 14.3       | 294.1  | 208.8                  | 71          | -13.5%     |
| Grant                              | 3.3                    | 276.7       | 325.1      | 0.4    | 0.4                    | 85.4        | -88.8      | 1.3    | 2.5                    | 189.2       | 525.0%     |
| Expenditure                        | 1145.7                 | 51.6        | 7.7        | 2461.1 | 1236.3                 | 50.2        | 7.9        | 2739.2 | 1252.4                 | 45.7        | 1.3%       |
| Central Government Expenditure     | 697                    | 47.9        | 15.3       | 1634.3 | 761.3                  | 46.6        | 9.2        | 1975.2 | 793.6                  | 40.2        | 4.2%       |
| Ministerial Expenditure            | 375.9                  | 44.4        | 14.3       | 855.4  | 419.8                  | 49.1        | 11.7       | 836.4  | 419.6                  | 50.2        | 0.0%       |
| Non Ministerial Expenditure        | 321.1                  | 52.9        | 16.4       | 778.9  | 341.4                  | 43.8        | 6.3        | 1138.9 | 374                    | 32.8        | 9.5%       |
| Regional Transfer and Village Fund | 448.6                  | 59.6        | -2.3       | 826.8  | 475.1                  | 57.5        | 5.9        | 763.9  | 458.8                  | 60.1        | -3.4%      |
| Regional Transfer                  | 412.8                  | 58.5        | -2.5       | 756.8  | 433.2                  | 57.2        | 4.9        | 692.7  | 410.9                  | 59.3        | -5.1%      |
| Village Fund                       | 35.9                   | 59.8        | 0.1        | 70     | 41.9                   | 59.8        | 16.8       | 71.2   | 47.9                   | 67.3        | 14.3%      |
| Primary Balance                    | -4.6                   | 5.3         | -94.2      | -20.1  | -25.3                  | 125.7       | 449.6      | -700.4 | -147.4                 |             |            |
| Surplus/(Deficit)                  | -151                   | 46.3        | -28.1      | -296   | -183.9                 | 62.1        | 21.8       | 1039.2 | -330.2                 | 31.8        |            |
| to GDP                             | -1.02                  |             |            | -1.8   | -1.16                  |             |            | -6.34  | -2.01                  |             |            |
| Financing                          | 212.3                  | 65.1        | -26.9      | 6      | 233.6                  | 78.9        | 10         | 1039.2 | 503                    | 48.4        | 115.3%     |



# REVENUE REALIZATION

| (in IDR trillion)                | 2019           |                           |             |             | 2020                             |                           |                                       |               |
|----------------------------------|----------------|---------------------------|-------------|-------------|----------------------------------|---------------------------|---------------------------------------|---------------|
|                                  | State Budget   | Realization as of 31 July | % to budget | % growth    | Budget Presidential Reg. 72/2020 | Realization as of 31 July | % to budget Presidential Reg. 72/2020 | % growth      |
| <b>Tax Revenue</b>               | <b>1,577.6</b> | <b>705.4</b>              | <b>44.7</b> | <b>2.7</b>  | <b>1,198.8</b>                   | <b>601.9</b>              | <b>50.2</b>                           | <b>(14.7)</b> |
| 1. Income Tax from Oil & Gas     | 66.2           | 35.5                      | 53.6        | (1.9)       | 31.9                             | 19.8                      | 62.1                                  | (44.3)        |
| 2. Income Tax from Non-Oil & Gas | 1,511.4        | 669.9                     | 44.3        | 2.9         | 1,167.0                          | 582.1                     | 49.9                                  | (13.1)        |
| a. Income Tax from Non-Oil&Gas   | 828.3          | 404.5                     | 48.8        | 5.2         | 638.5                            | 349.8                     | 54.8                                  | (13.5)        |
| b. VAT                           | 655.4          | 249.3                     | 38.0        | (4.6)       | 507.5                            | 219.5                     | 43.2                                  | (12.0)        |
| c. Property Tax                  | 19.1           | 12.5                      | 65.6        | 1,215.3     | 13.4                             | 9.5                       | 70.3                                  | (24.5)        |
| d. Other Taxes                   | 8.6            | 3.5                       | 40.6        | (19.8)      | 7.5                              | 3.3                       | 44.7                                  | (4.3)         |
| <b>2. Custom &amp; Excise</b>    | <b>208.8</b>   | <b>105.2</b>              | <b>50.4</b> | <b>13.2</b> | <b>205.7</b>                     | <b>109.1</b>              | <b>53.0</b>                           | <b>3.7</b>    |
| 1. Excise                        | 165.5          | 82.6                      | 49.9        | 22.3        | 172.2                            | 88.4                      | 51.3                                  | 7.0           |
| 2. International Tax             | 43.3           | 22.5                      | 52.0        | (11.0)      | 33.5                             | 20.6                      | 61.8                                  | (8.4)         |
| a. Import Duty                   | 38.9           | 20.7                      | 53.2        | (3.4)       | 31.8                             | 19.0                      | 59.8                                  | (8.0)         |
| b. Export Duty                   | 4.4            | 1.8                       | 41.8        | (52.7)      | 1.7                              | 1.6                       | 97.1                                  | (13.2)        |
| <b>Total Revenue</b>             | <b>1,786.4</b> | <b>810.6</b>              | <b>45.4</b> | <b>3.9</b>  | <b>1,404.5</b>                   | <b>711.0</b>              | <b>50.6</b>                           | <b>(12.3)</b> |

