Presentation Book
Republic of Indonesia

"Sustaining Stability and Economic Growth amid Global Uncertainty"

July 2026

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Section 1

Indonesia’s Story

“Strong Resilience Amidst Global Uncertainties”

Solid Policy Framework to Safeguard Stability and Support Sustainable Growth

Amid global challenges, Indonesia continues to demonstrate strong and resilient economic performance, supported by solid domestic demand, low and stable inflation, and a sound external position with ample foreign exchange reserves. Fiscal discipline remains intact, with the deficit projected at 2.68% of GDP in 2026, supporting a sound debt trajectory. Policy coordination between fiscal and monetary authorities, alongside ongoing structural reforms, is expected to sustain macroeconomic stability and support medium-term growth prospects.

- **New Paradigm to achieve growth:** Indonesia's new economic paradigm strengthens macroeconomic stability through prudent fiscal and monetary policy and a resilient financial system, while leveraging Danantara's catalytic role to mobilize private investment and achieve high and sustainable growth target.
- **Solid growth:** Indonesia's macroeconomic fundamentals remain solid, with growth accelerating to 5.61% (yoy) in Q1 2026 while inflation remains low and stable. Growth is expected to remain resilient at 4.9–5.7% in 2026 and strengthen further to 5.1–5.9% in 2027, supported by domestic demand, investment, and continued policy coordination
- **Low and Stable inflation:** Inflation remains under control, with CPI inflation stood at 3.34% (yoy) in June 2026, with annual inflation in 2026 and 2027 is projected to remain within the 2.5%±1% target range.
- **Sound external sector:** The external sector remains resilient, supported by ample foreign exchange reserves of USD145.6 billion, equivalent to 5.4 months of imports and the servicing of government external debt, at the end of May 2026.
- **Fiscal Discipline**: The fiscal stance is supporting priority development goals while maintaining fiscal discipline. The 2026 fiscal deficit is projected at 2.68% of GDP, well below 3% threshold, alongside a low debt-to-GDP ratio. Policy priorities focus on improving spending quality, strengthening human capital, advancing food and energy security, and driving structural transformation through downstreaming and investment facilitation.
- **Central Bank Policy Mix:** Bank Indonesia's policy mix remains focused on strengthening macroeconomic and external stability, with the BI Rate raised to 5.75% on 17-18th June 2026 to support Rupiah stability, anchor inflation within the target range, and enhance resilience against global volatility, while macroprudential and payment system policies continue to support sustainable growth.
- **Growth-enhancing Structural Reforms**: Structural reforms continue to strengthen competitiveness and support growth through priority programs focusing on human capital development, food and energy security, housing and local economic development. Meanwhile, robust investment in downstream industries reflects Indonesia's ongoing transformation toward a more diversified and higher value-added economic structure.
- **Danantara**: Danantara supports Indonesia's macroeconomic management by acting as a strategic investment catalyst, with focus on generating sustainable commercial returns, strengthening the private sector's role and supporting Indonesia's priority programs.
- **Prudent Fiscal Policies**: The Government remains committed to fiscal sustainability, with the budget continuing to serve as a shock absorber amid global volatility while supporting growth through priority spending. Fiscal performance improved in May, supported by solid tax revenue growth and a narrowing fiscal deficit, while maintaining a firm commitment to keep the fiscal deficit below 3% of GDP.

Indonesia Economic Growth Framework 2026

Priority Sectors, Presidential Priority Programs, and Productivity Acceleration as Key Growth Drivers, aligned with Government Work Plan 2026 "Food and Energy Sovereignty, and Economic Transformation toward an Advanced Indonesia"

PRIORITY SECTORS

Agriculture
→ downstream industrialization
→ food security

Mannufacturing Industry
→ National automotive
→ Semiconductor
→ Labor-intensive revitalization

Digital
→ Data Center: FDI
→ Gig economy

Energy
→ Energy security
→ Clean energy

2026 ECONOMIC GROWTH TARGET

5,4%

PRESIDENTIAL PRIORITY PROGRAMS

- Nutritious Meal Program (MBG) — Demand Creation & Human Capital Development
- Red-and-White Cooperatives (KDKMP) — Investment & Local Competitiveness
- 3 Million Housing Program

PRODUCTIVITY ACCELERATION

- Stronger labor-industry linkages (link & match initiatives)
- Improved ease of doing business
- Financial sector reform
- Expanded financing access for productive and export-oriented sectors

FINANCING:

Foreign direct investment (FDI) and non-state budget financing through the Danantara

SUPPORT:

Deregulation and bottleneck removal, Fiscal and monetary policy synergy, Financial sector stability

GROWTH POTENTIAL: 5,4% - 5,6%:

- ❑ Execution of strategic investment projects under Danantara
- ❑ Effective implementation of government priority programs

May 2026 State Budget Remains Solid

Tax revenue grew strongly (18.9% yoy), state expenditure accelerated (34.4% yoy), while deficit remained under control (0.70% of GDP). The State Budget continues to be directed toward supporting economic growth.

(in Rp trillion)	2025				2026			
	Budget	Real as of May 31	% of Budget	Growth (%)	Budget	Real as of May 31	% of Budget	Growth (%)
A. REVENUE	**3,005.1**	**995.4**	**33.1**	**(12.9)**	**3,153.6**	**1,185.0**	**37.6**	**19.1**
I. Tax Revenue	2,490.9	806.2	32.4	(7.9)	2,693.7	958.2	35.6	18.9
1. Taxation	2,189.3	683.3	31.2	(11.3)	2,357.7	834.4	35.4	22.1
2. Custom and Excise	301.6	122.9	40.7	11.2	336.0	123.8	36.8	0.7
II. Non-Tax Revenue	513.6	188.8	36.8	(33.2)	459.2	226.4	49.3	19.9
III. Grant	0.6	0.5	78.0	(506.1)	0.7	0.4	67.0	(1.6)
B. EXPENDITURE	**3,621.3**	**1.016.3**	**28.1**	**(12.7)**	**3,842.7**	**1,365.4**	**35.5**	**34.4**
I. Central Government Expenditure	2,701.4	694.2	25.7	(18.7)	3,149.7	1.059.3	33.6	52.6
1. Line Ministries Expenditure	1,160.1	325.7	28.1	(19.3)	1,510.5	517.7	34.3	58.9
2. Non-Line Ministries Expenditure	1,541.4	368.5	23.9	(18.2)	1,639.2	541.6	33.0	47.0
II. Transfer to Region	919.9	322.0	35.0	0.3	693.0	306.1	44.2	(4.9)
C. PRIMARY BALANCE	**(63.3)**	**192.2**	**(303.5)**	**4.1**	**(89.7)**	**58.6**	**(65.3)**	**(69.5)**
D. SURPLUS/ (DEFICIT)	**(616.2)**	**(20.9)**	**3.4**	**(2.9)**	**(689.1)**	**(180.4)**	**26.2**	**763.2**
% SURPLUS/ (DEFICIT) to PDB	***(2.53)***	***(0.09)***			***(2.68)***	***(0.70)***		
E. FINANCING	**616.2**	**326.5**	**53.0**	**73.7**	**689.1**	**379.4**	**55.1**	**16.2**

Revenue
Rp1,185.0 T
▲19.1% (yoy)

Expenditure
Rp1,365.4 T
▲34.4% (yoy)

Deficit
Rp180.4 T
0.70% PDB

Primary Balance
Rp58.6 T

State Budget Realization: March 31 vs April 30 vs May 31, 2026

Progress on fiscal reform is moving in a positive direction, with rising revenues and more effective spending to support economic growth.

(in Rp trillion)	2026						
	Budget	**Real. as of March 31**	**Growth (%)**	**Real. as of April 30**	**Growth (%)**	**Real. as of May 31**	**Growth (%)**
A. REVENUE	**3,153.6**	**574.9**	**10.5**	**918.4**	**13.3**	**1,185.0**	**19.1**
I. Tax Revenue	2,693.7	462.7	14.3	746.9	13.7	958.2	18.9
1. Tax	2,357.7	394.8	**20.7**	646.3	**16.1**	834.4	**22.1**
2. Custom and Excise	336.0	67.9	(12.6)	100.6	0.6	123.8	0.7
II. Non-Tax Revenue	459.2	112.1	**(3.0)**	171.3	**11.6**	226.4	**19.9**
III. Grant	0.7	0.1	2.8	0.3	28.8	0.4	(1.6)
B. EXPENDITURE	**3,842.7**	**815.0**	**31.4**	**1,082.8**	**34.3**	**1,365.4**	**34.4**
I. Central Government Expenditure	3,149.7	610.3	47.7	826.0	51.1	1,059.3	52.6
1. Line Ministries Expenditure	1,510.5	281.2	43.4	400.5	57.9	517.7	58.9
2. Non-Line Ministries Expenditure	1,639.2	329.1	51.5	425.5	45.2	541.6	47.0
II. Transfer to Region	693.0	204.8	(1.1)	256.8	(1.0)	306.1	(4.9)
C. PRIMARY BALANCE	**(89.7)**	**(95.8)**	**(537.7)**	**28.0**	**(83.9)**	**58.6**	**(69.5)**
D. SURPLUS/ (DEFICIT)	**(689.1)**	**(240.1)**	**140.5**	**164.4)**	**(3,888.9)**	**(180.4)**	**763.2**
% SURPLUS/ (DEFICIT) to PDB	***(2.68)***	***(0.93)***		***(0.64)***		***(0.70)***	
E. FINANCING	**689.1**	**257.4**	**1.9**	**298.5**	**6.2**	**379.4**	**16.2**

Macroeconomics Assumption and Development Indicators Target 2026

Built on resilient economic fundamentals, the 2026 Budget demonstrates Indonesia's ability to balance growth objectives with fiscal discipline, ensuring macroeconomic stability.

Macroeconomic Assumption for the Budget

Indicator	Assumptions		
	2025 Budget	2025 Realization	2026 Budget
Economic Growth (%)	5.2	5.04	5.4
Inflation (%, yoy)	2.5	2.92	2.5
10Y T-Bonds Rate (%, average)	7.0	6.01	6.9
Exchange rate (IDR/US$, average)	16,000	16,782	16,500
Oil Price/ICP (USD/barrel, average)	82	67.95	70
Oil Lifting (tbpd)	605	577.6	610
Lifting Gas (tboepd)	1,005	965.5	984

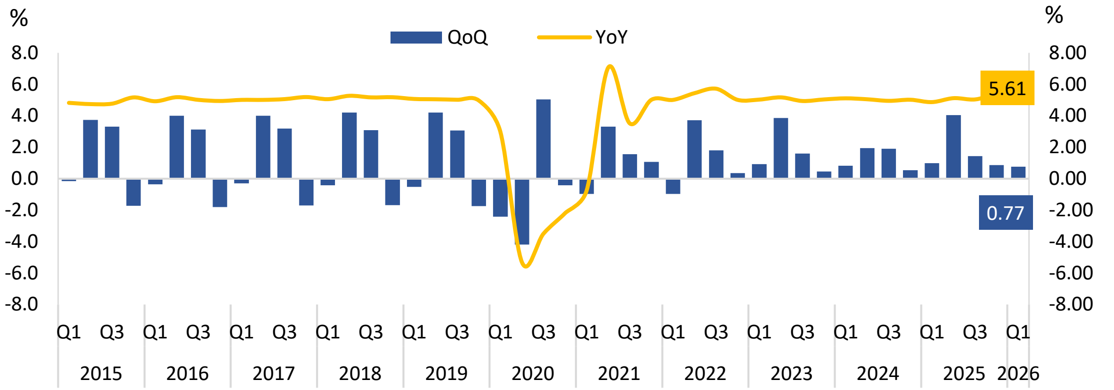
The 2026 Budget Posture

	Budget
A. Revenue	3,153.6
I. Tax Revenue	2,693.7
1. Tax	2,357.7
2. Custom and Excise	336.0
II. Non-Tax Revenue	459.2
III. Grants	0.7
B. Expenditure	3,842.7
I. Central Government Expenditure	3,149.7
1. Line Ministries Expenditure	1,510.5
2. Non-Line-Ministries Expenditure	1,639.2
II. Transfer to Region	693.0
C. Primary Balance	(89.7)
D. Surplus/(Deficit)	(689.1)
E. Financing	689.1

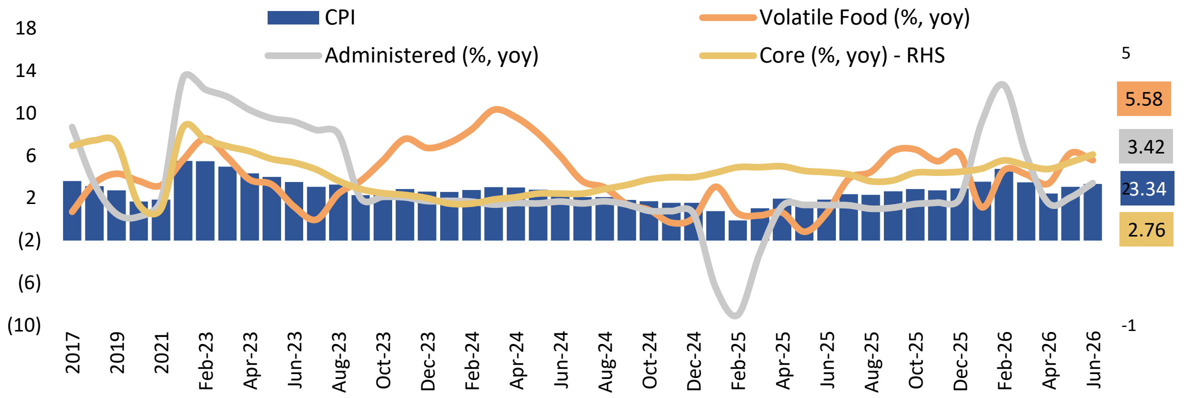
Indonesia's Macroeconomic Fundamentals Remain Strong and Resilient

Indonesia's robust macroeconomic fundamentals are reflected in resilient growth of 5.61% in Q1 2026, supported by stable inflation, exchange rate stability, and prudent monetary easing, reinforcing the economy's capacity for sustained long-term expansion.

Strong Economic Growth

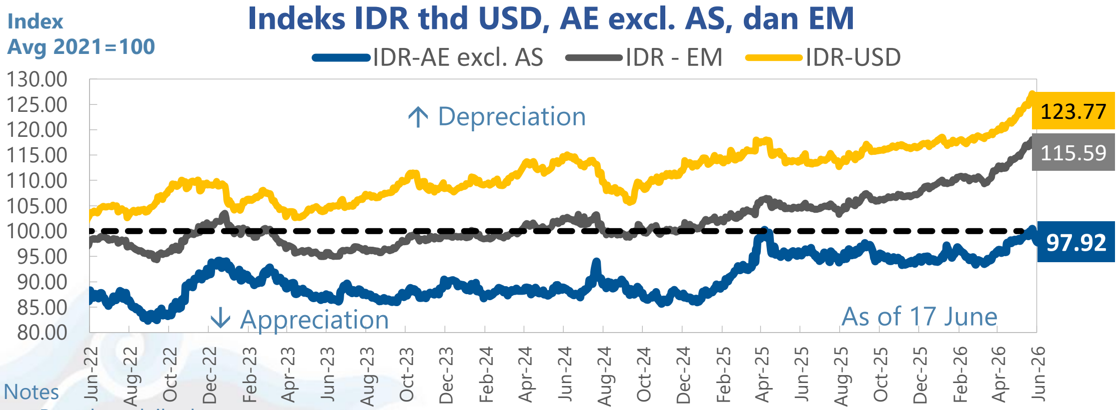


Well Maintained Inflation Ensured Price Stability



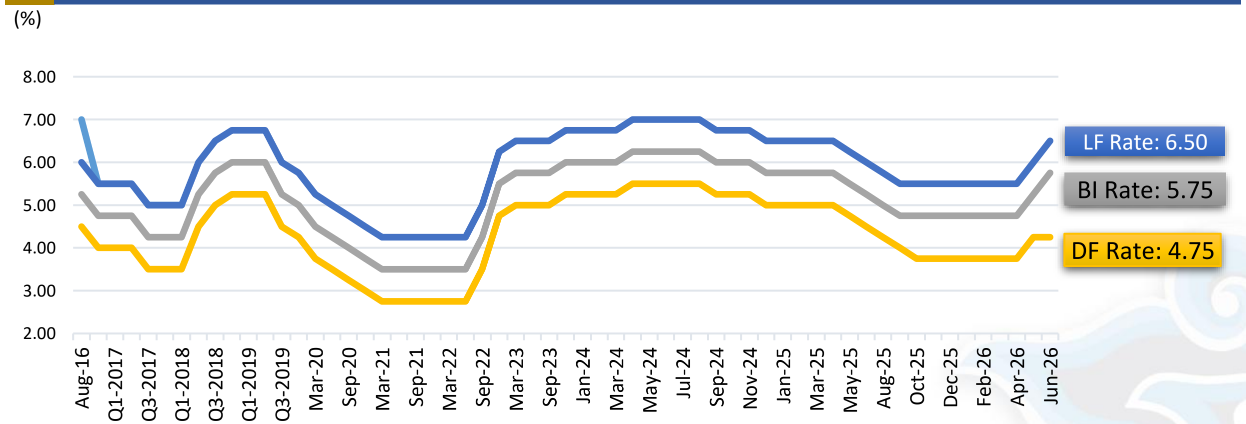
Source: BPS

Relatively Stable Rupiah Exchange Rate



Notes
- Based on daily data
- Composite indexes on trade weights :: SGD (13%), CNY (52%), INR (11%), KRW (9%), THB (7%), MYR (9%)

Strengthened Monetary Policy Framework

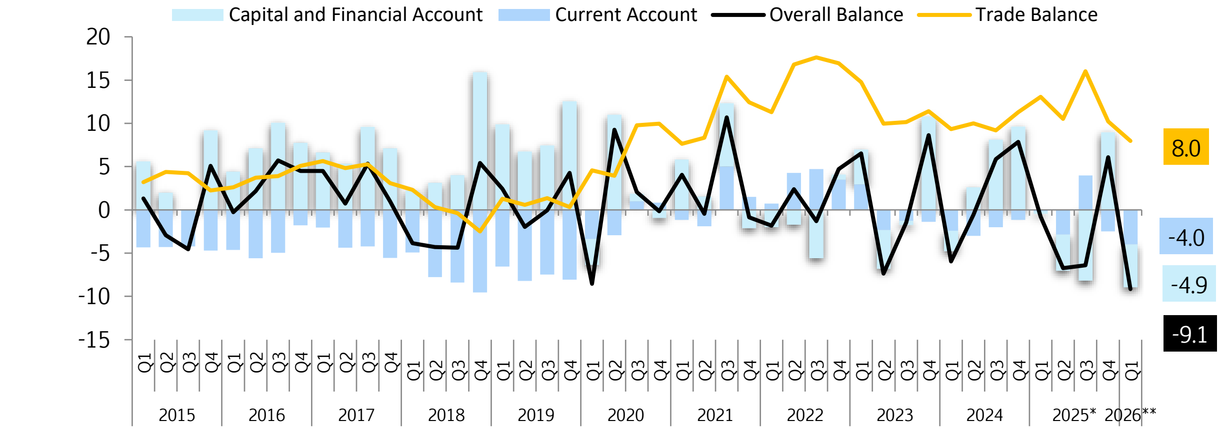


Source: Bank Indonesia

External Sector Remains Sound Amid Global Uncertainty

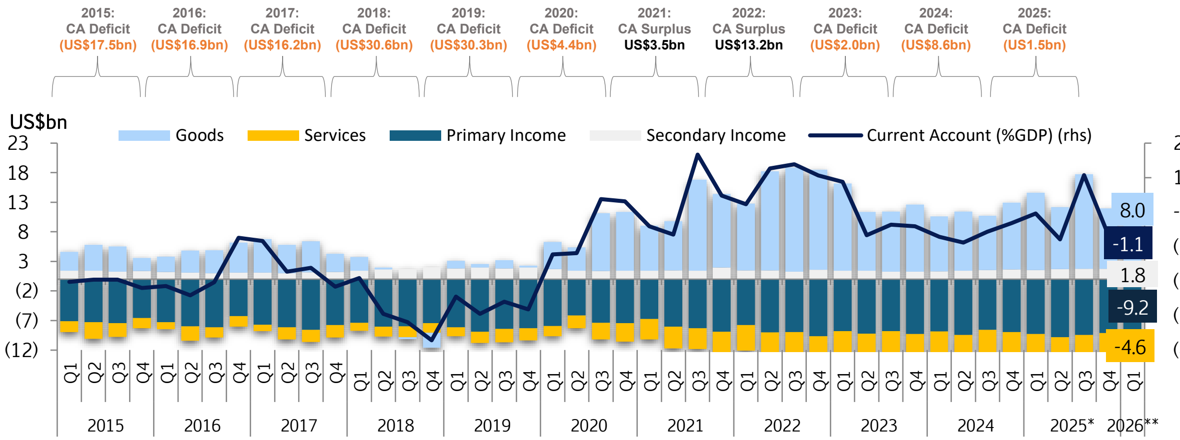
Indonesia's external resilience remains strong, supported by a solid balance of payments, a low current account deficit, a persistent trade balance, and solid foreign exchange reserves that continue to bolster macroeconomic stability.

Balance Of Payment Remains Solid

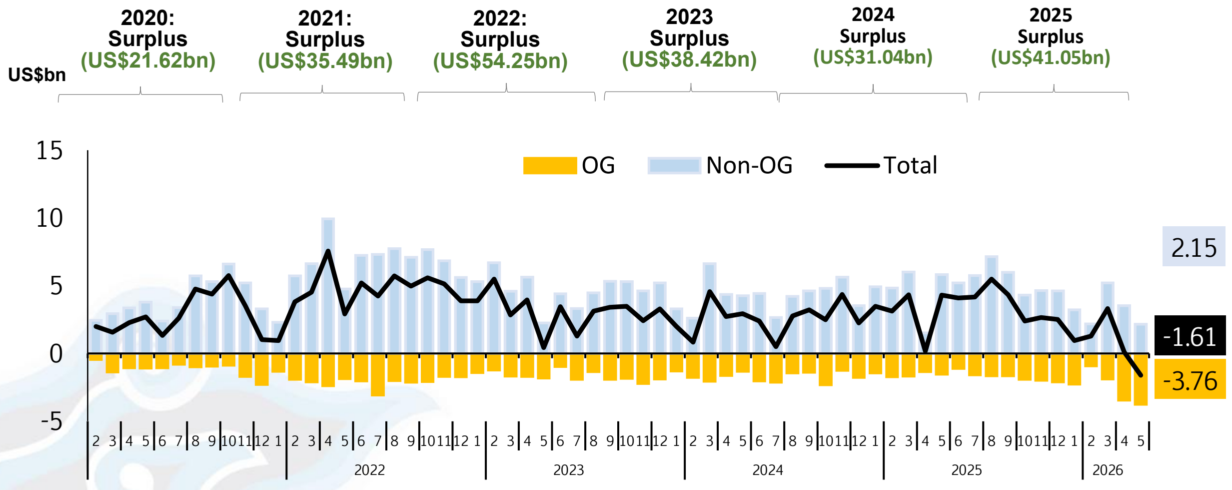


Source: Bank Indonesia

Current Account Recorded Low Deficit



Trade Balance Recorded a Deficit



Source Central Bureau of Statistics of Indonesia

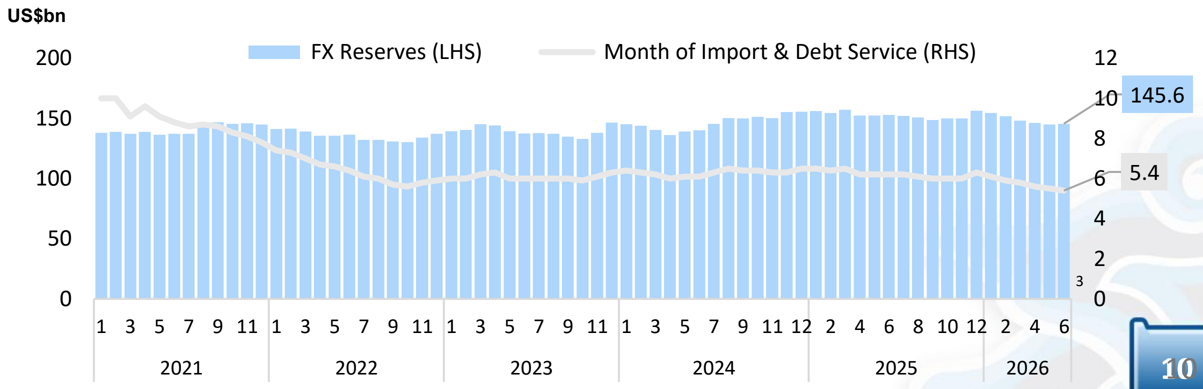
* Preliminary Figure

** Very Preliminary Figure

Official Reserve Assets Remained Maintained

FX Reserves as of June 2026: US$145.6bn

(Equiv. to 5.4 months of imports financing + servicing of government debt)

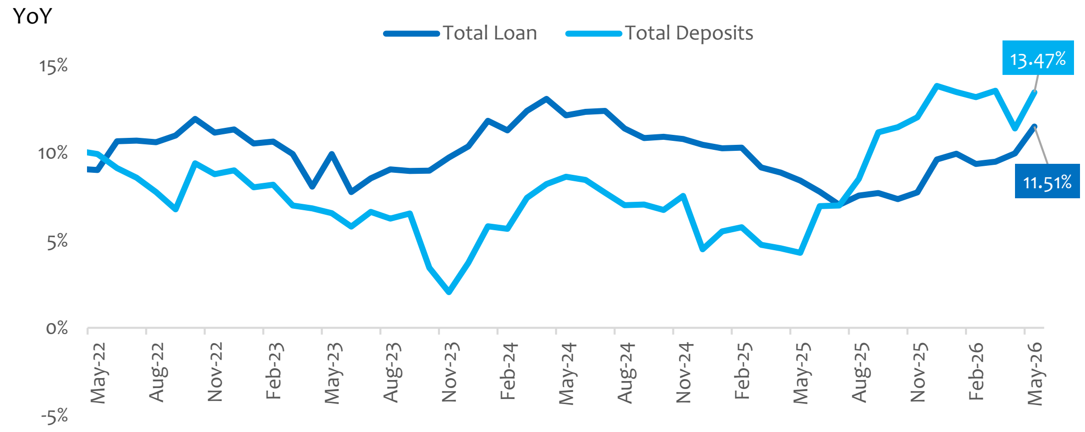


Source: Bank Indonesia

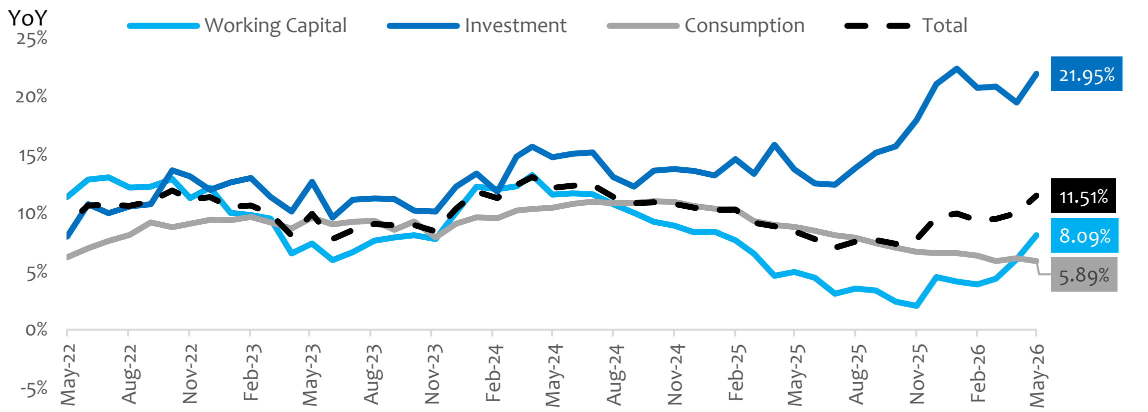
Banking Intermediation

Indonesia's banking sector maintained its positive momentum, underpinned by strong lending activity and healthy funding growth. The loan-to-deposit ratio (LDR) remained within the prudent range of 78%–92%.

