



KEMENTERIAN KEUANGAN
REPUBLIK INDONESIA

Economic and Fiscal Updates

October 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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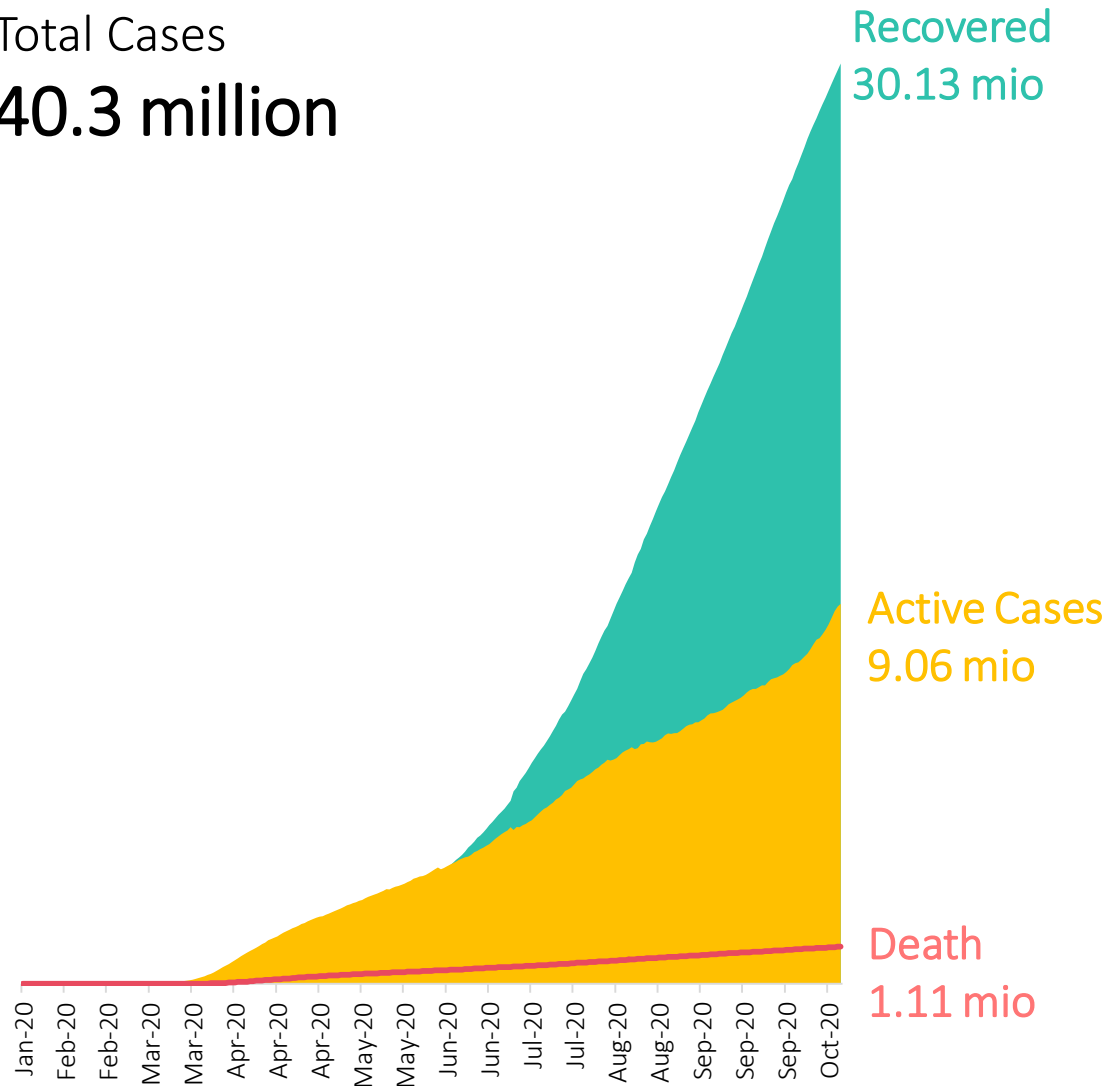


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COVID-19 REMAINS AS THE BIGGEST THREAT FOR GLOBAL ECONOMY IN 2021

Total Cases
40.3 million



ESCALATING >216 countries








EPICENTER shifting to large population countries

NEW NORMAL broadly implemented, but leads to increasing cases

VACCINES developed globally, but its complexity requires careful assessment

HIGH RISK ON ECONOMY uncertainty remains high.

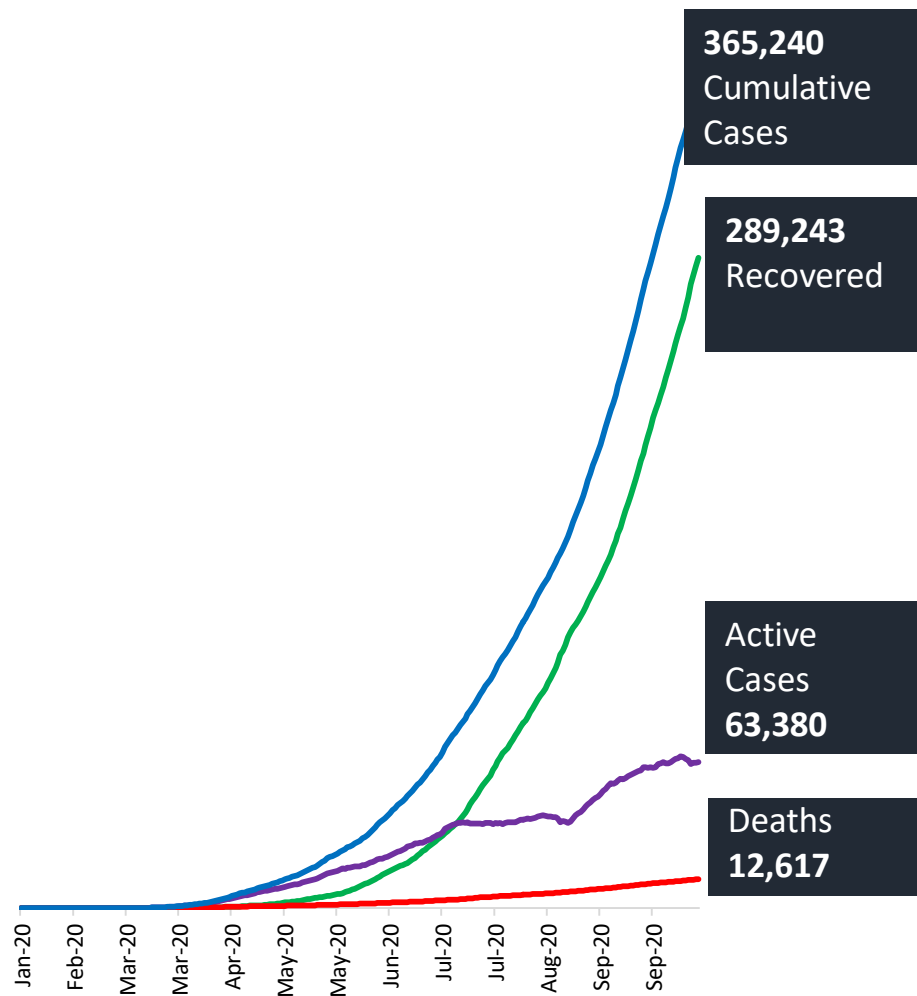
DEATH RATE: COVID-19 & OTHER PANDEMIC

-  **770** SARS 2002-2003
-  **850** MERS 2012- current
-  **11,3 THOUSAND** EBOLA 2014-2016
-  **200 THOUSAND** SWINE FLU 2009-2010
-  **1 MILLION** HONG KONG FLU 1968-1970
-  **1 MILLION (ONGOING)** COVID-19 2020-???
-  **40-50 MILLION** SPANISH FLU 1918-1919

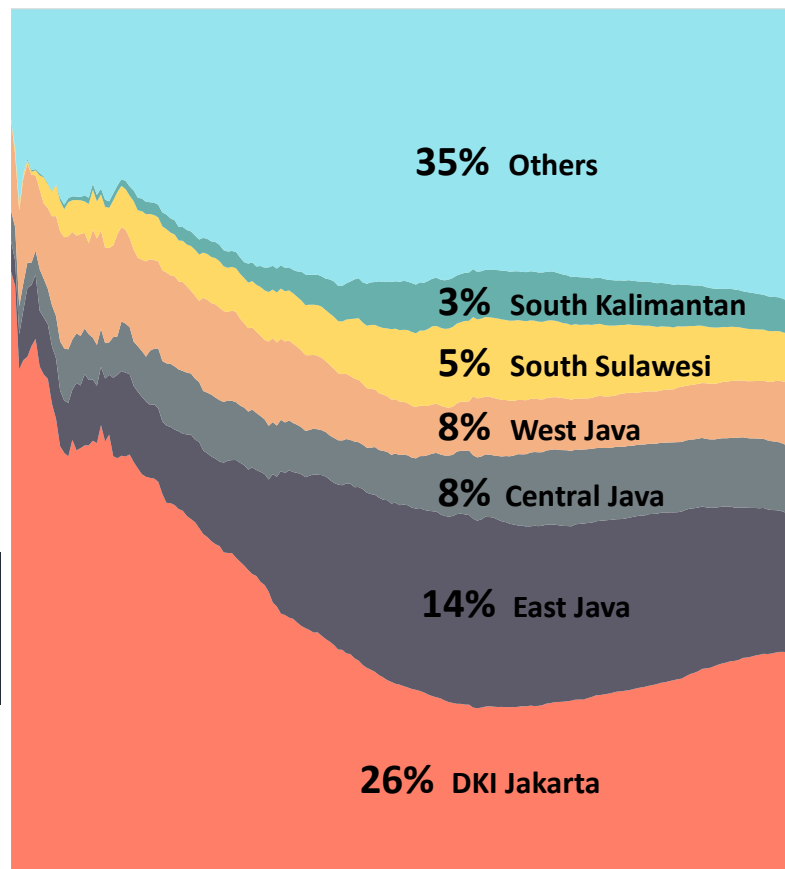


PANDEMIC IS STILL A SERIOUS THREAT FOR INDONESIA

Active cases and deaths still increasing



Epicenters are in large and populated regions (especially Java island)



Handling strategy will be systematically strengthened through:

3T



Testing, Tracing, Treatment

3M



Masks, Washing hands, Distancing

HEALTH SYSTEM



IMF REVISED UPWARD GLOBAL GROWTH PROJECTION

Driven by faster than expected economic recovery in advanced countries

IMF (WEO)			OECD		World Bank (GEP)			
Outlook Period	2020	2021		2020	2021	2020	2021	
Jan	3.3	3.4	Mar	3.3	3.4	Jan	2.5	2.6
Apr	(3.0)	5.8						
Jun	(5.2)	5.4	Jun	(7.6) - (6.0)	2.8 - 5.2	Jun	(5.2)	4.2
Oct	(4,4)	5.2	Sept	(4,5)	5,0			

Source: IMF World Economic Outlook, OECD Economic Outlook, World Bank's Global Economic Prospect; in %YoY

	2020	2021
Advanced Economies	-5.8	3.9
EMs and Developing Economies	-3.3	6
ASEAN-5	-3.4	6.2
United States	-4.3	3.1
Japan	-5.3	2.3
China	1.9	8.2
India	-10.3	8.8
Indonesia	-1.5	6.1

- Similar with OECD's view, the latest IMF projection also suggest the upward revision on the global economic growth this year, driven by the faster-than-expected performance of economic recovery in developed countries, even though developing countries are projected to experience deeper contraction.
- More moderate outlook of 2021 growth portrays the anticipation of the risk of prolonging pandemic that encourages countries to maintain health protocol whether or not the vaccines are available. Structural reforms are needed to accelerate the recovery due to recession amid the high risk of uncertainty.
- Aligned with government's expectation. Indonesia's growth is predicted to be contracted in 2020 and will be picking up in 2021. The contraction in 2020, however, is believed to be milder than its peers



Ministry of Finance

Internal Projection

(1.7) – (0.6)

2020

5.0

2021

IMF

World Economic Outlook October 20

(1.5)

2020

6.1

2021

The World Bank

East Asia Pacific Outlook September 20

(2.0) – (1.6)

2020

3.0 – 4.4

2021

OECD

East Asia Pacific Outlook September 20

(3.3)

2020

5.3

2021

ADB

Asian Development Outlook September 20

(1.0)





2020

5.3

2021

IN 2020, GRADUAL IMPROVEMENT IS EXPECTED STARTING IN Q3

IMF maintains Indonesia's growth projection in 2021, indicating a strong confidence on economic recovery next year

	Q1	Q2	Q3 Outlook	2020 Outlook
 Household Consumption	2.6	(5.6)	(3.0) – (1.5)	(2.1) – (1.0)
 Government Expenditure	3.7	(6.9)	9.8 – 18.8	0.6 – 5.2
 Gross Capital Formation	1.7	(8.6)	(8.5) – (6.4)	(5.6) – (4.2)
 Export Import	0.2 (2.2)	(11.7) (17.0)	(13.9) – (8.7) (26.8) – (16.0)	(9.0) – (5.5) (17.2) – (11.7)
GROSS DOMESTIC PRODUCT	2.97	(5.3)	(2.9) – (1.0)	(1.7) – (0.6)