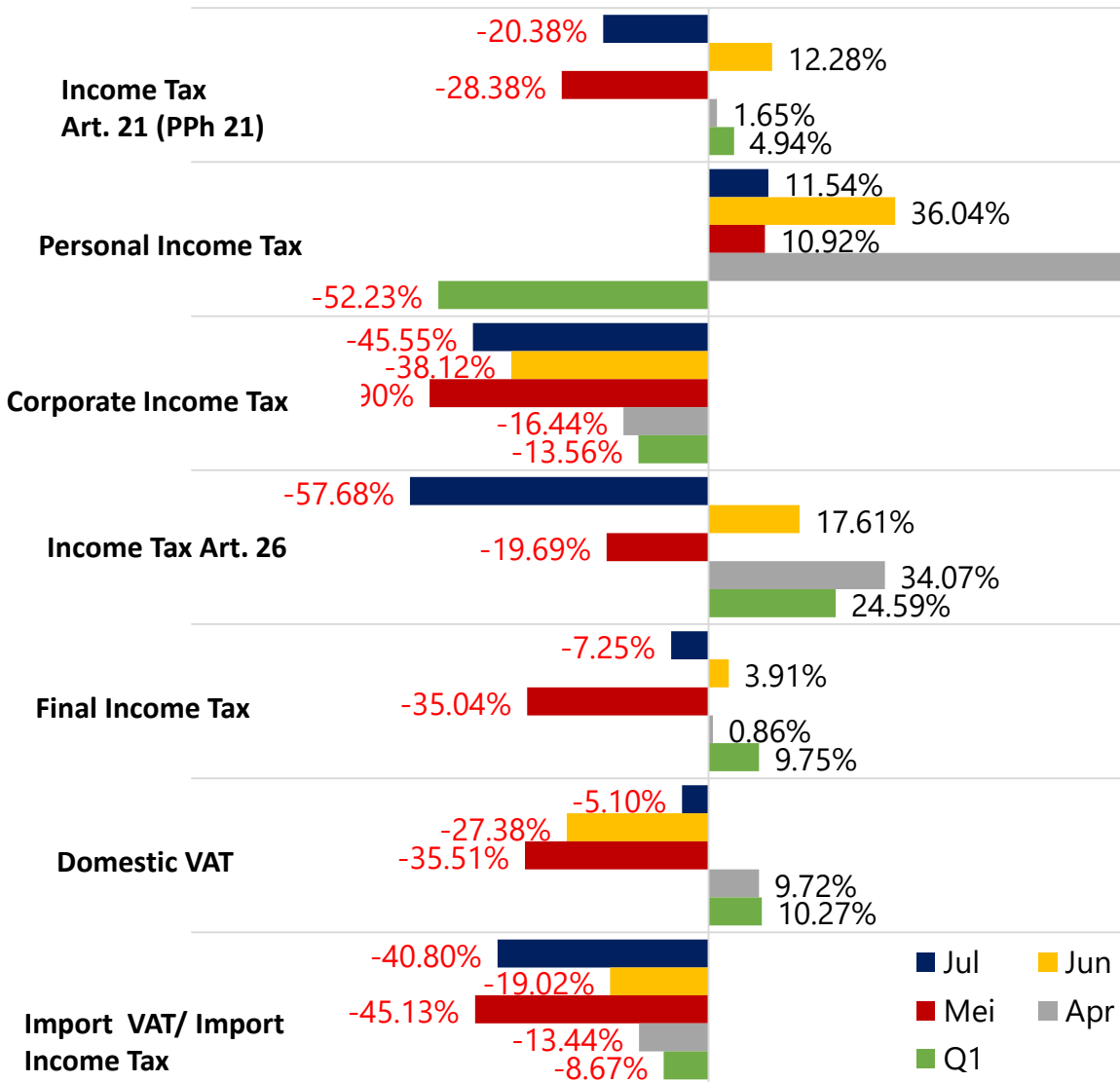
**The economic slowdown and tax incentives put pressure on almost all types of tax revenue. The contraction in revenue is also influenced by low commodity prices**



# REVENUE REALIZATION BY TYPE

Tax revenue that increased in June then decreased in July

## Tax Revenue Growth by Type (y-o-y) 2020



Tax revenue which had shown an increase in June, but then slowed down again in July.



Individual income tax experienced an increase in growth in June due to a surge in annual income tax payments (which mature in April). This spike did not happen again in July.



Corporate income tax has slowed down due to lower payments for tax bill (STP/SKPKB) and increased restitution



Domestic VAT shows an improving trend, due to an increase in deposits by VAT collectors.

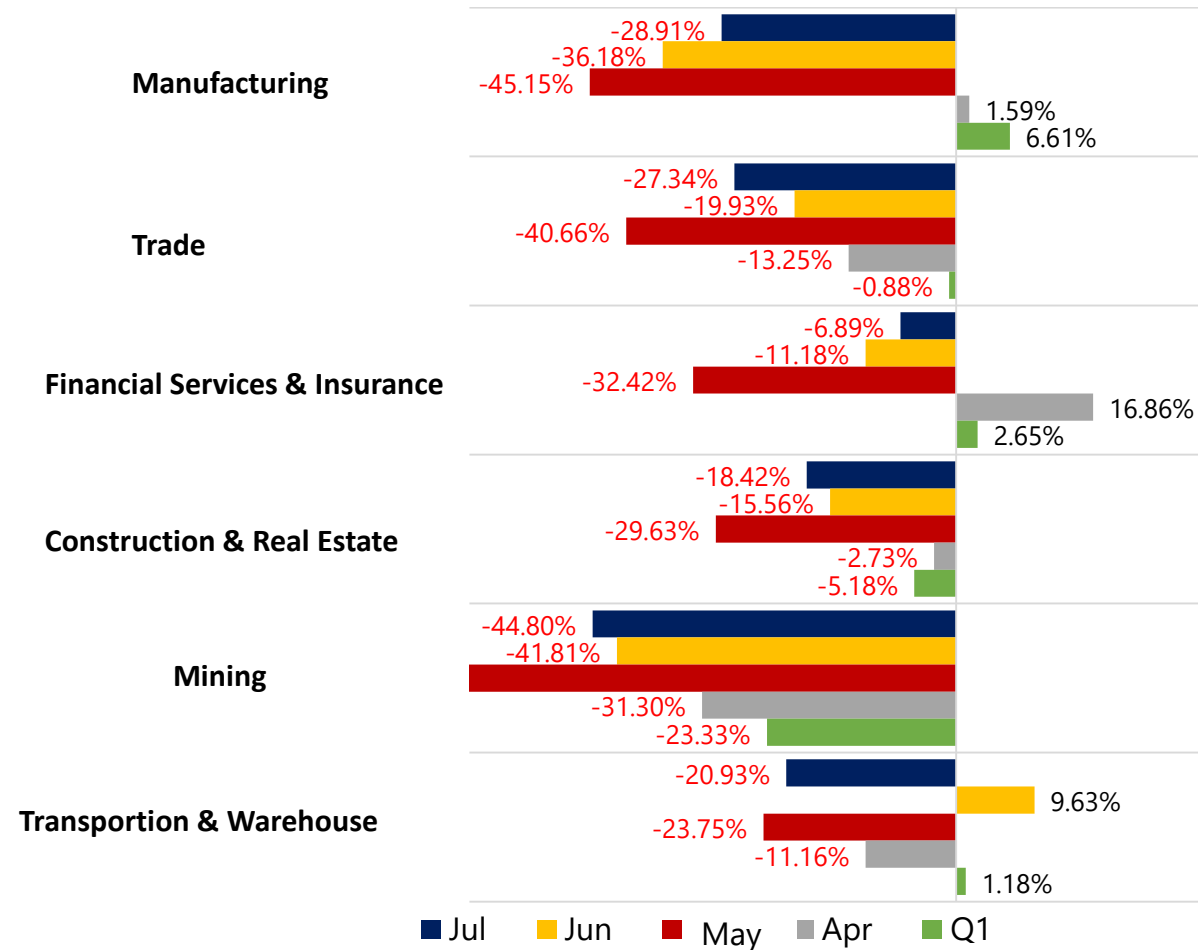


Import VAT/Import weakened in line with relatively slower import activity in July, in line with weaker import duties.

# REVENUE REALIZATION BY SECTOR

All sectors are still contracting in line with the ongoing social restriction (PSBB) and implementation of fiscal incentives

## Tax Revenue Growth by Sector (y-o-y) 2020



The performance of sectoral revenues in July was relatively varied, in line with the ongoing Social Restriction (PSBB) and WFH transition periods and the implementation of fiscal incentives.



