Presentation Book Investor Relation Unit Republic of Indonesia

"Strengthening Synergy and Policy Coordination to Maintain Stability and Revive Economic Growth Amidst Heightened Global Uncertainty"

May 2024



Investor Relations Unit (IRU) of the Republic of Indonesia has been established through a collaborative effort between the Coordinating Ministry of Economic Affairs, the Ministry of Finance and Bank Indonesia since 2005. The primary objective of IRU is to actively communicate Indonesian economic policies and to address the concerns of investors, particularly those in financial markets.

As an important part of its communication strategy, IRU maintains a website hosted under Bank Indonesia website, which is administered by the International Department of Bank Indonesia. However, day-to-day activities of IRU are supported by all relevant government agencies, among others: Bank Indonesia, Ministry of Finance, Coordinating Ministry for Economic Affairs, Ministry of Investment, Financial Services Authority, Ministry of State-Owned Enterprises, and The Committee for Acceleration of Priority Infrastructure Delivery.

IRU also actively engages with investors by organizing a monthly Investor Conference Call. Additionally, it promptly addresses inquiries through email and telephone channels. Furthermore, IRU may also facilitates direct visit of banks/financial institutions to Bank Indonesia and other relevant government offices. This multifaceted approach underscores the commitment of the IRU to foster transparent communication and address the needs of the investors.

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Section 1 General Summary

"Indonesia's Resilient Economy Supported by Prudent Policy"



Preserved Economic Resilience Amidst Global Uncertainty



The largest economy in Southeast Asia and 4th most populous country in the world



Solid economic growth supported by domestic demand. Regain the 5% growth momentum after pandemic



Inflation remains under control within the target corridor



Consistent implementation of structural reform and infrastructure development



Historically **prudent policy** dynamics and **track record of peaceful political transitions** Despite challenging global developments, Indonesia's economic recovery momentum persists, driven by robust domestic demand. The country's economic performance has rebounded to pre-pandemic levels and is poised for further improvement, driven by enhanced growth prospects. Indonesia's robust economic growth was recorded in Q1 2024 at 5.11% (yoy) and is projected to accelerate further in 2024. In May 2024, inflation was recorded at 2.8% (yoy), lower than previous month, and remains within the target corridor of 2.5%±1%. The external sector remains resilient and robust, supported by ample reserves and a sound balance of payments, accompanied by a healthy external debt profile. In addition, solid budget performance continues, reflected by a narrower 2023 fiscal deficit with a surplus in the primary balance and prudent debt management. In 2024, fiscal policy is geared towards accelerating economic transformation along with a maintained fiscal discipline, with the fiscal deficit is targeted below 3% of GDP. From a monetary policy perspective, Bank Indonesia continues to strengthen its monetary policy response and innovation to enhance policy effectiveness in terms of controlling inflation and maintaining Rupiah stability. Financial system stability has also been maintained, and the banking intermediation function remains robust, thereby supporting economic growth. To promote strong, socially Inclusive, and environmentally friendly economic growth, the government consistently implementing the structural reform agenda, including infrastructure development, and improving the investment climate.

Update Rati	ng 2023-2024	
FitchRatings	BBB (Stable)	March 2024
Moody's	Baa2 (Stable)	April 2024
S&P Global	BBB (Stable)	July 2023
R&I Rating and lavostance information, inc.	BBB+ (Positive)	July 2023
JCR	BBB+ (Stable)	March 2024

Indonesia has been recognized as a full Investment Grade country by all three major rating agencies, Fitch, Moody's and S&P. The recent rating affirmations in April 2024 has put Indonesia's SCR from three main rating agencies at the same level (one notch higher from the lowest investment grade level). These affirmations highlight Indonesia's macro stability, promising growth prospects, and confidence on policy continuity

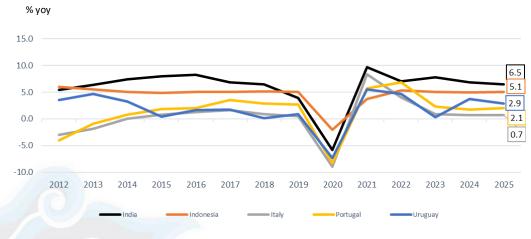
Indonesia's Economic Growth Remains Solid and Resilient, Supported by Domestic Demand



Strong GDP Growth¹



Favourable GDP Growth Compared to Peers²



- 1. Source: Central Bureau of Statistics of Indonesia (BPS), ** Including non-profit household consumption
- 2. Source: World Economic Outlook Database April 2023; * indicates estimated figure

Amidst increasing global uncertainty, Indonesia's economic performance remains solid and resilient to global spillover. Indonesia's economy grew by 5.11 % (yoy) in the first quarter of 2024 – after recorded a 5.04% (yoy) growth in the fourth quarter of 2023 and 5.05% overall 2023 was driven by higher domestic demand. Sound performance recorded across most of economic sectors, particularly mining and quarrying manufacturing industry, wholesale and retail trade as well as supported by information and communication, financial and insurance services and other service.

Spatially, the highest economic growth was recorded in the regions of Sulawesi-Maluku-Papua (Sulampua), followed by Kalimantan, Bali-Nusa Tenggara (Balinusra), Java, and Sumatra. Robust economic growth is expected to persist in the second quarter of 2024, as reflected in a number of early indicators, such as consumer confidence, income expectations and the Manufacturing Purchasing Managers Index (PMI). Overall, economic growth in 2024 projected to be in the 4.7-5.5% range, supported by domestic demand, particularly consumption ahead of the upcoming general election, and increasing investment, specifically building investment given the ongoing national strategic projects (PSN), including the new capital city (IKN) development.

2024 Growth Projection

Institutions	GDP growth 2024
2024 Budget	5.2
Bank Indonesia	4.7-5.5
Consensus Forecast (May 2024)	4.9
World Bank (GEP, January 2024)	4.9
IMF (WEO, April 2024)	5.0
ADB (Asian Development Outlook, April 2024)	5.0

7

Affirmation on Indonesia's Sovereign Credit Rating Amid Global Economy Uncertainties and Election Year

March 2024, Rating Affirmed at BBB+/Stable

"The ratings mainly reflect the country's solid domestic

demand-led economic growth potential, restrained public debt

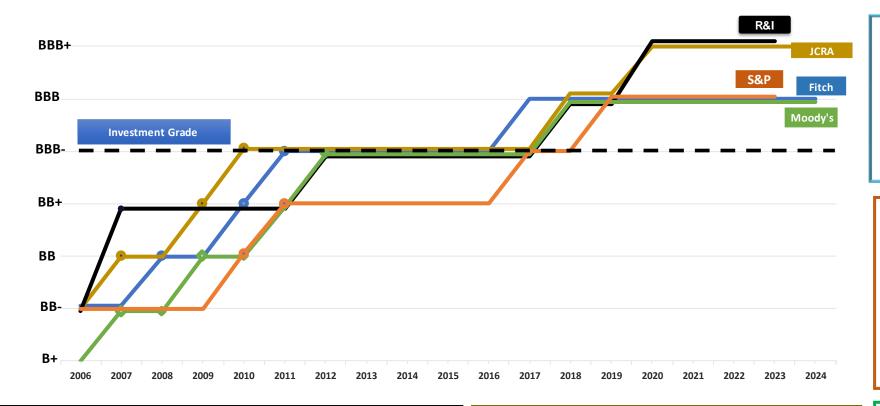
and resilience to external shocks supported by accumulation

of foreign exchange reserves. JCR holds that the debt will

gradually decrease as the fiscal balance improves mainly

increased revenue from economic growth and higher





FitchRatings

BBB/<u>Stable</u>

March 2024, Rating Affirmed at BBB/Stable

"Indonesia's rating balances a favourable medium-term growth outlook and low government debt/GDP ratio against weak government revenue and lagging structural features, such as governance indicators, compared with 'BBB' category peers."

S&P Global

Ratings

BBB / Stable

July 2023, Rating Affirmed at BBB/Stable

"The stable rating outlook reflects our expectation that Indonesia will achieve solid economic growth over the next two years. This will support prudent fiscal outcomes and stabilize debt".

R&I

BBB+/ Positive

July 2023, Outlook Revised To Positive; BBB+ Ratings Affirmed

"In R&I view, Indonesia's economy has been showing strong performance even amid uncertainties of the global economic environment. With the inflation rate that has fallen within the target range in 2023, the price stability is being restored. The government has achieved its target level of fiscal deficit a year earlier than originally planned and the government debt ratio stays on a downward trajectory. The stability of financial system has been maintained and the economy has resilience to external shocks".



commodity prices ".

BBB+/Stable

Moody's

Baa2 / Stable

April 2024, Rating Affirmed at Baa2/Stable

"Indonesia's credit profile is supported by continued economic resiliency, backed by structural factors such as abundant natural resources and strong demographics, supporting stable and robust GDP growth, as well as by good policy credibility."

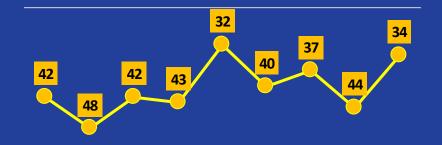
8

Based on the IMD (Institute for Management Development) World Competitiveness Yearbook 2023 report, Indonesia's competitiveness ranking in 2023 is in 34th position out of a total of 64 countries. This rank has increased from 2022 (No. 44).

All factors have increased compared to 2022: Economic Performance (+13), Business Efficiency (+11), Government Efficiency (+4), and Infrastructure (+1)

No.	Country	2019	2020	2021	2022	2023
1	South Korea	28	23	23	27	28
2	Indonesia	32	40	37	44	34
3	Japan	30	34	31	34	35
4	India	43	43	43	37	40
5	Philippines	46	45	52	48	52
6	Mexico	50	53	55	55	56
7	Brazil	59	56	57	59	60

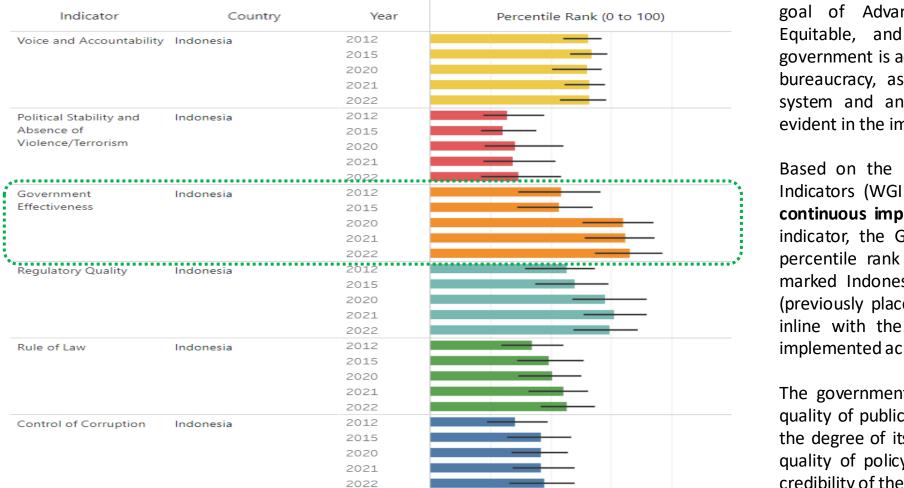
IMD World Competitiveness Index 2015-2023 2015 2016 2017 2018 2019 2020 2021 2022 2023



Factors	2019	2020	2021	2022	2023
Economic Performance	25	26	35	42	29
Government Efficiency	25	31	26	35	31
Business Efficiency	20	31	25	31	20
Infrastructure	53	55	57	52	51

Continuous Improvement of Indonesia's Governance Rank





Note: Percentile rank among all countries (ranges from 0 (lowest) to 100 (highest) rank) Source: Worldwide Governance Indicators, 2023 Update (<u>www.govindicators.org</u>)

20

40

60

80

100

To achieve the vision of advanced Indonesia in 2045 with the goal of Advancing Towards a Sovereign, Developed, Equitable, and Prosperous Indonesia, the Indonesian government is actively promoting reforms in institutions and bureaucracy, as well as strengthening the national legal system and anti-corruption measures. These efforts are evident in the improving governance indicators in Indonesia.

Based on the latest World Bank Worldwide Governance Indicators (WGI), **Indonesia's governance rank indicates a continuous improvement** for the last 10 years. One of the indicator, the Government Effectiveness, recorded highest percentile rank compared to other five indicators, which marked Indonesia on the 73rd rank out of 214 countries (previously placed on 75th rank in 2021). This achievement inline with the ongoing structural reform that has been implemented across the country.

The government effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

Meanwhile, corruption eradication indicators also indicate improvement, with a progressive increase in values over the past decade.

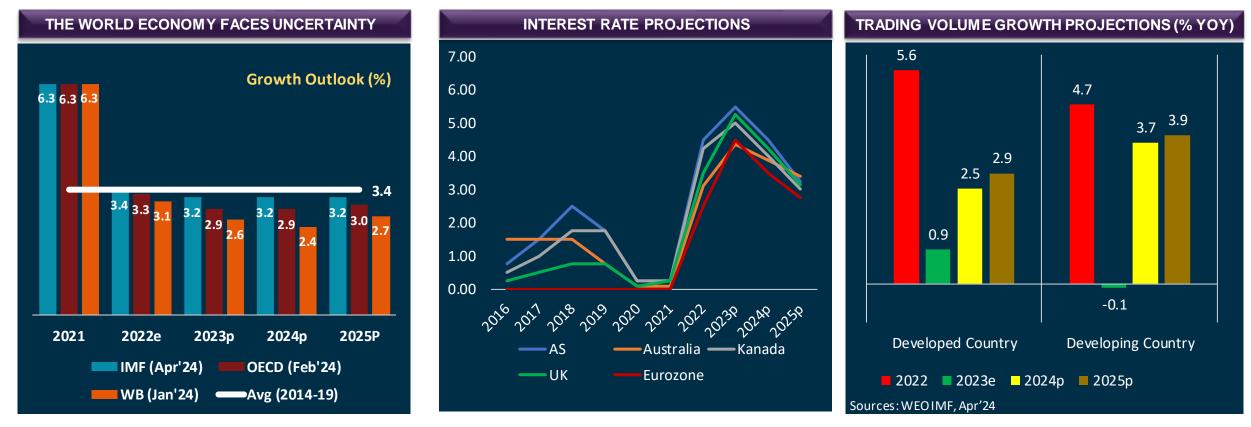
Section 2

Macroeconomic

"Promising Growth Prospects Supported by Continued Economic Recovery Momentum"

Global Conditions still Faces a Number of Challenges Ahead





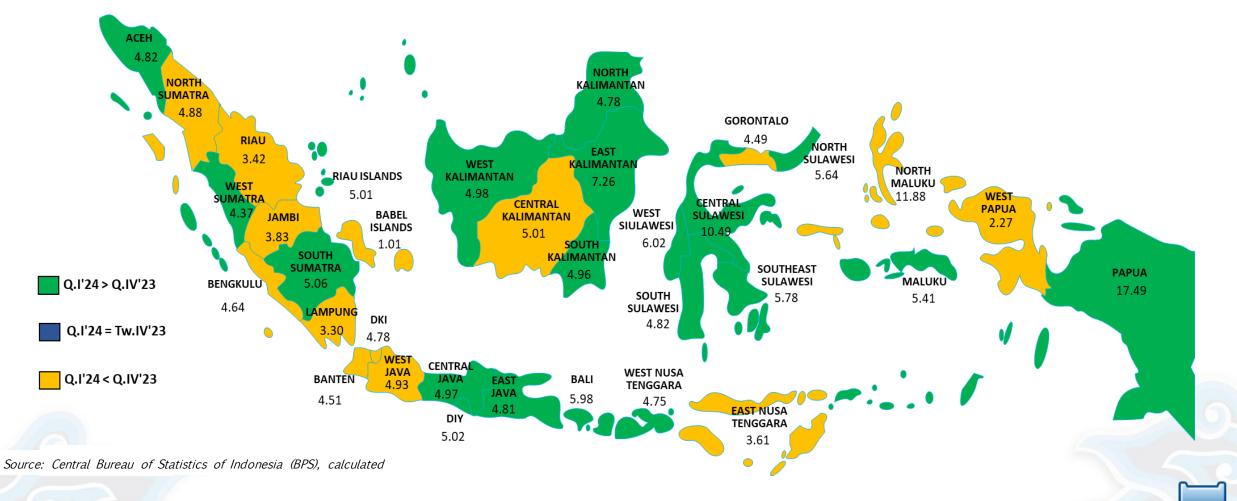
Global Economic **Risks**

- The real estate crisis in China has put the global economy at risk
- Commodity prices have become more volatile due to renewed geopolitical tensions and disruptions linked to climate change
- Debt sustainability issues are present in developing countries
- Global financial conditions have tightened
- Fiscal buffers have eroded in many countries
- Geoeconomic fragmentation



In the first quarter of 2024, the economy grew 5.11% (yoy), up from 5.04% (yoy) in the previous period.

Realization of GDRP Quarter I 2024 (%, yoy; compared to Quarter IV 2023)



Economic Performance Remains Solid in 2024



GDP Growth Based on Expenditures (%, YoY)¹

		2018			2019				2020			2021*				2022**					2023***				2024						
By expenditure	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1
HH. Consumption	5.0	5.2	5.0	5.1	5.1	5.0	5.2	5.0	5.0	5.0	2.8	-5.5	-4.0	-3.6	-2.6	-2.2	6.0	1.0	3.6	2.0	4.4	5.5	5.4	4.5	4.9	4.5	5.2	5.1	4.5	4.8	4.5
Non profit HH. consumption	8.1	8.8	8.7	10.9	9.1	17.0	15.3	7.4	3.5	10.6	-5.0	-7.8	-1.9	-1.9	-4.2	-3.6	4.1	2.9	3.2	1.6	5.9	5.0	6.0	5.7	5.7	6.2	8.6	6.2	18.1	9.8	18.1
Government consumption	2.7	5.2	6.3	4.6	4.8	5.3	8.2	1.0	0.5	3.3	3.9	-6.5	9.8	1.9	2.1	2.6	8.3	0.7	5.2	4.3	-6.6	-4.6	-2.5	-4.7	-4.5	3.3	10.5	-3.9	2.8	2.9	2.8
Gross Fixed Cap. Formation	7.9	5.8	6.9	6.1	6.7	5.0	4.6	4.2	4.1	4.5	1.7	-8.6	-6.5	-6.2	-5.0	-0.2	7.5	3.8	4.5	3.8	4.1	3.1	5.0	3.3	3.9	2.1	4.6	5.8	5.0	4.4	5.0
Exports	5.8	7.4	8.3	4.6	6.5	-1.1	-1.2	0.9	-0.6	-0.5	0.4	-13.6	-12.7	-7.4	-8.4	2.2	28.5	20.8	22.2	18.0	14.4	16.3	19.1	15.0	16.2	11.7	-2.9	-3.9	1.6	1.3	1.6
Imports	12.5	5 15.2	2 14.2	2 7.4	12.1	-5.8	-5.9	-8.5	-8.1	-7.1	-6.0	-21.3	-25.0	-17.6	-17.6	5.2	33.2	31.1	32.6	24.9	16.1	13.1	25.7	6.5	15.0	4.2	-3.2	-6.8	-0.1	-1.6	-0.1
GDP	5.1	5.3	5.2	5.2	5.2	5.1	5.1	5.0	5.0	5.0	3.0	-5.3	-3.5	-2.2	-2.1	-0.7	7.1	3.5	5.0	3.7	5.0	5.5	5.7	5.0	5.31	5.0	5.2	4.9	5.0	5.05	5.1

GDP Growth by Sector (%, YoY)

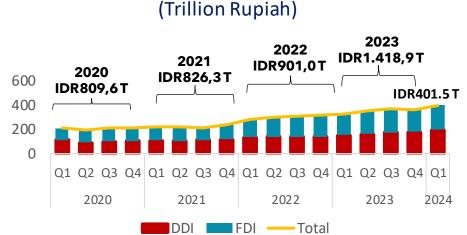
Py costors			2018	;				2019					2020					2021'	ĸ			ž	2022*"	k			2023**	*			2024
By sectors	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1
Agriculture, forestry, and fishery	3.3	4.7	3.6	3.8	3.9	1.8	5.3	3.1	4.2	3.6	0.0	2.2	2.2	2.6	1.8	3.5	0.6	1.4	2.3	1.9	1.2	1.7	2.0	4.5	2.3	0.4	2.0	1.5	1.1	1.3	-3.5
Mining and Quarrying	1.1	2.6	2.7	2.2	2.2	2.3	-0.7	2.3	0.9	1.2	0.4	-2.7	-4.3	-1.2	-2.0	-2.0	5.2	7.8	5.2	4.0	3.8	4.0	3.2	6.5	4.4	4.9	5.0	7.0	7.5	6.1	9.3
Manufacturing	4.6	3.9	4.4	4.2	4.3	3.9	3.5	4.1	3.7	3.8	2.1	-6.2	-4.3	-3.1	-2.9	-1.4	6.6	3.7	4.9	3.4	5.1	4.0	4.8	5.6	4.9	4.4	4.9	5.2	4.1	4.6	4.1
Construction	7.4	5.7	5.8	5.6	6.1	5.9	5.7	5.6	5.8	5.8	2.9	-5.4	-4.5	-5.7	-3.3	-0.8	4.4	3.8	3.9	2.8	4.8	1.0	0.6	1.6	2.0	0.3	5.2	6.4	7.7	4.9	7.6
Wholesale and Retail Trade, Repair of Car and Motorcycle	5.0	5.2	5.3	4.4	5	5.2	4.6	4.4	4.2	4.6	1.5	-7.7	-5.1	-3.7	-3.8	-1.3	9.5	5.1	5.5	4.6	5.7	4.4	5.4	6.6	5.5	4.9	5.3	5.1	4.1	4.8	4.6
Transportation and Storage	8.5	8.7	5.7	5.5	7	5.4	5.8	6.7	7.6	6.4	1.3	-30.8	-16.7	-13.4	-15.1	-13.1	25.1	-0.7	7.9	3.2	15.8	21.3	25.8	17.0	19.9	15.9	15.3	14.7	10.3	14.0	8.7
Information and communication	7.8	5.1	8.1	7.1	7	9.1	9.6	9.2	9.8	9.4	9.8	10.8	10.7	11.0	10.6	8.7	6.9	5.5	6.2	6.8	7.2	8.1	6.9	8.7	7.7	7.1	8.0	8.5	6.7	7.6	8.4
Financial service	4.3	3.1	3.1	6.2	4.2	7.2	4.5	6.2	8.5	6.6	10.6	1.1	-0.9	2.4	3.2	-3.0	8.3	4.3	-2.6	1.6	1.6	1.5	0.9	3.8	1.9	4.5	2.9	5.2	6.6	4.8	3.9
Other Services*	5.4	6.2	6.7	6.4	6.2	6.8	7.3	6.4	6.2	6.7	4.6	-6.3	-1.4	-1.7	-1.2	-2.5	9.8	-0.8	3.4	2.3	3.3	4.0	7.9	4.9	5.0	4.5	7.1	3.3	4.9	5.0	9.4
GDP	5.1	5.3	5.2	5.2	5.2	5.1	5.1	5.0	5.0	5.0	3.0	-5.3	-3.5	-2.2	-2.1	-0.7	7.1	3.5	5.0	3.7	5.0	5.5	5.7	5.0	5.3	5.0	5.2	4.9	5.0	5.0	5.1