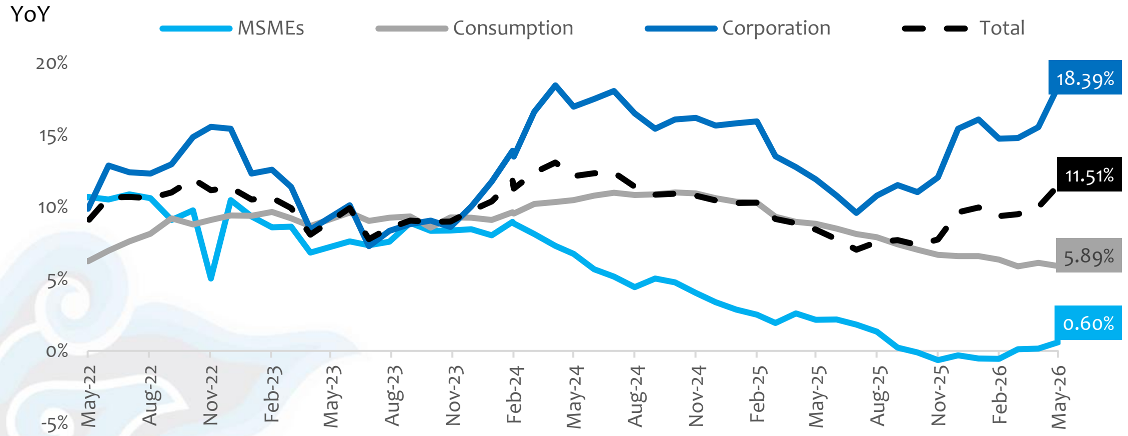
As of **May 2026**, banking loan grew by **11.51% (yoy),** while deposit continued to post double-digit growth at **13.47% yoy.**



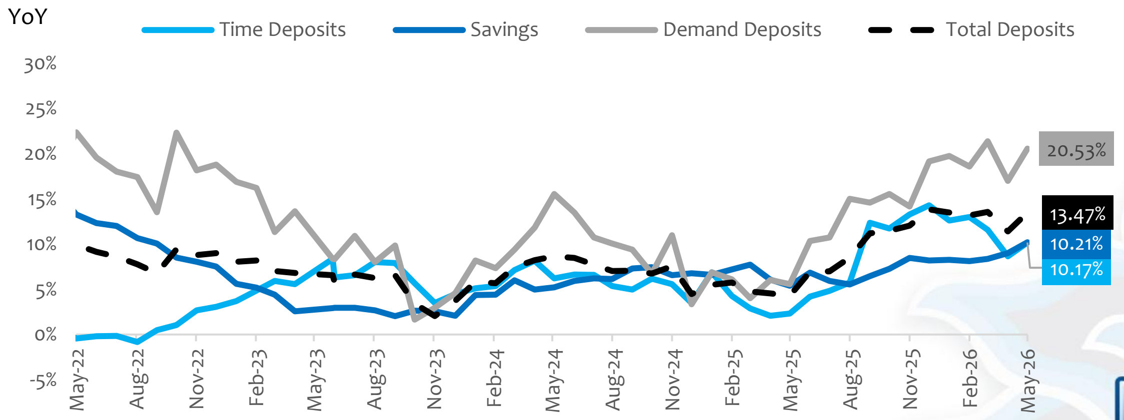
Loan growth continued to be driven by **investment loans**, which recorded growth of **21.95% yoy.**



As of May 2026, corporate loan recorded a growth of **18.39% yoy, while** MSME loan remained on a positive growth trajectory, increasing by **0.60% yoy.**



On the funding side, deposits grew by 13.47% yoy, driven primarily by demand deposits, which grew by 20.53% yoy.



Source: OJK

Bank Indonesia Policy Mix Framework for Economic Resilience

Bank Indonesia's policy mix is calibrated to reinforce economic growth while maintaining stability through a balanced combination of monetary, macroprudential, payment system, money market deepening, and inclusive green economy measures.

BI – Rate[1]	**5.75%**
Deposit Facility (DF) rate[1]	**4.75%**
Lending Facility (LF) rate[1]	**6.50%**

PRO-STABILITY	PRO-GROWTH			
MONETARY	MACROPRUDENTIAL	PAYMENT SYSTEM	MONEY MARKET DEEPENING	INCLUSIVE AND SUSTAINABLE ECONOMY AND FINANCE

MONETARY

- Strengthening the effectiveness of monetary policy implementation to stabilise the Rupiah exchange rate and maintain inflation in 2026 and 2027 within the 2.5±1% target range by:
  - i. increasing the intensity of foreign exchange intervention to strengthen Rupiah exchange rate stabilisation through Non-Deliverable Forward (NDF) transactions in offshore markets as well as spot and Domestic Non-Deliverable Forward (DNDF) transactions in the domestic market,
  - ii. maintaining the interest rate structure of Bank Indonesia Rupiah Securities (SRBI) across the 6, 9 and 12-month tenors in line with the BI-Rate decision to continue attracting foreign portfolio investment inflows to domestic financial assets,
  - iii. continuing to provide incentives in the form of a 10% reduction in hedging swap rates for non-resident investors to further enhance the attractiveness of foreign investor inflows and compensate for the obligations currently borne by investors, and
  - iv. maintaining adequate liquidity in the money market and banking industry by ensuring primary money growth above 10% (double digit), consistent with monetary expansion, including through the reopening of the repurchase agreement (repo) auction window for the 3, 6, 9 and 12-month tenors as Bank Indonesia's main monetary liquidity expansion instrument for the banking industry.
- Strengthening money market and foreign exchange market deepening policy to advance more efficient and prudent money and foreign exchange markets, thereby attracting foreign investment and bolstering monetary policy effectiveness, including Rupiah exchange rate stabilisation by:
  - i. expanding the money market and foreign exchange market ecosystem in terms of products, pricing, participants and infrastructure to support the use of Local Currency Transactions (LCT) with several countries to facilitate trade and investment,
  - ii. strengthening prudential principles in the money market and foreign exchange market through a lower threshold for cash purchases of foreign exchange against the Rupiah without underlying transactions to USD10,000 per person per month, effective from 1st July 2026, and
  - iii. strengthening prudential principles in International Transaction Reporting System (ITRS) reporting through adjustments to the threshold for supporting document obligations on outgoing foreign currency transfers abroad from a nominal equivalent of above USD50,000 to above USD25,000, effective from 1st July 2026.
- Expanding international cooperation with several central banks in central banking areas, including payment system connectivity and local currency transactions, while facilitating investment and trade promotion in priority sectors in cooperation with relevant institutions.

MACROPRUDENTIAL

- Strengthening macroprudential policy effectiveness through:
  - i. an increase in the Bank Foreign Funding Ratio (RPLN) from a maximum of 35% to 40% of bank capital, effective from 1st July 2026. The increase in the RPLN ratio aims to expand banking funding sources, particularly from abroad, to support lending/financing to the economy, while observing prudential principles,
  - ii. synergy with the Government and other stakeholders to stimulate bank lending/financing through the Indonesian Intermediation Acceleration Program (PINISI), and
  - iii. publication of the assessment of prime lending rate (PLR) transparency, with a focus on lending rates based on priority sectors in accordance with the scope of Macroprudential Liquidity Incentive Policy (KLM)

PAYMENT SYSTEM

- Strengthening the implementation of payment system digitalisation measures in accordance with the Indonesia Payment System Blueprint (BSPI) 2030 to support economic growth and further expand inclusive digital economic and financial activities by:
  - i. extending the current credit card policy and National Clearing System (SKNBI) tariff policy until 31st December 2026, including: (i) minimum payment policy for credit cardholders of 5% of the total billed amount and late payment penalties of 1% of the outstanding balance up to a maximum of Rp100,000, and (ii) National Clearing System fees of Rp1 for banks and up to Rp2,900 for bank customers, and
  - ii. expanding digital financial acceptance through the QRIS Jelajah Indonesia 2026 program and expansion of QRIS Cross-Border, as well as further implementation of the Indonesian Digital Innovation Centre (PIDI), covering the Digital Talenta Berdaya dan Berkarya (Digdaya) and Hackathon programs, as well as synergy with the Government through the Capacity Building and Literacy for Accelerating and Expanding Regional Digitalisation Synergy (KATALIS P2DD) and Digdaya program.

Source: Bank Indonesia
Note: (1) Board of Governors Meeting June 2026

Strong Investment in Downstream Industries Reflects Continued Industrial Transformation

Downstream industries continue to attract strong investment of Rp 147.5 trillion in Q1 2026, driven primarily by Mineral and Coal, underscores the continued progress of Indonesia's downstream strategy.

Mineral (Total IDR 98.3 T)

Nickel	Rp 41.5 T	Iron & Steel	Rp 13.7 T
Copper	Rp 20.7 T	Tin	Rp 2.5 T
Bauxite	Rp 17.0 T	Others	Rp 2.9 T*

*) Others: Silica Sand, Gold, Silver, Cobalt, Manganese, Coal, Buton Asphalt, LTJ

Oil & Natural Gas (Total Rp 17.6 T)

Petroleum	Rp 13.6 T
Natural Gas	Rp 4.1 T

Marine and Fisheries (Total Rp 6.4 T)

Commodities in this sector include salt, fish (Tuna, Skipjack, Mackerel) , shrimp, seaweed, crab, and tilapia.

Plantations & Forestry (Total Rp 29.8 T)

Palm Oil	Rp 18.3 T	Rubber	Rp 2.4 T
Logs	Rp 7.0 T	Others*	Rp 2.1 T*)

*) Other : Nutmeg, Pine, Coconut, Cocoa, and Biofuel

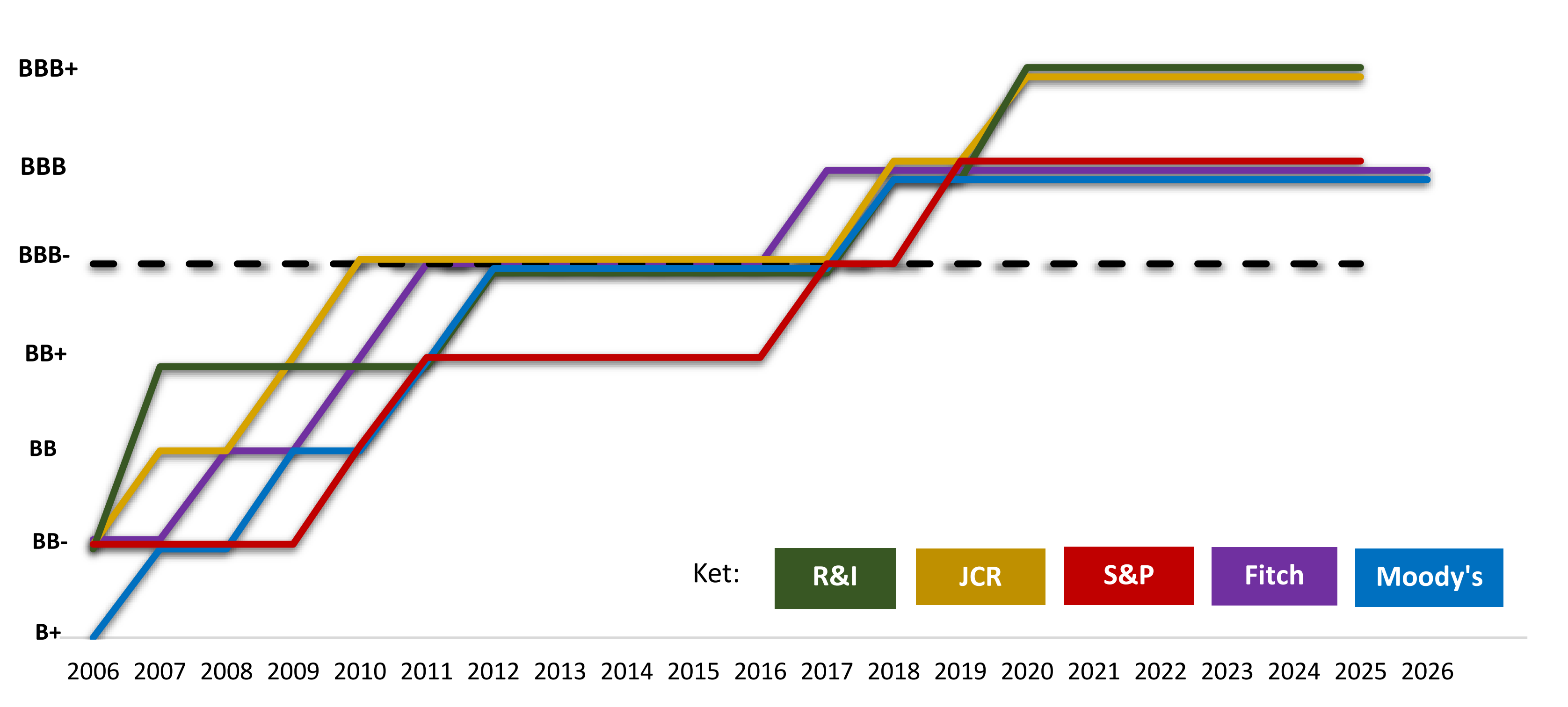
Investment Realization of Downstream Industry Sectors

Rp 147.5Trilion ▲8.1% (YoY)

29.6% of Total Investment Realization Q1 2026

Source: Ministry of Investment and Downstream Industry

Affirmation on Indonesia's Sovereign Credit Rating



FitchRatings — BBB / Negative

March 2026, Rating Affirmed at BBB/Negative Outlook

The rating affirmation reflects Indonesia's record in maintaining macroeconomic stability, favourable medium-term growth, a modest government debt/GDP ratio and moderate external buffers. The outlook revision reflects increasing policy uncertainty and erosion of Indonesia's policy mix consistency and credibility amid growing centralisation of policymaking authority.

S&P Global — BBB / Stable

July 2025, Rating Affirmed at BBB/Stable Outlook

Indonesia's BBB rating reflects the country's robust economic growth prospects, prudent policy settings, and relatively low net external and government debt burdens. Meanwhile, the stable outlook is supported by the government's commitment to maintaining the 3% annual fiscal deficit ceiling as a policy anchor.

R&I — BBB+ / Stable

October 2025, Rating Affirmed at BBB+/Stable Outlook

Indonesia's economic fundamentals remain resilient, supported by demographic expansion, abundant natural resources and growing manufacturing sectors. The economy has been on a relatively stable trajectory, with the inflation rate kept in check. The government debt ratio remains at a low level, reflecting the government's fiscal policy in accordance with fiscal rules. R&I has a view that prudent fiscal and monetary policies have been maintained so far under the Prabowo administration.

JCR — BBB+ / Stable

September 2025, Rating Affirmed at BBB+/Stable Outlook

The ratings mainly reflect the country's solid domestic demand-led economic growth and restrained public debt. On the other hand, they are constrained by its weak revenue base. The economy's real GDP growth in 2024 remained at around 5%, the same level as the previous year. JCR holds that the government debt-GDP ratio, which rose due to measures aimed to combat the pandemic, will be maintained at current levels amid the ongoing fiscal consolidation efforts through tax reforms and budget allocation revisions.

MOODY'S — Baa2 / Negative

February 2026, Rating Affirmed at Baa2/Negative Outlook

The rating affirmation highlights Indonesia's economic resilience, supported by solid growth, structural strengths, and a track record of credible monetary and prudent fiscal policies that underpin macroeconomic and financial stability. The outlook revision reflects the assessment of rising risks to policy predictability, which have not yet materially affected credit fundamentals but could weigh on performance if prolonged.

Section 2

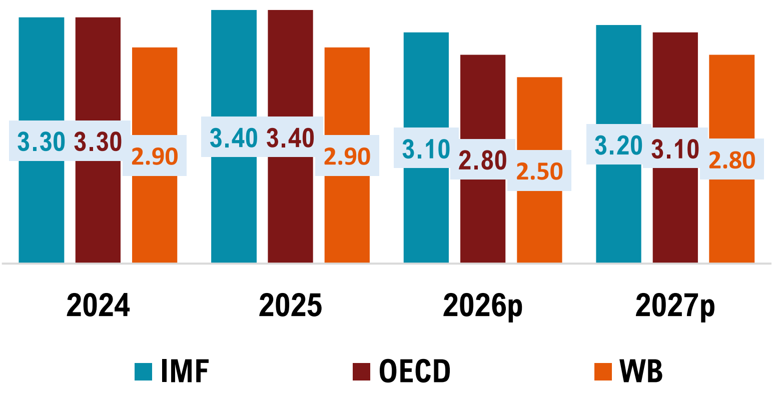
Macroeconomic

"Promising Growth Prospects Supported by Continued Economic Recovery Momentum"

Indonesia's Projected Robust Resilience Amidst Evolving Global Dynamics

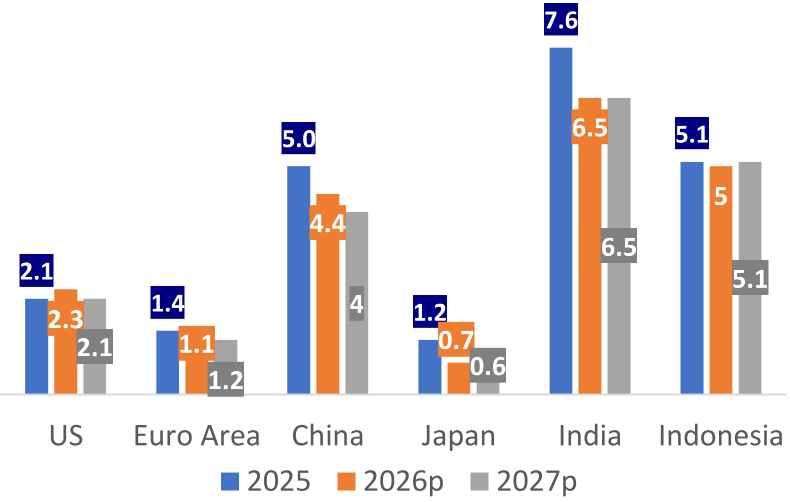
Indonesia continues to demonstrate economic resilience, maintaining a strong projected growth trajectory that consistently outperforms global and regional performance. While the global economy is projected to stabilize amid evolving structural dynamics and external challenges, Indonesia's solid fundamentals and strategic policy framework ensure a sustainable and resilient economic outlook through 2027.

Global GDP Growth Projection (% YoY)



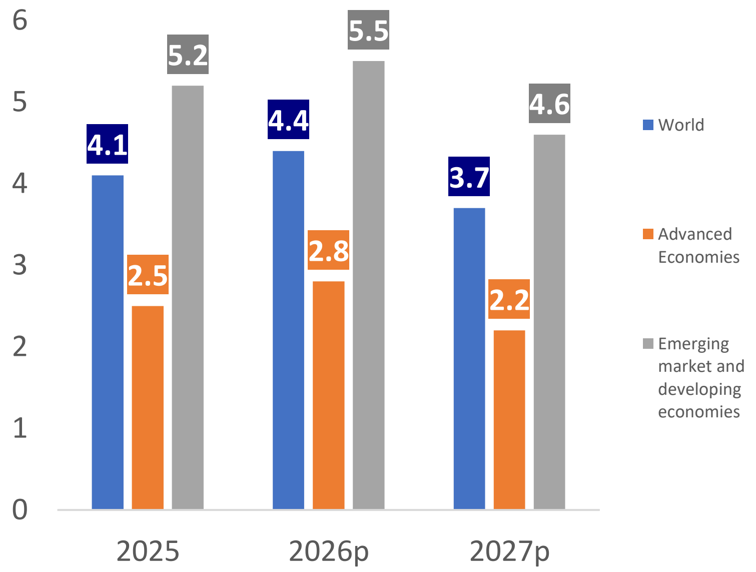
Source: GEP WB Jun'26, OECD Jun'26, WEO IMF Apr'26

Estimated GDP Growth of Selected Country 2025-2027 (% YoY)



Source: WEO IMF Apr'26

Global Inflation Projection (CPI) (% YoY)



Source: WEO IMF Apr '26

DOWNSIDE RISKS

1. Intensification of geopolitical Tensions
2. Eruption of domestic political tensions
3. Reevaluation of Technology Expectations
4. Disruption of the fragile balance of current trade policies
5. Repricing of borrowing costs triggered by fiscal vulnerabilities
6. Erosion of confidence in economic institutions

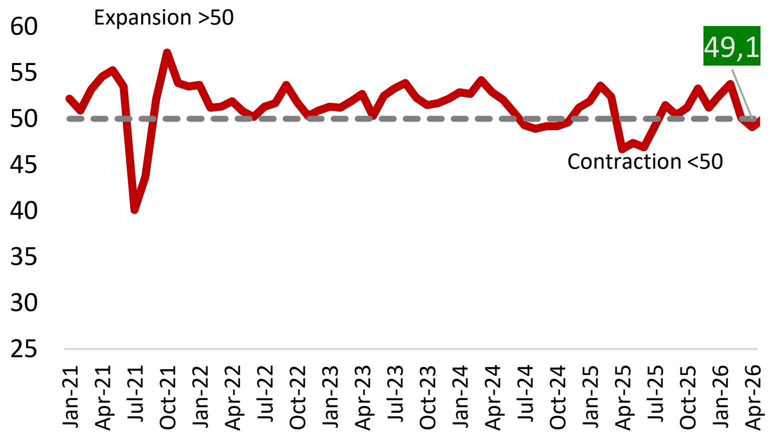
Source: WEO IMF Apr '26.

Source: WEO IMF Apr '26.

