



KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA



# Fiscal and Economic Updates

MARCH 2021: **New Chapter For Recovery**



**BADAN KEBIJAKAN FISKAL**

**KEMENTERIAN KEUANGAN**  
REPUBLIK INDONESIA

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KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA



# DEVELOPMENT OF THE COVID-19 PANDEMIC AND RECENT ECONOMIC UPDATES



# 2020 STARTED WITH OPTIMISM, SUDDENLY COVID-19 CHANGED THE GAME



**WEO January: 3.3%**



**US-CHINA TRADE DEAL  
PHASE I**

15 January 2020



**BREXIT TRANSITION**

31 January 2020

**THE WHO  
ANNOUNCE PANDEMIC**  
11 March 2020

IMF WEO Global  
Growth Projection 2020

**OIL PRICE PLUNGED  
TO NEGATIVE**  
24 April 2020

**WEO April : -3.0%**

**RECTRICTIVE MOBILITY  
WENT VIRAL**  
April 2020

**WEO June: -4.9%**

**RELAXING RESTRICTIVE  
MOBILITY MEASURES**  
July 2020

**WEO October: -4.4%**

**WEO Jan: -3.5%**

*Started with new optimism, as:*  
**Started with new optimism, as:**  
1. US-China trade war cool down;  
2. Brexit signals transition; and  
3. lowest Indonesia's fiscal deficit ever of 1.76% GDP (IDR307.2 trillion).  
*Yet at Feb-March, Covid-19 affects **confidence** & change global trajectories toward recession*



**2021: EAST ASIA & PACIFIC  
GDP GROWTH OPTIMISTIC  
OUTLOOK 7.4%, AS  
CONSUMPTION GROW 9.5%**  
January 2021



**BRITAIN AS FIRST COUNTRY  
DELIVER VACCINATION,  
FOLLOWED BY >30  
COUNTRIES**  
December 2020



**PFIZER & MODERNA  
ANNOUNCE EFFICACY (>90%)**  
17 November 2020



**BIDEN-HARRIS  
ADMINISTRATION**  
7 November 2020



**US PRESIDENTIAL ELECTION**  
3 November 2020

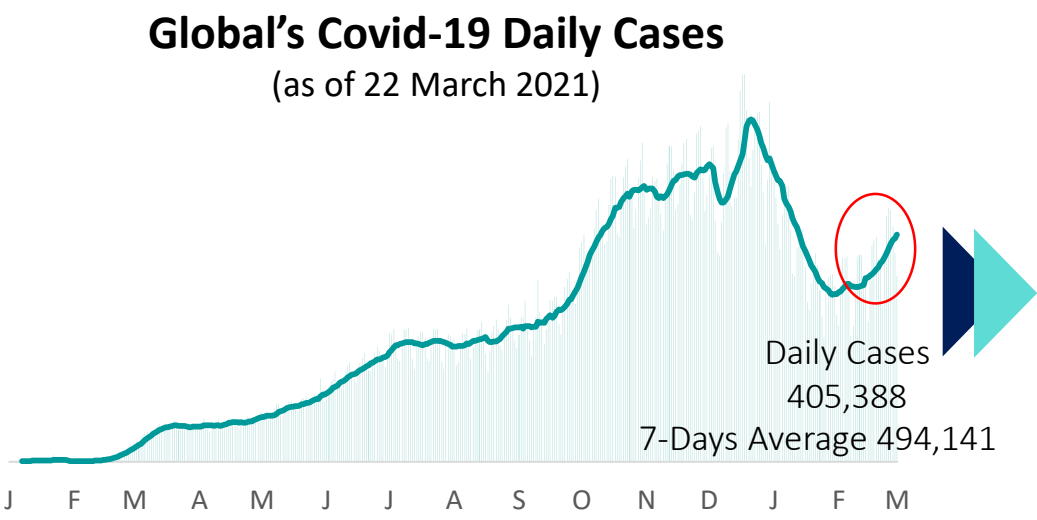


Jan-20 Feb-20 Mar-20 Apr-20 May-20 Jun-20 Jul-20 Aug-20 Sep-20 Oct-20 Nov-20 Dec-20 Jan-21

# AFTER A DECLINE, GLOBAL'S COVID-19 CASE RATES RISING, WHILE INDONESIA CONTINUES ITS DOWNWARD TREND

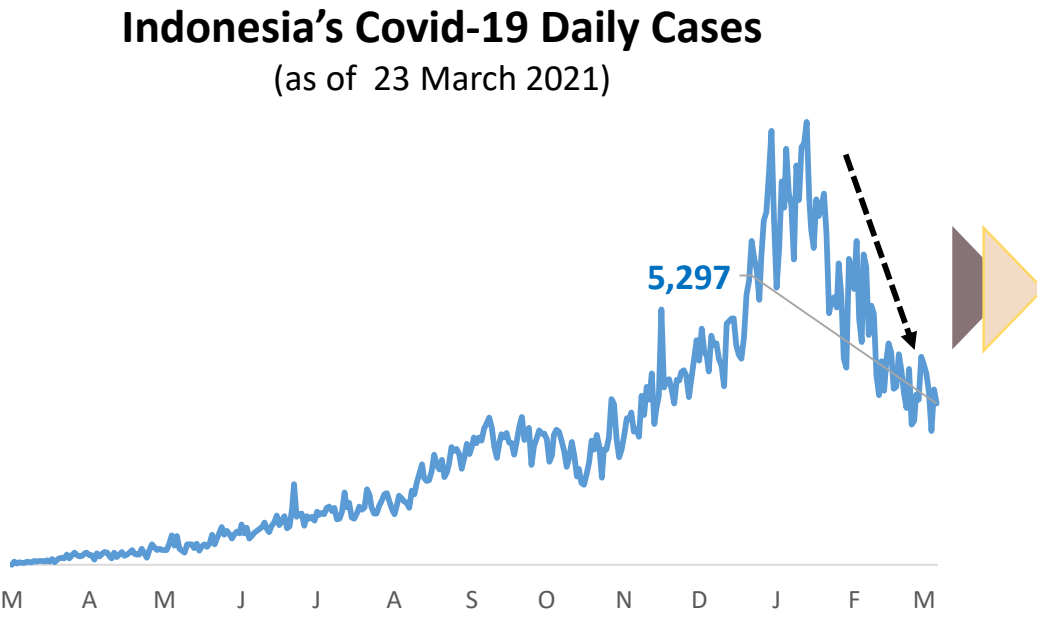


The upward trend in global daily cases was triggered by the widespread spread of new variants and the easing of restrictions



<b>Cumulative Cases</b> <b>124.29</b> million	<b>Total Deaths</b> <b>2.74</b> million 2.2%
<b>Recovery</b> <b>100.38</b> million 80.8%	<b>Active Cases</b> <b>21.18</b> million 17.0%

- The upward trend in global daily cases was triggered by the widespread spread of new variants and the easing of restrictions.
- However, the daily mortality cases continues its downward trend.



<b>Cumulative Cases</b> <b>1.47</b> million	<b>Total Deaths</b> <b>39.86</b> thousand 2.7%
<b>Recovery</b> <b>1.30</b> million 88.4%	<b>Active Cases</b> <b>126.43</b> thousand 8.6%

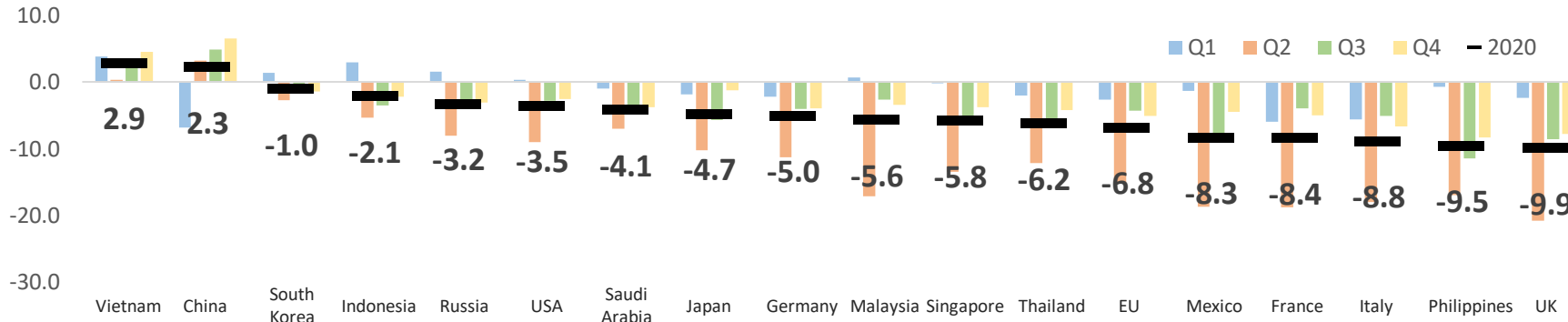
- The number of daily Covid-19 cases in Indonesia is experiencing a declining trend.
- The domestic epicenter is still in Java Island, where DKI Jakarta is still the province with the largest case contributor (25%).
- The government will continue to strengthen 3T, encourage 3M, and accelerate vaccinations.

# COVID-19 PANDEMIC PUSHED MANY COUNTRIES TO IMPLEMENT EXTRAORDINARY MEASURES

Countercyclical policies to address economic slowdown

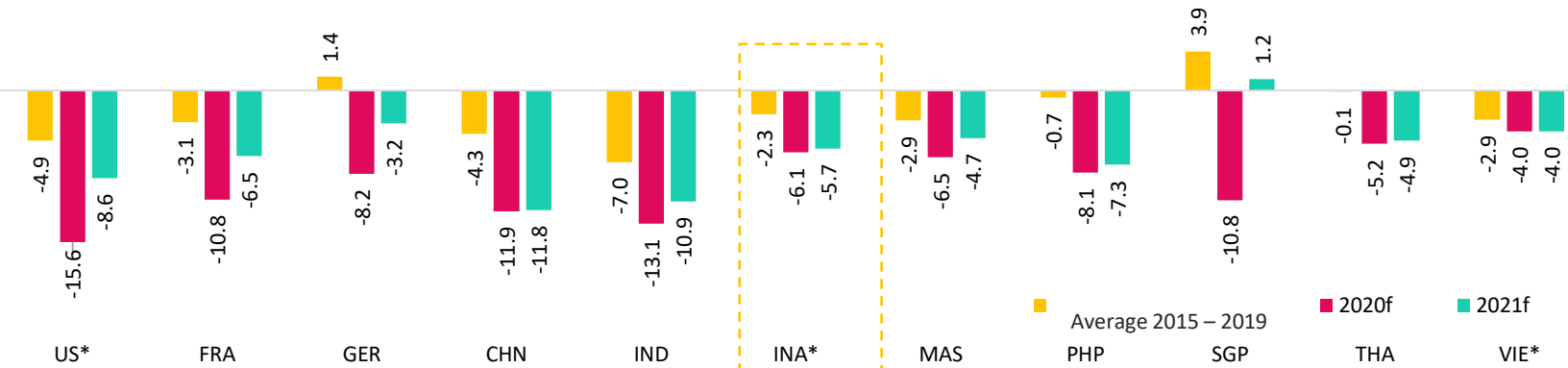


Economic Growth  
(%, yoy)



Covid-19 pandemic negatively affect economic performances in many countries.

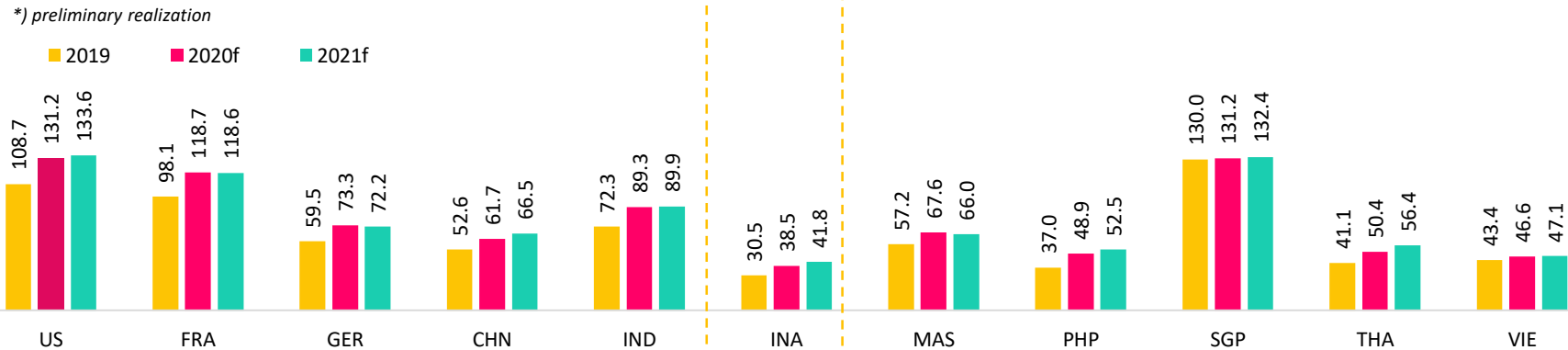
Preliminary Outturn &  
Fiscal Deficit  
Projection (% GDP)



Countries need to spend massive stimulus to handle the pandemic, even in lower revenue generation.

Consequently, fiscal deficit and the debt are increasing.

Fiscal Debt Projection  
(% to GDP)



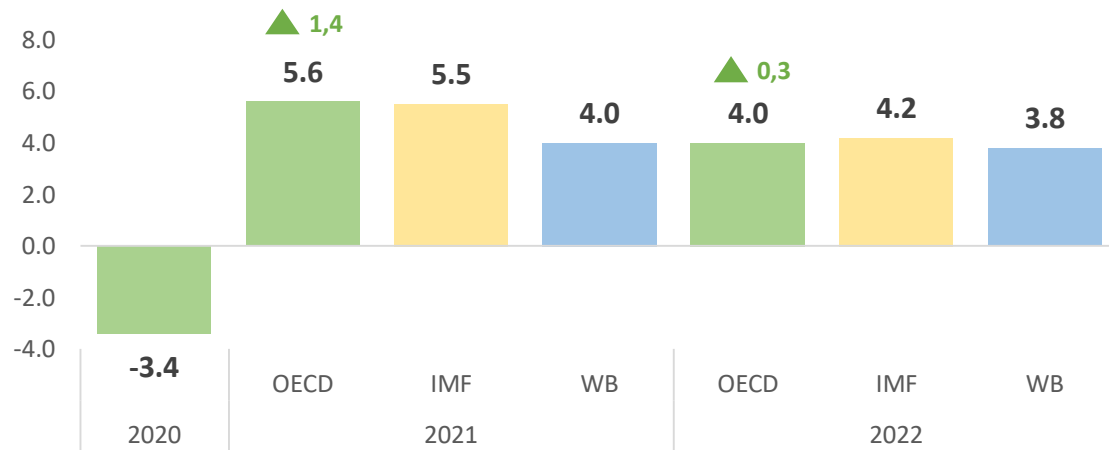
Compare to other countries, Indonesia's economic contraction, deficit, and debt to GDP ratio are relatively moderate.

# OECD INCREASE THEIR PROJECTION ON GLOBAL AND INDONESIA ECONOMIC GROWTH



The projection for Indonesia's growth in 2021 to increase from 4.0 to 4.9, shows optimism for economic recovery

Global Economic Growth Projections (% yoy)



▲ The increase from previous projection

- The OECD raises its projections for global economic growth in 2021 and 2022, driven by the implementation of vaccinations, fiscal stimuli in various countries, and the development of various economic indicators that continue to show recovery.
- This positive prospect occurs in almost all countries, including Indonesia. The OECD projects that Indonesia's economy will grow by 4.9 percent in 2021, still within the internal projection range of 4.5-5.3 percent.
- The pace of vaccinations in various countries will be a key factor in accelerating the easing of restrictions to push output back to pre-pandemic levels.
- Accommodative fiscal and monetary policies are still needed to support economic recovery, in addition to the need to strengthen structural reforms.