The extension of social restriction in April-May 2020 prolonged the pressure in Transportation sector amid limited number of travel and Trade sector amid declining activities in domestic goods and services delivery. Furthermore, the slowdown in consumption also prolonged pressure to Manufacturing sector.



Trade weakened in line with the slowdown in payments for Domestic VAT, Corporate Income Tax and Import tax income / VAT. In addition, restitution also increased in July.



Financial Services & Insurance continued the upward trend (yoy) from June.

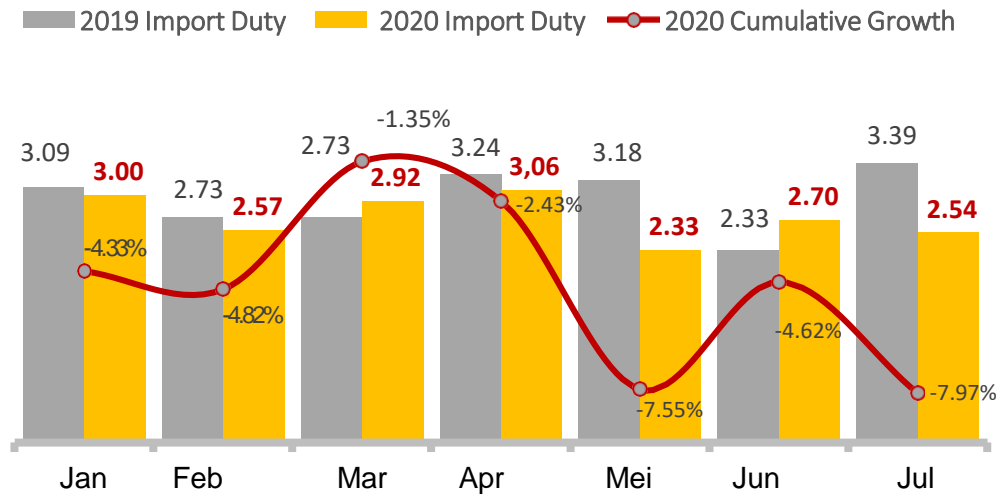




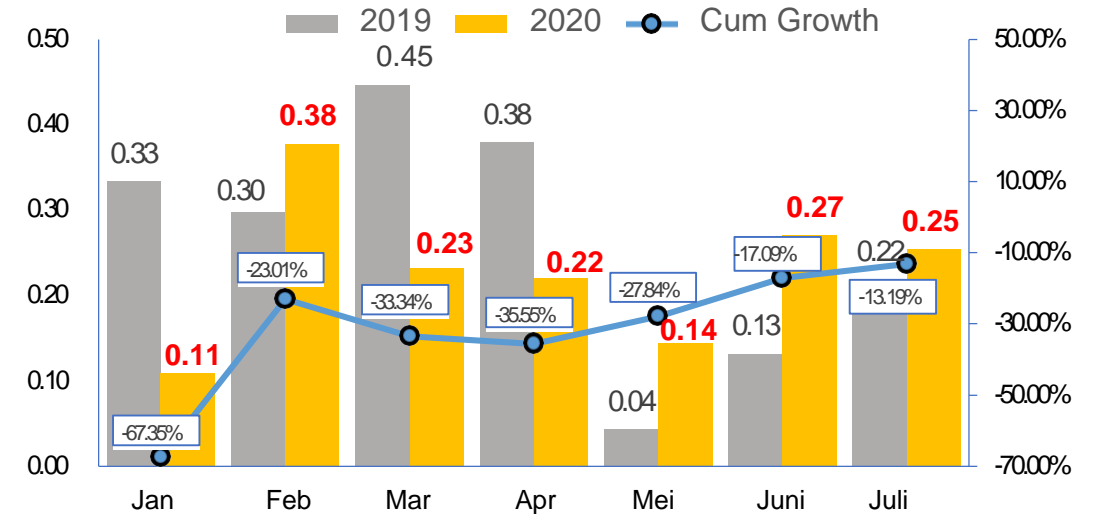
# CUSTOMS AND EXCISE REVENUE FROM IMPORT AND EXPORT DUTY

Import and export duties weakened in July, driven by a decrease in foreign exchange payments and copper exports and restrictions on nickel exports, in line with export and import growth decline year-on-year

## Monthly Import Duty Realization



## Monthly Export Duty Realization



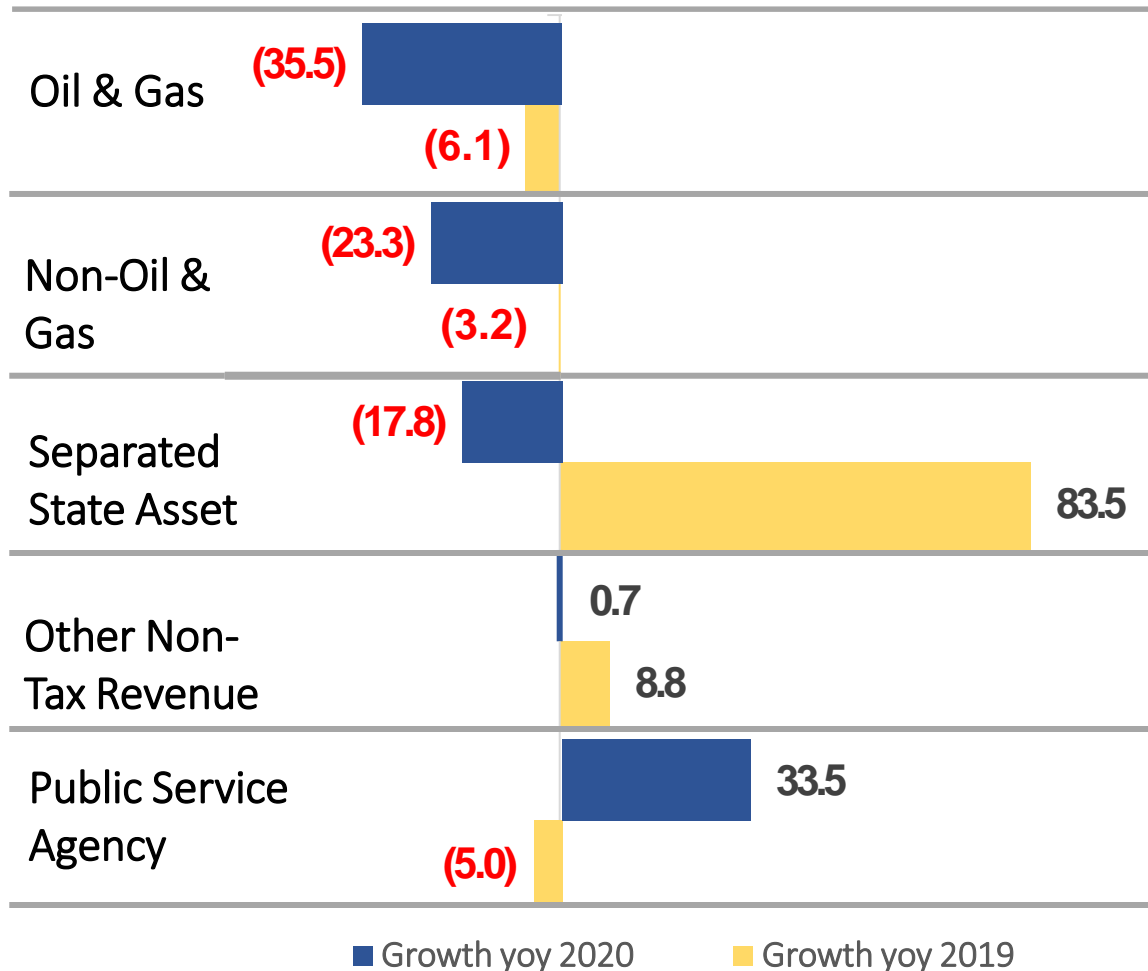
- **Import duties in July fell**, particularly in key sectors, including manufacturing, wholesale & retail trade, mining and quarrying, and energy procurement.
- **Export duty up to July 2020 grew negatively by 13.19 percent (yoy)**, contributed by the decline in exports of mineral commodities which have the largest share.
- **Palm oil products grew 133.30 percent**, which was contributed by the growth of CPO Export Duty revenue. However, no export duty received in July from CPO because the reference price of CPO was below USD750 per MT.
- **The export duty for bauxite grew by 32.37 percent (yoy)**, supported by an increase in **bauxite export demand**;
- The nickel export duty revenue was obtained from extra effort (through Letter of Determination for the Calculation of Export Levies and Letter of Re-determination of Export Duty Calculation) in July