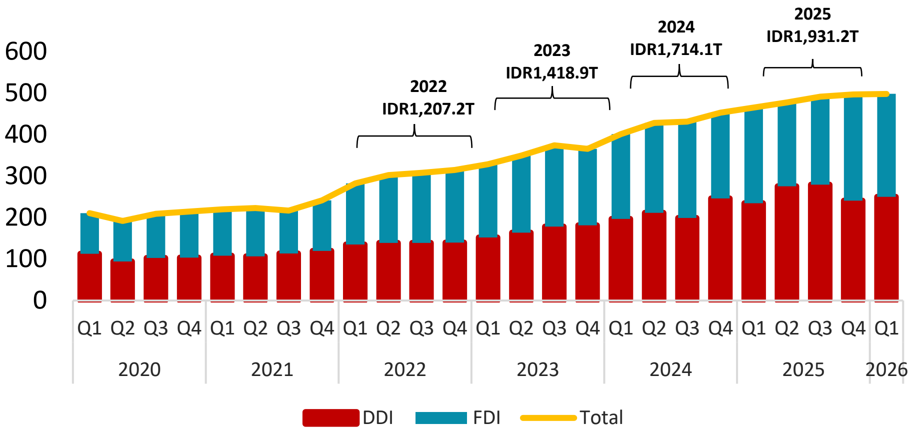
Indonesia's Leading Indicators Sustain Strengthening Momentum for Q1-2026

Indonesia's economic fundamentals remain on a trajectory of solid growth entering Q2-2026, anchored by a robust Consumer Confidence Index of 120.9 and a strong upward trend in Total Investment. While manufacturing PMI experienced a moderation to 49.1, resilient domestic consumption continues to drive economic activity. Supported by a consistent trade surplus and ample Foreign Exchange Reserves of USD 145.6 billion, Indonesia possesses a formidable financial buffer to navigate shifting global dynamics.

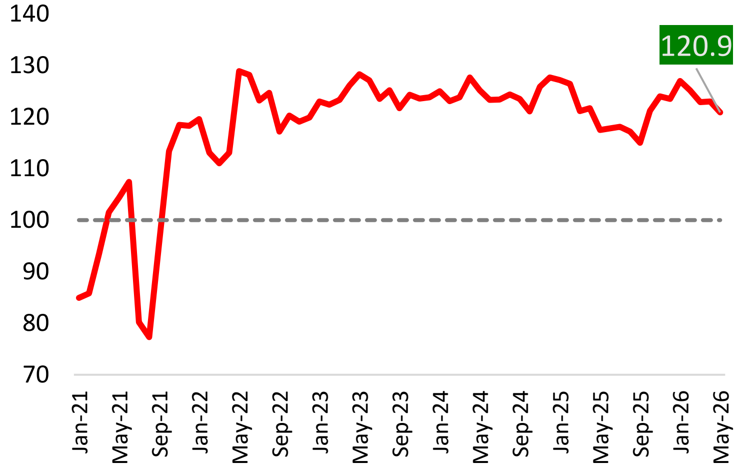
Manufacturing PMI



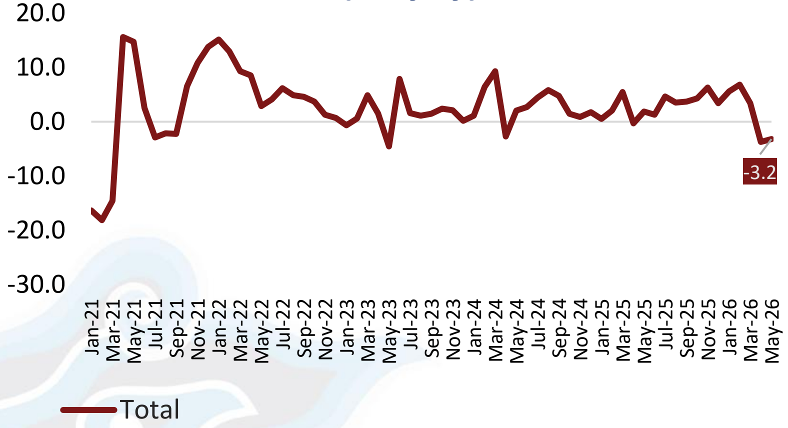
Total Investment (IDR Tn)



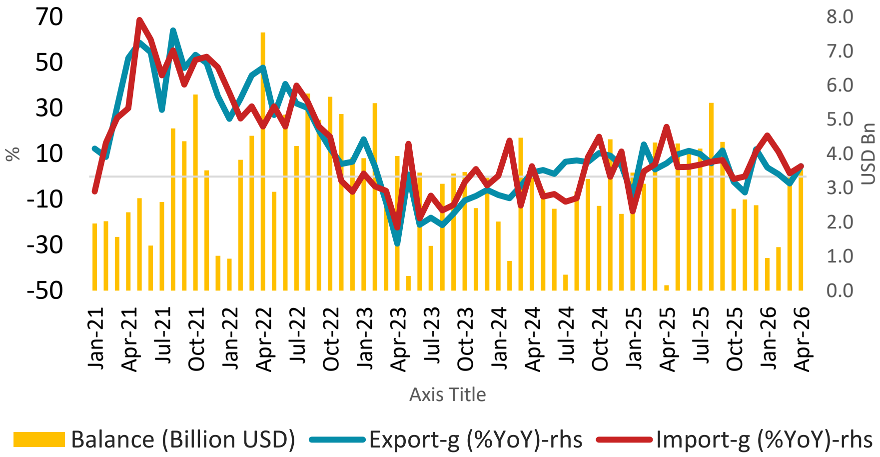
Consumer Confidence Index



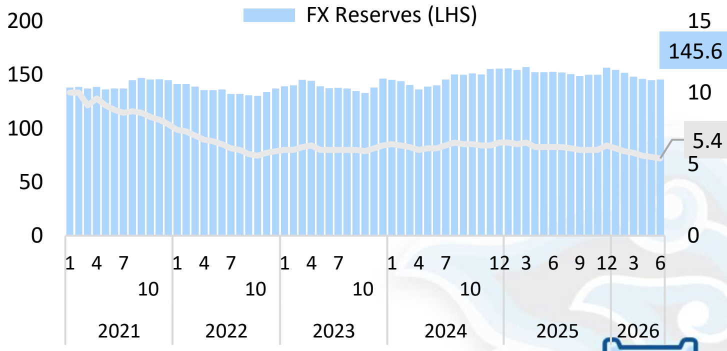
Retail Sales (%, yoy)



Trade Balance (USD Bn)



FX Reserves as of June 2026: USD145.6bn



Source: Bank Indonesia

Indonesia Economic Growth Framework 2026

Priority Sectors, Presidential Priority Programs, and Productivity Acceleration as Key Growth Drivers, aligned with Government Work Plan 2026 "Food and Energy Sovereignty, and Economic Transformation toward an Advanced Indonesia"

PRIORITY SECTORS

Agriculture
→ downstream industrialization
→ food security

Mannufacturing Industry
→ National automotive
→ Semiconductor
→ Labor-intensive revitalization

Digital
→ Data Center : FDI
→ Gig economy

Energy
→ Energy security
→ Clean energy

2026 ECONOMIC GROWTH TARGET

5,4%

PRESIDENTIAL PRIORITY PROGRAMS

- Nutritious Meal Program (MBG) — Demand Creation & Human Capital Development
- Red-and-White Cooperatives (KDKMP) — Investment & Local Competitiveness
- 3 Million Housing Program

PRODUCTIVITY ACCELERATION

- Stronger labor–industry linkages (link & match initiatives)
- Improved ease of doing business
- Financial sector reform
- Expanded financing access for productive and export-oriented sectors

FINANCING:
Foreign direct investment (FDI) and non-state budget financing through the Danantara

SUPPORT:
Deregulation and bottleneck removal, Fiscal and monetary policy synergy, Financial sector stability

GROWTH POTENTIAL: 5,4% - 5,6%:

- ❑ Execution of strategic investment projects under Danantara
- ❑ Effective implementation of government priority programs

Economy Package 2025” (8+4+5 Program)

The 2025 Economic Package is designed to accelerate growth and strengthen employment absorption. It also ensures policy continuity, with several key measures carried forward from previous years and extended into 2026

8 Programs: “8 Accelerated Programs in 2025”

1. **Government Assistance for College Graduates Internship Program:** Ministry of Manpower data: 4,894 companies, 44 institutions, and 92,583 vacancies, for up to 100,000 1-year fresh graduates.
2. **Government-borne Income Tax (PPh21) incentives for the tourism sector workers:** in the Oct-Dec 2025 Period: 552,000 workers.
3. **Food Assistance program:):** Distribution progress: Rice: 6,776.2 tons (1.85%) of the ceiling of 365,541 tons. Cooking oil: 1,355.3 KL (1.85%) of the ceiling of 73,108 KL.
4. **Discount on Work Accident Insurance (JKK) and Death Insurance (JKM) Contributions:** for non-wage recipients in the transportation sector. Government Regulation (PP) draft is being prepared.
5. **Additional Service Benefits – Housing Program of BPJS Ketenagakerjaan:** Revision of the Minister of Manpower Regulation is under discussion; harmonisation is ongoing at the Ministry of Law and Human Rights.
6. **Program Padat Karya Tunai (*Cash for Work*):** Ministry of Transportation realization: 13,163 workers; and Ministry of Public Works realization: 197,972 workers.
7. **Deregulation Program (PP28/2025):** Acceleration of RDTR Integration into OSSAdditional digital RDTR integrated into OSS: target 100 new RDTR, with 17 RDTR realized to date.
8. **Urban Program (Jakarta *Pilot Project*):** Program identification is underway in each ministry/agency and SOE.

4 Programs: Carried Forward to 2026

1. **Adjustment of the Utilization Period and Beneficiaries of 0.5% Final Income Tax for MSME Taxpayers until 2029**
2. **Extension of Government-borne Income Tax (PPh 21) Incentives for Tourism Sector Workers and Labor-Intensive Industries (2026 budget)**
3. **Extension of the VAT DTP for the housing sector:** extended until 2027
4. **Extension and expansion of Discount on JKK and JKM Contributions for all Non-Wage Recipients (BPU)**

5 Programs: Employment Absorption

1. **Operasional for KDKMP (Koperasi Desa/ Kelurahan Merah Putih):** Ground-breaking has been carried out at 800 locations
2. **Value Chain Strengthening for Strategic Plantation and Agricultural Commodities, and Post-Harvest Infrastructure**
3. **Revitalisation of Northern Coast (Pantura) Shrimp Ponds, Integrated Shrimp Area in Waingapu, and Modernisation of Fishing Vessels**
4. **Kampung Nelayan Merah Putih” ProgramStage-2 ABT process is ongoing in 35 locations**
5. **Fish Cultivation Development** to support MBG in 500 districts/cities

Fiscal Incentives to Boost the Economy

Fiscal incentives support investment, job creation, and industrial development, while alignment with the Global Minimum Tax ensures policy credibility and fiscal sustainability.

TAX HOLIDAY & MINI TAX HOLIDAY

- **Applicable to new investments**, particularly in **pioneer industries** and core business activities.
- **18 eligible pioneer industries covering 169 KBLI classifications**, strategically selected for their **strong economic linkages, high added value, advanced technology adoption, and significant national economic impact**.
- **Corporate income tax incentives**:
  - **100% corporate income tax exemption (full tax holiday)** for up to **20 years**, depending on the investment value.
  - **Mini tax holiday**: A **50% corporate income tax reduction for two years** after the initial full exemption period.
  - After the tax holiday and mini tax holiday periods expire, investors remain eligible for a **50% reduction of the standard corporate income tax rate**.
- **Adjustment due to Global Minimum Tax (GMT) Implementation**:
  - Indonesia has aligned its tax policies with **the 15% Global Minimum Tax (GMT) framework** set by the OECD/G20.
  - Companies benefiting from the **Tax Holiday must comply with the minimum tax requirement**, ensuring both regulatory stability and competitive investment incentives.

TAX ALLOWANCE

- Aims to **increase direct investment** in **specific business sectors** or **designated regions**.
- **Incentives include**:
  - **30% net income reduction** based on total investment over six years.
  - **Accelerated depreciation and amortization.**
  - **Reduced income tax on dividends** paid to foreign investors (10% or lower).
  - **Compensation for losses** of up to **10 years.**
- Criteria include **high investment value for export**, **significant labor absorption**, or **high local content**.

INVESTMENT ALLOWANCE

- Encourages **investment in labor-intensive industries**, supporting **job creation and workforce absorption**.
- **Net income deduction of 60%** of the investment in **tangible fixed assets, including land**, used for the taxpayer's main business activities.
- **Deduction is spread over six years** (10% annually) from the **fiscal year when commercial production starts**.
- Covers **45 labor-intensive industrial sectors**, employing an **average of 300 workers per tax year**.

SUPER DEDUCTION TAX

Super Deduction for Vocational Activities

- Encourages industries to **participate in vocational programs**, facilitating **knowledge transfer and skill development**.
- **Maximum reduction of 200% in gross income** for costs related to **work practice, apprenticeships, and learning activities**.

R&D Super Deduction

- Supports **industry-driven innovation** and the **adoption of the latest technology** in production processes.
- **Maximum gross income deduction of 300%** for **eligible R&D expenditures in Indonesia**.

Source: Coordinating Ministry for Economic Affairs

Strengthening Indonesia's Inflation Control Strategy Against External And Domestic Headwinds

Proactive risk mitigation across food production, social assistance, and structural efficiency ensures domestic inflation remains contained despite external and climate headwinds

RISKS

1 EL NIÑO / DRY SEASON RISK

- Seasonal food production decline risk in April–June, with El Niño impact potentially extending through H2 2026
- Potential CPO and plantation commodity output disruptions
- Rising animal feed costs — maize and soybeans — threatening livestock producers

2 RISING ENERGY PRICES & GLOBAL COMMODITY PRESSURES

- Global oil price escalation placing upward pressure on domestic fuel and transport costs
- Food, transport and core inflation pressures eroding household purchasing power

3 IMPORTED INFLATION & RAW MATERIAL COST ESCALATION

- Escalating raw material import costs squeezing domestic industrial production margins
- Global trade disruptions threatening supply chain stability
- Rupiah exchange rate depreciation amplifying import-cost pass-through

MITIGATION

1 FOOD PRODUCTION REINFORCEMENT

- Water infrastructure reinforcement: irrigation optimisation, pumping systems, retention ponds
- Accelerated planting cycles and adaptive crop scheduling using early warning systems (EWS)
- Strengthening BULOG buffer stocks and national food reserves

2 PRICE STABILIZATION & PURCHASING POWER

- Accelerating regular social assistance disbursement (PKH: 10m households; BPNT: 18.8m households)
- Food aid: 2L cooking oil + 10kg rice per household (deciles 1–4; 33.2m beneficiaries)
- Transport fare discounts; civil service 13th-month salary payment
- Maintaining energy subsidies and compensation schemes

3 COMPETITIVENESS & SUPPLY CHAIN EFFICIENCY

- Logistics and supply-chain efficiency gains through inter-regional trade agreements (KAD)
- Domestic content requirements (TKDN) and strategic sector regulatory adjustment
- Fiscal incentives on plastic raw material imports
- Production financing: subsidised credit (KUR), agricultural machinery loans, crop insurance

Policy Coordination & Synergy To Keep Inflation Firmly Anchored

The government (central and regional) and Bank Indonesia continue strengthening coordination and synergy through TPIP-TPID to control inflation amid against global headwinds. Policymakers remain confident that 2026 inflation, will remain within the 2.5±1% target band.

MONETARY POLICY

Pro-stability and pro-growth monetary policy dan

- Rupiah stabilisation via FX interventions: spot, DNDF, secondary SBN
- Monetary operations via SRBI, SVBI, and SUVBI optimisation

FISCAL POLICY

APBN and APBD as fiscal shock absorbers

- Energy subsidiescompensation transfers
- Food security budget: optimisation of government commercial reserves (SPHP distribution)
- Social protection programmes, including food assistance
- **Purchasing-power stimulus measures**
- Regional budget (APBD) and contingency reserve (BTT) optimisation

THE 4-PILLAR INFLATION CONTROL STRATEGY

K1 Price Affordability

- **Expanded subsidised market operations and food price stabilisation (SPHP) Availability dan Affordability**
- **Social protection, food aid, electricity tariff discounts, transport subsidies**

K2 Supply Availability

- **Strengthening Government Food Reserves (CPP and CPPD)**
- **Subsidised credit (KUR) and agricultural machinery financing**
- Subsidised fertiliser provision

K3 Distribution Efficiency

- **Facilitating strategic food commodity distribution chains**
- **Sea-toll programme optimisation to reach remote 3TP areas**
- **Logistics cost subsidies**

K4 Effective Communication

- TPID coordination by Ministry of Home Affairs via weekly meetings
- **Zonal TPIP-TPID coordination meetings aligned with GNPIP**

2026 INFLATION ANCHORED AT TARGET 2.5±1%

Consumer Price Index (CPI) Inflation Remains Under Control

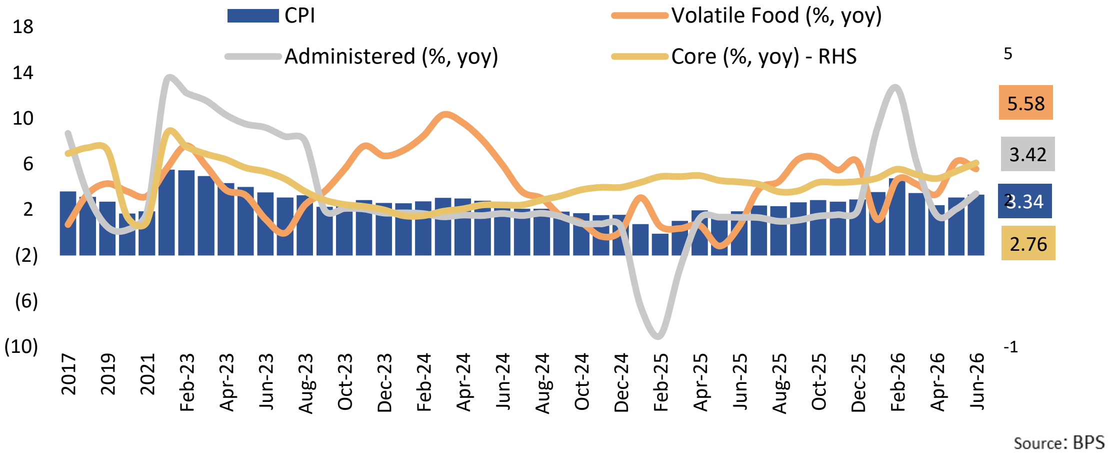
Inflation remains manageable, supported by stable core inflation, easing volatile food prices, and strong policy coordination across national and regional inflation control teams.

- **Consumer Price Index (CPI) in June 2026 increased to 3.34% (yoy), from 3.08% (yoy) in the previous month.**
  - ❑ Core inflation was recorded at 2.76% (yoy) in June 2026.
  - ❑ Volatile food VF inflation was recorded at 5.58 % (yoy), decreasing from 6.24% (yoy) in the previous period.
  - ❑ Administered prices (AP) inflation was recorded at 3.42% (yoy), higher than the 2.07% (yoy) inflation recorded in May 2026
- **Bank Indonesia will continue strengthening the monetary policy mix response, including Rupiah exchange rate stabilisation, to mitigate the increase in imported inflation as well as contain inflation within the 2.5±1% target range in 2026 and 2027.** Bank Indonesia also continues strengthening synergy with the Government through the Central/Regional Inflation Control Teams (TPIP/TPID) by bolstering implementation of the Inflation Control and Food Prosperity Movement (GPIPS), which includes anticipating the risk of weather disruptions triggered by El Niño on food prices.

2026 Inflation Projection

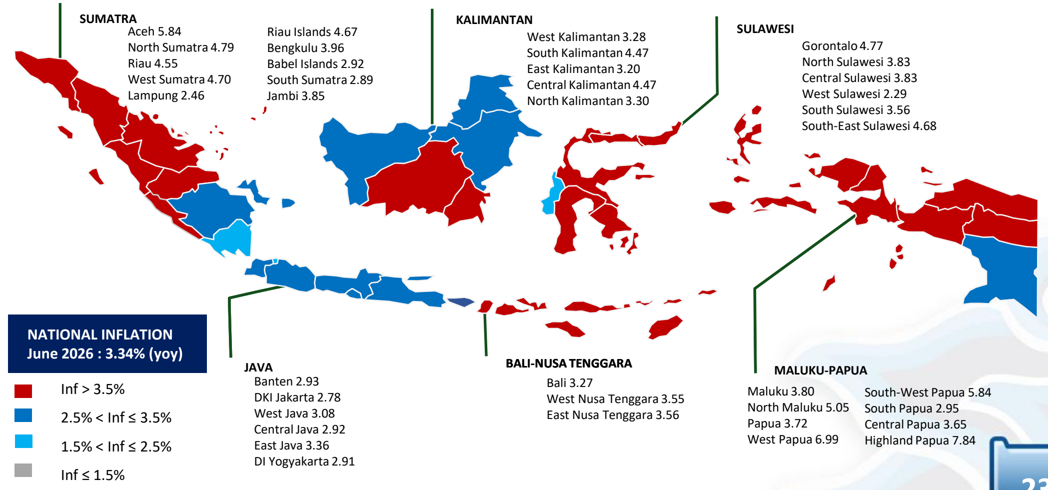
Institutions	Inflation (% yoy)
2026 Budget	2.5
Bank Indonesia	2.5%±1%
Consensus Forecast (June 2026) – average	3.4
IMF (April 2026) – end of period	3.0

CPI Inflation



Source: BPS

Inflation Rate by Provinces



Source: BPS

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

Synchronized Policies to Strengthen Inflation Controlling Efforts

Synchronized monetary and fiscal policies, combined with targeted inflation control measures, are essential to maintain price stability and protect purchasing power. Through coordinated efforts in affordability, supply, distribution, and communication, Indonesia aims to keep inflation within the 2.5±1% target in 2026.

MONETARY POLICY

Support for pro-stability and pro-growth monetary policies

- Stabilization of the Rupiah exchange rate through intervention in the foreign exchange market on spot transactions, Domestic Non-Deliverable Forward (DNDF), and Government Securities (SBN) in the secondary market;
- Monetary operations including optimization of Bank Indonesia Rupiah Securities (SRBI), Bank Indonesia Foreign Currency Securities (SVBI), and Bank Indonesia Foreign Currency Sukuk (SUVBI)

FISCAL POLICY

Optimization of State Budget as shock absorbers

- Energy Subsidies and Compensation
- Food Security Budget including optimization of Government Rice Reserves (SPHP distribution)
- Social Assistance Program, including food assistance
- Food distribution facilitation
- Optimization of APBD

INFLATION CONTROL EFFORTS

K1 Price Affordability

- Improving the implementation of cheap market operations/easy food movements and the Food Supply and Price Stabilization (SPHP) program
- Food assistance, social protection, subsidies and energy compensation

K2 Supply Availability

- Strengthening Government Food Reserves (CPP)
- Access to KUR financing and Agricultural Machinery Credit
- Provision of subsidized fertilizers

K3 Smooth Distribution

- Facilitating the distribution of strategic food commodities
- Optimizing the sea toll program to reach 3TP areas
- Providing assistance for logistics costs

K4 Effective Communication

- Orchestration of TPID for regional inflation control efforts by the Ministry of Home Affairs through weekly coordination meetings
- Implementation of TPIP-TPID Coordination Meetings per region which are carried out back-to-back with GNPIP.

CPI INFLATION 2.5±1%

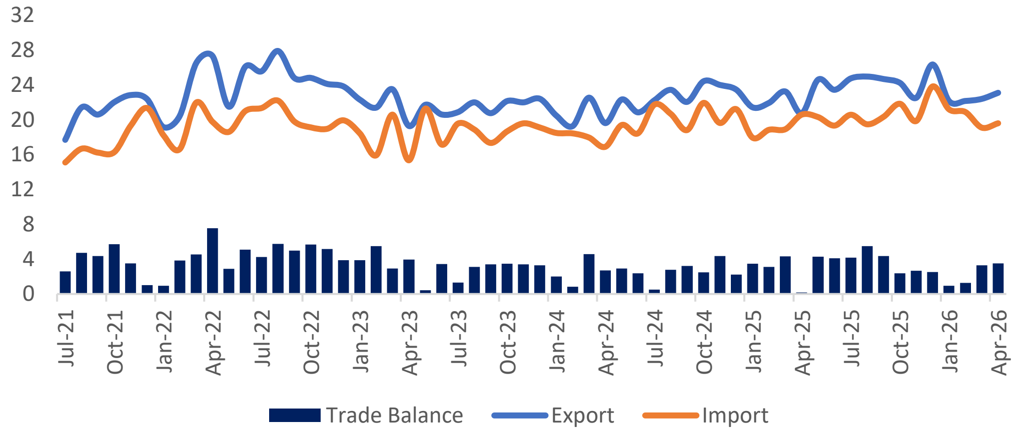
INFLATION 2026

MAINTAIN WITHIN THE TARGET

Task Force for Increasing National Exports to Strengthen Trade Balance

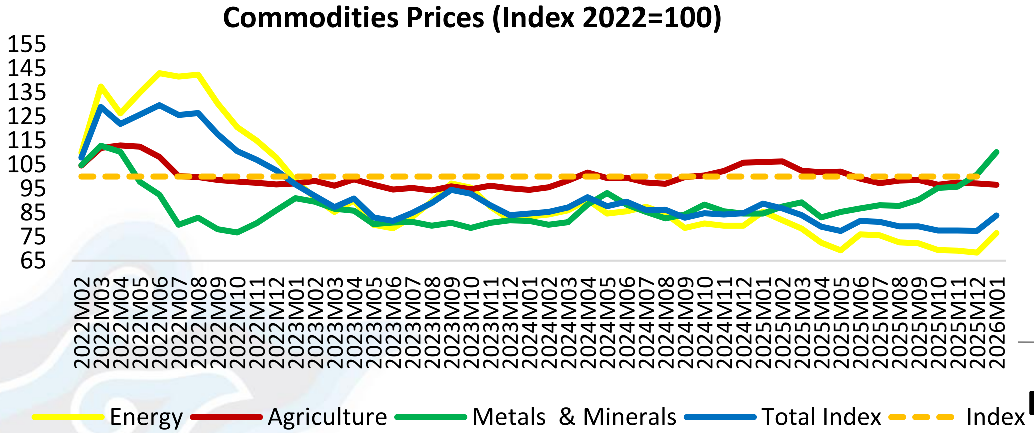
The government has established a task force to boost national exports to maintain export performance, strengthen the trade balance, and support economic growth. The initiative focuses on improving export industry productivity, expanding markets, simplifying processes, enhancing export financing, increasing MSME exports, and strengthening regulations while Indonesia continues to maintain a trade surplus for many consecutive months despite global uncertainty.

