



KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

# Economic and Fiscal Updates

December 2020

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



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# Economic Updates

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# COVID-19 PANDEMIC IS STILL ESCALATING GLOBALLY

Daily death case keeps on increasing but recovery rate has also been improving

## GLOBAL CUMULATIVE CASES

81.66 mil

### Highest cumulative cases:

- 1. U.S. 19.57 mil
- 2. India 10.21 mil
- 3. Brazil 7.48 mil
- 4. Russia 3.05 mil
- 5. French 2.56 mil
- ...
- 18. South Africa 1 mil
- ...
- 20. Indonesia 713K
- 21. Chile 600K
- ...
- 24. Bangladesh 509K
- 26. Philippines 469K

## GLOBAL DEATHS

1.78 mil

### Fatality Rate 2.4%

- Fatality rate in some countries:
- Mexico 8.9%
  - China 5.3%
  - Peru 3.7%
  - Italy 3.5%
  - U.K. 3.1%
  - Australia 3.2%
  - Indonesia 3.0%
  - Brazil 2.6%
  - South Africa 2.7%
  - Philippines 1.9%

## GLOBAL RECOVERY

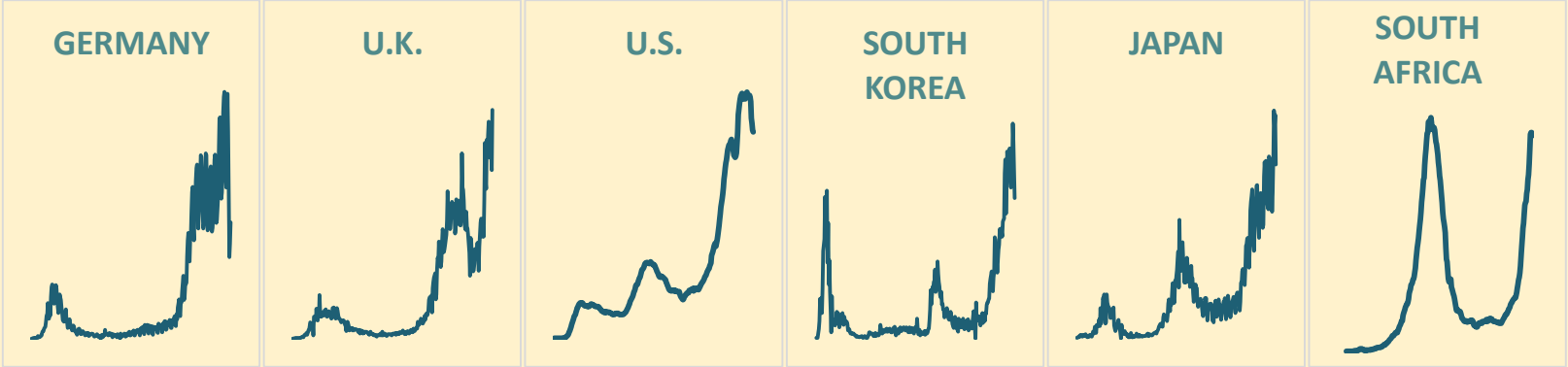
57.78 mil

### Recovery Rate 69%

- Recovery rate in some countries:
- India 96%
  - China 94%
  - Philippines 93%
  - Vietnam 90%
  - Bangladesh 89%
  - Indonesia 82%
  - Malaysia 80%
  - Russia 80%
  - Mexico 75%
  - U.S. 59%

Covid-19 pandemic forms a new pattern of with new waves that hit various countries.  
UK and South Africa announced new, faster-spreading strains of the virus.

- 2nd waves are happening in Europe and South Africa, several countries started to show a downward trend in cases after imposing strict restrictions.
- Increasing cases in Japan and South Korea indicate a third wave.

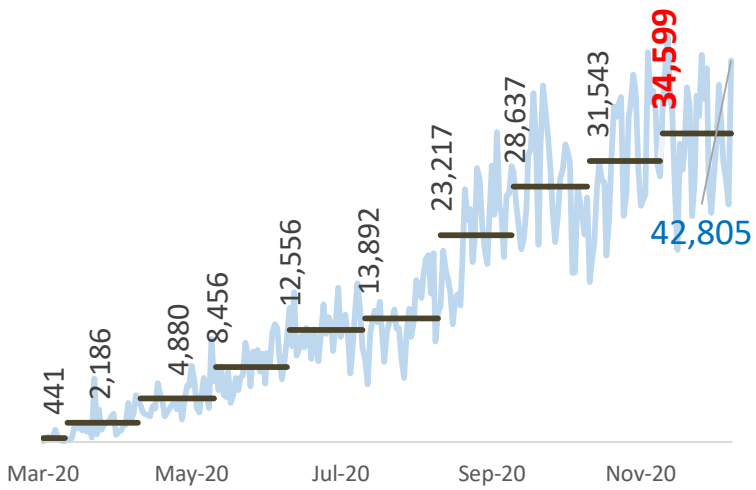




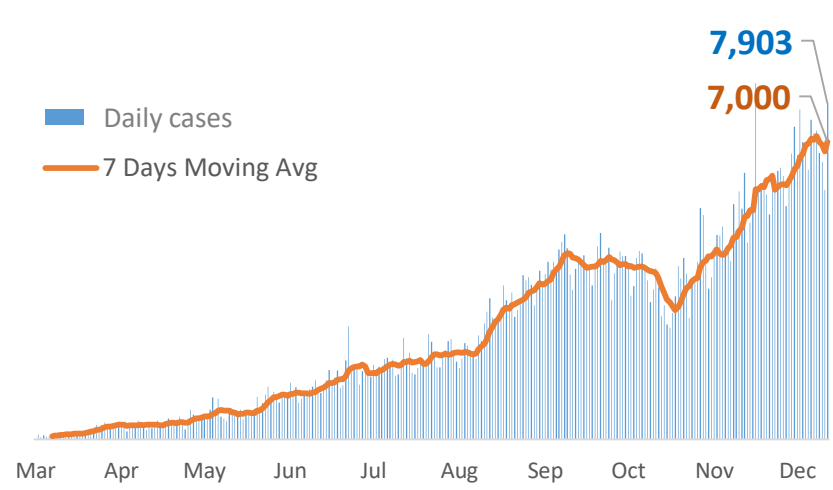
# COVID-19 REMAINS AS A BIG CHALLENGE FOR INDONESIA

The recent increase in daily cases will be closely monitored

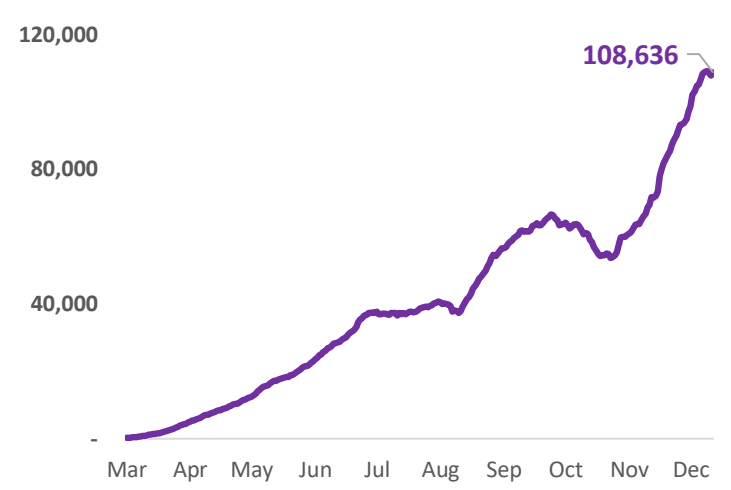
Number of People Tested (daily)



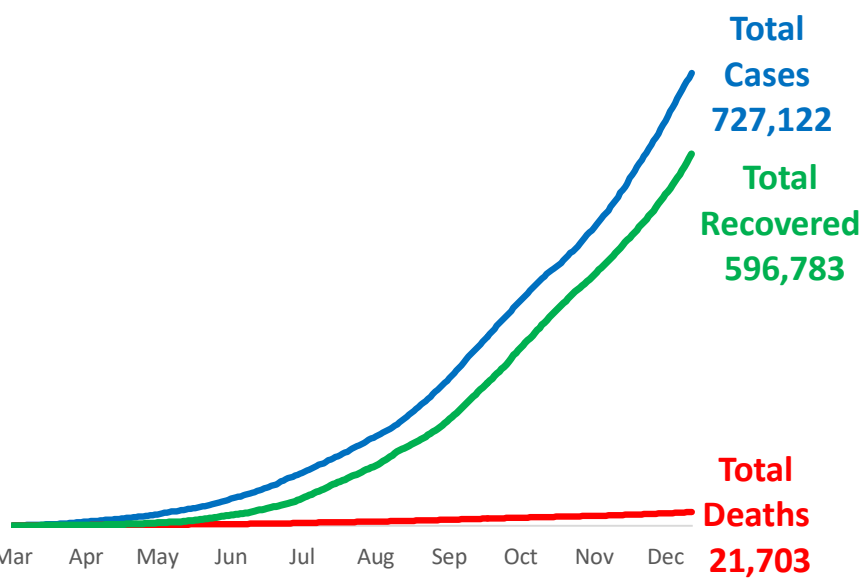
Daily Cases



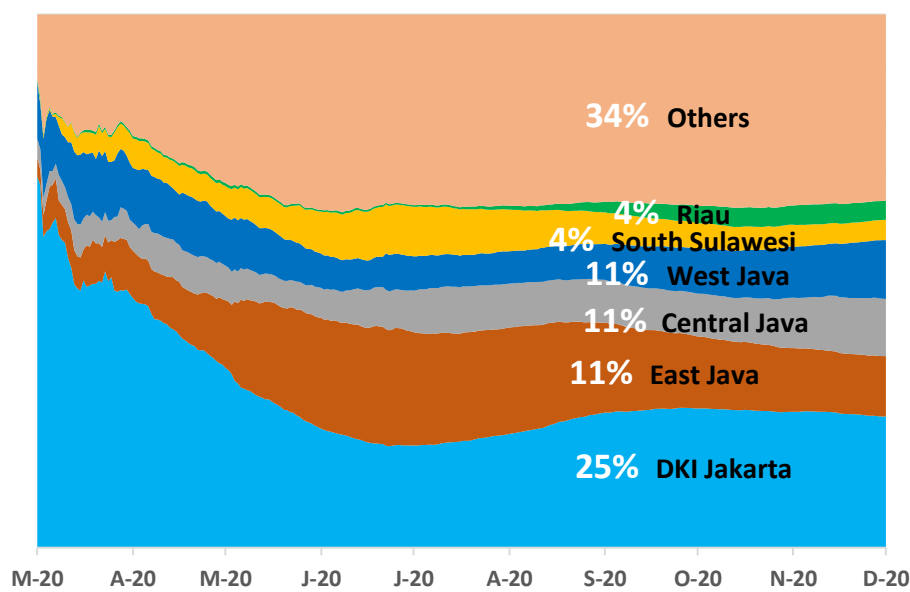
Active Cases



Covid-19 Numbers



Case Distribution by Region



- ❖ Daily Covid-19 cases have increased again, after previously slowing down.
- ❖ This situation occurred following long weekends in October and increasing test number.
- ❖ Government will remain vigilant in anticipating the development of Covid-19, and taking necessary action to prevent the jump in Covid-19 that could risk economic recovery.

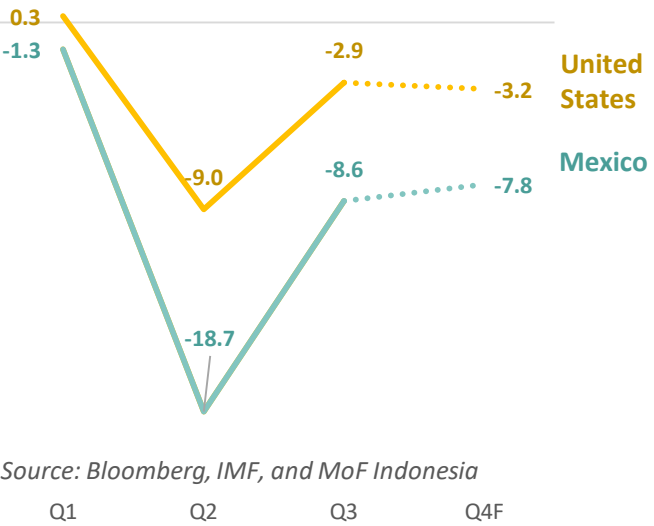
Source: Ministry of Health, 29 December 2020

# Q3-2020 WAS A TURNING POINT THAT SHOWED ECONOMIC IMPROVEMENT IN VARIOUS COUNTRIES

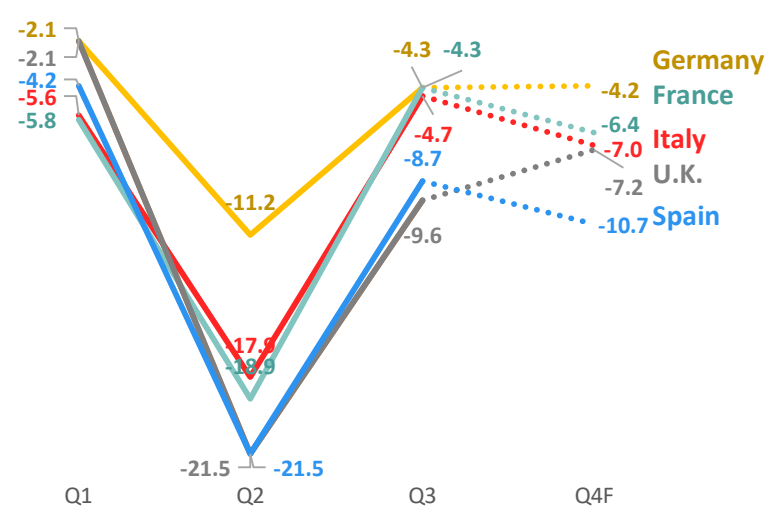
The improvement was supported by relaxation of social restrictions. However, increases in new Covid-19 cases and new waves could put risk on the outlook for Q4-2020

## Quarterly GDP Growth in 2020 (% , yoy)

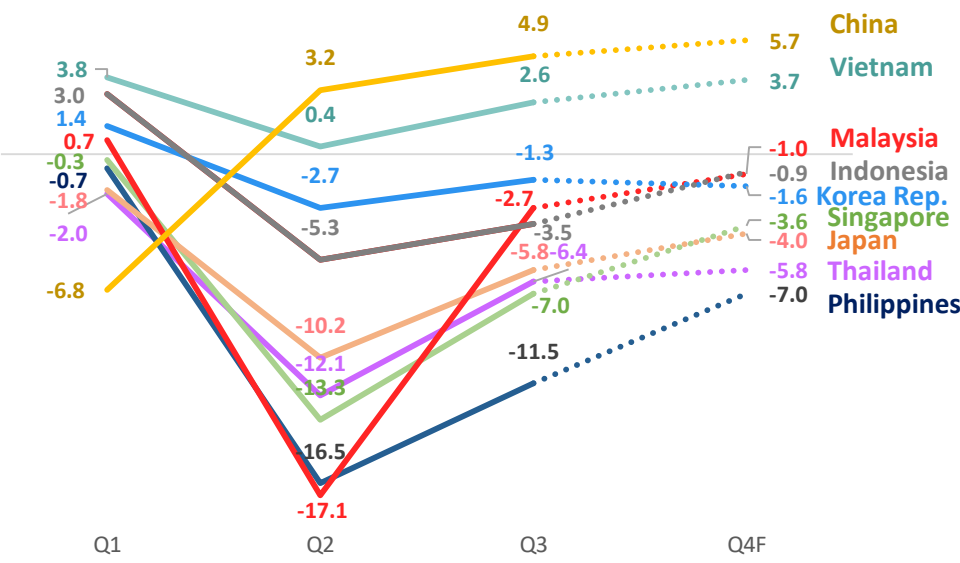
America



Europe



Asia



Source: Bloomberg, IMF, and MoF Indonesia

### Global Projection (% , yoy)

	2020F	2021F
IMF	-4.4	5.2
World Bank	-5.2	4.2
OECD	-4.2	4.2

### GDP Growth 2019 - 2021 by IMF (% , yoy)

Country	2019	2020F	2021F	Country	2019	2020F	2021F	Country	2019	2020F	2021F
U.S.	2.2	-4.3	3.1	U.K.	1.5	-9.8	5.9	Indonesia*	5.0	-2.2 to -1.7	5.0
Mexico	-0.3	-9.0	3.5	Spain	2.0	-12.8	7.2	Korea Rep.	2.0	-1.9	2.9
Germany	0.6	-6.0	4.2	China	6.1	1.9	8.2	Singapore	0.7	-6.0	5.0
France	1.5	-9.8	6.0	Vietnam	7.0	1.6	6.7	Japan	0.7	-5.3	2.3
Italy	0.3	-10.6	5.2	Malaysia	4.3	-6.0	7.8	Thailand	2.4	-7.1	4.0
								Philippines	6.0	-8.3	7.4

\*MoF estimation

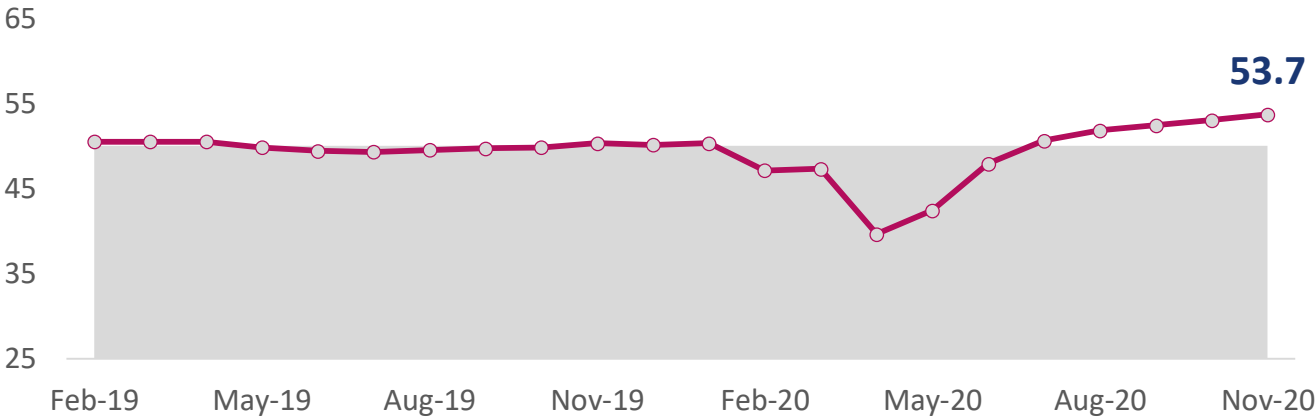
# GLOBAL MANUFACTURING INDICATORS SHOW THE CONTINUING OF THE ECONOMIC RECOVERY

The PMI for Indonesia in November 2020 at the level of 50.6 improved from previous month, passing the expansion zone. The manufacturing performance in November showed a momentum of recovery after being depressed since September due to the implementation of the social restriction (PSBB).

Globally, positive manufacturing activities continue. However several countries re-imposing lockdown such as France has returned to negative territory.