## NON-TAX REVENUE AS OF JULY 2020

Almost all types of Non-Tax Revenue are under pressure. Public Service Agency revenue still grew positively

2019 & 2020 Non Tax Revenue Growth  
(%, yoy)



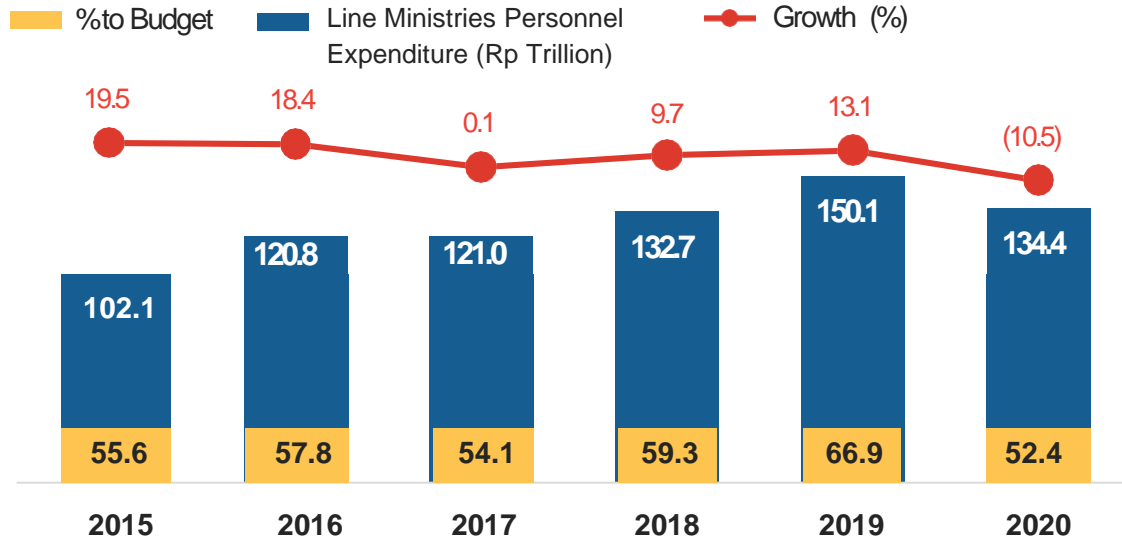
- The slowdown in **Oil and Gas Natural Resources Revenue** due to lower oil prices and reduced activities due to the COVID-19 pandemic.
- The weakening of **Non-Oil and Gas Natural Resources Revenue** caused by, among other, a decrease in Reference Coal Price and volume of coal production and a decrease in the volume of wood from natural forests.
- **Separated State Asset Revenue** also contracted, partly due to lower revenues from the remaining BI surplus and a decrease in State Owned Enterprise dividend payments → the impact of the Covid-19 pandemic, the schedule of the General Meeting of Shareholders of several SOEs was postponed.
- **Public Service Agency Revenue** grew due to the increase in the performance: Oil Palm Plantation, Management of National Education Development Funds, and Telecommunication Operations Services.



# PERSONNEL EXPENDITURE OF LINE MINISTRIES

Decreased 10.5% Affected by Changes in Holiday Allowance (THR) Policy and 13th Salary

## Line Ministries Personnel Expenditure as of Juli 31, 2020



| Personnel Expenditure<br>(Rp Trillion) | 2019         |             | 2020         |             |
|--|--------------|-------------|--------------|-------------|
|  | Realization  | % Budget    | Realization  | % Budget    |
| Indonesian National Police             | 32.1         | 74.3        | 28.6         | 54.0        |
| Ministry of Defense                    | 30.2         | 72.6        | 26.8         | 50.5        |
| Ministry of Religious Affairs          | 20.9         | 57.8        | 20.4         | 52.0        |
| Ministry of Finance                    | 15.1         | 71.1        | 13.2         | 62.0        |
| Supreme Court                          | 4.2          | 67.1        | 3.5          | 48.8        |
| Other Line Ministries                  | 47.6         | 62.7        | 42.1         | 50.6        |
| <b>Total</b>                           | <b>150.1</b> | <b>66.9</b> | <b>134.4</b> | <b>52.4</b> |

### Line Ministries Expenditure

- Salary & Benefits
- Allowances, Honorarium, Vakasi Earning, etc.

2019

2020

| Realisasi    | Growth (%)    | Realisasi    | Growth (%)    |
|--------------|---------------|--------------|---------------|
| <b>150.1</b> | <b>↑ 13.1</b> | <b>134.4</b> | <b>↓ 10,5</b> |
| 97.3         | ↑ 5.1         | 91.0         | ↓ 6.5         |
| 52.8         | ↑ 31.7        | 43.4         | ↓ 17.8        |



**Realization as of July 31 grew negatively, due to changes in the payment policy for Hari Raya Allowance (THR) and the 13th salary**

- THR → State Officials, Echelon 1 & 2, and other officials as stated in PP 24/2020 do not receive THR.
- 13th salary → Policy is the same as THR and is planned to be paid in August. While in 2019, the 13th salary is paid in July.



