



KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

# Economic and Fiscal Updates

November 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

58.97 mil

### Highest cumulative cases:

- 1. U.S. 12.56 mil
- 2. India 9.14 mil
- 3. Brazil 6.07 mil
- 4. France 2.14 mil
- 5. Russia 2.09 mil
- ...
- 16. South Africa 767K
- ...
- 19. Chile 540K
- 21. Indonesia 497K
- ...
- 24. Bangladesh 447K
- 26. Philippines 418K

J F M A M J J A S O

## GLOBAL DEATHS

1.39 mil

### Fatality Rate 2.4%

- Fatality rate in some countries:
- Mexico 9.8%
  - China 5.4%
  - Peru 3.7%
  - U.K. 3.6%
  - Italy 3.5%
  - Australia 3.3%
  - Indonesia 3.2%
  - Brazil 2.8%
  - South Africa 2.7%
  - Philippines 1.9%

J F M A M J J A S O

## GLOBAL RECOVERY

40.76 mil

### Recovery Rate 69%

- Recovery rate in some countries:
- China 94%
  - India 94%
  - Philippines 92%
  - Vietnam 87%
  - Indonesia 84%
  - Bangladesh 81%
  - Russia 77%
  - Mexico 75%
  - Malaysia 76%
  - U.S. 59%

J F M A M J J A S O

Covid-19 pandemic forms a new pattern of with new waves that hit various countries → **daily cases rise significantly up to more than 650 thousands per day.**

- **Second waves** are happening in Europe.
- Increasing cases in Japan and South Korea indicate a **third wave.**

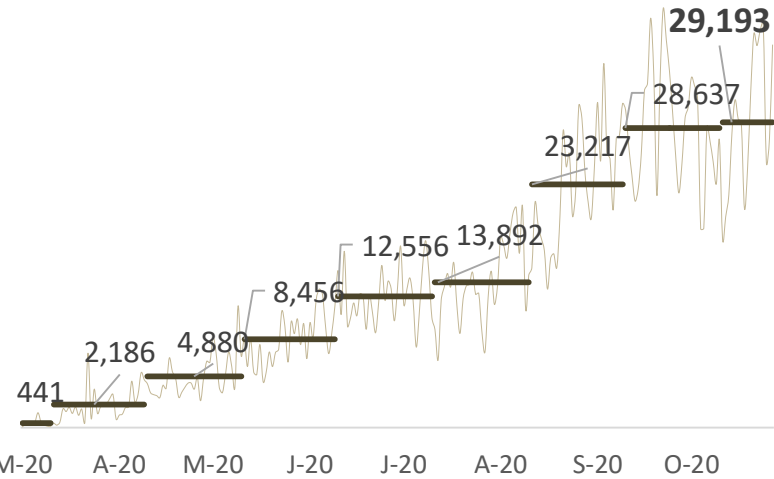




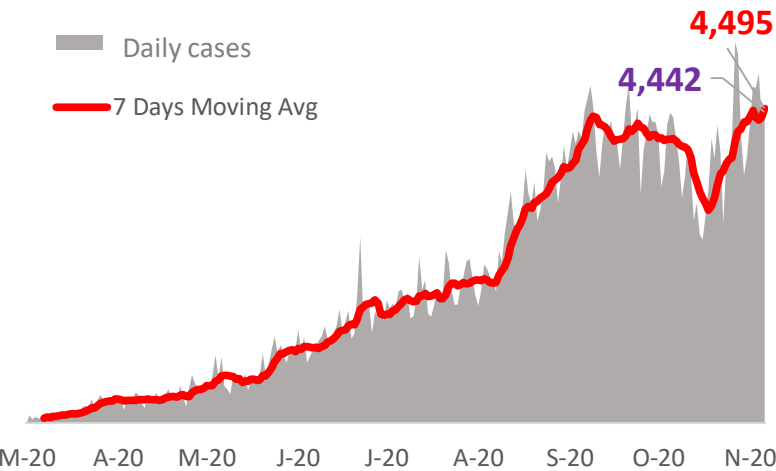
# COVID-19 REMAINS AS A BIG CHALLENGE FOR INDONESIA

The recent increase in daily cases will be closely monitored

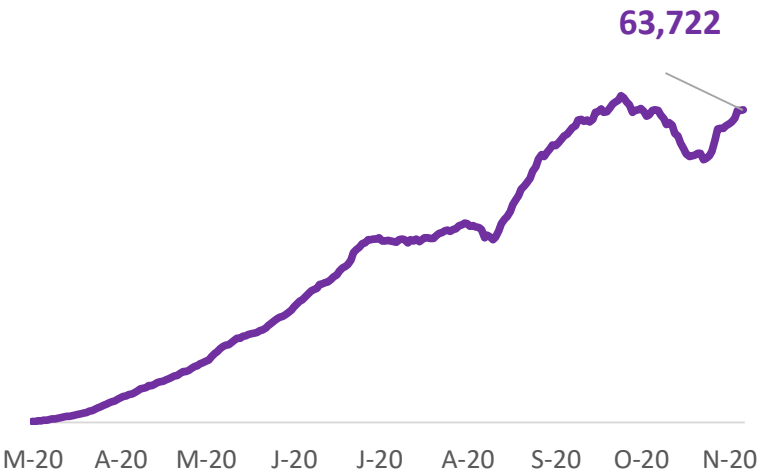
## Number of People Tested (daily)



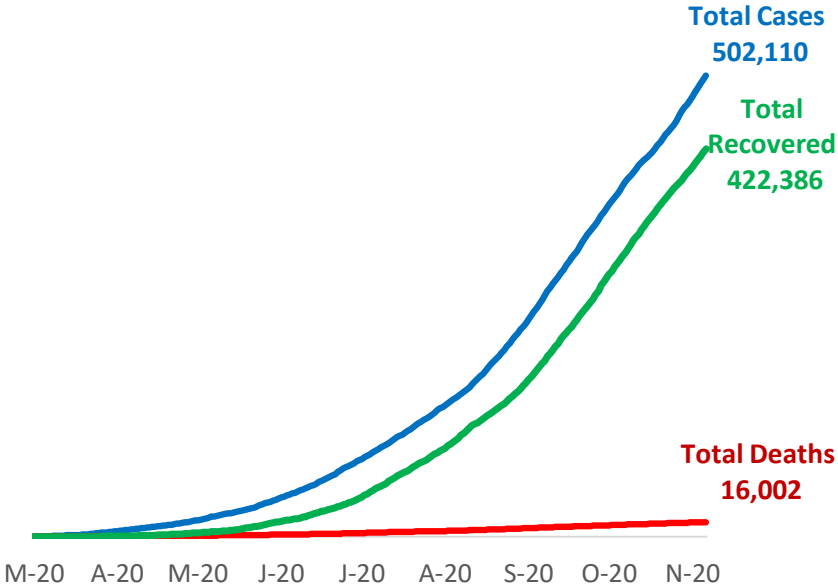
## Daily Cases



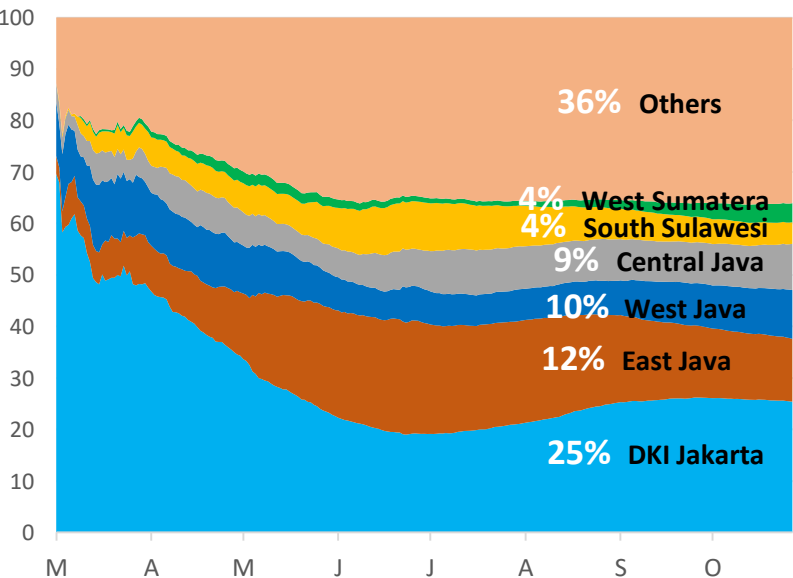
## Active Cases



## Covid-19 Numbers



## Case Distribution by Region



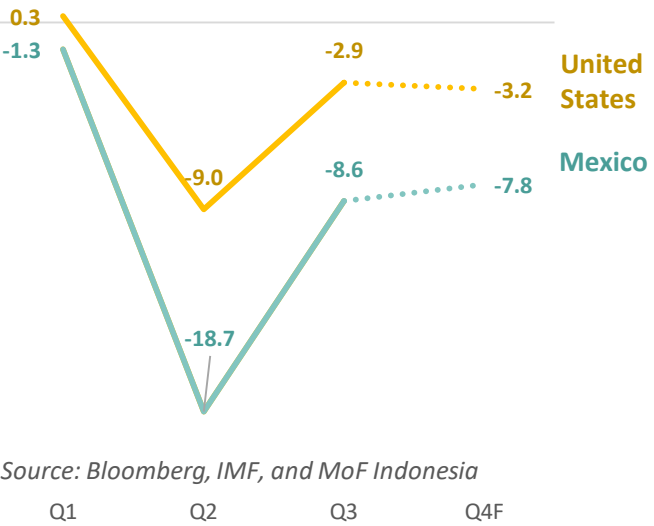
- ❖ Daily Covid-19 cases have increased again, after previously slowing down.
- ❖ This situation occurred following long weekends in October and increasing test number.
- ❖ Government will remain vigilant in anticipating the development of Covid-19, and taking necessary action to prevent the jump in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

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

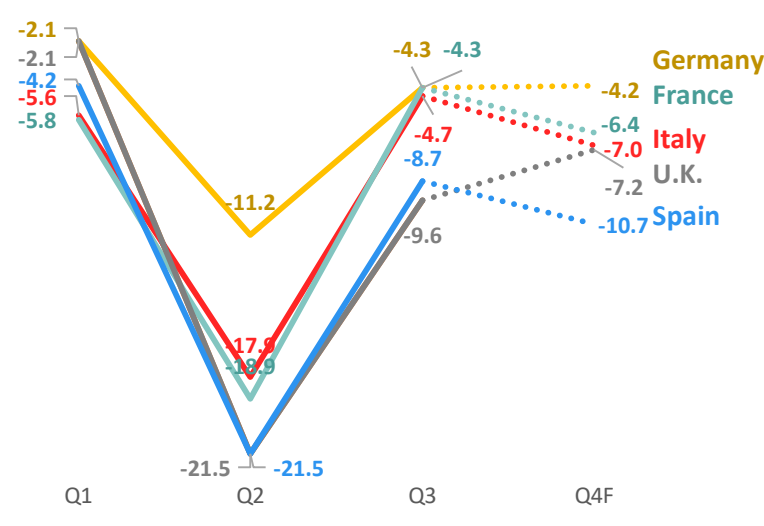
The improvement was supported by relaxation of social restrictions. However, increases in new Covid-19 cases and new waves could put risk on the outlook for Q4-2020

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

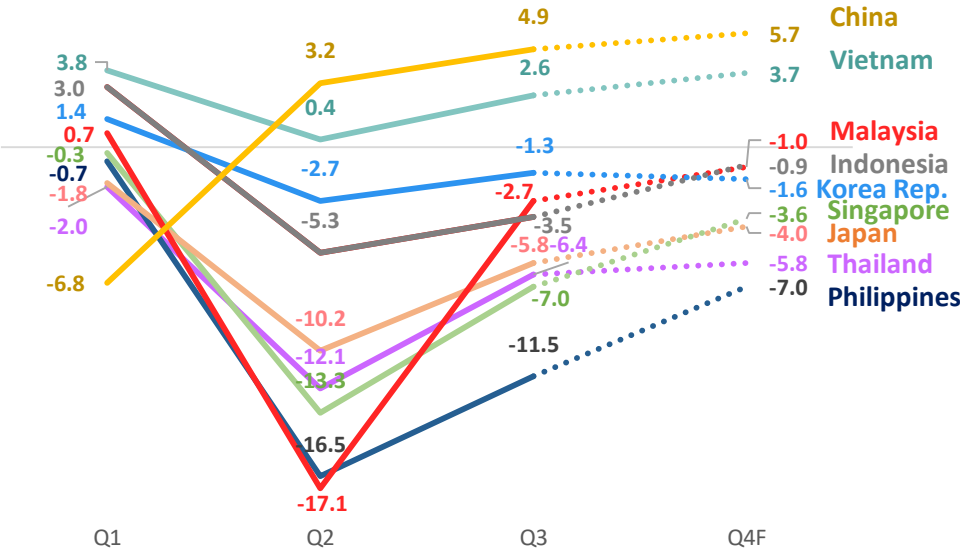
America



Europe



Asia



Source: Bloomberg, IMF, and MoF Indonesia

### Global Projection (% , yoy)

	2020F	2021F
IMF	-4.34	5.2
World Bank	-5.2	4.2
OECD	-4,5	5.0

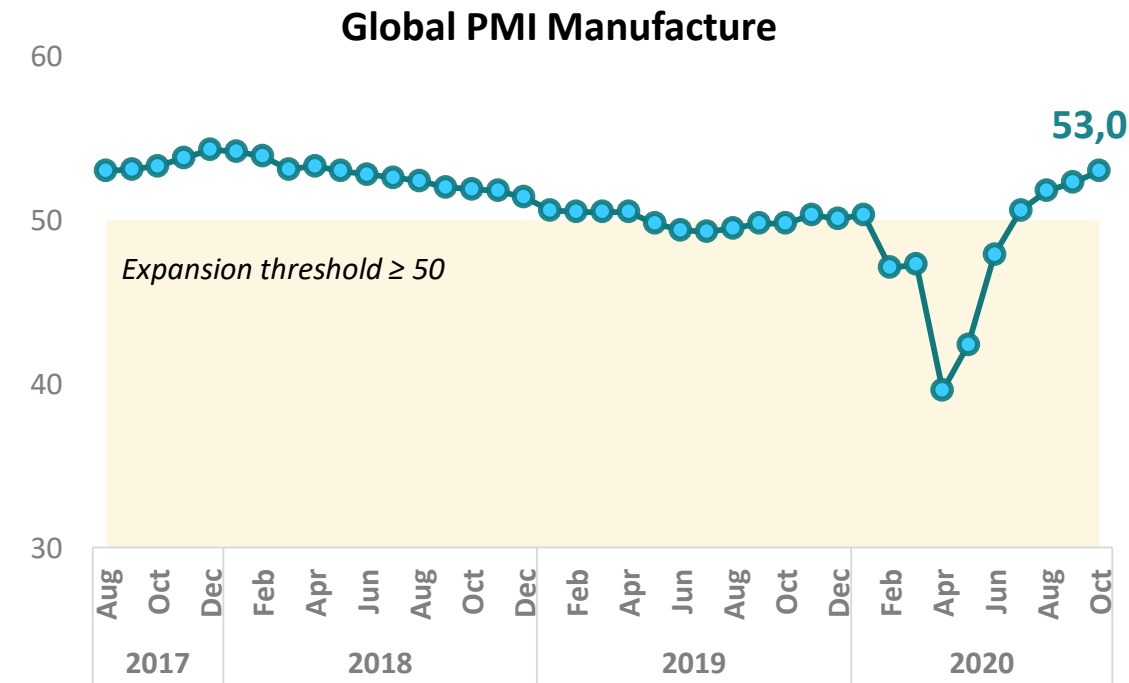
### GDP Growth 2019 - 2021 by IMF (% , yoy)

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	-1.7 to -0.6	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

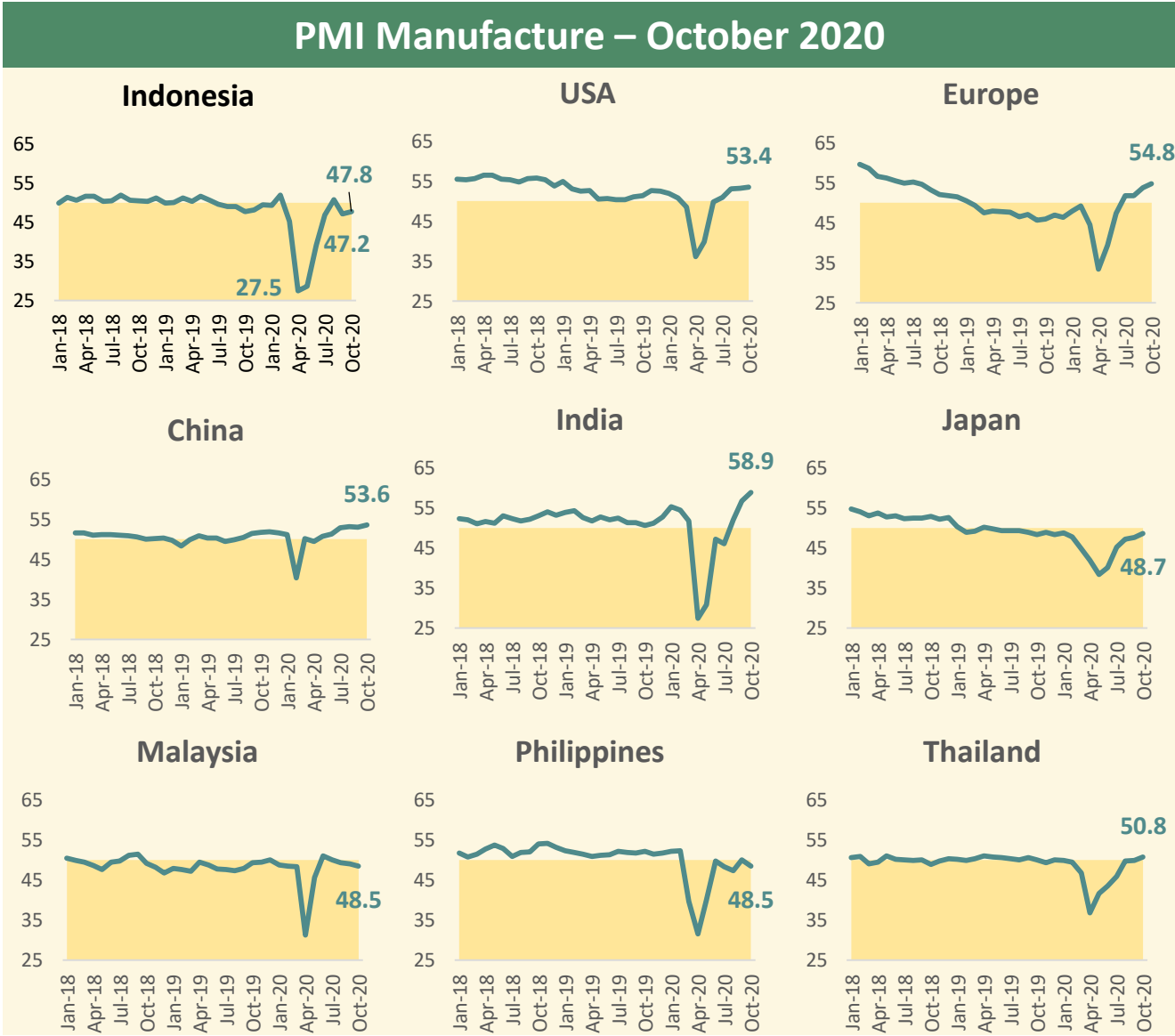
\*MoF estimation

# GLOBAL MANUFACTURING INDICATORS SHOW THE CONTINUING OF THE ECONOMIC RECOVERY

The PMI for Indonesia in October 2020 at the level of 47.8 slightly increased compared to September 47.2, but it was still in the contraction zone. The manufacturing performance in October showed a momentum of recovery after being slightly depressed in September due to the implementation of the social restriction (PSBB). The improvement in the manufacturing sector will determine the economic recovery