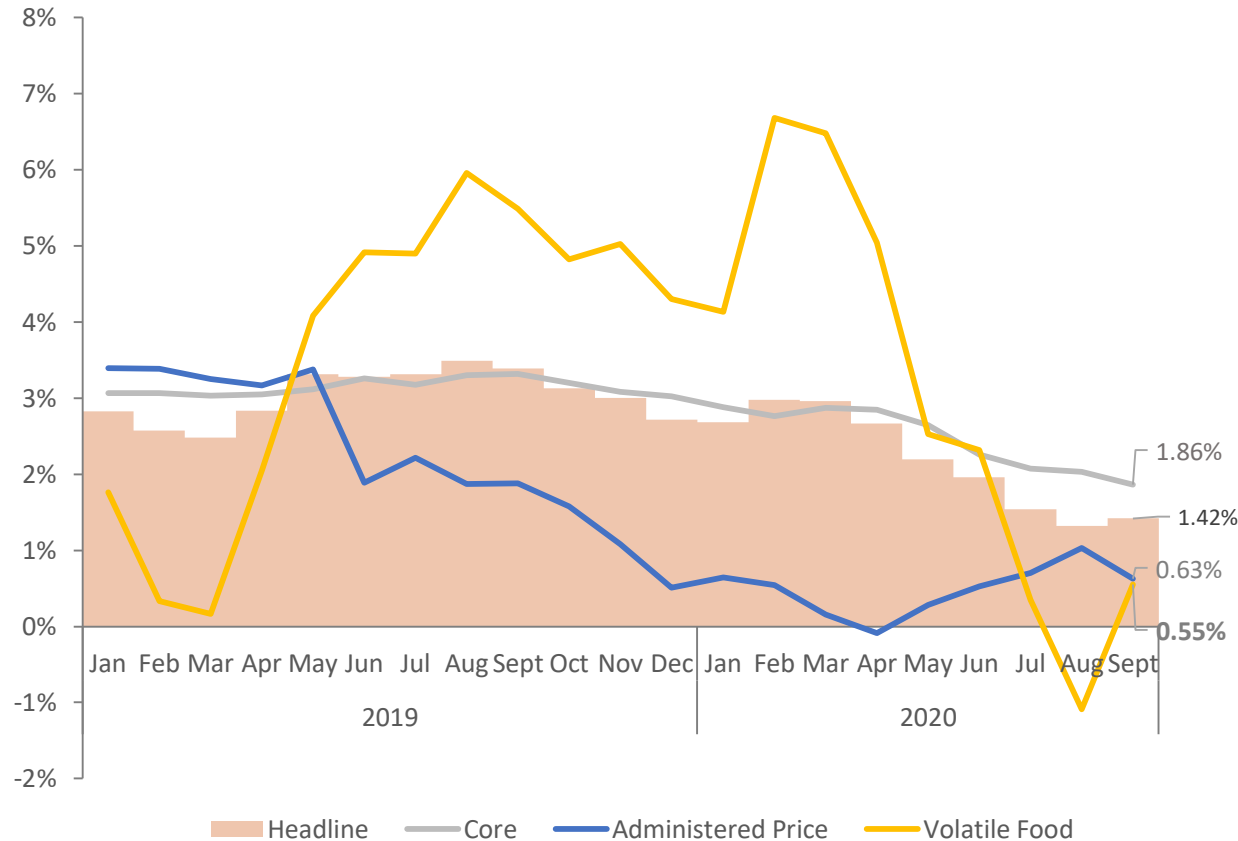


INFLATION HAS BEEN LOW AND MANAGEABLE

Demand has been easing until September

Inflation Rate

Source: BPS



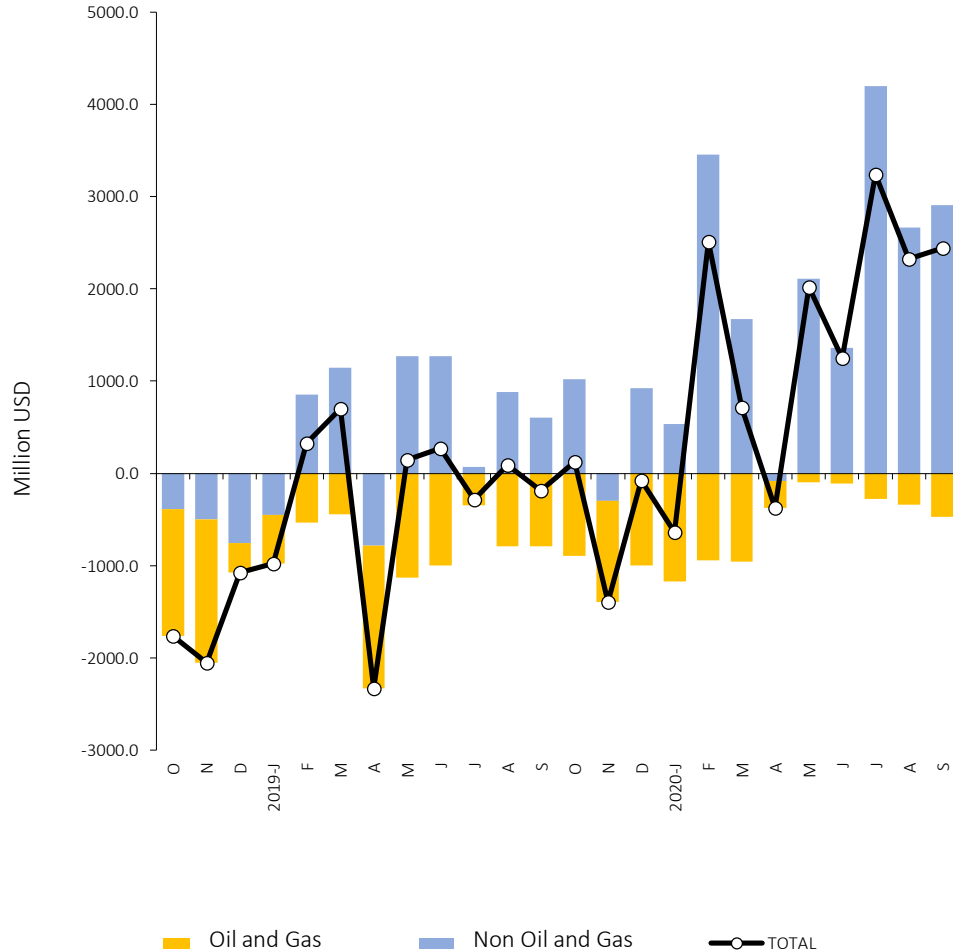
- **Low inflation rate continued until September 2020, mainly driven by the low demand and limited purchasing power.**
 - Until September 2020, the rate of inflation reached 1.42% (yoy) or 0.89% (ytd).
 - The new normal and national economic recovery are expected to stimulate economic activity.
- **The volatile food component increased, while the core components and regulated priced suggest a downward trend.**
 - Volatile food started to increase after experiencing a downward trend since the early of 2020.
 - Core inflation slowed down which in line with low demand and consumption credit.
 - Administered price inflation decreased after experiencing an upward trend since May. It is driven by lower transportation tariff and people's mobility.
 - The trend of a slowdown has occurred in most groups, except for personal care and other services (due to gold prices rose), health, food & beverage, and tobacco.

TRADE PERFORMANCE SUGGESTS A GRADUAL RECOVERY OF PRODUCTION ACTIVITIES

Trade Balance posted another month of surplus in September 2020

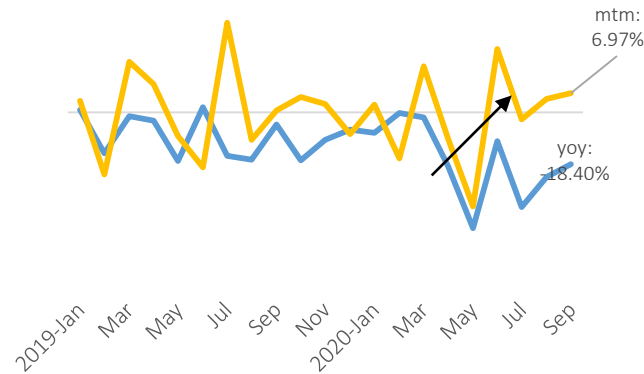
Trade Balance

Source: BPS



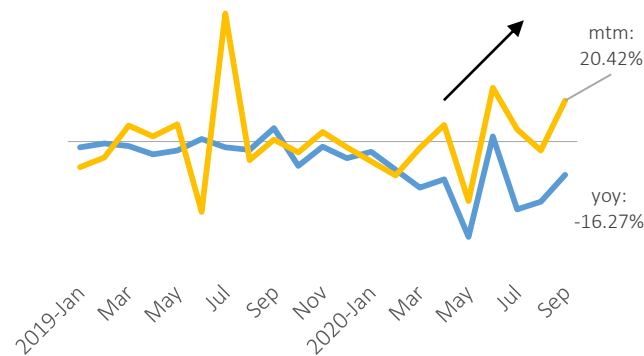
Imports Growth - Raw and Supporting Materials

Source: BPS



Imports Growth – Capital Goods

Source: BPS



- The trade surplus is driven by a non-oil and gas trade surplus which is larger compared to last year.
- On a MoM basis, export performance is increasing and approaching the positive zone yoy, driven by the expansion of export destination.
- Import performance in September 2020 grew 7.71% (mtm), driven by 23.50% growth in oil and gas imports and 6.18% (mtm) growth in non-oil and gas imports.
- Imports on productive goods (raw materials and capital goods) have been increasing, indicating a gradual improvement of production activities

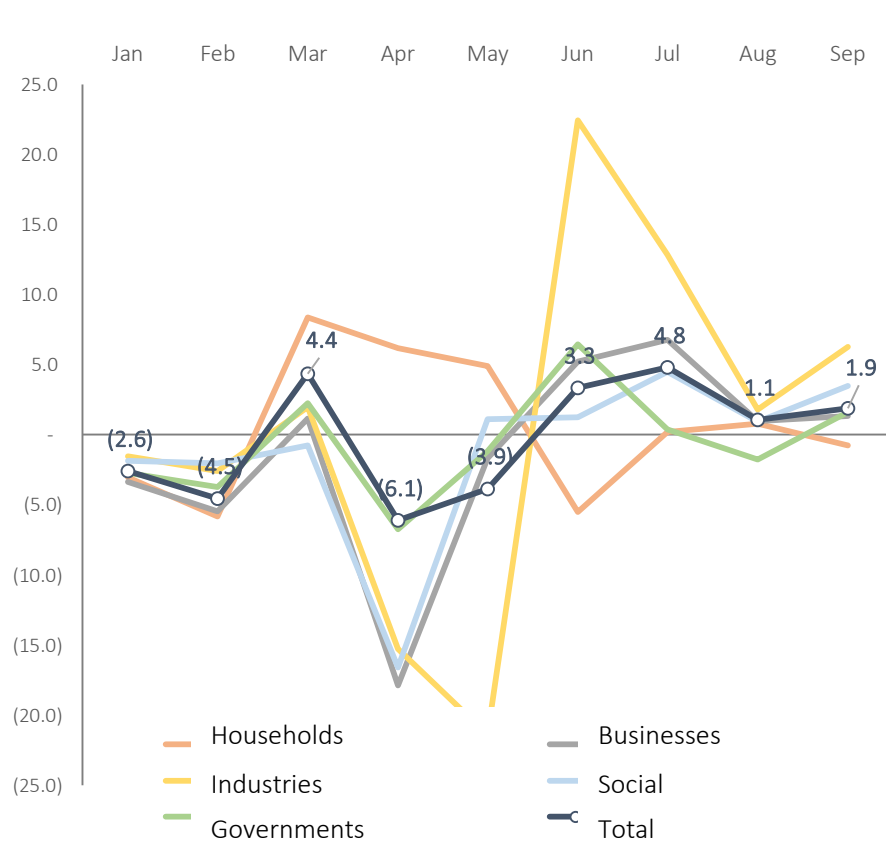


ELECTRICITY USAGE IN SEPTEMBER INDICATES A POSITIVE SIGNAL

Either MoM or YoY comparison, the use of electricity in September is better than August

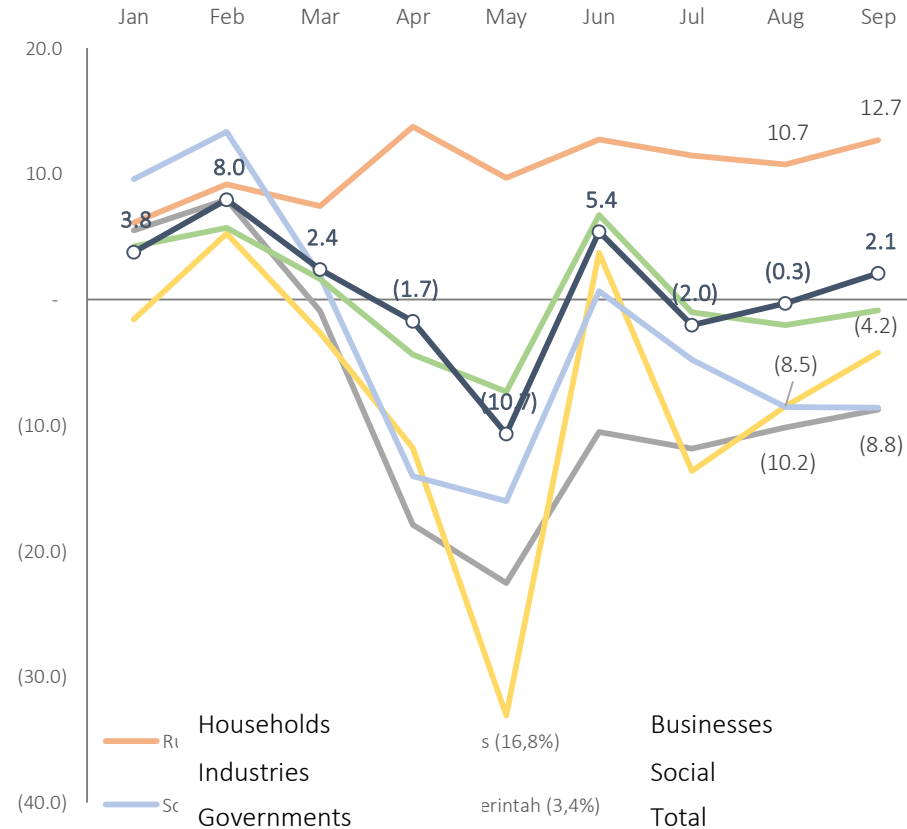
Electricity Usage Growth, month to month (%)

Source: PLN



Electricity Usage Growth, year on year (%)

Source: PLN



- The growth of total electricity consumption in September is better than August.
- Electricity consumption for business and industry shows an increase, which is in line with the greater realization of Government support.
- Household electricity consumption has been stable due to the WFH and studying at home.

