



# Fiscal and Economic Updates

February 2021: New Chapter for Recovery



KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA





BADAN KEBIJAKAN FISKAL

KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

## The Team

### Investor Relation Unit

Hidayat Amir, PhD  
Director for Center of Macroeconomic Policy

Putri Rizki Yulianti  
Coordinator of Investor Relation Unit

Suhendi Saputro  
Head of Knowledge Management

Nina Hanifah  
Staff

Andi Yoga Trihartanto  
Staff

Riznaldi Akbar  
Advisor

Indar Budi Sucahyo  
Head of Knowledge Management

Hilda Choirunnisah  
Staff

Adi Triyono  
Staff

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)







**BADAN KEBIJAKAN FISKAL**

**KEMENTERIAN KEUANGAN**  
REPUBLIK INDONESIA

## Disclaimer

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

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

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

**NOT FOR PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN ANY JURISDICTION IN WHICH SUCH PUBLICATION OR DISTRIBUTION WOULD BE PROHIBITED BY APPLICABLE LAW**

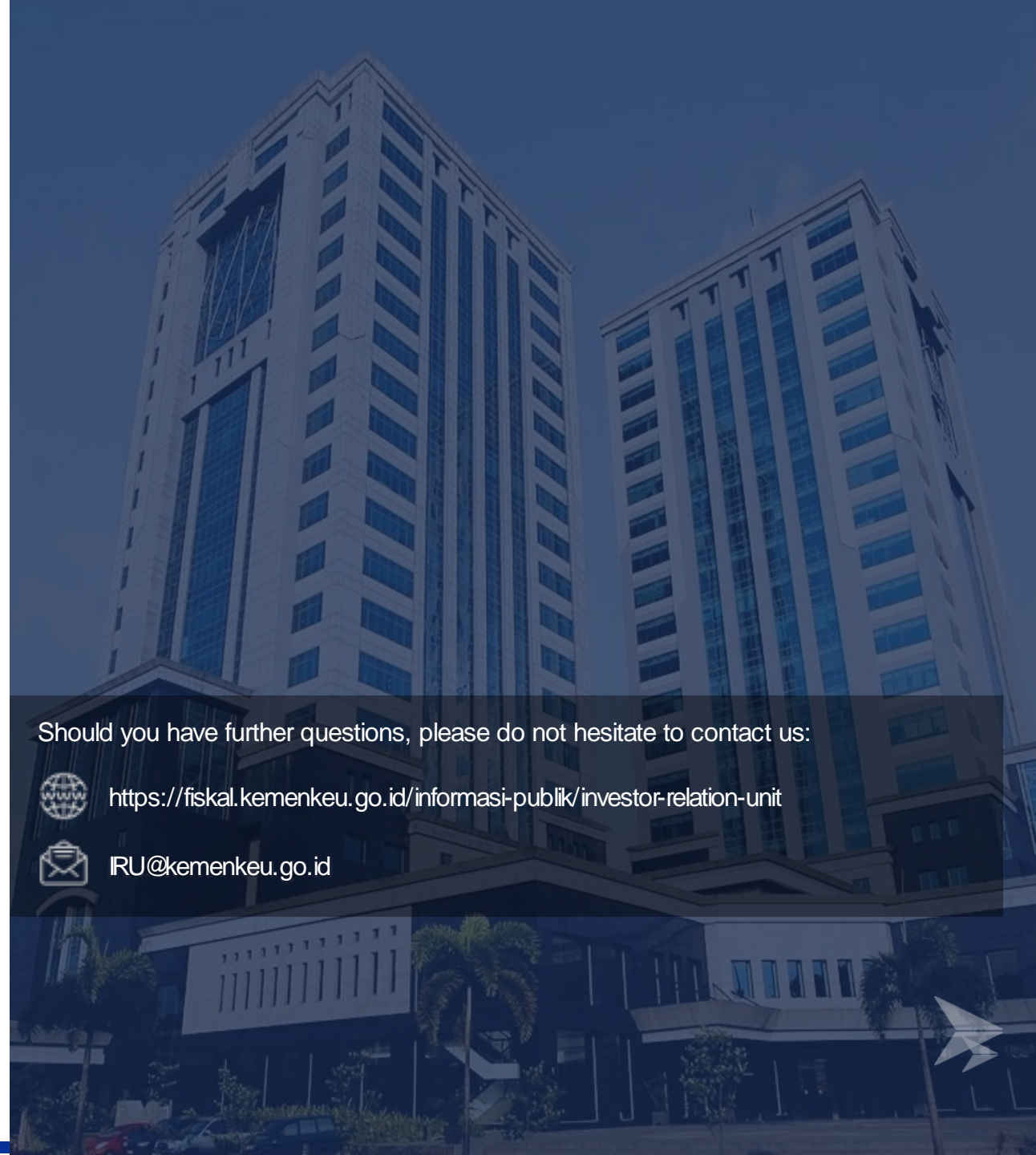
Should you have further questions, please do not hesitate to contact us:



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



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







BADAN KEBIJAKAN FISKAL

KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA



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

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



**WEO January: 3.3%**



**US-CHINA TRADE DEAL  
PHASE I**

15 January 2020



**BREXIT TRANSITION**

31 January 2020

**THE WHO  
ANNOUNCE PANDEMIC**  
11 March 2020



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



**IMF WEO Global  
Growth Projection 2020**

**WEO April : -3.0%**

**RECTRICTIVE MOBILITY  
WENT VIRAL**  
April 2020



**WEO June: -4.9%**

**RELAXING RESTRICTIVE  
MOBILITY MEASURES**  
July 2020



**WEO October: -4.4%**

**LIMITED USAGE OF VACCINE (e.g.  
by RUSSIA & CHINA)**  
October 2020



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



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



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



**BIDEN-HARRIS  
ADMINISTRATION**  
7 November 2020



**US PRESIDENTIAL ELECTION**  
3 November 2020



**WEO Jan: -3.5%**

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

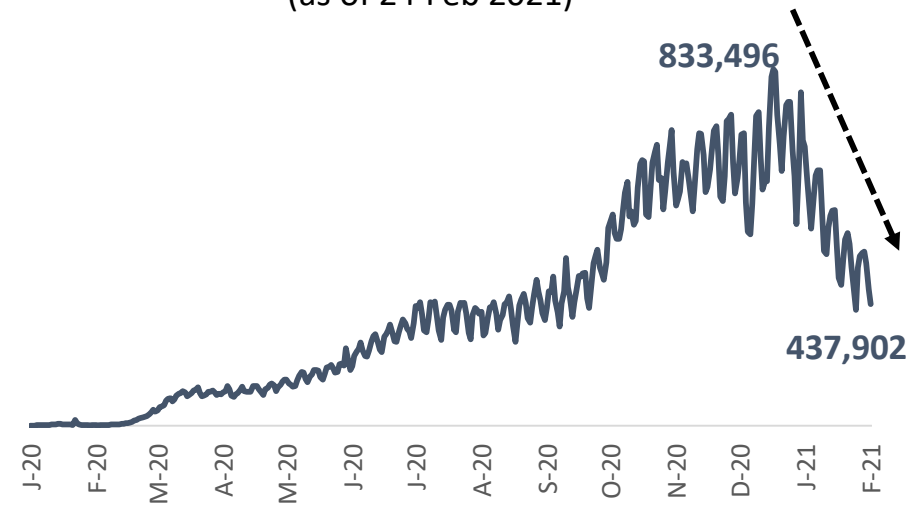
# GLOBAL AND INDONESIA CONTINUE DOWNWARD TREND IN DAILY COVID-19 CASES



In line with tightening restrictions in various countries since the end of the year

## Global's Covid-19 Daily Cases

(as of 24 Feb 2021)



### Cumulative Cases

**113.1** million

### Total Deaths

**2.51** million  
2.2%

### Recovery

**88.7** million  
78.5%

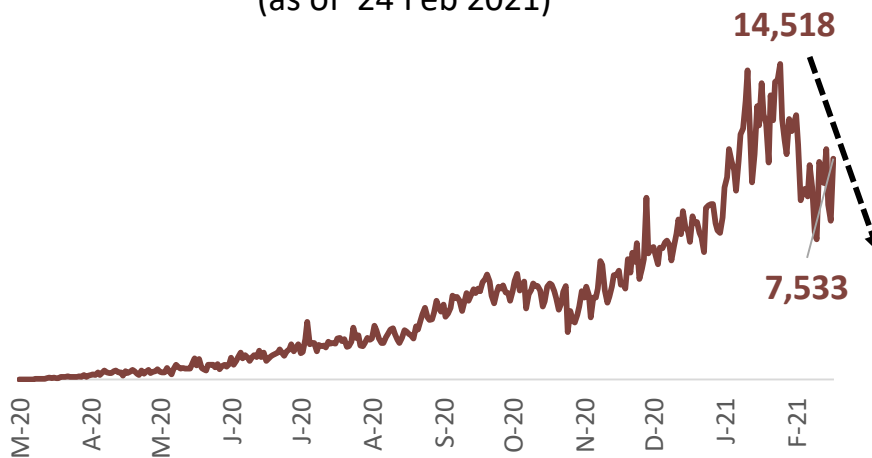
### Active Cases

**21.9** million  
19.3%

- Tightening restrictions in many countries, especially developed countries, are holding back the rate of Covid-19 infection globally.
- However, global vigilance has been maintained due to a new variant of the virus.

## Indonesia's Covid-19 Daily Cases

(as of 24 Feb 2021)



### Cumulative Cases

**1.31** million

### Total Deaths

**35.3** thousand  
2.7%

### Recovery

**1.11** million  
85.2%

### Active Cases

**158.2** thousand  
12.1%

- Since January, Indonesia has implemented PPKM (Social Mobility Restriction) as an outbreak control measure.
- Indonesia's active cases fell from 176 thousand (5 Feb) to ~ 150 thousand.
- The government will continue to strengthen 3T (T, encourage 3M, and accelerate vaccinations).

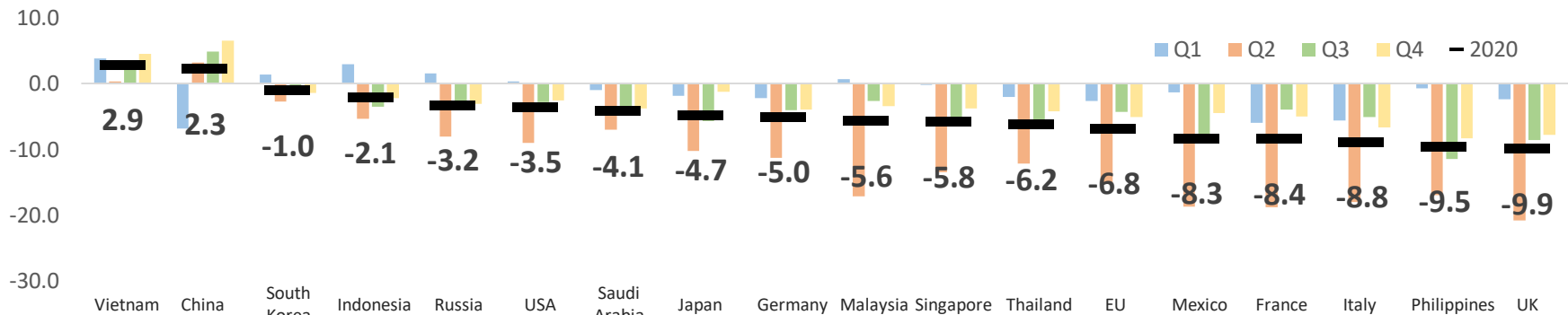


# COVID-19 PANDEMIC PUSHED MANY COUNTRIES TO IMPLEMENT EXTRAORDINARY MEASURES

Countercyclical policies to address economic slowdown

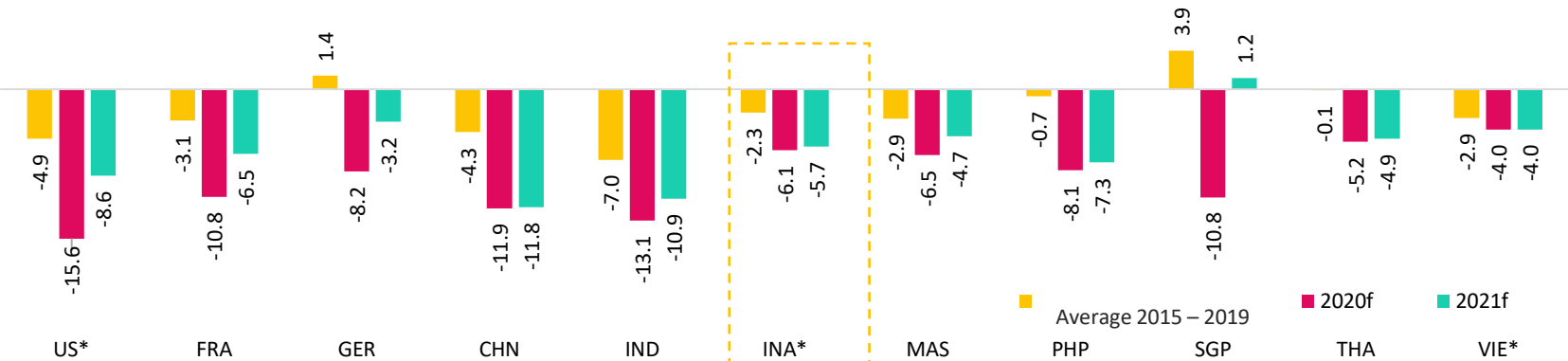


Economic Growth  
(%, yoy)



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

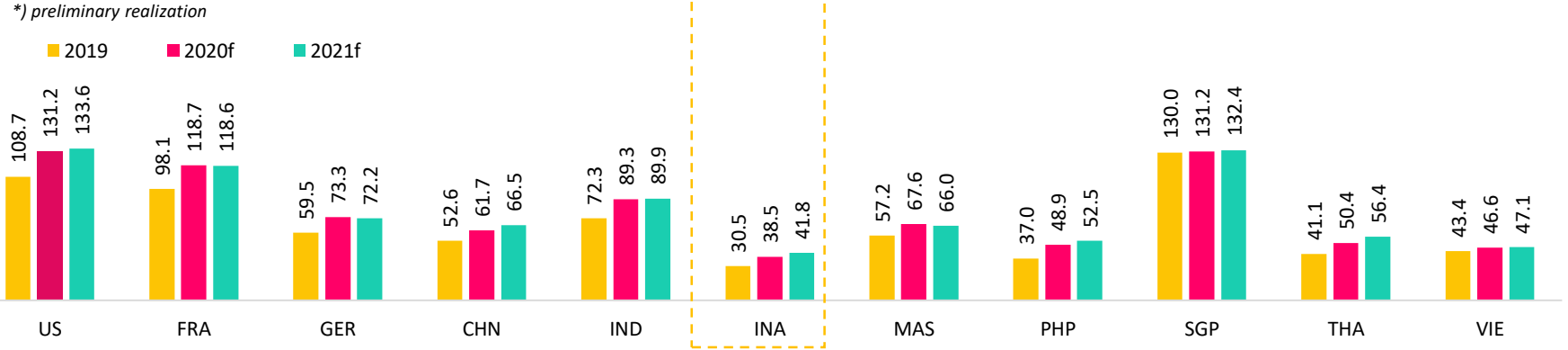
Preliminary Outturn & Fiscal Deficit  
Projection (% GDP)



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

Consequently, fiscal deficit and the debt are increasing.