## G-20 Economic Growth Projection (% yoy)

Negara	2020	2021		2022	
		Mar '21	Des' 20	Mar '21	Des '20
South Africa	-7,2	3,0	3,1	2,0	2,5
Saudi Arabia	-4,0	2,6	3,2	3,9	3,6
Argentina	-10,5	4,6	3,5	2,1	4,6
AS	-3,5	6,5	3,2	4,0	3,5
Australia	-2,5	4,5	3,2	3,1	3,1
Brazil	-4,4	3,7	2,6	2,7	2,2
India*	-7,4	12,6	7,9	5,4	4,8

Negara	2020	2021		2022	
		Mar '21	Des' 20	Mar '21	Des '20
Indonesia	-2,1	4,9	4,0	5,4	5,1
UK	-9,9	5,1	4,2	4,7	4,1
Italy	-8,9	4,1	4,3	4,0	3,2
Japan	-4,8	2,7	2,3	1,8	1,5
Germany	-5,3	3,0	2,8	3,7	3,3
Canada	-5,4	4,7	3,5	4,0	2,0
South Korea	-1,0	3,3	2,8	3,1	3,4

Negara	2020	2021		2022	
		Mar '21	Des' 20	Mar '21	Des '20
Mexico	-8,5	4,5	3,6	3,0	3,4
France	-8,2	5,9	6,0	3,8	3,3
Russia	-3,6	2,7	2,8	2,6	2,2
China	2,3	7,8	8,0	4,9	4,9
Turkey	1,8	5,9	2,9	3,0	3,2
G-20	-3,2	6,2	4,8	4,1	3,7

\*Fiscal year start from April

Source: OECD Economic Outlook, Interim Report March 2021



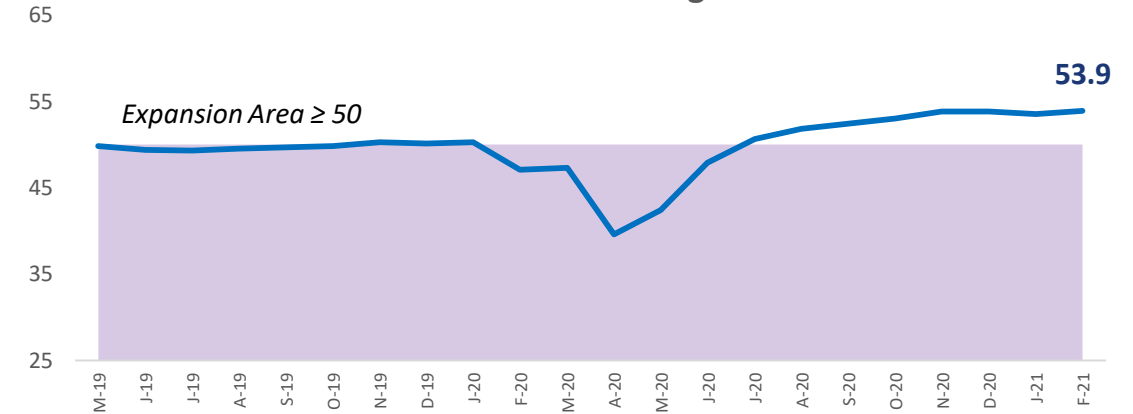
# INDONESIAN MANUFACTURING PERFORMANCE CONTINUES EXPANSION TRENDS IN THE LAST FOUR MONTHS



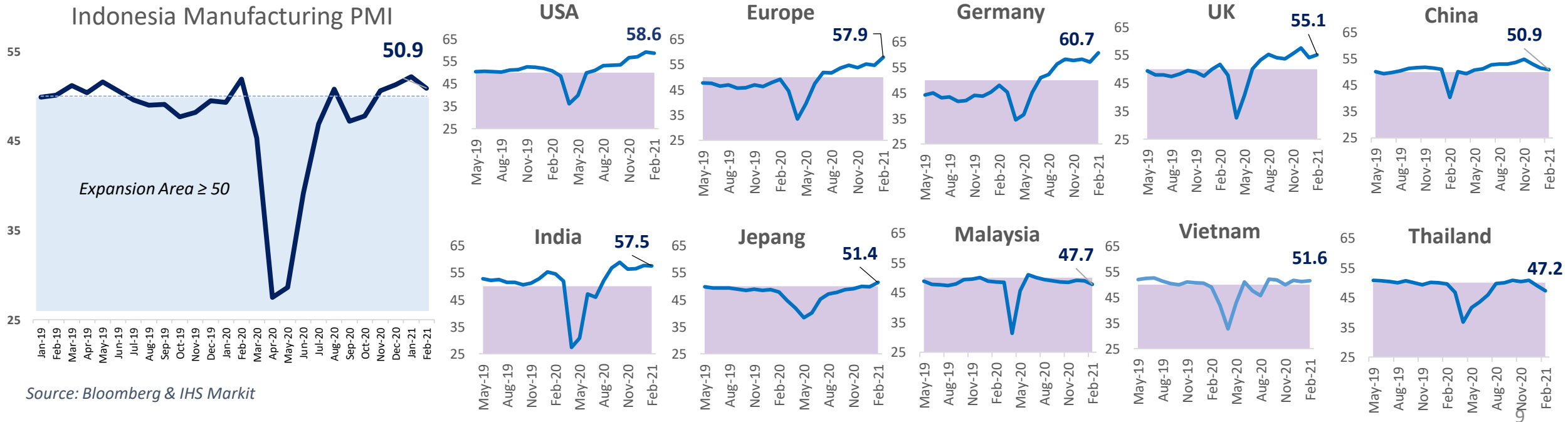
The Global Manufacturing PMI also continues its increasingly positive growth

- Globally, manufacturing performance has strengthened again amid increased growth in new demand and production, particularly in the US and Europe. Restrictions related to the handling of Covid-19 in various countries have caused supply chain disruptions. However, optimism for future recovery is still very high.
- Indonesia's manufacturing performance in February expanded again at the level of 50.9 or slightly lower than January (52.2). This performance was still driven by an increase in new orders and output. Indonesia's manufacturing activity has continued its expansionary trend over the past four months and provides an indication that manufacturing activity will continue to recover.

Global Manufacturing PMI



## PMI Manufacture in Indonesia and Selected Countries – February 2021



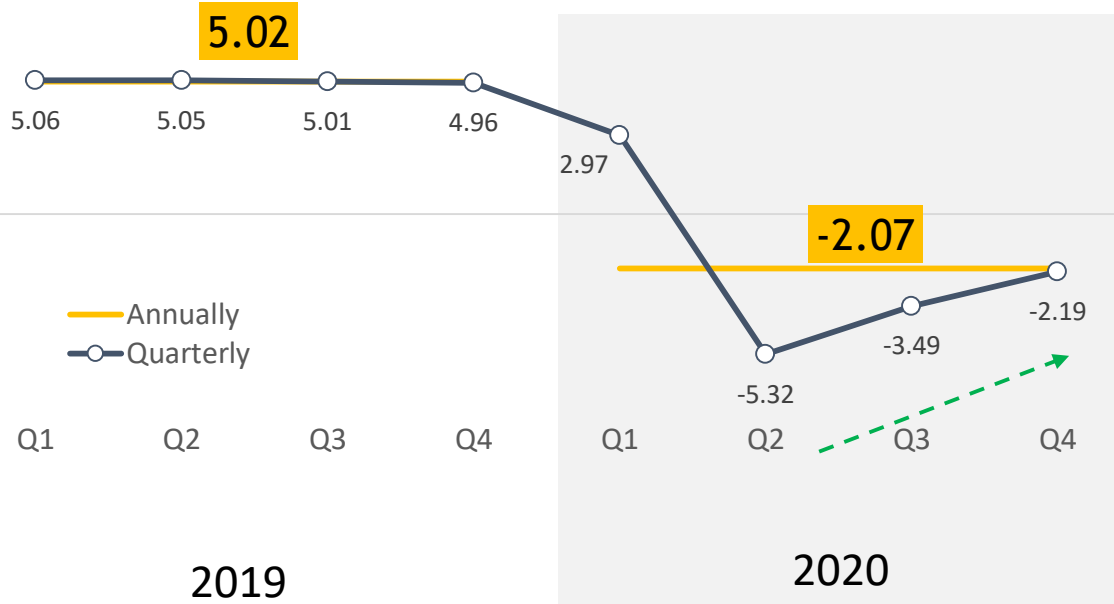
Source: Bloomberg & IHS Markit

# ECONOMIC GROWTH CONTINUES THE RECOVERY PHASE

Government spending has succeeded in driving economic recovery



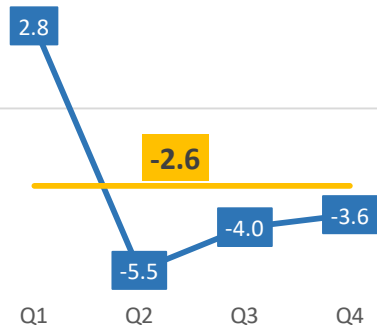
## Indonesia GDP Growth (% YoY)



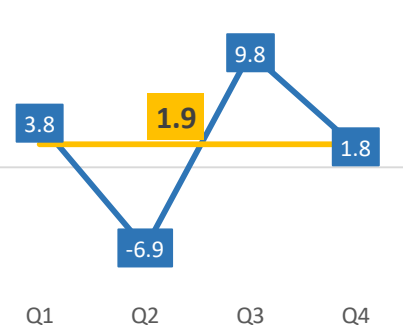
The government plays a role as the center of recovery, being the only component that grows positively. Other expenditure components indicate the direction of improvement

The direction of this recovery will be accelerated in 2021 through the state budget that remains as a countercyclical instrument, an effective vaccination program, and a strengthened National Economic Recovery (PEN) program

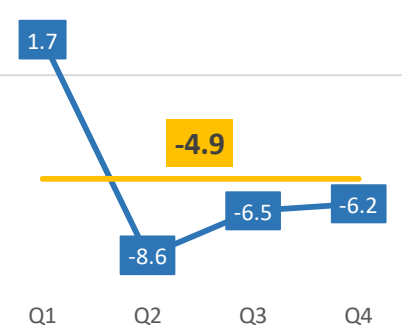
## Household Consumption (57.7%)\*



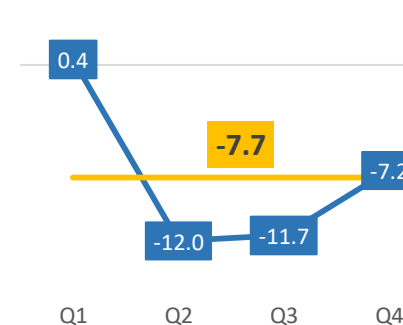
## Government Consumption (9.3%)



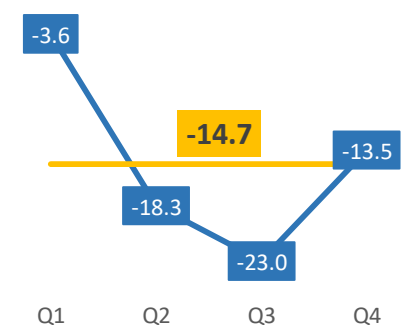
## Investment (31.7%)



## Export (17.2%)



## Import (16.0%)

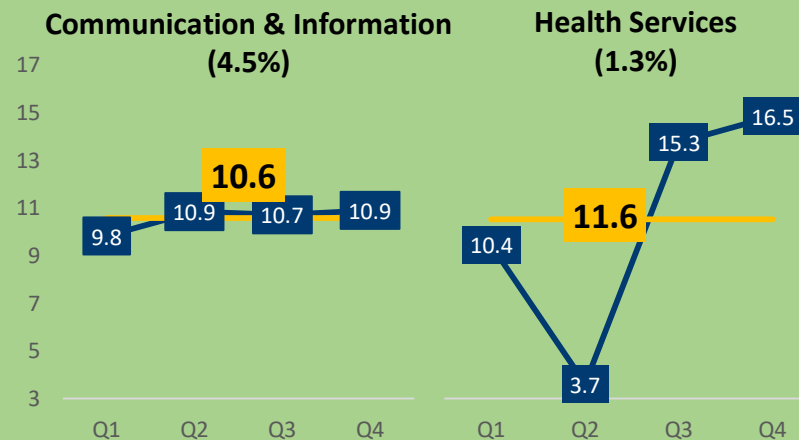


\* (%) Contribution to Nominal GDP 2020  
Source: Statistics Indonesia (processed)

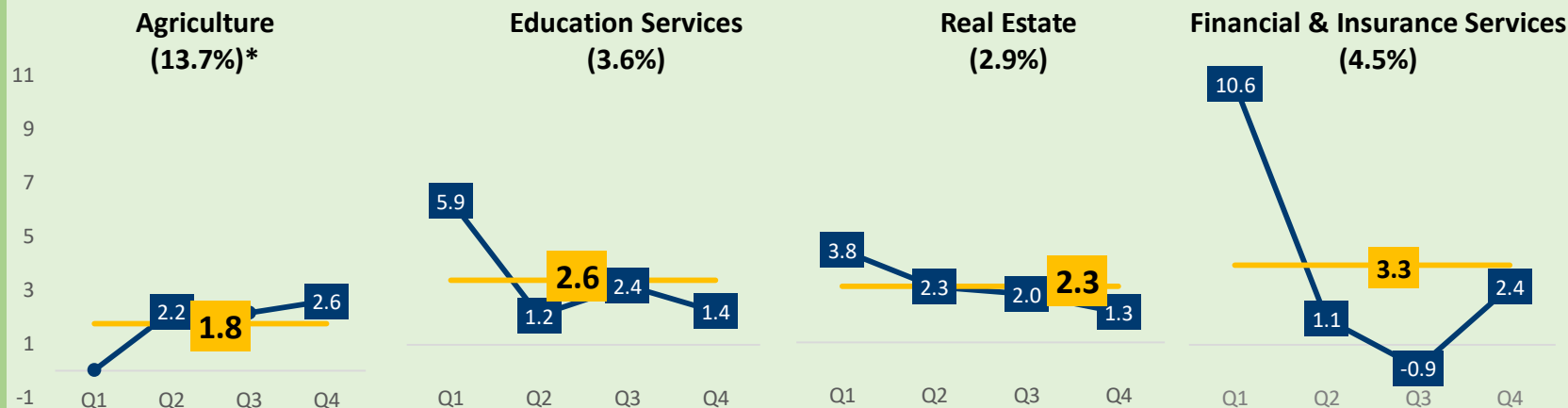
# THE RECOVERY TREND IS ALSO SHOWED FROM THE PRODUCTION SIDE



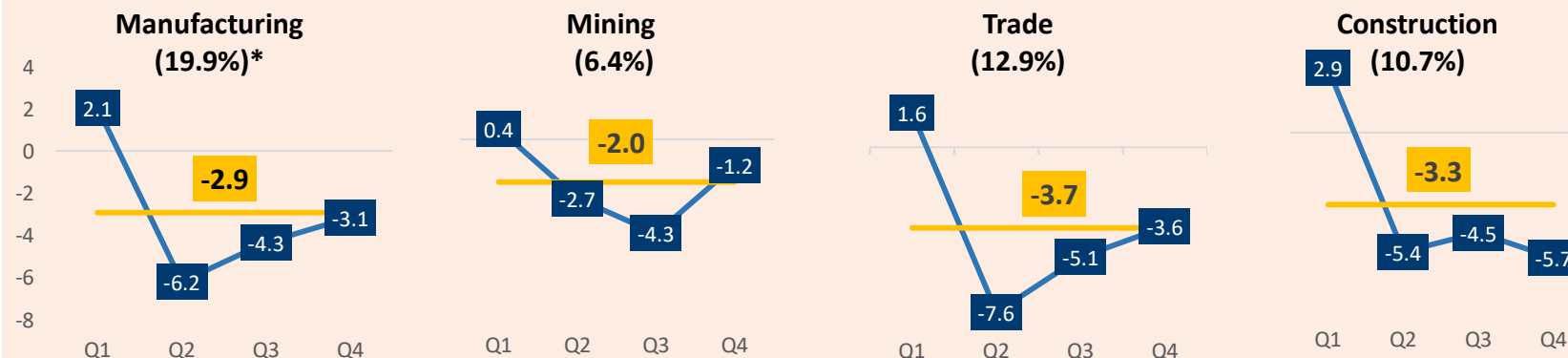
## HIGH GROWTH



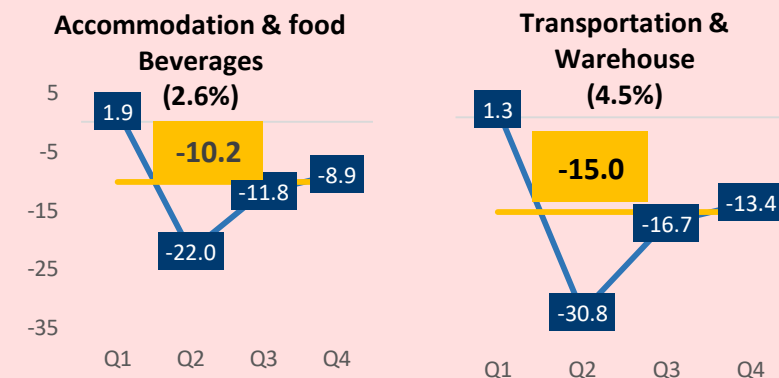
## POSITIVELY MODERATE GROWTH



## POSITIVELY MODERATE GROWTH



## DEEP NEGATIVE GROWTH



\* (%) Contribution to Nominal GDP 2020

Source: Statistics Indonesia (processed)