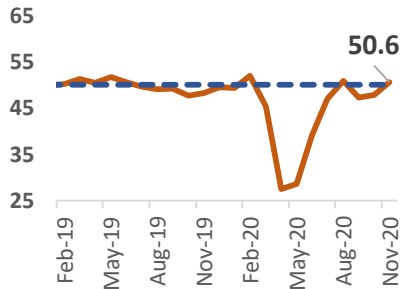
Source: Bloomberg & IHS Markit

Global PMI Manufacture

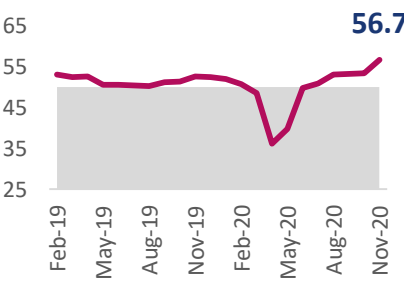


## PMI Manufacture – November 2020

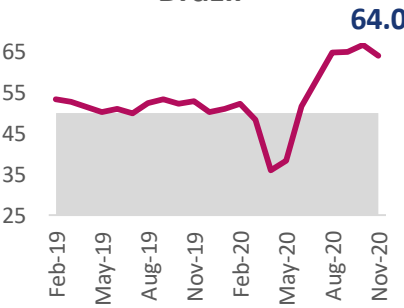
Indonesia



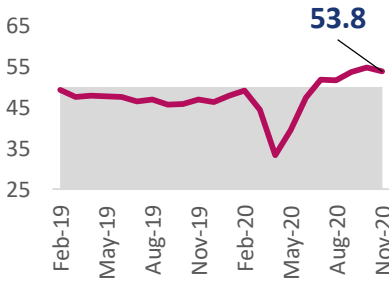
USA



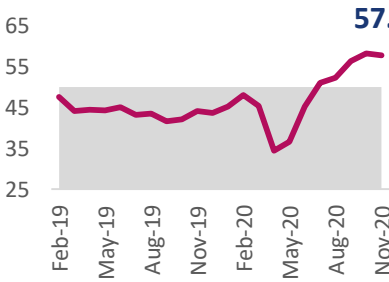
Brazil



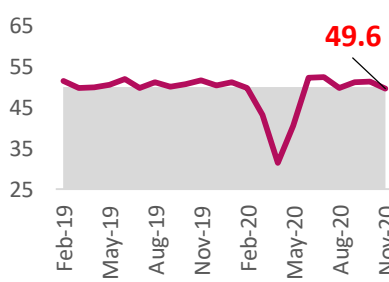
Europe



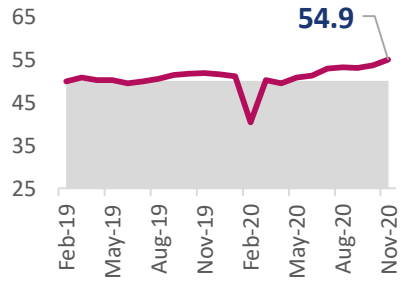
Germany



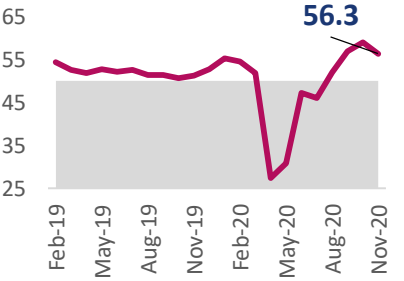
France



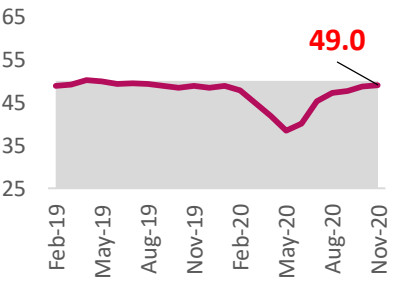
China



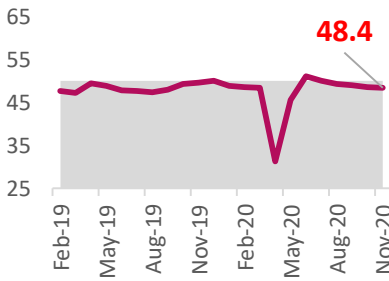
India



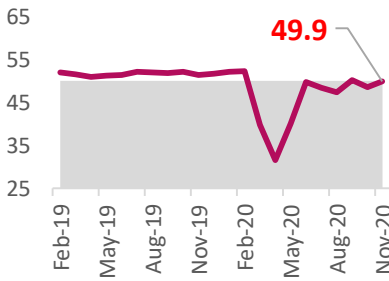
Japan



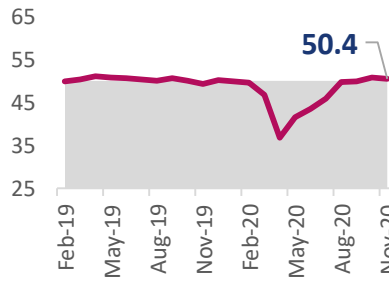
Malaysia



Philippines



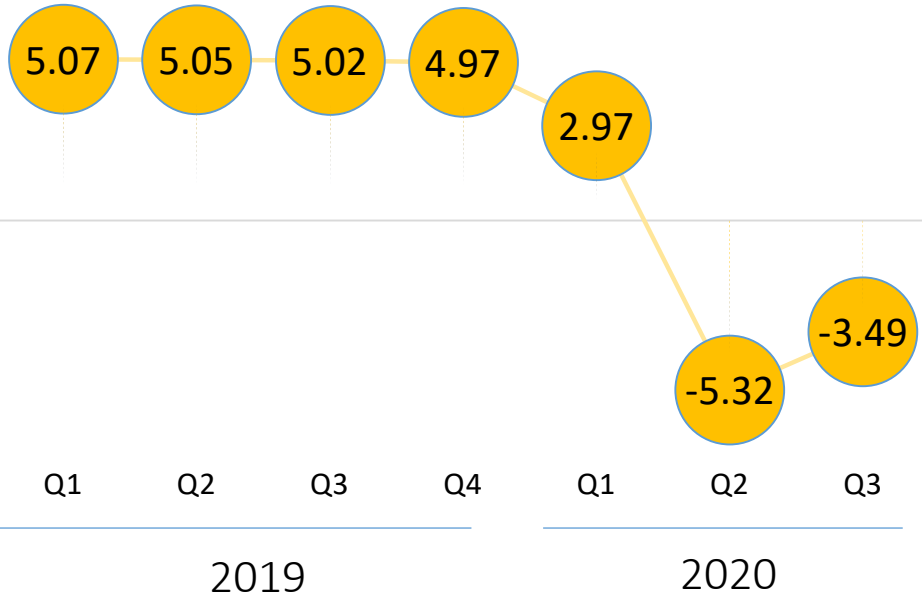
Thailand



# Q3-2020 GROWTH: A TURNING POINT

Indonesia Economy Has Improved Supported by Strong Government Consumption

GDP growth (% , yoy)

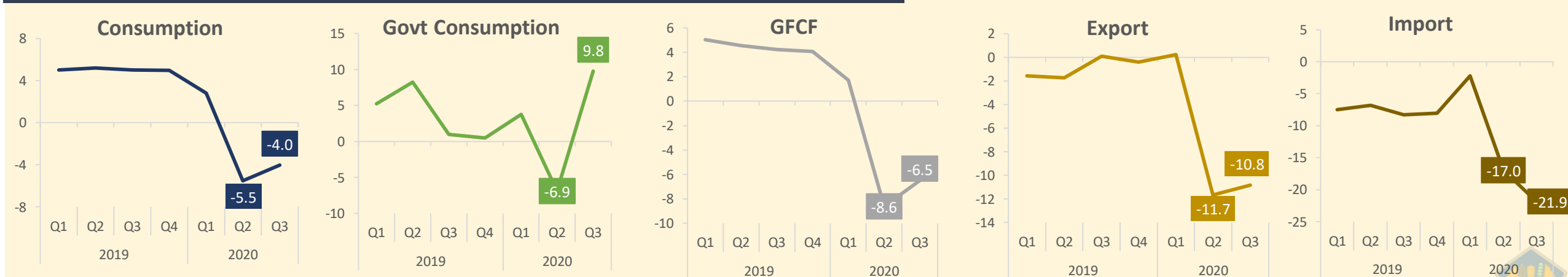


- **All component in GDP have improved** mainly supported by stimulus for Covid-19 handling and economic recovery.
- **Government Consumption** grew high as a commitment to provide countercyclical measures amid pandemic.
- **Household Consumption** has started to recover, mainly backed by increasing social assistance, while middle and high income groups generally still postpone consumption.
- **Investment (GFCF)** improved significantly as physical development projects resuming.
- **Export** slightly improved, while **Import** remained declining.

Indonesia's Growth Outlook 2020 (% , yoy)

Institutions	Outlook
MoF	-2.2 to -1.7
OECD	-3.3
IMF	-1.5
World Bank	-2.0 to -1.6

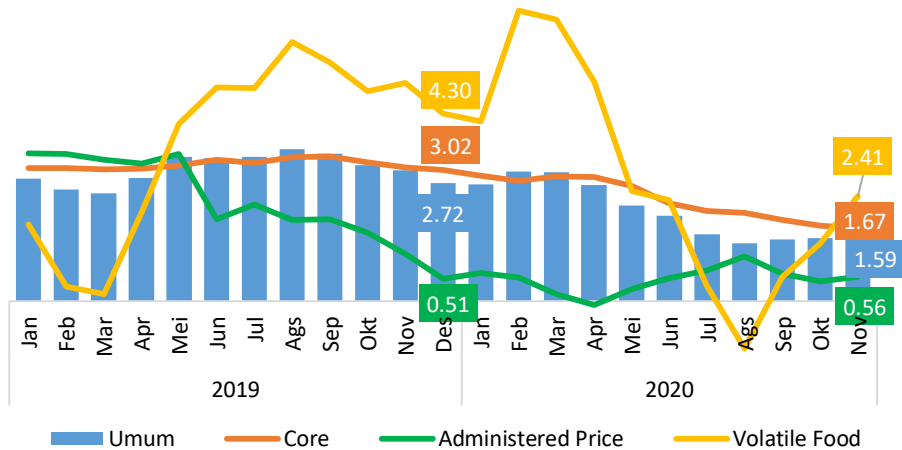
GDP by Expenditure (% , yoy)



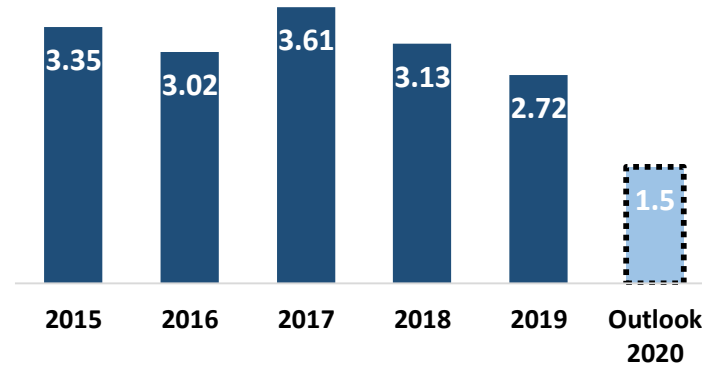


# INFLATION CONTINUES TO PICK UP

## INFLATION COMPONENT (YOY)



## Outlook Inflation in 2020 (yoy)

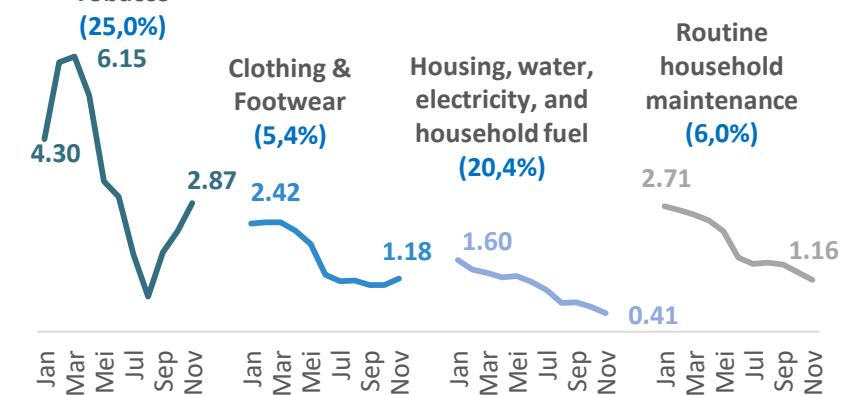


## Inflation driver in 2020

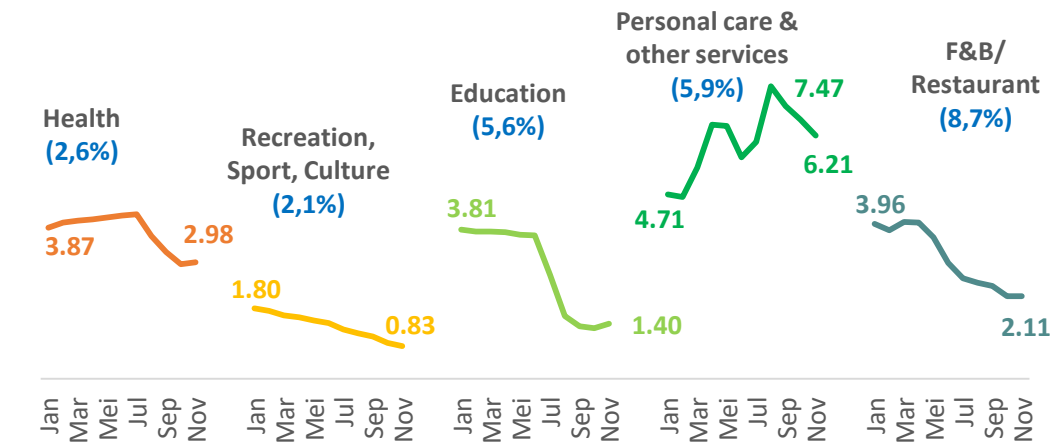
- There is a risk that food commodity prices will fluctuate in the end 2020 and early 2021, along with the growing season, the arrival of the rainy season, the impact of La Nina, and potential distribution constraints.
- There is a potential that demand for food and transportation will increasing along the Christmas and New Year Eve.
- The increase in food prices is estimated to be limited due to the relatively weak household and industrial demand as well as the Government's efforts to maintain food price stability.

The food group show an increasing trend while the prices for equipment and other household needs still weak.

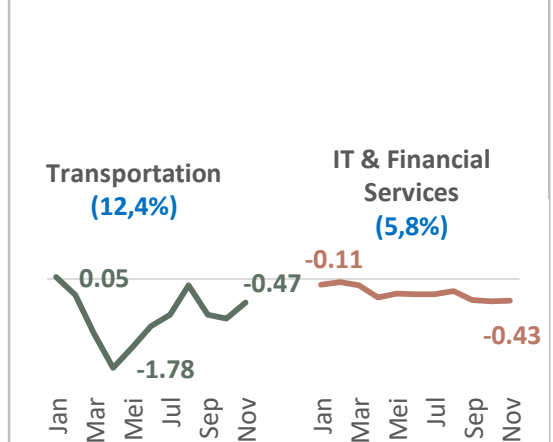
### Food, Beverages & Tobacco



Inflation in services group still weak. Recreation and food&beverage slowed down indicated lower leisure activity



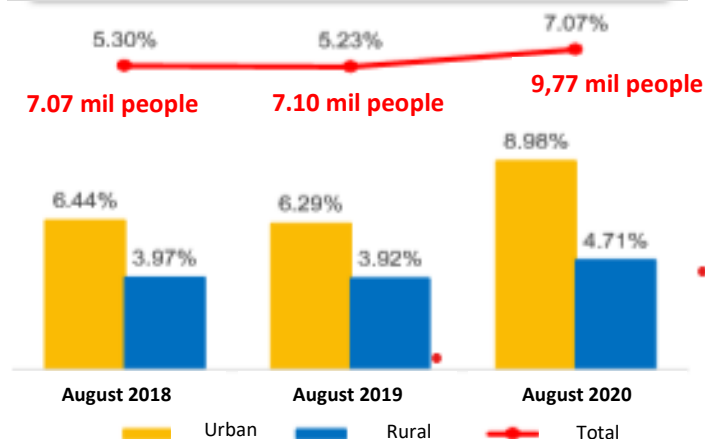
Inflation in transportation group increase along the recovery of demand



# THE UNEMPLOYMENT RATE INCREASED DUE TO COVID-19 PANDEMIC

As A Result of Slowing Economic Growth

## Open Unemployment Rate



- The unemployment is increasing due to the contraction of economic growth.
  - Effect: Layoff, contract termination, and decreasing of work hours
  - 2.36 mil new workforce are difficult to find jobs
- Covid-19 also contributes to the increasing of underemployed and part-time workers rate by 3.77 percent and 3.42 percent, respectively.

↑ **2.67**  
Million people

## Additional Unemployment (Agt 2019 - Agt 2020)

Total Unemployment 9.77 million people  
National Open Unemployment Rate 7.07%  
(Urban 8.98%, Rural 4.71%)

↑ **2.36**  
Million people

## Additional Workforce

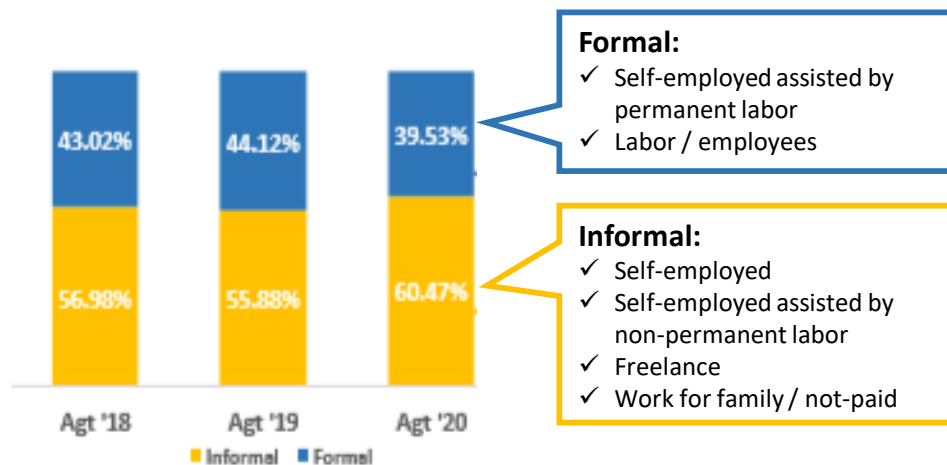
Total Workforce 138.2 million people

↓ **0.31**  
Million people

## Decreasing number of Jobs

Total Workers 128.45 million people

## Percentage of Formal and Informal Workers, August 2018 - 2020



### Formal:

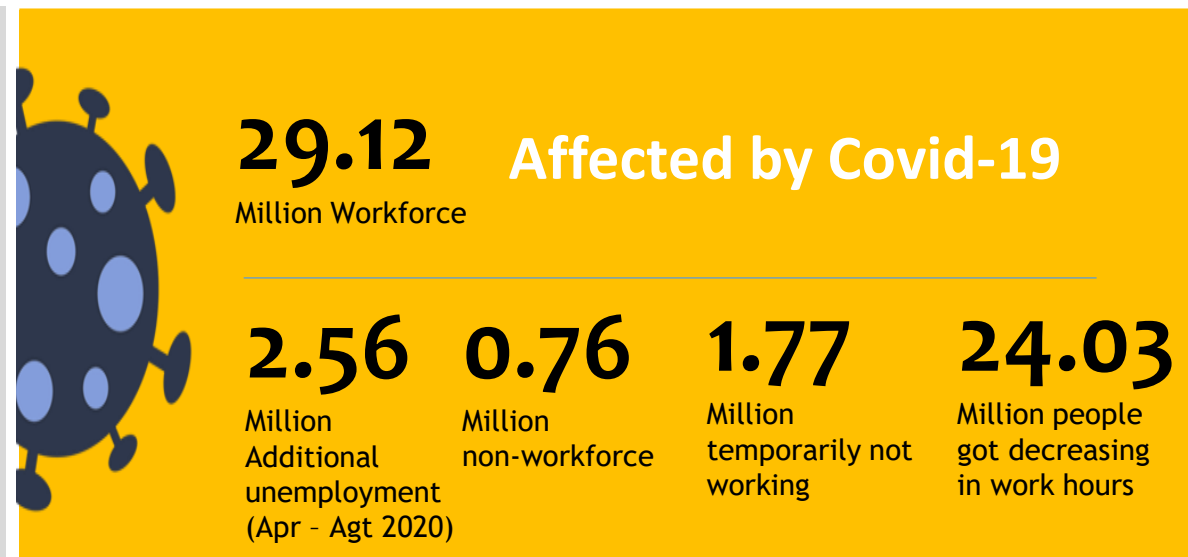
- ✓ Self-employed assisted by permanent labor
- ✓ Labor / employees

### Informal:

- ✓ Self-employed
- ✓ Self-employed assisted by non-permanent labor
- ✓ Freelance
- ✓ Work for family / not-paid

**Formal Workers:**  
Decreasing 4.59% from August '19, particularly in labour / employees

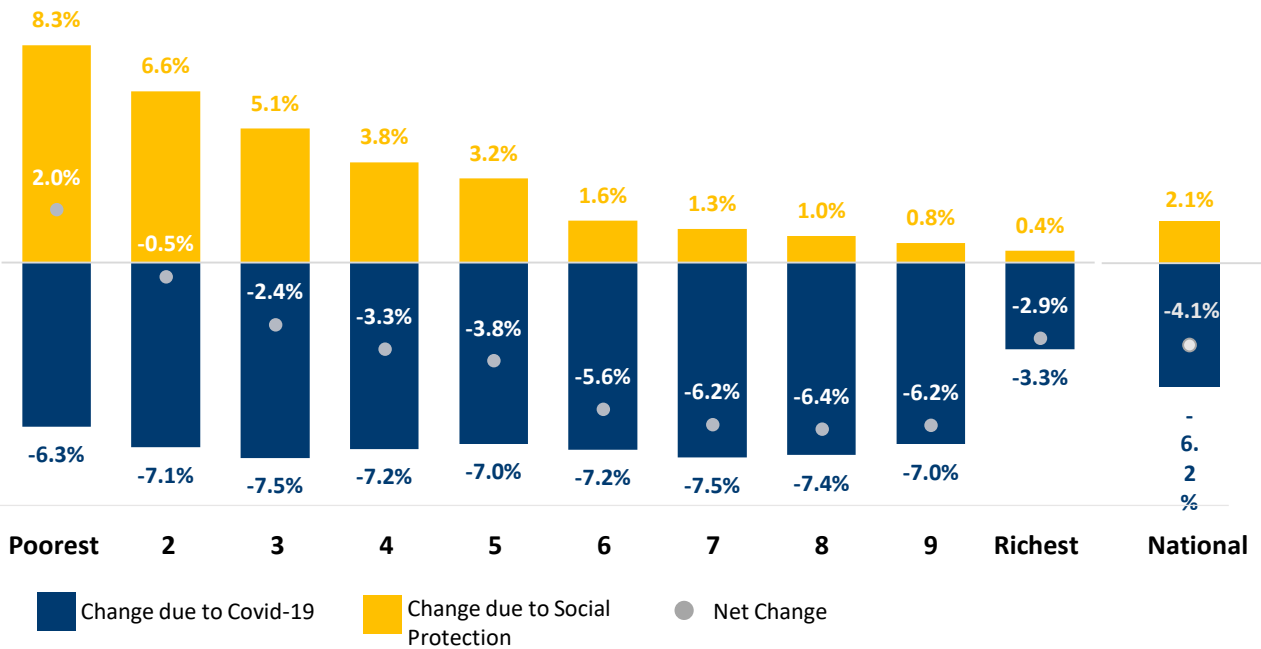
**Informal Workers:**  
Increasing from August '19, particularly in the category of 'work for family / not-paid'



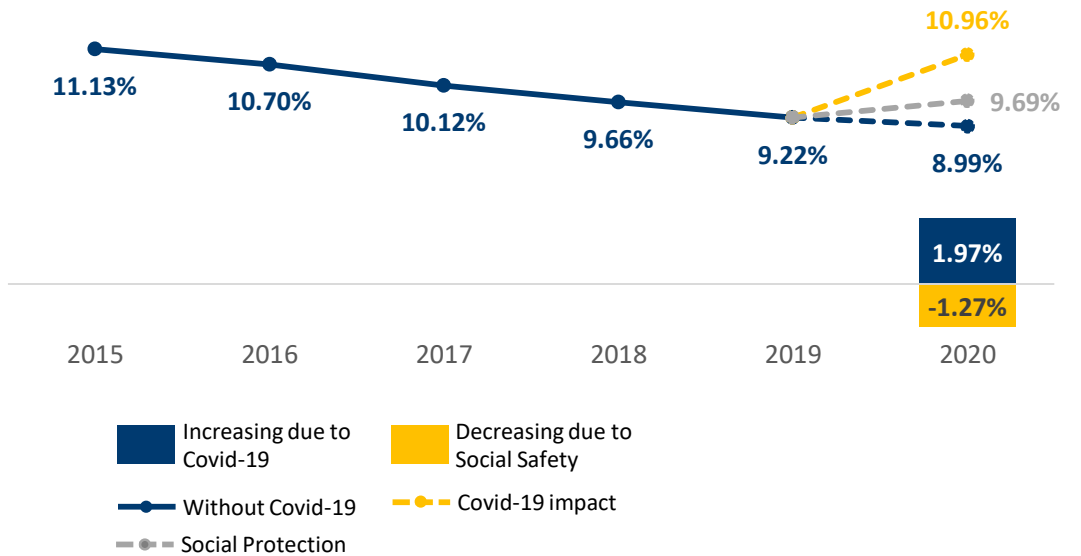
# SOCIAL PROTECTION PROGRAMME HAS A POSITIVE IMPACT ON THE CONSUMPTION OF THE POOR AND THE VULNERABLE