Performance of Indonesia's Export – Import (Billion USD)



Source: BPS

Commodities Prices Volatility



Source: World Bank

VISION

TASK FORCE FOR
INCREASING NATIONAL EXPORTS
"MAINTAIN AND IMPROVE NATIONAL EXPORT PERFORMANCE"

TARGET

STRENGTHENING THE TRADE BALANCE
TO DRIVE NATIONAL ECONOMIC GROWTH

WORKING GROUP

WG I	WG II	WG III	WG IV	WG V	WG VI
Increasing Productivity and Competitiveness of Export Industries	Diplomacy, Promotion, and Development of Export Market	Simplify, Synchronize, and Integrate of Export's Processes and Services	Export Financing	Increasing MSME Exports	Regulations

DRIVERS

AMIDST GLOBAL UNCERTAINTY, INDONESIA STILL SUCCESSFULLY MAINTAIN A TRADE SURPLUS FOR 47 CONSECUTIVE MONTHS.

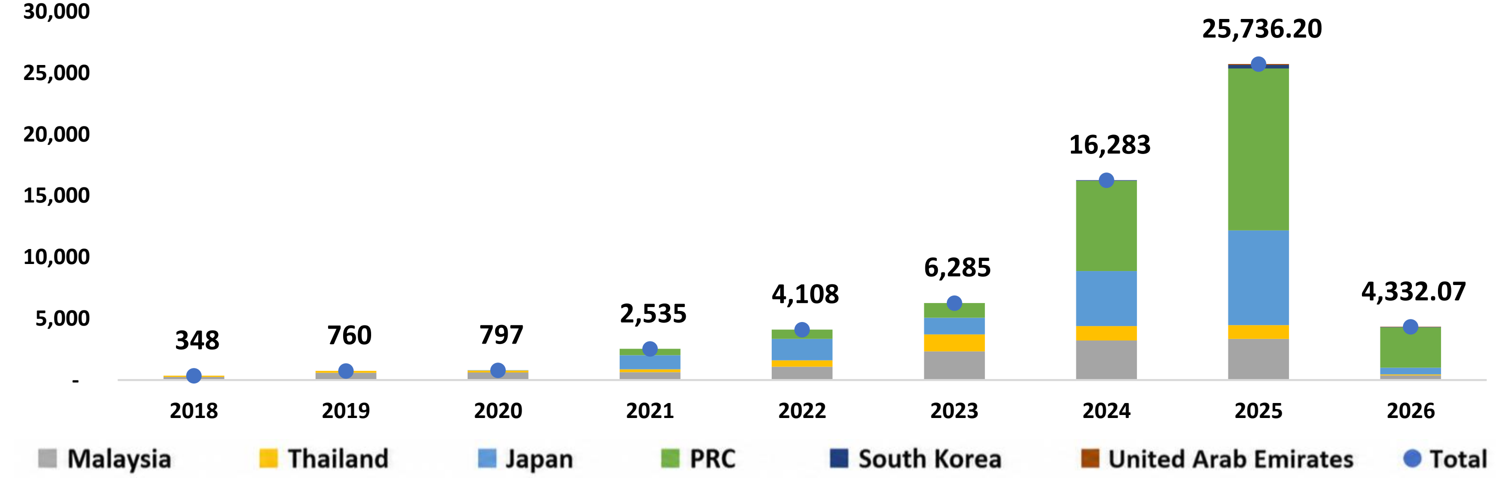
Utilizing LCT to Maintain Indonesian Exchange Rate Stability

Indonesia's Local Currency Transaction (LCT) Framework has been established in 2018 as an effort to improve market efficiency, to accelerate financial market development, and reduce exchange rate volatility. Under this framework, businesses can conduct trade settlements directly in their respective domestic currencies without converting them into US dollars first, improving transaction efficiency and lowering exposure to exchange-rate fluctuations.

Implementation Progress

- Currently, the implementation of LCT cooperation between Indonesia has been established with Malaysia, Thailand, Japan, China, South Korea, and United Arab Emirates (LCT Indonesia with Singapore and India is currently in the finalization stage of the operational guidelines).
- LCT transactions value in January 2026 has reached approximately USD 4.33 billion—146.79% higher (yoy) than January 2025 (USD 1.75 billion)—while the number of users increased to 17,438, up 20.56% (ytd) from December 2025 and 79% (yoy) above the 2025 average of 9,720 users per month.

LCT Volume Transaction (Equivalent USD Billion)



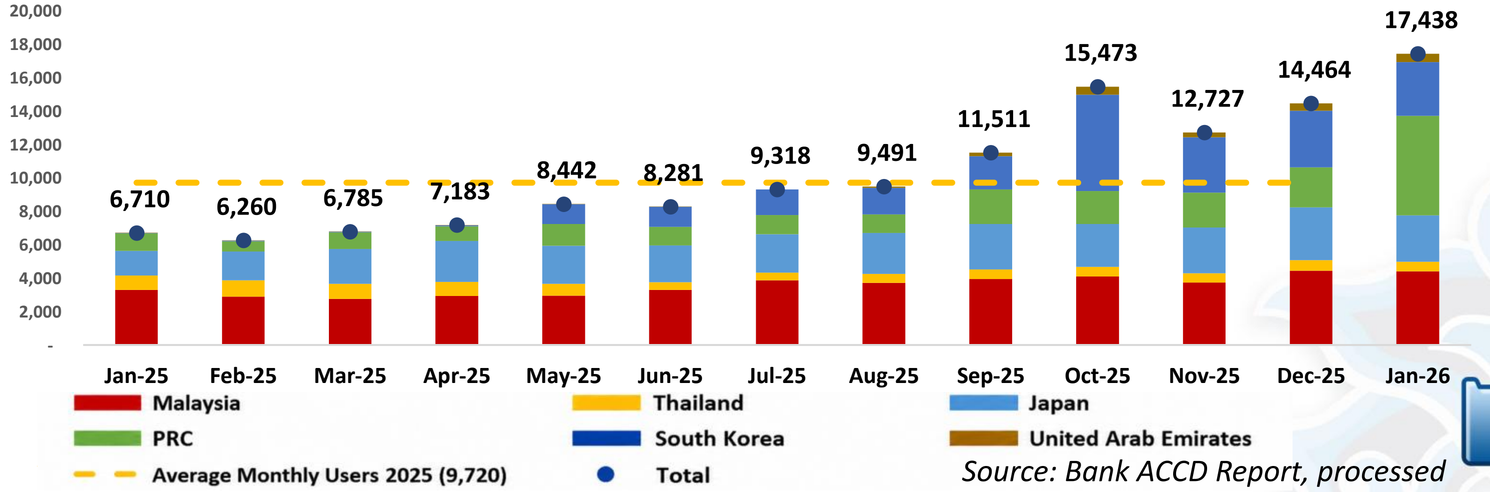
**Data for 2026 is up to January*

Key Role

The LCT policy holds a significant role in alleviating pressure on the rupiah against the US dollar, while strengthening Indonesia's resilience to risks arising from global economic uncertainty, by encouraging:

- Transaction Cost Efficiency from Direct Quotation
- Accessibility (participation) of market player
- Money Market Development
- Currency Diversification of Exposures

LCT User Development



Source: Bank ACCD Report, processed

Local Currency Transaction (LCT)

BI implemented the Local Currency Transaction Framework as an effort to improve market efficiency, to accelerate financial market development, and reduce exchange rate volatility...

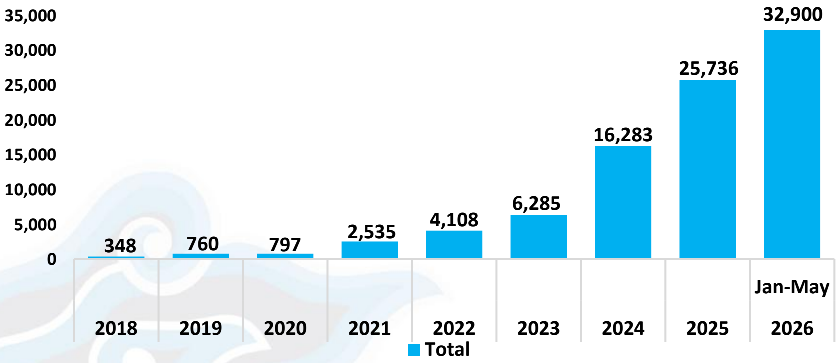
1 LCT transaction is growing...

a) Currently, the implementation of Local Currency Transaction (LCT) cooperation between Indonesia has been established with Malaysia, Thailand, Japan, China, South Korea, and United Arab Emirates.

b) LCT Indonesia with Singapore and India is currently in the finalization stage of preparation.

c) The total value of LCT throughout 2026 (Jan-May) reached the equivalent of USD 32,9 billion, representing a 246,54% (yoy) increase compared to transaction value in Jan-May of the previous year (eq. USD 9,49 billion)

LCT transaction value (Eq. in Million USD)



Source: ACCD Banks' Report

2 ...by expanding line of business and participants...

Line of Bussiness	Current Account, Capital Account, and Financial Account
Area of Cooperation	FX Market, Financial Market, and Cross-Border Payment
Expansion of Participants	a. LCT customer: Wholesale & retail b. ACCD* Banks,Payment Service Providers for Cross-Border Transaction, Portfolio Investment Company

*Appointed Cross-Currency Dealer

3 ...as well as stronger strategic synergy with government agencies.

National Task Force on Local Currency Transaction

Strategic Cooperation of National Task Force on Local Currency Transaction

a) Trade and Direct Investment

b) Banking and Financial Market

c) Expansion usage of LCT and Cross-Border Payment

Section 3

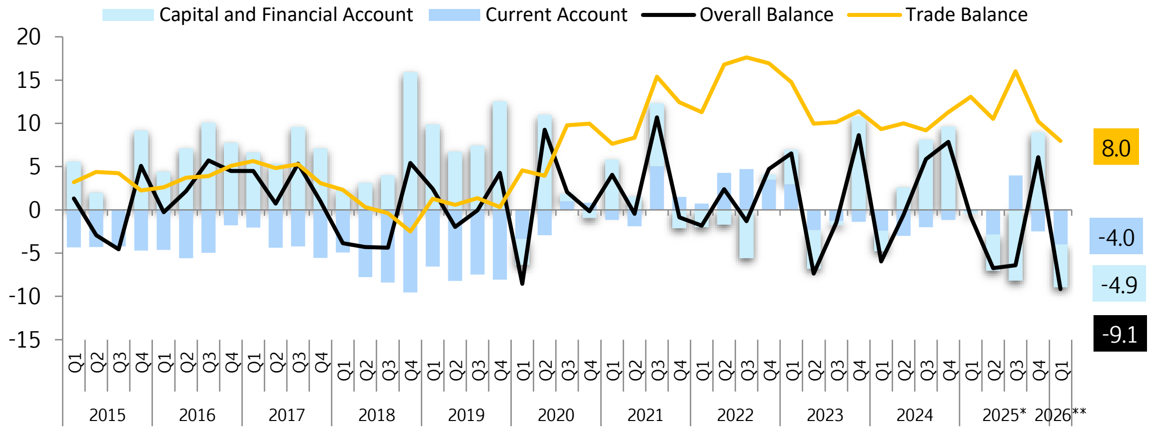
External Sectors

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

External Sector Remains Sound Amid Global Uncertainty

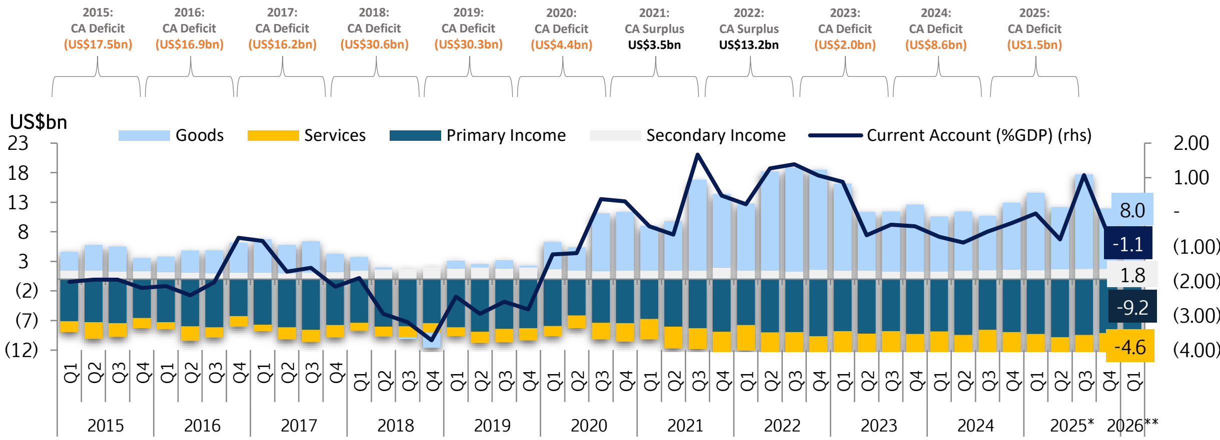
Indonesia's external resilience remains strong, supported by a solid balance of payments, a low current account deficit, a persistent trade balance, and rising foreign exchange reserves that continue to bolster macroeconomic stability.

Balance Of Payment Remains Solid

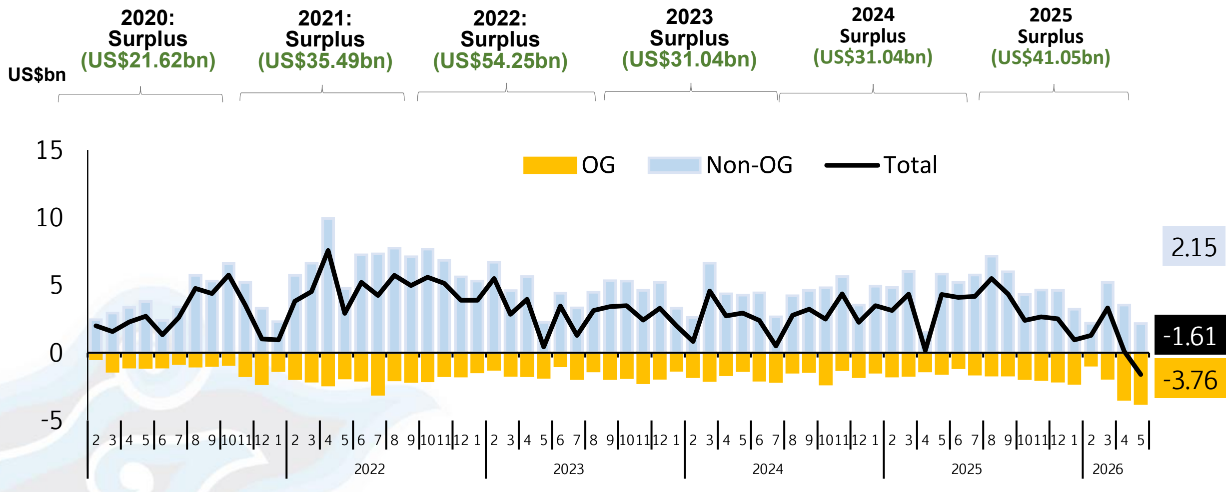


Source: Bank Indonesia

Current Account Recorded Low Deficit



Trade Balance Recorded a Deficit



Source Central Bureau of Statistics of Indonesia

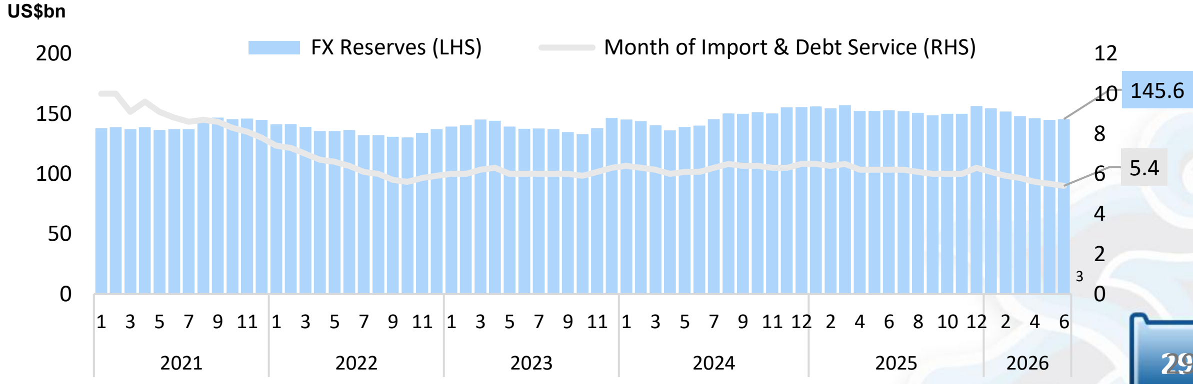
* Preliminary Figure

** Very Preliminary Figure

Official Reserve Assets Remained Maintained

FX Reserves as of June 2026: US$145.6bn

(Equiv. to 5.4 months of imports financing + servicing of government debt)



Source: Bank Indonesia

Ample Lines of Defense Against External Shocks

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

Ample Reserves

FX Reserve	• Ample level of FX reserves to buffer against external shock • FX Reserves as of of June 2026: **US$145.6 bn**

Swap Arrangement

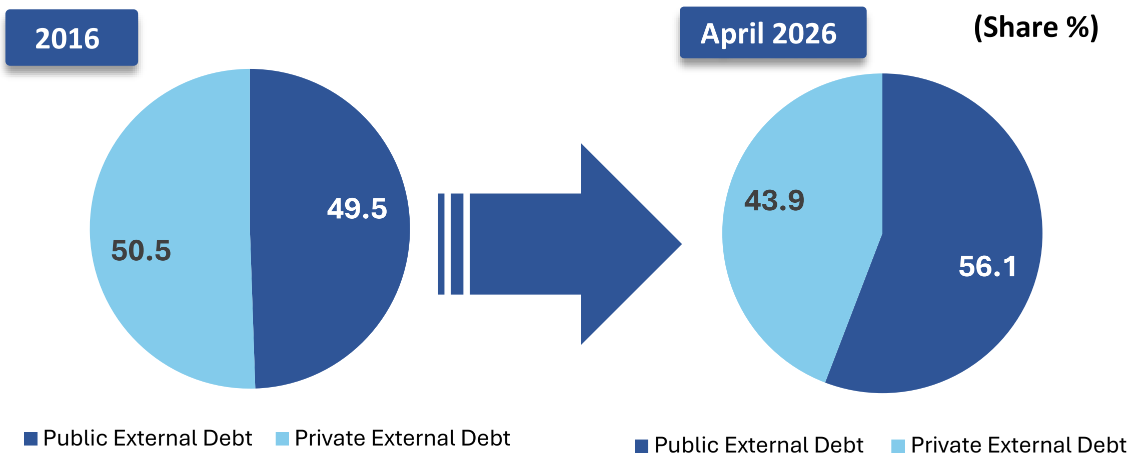
Bilateral	**Malaysia**	• RM/Rp swap arrangement with a size up to RM 24 billion / Rp 82 trillion (equivalent)
	Singapore	• SGD/Rp swap arrangement with the size up to SGD 9.5 billion / Rp 100 trillion (equivalent)
	China	• CNY 400 billion / Rp 878 trillion (equivalent)
	Japan	• Precautionary line Indonesia-Japan CMIM-linked US$ 9.104 billion
Regional	**Chiang Mai Initiative Multilateralization (CMIM) Agreement**	• Entitled to a maximum swap amount of US$ 9.104 billion under the ASEAN+3 (Japan, China, and Korea) • Came into effect in 2010 with a pool of US$ 120 billion • Doubled to US$ 240 billion effective July 2014
Global	**IMF Global Financial Safety Net - GSFN**	• Indonesia is entitled to access IMF facilities for crisis prevention to address potential (actual) BOP problem • Such facilities include Flexible Credit Line (FCL) and Precautionary and Liquidity Line (PLL)

Source: Bank Indonesia

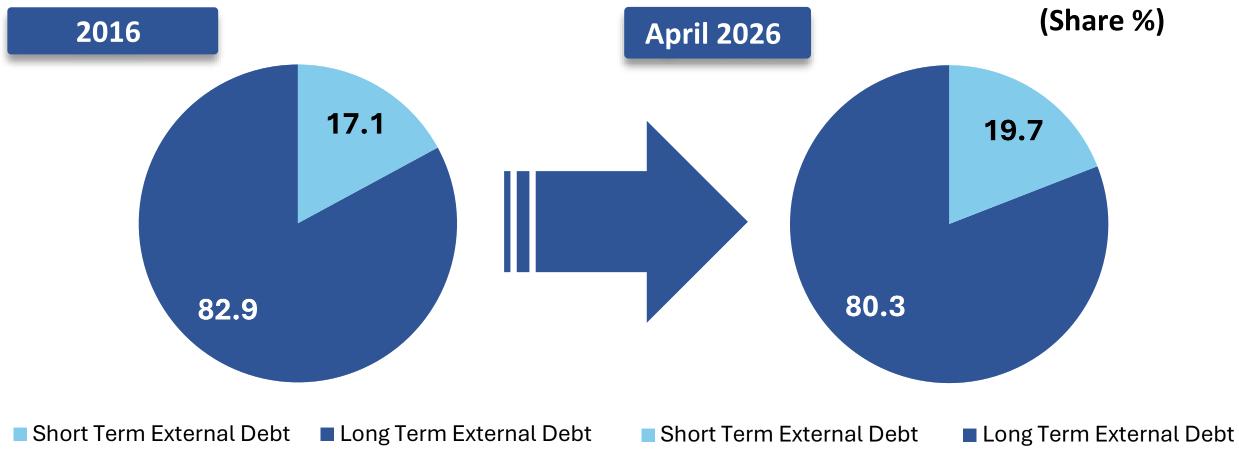
Healthy External Debt Profile

Indonesia's external debt remains manageable, supported by a sound structure dominated by long-term debt, contained debt levels, and low debt ratios relative to GDP and exports.