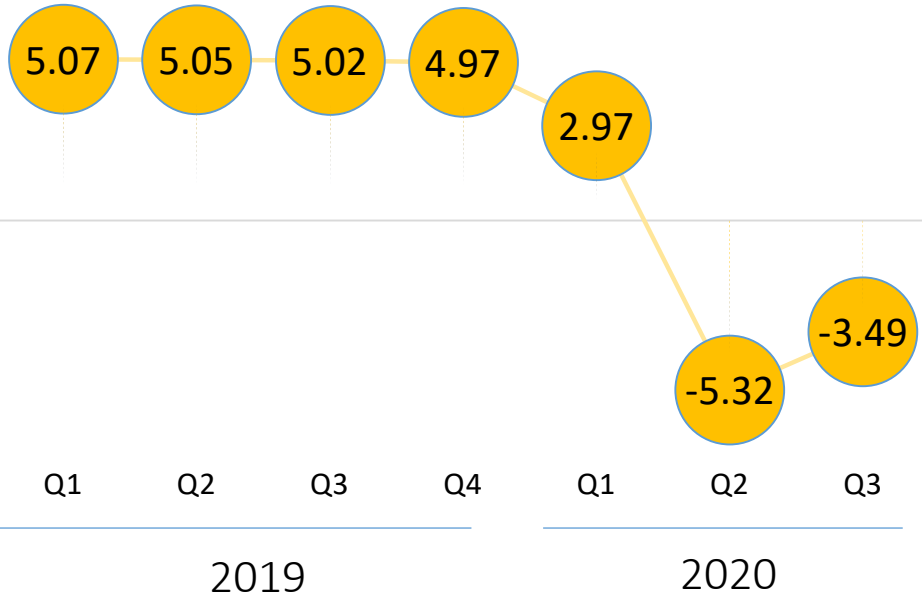
Source: Bloomberg & IHS Markit



# Q3-2020 GROWTH: A TURNING POINT

Indonesia Economy Has Improved Supported by Strong Government Consumption

GDP growth (% , yoy)

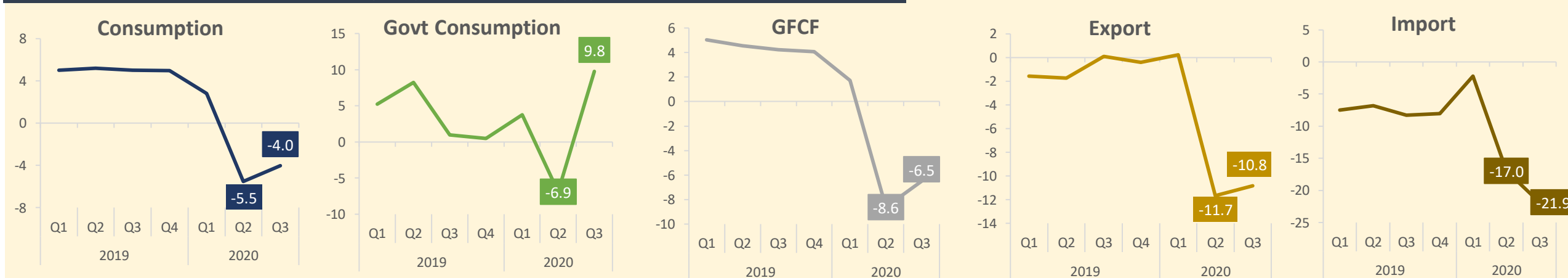


- **All component in GDP have improved** mainly supported by stimulus for Covid-19 handling and economic recovery.
- **Government Consumption** grew high as a commitment to provide countercyclical measures amid pandemic.
- **Household Consumption** has started to recover, mainly backed by increasing 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	-1.7 to -0.6
OECD	-3.3
IMF	-1.5
World Bank	-2.0 to -1.6

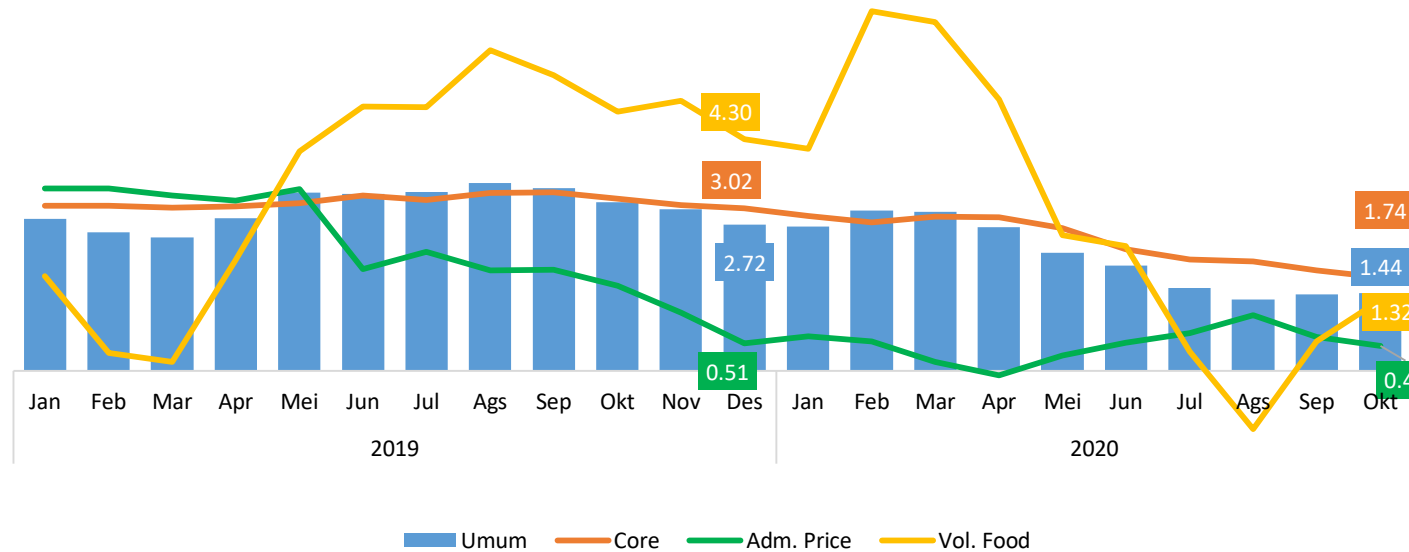
GDP by Expenditure (% , yoy)



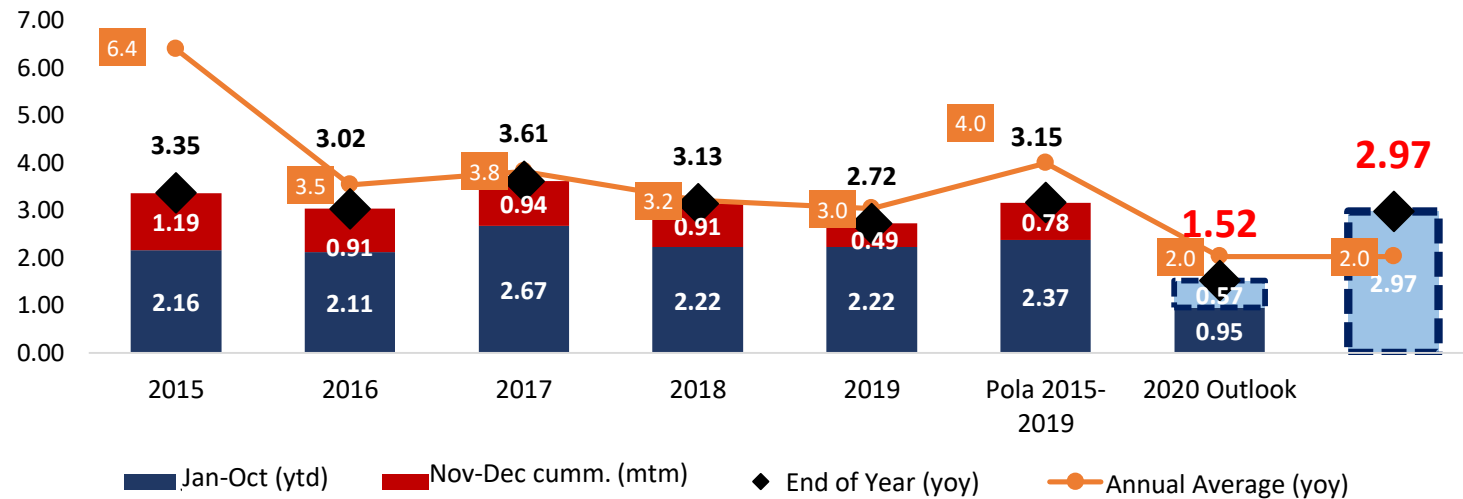


## INFLATION BEGAN TO PICK UP

October Inflation is recorded at 0.07% (mtm) or 0.95% (ytd) or 1.44% (yoy)



### Cummulative Inflation Pattern

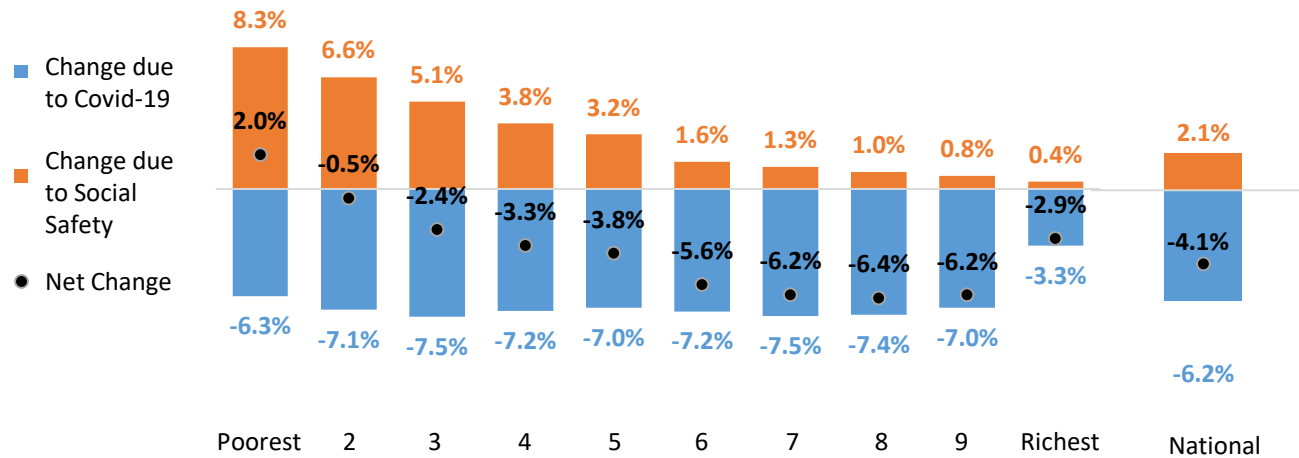


Several factors influenced the inflation rate in the fourth quarter of 2020:

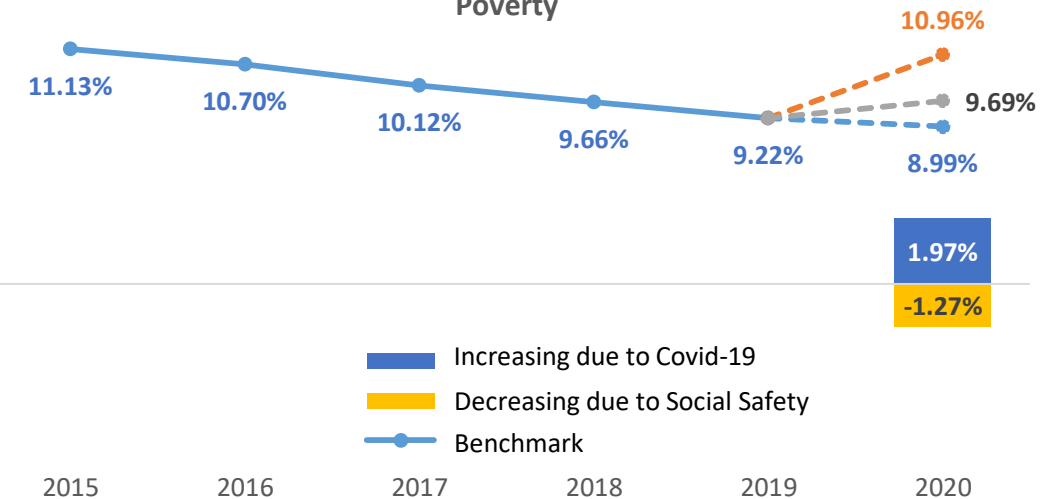
- **There is a potential increase in demand**, especially during the national holidays such as Christmas and New Year (i.e. food and transportation). However, this is still overshadowed by the high positive cases of Covid-19, which have an impact on public confidence.
- Even though inflation remains at a low level, **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.
- **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 DISTRIBUTION OF SOCIAL SAFETY AS OF 2020 3RD QUARTER COULD REDUCE THE IMPACT OF COVID-19 ON POOR AND VULNERABLE PEOPLE CONSUMPTION

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



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



Social Safety  
Realization as of  
Q3-2020:  
**Rp156 T**  
**(99.3%)**



**PKH 10 million Families**



**Food assistance  
Jabodetabek  
1,9 million Families**



**Cash transfer for non-PKH  
9 million Families**



**Wage subsidy  
12.4 million employees**



**Village Fund  
8 million people**



**Food Voucher  
19.4 million Families**



**Cash Transfer  
Non-Jabodetabek  
9.2 million Families**



**Rice Subsidies for PKH  
participants 10 million Families**



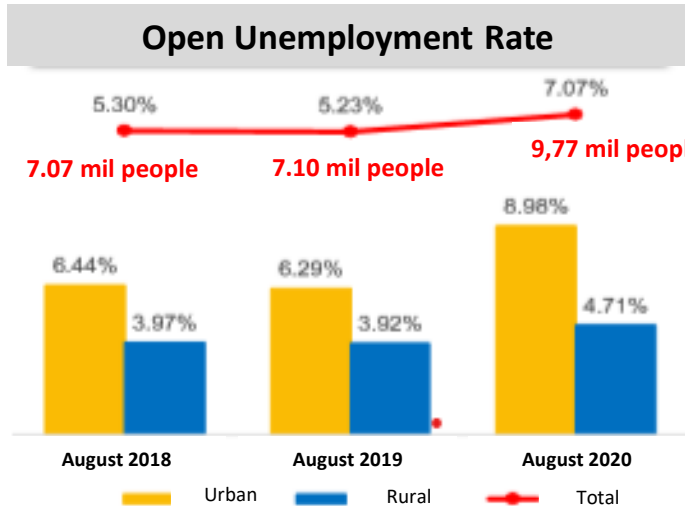
**Wage subsidy  
2.4 million honorary  
teachers**



**Pre-work Card  
5,6 million people**

# THE UNEMPLOYMENT RATE INCREASED DUE TO COVID-19 PANDEMIC

As a result of slowing economic growth



- **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

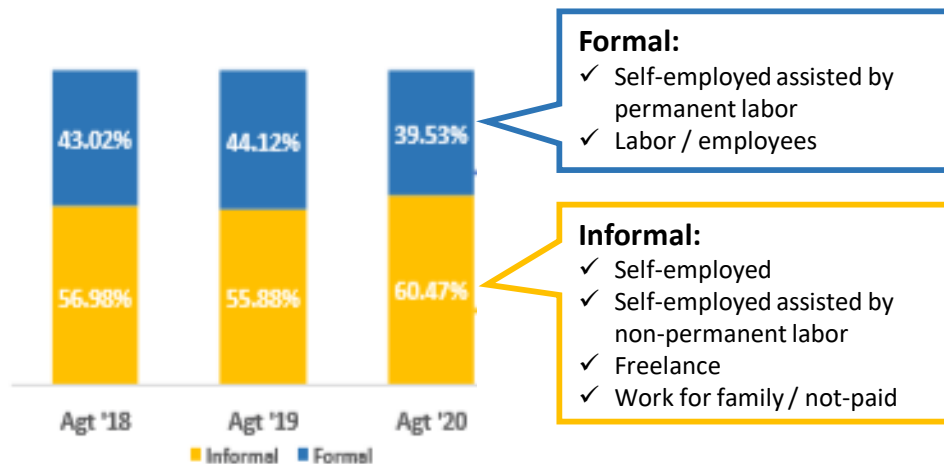
Total Workforce 138.2 million people

↓ **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'



**29.12** Affected by Covid-19  
Million Workforce

**2.56**  
Million Additional unemployment (Apr - Agt 2020)

**0.76**  
Million non-workforce

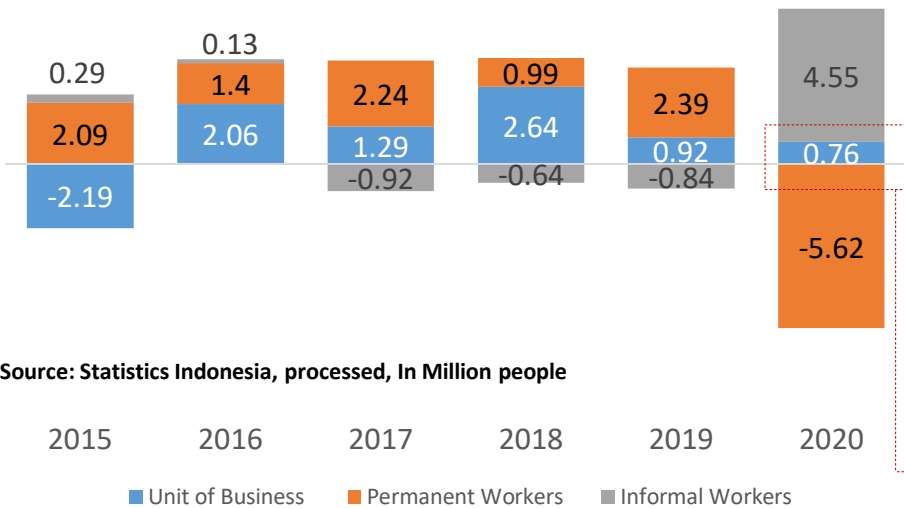
**1.77**  
Million temporarily not working