As of Q3-2020, social protection programme has become an effective cushion for 3.43 million people

Household Expenditure as the Impact of Covid-19 and Social Safety



Social Safety Program Could Slowdown the Impact on Covid-19 to Poverty



Source: BKF Calculation

Social Protection Disbursement as of 23 Dec:

**IDR217.99 T**

**Output realization**  
As of 23 December

Food assistance Jabodetabek **1.9 mil** Family

Cash transfer for non-PKH **9 mil** Family

Wage subsidy **12.4 mil** employees

Cash Transfer through Village Fund **8.04 mil** hhs

**PKH 10 mil** households (hhs)

Food Cards **19.4 mil** hhs

Rice Subsidies for PKH participants **10 mil** Family

Wage subsidy **1.95 mil** temporary teachers

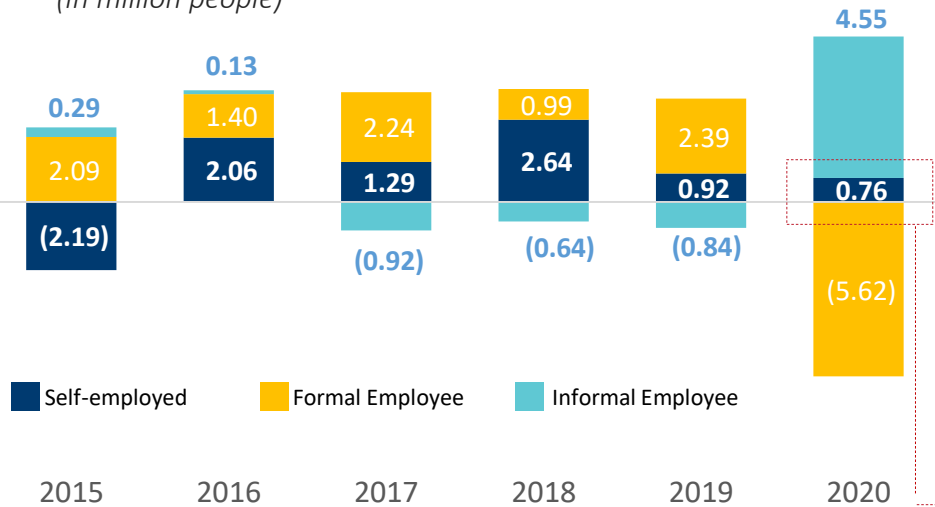
Cash Transfer Non-Jabodetabek **9.2 mil** Family

Pre-employment Card **5.6 mil** people

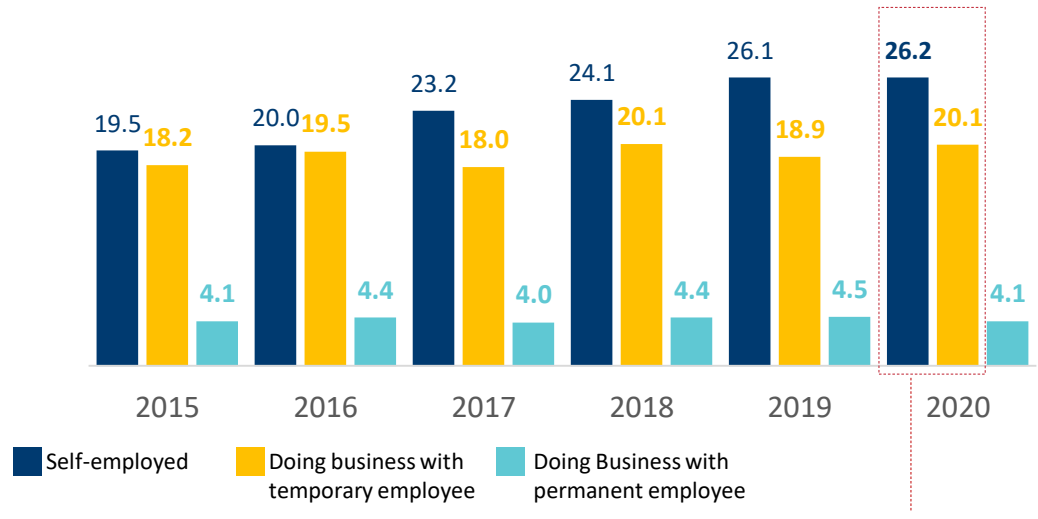
# PEN PROGRAM FOR MSMEs SUPPORTS THE NEWLY ESTABLISHED BUSINESSES IN THE TIME OF PANDEMIC

There are formal workers that switched to be informal employee or create new business

Employees that lost their jobs during the pandemic, switched to be informal employee or self-employed  
(in million people)



Indication of increasing numbers of MSMEs, especially in the informal sector  
(in million people)



Doing business with temporary employee

↑ 1.13  
Million people

Self-employed

↑ 40  
Thousand people

Source: Central Bureau of Statistics, processed

PEN Programme\*

**SUBSIDY  
&  
MSME's**

\*realization as of 23 December

\*\* Ministry of Agriculture data as of Nov 5<sup>th</sup>

Output realization

As of 23 December



Fertilizer subsidy  
7.2 million ton\*\*



Housing incentives  
12,904 unit



Interest subsidy for MSME loan  
22.18 (million debtors)



MSME credit guarantee  
761.04 (thousand debtors)



Electricity discount 31.4 million customers (household and MSME's)



Investment financing through LPDB 101 (thousand MSMEs)

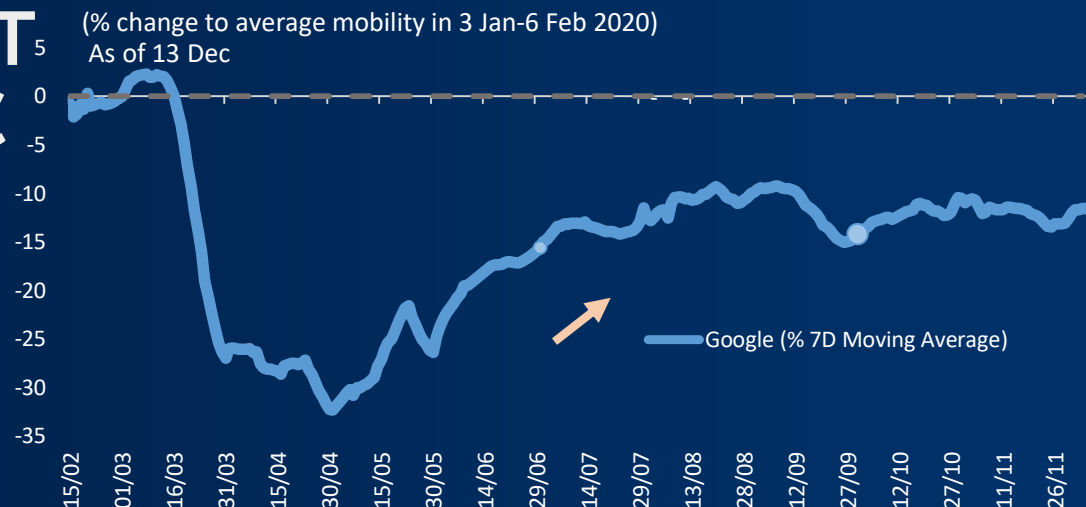


Assistance for micro enterprises  
12 (million micro enterprises)



# DEVELOPMENT OF ECONOMIC INDICATORS MOVING TOWARD RECOVERY

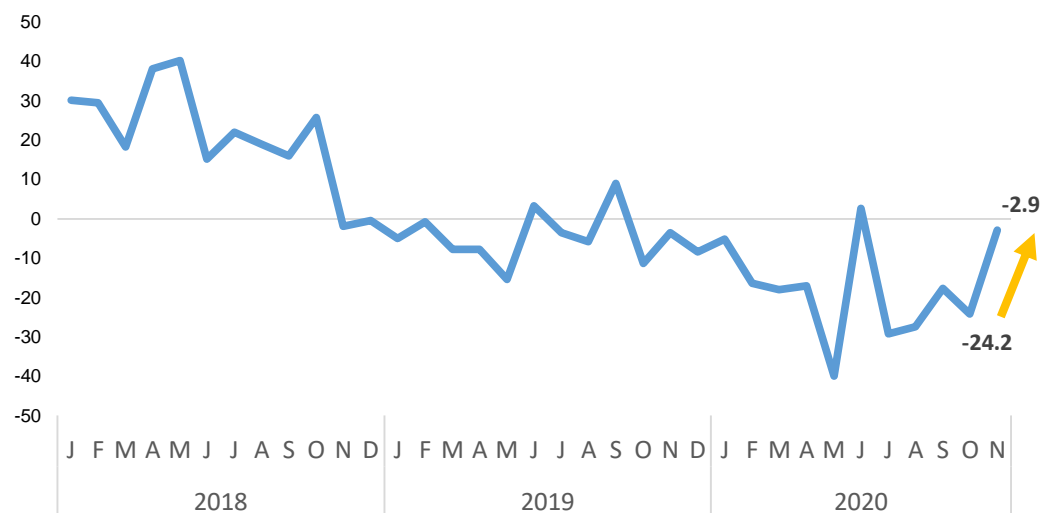
The recovery of community activities is shown by increasing activities outside the home



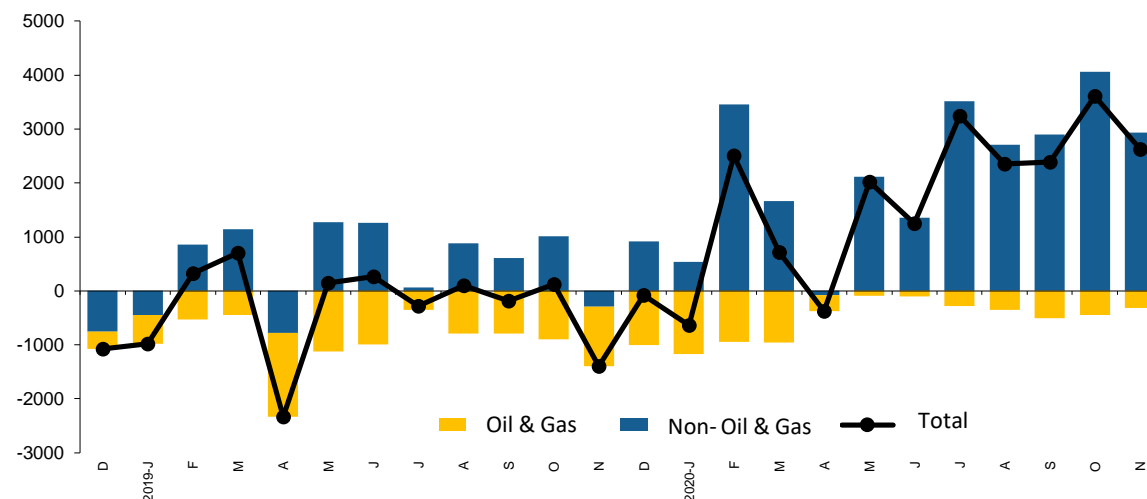
The Real Sales Index weakened again after experiencing improvement, indicating that private consumption has not fully recovered



Imports of capital goods show an improving direction, indicating a recovery pattern in investment



The trade balance is still in a surplus, reaching US \$ 19.68 billion in November (Cumulatively)

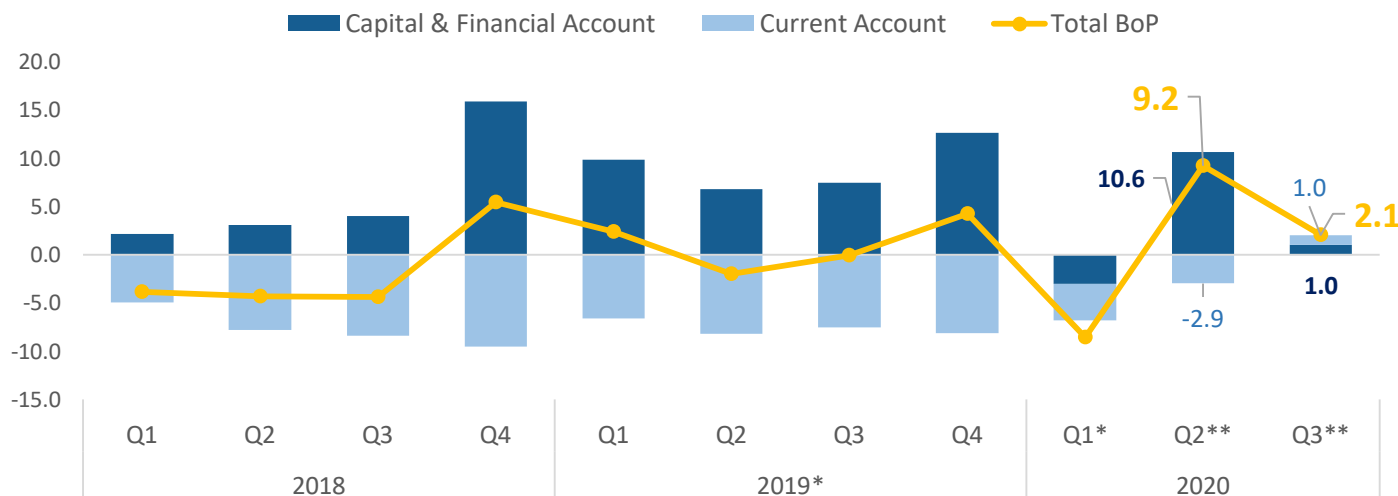




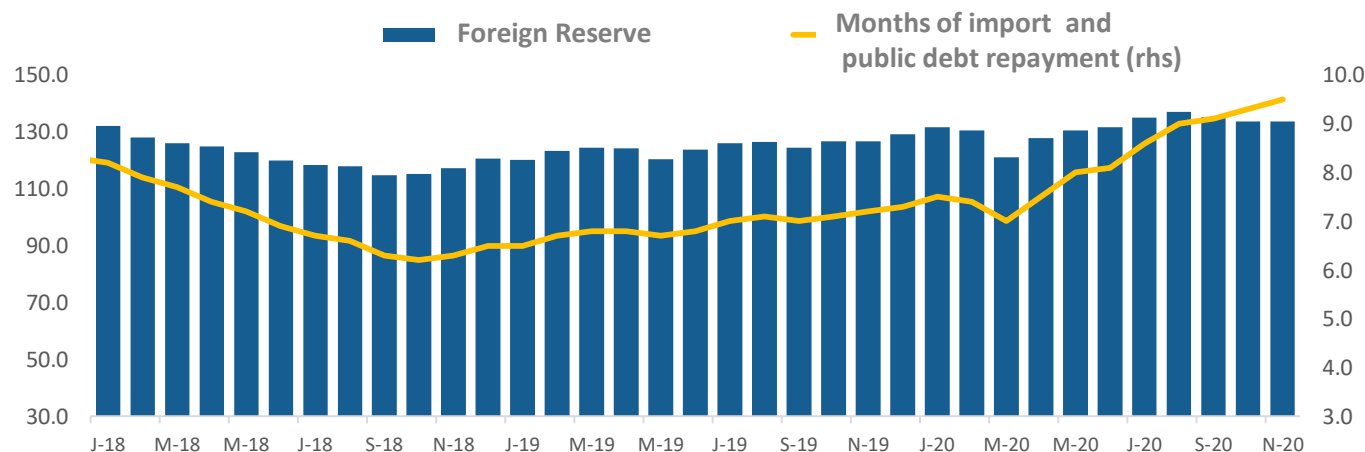
# BALANCE OF PAYMENT CONTINUED TO RECORD SURPLUS, SUPPORTED BY SURPLUS OF CURRENT ACCOUNT

BoP surplus in Q3-2020 was USD2.1 billion

Balance of Payment (USD Billion)



Foreign Reserve (USD Billion)



- BoP performance in Q3-2020 was quite well during pandemic, despite recording lower surplus compared to Q2 due to lower surplus of capital and financial account.
- Current account surplus in Q3-2020 was US\$1 billion (0.4% of GDP), improved compared to Q2 that posted deficit of 1.2% of GDP.
  - ✓ The performance was supported by increasing export, while import contracting. This was the first current account surplus since Q3-2011.
- Capital and financial balance surplus was US\$1 billion, lower compared to Q2.
  - ✓ FDI recorded surplus, but portfolio was deficit due to high uncertainty in global financial market amid pandemic.
- Foreign reserve was US\$135.2 billion, or higher compared to Q2.
  - ✓ Foreign reserve was adequate to finance 9.1 months of import and public debt repayment.
  - ✓ In October, foreign reserve slightly declined to US\$133.7 billion

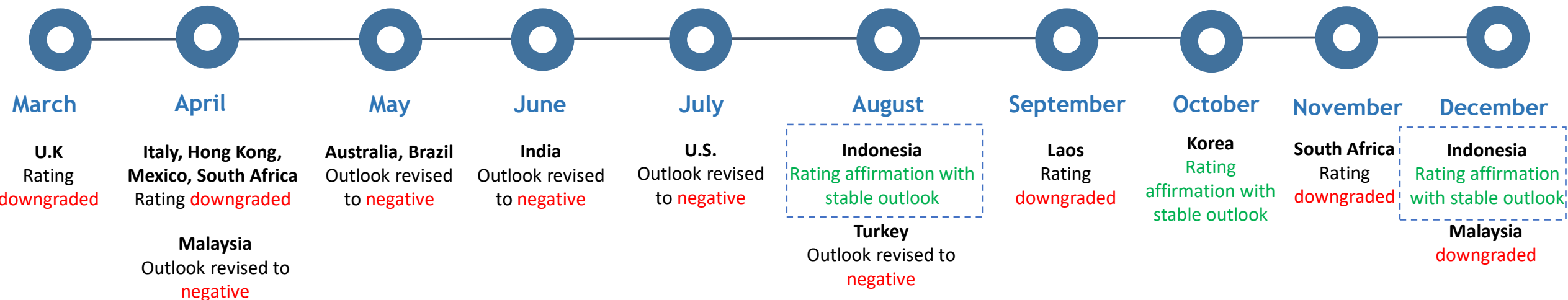


# INDONESIAN SOVEREIGN CREDIT RATING HAS BEEN STABLE IN THE PANDEMIC PERIOD

JCR Ratings has affirmed Indonesia's Sovereign Credit Rating at BBB with a stable outlook

During the Pandemic, the rating agencies has downgraded more than 100 sovereign ratings and revised the outlook for more than 120 sovereign ratings to "negative"

Source: Fitch



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

- The JCR ratings mainly reflect the country's solid domestic demand-led economic growth potential, restrained public debt, and resilience to external shocks supported by flexible exchange rate and monetary policies and accumulation of foreign exchange reserves.
- The ratings are constrained by its relatively high dependence on natural resources, the revenue base that remains small relative to the size of the economy, and the domestic financial system which is still in the process of financial deepening.