Indonesia's Leading Indicators Exhibit Favorable Outlooks

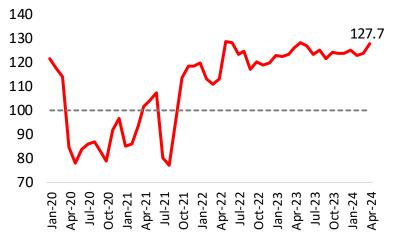
Total Investment







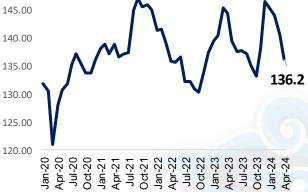
Consumer Confidence Index



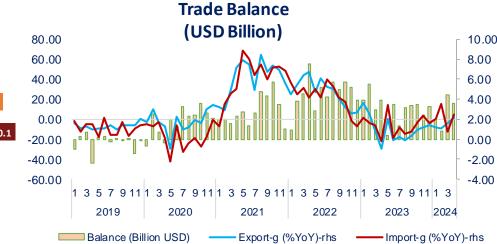
155.00

150.00

Foreign Exchange Reserves (Billion USD)



Retail Sales (%, yoy) 30.00 20.00 10.00 0.00 -10.00 -20.00 -30.00 Jan-20 Jul-20 Apr-20 Oct-20 Jan-21 Oct-21 Jan-22 Jul-22 Jan-23 Jul-23 Oct-23 Jan-24 Apr-21 Jul-21 Apr-22 Oct-22 Apr-23 Apr-24 Food, Beverages and Tobacco **Total**



Short Term Mitigation and Policy Response Amidst Weakening Global Economic Prospect

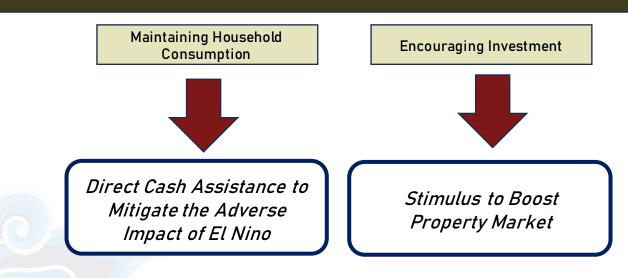




- Increasing Economic Instability
- Widening of State Budget Deficit
- Widening the Current Account Deficit

Risk Mitigation and Policy Response

State Budget as Shock Absorber by Boosting Domestic Demand



Sinergy of Real and Monetary Sector to Maintain the External Sector Resilience



- Issuing Presidential Decree No. 24/2023 concerning the Task Force for Increasing National Exports
- Issuing Government Regulations No. 36/2023 concerning Foreign Exchange Proceeds from Natural Resource Exports
- Expanding Local Currency Transaction (LCT) implementation

Policy Strategy to Maintain Purchasing Power as Part of a Social Protection Program



POLICY STRATEGY

ADDITIONAL RICE ASSISTANCE

2023

- Target: 21,3 mio KPM
- Benefit: 10kg/KPM
- Duration: 7 month (March-May, Sept-Nov 2023 and Dec 2023)

2024

- Target: 22 mio KPM
- Benefit: 10kg/KPM
- Duration: 6 month (Jan-Jun 2024)

EL NINO DIRECT CASH ASSISTANCE (BLT)

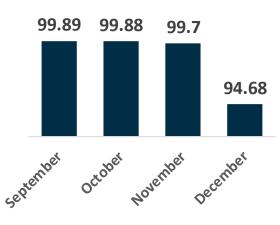
BLT El Nino (2023)

- Target: 18,8 mio KPM
- Benefit: Rp200 thousand/month
- Duration: 2 month (Nov-Dec 2023)

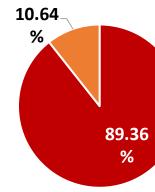
BLT Mitigation of Food Risks(2024)

- Target: 18,8 mio KPM
- Benefit: Rp200 thousand/month
- Duration: First phase for 3 month (Jan-Mar 2024)

DISTRIBUTION REALIZATION



Rice Assistance's distribution for stage II period Sep-Dec 2023 reached 98.54% (per December 2023).



DCA El-Nino's distribution reached Rp6.72 Trillion or 89.36% (per 21 December 2023).

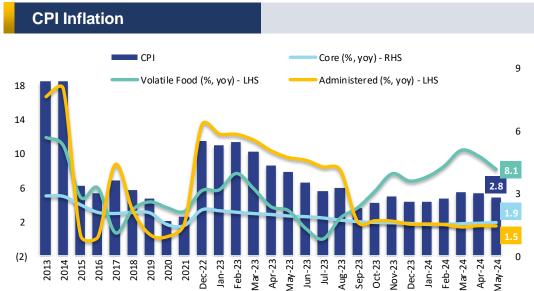
Inflation Remains Under Control Within The Target Corridor

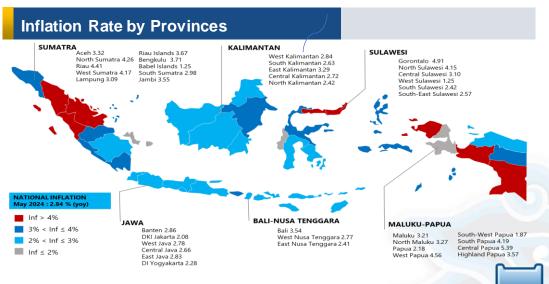


- Consumer Price Index (CPI) inflation in May 2024 remained also under control within the 2.5%±1% target corridor, recorded at 2.8% (yoy), slightly decrease from 3.0% (yoy) the month earlier, due to a decrease in the volatile food inflation.
- Core inflation continues to be low, recorded at 1.9% (yoy) in May 2024, slightly increase from 1.8% (yoy) in the previous month.
- Meanwhile, the Volatile food (VF) inflation witnessed a decrease to 8.1% (yoy) in May 2024 from 9.6% (yoy) in April 2024.
- Administered prices (AP) inflation remains manageable and recorded at 1.5% (yoy), stable from 1.5% (yoy) the month earlier.
- Low core inflation is expected in line with anchored inflation expectations, driven by the normalization of demand after the Eid Fitr period, amid the continued increase in global commodity prices.
- The manageable inflation the target range is an outcome of monetary policy consistency and close synergy between Bank Indonesia and the (central and regional) Government in the National and Regional Inflation Control Teams (TPIP and TPID) through the National Movement for Food Inflation Control (GNPIP) across regions.
- Inflation is expected to remain manageable in the 2.5%±1% target corridor in 2024.

2024 Inflation Projection

Institutions	Inflation (%yoy) 2024
2024 Budget	2.8
Bank Indonesia	2.5%±1%
Consensus Forecast (May 2024) – average	3.0
IMF (WEO, April 2024) – end of period	2.6
ADB (Asian Development Outlook, May 2023)	3.0





*According to inflation data published by BPS-Statistics Indonesia based on the Cost-of-Living Survey (SBH) using 2022 as the new base year

Indonesia's inflation achievements in 2022 and 2023 resulted from solid coordination and synergy between various institutions through TPIP-TPID. The 4K strategy and synchronized policies will continue to be implemented in 2024 to ensure inflation within the target range.

FISCAL POLICY

Optimizing the State Budget & Local Govt's Budget as a shock absorber

- Energy Subsidies and Compensation
- Food Security Budget Allocation includes optimizing CBP (govt's rice reserves) and CSHP (Govt's food stock for stabilizing prices purposes)
- Allocation to control inflation through optimizing the role of Local Govt's Budget and BTT (govt's unexpected spending budget)
- Social Security Program i.e Food aid (rice)
- Allocating fiscal incentives to control regional inflation

MONETARY POLICY

Pro-Stability and Pro-Growth Monetary Policy

- Front loaded, preemptive and forward looking interest rate policy.
- Rupiah exchange rate policy.
- Sale/Purchase of SBN (govt's treasury) in the secondary market (*twist operation*).



K2

Price Affordability

- Increase of Food Baazar (stock and price stabilization) program
- Food assistance, social security, subsidies and energy compensation

Supply Availability



- Strengthening CPP (govt's food reserves) -> CPP will be maintained at around 1.2 million tons throughout the year
- Access to KUR financing and machinery credit
- Provision of subsidized fertilizer

Swift Distribution

- K3 Swift
 - Facilitating the food distribution from producer to consumer region (including optimizing sea toll and air bridge udara)
 - Providing assistance with logistics costs



K4

Strengthening and expansion of inter regions trading agreement

Effective Communication

Monitoring Data and Detailing Data



Monitoring the market with the food task force (Satgas Pangan)

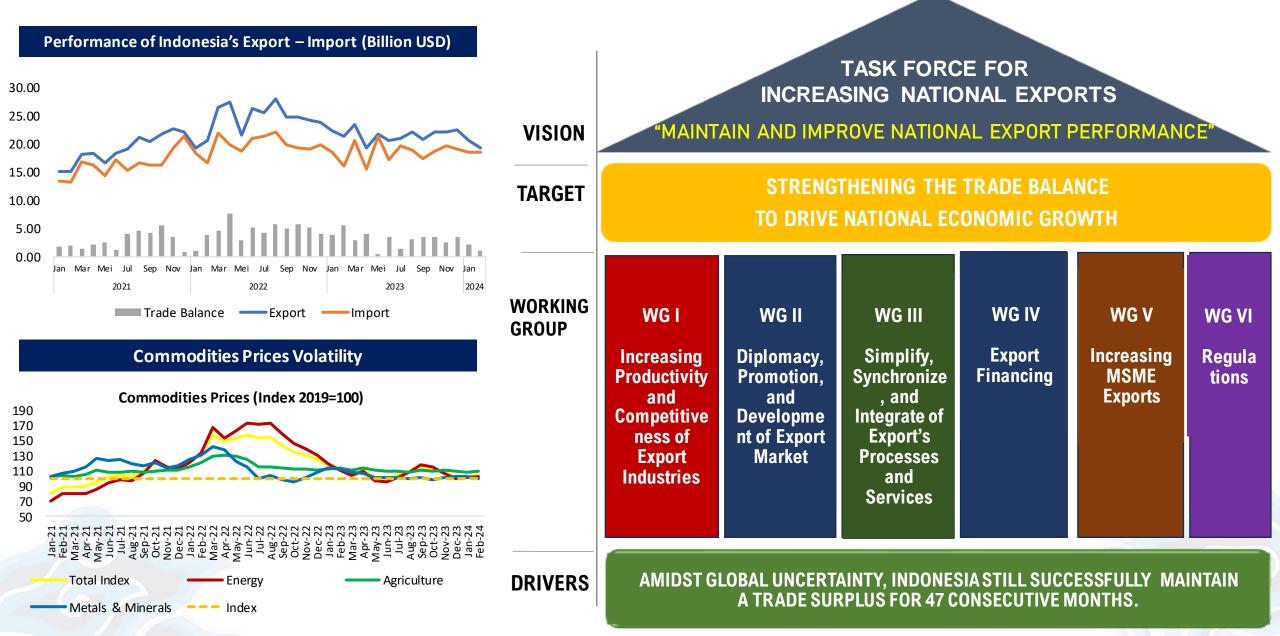
INFLATION REALIZATION 2023 2,61% (within 3,0±1% target) **CPI INFLATION** 2024: 2,5±1% Maintaining core inflation Maintaining volatile food inflation between 3-5% Managing administered price inflation

INNOVATION

19

Task Force for Increasing National Exports to Strengthen Trade Balance





...strong economic growth projected to further accelerate in 2024 amid global uncertainty

2024 Economic Outlook

- The government set economic growth at 5.2% as per the macro assumptions of the 2024 State Budget, align with Bank Indonesia forecast on economic growth at the range of 4.7-5.5% in 2024.
- Inflation will remain under control in the range of 2.5%±1% in 2024.
- Bank Indonesia projects the Balance of Payment (BOP) to remain sound, supported by a manageable current account in the range of 0.1% to 0.9% deficit of GDP in 2024.
- Bank Indonesia projects credit growth will accelerate to 10%-12% in 2024

	Economic Growth	π Inflation	CAD (% of GDP)	Credit Growth	Indonesia's 2024 Eco Growth Forecasts by V	
2019 Realization	5.02%	2.72%	2.71%	6.08%	Institutions	
					Institutions	GDP growth 2024 (%)
2020 Realization	-2.07%	1.68%	0.4%	-2.4%	2024 Budget	5.2
2021 Realization	3.69%	1.87%	surplus 0.3%	5.24%	Bank Indonesia	4.7-5.5
	5.0570	1.0770	Sulpius 0.370	5.2470	Consensus Forecast (May 2024)	4.9
2022 Realization	5.31%	5.51%	surplus 1.0%	11.35%		
					World Bank (GEP, January 2024)	4.9
2023 Realization	5.05%	2.61%*	0.1%	10.38%	IMF (WEO, April 2024)	5.0
2024	5.2% ^{**)} 4.7-5.5% ^{***)}	2.5 ±1%	Deficit 0.1% - Deficit 0.9%	10-12%	ADB (Asian Development Outlook, December 2023)	5.0

*) End of December 2023 realization

**) As stipulated in 2024 Budget Law

***) BI Projection

Source : Bank Indonesia, the Government of Indonesia

External Sectors

Section 3

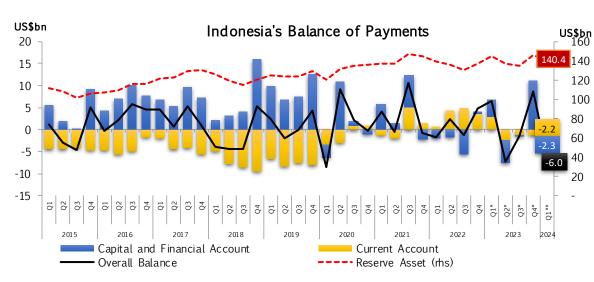
"Strong External Resilience Supported by Adequate Reserves and Sound Balance of Payments"

External Sector Remains Resilient

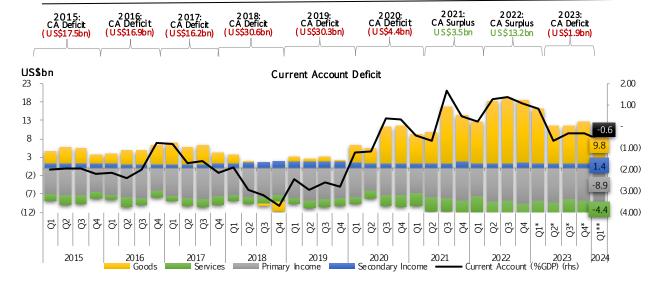
... Supported by Adequate Reserves and Sound Balance of Payments



Balance Of Payment Remains Solid

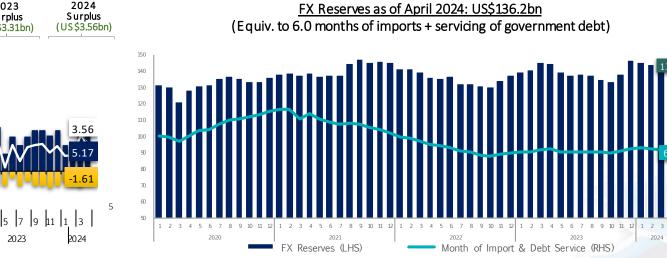


Current Account Recorded Low Deficit



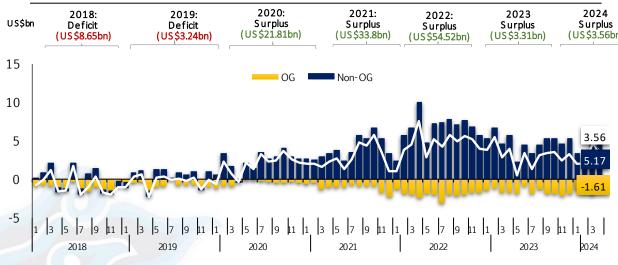
Source: Bank Indonesia

Official Reserve Assets Increased to Reinforce External Sector Resilience



Source: Bank Indonesia

Trade Balance Surplus Continues



** Very Preliminary Figure

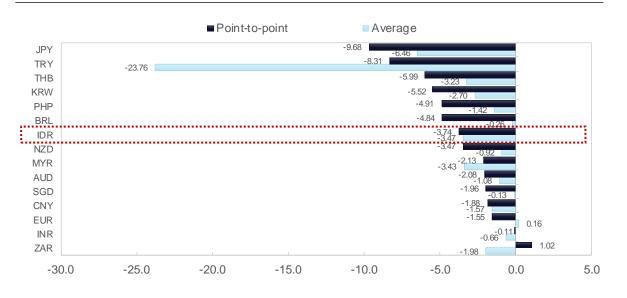
Source Central Bureau of Statistics of Indonesia * Preliminary Figure

Source: Bank Indonesia

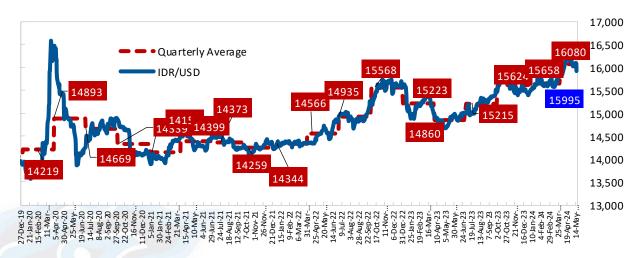
Month



Rupiah Exchange Rate Volatilty



Movement of Rupiah



- The Rupiah is appreciating due to the monetary policy mix instituted by Bank Indonesia to mitigate the impact of global uncertainty spillovers. On a monthly basis, the Rupiah in May 2024 (as of 21st May 2024) appreciated 1.66% (ptp) after losing 2.49% (ptp) in April 2024. Rupiah appreciation stems from the positive monetary policy mix response of Bank Indonesia in April 2024, which attracted foreign capital inflows, primarily to SBN and SRBI instruments, totaling USD4.2 billion in May (as of 27th May 2024). Consequently, the Rupiah has lost just 4.16% of the value recorded at the end of December 2023, less severe than the depreciation experienced by the Philippine peso, South Korean won and Thai baht at 4.71%, 5.50% and 6.76% respectively.
- □ Bank Indonesia continues strengthening Rupiah stabilisation policy by optimising the full panoply of monetary instruments available, including foreign exchange market intervention with a focus on spot and Domestic Non-Deliverable Forward (DNDF) transactions, purchasing SBN in the secondary market as required, maintaining adequate liquidity as well as instituting other measures as necessary. Meanwhile, Bank Indonesia continues optimising its pro-market monetary operations strategy through the SRBI, SVBI and SUVBI instruments to attract portfolio inflows from abroad.
- Bank Indonesia will continue strengthening coordination with the Government, banking industry and businesses to support the effective implementation of instruments that retain the proceeds of natural resources exports in accordance with Government Regulation Number 36 of 2023 concerning the Foreign Exchange Proceeds of Exports and the Exploitation, Management and/or Processing of Natural Resources.

Bilateral, multilateral and regional international financial cooperation are also resulting in more ample lines of defense against external shocks

Ample Reserves

	 Ample level of FX reserves to buffer against external shock
FX Reserve	• FX Reserves as of of April 2024: US\$136.2 bn

Swap Arrangement

	lanan	• Renewed a 3-year USD22.8 billion swap line with Japan in October 2021
	Japan	• The facility is available in USD and JPY
ral	Singapore	• Renewed a 1-year SGD/IDR swap arrangement with the size up to SGD 9.5 bn / IDR 100 tn (equivalent) in November 2023
Bilateral	China	• Renewed a 3-year swap arrangement and increased the size of swap line up to CNY 250 bn / IDR 550 tn (equiv.) in January 2022
	Malaysia	• Renewed a 3-year RM/IDR swap arrangement with a size up to RM 8 billion / IDR 28 trillion (equiv.) in September 2022
	Korea	• Renewed a 3-year BCSA with the Republic of Korea amounting to KRW10.7 trillion or Rp115 trillion (equiv) in March 2023
ם	Chiang Mai Initiative	 Entitled to a maximum swap amount of US\$ 22.76 bn under the ASEAN+3 (Japan, China, and Korea) FX reserves pool created under the agreement
Regional	Multilateralization	• Came into effect in 2010 with a pool of US\$120 bn
Č.	(CMIM) Agreement	 Doubled to US\$240 bn effective July 2014
Global	IMF Global Financial Safety	 Indonesia is entitled to access IMF facilities for crisis prevention to address potential (actual) BOP problem
00	Net - GSFN	• Such facilities include Flexible Credit Line (FCL) and Precautionary and Liquidity Line (PLL)

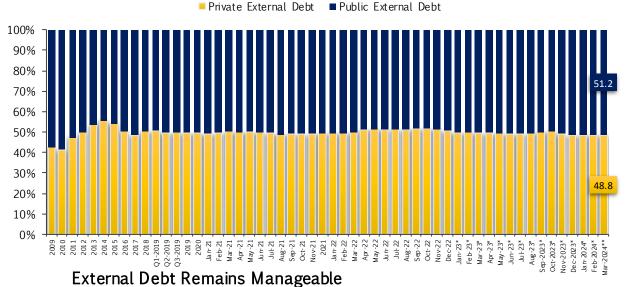
Source: Bank Indonesia

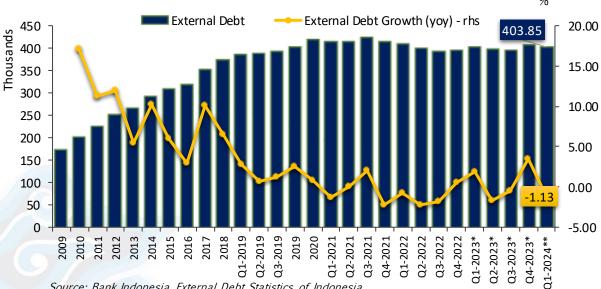
Healthy External Debt Profile

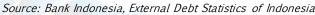


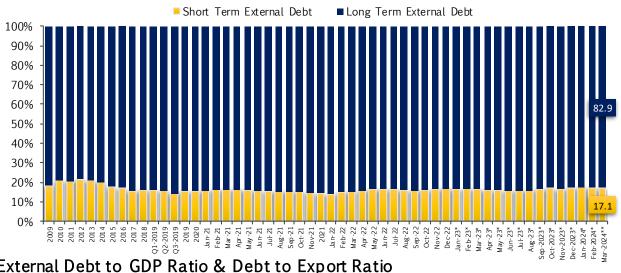
External Debt Structure

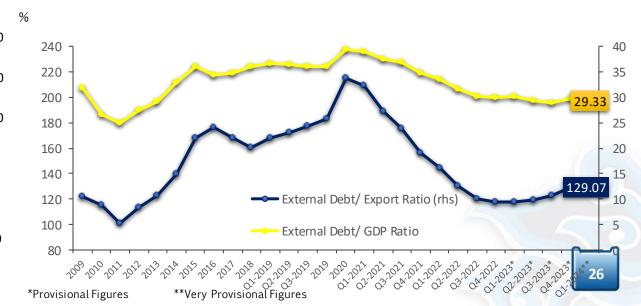
The Structure of External Debt is Dominated by Long-Term Debt