**24.03**  
Million people got decreasing in work hours

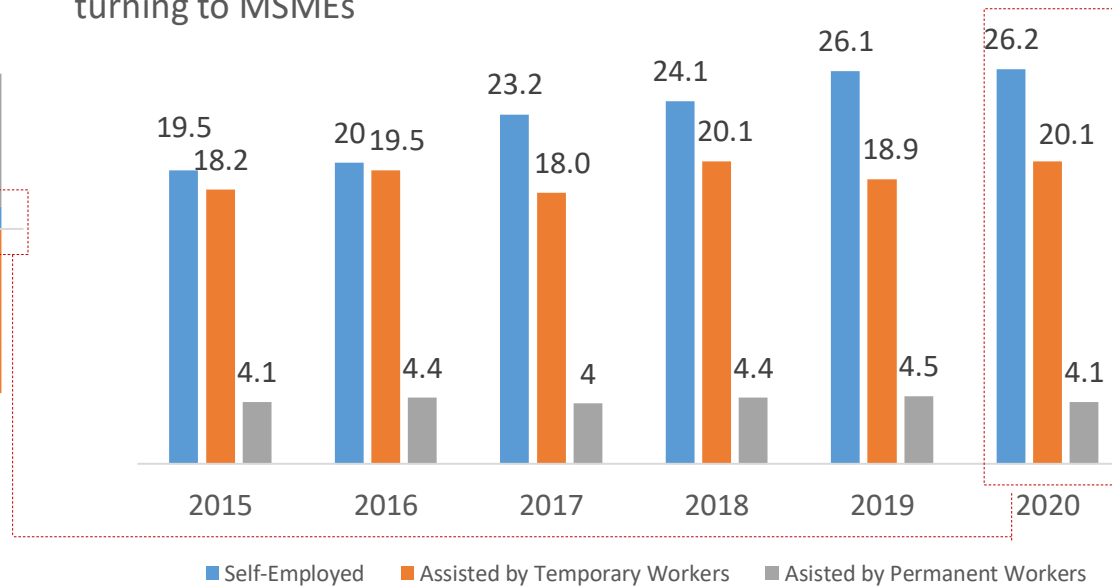
# IN THE MIDST OF A PANDEMIC, SUBSIDIES AND MSME SUPPORTS IN THE PEN PROGRAM HELPED OPEN NEW BUSINESSES

Doing business assisted by temporary workers have increased by 1.13 million people and self-employed workers has increased by 40 thousand people

Workers / Formal Employees Losing Their Jobs, Switching Businesses and Becoming Informal Workers



Indications of Decreasing Medium and Large Enterprises, turning to MSMEs



Doing Business Assisted Temporary Worker

↑ 1,13 Million People

Self-Employed

↑ 40 Thousand People

**Subsidies and MSMEs Supports in the PEN Program**

**Fertilizer Subsidy**  
7.2 million ton

**Housing Incentives** 12,904 houses

**Interest Rate For MSMEs Subsidy**  
20.4 million debtors

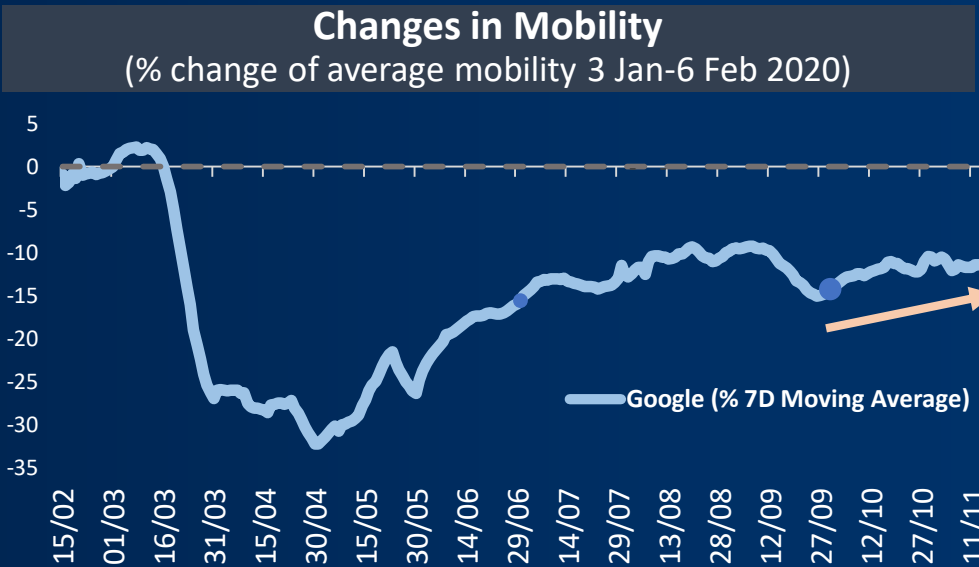
**Credit Guarantee for MSMEs**  
246.6 thousand debtors

**Electricity Bill Discount/ Waiver** 31.4 million customers (Households and MSMEs)

**Financing through LPDP**  
101 thousand MSMEs

**Assistance for micro enterprises** 9.32 million recipients

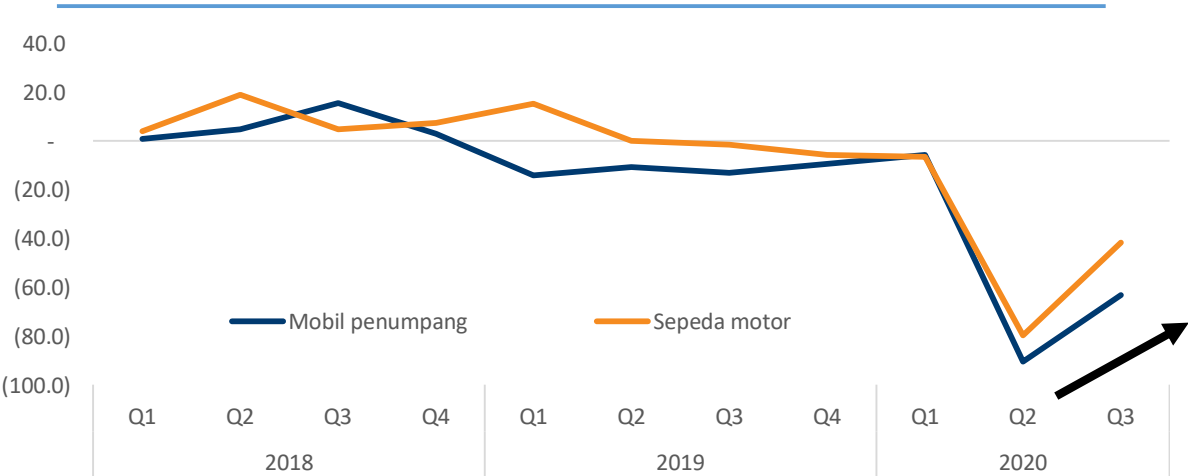
# ECONOMIC RECOVERY IS SUPPORTED PERFORMANCE IMPROVEMENT OF VARIOUS INDICATORS



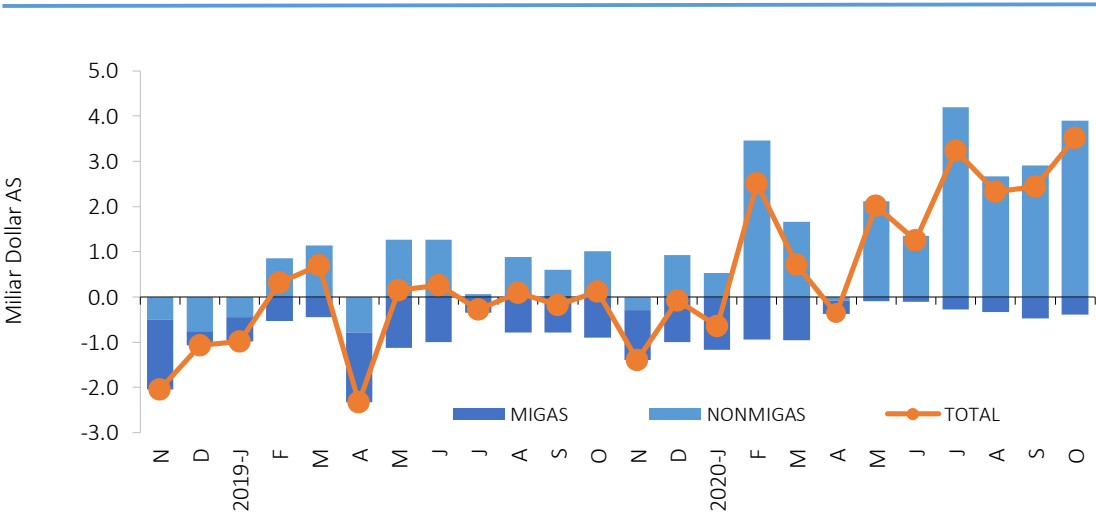
The real sales index increased significantly, and people's activity and purchasing power strengthened



Vehicle sales increased significantly, especially for two-wheeled vehicles



The trade balance is still in a surplus, reaching US \$ 17.07 billion in October

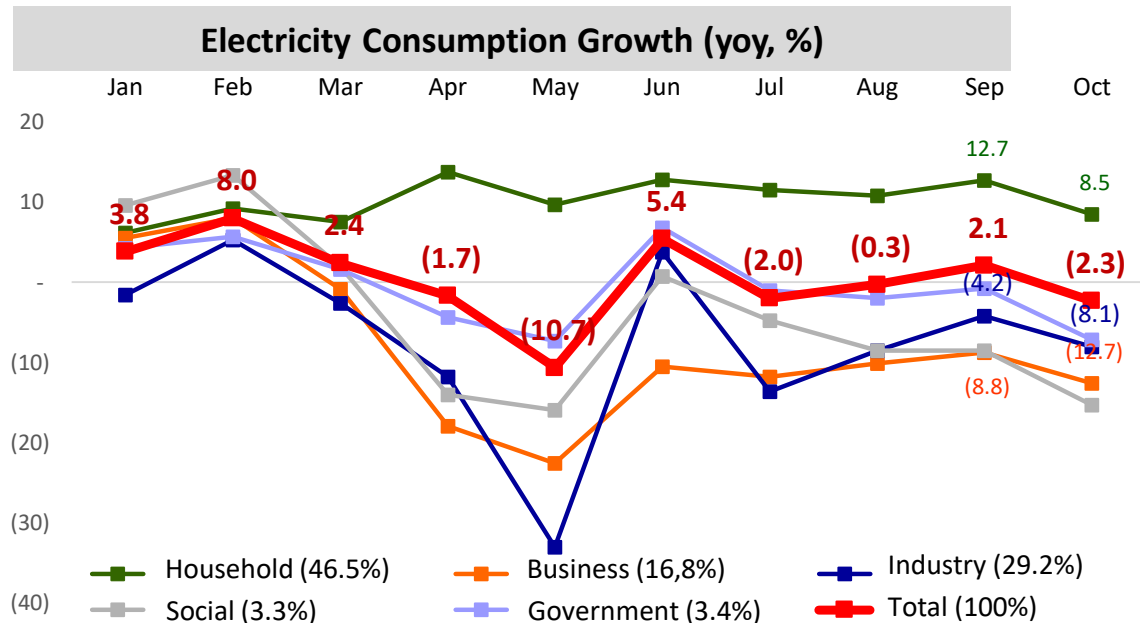
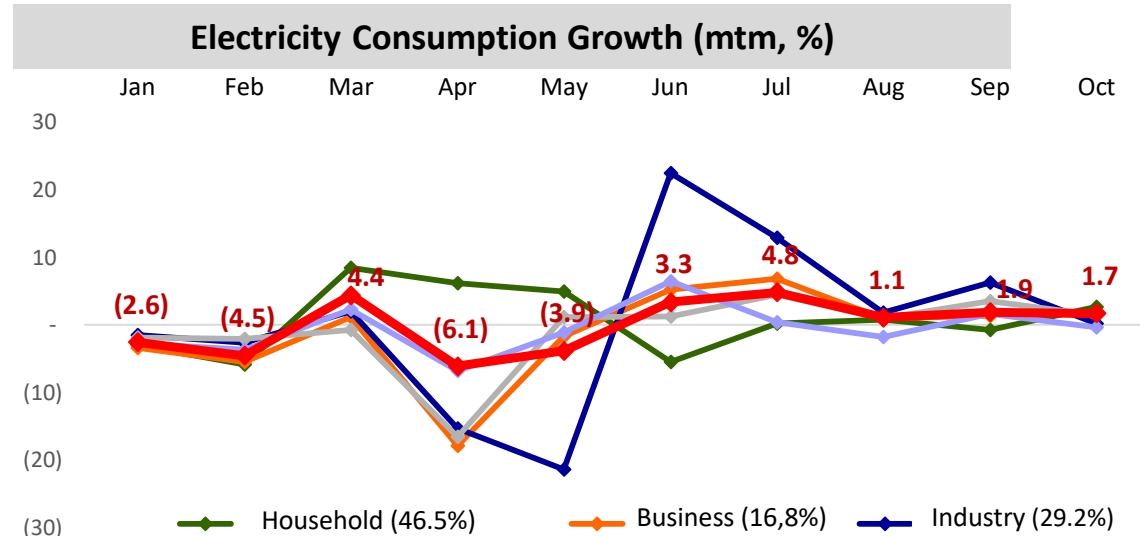


Source: Google Mobility; Bank Indonesia; BPS; Bloomberg & IHS Markit



## ELECTRICITY CONSUMPTION SHOWS A POSITIVE TREND IN OCTOBER

This indicator, in total, remains solid, yet it has not returned into normal level



### Electricity consumption and economic activity

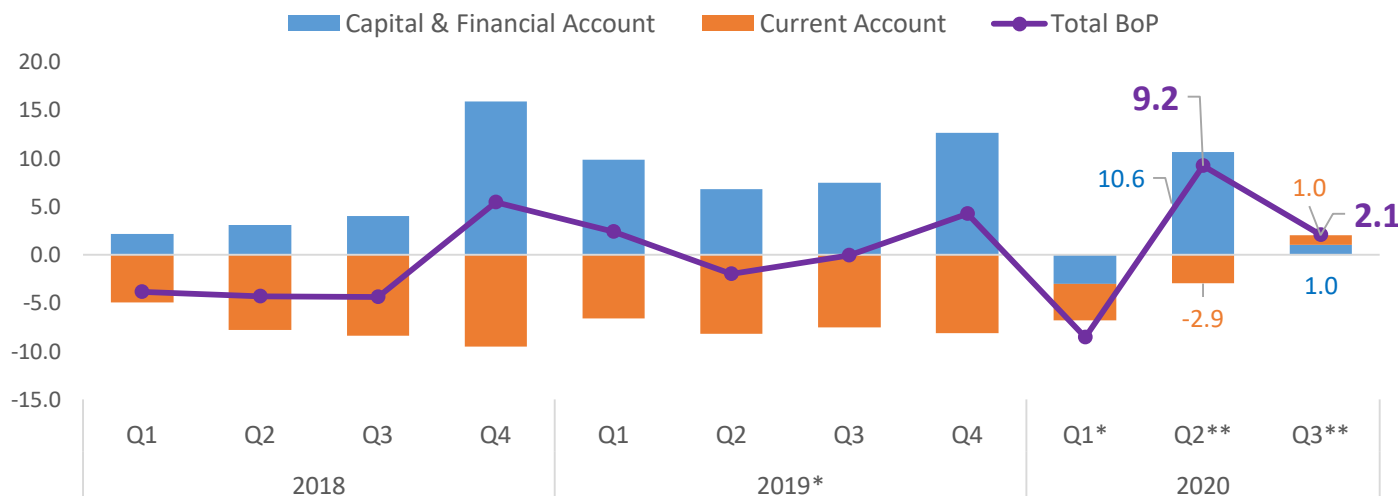
- Electricity consumption in October **increased by 1.7% (mtm)**, but facing a **slight contraction 2.3% (yoy)**.
- Since July, electricity consumption **has shown rising trend, on a monthly basis**, in five consecutive months, indicating the recovery in economic activity still continues.
- Industry sector recorded **contraction at 8.1% yoy** in October, but **remains growing positively by 0.2% mtm** to industry activities in September.
- Business sector recorded **2.3% growth (mtm)**, implying the business activity improved compared to the previous month, even though it has not reached the same level in normal condition (contracted by 12.7%, yoy)
- Household was able to register a **positive growth** compared both to previous month and previous year (8.5% yoy and 2.6% mtm).

Source: State Electricity Company (processed)

# 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)



- 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.

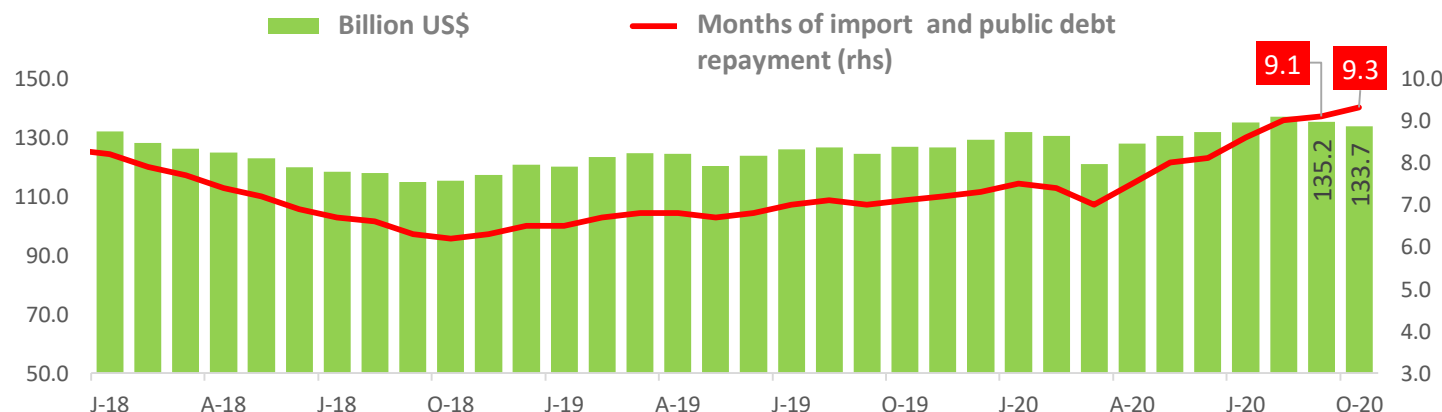
- Capital and financial balance surplus was US\$1 billion, lower compared to Q2.