Fiscal Debt Projection  
(% to GDP)



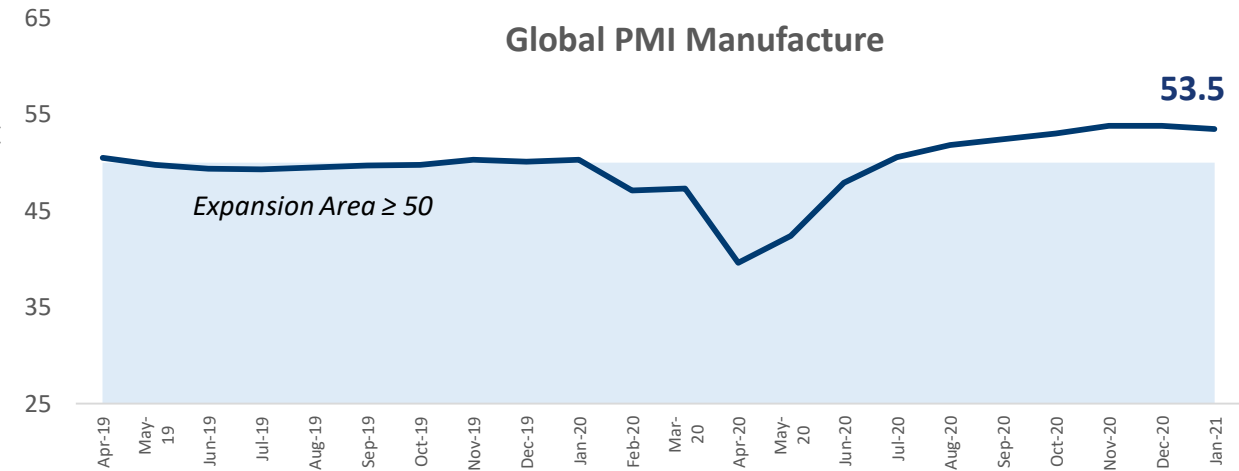
Compare to other countries, Indonesia's economic contraction, deficit, and debt to GDP ratio are relatively moderate.

# 2021 STARTED WITH STILL EXPANSIVE GLOBAL PMI MANUFACTURE, ALBEIT IN A BIT SLOWING PACE

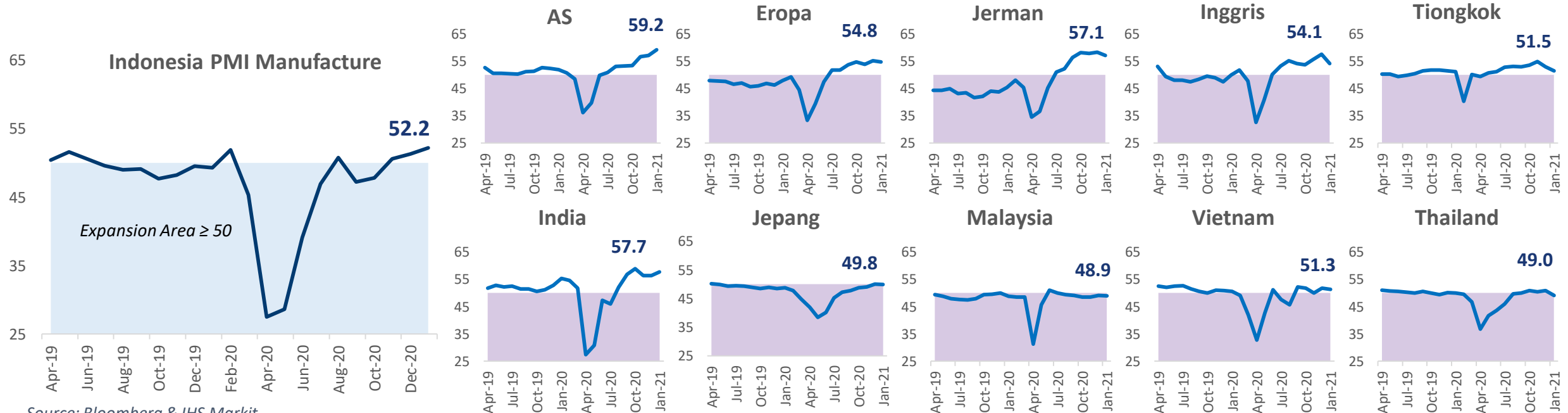


## While Indonesia's manufacture performance continues to improve

- Globally, positive manufacturing performance has continued, albeit at a slight slowdown. The trend of decreasing Covid-19 cases and vaccinations provides optimism and hope for economic recovery, but it is necessary to remain vigilant of the potential for a re-escalation of Covid-19 due to the widespread of new coronavirus variants.
- The Indonesian PMI Manufacture in January continued its expansionary trend at the level of 52.2, up from 51.3 in December 2020. This performance improvement was driven by a solid expansion in new orders, indicating an early sign of recovery in demand.



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



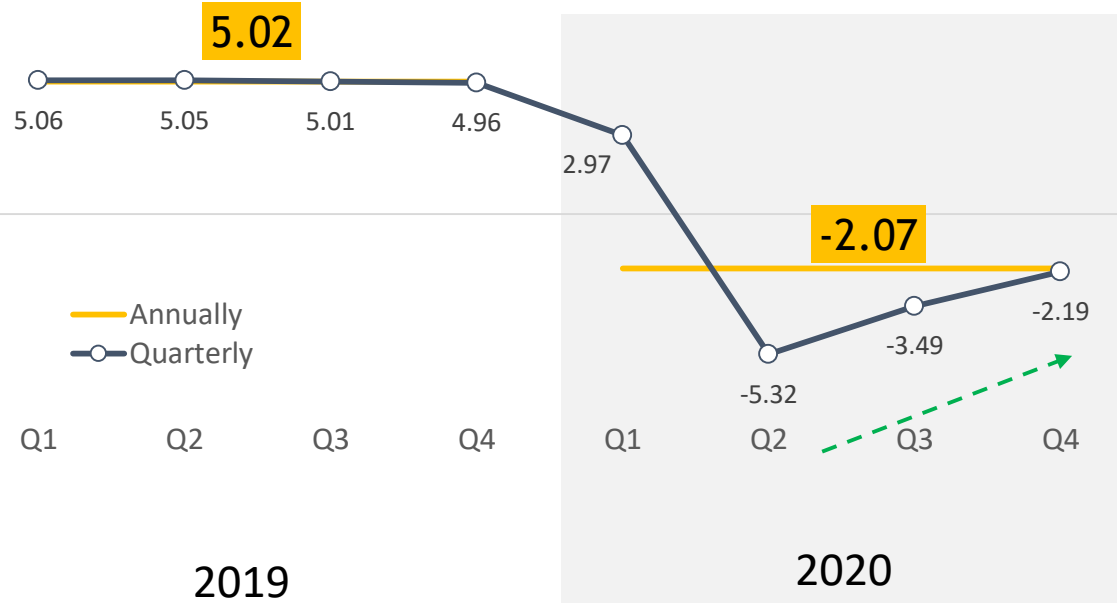


# ECONOMIC GROWTH CONTINUES THE RECOVERY PHASE

Government spending has succeeded in driving economic recovery



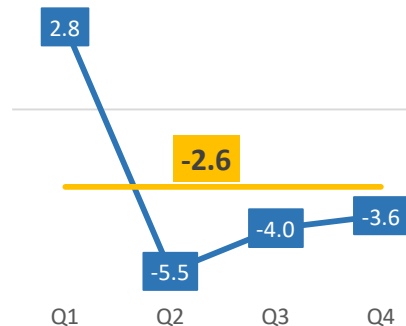
## Indonesia GDP Growth (% YoY)



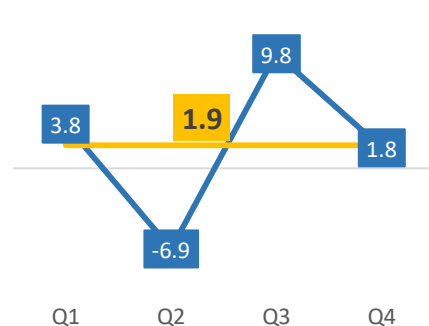
The government plays a role as the center of recovery, being the only component that grows positively. Other expenditure components indicate the direction of improvement

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

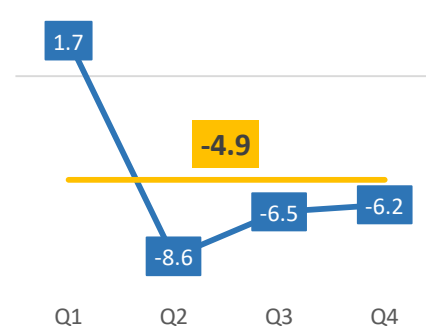
## Household Consumption (57.7%)\*



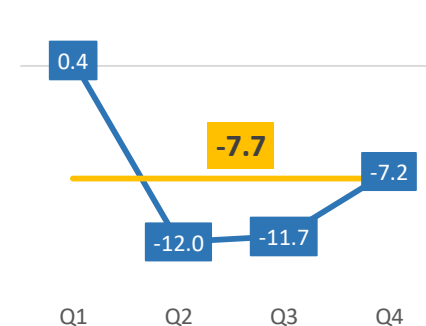
## Government Consumption (9.3%)



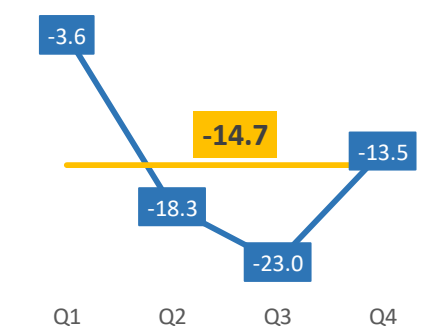
## Investment (31.7%)



## Export (17.2%)



## Import (16.0%)

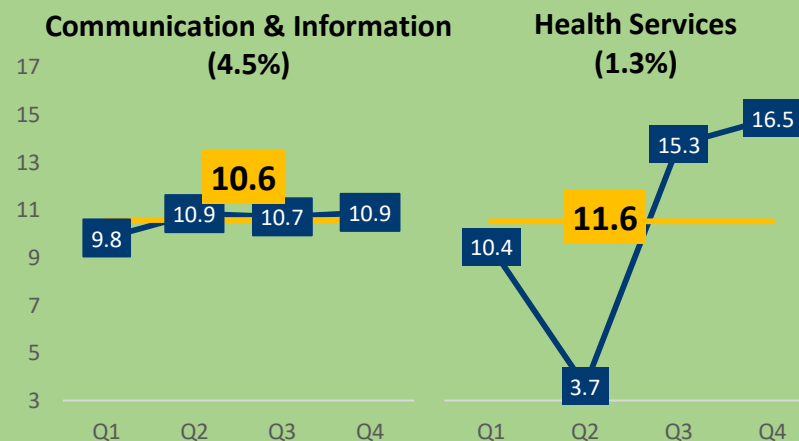


\* (%) Contribution to Nominal GDP 2020  
Source: Statistics Indonesia (processed)