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# Fiscal Policy Updates

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



# COVID-19 IMPACTS AND COUNTERMEASURES

Government Law No.2 of 2020 Provides a Legal Basis to Take Extraordinary Steps in Tackling COVID-19



## Health and Mental Threats

- Infected
- Starving
- Death
- Triggering mental health issues (anxiety, fear, sadness)



## Disruption of Social & Economic Activity

- Losing source of income
- Declining purchasing power and consumption ability



## Disruption in Real Sector and Increased Risk in the Financial Sector

- Disruption in business activity (production, investment, and trade)
- Business is facing potential bankruptcy
- Increase in financing and banking nonperforming *loan*
- Liquidity and solvency issues in the financial sector (bank and nonbank)



## Health Measures

- Appoint dedicated hospital, emergency hospital, equipment support, and medical personnel support
- Testing and tracing
- *physical distancing, work and study from home, etc.*
- Large-scale Social Restriction (PSBB)



## Social Safety Net

- PKH improvement and expansion
- Basic food cards improvement and expansion
- Pre-Work Card expansion and flexibility
- Exemption from electricity bills
- Additional interest rate subsidy assistance



## Business Support

- Reducing import restriction (lartas) including manufacturing support, food and health/medical goods, acceleration of the export-import process, and improvement of services through the *National Logistics Ecosystem*
- Incentives and tax facility
- The National Economic Recovery Program through PMN, placement of Government investment, and/or guarantee activities
- Various policies and relaxation in the financial sector: BI, OJK, LPS, and the Government

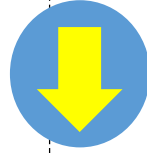


## 2020 BUDGET: FLEXIBLE, DYNAMIC, BUT REMAIN PRUDENT

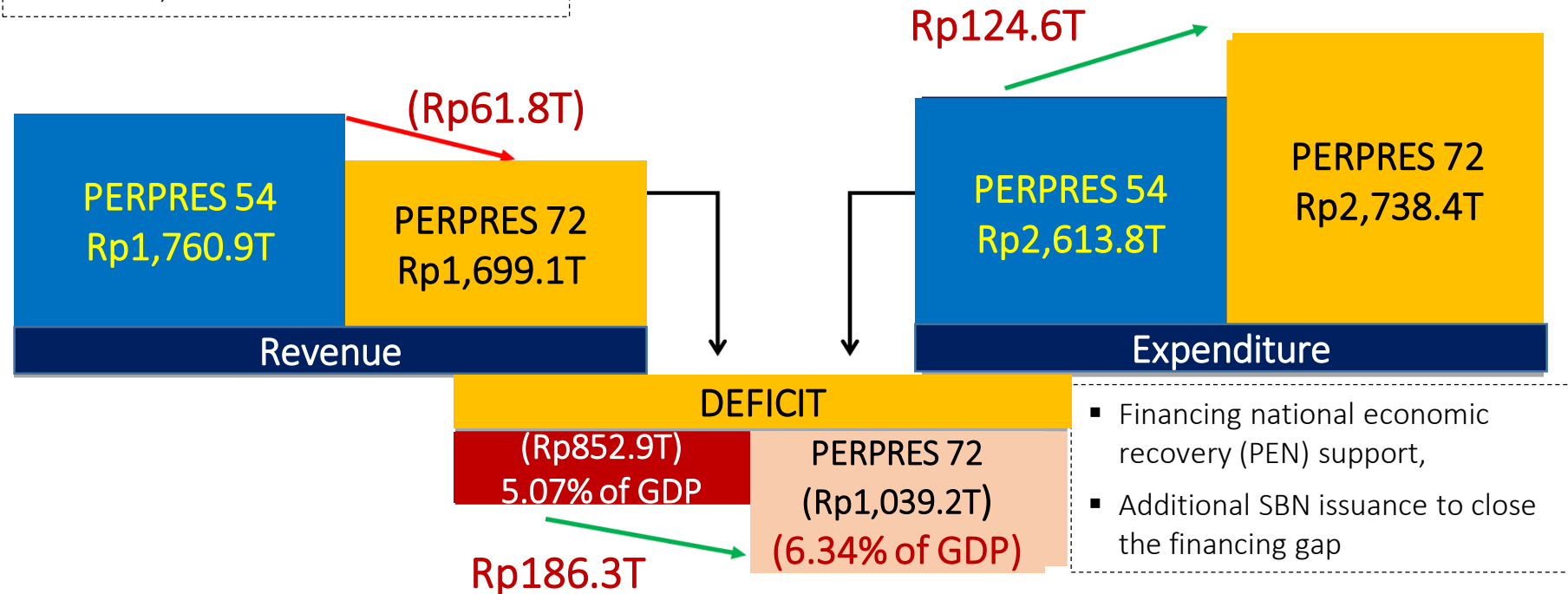
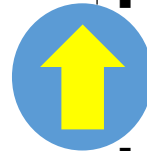
To support the acceleration of economic recovery, the deficit widened from 5.07% of GDP to 6.34% of GDP

### 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) IDR695.2 tn

Health	Social Protection	Sectoral & Regional Gov't	Business Incentives	SMEs	Corporate Financing
IDR97.26 tn	IDR234.33 tn	IDR65.97 tn	IDR120.61 tn	IDR114.81 tn	IDR62.22 tn
<p>To address the pandemic by ensuring the quality of treatment and accelerating the containment effort</p> <ul style="list-style-type: none"><li>■ Expenditure for Covid-19 Handling</li><li>■ Incentives for Paramedic</li><li>■ Death Compensation</li><li>■ National Health Insurance Fee</li><li>■ Covid-19 Task Force</li><li>■ Tax Incentives in Health</li><li>■ Reserve for Health Care and Vaccines</li><li>■ Vaccine and Social Assistance in 2021</li></ul>	<p>To protect the poor and the vulnerable as the most impacted group during pandemic:</p> <ul style="list-style-type: none"><li>■ Conditional Cash Transfer Program</li><li>■ Non Cash Food Assistance</li><li>■ Social Assistance</li><li>■ Pre-Working (unemployment benefit)</li><li>■ Electricity Discount</li><li>■ Cash Transfer through Village Fund</li><li>■ Internet Subsidy</li></ul>	<p>To empower sectoral and regional governments in responding COVID-19 pandemic</p> <ul style="list-style-type: none"><li>■ Line Ministries labor Intensive Program</li><li>■ Housing Incentives</li><li>■ Tourism</li><li>■ Regional Incentive Fund</li><li>■ Physical Special Allocation Fund</li><li>■ Regional Loan Facility</li><li>■ Assistance for Islamic Boarding Schools</li></ul>	<p>To provide cushion for impacted businesses through for example fiscal incentive</p> <ul style="list-style-type: none"><li>■ Individual income tax article 21 borne Gov't;</li><li>■ Import Tax Exemption on Import</li><li>■ Tax Deduction VAT Return</li><li>■ Reduction of Income Tax Installment</li></ul>	<p>To maintain sustainability of MSME as critical part of economic recovery</p> <ul style="list-style-type: none"><li>■ Interests Subsidy</li><li>■ Fund Placement</li><li>■ Guarantee Return</li><li>■ Working Capital Guarantee (Stop Loss)</li><li>■ Government-Borne Final Income Tax</li><li>■ Investment Financing to Cooperatives</li></ul>	<p>To ensure the financing availability for economic recovery phase</p> <ul style="list-style-type: none"><li>■ Labor Intensive-Fund Placement</li><li>■ State Equity Participation</li><li>■ Working Capital Investment Rp29.65T</li></ul>

Source: Ministry of Finance



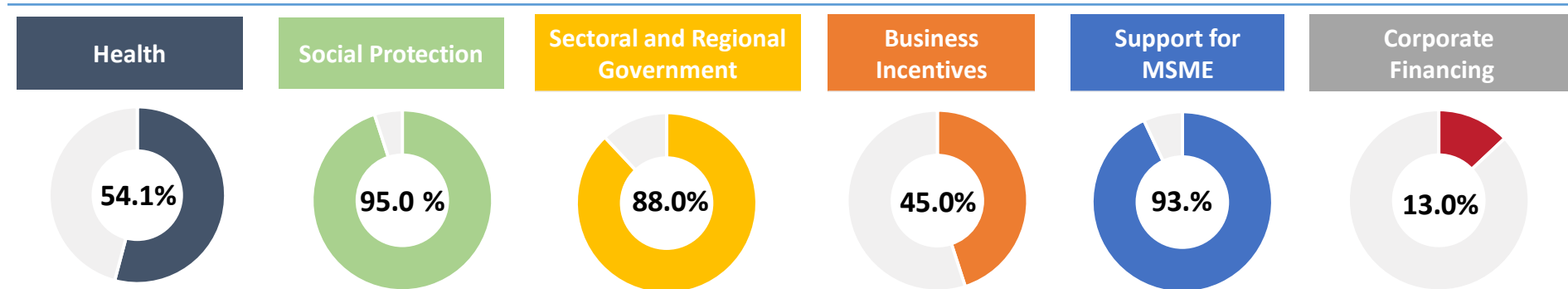
# NATIONAL ECONOMIC RECOVERY PROGRAM (PEN)

## Acceleration of Realization and Implementation of the COVID-19 Relief Package

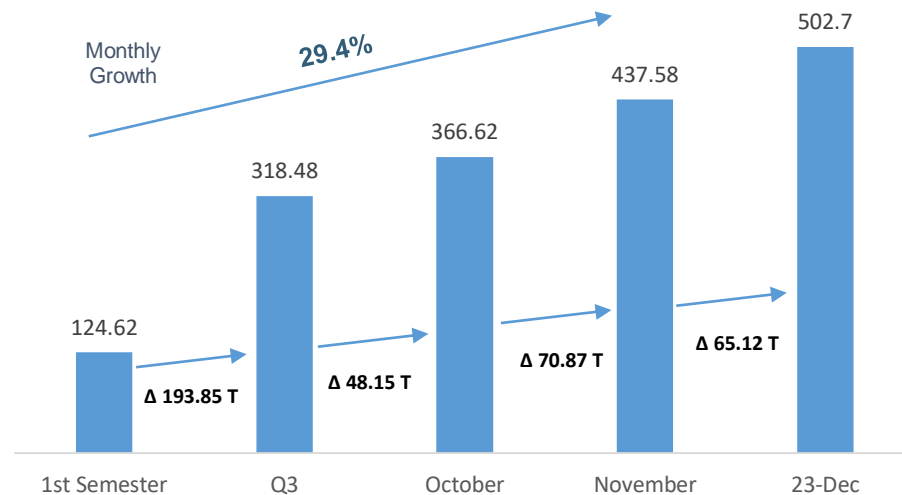
### PEN Realization as of 23<sup>th</sup> Dec 2020 (%)

Budget  
**IDR 695.2 Tn**

Realization  
**IDR 502.7 Tn**  
(72.3% of budget)



### Trend of PEN Fund Absorption (IDR tn)



- Despite just starting in April, the absorption of National Economic Recovery (PEN) has reached 72.3%The realization.
- The social protection and support for MSME realization have been effectively executed.
- The government will accelerate the PEN progress to reach 100% realization.
- The PEN program drives the accelerated government spending in Q4.
- State Equity Participation (PMN) disbursement and SOEs' Loans will encourage the realization of PEN at the end of the year.



# ADDITIONAL SOURCE OF FUNDING FOR ECONOMIC RECOVERY PROGRAM:

MoF & BI have developed burden sharing scheme

## IMPACT OF COVID Rp903.46 T (USD62.8 B)

**Public Goods**  
Rp397.56T  
(USD27.32 B)



**HEALTH**  
Rp87.55 T (USD6.02 B)



**SOCIAL PROTECTION**  
Rp203.90 (USD14.01 B)



**SECTORAL AND LOCAL GOVT**  
Rp106.11 (USD7.29 B)

**Non Public Goods**  
Rp505.90  
(USD34.76 B)



**MSMEs**  
Rp123.46 (USD8.48 B)



**CORPORATES NON MSMEs**  
Rp53.57 (USD3.68 B)



**OTHERS**  
Rp328.87 (USD22.60)

## 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

### 3. Other Non-Public Goods

Government borne entirely at the market rate

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

## 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)





KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

# 2020 Budget Realization As of November 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)



## MACRO ECONOMIC INDICATOR

Economic recovery momentum continue to accelerated, supported by the central government budget

INDICATOR	State Budget	2020	
		Pres. Regulation 72	Up to Nov
Economic Growth	5.3	0.5	-2.03
(%, yoy)			
Inflation	3.1	3.0	1.23 (ytd)
(%, yoy)			1.59 (yoy)
Exchange Rates	14,400	15,300	14,152(eop)*
(Rp/US\$)			14,588(ytd)*
3-month treasury bill yield	5.4	4.5	2.99 (eop)**
(%)			3.21 (ytd)**
ICP (Oil Price)	63	33	40.67(eop)
(US\$/Barrel)			39.78 (ytd)
Oil Lifting	755	705	689.7 (eop)***
(thousand barrel per day)			704.5 (ytd)
Gas lifting	1,191	992	915.7 (eop)***
(thousand barrel – equal oil per day)			981.3 (ytd)

\*as of December 17<sup>th</sup> 2020 \*\*as of Desember 1<sup>st</sup> 2020 \*\*\*up to October 2020

### Economic Indicator Progress 2020

- **Economic Growth:** Economic growth in Q3 2020 grew by -3.49% (YoY), from -5.32% (YoY) in previous quarter. The GDP growth up to Q3 2020 posted -2.03%.
- **Inflation:** Inflation continue to improved, driven by rising food prices due to less supply, and by increasing demand.
- **Exchange Rates:** Rupiah (ytd) strengthened in the end of November compared to late October 2020. However, the Rupiah still **depreciated by 1.85%** compared to the exchange rate at the beginning of 2020.
- **3-month treasury bill yield:** Weighted average yield for 3-month treasury bill was recorded at 3.22% (ytd). The latest auction in December 1<sup>st</sup> posted yield of 2.99%.
- **ICP :** Oil price movement was influenced by positive sentiment from vaccine development progress and OPEC+ policy which regulate the production until Q1 2021, amid the escalating cases of Covid-19
- **Oil and Gas Lifting:** Until October 2020, Oil and gas lifting was recorded at 704.5 bopd and 981.3 boepd (in average).





## 2020 BUDGET REALIZATION AS OF NOVEMBER 2020

	2019			2020					
	Budget	Realization of November 30	% of Budget	Budget	Perpres 72/2020	Realization of November 30	% of Budget	% of Perpres 72/2020	Growth (%)
<b>Revenue</b>	<b>2165.1</b>	<b>1676.7</b>	<b>77.4</b>	<b>2233.2</b>	<b>1699.9</b>	<b>1423.0</b>	<b>63.7</b>	<b>83.7</b>	<b>(15.1)</b>
<b>Taxation Revenue</b>	<b>1786.4</b>	<b>1312.4</b>	<b>73.5</b>	<b>1865.7</b>	<b>1404.5</b>	<b>1108.8</b>	<b>59.4</b>	<b>78.9</b>	<b>(15.5)</b>
Tax Revenue	1577.6	1136.13	72.0	1642.6	1198.8	925.34	56.3	77.2	(18.55)
Custom and Excise	208.8	176.2	84.4	223.1	205.7	183.5	82.2	89.2	4.1
Non Tax Revenue	378.3	362.7	95.9	367.0	294.1	304.9	83.1	103.7	(15.9)
<b>Grant</b>	<b>0.4</b>	<b>1.6</b>	<b>356.3</b>	<b>0.5</b>	<b>1.3</b>	<b>9.3</b>	<b>1861.4</b>	<b>714.1</b>	<b>498.5</b>
<b>Expenditure</b>	<b>2461.1</b>	<b>2046.6</b>	<b>83.2</b>	<b>2540.4</b>	<b>2739.2</b>	<b>2306.7</b>	<b>90.8</b>	<b>84.2</b>	<b>12.7</b>
<b>Central Government Expenditure</b>	<b>1634.3</b>	<b>1293.6</b>	<b>79.2</b>	<b>1683.2</b>	<b>1975.2</b>	<b>1558.7</b>	<b>92.6</b>	<b>78.9</b>	<b>20.5</b>
Ministerial Expenditure	855.4	718.3	84.0	909.6	836.4	852.2	93.7	101.9	18.6
Non Ministerial Expenditure	778.9	575.3	73.9	773.9	1138.9	706.5	91.3	62.0	22.8
<b>Regional Transfer and Village Fund</b>	<b>826.8</b>	<b>752.9</b>	<b>91.1</b>	<b>856.9</b>	<b>763.9</b>	<b>748.0</b>	<b>87.3</b>	<b>97.9</b>	<b>(0.7)</b>
Regional Transfer	756.8	689.2	91.1	784.9	692.7	682.9	87.0	98.6	(0.9)
Village Fund	70.0	63.7	91.0	72.0	71.2	65.1	90.4	91.4	2.2
<b>Primary Balance</b>	<b>(20.1)</b>	<b>(102.3)</b>	<b>508.5</b>	<b>(12.0)</b>	<b>(700.4)</b>	<b>(582.7)</b>	<b>4851.0</b>	<b>83.2</b>	<b>469.8</b>
<b>Surplus/(Deficit)</b>	<b>(296,0)</b>	<b>(369.9)</b>	<b>125.0</b>	<b>(307.2)</b>	<b>(1039.2)</b>	<b>(883.7)</b>	<b>287.6</b>	<b>85.0</b>	<b>138.9</b>
to GDP	(1.84)	(2.34)		(1.76)	(6.34)	(5.60)			
<b>Financing</b>	<b>296,0</b>	<b>421.5</b>	<b>142.4</b>	<b>307.2</b>	<b>1039.2</b>	<b>1104.8</b>	<b>359.6</b>	<b>106.3</b>	<b>162.1</b>
<b>Surplus (Deficit) Budget Financing</b>		<b>51.6</b>				<b>221.1</b>			



## TAX REVENUE

Tax revenue in November was improved, even though remains under pressured

Tax Revenue (in IDR trillion)	2019			2020			
	State Budget	Realization as of 30 Nov	% to budget	Budget Presidential Reg. 72/2020	Realization as of 30 Nov	% to budget	Growth (%)
<b>Tax Revenue</b>	<b>1,577.6</b>	<b>1,136.1</b>	<b>72.0</b>	<b>1,198.8</b>	<b>925.3</b>	<b>77.2</b>	<b>(18.6)</b>
1. Income Tax from Oil & Gas	66.2	52.8	79.8	31.9	29.2	91.5	(44.8)
2. Income Tax from Non-Oil & Gas	1,511.4	1,083.3	71.7	1,167.0	896.2	76.8	(17.3)
a. Income Tax from Non-Oil&Gas	828.3	615.8	74.3	638.5	492.6	77.1	(20.0)
b. VAT	655.4	441.2	67.3	507.5	378.8	74.6	(14.1)
c. Property Tax	19.1	20.4	106.8	13.4	19.1	142.1	(6.4)
d. Other Taxes	8.6	6.0	69.4	7.5	5.7	76.7	(3.9)
<b>Custom &amp; Excise</b>	<b>208.8</b>	<b>176.2</b>	<b>84.4</b>	<b>205.7</b>	<b>183.5</b>	<b>89.2</b>	<b>4.1</b>
1.Excise	165.5	139.5	84.3	172.2	151.1	87.8	8.4
2. International Tax	43.3	36.8	84.9	33.5	32.4	96.7	(12.0)
a.Import Duty	38.9	33.6	86.4	31.8	29.1	91.3	(13.5)
b. Export Duty	4.4	3.2	71.9	1.7	3.3	199.9	3.9
<b>Total Revenue</b>	<b>1,786.4</b>	<b>1,312.4</b>	<b>73.5</b>	<b>1,404.5</b>	<b>1,108.8</b>	<b>78.9</b>	<b>(15.5)</b>

- Tax revenue was improved, grew by 29% month-to-month
- Utilization of tax incentive and tax refund still in increasing trend
- Custom & Excise revenue is projected reach above the target, supported by export duty and excise

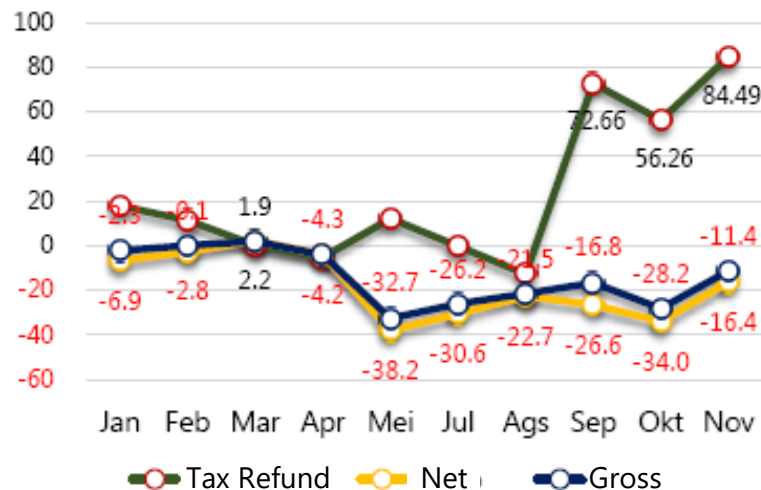


## NET TAX REVENUE JANUARY - NOVEMBER

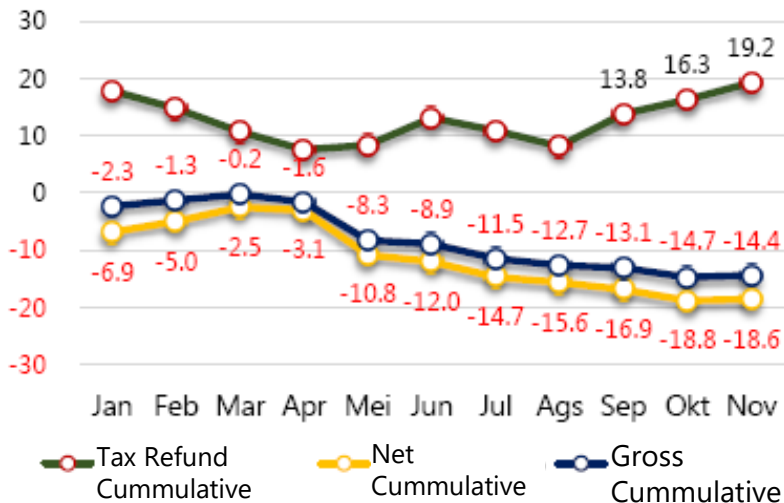
Even though still in contracted zone; domestic VAT, Import VAT and Corporate Income Tax shown an improvement, while the Personal Income Tax have positive growth

Description (Tax Revenue in IDR Trillion)	State Budget 2020	Presidential Reg. 72/2020	Realization Jan - Nov		% change		% to budget	
			2019	2020	2019	2020	State Budget 2020	Presidential Reg. 72/2020
Income Tax from Non Oil and Gas	872.48	638.52	615.77	492.57	4.07%	-20.01%	56.46%	77.14%
VAT and Tax on luxury goods	685.87	507.52	441.18	378.77	-4.07%	-14.15%	55.22%	74.63%
Property tax and other taxes	26.79	20.93	26.37	24.84	4.21%	-5.80%	92.72%	118.70%
Income Tax from Oil and Gas	57.43	31.86	52.81	29.16	-11.65%	-44.78%	50.78%	91.54%
<b>Total Income Tax Non Oil and Gas</b>	<b>1,585.14</b>	<b>1,166.96</b>	<b>1,083.33</b>	<b>896.18</b>	<b>0.60%</b>	<b>-17.28%</b>	<b>56.54%</b>	<b>76.80%</b>
<b>Total</b>	<b>1,642.57</b>	<b>1,198.82</b>	<b>1,136.13</b>	<b>925.34</b>	<b>-0.05%</b>	<b>-18.55%</b>	<b>56.33%</b>	<b>77.19%</b>

Gross Monthly Revenue Growth (% , yoy)



Cummulative Revenue Growth (% , yoy)