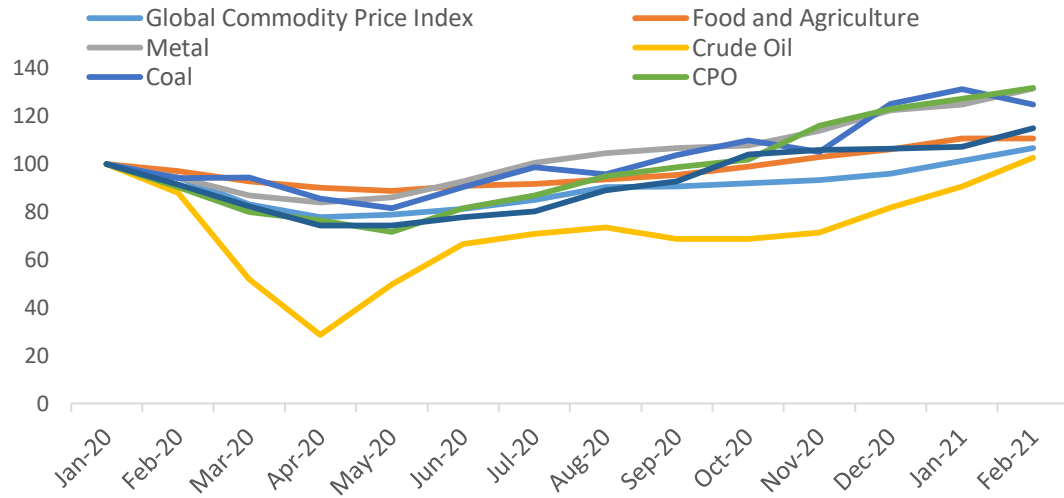
— Annually — Quarterly



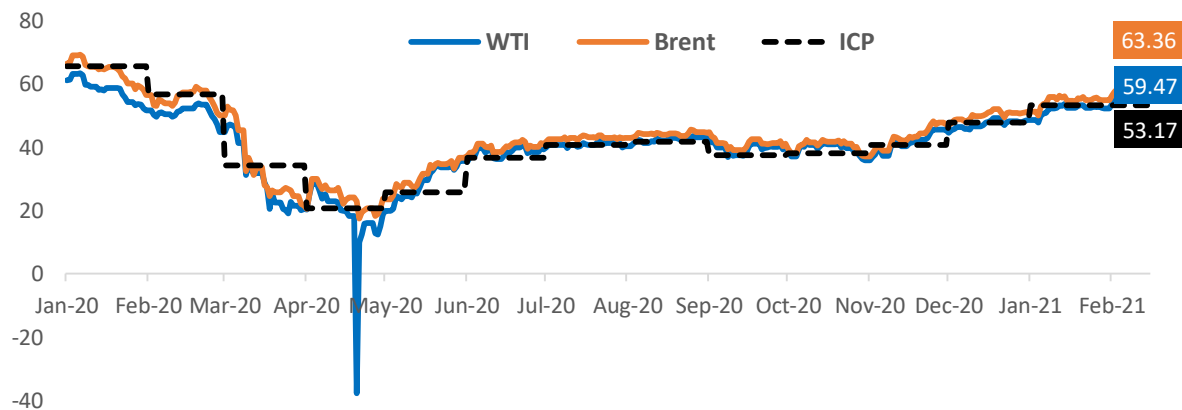
# WORLD COMMODITY AND OIL PRICES CONTINUE TO STRENGTHEN



## Global Commodity Price Index (Jan 2020=100)



## The Development of World Crude Oil Prices (US\$/barrel)



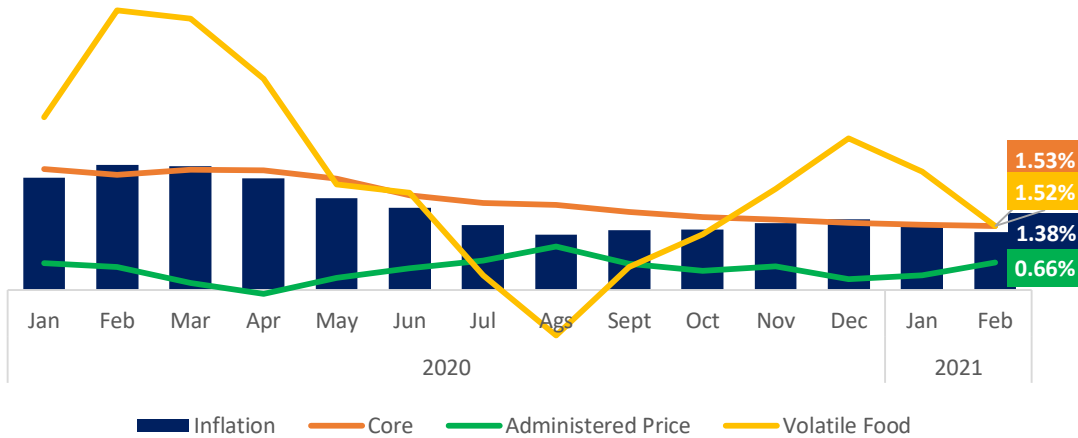
- A price increase in rubber, CPO, and metals was in line with the improvement in manufacturing activity in many countries. A significant price increase in CPO was driven by improvement in India's economic activity.
- Oil price at the end of 2020 increased along with positive sentiment on vaccine developments. However, a new wave of Covid-19 cases in several countries may pose risks to restrain this price increase.
- OPEC+ has agreed to increase production in Q1 2021 at a lower amount than the original agreement. The continuation of U.S stimulus negotiations provide a positive sentiment for the oil prices. With these factors, the 2020 ICP is estimated to move in the range of US \$ 40/barrel.
- Global oil demand is expected continue to increase in 2021. Demand is predicted to increase, even though it still below the historical pattern before the pandemic. The ICP formulation uses the Brent approach and the Brent-ICP difference is in the range of US \$ 2-6 / barrel.

# INFLATION SLIGHTLY DECREASED DRIVEN BY VOLATILE FOOD



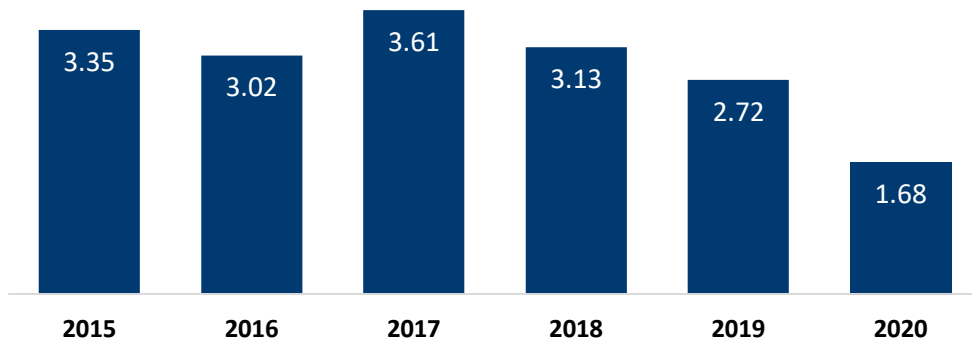
Demand weaken due to escalating cases of Covid-19 along with the micro mobility restriction order

## Inflation and Its Components (%yoy)



- Inflation in February reached 1.38% (yoy) and slightly decreased to 1.55% (yoy) in February 2021.
- The rate of core inflation continues to slow down, although it has slowed down due to weak public purchasing power due to the pandemic and policies to restrict public mobility.
- Volatile food inflation eased due to abundant supplies of several food commodities amid extreme weather.
- Administered price inflation increased due to the increase in tariffs for several toll roads in mid-January and tariffs for air transport.

## Inflation 2015-2020 (% yoy)

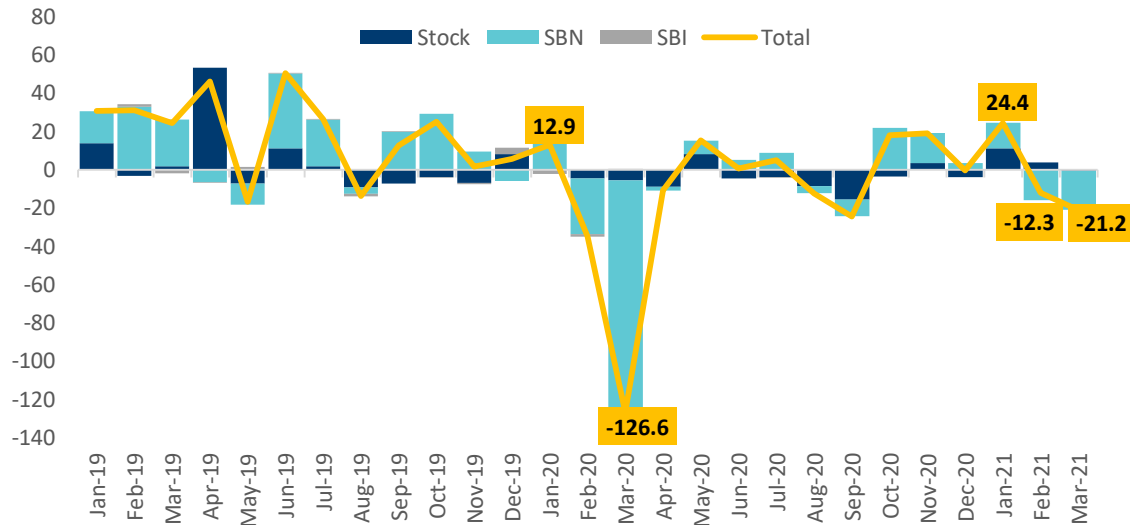


# THE FINANCIAL MARKET STILL ON PRESSURE

Thus, capital outflows are quite high amidst the pressure



## Net Foreign Buy/Sell in Financial Market (IDR Trillion)



SBN: Government Debt Securities; SBI: Bank Indonesia Certificate

## Net Foreign Buying / Selling (IDR Trillion)

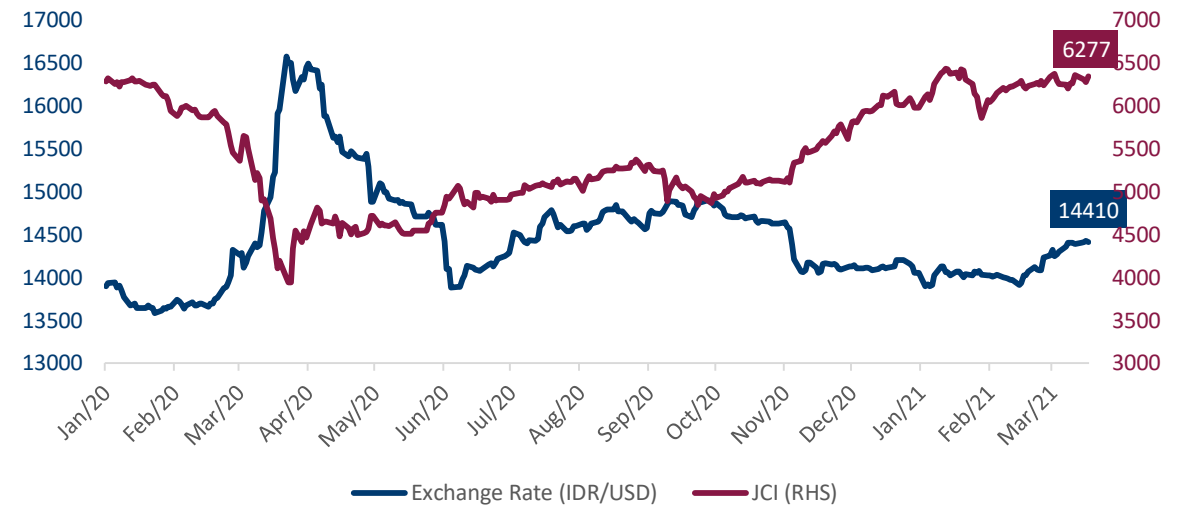
	Monthly (2021)		Cumulative 2021
	Jan	Feb	
<b>Total</b>	<b>24.4</b>	<b>-12.3</b>	<b>12.1</b>
- Stock	10.9	3.6	14.6
- Government Debt Securities	13.4	-15.9	-2.5
- Bank Indonesia Certificate	0.0	0.0	0.0

Exchange Rate (IDR/USD)		
	Jan	Feb
EoP	14.084	14.229
Avg	14.062	14.044
Avgytd	14.062	14.053
%ytd	-0,15%	0,88%

ytd: - : appreciated; +: depreciated

## Rupiah Exchange Rate and JCI Index



- Foreign investors recorded a net outflow of IDR 12.3 trillion, reversing direction compared to January. The outflows occurred on the SBN market amounting to Rp12.3 T, while the inflows on the stock market fell to Rp3.6 T
- JCI closed at 6,356.2 and the Rupiah exchange rate (JISDOR) depreciated to a level of IDR 14,410 / USD.
- The exchange rate depreciation caused by the upward trend in the UST Bill 10Y yield align with high expectations for US economic recovery. This is also experienced by other emerging market currencies.

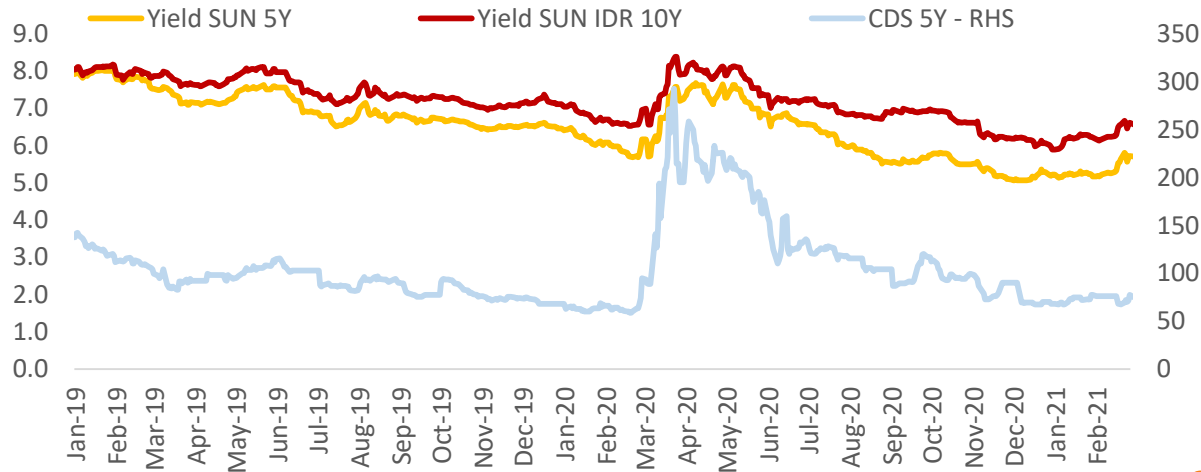


# PRESSURE ON THE BOND MARKET HAS ALSO INCREASED

Long-tenor SBN yields moved up, investment risk also increased

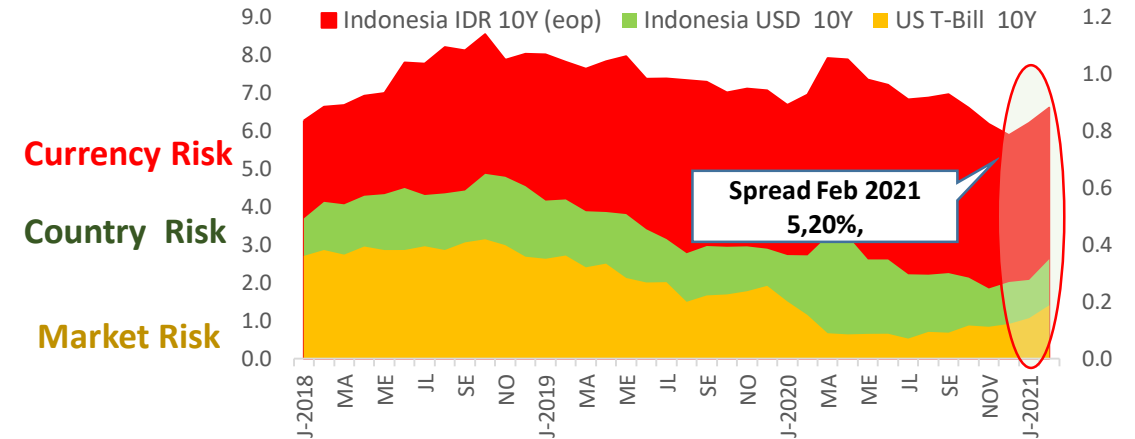


Yield SBN and CDS



	Jan-21	Feb-21
Yield 5Y (eop, %)	5,17	5,71
Yield 10Y (eop, %)	6,21	6,61
CDS 5Y	77,35	76,92
UST Bill 10Y	1,07	1,40
NFB (Triliun Rp)	Jan-21	Feb-21
Monthly	13,4	-15,9
Cumulative	13,4	-2,5

Government Bond 10Y



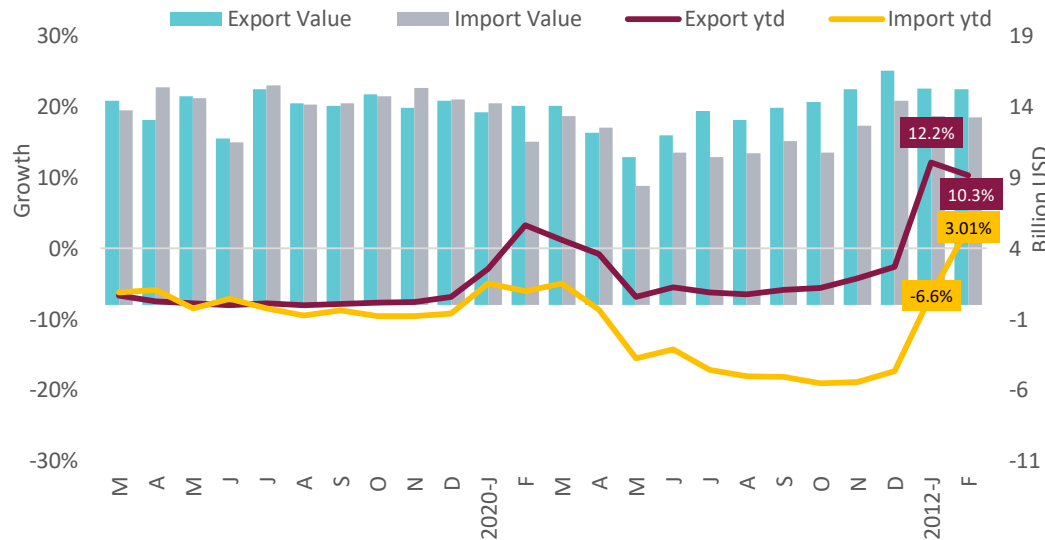
- Yields for 5 years and 10 years increased due to increased yields on UST Bill 10Y and NFS on the bond market. The risk of investing in government bonds is relatively the same compared to January.
- The increase in yield on UST Bill 10Y encouraged investors to start shifting riskier assets in developing countries, including Indonesia, to US government bond assets. There was a substantial outflow of capital, particularly in the last two weeks of February. Currency risk on the bond market increases in line with the depreciation of the exchange rate.
- It is necessary to watch out for pressure on government bond yields stemming from the rising risk in the country.