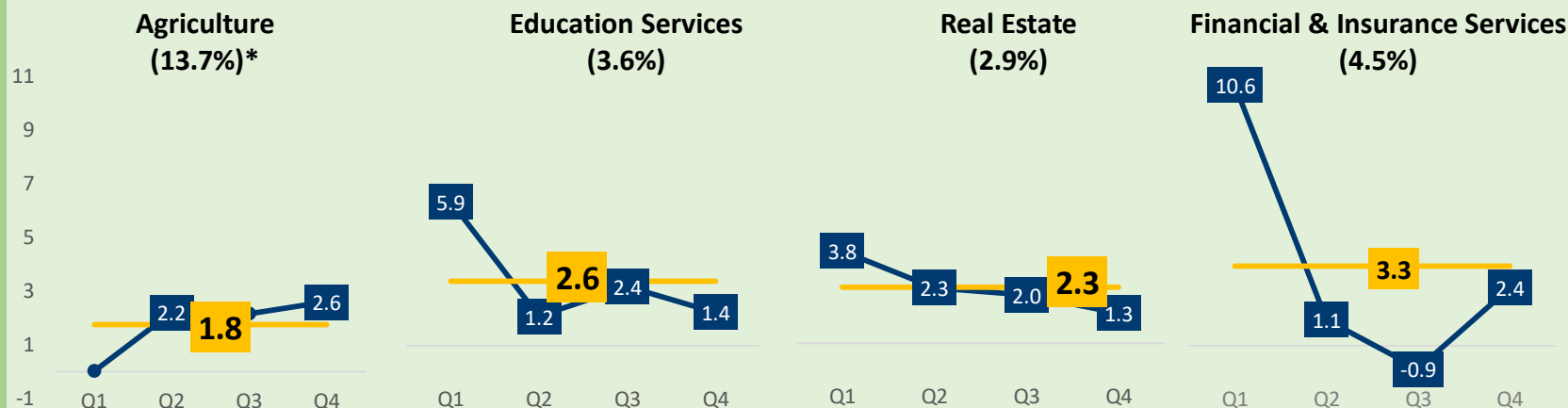
# THE RECOVERY TREND IS ALSO SHOWED FROM THE PRODUCTION SIDE



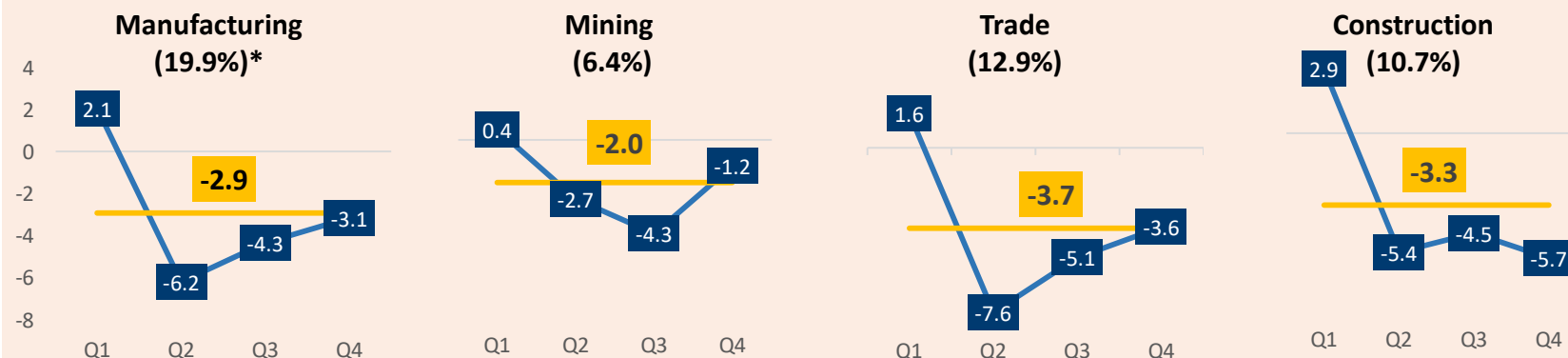
## HIGH GROWTH



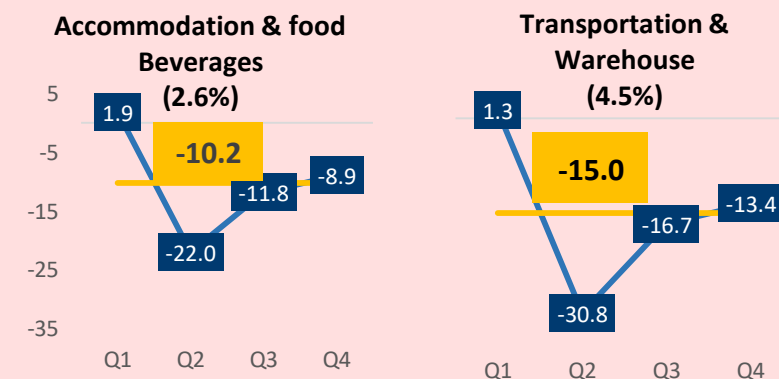
## POSITIVELY MODERATE GROWTH



## POSITIVELY MODERATE GROWTH



## DEEP NEGATIVE GROWTH



\* (%) Contribution to Nominal GDP 2020

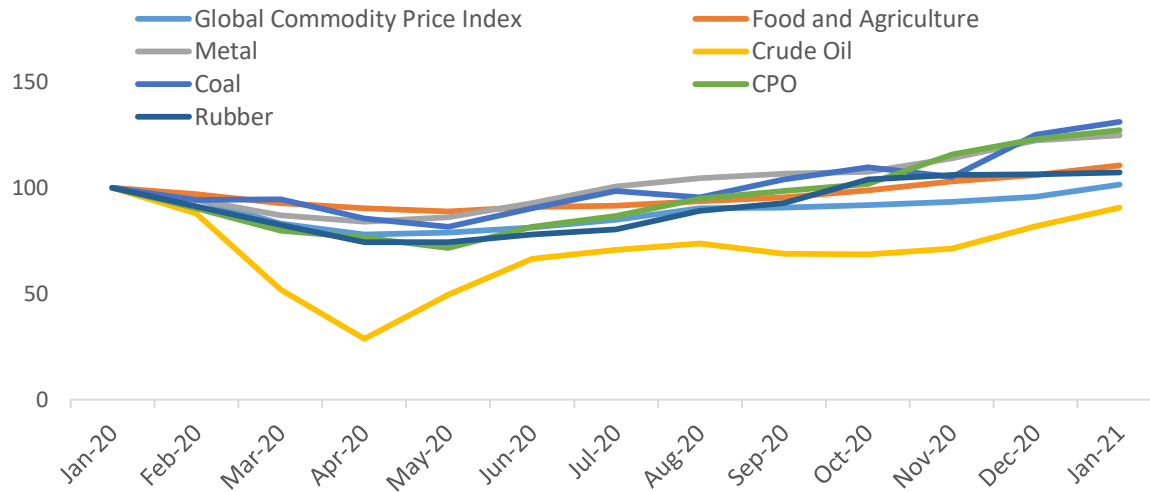
Source: Statistics Indonesia (processed)

— Annually — Quarterly

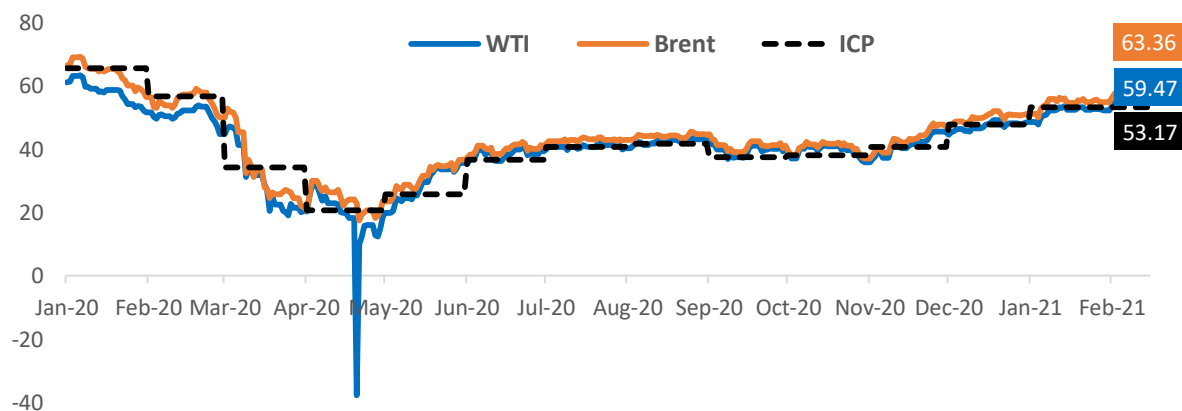
# WORLD COMMODITY AND OIL PRICES CONTINUE TO STRENGTHEN



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



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



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

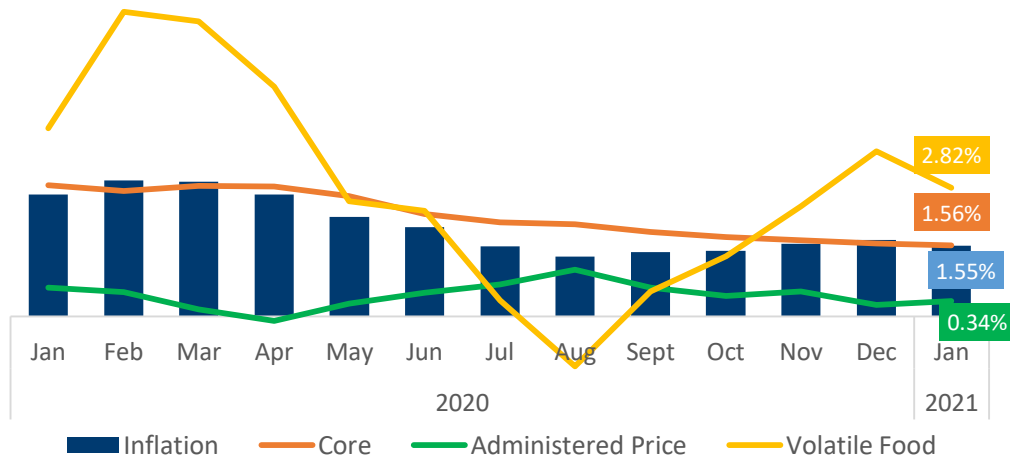


# INFLATION SLIGHTLY DECREASED DRIVEN BY VOLATILE FOOD

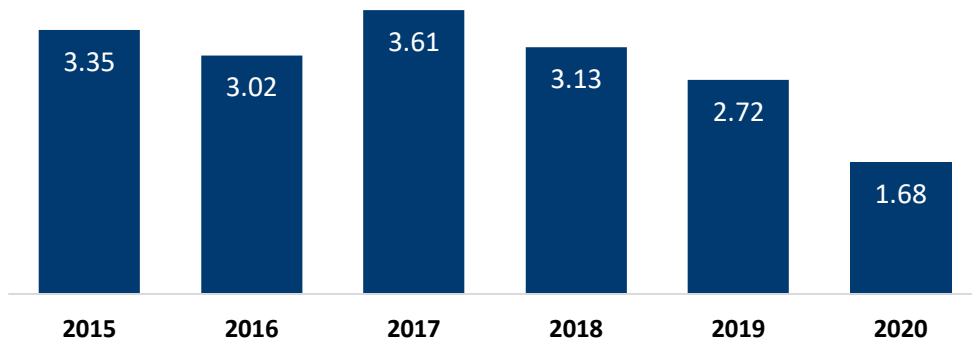
Demand weaken due to escalating cases of Covid-19 along with the micro mobility restriction order



## Inflation and Its Components (%yoy)



## Inflation 2015-2020 (%yoy)



**Inflation in 2020 reached 1.68% (yoy) and slightly decreased to 1.55% (yoy) in January 2021.** Volatile food was under pressured due to supply disruption while the core inflation and administered price inflation was also low.

**Core inflation was continuing the decreasing trend,** driven by weak demand as a result of pandemic negative impact and the mobility restriction order.

**Volatile food inflation decreased in January after experiencing increasing trend for months.** Supply was disrupted due to growing season, bad weather and the increasing of global soy commodities price.

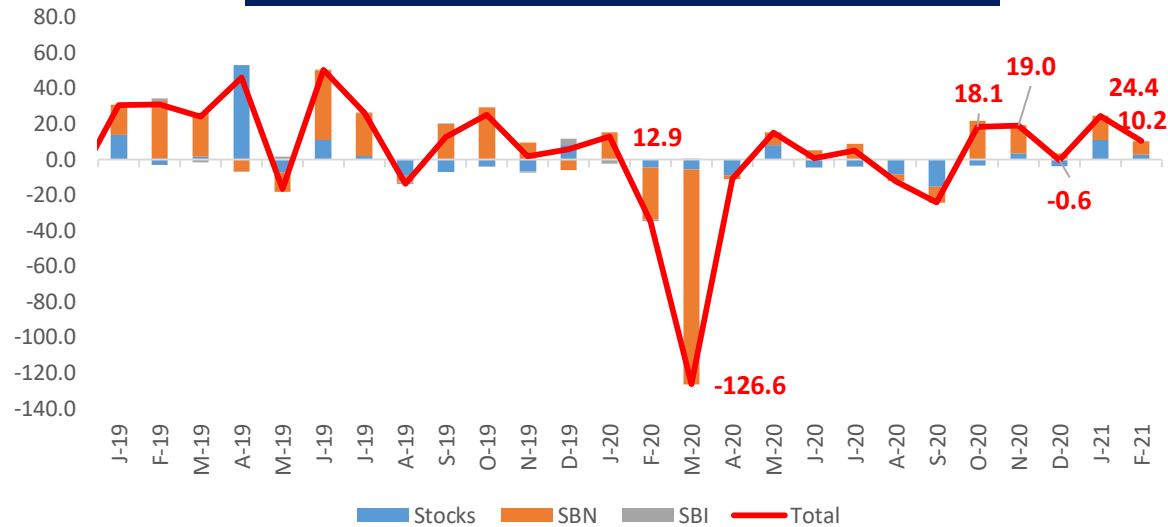
**While the administered price was slowed down** due to the lower transportation tariff along with the micro mobility restriction policy and lower demand after the end of holiday season

# CAPITAL INFLOWS ARE QUITE HIGH AMIDST THE PRESSURE

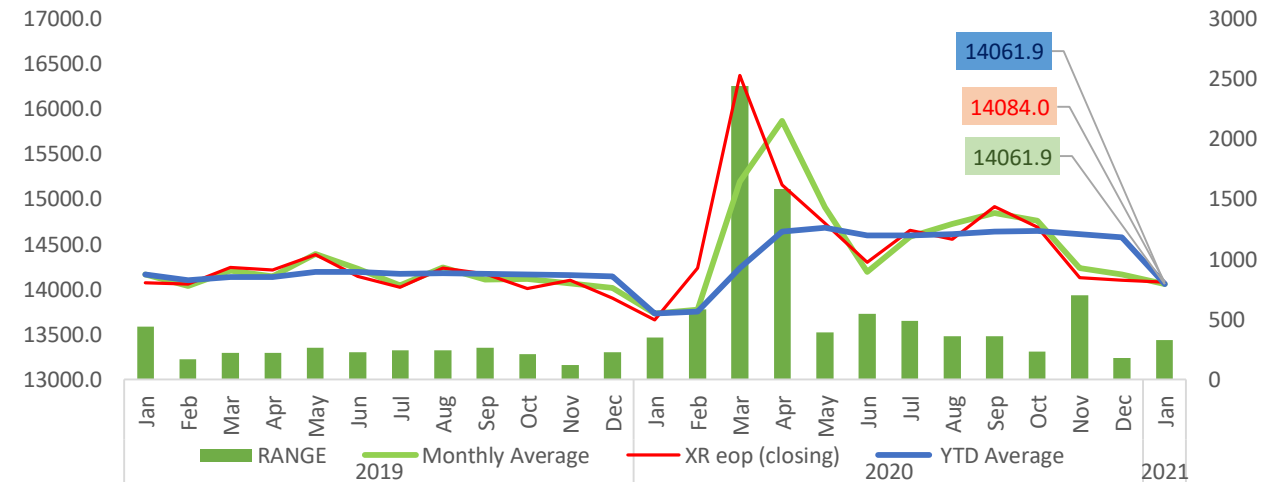
Capital inflows are quite high amidst the pressure