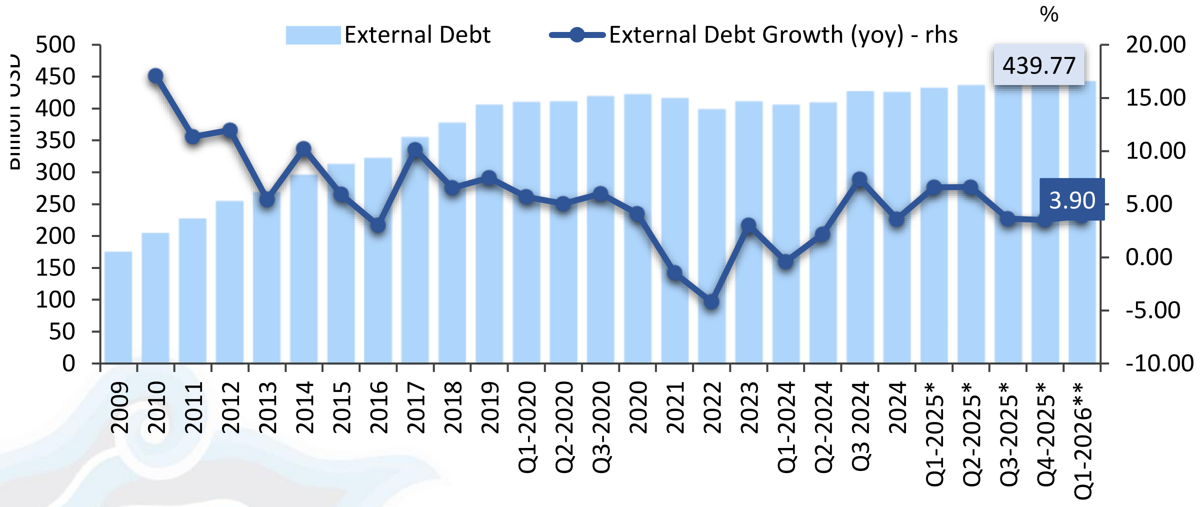
External Debt Structure



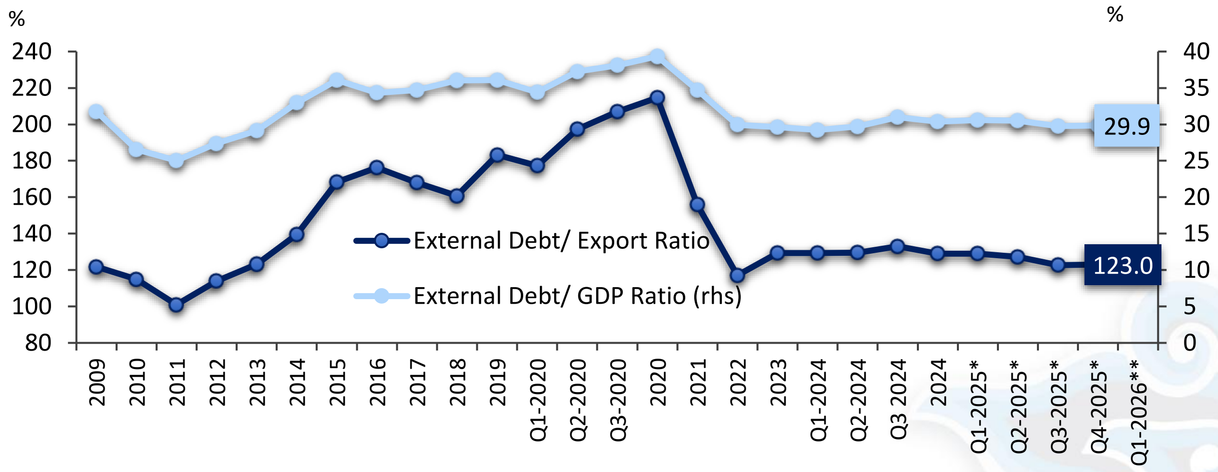
The Structure of External Debt is Dominated by Long-Term Debt



External Debt Remains Manageable



External Debt to GDP Ratio & Debt to Export Ratio



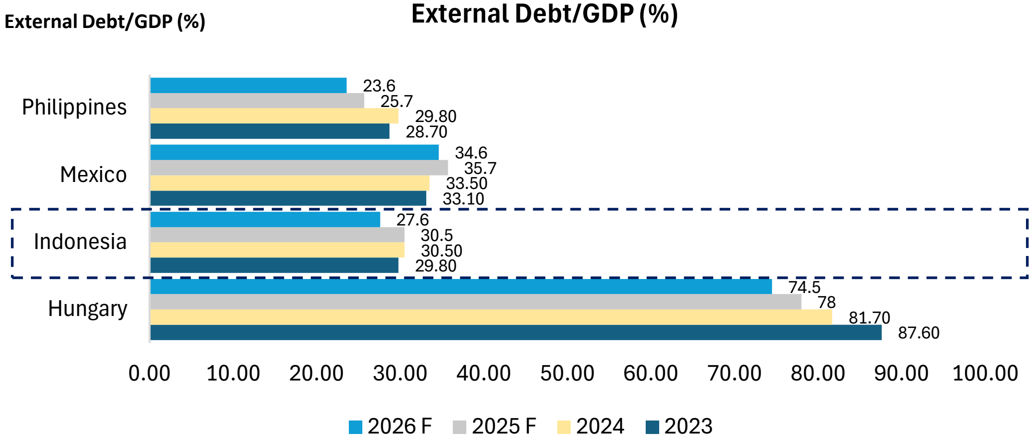
Source: Bank Indonesia, External Debt Statistics of Indonesia

*Provisional Figures **Very Provisional Figures

Strengthened Private External Debt Risk Management

Indonesia' Indonesia strengthens external stability through lower prudent private debt regulations and strong corporate compliance in hedging and liquidity requirements..

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



Source: Moody's Credit View Fundamental Data, Feb 2026

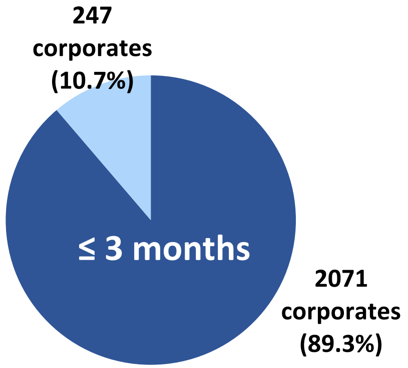
Regulation on Prudential Principle in Managing External Debt

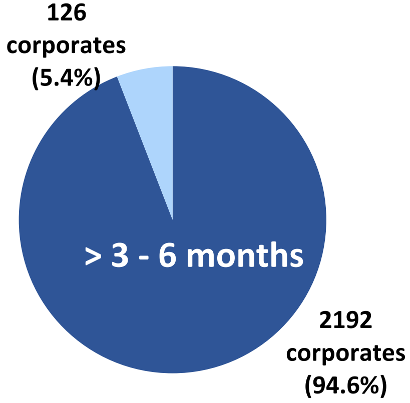
Regulation Key Points	1 Jan 17 & beyond
Object of Regulation	Governs all foreign currency Debt
Hedging Ratio	
≤ 3 months	25%
> 3 – 6 months	25%
Liquidity Ratio (≤ 3 months)	70%
Credit Rating	Minimum rating of BB- (State-owned Enterprises)
Hedging transaction to meet hedge ratio	Must be done with a bank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

Source: Bank Indonesia

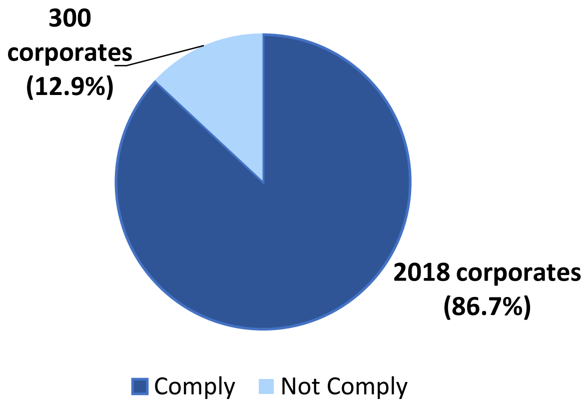
Encouraging Corporates Compliance on Hedging Ratio & Liquidity Ratio

Hedging Ratio*





Liquidity Ratio*



*Data as of Q4-2025, with total population 2,408 corporates

Source: Bank Indonesia

Section 4

Fiscal

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

May 2026 State Budget Remains Solid

Tax revenue grew strongly (18.9% yoy), state expenditure accelerated (34.4% yoy), while deficit remained under control (0.70% of GDP)
The State Budget continues to be directed toward supporting economic growth.

(in IDR trillion)	2025				2026			
	Budget	Real as of May 31	% of Budget	Growth (%)	Budget	Real as of May 31	% of Budget	Growth (%)
A. REVENUE	**3,005.1**	**995.4**	**33.1**	**(12.9)**	**3,153.6**	**1,185.0**	**37.6**	**19.1**
I. Tax Revenue	2,490.9	806.2	32.4	(7.9)	2,693.7	958.2	35.6	18.9
1. Taxation	2,189.3	683.3	31.2	(11.3)	2,357.7	834.4	35.4	22.1
2. Custom and Excise	301.6	122.9	40.7	11.2	336.0	123.8	36.8	0.7
II. Non-Tax Revenue	513.6	188.8	36.8	(33.2)	459.2	226.4	49.3	19.9
III. Grant	0.6	0.5	78.0	(506.1)	0.7	0.4	67.0	(1.6)
B. EXPENDITURE	**3,621.3**	**1.016.3**	**28.1**	**(12.7)**	**3,842.7**	**1,365.4**	**35.5**	**34.4**
I. Central Government Expenditure	2,701.4	694.2	25.7	(18.7)	3,149.7	1.059.3	33.6	52.6
1. Line Ministries Expenditure	1,160.1	325.7	28.1	(19.3)	1,510.5	517.7	34.3	58.9
2. Non-Line Ministries Expenditure	1,541.4	368.5	23.9	(18.2)	1,639.2	541.6	33.0	47.0
II. Transfer to Region	919.9	322.0	35.0	0.3	693.0	306.1	44.2	(4.9)
C. PRIMARY BALANCE	**(63.3)**	**192.2**	**(303.5)**	**4.1**	**(89.7)**	**58.6**	**(65.3)**	**(69.5)**
D. SURPLUS/ (DEFICIT)	**(616.2)**	**(20.9)**	**3.4**	**(2.9)**	**(689.1)**	**(180.4)**	**26.2**	**763.2**
% SURPLUS/ (DEFICIT) to PDB	***(2.53)***	***(0.09)***			***(2.68)***	***(0.70)***		
E. FINANCING	**616.2**	**326.5**	**53.0**	**73.7**	**689.1**	**379.4**	**55.1**	**16.2**

Revenue Rp1,185.0 T ▲19.1% (yoy)

Expenditure Rp1,365.4 T ▲34.4% (yoy)

Deficit Rp180.4 T 0.70% PDB

Primary Balance Rp58.6 T

BUDGET REALIZATION AS OF MAY 31, 2026

Tax Revenue increased strongly; Central Govt Spending accelerated; Deficit remained under control

State Budget Realization: March 31 vs April 30 vs May 31, 2026

Progress on fiscal reform is moving in a positive direction, with rising revenues and more effective spending to support economic growth.

(in IDR trillion)	2026						
	Budget	Real. as of March 31	Growth (%)	Real. as of April 30	Growth (%)	Real. as of May 31	Growth (%)
A. REVENUE	**3,153.6**	**574.9**	**10.5**	**918.4**	**13.3**	**1,185.0**	**19.1**
I. Tax Revenue	2,693.7	462.7	14.3	746.9	13.7	958.2	18.9
1. Tax	2,357.7	394.8	**20.7**	646.3	**16.1**	834.4	**22.1**
2. Custom and Excise	336.0	67.9	(12.6)	100.6	0.6	123.8	0.7
II. Non-Tax Revenue	459.2	112.1	**(3.0)**	171.3	**11.6**	226.4	**19.9**
III. Grant	0.7	0.1	2.8	0.3	28.8	0.4	(1.6)
B. EXPENDITURE	**3,842.7**	**815.0**	**31.4**	**1,082.8**	**34.3**	**1,365.4**	**34.4**
I. Central Government Expenditure	3,149.7	610.3	47.7	826.0	51.1	1,059.3	52.6
1. Line Ministries Expenditure	1,510.5	281.2	43.4	400.5	57.9	517.7	58.9
2. Non-Line Ministries Expenditure	1,639.2	329.1	51.5	425.5	45.2	541.6	47.0
II. Transfer to Region	693.0	204.8	(1.1)	256.8	(1.0)	306.1	(4.9)
C. PRIMARY BALANCE	**(89.7)**	**(95.8)**	**(537.7)**	**28.0**	**(83.9)**	**58.6**	**(69.5)**
D. SURPLUS/ (DEFICIT)	**(689.1)**	**(240.1)**	**140.5**	**164.4)**	**(3,888.9)**	**(180.4)**	**763.2**
% SURPLUS/ (DEFICIT) to PDB	***(2.68)***	***(0.93)***		***(0.64)***		***(0.70)***	
E. FINANCING	**689.1**	**257.4**	**1.9**	**298.5**	**6.2**	**379.4**	**16.2**

Macroeconomics Assumption and Development Indicators Target 2026

Built on resilient economic fundamentals, the 2026 Budget demonstrates Indonesia's ability to balance growth objectives with fiscal discipline, ensuring macroeconomic stability.

Macroeconomic Assumption for the Budget

Indicator	Assumptions		
	2025 Budget	2025 Realization	2026 Budget
Economic Growth (%)	5.2	5.04	5.4
Inflation (%, yoy)	2.5	2.92	2.5
10Y T-Bonds Rate (%, average)	7.0	6.01	6.9
Exchange rate (IDR/US$, average)	16,000	16,782	16,500
Oil Price/ICP (USD/barrel, average)	82	67.95	70
Oil Lifting (tbpd)	605	577.6	610
Lifting Gas (tboepd)	1,005	965.5	984

The 2026 Budget Posture

	Budget
A. Revenue	**3,153.6**
I. Tax Revenue	2,693.7
1. Tax	2,357.7
2. Custom and Excise	336.0
II. Non-Tax Revenue	459.2
III. Grants	0.7
B. Expenditure	**3,842.7**
I. Central Government Expenditure	3,149.7
1. Line Ministries Expenditure	1,510.5
2. Non-Line-Ministries Expenditure	1,639.2
II. Transfer to Region	693.0
C. Primary Balance	**(89.7)**
D. Surplus/(Deficit)	**(689.1)**
E. Financing	**689.1**

2026 Debt Financing Needs And Sources

The 2026 financing strategy is built on diversification, flexibility, and manageable risk, ensuring sustainable funding through a proportional mix between domestic and global sources.

Financing Needs

Budget Deficit (2.68% GDP)

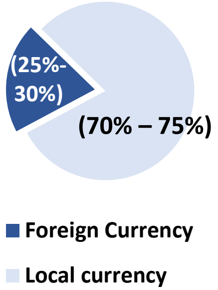
+

- Investment financing
- On Lending
- Guarantees
- Other financing
- Debt repayment

Financing Sources

Foreign Loan

Foreign Currency Bonds



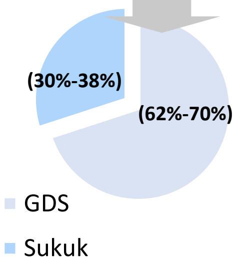
Domestic Loan

Domestic Bonds

+

2026 Matured T-Bills Issuance

Gross Bonds Issuance
(Auction & non auction)



2026 GS Issuances Realization as of May 31st (Trillion IDR)	
Government Debt Securities (SUN)	614.72
IDR Denominated	413.09
FX Denominated	201.63
Sovereign Sharia Securities (SBSN)	176.88
IDR Denominated	143.44
FX Denominated	33.44

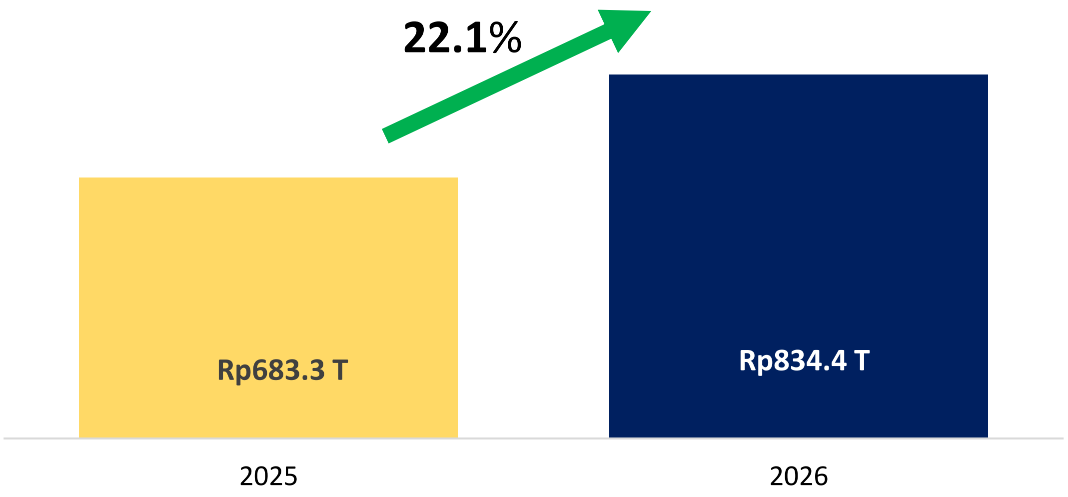
Tax Revenue up to May 2026 Grew Strongly in Line with Increased Economic Activity

Higher economic activity and solid tax administration continue to boost tax revenues.

Tax Revenue Realization

	as of April 2026 27.4% of 2026 Budget		as of May 2026 35.4% of 2026 Budget	
Corporate Income Tax & Corporate Income Tax Deposits	Rp135.2 T	▲ 5.1%	IDR167.6 T	▲ 23.9%
Personal Income Tax	Rp101.1 T	▲ 25.1%	IDR123.1 T	▲ 26.0%
Final Income Tax, Income Tax 22, & Income Tax 26	Rp109.1 T	▲ 9.8%	IDR138.7 T	▲ 5.2%
VAT & Luxury Tax	Rp221.2 T	▲ 40.2%	IDR315.7 T	▲ 41.3%
Others	Rp79.7 T	▼ -12.0%	IDR89.3 T	▼ -6.0%

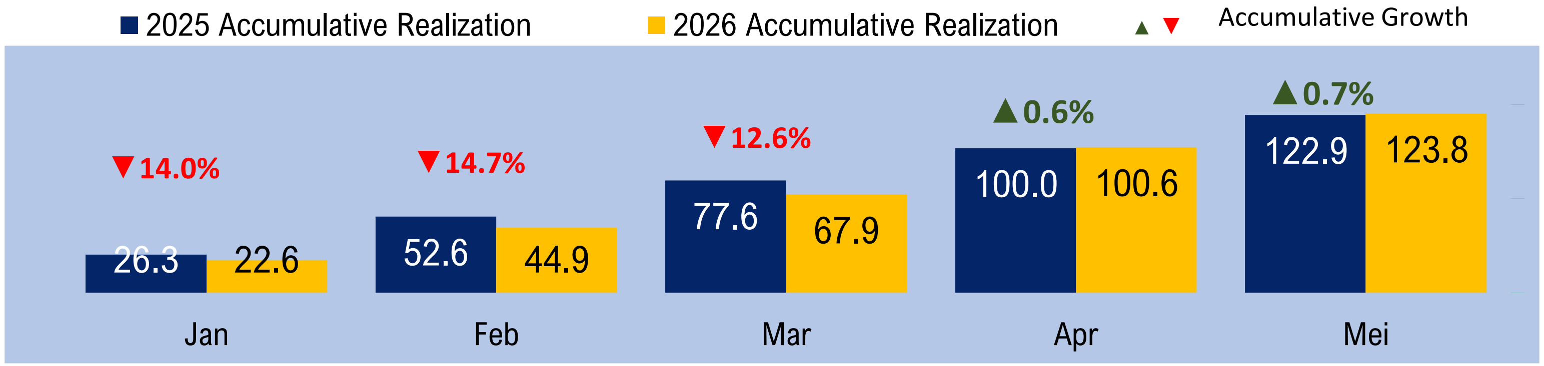
Net Realization Growth as of May 2026

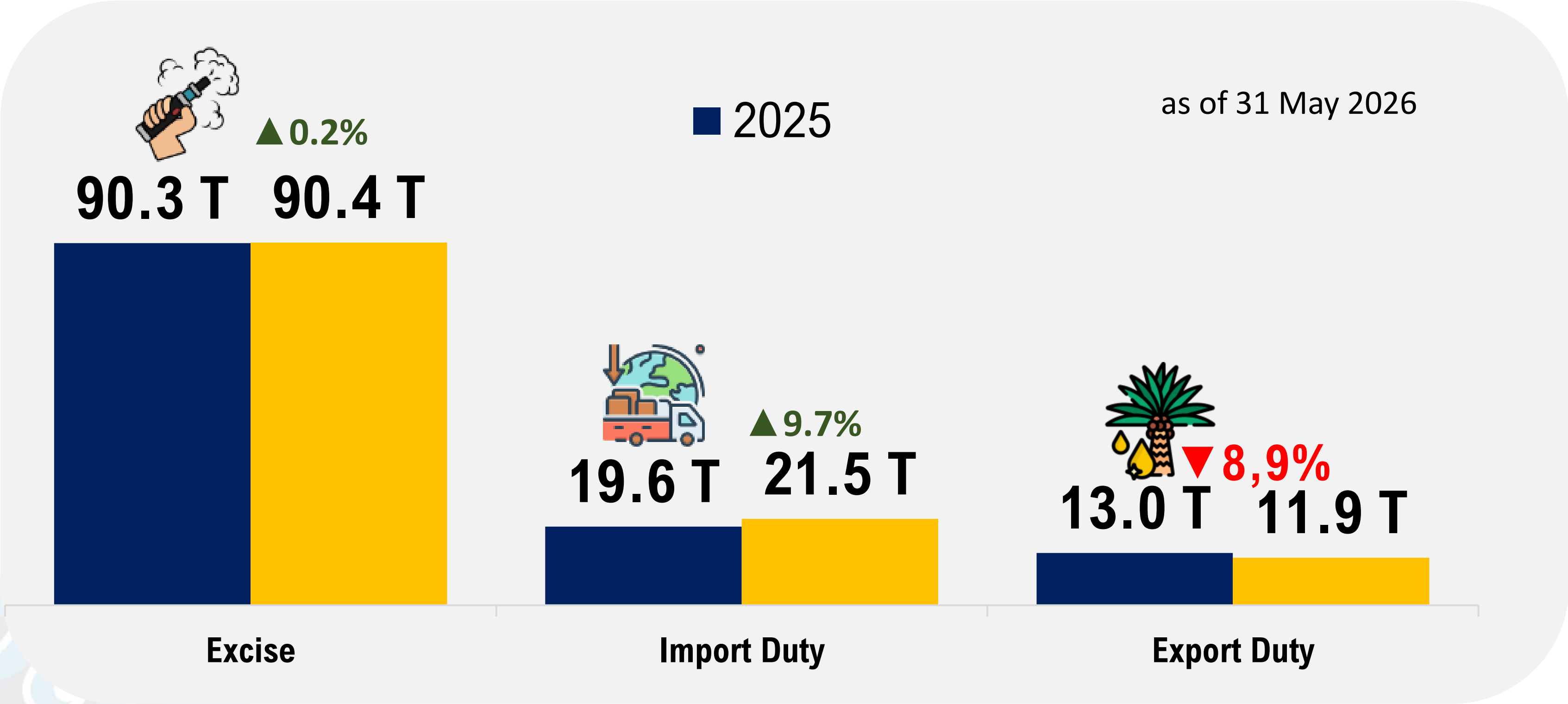


- Tax revenue continues its positive growth trend in line with **expanding economic activity and the improved implementation of Coretax.**
- Tax growth up to May reached 22.1%, higher than the growth up to April at 16.1%
- Income tax on corporations and individuals grew significantly, reflecting rising incomes.
- VAT & Luxury Goods Sales Tax, as consumption taxes, increased sharply in line with strong domestic consumption and sustained purchasing power

Realization of Customs and Excise Revenue Continues to Grow

Revenue realization signals a recovery, with cumulative growth reaching 0.7%.





- **Excise** revenue grew, driven by **increased tobacco production** in Q1.
- **Import duties** maintained growth, supported by higher import duties from **raw materials and auxiliary inputs**, which rose **10.67%**.
- **Export duties**, although still contracting, began to improve in line with strengthening **CPO prices** from March to May.

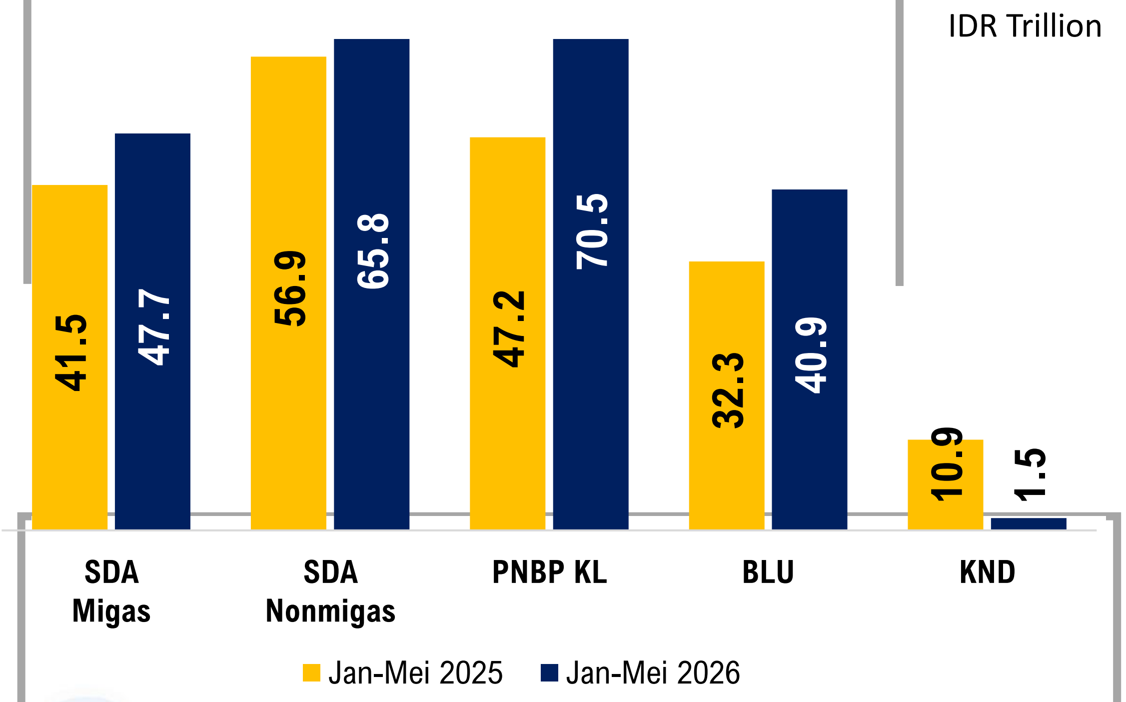
Non-tax State Revenue (PNBP) Realization Records Positive Growth (26.4% yoy) – Excluding KND (SOE Dividend)

PNBP growth remained robust through May 2026, driven by strong performance in ministries/agencies, BLU, and natural resource revenues.