- ✓ 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

Foreign Reserve

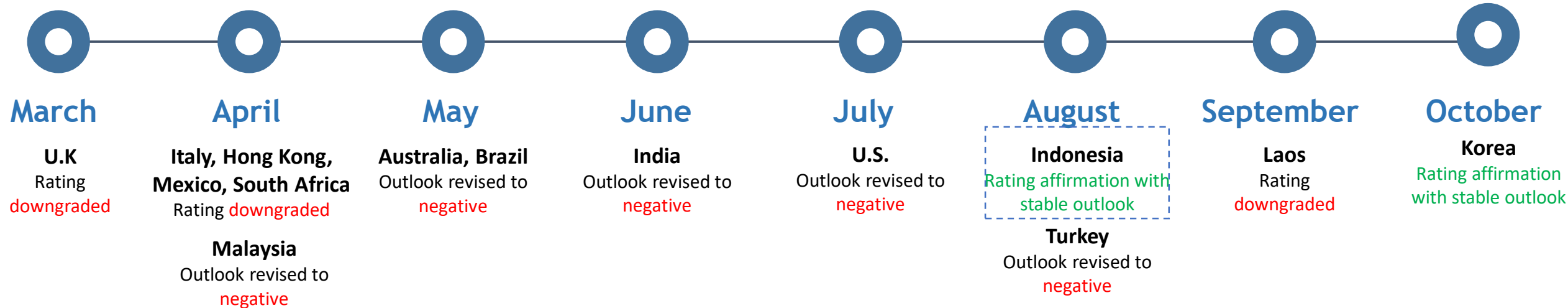


# INDONESIAN SOVEREIGN CREDIT RATING HAS BEEN STABLE IN THE PANDEMIC PERIOD

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

During the Pandemic, Fitch has downgraded more than 30 sovereign ratings and revised the outlook for more than 40 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

- Fitch's affirmation on Indonesia's rating at BBB/stable outlook reflects the acknowledgement of Fitch, as one of leading rating agencies in the world, on Indonesia's macroeconomic stability and economic prospects in the medium-term amid the COVID-19 pandemic which has significantly suppressed the global economy.
- Fiscal credibility compiled by Fitch as one of the main factors for fiscal sustainability in the long term
- Monetary policy that is supportive of stabilizing the economy, particularly turmoil in the financial sector



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# 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



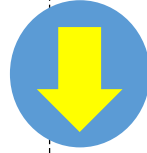


## 2020 BUDGET: FLEXIBLE, DYNAMIC, BUT REMAIN PRUDENT

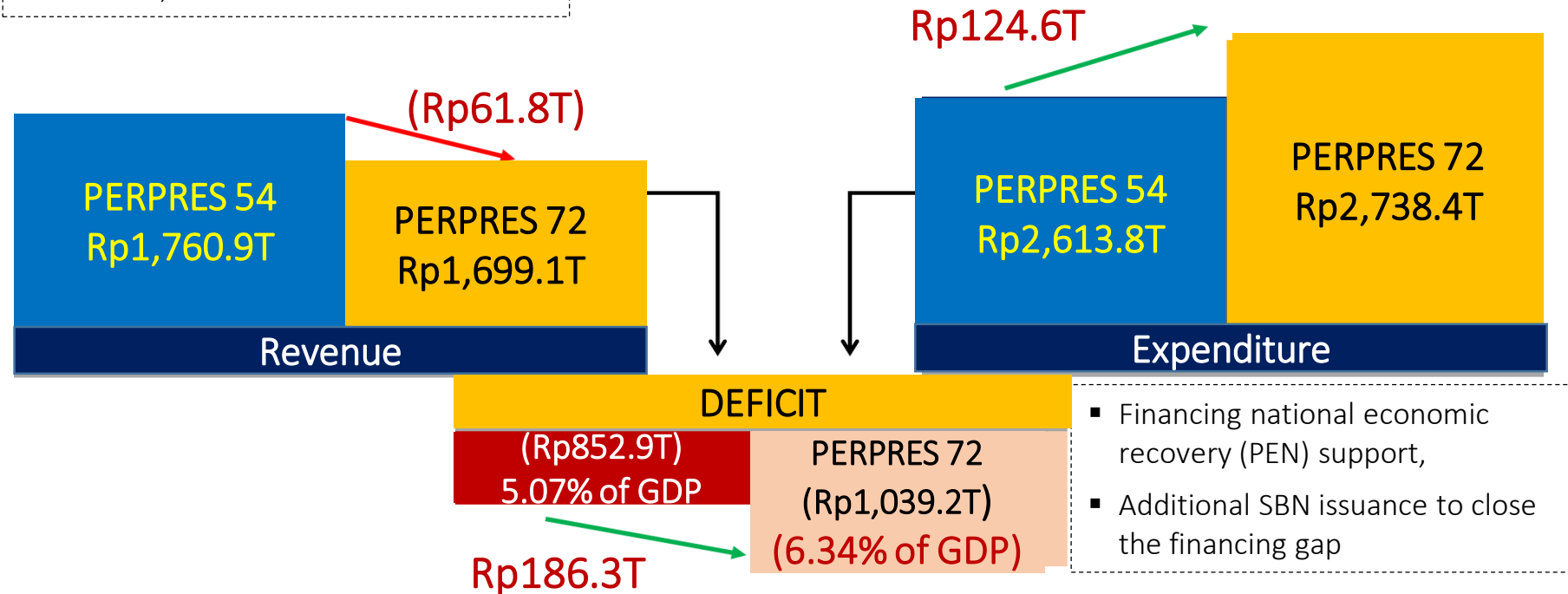
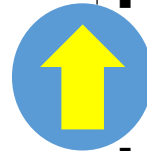
To support the acceleration of economic recovery, the deficit widened from 5.07% of GDP to 6.34% of GDP

### 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



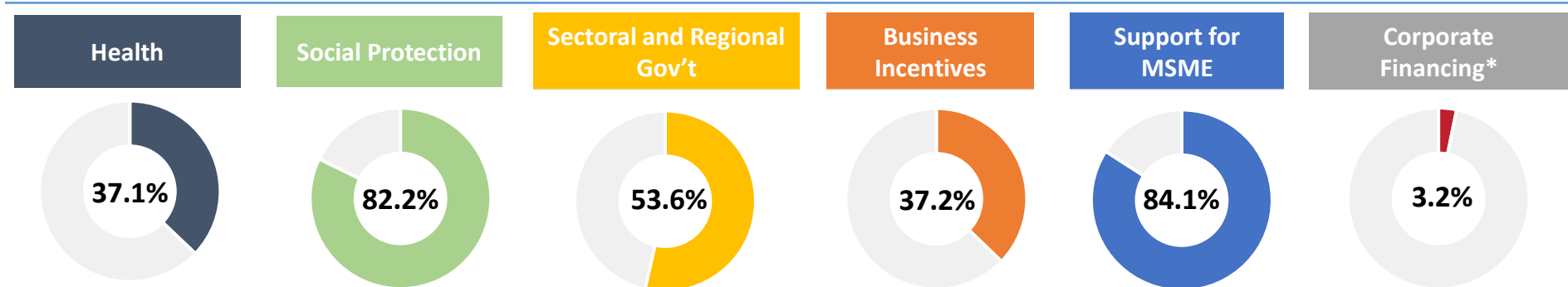
# NATIONAL ECONOMIC RECOVERY PROGRAM (PEN)

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

### PEN Realization as of 18<sup>th</sup> Nov 2020 (%)

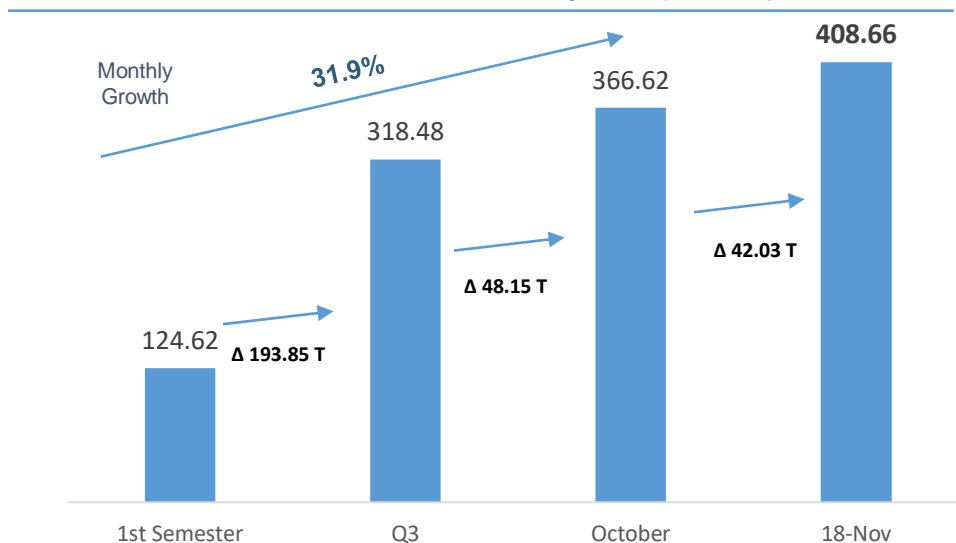
Budget  
**IDR 695.2 Tn**

Realization  
**IDR 408.66 Tn**  
(58.8% of budget)



\*Provision of this program is based on necessary circumstances

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



- Despite just starting in April, the absorption of National Economic Recovery (PEN) has reached 58.8%The realization
- PEN program has experienced a significant acceleration during August and September 2020.
- 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.



# ADDITIONAL SOURCE OF FUNDING FOR ECONOMIC RECOVERY PROGRAM:

MoF & BI have developed burden sharing scheme

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



### HEALTH

Rp87.55 T (USD6.02 B)



### SOCIAL PROTECTION

Rp203.90 (USD14.01 B)



### SECTORAL AND LOCAL GOVT

Rp106.11 (USD7.29 B)



### MSMEs

Rp123.46 (USD8.48 B)



### CORPORATES NON MSMEs

Rp53.57 (USD3.68 B)



### OTHERS

Rp328.87 (USD22.60)

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

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

## 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 October 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	2020	
	Pres. Regulation 72	Up to Oct
Economic Growth	0.5	-2.03
(%, yoy)		
Inflation	3.0	0.95 (ytd)
(%, yoy)		1.44 (yoy)
Exchange Rates	15,300	14,228(eop)*
(Rp/US\$)		14,625(ytd)*
3-month treasury bill yield	4.50	2.99 (eop)**
(%)		3.21 (ytd)**
ICP (Oil Price)	33	38.07(eop)
(US\$/Barrel)		39.7 (ytd)
Oil Lifting	705	700.63 (eop)***
(thousand barrel per day)		706.21 (ytd)
Gas lifting	992	1,0350.91 (eop)***
(thousand barrel – equal oil per day)		988.67 (ytd)

\*as of November 20<sup>th</sup> 2020 \*\*as of 17 November 2020 \*\*\*up to September 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 indicated a slight improvement, driven by rising food prices as the beginning of growing season.
- **Exchange Rates:** Rupiah (ytd) strengthened in mid-November compared to late October 2020. However, the Rupiah still **depreciated 2.4%** 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 November 17<sup>th</sup> posted yield of 2.99%.
- **ICP :** Oil price is around **USD 39/ barrel**, due to the high global Covid-19 cases and the re-tightening of social restrictions in several countries that threaten demand improvement for crude oil.
- **Oil and Gas Lifting:** Until September 2020, Oil and gas lifting was recorded at 706.2 bopd and 988.67 boepd (in average).



## 2020 BUDGET REALIZATION AS OF OCTOBER 2020

	2019				2020			
	Budget	Realization of October 31	% of Budget	Growth (%)	Budget	Realization of October 31	% of Budget	Growth (%)
<b>Revenue</b>	<b>2165.1</b>	<b>1508.5</b>	<b>69.7</b>	<b>1.2</b>	<b>1699.9</b>	<b>1276.9</b>	<b>75.1</b>	<b>(15.4)</b>
<b>Taxation Revenue</b>	<b>1786.4</b>	<b>1173.9</b>	<b>65.7</b>	<b>1.2</b>	<b>1404.5</b>	<b>991.0</b>	<b>70.6</b>	<b>(15.6)</b>
Tax Revenue	1577.6	1018.4	64.6	0.2	1198.8	826.9	69.0	(18.8)
Custom and Excise	208.8	155.4	74.4	7.9	205.7	164.0	79.7	5.5
Non Tax Revenue	378.3	333.3	88.1	3.2	294.1	278.8	94.8	(16.3)
<b>Grant</b>	<b>0.4</b>	<b>1.3</b>	<b>303.6</b>	<b>(83.1)</b>	<b>1.3</b>	<b>7.1</b>	<b>548.6</b>	<b>439.7</b>
<b>Expenditure</b>	<b>2461.1</b>	<b>1797.7</b>	<b>73.0</b>	<b>4.5</b>	<b>2739.2</b>	<b>2041.8</b>	<b>74.5</b>	<b>13.6</b>
<b>Central Government Expenditure</b>	<b>1634.3</b>	<b>1120.8</b>	<b>68.0</b>	<b>4.3</b>	<b>1975.2</b>	<b>1343.8</b>	<b>68.0</b>	<b>19.9</b>
Ministerial Expenditure	855.4	633.4	74.0	8.0	836.4	725.7	86.8	14.6
Non Ministerial Expenditure	778.9	487.5	62.6	(0.1)	1138.9	618.2	54.3	26.8
<b>Regional Transfer and Village Fund</b>	<b>826.8</b>	<b>676.9</b>	<b>81.9</b>	<b>4.7</b>	<b>763.9</b>	<b>698.0</b>	<b>91.4</b>	<b>3.1</b>
Regional Transfer	756.8	624.9	82.6	3.8	692.7	637.5	92.0	2.0
Village Fund	70.0	46.2	66.0	17.2	71.2	60.5	85.0	31.0
<b>Primary Balance</b>	<b>(20.1)</b>	<b>(68.6)</b>	<b>340.9</b>		<b>(700.4)</b>	<b>(513.3)</b>	<b>73.3</b>	
<b>Surplus/(Deficit)</b>	<b>(296,0)</b>	<b>(289.2)</b>	<b>97.7</b>		<b>(1039.2)</b>	<b>(764.9)</b>	<b>73.6</b>	
<i>to GDP</i>	<i>(1.84)</i>	<i>(1.83)</i>			<i>(6.34)</i>	<i>(4.67)</i>		
<b>Financing</b>	<b>296,0</b>	<b>382.0</b>	<b>129.1</b>	<b>18.3</b>	<b>1039.2</b>	<b>928.4</b>	<b>89.3</b>	<b>143.0</b>
<b>Surplus (Deficit) Budget Financing</b>		<b>92.8</b>				<b>163.3</b>		



## TAX REVENUE

Tax incentives are still utilize by taxpayers, excise revenue grew by 10.2%

Tax Revenue (In IDR Trillion)	2019			2020			
	State Budget	Realization as of 31 Oct	% to budget	Budget Presidential Reg. 72/2020	Realization as of 31 Oct	% to budget	Growth (%)
<b>Tax Revenue</b>	<b>1,577.6</b>	<b>1,018.4</b>	<b>64.4</b>	<b>1,198.8</b>	<b>826.9</b>	<b>69.0</b>	<b>(18.8)</b>
1. Income Tax from Oil & Gas	66.2	49.3	74.4	31.9	26.4	82.8	(46.5)
2. Income Tax from Non-Oil & Gas	1,511.4	969.2	64.1	1,167.0	800.6	68.6	(17.4)
a. Income Tax from Non-Oil&Gas	828.3	556.6	67.2	638.5	450.7	70.6	(19.0)
b. VAT	655.4	338.0	59.2	507.5	329.0	64.8	(15.2)
c. Property Tax	19.1	19.2	100.4	13.4	15.9	118.4	(17.0)
d. Other Taxes	8.6	5.4	62.7	7.5	5.0	66.9	(7.2)
<b>Custom &amp; Excise</b>	<b>208.8</b>	<b>155.4</b>	<b>74.4</b>	<b>205.7</b>	<b>164.0</b>	<b>79.7</b>	<b>5.5</b>
1.Excise	165.5	122.4	74.0	172.2	134.9	78.4	10.2
2. International Tax	43.3	33.0	76.2	33.5	29.1	86.9	(11.9)
a.Import Duty	38.9	30.2	77.5	31.8	26.4	82.9	(12.5)
b. Export Duty	4.4	2.9	64.8	1.7	2.7	163.1	(5.9)
<b>Total Revenue</b>	<b>1,786.4</b>	<b>1,173.9</b>	<b>65.7</b>	<b>1,404.5</b>	<b>991.0</b>	<b>70.6</b>	<b>(15.6)</b>

- The tax revenue realization reached Rp991.0 T or 70.6% of the target, grew negatively by 15.6%
- Most types of taxes are under pressure as the utilization of incentives and tax refunds increases
- DG Custom and Excise revenue grew 5.5% (yoy), driven by tobacco excise revenue that grew 10.2% (yoy)



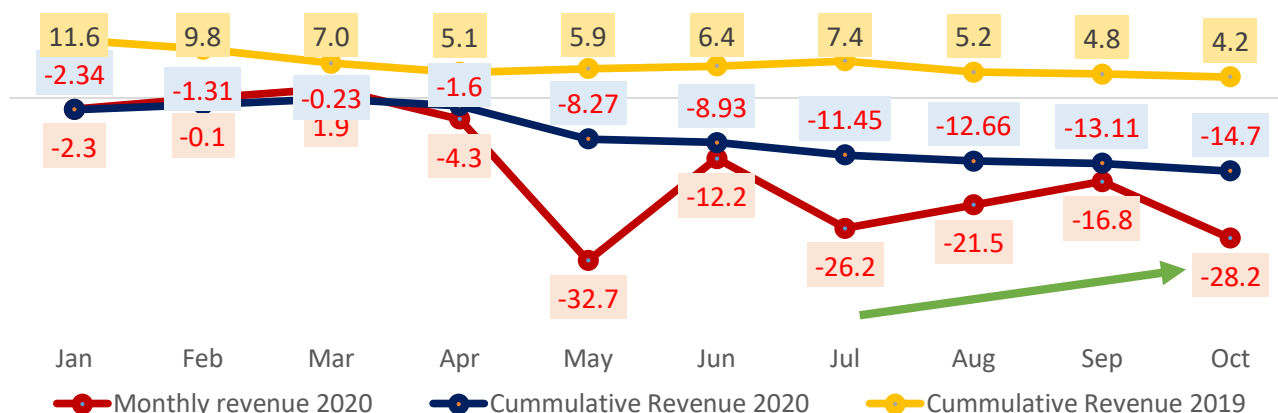
## NET TAX REVENUE JANUARY - OCTOBER

Net tax revenue reached IDR826.95 Trillion or 68.98% from target in Presidential regulation 72/2020, and grew by -18.80% (yoy)

Description (Tax Revenue in IDR Trillion)	State Budget 2020	Presidential Reg. 72/2020	Realization Jan - Oct		% 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	556.62	450.67	3.30%	-19.03%	51.65%	70.58%
VAT and Tax on luxury goods	685.87	507.52	388.00	328.98	-4.24%	-15.21%	47.96%	64.82%
Property tax and other taxes	26.79	20.93	24.57	20.92	37.58%	-14.86%	78.09%	99.98%
Income Tax from Oil and Gas	57.43	31.86	49.25	26.37	-9.30%	-46.46%	45.92%	82.77%
<b>Total Income Tax Non Oil and Gas</b>	<b>1,585.14</b>	<b>1,166.96</b>	<b>969.19</b>	<b>800.57</b>	<b>0.76%</b>	<b>-17.40%</b>	<b>50.50%</b>	<b>68.60%</b>
<b>Total</b>	<b>1,642.57</b>	<b>1,198.82</b>	<b>1,018.44</b>	<b>826.94</b>	<b>0.22%</b>	<b>-18.80%</b>	<b>50.34%</b>	<b>68.98%</b>

Source: Revenue realization report DG Treasury – Buku Merah run data as of November 4th 2020