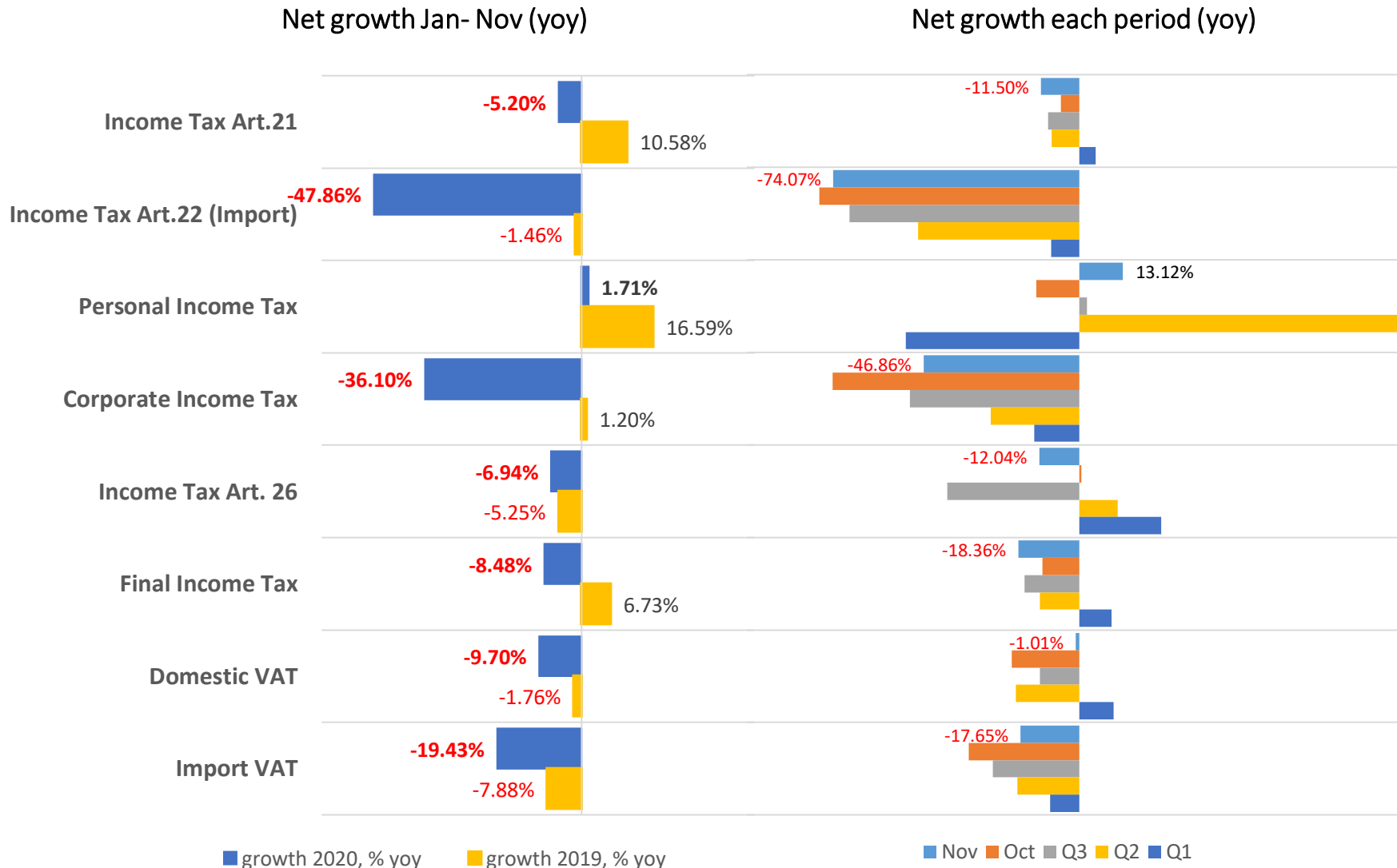


- Tax revenue in November continue to improve, indicated by limited recovery in major of main tax type and main business sector.
- Net growth remains under pressured due to high tax refund. Accelerated refund was increased by 98.9% in November



## TAX REVENUE BY TYPE

The improvement in tax revenue was supported by better performance of several type of tax



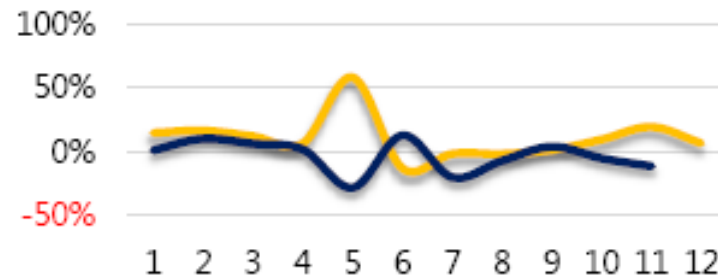
- **Income Tax Article 21, 22 (import), Personal Income Tax and Corporate Income tax** was affected by the fiscal incentive utilization. However, the performance of Personal and Corporate Income tax are getting better in November.
- **Domestic VAT** is improving after the relaxation of the mobility restriction (PSBB) in October.
- **Import VAT in Q3** signaled positive improvement in import supply and production activity



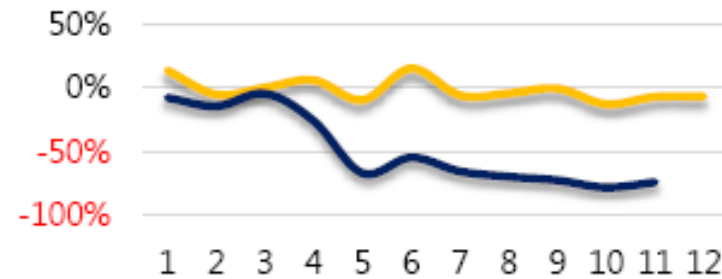
## REVENUE REALIZATION BY TYPE MONTHLY (GROSS)

Several type of tax began to recover as the economic activities resume, and the effective implementation of measures taken

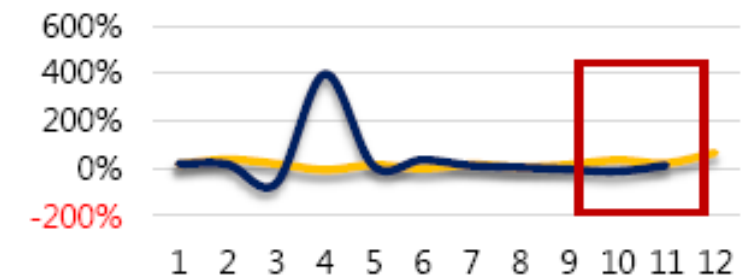
**Income Tax Art. 21**



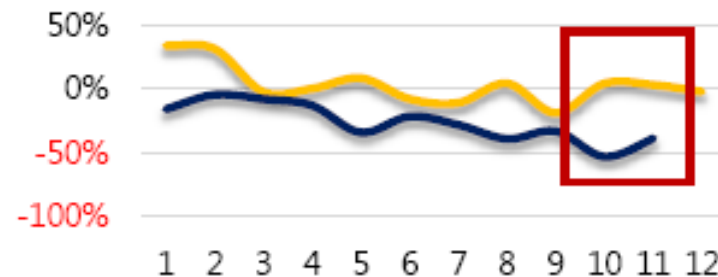
**Import Income Tax Art 22**



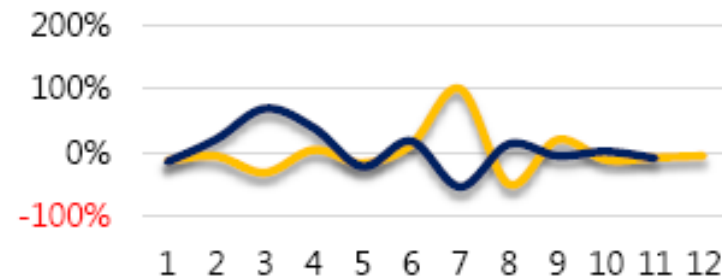
**Personal Income Tax**



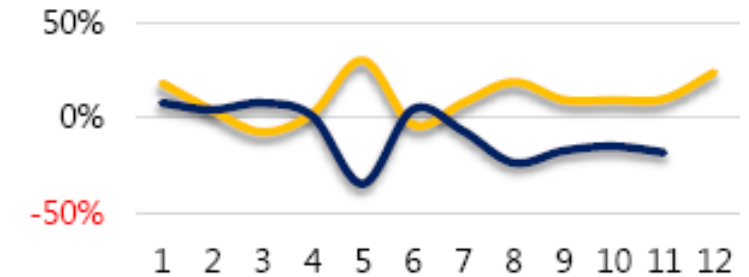
**Corporate Income Tax**



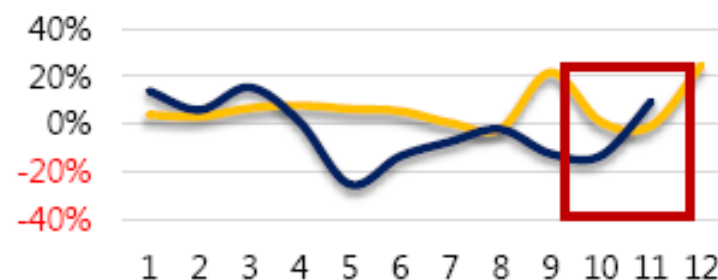
**Income Tax Art. 26**



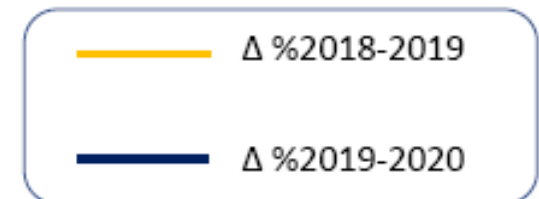
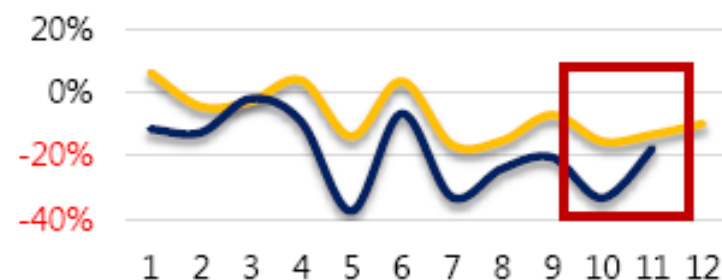
**Final Income Tax**



**Domestic VAT**



**Import VAT**

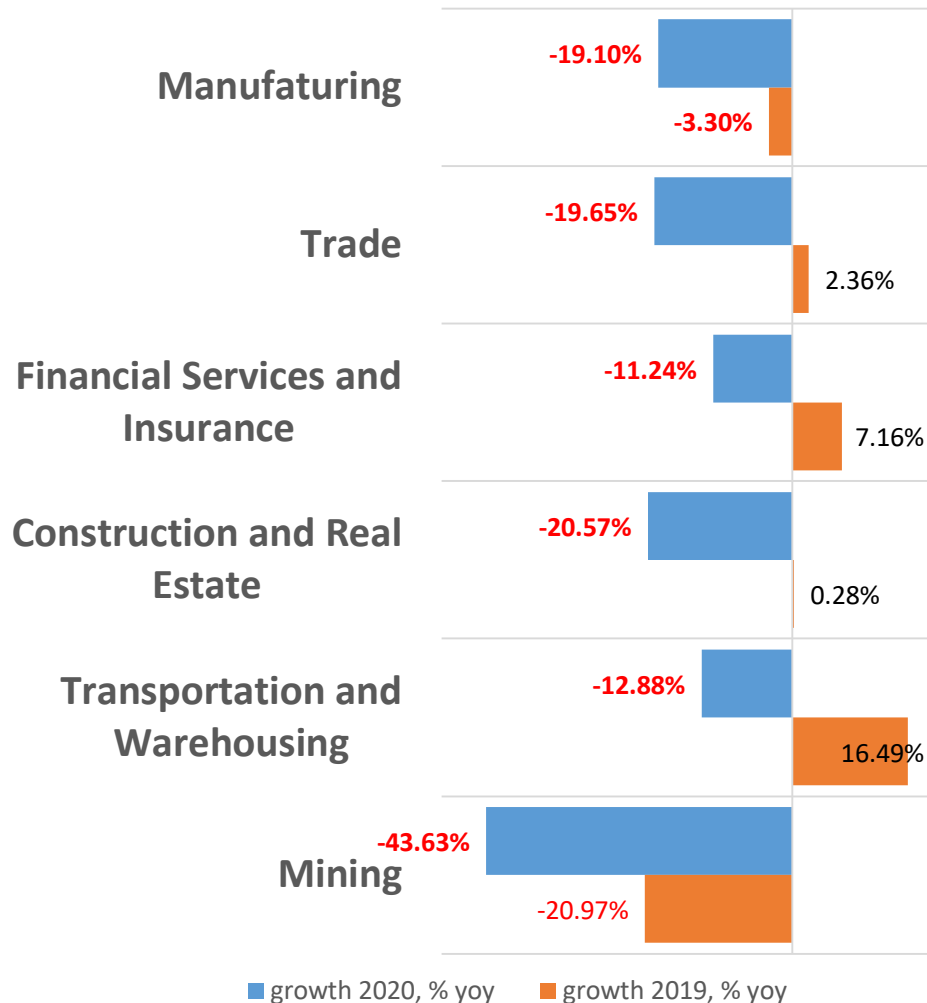




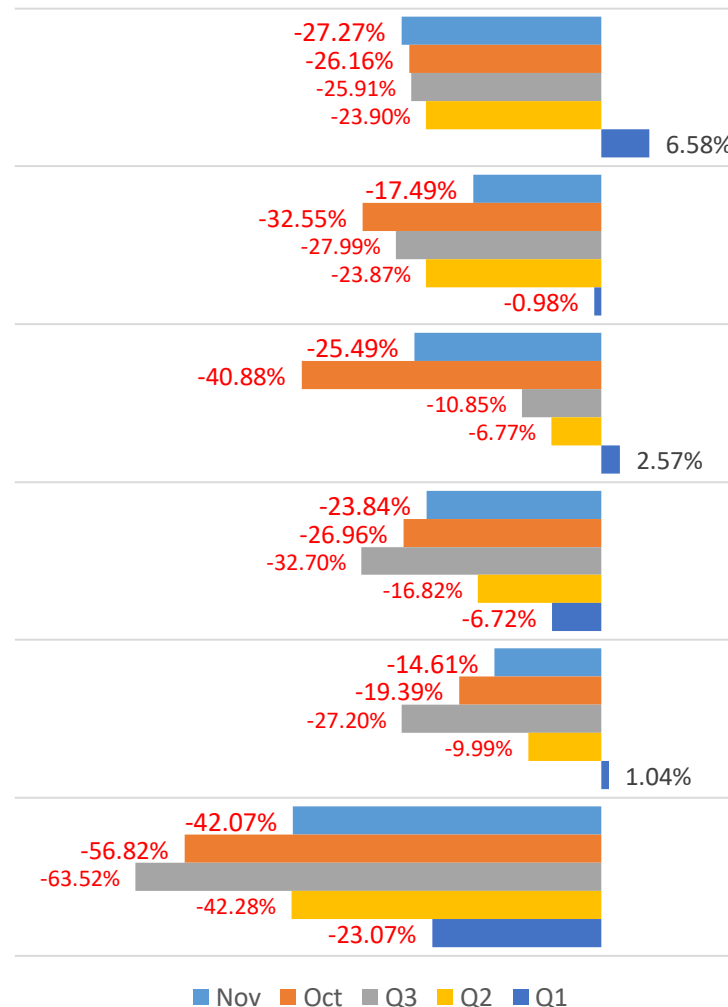
## REVENUE REALIZATION BY SECTOR

The recovery continue but still limited, indicated by the better performance in several main sector along the increasing of economic activity after the relaxation of mobility restriction in October

Net growth Jan- Nov (yoy)



Net growth each period (yoy)

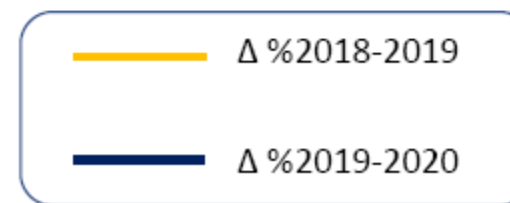
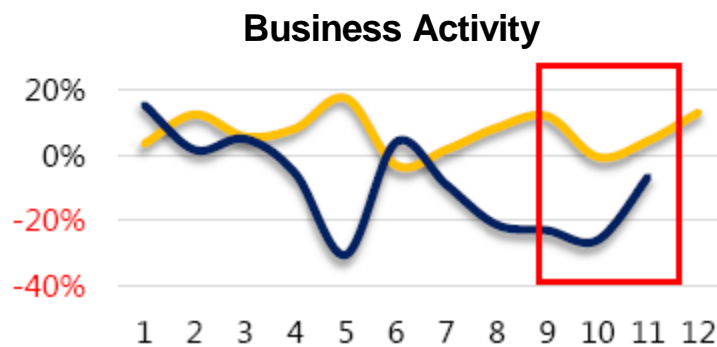
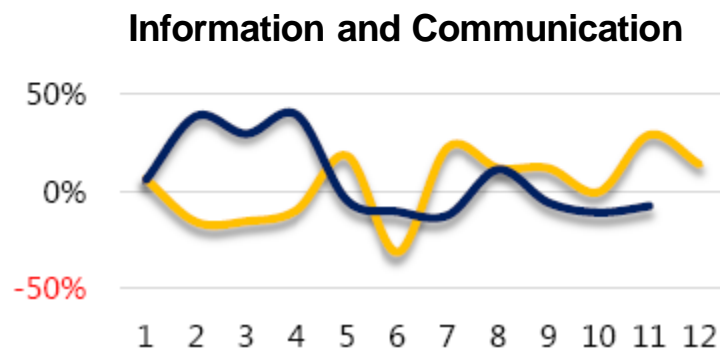
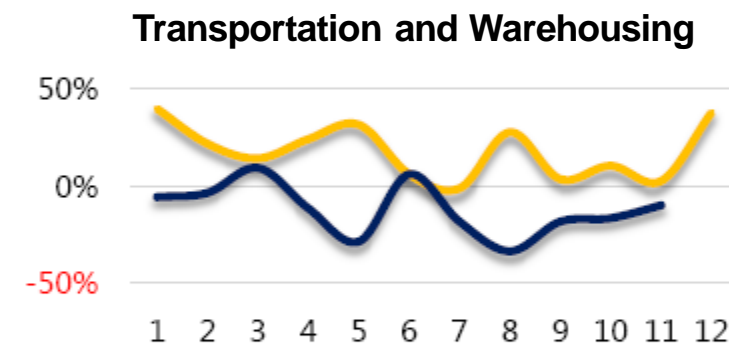
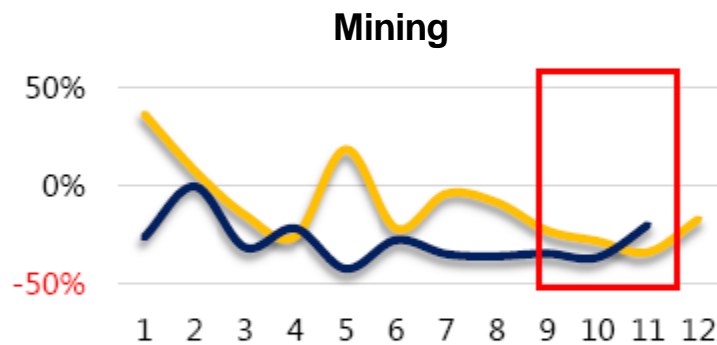
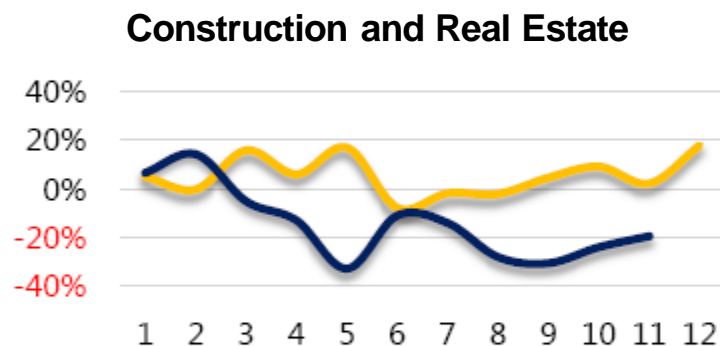
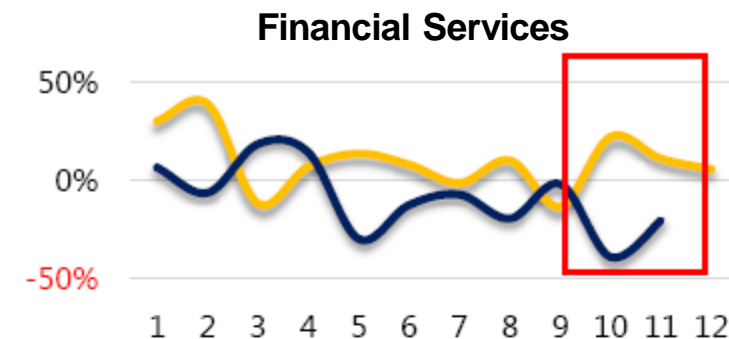
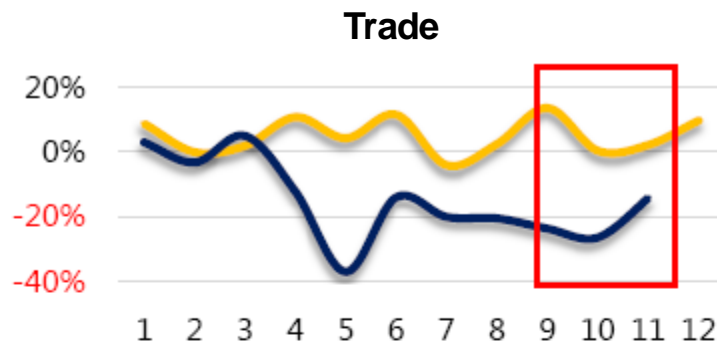
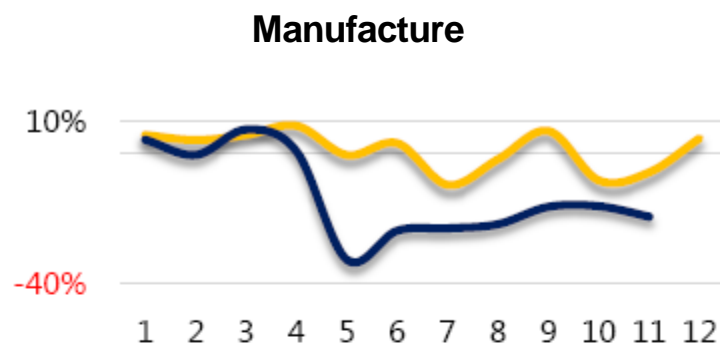


- The effect of relaxation on mobility restriction has captured in **trade sector** performance, however the **manufacturing sector** was remain weak . Import activity and domestic VAT has perform better compare to manufacturing sector.
- The **financial services** performance was improved in November due to the payment of tax assessment, meanwhile the routine payment still weak along the weak credit.
- The **transportation and warehousing** sector performance was improved due to better people mobility and business activity



## REVENUE REALIZATION BY SECTOR MONTHLY (GROSS)

The pressure on major main sector has eased, however the recovery is still limited



## CUSTOMS AND EXCISE REVENUE UNTIL NOVEMBER 2020

Revenue realization reached 183.49 T, grew by 4.12% driven by excise and export duty