# TRADE BALANCE PERFORMANCE SHOWS A IMPROVING TREND

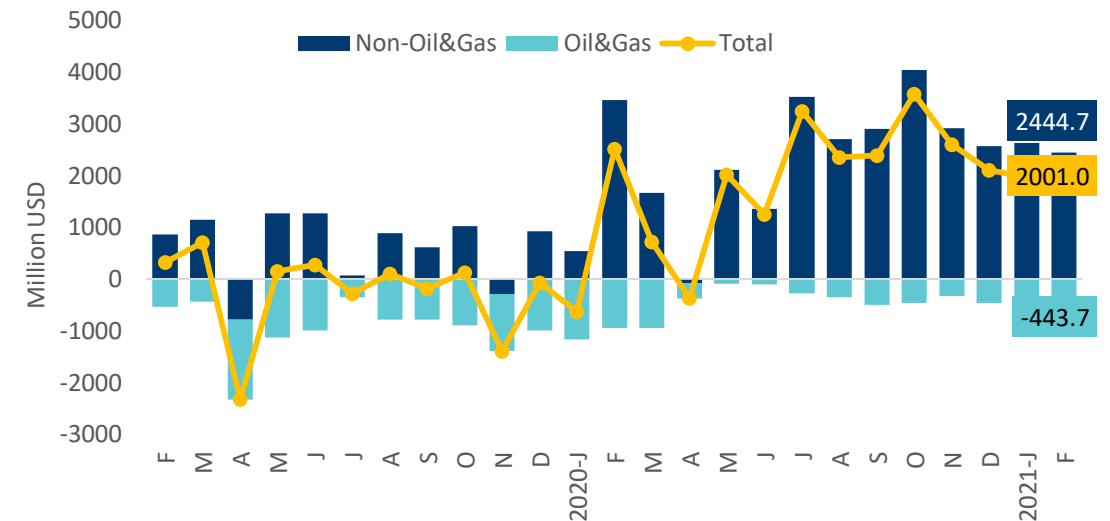
The trade balance in February 2021 still recorded a surplus of USD2.01 billion



## Indonesia Export and Import



## Indonesia Trade Balance

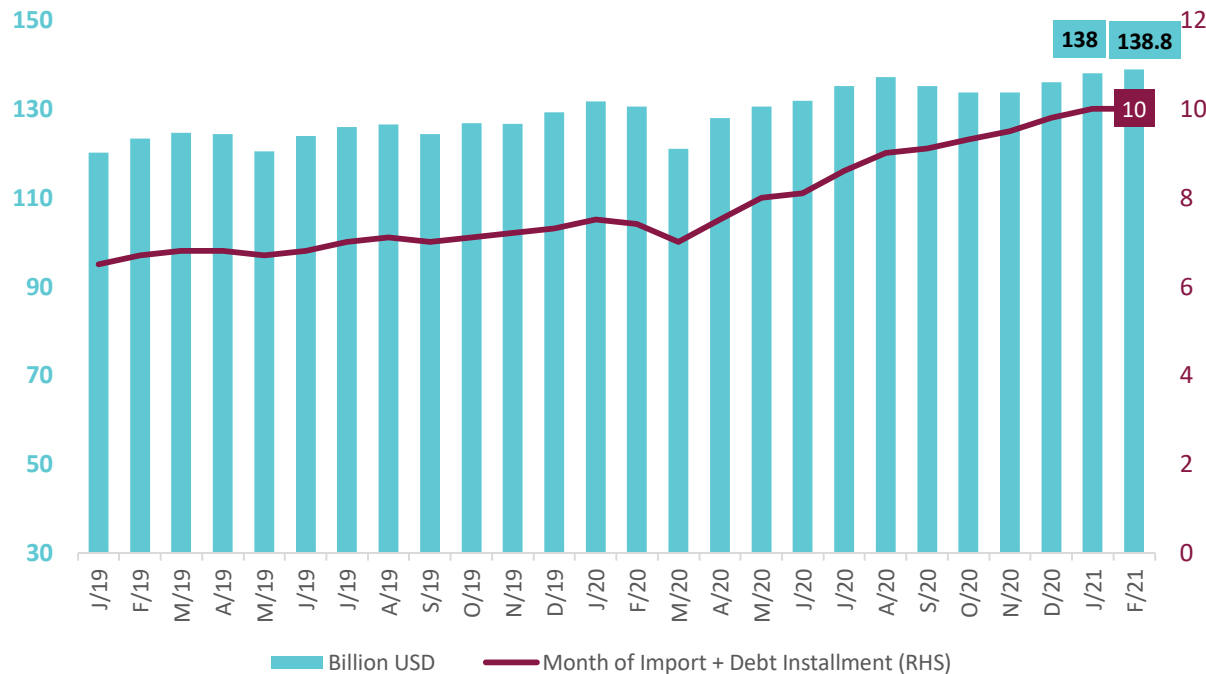


- Indonesia's trade balance in February 2021 recorded a surplus of USD2.01 billion, consisting of a non-oil and gas balance surplus of USD2.44 billion and an oil and gas balance deficit of USD0.44 billion.
- The development of the trade balance was driven by exports which reached USD15.27 billion grew by 8.56 yoy, while imports reached USD13.26 billion grew 14.86%.
- Imports surged and grew in double digits, mainly driven by higher imports of consumer goods which grew by 43.59% yoy, while raw materials and capital goods grew 11.5% and 17.7% (yoy), respectively.
- The increase in imports indicates a recovery in domestic demand and economic activity / production.



# FOREIGN EXCHANGE RESERVES AS OF JANUARY 2021 AMOUNTED TO USD 138 BILLION, RECORDED THE HIGHEST

Foreign Exchange Reserves (USD Million)



- Amid the depreciation of the rupiah, the foreign exchange reserves in February continued to show an upward trend.
- As of February, foreign exchange reserves reached USD138.8 billion, an increase of USD0.8 billion from the previous month, equivalent to 10 months of import financing and servicing of government external debt.
- The increase in foreign exchange reserves was driven by the withdrawal of government loans and tax revenue.

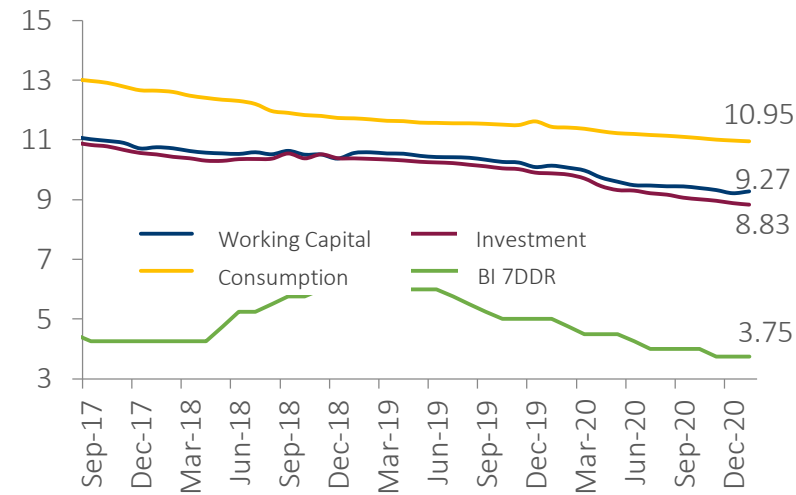


# VARIOUS POLICIES TO SUPPORT ECONOMIC RECOVERY ACCELERATION

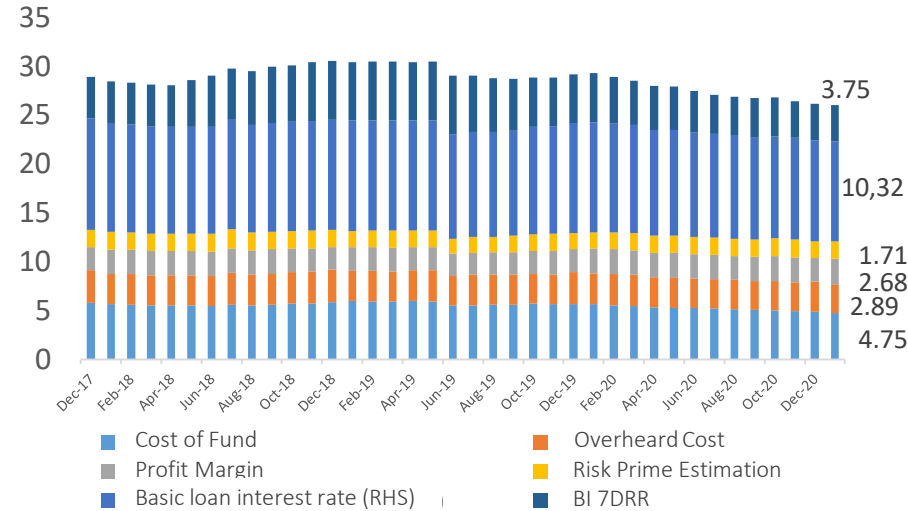
The downward trend in credit interest rates and improvement in banking indicators will also promote recovery



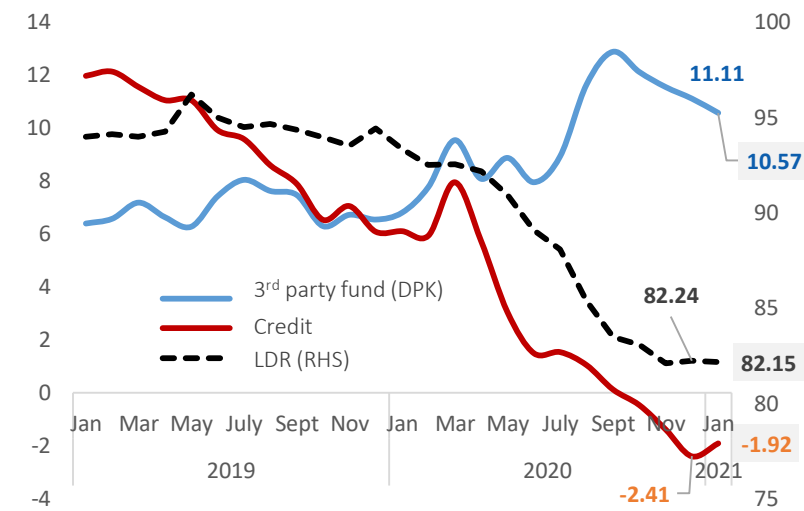
## Credit Interest Rate (%)



## Basic Loan Interest Rates (SBDK)



## LDR, DPK, and Credit



## Central Bank Policy - 18 Mar'21

- BI-7DRR remains 3.50%
- CAD forecast remains : 1 - 2% per PDB
- GDP growth outlook remains : 4.3 - 5.3%
- Maintaining the easing of down payment for vehicle credit and LTV/FTV of property credit/financing
- Supporting the increase of banking credit/ financing for business

## OJK Policy - Des'20 & Feb'21

- **Extension of credit / financing restructuring:**
  - (i) Bank up to 31 Mar'20: POJK 48//POJK.03/2020 (Extension POJK 11-2020)
  - (ii) Nonbank Financial Services Institutions up to 17 Apr'20 POJK No. 58/POJK.05/2020 (Extension POJK 14 th 2020)
- **Risk Weighted Asset (ATMR) relaxation for housing and health sector credit** (Surat OJK No. 3/D.03/2021 for conventional bank and No. 5/D.03/2021 for sharia bank; 24 Feb'21, No. 5/D.05/2021 for conventional and sharia financing; 26 Feb'21)
- **Risk Weighted Asset relaxation for vehicle credit** and maximum credit limit (BMPK) exception for battery-based electric motor vehicle producers. (Surat OJK No. 4/D.03/2021 for conventional bank and No.5/D.03/2021 for sharia bank; 24 Feb'21, No. 5/D.05/2021 for conventional and sharia financing; 26 Feb'21)
- **ATMR 0% for INA** (Surat OJK No. 3/D.03/2021 for conventional bank and No. 5/D.03/2021 for sharia bank; 24 Feb'21)

## LPS Policy - 23 Feb'21

- **Decreasing guarantee interest rate in February :**
  - i. 4.25% : Rupiah savings in commercial banks
  - ii. 0.75% : foreign currency savings in commercial banks
  - iii. 6.75% : Rupiah savings in BPR
- **Relaxation for late guarantee obligation payment penalty**

# FITCH AFFIRMS INDONESIA'S SOVEREIGN CREDIT RATING AT BBB STABLE (INVESTMENT GRADE)

Amid adverse rating actions (downgrade or negative outlook) across the globe



**FitchRatings**

**Affirms BBB stable**

22 March 2021

*Indonesia's rating balances a favorable medium-term growth outlook and a low debt to GDP ratio against dependence on external financing and lagging structural features compared with 'BBB' peers, such as GDP per capita*

**MOODY'S**

**Baa2 stable**

Annual Credit Analysis, 16 February 2021

*The credit profile of Indonesia is supported by its large economy, low fiscal deficits and modest debt burden, that counterbalance reliance on external funding and a degree of economic concentration to commodity cycles.*

The affirmation on Indonesia's rating has confirmed the optimism over the Indonesia's macroeconomic fundamental and economic performance

- **Indonesia's ability to absorb** the COVID-19 pandemic shocks without significant negative impacts on the medium-term economic trajectory.
- Impact to Indonesia's fiscal is **relatively better compare to peers countries**, and fiscal consolidation scenario put optimism for fiscal sustainability.
- The Omnibus on Job Creation is expected to give a **positive impact on medium-term economic growth**. Also, the establishment of INA is expected to provide funding support for infrastructure development in the next few years.

## Rating Action During Pandemic 2020



- In 2020 rating agency frequently announced many rating actions ->the COVID-19 creates huge pressure especially for fiscal performance.
- The number of sovereign rating downgrades during COVID-19 is higher than during the GFC (2008).
- In 2021, 3 major credit rating agency (Fitch, Moody's, and S&P) has taken **13 rating action downgrades** and **4 negative outlook revision**.

## Indonesia Sovereign Credit Rating

Rating Agency	Sovereign Credit Rating	Outlook	Assessment Period
R&I	BBB+	Stable	17 March 2020
S&P	BBB	Negative	17 April 2020
JCR Agency	BBB+	Stable	1 December 2020
Moody's	Baa2	Stable	16 February 2021
Fitch	BBB	Stable	22 March 2021



# FISCAL POLICIES TO SUPPORT RECOVERY



## Achievement 2020



### Indonesia is taking a big but measured steps to handle the pandemic

Overcoming the spread of Covid-19, protecting the purchasing power of poor and vulnerable people, maintaining the sustainability of the business world, including MSMEs



### Supported by synergy between institutions and all elements of the Nation

Government, legislative institutions, law enforcement officers, KSSK, private sector, and society



### Indonesia's economic and fiscal pressures are better than many other countries

Indonesia's economic contraction and widening fiscal deficit and debt were relatively moderate compared to many other countries

## STRENGTHENING PANDEMIC HANDLING & ECONOMIC RECOVERY

# 2021

Priority policies will continue

- Mass vaccination
- Strengthening 3M & 3T
- Optimizing PEN program

Indonesia is optimistic, but remains vigilant that the pandemic can be controlled and socio-economic activities will continue to recover

**“We all have to be optimistic that the beginning of 2021 will be a turning point for the pandemic problem.”**

*(President RI's remarks at the annual meeting of the financial services industry, 15 Jan '21).*



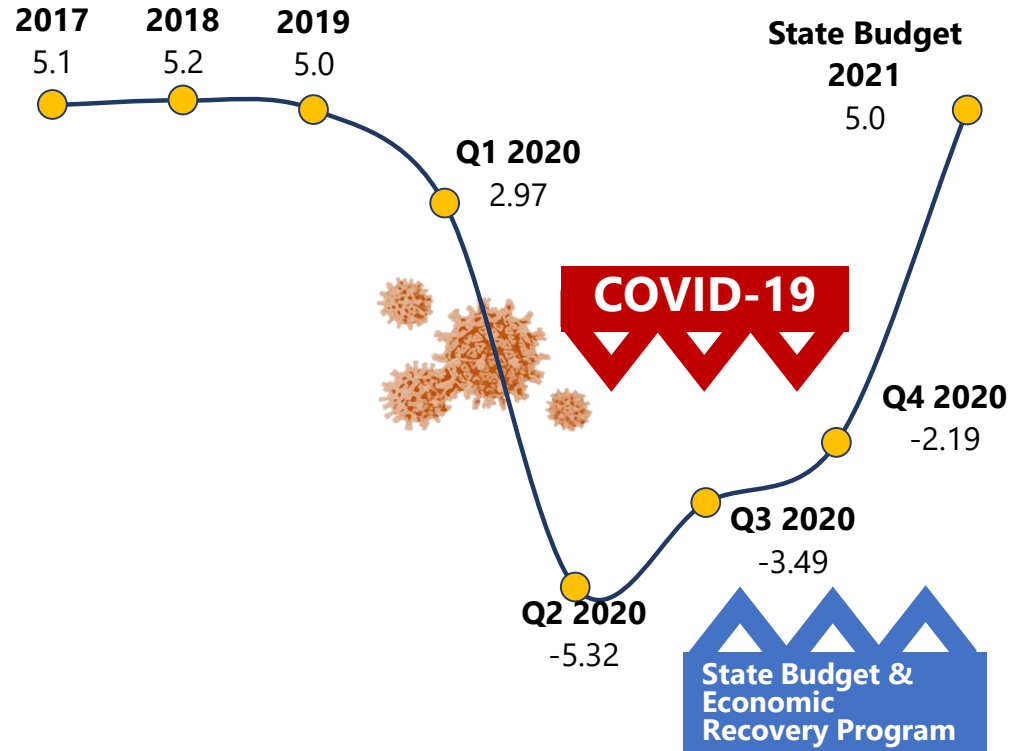
# THE STATE BUDGET HAS BEEN SUCCESSFULLY LIMITING THE IMPACT OF THE COVID-19 PANDEMIC

Implementing a countercyclical policy prevents a deeper contraction in the economy



## Indonesian economic growth (% , yoy)

Source: BPS, 2020 annual GDP growth of 2.07%



## State Budget Continue To Strive in 2021

	2020 Realization (interim)	2021 Allocation	Growth (%)
<b>State Budget</b>	<b>Rp2,589.9 T</b>	<b>Rp2,750.0 T</b>	<b>6.2</b>
<b>National Economic Recovery Program (PEN)</b>	<b>Rp579.8 T</b>	<b>Rp699.43 T*</b>	<b>20.6</b>
Health	Rp63.5 T	Rp176.3 T	177.6
Social Protection	Rp220.4 T	Rp157.4 T	-28.6
MSMEs Support & Corporation Financing	Rp173.2 T	Rp184.8 T	6.7
Business Incentives	Rp56.1 T	Rp58.5 T	4.2
Priority Program	Rp66.6 T	Rp122.4 T	83.8
<b>Deficit (% to GDP)</b>	<b>6.09%</b>	<b>5.70%</b>	