### Gross Monthly Revenue Growth (% , yoy)



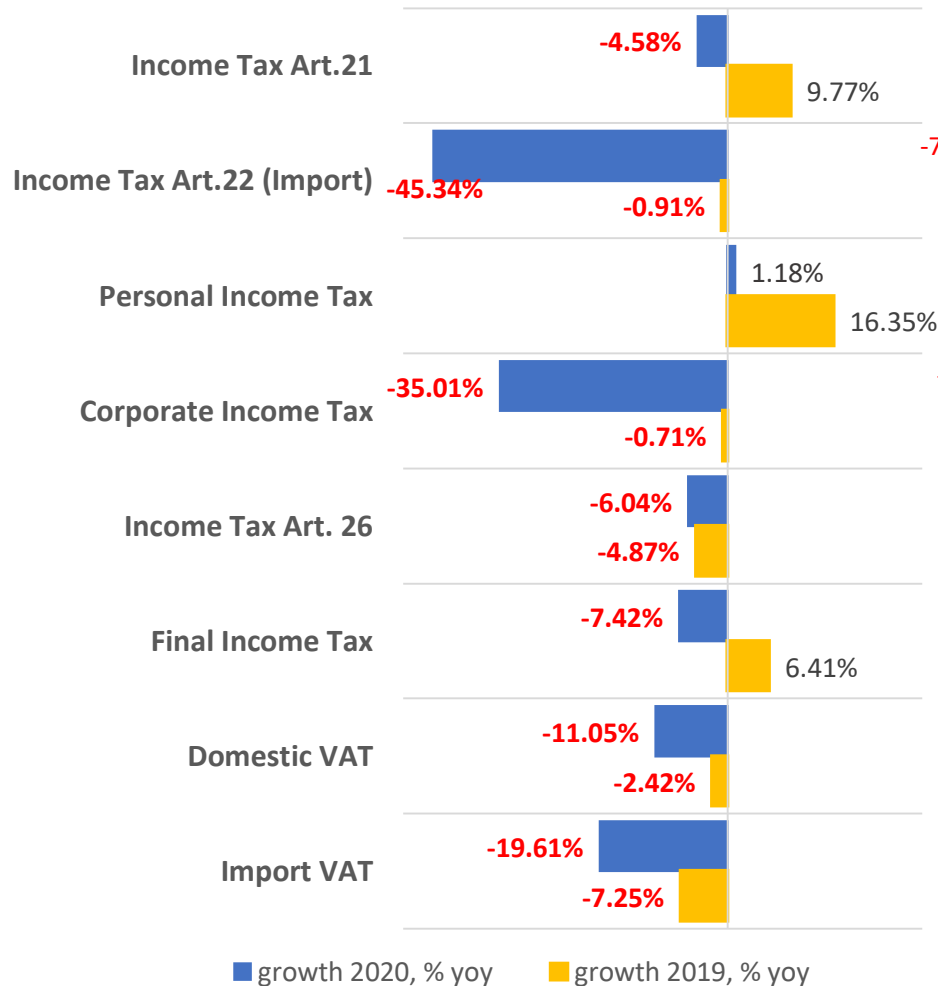
- Tax revenue trend in Q3 was improved, indicated the economy slowly recover. Net growth remain weak due to the tax refund. Accelerated tax refund increased by 30.82% and 32.77% in September and October, respectively.
- The trend of improvement in October was restrained due to re-tightening of PSBB (mobility restriction) and the increase of fiscal incentive utilization



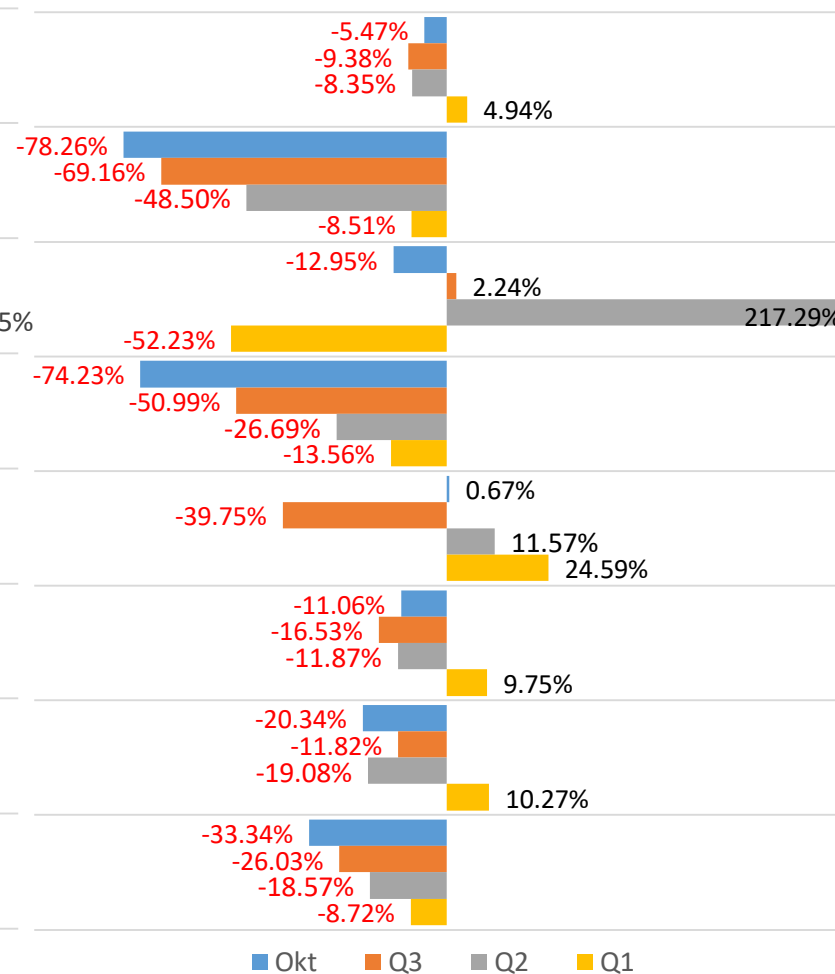
## TAX REVENUE BY TYPE

Economic recovery in Q3 reflected in improvement in domestic VAT. Other type of tax was relatively slowed down, along the increase of fiscal incentive utilization. The performance in October was affected by re-tightening of PSBB

Net growth Jan- Oct (yoy)



Net growth each period (yoy)



■ **Income Tax Article 21, 22 (import), Personal Income Tax and Corporate Income tax** was affected by the fiscal incentive utilization. Revenue performance in Q3 and October was slower compared to Q2 due to the increase of fiscal incentive utilization.

■ **Domestic VAT in Q3 was performed better compare to Q3**, suggested the economy recover and in line with the GDP turning point in Q3 (even though remain in the contraction zone). The performance in October was under pressured again due to re-tightening of PSBB

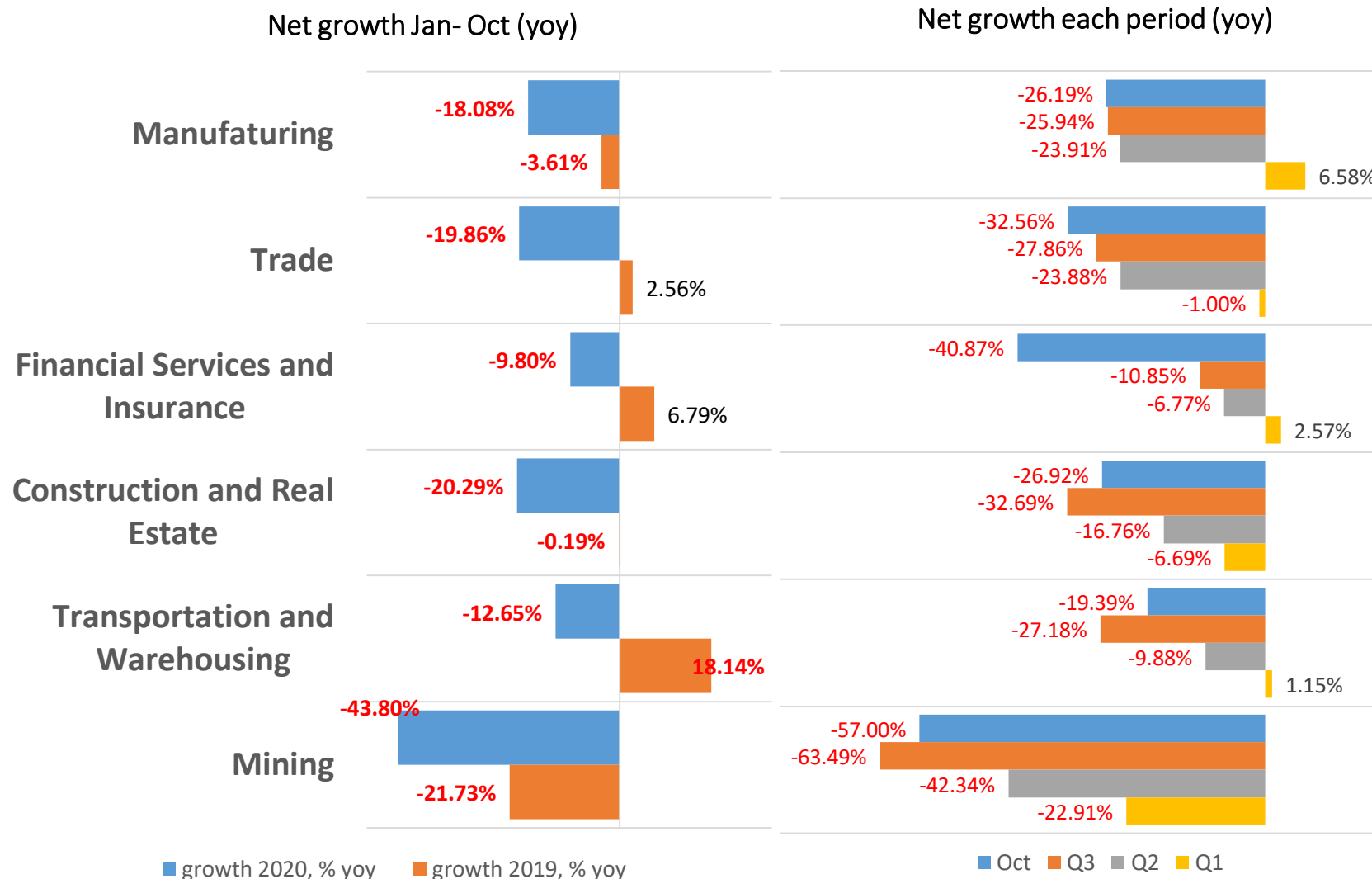
■ **Import VAT in Q3 was slowed down** in line with the sluggish import in Q3. The slowed down was affected by fewer number of weekdays in month.





# REVENUE REALIZATION BY SECTOR

The revenue was slowed down in Q3 as the increase of incentive fiscal utilization. The same challenge still occurred in October



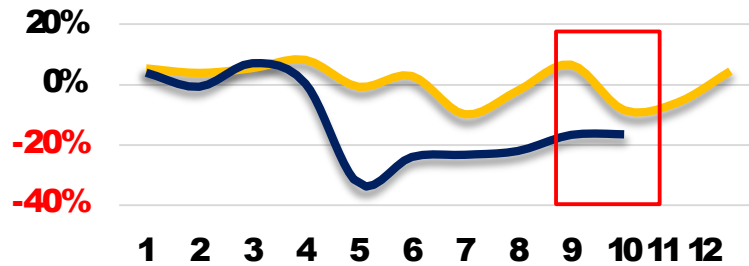
- The sales activity improved in Q3 though the import activity was slower compared to Q2. The domestic VAT on **Manufacturing sector** grew at 5.47% in Q3, from -12.68% in Q2. Meanwhile the domestic VAT in trade sector grew at -8.49% in Q3, from -18.05% in Q2. The growth was in line with the economic recovery. Sales in October was slowed down due to re-tightening of PSBB.
- **The financial services** slowed down in Q3 due to the widening gap between the credit growth and Third Party Fund Deposit growth which caused lower profitability. The gap was even widened in October.



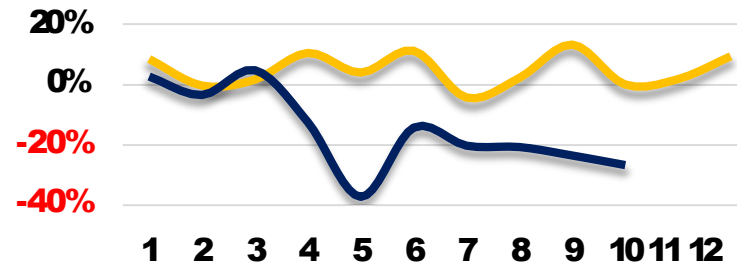
## REVENUE REALIZATION BY SECTOR MONTHLY (GROSS)

Several main sector suggested an improvement, however the recovery was still weak

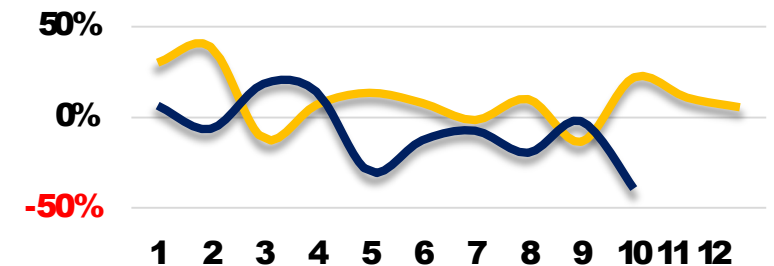
Manufacturing (29.7%)



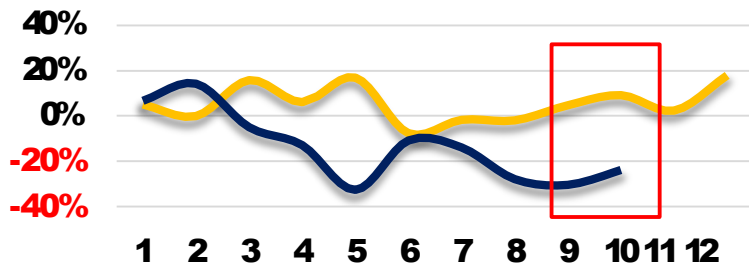
Trade (20.0%)



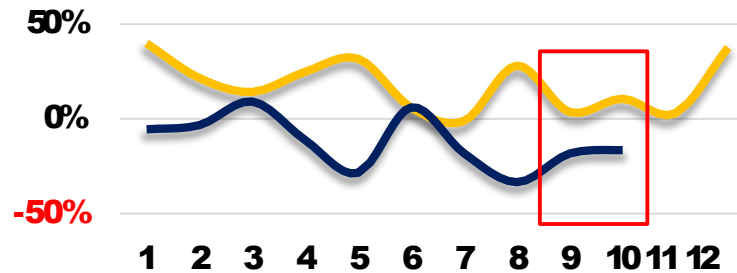
Financial Services (15.8%)



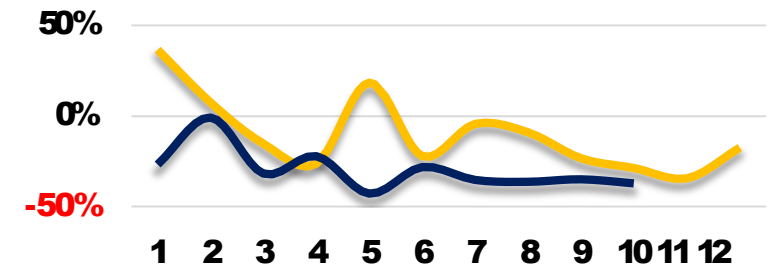
Construction & Real Estate (6.6%)



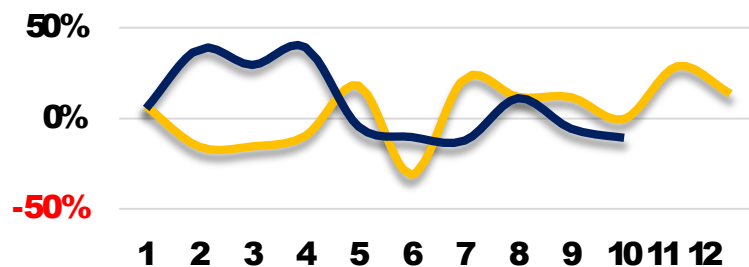
Transportation & Warehousing (4.5%)



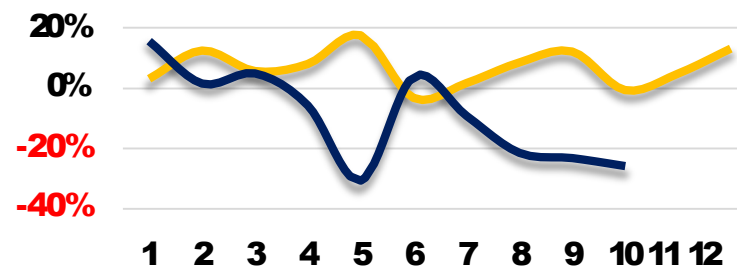
Mining (3.4%)



Information & Communication (4.4%)



Business Services (3.9%)



—  $\Delta\%$ 2018-2019  
—  $\Delta\%$ 2019-2020



## 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%**)

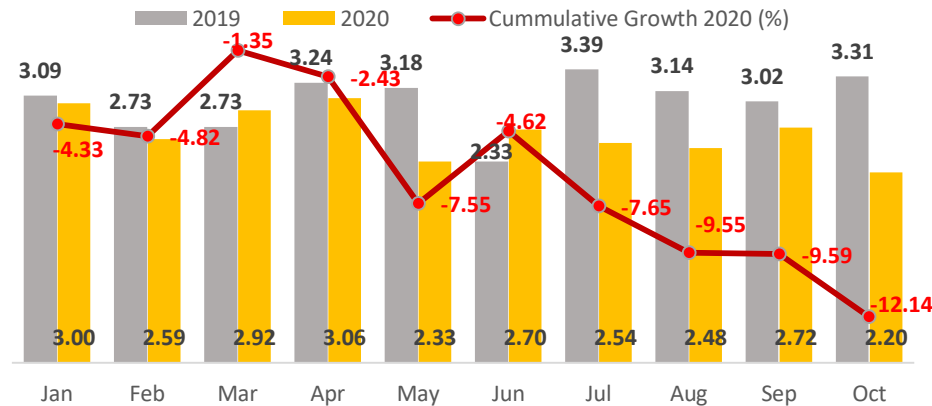


## IMPORT AND EXPORT DUTY REVENUE

Import Duties performance is still under pressure, impacted by the weakening of international trade and national economic activity, supported by the performance of bauxite and copper export duties revenue

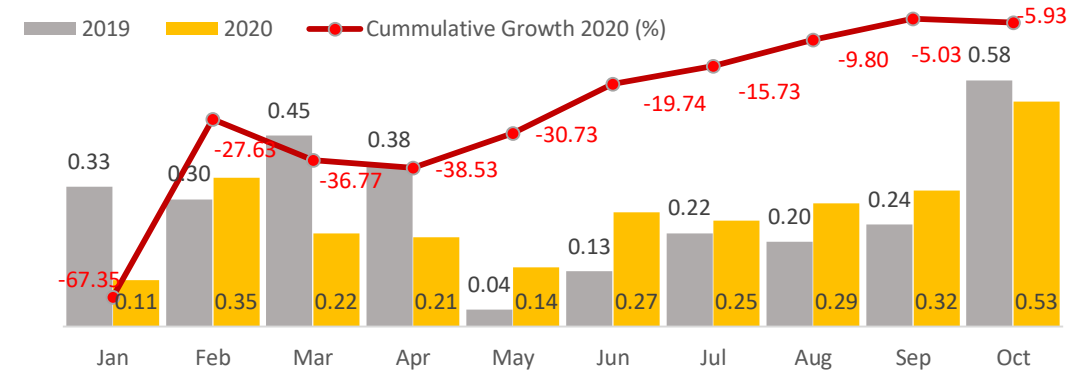
### MONTHLY IMPORT DUTIES REALIZATION

(in trillion rupiah)