In trillion rupiah

No.	Revenue Type	Perpres 72 Target	Realization		Growth (y-o-y, %)		% Achievement
			2019	2020	2019	2020	
1	IMPORT DUTY	31.83	33.59	29.06	-5.04%	-13.48%	91.30%
2	EXCISE	172.20	139.46	151.12	13.10%	8.36%	87.76%
	Tobacco Products	164.94	133.08	146.03	13.03%	9.74%	88.53%
	Ethyl Alcohol	0.15	0.11	0.23	-12.70%	104.83%	148.61%
	MMEA	7.10	6.20	4.79	15.49%	-22.62%	67.53%
	Excise Administration Fines	-	0.06	0.05	-11.82%	-13.59%	-
	Other Excise	-	0.01	0.01	25.68%	-22.08%	-
	Plastic	-	0.00	0.00	0.00%	0.00%	-
3	EXPORT DUTY	1.65	3.18	3.30	-49.62%	-3.87%	199.87%
	<b>TOTAL</b>	<b>205.68</b>	<b>176.23</b>	<b>183.49</b>	<b>6.90%</b>	<b>4.12%</b>	<b>89.21%</b>
	Import VAT		155.75	125.50	-7.88%	-19.43%	
	Imported Import Duty VAT		4.37	2.81	13.96%	-35.74%	
	Import Income Tax Art 22		44.32	25.71	-1.46%	-47.86%	
	Total of other taxes for import		209.44	154.02	-6.06%	-26.46%	
	<b>TOTAL OF CUSTOMS &amp; EXCISE AND TAXATION</b>		<b>385.67</b>	<b>337.50</b>	<b>0.55%</b>	<b>-12.49%</b>	

Source: Ministry of Finance, retrieved December 11, 2020

- DG. of Customs and Excise revenue realization **IDR 183.49 T (89.21% of Perpres 72 Target)**
- Revenue grew by **▲ 4.12%**
- Growth driven by **excise** revenue ( **▲ 8.36%** )



## NON-TAX REVENUE REALIZATION EXCEED THE TARGET

Revenue from Oil and Gas, Separated Asset and Public Service Agency (BLU) go beyond 100% of target

Non-Tax Revenue (trillion rupiah)	2019				2020			
	Budget	Realization 30 Nov	% Budget	% Growth	Perpres 72/ 2020	Realization 30 Nov	% Perpres 72/ 2020	% Growth
Natural Resources	190.8	137.1	71.9	(10.6)	79.1	88.8	112.2	(35.3)
Oil and Gas	159.8	107.0	67.0	(10.4)	53.3	64.1	120.3	(40.0)
Non Oil and Gas	31.0	30.1	97.2	(11.2)	25.8	24.6	95.5	(18.2)
Separated State Asset	45.6	76.7	168.1	70.2	65.0	66.0	101.6	(13.8)
Other Non-Tax Revenue	94.1	107.0	113.7	0.9	100.1	92.9	92.9	(13.1)
Public Service Agency (BLU)	47.9	42.0	87.7	(9.4)	50.0	57.2	114.3	36.1
Non-Tax Revenue	378.3	362.7	95.9	3.4	294.1	304.9	103.7	(15.9)

- Natural Resource Non Tax Revenue proceed more than the target on Perpres 72/2020 (112.2%)
  - Oil and Gas revenue reached IDR64.1 T or 120.3% of Perpres 2/2020, supported by to high commodity price (ICP) (Des-19 – Nov 20 USD41.98/barrel).
  - The revenue from Non Oil and Gas booked IDR24.6 T or 95.5% of Perpres 72/2020, due to volume of production and price (Gold USD1800 per ounce, Copper USD6600/MT).
- Separated State Asset posted IDR66.0 T revenue or 101.6% of target. BI surplus reached IDR21.5T and State-Owned Enterprise dividend amounting IDR44.6T.
- Revenue from the Public Services Agency (BLU) shown an outstanding performance, reached 114.3% of Perpres 72/2020, mainly supported by the revenue from Oil Palm Plantation and Health services.



## CUSTOMS AND EXCISE REVENUE UNTIL OCTOBER 2020

Revenue realization reached 164.01 T, grew by 5.53% driven by excise revenue

In trillion rupiah

No.	Revenue Type	Perpres 72 Target	Realization		Growth (y-o-y, %)		% Achievement
			2019	2020	2019	2020	
1	IMPORT DUTY	31.83	30.16	26.39	-6.25%	-12.49%	82.90%
2	EXCISE	172.20	122.40	134.92	15.29%	10.23%	78.35%
	Tobacco Products	164.94	116.83	130.53	15.36%	11.72%	79.14%
	Ethyl Alcohol	0.15	0.10	0.22	-11.36%	112.07%	141.47%
	MMEA	7.10	5.40	4.11	14.27%	-23.75%	57.96%
	Excise Administration Fines	-	0.05	0.05	50.99%	-2.75%	-
	Other Excise	-	0.01	0.01	29.86%	-26.01%	-
	Plastic	-	0.00	0.00	0.00%	0.00%	-
3	EXPORT DUTY	1.65	2.87	2.70	-49.62%	-5.93%	163.12%
	<b>TOTAL</b>	<b>205.68</b>	<b>155.42</b>	<b>164.01</b>	<b>7.92%</b>	<b>5.53%</b>	<b>79.74%</b>
	Import VAT		140.68	113.08	-7.25%	-19.61%	
	Imported Import Duty VAT		3.97	2.54	14.98%	-36.10%	
	Import Income Tax Art 22		44.98	24.59	-0.91%	-45.34%	
	Total of other taxes for import		189.63	140.21	-5.43%	-26.06%	
	<b>TOTAL OF CUSTOMS &amp; EXCISE AND TAXATION</b>		<b>345.05</b>	<b>304.22</b>	<b>0.15%</b>	<b>-11.83%</b>	

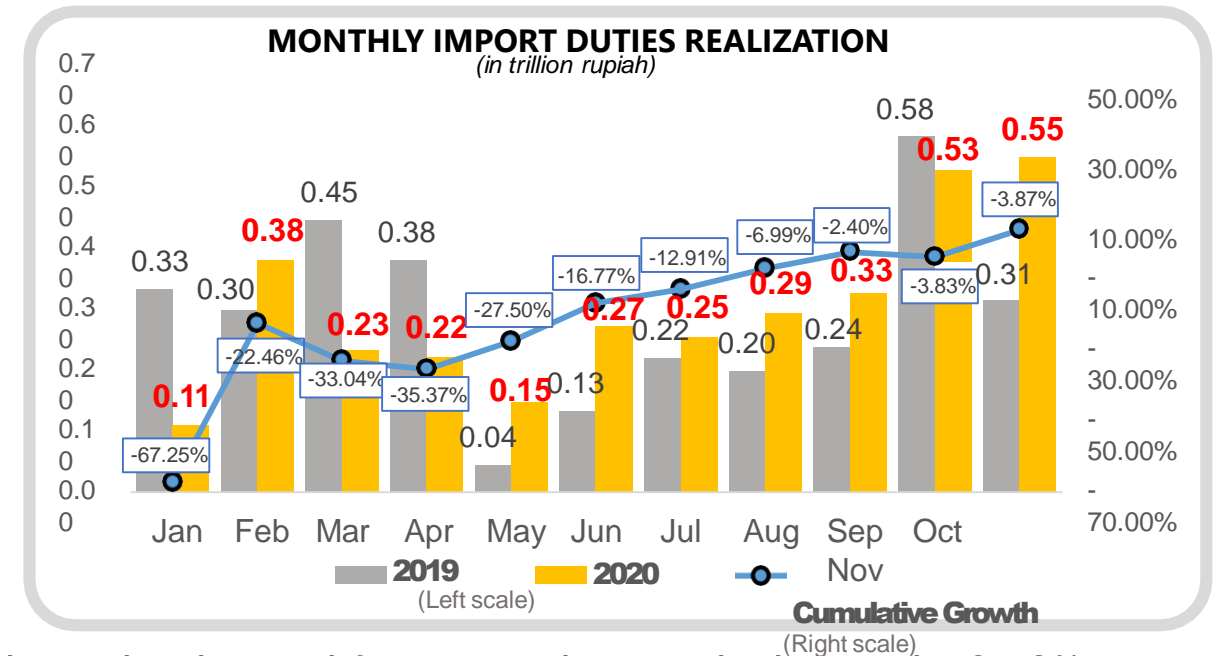
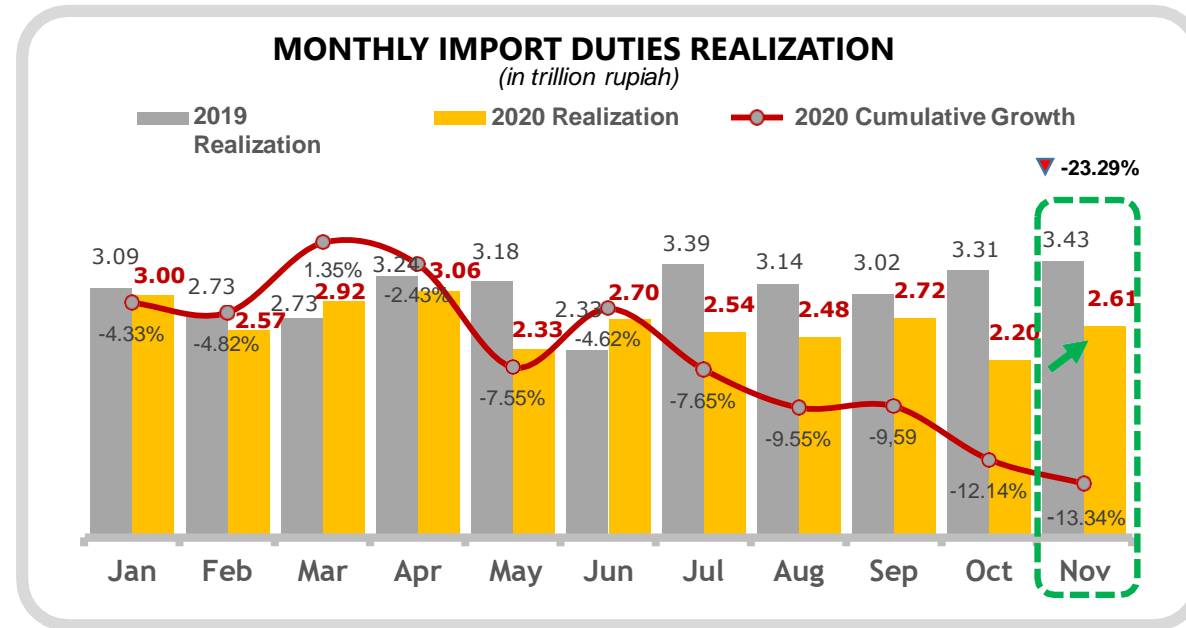
Source: Ministry of Finance, retrieved November 4, 2020

- DG. of Customs and Excise revenue realization **Rp 164,01 T (79,74% of Perpres 72 Target)**
- Revenue grew by **▲ 5,33%**
- Growth driven by **excise** revenue ( **▲ 10,23%**)



## IMPORT AND EXPORT DUTY REVENUE GREW POSITIVELY (MTM)

The positive growth in export duties was driven by improved export performance



- **November import duty grew 18.6%** compared to October, driven by the paid foreign exchange which grew by 21.2% (mtm), but was still depressed by -23.29% yoy.
- **Export duty grew 3.87 percent** (yoy), driven by the increased demand for copper, bauxite, palm oil and cocoa beans;
  - Copper exports grew as the volume of copper concentrate exports increased and extra effort;
  - Bauxite has grown due to increased exports to China due to limited local production;
  - Palm oil products grow with the contribution of CPO (subject to Export Duties in Feb and Nov), meal and kernels;
  - Cocoa grows due to increased demand from Singapore and Belgium.



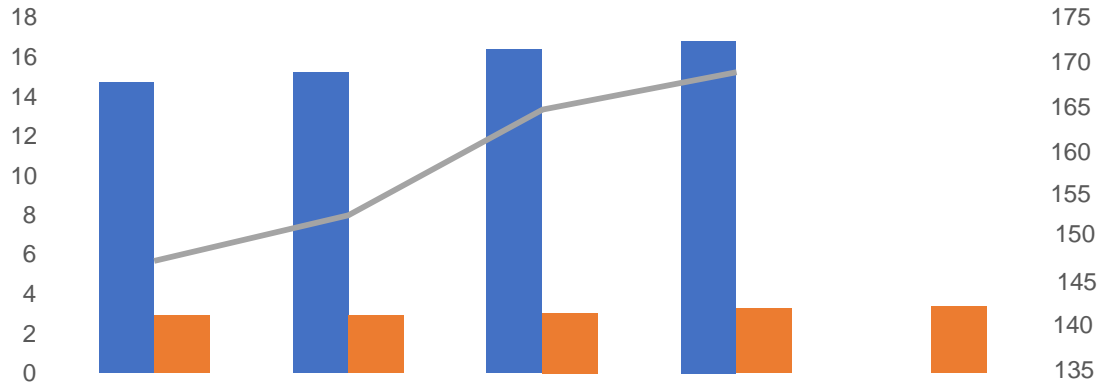


# THE REVENUE SHARING INCREASE WITH THE INCREASING IN THE TOBACCO EXCISE

Shows the coherence between tax increase and increase in the distribution of Revenue Sharing from Tobacco Excise (DBH CHT)

Cigarette Tax, DBH CHT, and Excise

Trillion Rupiah



	2017	2018	2019	2020	2021
Cigarette Tax	14.73	15.29	16.48	16.91	
DBH CHT	2.94	2.95	3.05	3.29	3.38
Excise	147.73	152.90	164.87	169.12	

- Cigarette tax rates are 10% of cigarette excise, while the amount of tobacco excise revenue sharing (DBH CHT) is 2% of the previous year's Tobacco excise (CHT) revenues.
- CHT has always grown positively in the last few years, thus the DBH CHT and cigarette taxes have also grown positively
- This year, the DBH CHT and cigarette tax amounted to IDR 3.3T and IDR 16.91T, respectively With an estimated CHT achievement this year of IDR 169.12T, next year's DBH CHT will reach IDR 3.38T.
- The government will optimize the use of DBH CHT and cigarette taxes for all stakeholders, such as for health, labor, restrictions on early childhood smokers, Tobacco Products Industrial Estates (KIHT), etc.

## Tobacco Product Tax Policy

### Health (25%)

- assistance for national health insurance contributions
- Improvement of public health through activities/preventive as well as curative/rehabilitative
- Support efforts to reduce the prevalence of stunting and reduce the Covid-19 pandemic
- Procurement / maintenance of facilities and infrastructure for health facilities and health services

### Community Welfare (Especially Farmers / Tobacco Farmers and Cigarette Workers) (50%)

- Support through a program to improve the quality of raw materials
  - Seed and fertilizer assistance, production facilities to tobacco farmers (crop diversification)
  - Tobacco quality improvement training
  - Partnership Program between smallholders and partner companies
- Support through social environmental development programs, in the form of:
  - Direct cash assistance for tobacco and cigarette workers
  - Professional training and capital assistance

### Law Enforcement (25%)

- Establishment of Areas / Environment / Tobacco Products Industrial Centers
- Joint operation to eradicate illegal taxable goods and socialization of regulations in the excise sector

**The distribution of Tobacco Product Taxes will be postponed if the regions do not distribute in accordance with the allocated allocations for each use**



## NON-TAX REVENUE

Reached IDR278,8 T or 94,8% of the target

Non-Tax Revenue (trillion rupiah)	2019				2020			
	Budget	Realization 31 Oct	% Budget	% Growth	Perpres 72/ 2020	Realization 31 Oct	% Perpres 72/ 2020	% Growth
Natural Resources	190.8	127.8	67.0	(10.0)	79.1	79.2	100.2	(38.0)
Oil and Gas	159.8	100.5	62.9	(10.4)	53.3	57.5	107.81	(42.8)
Non Oil and Gas	31.0	27.3	88.2	(8.5)	25.8	21.8	84.5	(20.2)
Separated State Asset	45.6	75.7	166.0	78.3	65.0	65.3	100.5	(13.7)
Other Non-Tax Revenue	94.1	92.1	97.9	(4.0)	100.1	82.0	82.0	(11.0)
Public Service Agency (BLU)	47.9	37.6	78.6	(11.7)	50.0	52.2	104.4	38.7
Non-Tax Revenue	378.3	333.3	88.1	3.2	294.1	278.8	94.8	(16.3)

- Non-oil and gas revenue has decreased due to lower coal price benchmark and volume coal production, as well as lower volume wood from Natural Forest.
- Income from Separated State Asset fell due to decrease in SOEs' dividend payments and remaining Bank Indonesia surplus
- BLU income has increased significant increase in performance The BLU is mainly supported by income Oil Palm Plantation Fund, income from education services, and Fund management income National Education Development.



## STATE EXPENDITURE IS AN IMPORTANT FACTOR AS A GROWTH DRIVER

Central government spending accelerated and was able to grow 20.5% in November

Government Expenditure (trillion rupiah)	2019			2020			
	Budget	Realization 30 November	% Budget	Perpres 72/ 2020	Realization 30 November	% Perpres 72/ 2020	% Growth
<b>I. Central Government Expenditure</b>	<b>1,634.3</b>	<b>1,293.6</b>	<b>79.2</b>	<b>1,975.2</b>	<b>1,558.7</b>	<b>78.9</b>	<b>20.5</b>
<b>Line Ministries Expenditure</b>	<b>855.4</b>	<b>718.3</b>	<b>84.0</b>	<b>836.4</b>	<b>852.2</b>	<b>101.9</b>	<b>18.6</b>
Personnel Expenditure	224.4	223.8	99.7	256.6	221.1	86.4	(0.9)
Material Expenditure	344.6	269.0	78.0	271.7	328.6	121.0	22.2
Capital Expenditure	189.3	119.7	63.2	137.4	110.4	80.4	(7.7)
Social Assistance	97.1	105.9	109.1	170.7	191.4	112.1	80.7
<b>Non-Line Ministries Expenditure</b>	<b>778.9</b>	<b>575.3</b>	<b>73.9</b>	<b>1,138.9</b>	<b>706.5</b>	<b>62.0</b>	<b>22.8</b>
Subsidy	224.3	177.8	79.3	192.0	150.0	78.1	(15.6)
Other Expenditures	114.0	2.4	2.1	450.6	116.5	25.9	4,733.0
<b>II. Transfer to Regional and Village Fund</b>	<b>826.8</b>	<b>752.9</b>	<b>91.1</b>	<b>763.9</b>	<b>748.0</b>	<b>97.9</b>	<b>(0.7)</b>
Transfer to Region	756.8	689.2	91.1	692.7	682.9	98.6	(0.9)
Village Fund	724.6	662.6	91.4	653.4	647.2	99.1	(2.3)
<b>TOTAL EXPENDITURE</b>	<b>2,461.1</b>	<b>2,046.6</b>	<b>83.2</b>	<b>2,739.2</b>	<b>2,306.7</b>	<b>84.2</b>	<b>12.7</b>

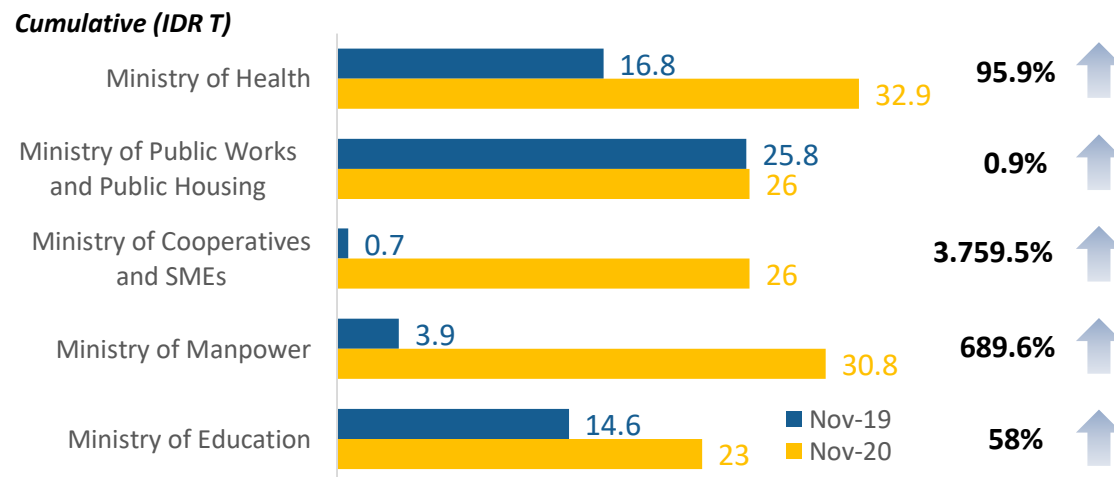
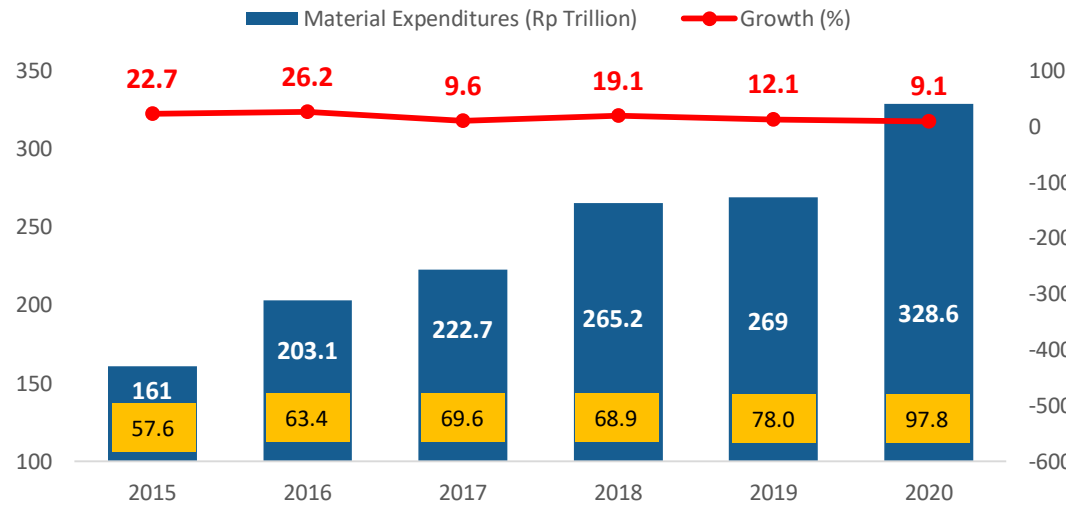
- The development of vaccines provides hope for improvement in consumption and will encourage realization of spending.
- Realization of Social Assistance Expenditures as well as expenditures for goods driven by realization of PEN (health, social protection, wage assistance, micro assistance)
- Realization of Other Expenditures IDR 116.5 T, mainly for compensation, pre-employment cards, and JKN PBPU / BP contribution assistance
- The realization of Transfer To Region and Village Fund (TKDD) Expenditures was supported by a policy of relaxing the acceleration of TKDD distribution
- Efforts will continue to be made to accelerate state spending to encourage maximum economic growth in Q4.