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



Movement Rupiah/USD



SBN: Government Debt Securities; SBI: Bank Indonesia Certificate

NFB Total (IDR Trillion)		
	2020	Jan-21
<b>Total</b>	<b>-139.3</b>	<b>24.4</b>
- Stock	-47.8	10.9
- Government Debt Securities	-87.9	13.4
- Bank Indonesia Certificate	-3.5	0.0
Rupiah Exchange Rate		
	2020	Jan-21
<b>EoP</b>	<b>14105.0</b>	<b>14084.0</b>
<b>Average</b>	<b>14576.8</b>	<b>14061.9</b>
<b>%ytd</b>	<b>1.5%</b>	<b>-0.15%</b>

ytd: - : appreciated; +: depreciated

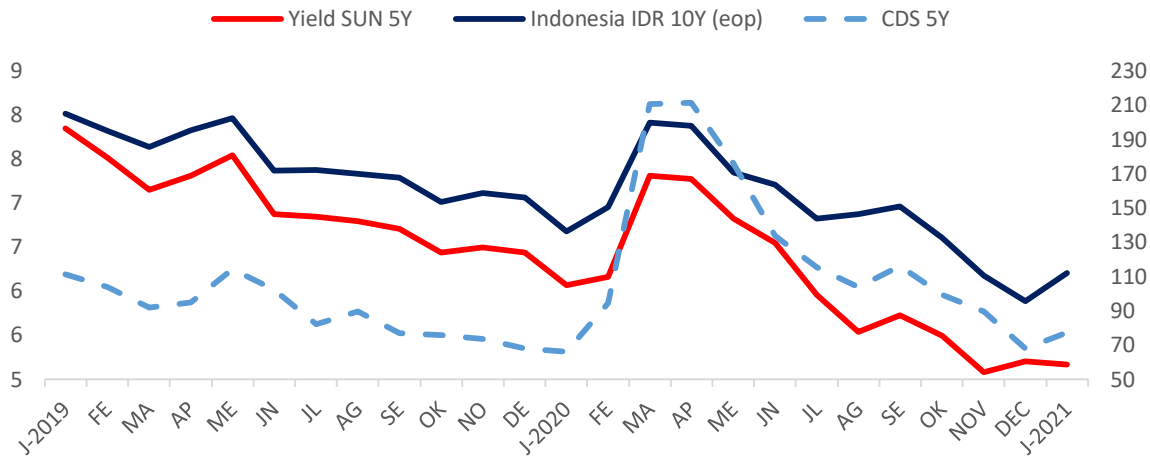
- Foreign investors recorded a high net inflow at the beginning of this year. Net inflow reached IDR 24.4 trillion Inflow on SBN market increased by Rp10 T compared to the end of 2020. In total foreign ownership in SBN reached Rp987.3 T (24.86% of total tradable SBN)
- Inflow on the stock market reached IDR10.9 trillion, driven by sizable foreign capital flows when the vaccination program started in mid-January.
- Rupiah is recorded to have appreciated when compared to the end of 2020. The Rupiah exchange rate closed at the level of 14,084 / USD and an average of 14,061 / USD in January

# PRESSURE ON THE BOND MARKET HAS ALSO INCREASED

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



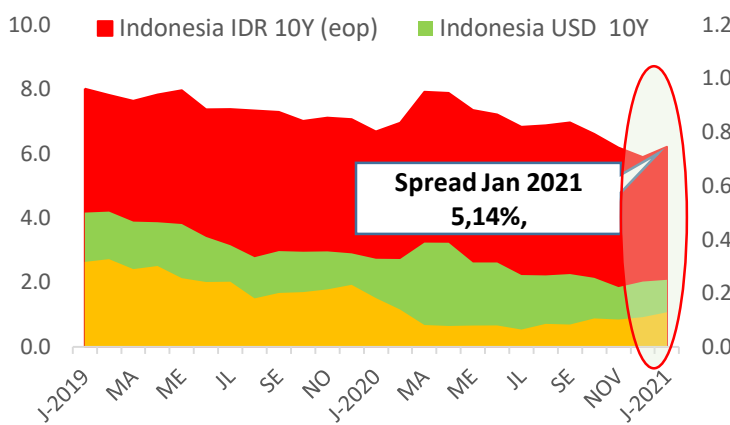
## Yield SBN and CDS



	Dec-20	Jan-21
Yield 5Y (eop,%)	5.21	5.17
Yield 10Y (eop,%)	5.89	6.21
CDS 5Y	67.78	77.35
US T-Bill 10Y	0.91	1.07
<b>NFB (IDR Trillion)</b>	<b>Dec-20</b>	<b>Jan-21</b>
Mothly	3.4	13.4
Cummulative	-87.9	13.4

## Government Bond 10Y

Currency Risk  
Country Risk  
Market Risk



- Long-term SBN yields are on an upward trend, and there is an increase in the risk of Indonesian securities in the global market. CDS 5Y increases compared to the end of 2020.
- Apart from being affected by the panic in the stock market, the still high number of domestic Covid-19 cases also suppressed yield movements. Meanwhile, the yield spread on SBN with US T-Bill increased amid the increase in yield on UST Bill 10Y.
- The increase in yield on UST Bill 10Y was mainly driven by the high covid-19 case in the US and the absence of agreed fiscal stimulus realization. The increasing spread between SBN 10Y and US T Bill 10Y reflects the increased risk of exchange rate / currency risk.

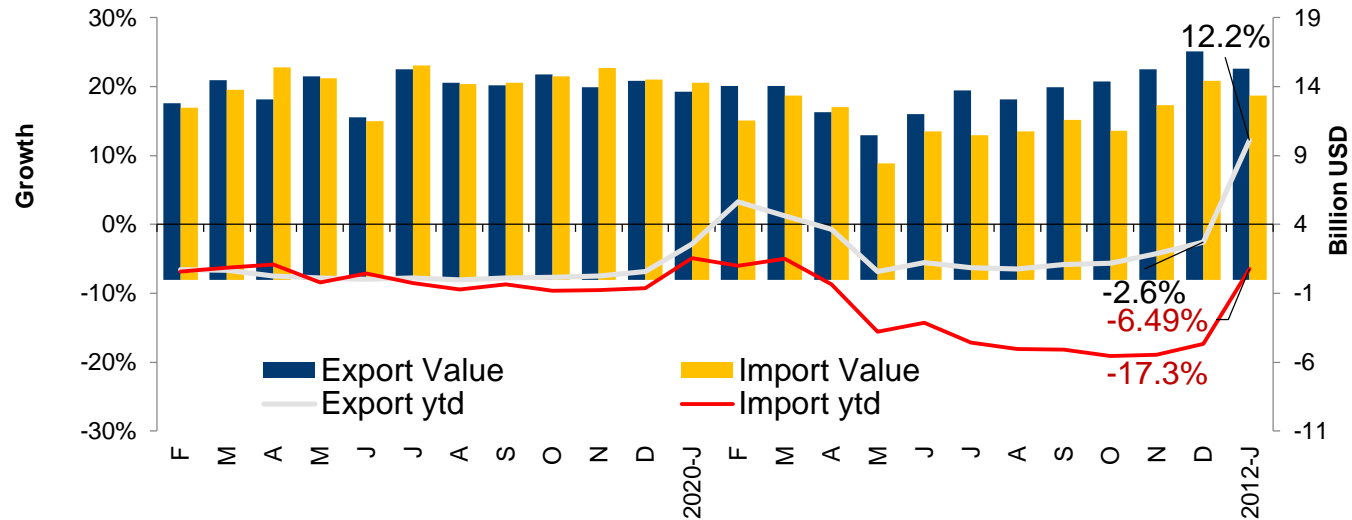


# TRADE BALANCE PERFORMANCE SHOWS A IMPROVING TREND

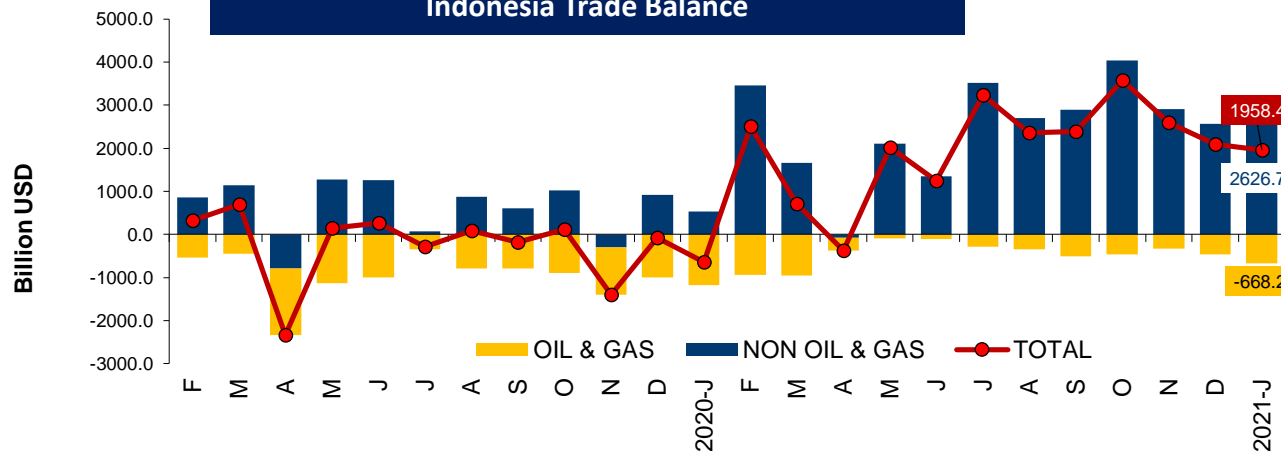
The trade balance in January 2021 still recorded a surplus of USD1.96 billion



Indonesia Export and Import



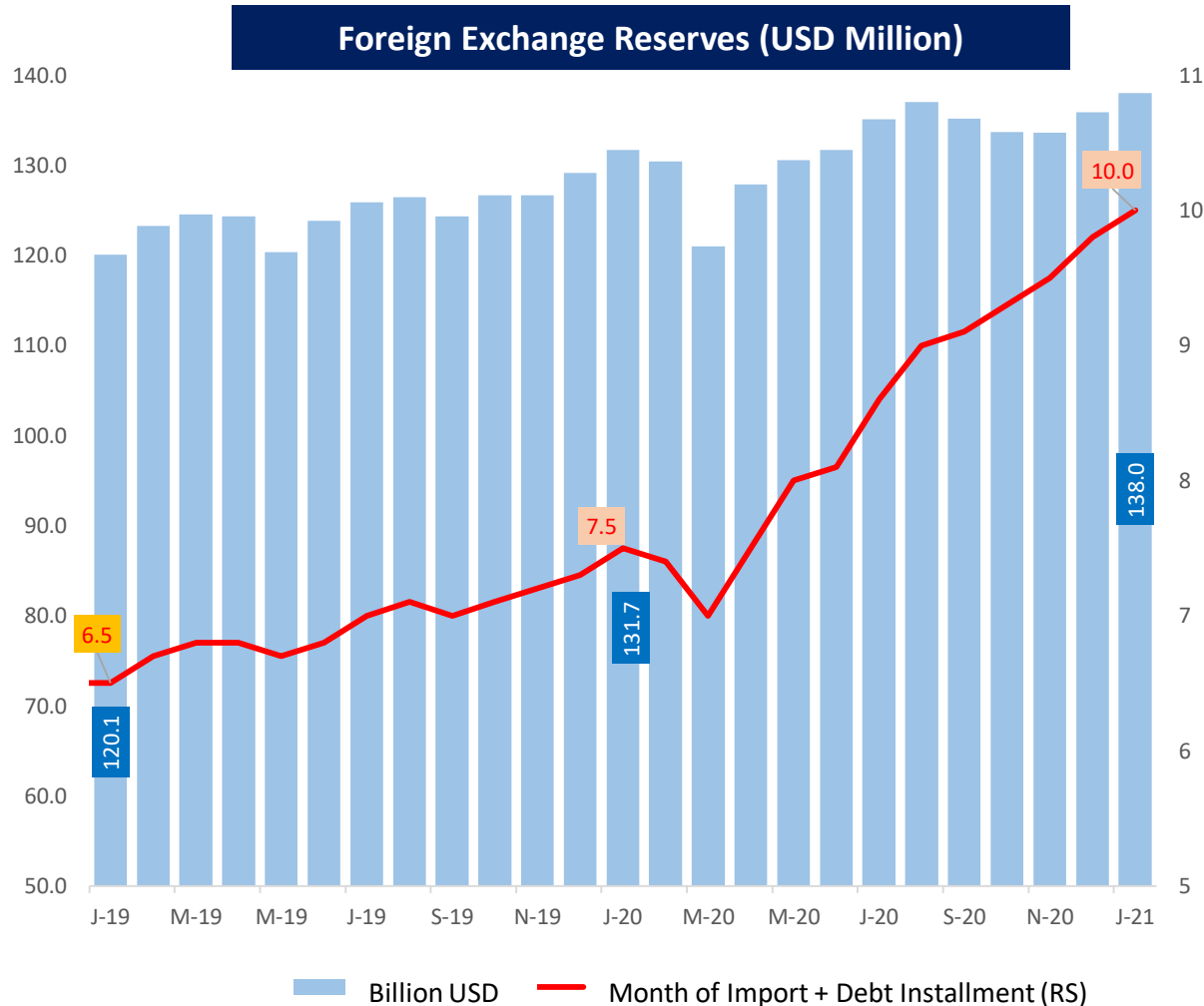
Indonesia Trade Balance



- Indonesia's export performance decreased slightly compared to the previous month, however it was recorded that it grew better than the previous year. This decline in exports is a seasonal pattern at the beginning of the year.
- Early in 2021, imports continued to experience negative growth, indicating that domestic production activity and demand had not returned to normal levels in early 2020.
- However, with a lower contraction of import's trend, this indicates an improvement in domestic demand and national production activity
- The performance of non-oil & gas and oil & gas exports in January 2021 showed improvement compare to January 2020. However, on a monthly basis, the trend of the two sectors continued to contracting



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



- The position of foreign exchange reserves as of January increased by USD 2.1 billion compared to December 2020 (USD35.9 billion)
- This increase was influenced by the issuance of government global bonds and tax revenues.
- The position of foreign exchange reserves is equivalent to financing 10.5 months of imports or 10 months of imports and servicing of government external debt, and is above the international adequacy standard of around 3 months of imports.
- The position of foreign exchange reserves is believed to be adequate in supporting future economic stability and prospects, along with various policy responses to promote economic recovery.