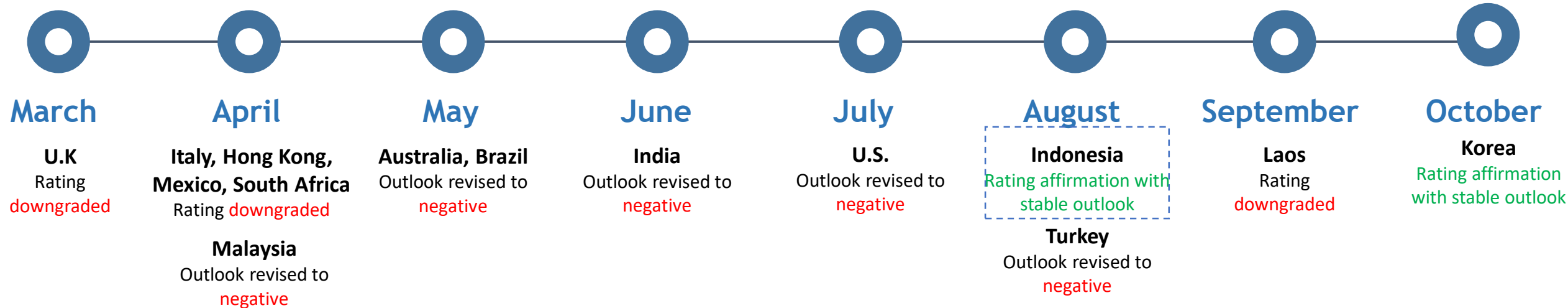


INDONESIAN SOVEREIGN CREDIT RATING HAS BEEN STABLE DURING THE PANDEMIC

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 on Indonesia's macroeconomic stability and economic prospects in the medium-term amid the COVID-19 pandemic which has significantly suppressed the global economy.
- Fitch recognizes Indonesia's fiscal credibility as one of the main factors of Indonesia's fiscal sustainability in the long term.
- Supportive monetary policies also acknowledged in stabilizing the economy during this turmoil.





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Fiscal Policy Updates

Incl. The National Economic Recovery Program (PEN) and 2021 Fiscal Policy Direction

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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

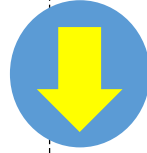


2020 BUDGET: FLEXIBLE, DYNAMIC, BUT REMAIN PRUDENT

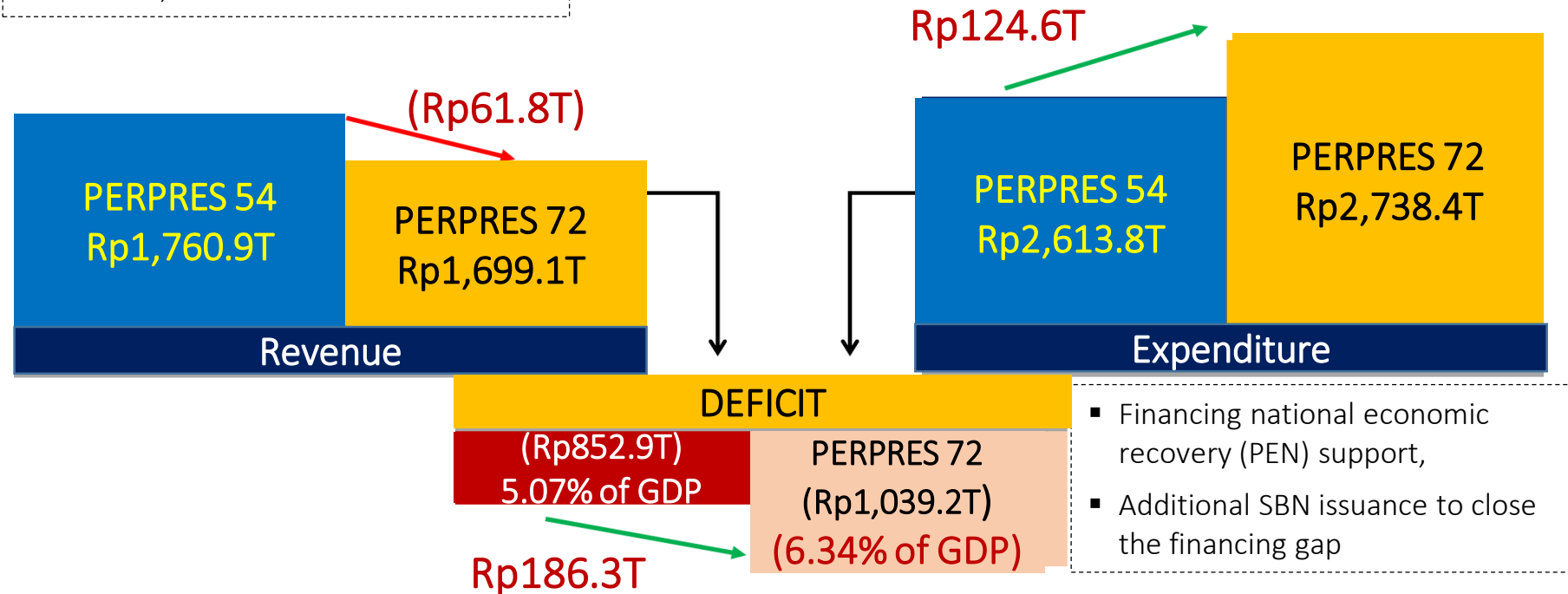
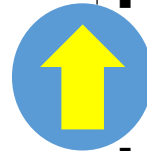
To support the acceleration of economic recovery, the deficit widened from 5.07% of GDP to 6.34% of GDP

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;



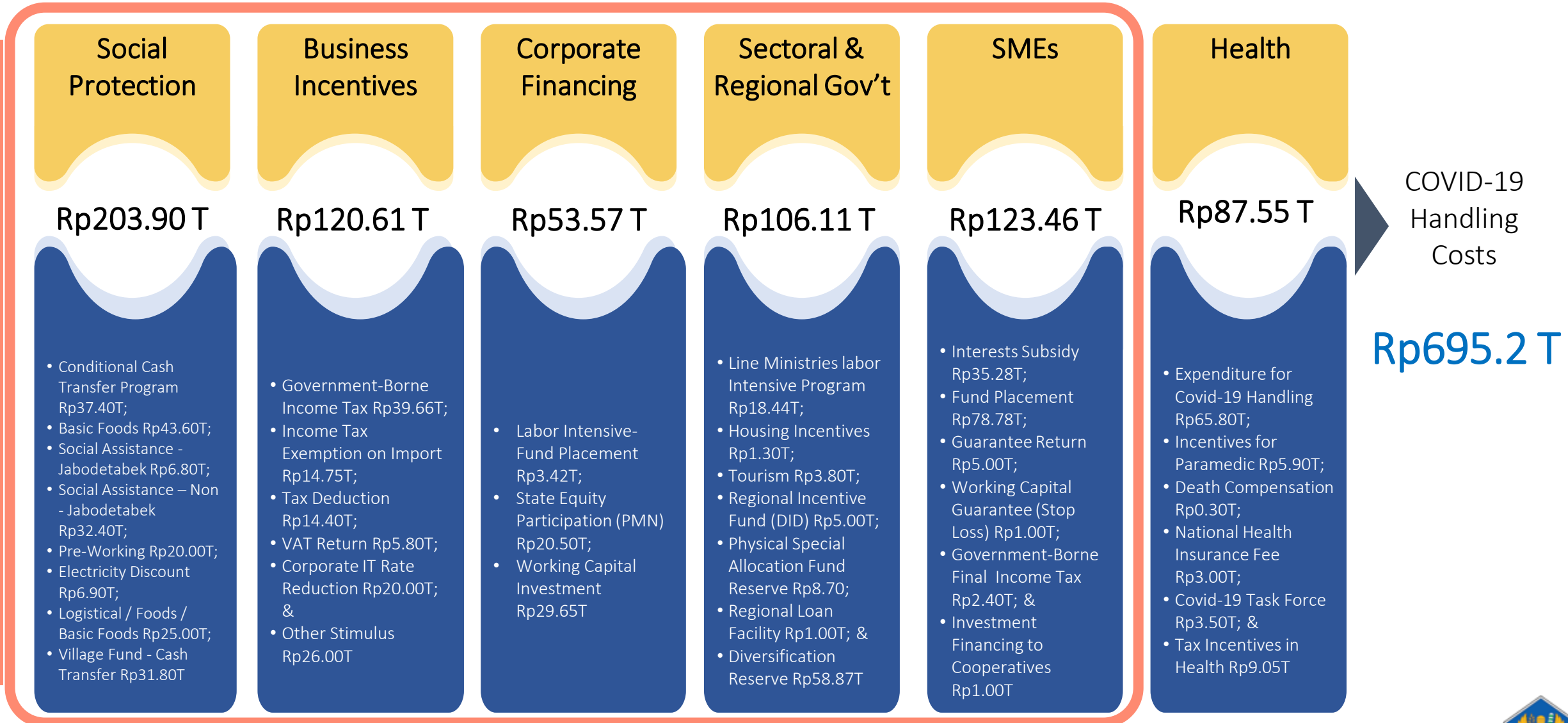
- Focus on health, social safety net and support from the business world and MSMEs, corporate financing, and Sectoral and Local Government;
- Savings on Non-priority spending



THE GOVERNMENT OF INDONESIA'S ECONOMIC RECOVERY PROGRAM BUDGET

Focus on health, social protection, and support of MSMEs, the business world, and local governments

NATIONAL ECONOMIC RECOVERY PROGRAMS (PEN)



Source: Ministry of Finance



2020 BUDGET REALIZATION AND 2021 BUDGET

The PEN Program has been disbursed 49.5% of the budget, in approximately 4 months of implementation

(in IDR trillion)	2020			2021
	Pres. Decree 72/2020	Realization as of Sept	% to Budget	Budget
A. State Revenue	1,699.9	1,159.0	68.2	1,743.6
I. Domestic Revenue	1,698.6	1,153.3	67.9	1,742.7
1. Tax Revenue	1,404.5	892.4	63.5	1,444.5
2. Non-Tax Revenue	294.1	260.9	88.7	298.2
II. Grant	1.3	5.7	436.9	0.9
B. State Expenditure	2,739.2	1,841.1	67.2	2,750.0
I. Central Government Expenditure	1,975.2	1,211.4	61.3	1,954.5
1. Ministerial Expenditure	836.4	632.1	75.6	1,032.0
2. Non Ministerial Expenditure	1,138.9	579.2	50.9	922.6
II. Regional Transfer and Village Fund	763.9	629.7	82.4	795.5
C. Primary Balance	(700.4)	(447.3)	63.9	(633.1)
D. Surplus/(Deficit)	(1,039.2)	(682.1)	65.6	(1,006.4)
% to GDP	(6.3)	(4.16)		(5.7)
E. Financing	1,039.2	787.7	75.5	1,006.4

NATIONALECONOMIC RECOVERY PROGRAM (PEN) COVID-19 RELIEF PROGRAM

Budget

IDR695.2 Tn

Realization

IDR344.11Tn

(49.5% of budget)

In Trillion IDR

Budget

Disbursement

Health

87.55

27.59 31.5%

Social protection

203.90

167.08 81.9%

Sectoral K/L & Local Govt

106.11

28.00 26.4%

Business Incentive

120.61

29.68 24.6%

MSME

123.46

91.77 74.3%

Corporate financing (53.57)

Provision of this program is based on the necessary circumstances



STATE BUDGET 2021 IS COMPREHENSIVELY DESIGNED TO SUPPORT THE ACCELERATION OF NATIONAL ECONOMIC RECOVERY AND ANTICIPATE AN ECONOMIC SLOWDOWN DUE TO THE COVID-19 PANDEMIC

State Revenue: IDR 1,743.6 trillion

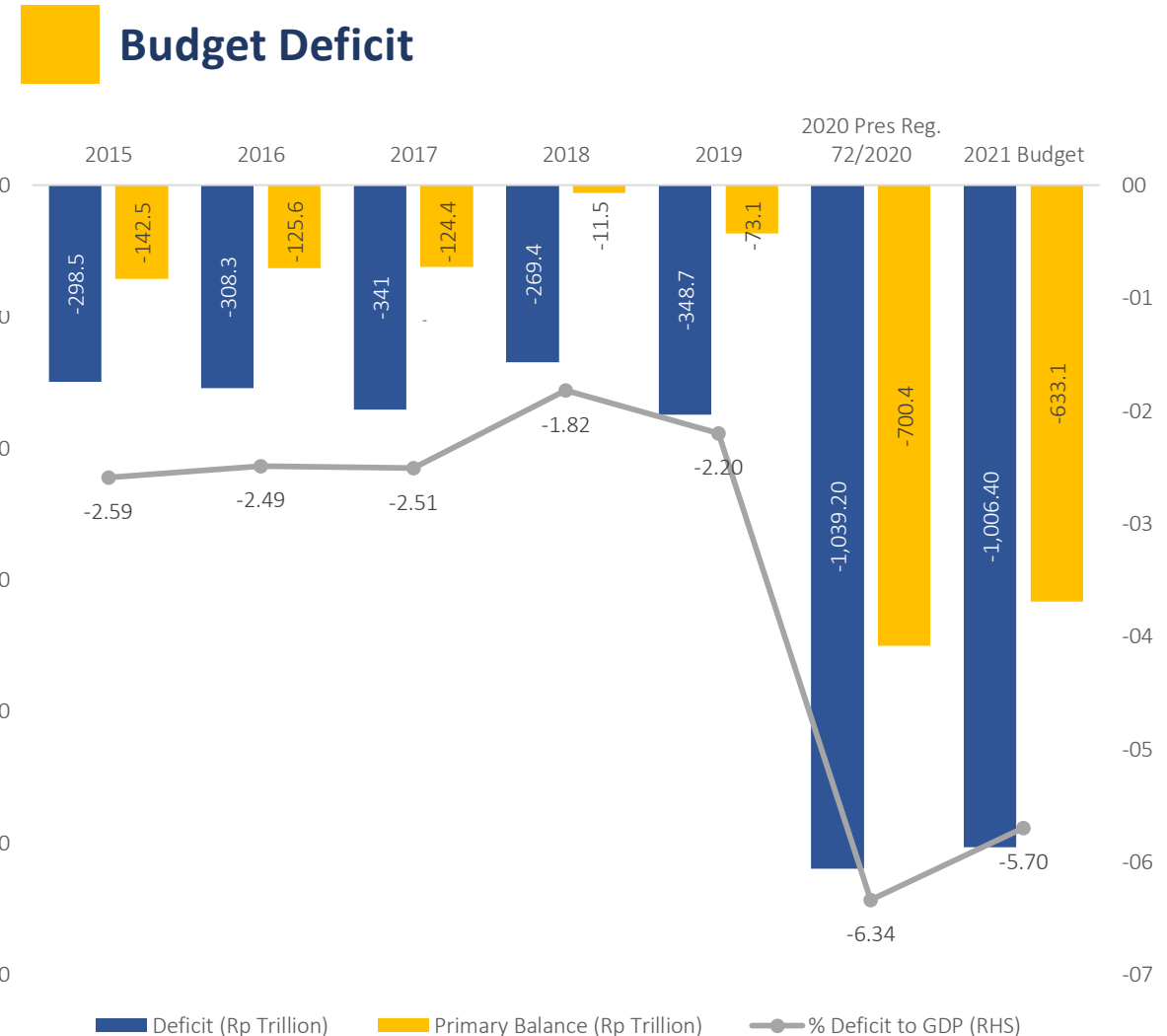
- Supporting national economic recovery by providing tax incentives selectively and prudently calculated
- Cutting the red tape to accelerate national economic recovery
- Improving public services to optimize non-tax revenue