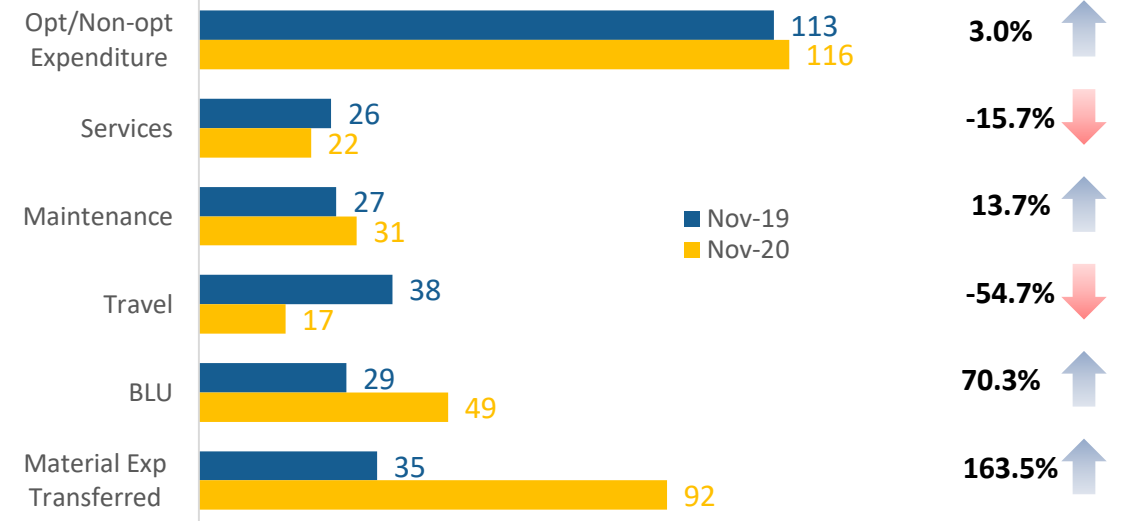
# THE REALIZATION OF MATERIAL EXPENDITURE CONTINUES A POSITIVE TREND

Growing 22.2% influenced by the implementation of handling Covid-19 and the PEN Program

## Material Expenditure as of 30 November



### Cumulative (IDR T)



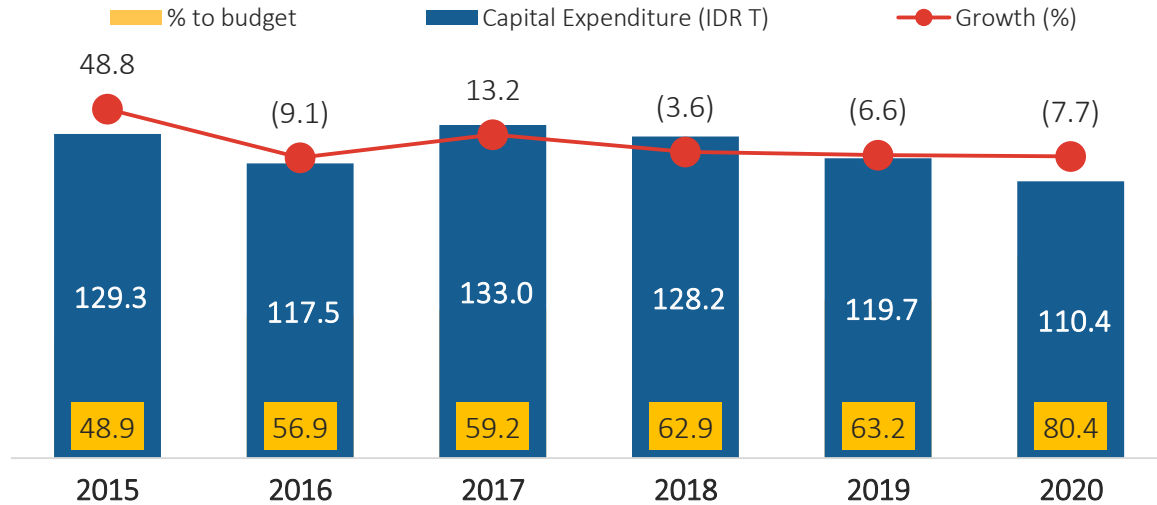
- The realization of material spending grew 22.2% mainly driven by the implementation of the PEN program (Hospital Claim Fee, Health Care Incentive, Assistance for Micro Businesses, Wage / Salary Subsidy Assistance and Internet Quota Assistance).
- Expenditures for goods delivered & BLU increased → Implementation of the PEN program and increased spending on BLU (Biodiesel / Palm Oil).
- Realization of the Ministry of Health is higher → Covid-19 handling (incentives for health workers, patient care, support for medical equipment)
- Realization of the Ministry of Manpower, Ministry of Cooperatives and SMEs, Ministry of Education and Culture higher → BPUM, BSU and Internet Quota Assistance and Honorary Teacher (non Public Servant)



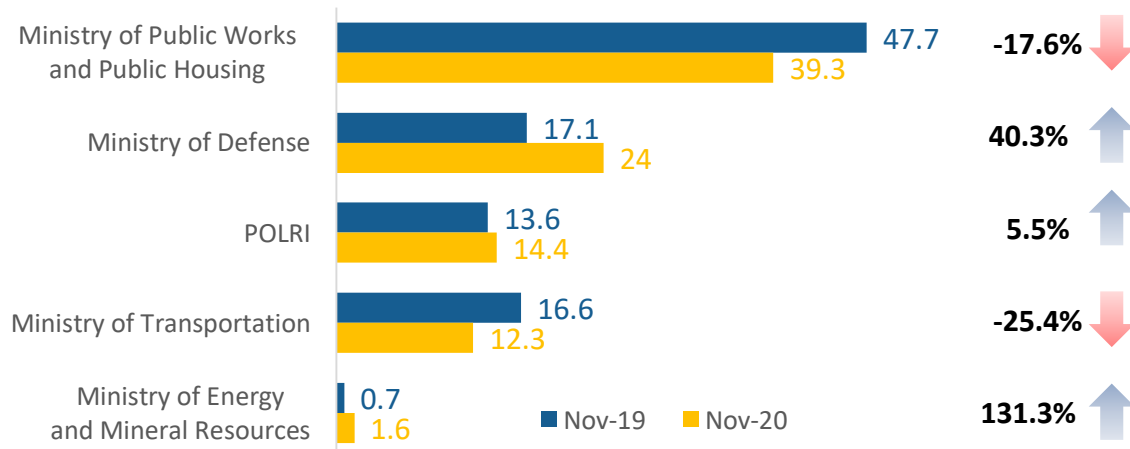
# CAPITAL EXPENDITURE DISBURSEMENT REACHED 80.4% OF BUDGET

Budget refocusing from capital expenditure to Covid-19 handling program

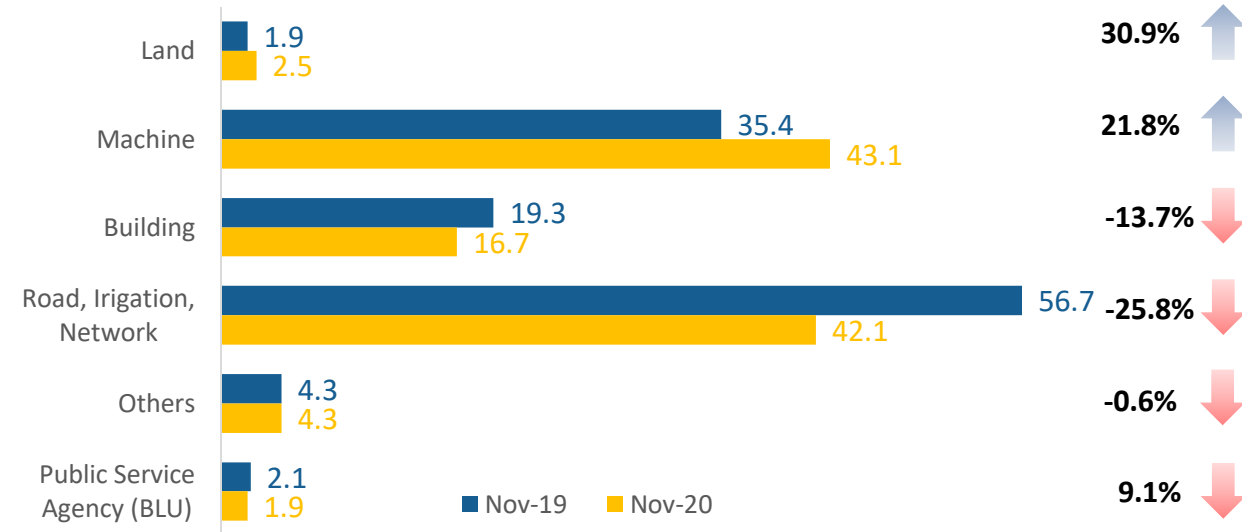
## Capital Expenditure as of 30 November



### Cumulative (IDR T)



### Cumulative (IDR T)



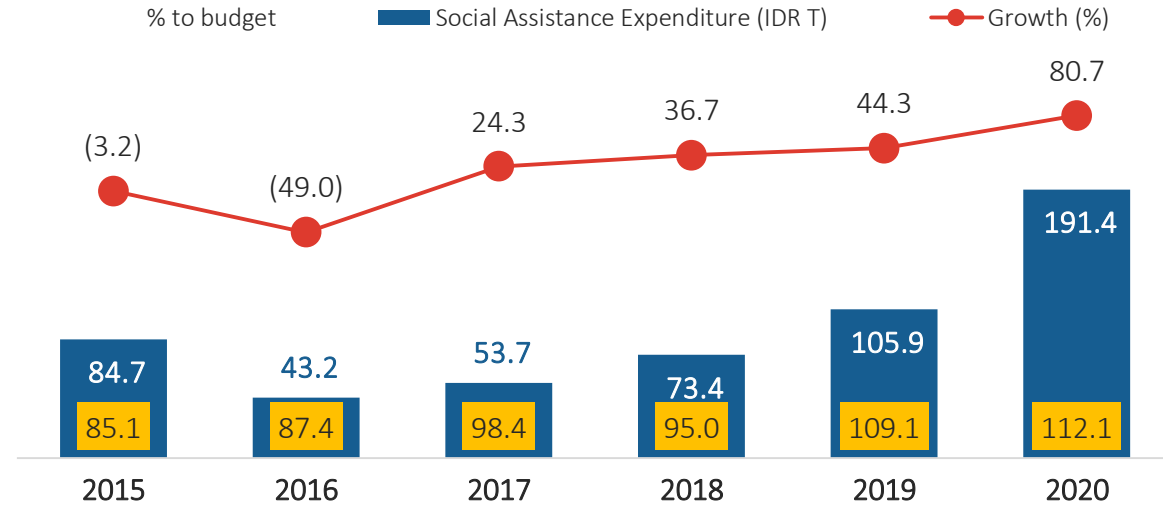
- The Realization capital expenditures is lower → refocusing policy and project restructuring in the context of dealing with Covid-19 and social restrictions
- The Realization capital expenditures of Ministry of Defense, Police, and Ministry of Energy and Mineral Resources are higher i.e. for procurement of defense equipment, medical material equipment and natural gas infrastructure for households
- The realization of the Ministry of Public Works and Public Housing and Ministry of Transportation are lower but still able to realize infrastructure projects to support connectivity and basic services



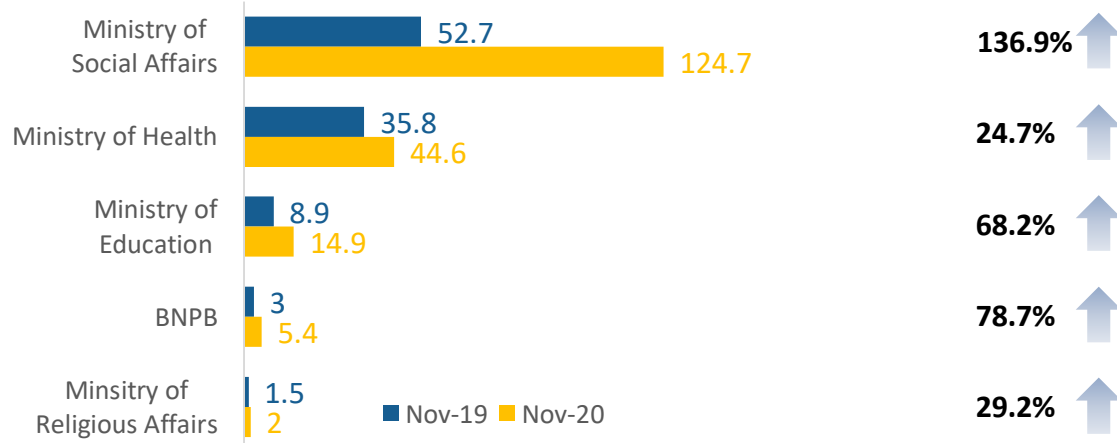
# SOCIAL ASSISTANCE EXPENDITURE IS ENHANCED, GREW BY 86.3%

The priority is to intervene in the purchasing power of poor and vulnerable

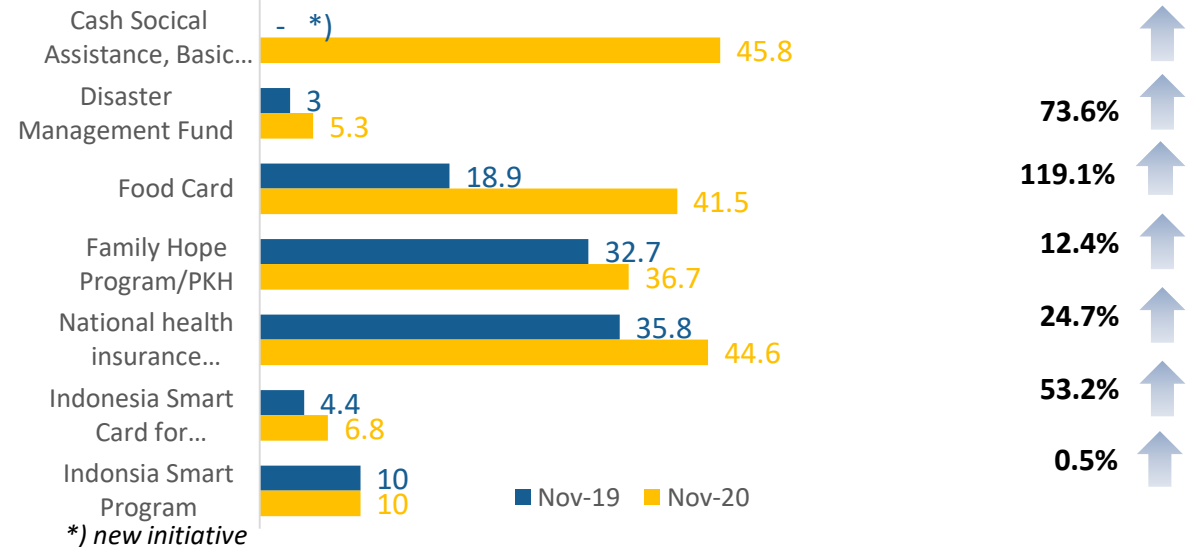
## Social Assistance Expenditure as of 30 November



### Cumulative (IDR T)



### Cumulative (IDR T)



- Realization of social assistance up to November 2020 grew by 80.7% (YoY) mainly influenced by the implementation of the Social Safety Net during the Covid-19 Pandemic, PBI JKN premium assistance, and the implementation of KIP College starting in 2020
- The increase in the realization of social assistance in several Ministries / Agencies was influenced by:
  - Implementation PKH, Basic Food Cards and other temporary social assistance (Cash social Assistance, Food assistance)
  - Disbursement of National health insurance (JKN) premium assistance with higher premium contributions since early 2020
  - Reallocation of the Bidikmisi/Indonesia Smart Card Lecture Program
  - Implementation of the Covid-19 handling activities





## OUTPUT AND BENEFIT OF STATE BUDGET 2020 (1)

The widening of the deficit was followed by the tangible results of the 2020 State Budget which were productive and varied

### HEALTH

(As of End November 2020)

#### Central Government Expenditure (including PEN Program)



national health insurance contributions assistance recipients  
**96.7 (Million People)**



Health Personnel Incentives (Accumulated payments)  
▪ **Central gov't : 449.5 Thousand**



Non-wage earners (PBP) and Non-Employee (BP)  
**44.4 (million people)\***



Compensations for **143 Health Personnel**



The payment of **166.6 thousand** hospitalized covid-19 patients (as of 3 Des)



Health equipment at **110 National Army Hospitals** (1.56 million PPE, 5.76 million Rapid Test, 1 million KN95 masks, 2,612 ventilators)



Health Equipment at **53 Police Hospitals** (PPE, masks, incinerator, lab equipment/PCR)

#### Transfer to Region and Village Fund (Including PEN Program)



Health Personnel Incentives\* Accumulated payments)  
▪ **Local Gov't : 267.5 Thousand**



Training for Health Personnel **1.171 people**,  
- **458.8 thousand administrators**



Addition of new buildings / spaces for community health centers **24 packages**



Payment of National Health Insurance Contribution → **664,595 thousand**



Construction / Rehabilitation of Health Facilities in **6 dan 3 locations**



Health Care Payment for Poors → **2,935 people**



Operational Assistance for **9,058 Community Health Center**



Procurement of medical equipment → **71,165 units**



Health Services  
- promotive/preventive **3,320 people**  
- curative rehabilitative → **530,2 thousand people**



Medicines or consumable goods → **215,088 packages**



## OUTPUT AND BENEFIT OF STATE BUDGET 2020 (2)

The widening of the deficit was followed by the tangible results of the 2020 State Budget which were productive and varied

### Social assistance, Government Assistance, Subsidy, MSME's Support

(as of November 2020)

#### Central Government Expenditure



Family Hope Program/PKH  
10 million families



Food Card 19.4  
million  
Families



Rice Aid for PKH  
beneficiaries 10 million  
families



Cash Transfer  
Expansion 9  
million Families



Food Assistance  
for Jabodetabek  
1.9 million  
families



Cash Transfer (Non  
– Jabodetabek) 9.2  
Million families



Wage Subsidy  
12.4 million  
workers\*



Pre-Employment  
Program 5.6  
million Million  
People



Wage Subsidy for  
1.5 million temporary  
teachers (Under  
Ministry of Education  
and Culture)

Electricity  
Discount 31.6  
million (million  
households)

#### Local Government Expenditure



Interest rate subsidy for  
MSMEs 20.4 million  
debtors



MSME's credit guarantee  
for 246.6 million debtors



Assistance for micro  
enterprises 11 Million  
micro enterprises



Financing through LPDB  
101 (thousand MSMEs)



Fertilizer Subsidy 7.9  
Million tons



House Incentives 183.3  
thousand houses



Cash Transfer  
Through  
Village Fund  
8 (million families)



Labor intensive 281  
workers



Livestock farming assistance by  
7,810 unit/set, 7,494 Livestock,  
63,510 breeds of livestock



Equipment Assistance  
131 units



Promotion  
5 frequency, 520 people



Business assistance for  
520 MSMEs



# OUTPUT AND BENEFIT OF STATE BUDGET 2020 (3)

The widening of the deficit was followed by the tangible results of the 2020 State Budget which were productive and varied

## EDUCATION

(Realization up to November 2020)

### Central Government Expenditure



Smart Indonesia Program (PIP): **16.14 (million students)**



Scholarship for university level/Smart Indonesia Program for College **838,98 (thousand students)**



Internet Subsidy Ministry of Education and Culture **44.3 mil recipients**



School Operational Assistance (BOS) Ministry of Religion **8,4 (million students)**



Construction/ Renovation of Mosque and Religious School: **338 Schools**



Construction/ Renovation of **755 Elementary/ junior high schools**



Operational Assistance (BOP) for Pesantren **193 thousand institution & 14.2 thousand Pesantren**



Construction of **24 dormitory and 25 classroom at Islamic Boarding School (Pesantren)**



Construction/ renovation classroom for religious school (Min. of Public Work and Housing) **48.86% from target 100 pesantren**

### Local Government Expenditure



School Operational Assistance (BOS) **44.2 million students in 216 thousand schools**



BOS for Early Childhood Education **5.9 mil children**



Teacher Allowance **1.15 thou teachers**



Tourism-related training **23,067 participants and 64 TIC**



Renovation of **30,138 classrooms**



Construction of new classrooms inc. complementary furniture **6,404 units**



Procurement of education infrastructure **42,915 packages**



Construction of Laboratories **2,903 units**











# OUTPUT AND BENEFIT OF STATE BUDGET 2020 (4)

The widening of the deficit was followed by the tangible results of the 2020 State Budget which were productive and varied






## INFRASTRUCTURE

(Realization up to November 2020)

### Central Government Expenditure

	<b>Construction of Irrigation</b> <b>280,84 km</b> (avg of 90,34%)		<b>Renovation of tertiary irrigation: 160,515 ha (96,78%)</b>
	<b>45 dam</b> (avg of 53,61%)		<b>Renovation of irrigation (avg of 88,19%)</b>
	<b>Construction of new roads: 208.74 (km)</b>		<b>Railway 368.4 (km'sp)</b>
	<b>Seaports: 5 (location)</b>  Sanur Port, Bali; Labuhan Bajo Port, NTT; Lebiti Port, Central Sulawesi; Munse Port, North Sulawesi; Tanjung Ular Port, Babel		<b>Construction of bridge: 5,829.97 (m)</b>
			<b>Gas Pipelines in 23 districts/ cities for 128,695 houses (92.43%)</b>
			<b>Labor intensive program: 2.2 mil labor</b>