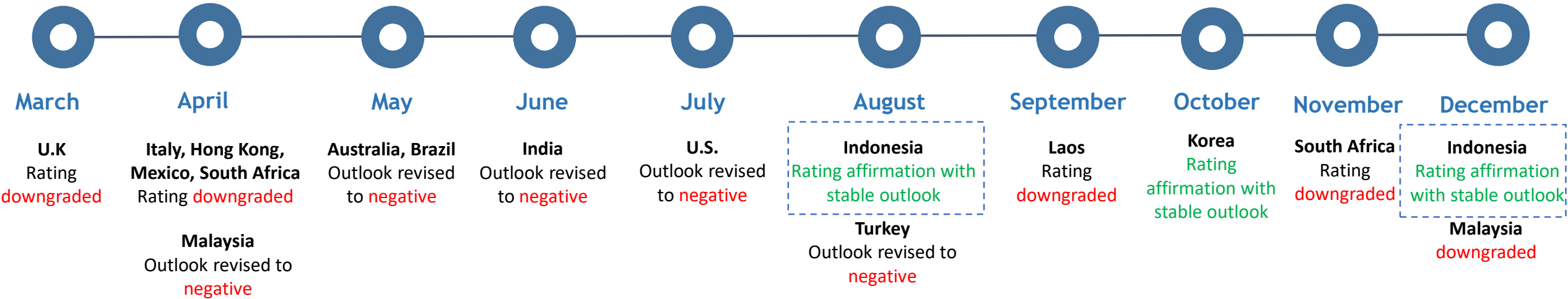
# INDONESIA SOVEREIGN CREDIT RATINGS KEEP STABLE DURING THE PANDEMIC



Indonesia has managed its stable sovereign credit ratings amidst the ratings downgrades in several other countries

During the Pandemic, the rating agencies have downgraded 124 sovereign ratings and revised the outlook for 133 sovereign ratings to “negative”

Source: SCB Sovereign Rating Advisor



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

- **Global rating agencies keep confidence in Indonesia's economic resilience amidst the pressure from Covid-19 Pandemic.** Indonesia's credit profile is mainly supported by its large size of the economy, robust and stable growth as well as a low fiscal deficit and debt position
- **The ratings are constrained** by its relatively high dependence on natural resources, the revenue base that remains small relative to the size of the economy, and the domestic financial system which is still in the process of financial deepening





BADAN KEBIJAKAN FISKAL

KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA



# FISCAL POLICIES TO SUPPORT RECOVERY



## Achievement 2020



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

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



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

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



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

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

## STRENGTHENING PANDEMIC HANDLING & ECONOMIC RECOVERY

# 2021

Priority policies will continue

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

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

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

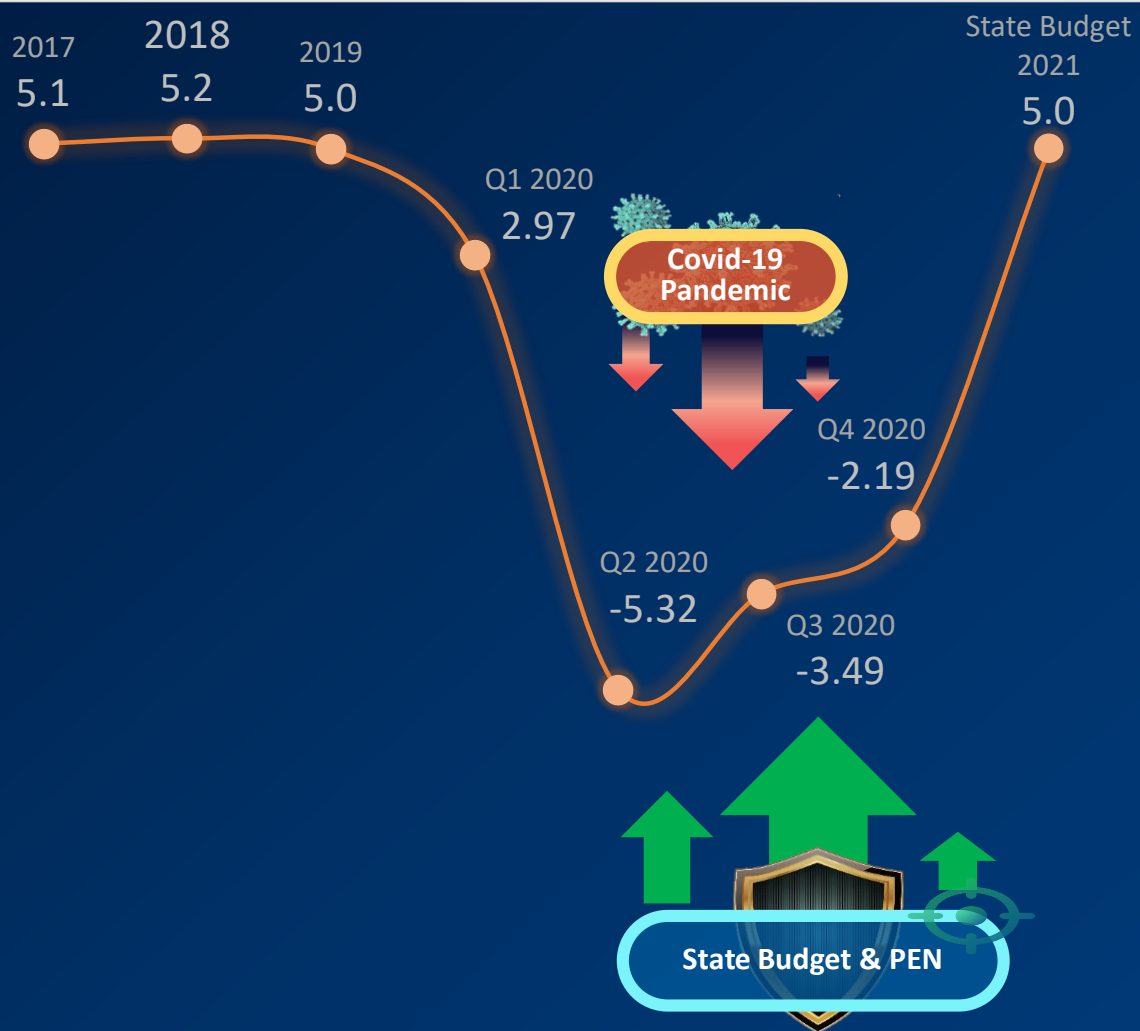
*(President RI's remarks at the annual meeting of the financial services industry, 15 Jan '21).*

# STATE BUDGET IS CRUCIAL TO CONTAIN THE IMPACT OF COVID-19

State Budget plays critical role as countercyclical instrument in avoiding the deeper economic contraction



## Indonesia Economic Growth (% , yoy)



## State Budget Continue To Strive in 2021

	2020 Realization (interim)	2021 Allocation (as of Feb 22 2021)	Growth (%)
State Budget	Rp2,589.9 T	Rp2,750.0 T	6.2
National Economic Recovery Program (PEN)	Rp579.8 T	Rp699.43 T	20.6
Health	Rp63.5 T	Rp176.3 T	177.6
Social Protection	Rp 220.4 T	Rp157.4 T	-28.6
MSMEs Support & Corporation Financing	Rp 173.2 T	Rp186.8 T	7.9
Business Incentives	Rp 56.1 T	Rp53.9 T	-3.9
Priority Program	Rp 66.6 T	Rp125.1 T	87.8
Deficit (% to GDP)	6.09%	5.70%	
<ul style="list-style-type: none"><li>Through the widening of the 2020 state budget deficit to 6.1% of GDP, the realization of state expenditure of IDR 2,589.9 trillion, including the realization of PEN, IDR 579.8 trillion government role prevent a deeper economic contraction due to the 2020 pandemic.</li><li>In 2021, state budget and fiscal policy will continue its role as a strive to support national economic recovery</li></ul>			



# STATE BUDGET SUPPORTS THE 2020 ECONOMY THROUGH GOVERNMENT CONSUMPTION, HOUSEHOLD CONSUMPTION, AND PUBLIC INVESTMENT



## THE ROLE OF GOVERNMENT EXPENDITURE IN PROMOTING ECONOMIC RECOVERY

### Initial Realization 2020

<b>State Budget Expenditure</b>	<b>IDR2,589.9 T (94.55%)</b>
National Economic Recovery (PEN)	IDR579.78 T (83.4%)
Health	IDR63.5 T
Social Assistance	IDR220.4 T
Support for MSMEs	IDR112.4 T
Business Incentives	IDR56.1 T
Sectoral and Local Government Support	IDR66.6 T
Corporate Financing	IDR60.7 T
<b>Deficit</b>	<b>6.09% of GDP</b>

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

Household Consumption Continues to Strengthen

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

Government Consumption Grows Positively

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

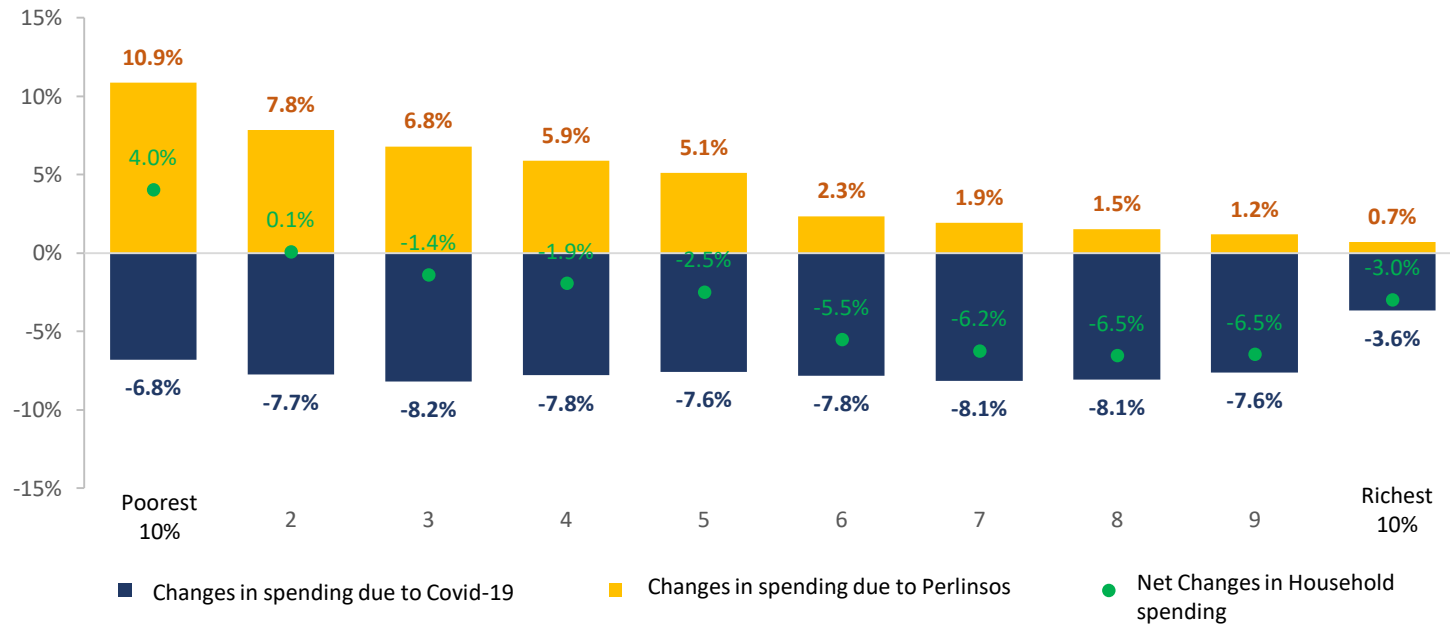
Public Investment remains promoted

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



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

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



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

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

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

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



**PKH 10 mio  
Beneficiaries**



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



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



**Sembako Card  
19,4 mio Beneficiaries**



**Wage Assistance  
12.4 mio employees**



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



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



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



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



**PKH Participants Rice  
Aid 10 mio Beneficiaries**



**Internet Quota Subsidy  
51 Juta Beneficiaries**



**Electricity Discount  
32,1 mio households**

# 2020 APBN SUPPORTS MSMEs SURVIVALS THROUGH VARIOUS ASSISTANCE PROGRAMS



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

37 million MSMEs received at least one government aid.