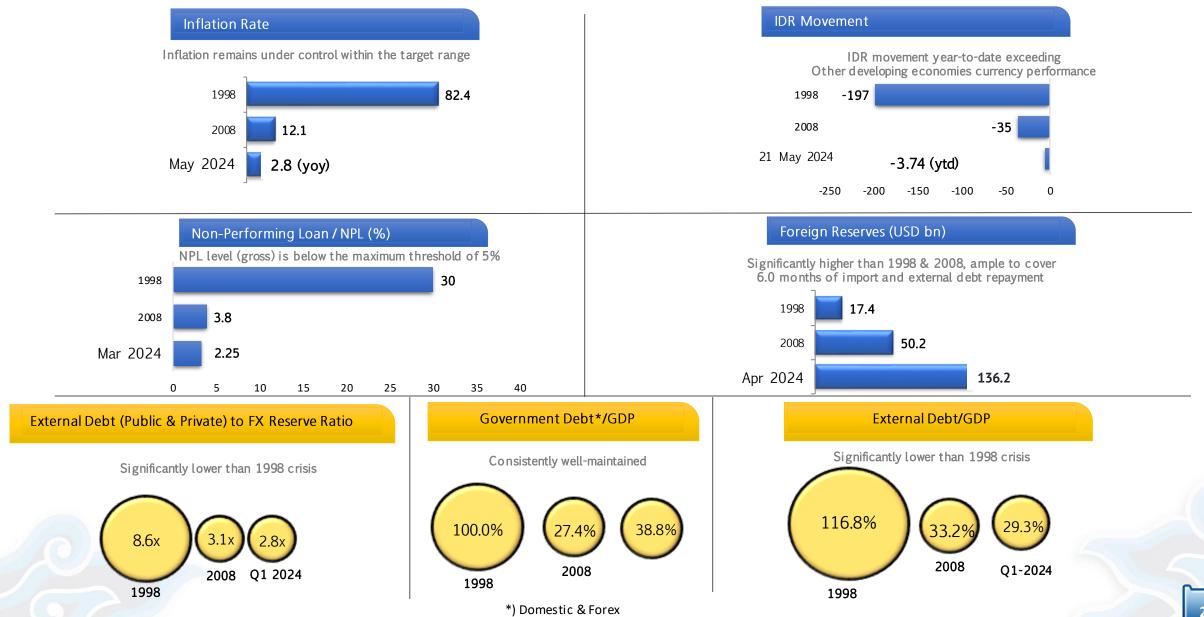




External Debt to GDP Ratio & Debt to Export Ratio

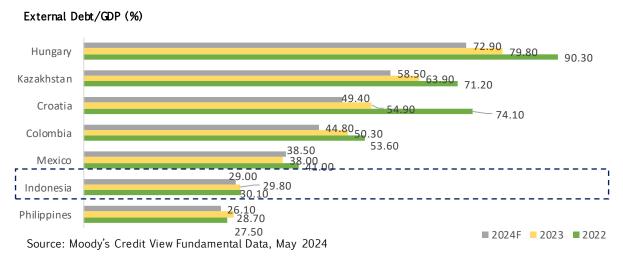
Solid Fundamentals Facing the Headwinds





Strengthened Private External Debt Risk Management

Lower Debt Burden Indicator (External Debt/GDP) Compared to Peers Rating

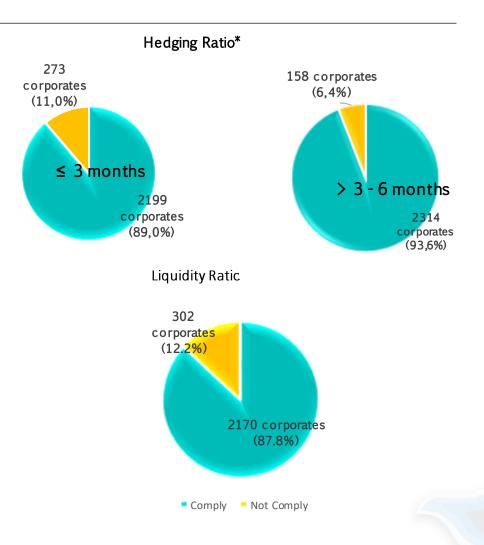


Regulation on Prudential Principle in Managing External Debt

Regulation Key Points	1 Jan 17 & beyond
Object of Regulation	Governs all foreign currency Debt
Hedging Ratio	
≤3 months	25%
> 3 – 6 months	25%
Liquidity Ratio (≤ 3 months)	70%
Credit Rating	Minimum rating of BB- (State-owned Enterprises)
Hedging transaction to meet hedge ratio	Must be done with a bank in Indonesia
Sanction	Applied

Source: Bank Indonesia

Encouraging Corporates Compliance on Hedging Ratio & Liquidity Ratio



*Data as of Q3-2023, with total population 2,472 corporates Source: Bank Indonesia

Section 4

Fiscal

"Solid Budget Performance with Strong Commitment to Maintain Fiscal Credibility"

2024 Budget Performance



	2022	2023			2024		
Account (IDR Tn)	Audited	Unaudited	Budget	% Growth to 2023 Realization	Real. as of 30 th April	% of Budget	Growth (%)
Revenue	2,635,8	2,783.7	2,802.3	0.7	924.9	33.0	(7.6)
Tax Revenue	2,034.6	2,154.2	2,309.9	6.7	719.9	31.2	(8.0)
Non Tax Revenue	595.6	612.6	492.0	(24.5)	203.3	41.3	(6.7)
Expenditure	3,096.3	3,121.2	3,325.1	6.1	849.2	25.5	10.9
Central Government Expenditure	2,280.0	2,239.7	2,467.5	9.2	591.7	24.0	13.2
Transfer to Region	816.2	881.4	857.6	-2.8	257.5	30.0	5.9
Primary Balance	(74.1)	102.5	(25.5)	502.0	237.1	(929.6)	(36.7)
Surplus (Deficit)	(460.4)	(337.4)	(522.8)	35.5	75.7	(14.5)	(67.8)
% to GDP	(2.35)	(1.62)	(2.29)		0.33		
Financing	591.0	356.7	522.8	31.8	71.1	13.6	(68.3)

Central Government Spending



The Realization until April 30 reached IDR591.7 trillion (24.0% of the target, ▲ 13.2% (yoy)).

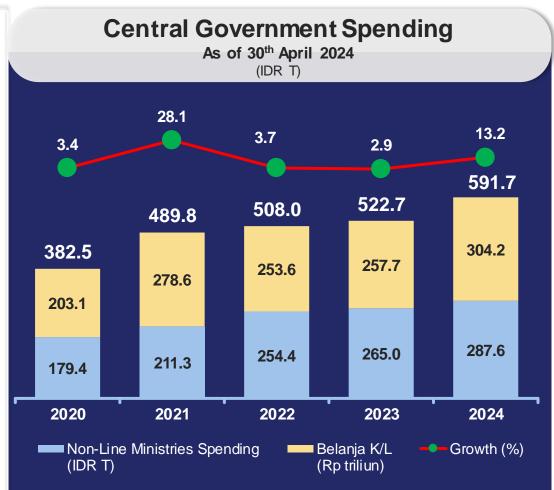
The growth in realization, primarily driven by the main revenue sources, was influenced by the payment of holiday bonuses (THR) and is expected to normalize in the second quarter.

Line Ministries Spending IDR 304.2 T (27.9% of Budget)

Influenced by the distribution of social assistance, infrastructure development, and the implementation of elections

2 Non-Line Ministries IDR 287.6 T (20.9% of Budget)

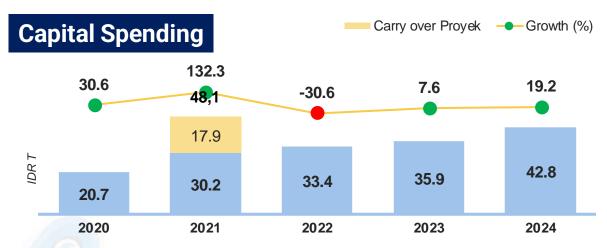
Influenced by the realization of energy subsidies and pension benefit payments



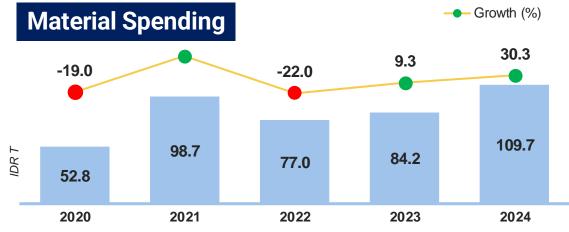
Line Ministries Spending Realization until April 30, 2024



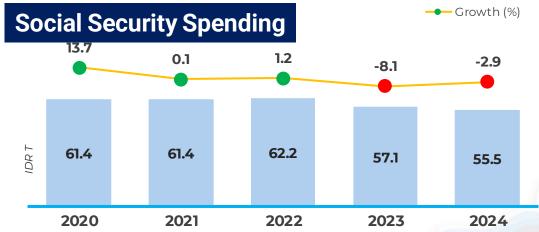
Government personnel spending at ministries/agencies is influenced by the Eid al-Fitr Allowance (THR) payment of Rp16.4 trillion and salary increases for civil servants/armed forces/police.



Capital expenditure in 2024 increased due to higher spending on defense facilities, infrastructure for the Attorney General's Office, and healthcare facilities



The realization of material spending in 2024 increased mainly due to the implementation and supervision activities of the 2024 General Election, as well as the Payment of School Operational Assistance (BOS).

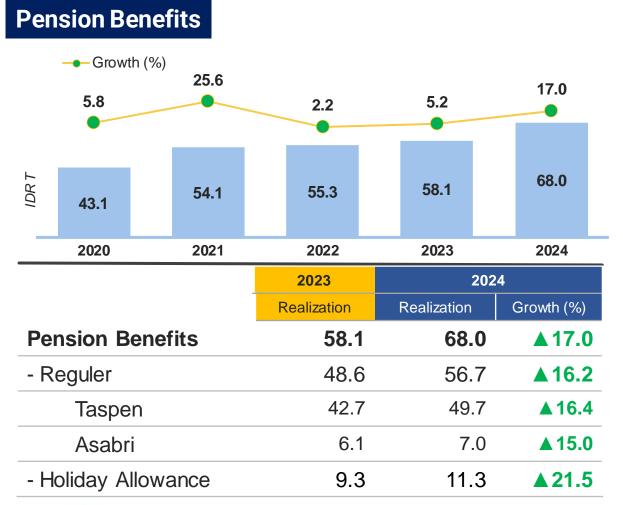


Realization of social assistance spending decreased (yoy), mainly influenced by the disbursement of the second phase of PKH in 2024, which has not yet been fully distributed.

Source: Ministry of Finance

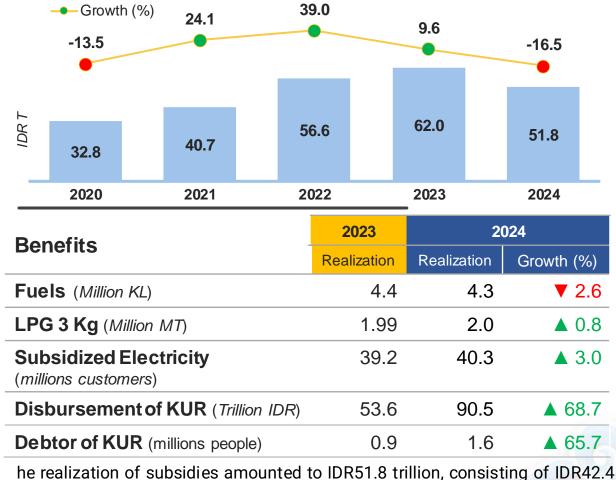
Non-Line Ministries Spending Realization until April 30, 2024





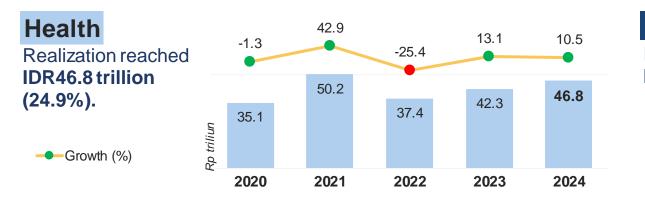
Pension benefits increased (yoy) influenced by the payment of Holiday Allowance (THR) amounting to IDR11.3 trillion, as well as an increase in pension benefits.

Subsidy



trillion for energy subsidies and IDR9.4 trillion for non-energy subsidies.

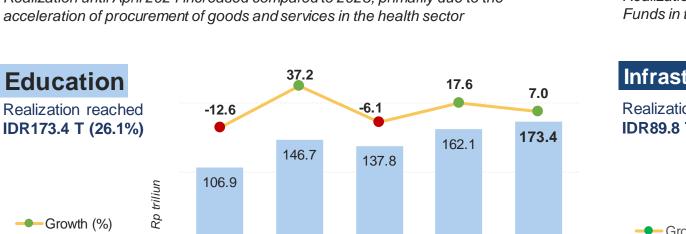
The Priority Budget for The Year 2024 is Maintained to Respond to The Dynamics of Health and Food Security



Realization until April 2024 increased compared to 2023, primarily due to the acceleration of procurement of goods and services in the health sector

2020

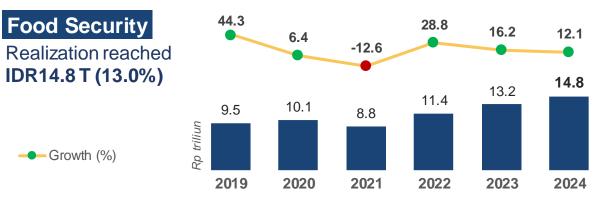
2021



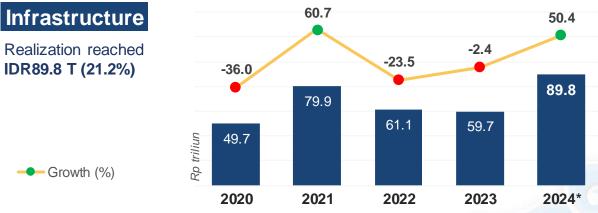
2022

2023

2024

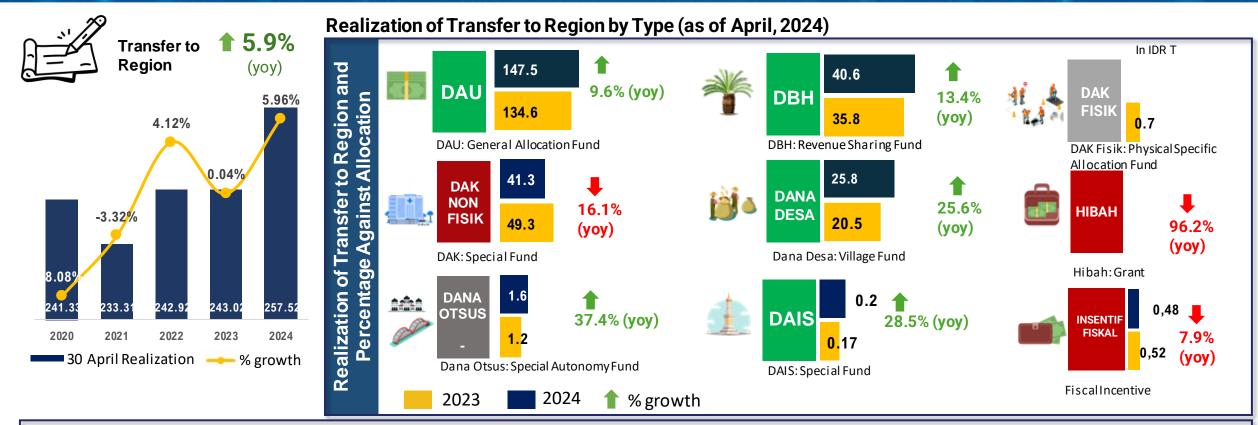


Realization until April 2024 grew compared to 2023, primarily influenced by Village Funds in the field of food security



The support of The National Budget to Regional Budgets through Transfer to Region Increases





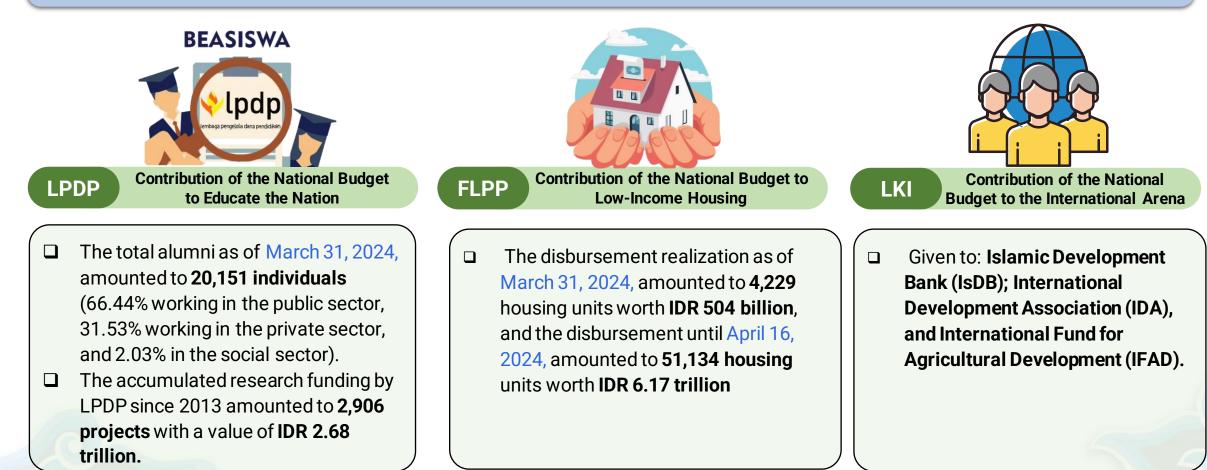
- **DAU increased** due to higher realization of DAU Block Grant portion.
- DBH increased due to the higher DBH Mineral & coal budget for FY 2024.
- Village Funds increased due to improved performance from higher compliance in submitting Village Budget
- **Special Autonomy Funds increased** due to better fulfillment of disbursement requirements for Phase I

- **Pending DAK Fisik disbursement**, awaiting July contract submissions
- DAK Nonfisik reduced by April's short working days that affecting the verification process for Teacher Allowance Funds and Health Operation Funds (BOK) efficiency issues
- **Fiscal incentives lower**, fewer regions meeting the disbursement requirements.

The Investment Financing in 2024 focuses on Priority Sectors for The Welfare of The Community



Until March 31, 2024, government investment financing amounting to IDR 22.9 trillion has been disbursed, including IDR 1.9 trillion for International Financial Institutions, IDR 6 trillion for FLPP mortgage loans for Low-Income Communities, and IDR 15 trillion for LPDP



Most Major Sectors and Primary Types of Taxes Post Positive Growth



3.8%

15.1%

15.8%

6.5%

2.8%

10.5%

18.3%

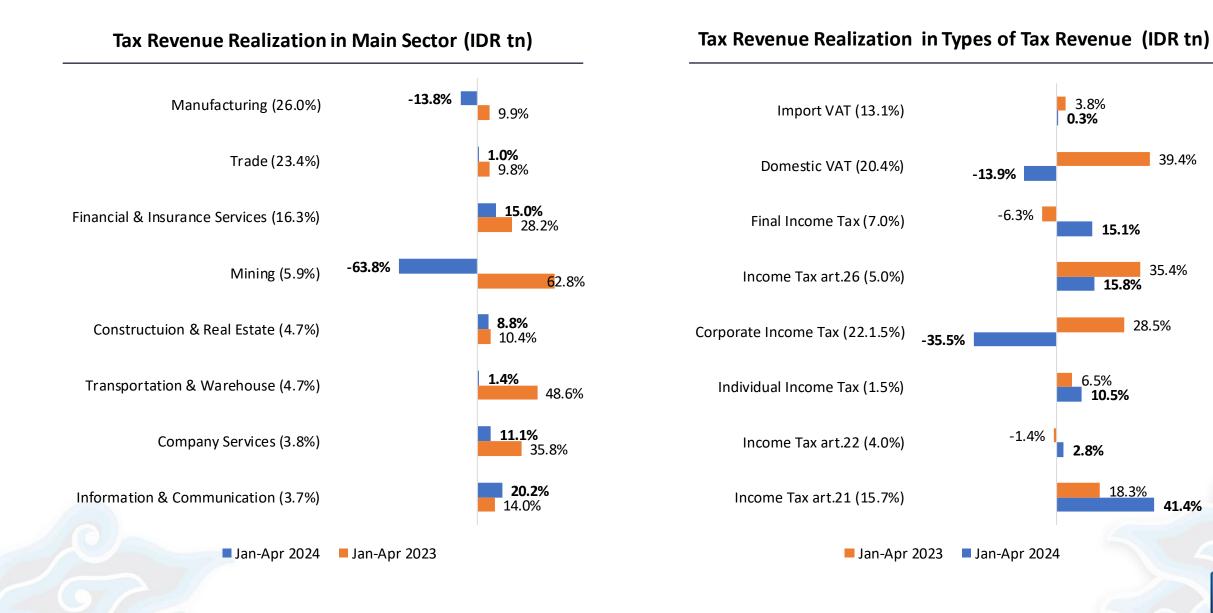
41.4%

39.4%

35.4%

28.5%

0.3%

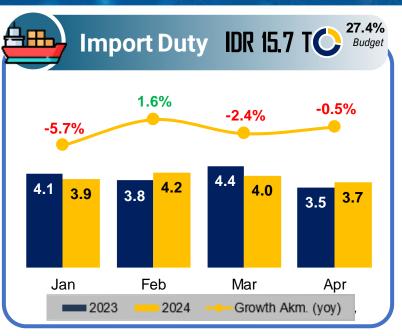


Source: Ministry of Finance

37

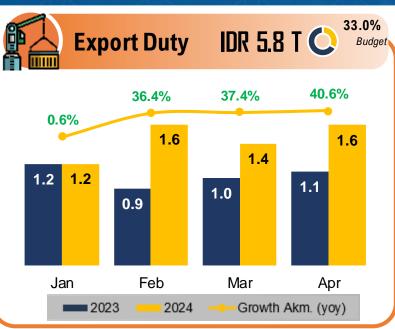
Customs and Excise Revenue Grew Positively

Customs and excise revenue amounted to IDR 95.7 trillion (29.8% of the state budget target), growing by 1.3% yoy, driven by significantly increased export duty revenue



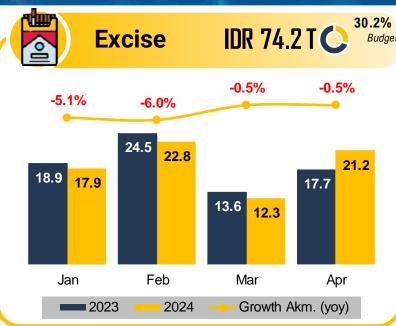
Import duty revenue until April 2024 was IDR 15.7 trillion (27.4% of the 2024 state budget target), down 0.5% yoy due to:

- Decrease in effective duty rate from 1.47% to 1.35%, despite a 0.9% increase in import value yoy
- Decline in revenue from key commodities like fourwheel vehicles, vehicle parts, and natural & artificial gas



Export Duty Revenue until April 2024 amounted to Rp5.8 trillion (33.0% of the 2024 budget target), growing by 40.6% (yoy) influenced by:

- Mineral customs duty grew sixfold from the previous year due to the implementation of mineral relaxation policies.
- Palm oil product customs duty decreased by 68.3% (yoy) due to:
- An 11.16% (yoy) decrease in the average CPO price in 2024, from USD911/MT to USD809/MT.
- An 11.36% (yoy) decrease in palm oil product export volume from 12.95 million tons to 11.48 million tons.



Excise revenue until April 2024 amounted to IDR74.2 trillion (30.2% of the 2024 budget target), down 0.5% (yoy) due to decreased tobacco excise revenue caused by:

- Increased HT production with a shift (Group 1 decreased by 3.0% (yoy) while Group 2 grew by 14.2% yoy).
- The effective tariff experienced a decreasing trend, similar to 2023.
- Consistent supervision and enforcement of illegal cigarette activities by DG Customs, with over 4,000 enforcement actions resulting in 220 million seized cigarettes and an estimated value of seized goods at IDR 311.3 billion.