Expenditure: IDR 2,750.0 trillion

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

Financing: IDR 1,006.4 trillion

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



ADDITIONAL SOURCE OF FUNDING FOR ECONOMIC RECOVERY PROGRAM: MOF & BI HAS DEVELOPED A 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)





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2020 Budget Realization As of September 2020

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MACRO ECONOMIC INDICATOR

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

INDICATOR	2020		
	State Budget	Semester I	Up to Sept
Economic Growth	5.3	-1.26	n/a
(%, yoy)			
Inflation	3.10	1.09 (ytd)	0.89 (ytd)
(%, yoy)		1.96 (yoy)	1.42 (yoy)
Exchange Rates	14,400	14,750(eop)	14,780(eop)*
(Rp/US\$)		14,654(ytd)	14,647(ytd)*
3-month treasury bill yield	5.40	3.25 (eop)	3.01 (eop)**
(%)		3.25 (ytd)	3.24 (ytd)**
ICP (Oil Price)	63	36.68 (eop)	37.43(eop)
(US\$/Barrel)		39.87(ytd)	39.88 (ytd)
Oil Lifting	755	772.36(eop)	707.8 (eop)***
(thousand barrel per day)		701.7 (ytd)	706.9 (ytd)
Gas lifting	1,191	1,062.12 (eop)	950.1 (eop)***
(thousand barrel – equal oil per day)		1,002.18 (ytd)	982.9 (ytd)

*as of October 14th 2020 **latest auction October 6th 2020 *** up to August 2020

Economic Indicator Progress 2020

- **Economic Growth:** Economic growth in Q2 2020 contracted by **5.32%**, and **-1.26%** in first semester of 2020.
- **Inflation:** Inflation signaled a weak public demand even though the year on year growth on September has increased slightly
- **Exchange Rates:** Rupiah depreciated by 6.4% year-to-middle of October, after experiencing appreciation until the end of July (ytd).
- **3-month treasury bill yield:** Weighted average yield for 3-month treasury bill was recorded at 3.24% (ytd). The latest auction in October 6th posted yield of 3.01%.
- **ICP :** Oil price is stable around USD 40/ barrel, due to improvement in global demand and responsive policy from OPEC+, while still overshadowed by high COVID-19 cases
- **Oil and Gas Lifting:** Oil and gas lifting was recorded at 707.8 bopd and 950.1 boepd (in average), respectively in August 2020.



2020 Budget Realization as of September 2020

	2019				2020			
	Budget	Realization of September 30	% of Budget	Growth (%)	Budget	Realization of September 30	% of Budget	Growth (%)
Revenue	2165.1	1342.2	62.0	2.3	1699.9	1158.9	68.2	(13.7)
Domestic Revenue	2164.7	1341.3	62.0	3.6	1698.6	1153.3	67.9	(14.0)
Taxation Revenue	1786.4	1039.5	58.2	1.5	1404.5	892.4	63.5	(14.1)
Tax Revenue	1577.6	902.8	57.2	0.2	1198.8	750.6	62.6	(16.9)
Custom and Excise	208.8	136.6	65.4	10.5	205.7	141.8	68.9	3.8
Non Tax Revenue	378.3	301.8	79.8	7.1	294.1	260.9	88.7	(13.6)
Grant	0.4	0.9	223.4	(85.0)	1.3	5.7	436.9	483.9
Expenditure	2461.1	1594.7	64.8	5.4	2739.2	1841.1	67.2	15.5
Central Government Expenditure	1634.3	999.3	61.1	6.4	1975.2	1211.4	61.3	21.2
Ministerial Expenditure	855.4	556.1	65.0	8.7	836.4	632.1	75.6	13.7
Non Ministerial Expenditure	778.9	443.2	56.9	3.7	1138.9	579.2	50.9	30.7
Regional Transfer and Village Fund	826.8	595.3	72.0	3.8	763.9	629.7	82.4	5.8
Regional Transfer	756.8	551.3	72.9	2.9	692.7	572.0	82.6	3.8
Village Fund	70.0	44.0	62.9	16.1	71.2	57.7	81.0	31.0
Primary Balance	(20.1)	(43.2)	215.2		(700.4)	(447.3)	63.9	
Surplus/(Deficit)	(296,0)	(252.4)	85.3	26.3	(1039.2)	(682.1)	65.6	170.2
<i>to GDP</i>	<i>(1.84)</i>	<i>(1.57)</i>			<i>(6.34)</i>	<i>(4.16)</i>		
Financing	296,0	307.8	104.0	4.6	1039.2	784.7	75.5	154.9



TAX REVENUE

Tax revenue reached IDR 788.1 T (63.5% of tax target) while the incentive utilization and tax refund increased to maintain economic stability

Tax Revenue (In IDR Trillion)	2019				2020			
	State Budget	Realization as of 30 Sept	% to budget	Growth (%)	Budget Presidential Reg. 72/2020	Realization as of 30 Sept	% to budget	Growth (%)
Tax Revenue	1,577.6	902.8	57.2	0.2	1,198.8	750.6	62.6	(16.9)
1. Income Tax from Oil & Gas	66.2	43.2	65.3	(9.3)	31.9	23.6	74.2	(45.3)
2. Income Tax from Non-Oil & Gas	1,511.4	859.6	56.9	0.7	1,167.0	727.0	62.3	(15.4)
a. Income Tax from Non-Oil&Gas	828.3	503.3	60.8	3.1	638.5	418.2	65.5	(16.9)
b. VAT	655.4	336.1	51.3	(4.4)	507.5	290.3	57.2	(13.6)
c. Property Tax	19.1	15.5	81.3	87.8	13.4	14.0	104.4	(9.6)
d. Other Taxes	8.6	4.8	55.4	(13.4)	7.5	4.5	59.7	(6.4)
Custom & Excise	208.8	136.7	65.4	10.5	205.7	141.8	68.9	3.8
1.Excise	165.5	107.5	65.0	19.5	172.2	115.3	67.0	7.2
2. International Tax	43.3	29.1	67.2	(13.4)	33.5	26.5	79.1	(9.0)
a.Import Duty	38.9	26.8	69.0	(5.7)	31.8	24.3	76.2	(9.6)
b. Export Duty	4.4	2.3	51.7	(55.9)	1.7	2.2	134.9	(2.4)
Total Revenue	1,786.4	1,039.5	58.2	1.5	1,404.5	892.4	63.5	(14.1)

- Almost all type of tax revenue is under pressure as the economic activity slowed down while the incentive utilization and tax refund increase due to the implementation of a 50% tax discount. However, the personal income tax manages to grow by 1.97%.
- Revenue from customs and excise (Jan-Sept) grew by 3.77% (yoy), supported by tobacco excise which is grew by 8.53%(yoy).



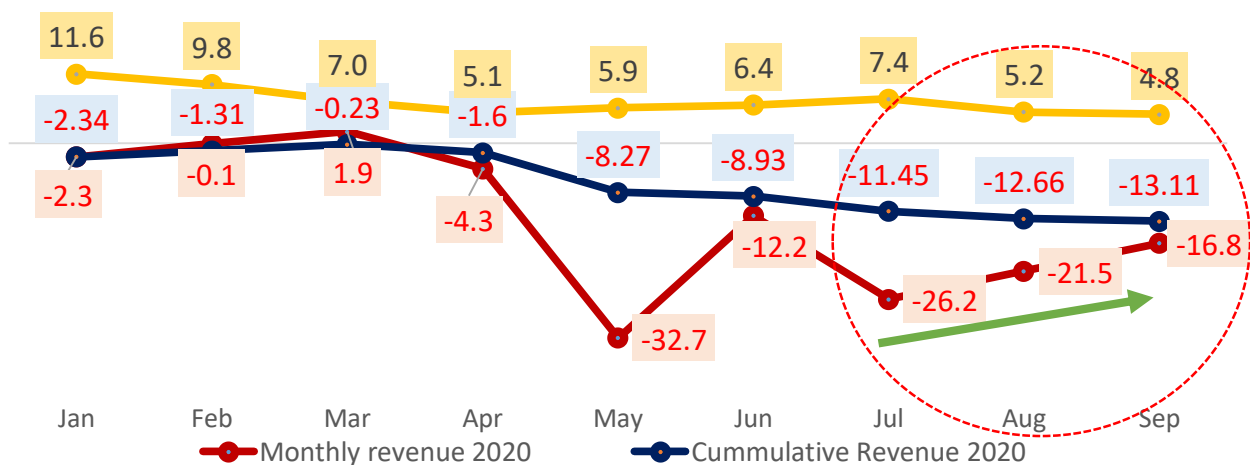
NET TAX REVENUE JANUARY - SEPTEMBER

Until the end of Q3- 2020, tax revenue contracted by -16,86%, yet with a trend of improvement

Description (tax revenue on IDR Trillion)	State Budget 2020	Presidential Reg. 72/2020	Realization Jan - Sept		% 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	503.25	418.16	3.13%	-16.91%	47.93%	65.49%
VAT and Tax on luxury goods	685.87	507.52	336.07	290.33	-4.39%	-13.61%	42.33%	57.21%
Property tax and other taxes	26.79	20.93	20.30	18.50	47.36%	-8.86%	69.04%	88.39%
Income Tax from Oil and Gas	57.43	31.86	43.18	23.63	-9.26%	-45.28%	41.15%	74.17%
Total Income Tax Non Oil and Gas	1,585.14	1,166.96	859.61	726.99	0.74%	-15.43%	45.86%	62.30%
Total	1,642.57	1,198.82	902.79	750.62	0.22%	-16.86%	45.70%	62.61%

Source: Revenue realization report DG Treasury – Buku Merah run data as of October 5th 2020

Gross Monthly Revenue Growth (% , yoy)



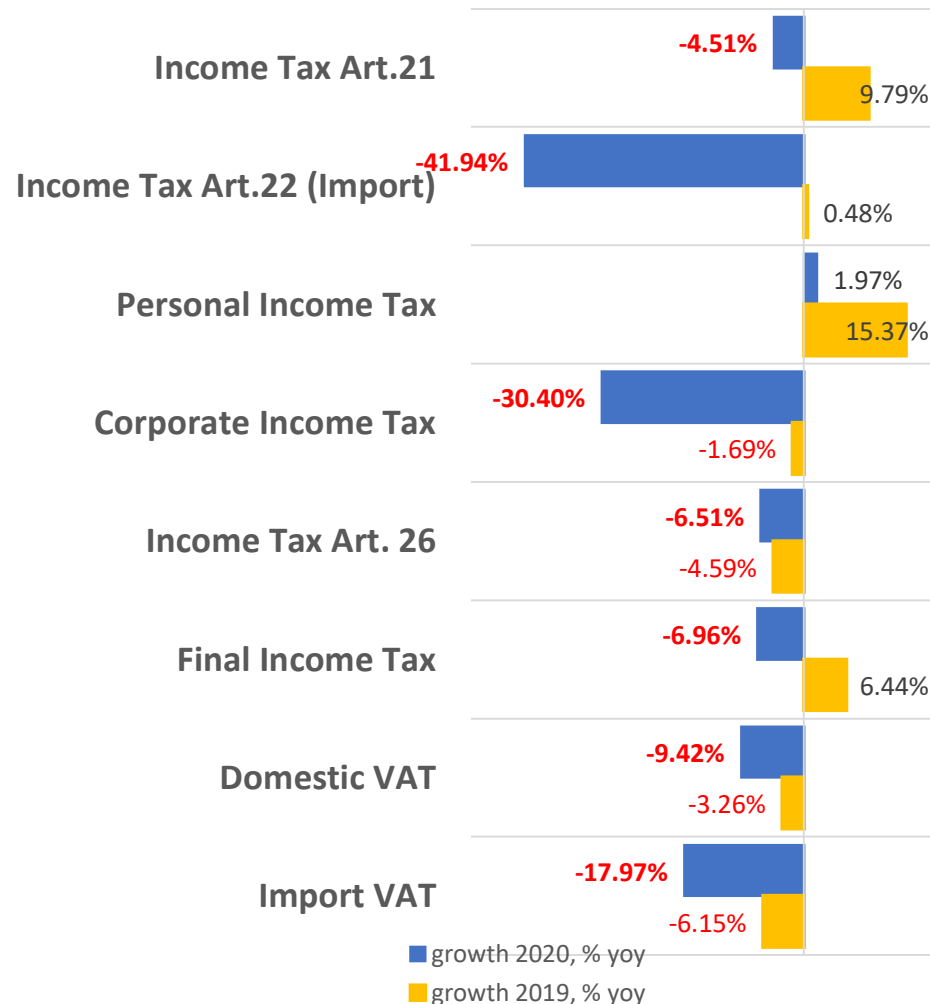
- Tax revenue until September 2020 reached IDR 750.62 Trillion
- The largest contraction of tax revenue derives from income tax from oil and gas due to low oil price and volume.
- Although the gross revenue shows a positive trajectory, but there is downside risk due to the reinstatement of the mobility restriction in September and an increase in fiscal incentive utilization.