### MONTHLY EXPORT DUTIES REALIZATION

(in trillion rupiah)

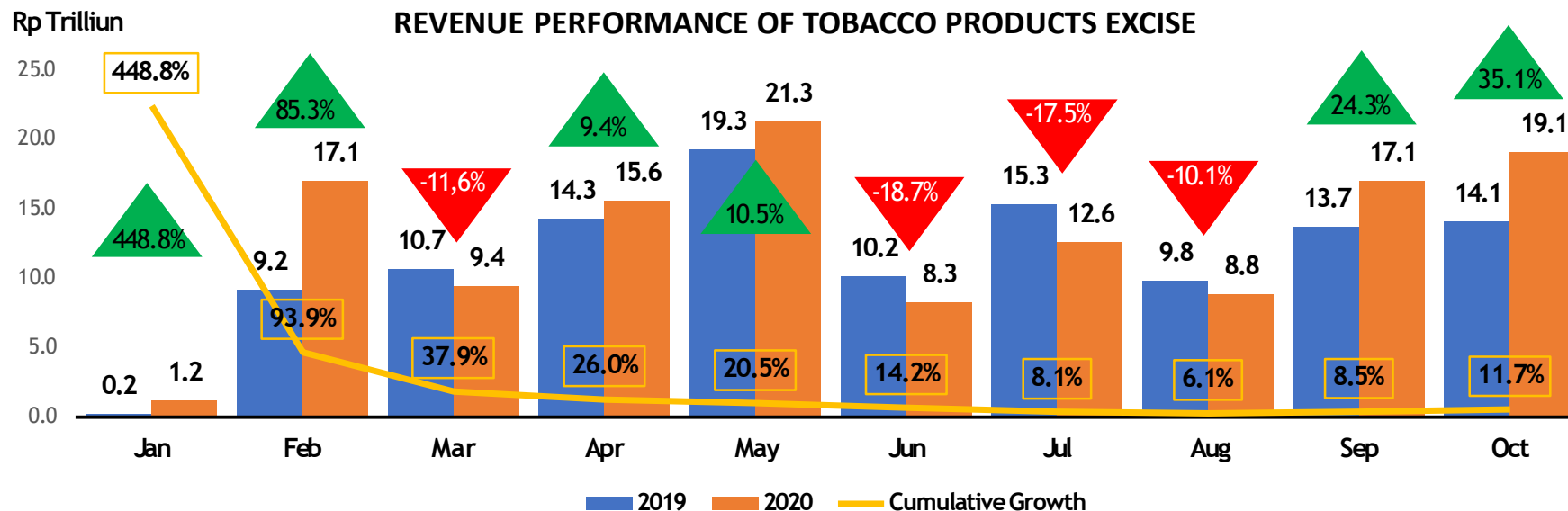


- **October import duties are still down** with the rupiah exchange rate weakening, but foreign exchange payments are down -29.72%
- **October revenues came under pressure** in all sectors except Transport & Warehousing due to PMK 199/2019.
- **Export duties grew negatively** by -5.93 percent (yoy), lower than the previous period (-5.03 percent), influenced by the surge in nickel exports in October 2019 and the decline in export performance of wood and other minerals (iron ore and zinc).
- **Oil palm, bauxite, and copper export duty revenue are experiencing growth.** The increase in oil palm export duty revenue was also supported by the increase in CPO prices.

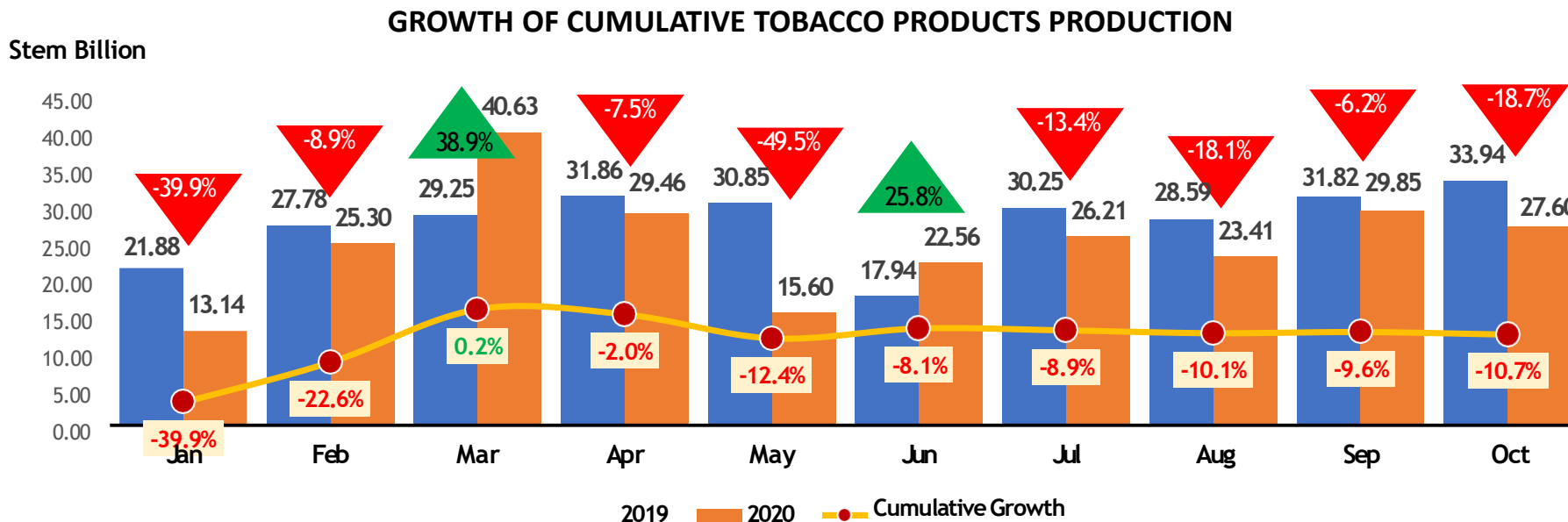


## TOBACCO PRODUCTS EXCISE REVENUE UNTIL OCTOBER 2020

Both the acceptance and production of tobacco products have shown a slowing trend since entering the pandemic period



1. The improvement in revenue performance as of **October 31** was more due to policy effects.
2. Tobacco Products Excise as of **October 31** still grew positively due to the abundance of revenues from the previous year (PMK-57 effect);
3. Plus, the effect of PMK 30 2020, which caused the **purchase of credit bands** in early July (5.8T), which should have been paid off in September, **to be relaxed to October**.



1. **Produksi HT** terus mengalami **tren perlambatan** selepas bulan **Maret** dan pertumbuhan berada di teritori negatif, hal ini sedikit berbeda dengan penerimaan
2. Hingga Oktober ini **belum ada** tanda perbaikan dari produksi HT



## 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.





## GOVERNMENT EXPENDITURE

Continuing the acceleration of government expenditure: reached 74.5% of budget and grew 13.6%

Government Expenditure (trillion rupiah)	2019			2020			
	Budget	Realization 31 October	% Budget	Perpres 72/ 2020	Realization 31 October	% Perpres 72/ 2020	% Growth
<b>I. Central Government Expenditure</b>	<b>1,634.3</b>	<b>1,120.8</b>	<b>68.6</b>	<b>1,975.2</b>	<b>1,343.8</b>	<b>68.0</b>	<b>19.9</b>
<b>Line Ministries Expenditure</b>	<b>855.4</b>	<b>633.4</b>	<b>74.0</b>	<b>836.4</b>	<b>725.7</b>	<b>86.8</b>	<b>14.6</b>
Personnel Expenditure	224.4	204.4	91.1	256.6	201.1	78.4	(1.7)
Material Expenditure	344.6	236.4	68.6	271.7	264.0	97.2	11.7
Capital Expenditure	189.3	100.8	53.2	137.4	89.7	65.3	(11.0)
Social Assistance	97.1	91.7	94.5	170.7	170.9	100.1	86.3
<b>Non-Line Ministries Expenditure</b>	<b>778.9</b>	<b>487.5</b>	<b>62.6</b>	<b>1,138.9</b>	<b>618.2</b>	<b>54.3</b>	<b>26.8</b>
Subsidy	224.3	146.2	65.2	192.0	125.2	65.2	(14.4)
Other Expenditures	114.0	2.1	1.9	450.6	113.7	25.2	5,268.0
<b>II. Transfer to Regional and Village Fund</b>	<b>826.8</b>	<b>676.9</b>	<b>81.9</b>	<b>763.9</b>	<b>698.0</b>	<b>91.4</b>	<b>3.1</b>
Transfer to Region	756.8	624.9	82.6	692.7	637.5	92.0	2.0
Village Fund	724.6	602.4	83.1	653.4	604.7	92.6	0.4
<b>TOTAL EXPENDITURE</b>	<b>2,461.1</b>	<b>1,797.7</b>	<b>73.0</b>	<b>2,739.2</b>	<b>2,041.8</b>	<b>74.5</b>	<b>13.6</b>

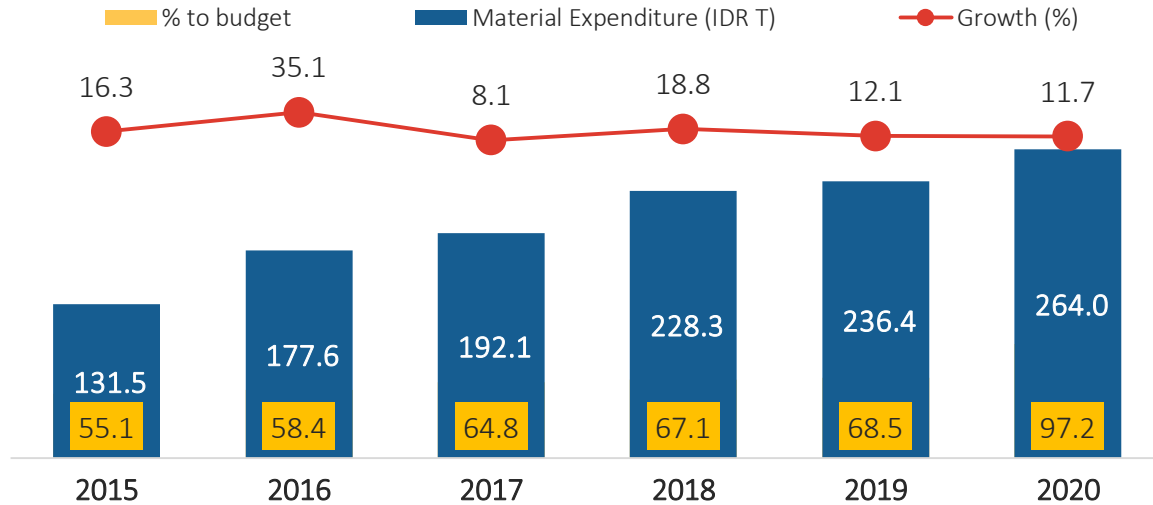
- Realization of spending on social assistance as well as material expenditure is driven by realization of PEN program (health, social protection, wage assistance, micro assistance)
- Other expenses mainly for compensation of IDR 91.1 T, Pre-employment Cards IDR 19.9 T and JKN PBPU / BP Contribution Assistance IDR 1.9 T
- TKDD is supported by a relaxation policy for the acceleration of TKDD distribution



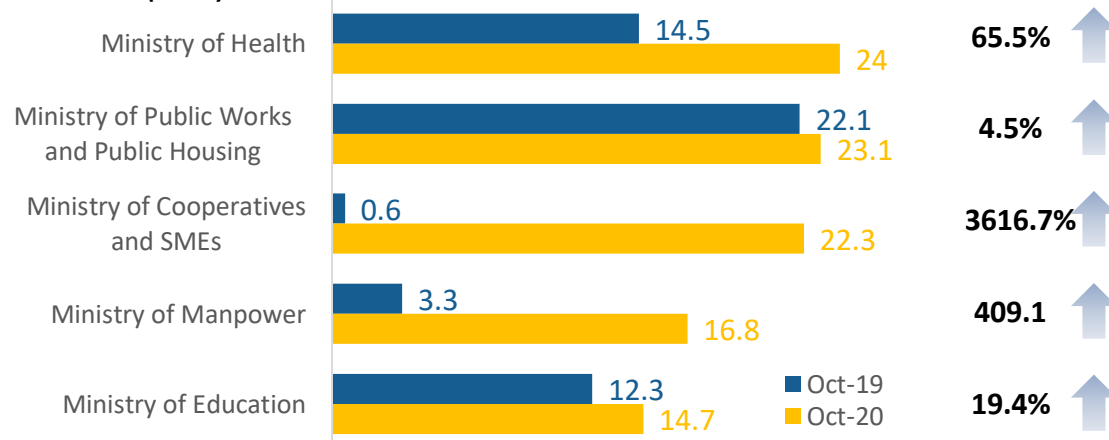
## MATERIAL EXPENDITURE IS ACCELERATED

Increased by 11.7%, mainly supported by PEN program implementation

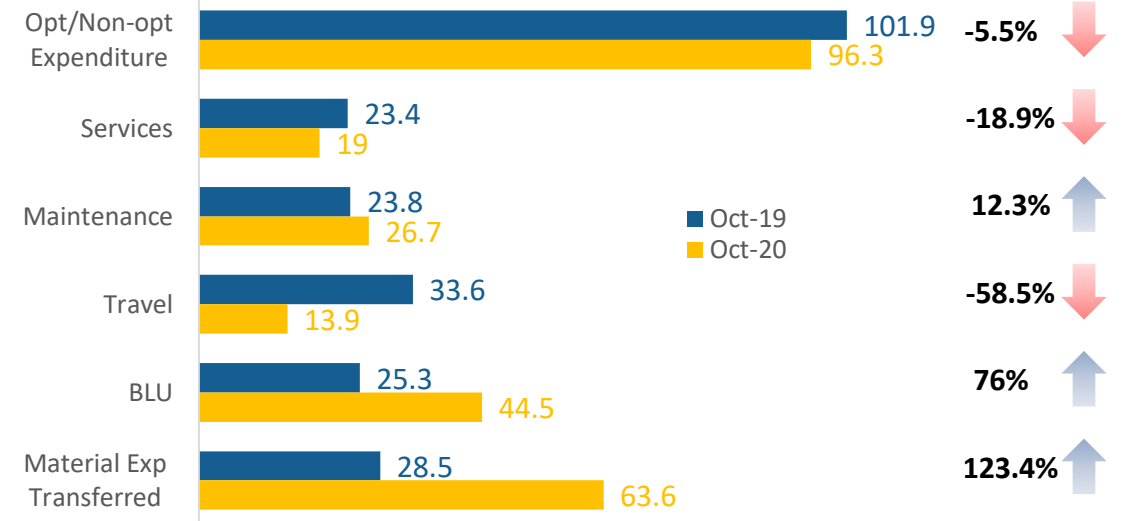
### Material Expenditure as of 31 October



### Cumulative (IDR T)



### Cumulative (IDR T)



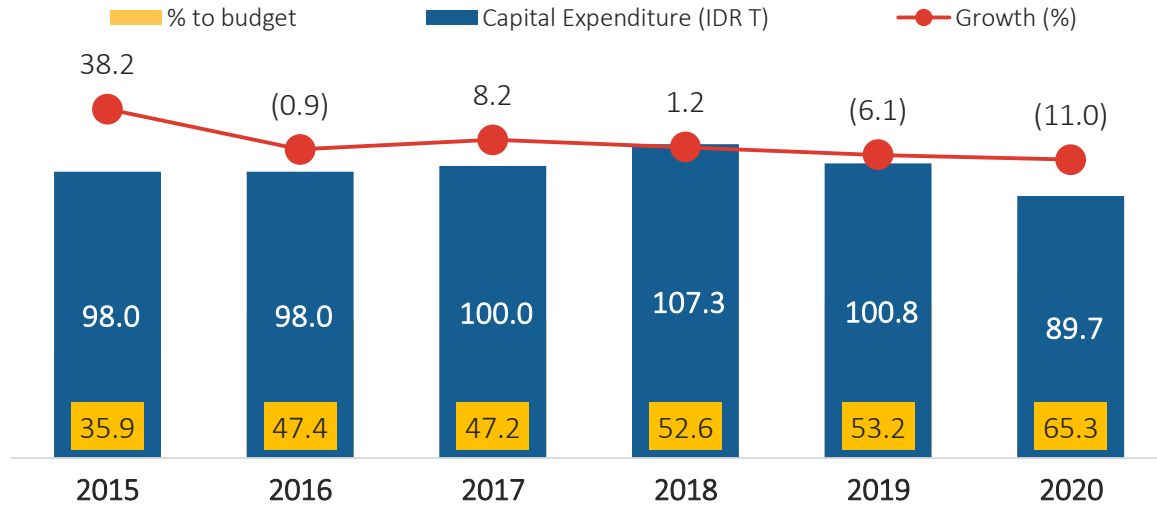
- Material expenditure disbursement accelerated mainly supported by PEN program implementation.
- Material expenditure component was heavily affected by social distancing and WFH policy, which has caused a decrease in operational, services, and travels expenditure.
- The increasing realization in the Ministry of Manpower and Ministry of Cooperatives and SMEs due to disbursement of wage incentives PEN program for SMEs.