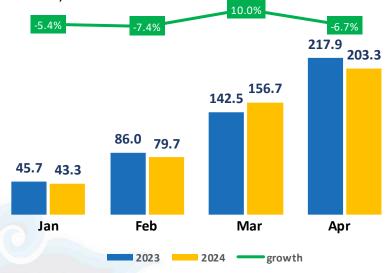
Realization as of 30 April 2024:

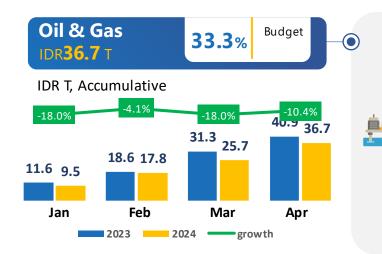
IDR**203.3**T

or **41.3%** from the 2024 Budget target

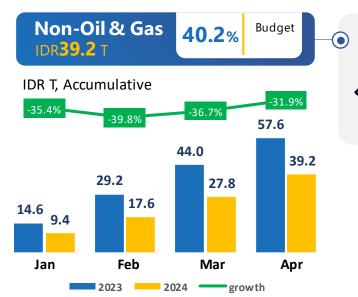
This achievement is primarily contributed by the improvement in the performance of state-owned banking enterprises, ministries' services, and Public Service Agency

IDR T, Accumulative





Realization contracted by 10.4% yoy influenced by **the moderation of ICP** (increased crude oil supply from the USA and changes in oil demand forecasts in the first quarter of 2024) and oil lifting (due to delayed onstream, natural production shrinkage, etc.)



Realization contracted by 31.9%
 yoy influenced by the moderation
 of coal prices and the leveling off
 of coal production volumes.



Budget

24.0

21.6

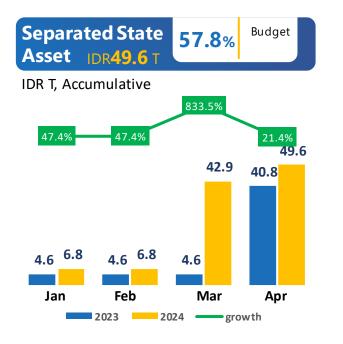
Apr

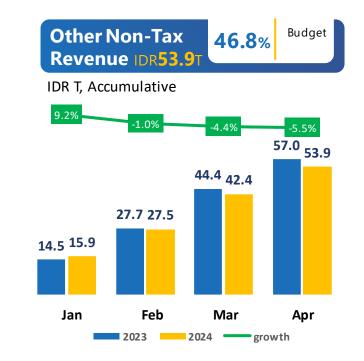
28.8%

-1.9%

18.2 17.9

Mar







Realization grew by 21.4% yoy primarily **from dividend payments by state-owned banks due to improved financial performance**



Other Non-Tax State Revenue realization contracted by 5.5% yoy, but Non-Tax State Revenue from K/L grew by 8.1% yoy, mainly derived from increased income from transportation services, administrative and legal services, and services related to energy, labor, and mining information



Public Service

IDR T

320.9%

1.7

Jan

0.4

Agency IDR24.0 T

68.7%

6.0

10.1

Feb

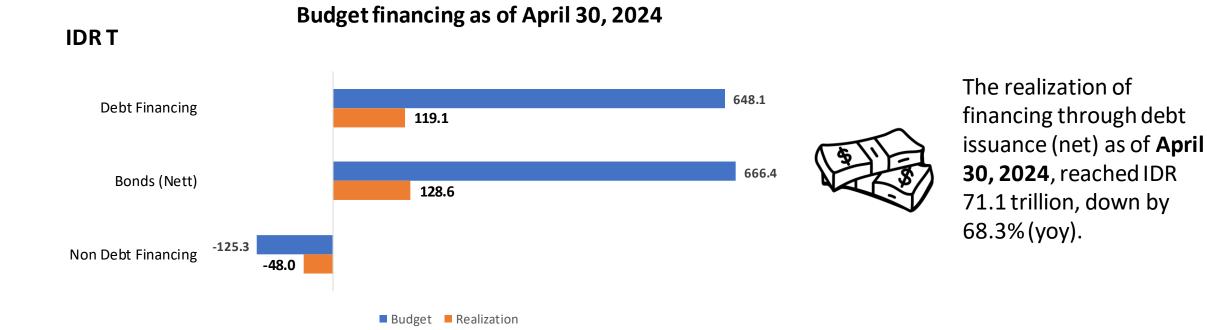
2023

The realization of BLU Non-Tax State Revenue grew by 11.4% yoy, primarily driven by BLU Education and Health Non-Tax State Revenue, which increased by an average of 37.1% yoy. On the other hand, there was a decline in Public Service Agency Fund Management Revenue, particularly from palm oil export levies

2024 ____ growth

Budget Financing On-Track







- Fulfillment of debt financing needs is manageable, supported by the optimization of government bond issuance, withdrawal of bilateral and multilateral cash loans, and the utilization of surplus in financing.
- With the decline in UST yields, there was a capital inflow in the government bond market in May (IDR 13.56 trillion, month-to-date), and a decrease in 10-year SUN yield (33 bps, month-to-date).
- Financing strategies are conducted prudently, measuredly, opportunistically, and flexibly in terms of timing, tenor, currency, and instruments, to obtain the most efficient and optimal financing.
- Non-debt financing for government investment funding is on-track and is expected to support the acceleration of inclusive and sustainable economic transformation.



The government provides fiscal incentives to create a conducive investment climate, especially for industry players in order to boost investment and strengthen domestic industrial structure

TAX HOLIDAY & MINI TAX HOLIDAY

TAX ALLOWANCE

INVESTMENT ALLOWANCE

SUPER DEDUCTION TAX

- The criteria are new investment, taxpayers including pioneer industries, and income received from the main business activities carried out.
- There are 18 eligible pioneer industries that consist of 169 KBLI. Pioneer industries are defined industries as possessing broad linkages, giving added value and high externality, introducing new technology, as well as possessing strategic value for the national economy.
- Income tax reduction are 100% & 50% (mini tax holiday) during the next 2 (two) years subsequent to the end of the CIT reduction periods above, the taxpayers are eligible for half of the CIT reduction percentages

- To increase direct investment activities for certain business fields and / or in certain areas.
- The facilities include a reduction in net income of 30% of the total investment for six years, accelerated depreciation and amortization, imposition of income tax on dividends paid to foreign tax subjects of 10% or lower and compensation for losses of up to 10 years.
- The criteria are having a high investment value or for export, a large absorption of labor; or have a high local content.

• To encourage investment in labor-intensive industries, supporting programs for job creation and absorption of Indonesian workers.

- Deduction from net income, of 60% of the invested amount in tangible fixed assets, including land, that are used for the taxpayer's main business activities. The deduction is spread over six years (10% annually), starting from the fiscal year the commercial production commences
- There are 45 laborintensive industrial sectors and employ an average of 300 workers in 1 tax year.

Super Deduction Vocational

- Engaging industry in vocational activities to provide knowledge and encourage the transfer of knowledge
- A maximum reduction of 200% gross income from costs in the context of providing work practice, apprenticeship, and / or learning activities.

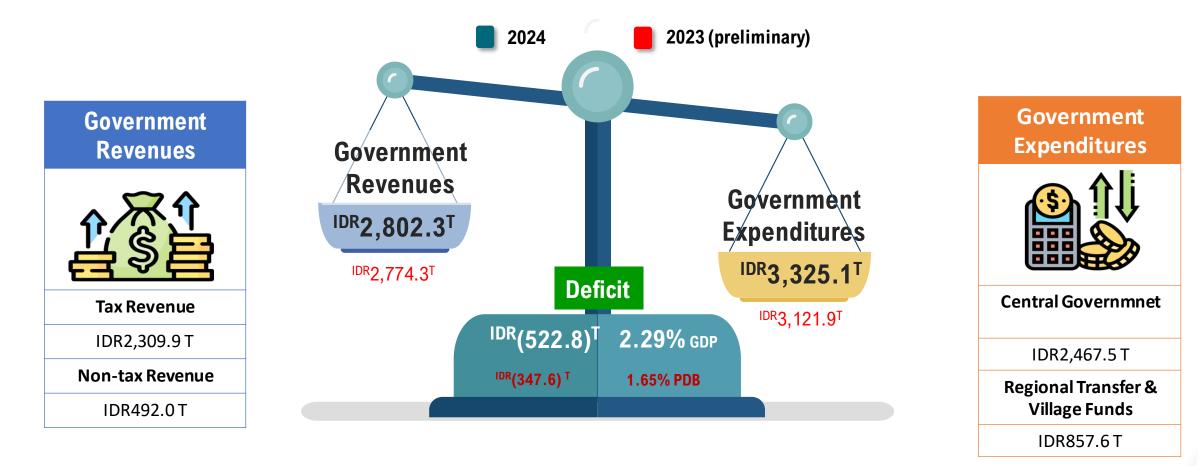
R & D Super Deduction

- Increase the role of industry in fostering innovation and the use of the latest technology in the production process
- Maximum gross income deduction of 300% over R&D costs carried out in Indonesia

2024 State Budget – Deficit 2.29% GDP

To accelerate inclusive and sustainable economic transformation







State Budget Financing

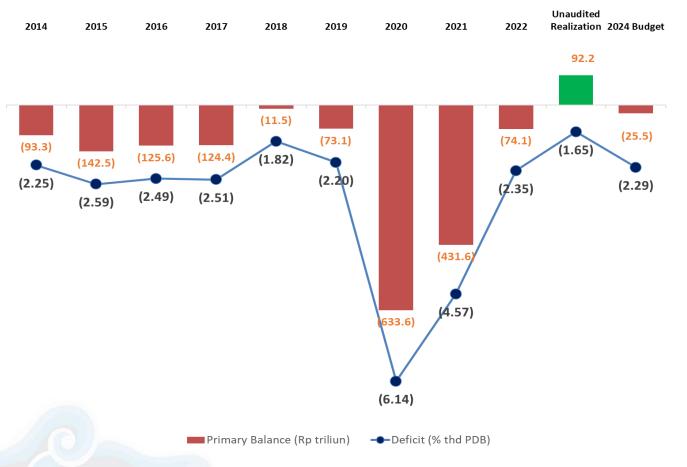
IDR522.8 T

State Budget Deficit 2,29% GDP

State Budget Deficit Decreases in Line with Fiscal Consolidation to Support Fiscal Sustainability



Primary Balance and Deficit to GDP 2014 - 2024



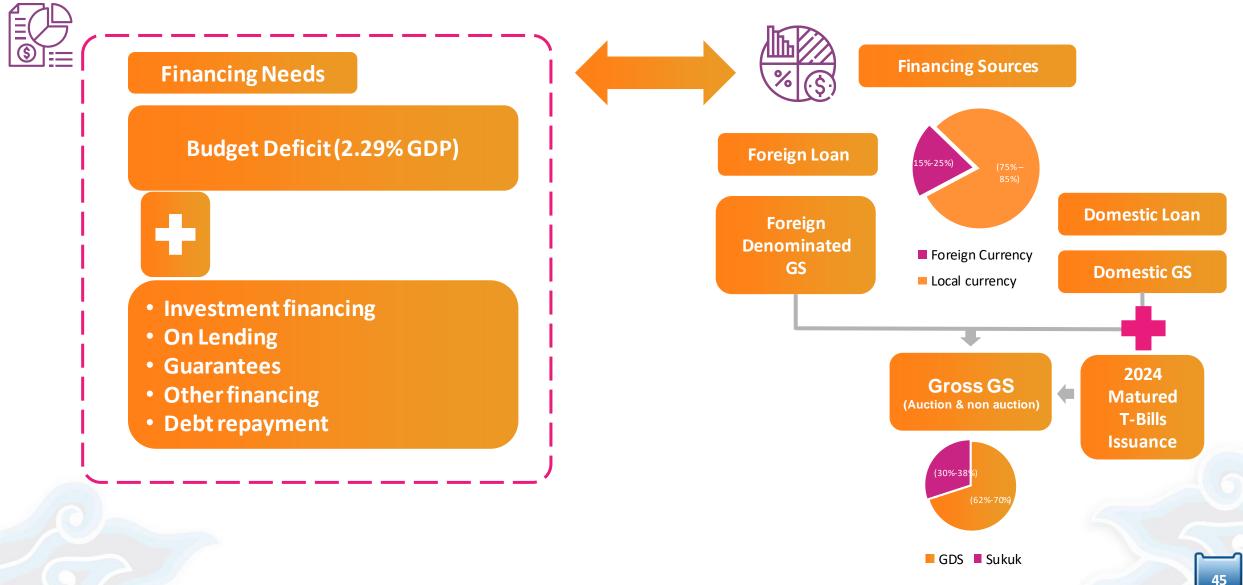
2024 Financing Policies

- **Primary balance approaching positivity**. The State Budget (APBN), serving as a shock absorber in handling the pandemic, caused the negative primary balance to surge significantly, but was successfully reduced swiftly.
- APBN deficit and debt financing decreased and remained manageable amid increasing global interest rates and in line with fiscal consolidation.
- Effective and measurable investment financing to support economic transformation.
- **Optimizing the use of SAL** to anticipate global uncertainty.

The government has authority to allocate SAL (after receiving approval from Legislative) for budgetary purposes, either to finance additional expenditures or diminish debt financing. In 2024, as stated by the State Budget under Law 19/2023, the use of SAL will be IDR 51.4 trillion.

2024 Financing Needs & Sources







With prudent and accountable management, the realization of financing is well maintained in supporting the performance of the National Budget



Note :

1. all numbers in trillion Rupiah

2. The percentage is the percentage of budget ceiling from National Budget year 2024



(Trillion IDR)

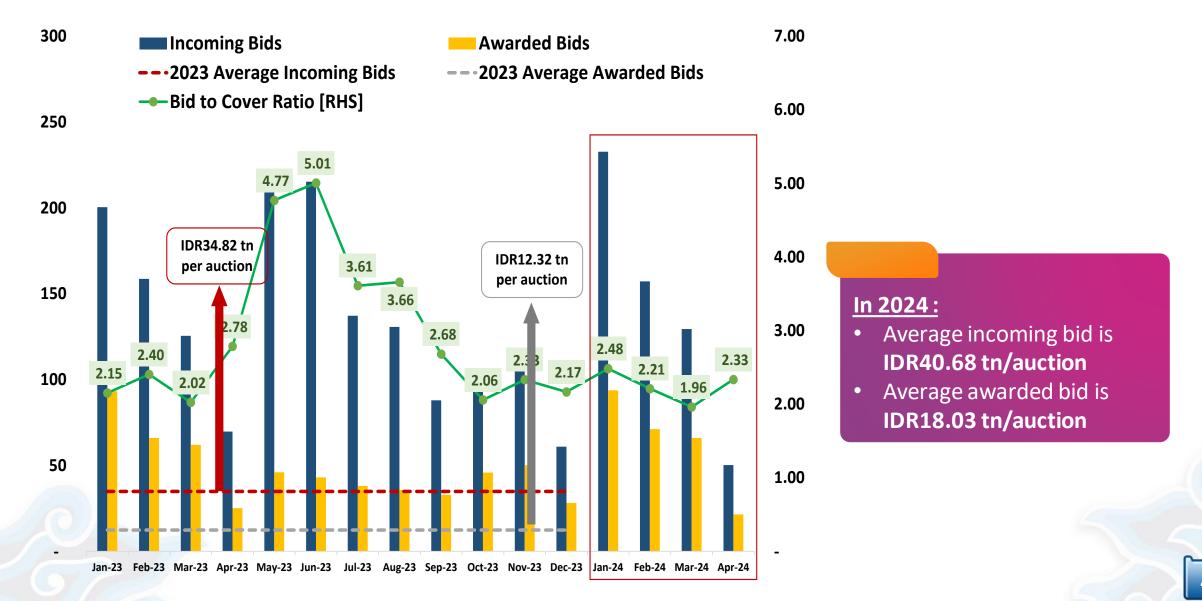
	As of April 30 th
Government Securities	379.71
Government Debt Securities (SUN)	267.51
IDR Denominated	235.70
- Prefunding	25,93
- Auction	185.85
- Private Placement	-
- Retail	23.92
FX Denominated	31.81
Sovereign Sharia Securities (SBSN)	112.20
IDR Denominated	112.20
- Prefunding	13.14
- Auction	77.53
- Private Placement	0.17
- Retail	21.36
FX Denominated	-



Primary Market Performance 2023-2024

Government Securities (GS)





Ownership of Tradable Domestic GS

Description	Dec-2	20	Dec-21	L	Dec-2	2	Dec-2	3	Apr-2	4		
Banks*	1,375.57	35.54%	1,591.12	34.01%	1,697.43	31.97%	1,578.26	28.14%	1,407.07	24.53%	%	Portion of foreign ownership
Govt Institutions (Bank Indonesia**)	454.36	11.74%	801.46	17.13%	1,020.02	19.21%	999.44	17.82%	1,223.96	21.34%	.63%	in the mid & long term sector (≥ 5 years)
Bank Indonesia (gross)	874.88	22.60%	1,220.73	26.09%	1,453.58	27.38%	1,363.42	24.31%	1,409.15	24.56%	66	(2 S years)
GS used for Monetary Operation	420.51	10.86%	419.27	8.96%	433.57	8.17%	363.98	6.49%	185.20	3.23%		
Non-Banks	2,040.83	52.72%	2,286.40	48.87%	2,591.98	48.82%	3,031.77	54.05%	3,105.65	54.14%	8	on January 24, 2020,
Mutual Funds	161.32	4.17%	157.93	3.38%	145.82	2.75%	177.95	3.17%	178.32	3.11%	,092.02	foreign holders reach a record high in nominal terms
Insurance Company and Pension Fund	542.82	14.02%	655.24	14.00%	873.03	16.44%	1,034.95	18.45%	1,076.29	18.76%	1,09	
Foreign Holders	973.91	25.16%	891.34	19.05%	762.19	14.36%	838.52	14.95%	789.87	13.77%	IDR1,	
Foreign Govt's & Central Banks	178.31	4.61%	233.45	4.99%	203.11	3.83%	227.35	4.05%	219.69	3.83%	-	
Individual	131.21	3.39%	221.41	4.73%	344.30	6.48%	431.92	7.70%	483.01	8.42%		
Others	231.57	5.98%	360.47	7.70%	466.65	8.79%	548.43	9.78%	578.16	10.08%		
Total	3,870.76	100%	4,678.98	100%	5,309.43	100%	5,609.48	100%	5,736.68	100%		

1) Non Resident consists of Private Bank, Fund/Asset Manager,

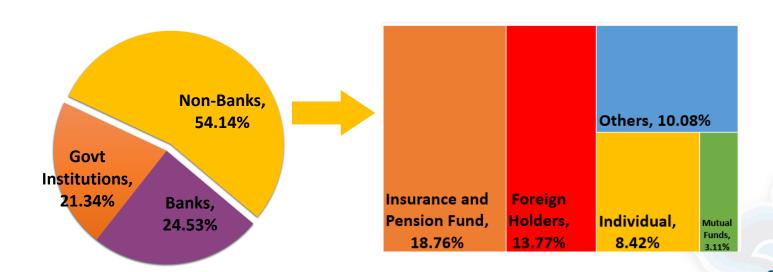
Securities Company, Insurance

Company, and Pension Fund.

2) Others such as Securities Company, Corporation, and Foundation.

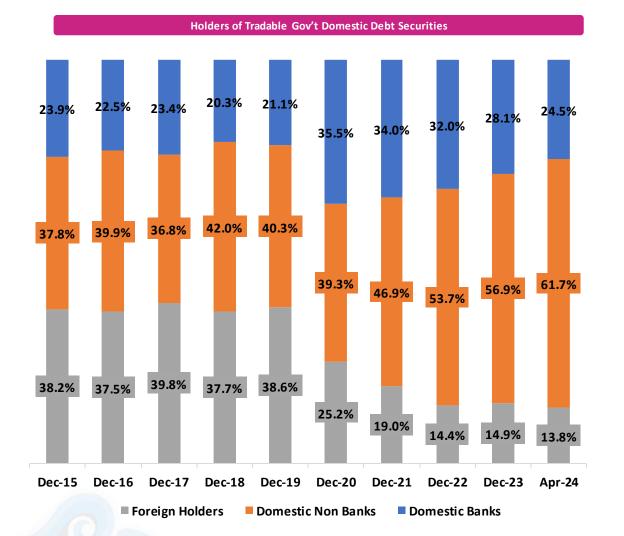
*) Including the Government Securities used in monetary operation with Bank Indonesia.