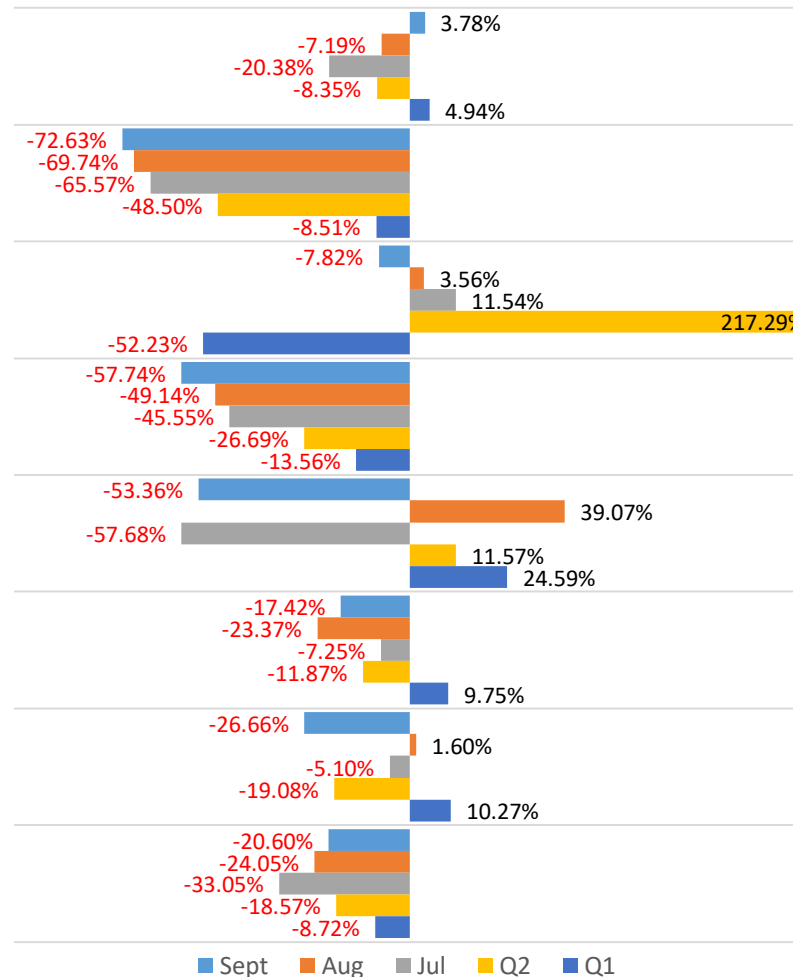
TAX REVENUE BY TYPE

Several type of tax suggests a limited improvement in the gross term, but there is downside risk due to the reinstatement of the mobility restriction in September and an increase in fiscal incentive utilization

Net growth Jan- Sept (yoy)



Net growth each period (yoy)

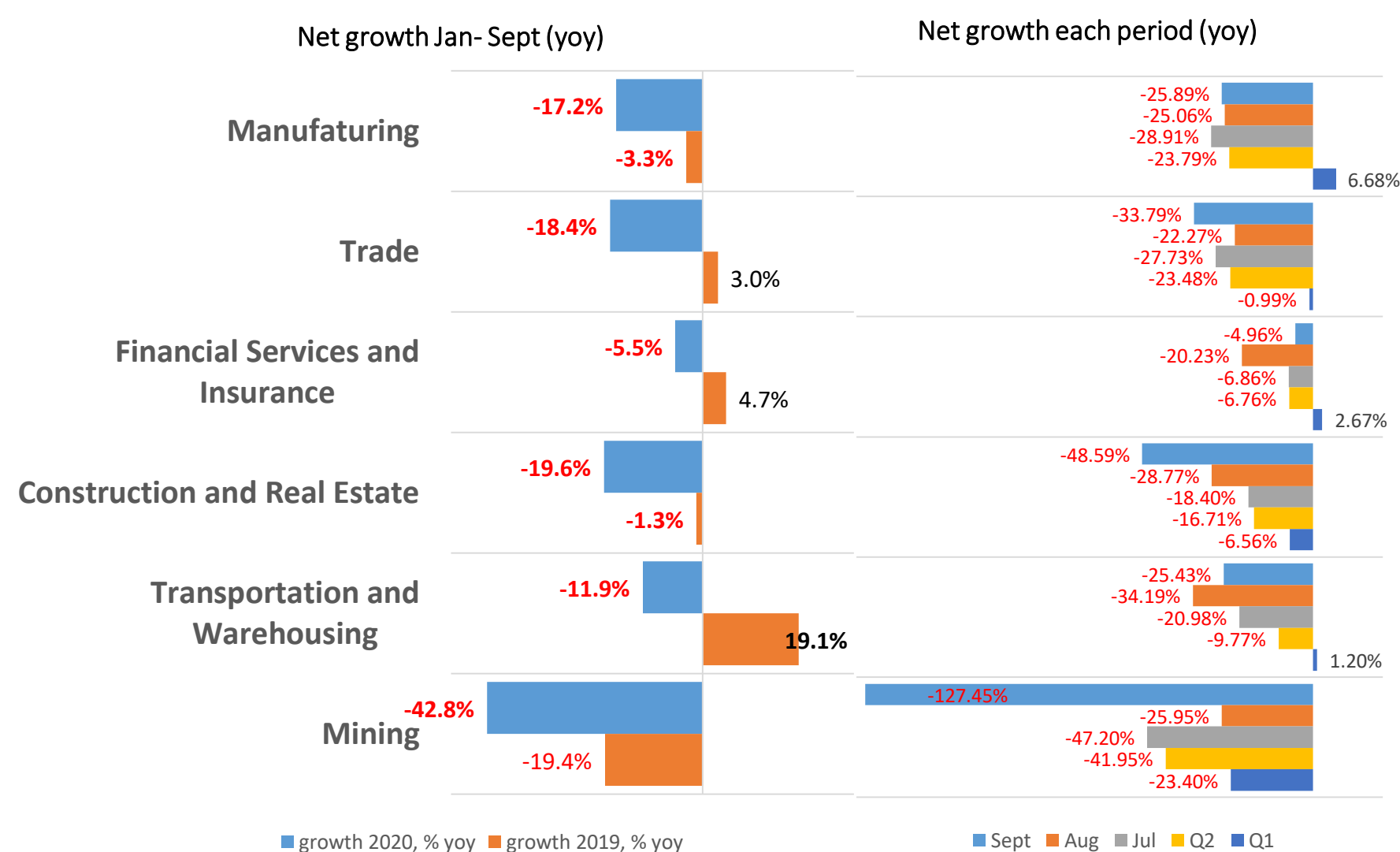


- **Income Tax Article 21** shows an improvement in last 3 month.
- **Personal Income Tax** increases in aggregate, but in downward trend in the past 3 month due to lower income Tax Article 25
- **Corporate Income tax** is under pressure due to economic slow down, implementation of reduction incentive for income tax article 25, and reduction of CIT tariff
- **Domestic VAT** slowed due to low activity in trade and construction. Domestic VAT from industry, however, shows an improvement
- **Import VAT** has been stable as the production activity gradually recovers.



REVENUE REALIZATION BY SECTOR

The pressure on main sector has subsided but the downside risk remains



- **Manufacturing** and **trade** sector is under pressure due to contraction on import activity, delayed sales, and utilization of fiscal incentives.
- **Financial Services** still constrained due to credit slow down and a decrease in interest rate, however the sector has signaled a recovery.
- **Construction and real estate** sector weakened due to lower construction activity and decreased sale on estates.
- **Transportation and warehousing** recorded a slight improvement in September, but the downside risk remains as transportation users and supporting facilities development subsides.
- **Mining sector** constrained by a decline in commodity price and tax refund.



CUSTOMS AND EXCISE REVENUE

Revenue realization reached Rp141.82 trillion, grew by 3.77% (yoy) driven by excise revenue

In trillion rupiah

No.	Revenue Type	Perpres72 Target	Realization		Growth (y-o-y, %)		% Achievement
			2019	2020	2019	2020	
1	IMPORT DUTY	31.83	26.85	24.27	-5.66	-9.59	76.24
2	EXCISE	172.20	107.53	115.32	19.47	7.24	66.97
	Tobacco Products	164.94	102.70	111.46	19.73	8.53	67.57
	Ethyl Alcohol	0.15	0.09	0.21	-8.77	123.62	134.19
	MMEA	7.10	4.68	3.61	14.49	-23.02	50.79
	Excise Administration Fines	-	0.05	0.04	58.44	-21.61	-
	Other Excise	-	0.01	0.01	25.32	-28.91	-
	Plastic	-	0.00	0.00	0.00	0.00	-
3	EXPORT DUTY	1.65	2.28	2.24	-55.89	-2.11	135.27
	TOTAL	205.68	136.66	141.82	10.53	3.77	68.95
	Import VAT		125.59	103.03	-6.15	-17.97	
	Imported Import Duty VAT		3.45	2.31	8.62	-32.90	
	Import Income Tax Art 22		40.77	23.67	0.48	-41.94	
	Total of other taxes for import		169.81	129.01	-4.37	-24.02	
	TOTAL OF CUSTOMS & EXCISE AND TAXATION		306.47	270.84	1.74	-11.63	

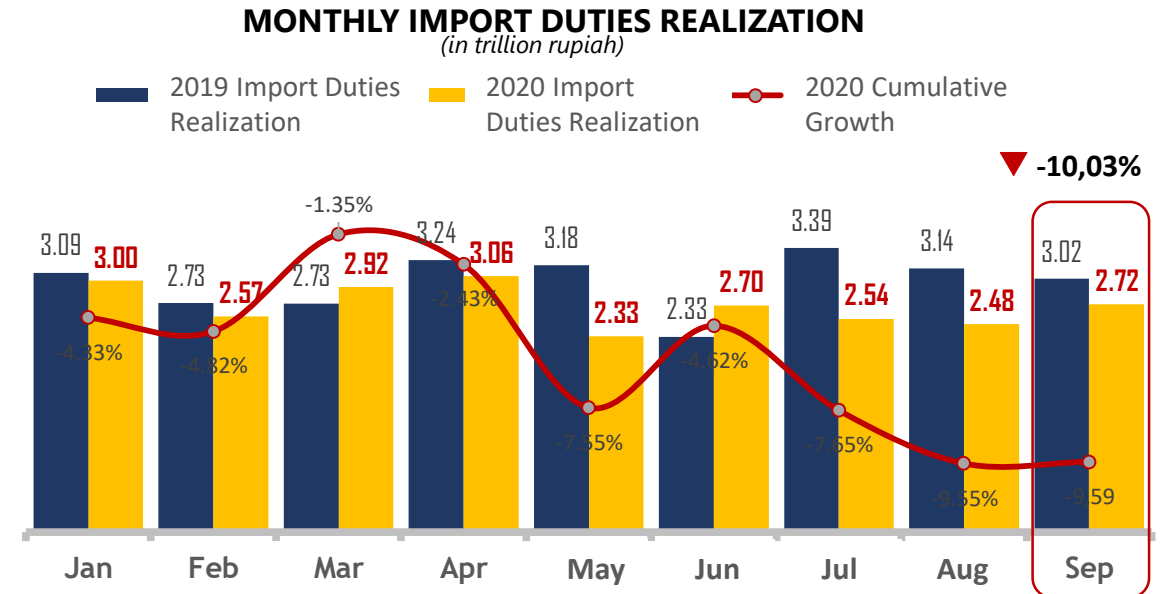
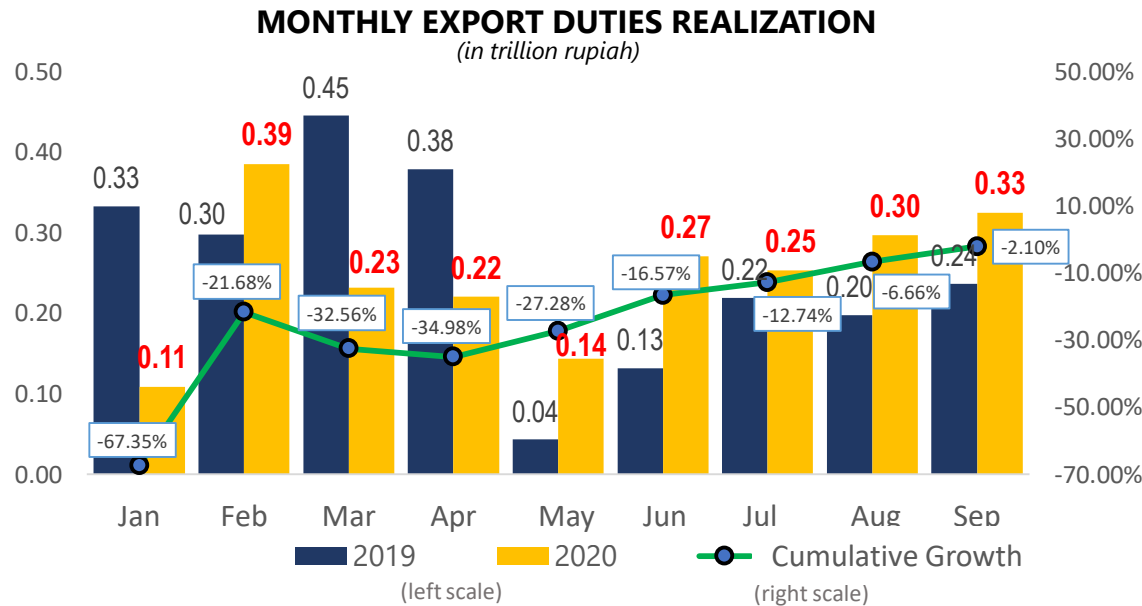
Source: Ministry of Finance, Sept 30, 2020 (retrieved Oct 5)

- DG of Customs and Excise revenue realization **Rp141.82 T (68.95% of Perpres 72 Target)**
- Revenue grew by **▲ 3.77%**
- Growth driven by **excise** revenue (**▲ 7,24%**)



IMPORT AND EXPORT DUTY REVENUE

Import Duties performance is still under pressure, while export duties shows a positive trend supported by an increase from bauxite and copper export duty revenues.



- Export Duties is still contracted -2.10% (yoy), but was better than previous period (-6.66%), driven by a decline in export of wood commodities, cocoa, and other minerals (zinc and iron ore).
- Palm oil products grew 102.36%, driven by CPO's growth and increased volume of exports of meal and kernels. However, in September, there was no export duty revenue from CPO because the reference price of CPO was below USD750.
- Export Duty Revenue for Bauxite and Copper grew in line with the increase in export volume of bauxite, copper concentrate and extra effort in September.
- The nickel export duty revenue was generated from an extra effort in July.
- Import Duty in September remains under pressure even though the Rupiah exchange rate is weakening, foreign exchange payments are significantly depressed by -21.36%;
- The pressure on September Import Duty mainly occurs in the main sectors, including wholesale & retail trade, agriculture, forestry & fisheries, and energy procurement.