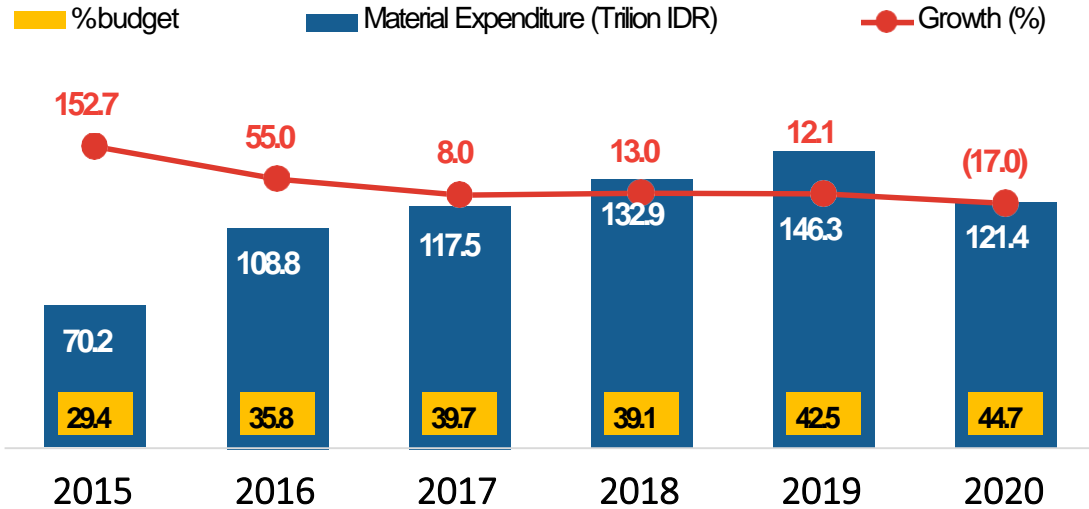
**Absorption Line Ministries with the largest budget also decreased compared to 2019, due to changes in the THR and 13th salary policy.**



# LINE MINISTRIES (K/L) MATERIAL EXPENDITURE REALIZATION

Decreased 17% caused by Budget Refocusing and Reallocation Policy to Support Covid-19 Handling Activities

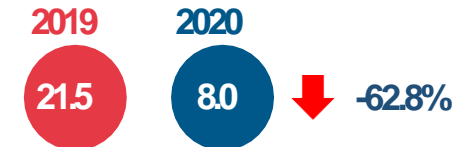
## Line Ministries' Material Expenditure Realization until July



| Line Ministries' Material Expenditure Realization (Trillion IDR) | 2019               |             | 2020                |             |
|--|--------------------|-------------|---------------------|-------------|
|  | Real until July 31 | % Budget    | Real. until July 31 | % Budget    |
| Ministry of Defence  | 14.1               | 37.9        | 15.4                | 50.5        |
| Indonesian National Police                                       | 12.8               | 48.6        | 12.9                | 48.0        |
| Ministry of Health   | 9.6                | 38.3        | 8.6                 | 38.6        |
| Ministry of Public Works & Public Housing (PUPR)                 | 11.2               | 30.1        | 11.8                | 41.5        |
| Ministry of Religious Affairs                                    | 9.1                | 45.4        | 7.9                 | 44.1        |
| Others   | 89.5               | 42.7        | 64.8                | 44.4        |
| <b>Total</b>   | <b>146.3</b>       | <b>42.5</b> | <b>121.4</b>        | <b>44.7</b> |

## Material expenditures component decreased significantly, e.g.:

### Travel Expenditures



### Material expenditure transferred to local govt/public



### Ops & Non-Ops Material Expenditure



Material Expenditure Realization was heavily affected by social distancing and WFH policy, which has caused the decrease in operational and travel expenditure realization.



Material expenditure realization of Defense Ministry, National Police was supported by special material tools maintenance, while Ministry PUPR was bolstered up by natural resource infrastructure/road maintenance, and self-subsistent home building (entrusted to public).



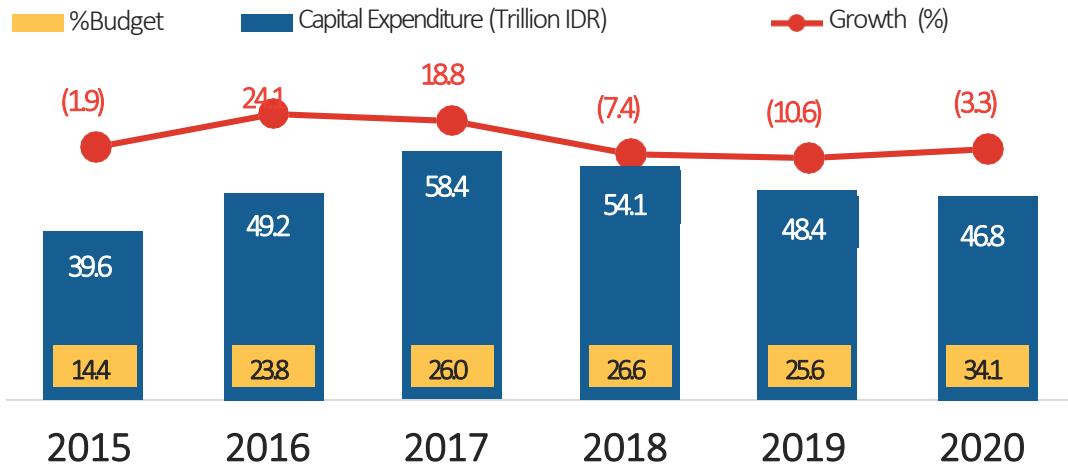
Moreover, the incentive and compensation payment for medical personnel has been rolled out, and also the procurement of medical tools and facilities to deal with Covid-19 has been delivered.



# CAPITAL EXPENDITURE REALIZATION

Negative growth of 3.3% due to project restructuring in the context of refocusing on handling Covid-19

## Capital Expenditure Realization until July



| Line Ministries Capital Expenditure (Trillion IDR) | 2019                |             | 2020                |             |
|--|---------------------|-------------|---------------------|-------------|
|  | Real. until July 31 | % Budget    | Real. until July 31 | % Budget    |
| Ministry of Public Works and Public Housing (PUPR) | 22.2                | 29.3        | 20.1                | 45.5        |
| Ministry of Defense                                | 6.7                 | 21.0        | 9.5                 | 27.6        |
| Indonesian National Police                         | 6.2                 | 34.9        | 6.9                 | 53.9        |
| Ministry of Transportation                         | 5.0                 | 20.9        | 4.8                 | 30.8        |
| Ministry of Religious Affairs                      | 1.2                 | 25.0        | 1.5                 | 45.7        |
| Others   | 7.1                 | 20.1        | 4.0                 | 14.6        |
| <b>Total</b>                                       | <b>48.4</b>         | <b>25.6</b> | <b>46.8</b>         | <b>34.1</b> |

| Capital Expenditure Realization per Account (Trillion IDR) | 2019                |               | 2020               |              |
|--|---------------------|---------------|--------------------|--------------|
|  | Real. until July 31 | Growth (%)    | Real until July 31 | Growth (%)   |
| Land Capital   | 0.8                 | 7.2           | 1.0                | 19.3         |
| Equipment & Machinery                                      | 13.7                | (20.3)        | 16.2               | 18.2         |
| Building & Structure                                       | 7.0                 | 8.1           | 6.3                | (8.8)        |
| Roads, Irrigation & Systems                                | 24.6                | (13.1)        | 20.9               | (15.2)       |
| Other Capital  | 1.6                 | 103.4         | 1.9                | 17.9         |
| BLU  | 0.7                 | 6.7           | 0.5                | (22.5)       |
| <b>Total</b>   | <b>48.4</b>         | <b>(10.6)</b> | <b>46.8</b>        | <b>(3.3)</b> |



Negative growth of capital expenditure due to due to **project restructuring** in the context of refocusing on handling Covid-19.