**) net, excluding Government Securities used in monetary operation with Banks.

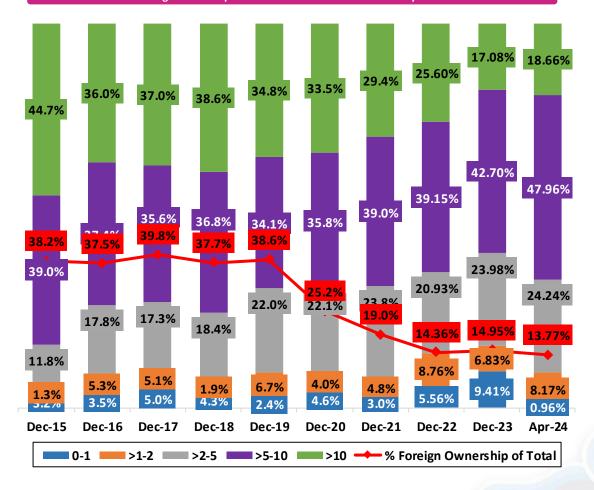


Holders of Tradable Government Secuirities

More Balance Ownership In Terms of Holders and Tenors



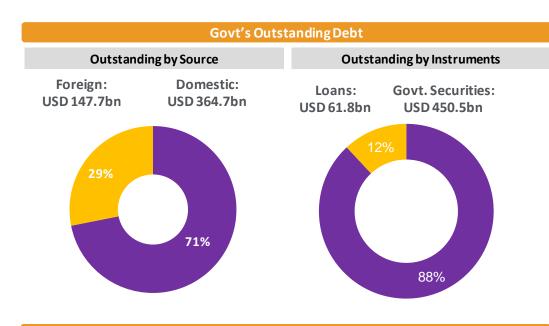




Source : Ministry of Finance, SI-BISSSS

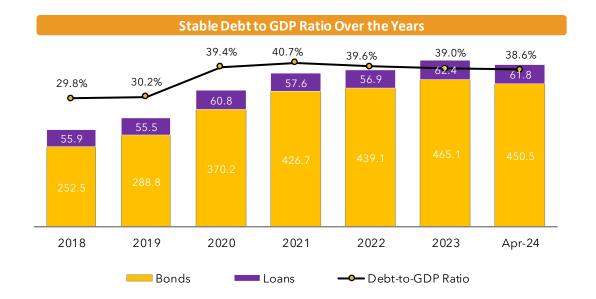
Disciplined Debt Portfolio Management

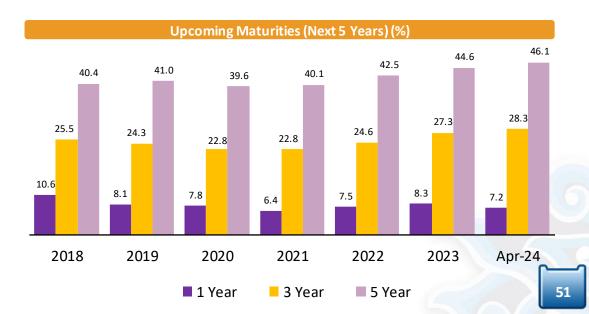
(as of 30 Apr 2024)



Weighted Average Debt Maturity (year)

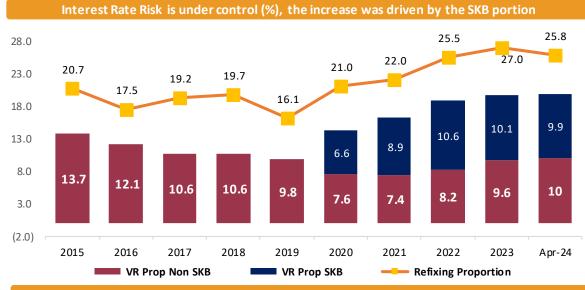






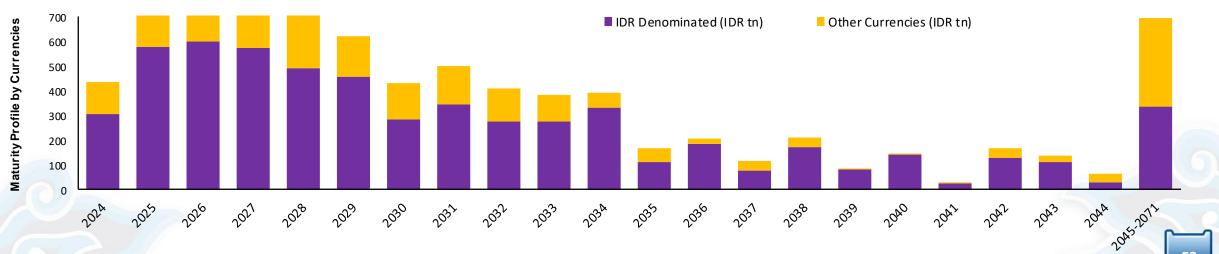
Well Balanced Maturity Profile with Strong Resilience Against External Shocks

(as of Apr 30th, 2024)



Declining Exchange Rate Risks (%) 41.6 37.9 33.6 30.0 29.2 28.8 28.3 12.5 12.7 12.2 11.5 11.5 11.0 11.1 2018 2019 2020 2021 2022 2023 Apr-24 FX Debt-to-GDP Ratio (%) FX Debt-to-Total Debt Ratio (%)

Debt Maturity Profile as of February 2024



Government Guarantee For Infrastructure Development

Reflects strong commitment to national infrastructure development

Government Guarantee Program

Credit Guarantee	 Power (Electricity) – Full credit guarantee for PT PLN's debt payment obligations under FTP 1 10.000MW and 35GW programs* Clean water – Guarantee for 70% of PDAM's debt principal payment obligations Toll road – Full credit guarantee for PT Hutama Karya's debt payment obligations for the development of Sumatra Toll Roads Infrastructure - Full credit guarantee on SOE's borrowing from international financial institution & guarantee for PT SMI's local infrastructure financing Public Transportation (Light Rail Transit) – Full credit guarantee for PT Kereta Api Indonesia's debt payment obligations for the development of LRT Jabodebek 	1 2 3 4 5 6
Business Viability Guarantee (BVG)	Power (Electricity) – Guarantee for PT PLN's obligations under Power Purchase Agreements with IPPs (off-take and political risk) under FTP-2 10.000MW and 35GW programs*	7 8 9
PPP Guarantee	Infrastructure – Guarantee for Government- related entities obligations (line ministries, local governments, SOEs, local SOEs) under PPP contracts/agreements	*) Curre
Political Risk Guarantee	Infrastructure – Guarantee against infrastructure risk for National Strategic Projects (Presidential Decree No.58/2017) which are not covered by other type of guarantees	

Contingent Liabilities from Government Guarantee as of Q4 2023*

	Central Government Guarantee for Infrastructure Programs	Exposure/ Outstanding (USD bn)
1	Coal Power Plant 10,000MW Fast Track Program (FTP 1)	0.14
2	Clean Water Supply Program	0.01
3	Direct Lending from International Financial Institution to SOEs	3.11
4	Sumatra Toll Road	1.73
5	Renewable energy, Coals & Gas Power Plant 10,000 MW (FTP 2)	3.91
6	Public-Private Partnerships (PPP)	6.54
7	Regional infrastructure financing	0.11
8	Public Transportation (Light Rail Transit)	1.13
9	Electricity Infrastructure Fast Track Program (35 GW)	5.51
	Total	22.20

Currency conversion at IDR15,416/USD1 and IDR16,769/EUR1 (29 Dec 2023)

SEC14 Deal Review

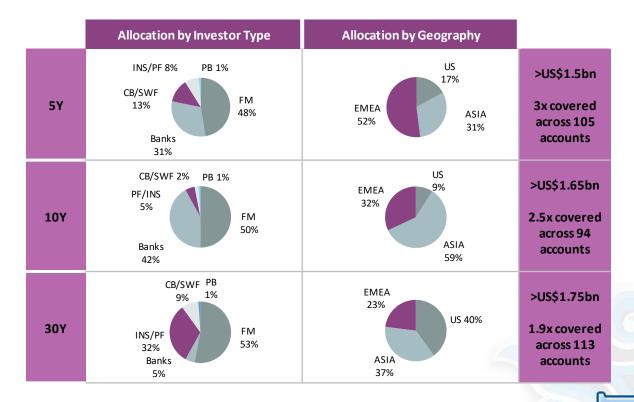


lssuer		Republic of Indonesia					
Issuer Rating	Baa2 (Moody's)/BBB (S&P)/BBB (Fitch)						
Format	SEC-Registered						
Pricing Date	January 3, 2024						
Settl ement Date		January 10, 2024					
lssue Size		USD2.05 bn					
Tenor	Long-5 year	Long-10 year	Long-30 year				
Maturity	March 10, 2029	Februay 10, 2034	Februay 10, 2054				
Tranche Size	USD500 milion	USD650 milion	USD900 milion				
Coupon (p.a.)	4.400%	4.700%	5.100%				
Reoffer Price	98.852	98.810	98.481				
Reoffer Yield	4.650%	4.850%	5.200%				
JLM	ANZ, BofA Securiti	es, Deutsche Bank, Morga	an Stanley dan UBS				
Listing	SGX-S	T and Frankfurt Stock Exc	hange				
Use of Proceeds	Net proceeds from the sale of the Bonds will be used for the general purposes of the Republic						

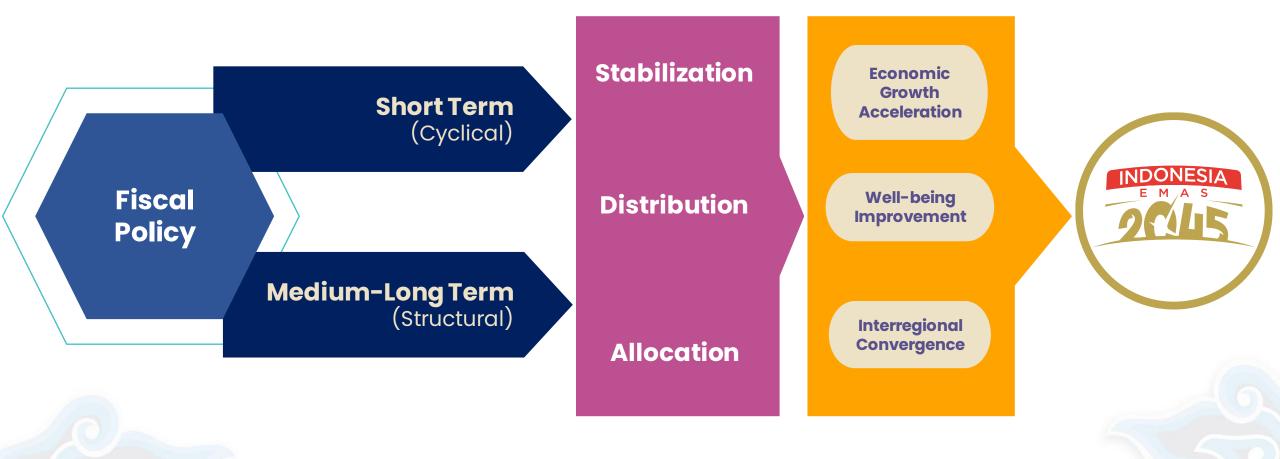
Key Transaction Highlight

- Benefiting from the Republic's robust credit profile, the offering drew significant investor interest from the get-go, with a high quality orderbook allowing significant IPG-FPG tightening
- The long 5-year, long 10-year and long 30-year tranches were priced 25bps, 20bps and 25bps respectively inside of its initial price guidance, achieving flat to negative new issue concessions
- The Republic achieved the tightest spreads across all tranches compared to the Republic's past SECregistered offerings

• Pin-point pricing resulted in a stable first day morning of trading at Asia open, with bonds trading around reoffer price







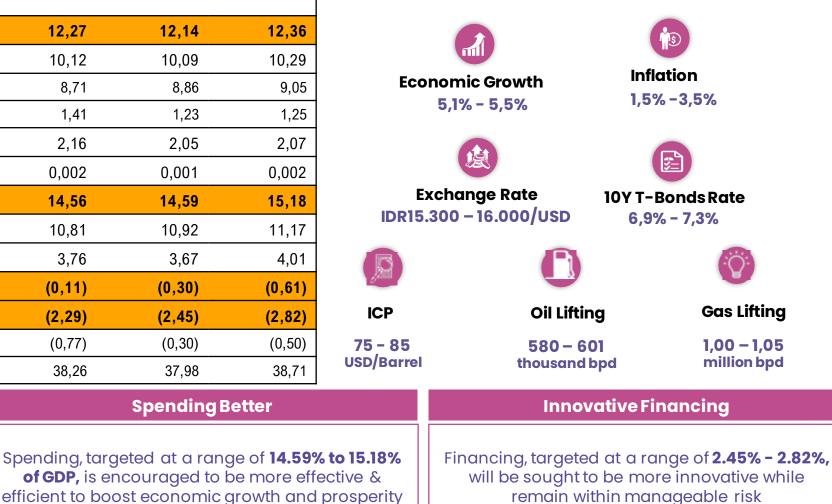
Source: Ministry of Finance

The 2025 Budget Is Designed To Maintain Policy Sustainability & Strengthen Priority Programs **To Achieve Indonesia Emas 2045**

Spending Better

	2023	2024	202	25
Account (% GDP)	Realization Unaudited	APBN	Lower limit	Upper limit
A. State Revenue	13,32	12,27	12,14	12,36
1. Tax Revenue	10,31	10,12	10,09	10,29
a. Tax	8,94	8,71	8,86	9,05
b. Custom & Excise	1,37	1,41	1,23	1,25
2. Non-Tax Revenue	2,93	2,16	2,05	2,07
3. Grant	0,081	0,002	0,001	0,002
B. State Expenditure	14,94	14,56	14,59	15,18
1. Central Government Exp	10,72	10,81	10,92	11,17
2. Regional Transfer	4,22	3,76	3,67	4,01
C. Primary Balance	0,49	(0,11)	(0,30)	(0,61)
D. Deficit	(1,62)	(2,29)	(2,45)	(2,82)
Investment Financing	(0,43)	(0,77)	(0,30)	(0,50)
Debt Ratio	38,98	38,26	37,98	38,71

Macroeconomic Assumptions



remain within manageable risk

Collecting More

Revenue is targeted to a range of 12.14%-

12.36% of GDP to improve fiscal space while

maintaining the investment climate

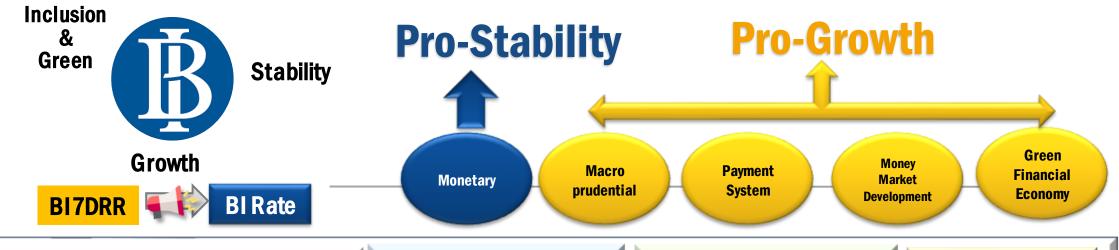
Section 5

Monetary & Financial Sector

"Credible Monetary Policy and Favorable Financial Sector"

Bank Indonesia's Policy Mix Direction in 2024 Maintaining Stability, Reviving Sustainable Growth





- Focused on achieving the inflation target and maintaining Rupiah stability to ensure that global shocks cannot disrupt national economic stability or growth.
- Policy coordination between Bank Indonesia and the Government will be increased to strengthen external resilience to global shocks, control inflation and foster sustainable economic growth.
- 1. Forward-looking and pre-emptive interest rate policy to achieve the inflation target set by the Government at $2.5\%\pm1\%$ in 2024 and 2025
- 2. Rupiah stabilization policy to mitigate the impact of global shocks on achieving the inflation target as well as maintaining macroeconomic and financial system stability to support the national economic recovery.
- 3. A pro-market monetary operations strategy to strengthen the effectiveness of Bank Indonesia policy transmission to the financial markets and economy, which includes attracting foreign portfolio inflows.
- 4. Managing capital flows in accordance with international principles to support external economic stability in Indonesia and maintain adequate reserve assets.

- Enhancing the effectiveness of KLM and loosening all other macroprudential policy instruments to revive bank lending/financing to priority sectors in the economy.
- Maintaining loose liquidity conditions by reducing the MPLB to revive lending/financing and maintain financial system stability against the impact of global spillovers
- Strengthening the systemic surveillance of loan/financing disbursements and banking industry resilience to maintain financial system stability in close coordination with the KSSK
- Strengthening the coordination of BI macroprudential supervision with OJK microprudential supervision to maintain financial sector resilience, including risk mitigation of the global spillovers.

- Payment system policy in 2024 will remain oriented towards strengthening payment system stability and accelerating the national digital economy and finance further to support sustainable economic growth
- The direction of payment system policy remains in accordance with implementation of the Indonesia Payment System Blueprint (BSPI) 2025, which is currently being refined and extended to 2025-2030.

Pro-growth money market deepening policy will be maintained in 2024 by creating and maintaining a modern money market based on international standards, strengthening transmission the effectiveness of the Bank Indonesia policy mix, as well as reviving financing for sustainable economic growth

- Bank Indonesia will continue expanding and strengthening programs to develop a green and inclusive economy and finance to support sustainable economic growth.
- Bank Indonesia will also continue strengthening its role as a pioneer and driver of the sharia economy and finance as a new source of economic growth and to become a major world player

Bank Indonesia Policy Mix: May 2024 Maintaining Stability and Reviving Growth



The BI Board of Governors Meeting agreed on 21st – 22nd May 2024 to hold the BI-Rate at 6.25%, while also hold the Deposit Facility (DF) rate and Lending Facility (LF) rate at 5.50% and 7.00% respectively. This decision is consistent with a pro-stability monetary policy, acting as a pre-emptive and forward-looking measure to ensure that inflation remains within the target range of 2.5±1% in 2024 and 2025. It also aims to effectively manage foreign capital inflows and maintain the stability of the Rupiah exchange rate.





Hold the Bl Rate at 6.25% Stabilizing Rupiah exchange rate through interventions in the foreign exchange market via spot transactions, Domestic Non-Deliverable Forward (DNDF), and Government Securities (SBN) in the secondary market.

Strengthening the strategy for competitive SBN term-repo transactions and forex swaps to maintain adequate banking liquidity. Strengthening the pro-market monetary strategy aims to enhance policy effectiveness by optimizing interest rates, maintaining attractive yields, and encouraging foreign investment to support Rupiah stability, including optimizing SRBI, SVBI, and SUVBI.



Strenathening

prime lending

rate (PLR)

transparency

policy with a

focus on interest

rates by economic

sector.



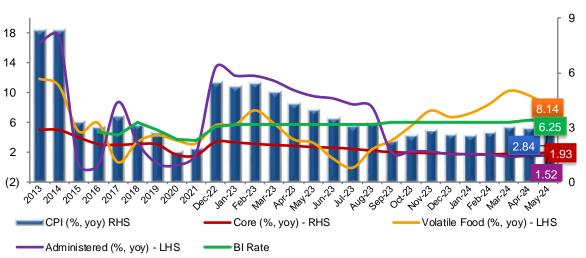
Enhancing synergy for the expansion of digital acceptance alongside payment system industry players aims to increase QRIS merchant acquisition across all SME categories. This involves improving service quality, strengthening promotional programs, and conducting QRIS usage campaigns.

Source: Bank Indonesia

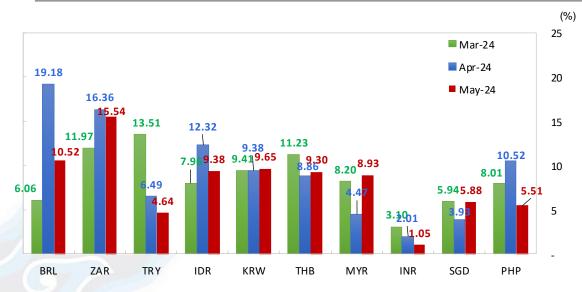
Manageable Monetary Environment Amid Heightened Global Uncertainty



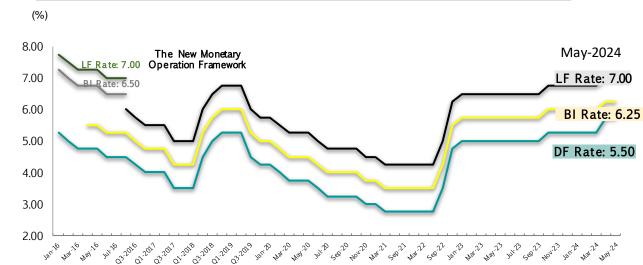
Well Maintained Inflation Ensured Price Stability

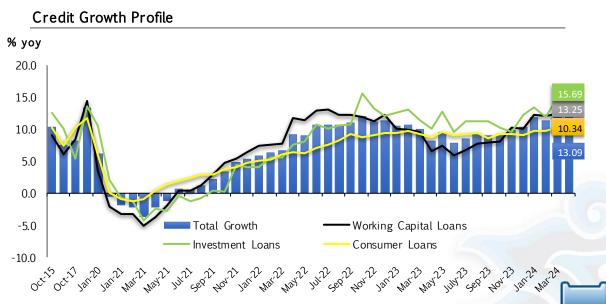


Rupiah Exchange Rate Volatilty



Strengthened Monetary Policy Framework





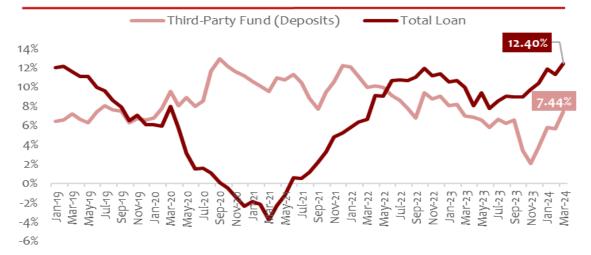
Source: Reuters, Bloom berg (calculated)

Banking Intermediation

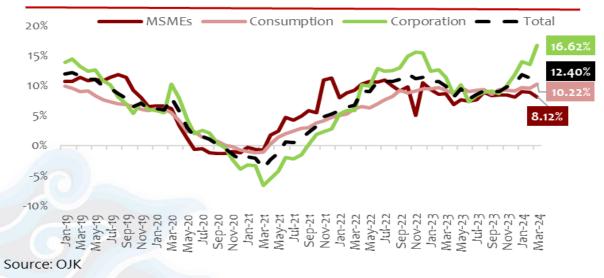
Despite global economic challenges, bank loans and third-party funds continue to grow, driven by increased demand for working capital loans and corporation loans.



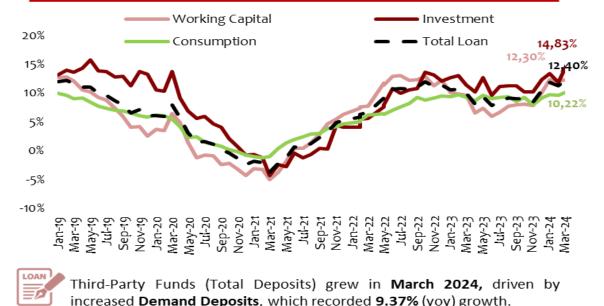
In March 2024, bank loans and third-party funds (total deposits) rose to 12.40% (yoy) and 7.44% (yoy), respectively.

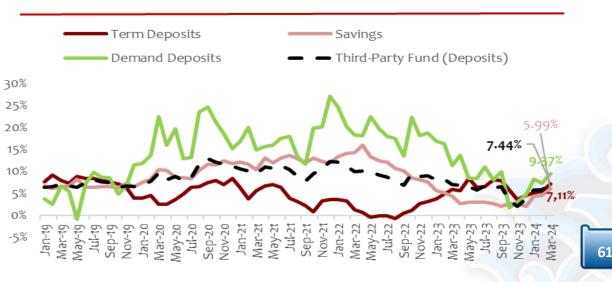


Loan growth by segmentation continued to improve in March 2024, with a major contribution from Corporation loans, with 16.62% (yoy) growth.



All types of loans maintained a positive trend in **March 2024**, with **Investment** loans, in particular, growing by **14.83% (yoy)**.







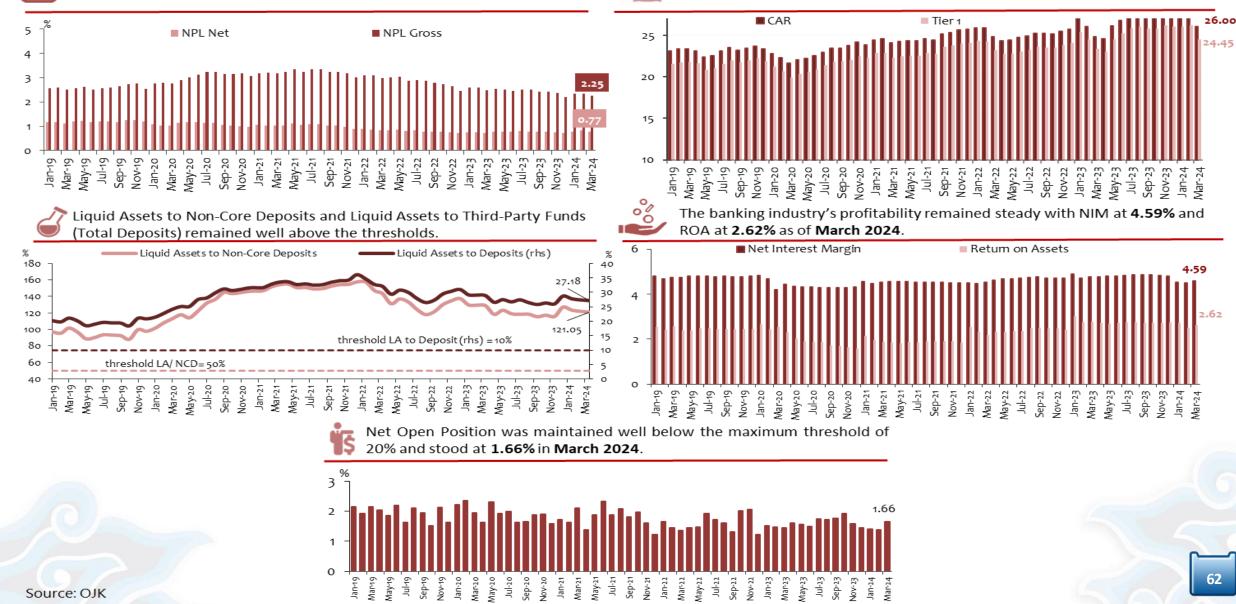
Banking Risk Profile and Profitability

The banking industry has ample liquidity, robust capital, and manageable credit risk, while maintaining a consistent level of profitability.

The banking NPL ratios were manageable in **March 2024**, recorded at **2.25% gross** and **0.77% net**, significantly below the thresholds.

2

The banking sector's capital Adequacy Ratio (CAR) was steady at **26.00%**, and Tier-1 capital stood at **24.45%** as of **March 2024**.