\*as of March 1, 2021

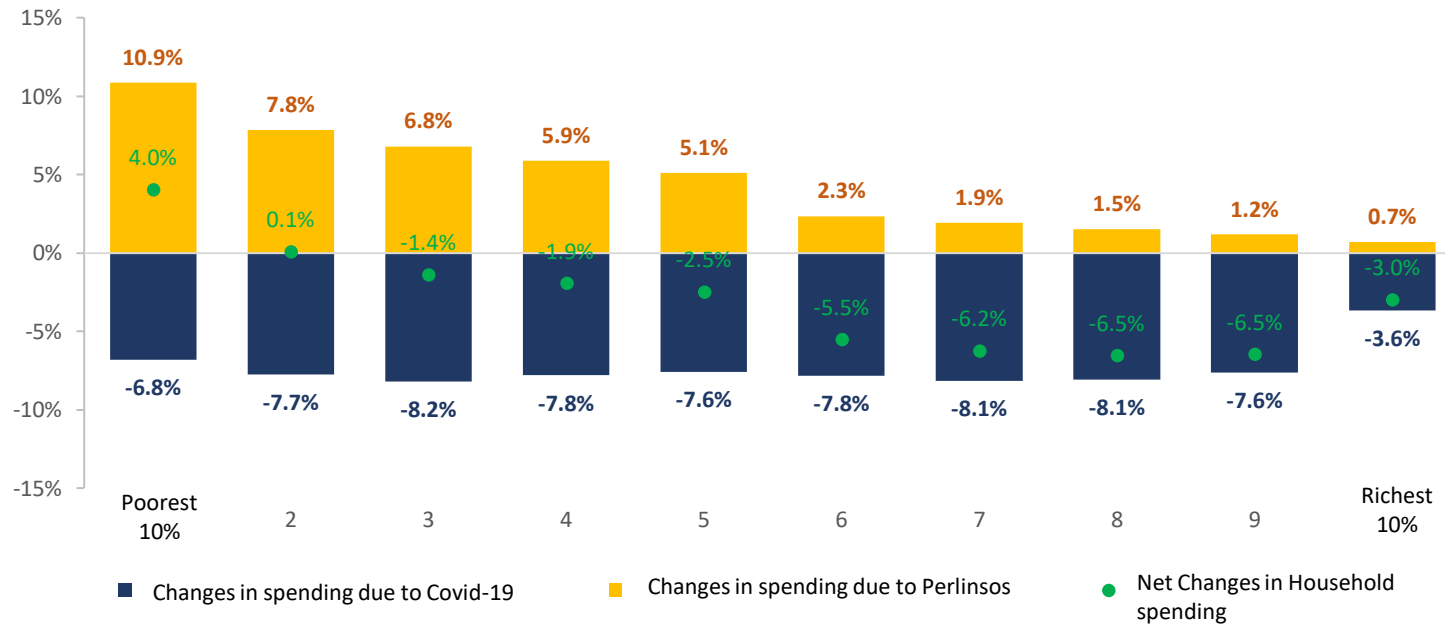
- The economic growth has started to show an indication of improvement. The government plays a role as the center of recovery, being the only component that grows positively. Other expenditures components shows the direction of improvement
- The state budget has succeeded to prevent a deeper economic contraction due to the pressure of the Covid-19 pandemic. Without The state budget & National Economic Recovery Program (PEN), the 2020 economic contraction would be deeper
- In 2021, the APBN and fiscal policy will continue to play their role in driving the recovery of Indonesian economy

# THE 2020 SOCIAL PROTECTION PROGRAM IS ESCALATED TO MITIGATE THE NEGATIVE IMPACT OF COVID-19 PANDEMIC



Ministry of Finance estimation shows that Social Protection is able to maintain the consumption of the poor and vulnerable groups

## Simulation of Changes in Household Expenditure Due to Covid-19 and Social Protection



- The poor and vulnerable people (the poorest 50%) have the most benefits.
- The Social Protection (Perlinsos) program reaches up to the affected middle class population (for example, wage assistance, pre-employment cards, and internet quota subsidies)
- Without the PEN program, poverty is expected to escalate even further by 2020
- The middle and rich classes (group of 10% to 6th and above) tend to hold back consumption, due to limited mobility. Third Party Funds (DPK) in banking grew to reach 10.9%

Source: BKF calculations, for the realization of various 2020 Perlinsos programs

Note: a) simulations are carried out on the growth of nominal household consumption in 2020 using Susenas 2019. b) distribution of the Perlinsos Program is carried out based on beneficiaries in Susenas

**Realization of  
PEN & Social  
Protection  
IDR220,39 T**



**PKH 10 mio  
Beneficiaries**



**Jabodetabek  
Food Aid 2,2 mio  
Beneficiaries**



**Non Jabodetabek  
Cash Social  
Assistance 9,2 mio  
Beneficiaries**



**Sembako Card  
19,4 mio Beneficiaries**



**Wage Assistance  
12.4 mio employees**



**Village Fund Cash  
Direct Assistance  
8 mio penerima**



**Non PKH Basic Food Cash  
Assistance 9 mio Beneficiaries**



**Wage Subsidy Assistance for  
non-permanent teachers 2,6  
mio teachers**



**Pre Employment Card 5,6  
mio beneficiaries**



**PKH Participants Rice  
Aid 10 mio Beneficiaries**



**Internet Quota Subsidy  
51 Juta Beneficiaries**



**Electricity Discount  
32,1 mio households**



# 2020 APBN SUPPORTS MSMEs SURVIVALS THROUGH VARIOUS ASSISTANCE PROGRAMS

The government spends IDR112.44T to support the sustainability of MSMEs through interest subsidies, credit distribution through fund placement, Micro Business President Assistance (BPUM), Final Income Tax exemption and investment financing through LPDB.

37 million MSMEs received at least one government aid.

Debtors who receive interest subsidies and debt restructuring benefit from **loosening cash flows and reducing NPL risk.**

Surveys conducted by LPEM-LD FEBUI, BRI Institute, LIPI and ITB show that **MSMEs can survive thanks to government assistance.**

Most of the beneficiaries used PEN funds for working capital (buying raw materials).



## Fund Placement IDR66.75 T

Total Credit Rp315.51 T  
For 4.7 million debtors



## Banpres for Micro Business Actors (BPUM) IDR28.8 T

Grant IDR 2.4 million /  
business for 12 million  
businesses



## Final Income Tax for UMKM IDR0.67 T

For 248,275 Tax Payers



## Interest subsidy IDR12.83 T

For 19.1 million Debtors



## Credit Guarantee IDR2.09 T

- Accumulated working capital credit: IDR19.32 T
- Total working capital credit debtors: 923.67 Th



## Investment Financing LPDB IDR 1.29 T

For 63 cooperative partners  
and 101,011 MSMEs

# TAX INCENTIVE HAS SUPPORTED THE BUSSINESS RESILIENCE



Tax incentives has been utilized and has supported  
464,316 tax payers

Incentive to improve  
people purchasing  
power

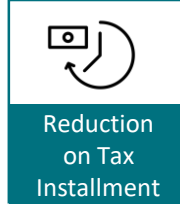


**131,889** Employers

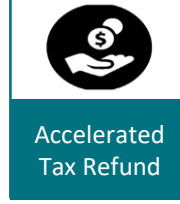
Incentives to  
support business  
liquidity and  
continuity



**14,941**

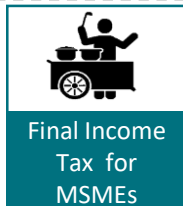


**66,682**



**2,529**

Incentive to  
support the MSMEs



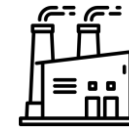
**248,275** MSMEs

The tax payers most affected by pandemic has  
dominated the incentives utilization



Trade

**47%**



Manufacturing

**19%**



Construction

**7%**

*\*apart from MSME incentives (58% of trade sector)*

The Majority of eligible sectors have utilized the  
incentives

- Government-Borne Income Tax **90%**
- Income Tax Exemption on Import **72%**
- Reduction of Tax Installment **86%**
- Accelerated Tax Refund **43%**





# 2021 BUDGET & STRUCTURAL REFORM FOR RECOVERY

# ECONOMIC RECOVERY POLICY FRAMEWORK 2021



1

## HEALTH INTERVENTION

- **Free Vaccination** → for 181.5 million people to achieve herd immunity
- **Encouraging 3M 3T**
- **Other intervention** → Health facilities, Health Protective Equipment

## Social Protection Programme

For bottom 40 and the vulnerable group:  
PKH, Sembako card, BST, BLT DD, Pre employment, electricity discount, internet subsidy

2

## SURVIVAL AND RECOVERY KIT

### Maintaining Business Continuity

- Support for SMEs and cooperation
- Priority programs to support job creation

3

## STRUCTURAL REFORM

**Through the Job Creation Law** to address various challenges of national development (providing employment opportunities, empowering MSMEs, regulatory reform, SWF development, Ease of Doing Business, etc.)

**GAME CHANGER**

**2021**

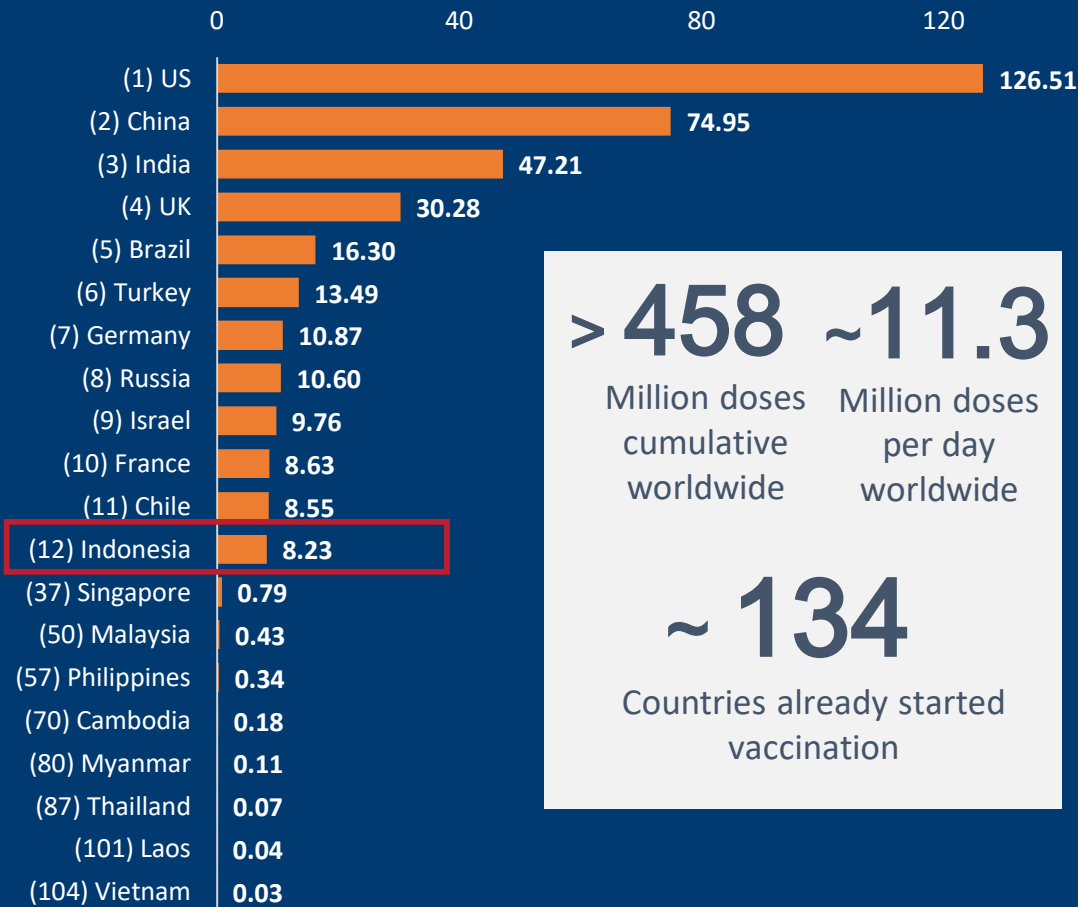
**NATIONAL ECONOMIC RECOVERY**

# VACCINES AS THE GAME CHANGER

Accelerated around the world, in a hope to soon end pandemic and strengthen economic recovery



## Vaccination Progress in Several Countries (million doses, as of 22 Mar)



> 458 ~11.3

Million doses cumulative worldwide    Million doses per day worldwide

~ 134

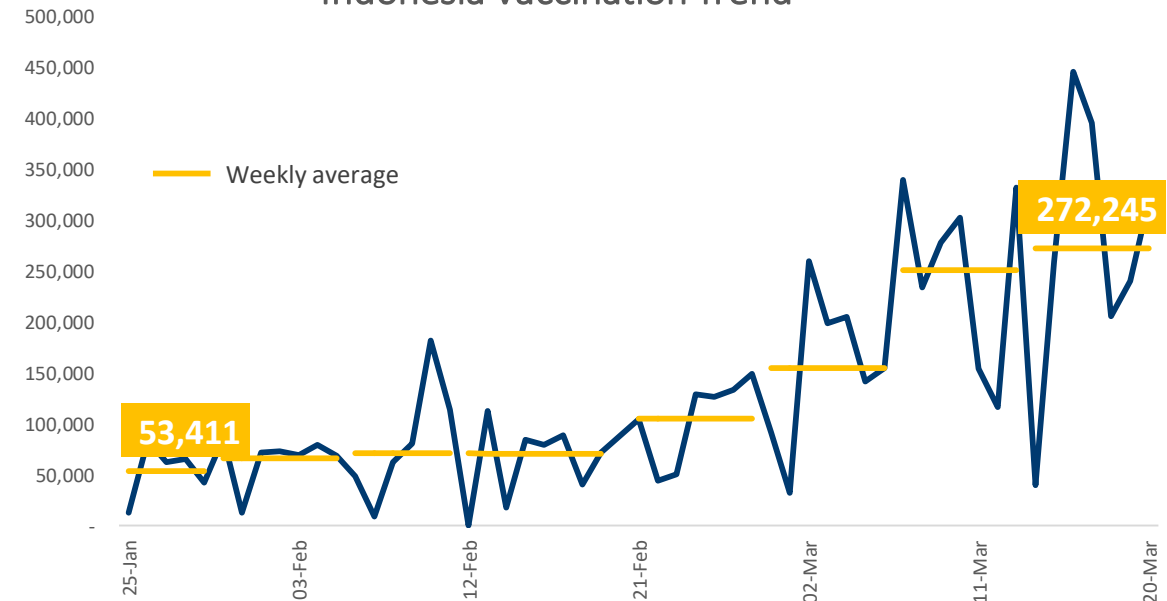
Countries already started vaccination

Indonesia is planning to complete vaccination until March 2022

← First Wave →    ← Second Wave →



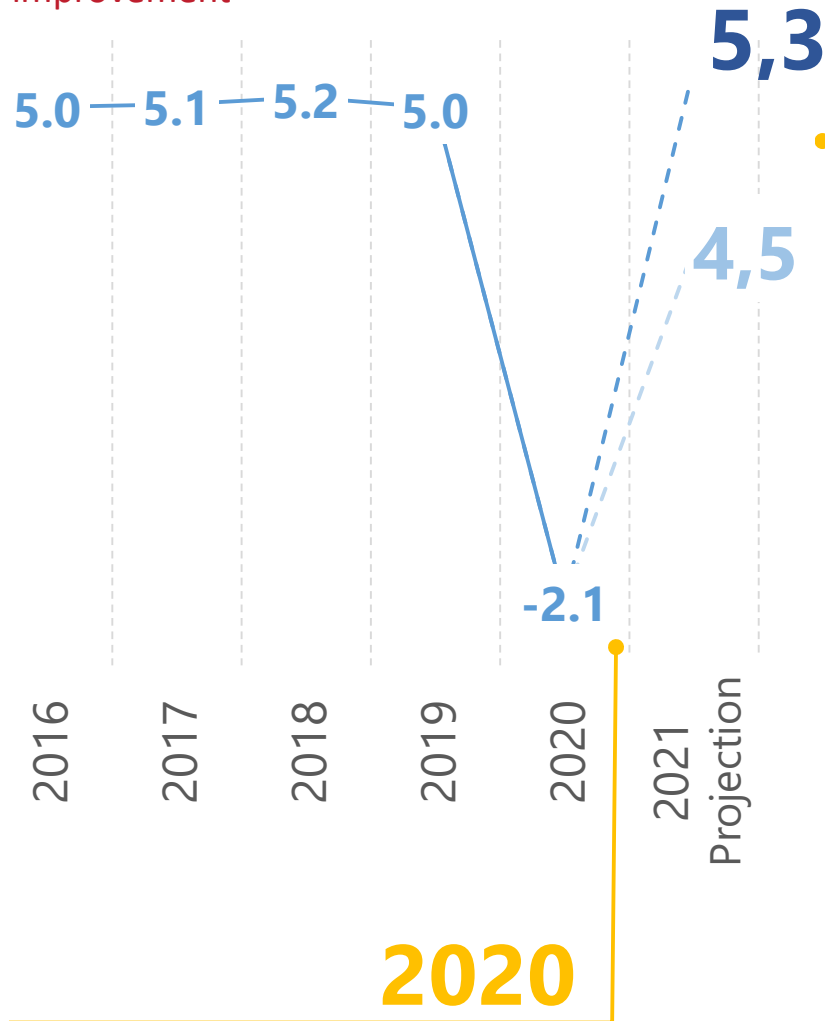
## Indonesia Vaccination Trend



# ECONOMIC RECOVERY IS GOING STRONGER, INDONESIA ECONOMIC IS PROJECTED TO GROW IN THE RANGE OF 4.5-5.3% IN 2021



Supported by domestic factors (vaccinations, targeted and integrated interventions) and external factors that continue to show improvement



**THE NEGATIVE IMPACT OF PANDEMIC ON THE ECONOMY SUCCESSFULLY HANDLED**

## ECONOMIC RECOVERY IS PROJECTED TO CONTINUE

- The vaccination program continues to be accelerated, with **the amount of vaccine supply that is on-track**
- **Expansive and consolidative 2021 budget**, focused on COVID-19 pandemic handling and strengthening the trend of economic recovery
- **KSSK Integrated Policy Package to Increase Business Financing** (Ministry of Finance, Central Bank, OJK, LPS)
- **Structural Reform Implementation**, derived regulation from Omnibus Law on Job Creation, Indonesia Investment Authority (INA), continuation of priority infrastructure development