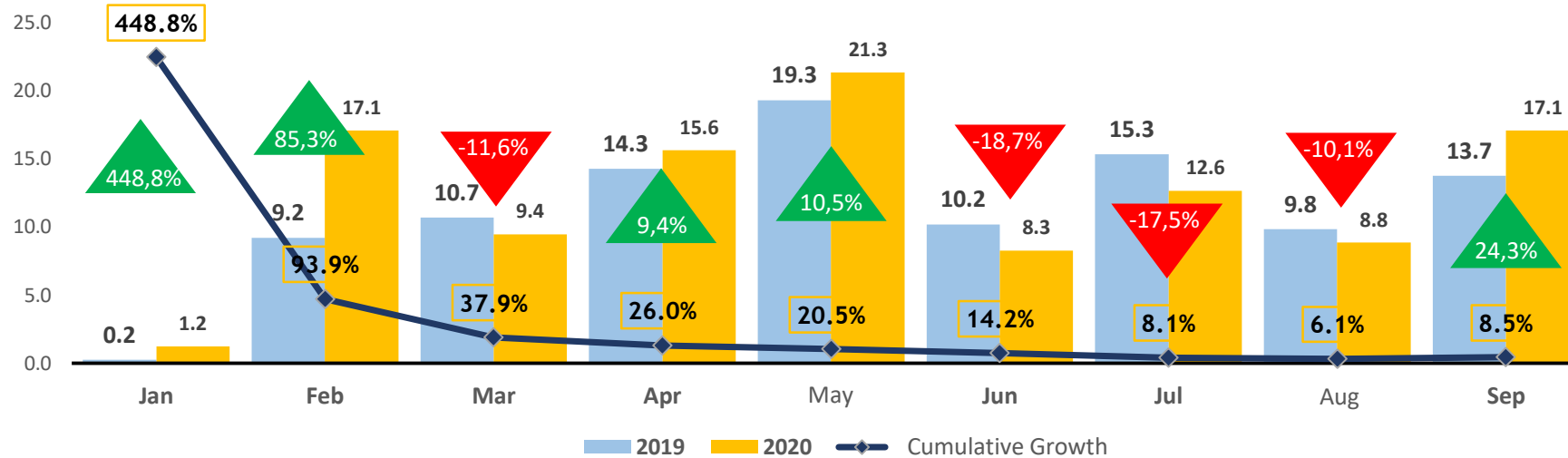


TOBACCO PRODUCTS EXCISE REVENUE

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

Rp Trillion

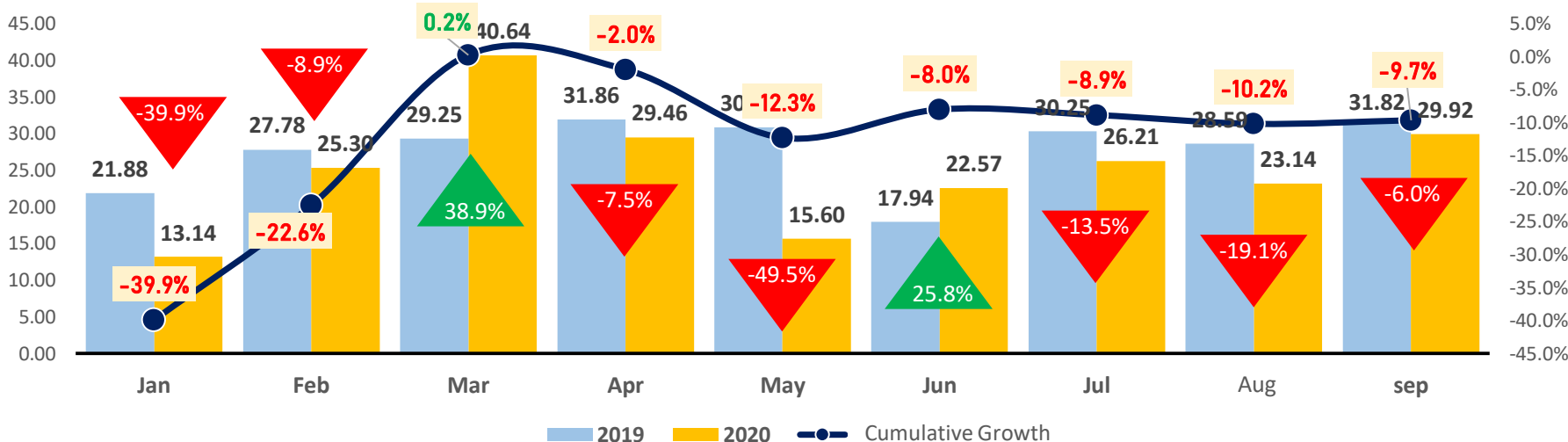
REVENUE PERFORMANCE OF TOBACCO PRODUCTS EXCISE



1. Tobacco Products Excise as of Sep 30 still grew positively due to the large revenues generated from the previous year (PMK-57 effect).
2. September revenue grew 17.1% (yoy), PMK 30 effect (June production) plus July production.
3. The revenue growth in September improved the cumulative growth

Stem Billion

GROWTH OF CUMULATIVE TOBACCO PRODUCTS PRODUCTION



1. Tobacco Products experienced a slowing trend after March, and growth has not yet entered a positive territory.
2. A positive cumulative production until March was due to ribbon stocking in anticipation of a lockdown.



NON-TAX REVENUE

Reached IDR260,9 T or 88,7% of the target.

While natural resources revenue contracted, Public Service Agency (BLU) shows positive performance

Non-Tax Revenue (trillion rupiah)	2019				2020			
	Budget	Realization 30 Sept	% Budget	% Growth	Perpres 72/ 2020	Realization 30 Sept	% Perpres 72/ 2020	% Growth
Natural Resources	190.8	109.5	57.4	(9.5)	79.1	72.9	92.1	(33.5)
Oil and Gas	159.8	85.2	53.3	(9.5)	53.3	53.3	100.0	(37.4)
Non Oil and Gas	31.0	24.3	78.6	(9.2)	25.8	19.6	75.8	(19.6)
Separated State Asset	45.6	72.9	160.0	77.4	65.0	64.6	99.4	(11.4)
Other Non-Tax Revenue	94.1	83.8	89.0	4.5	100.1	75.6	75.5	(9.8)
Public Service Agency (BLU)	47.9	35.6	74.4	(9.8)	50.0	47.8	95.6	34.2
Non-Tax Revenue	378.3	301.8	79.8	7.1	294.1	260.9	88.7	(13.6)

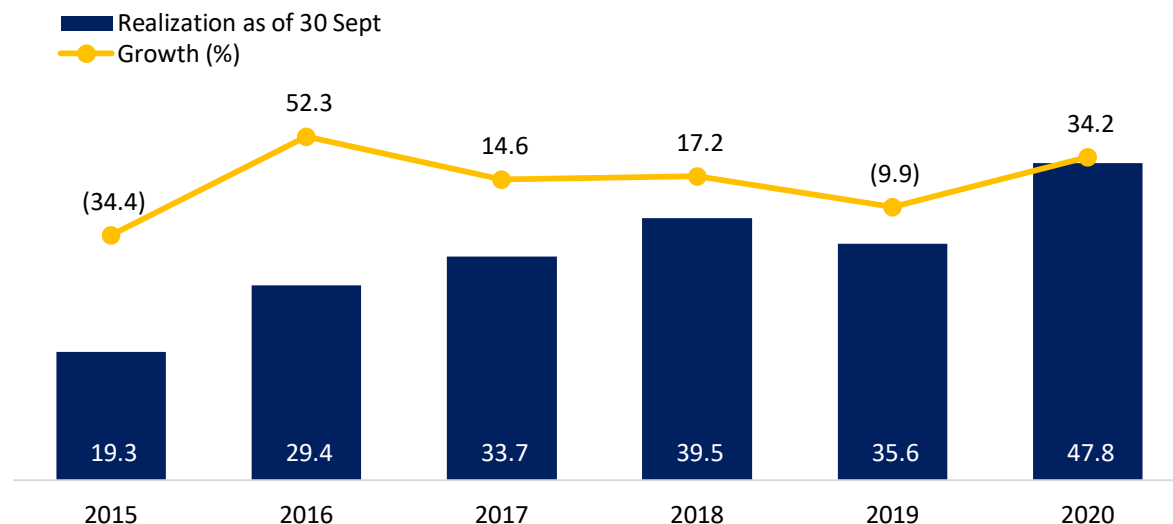
- The contraction on Natural Resources Revenue is due to low commodity prices (ICP and HBA), and a slowdown in economic and operational activities due to the Covid-19 pandemic.
- Other Non-Tax Revenue is under pressure due to a decrease in coal mining and crude oil revenue (DMO). Nevertheless, commodity prices have an upward outlook, in line with the increasing of oil prices.
- Revenue from the Public Services Agency (BLU) grew positively supported by the increase in the performance Educational Services, Oil Palm Plantation, Hospital Services, and revenue from Management of National Education Development Funds.



Public Service Agency (BLU) Revenue

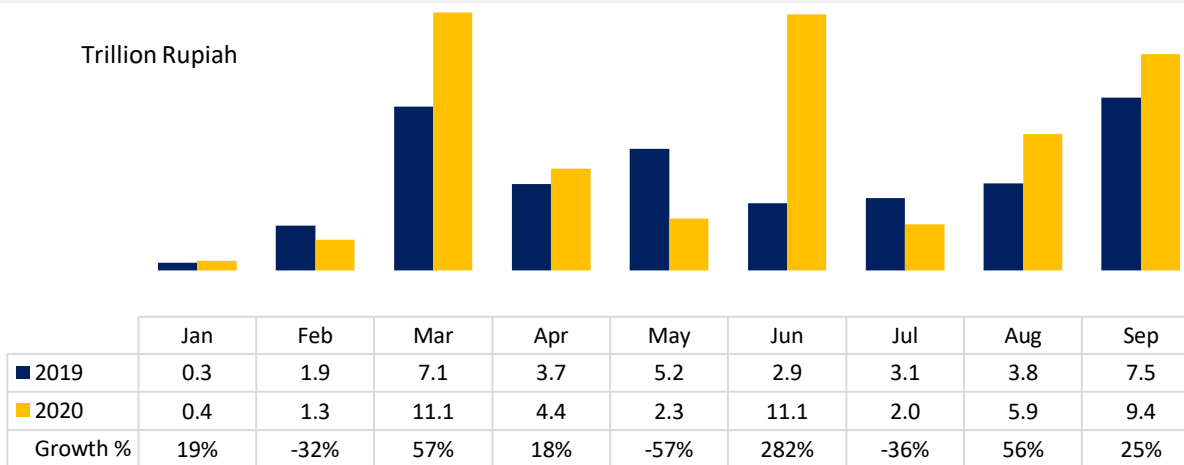
shows a positive performance, despite non-tax revenue is under pressure

Public Service Agency (BLU) Revenue Realization



- ❖ As of September 30, the revenue from Public Service Agency (BLU) reached IDR47,8T or grew 34,2% compare to last year.
- ❖ Supported by the revenue from Educational Service, Oil Palm Plantation, Hospital Services, Management of National Education Development Funds, also revenue from Banking Services.

Public Service Agency (BLU) Revenue Monthly Realization



Public Service Agency (BLU) Revenue Breakdown

	2020 (billion Rp)
Educational Services	3194.98
Oil Palm Plantation Funds	2350.16
Hospital Services	1391.85
Management of National Education Development Funds	682.86
Banking Services	603.63



CENTRAL GOVERNMENT EXPENDITURE

The realization performance of the expenditure improved well, reached 61.3% of the budget and grew 21.2% yoy

Central Government Expenditure (trillion rupiah)	2019				2020			
	Budget	Realization 30 September	% Budget	% Growth	Perpres 72/ 2020	Realization 30 September	% Perpres 72/ 2020	% Growth
Line Ministries Expenditure	855.4	556.1	65.0	8.7	836.4	632.1	75.6	13.7
Personnel Expenditure	224.4	184.7	82.3	12.0	256.6	180.0	70.1	(2.6)
Goods Expenditure	344.6	204.1	59.4	5.2	271.7	222.7	82.0	9.1
Capital Expenditure	189.3	80.4	42.4	(10.6)	137.4	73.2	53.3	(9.0)
Social Assistance	97.1	86.9	89.5	38.7	170.7	156.3	91.5	79.8
Non-Line Ministries Expenditure	778.9	443.2	56.9	3.7	1,138.9	579.2	50.9	30.7
Subsidy	224.3	124.7	55.6	1.0	192.0	114.3	59.5	(8.3)
Other Expenditures	114.0	2.0	1.8	(70.4)	450.6	112.4	24.9	5,405.7
Total	1,634.3	999.3	61.1	6.4	1,975.2	1,211.4	61.3	21.2

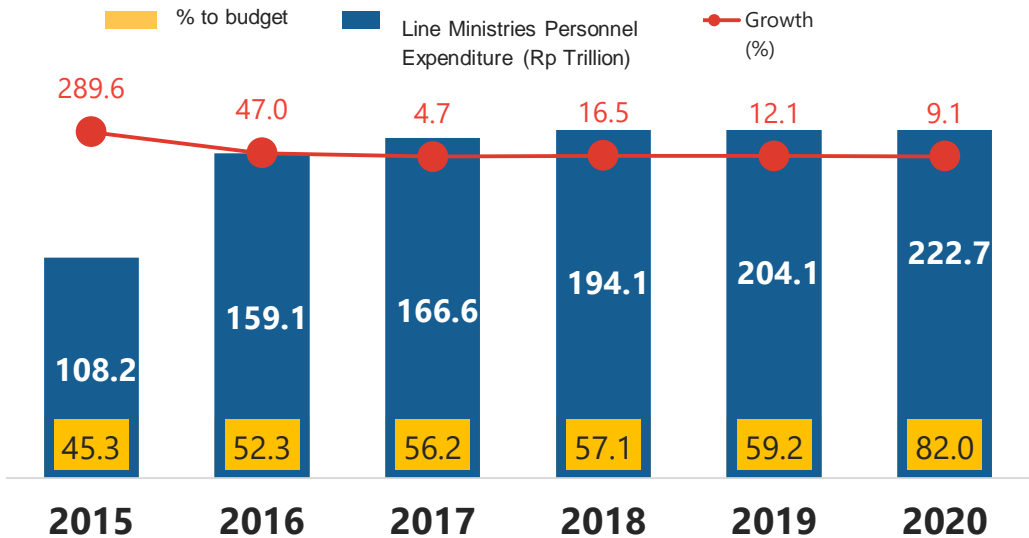
- Social assistance and goods expenditures increased, especially for the Social Protection PEN program, Indonesia Smart Program (PIP), Indonesia Smart Card (KIP) Tuition, Recipients of National Health Insurance Contribution Assistances (PBI JKN), assistance for micro-entrepreneurs, as well as wage / salary assistance.
- In nominal term, the performance of capital expenditures grew negatively, but the percentage of the budget was larger, influenced by budget refocusing/reallocation and implementation of various PEN programs.
- Personnel expenditure grew negatively, mainly due to changes in THR/holiday allowances policy and 13th salary.
- Non-Line Ministries spending increased, driven by subsidies, pension/health insurance for Civil Servants, other spending (pre-employment, compensation, etc.), and a downward outlook for debt interest in line with the downward trend in interest rates.