Exclude KND :
Jan-May 2025 : IDR177.9T
Jan-May 2026 : IDR224.9T

▲26.4%

As of May 31, 2026



Include KND :
Jan-May 2025 : IDR188.8T
Jan-May 2026 : IDR226.4 T

▲19.9%

1. PNBP realization up to May 31, 2026 reached **49.3% of the State Budget**.
2. Natural resource PNBP **grew 15.3%** (yoy), mainly driven by oil & gas resources up 14.9% (yoy) due to rising ICP, and non-oil & gas resources up **15.6%** (yoy) from higher mineral prices (nickel, copper, gold, and silver).
3. PNBP from Ministries/Agencies **grew 49.4%** (yoy), primarily from communication and information service revenues and administrative fines in forestry, supported by the PKH task force.
4. Public Service Agency (BLU) revenue **grew 26.7%** (yoy), mainly from higher health service revenues at the Ministry of Health and increased export levy rates on palm oil (CPO) and derivatives

Notes:
KND: Separated State Assets
SDA Migas: Non-Tax Revenue from Oil and Gas Sector
SDA Nonmigas: Non-Tax Revenuew from Non-Oil and Gas Sector
PNBP KL: Non-Tax Revenue from Ministries and Agencies
BLU: Public Service Agency

Central Government Expenditure Continued to Accelerate, Supporting Growth

Central government spending acceleration was driven by stronger budget execution across ministries and higher social assistance disbursements.

(IDR Trillion)

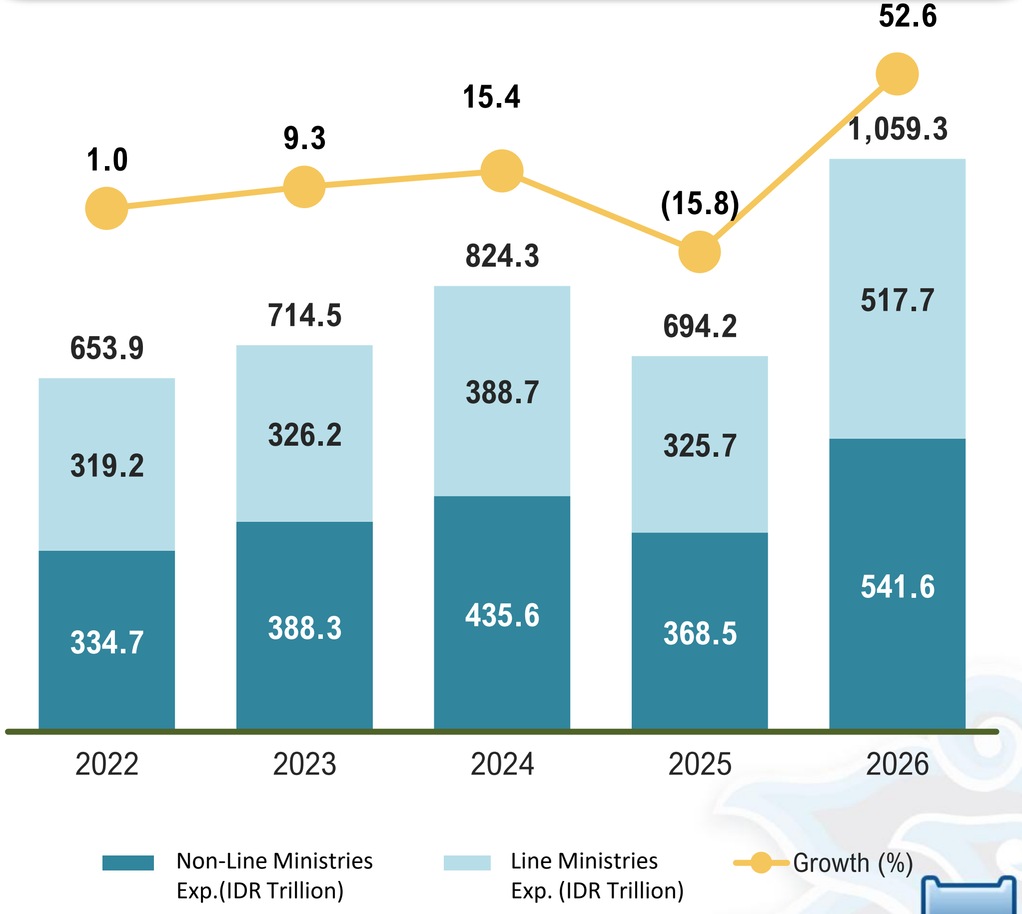
Central Government Expenditure	Realization as of May 2025	*Budget 2026*	Realization as of May 2026
Line Ministries Exp.	**325,7**	**1.510.5**	**517.7**
a.o Social Spending	48.8	162.5	71.7
Non-Line Ministries Exp.	**368.5**	**1.639.2**	**541.6**
a.o Subsidy	66.1	318.9	94.8
TOTAL	**694.2**	**3.149.7**	**1.059.3**

Central Government Expenditure was influenced by:

- **Ministries/Agencies (K/L) Expenditure IDR517.7T** (34.3% of State Budget), mainly driven by MBG implementation, distribution of social assistance (PBI JKN, Staple Food Card, PKH, and KIP College), and disbursement of holiday allowances (THR).
- **Non-Ministries/Agencies Expenditure IDR541.6T** (33.0% of State Budget), mainly driven by pension benefit payments, subsidies, and fuel and electricity compensation.

Central Govt Expenditure Realization as of May 31, 2022 – 2026

(IDR trillion)

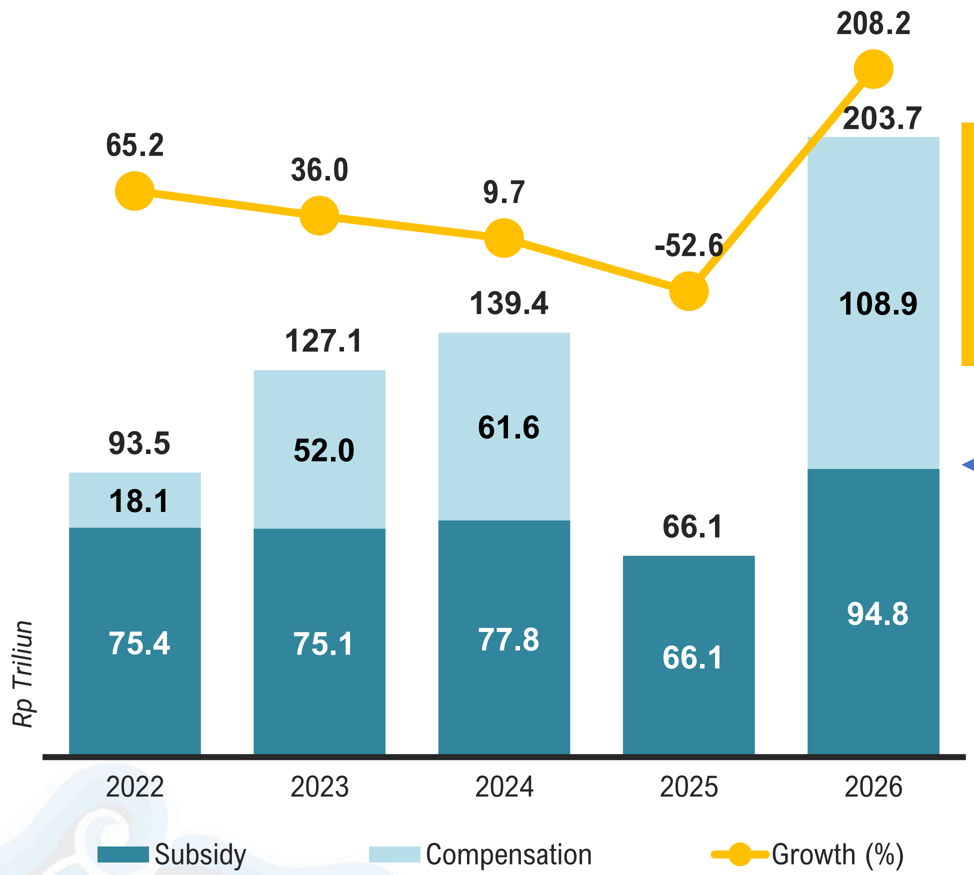


Government Subsidy and Compensation Expenditure Safeguards Household Purchasing Power

The state budget acts as a shock absorber amid global energy price volatility, safeguarding household purchasing power

as of 31 May 2026

Subsidy & Compensation **IDR203.7 T (45.6% of budget)**



Compensation payments in 2026 are now carried out monthly

- Realization of subsidies and compensation Influenced by **fluctuations in ICP, depreciation of the Rupiah exchange rate, advance payments of fertilizer subsidies, and increased volumes of fuel, LPG, and electricity.**
- Oil price volatility, driven by global geopolitical dynamics, can raise energy subsidy realization. Indonesia already has **experience in facing such conditions, including during the energy price surge in the Russia–Ukraine conflict in 2022.**

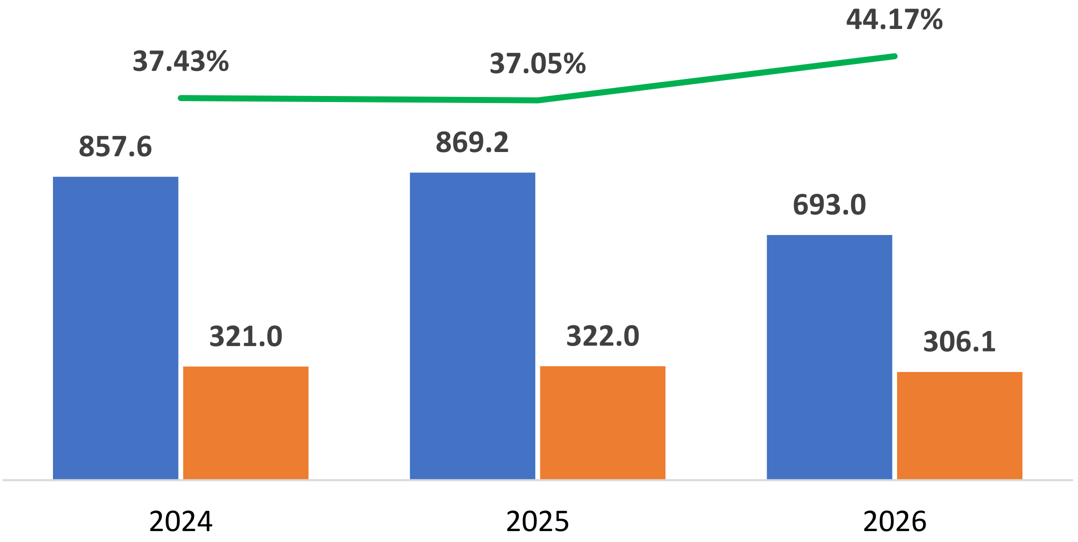
The Government ensures the availability of goods at subsidized prices.

Types of subsidized goods	2025 Realization	2026 Realization	2026 Growth (%)
Fuel (thousand kiloliters)	5.807.9	6.310.0	▲8.6%
3 Kg LPG (million kg)	2.782.2	2.858.3	▲2.7%
Subsidized Electricity (million customers)	42.1	43.0	▲2.1%
Fertilizer (million tons)	3.1	3.7	▲20.7%
KUR Debtors (million debtors)	1.92	1.93	▲0.52%

Effective Transfer to Region Disbursement: Rp306.1 Trillion (44.2% Of State Budget)

In line with accelerated state spending, TKD disbursement also increased in percentage terms.

Development of 2024-2026 Transfer to Region Realization (IDR trillion)



Utilization Outputs of Transfer to Region Budget FY 2026 include:

4.3 million Regional Civil Servants supported through salary payments

992 thousand students in equality programs

42.3 million students receiving BOS (School Operational Assistance)

616 thousand teachers receiving allowances

5.8 million early childhood students receiving BOP (Operational Assistance for Early Childhood Education)

Highlight of Transfer to Region Realization up to May 2025

- Improvement in **Effectiveness and Efficiency of Transfer to Region Policy**
- **Transfer to Region realization performance as of May 31** reached **44.2%, better than the previous year** (37.0% of ceiling).
- May disbursement was driven by **Revenue Sharing Fund (DBH), General Allocation Fund (DAU), Non-physical Special Allocation Fund (DAK), and Special Autonomy Fund**, including **relaxed disbursement requirements and additional Transfer to Region allocation for disaster-affected regions in Sumatra.**
- Additional Transfer to Region allocation in 2026 amounted to Rp10.65 trillion for Aceh, North Sumatra, and West Sumatra, of which 99.8% has been disbursed

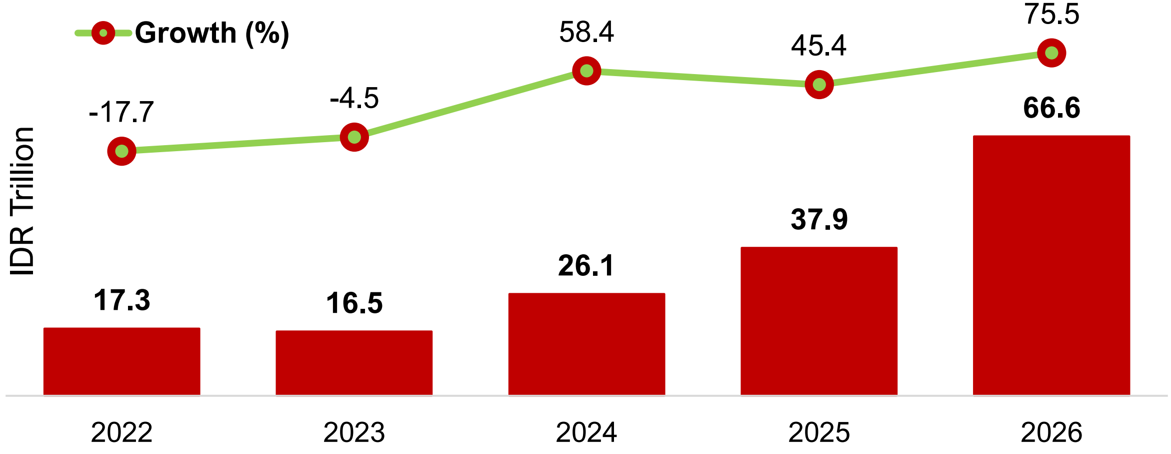
Food Security

Free Nutritious Meal Program

Food Security Budget Realization Records an Increase

IDR66.6 T (31.6% APBN IDR210.4 T)

31 May 2022-2026 Realization



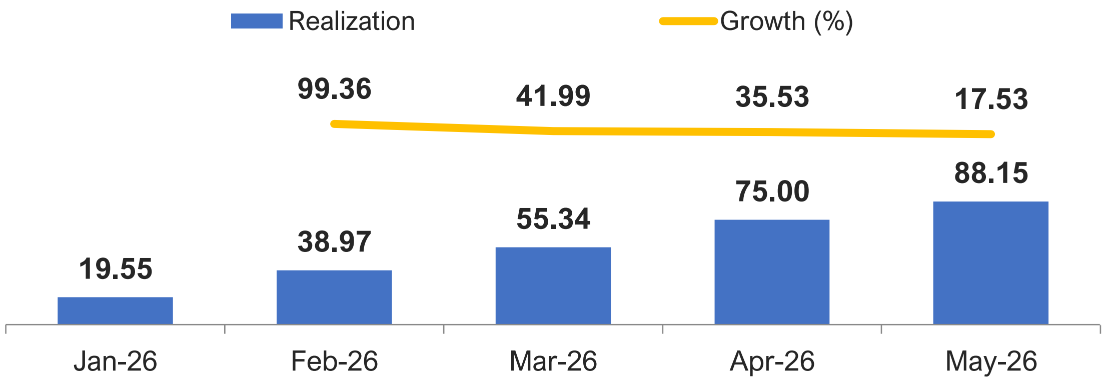
- Ministries/Agencies (K/L) expenditure IDR13.2 T
- Fertilizer subsidy IDR28.8 T
- Bulog IDR22.7 T

bulog

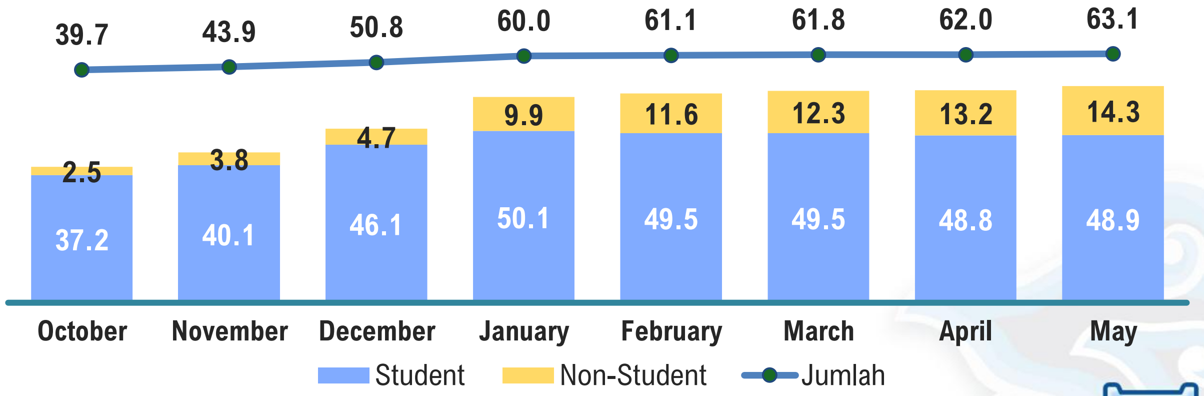
- Investment to BULOG supports purchases of rice, unhusked rice, and corn from farmers.
- As of 31 May 2026, absorption has been used for 13.9 thousand tons of rice, 3.5 million tons of unhusked rice, and 17.2 thousand tons of corn from farmers.

Free Nutritious Meals Become More Equitable with Quality Improvements

Realization as of 31 May | **IDR88.15**



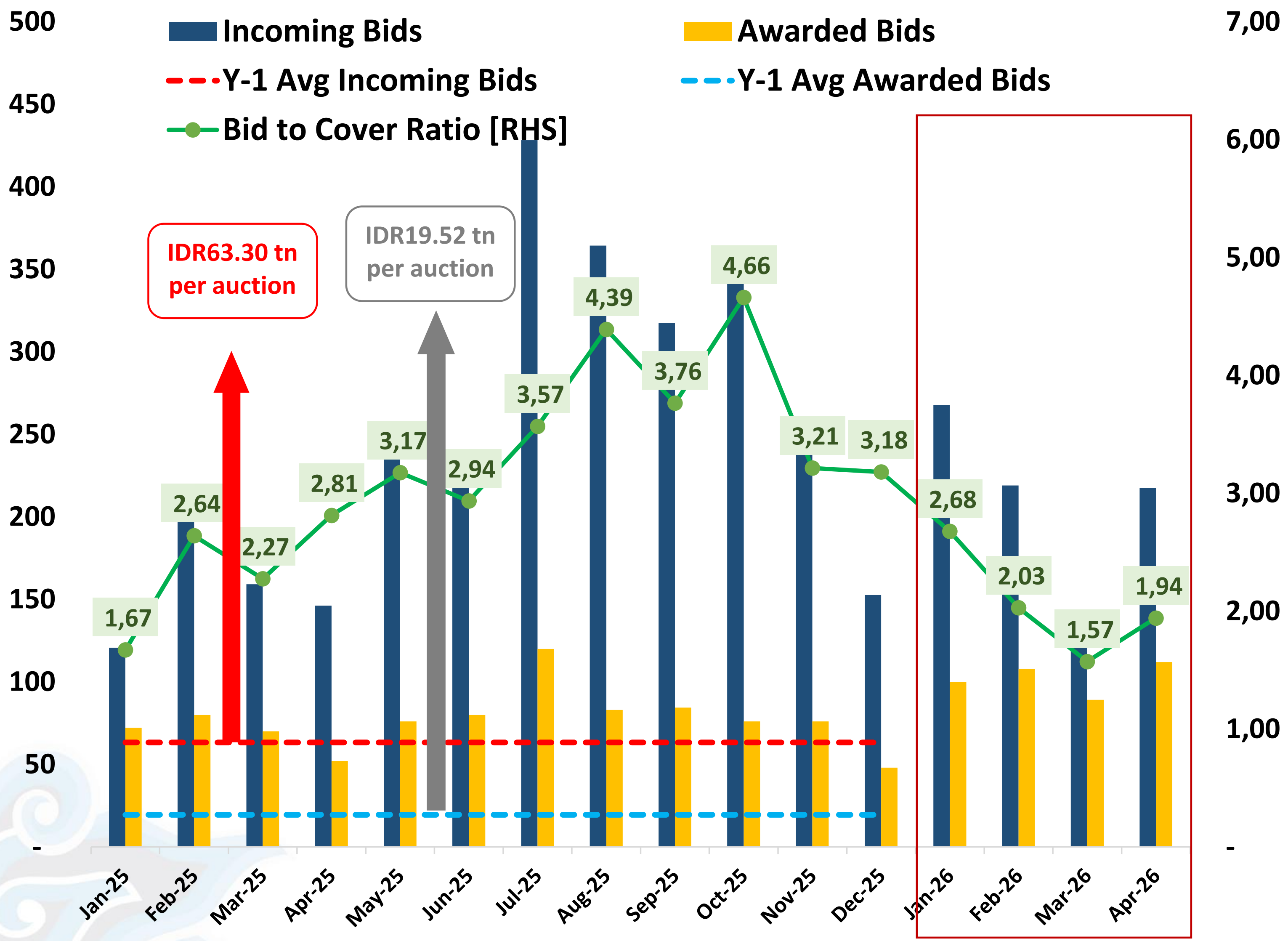
63.13 million beneficiaries, 29,670 SPPG *



*) Each SPPG serves between 500–3,000 beneficiaries to achieve the target number of beneficiaries

Primary Market Performance 2025- 2026
Government Securities (GS)

Auction demand has remained robust in 2026, evidenced by an average incoming bid of IDR 56.30 trillion in government securities and a consistent bid-to-cover ratio.



In 2026 :

- Average incoming bid is **IDR56.30 tn/auction**
- Average awarded bid is **IDR27.27 tn/auction**

Ownership Of Tradable Domestic GS

A strengthened domestic investor base continues to anchor Indonesia's government bond market, enhancing resilience and ensuring stability amid evolving global capital flows

Description	Dec-21		Dec-22		Dec-23		Dec-24		Dec-25		Apr-26	
Banks*	1.591,12	34,01%	1.697,43	31,97%	1.495,39	26,52%	1.051,40	17,41%	1.328,64	20,23%	1.223,40	17,99%
Govt Institutions (Bank Indonesia**)	801,46	17,13%	1.020,02	19,21%	1.095,51	19,43%	1.618,01	26,79%	1.641,66	24,99%	1.822,01	26,79%
Bank Indonesia (gross)	1.220,73	26,09%	1.453,58	27,38%	1.363,90	24,19%	1.486,85	24,62%	1.640,58	24,98%	1.708,97	25,12%
GS used for Monetary Operation	419,27	8,96%	433,57	8,17%	268,39	4,76%	(131,16)	-2,17%	(1,08)	-0,02%	(113,04)	-1,66%
Non-Banks	2.286,40	48,87%	2.591,98	48,82%	3.048,51	54,06%	3.370,11	55,80%	3.598,51	54,78%	3.756,73	55,23%
Mutual Funds	157,93	3,38%	145,82	2,75%	177,80	3,15%	186,99	3,10%	242,96	3,70%	257,62	3,79%
Insurance Company and Pension Fund	655,24	14,00%	873,03	16,44%	1.041,40	18,47%	1.145,27	18,96%	1.290,67	19,65%	1.371,28	20,16%
Foreign Holders	891,34	19,05%	762,19	14,36%	842,05	14,93%	876,64	14,52%	878,65	13,38%	866,92	12,74%
Foreign Govt's & Central Banks	233,45	4,99%	203,11	3,83%	229,16	4,06%	257,36	4,26%	236,80	3,60%	256,91	3,78%
Individual	221,41	4,73%	344,30	6,48%	435,28	7,72%	542,50	8,98%	537,33	8,18%	550,21	8,09%
Others	360,47	7,70%	466,65	8,79%	551,98	9,79%	618,71	10,24%	648,90	9,88%	710,70	10,45%
Total	4.678,98	100%	5.309,43	100%	5.639,41	100%	6.039,52	100%	6.568,81	100%	6.802,14	100%

52.94%

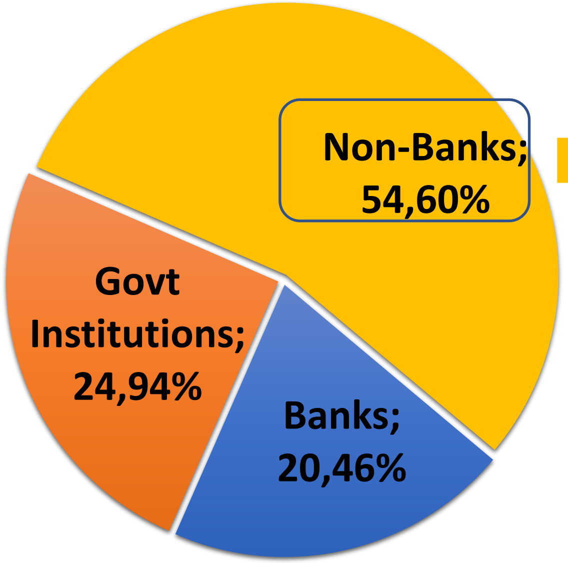
Portion of foreign ownership in the mid & long term sector (≥ 5 years)

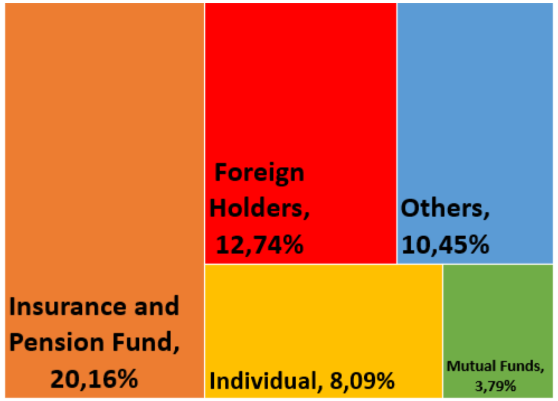
IDR1,092.02

on January 24, 2020, foreign holders reach a record high in nominal terms

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.