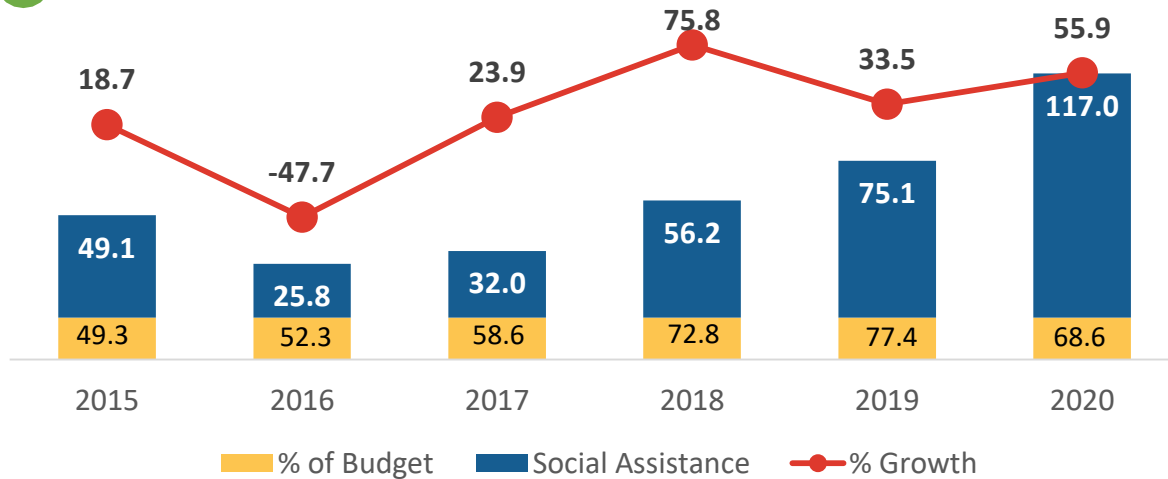
To support **the national economic recovery program**, **labor-intensive programs** were implemented in several Line Ministries



# SOCIAL ASSISTANCE EXPENDITURE REALIZATION IN LINE MINISTRIES

Up 55.9% (yoy) to support JKN Program and Social Safety Net policies to handle the Covid-19

## > Social Assistance Expenditure Realization as of 31 July



| Social Spending in Line Ministries<br>(IDR trillion)          | 2019                   |             | 2020                   |             |
|---|------------------------|-------------|------------------------|-------------|
|   | Realization<br>31 July | %<br>Budget | Realization<br>31 July | %<br>Budget |
| Ministry of Education & Culture                               | 6.2                    | 63.6        | 9.4                    | 58.3        |
| Ministry of Health  | 26.5                   | 99.3        | 32.4                   | 66.4        |
| Ministry of Religious Affairs                                 | 0.7                    | 34.2        | 1.2                    | 60.7        |
| Ministry of Social Affairs                                    | 38.1                   | 70.1        | 71.6                   | 71.4        |
| Min. Research & Tech/National<br>Research & Innovation Agency | 2.0                    | 45.8        | -                      | -           |
| Nat. Board for Disaster Mngmt.                                | 1.6                    |             | 2.4                    | 69.3        |
| <b>Total</b>  | <b>75.1</b>            | <b>77.4</b> | <b>117.0</b>           | <b>68.6</b> |

## > Increase Social Expenditure Component

### Food Subsidy and Cash Transfers

2020 IDR19.4 T

2019 --

### Basic Food Card

2020 IDR25.5 T ▲ 121.7%

2019 IDR11.5 T

### Health Insurance Premium Subsidy (PBI JKN)

2020 IDR32.4 T ▲ 22.2%

2019 IDR26.5 T

Social expenditure realization helped boosting line ministries spending performance, e.g.:

#### ☐ Ministry of Social Affairs

1. **Adjustment in Basic Food Card/BPNT policies:** increasing the benefit value (2019: IDR110,000 - 2020: IDR200,000) and expanding the coverage (2019:15.6 mn beneficiary families/KPM – 2020:20 mn KPM)
2. **Implementation of Temporary Assistance**  
e.g. basic food assistance and cash assistance, which began to be distributed in May 2020 for the Covid-19 Pandemic Social Safety Net .

#### ☐ Ministry of Health

1. **Adjustment of PBI JKN contribution** (IDR23,000 → IDR42,000)
2. **PBI JKN disbursement in advance** to increase BPJS-Kesehatan liquidity to further accelerate payment of health facility claim.

#### ☐ Ministry of Education & Culture → Distribution of PIP and KIP-Kuliah assistance



## FINANCING REALIZATION

Reached IDR503.0 T (net) or 48.4% of the target, supported by financing through debt

| Budget Financing<br>(trillion rupiah) | 2019   |                        |          |          | 2020                |                        |                       |          |
|---------------------------------------|--------|------------------------|----------|----------|---------------------|------------------------|-----------------------|----------|
|                                       | Budget | Realization<br>31 July | % Budget | % Growth | Perpres<br>72/ 2020 | Realization<br>31 July | % Perpres<br>72/ 2020 | % Growth |
| <b>1. Debt</b>                        | 359.3  | 238                    | 66.3     | 12.3     | 1.220.5             | 519.2                  | 42.5                  | 118.1    |
| a. Govt Bond (neto)                   | 389    | 244.4                  | 62.8     | 10.1     | 1.173.7             | 513.4                  | 43.7                  | 110.1    |
| b. Govt Borrowing (Neto)              | -29.7  | -6.4                   | 21.4     | -36.7    | 46.7                | 5.8                    | 12.4                  | -191.4   |
| <b>2. Investment Financing</b>        | -75.9  | -5.1                   | 6.8      | 231.2    | -257.1              | -16.5                  | 6.4                   | 221.4    |
| a.l. a. Investment to SOEs            | -17.8  | -                      | -        | -        | -31.5               | -9.5                   | 30.2                  | -        |
| b. Investment to BLU                  | -53.2  | -4                     | 7.5      | 158.1    | -42                 | -7                     | 16.7                  | 75       |
| <b>3. Government Lending</b>          | -2.4   | 0.7                    | -28.6    | -63.8    | 5.8                 | 0.5                    | 8.6                   | -25.7    |
| <b>4. Guarantee</b>                   | -      | -                      | -        | -        | -0.6                | -0.4                   | 71.3                  | -        |
| <b>5. Others</b>                      | 15     | 0                      | 0.1      | -82.6    | 70.6                | 0.2                    | 0.2                   | 798.3    |
| <b>Total</b>                          | 296    | 233.6                  | 78.9     | 10       | 1.039.2             | 503                    | 48.4                  | 115.3    |

- Incoming Bids at the SBN issuance auction is still good. indicating the high demand for SBN
- BI participation based on SKB I is IDR 42,965T, and based on SKB II (burden sharing) is IDR 82.10T for public goods and IDR 22T for nonpublic goods.
- In July, PMN disbursements were made to PLN, Hutama Karya, PNM, as well as investments for BLU LPDB KUMKM.







KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

# 2021 Fiscal Policy Direction

Should you have further questions, please do not hesitate to contact us:



<https://fiskal.kemenkeu.go.id/informasi-publik/investor-relation-unit>



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

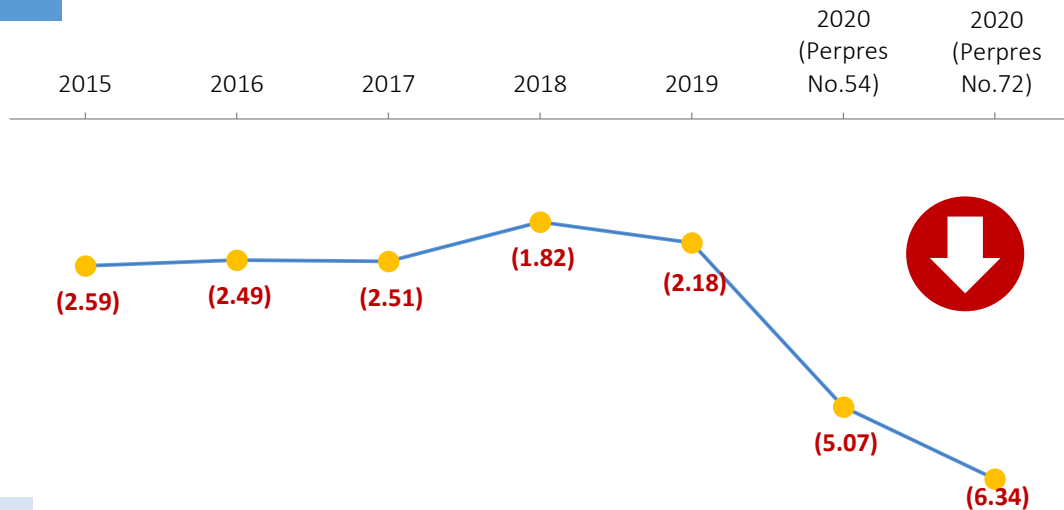


# CHALLENGES OF FISCAL MANAGEMENT:

Revenue optimization, spending better, managing debt risk and engage in fiscal consolidation

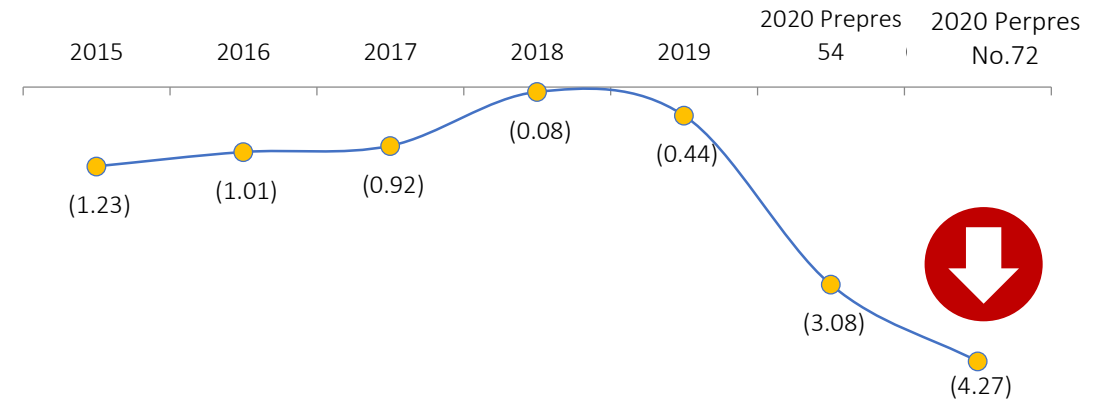
1

Deficit (% GDP)



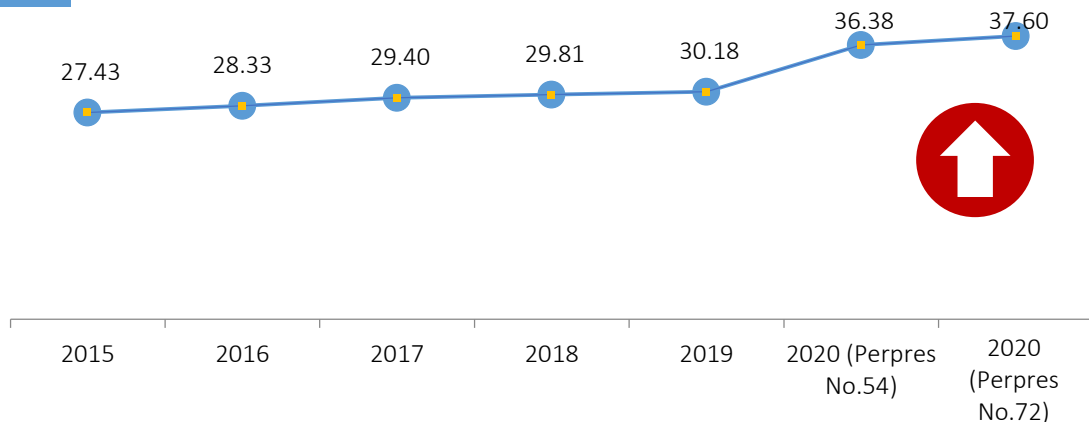
3

Primary Balance (% PDB)



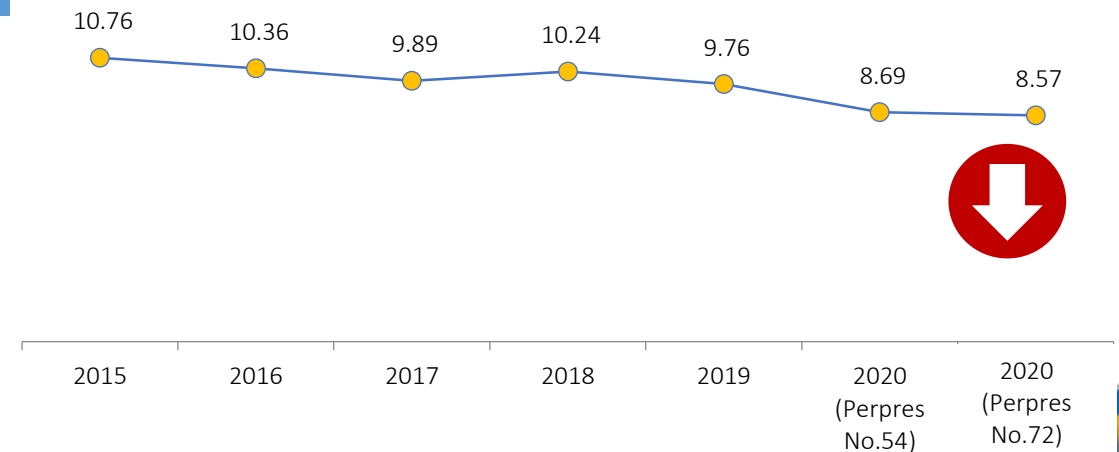
2

Debt Ratio (% PDB)