GOODS EXPENDITURE OF LINE MINISTRIES

Increased 9.1%, affected by PEN Program Implementation

Line Ministries Personnel Expenditure as of August 31, 2020



Personnel Expenditure (Rp Trillion)	2019		2020	
	Realization as of Sept 20	% Budget	Realization as of Sept 20	% Budget
Ministry of Defense	22.4	64.7	23.9	78.3
Indonesian National Police	16.8	66.3	17.8	66.0
Ministry of Health	12.7	54.3	18.5	83.6
Ministry of Public Works & Public Housing (PUPR)	17.9	55.1	19.4	68.2
Ministry of Religious Affairs	13.8	72.1	13.1	73.2
Other Line Ministries	120.6	57.5	130	88.0
Total	204.2	59.2	222.7	66.1

Goods Expenditure Realization per Account (Trillion IDR)	2019		2020	
	Real. until September 30	Growth (%)	Real. until September 30	Growth (%)
Goods	90.0	16.1	80.4	(10.6)
Services	20.0	5.6	16.2	(18.9)
Maintaining	20.1	(12.6)	20.4	1.1
Business Trips	29.0	17.4	11.7	(59.8)
Public Service Agency (BLU)	22.9	2.2	40.1	75.1
Goods are handed over to the local government or community	22.1	(19.3)	54.0	144.2
Total	204.2	5.2	222.7	9.1

The decline in the realization of operational, service, and contract expenditures was mainly influenced by social restriction policies and WFH/FWS. On the other hand there was an increase in spending transferred to the community/local government (there was a disbursement of several PEN programs) and BLU expenditure (Biodiesel BLU Palm Oil).

Realization of goods expenditures, among others: maintenance of defense equipment, maintenance of roads/infrastructure, construction of independent houses and School Operational Assistance of Madrasahs.

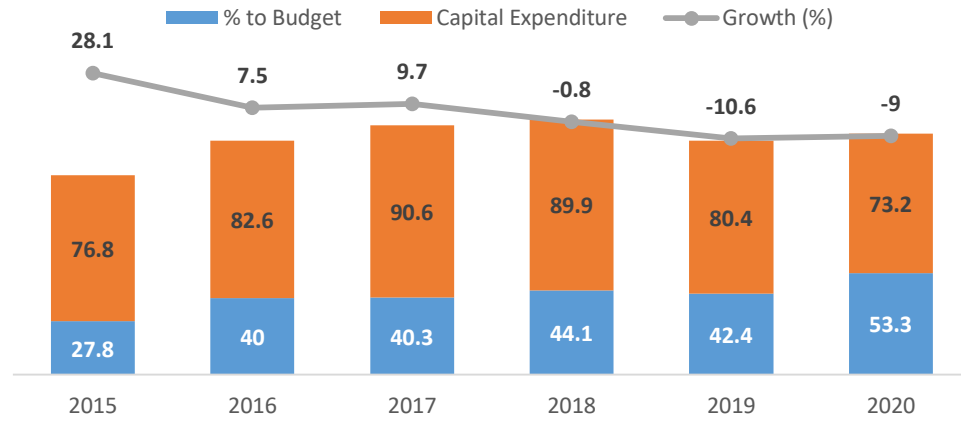
A realization of the PEN program → payment of incentives for health workers, procurement of medical equipment, assistance for micro-entrepreneurs, and wage/salary assistance for Jamsos TK (social security for workers) participants



CAPITAL EXPENDITURE REALIZATION

Shows a negative growth 7.0%, but capital expenditure can be maintained even in Pandemic conditions

Capital Expenditure Realization until September



Line Ministries Capital Expenditure (Trillion IDR)	2019		2020	
	Real. until Sept 31	% Budget	Real. until Sept 31	% Budget
Ministry of Public Works and Public Housing (PUPR)	33.7	44.5	28.2	63.8
Ministry of Defense	11.4	36.5	16.3	47.6
Indonesian National Police	9.8	55.3	8.5	66.5
Ministry of Transportation	10.7	44.9	8.3	52.6
Ministry of Religious Affairs	1.9	39.7	2.2	66.4
Others	12.5	35.7	9.7	35.8
Total	80.4	42.4	73.2	55.3

Capital Expenditure Realization per Account (Trillion IDR)	2019		2020	
	Real. until July 31	Growth (%)	Real until July 31	Growth (%)
Land Capital	1.0	6.8	1.1	12.3
Equipment & Machinery	18.8	(19.4)	20.6	9.3
Building & Structure	9.4	1.6	8.7	(7.1)
Roads, Irrigation & Systems	30.8	(12.8)	25.0	(18.9)
Other Capital	2.1	101.2	2.5	16.0
Public Service Agency (BLU)	0.9	8.8	0.7	(18.5)
Total	63.0	(10.9)	58.6	(7.0)



Performance of capital expenditure, in nominal terms, grew negatively but the percentage of the budget was bigger. There was a project restructuring policy in the context of refocusing / reallocation of handling Covid-19 and social restrictions



Equipment and machinery spending grew positively supported by, among others, land acquisition for development, airport infrastructure rehabilitation and maintenance, the procurement of defense equipment, military hospital medical equipment.



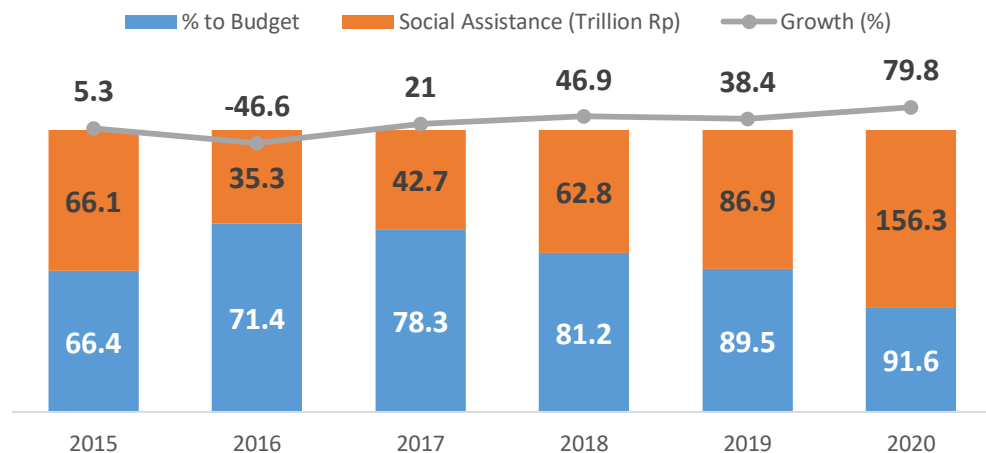
The Ministry of Defense and Ministry of Religious affairs' spending grew positively, supported by the procurement of defense equipment and military hospital medical equipment, and facilities for Islamic Religious Higher Education (PTKI) activity through SBSN and PHLN.



SOCIAL ASSISTANCE EXPENDITURE REALIZATION IN THE LINE MINISTRIES

Grew 9.8% (yoy) to support Social Safety Net policies to handle the Covid-19

> Social Assistance Expenditure Realization as of 30 September



> Increase Social Expenditure Component

Health Insurance Premium Subsidy (PBI JKN)
Basic Food Card
Family Hope Program
Smart Indonesia Card for Collage (KIP Kuliah)
Temporary Assistance

	2019		2020	
	Realisasi	Growth (%)	Realisasi	Growth (%)
Health Insurance Premium Subsidy (PBI JKN)	26.6	↑ 4.6	36.4	↑ 36,8
Basic Food Card	13.3	↑ 17.6	32.4	↑ 141.3
Family Hope Program	32.4	↑ 119.2	36.3	↑ 12.1
Smart Indonesia Card for Collage (KIP Kuliah)	4.0	↑ 24.4	4.9	↑ 22.6
Temporary Assistance			34.4	

Social Spending in Line Ministries (IDR trillion)	2019		2020	
	Realization 30 Sept	% Budget	Realization 30 Sept	% Budget
Ministry of Social Affairs	46.3	85.3	103.4	103.2
Ministry of Health	26.6	99.7	36.4	74.7
Ministry of Education & Culture	6.7	69,6	12.2	75.6
Nat. Board for Disaster Management (BNPB)	2.4	1000	2.8	81.0
Ministry of Religious Affairs	1.1	56.4	1.4	68.0
Min. Research & Tech/National Research & Innovation Agency	3.7	84.7	-	-
Total	86.9	89.5	156.3	91.6

Increased Social Assistance Realization up to 31 September 2020 according to organization compared to the previous year is influenced by:

- ❑ **Ministry of Social Affairs** → Implementation of the Social Safety Network through the assistance of the Family Hope Program (PKH), assistance of Basic Food Cards, Jabodetabek's basic food assistance and Non-Jabodetabek's cash transfer, and cash transfer for non-PKH – Basic Food Card beneficiaries.
- ❑ **Ministry of Health** → Disbursement of National Health Insurance premium assistance at a higher rate.
- ❑ **Ministry of Education and Culture & Ministry of Religious Affairs** → Accelerated withdrawal of KIP College compared to previous years (September)



TRANSFER TO REGION AND VILLAGE FUND

The performance realization of the TKDD improved, reached 82.4% and grew 5.8% (yoy)

Transfer to Region and Village Fund (Trillion Rupiah)	2019				2020			
	Budget	Realization as of Sept 30	% to Budget	Growth (yoy %)	Revised Budget (Perpres 72 2020)	Realization as of Sept 30	% to Revised Budget	Growth (yoy %)
1 Transfer to Region	756.8	551.3	72.9	2.9	692.7	572.0	82.6	3.8
a. Balance Fund	724.6	534.8	73.8	3.9	653.4	540.3	82.7	1.0
- General Transfer Fund	524.2	418.2	79.8	6.9	470.8	391.3	83.1	(6.4)
1) Revenue sharing	106.4	70.3	66.1	22.9	86.4	70.0	81.0	(0.4)
2) General allocation fund	417.9	347.9	83.3	4.1	384.4	321.3	83.6	(7.7)
- Special Allocation Fund	200.4	116.6	58.2	(5.4)	182.6	149.0	81.6	27.8
1) Physical	69.3	23.7	34.2	(33.5)	53.8	49.9	92.8	110.3
2) Non-physical	131.0	92.9	70.9	6.1	128.8	99.1	77.0	6.7
b. Regional Incentive Fund	10.0	9.3	92.6	28.0	18.5	16.0	86.6	72.9
c. Special Autonomy Fund and Privilege Fund for Yogyakarta	22.2	7.3	32.7	(48.4)	20.9	15.7	75.3	116.8
2 Village Fund	70.0	44.0	62.9	16.1	71.2	57.7	81.0	31.0
Total	826.8	595.3	72.0	3.8	763.9	629.7	82.4	5.8

- Most of TKDD grew positively, better than 5.0% yoy in August due to the relaxation policy.
- The increase in Regional Incentive Fund with the provision of 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 Privilege Fund for Yogyakarta → providing relaxation in the form of accelerated distribution of Special Autonomy Phase 2, which is unconditional and carried out in August.
- Increased Village Fund → direct distribution policy to the Village (RKDes).



TRANSFER TO REGION AND VILLAGE FUND (TKDD) 2019-2020 PER SEPTEMBER 30

The realization of TKDD 2020 was better than 2019 (increased from 72.0% to 82.4%), grew 5.8% (YoY)

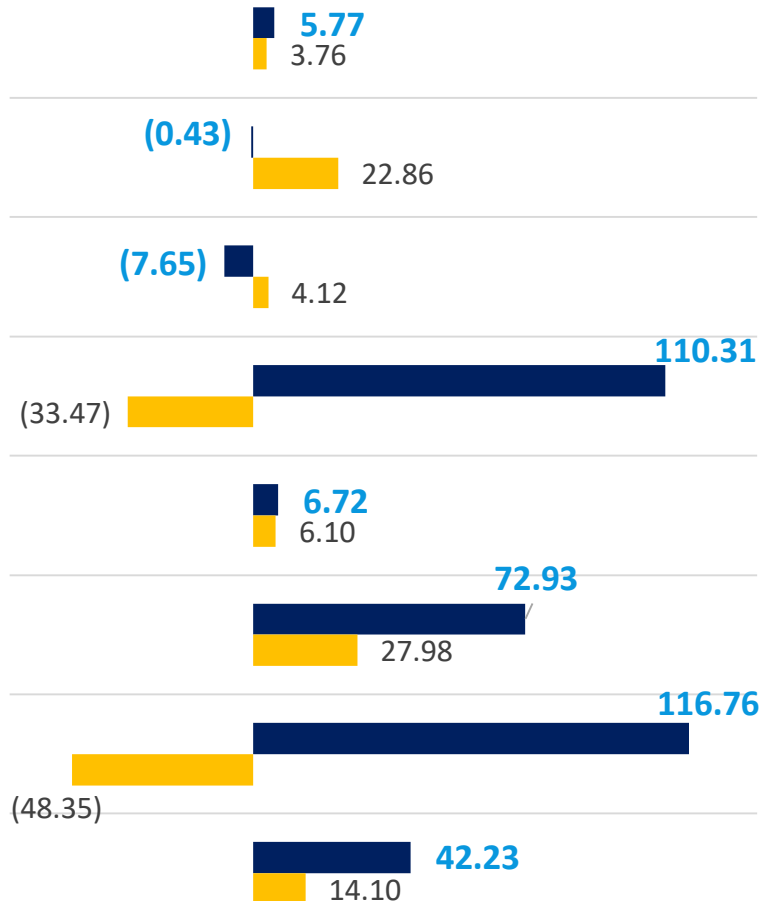
TKDD realization and percentage to the Budget