Source : SI-BISSSS



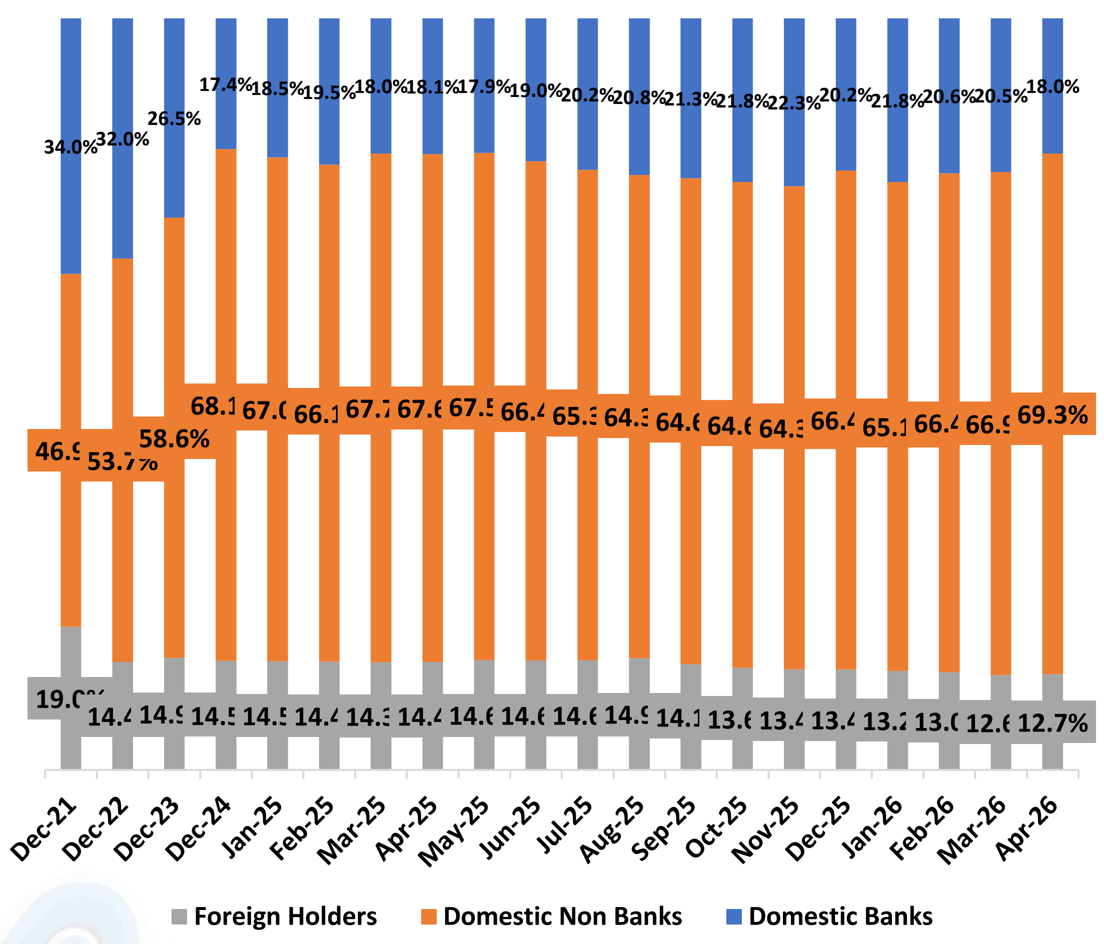


Holders Of Tradable Government Securities

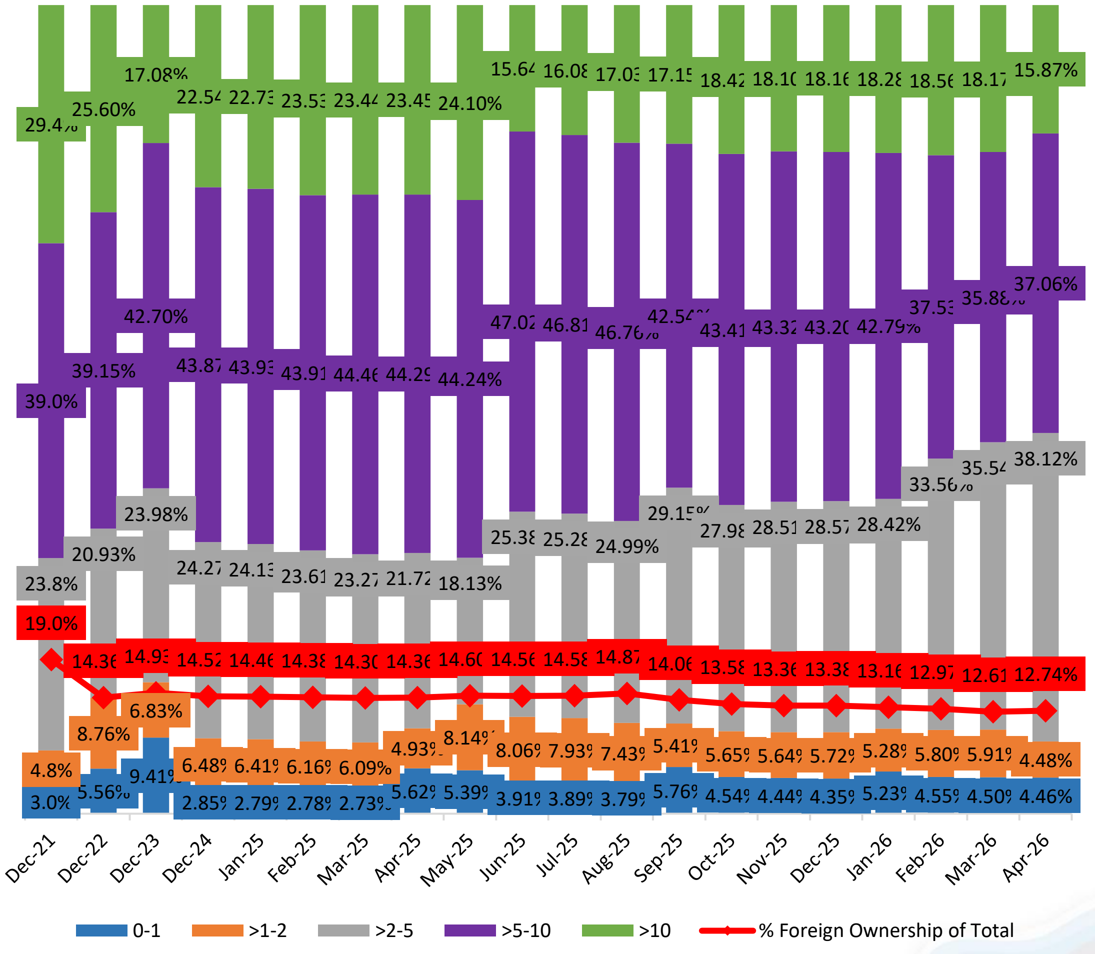
More Balance Ownership In Terms of Holders and Tenors

A diversified holder base and balanced tenor distribution continue to strengthen the resilience and stability of Indonesia's government bond market.

Holders of Tradable Gov't Domestic Debt Securities



Foreign Ownership of Gov't Domestic Debt Securities by Tenor



2026 Global Sukuk Transaction Summary (prefunding)

The successful USD 2.0 billion dual-tranche Sukuk issuance, underscores strong global investor confidence in Indonesia's economy and sustained access to diversified Islamic funding sources.

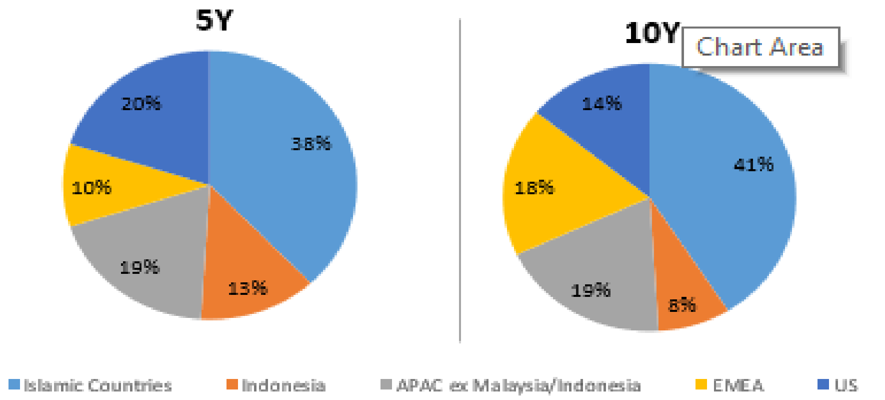
- The Republic of Indonesia (the "Republic") approached the markets for its second Sukuk issuance in 2025 and successfully priced a US$ 2.00 billion Sukuk offering comprising of US$ 1,100 million 5-year and US$ 900 million 10-year tranche.
- The transaction was met with positive response from investors starting at point of books opening, generating a combined final order book exceeding US$ 3.94 billion reflecting an oversubscription of 1.97x, with orderbooks peaking at USD $5.8 billion. The transaction priced at 4.50% for 5-year and 5.00% for the 10-year tranche.

Issuer	**Perusahaan Penerbit SBSN Indonesia III**	
Issue Format	144A / Reg S / 3 (c) (7), Senior, Unsecured, Wakala US$ Trust Certificate ("Sukuk") issued under a USD$45 billion Trust Certificate Issuance Programme	
Issuer Ratings	Baa2 stable (Moody's) / BBB stable (S&P) / BBB stable (Fitch)	
Issue Ratings	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)	
Pricing Date	19 November 2024	
Issue Date	01 December 2025	
Tenor	**USD 5Y Sukuk**	**USD 10Y Sukuk**
Maturity Date	December 1, 2030	December 1, 2035
Tranche Size	USD 1.1 billion	USD 900 million
Profit Rate	4.50% Fixed, Semi-annual, 30/360	5.00% Fixed, Semi-annual,30/360
Re-Offer Price	100.00%	100.00%
Reoffer Spread	UST + 80.9 bps	UST + 88.7 bps
Reg S ISIN	US71567RBG02	US71567RBH84
144A ISIN	US71567WAD74	US71567WAE57
Use of Proceeds	The Republic intends to use the net proceeds it receives from the issue of the Certificates to meet part of its general financing requirements	
Other Details	USD200k/1k denoms., English / Indonesian Law	
Listing	Singapore Exchange Securities Trading Limited and Nasdaq Dubai	
Joint Bookrunners	Dubai Islamic Bank, Goldman Sachs, JP Morgan (B&D), KFH Capital, Standard Chartered Bank	
Co-Managers	PT BRI Danareksa Sekuritas and PT Trimegah Sekuritas Indonesia Tbk	

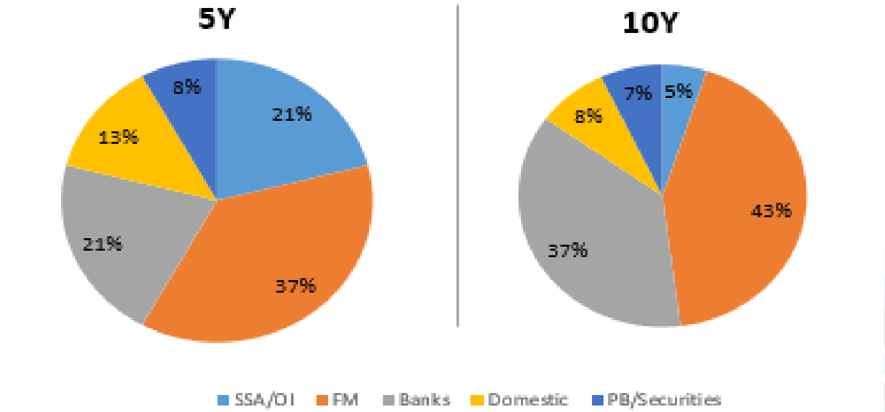
ORDERBOOK DISTRIBUTION

5-Year USD	10-Year USD
US$ 2.18bn+ From 103 accounts	**US$ 1.76bn+** From 88 accounts

INVESTORS BY GEOGRAPHY (ALLOCATION)



INVESTORS BY TYPE (ALLOCATION)



Source : SI-BISSSS

SEC 19 Deal Review

The successful US$2.7 billion SEC-Registered Senior Notes issuance reflects strong global investor confidence in the Republic of Indonesia's economic fundamentals

US$2.7Bn SEC-Registered Senior Notes Offering

Baa2 Stable (Moody's) / BBB Stable (S&P) / BBB Stable (Fitch)

US$1,100MM 4.350% due 2031, US$1,100MM 4.950% due 2036, US$500MM 5.475% due 2056

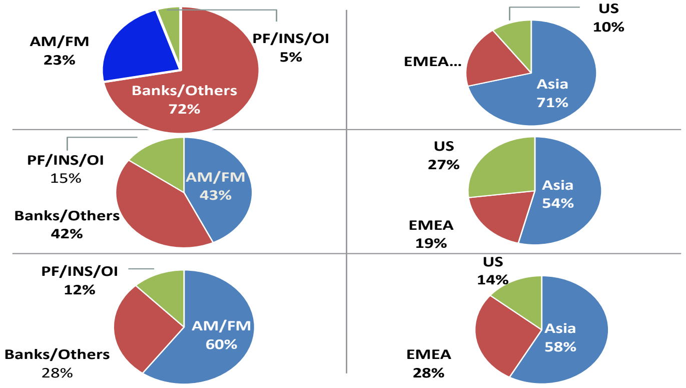
Issuer	Republic of Indonesia (Ticker: INDON)		
Issue Type	Senior Unsecured Notes		
Format	SEC-Registered		
Ratings	Moody's Baa2 (Stable) / S&P: BBB (Stable) / Fitch BBB (Stable)		
Issue Size	US$1,100MM	US$1,100MM	US$500MM
Tenor	Long 5-year	Long 10-year	Long 30-year
Maturity Date	Feb 21, 2031	Feb 21, 2036	Feb 21, 2056
Coupon	4.350%	4.950%	5.475%
Initial Price Guidance	4.700%	5.300%	5.800%
Final Price Guidance	4.400% (#)	5.000% (#)	5.500% (#)
Re-offer Yield	4.400%	5.000%	5.500%
Re-offer Price	99.770	99.602	99.627
Optional Redemption	1-month par call	3-month par call	6-month par call
Use of Proceeds	The Republic intends to use the net proceeds from the sale of the Bonds for the general purposes of the Republic		
Denominations	USD 200,000 / 1,000		
Governing Law	New York Law		
Expected Listing	SGX-ST and Frankfurt Stock Exchange		

Transaction Highlights

- *The long 30-year marked the tightest spread ever achieved for a 30-year tranche in the history of the Republic's SEC-registered offerings*
- *The Republic of Indonesia demonstrated decisive market leadership by being the first Asian sovereign to tap the debt markets in 2026, enabling them to capitalize on favorable investor sentiment after the first week of the year saw the largest IG supply volume kickoff to any year on record*
- *Leveraging on the Republic's resilient credit profile, the transaction attracted robust investor demand from the outset with final orderbook reaching over US$>4.9Bn*
- *Strong and high-quality participation from real-money accounts allowed the Republic to tighten 30bps from the initial price guidance for all tranches*
- *Despite the meaningful compression from IPG, the strength and quality of the orderbook allowed the Republic to balance competitive pricing without compromising on its size objective – underscoring investors' confidence in ROI's credit quality*

Breakdown of Allocation

	By Investor Type	By Geography	
Long 5-yr			>US$1.9Bn c.1.7x covered across 99 accounts
Long 10-yr			>US$2.2Bn c.2.0x covered across 134 accounts
Long 30-yr			>US$840MM c.1.7x covered across 68 accounts

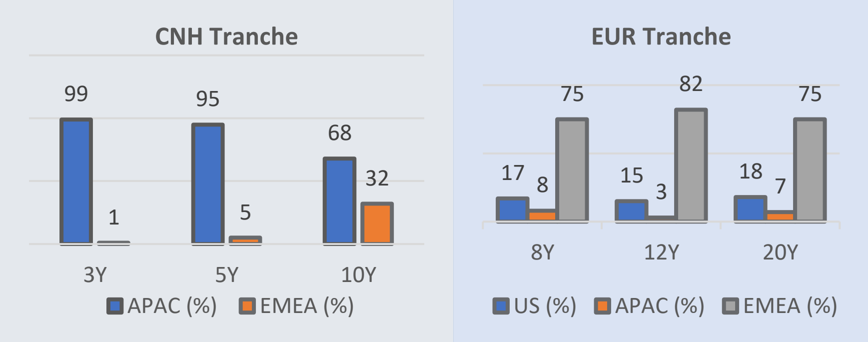


SEC 20 Deal Review

Taking advantage of the positive market backdrop and constructive feedback received, Indonesia successfully issued dual-currency CNH-EUR bonds with a strong orderbook and competitive pricing, reflecting sustained investor confidence

Series	RICNH0329	RICNH0331	RICNH0336	RIEUR0334A	RIEUR0338	RIEUR0346
Rating	Baa2 (Negative) Moody's / BBB (Stable) S&P / BBB (Stable) Fitch					
Tenor	3-year	5-year	10-year	8-year	12-year	20-year
Maturity Date	March 4, 2029	March 4, 2031	March 4, 2036	March 4, 2034	March 4, 2038	March 4, 2046
Pricing Date	February 25, 2026					
Settlement/ Issuance Date	March 4, 2026					
Issue Size	CNH4,5 billion	CNH3,5 billion	CNH1,25 billion	EUR1,2 billion	EUR800 million	EUR700 million
Coupon / Yield	2,450% / 2,450%	2,650% / 2,650%	3,050% / 3,050%	4,100% / 4,104% (MS+150bs)	4,460% / 4,473% (MS+165bs)	4,970% / 4,982% (MS+195bs)

Investor by Geography



Highlight

- ***Investor confidence remains high.*** Final CNH orderbook reached CNH 17.04 billion, with a bid-to-cover ratio of 1.84x. Meanwhile, the final EUR orderbook reached EUR 9.48 billion, with a bid-to-cover ratio of 3.5x**.**
- ***Solid demand.*** This enables pricing below the initial price guidance (IPG) with tightening credit spreads in both currencies, across all tenors, signaling that global market access remains competitive..
  - **CNH tranche**
    3Y: 2,450% (-40 bps vs IPG); **5Y:** 2,650% (-35 bps vs IPG); **10Y:** 3,050% (-40 bps vs IPG)
  - **EUR tranche**
    8Y: +150 bps area (-30 bps vs IPG); **12Y:** +165 bps area (-30 bps vs IPG); **20Y:** +195 bps area (-30 bps vs IPG)

Section 5

Monetary & Financial Sectors

“Credible Monetary Policy and Resilient Financial Sectors”

Bank Indonesia Policy Mix Framework for Economic Resilience

Bank Indonesia's policy mix is calibrated to strengthening stability and supporting economic growth through a balanced combination of monetary, macroprudential, payment system, money market deepening, and inclusive green economy measures.

STABILITY
GROWTH
INCLUSION

BI – Rate[1]	5.75%
Deposit Facility (DF) rate[1]	4.75%
Lending Facility (LF) rate[1]	6.50%

Source: Bank Indonesia
Note: (1) Board of Governors Meeting June 2026

PRO-STABILITY	PRO-GROWTH			
MONETARY	MACROPRUDENTIAL	PAYMENT SYSTEM	MONEY MARKET DEEPENING	INCLUSIVE AND SUSTAINABLE ECONOMY AND FINANCE

MONETARY

- Strengthening the effectiveness of monetary policy implementation to stabilise the Rupiah exchange rate and maintain inflation in 2026 and 2027 within the 2.5±1% target range by:
    i. increasing the intensity of foreign exchange intervention to strengthen Rupiah exchange rate stabilisation through Non-Deliverable Forward (NDF) transactions in offshore markets as well as spot and Domestic Non-Deliverable Forward (DNDF) transactions in the domestic market,
    ii. maintaining the interest rate structure of Bank Indonesia Rupiah Securities (SRBI) across the 6, 9 and 12-month tenors in line with the BI-Rate decision to continue attracting foreign portfolio investment inflows to domestic financial assets,
    iii. continuing to provide incentives in the form of a 10% reduction in hedging swap rates for non-resident investors to further enhance the attractiveness of foreign investor inflows and compensate for the obligations currently borne by investors, and
    iv. maintaining adequate liquidity in the money market and banking industry by ensuring primary money growth above 10% (double digit), consistent with monetary expansion, including through the reopening of the repurchase agreement (repo) auction window for the 3, 6, 9 and 12-month tenors as Bank Indonesia's main monetary liquidity expansion instrument for the banking industry.
- Strengthening money market and foreign exchange market deepening policy to advance more efficient and prudent money and foreign exchange markets, thereby attracting foreign investment and bolstering monetary policy effectiveness, including Rupiah exchange rate stabilisation by:
    i. expanding the money market and foreign exchange market ecosystem in terms of products, pricing, participants and infrastructure to support the use of Local Currency Transactions (LCT) with several countries to facilitate trade and investment,
    ii. strengthening prudential principles in the money market and foreign exchange market through a lower threshold for cash purchases of foreign exchange against the Rupiah without underlying transactions to USD10,000 per person per month, effective from 1st July 2026, and
    iii. strengthening prudential principles in International Transaction Reporting System (ITRS) reporting through adjustments to the threshold for supporting document obligations on outgoing foreign currency transfers abroad from a nominal equivalent of above USD50,000 to above USD25,000, effective from 1st July 2026.
- Expanding international cooperation with several central banks in central banking areas, including payment system connectivity and local currency transactions, while facilitating investment and trade promotion in priority sectors in cooperation with relevant institutions.

MACROPRUDENTIAL

- Strengthening macroprudential policy effectiveness through:
    i. an increase in the Bank Foreign Funding Ratio (RPLN) from a maximum of 35% to 40% of bank capital, effective from 1st July 2026. The increase in the RPLN ratio aims to expand banking funding sources, particularly from abroad, to support lending/financing to the economy, while observing prudential principles,
    ii. synergy with the Government and other stakeholders to stimulate bank lending/financing through the Indonesian Intermediation Acceleration Program (PINISI), and
    iii. publication of the assessment of prime lending rate (PLR) transparency, with a focus on lending rates based on priority sectors in accordance with the scope of Macroprudential Liquidity Incentive Policy (KLM)

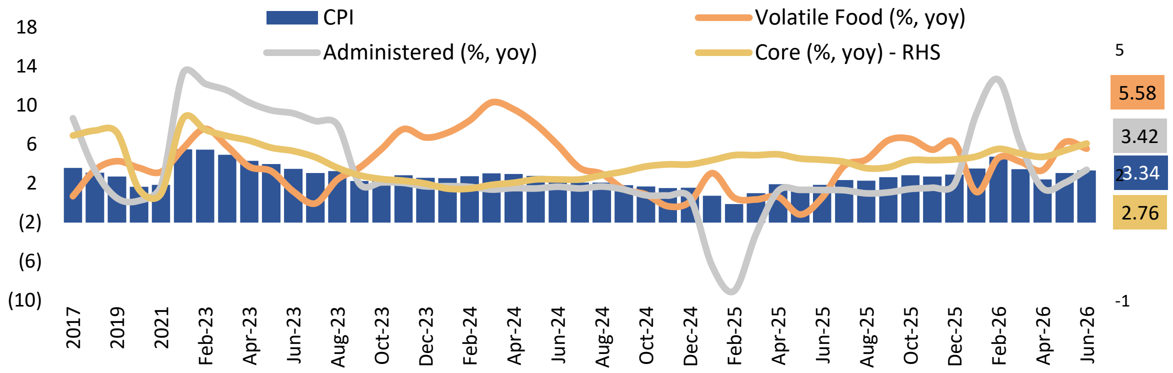
PAYMENT SYSTEM

- Strengthening the implementation of payment system digitalisation measures in accordance with the Indonesia Payment System Blueprint (BSPI) 2030 to support economic growth and further expand inclusive digital economic and financial activities by:
    i. extending the current credit card policy and National Clearing System (SKNBI) tariff policy until 31st December 2026, including: (i) minimum payment policy for credit cardholders of 5% of the total billed amount and late payment penalties of 1% of the outstanding balance up to a maximum of Rp100,000, and (ii) National Clearing System fees of Rp1 for banks and up to Rp2,900 for bank customers, and
    ii. expanding digital financial acceptance through the QRIS Jelajah Indonesia 2026 program and expansion of QRIS Cross-Border, as well as further implementation of the Indonesian Digital Innovation Centre (PIDI), covering the Digital Talenta Berdaya dan Berkarya (Digdaya) and Hackathon programs, as well as synergy with the Government through the Capacity Building and Literacy for Accelerating and Expanding Regional Digitalisation Synergy (KATALIS P2DD) and Digdaya program.