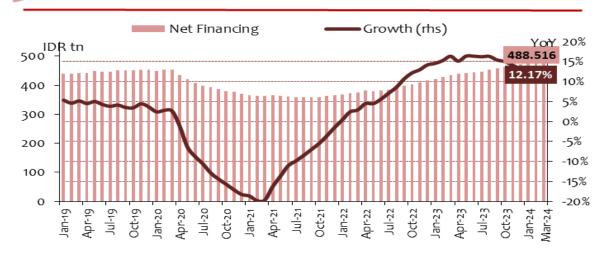


Multi-finance Companies

The performance of multi-finance companies continues to improve, as shown by growing net financing, a low gross Non-Performing Financing (NPF) ratio, and a stable gearing ratio.



In **March 2024**, net financing continued its increasing trend and stood at **IDR488,516 Tn** or growing by **12.17%** yoy.



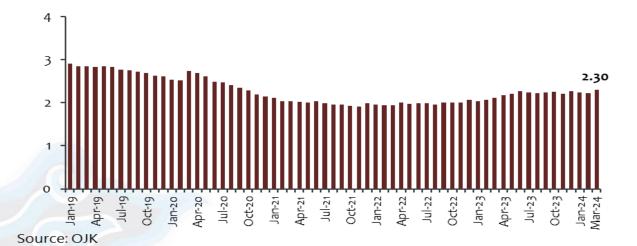
The gearing ratio of multi-finance companies stood at **2.30** times or well below the threshold in **March 2024**.

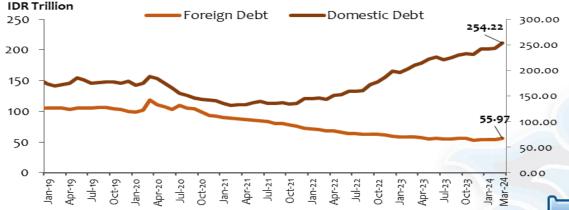
The Gross Non-Performing Financing ratio of multi-finance companies remained manageable at **2.45%** in **March 2024**, well below the 5% threshold.





Multi-finance companies' exposure to domestic debt increased in **March 2024**, whereas foreign debt exposure was relatively stable.



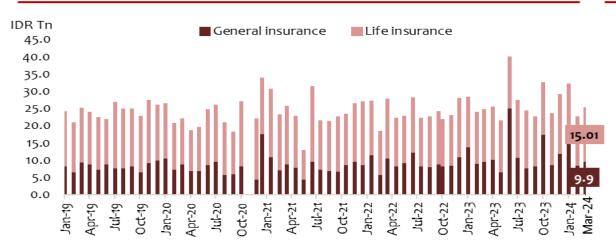


Insurance and Pension Funds

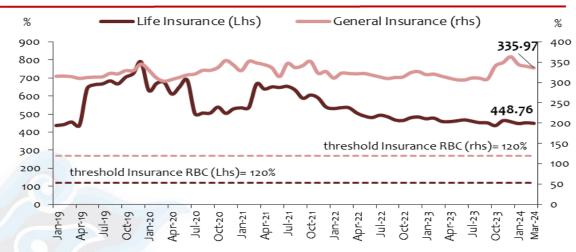
Insurance and pension funds remain positive, shown by adequate performance and manageable risks.



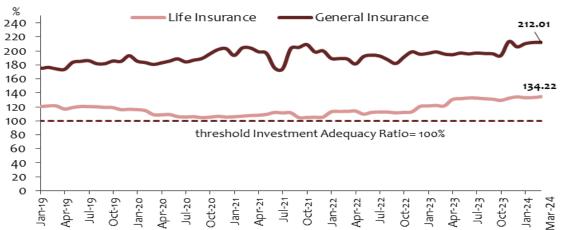
In March 2024, insurance premiums marked a total increase of IDR24.91 Tn (mtm) with General and Life insurance added premiums at IDR9.9 Tn and IDR15.01 Tn, respectively.



Risk-Based Capital (RBC) of the insurance industry remained well above the minimum threshold with Life Insurance at 448.76% and General Insurance at 335.97% in March 2024.

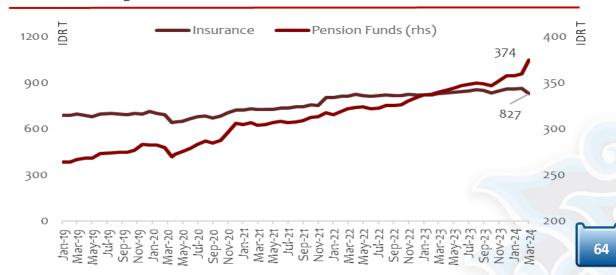


In March 2024, the Investment Adequacy Ratio of both Life Insurance and General Insurance stayed well above the threshold at 134.22% and 212.01%, respectively.





In **March 2024**, pension fund investment values increased and stood at **IDR374.02** Tn, while insurance investment values also showed an increasing trend



Domestic Capital Market Performance

Continued pressure on the global stock market impacts Indonesia's capital market.





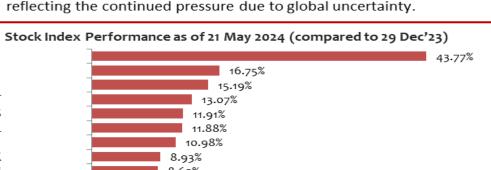
TURK

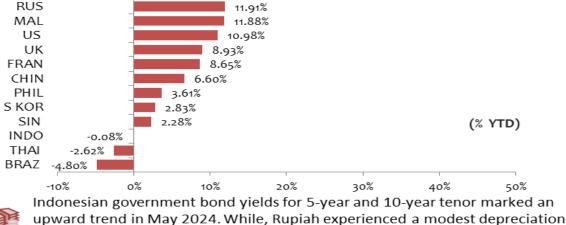
JPN

HKN

VIET

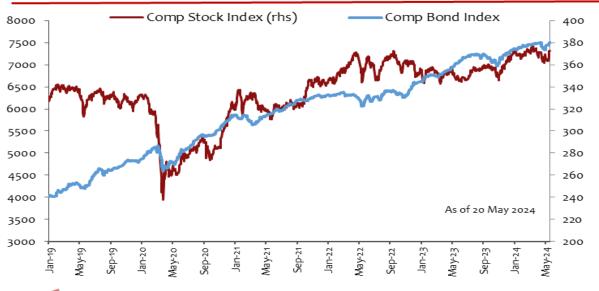
The global stock market showed mixed movements in May 2024, reflecting the continued pressure due to global uncertainty.





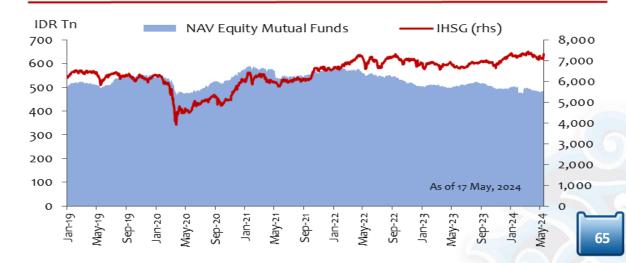
Yield (%) 5-yr Yield 10-yr Yield USD/IDR 20-yr Yield IDR (rhs) 10 18,000 9 14,000 8 10,000 7 6,000 6 As of 20 May, 2024 2,000 5 Jan-19 Sep-19 May-20 Sep-20 Jan-22 Sep-22 δ Jan-20 Jan-21 May-21 Sep-21 May-22 Jan-23 Sep-23 May-24 May-2 Jan-2 May-

Indonesian bond markets strengthened as of 20 May 2024, reflecting investor confidence in the domestic economic performance.



The Ne reflecti

The Net Asset Value (NAV) of equity mutual funds remained stable, reflecting a steady movement in the capital market.



Source: Reuters, OJK

against the US dollar.

Domestic Capital Market Performance

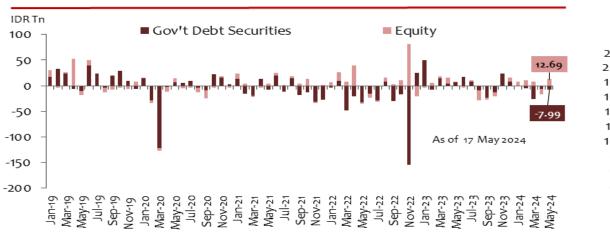
Several capital market indicators remained positive



Non-resident portfolios of equity market and government bonds recorded a **YTD net buy of IDR4.70 Tn** as of 17 April 2024.

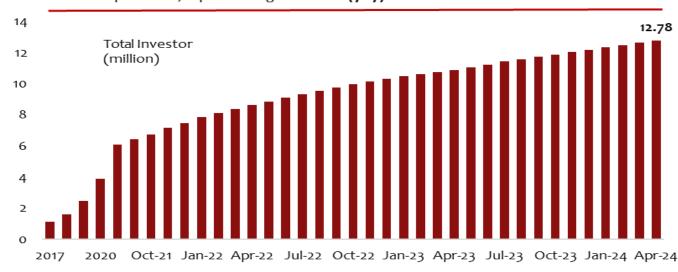


Total securities issuance reached IDR77.65 Tn (YTD) as of 14 May 2024.





Capital Market Investors continued to grow to 12.78 million by the end of April 2024, representing **a 17.46% (yoy) increase.**



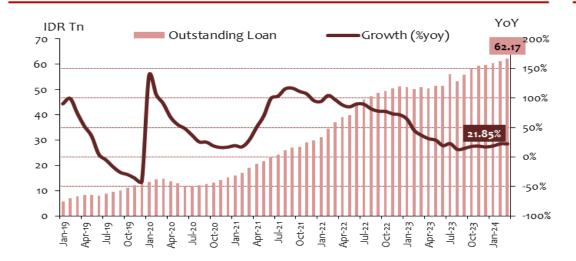
Source: OJK, KSEI

Fintech (Peer to Peer Lending and Securities Crowdfunding)

Peer to Peer Lending (P2PL) Fintech intermediation remains positive with a manageable NPL ratio and Securities Crowdfunding fundraising continues to rise.

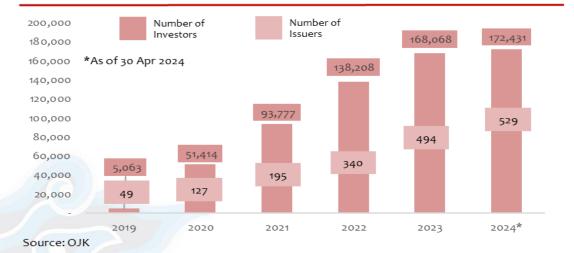


The outstanding loan of P2PL Fintech increased to **IDR62.17 Tn** or grew by **21.85%** (yoy) as of **March 2024**.

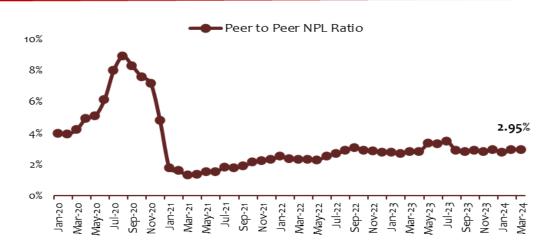




The total number of investors and issuers in Securities Crowdfunding increased to **172,431** and **529**, respectively, as of 30 April 2024.

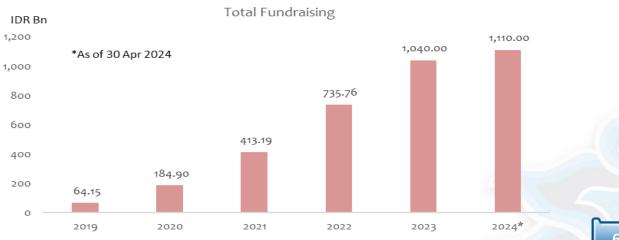


The Non-Performing Loan ratio (TWP90) of P2PL Fintech remained manageable at 2.95% in **March 2024.**



0

Continuing the positive trend, the total value of SCF fundraising stood at **IDR1.110 trillion** as of 30 April 2024.



Section 6 Structural Reforms

"Consistent implementation of reform agenda and progressive infrastructure"

The Development Agenda Will Still Proceed as Planned

7 DEVELOPMENT AGENDA 2020-2024

- Strengthening Economic Resilience for Quality and Fair Growth
- 2. Developing Regions to Reduce Gaps and Ensure Equity
- 3. Increasing Quality and Competitive Human Resources
- 4. Mental Revolution and Cultural Development

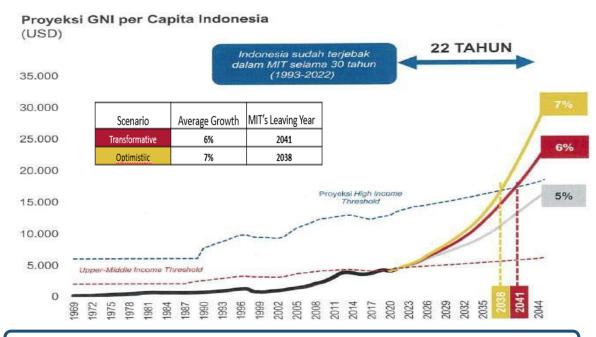
- 4. Strengthening Infrastructure to Support Economic Development and Essential Services
- 5. Building the Living Environment, Increasing Disaster Resilience, and Climate Change
- 6. Strengthening Political, Legal and Human Rights Stability and Transforming Public Services

GOVERNMENT WORK PLAN 2024

SUPPORTED BY 2024 STATED BUDGET (Law 19/2023)

RPJPN 2025 - 2045 → RPJMN (PHASE I 2025-2029) AND IN THE SHORT TERM THROUGH THE ANNUAL RKP AND APBN POLICY

Transforming the Indonesian Economy to Achieve Vision 2045

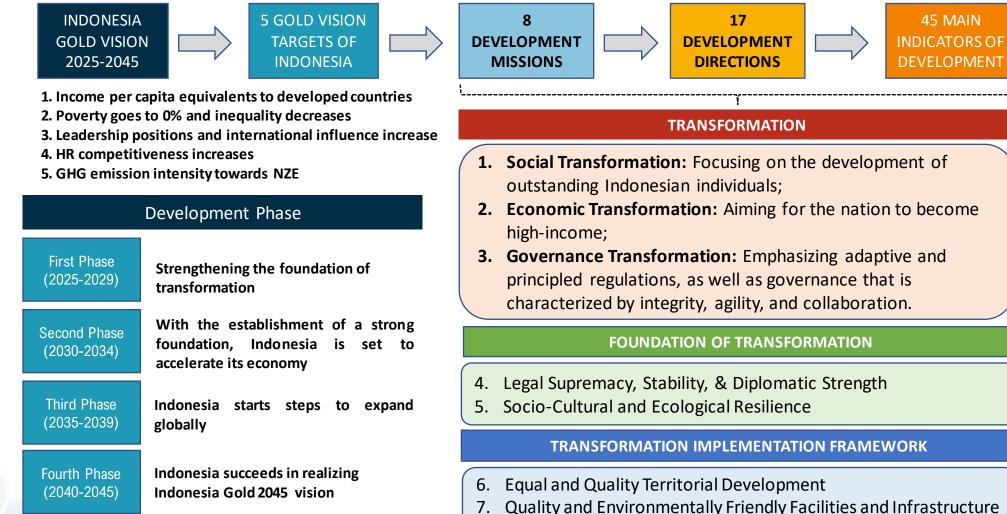


ECONOMIC TRANSFORMATION

- 1. Science and Technology, Innovation and Economic Productivity
- 2. Green Economy Implementation
- 3. Digital Transformation
- 4. Domestic and Global Economic Integration
- 5. Cities as Centers of Economic Growth

Indonesia Gold Vision 2045 : Become a Sovereign, Advanced and Sustainable Country

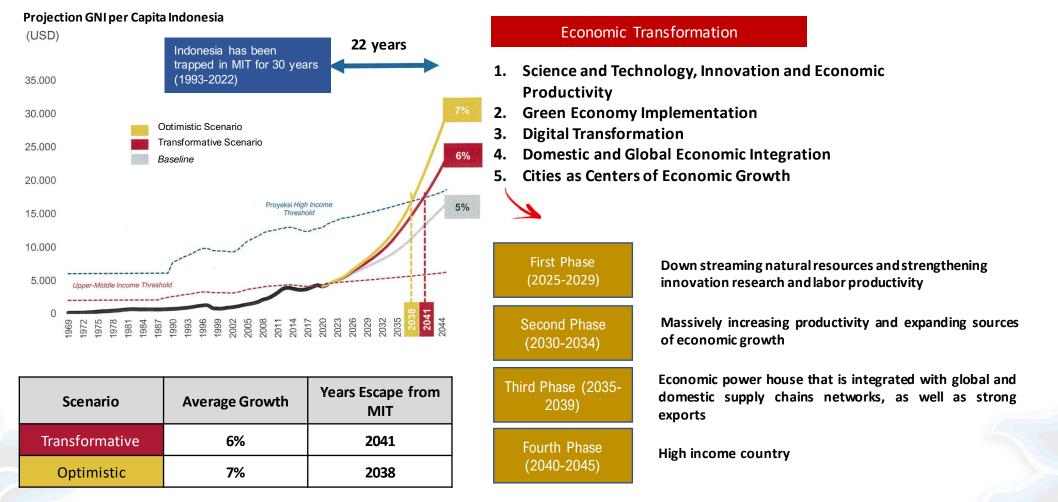




- 8. Development Sustainability
- 5. Development Sustainability

Targets of Economic Transformation for Achieving Indonesia Gold 2045

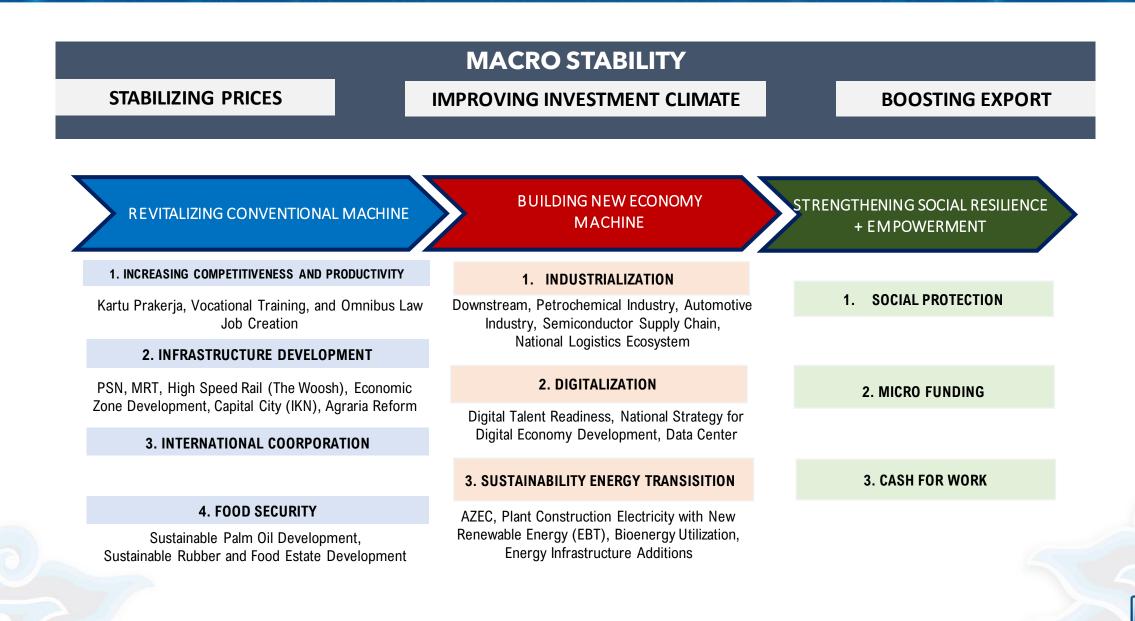
Economic transformation aims to bring Indonesia out of the middle-income trap and into a high-income country. For this reason, the Indonesian economy must grow by an average of 6-7% in the next 20 years, high economic growth that is inclusive and sustainable



Source: Preliminary Draft RPJPN 2025-2045, November 10, 2023

Main Government Policies to Promote Strong, Socially Inclusive, and Environmental-Friendly Economic Growth





Indonesia's Accession To The OECD: Instrument For Achieving The Golden Vision 2045





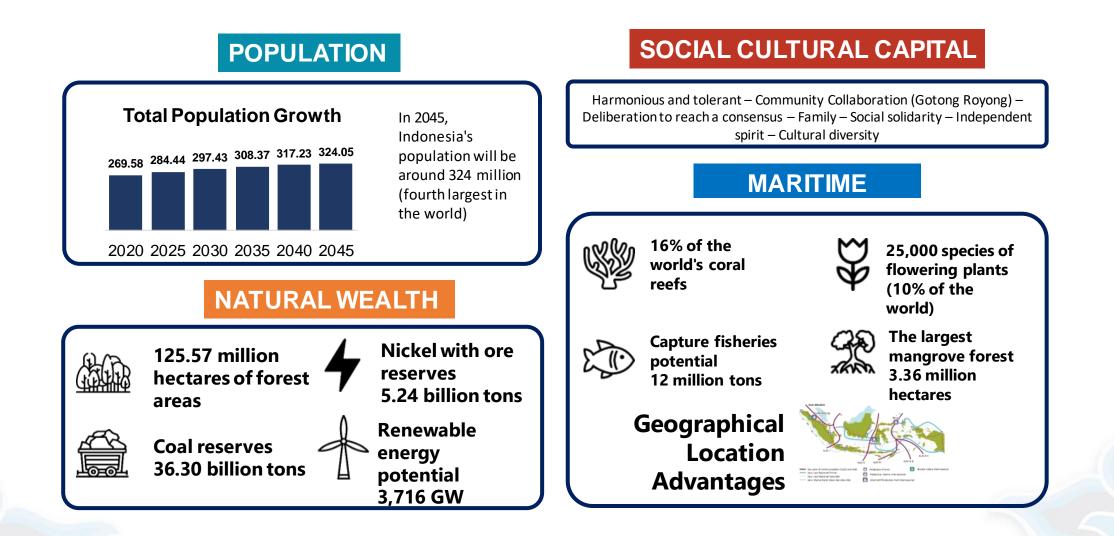
The President instruction "Indonesia should immediately become a member of the OECD" "The advantages of Indonesia being a member of the OECD are increasing policy transparency and predictability, actively contributing to global standard formation, and aspiring to become a benchmark for quality and sustainable investment."