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

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

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



## Fund Placement IDR66.75 T

Total Credit Rp315.51 T  
For 4.7 million debtors



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

Grant IDR 2.4 million /  
business for 12 million  
businesses



## Final Income Tax for UMKM IDR0.67 T

For 248,275 Tax Payers



## Interest subsidy IDR12.83 T

For 19.1 million Debtors



## Credit Guarantee IDR2.09 T

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



## Investment Financing LPDB IDR 1.29 T

For 63 cooperative partners  
and 101,011 MSMEs

# TAX INCENTIVE HAS SUPPORTED THE BUSSINESS RESILIENCE



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

Incentive to improve  
people purchasing  
power

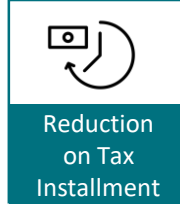


**131,889** Employers

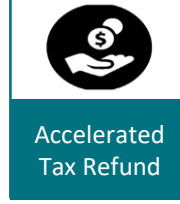
Incentives to  
support business  
liquidity and  
continuity



**14,941**

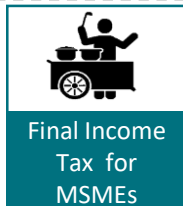


**66,682**



**2,529**

Incentive to  
support the MSMEs



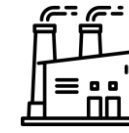
**248,275** MSMEs

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



Trade

**47%**



Manufacturing

**19%**



Construction

**7%**

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

The Majority of eligible sectors have utilized the  
incentives

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





BADAN KEBIJAKAN FISKAL

KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA



# 2021 BUDGET & STRUCTURAL REFORM FOR RECOVERY

# ECONOMIC RECOVERY POLICY FRAMEWORK 2021



1

## HEALTH INTERVENTION

- **Free Vaccination** → for 185.55 million people to achieve herd immunity
- **Encouraging 3M 3T**
- **Other intervention** → Health facilities, Health Protective Equipment

## Social Protection Programme

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

2

## SURVIVAL AND RECOVERY KIT

### Maintaining Business Continuity

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

3

## STRUCTURAL REFORM

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

**GAME CHANGER**

**2021**

**NATIONAL ECONOMIC RECOVERY**

# STRATEGIC POLICY DIRECTION TO MAINTAIN RECOVERY MOMENTUM

Acceleration on vaccination and pandemic handling, and strengthening economic boost program



**Vaccination & strengthening 3T and 3M** to handle the pandemic and as fundamental base for solid economic recovery

## SCHEDULE ON VACCINE DELIVERY

**1<sup>st</sup> WAVE : JAN-APR 2021**

**HEALTH WORKERS**

Vaccination in 34 provinces

**1.3 mil**

**PUBLIC OFFICERS**

**17.4 mil**

**ELDERLY**  
Will be delivered after receiving safety notice for elderly age

**21.5 mil**

**2<sup>nd</sup> WAVE : APR 2021-MAR 2022**

**THE VULNERABLE**

Population in areas with highest risk of virus transmission

**63.9 mil**

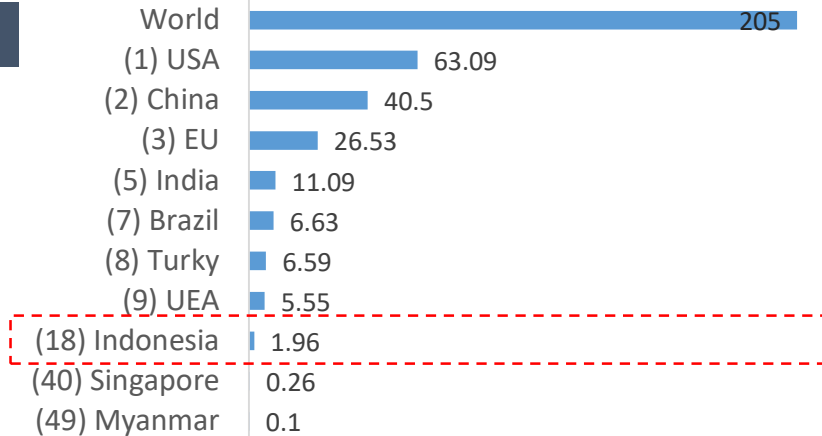
**REST OF POPULATION**

Cluster approach according to vaccine availability

**77.4 mil**

## Vaccination progress in many countries

(22 Feb 2021, in million doses)



Source: Bloomberg Vaccine Tracker, selected countries

**PEN Program & Bussines Stimulus Packages** to support the economic recovery and anticipate pandemic pressure

## 1<sup>st</sup> Semester 2021

Maintain the recovery trend to positive zone

- Continuing the existing incentive program for business, including incentive in MoF Regulation 9/2021 which apply until June, 30 2021
- Integrated Policy Package KSSK to increase business financing in order to accelerate economic recovery

## 2<sup>nd</sup> Semester 2 2021

Business in **stronger recovery phase** and becoming growth engine for sustainable economic








- Targeted support for business particularly for in potential sector which become economic recovery driver
- Improving the Integrated Policy Package Effectiveness to support business expansion











## Macroeconomic Assumption

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

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

## Development Indicator Target

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

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



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

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



Account (IDR T)	2020		2021	
	Perpres 72/2020	Realization (Unaudited)	State Budget	Growth* (%)
<b>Revenue</b>	<b>1,699.9</b>	<b>1,633.6</b>	<b>1,743.6</b>	<b>6.7</b>
Tax Revenue	1,198.8	1,070.0	1,444.5	35.0
Customs & Excise	213.5	212.8	215	1.0
Non Tax Revenue	409.0	338.5	298.2	-11.9
Grant	1.3	12.3	0.9	-92.7
<b>Expenditure</b>	<b>2,739.2</b>	<b>2,589.9</b>	<b>2,750.0</b>	<b>6.2</b>
Central Government Expenditure	1,975.2	1,827.4	1,954.5	7.0
Regional Transfer & Village Funds	763.9	762.5	795.5	4.3
Primary Balance	(700.4)	(642.2)	(633.1)	-1.4
Surplus (Deficit)	(1,039.2)	(956.3)	(1,006.4)	5.2
<i>% to GDP</i>	<i>(6.3)</i>	<i>(6.09)</i>	<i>(5.70)</i>	
<b>Financing</b>	<b>1,039.2</b>	<b>1,190.9</b>	<b>1,006.4</b>	<b>-15.5</b>

\* Based on 2020 realization

## STATE REVENUE POLICY

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

## EXPENDITURE FOCUS

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

## FINANCING STRATEGY

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

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

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



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



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

2020 : IDR63.51 T

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



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

2020 : IDR220.39 T

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



**PRIORITY PROGRAMS**  
**Rp125.06 T**

Sectoral and Regional  
Government 2020 : IDR66.59 T

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



**MSMEs SUPPORT & CORPORATION FINANCING**  
**Rp186.81 T**

2020 : IDR173.17 T

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



**BUSINESS INCENTIVES**  
**Rp53.86 T**

2020 : IDR56.12 T\*

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

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

# SEVEN AREAS TO BE STRENGTHENED THROUGH REFORMS

In order to thrive together and transform the economy



1

## EDUCATION

- Going digital;
- Strengthening teacher quality;
- Simplifying curriculum;
- Global standard for measurement;
- *Link and match*;
- Strengthening public and private roles in education.

2

## HEALTH

- Strengthening health sector' facilities and human resources;
- Improving national health security program;
- Strengthening *health security preparedness*;
- Integrated health system.

3

## SOCIAL PROTECTION

- Improving program effectivity (data accuracy, synergy between programs)
- Social security system covering all life cycle;
- *Adaptive Social safety net*.

4

## INFRASTRUCTURE

- Improving basic infrastructure for human capital development;
- Improving the quality of infrastructure to support economic transformation and strengthening competitiveness;

5

## BUREAUCRATIC REFORM

- System improvement:
  - ✓ Going digital for public services;
  - ✓ Simplifying process;
- Improving human capacity:
  - ✓ Consistent reward & Punishment;
  - ✓ Pension reform

6

## BUDGETING REFORM

- Budget efficiency for basic function of the government;
- Focus on priority programs (*Zero based budgeting*);
- Synergy between central and local governments
- Result-based budgeting

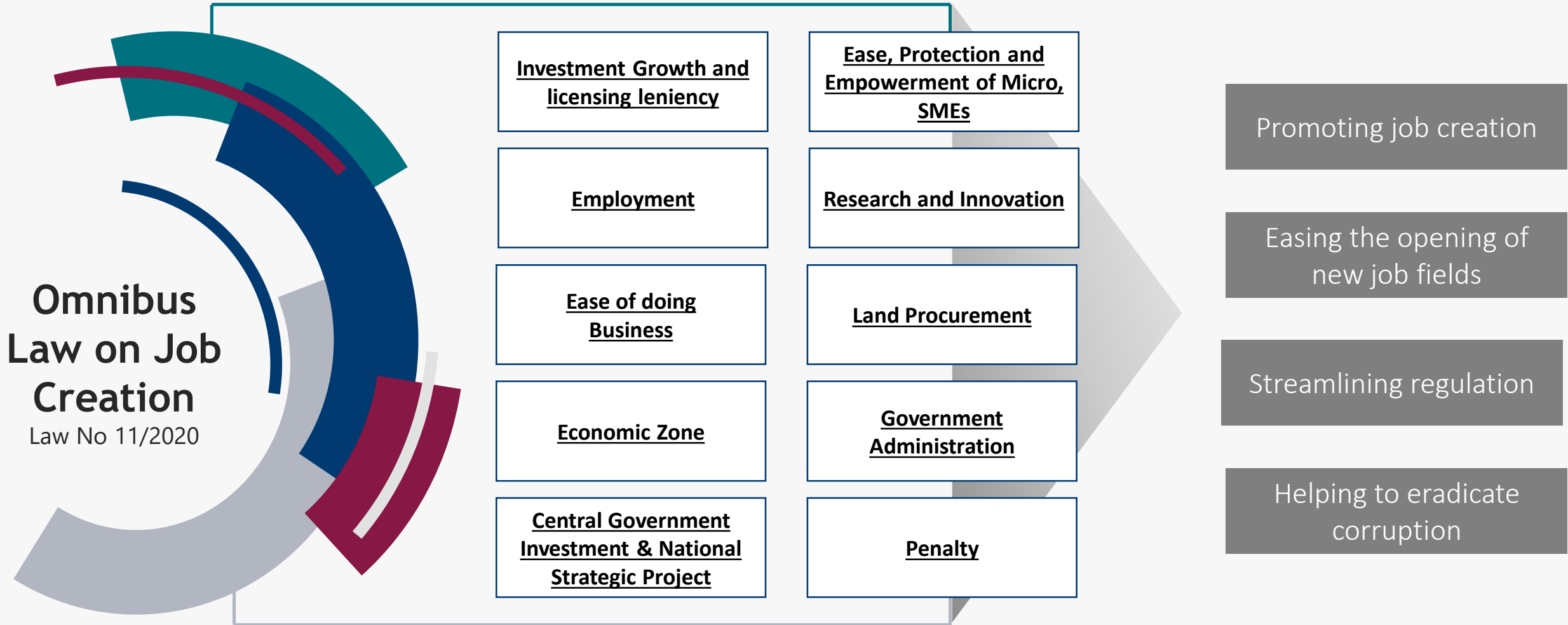
7

## DATA STRENGTHENING

Improving accuracy, reliability and data integration

# OMNIBUS LAWS ARE INDONESIA'S COMMITMENT TO CONTINUE STRUCTURAL REFORMS

Address national challenges, laying the ground for investment push and bolster transformation for optimum socio-economic outcomes



Derived regulation, consisting of 45 Government Regulations (PP) and 4 Presidential Regulations (Perpres) has been ratified



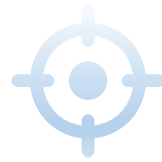


## ORGANIZATION

managing investment, including plan, organize, supervise, control as well as evaluate investment

**Supervisory Board**

**Board of Director**



## OBJECTIVES

increase investment and strengthen the long-term value of assets in order to support sustainable development

**Capital  
Maximization  
Mission**

**Development  
Mission**



## FUND STRUCTURES

co-investment directly on asset/project level and limited partnership on master fund

**Master Fund**

**Thematic  
Fund**

INA also play an active role in improving the Indonesian investment climate with its authorities:

Carry out fund placement in the form of financial instrument

Carry out asset Management Activity

Engage in cooperation with another party including a trust fund

Determine a prospective investment partner

Lend or borrow

Administer the assets



BADAN KEBIJAKAN FISKAL

KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA



# 2021 STATE BUDGET REALIZATION

# THE STATE BUDGET BECOME THE PRIME MOVER FOR THE ECONOMY

The realization as of January 2021 is still conserved, spending acceleration to support the continuation of PEN and the first batch of the vaccination programme



Account (IDR T)	2020			2021			
	Realization as of 31 Jan 2020	% of Perpres 72/2020	Growth (%)	Budget	Realization as of 31 Jan 2021	% of Budget	Growth (%)
<b>Revenue</b>	<b>105.1</b>	<b>6.2</b>	<b>(3.3)</b>	<b>1,743.6</b>	<b>100.1</b>	<b>5.7</b>	<b>(4.8)</b>
Tax Revenue	80.8	6.7	(6.1)	1,229.6	68.5	5.6	(15.3)
Customs & Excise	4.5	2.2	16.0	215.0	12.5	5.8	175.3
Non Tax Revenue	19.7	6.7	5.8	298.2	19.1	6.4	(2.9)
Grant	0.1	7.3	25.1	0.9	0.0	0.5	(94.8)
<b>Expenditure</b>	<b>139.9</b>	<b>5.1</b>	<b>(9.1)</b>	<b>2,750.0</b>	<b>145.8</b>	<b>5.3</b>	<b>4.2</b>
Central Government Expenditure	71.5	3.6	(6.1)	1,954.5	94.7	4.8	32.4
Regional Transfer & Village Funds	68.4	9.0	(12.0)	795.5	51.1	6.4	(25.3)
<b>Primary Balance</b>	<b>(12.2)</b>	<b>1.7</b>	<b>(44.8)</b>	<b>(633.1)</b>	<b>(21.0)</b>	<b>3.3</b>	<b>72.3</b>
<b>Surplus (Deficit)</b>	<b>(34.8)</b>	<b>3.3</b>	<b>(23.0)</b>	<b>(1,006.4)</b>	<b>(45.7)</b>	<b>4.5</b>	<b>31.5</b>
<i>% to GDP</i>	<i>(0.23)</i>			<i>(5.70)</i>	<i>(0.26)</i>		
<b>Financing</b>	<b>68.9</b>	<b>6.6</b>	<b>(44.3)</b>	<b>1,006.4</b>	<b>165.9</b>	<b>16.5</b>	<b>140.7</b>
<b>SiLPA (SiKPA)</b>	<b>34.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120.2</b>	<b>-</b>	<b>-</b>

- State revenue realization was mainly supported by customs and excise performance; (excise tax policy and increased exports align with rising commodity prices).  
Meanwhile, taxation and non-tax revenue are still under pressure due to economic activity and oil prices that had not fully recovered.
- The expenditure grew positively, mainly driven by capital expenditures to support infrastructure development and social assistance to protect the community.
- Budget deficit reached IDR45.7 T (0.26% to GDP).
- Budget financing is still on track, supported by positive sentiment in the financial market, capital flows, and foreign investment.