		2019	2020
2019: 2019 Budget 2020: Perpres 72/2020			
TKDD	IDR	595,347.4 M	629,704.8 M
		72.0 %	82.4 %
Revenue Sharing	IDR	70,296.6 M	69,994.8 M
		66.1 %	81.0 %
General Allocation Fund	IDR	347,930.5 M	321,298.4 M
		83.3 %	83.6 %
Physical Special Allocation Fund	IDR	23,722.5 M	49,889.9 M
		34.2 %	92.8 %
Non-Physical Special Allocation Fund	IDR	92,866.6 M	99,108.2 M
		70.9 %	77.0 %
Regional Incentive Fund	IDR	9,263.5 M	16,019.5 M
		92.6 %	86.6 %
Special Autonomy & Privilege Fund for Yogyakarta	IDR	7,254.0 M	15,723.5 M
		32.7 %	75.3 %
Village Fund*	IDR	40,547.2 M	57,670.4 M

Note: * Starting in 2020, Village Fund is distributed from State General Treasury Account to Village Cash Account, which previously from State General Treasury Account to Regional General Treasury Account

Growth

■ YoY 2020 ■ YoY 2019



HIGHLIGHT

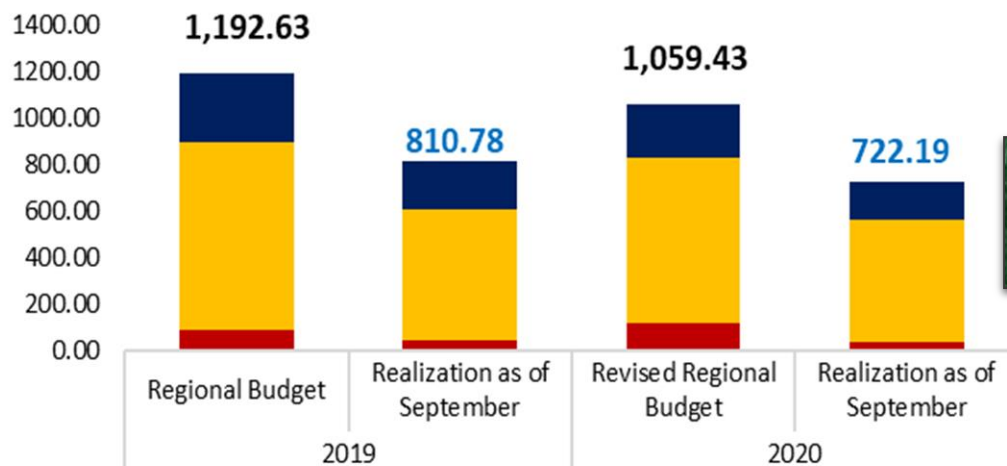
- ↓ **Revenue Sharing (DBH) decreased** → decrease of the DBH allocation in line with the projected shared state revenue
- ↓ **Decrease in General Allocation Fund (DAU) decreased** → mainly due to decrease in Net Domestic Income in 2020 Budget
- ↑ **Physical Special Allocation Fund (DAK) increased** → mainly provides relaxation, among others, the distribution is carried out at the contract value (one-time distribution)
- ↑ **Non-Physical Special Allocation Fund (DAK NF) increased** → Local governments is better in communicating disbursement requirements
- ↑ **Regional Incentive Fund increase** → relaxation, not requiring a minimum 1st phase realization, so regions can quickly submit reports
- ↑ **Special Autonomy & Privilege Fund for Yogyakarta (Otsus & DIY) increased** → distribution of Otsus phase 2 unconditionally, carried out in August
- ↑ **Increased Village Fund** → direct distribution policy to the Village Account



REGIONAL BUDGET REALIZATION AS OF SEPTEMBER 30, 2020

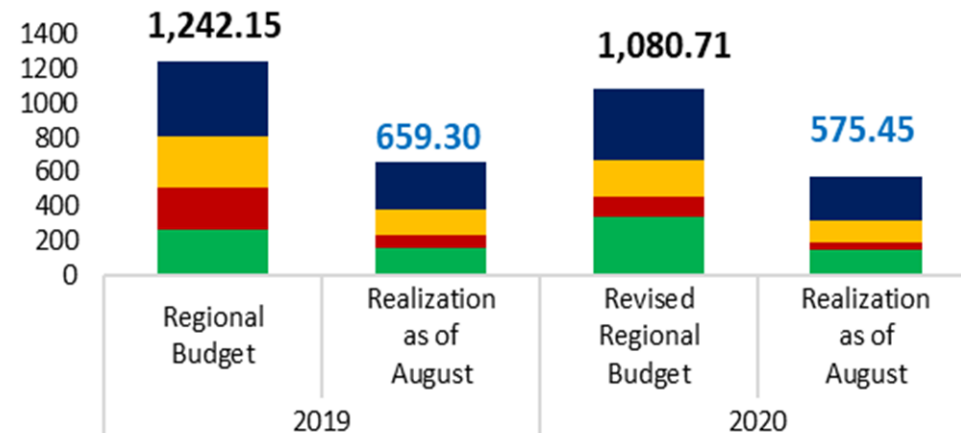
The realization of revenue and expenditure as of September 30, 2020 is better than the same period in 2019

Regional Budget Revenue 2019-2020
as of September 30



	2019	2020
Regional Revenue	295.52	162.64
Transfer to Region & Village Fund	808.62	523.46
Others	88.49	36.08

Regional Budget Expenditure 2019-2020
as of September 30 (trillion IDR)



	2019	2020
Personel Spending	432.84	256.78
Material Expenditure	301.37	126.17
Capital Expenditure	238.37	48.89
Other Expenditure	269.57	143.61

Note: Data printed on October 13, 2020

A total of 221 regions used the previous month's realization as they had not submitted the data, or the data found incompleted

- ✓ The realization of Revenue as of September 2020 reached 68.2%, better than 2019 of 68%.
- ✓ Realization of locally-generated revenue decreased (-19.80%, 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 September 2020 reached 53.3%, better than September 2019 of 53.1%



OUTPUT ACHIEVEMENTS OF REVENUE SHARING OF TOBACCO EXCISE

The 2020 State Budget utilization has brought good impact in the regions, supporting all productive sectors

HEALTH – REALIZATION IDR1,142,595,065,043



Promotive/preventive health services → 3,320 people/frequency and curative/rehabilitative 530,221 people;



Health facilities construction → 6 locations and rehabilitation 3 locations;



Procurement of medical equipment → 71,165 units



Medicines or consumable goods → 215,088 packages



Training for health personnel → 108 activities, 1,171 people, and administrative personnel at Health Service Facilities → 458,811 people
Payment of JKN Contribution → 3,584,758,130 people



Payment for health services for the poor and / or vulnerable people → 2,935 people

QUALITY IMPROVEMENT OF RAW MATERIAL– REALIZATION IDR182,832,529,585



Good tobacco cultivation practice → 10,504 ha / unit, 1,434 people



Procurement of farming equipment → 2,287 units



Fertilizer assistance → 527,400 kg, 3,150 liters



Harvest and Post Harvest Handling → equipment 81,905 units, assistance for 229 tobacco planters



Application of Technical Innovations for land → 36 ha



Tobacco Raw Material Development for Import Substitution and Export Promotion → 2 activities

COMMUNITY ECONOMIC DEVELOPMENT– REALIZATION IDR106,307,395,828



The labor-intensive activities attended by 281 people



Equipment assistance 131 units



Livestock cultivation assistance 7,810 units, 7,494 livestock, 63,510 seeds



Promotion facilities of 5 frequencies, 520 people



Business assistance for 520 MSMEs

SUPPORT TO OPTIMIZATION OF EXCISE REVENUE – REALIZATION IDR20.802.068.741



Dissemination of excise sector regulation → 173 frequencies, 2,130 people, 522 media



Eradication of illegal excisable goods (BKC) → 495 locations, illegal BKC totaling 43,340



THE OUTPUT ACHIEVEMENT (EARMARKED TRANSFER)

Real productive impact of the 2020 State Budget in the regions is not only tangible but also intangible

Physical special allocation fund

EDUCATION

- Construction of new classrooms and furniture 6,404 rooms
- Classroom Rehabilitation 30,138 Rooms
- Educational Equipment Procurement 42,915 Packages
- 2903 Laboratory Construction
- Procurement of Laboratory Equipment 3,445 Packages
- Procurement of ICT equipment 1,314 Packages
- Public Library Service Building Construction 7 Packages

HEALTH AND FAMILY PLANNING

- Construction of New Community Health Center 54 Packages
- Addition of New Public Health Center Buildings 247 Packages
- Rehabilitation of Community Health Center 124 Packages
- Procurement of Consumables / Drugs 1,645,758 packages
- Development of Family Planning Counseling Centers for 283 Units
- Hospital Construction and Rehabilitation 319 Packages
- Procurement of Medical Devices 203 Packages
- Construction / Development of Contraceptive Equipment Warehouses 66 Units

ROAD

- Road Development 37 km
- Road Periodical Maintenance of 180 km
- Road Improvement of 938 km
- Bridge Construction 150 Meter
- Bridge Maintenance 225 Meter

Note: Achievements Based on contract data

Non-Physical special allocation fund

● School Operational Assistance

Target: 45.4 million

Realization: 9 months of school operation for 44.1 million students in 216 thousand schools

● Operational Assistance For Early Childhood Education (PAUD)

Target: 7.4 million children

Realization: Operational PAUD, 9 months, 5.6 million children

● Teacher Professional Allowance (TPG)

Target: 1.15 million teachers

Realization: TPG payments, 9 months, 838 thousand teachers

● Health Operational Assistance

Target: 9,993 Community Health Centers

Realization: Operational 7,926 puskesmas for 9 months

● Family Planning (KB) Operational Assistance

Target: 5,517 KB counseling centers

Realization: Operational 4,487 KB counseling centers, 9 months

● Tourism Services

Target: 39,400 / 70 trainees / Tourist Inform Centers (TIC) in 354 regions

Realization: 23,067 trainees and 64 TICs for 9 months



FINANCING REALIZATION

Reached IDR667.8 T or 64.3% of the target, promoting the increasing on foreign reserves

Budget Financing (trillion rupiah)	2019				2020			
	Budget	Realization 31 August	% Budget	% Growth	Perpres 72/ 2020	Realization 31 August	% Perpres 72/ 2020	% Growth
1. Debt	359.3	285.1	79.3	3.2	1.220.5	693.6	56.8	143.3
a. Govt Bond (neto)	389.0	290.7	74.7	7.5	1.173.7	671.6	57.2	131.0
b. Govt Borrowing (Neto)	(29.7)	(5.7)	19.1	(199.3)	46.7	22.0	47.0	(486.5)
2. Investment Financing	(75.9)	(5.1)	6.8	(50.9)	(257.1)	(27.2)	10.6	431.5
a.l. a. Investment to SOEs	(17.8)	-	-	-	(31.5)	(11.3)	35.7	-
b. Investment to BLU	(53.2)	(4.0)	7.5	(38.9)	(42.0)	(11.0)	26.2	175.0
c. Investment to others	(2.5)	(2.5)	100.0		(5.0)	(5.0)	100.0	100.0
3. Government Lending	(2.4)	0.6	(25.8)	(62.5)	5.8	1.7	29.4	181.7
4. Guarantee	-	-	-		(0.6)	(0.4)	71.3	
5. Others	15.0	0.0	0.1	(81.5)	70.6	0.2	0.2	730.4
Total	296.0	280.6	94.8	4.9	1.039.2	667.8	64.3	138.0

- Debt financing realization reached 61,6% of the target, show that market liquidity is still ample.
- As of 18 September, BI participation based on SKB I is IDR 48,027 Trillion, while according to the SKB II (burden sharing) is IDR 99,08 Trillion for public goods.
- PMN disbursements remains on track, reached 11% of target, this acceleration was supported by the completion on several regulatory documents.





KEMENTERIAN KEUANGAN
REPUBLIK INDONESIA

Structural Reform and Investment-Driven Initiatives

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



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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 CONTINUOUSLY IMPROVES BUSINESS CLIMATES AND ENVIRONMENTS AMONG ITS PEERS

Even though, 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 infrastructure development after the COVID-19 pandemic by strengthening digital infrastructure, logistics 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



OMNIBUS LAW IN JOB CREATION

A breakthrough in structural reform to improve investment climates and provide more jobs



Investment Climate and Business Environment

1. Procedure simplification
2. Introduce investment priority list
3. Streamlining central and regional regulation



Employment

1. Regional minimum wage sets for fulfilling basic needs
2. Provide non-cash benefit for job-loss through *Program Jaminan Kehilangan Pekerja (JKP)* including *vocational training and job placement*
3. More reasonable working hours for specific sector
4. Compensation for a contract employee in job termination
5. Protection for outsourcing



Taxation

1. Territorial based for defining tax subject on personal income tax
2. Relaxation on personal income tax on dividend invested domestically
3. Improvement on administration to boost compliance



Research and Innovation

1. Assignment for BUMN and private sector to develop R&D
2. Prioritization on national innovation in international trade policy



Government Investment and National Strategic Project

1. Establishment of a Sovereign Wealth Fund (SWF) to manage state funds/assets
2. Issuance of Regional Bonds and/or Regional Sukuk for infrastructure financing (with the approval from Minister of Finance)



OMNIBUS LAW IN JOB CREATION

breakthrough in structural reform to improve investment climate and provide more jobs



MSMEs protection and empowerment

1. Simplification on business registration
2. Encouraging partnerships with MSMEs by providing incentives
3. More accessible financing source
4. Improve the role of regional transfer to support MSMEs development program



Economic Zone

1. Broadening the activities in SEZs
2. Additional fiscal facilities for importation of consumer goods in non-industrial SEZs



Land Procurement

1. Acceleration of land procurement for public interest
2. Provision of land for national strategic projects
3. Establishment of a land bank



Ease of Doing Business

1. Relaxation on minimum capital requirement for the establishment of company
2. Provide pre-investment visa
3. Acceleration on patent and brand process



Government Administration

1. Standardization on public administration
2. Digitalization of public services



Penalty

1. Imposing penalty for violation that impacted K3L (Health, Safety, Environmental Security)
2. Strengthen administrative penalty





KEMENTERIAN KEUANGAN
REPUBLIK INDONESIA

Economic and Fiscal Updates

September Edition

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