.....Indonesia's Accession Journey to the OECD

1. Assessment of Country' Readiness	2. Expressing Intentions to Join the OECD	3. Meeting with OECD Representatives	4. OECD Council Discussion from Sep 2023 – Jan 2024	5. Accession Roadmap	6. Assessment with OECD Standards
Assessment of countries' readiness to become OECD members has been conducted since 2017	 Direction of the President Indonesia at the Cabinet Meeting on 13 July 2023. CMEA sent a letter to the OECD Secretary General regarding intentions to Join the OECD on 14 July 2023. The OECD Secretary- General then delivered a response letter on 26 July 2023. 	 Meeting between CMEA with Heads of Representatives of OECD member countries in Jakarta, 24 August 2023 Meeting between Indonesian Ambassador in Paris and OECD Secretary- General, 31 August 2023 	 OECD Permanent Representatives Meeting in Paris, 13 September 2023. OECD Secretary- General meeting with: Minister for Industry on 2 October 2023. Bappenas on 5 October 2023. Minister of Finance on 10 October 2023. The last meeting was on 11 December 2023. The next meeting is scheduled on 29-30 January 2024 	 OECD has decided to oper accession discussions with Indonesia on 20 February High-level strategic leader has been informed and is to set up the next steps, including the establishme the OECD National Team. Support in the next steps - Accession Roadmap, Tech Review, and other activiti fulfill all requirements. Ministerial-Level Meeting the Adoption and Launch the Accession Roadmap in 2024. 	Standards/Guidelines 2024. OECD Ship ready Multi-years process → Indonesia's target around 3-4 years to become official a member of OECD. Follow-up process

Indonesia's Strategic Contribution to OECD





74



Kartu Prakerja Program (2020-2023)

Large-scale and inclusive skilling, reskilling, and upskilling program

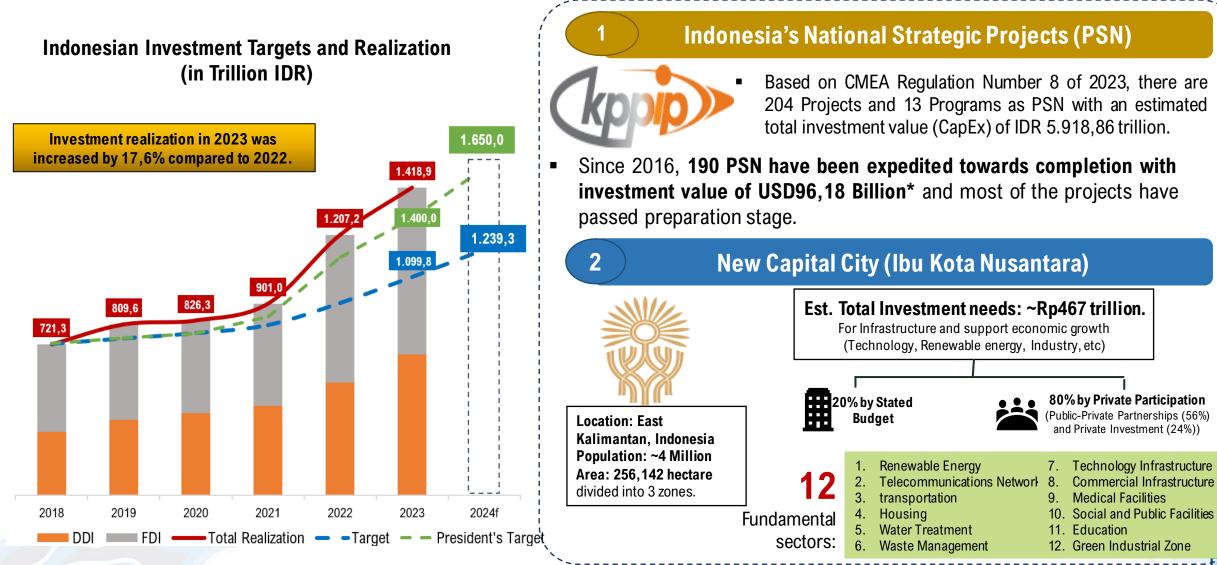
Kartu Prakerja Program is an inclusive training program with an end-to-end digital system to enhance the competencies of Indonesia's workforce. The program encourages lifelong learning, increases job opportunities, and helps prepare digital talent following the National Digital Economy Strategy.



Effective beneficiaries of Kartu Prakerja	 >53 mio Register on www.prakerja.go.id (verified email, phone, citizen ID number) 514 Districts/cities 	Rp63,4 Trillion Total budget allocation for 2020-2023
 51% Women 62% Aged 18-35 86% Never attended training before 64% From Rural Areas 	3%With Disabilities2%From 3T29%From 1-4 Deciles3%Retired Indonesian Migrant Workers (PMI)	Kartu Prakerja EcosystemImage: State S

Accelerating Investment Target by the Development of the New Capital City and National Strategic Infrastructure Projects

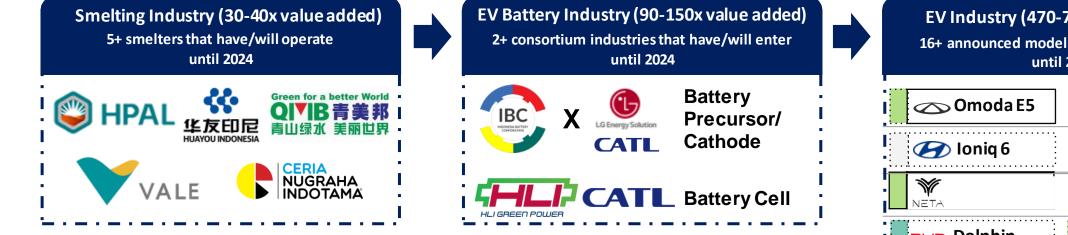




Source: Ministry of Investment, Target 2024 based on The National Medium-Term Development Planning (RPJMN) 2020 – 2024 and President's Target.

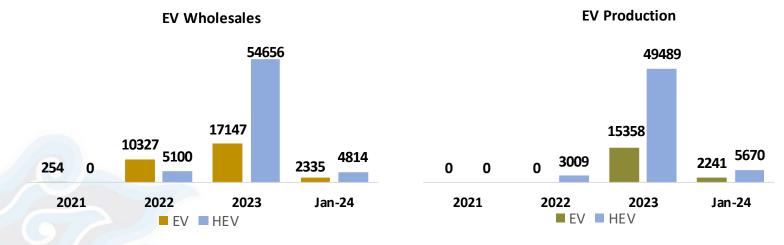
Progress Of Bev Ecosystem Development In Indonesia

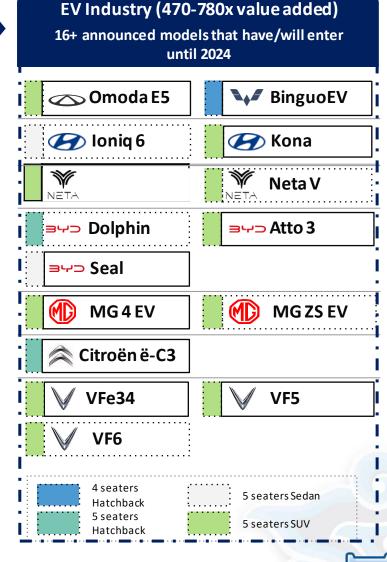




BATTERY ELECTRIC VEHICLES SALES (EV)

Throughout Jan-Des 2023, total BEV sales reached 17,147 units, dominated by Hyundai IONIQ with 7,449 units (43%) and Wuling Air with 5,578 units (33%). Meanwhile, the total production of EV cars will reach 15,358 units throughout 2023.

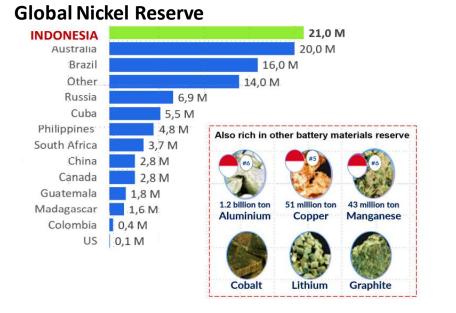




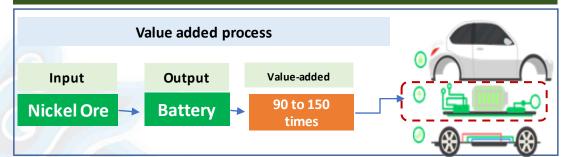
Promoting the Development Of Nickel-based Industries to Become a Global Battery and EV Supplier

Government Issues Presidential Decree No. 55 of 2019 to Accelerate the Use of Battery Electric Vehicles (BEV) on the Road & Government Regulation No. 74/2021. In order to strengthen the ecosystem of Battery-Based Electric Motorized Vehicles, the Government provides Incentive Support in the form of Government-borne VAT

Potential: Indonesia's Nickel Reserves Are Abundant



Benefits and Added Value of Nickel Downstream



Amount of Incentive for Battery-Based Electric Motorized Vehicles



TKDN > 40%
VAT incentive of 10%, so that the VAT that must be paid remains 1%



TKDN > 20% - 40%
VAT incentive of 5%, so that the VAT that must be paid remains 6%

In Indonesia, the deepening of the electric vehicle industry structure is carried out through the obligation to gradually increase the domestic content level (TKDN) until 2030.

Supporting Regulation

Regulation Of The Minister Of Finance Of The Republic Of Indonesia 38/2023

Commodity Downstreaming: Value Added And Benefits



The industrial downstreaming program is intended to obtain a multiplier effect or multiple impacts from industrial downstreaming activities that have been proven to be real, including increasing the added value of domestic raw materials, attracting investment, generating large foreign exchange from exports, and increasing the number of labor absorption. The projected investment value in Indonesia's downstream roadmap reaches USD 545.3 billion. Some of the mineral downstream programs include the following commodities:

Tembaga

(1x)

NICKEL ORE DOWNSTREAMING

The nickel ore export ban policy in the context of downstreaming, which was implemented in 2020, has succeeded in increasing our nickel downstream commodity exports to reach USD 14.53 billion in 2022..

Smelter Pirometalurgi



The value added from nickel ore to ferronickel and stainless-steel billet is potentially 14 - 19 times higher. In addition, the nickel downstream products are also raw materials in the production of Electric Vehicle (EV) batteries with domestic added value reaching 470 - 780 times. The number of nickel smelters that have been operating in Indonesia by September 2023: for pyrometallurgy-based based as many as 44 smelters; and hydrometallurgy-based as many as 4 smelters.

BAUXITE ORE DOWNSTREAMING

Bauxite ore export ban policy in the context of downstreaming which began to be implemented as of June 10, 2023. The refining and processing of bauxite into aluminum end products is targeted to increase national income from IDR 21 Trillion to IDR 52 Trillion.

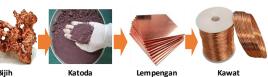


The added value from bauxite ore to aluminum has the potential to be 19-20 times higher; and the added value if processed into aluminum profile to be 68-70 times higher.

The downstream product of bauxite, aluminum, also plays an important role as a raw material for solar module frames, module supports, inverters and connectors in solar power plants.

COPPER DOWNSTREAMING

Copper ore export ban policy in the context of downstreaming that will be implemented in June 2024. The trade balance for copper commodities from upstream to downstream products is still in surplus status with a balance value of USD 6.1 billion.



Tembaga

(3,9x)

Tembaga (2,26x)

Tembaga

(2,34x)

The added value from copper ore to cathode is potentially 3.9 times higher; and the added value if processed into copper slab is 2.26 times higher. Then processed into copper wire to be 2.34 times higher. The number of copper smelters that have operating in Indonesia until September 2023 as many as 2 smelters (PT Smelting Gresik and PT Batutua Tembaga Raya)

TIN DOWNSTREAMING

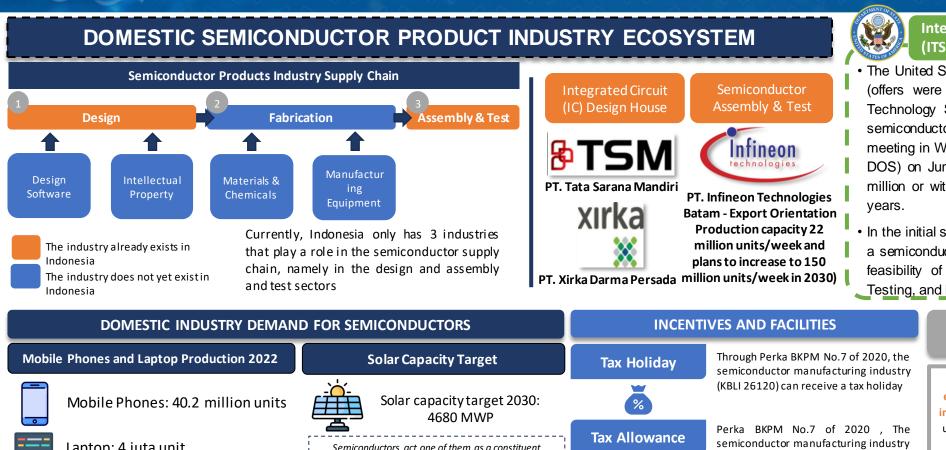
The added value of tin ore if processed into tin ingot has the potential to be 1.8 times; while the added value if processed into tin solder is 2 times; and the added value if processed into tin chemical is 3 times higher.



Tin solder products are used in the electronics and automotive industries, while tin chemicals are used in the Polyvinyl chloride (PVC) industry as tin stabilizer additives for the manufacture of construction pipes, profiles, transparent PVC plastics and as a substitute material for lead (Pb).

Need to deepen the industrial structure for tin downstreaming

Indonesia's Increasing Role in the Global Semiconductor Supply Chain

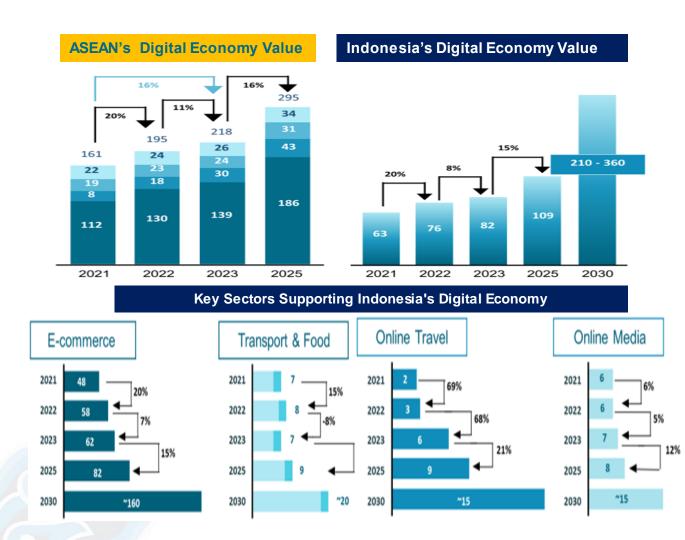


International Technology Security and Innovation (ITSI) Fund – DOS Amerika Serikat

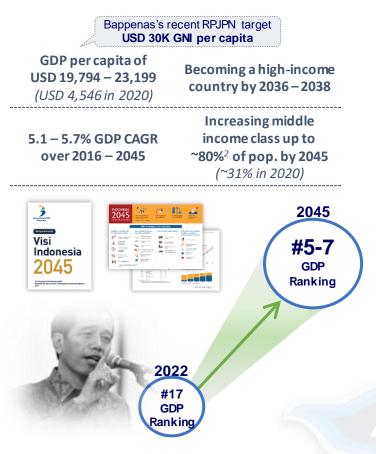
- The United States offered Indonesia to join as one of the partners (offers were given to 7 partner countries) in the International Technology Security and Innovation (ITSI) Fund to strengthen semiconductor supply chains during the Indonesian Ambassador's meeting in Washington D.C with the US Department of State (US DOS) on June 8, 2023. Total funding from US DOS is USD500 million or with an allocation of USD100 million per year for five years.
- In the initial stage, US DOS cooperated with the OECD to conduct a semiconductor ecosystem review which is an evaluation of the feasibility of the ATP downstreaming ecosystem (Assembling, Testing, and Packaging) of the semiconductor industry.

DOMESTIC INDUSTRY DEMANI	INCENTIVES AND FACILITIES				
Mobile Phones and Laptop Production 2022	Solar Capacity Target	Tax Holiday	Through Perka BKPM No.7 of 2020, the semiconductor manufacturing industry	SEMICONDUCTOR ECOSYSTEM DEVELOPMENT	
Mobile Phones: 40.2 million units	Solar capacity target 2030: 4680 MWP	%	(KBLI 26120) can receive a tax holiday	Strengthening and Human Resource establishing fabless start-ups in 2024 in accordance with the supporting fabless, front-	
Laptop: 4 juta unit	Semiconductors act one of them as a constituent component in the inverter in the solar panel unit.	Tax Allowance	Perka BKPM No.7 of 2020 , The semiconductor manufacturing industry (KBLI 26120) can receive tax	use case specific needs of the industry in Indonesia.	
Produksi Home Appliances 2022	KBL BB Production Target	% Super Deduction	allowances. RnD activities to focus on research on	Inviting the United States semiconductor industry to invest in Indonesia (Batam) starting from the back-end industry to build demand and ecosystem by 2024, according to the specificity of	
🦣 💶 🗊 🚎 🛃 💷	KBL BB 4 wheels and more in 2035 target: 1 million units		electronics, laptop computers, ICT, smart cards, electronic components and ICT components and vocational activities	their respective businesses	
Total production realization: 125.03 million units.	Two and three wheeled KBL BB target by 2035:12 million units	Special Economic Zones	Nongsa SEZ in Batam; Gresik SEZ in East Java, and Kendal SEZ in Central Java.	investment in the front-end industry (wafer fabrication) is expected to be established by 2026	

Description: The front-end industry includes foundry (wafer fabrication) while the back-end industry includes the OSAT industry (Assembly and packaging, and Testing & Measurement). Semiconductor Product HS Code (BTKI 2017 and 2022): 85414010; 85414021; 85414022; 85414029; 85414009); 85415000; 85415000; 85419000; 85412000; 85414100; 85414200; 85414300; 85414900; 85415100; 85415000; 85415000; 85419000; 85419000; 85414100; 85414000; 85414000; 85415000; 85415000; 85419000; 85419000; 85419000; 85414100; 85414100; 85414900; 85415100; 85415000; 85415000; 85419000; 85419000; 85419000; 85414100; 85414100; 85414000; 85414000; 85415000; 85415000; 85419 Indonesia aspires to be a developed country by 2045. The economic growth rate should be maintained at an average of 6% per year. This requires a breakthrough in digital economy development to become a catalyst.



Indonesia aspires to be a developed country and be rank 5 globally on GDP by 2045

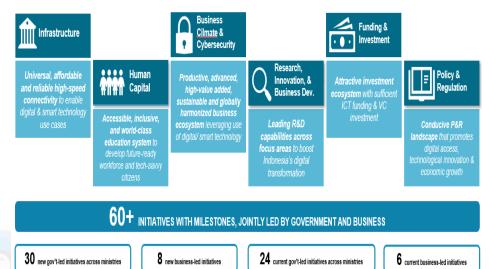


Digital Economy's Policy



DOMESTIC

- Coordinating Ministry for Economic Affairs has launched the White Paper on the National's Digital Economy Development Strategy on December 6, 2023.
- The white paper aims to serve as guide for related stakeholders in developing the digital economy with a timeline until 2030 and is intended to be a living document.
- It outlines six main pillars for the development of the digital economy, which are: (1) Infrastructure; (2) Human Resources; (3) Business Climate and Cybersecurity; (4) Research, Innovation, and Business Development; (5) Funding and Investment; and (Policies and Regulations)



REGIONAL

 The White Paper on the National's Digital Economy Development Strategy has a central role as a guide for determining Indonesia's position in international forums, such as the ASEAN Digital Economy Framework Agreement (DEFA) and the Indo-Pacific Economic Framework (IPEF-Digital Economy Cluster) ASEAN Digital Economy Framework Agreement

9 Core DEFA Provisions

Digital Trade Paperless trade, interoperable single windows, electronic transferrable records, electronic invoice	Cooperation on emerging topics Regulating emerging technology (e.g., AI, blockchain)
Cross-border E commerce Fair treatment of digital goods and services, facilitation for cross-border small shipments	Competition policy Cooperation on competition policy to ensure fair playing field
Payments Interoperable payment systems, comparable regulatory requirements & barriers	Cross-border data flows and data protections Personal data protections, common data classifications, source code, cross-border data flows
Digital ID and authentication Technical interoperability, mutual recognition & legal standing	Online safety and cybersecurity Online consumer protection, fraud protection, online dispute resolution, alignment on cybersecurity standards and protections, cross-border cooperation

Indo-Pacific Economic Framework (IPEF-Digital Economy Cluster)

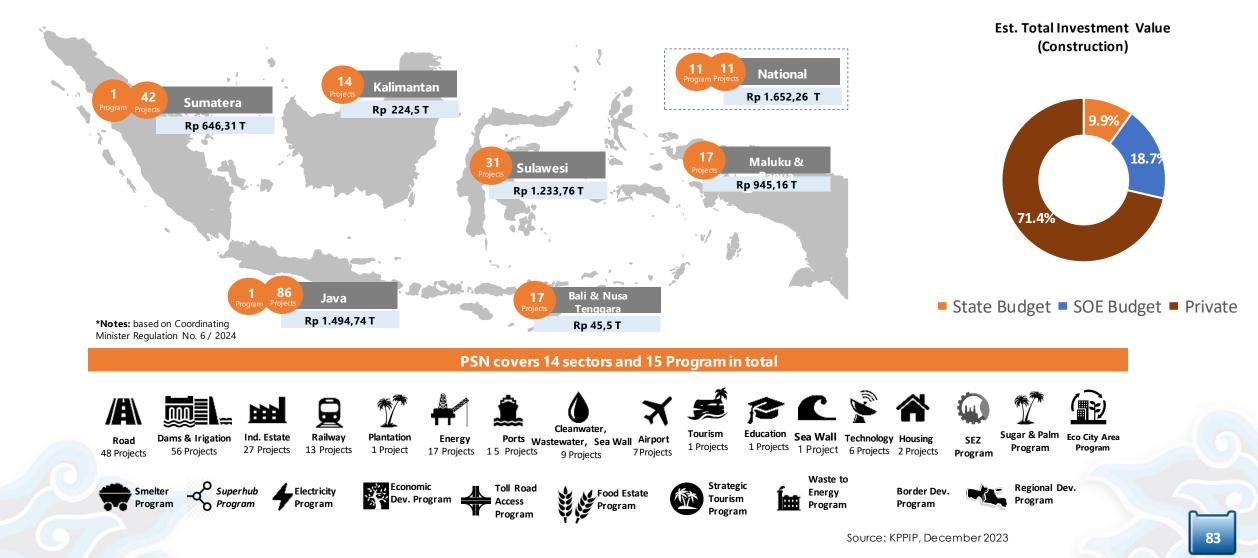
- The United States initiative launched by President Biden on May 23, 2022
- There are 14 participating countries: US Australia, Brunei Darussalam, Fiji, Philippines, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Singapore, Thailand, and Vietnam.



The National Strategic Project (PSN)



Based on Coordinating Minister Regulation Number 6 of 2024, there are 218 Projects and 15 Programs as PSN with an estimated total investment value (CapEx) of IDR 6.24647 trillion



Government Effort in Accelerating Energy Transition "Reducing Fossil Energy and Increasing Renewable Power Plant"





PRESIDENT INSTRUCTION

UNFCCC - COP21, DEC 2015 <u>upd SEP 2022</u>

Decreasing greenhouse gases emission up to 31,89% (with our own ability) or 43,2% (with International Assistance) in 2030 according to NDC

COP 28, DECEMBER 2nd, 2023

To achieve the net carbon sink target or net carbon absorption in the forestry and land sector by 2030, Indonesia has made systematic and innovative steps, one of which was by implementing a permanent moratorium on clearing forests covering around 66 million hectares of primary forest and peatland since 2019.

G20 SUMMIT GOAL

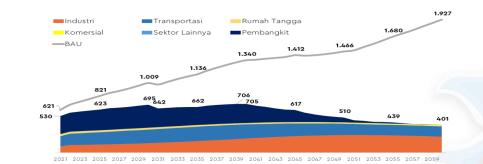
"Recover Together, Recover Stronger"

- 1. Inclusive Global Health;
- 2. Digital Economic Transformation; and
- 3. Sustainability Energy Transition.

COP28: Indonesia's Efforts To Achieve The Net Carbon Sink Target In The Forestry And Land Sector By 2030

MAIN STRATEGY

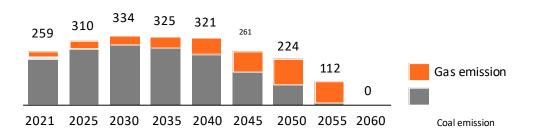
- Rehabilitated 3 million hectares of degraded land and 3 million hectares of peatland
- Invites all parties to strengthen South-South cooperation. This is because solidarity, equality, and collaboration are crucial in addressing global climate change.
- Carbon Trading through the Carbon Exchange stated that the carbon exchange is a system that regulates the trading of carbon and/or ownership records of carbon units.