# TAX REVENUE WAS RELATIVELY BETTER EVEN THOUGH STILL CONTRACTED

Customs grew significantly while tax was in contraction zone



Tax Revenue (in IDR trillion)	2020			2021			
	Realization as of Jan 31	% to budget (Pres. Reg 72/2020)	Growth (%)	Budget	Realization as of Jan 31	% to budget	Growth (%)
<b>Tax Revenue</b>	<b>80.8</b>	<b>6.7</b>	<b>(6.1)</b>	<b>1,229.6</b>	<b>68.5</b>	<b>5.6</b>	<b>(15.3)</b>
<b>1. Income Tax from Oil &amp; Gas</b>	<b>2.9</b>	<b>9.2</b>	<b>(53.3)</b>	<b>45.8</b>	<b>2.3</b>	<b>5.1</b>	<b>(19.8)</b>
<b>2. Income Tax from Non-Oil &amp; Gas</b>	<b>77.9</b>	<b>6.7</b>	<b>(2.4)</b>	<b>1,183.8</b>	<b>66.1</b>	<b>5.6</b>	<b>(15.2)</b>
a. Income Tax from Non - Oil & Gas	46.3	7.3	(7.2)	638.0	39.0	6.1	(15.8)
b. VAT	31.0	6.1	5.5	518.5	26.3	5.1	(14.9)
c. Property Tax	0.2	1.4	136.5	14.8	0.1	0.7	(44.8)
d. Other Taxes	0.5	6.0	(17.5)	12.4	0.6	5.1	40.7
<b>Custom &amp; Excise</b>	<b>4.5</b>	<b>2.2</b>	<b>16.0</b>	<b>215.0</b>	<b>12.5</b>	<b>5.8</b>	<b>175.3</b>
1.Excise	1.5	0.9	213.5	180.0	9.1	5.0	495.2
2. Import Duty	2.9	9.1	(6.1)	33.2	2.3	6.9	(20.7)
3. Export Duty	0.1	6,6	(67.3)	1.8	1.1	62.3	923.4
<b>Total Revenue</b>	<b>85.4</b>	<b>6.1</b>	<b>(5.2)</b>	<b>1,444.5</b>	<b>81.0</b>	<b>5.6</b>	<b>(5.2)</b>

- Tax Revenue grew at 5.2% yoy and reached 5.6% from the budget. Tax revenue showed a consistent improvement since Q3 2020.
- Tax was contracted at 15.32% yoy, lower compared to January 2020. However, the number of contraction was relatively better since the deepest contraction in May 2020. Tax Restitution is under controlled and contributed to lower tax realization, as tax incentive still being utilized by many taxpayers.
- Export duty and excise grew significantly compared to January last year. Even export duty realization has passed half of its target in budget, supported by export of CPO and copper ore.



# NET REVENUE SHOWED BETTER PERFORMANCE YET STILL CONTRACTED

Still affected by the economic slowdown and increased utilization of fiscal incentives and restitution programs



**Income Tax Art 21**

**Income Tax Art 22  
(Imported Goods)**

**Personal Income Tax**

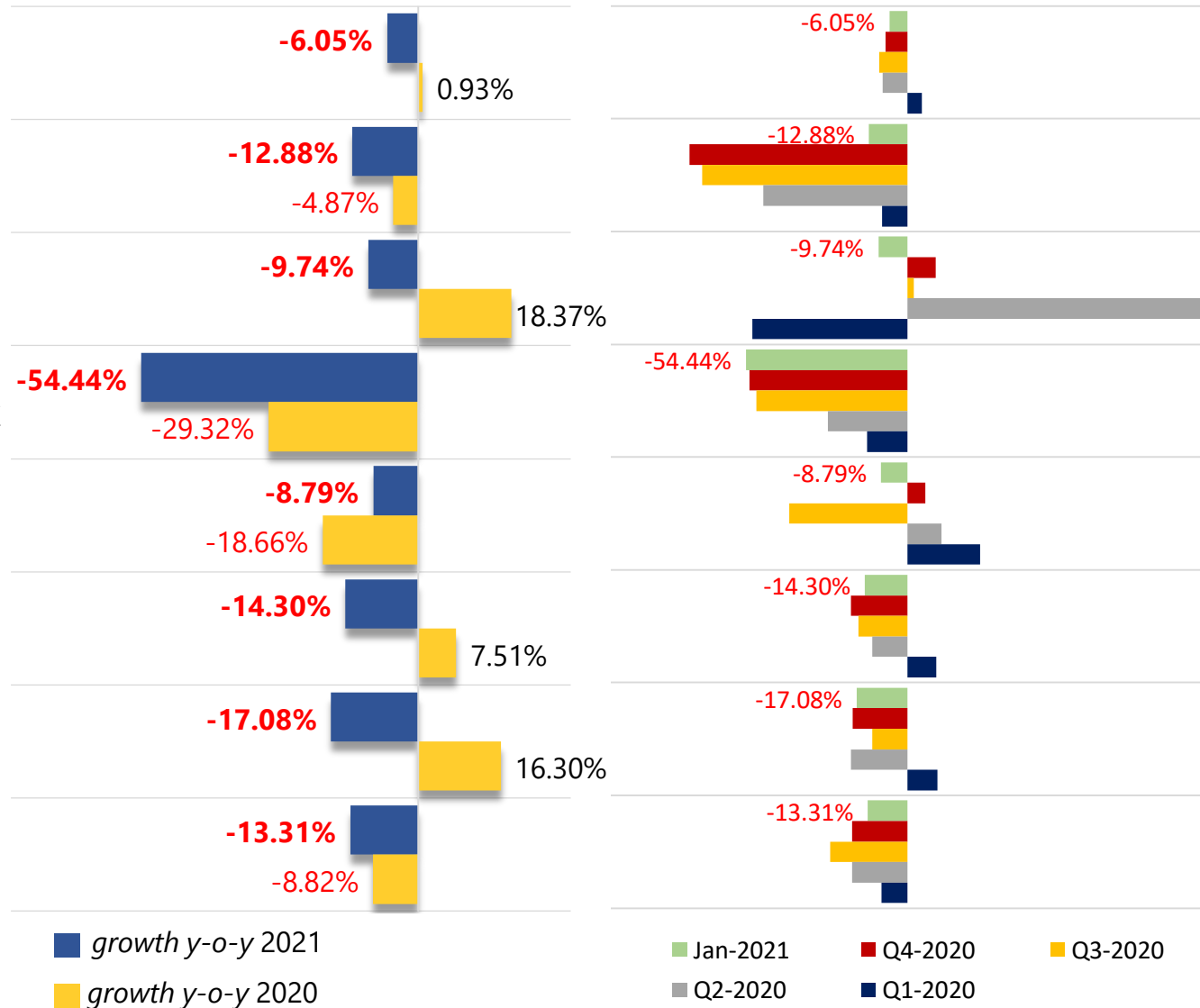
**Corporate Income Tax**

**Income Tax Art 26**

**Final Income Tax**

**Domestic VAT**

**Import VAT**



- Generally, most of the taxes improved, except for the taxes which were influenced by restitution programs (Income Tax Art 26 and Corporate Income Tax)
- **Income Tax Art 21** slowed down driven by the labor market that was not fully recovered yet and the utilization of tax incentives provided by the government
- **Import Income Tax Art 22** still contracted however performed better than the previous period as PMK-110/2020 has not re-implemented yet this month
- Aside from increased utilization of restitution programs, **Corporate Income Tax** contracted due to the economic slowdown, tax incentives for Income Tax Art 25 instalments, and reduction on the corporate income tax rate
- **Final Income Tax** contracted as the result of a decrease in construction activities and interest rates
- **Domestic VAT** showed an improvement as domestic demand started to recover, yet it still contracted due to a decrease in non-repetitive transactional activities

# IMPROVED NET REVENUE AT MAJORITY OF SECTORS

Underpinned by increased PMI Manufacture in the expansive area and commodities price recovery



## Manufacturing

## Trade

## Financial Services & Insurance

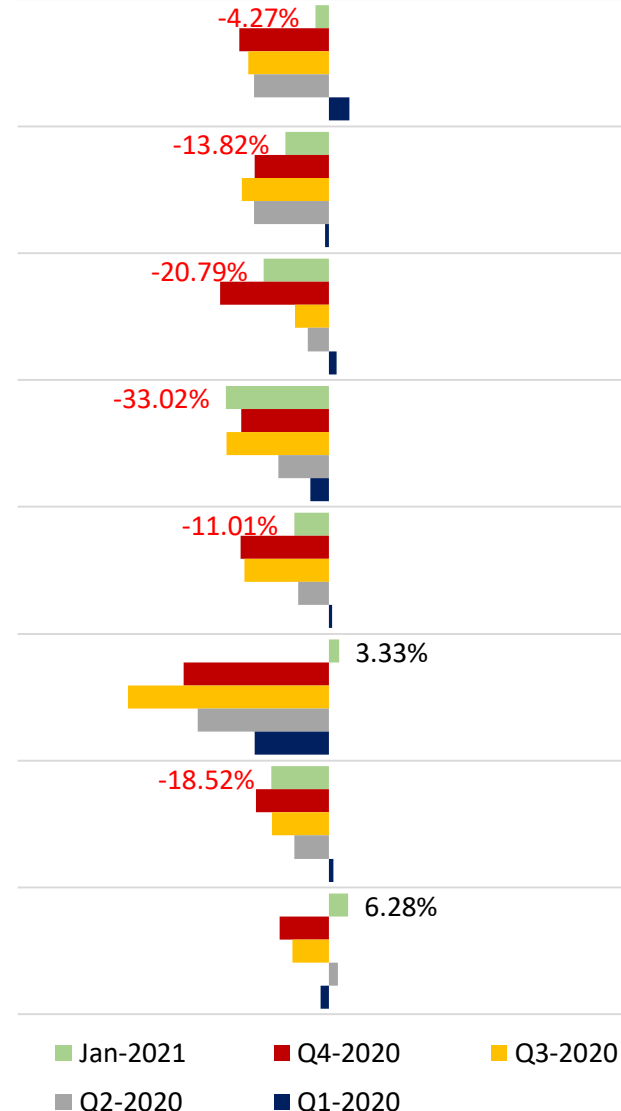
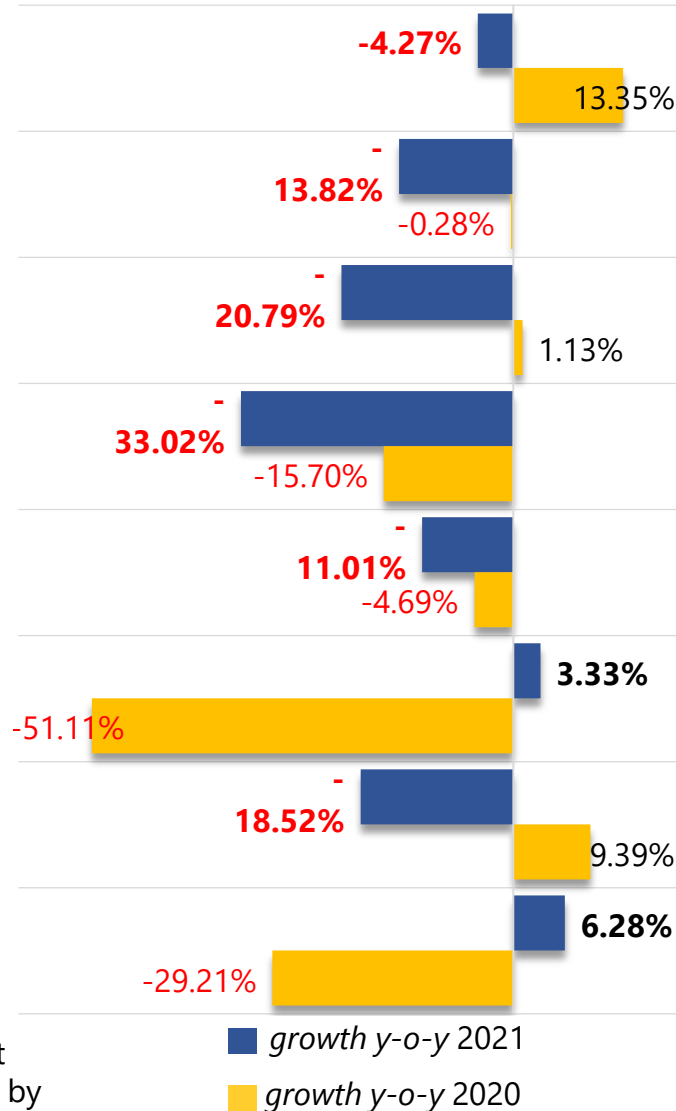
## Construction & Real Estate

## Transportation & Warehousing

## Mining

## Corporate Services

## Information & Communication



- The performance improvement of the **manufacturing** sector was in line with improved PMI; the increased production was reflected by domestic VAT.
- The **trade** sector improved supported by increased vehicles sales (mtm)
- Improvement in the **financial services** sector was on the back of improved corporate income tax.
- The **Construction & Real Estate** sector slowed down due to increased restitution (better gross revenue growth).
- Improved performance in the **Transportation & Warehousing** sector was supported by better logistic activity, indicated by increasing Final Income Tax on rental.
- The **mining** sector improved in line with coal and mineral prices increase and decline in restitution.
- The **Information & Communication** grew positively in line with substantial increase of people's need in the sector during the pandemic and work and study from home.