### Local Government Expenditure

	<b>Irrigation</b> <ul style="list-style-type: none"><li>• Construction 240 ha</li><li>• Improvement 222 ha</li><li>• Rehabilitation 15.959 ha</li></ul>		<b>Provision of Safe Drinking Water</b> <ul style="list-style-type: none"><li>• Construction 7.791 houses</li><li>• Improvement 22.748 houses</li><li>• Expansion 26.969</li></ul>
	<b>Roads</b> <ul style="list-style-type: none"><li>• Construction 37 km</li><li>• Maintenance 180 km</li><li>• Improvement 938 km</li></ul>		<b>Bridge</b> <ul style="list-style-type: none"><li>• Construction 150 m</li><li>• Maintenance 225 m</li></ul>
	<b>Sanitation</b> <ul style="list-style-type: none"><li>• Construction of Septic Tank 52,023 Units</li><li>• Construction of toilet, public bathing and washing facilities 165 Units</li><li>• Construction of wastage management 594 Unit</li></ul>		<b>Agriculture</b> <ul style="list-style-type: none"><li>• Construction of water resources 1.241 Unit</li><li>• New construction of Center for Agricultural Counseling (BPP) 12 Units</li><li>• Renovation of Center for Agricultural Counseling (BPP) 5,239 m2</li><li>• BPP Facilities 213 packages</li><li>• Construction/Renovation of center/technical unit (UPTD) 52 Units</li></ul>

Note: Progress on Physical DAK  
based on data on contracts



## TRANSFER TO REGION AND VILLAGE (TKDD) FUND REALIZATION HAS REACHED 97.9% OF THE BUDGET

The government is encouraging the optimal use of TKDD by the Regional Government for handling the Covid-19 and PEN pandemic

Transfer to Region and Village Fund	2019			2020					
	Budget	Realization As of November 30	% to Budget	Budget	Perpres 72/ 2020	Realization As of November 30	% to Budget	% to Perpres 72/ 2020	Growth (%)
(trillion IDR)									
<b>1. Transfer to Region</b>	<b>756.8</b>	<b>689.2</b>	<b>91.1</b>	<b>784.9</b>	<b>692.7</b>	<b>682.9</b>	<b>87.0</b>	<b>98.6</b>	<b>(0.9)</b>
<b>a. Balance Fund</b>	<b>724.6</b>	<b>662.6</b>	<b>91.4</b>	<b>747.2</b>	<b>653.4</b>	<b>647.2</b>	<b>86.6</b>	<b>99.1</b>	<b>(2.3)</b>
<b>- General Transfer Fund</b>	<b>524.2</b>	<b>496.1</b>	<b>94.6</b>	<b>544.7</b>	<b>470.8</b>	<b>475.5</b>	<b>87.3</b>	<b>101.0</b>	<b>(4.1)</b>
1) DBH	106.4	75.3	70.8	117.6	86.4	93.9	79.9	108.7	24.7
2) DAU	417.9	420.8	100.7	427.1	384.4	381.6	89.4	99.3	(9.3)
<b>- Special Allocation Fund</b>	<b>200.4</b>	<b>166.5</b>	<b>83.1</b>	<b>202.5</b>	<b>182.6</b>	<b>171.6</b>	<b>84.8</b>	<b>94.0</b>	<b>3.1</b>
1) Physical	69.3	47.9	69.1	72.2	53.8	50.2	69.5	93.3	4.7
2) Non-Physical	131.0	118.6	90.5	130.3	128.8	121.5	93.2	94.3	2.4
<b>b. Regional Incentive Fund</b>	<b>10.0</b>	<b>9.7</b>	<b>96.8</b>	<b>15.0</b>	<b>18.5</b>	<b>17.8</b>	<b>118.6</b>	<b>96.1</b>	<b>83.6</b>
<b>c. Special Autonomy Fund and Privilege Fund for Yogyakarta</b>	<b>22.2</b>	<b>16.9</b>	<b>76.4</b>	<b>22.7</b>	<b>20.9</b>	<b>18.0</b>	<b>79.1</b>	<b>86.2</b>	<b>6.2</b>
<b>2. Village Fund *)</b>	<b>70.0</b>	<b>57.2</b>	<b>81.8</b>	<b>72.0</b>	<b>71.2</b>	<b>65.1</b>	<b>80.1</b>	<b>91.4</b>	<b>13.7</b>
<b>Total</b>	<b>826.8</b>	<b>752.9</b>	<b>91.1</b>	<b>856.9</b>	<b>763.9</b>	<b>748.0</b>	<b>87.3</b>	<b>97.9</b>	<b>(0.7)</b>

\*) Starting in 2020, Village Fund is distributed directly to the Village Treasury Account, replacing previous scheme which to the Regional General Treasury Account first. Realization of Village Funds up to November, 30 2019 IDR 63.7 T (IDR 57.2 T has been distributed to RKD)

- The realization of TKDD increased compared to 2019 (from 91.1% to 97.9% of the allocation) due to the policy of relaxing the acceleration of TKDD distribution.
- The realization of TKDD distribution in November was influenced by the relaxation of TKDD distribution that had been carried out in the previous months.

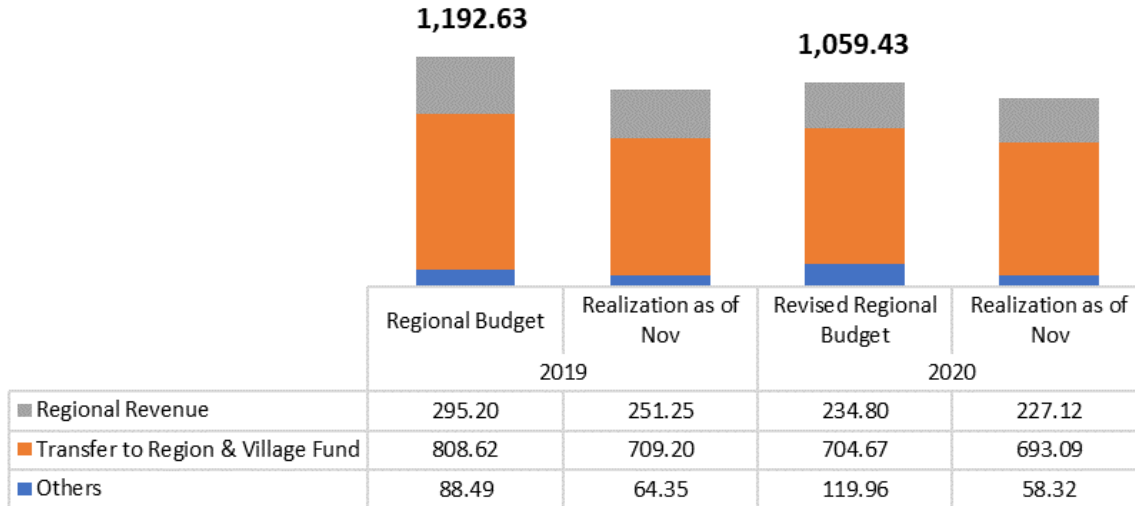




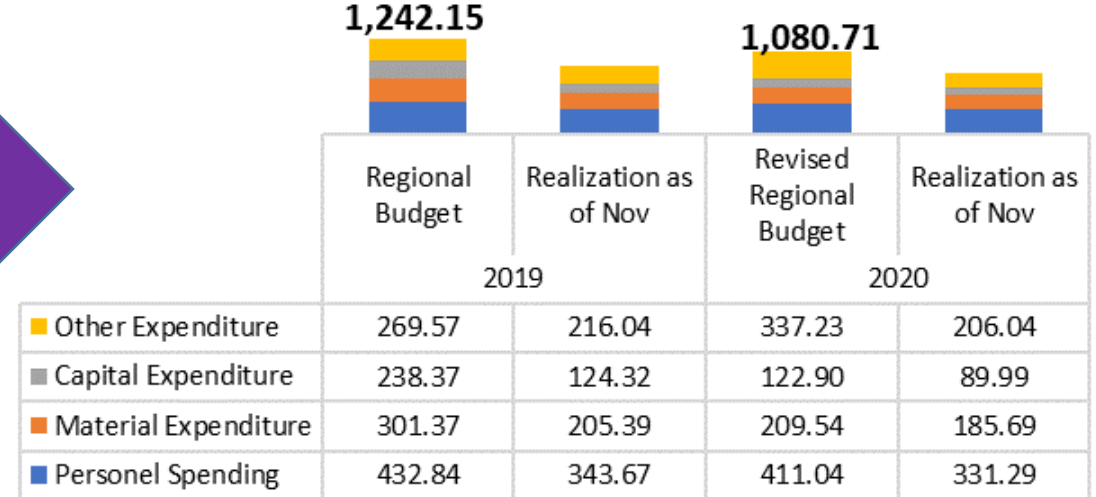
# APBD BECOME THE DRIVER FOR REGIONAL ECONOMIC GROWTH

The realization of the APBD by the end of the year is expected to be maximum

Regional Budget Revenue 2019-2020  
as of November 30 (Trillion IDR)



Regional Budget Revenue 2019-2020  
as of November 30 (trillion IDR)



Data printed December 17, 2020

A total of 15 regions used the previous month's realization because they had not submitted data or anomalous data

- In percentage terms, the total revenue realization up to November 2020 was 92.36%, better than 2019 which was 85.93%, although nominally decreased to IDR 46.27 trillion.
- PAD realization fell -9.60% (yoy) due to reduced taxes related to population mobility and consumption, such as hotel tax, restaurant tax, Vehicle Tax (PKB), Transfer of Motor Vehicle Title Fee (BBNKB), Motor Vehicle Fuel Tax (PBBKB) and Fee for Acquisition of Land and Building (BPHTB).
- The realization of total expenditure up to November 2020 amounted to 76.21%, slightly better than November 2019 at 71.60%, although nominally decreased by IDR 65.83 T





## FINANCING REALIZATION

Reached IDR1104.8 T or 106.3% of the target

Budget Financing (trillion rupiah)	2019			2020					
	Budget	Realization 31 Oct	% Budget	Budget	Perpres 72/ 2020	Realization 31 Oct	% of Budget	% Perpres 72/ 2020	% Growth
<b>1. Debt</b>	359.3	443.4	123.4	351.9	1.220.5	1065.1	302.7	87.3	140.2
a. Govt Bond (neto)	389.0	465.1	119.6	389.3	1173.7	1044.3	268.2	89.0	124.5
b. Govt Borrowing (Neto)	(29.7)	(21.7)	73.0	(37.5)	46.7	20.8	(55.6)	44.6	(196.2)
<b>2. Investment Financing</b>	(75.9)	(22.4)	29.5	(74.2)	(257.1)	(29.6)	39.9	11.5	32.3
a.I. a. Investment to SOEs	(17.8)	(13.8)	77.5	(17.7)	(31.5)	(12.0)	67.4	38.0	(13.4)
b. Investment to BLU	(53.2)	(5.2)	9.8	(52.5)	(42.0)	(11.0)	20.9	26.2	111.5
c. Investment to others	(2.5)	(2.5)	100.0	(5.0)	(5.0)	(5.0)	100.0	100.0	100.0
d. Gov Investment						(2.0)			
<b>3. Government Lending</b>	(2.4)	0.3	(14.9)	5.2	5.8	2.3	43.9	39.2	551.4
<b>4. Guarantee</b>	-	-	-	(0.6)	(0.6)	(3.6)	608.0	608.0	
<b>5. Others</b>	15.0	0.2	1.1	25.0	70.6	70.6	282.6	100.0	
<b>Total</b>	296.0	421.5	142.4	307.2	1.039.2	1104.8	359.6	106.3	162.1

- Debt financing is still on track, supported by ample liquidity and conducive financial market.
- Up to mid-November the Government Bond financing reached 100% of target, include BI participation in government financing;
  - based on SKB I: IDR 75.86 T (SBSN IDR33.78T and SUN IDR42.07T) and public good financing;
  - based on SKB II already reached 100%.
- Investment financing realization grew by 32.2%, due to the significant increase of investment to BLU and others





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# 2021 Budget

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



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# EXPANSIVE AND CONSOLIDATIVE FISCAL POLICY DIRECTION IN 2021

To Respond to Economic Challenges, Accelerate Recovery and Strengthen the Reform Effort

Expansive

Consolidative

Effectiveness of  
COVID-19 Handling

Acceleration of  
Economic Recovery (PEN)

Exit Strategy From Middle  
Income Trap

Anticipating  
Uncertainty

Fiscal Flexibility  
(Prudent & Sustainable)

## Macro Assumption 2021

	State Budget
Economic Growth (%)	5.0
Inflation (% , yoy)	3.0
Exchange Rate (Rp/US\$)	14,600
10-year Govt Bond (%)	7.29
ICP (Oil Price) (US\$/barrel)	45
Oil Lifting (thousand barrel/day)	705
Gas lifting (thousand barrel equivalent oil /day )	1,007

## Economic Growth Driver 2021

### COVID-19 Handling

- COVID-19 handling including the Vaccine Availability in 2021

### Expansive Fiscal to Support Continuation of Economic Recovery

- Support from demand side by strengthening social assistance and cash transfer
- Support from supply side by focusing on tax incentive, providing credit and guarantee for MSME and corporation

### Accelerating Reform

- OL in Job creation: fundamental change by addressing overlapping regulations and improving Indonesia's investment climate
- Budget Reforms: spending better approach, result oriented, efficiency, as well as risk mitigation
- SWF: The flexibility and ability to setting-up fund in relevant authorities in central government and attracting the investors

### Global Economic Growth

- Improving global economic growth particularly major trading partners



# 2021 BUDGET IS A CRITICAL TOOL TO DRIVE THE ECONOMY IN THE MIDST OF UNCERTAINTY

Comprehensively Designed to Support the Acceleration of Economic Recovery and to Anticipate the Prolonged COVID-19 Pandemic

(in IDR trillion)	2020	2021	
	Pres. Decree 72/2020	APBN	Growth
<b>A. State Revenue</b>	<b>1,699.9</b>	<b>1,743.6</b>	<b>2.6%</b>
I. Domestic Revenue	1,698.6	1,742.7	2.6%
1. Tax Revenue	1,404.5	1,444.5	2.8%
2. Non-Tax Revenue	294.1	298.2	1.4%
II. Grant	1.3	0.9	-30.8%
<b>B. State Expenditure</b>	<b>2,739.2</b>	<b>2,750.0</b>	<b>0.4%</b>
I. Central Government Expenditure	1,975.2	1,954.5	-1.0%
1. Line Ministries	836.4	1,032.0	23.4%
2. Non Line Ministries	1,138.9	922.6	-19.0%
II. Regional Transfer and Village Fund	763.9	795.5	4.1%
1. Regional Transfer	692.7	723.5	4.4%
2. Village Fund	71.2	72.0	1.1%
<b>C. Primary Balance</b>	<b>(700.4)</b>	<b>(633.1)</b>	<b>-9.6%</b>
<b>D. Surplus/(Deficit)</b>	<b>(1,039.2)</b>	<b>(1,006.4)</b>	<b>-3.2%</b>
% to GDP	(6.3)	(5.7)	
<b>E. Financing</b>	<b>1,039.2</b>	<b>1,006.4</b>	<b>-3.2%</b>

## Priorities in 2021

### Education (IDR550.0T)

Strengthening the quality of education and teacher competences

### Health (IDR169.7T)

Accelerating health recovery, National Health Insurance (JKN) reforms, and vaccine procurement

### Social Protection (IDR421.7T)

Supporting social protection reform and comprehensive social protection

### Tourism (IDR15.7T)

Encouraging the recovery of the tourism sector

### ICT (IDR29.6T)

Optimizing the use of ICT to support and improve the quality of public services

### Infrastructure (IDR413.8T)

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

### Food Security (IDR104.2T)

Increase food production and revitalizing the national food system and developing Food Estate

National Economic Recovery Program in 2021 IDR 372.1 T



**Health**  
IDR 25.40T



**Social Protection**  
IDR 110.2T



**MSME Support**  
IDR 48.8 T



**Business Incentive**  
IDR 20.4 T



**Sectoral & Regional Govt**  
IDR 152.4 T



**Corporate Financing**  
IDR 14.9 T

Source: Ministry of Finance







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# Structural Reform and Investment-Driven Initiatives

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# PRIORITY PROGRAMS TO ADDRESS INDONESIA'S STRUCTURAL CHALLENGES



Human Capital Development



Infrastructure Development



Deregulation



Cutting The Red Tape



Economic Transformation

## INDONESIA'S AMBITION TO BE AHEAD OF BUSINESS ENVIRONMENT AMONG PEERS

Nevertheless, the rank progression has been stagnant in the last 2 years

### GOVERNMENT COMMITMENT IN STRUCTURAL REFORM

**Education 2021 Budget** is directed to improve the quality of education, through increasing PISA scores, strengthening basic education as well as teacher competence

**Continue the infrastructure development** after the COVID-19 pandemic by strengthen digital infrastructure and encourage logistic efficiency and connectivity

#### Omnibus Law on Job Creation

- Simplification on regulation
- Bureaucracy efficiency
- Boost investment
- Tax incentive





## OMNIBUS LAW IN JOB CREATION

The omnibus law on job creation has been approved by the parliament in early October

will greatly affect national economic recovery and increase competitiveness through regulatory reform and de-bureaucratization and certainty for all stakeholders



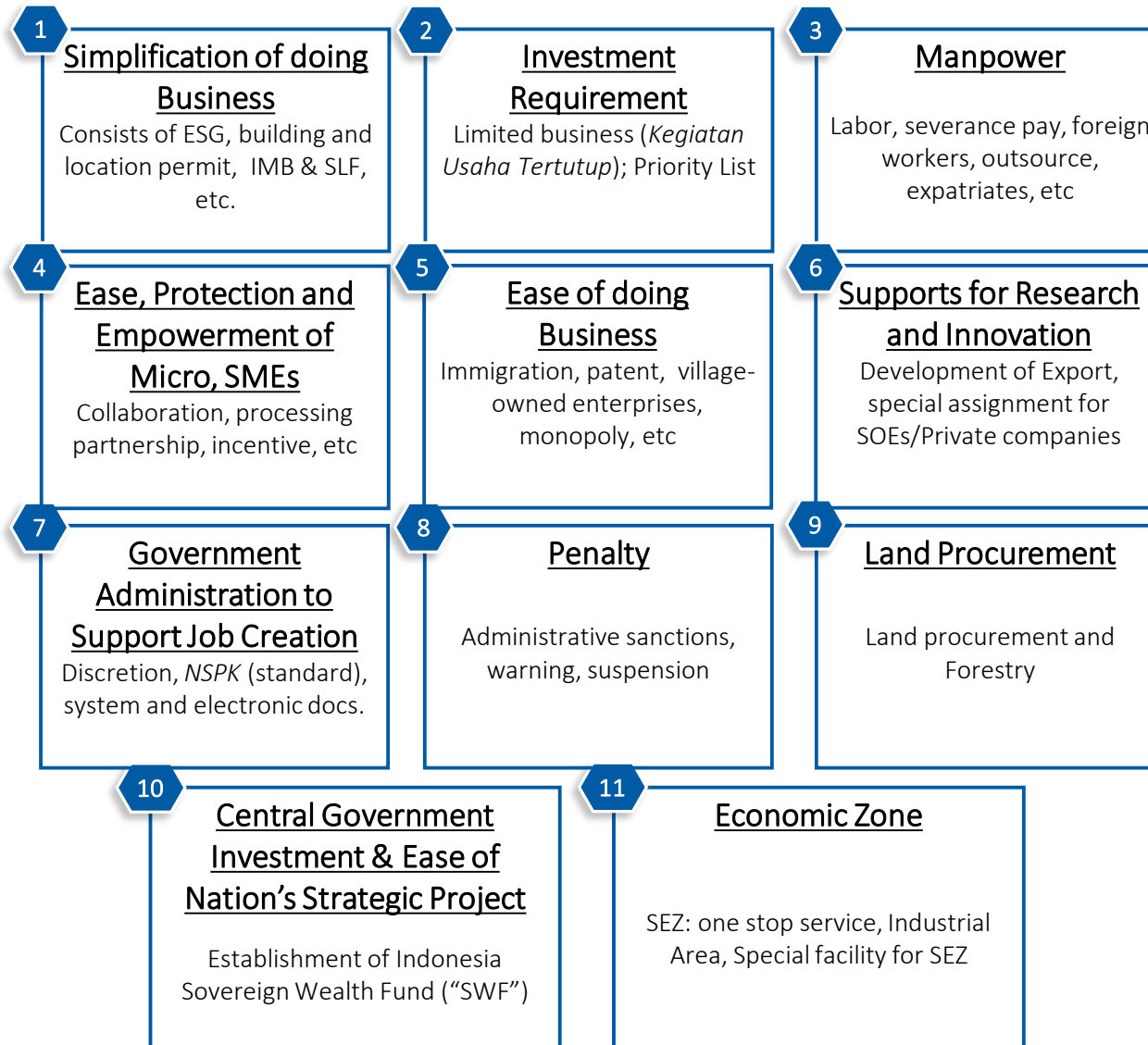
“In Fitch's view, the reforms have the potential to lift economic growth and foreign direct investment over the medium term”

- Fitch Rating Report August 2020



# SIMPLIFYING REGULATIONS THROUGH OMNIBUS LAWS

Omnibus Laws Group a Diverse Range of Issues into Legislation, Aimed at Creating Jobs and Empowering SMEs



Source: Ministry of Finance



The government have completed two important implementing regulation derived from the Job Creation Law:

- Government Regulation No. 73/2020 concerning Initial Capital for Investment Management Institutions (LPI).
- Government Regulation No. 74/2020 regarding Investment Management Institutions (LPI).



World Bank Statement on Omnibus Law – Job Creation –  
16 Oct 2020

*"The Omnibus Law on Job Creation is a **major reform effort** to make Indonesia more competitive and support the country's long-term aspiration of becoming a prosperous society... The **World Bank is committed to working with the Government of Indonesia on these reforms.**"*



Indonesia's Reform Package Boosts Growth Prospects –  
14 Oct 2020

*"The Indonesian parliament's approval of the Omnibus Law on Job Creation on 5 October marks a **significant enhancement of the business climate** and a step forward for **labour market flexibility**, which should, over time, improve the country's international competitiveness."*



Omnibus Law will support domestic and foreign investment, is credit positive overall – 8 Oct 2020

*"The passage of the bill is predominantly **credit positive**, as it will facilitate both domestic and foreign investment, which could help to revive economic growth to potential levels."*





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# Thank You

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