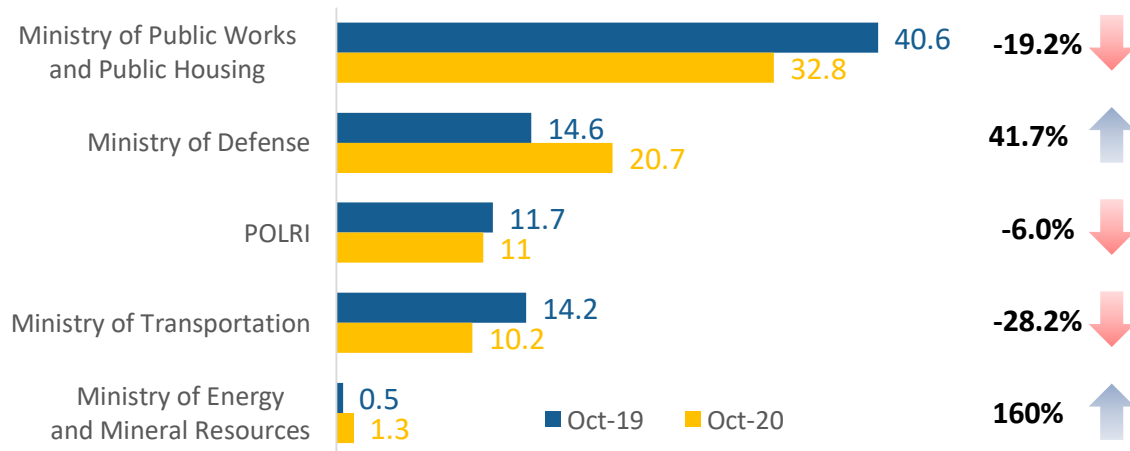
# CAPITAL EXPENDITURE DISBURSEMENT REACHED 65.3% OF BUDGET

Budget refocusing from capital expenditure to Covid-19 handling program

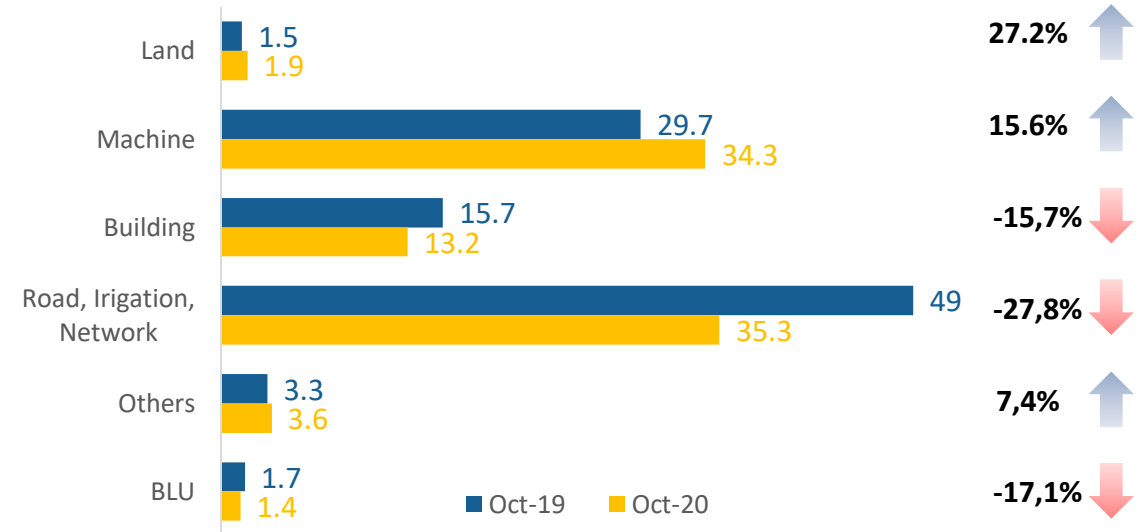
## Capital Expenditure as of 31 October



### Cumulative (IDR T)



### Cumulative (IDR T)



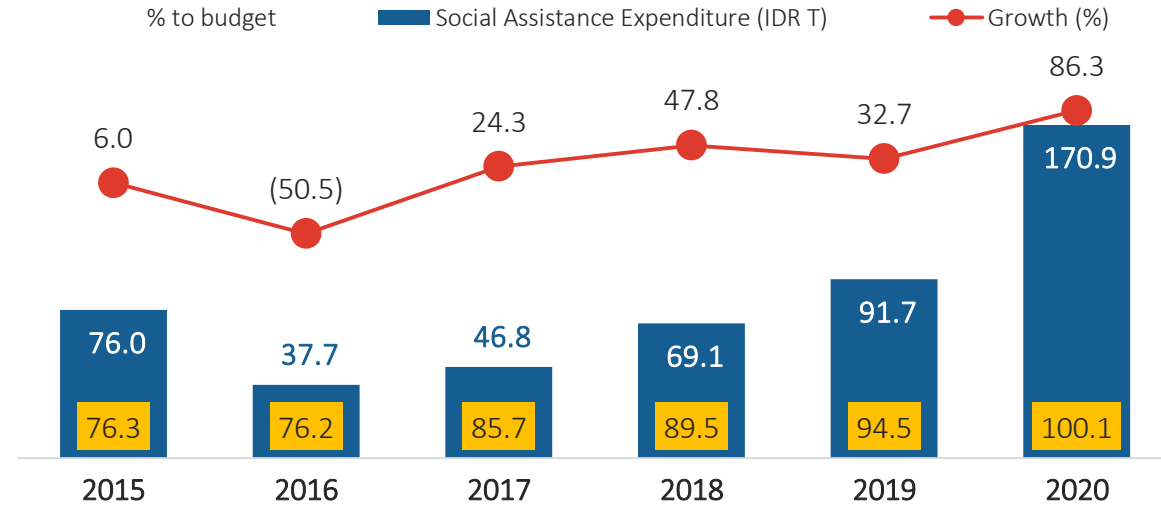
- The total budget for capital expenditure is lower than the previous year, caused by budget reallocation to Covid-19 handling program.
- The Ministry of Defense and Ministry of Energy and Mineral Resources spending grew positively, supported by the procurement of defense equipment and military hospital medical equipment.
- The spending realization from the Ministry of Public Works and Public Housing and Ministry of Transportation decreased. However, the construction of infrastructure for connection and basic services is still on track.



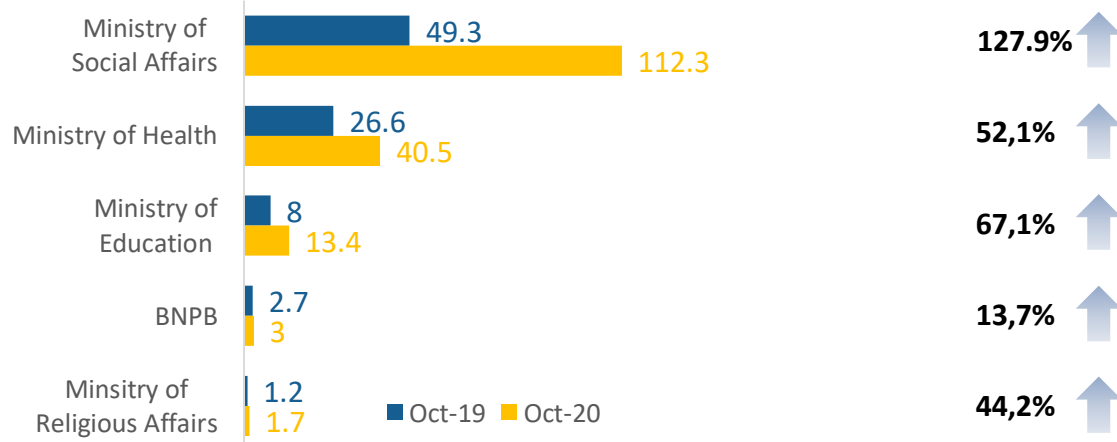
# SOCIAL ASSISTANCE EXPENDITURE IS ENHANCED, GREW BY 86.3%

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

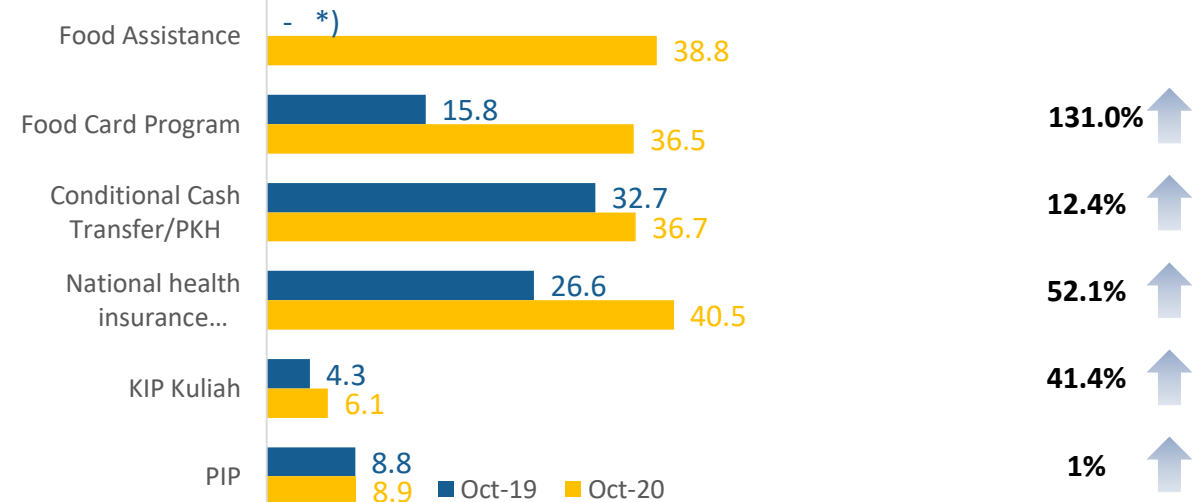
## Social Assistance Expenditure as of 31 October



### Cumulative (IDR T)



### Cumulative (IDR T)



\*) new initiative

- The social protection expenditure grew significantly by 86.3%; the main focus is to provide social assistance impacted people and low-income households, including the National Health Security Program and Social Safety Net Policies, to handle the Covid-19.
- The benefits of conditional cash transfer (PKH) has increased; also, the targets of the Food Card Program has expanded, shown by the increasing on the Ministry of Social Affairs realization.
- Several new initiatives have been taken to cover the broader class of disadvantaged people, namely food assistance for households in Jakarta and urban areas which are not PKH or food card beneficiaries.

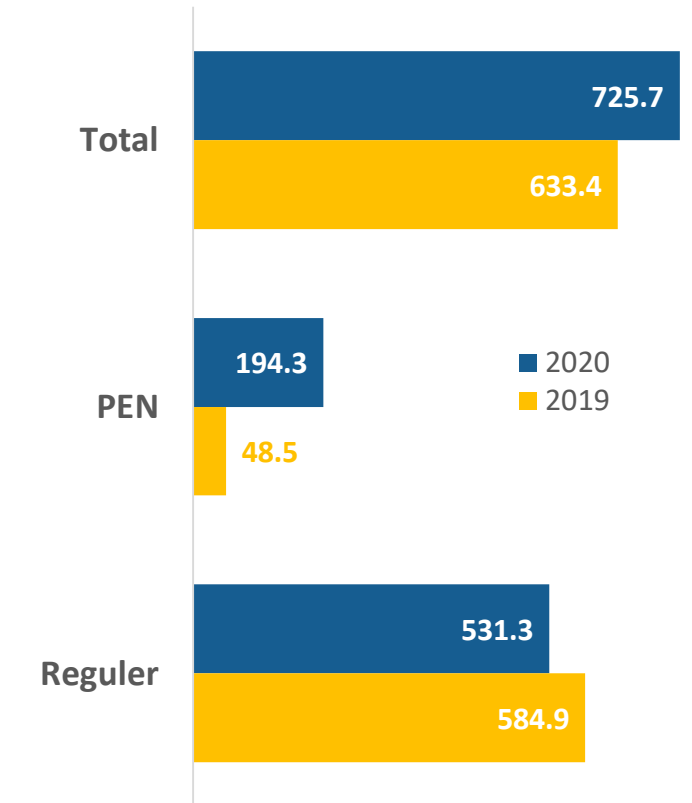


## LINE MINISTRIES EXPENDITURE

Covid-19 handling-related expenditure disbursement was rocketed

Personnel Expenditure (IDR Trillion)	2019		2020		
	Realization as of 31 Oct	% Budget	Realization as of 31 Oct	% Budget	% Growth
Ministry of Defense	82.0	75.7	91.3	77.5	11.4
Ministry of Social Affairs	52.5	89.1	116.2	111.3	121.3
POLRI	75.1	87.1	73.8	79.6	(1.8)
Ministry of Health	46.8	79.6	69.6	88.7	48.8
Ministry of Public Works & Public Housing (PUPR)	64.9	58.6	57.9	76.6	(10.7)
Ministry of Education	26.3	73.2	48.5	68.6	84.1
Ministry of Religious Affairs	48.3	77.8	49.5	79.2	2.4
Ministry of Finance	30.5	67.5	46.4	118.9	52.2
Ministry of Manpower	3.7	64.7	17.3	386.9	363.0
Ministry of Cooperative & SMEs	0.7	71.2	22.4	3447.0	3171.2
Other Line Ministries	202.5	71.7	132.8	69.9	(34.4)
<b>Total</b>	<b>633.4</b>	<b>74.0</b>	<b>725.7</b>	<b>86.8</b>	<b>14.6</b>

Line Ministries Expenditure of 31 Oct  
Cumulative (IDR trillion)



*National Economic Recovery Programs (PEN) is included the Conditional Cash Transfer Program (PKH) and Food Card Program*

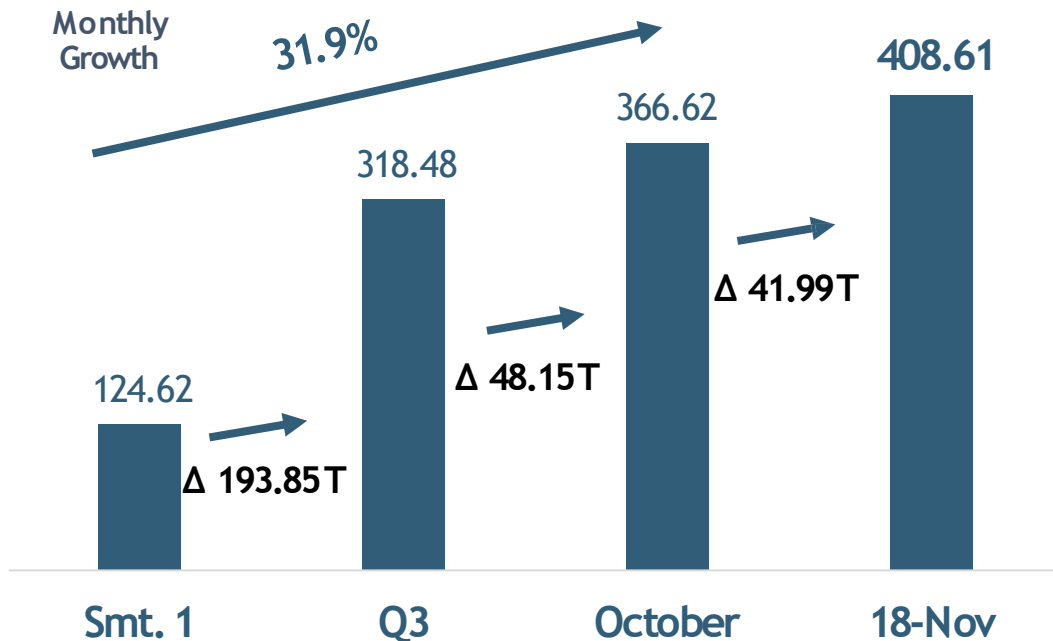


## REALIZATION OF PEN PROGRAM IS ON TRACK

Significantly accelerated in November, the realization of PEN has increased by Rp.41.99 T from the realization in October 2020

**Budget of Rp695.2 T**  
**Realized Rp408.61 T**  
**(58.7%)**

### Positive Absorption Trends (in IDR Trillion)



#### Health

**Budget: Rp97,26 T**

**Realization 37.31**

Central Exp 33.01

TKDD 1.84

Tax Shortfall 2.46

#### Social Protection

**Budget: Rp234,33 T**

**Realization 193.07**

Central Exp 174.12

TKDD 18.95

#### Sectoral Ministries / Line Ministries Regional Government

**Budget: Rp65,97 T**

**Realization 35.33**

Central Exp 21.82

TKDD 12.20

Financing 1.32

#### Support for MSMEs

**Budget: Rp114,81 T**

**Realization 96.61**

Central Exp 30.11

Financing 2.00

Fund Placement 64.50

#### Business Incentives

**Budget: Rp120,6 T**

**Realization 44.30**

Central Exp 2.83

Tax Shortfall 41.47

#### Corporate Financing

**Budget: Rp62,2T**

**Realization 2.00**

Central Exp 945 m

Financing 2.00

- The realization of the Health Cluster and Social Protection encourages the realization of spending on social assistance as well as spending on goods.
- The TKDD PEN program, namely DID for Economic Recovery and Physical DAK Reserves, shows a significant realization in line with the policy of relaxing the acceleration of TKDD distribution.
- Several programs on the financing side, such as regional loans, BUMN, and PMN, began to be distributed in November 2020





## SUBSIDY REALIZATION CONTRACTED SUBSIDIES DUE TO THE IMPACT OF COVID-19

Reached Rp 125.2 trillion, or 65.2% of the Presidential Decree 72/2020, influenced by developments in the realization of macroeconomic assumptions, the volume of subsidized consumption, and the progress of the PEN stimulus

Subsidy (Trillion Rupiah)	2019			2020			
	Budget	Realization as of Oct 31	% to Budget	Revised Budget (Perpres 72 2020)	Realization as of Oct 31	% to Revised Budget	Growth (yoy %)
<b>1 Energy Subsidy</b>	<b>160.0</b>	<b>98.5</b>	<b>61.6</b>	<b>95.6</b>	<b>81.3</b>	<b>85.0</b>	<b>(17.5)</b>
a. Fuel subsidy	100.6	58.0	57.7	41.1	35.7	86.9	(38.5)
b. Electricity Subsidy	59.3	40.5	68.3	54.5	45.6	83.6	12.5
<b>2 Non Energy Subsidy</b>	<b>64.3</b>	<b>47.6</b>	<b>74.0</b>	<b>96.4</b>	<b>43.9</b>	<b>45.5</b>	<b>(7.9)</b>
a. Fertilizer	29.5	28.8	97.6	24.5	17.5	71.3	(39.3)
b. Public Service Obligation	6.8	2.2	32.3	4.9	1.3	25.9	(41.9)
c. Subsidized Credit Interest Program	16.7	10.4	62.5	55.1	18.9	34.4	81.7
d. Tax Subsidy / Government Borne Tax	11.4	6.3	54.7	11.9	6.2	51.9	(0.9)
<b>Total</b>	<b>224.3</b>	<b>146.2</b>	<b>65.2</b>	<b>192.0</b>	<b>125.2</b>	<b>65.2</b>	<b>(14.4)</b>

- Lower fuel subsidies, influenced by:
  - change in the policy of fixed diesel subsidies (IDR 2,000 / lt → IDR 1,000 / lt)
  - decrease in diesel volume due to PSBB (2019 → 11,925.5 thousand KL; 2020 → 10,259.7 thousand KL)
- The LPG subsidy up to Oct 2020 has reached 100%, affecting the development of the realization of the price of LPG products (Market Index Price)
- The electricity subsidy was higher, including the realization of a discount on household electricity and MSMEs of Rp. 7.9 T
- PSO subsidy was lower due to a decrease in the number of passengers and a regional / central government policy to cancel a number of train and boat trips to prevent the spread of Covid-19.
- Interest subsidy for MSMEs up to Oct 2020 Rp. 3.3 T, relatively low due to incomplete ID which is the unique key for Program Credit Information System verification.