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

# CUSTOM AND EXCISE REVENUE GROW SIGNIFICANTLY

Realization of revenue grew mainly due to excise and export duties



trillion IDR

NO.	REVENUE	BUDGET TARGET	REALIZATION		GROWTH (y-o-y, %)		% REALIZATION
			2020	2021	2020	2021	
1	IMPORT DUTY	33.17	2.91	2.30	-6.06	-20.70	6.95
2	EXCISE	180.00	1.53	9.09	213.50	495.18	5.05
	Tobacco Products	173.78	1.22	8.83	445.86	626.03	5.08
	Ethyl Alcohol	0.16	0.01	0.01	1.14	-30.97	5.65
	MMEA	5.56	0.29	0.25	16.92	-15.18	4.43
	Excise Adm. Fines	-	0.01	0.00	169.84	-77.79	-
	Other Excise	-	0.00	0.00	77.10	44.13	-
	Plastic	0.50	0.00	0.00	0.00	0.00	0.00
3	EXPORT DUTY	1.79	0.11	1.11	-67.35	923.38	62.26
	<b>TOTAL</b>	<b>214.96</b>	<b>4.54</b>	<b>12.50</b>	<b>16.05</b>	<b>175.34</b>	<b>5.82</b>
	Import VAT		12.65	10.97	-8.82	-13.31	
	Import Sales Tax on Luxury Goods		0.10	0.06	-97.91	-38.14	
	Import Income Tax Art 22		4.42	3.85	-76.24	-12.88	
	Total of other taxes for import		17.17	14.88	-53.77	-13.34	
	<b>TOTAL OF CUSTOMS &amp; EXCISE AND TAXATION</b>		<b>21.71</b>	<b>27.38</b>	<b>-47.12</b>	<b>26.11</b>	

- DG. of Customs and Excise revenue realization **IDR 12.50 T (5.82%** of 2021 Budget Target)
- Revenue grew **▲ 175.34%**
- Revenue driven by the performance of **Excise (▲ 626.03%)** and **Export Duty (▲ 923.38%)**

# NON-TAX REVENUE AS OF JANUARY 2021 REACHED 6.4% OF TARGET

Overall Non-Tax Revenue realization reached IDR 19.1 trillion, but contracted by 2.9% compared to 2020



## Non-Tax Revenue

(trillion rupiah)

	2020				2021			
	Perpres 72/ 2020	Realization January 31	% Perpres 72/ 2020	% Growth	Budget	Realization January 31	% Budget	% Growth
Natural Resources	79.1	9.8	12.4	0.1	104.1	5.2	5.0	(47.1)
Oil and Gas	53.3	7.6	14.2	4.3	75.0	2.3	3.1	(69.8)
Non Oil and Gas	25.8	2.2	8.7	(12.1)	29.1	2.9	10.0	29.6
Mineral and Coal	19.4	1.9	10.0	(14.9)	22.1	2.7	12.1	37.9
Non Mineral and Coal	6.4	0.3	4.9	10.7	7.0	0.2	3.5	(21.9)
Separated State Asset	65.0	-	-	332.5	26.1	-	-	1,034.3
Other Non Tax Revenue	100.1	9.4	9.4	11.9	109.2	13.7	12.5	45.3
Public Service Agency (BLU)	50.0	0.4	0.8	19.6	58.8	0.2	0.4	(48.7)
total Non-Tax Revenue	294.1	19.7	6.7	5.8	298.2	19.1	6.4	(2.9)

- The world crude oil price started to increase (up 11.2% from Dec 2020) due to, among other factors, the OPEC + agreement on Jan 21 to reduce oil production, that increases optimism.
- However, the ICP price in Dec 2020 - Jan 2021 is still lower than the ICP Dec 2019 - Jan 2020 \*) which has an impact on decreasing Natural Resources Oil and Gas in Jan 2021 by 69.8% (yoy)
- Non-oil and gas natural resources revenue rose 29.6%, mainly from the mineral and coal sector in line with the projected economic recovery and increased demand for coal from China, pushing up coal price Reference (HBA) Jan 2021 to 15.0%.
- The realization of Separated State Asset Jan 2021 revenue amounted to Rp1.2 billion, representing dividends and debt payments due for the 2019 Financial Year.
- Other Non-Tax Revenue increased by 45.3%, due to the increase in revenue from sales of mining products, premium bond income, management of Treasury Single Account Placement of state funds and last fiscal year revenue
- Public Service Agency January 2021 revenue is affected by hospital services performance due to the pandemic.





# STATE EXPENDITURE WAS A DRIVER FOR ECONOMIC GROWTH

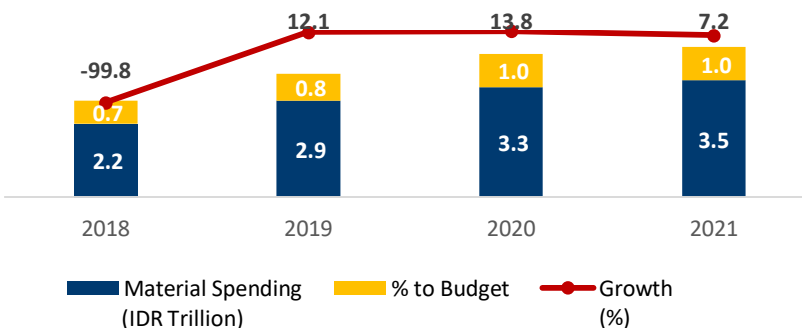
A good start to boost economic growth, the realization of state spending as of January 2021 is higher than 2020

## State Expenditure

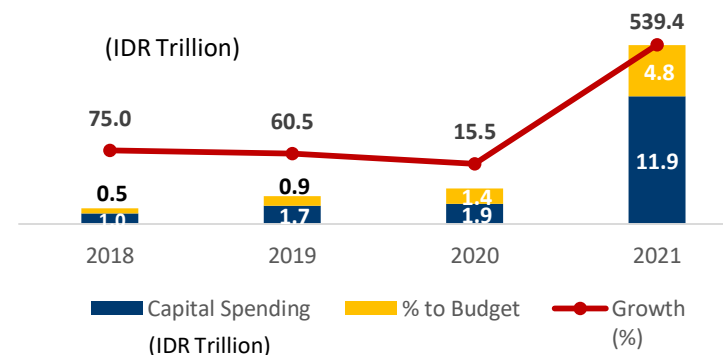
(in IDR trillion)	2020			2021		
	Realization as of 31 Jan	% to Perpres 72	Growth (%)	State Budget	Realization as of 31 Jan	% to State Budget
<b>Central Government Expenditure</b>	71.5	3.6	(6.1)	1,954.5	94.7	4.8
<b>1. Lines &amp; Ministries Expenditure</b>	30.9	3.7	(3.5)	1,032.0	48.0	4.7
a. Personnel Expenditure	12.5	4.9	1.7	268.0	12.6	4.7
b. Material Expenditure	3.3	1.2	13.3	360.8	3.5	1.0
c. Capital Expenditure	1.9	1.4	12.7	246.8	11.9	4.8
d. Social Assistance	13.2	7.7	(12.7)	156.4	20.0	12.8
<b>2. Non Lines &amp; Ministries Expenditure</b>	40.6	3.6	(7.9)	922.6	46.6	5.1
a. Subsidy	-	-	-	175.4	2.3	1.3
b. Other Expenditures	0.2	0.0	(15.3)	207.3	0.2	0.1
<b>Transfer To Region &amp; Village Fund (TKDD)</b>	68.4	9.0	(12.0)	795.5	51.1	6.4
<b>1. Transfer of Region</b>	68.1	9.8	(12.1)	723.5	50.3	7.0
<b>2. Village Fund</b>	0.3	0.5	5.2	72.0	0.8	1.0
<b>Total Revenue</b>	139.9	5.1	(9.1)	2,750.0	145.8	5.3

- Lines & Ministries spending grew 55.6%, driven by a significant increase in capital expenditure and social assistance. Non - Line & Ministries spending grew 14.8%, driven by the disbursement of pensions and fuel / LPG subsidies.
- Distribution of Transfers to Regions and Village Funds was not as high as January last year, however Village Funds increased significantly (126.4%).
- Realization of goods spending grew 7.2% mainly driven by the implementation of public service operations and infrastructure maintenance
- Realization of capital expenditure grow significantly for payments for advanced basic infrastructure projects in 2020 and connectivity infrastructure.
- The government is working to accelerate the disbursement and distribution of various protection programs to the poor and vulnerable groups.

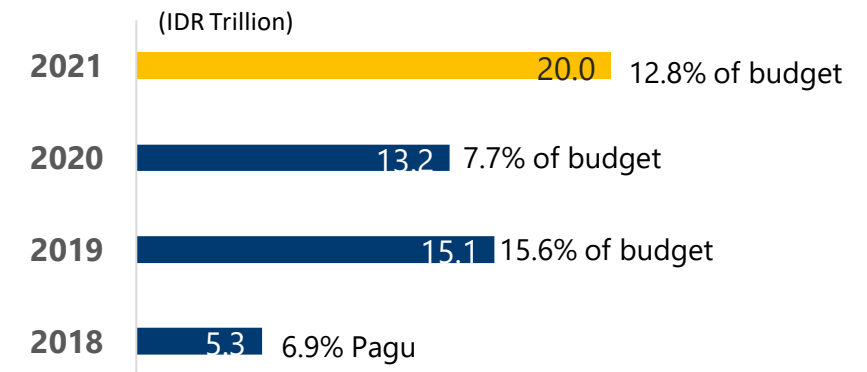
### Material Expenditure



### Capital Expenditure



### Social Assistance



# REALIZATION OF TKDD IS ON-TRACK



Village Fund highly increased. Local Government reinforced to spend at the beginning of the year

## TKDD REALIZATION REACHED IDR 51,1 T

- TKDD disbursement until January 31st 2021 is not as high as 2020 (from 8.0% of allocation to 6.4%).
- However, the realization of Village Funds increases significantly (by 126.4%) since the distribution of Social Protection Program (Village BLT) already distributed since January
- Some of the TKDD funds are not disbursed yet because of the local government requirements to disburse and no schedule for TKDD to disburse

TKDD (IDR Trilion)	2020			2021			
	Realization upto 31st Jan	% to Perpres 72	Growth (%)	APBN	Realization upto 31st Jan	% to APBN	Growth (%)
<b>1. Transfer to Region</b>	<b>68.1</b>	<b>9.8</b>	<b>(12.1)</b>	<b>723.5</b>	<b>50.3</b>	<b>7.0</b>	<b>(26.0)</b>
a. Balance Fund	68.1	10.4	(12.1)	688.7	50.3	7.3	(26.0)
General Transfer Fund	68.1	14.5	(7.2)	492.3	50.3	10.2	(26.0)
1) Revenue sharing	3.5	4.0	(17.8)	102.0	3.5	3.5	1.8
2) General allocation fund	64.6	16.8	(6.5)	390.3	46.8	12.0	(27.5)
Special Allocation Fund	-	-	-	196.4	-	-	-
b. Regional Incentive Fund	-	-	-	13.5	-	-	-
c. Special Autonomy Fund and Priviledge Fund for Yogyakarta	-	-	-	21.3	-	-	-
<b>2. Village Fund</b>	<b>0.3</b>	<b>0.5</b>	<b>5.2</b>	<b>72.0</b>	<b>0.8</b>	<b>1.0</b>	<b>126.4</b>
<b>TOTAL</b>	<b>68.4</b>	<b>9.0</b>	<b>(12.0)</b>	<b>795.5</b>	<b>51.1</b>	<b>6.4</b>	<b>(25.3)</b>

# THE FINANCING STRATEGY WILL REMAIN DYNAMIC

Accommodating and anticipating the additional needs for Covid-19 handling and economic recovery



	2020			2021			
	Realization as of 31 Jan 2020	% of Perpres 72/2020	Growth (%)	Budget	Realization as of 31 Jan 2021	% of Budget	Growth (%)
Debt Financing	68.2	5.6	(44.5)	1,177.4	165.8	14.1	143.0
Government Bond (net)	72.0	6.1	(39.8)	1,207.3	169.7	14.1	135.7
Government Borrowing (net)	(3.8)	(8.1)	(208.2)	(29.9)	(3.9)	13.0	3.0
Investment Financing	-	-	-	(184.5)	-	-	-
Government Lending	0.7	11.4	3.7	0.4	-	-	-
Guarantee	-	-	-	(2.7)	-	-	-
Other Financing	0.0	0.0	470.5	15.8	0.0	0.2	658.7
Total	68.9	6.6	(44.3)	1,006.4	165,9	16,5	140.7

- The debt financing realization reached IDR165.8 T or 63.7 % of the 2021-Q1 target.
- Financing adjustment conduct through optimization of several schemes: using SiLPA; soft loan (including for vaccination); additional investment financing; as well as an additional guarantee.
- By adjusting the financing scheme, it is expected to lower the pressure on the SBN market and control debt costs.
- State Equity Participation (PMN) disbursement will be carried out in a planned, measured, and prudent manner and linked to the output and outcome.





BADAN KEBIJAKAN FISKAL

KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA



THANK YOU