## Q1-2021 DEVELOPMENT

- **The direction of economic recovery is shown by the strengthening of various indicators:** PMI Manufacture, export-import, & consumer spending
- **Consumption & Investment is predicted to improve** in limited space, along with the escalation of the COVID-19 pandemic, which is still holding back the level confidence
- **Update on Quarter I Economic Growth Projection**

2020				2021
Q1	Q2	Q3	Q4	Q1F
(2.97)	(5.32)	(3.49)	(2.19)	(1,0) – (0,1)

## INDONESIA GROWTH PROJECTION FROM INTERNATIONAL INSTITUTIONS

	2021	2022
<b>OECD</b> (Mar-21)	4.9	5.4
<b>IMF</b> (Jan-21)	4.8	6.0
<b>World Bank</b> (Jan-21)	4.4	4.8

Source: OECD Economic Outlook Interim Report, IMF's World Economic Outlook, World Bank's Global Economic Prospect

- In March 2021, **OECD increases its projections for 2021 and 2022 global economic growth** refer to the latest indicators and policies, including vaccination progress in the world
- **The economic growth of Indonesia's major trading partner has been revised to improve** (upward risk to the Indonesian economy)
- **OECD increase projections for Indonesia's economic growth** in 2021 and 2022 (previously 2021: 4.0%; 2022: 5.1%)
- **An indication of positive sentiment/optimism** of national economic recovery








# GAIN RECOVERY MOMENTUM WITH EXPANSIVE YET CONSOLIDATIVE FISCAL POLICY IN 2021

Also continue to address the Covid-19 pandemic issues, while pursuing a sustainable development goals









## Macroeconomic Assumption

Indonesia's economic growth is projected to return to its medium-term growth trajectory, while anticipate the uncertainty in global economic recovery

	Budget
 <b>Economic Growth (%)</b>	<b>5.0</b>
 <b>Inflation (% , yoy)</b>	<b>3.0</b>
 <b>Exchange Rate (Rp/US\$)</b>	<b>14,600</b>
 <b>10 years Government Securities Rate (%)</b>	<b>7.29</b>
 <b>ICP (US\$/barrel)</b>	<b>45</b>
 <b>Oil Lifting (rbph)</b>	<b>705</b>
 <b>Gas Lifting (rbsmph)</b>	<b>1,007</b>

## Development Indicator Target

The overall fiscal policies are expected to support the achievement of development targets in 2021

	Budget
 <b>Unemployment Rate (%)</b>	<b>7.7 – 9.1</b>
 <b>Poverty Rate (%)</b>	<b>9.2 – 9.7</b>
 <b>Gini Ratio (index)</b>	<b>0.377 – 0.379</b>
 <b>Human Development Index</b>	<b>72.78 – 72.95</b>
 <b>Farmer Terms of Trade</b>	<b>102-104</b>
 <b>Fisherman Terms of Trade</b>	<b>102-104</b>



# 2021 BUDGET IS A CRITICAL TOOL TO DRIVE THE ECONOMY AMIDST UNCERTAINTY

Comprehensively designed to support the acceleration of economic recovery and address Covid-19 pandemic



Account (IDR T)	2020		2021	
	Perpres 72/2020	Realization (Unaudited)	State Budget	Growth* (%)
<b>Revenue</b>	<b>1,699.9</b>	<b>1,633.6</b>	<b>1,743.6</b>	<b>6.7</b>
Tax Revenue	1,198.8	1,070.0	1,229.6	14.9
Customs & Excise	213.5	212.8	215	1.0
Non Tax Revenue	409.0	338.5	298.2	-11.9
Grant	1.3	12.3	0.9	-92.7
<b>Expenditure</b>	<b>2,739.2</b>	<b>2,589.9</b>	<b>2,750.0</b>	<b>6.2</b>
Central Government Expenditure	1,975.2	1,827.4	1,954.5	7.0
Regional Transfer & Village Funds	763.9	762.5	795.5	4.3
Primary Balance	(700.4)	(642.2)	(633.1)	-1.4
Surplus (Deficit)	(1,039.2)	(956.3)	(1,006.4)	5.2
<i>% to GDP</i>	<i>(6.3)</i>	<i>(6.09)</i>	<i>(5.70)</i>	
<b>Financing</b>	<b>1,039.2</b>	<b>1,190.9</b>	<b>1,006.4</b>	<b>-15.5</b>

\* Based on 2020 realization

## STATE REVENUE POLICY

- Supporting national economic recovery by providing tax incentives selectively and prudently calculated
- Cutting the red tape to accelerate national economic recovery
- Improving public services to optimize non-tax revenue

## EXPENDITURE FOCUS

- Handling COVID-19 and supporting health programs
- Continuing social safety net to lay a solid foundation of inclusive economic recovery
- Expanding access to capital for MSMEs and cooperatives through interest subsidy
- Supporting programs activities for impacted sectors (e.g. Tourism)

## FINANCING STRATEGY

- Supporting the restructuring of SOEs, PSA, Sovereign Wealth Fund (SWF)
- Increasing access to financing for MSMEs and housing for low-income household
- Continuing to support higher education,, research and cultural activities

# 2021 STATE BUDGET STRATEGIC POLICY

support accelerated recovery & economic transformation towards “Indonesia Maju”



## EDUCATION

- PISA score improvement
- Strengthening PAUD,
- Increased teacher competence

Through Central Government & Transfer expenditures: BOS, Village Funds for early childhood education programs, PIP, Teacher Allowances, Bidik Misi/KIP Kuliah, LPDP.



## HEALTH

- Accelerating health recovery due to Covid-19
  - JKN reform
  - *Health Security Preparedness*
- Priority for 2021: anticipating the procurement of vaccines & vaccinations, fulfillment of facilities / lab / research and development / PCR, assistance for PBI JKN participants, construction / rehabilitation of Public Health Center



## SOCIAL PROTECTION

- Continuing social protection,
- Reform in stages: comprehensive social security services based on the life cycle and anticipating the aging population,
- Improved DTKS.



## INFRASTRUCTURE

- Provision of basic services
- Connectivity improvements
- Support for economic recovery and continue pending priority programs.



## FOOD SECURITY

- Increase food production
- Revitalizing the national food system, and
- Food Estate Development



## TOURISM

- Encouraging the recovery of the tourism sector with a focus on 5 super priority areas
- PPP scheme development



## ICT

- Optimization of utilizing ICT to support and improve the quality of public services (efficiency, convenience and acceleration)
- Priorities e.g.: provision of BTS, Provision of internet access at public service locations, National Data Centers, etc.

# THE PEN PROGRAM AS THE KEY INSTRUMENTS FOR COVID-19 HANDLING

Evidence of the government's commitment to accelerate the economic recovery



**Projected Allocation for PEN 2021 IDR 699.43 T\* (2020 PEN Realization at IDR 579.78 T)\***



**HEALTH**  
**Rp176.30 T**

2020 : IDR63.51 T

1. The COVID-19 vaccine
2. Medical Facilities and Infrastructure
3. Health Care Claim Costs
4. Medical Personnel Incentives and death compensation
5. Reserve BPJS Contribution Assistance for PBPU / BP
6. Health tax incentives (including VAT and import duty incentives for vaccine purchases)



**SOCIAL PROTECTION**  
**Rp157.41 T**

2020 : IDR220.39 T

1. PKH 10 million beneficiaries (KPM)
2. Basic Food/SEMBAKO Card
3. Pre-Employment Card
4. Cash Transfer - Village Fund
5. Cash Social Assistance 10 million KPM
6. Internet Subsidy
7. Electricity Discount



**PRIORITY PROGRAMS**  
**Rp122.42 T**

Sectoral and Regional  
Government 2020 : IDR66.59 T

1. Tourism Supports
2. Food Security/Food Estate
3. ICT Development
4. Loan to Regions
5. Labor Intensive Program
6. Industrial Area
7. Other Priority Programs



**MSMEs & CORPORATION SUPPORT**  
**Rp184.83 T**

2020 : IDR173.17 T

1. KUR and non- KUR interest subsidy
2. Loss Limit Guarantee for MSMEs & Corporation
3. guarantee services (IJP) of MSMEs and cooperatives
4. Electrical Assistance
5. Other PEN Programs
6. Placement of Funds
7. PMN to SOEs carrying out assignments (HK, ITDC, Pelindo III, KIW)



**BUSINESS INCENTIVES**  
**Rp58.46 T**

2020 : IDR56.12 T

1. Government-Borne Income Tax
2. Income Tax Exemption on Import
3. VAT Refund
4. Government-Borne Income Tax for MSMEs
5. Reduction of Tax Installment
6. Corporate income tax tariff reduction
7. VAT not-collected/exempted (Bonded Zone/KITE)
8. Import duty incentives

*\*) The 2021 figure includes additional proposals. The 2020 figure is a temporary realization/unaudited.*

# MOTOR VEHICLE AND HOUSING INCENTIVES TO MAINTAIN THE MOMENTUM OF ECONOMIC RECOVERY

By encouraging public consumption and restoring the business



## OPPORTUNITIES TO INCREASE THE MIDDLE CLASS CONSUMPTION



Consumer spending is a key driver of the economy and contributes more than 50% to GDP



Reviving the the middle-income group spending through incentives in vehicle and housing sectors

- opportunities to increase middle class household consumption, which has been decreasing due to restrictions on mobility
- reflected in the increase in savings in banking to around 11% in December 2020

### Luxury Goods Sales Tax (PPnBM) Incentives for Cars



VAT is borne by the government for sedans and two-wheel drive cars with engine power below 1,500cc, that have local purchases of > 70%

March-May

**100%**

Jun-Aug

**50%**

Sept-Dec

**25%**

Tax cut

### Value Added Tax (VAT) Incentives for Properties



VAT is borne by the government on the sale of a new landed house or apartment unit of 1 house for 1 person and is not resold within 1 year

**100%** tax cut

for selling value  
up to **IDR 2 billion**

**50%** tax cut






for selling value above  
**IDR 2 to IDR 5 billion**

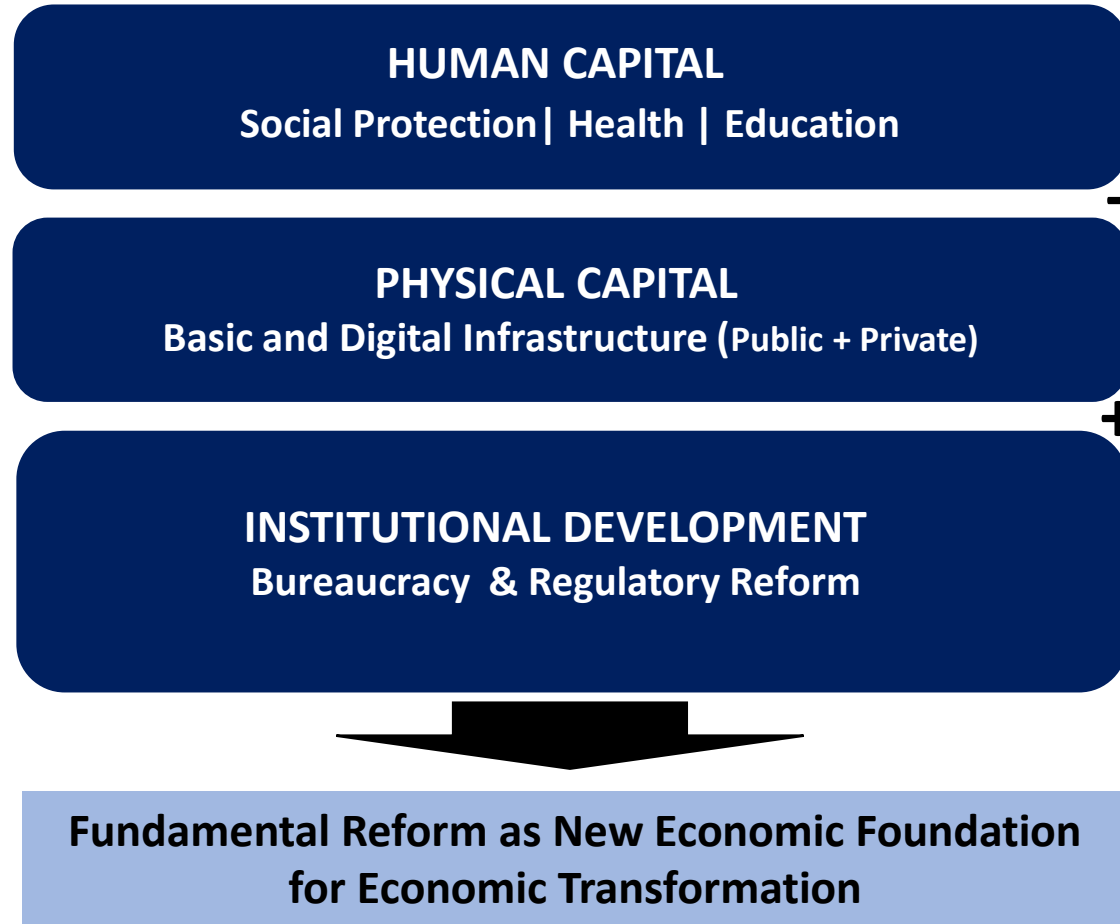
March – August 2021

# COVID-19 AS A MOMENTUM TO BOLSTER FUNDAMENTAL REFORM TO ACCELERATE ECONOMIC TRANSFORMATION



## 5 PRESIDENT'S STRATEGIC DIRECTIONS

-  **Human Capital Development**
-  **Infrastructure Development**
-  **Bureaucracy Reform**
-  **Regulatory Simplification**
-  **Economic Transformation**



**Economic Growth Acceleration towards “Indonesia Maju” (Advanced Indonesia)**





## 2021 STATE BUDGET REALIZATION

# THE STATE BUDGET STILL BECOME THE ONLY GAME IN TOWN

The realization as of February 2021 is still conserved, accelerated to support the continuation of the PEN program and expansion of vaccinations



Account (IDR T)	2020			2021			
	Realization as of 29 Feb 2020	% of Perpres 72/2020	Growth (%)	Budget	Realization as of 28 Feb 2021	% of Budget	Growth (%)
<b>Revenue</b>	<b>217.6</b>	<b>12.8</b>	<b>(0.1)</b>	<b>1,743.6</b>	<b>219.2</b>	<b>12.6</b>	<b>0.7</b>
Tax Revenue	153.6	12.8	(4.6)	1,229.6	146.1	11.9	(4.8)
Customs & Excise	25.1	12.2	51.6	215.0	35.6	16.6	42.1
Non Tax Revenue	38.8	13.2	(3.6)	298.2	37.3	12.5	(3.7)
Grant	0.2	14.0	63.3	0.9	0.1	6.2	(69.1)
<b>Expenditure</b>	<b>279.4</b>	<b>10.2</b>	<b>2.8</b>	<b>2,750.0</b>	<b>282.7</b>	<b>10.3</b>	<b>1.2</b>
Central Government Expenditure	161.7	8.2	11.0	1,954.5	179.7	9.2	11.1
Regional Transfer & Village Funds	117.7	15.4	(6.7)	795.5	103.0	13.0	(12.4)
<b>Primary Balance</b>	<b>(27.5)</b>	<b>3.9</b>	<b>37.8</b>	<b>(633.1)</b>	<b>(23.2)</b>	<b>3.7</b>	<b>(15.7)</b>
<b>Surplus (Deficit)</b>	<b>(61.8)</b>	<b>5.9</b>	<b>14.4</b>	<b>(1,006.4)</b>	<b>(63.6)</b>	<b>6.3</b>	<b>2.8</b>
<i>% to GDP</i>	<i>(0.40)</i>			<i>(5.70)</i>	<i>(0.36)</i>		
<b>Financing</b>	<b>113.6</b>	<b>10.9</b>	<b>(42.7)</b>	<b>1,006.4</b>	<b>273.1</b>	<b>27.1</b>	<b>140.5</b>
<b>SiLPA (SiKPA)</b>	<b>51.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>209.5</b>	<b>-</b>	<b>-</b>

- State revenue grew positively, mainly supported by customs and excise performance; (excise tax policy and increased exports align with rising commodity prices and the increase of import duty). Although still in contraction the tax and non tax revenue in better performance.
- The expenditure also grew positively, driven by growth in capital and goods spending. Central government spending grew better than last year. Line ministries spending continues to grow quite high.
- Budget deficit reached IDR63.6 T (0.36% to GDP).
- Budget Financing can meet the financing needs at amount IDR273.1 T, supported by positive trends in the financial market, as well as capital flows and foreign investment.