4

Tax Ratio (% PDB)



# FISCAL POLICY DIRECTION IN 2021

responding changes in economy, challenges, and support development targets

## ACCELERATING ECONOMIC RECOVERY AND STRENGTHENING REFORM

Expansive

Consolidative



EFFECTIVENESS OF  
CONTROLLING  
COVID-19



ACCELERATION  
ECONOMIC  
RESTORATION (PEN)



*EXIT STRATEGY MIDDLE  
INCOME TRAP*



ANTICIPATING  
UNCERTAINTY

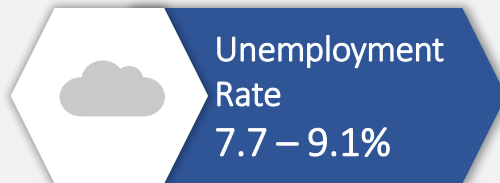


FISCAL FLEXIBILITY  
(*PRUDENT &  
SUSTAINABLE*)

# MACRO AND BUDGET PLAN IN 2021

Expansive-consolidative fiscal policy for the acceleration of Economic Recovery and strengthening the reforms

## DEVELOPMENT TARGET



## MACRO ASSUMPTION

- Growth:**  
4.5 – 5.5 %
- Inflation:**  
3.0%
- Exchange rates:**  
Rp14.600/USD
- 10-year Gov't Bond:**  
7.29%
- ICP (Oil Price):**  
US\$45 per barrel
- Oil Lifting:**  
705 thousand barrel/day
- Gas Lifting:**  
1,191 thousand barrel  
(equal oil per day)

## BUDGET PROPOSAL 2021

In IDR trillion

|                                |                    |                        |   |
|--------------------------------|--------------------|------------------------|---|
| Grant 0,9                      | REVENUE<br>1,776.4 | EXPENDITURE<br>2,747.5 | Central Government Spending<br>1,951.3      |
| Non tax Revenue 293.5          |                    |                        |   |
| Tax Revenue 1,481.9            | FINANCING<br>971.2 |                        | Regional Transfer and Village Fund<br>796.3 |
| DEFICIT (971.2)<br>(5.50% PDB) |                    |                        |   |



# ALLOCATIONS FOR CONTROLLING COVID-19 AND 2021 PEN

Gaining the momentum for economic recovery

**Rp 25.40T**

## HEALTH

1. the COVID-19 vaccine
2. Immunization, Lab, R & D
3. Reserve BPJS Contribution Assistance for PBP / BP

**Rp 48.80T**

## MSME

1. Regular KUR interest subsidy
2. Financing Support to MSME
3. Placement of funds in banking
4. Loss Limit Guarantee
5. PEN Financing Reserve

**Rp 110.20T**

## SOCIAL PROTECTION

1. PKH 10 million KPM
2. SEMBAKO Card 18.8 million KPM
3. Pre Work
4. Village Fund (BLT Desa and supporting BUMDes)
5. Cash Social Assistance 10 million KPM @ IDR 200 thousand for 6 months

**Rp 14.90T**

## CORPORATE FINANCE

1. PMN to Guarantee Institution (LPEI)
2. PMN to SOEs carrying out assignments (HK, ITDC, Pelindo III, KIW)
3. Guarantee of backstop loss limit

**Rp 20.40T**

## BUSINESS INCENTIVE

1. Tax borne by the government
2. 22 Import Income Tax Exemption
3. Preliminary VAT refund

**Rp 136.70T**

## SECTORAL AND LOCAL GOV'T

1. Tourism Support
2. Food security
3. ICT development
4. Loans to the regions
5. Industrial Area
6. PEN Expenditure Proposal
7. Labor intensive program

Rp356.5T

# STRATEGIC POLICY IN 2021

Supporting the accelerated recovery and the economic transformation



## 1 EDUCATION (RP549.5T)

Strengthening the quality of education through increasing PISA scores and strengthening Early Childhood Education (PAUD) administration and increasing teacher competences



## 2 HEALTH (RP169.7T)

Accelerating health recovery due to Covid-19, implementing National Health Insurance (JKN) reforms and preparing Health Security Preparedness



## 3 SOCIAL PROTECTION

(RP419.3T)  
Supporting social protection reform  
→ comprehensive social protection system based on the life cycle and anticipating the aging population



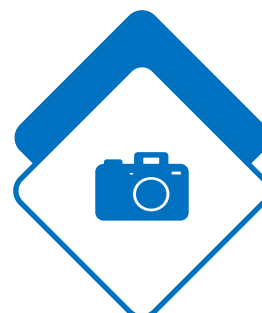
## 4 INFRASTRUCTURE (RP414.0T)

Provision of infrastructure for basic services, improving connectivity, and supporting economic recovery, and continuing pending priority programs



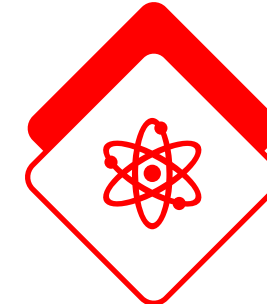
## 5 FOOD SECURITIES (RP104.2T)

Increase food production and support economic recovery through revitalizing the national food system and developing Food Estate



## 6 TOURISM (RP13.9T)

Encouraging the recovery of the tourism sector with a focus on 5 areas and developing a PPP scheme



## 7 ICT (RP30.5T)

Optimizing the use of ICT to support and improve the quality of public services (efficiency, convenience and acceleration)



# SUMMARY (BUDGET PLAN 2021)

Accelerating Economic Recovery and Strengthening Reforms

- Fiscal policy in 2021: "Expansive-Consolidative" in the context of Accelerating Economic Recovery and Strengthening Reforms "
- 2021 Budget Deficit: 5.5% of GDP for counter cyclical measures, with prudent and sustainable management of debt;
- Controlling COVID-19 in the health sector as the key to accelerating economic recovery;
- Continuing the social safety net program to normalize the purchasing power of the poor and vulnerable (PKH, Food Cards, Cash Social Assistance, Pre-employment Cards);
- Continue the national economic recovery program to encourage the business, MSMEs and corporates;
- The 2021 budget plan is an instrument to accelerate socio-economic recovery and to address structural challenges (competitiveness, production capacity and utilization of the demographic bonus) in order to avoid middle income trap;
- Reforms to a better Indonesia: An improved health and social protection system, an education system that supports superior and competitive human resources, taxation that supports the business sectors and compatible with ICT-based economic activities, and budgeting reforms that focus on priorities, based on results and strengthening quality control of regional transfer







KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

Thank You

Should you have further questions, please do not hesitate to contact us:



<https://fiskal.kemenkeu.go.id/informasi-publik/investor-relation-unit>



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