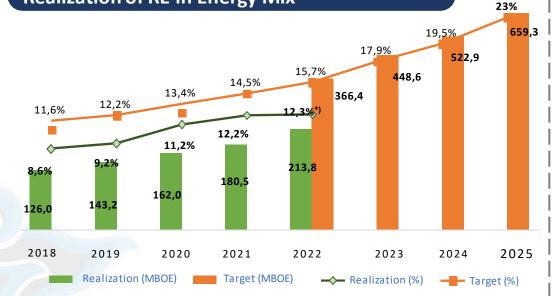
Developing New Renewable Energy : Early Retirement of Coal Fired Power Plant (CFPP) in Supporting Energy Transition

- Indonesia is committed to achieving Net Zero Emissions by 2060 or sooner.
- To facilitate this transition, there are at least 5 policy points that the Government is currently focusing on: (i) Clean energy acquisition, (ii) Renewable energy development; (iii) Energy source conversion; (iv) Carbon trading; and (v) Carbon tax.

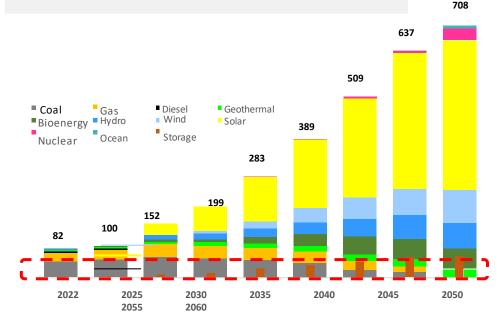
Roadmap of Net Zero Emissions 2060



Realization of RE in Energy Mix



Installed Capacity of RE Power Plants in 2060: **708 GW.** Solar 421 GW, Wind 94 GW, Hydro 72 GW, Bioenergy 60 GW, Nuclear 31 GW, Geothermal 22 GW, Ocean Wave 8 GW. 60,2 GW Storage: Pumped Storage 4,2 GW, BESS 56 GW.



- To support NZE, the early retirement of CFPP will be carried out in stages, with the target that by 2060 there will no longer be operated.
- Several relevant stakeholders are currently preparing to implement PLTU early retirement, including the Ministry of Energy and Mineral Resources and PT PLN (Persero) which are preparing the roadmap and regulations, also the Ministry of Finance which is preparing the financing mechanism.

Road Map Towards Net Zero Emissions: Supply and Demand



2025: Emission Reduction 231.2 Million tons CO2

Supply:

- Solar Power Plant/PLTS utilization roof
- Accelerate waste to energy
- Biomass Power Plant (PLTBm) small scale
- Cofiring for Steam Power Plant (PLTU)
- Additional Water-Power Plant (PLTA)

(inline with RUPTL 2021-2030)

Demand:

- Induction Cooktop 8.1million Household
- Dimethyl etherreplaceLPGForRT
- Implementation of 300 thousand electric cars and 1.3 million electric motorbikes
- Gas Network for 5.2 million SR
- Mandatory biodiesel 30% year 2025



<u>Supply:</u>

- Green Hydrogen from New Renewable Energy (EBT) start in 2031
- Battery Energy Storage System (BESS) massive in 2034
- Capacity installed for Geothermal Power Plant (PLTP) 11 GW in 2035

<u>Demand:</u>

- Induction Cooktop for 28.2 million household
- 9.3 million electric cars and 51 million electric motorbikes
- Gas network utilization for 15.2 million SR
- Biofuel used is maintained at 40%
- Implementation of Energy Management and SKEM

2050: Emission Reduction 1043.8 Million tons CO2

<u>Supply:</u>

- Green hydrogen For replacing gas natural fossil for high temperature heating process start from 2041
- Primary energy from EBT is higher than total fossilbased primary energy

<u>Demand:</u>

- Induction Cooktop for 46.6 million household.
- Use of 50.2 million electric cars and 163 million electric motorbikes.
- Gas network utilization for 22.7 million SR

2036 - 2040

 The use of biofuels in the industrial and transportation sectors is maintained at 40%



2051 - 2060



2026 - 2030

- Additional power plant after 2030 only from EBT.
- Pump storage startin 2025.

2021 - 2025

<u>Demand:</u>

Supply:

- Induction Cooktop for 18.1 million household
- 2 million electric cars and 13 million electric motorbikes
- Gas Network for 10.2 million SR
- Biofuels in the industrial and transportation sectors to 40%
- Energy Management and SKEM for 11 RT equipment

2030:Reduced emissions of 327.9 million ton

<u>Supply :</u>

- Nuclear use for electricity starting in 2039
- The development of Variable Renewable Energy (VRE) in the form of PLTS is increasingly massive, followed by PLTB bot on shore and off-shore starting in 2037.

<u>Demand:</u>

- CCS for the cement and steel sectors starting from 2036
- Low carbon fuel for shipping

2031-2035

- Use of induction stoves for 37.9 million households.
- 23 million electric cars and 101 million electric motorbike:
- Gas Network for 20.2 million SR
- Biofuels in the industrial and transportation sectors are maintained at 40%

2040:Reduced emissions of 629.4 million tons of

<u>Supply :</u>

- Emissions in the electricity sector will reach zero and emissions of 129 million tons of CO2-e in the industrial and transportation sectors
- Stop using gas for electricity

2041-2050

<u>Demand:</u>

- Use of CCS in Industry 13 million tons of CO2
- Induction stove of 54.3 million.
- 175 million electric motorbikes and 65 million electric cars
- Gas network utilization for 22.7 million SR
- Projected demand for electricity consumption is 1,942 TWh and electricity consumption per capita is 5,862 kWh/capita

2060:Reduced emissions of 1798 million tons of CO2

Innovative technology low-emission like CCS/CCUS can be applied to certain condition of fossil power plants to speed up subtraction emission in transition to energy which more-clean and more-greener.

*)PLTU on WilusPLN and Non-PLN: Maximum 30 year And IPP 25-30 year (in accordance PPA)



<u>Ex-ante Licensing</u> (satisfying all requirements in advance) is effectively replaced by ex-post licensing (the requirements are checked afterward), which will be particularly advantageous for low- and medium-risk businesses.

Starting a Business			Doing Business	
The Government implemented OSS-RBA on August 9, 2021, based on Regulation 5 of 2021. Low Risk Medium Risk High Risk NIB Issued = 9,179,886 Period August 4, 2021 – May 22, 2024		High Risk	 RISK-BASED TARGETING – Optimizing Effectiveness and Cost of Monitoring: Resource and time limitations Focus on critical hazards that are more likely to arise Consider random inspections because blanket inspections ar not appropriate, resulting in excessively costly (for countrie and businesses) 	
Based on Business Actor: • Business Entity = 885,249 • Individual = 8,294,637	Based on Investment Type: • FDI = 29,848 • DDI = 9,150,038	Based on Business Scale: • Micro = 8,885,226 • Small = 212,545 • Medium = 26,264 • Large = 55,851	 INSPECTION: Based on the risk Inspection is carried out to ensure the implementation of operational and commercial activities according to business standards 	
	Action Plans		 Exception in the implementation of supervision for Micro and Small Enterprises 	
(Risk-Based Approac	tion of Ex Ante licenses to h) gulations for risk managem		Implementation of inspections can be carried out by certified professionals (third parties). The Progress of Development Monitoring /IPSNection Subsystem	

Establish OSS as a national portal for business licenses with legal security

Long-term

Speed up better development approach (e.g., climate change, etc.)

The Progress of Development Monitoring/IPSNection Subsystem

Of the 44 modules in the monitoring (inspection) subsystem:

- 36 modules have been completed/embedded in the OSS RBA (go-live)
- 8 modules are still in the process of User Acceptance Testing (UAT)

Encouraging Investment: Indonesia Investment Authority (INA) to Accelerate FDI



•Government Regulations Number 73 of 2020 concerning Initial Capital for the Indonesia Investment Authority

- •Government Regulations Number 74 of 2020 concerning the Indonesia Investment Authority
- •Government Regulations Number 49 of 2021 concerning Tax Treatment of Transactions Involving the Indonesia Investment Authority and/or Entities Owned
- •Government Regulations Numbers 110 and 111 of 2021 concerning the Addition of State Equity Participation to the Capital of Investment Management Institutions



Update on Progress

Fruitful partnerships with various institutional investors have resulted in >USD 25 billion in collective commitments. INA has deployed >USD 3 billion of capital to date together with investor partners and will potentially deploy close to USD 3.5 billion by the end of 2023

□ Investment opportunity that has been completed (closed):

- Digital infrastructure: Mitratel's IPO for a total transaction size of USD 800 million together with ADIA, ADG, GIC
- Toll Road: Investment into SMR PPTR (Waskita Karya Toll Road) for an upfront transaction size of USD 400 million together with CDPQ, ADIA, APG
- Tourism/Digital: Investment into Traveloka for a total transaction size of USD 300 million with BlackRock, Allianz, and other leading institutions
- Healthcare: Investment into a significant minority stake in Kimia Farma Apotek and subscription into Kimia Farma (KAEF IJ)'s MCB for a total transaction size of USD 150 million with Silk Road Fund
- Infrastructure & Logistics: ESR and Mitsubishi Corp for a total transaction size of USD 100 million for three modern warehouse asses, Hutama Karya two-toll road assets in Trans Sumatera for a total transaction of USD 1 billion. DP World and Pelindo investment for the development of an international container terminal
- Green Energy: Anchor investor into the IPO of Pertamina Geothermal Energy (PGEO IJ) for a total transaction size of USD 490 million with Masdar

Current cooperation agreements secured are:

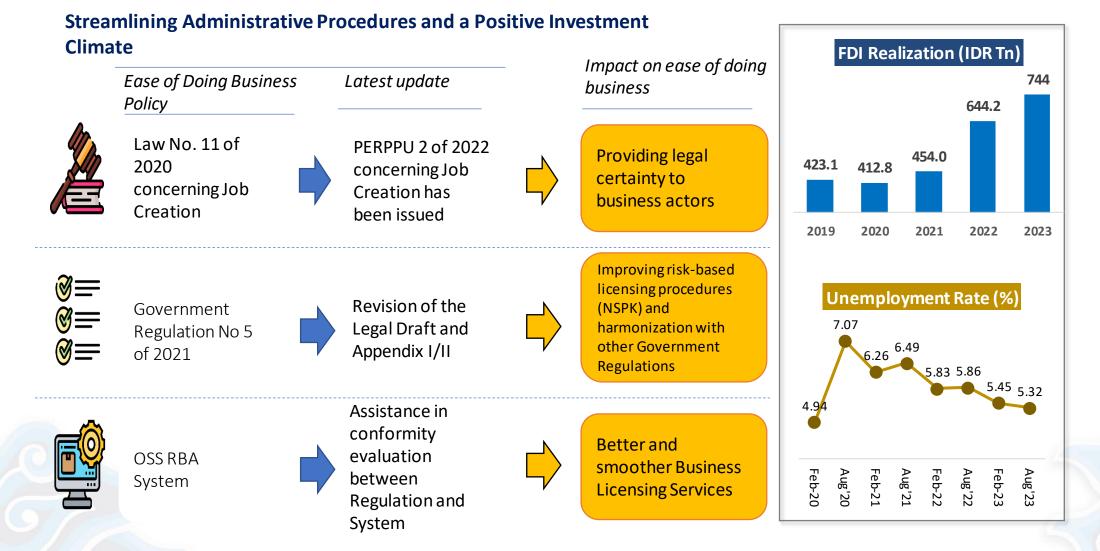
- Toll Road: Investment platform with ADIA, APG for USD 2.75 billion.
- Seaports: Alliance agreement with DP World for developing container ports and supporting maritime logistics infrastructure amounting to USD 7.5 billion throughout the concession period.
- Green Sector: USD 2 billion investment for Optimizing blended finance in ETM programs such as ADB, SMI, PLN, Global Energy Alliance with CATL Green EV Fund
- Logistic Fund: USD 500 million Forming fund to invest into logistic assets across Indonesia with Manulife
- General: USD 10 billion investment framework agreement with ADG for various sectors in Indonesia
- General: USD 3 billion investment framework agreement with SRF for various sectors in Indonesia

Legal

basis

The Government Focuses on Regulations and Procedures for Ease of Doing Business

Improvement in regulations in the context of structural reforms to the Job Creation Law and its derivative regulations can provide legal certainty to business actors.

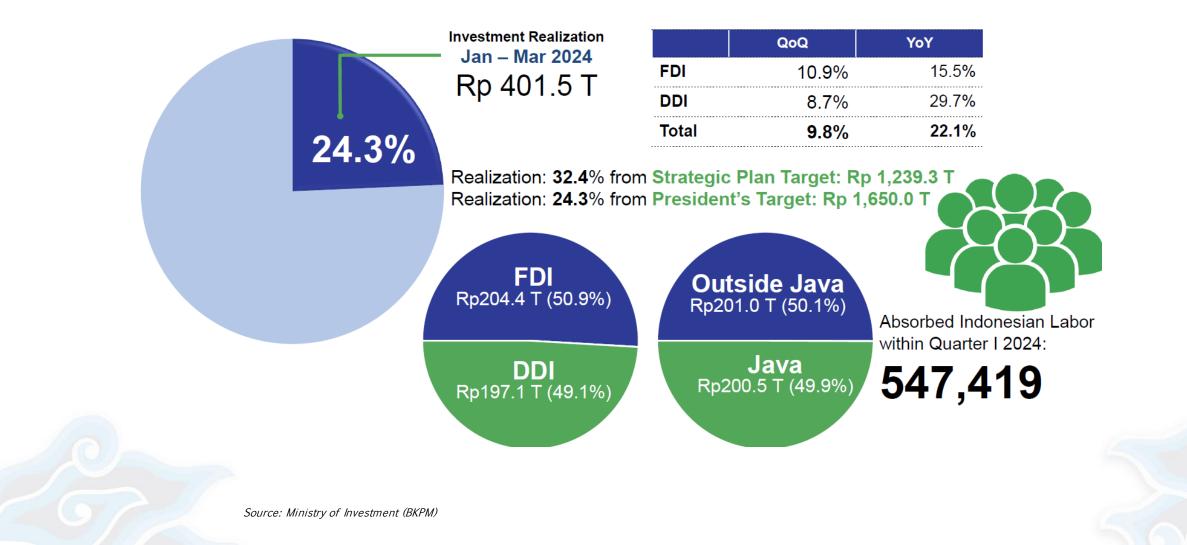


Investment Realization 2023 (Upstream Oil and Gas, Financial Services Sector are excluded)

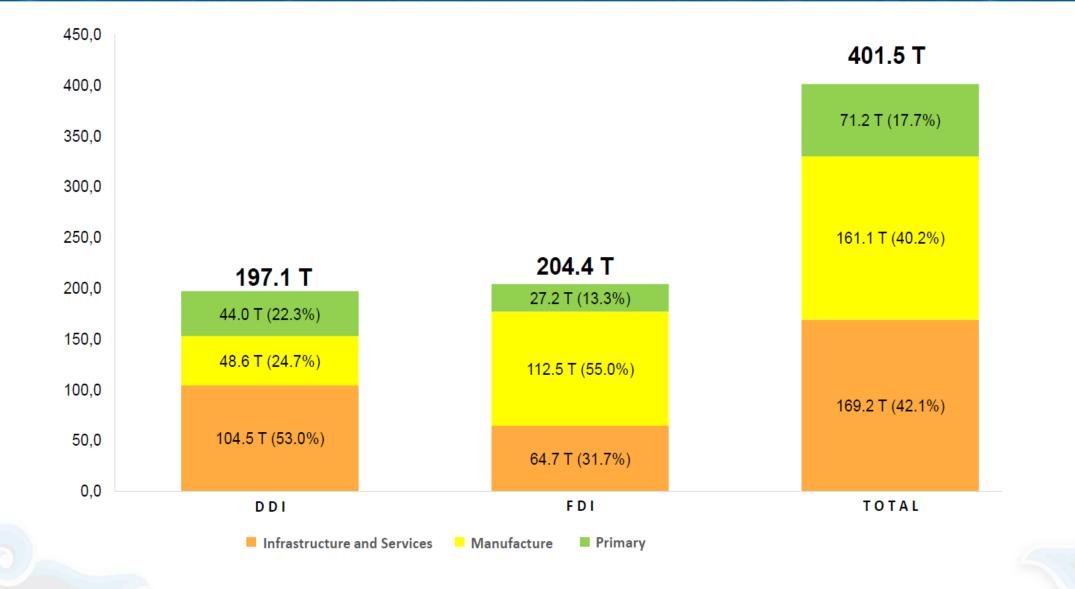


MINISTRY OF INVESTMENT/ INDONESIA INVESTMENT COORDINATING BOARD

Investment Realization Quarter | 2024



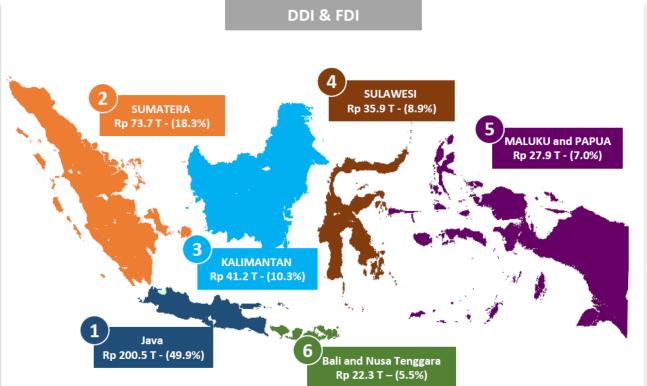
Investment Realization Basedon Sector Quarter I 2024



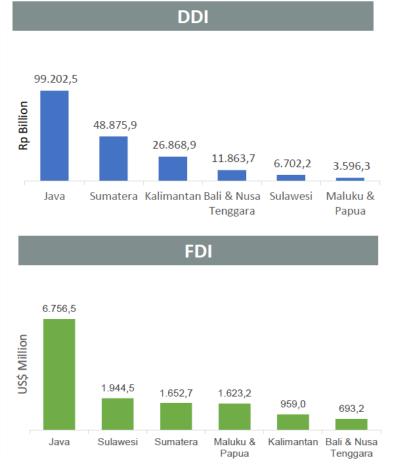
Investment Realization Distribution by Area

January – March 2024

JANUARY - MARCH 2024 REALIZATION RATING BASED ON REGION



Based on region in the January-March period, the highest realization of both DDI and FDI was in Java region. The second highest realization of DDI was in Sumatera then followed by Kalimantan, Bali & Nusa Tenggara, Sulawesi and Maluku & Papua. Meanwhile, the second highest realization of FDI was in Sulawesi then followed by Sumatera, Maluku & Papua, Kalimantan, and Bali & Nusa Tenggara.



Source: Ministry of Investment (BKPM)

Top 5 Realization Based on Subsector Quarter I 2024



FDI



Metal, Metal Goods, Except Machinery, and Equipment Industry	
US\$ 2.7 B – ((20.2%
Mining	

US\$ 1.4 B - (10.3%)

US\$ 1.0 B – (7.2%)



Transportation, Warehouse, and Telecommunication US\$ 1.2 B – (8.7%)



Chemical and Pharmaceutical Industry US\$ 1.1 B – (7.9%)

Paper and Printing Industry



0

DDI



Top 5 Realization Based on Subsector (FDI & DDI) Quarter I 2024



(#2) Transportation, Warehouse and Telecommunication **Rp 48.0 T**

(#1)



Food Industry **Rp 29.0 T**

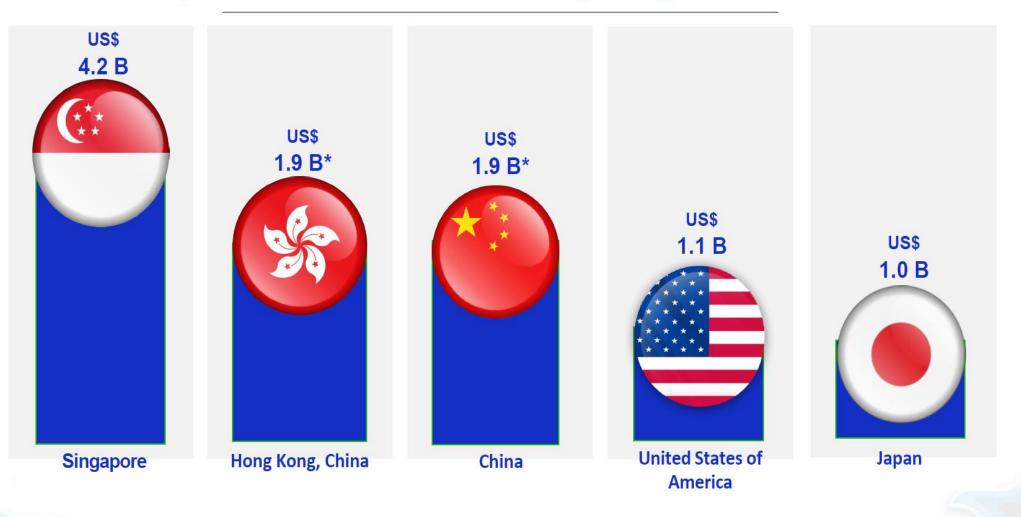
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94

Investment Realization Based on Country of Origin January – March 2024



Top 5 FDI Realization Based on Country of Origin Quarter I 2024



Investment Realization for Downstream Industry January – March 2024





Source: Ministry of Investment (BKPM)

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Stages Of Development Of The National Capital City (Ikn)



I. 2020-2024 Initial transfer to IKN	II. 2025–2029 Building IKN as a Resilient Area	III. 2030–2034 Continuing IKN Development More Progressively	IV. 2035–2039 Building the Entire Infrastructure and Ecosystem of 3 Cities to Accelerate the Development of East Kalimantan	I. 2040-2045 Strengthening reputation as a "World City for All"
 Critical basic infrastructure is completed and operational (e.g water, energy, rail) for residents in the initial stages Build central infrastructure (e.g. Presidential Palace, MPR/DPR Building) and housing in the Main IKN area Transfer of early- stage civil servant Initiation of priority economic sectors 	 Public transportation facilities, both primary and secondary, can be used Expansion of residential areas for civil servants as well as central government offices The civil servant transfer process is expected to be completed Research and talent development as well as distinguished university Continuing development and maintenance of basic infrastructure 	 Develop integrated utilities and rail access to Balikpapan Airport – KIPP Continued transfer for National Army members Develop industrial areas and other sectors in the superhub economic cluster Strengthening smart cities, digital centers, and 21st century education Increasing investment and production capacity 	 Rapid developments in the education and health sectors as economic drivers Strengthening the socio-cultural resilience of society and increasing the capacity of education and research institutions Increasing basic infrastructure capacity due to the increasing of population increasing capacity and diversifying economic clusters and infrastructure in partner areas 	 Develo road-based public transportation from the IKN railway and surrounding areas Strengthening integrated infrastructure and utilities Growth stability in IKN population Achieving net zero-carbon emissions and 100% renewable energy Sustainable industrial development Become the leading city in the world in terms of competitiveness

12 Fundamental Sectors In Capital City (IKN)





Renewable Energy



Technology Infrastructure



Telecommunications Network



Transportation



Housing



Water Treatment



Waste Management



Commercial Infrastructure



Medical Facilities



Social & Public Facilities



Education Facilities



Green Industrial Zone

23 Pioneer Investors Have Implemented Groundbreaking Without Using State Budget (APBN) To The Amount Of IDR41 Trillion







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