# TAX REVENUE PERFORMED BETTER IN FEBRUARY

Supported by tax improvement in oil & gas, and export duty



Tax Revenue (in IDR trillion)	2020			2021			
	Realization as of Feb 29	% to budget (Pres. Reg 72/2020)	Growth (%)	Budget	Realization as of Feb 28	% to budget	Growth (%)
<b>Tax Revenue</b>	<b>153.6</b>	<b>12.8</b>	<b>(4.6)</b>	<b>1,229.6</b>	<b>146.1</b>	<b>11.9</b>	<b>(4.8)</b>
<b>1. Income Tax from Oil &amp; Gas</b>	<b>6.6</b>	<b>20.8</b>	<b>(36.8)</b>	<b>45.8</b>	<b>5.1</b>	<b>11.2</b>	<b>(22.5)</b>
<b>2. Income Tax from Non-Oil &amp; Gas</b>	<b>146.9</b>	<b>12.6</b>	<b>(2.3)</b>	<b>1,183.8</b>	<b>141.0</b>	<b>11.9</b>	<b>(4.0)</b>
a. Income Tax from Non-Oil&Gas	89.4	14.0	(2.6)	638.0	80.2	12.6	(10.3)
b. VAT	56.2	11.1	(2.3)	518.5	59.1	11.4	5.2
c. Property Tax	0.3	2.2	95.0	14.8	0.2	1.3	(37.4)
d. Other Taxes	1.1	14.2	7.4	12.4	1.5	12.2	42.4
<b>Custom &amp; Excise</b>	<b>25.1</b>	<b>12.2</b>	<b>51.6</b>	<b>215.0</b>	<b>35.6</b>	<b>16.6</b>	<b>42.1</b>
1.Excise	19.1	11.1	89.2	180.0	28.3	15.7	48.3
2. Import Duty	5.5	17.3	(5.4)	33.2	5.0	15.0	(9.7)
3. Export Duty	0.5	29.9	(21.7)	1.8	2.4	132.8	380.4
<b>Total Revenue</b>	<b>178.6</b>	<b>12.7</b>	<b>0.7</b>	<b>1,444.5</b>	<b>181.8</b>	<b>12.6</b>	<b>1.7</b>

- Tax Revenue reached 12.6% of the budget, and grew at 1.7% (yoy)
- Tax was contracted at 4.8% yoy, lower compared to previous month. VAT Tax and other taxes managed to grow positively at 5.2% and 42.4% respectively, while other type of tax remains in contraction zone.
- Export duty and excise grew at 42.1%, supported by excise and export duty. The export duty increased driven by increasing of commodity price and higher export duty tariff

# MAJORITY OF THE TAXES IMPROVED

Some taxes even grew positively in February 2021



## Income Tax Art 21

-5.80%  
4.67%

## Income Tax Art 22 (Imported Goods)

-22.14%  
-10.31%

## Personal Income Tax

-12.51%  
19.76%

## Corporate Income Tax

-39.54%  
-18.67%

## Income Tax Art 26

19.47%  
8.72%

## Final Income Tax

4.48%  
10.74%

## Domestic VAT

8.14%  
5.30%

## Import VAT

1.14%  
-11.83%

■ growth 2021 ■ growth 2020

-5.44%  
-6.05%

-  
33.49%  
-12.88%

-  
14.28%  
-9.74%

-  
31.91%  
-54.44%

-8.79%

-14.30%

-17.08%

-13.31%

■ growth Jan-21 ■ growth Feb-21

- Income Tax Art 21 showed an improvement even though labor force has not fully recovered and the fiscal incentive increased.
- Income Tax Art 22 slowed down as the re-implementation of the exemption of Income Tax Art 22 on imported goods.
- Corporate Income Tax performed better than January 2021 due to the decrease in the utilization of restitution programs. However, it still contracted driven by the incentives for reduction on tax instalment payment (art 25) and the corporate income tax rates.
- Income Tax Art 26 grew strongly driven by the increase in dividend payment.
- Final Income Tax grew positively supported by the increase in the payment of tax provision
- Income VAT grew strongly due to the increase in excise and household consumption started to recover. Furthermore, Import VAT also improved as production activities and household consumption increased.

# IMPROVED NET REVENUE AT MAJORITY OF SECTORS

Three biggest contributor sectors grew positively in February 2021



Manufacturing

Trade

Financial Services & Insurance

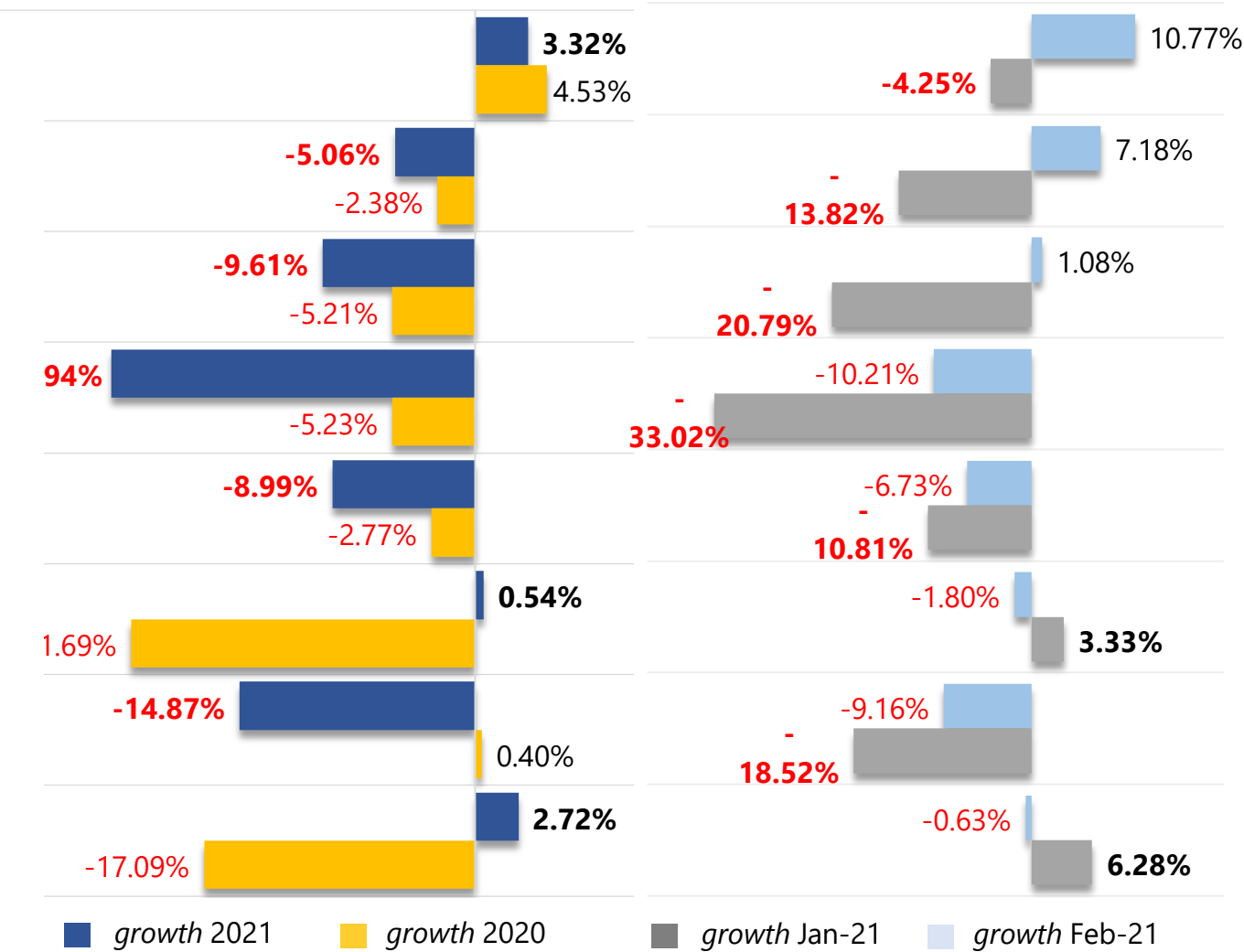
Construction & Real Estate

Transportation & Warehousing

Mining

Corporate Services

Information & Communication



- The performances of the manufacture and the trade sectors improved align with improved PMI and increased on the economic activities
- Improvement in the financial services sector was on the back of improved bond market and decreased restitution.
- The pressure on construction and real estate sectors start to lessen as the performance of real estate improved.
- Improvement in transportation and warehousing sectors driven by the increase in all of the subsectors except for air transport.
- The mining sector slowed down due to the decrease in dividend payments and import activities.
- The Information & Communication sector slightly contracted due to the non-recurring tax provision in 2021.

Note: Sectoral Revenues do not include Property Tax, Tax borne by Govt (DTP), and Oil & Gas Income Tax



# CUSTOM AND EXCISE REVENUE GROW SIGNIFICANTLY

Realization of revenue grew mainly due to excise and export duties



trillion IDR

NO.	REVENUE	BUDGET TARGET	REALIZATION		GROWTH (y-o-y, %)		% REALIZATION
			2020	2021	2020	2021	
1	IMPORT DUTY	33.17	5.51	4.97	-5.43	-9.67	14.99
2	EXCISE	180.00	19.06	28.27	89.20	48.30	15.71
	Tobacco Products	173.78	18.22	27.44	93.23	50.60	15.79
	Ethyl Alcohol	0.16	0.02	0.02	5.76	-26.85	10.60
	MMEA	5.56	0.81	0.79	33.20	-2.36	14.17
	Excise Adm. Fines	-	0.01	0.01	-21.08	53.70	-
	Other Excise	-	0.00	0.01	-42.68	184.02	-
	Plastic	0.50	0.00	0.00	0.00	0.00	0.00
3	EXPORT DUTY	1.79	0.49	2.37	-21.68	380.42	132.82
	<b>TOTAL</b>	<b>214.96</b>	<b>25.06</b>	<b>35.62</b>	<b>51.64</b>	<b>42.11</b>	<b>16.57</b>
	Import VAT		23.71	23.98	-11.83	1.14	
	Import Sales Tax on Luxury Goods		0.41	0.26	-6.36	-35.32	
	Import Income Tax Art 22		8.03	6.26	-10.31	-22.14	
	Total of other taxes for import		32.15	30.50	-11.39	-5.14	
	<b>TOTAL OF CUSTOMS &amp; EXCISE AND TAXATION</b>		<b>57.21</b>	<b>66.11</b>	<b>8.34</b>	<b>15.56</b>	

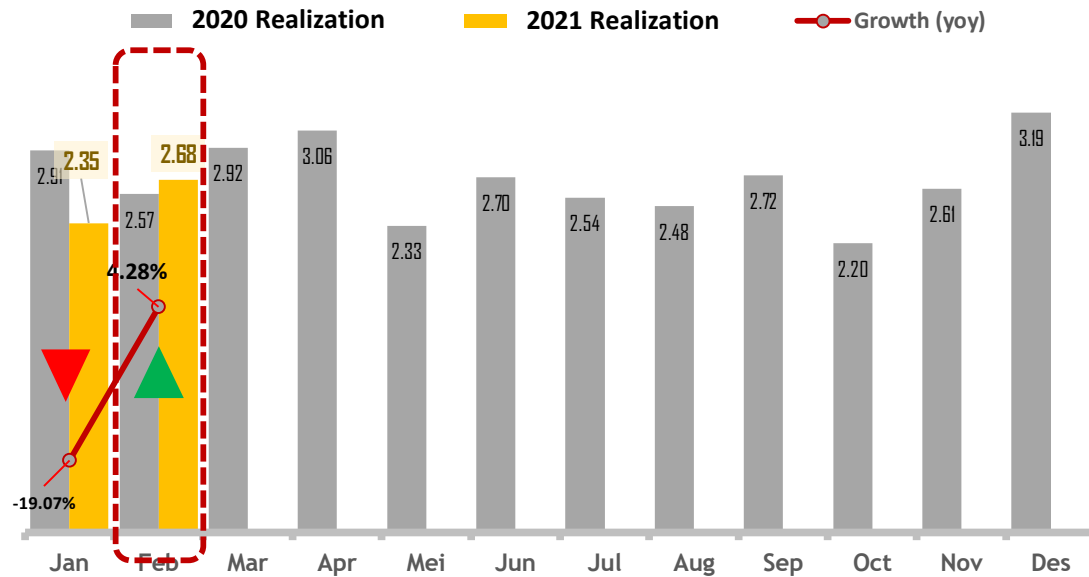
- DG. of Customs and Excise revenue realization **IDR 35.62 T (16.57%** of 2021 Budget Target)
- Revenue grew **▲ 42.11%**
- Revenue driven by the performance of **Excise (▲ 48.30%)** and **Export Duty (▲ 380.42%)**

# IMPORT DUTY AND EXPORT DUTY GREW POSITIVELY (MTM)

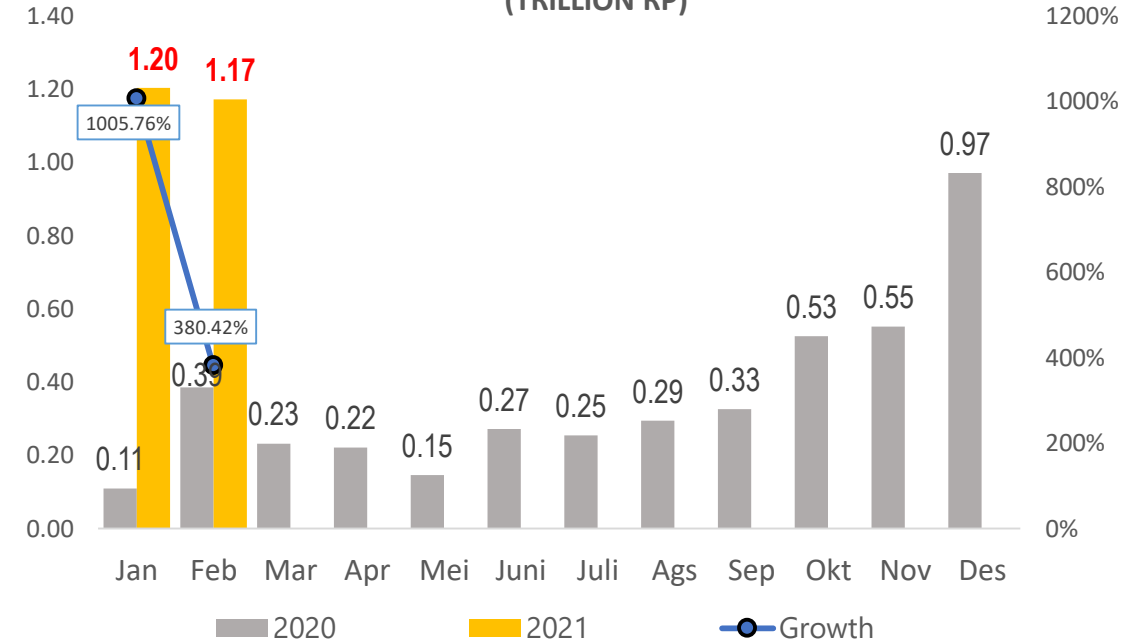
Positive growth in export duty was supported by exports performance



## IMPORT DUTY'S MONTHLY REALIZATION (TRILLION RP)



## EXPORT DUTY'S MONTHLY REALIZATION (TRILLION RP)



- Import Duty grew by 4.28% (mtm), started improving due to increased imports activity;
- Export Duty grew by 132.82% from 2021 Budget target, growing by 380.42% (yoy) supported by:
  - Palm products grew by 805.24% (yoy), contributed by CPO in January and higher export duty for CPO in February 2021;
  - Export Duty grew significantly due to increase in international commodity prices, given weakening export volume (supply) particularly in CPO.

# NON-TAX REVENUE UP TO FEBRUARY 2021 ACHIEVES 12.5% OF BUDGET

Supported by Non Oil and Gas, separated state asset revenue and other Non-Tax revenue



## Non-Tax Revenue

(trillion rupiah)

	2020				2021			
	Perpres 72/2020	Realization February 29	% Perpres 72/2020	% Growth	Budget	Realization February 28	% Budget	% Growth
Natural Resources	79.1	20.9	26.5	(2.3)	104.1	12.2	11.7	(41.9)
Oil and Gas	53.3	16.8	31.5	5.3	75.0	6.8	9.1	(59.2)
Non Oil and Gas	25.8	4.1	16.1	(24.5)	29.1	5.3	18.3	28.2
Mineral and Coal	19.4	3.6	18.5	(26.8)	22.1	4.8	21.5	33.0
Non Mineral and Coal	6.4	0.6	8.8	(6.2)	7.0	0.6	8.0	(1.6)
Separated State Asset	65.0	0.0	0.0	(94.3)	26.1	0.0	0.0	840.1
Other Non Tax Revenue	100.1	16.1	16.1	(2.4)	109.2	23.8	21.8	47.4
Public Service Agency (BLU)	50.0	1.7	3.5	(24.5)	58.8	1.4	2.4	(19.7)
total Non-Tax Revenue	294.1	38.8	13.2	(3.6)	298.2	37.3	12.5	(3.7)

- The decline in oil and gas natural resources revenue was mainly due to lower realization of the ICP and Oil and Gas Lifting compared to the previous year
  - Dec 2020 - Jan 2021: US \$ 50.48 per barrel (23.8% decrease)
  - Dec 2019 - Jan 2020: US \$ 66.28 per barrel
- Increase in Non-Oil and Gas Revenue, among others due to the increase in Reference Coal Prices up to Feb 2021 reaching US \$ 87.79 / ton (2020: US \$ 66.89 / ton), a.i. soaring demand for imports from China and rising prices for gold, silver and nickel.
- The increase in separated state asset income was due to the payment of dividends in 2019 and installments of dividend payable in 1999.
- The increase in other Non-Tax revenue was due to the increase in revenue from sales of mining products, premium bond income, Treasury Single Account (TSA) management / placement of state funds, last year revenue, and revenue from information & communication services.
- The decrease in Public Service Agency (BLU) income was due to a significant decrease in income from hospital services (51.7%).