## TKDD REALIZATION SUPPORTS THE PERFORMANCE OF STATE EXPENDITURE

Reached Rp698.0 T or 91.4% ceiling, positive growth (3.1% yoy), regional spending continues to be encouraged

### Transfer to Region and Village Fund

(Trillion Rupiah)

	2019				2020		
	Budget	Realization As of Oct 31	% thd APBN	Perpres 72/2020	Realization As of Oct 31	% to Perpres 72/2020	Growth (%)
<b>1. Transfer to Region</b>	<b>756.8</b>	<b>624.9</b>	<b>82.6</b>	<b>692.7</b>	<b>637.5</b>	<b>92.0</b>	<b>2.0</b>
<b>a. Balance Fund</b>	<b>724.6</b>	<b>602.4</b>	<b>83.1</b>	<b>653.4</b>	<b>604.7</b>	<b>92.6</b>	<b>0.4</b>
<b>- General Transfer Fund</b>	<b>524.2</b>	<b>452.8</b>	<b>86.4</b>	<b>470.8</b>	<b>444.8</b>	<b>94.5</b>	<b>(1.8)</b>
1) DBH	106.4	70.3	66.1	86.4	93.5	108.2	33.1
2) DAU	417.9	382.5	91.5	384.4	351.3	91.4	(8.2)
<b>- Special Allocation Fund</b>	<b>200.4</b>	<b>149.6</b>	<b>74.7</b>	<b>182.6</b>	<b>159.9</b>	<b>87.6</b>	<b>6.9</b>
1) Physical	69.3	45.3	65.4	53.8	50.2	93.3	10.7
2) Non-Physical	131.0	104.3	79.6	128.8	109.7	85.2	5.2
<b>b. Regional Incentive Fund</b>	<b>10.0</b>	<b>9.7</b>	<b>96.7</b>	<b>18.5</b>	<b>17.0</b>	<b>92.1</b>	<b>76.3</b>
<b>c. Special Autonomy Fund and Privilege Fund for Yogyakarta</b>	<b>22.2</b>	<b>12.8</b>	<b>57.7</b>	<b>20.9</b>	<b>15.7</b>	<b>75.3</b>	<b>22.9</b>
<b>2. Village Fund</b>	<b>70.0</b>	<b>46.2</b>	<b>66.0</b>	<b>71.2</b>	<b>60.5</b>	<b>85.0</b>	<b>31.0</b>
<b>TOTAL</b>	<b>826.8</b>	<b>676.9</b>	<b>81.9</b>	<b>763.9</b>	<b>698.0</b>	<b>91.4</b>	<b>3.1</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 October 30, 2019 IDR 52.0 T (IDR 46.2 T has been distributed to the Village Cash Account)



# REALIZATION OF TRANSFERS TO REGIONS AND VILLAGE FUNDS 2019-2020 PER OCTOBER 31

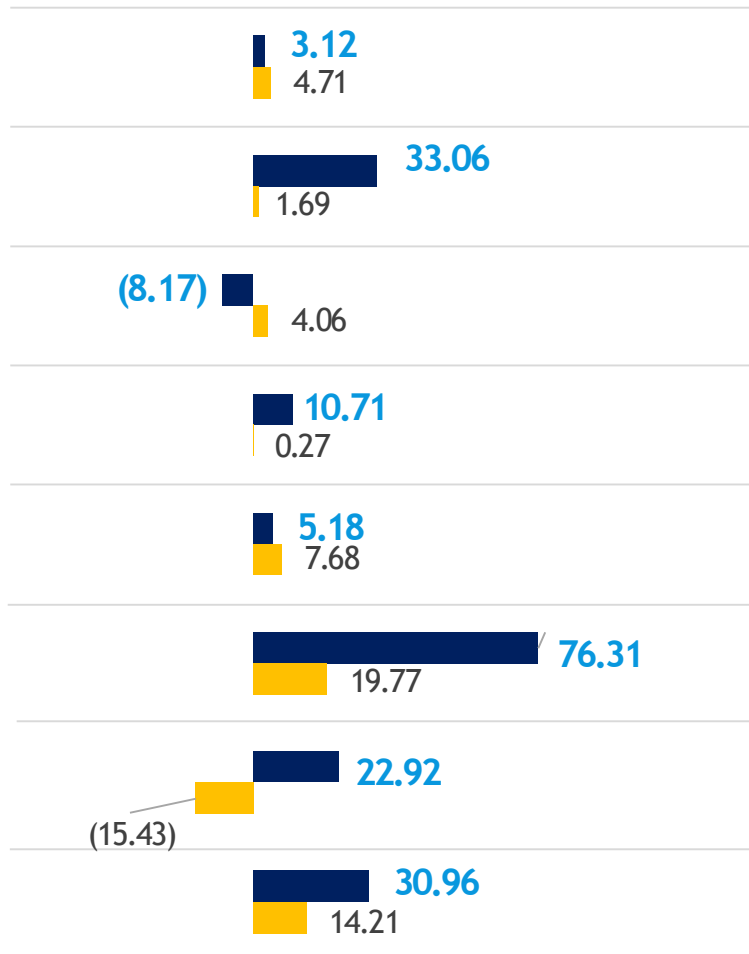
The percentage of realization of TKDD 2020 was better than 2019 (increased from 81.9% to 91.4%) and in nominal terms YoY grew slightly lower of 3.1%

## TKDD realization and percentage to the Budget

2019: 2019 Budget 2020: Perpres 72/2020		2019	2020
TKDD	IDR	676,867.3 M	697,952.2 M
		81.9 %	91.4 %
Revenue Sharing (DBH)	IDR	70,299.7 M	93,540.9 M
		66.1 %	108.2 %
General Allocation Fund (DAU)	IDR	382,543.6 M	351,298.9 M
		91.5 %	91.4 %
Physical Special Allocation Fund (DAK Fisik)	IDR	45,323.1 M	50,178.2 M
		65.4 %	93.3 %
Non-Physical Special Allocation Fund (DAK NF)	IDR	104,281.4 M	109,686.2 M
		79.6 %	85.2 %
Regional Incentive Fund (DID)	IDR	9,667.2 M	17,044.6 M
		96.7 %	92.1 %
Special Autonomy & Privilege Fund for Yogyakarta	IDR	12,791.4 M	15,723.5 M
		57.7 %	75.3 %
Village Fund*	IDR	46,180.9 M	60,479.8 M
		66.0 %	85.0 %

## Growth

■ YoY 2020 ■ YoY 2019



## HIGHLIGHT

- ↑ Increase in Revenue Sharing (DBH) → Disbursement of Underpaid DBH with a significant amount of 23.5 T
- ↓ Decrease in General Allocation Fund (DAU) → decrease in DAU ceiling due to decrease in Net Domestic Revenue in APBN 2020
- ↑ The increase in the DAK Fisik → mainly provides relaxation, among others, the distribution is carried out at the contract value (one-time distribution)
- ↓ Decrease in DAK NF → decrease in allocation and slow performance of reporting the absorption of funds from the region
- ↑ Increase in DID → providing relaxation in the form of not requiring a minimum realization of stage I DID so that regions can more quickly submit realization reports
- ↑ Increasing Special Autonomy and DIY → Providing relaxation in the form of accelerated distribution of the fund phase 2 which was unconditional and carried out in August
- ↑ Increased Village Fund → direct distribution policy to the Village Account

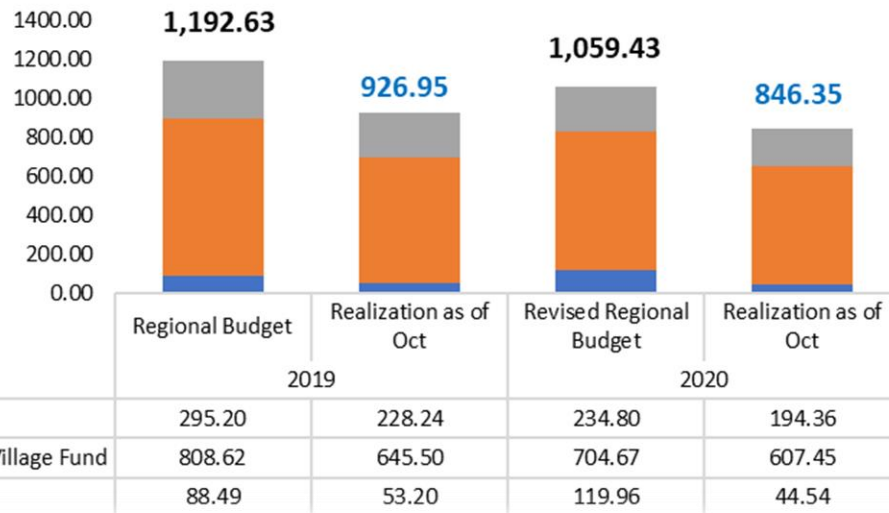
Starting in 2020, Village Fund is distributed directly to the Village Treasury Account, replacing previous scheme which to the Regional General Treasury Account first



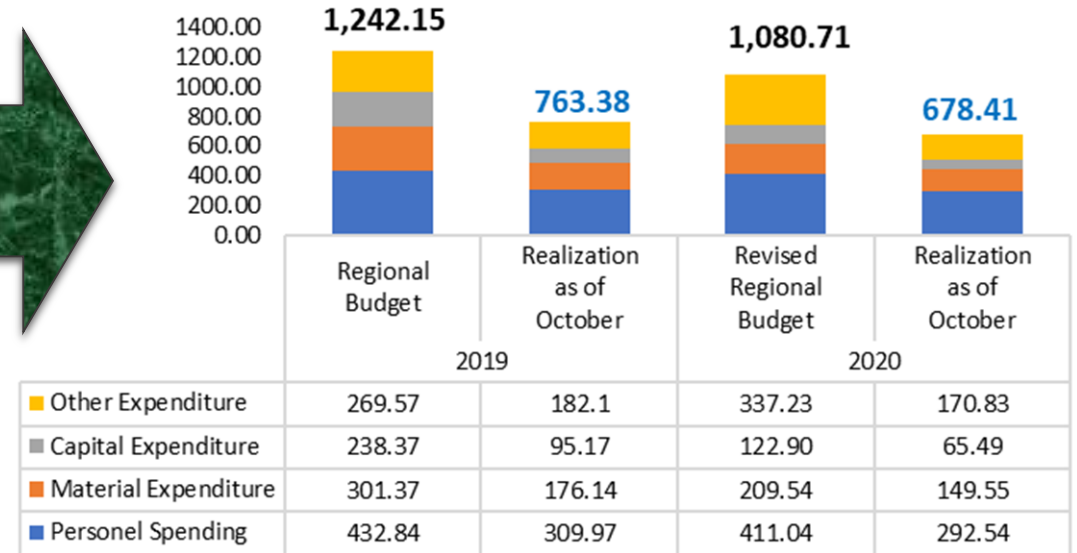
# THE REALIZATION OF THE REGIONAL BUDGET TO BE A GROWTH DRIVER IN REGIONS

The Percentage of Regional Budget Realization Revenue and Expenditure up to October 31, 2020 recorded better than the same period in 2019

Regional Budget Revenue 2019-2020  
as of October 31



Regional Budget Revenue 2019-2020  
as of October 31 (trillion Rp)



\*Data retrieved on November 14, 2020

A total of 143 regions used the previous month's realization because they had not submitted data or data anomalies

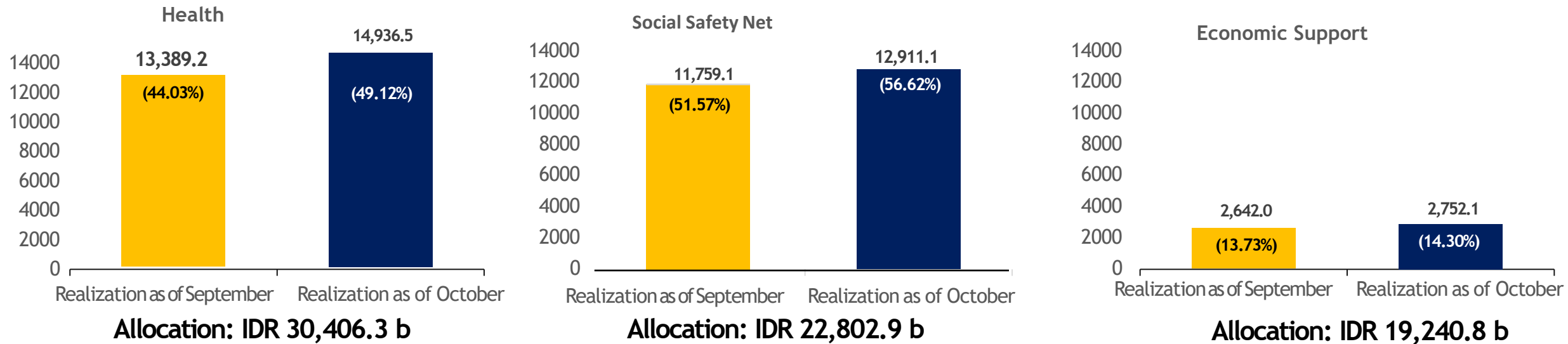
- ✓ The total revenue realization up to October 2020 was 79.89%, better than 2019 of 77.72%, even though nominally decreased to IDR 80.6 T
- ✓ Realization of Regional Revenue decreased -14.85% (YoY); due to lower taxes related to population mobility and consumption, such as hotel tax, restaurant tax, 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 total expenditure realization up to October 2020 was 62.77%, slightly better than October 2019 of 61.46%, although nominally decreased by IDR 84.9 T



# 2020 REGIONAL EXPENDITURE SUPPORT FOR HANDLING COVID-19 AND PEN PROGRAM

The regional government needs to accelerate the realization of the budget for handling Covid-19, especially for Social Assistance and the economy

## Reallocation of Regional Expenditures



Source: Allocation: Local Government Budget Adjustment Report Data as of August 5, 2020

Realization: Data on Covid-19 Handling Performance Reports as of November 5, 2020

- The total budget for handling COVID-19 was Rp.72.45 T, realized Rp.30.60 T (42.23%), several obstacles including:
  - communication and coordination difficulties with related parties (task force, local governments)
  - narrow timing of tender implementation for programs / activities, and
  - inadequate supervision of program / activity implementation.
- The local government continues to build communication and intensive coordination with all parties so that the implementation of programs can be realized and strengthen supervision with the assistance of external officials (BPKP)

- The realization during October 2020 experienced the following additions:
  - Health: increased by IDR 1,547.3 billion to IDR 14,936.5 billion from the previous month IDR 13,389.2 billion
  - Social Safety Net: increased by IDR 1,152.0 billion to IDR 12,911.1 billion from the previous month of September IDR 11,759.1 billion
  - Economic support increased by Rp110.1 billion to Rp2,752.1 billion from Rp2,642.0 billion previously in September



## EXPENDITURE BUDGET FINANCING MEETS THE TARGET

Reached IDR928.4 T or 89.3% of the target,  
supported by adequate liquidity and good performance on the Government Bond (SBN) market

Budget Financing (trillion rupiah)	2019			2020			
	Budget	Realization 31 Oct	% Budget	Perpres 72/ 2020	Realization 31 Oct	% Perpres 72/ 2020	% Growth
<b>1. Debt</b>	359.3	393.2	109.4	1.220.5	958.6	78.5	143.8
a. Govt Bond (neto)	389.0	410.0	105.4	1.173.7	943.5	80.4	130.1
b. Govt Borrowing (Neto)	(29.7)	(16.8)	56.6	46.7	15.2	32.4	(190.1)
<b>2. Investment Financing</b>	(75.9)	(11.9)	15.7	(257.1)	(28.9)	11.3	143.1
a.l. a. Investment to SOEs	(17.8)	-	-	(31.5)	(12.0)	38.0	-
b. Investment to BLU	(53.2)	(5.2)	9.8	(42.0)	(11.0)	26.2	111.5
c. Investment to others	(2.5)	(2.5)	100.0	(5.0)	(5.0)	100.0	100.0
<b>3. Government Lending</b>	(2.4)	0.6	(27.5)	5.8	1.9	32.3	190.5
<b>4. Guarantee</b>	-	-	-	(0.6)	(3.4)	579.3	
<b>5. Others</b>	15.0	0.1	0.7	70.6	0.2	0.3	103.1
<b>Total</b>	296.0	382.0	129.1	1.039.2	928.4	89.3	143.0

- The disbursement of State Equity Participation (PMN) was on track (grew 143.1% yoy)
- Purchase of SBN by BI (SKB I) reached Rp72.49 T (SBSN Rp32.30T & SUN Rp40.20T)
- Purchase of SBN by BI (SKB II) for Public Goods Rp270.0 T or 67.92% of the target and issuance of SBN for Non Public Goods reached a total of IDR 152.03 T







KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

# 2021 Budget

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)



# 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

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



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



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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”

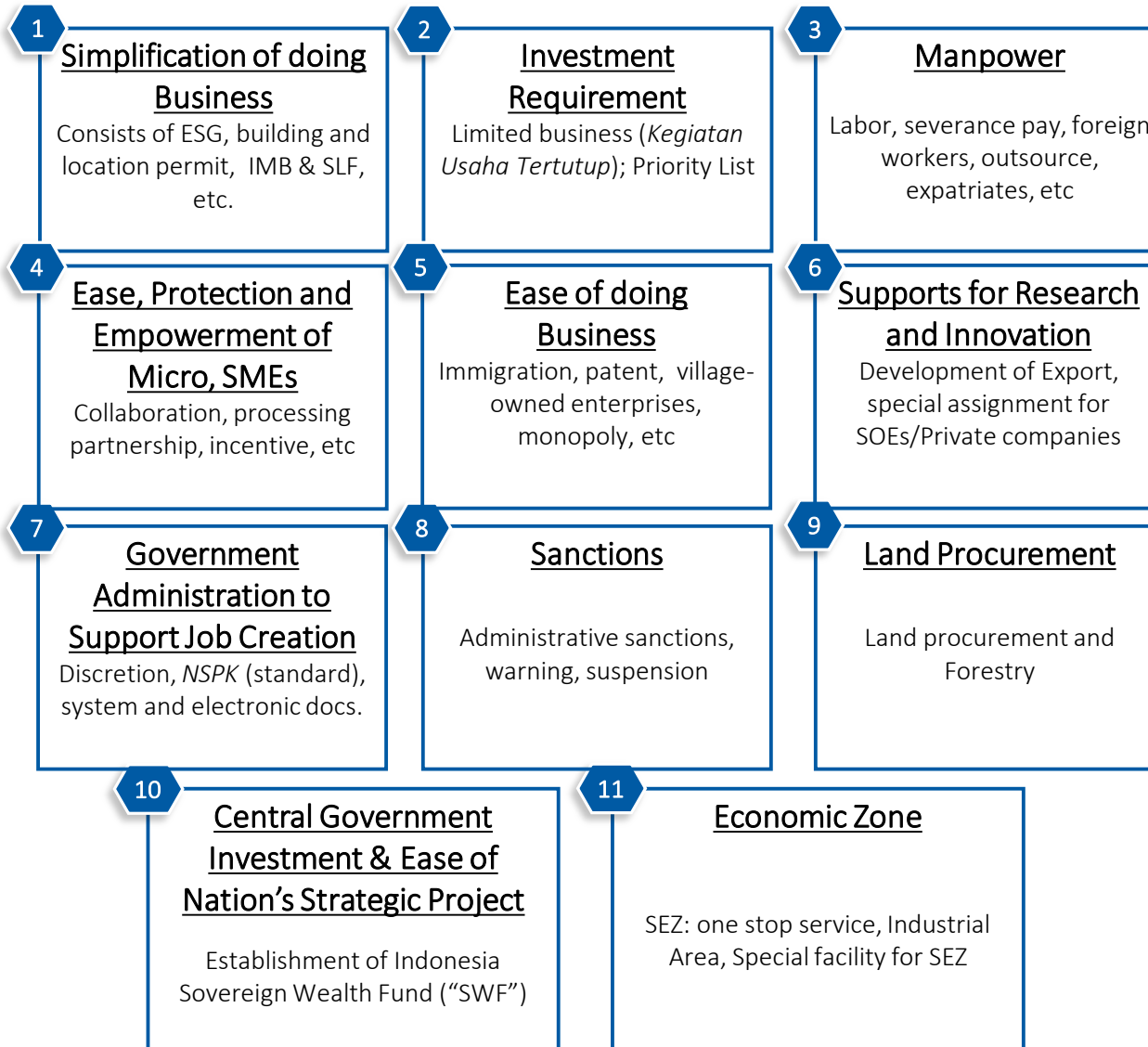
- Fitch Rating Report August 2020





# 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

<sup>1</sup> Under discussion.



Omnibus Law would amend 79 Laws, 1,244 Articles<sup>1</sup>



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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