Jan 2021: Non-Tax revenue contracted (negative) 2.9%

Dec 2020: Non-Tax revenue contracted (negative) 17.2%

# STATE EXPENDITURE WAS A DRIVER FOR ECONOMIC GROWTH

The realization of state expenditure in February is better than in the same period last year

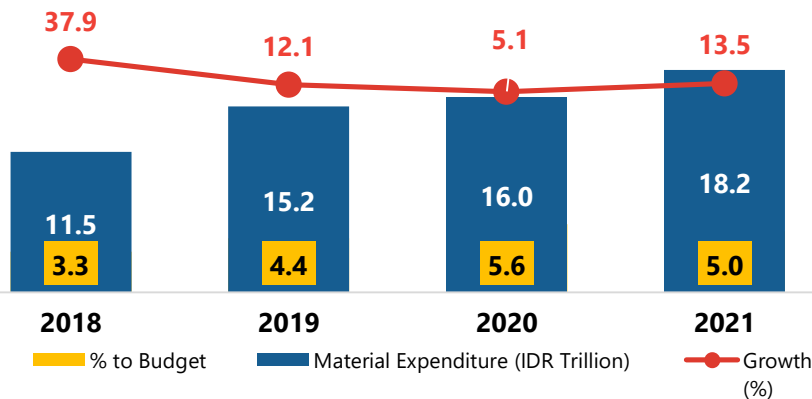


## State Expenditure

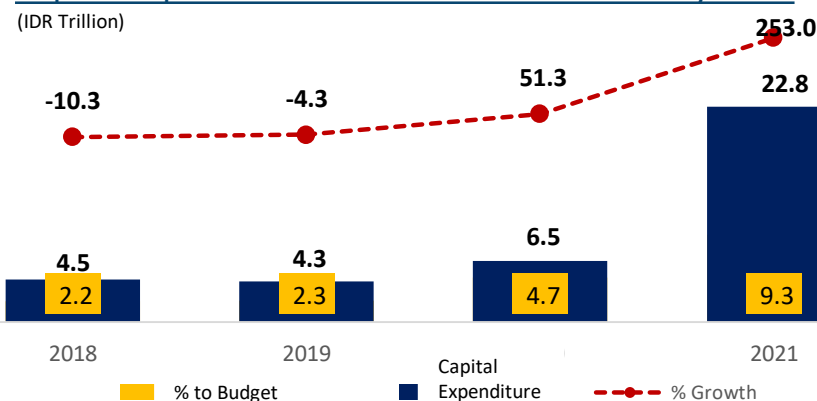
(in IDR trillion)	2020			2021			
	Realization as of 29 Feb	% to Perpres 72	Growth (%)	State Budget	Realization as of 28 Feb	% to State Budget	Growth (%)
<b>Central Government Expenditure</b>	161.7	8.2	11.0	1,954.5	179.7	9.2	11.1
<b>1. Lines &amp; Ministries Expenditure</b>	83.8	10.0	17.6	1,032.0	97.0	9.4	15.8
a. Personnel Expenditure	29.4	11.5	4.6	268.0	29.2	10.9	(0.8)
b. Material Expenditure	16.0	5.9	5.0	360.8	18.2	5.0	13.5
c. Capital Expenditure	6.5	4.7	51.3	246.8	22.8	9.3	253.0
d. Social Assistance	31.9	18.7	35.2	156.4	26.8	17.1	(16.0)
<b>2. Non Lines &amp; Ministries Expenditure</b>	77.9	6.8	4.7	922.6	82.7	9.0	6.1
a. Subsidy	11.0	5.7	2.3	175.4	12.4	7.0	12.7
b. Other Expenditures	0.3	0.1	(21.1)	207.3	0.3	0.2	17.0
<b>Transfer To Region &amp; Village Fund (TKDD)</b>	117.7	15.4	(6.7)	795.5	103.0	13.0	(12.4)
1. Transfer of Region	116.0	16.7	(4.2)	723.5	99.2	13.7	(14.5)
2. Village Fund	1.7	2.3	(66.8)	72.0	3.8	5.3	130.3
<b>Total Revenue</b>	279.4	10.2	2.8	2,750.0	282.7	10.3	1.2

- Lines & Ministries spending grew by 15.8%, driven by an increase in goods and capital expenditures, including the implementation of vaccinations.
- Non- Lines & Ministries spending grew 6.1%, driven by the realization of energy subsidies.
- Realization of material expenditure grew 13.5% mainly supported by the implementation of vaccinations, although some of its components decreased due to social restrictions and changes in work patterns.
- Realization of capital expenditure growing significantly, especially for payments for advanced basic infrastructure projects in 2020 and connectivity infrastructure
- Social assistance expenditure realization reached 17% of budget driven by the distribution of PBI JKN

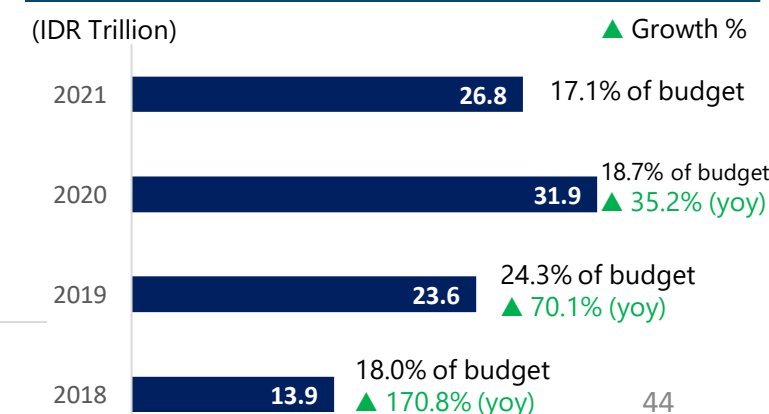
## Material Expenditure Realization as of February 2021



## Capital Expenditure Realization as of February 2021



## Social Assistance Realization as of February 2021



# NATIONAL ECONOMIC RECOVERY PROGRAM 2021 SUPPORTS THE ECONOMY THROUGH GOVERNMENT CONSUMPTION, HOUSEHOLD CONSUMPTION, AND PUBLIC INVESTMENT



## THE ROLE OF GOVERNMENT IN PROMOTING ECONOMIC RECOVERY

National Economic Recovery (PEN) 2021	Allocation	Realization up to March 17	%
Total	699.43	76.59	10.9
Health	176.30	12.40	7.0
Social Protection	157.41	25.97	16.5
Priority Program	122.42	1.44	1.2
SMSEs and Corporation Support	184.83	29.63	16.0
Business Incentives	58.46	7.15	12.2

**Expansion of social protection spending in** cash includes PKH, incentives for pre-employment card, cash social assistance, and groceries

**Government consumption expenditure** includes MSME support, personnel expenditure, operational goods expenditure, and government assistance

**Government capital expenditures** include building health facilities, procurement of PSN land, procurement of defense and security equipment, construction of irrigation



Household Consumption Continues to Strengthen



Government Consumption Grows Positively



Public Investment remains promoted



# THE BUDGET REALIZATION UP TO FEBRUARY GIVE BENEFIT FOR PEOPLE

Health sector is a key for economic recovery and foundation to increase national productivity. The fiscal performance to boost the economy also continues to be accelerated



## Health and Social Protection



Contribution Assistance Recipient of PBI JKN (the National Health Insurance)

**96.5 million people**



Conditional Cash Transfer  
**9.7 million KPM**



Special deployment of health workers (Nusantara Sehat)

**702 Health Workers**



Staple Food Card  
**15.93 million KPM**



Vaccination for Herd Immunity

**5.53 million people (Vaccine 1)**  
**2.3 million people (Vaccine 2)**  
(as 21 Mar 2021)



Cash transfer  
**9.19 million KPM**

## Infrastructure, Food, and Tourism



Dam  
**53 unit : 43 on going**  
(progress 44.37%)



Rice Production  
**(6.28 million ton)**



Irrigation system:  
Construction **600 km**  
(progress 2.61%),  
Rehabilitation **3.900 km** (progress 7.42%),  
and Land irrigation system **100 km**  
(progress 10.10%)



Corn Production  
**(5.4 million ton)**



Construction of the Crossing Ship **1 unit**  
(progress 36.58%)



Railway  
**234.36 km'sp**  
(progress 25.64%)



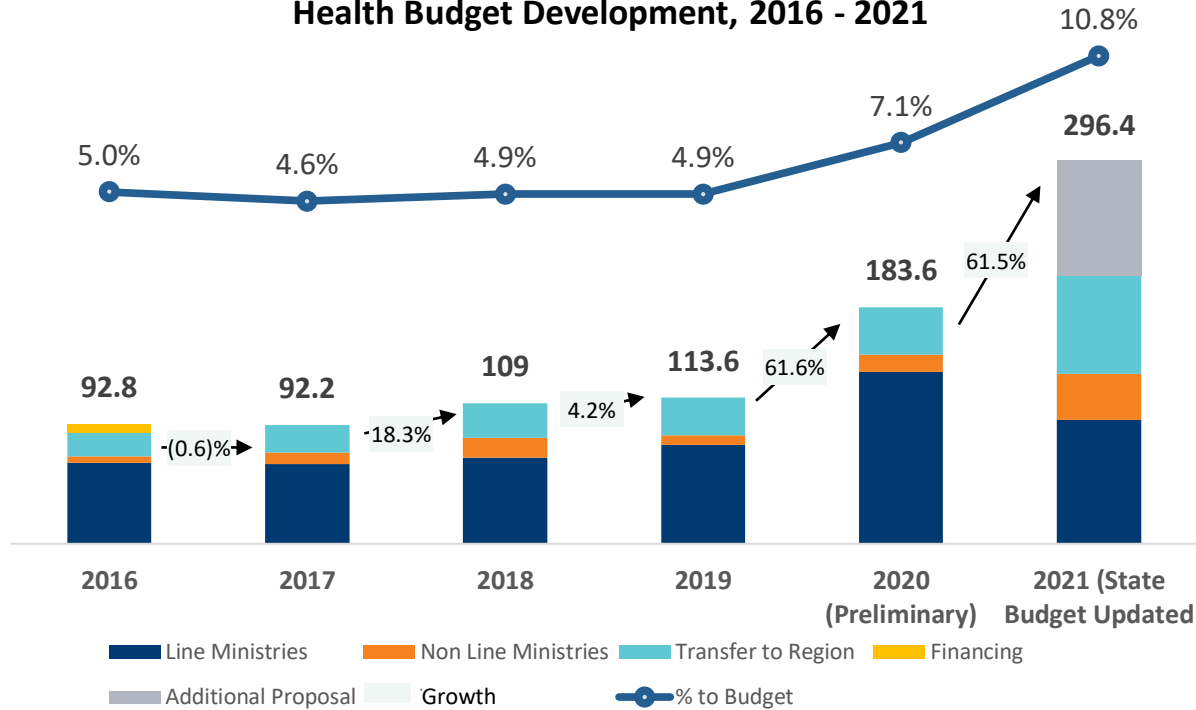
Port in **3 locations**  
(progress : Likupang 97.29%; Wae Kelambu 90.02%; Sanur 1.48%)

# HEALTH BUDGET IS INCREASED TO HANDLE COVID-19 PANDEMIC

Health budget in 2021 is increased 61.5% (yoy), make a total 10.8% of budget which is above the mandatory spending



Health Budget Development, 2016 - 2021



## Achievements 2016-2020 i.e:

- Coverage expansion of health insurance premium subsidy: **91.1** lives (2016) → **96.8** lives (2020)
- Reduction of toddler stunting prevalence: **37.2%** (2013) → **27.7%** (2019)
- Reduction of maternal mortality ratio (per 100,000 live births): **346 deaths** (2015) → **230 deaths** (2020)
- Reduction of TB incidence rate (per 100,000 people): **346 people** (2015) → **272 people** (2020)

## Progress in 2020 - 2021:

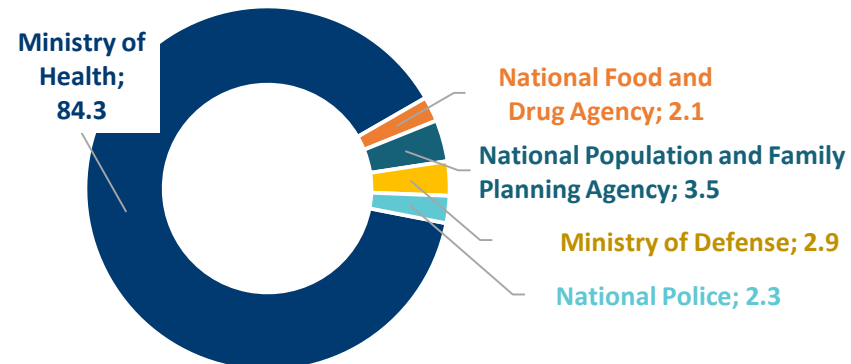
- Budget allocated for Health in National Economic Recovery Program (PEN) at amount of **IDR 63.51 T** (2020) and **IDR 176.3 T** (2021)
- Most of budget allocated for National Economic Recovery Program are part of health budget, except for tax incentive
- In 2020, preliminary realization for Health in PEN for Covid-19 handling reached **IDR42.52 T** where the biggest spending is allocated for vaccine procurement.

## Health Budget 2021

Budget for Health in Central Government Budget for 2021 ( IDR 220.1 T), including **additional proposal for CG Budget IDR 89.5 T** allocated for i.e. :

- Testing and tracing IDR 9.3 T
- Treatment cost IDR 32.3 T
- Health worker incentives IDR 7.2 T
- Vaccination program IDR 36.0 T
- Communication IDR 1,2 T

## Health Budget 2021 through Line Ministries



## Notes:

*This budget on line ministries is not included the additional proposal for CG budget yet*

# DISTRIBUTION OF TKDD IS STILL SUPPORTED BY VILLAGE FUND

Village Fund distribution is still growing. Local governments have been encouraged to accelerate spending from the beginning of the year



## Transfer to Region and Village Fund realization Rp103,0 T

- a. Distribution of TKDD up to Februari 2021 reached 13.0% to APBN, contracted 12.4% (yoy)
- b. Improvement of TKDD disbursement supported by:
  - Increasing Revenue Sharing→ There is disbursement of DBH Underpayment of IDR 6.1 T for the completion of the 2019 KB DBH.
  - Increasing of Village Fund→ Regional Government accelerated the application to distribute BLT Desa in January.
- c. Local government report through SIP application still needs to be optimized.

TKDD (IDR Trillion)	2020			2021			
	Realization upto 29 Feb	% to Perpres 72	Growth (%)	APBN	Realization upto 28 Feb	% to APBN	Growth (%)
<b>1. Transfer to Region</b>	<b>116.0</b>	<b>16.7</b>	<b>(4.2)</b>	<b>723.5</b>	<b>99.2</b>	<b>13.7</b>	<b>(14.5)</b>
a. Balance Fund	116.0	17.8	(3.4)	688.7	99.2	14.4	(14.5)
General Transfer Fund	104.5	22.2	(8.1)	492.3	98.7	20.1	(5.5)
1) Revenue sharing	6.7	7.7	(32.6)	102.0	11.3	11.0	69.1
2) General allocation fund	97.8	25.4	(5.7)	390.3	87.5	22.4	(10.6)
Special Allocation Fund	11.6	6.3	79.6	196.4	0.5	0.2	(95.8)
b. Regional Incentive Fund	-	-	-	13.5	-	-	-
c. Special Autonomy Fund and Priviledge Fund for Yogyakarta	-	-	-	21.3	-	-	-
<b>2. Village Fund</b>	<b>1.7</b>	<b>2.3</b>	<b>(66.8)</b>	<b>72.0</b>	<b>3.8</b>	<b>5.3</b>	<b>130.3</b>
<b>TOTAL</b>	<b>117.7</b>	<b>15.4</b>	<b>(6.7)</b>	<b>795.5</b>	<b>103.0</b>	<b>13.0</b>	<b>(12.4)</b>

# THE REALIZATION OF TKDD AS OF FEBRUARY REACHED 12.9% OF APBN

Lower realization due to delaying of Non-Physical Special Allocation Fund. It is expected disbursed in March 2021 for School Operational Assistance (BOS) Regular program



TKDD Realization and percentage to APBN			HIGHLIGHT	
2020: Perpres 72/2020 2021: Perpres 113/2020				
		2020	2021	
<b>TKDD</b>	Rp	117,687.9 M	102,849.7 M	↓ <b>TKDD</b> → TKDD distribution is still under control, although the percentage of APBN is lower than 2020.
		15.4 %	12.9 %	
<b>Revenue Sharing (DBH)</b>	Rp	6,663.5 M	11,265.3 M	↑ <b>DBH Increased</b> → There is an accelerated distribution of DBH Underpayment.
		7.7 %	11.0 %	
<b>General Allocation Fund (DAU)</b>	Rp	97,795.2 M	87,455.8 M	↓ <b>DAU Decreased</b> → Regional Government has not submitted the distribution report due to SIPD application. However, growth of monthly realization is better, 87% vs 51%
		25.4 %	22.4 %	
<b>Physical Special Allocation Fund (DAK Fisik)</b>	Rp	- M	- M	= <b>No Realization</b>
		- %	- %	
<b>Non-Physical Special Allocation Fund (DAK NF)</b>	Rp	11,560.2 M	642.5 M	↓ <b>DAK NF</b> → in progress of school account validation
		9.0 %	0.5 %	
<b>Regional Incentive Fund (DID)</b>	Rp	- M	- M	= <b>No Realization</b> → local governments are making adjustments to the activity plan (refocusing)
		- %	- %	
<b>Special Autonomy &amp; Privilege Fund for Yogyakarta</b>	Rp	- M	- M	= <b>No Realization</b>
		- %	- %	
<b>Village Fund*</b>	Rp	1,660.0 M	3,486.1 M	↑ <b>Village Fund Increased</b> → Local government submit a request to disburse BLT Desa earlier in January
		2.3 %	4.8 %	

# THE BUDGET FINANCING IS STILL ON TRACK

Anticipatory financing is carried out in a prudent and measurable manner to support of economic recovery



## Budget Financing IDR273.1T

or 27.1% of its target;  
grew significantly  
compare to same  
period on the previous  
year

Account	2020			2021			
	Realization as of 29 Feb 2020	% of Perpres 72/2020	Growth (%)	Budget	Realization as of 28 Feb 2021	% of Budget	Growth (%)
Debt Financing	116.0	9.5	(41.9)	1,177.4	273.0	23.2	135.4
Government Bond (net)	113.9	9.7	(42.2)	1,207.3	271.4	22.5	138.4
Government Borrowing (net)	2.1	4.5	(11.3)	(29.9)	1.6	(5.5)	(22.4)
Investment Financing	(3.0)	1.2	50.0	(184.5)	0.0	0.0	(100.0)
Government Lending	1.0	16.9	13.6	0.4	(0.0)	(0.0)	(100.0)
Guarantee	(0.4)	71.3	-	(2.7)	-	-	(100.0)
Other Financing	0.0	0.0	1,821.6	15.8	0.0	0.2	(0.2)
Total	113.6	10.9	(42.7)	1,006.4	273.1	27.1	140.5

- The debt financing realization reached 91.5% of its target in 2021-Q1.
- The financing strategy is adjusted to anticipate the current development of financial market and the increase of yields.
  - reducing the domestic auction target and shifting foreign currency debt issuance in first half of 2021;
  - optimizing the use of 2020 SAL to reduce gross SBN issuance; and
  - supported by BI's role as a standby buyer according to SKB I.
- Contribution on government bond purchasing based on SKB reached IDR73.88T (SUN IDR45.18 T and SBSN IDR28.70 T).
- Some of the investment financing is planned to be realized in March.





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THANK YOU