Manageable Monetary Environment Amid Persistently High Global Uncertainty

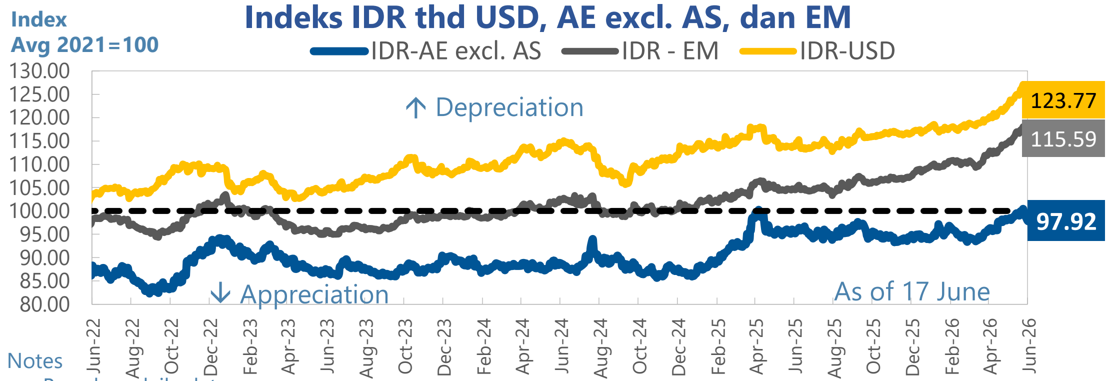
Bank Indonesia is successfully maintaining a stable monetary environment through effective inflation control and Rupiah exchange rate stabilization (maintaining the BI-Rate at 4.75%), which has supported robust credit growth—particularly in investment loans at 21.95%—despite high global financial market uncertainty.

Well Maintained Inflation Ensured Price Stability



Source: BPS

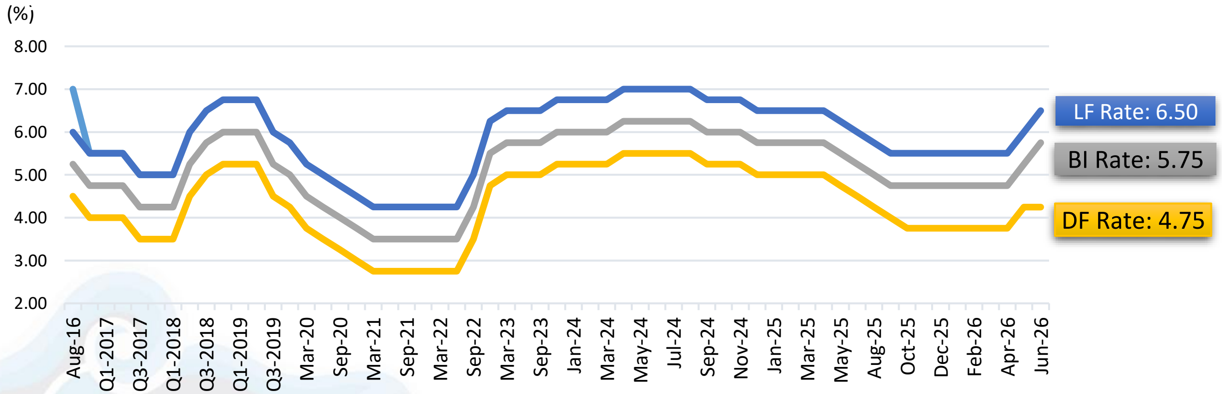
Stable Rupiah Exchange Rate



Notes
- Based on daily data
- Composite indexes on trade weights :: SGD (13%), CNY (52%), INR (11%), KRW (9%), THB (7%), MYR (9%)

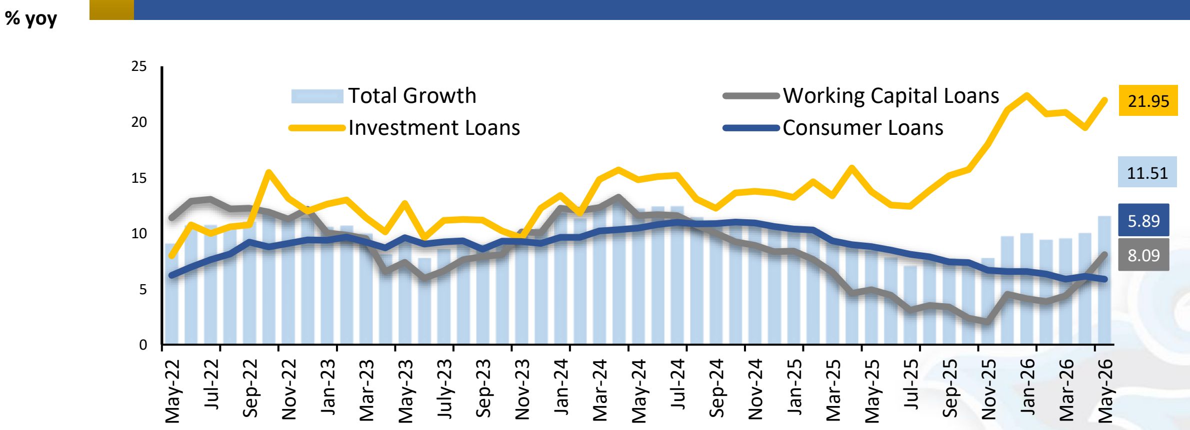
Source: Bank Indonesia

Strengthened Monetary Policy Framework



Source: Bank Indonesia

Credit Growth Profile

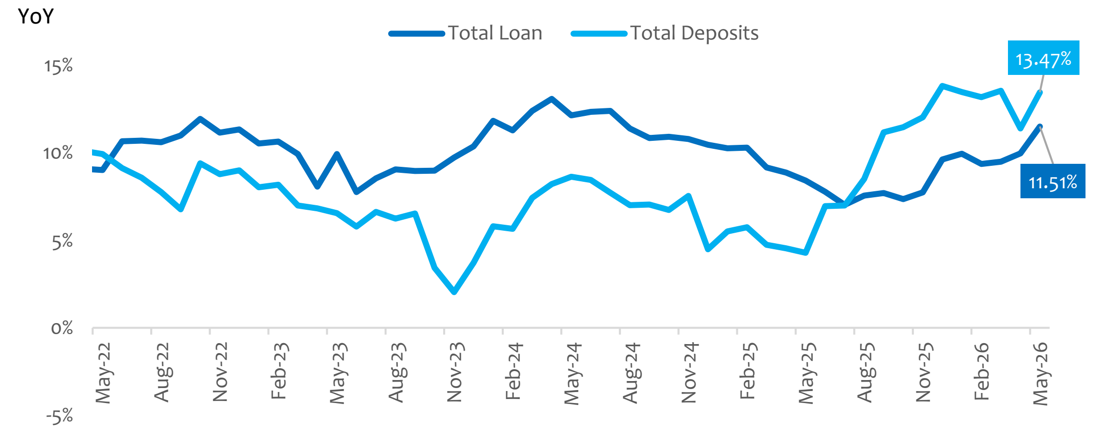


Source: OJK, Bank Indonesia

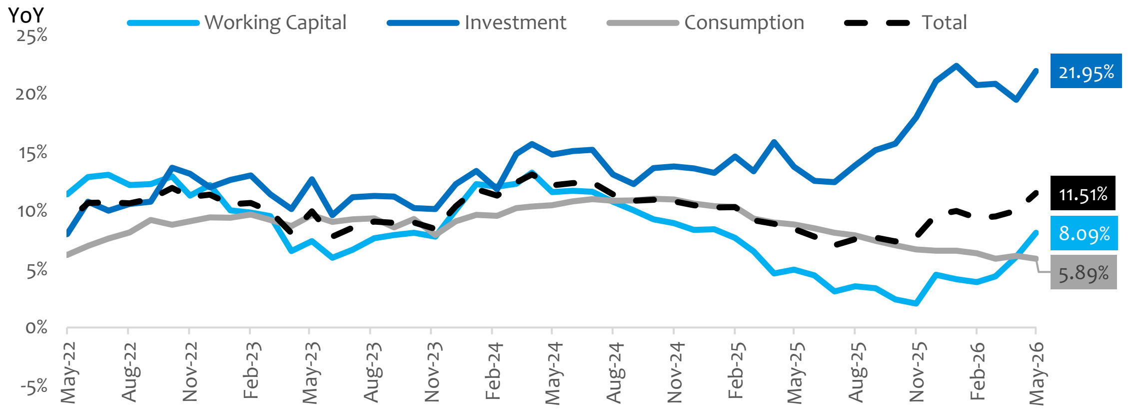
Banking Intermediation

Indonesia's banking sector maintained its positive momentum, underpinned by strong lending activity and healthy funding growth.
The loan-to-deposit ratio (LDR) remained within the prudent range of 78%–92%.

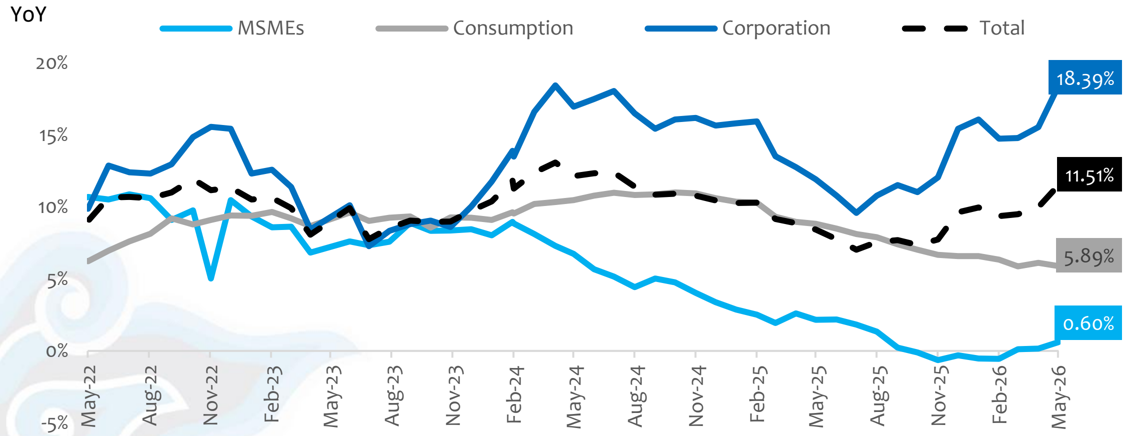
As of **May 2026**, banking loan grew by **11.51% (yoy)**, while deposit continued to post double-digit growth at **13.47% yoy.**



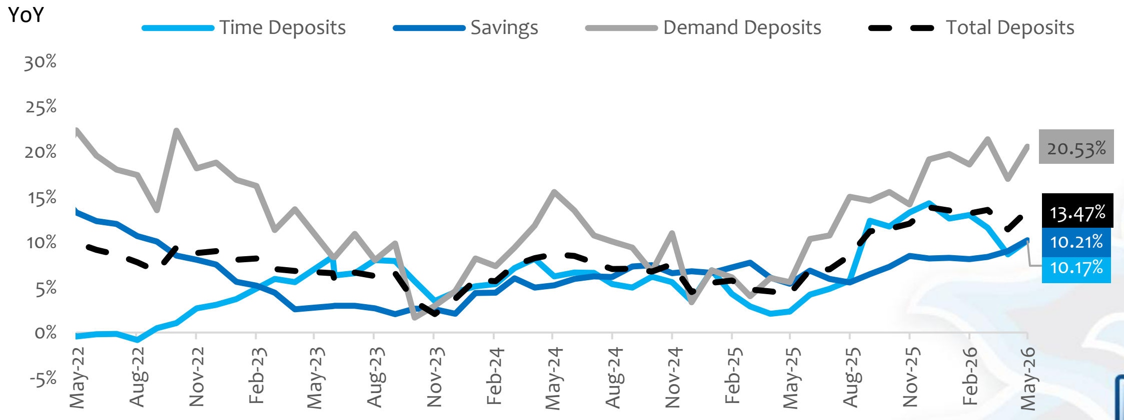
Loan growth continued to be driven by **investment loans**, which recorded growth of **21.95% yoy.**



As of May 2026, corporate loan recorded a growth of **18.39% yoy, while** MSME loan remained on a positive growth trajectory, increasing by **0.60% yoy**.



On the funding side, deposits grew by 13.47% yoy, driven primarily by demand deposits, which grew by 20.53% yoy.

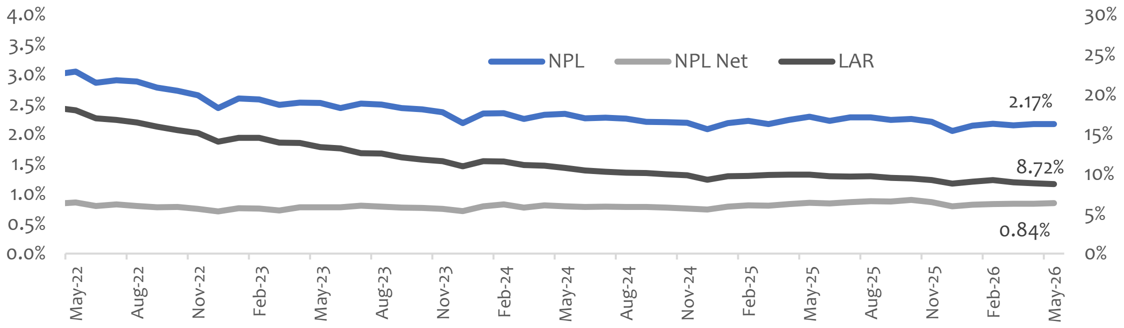


Source: OJK

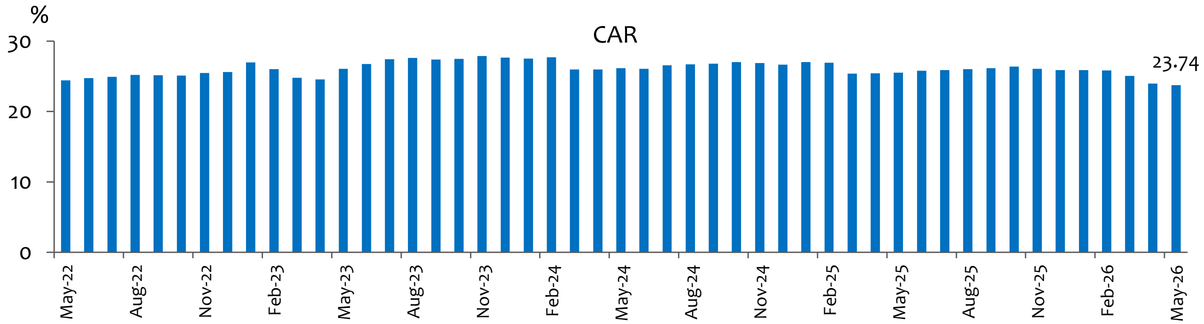
Banking Risk Profile and Profitability

Indonesia's banking sector remained resilient, supported by stable asset quality, strong capital buffers, ample liquidity, and sustained profitability.

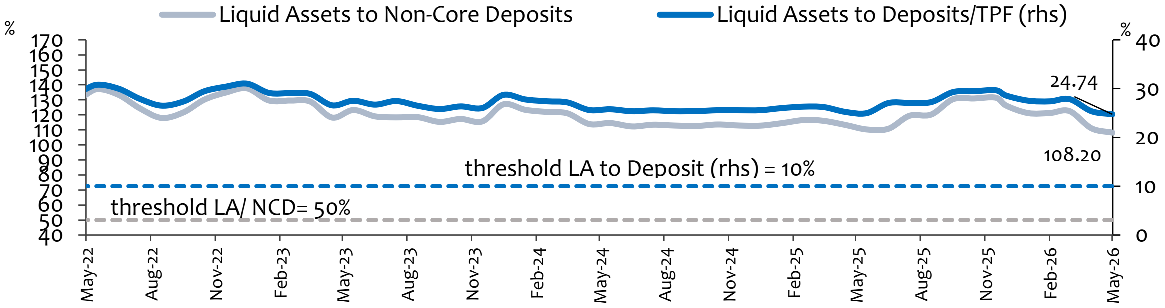
As of May 2026, the **gross non-performing loans (NPL)** remained stable at **2.17%**, while the **loan-at-risk (LaR)** ratio continued to improve, declining to **8.72%.**



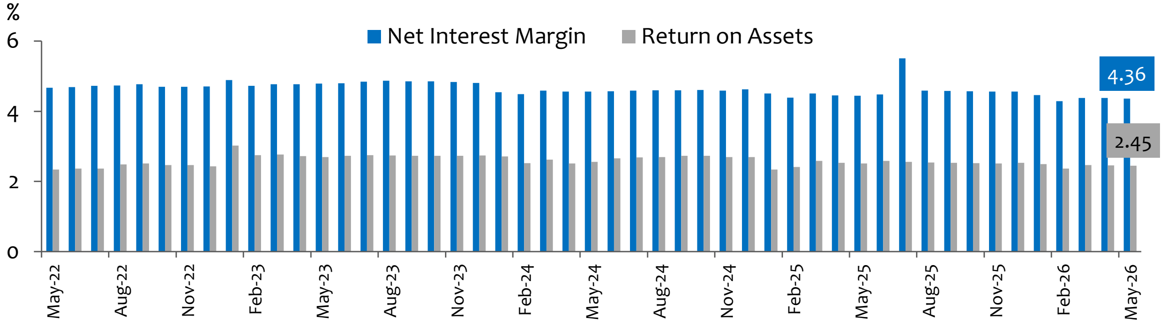
The banking industry's **capital adequacy ratio (CAR)** moderated slightly to **23.74% in May 2026**, remaining well above the regulatory minimum.



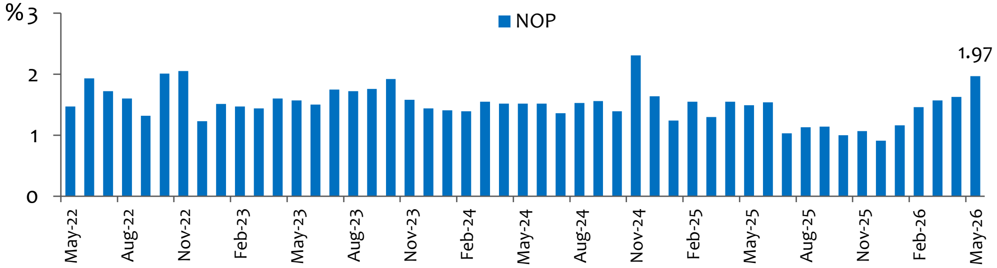
Liquidity conditions in the banking sector remained ample despite a slight moderation in **May 2026.**



Banking sector profitability remained stable, with **net interest margin (NIM) at 4.36%** and **return on assets (ROA) at 2.45% as of May 2026.**



As of **May 2026**, the **Net Open Position (NOP)** remained stable at a low level of **1.97%.**



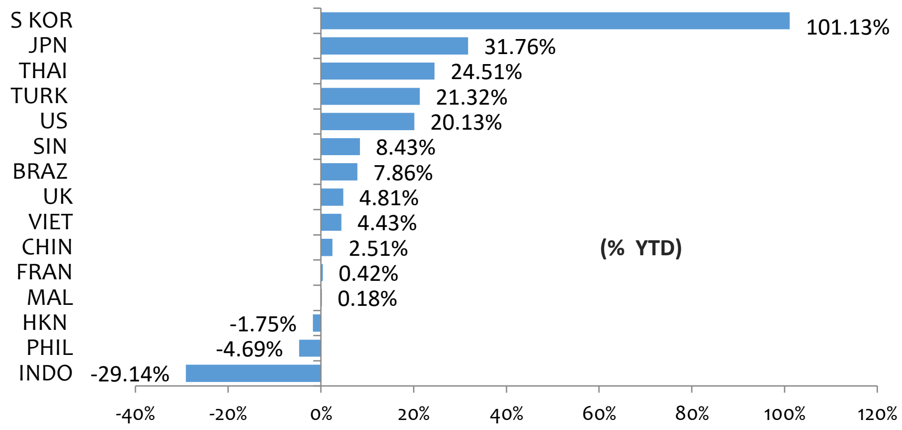
Source: OJK

Indonesia Capital Market Performance

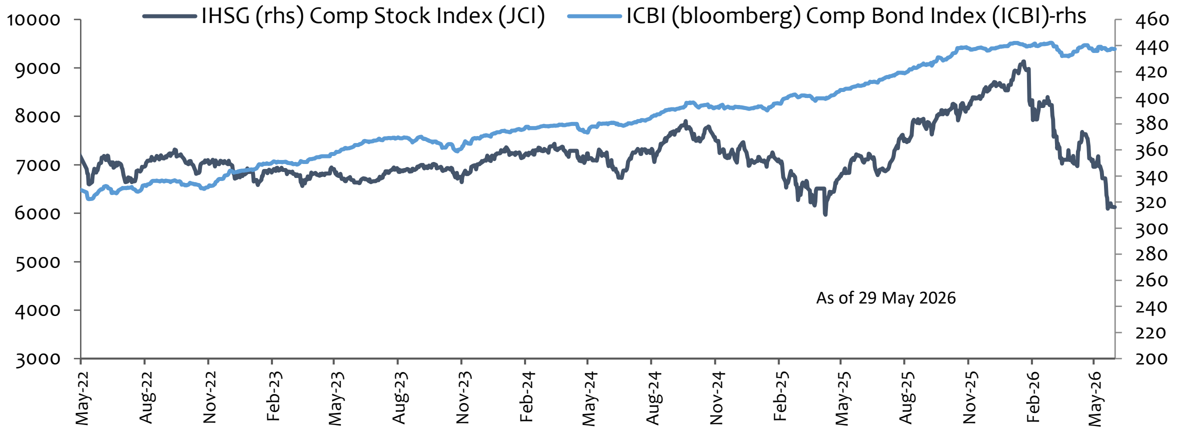
Indonesia's capital market navigated a period of consolidation in May 2026 amid persistent global uncertainty, while market liquidity and investor participation remained resilient.

In **May 2026**, The Jakarta Composite Index (JCI) closed at **6,127.38,** declining by 11.92% mtm and 29.14% ytd.

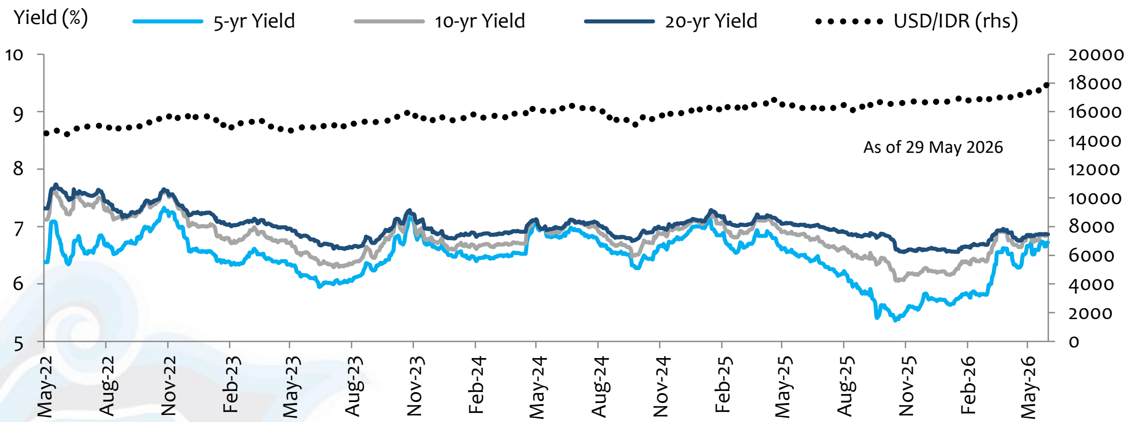
Stock Index Performance as of 29 May 2026 (compared to 31 Dec'25)



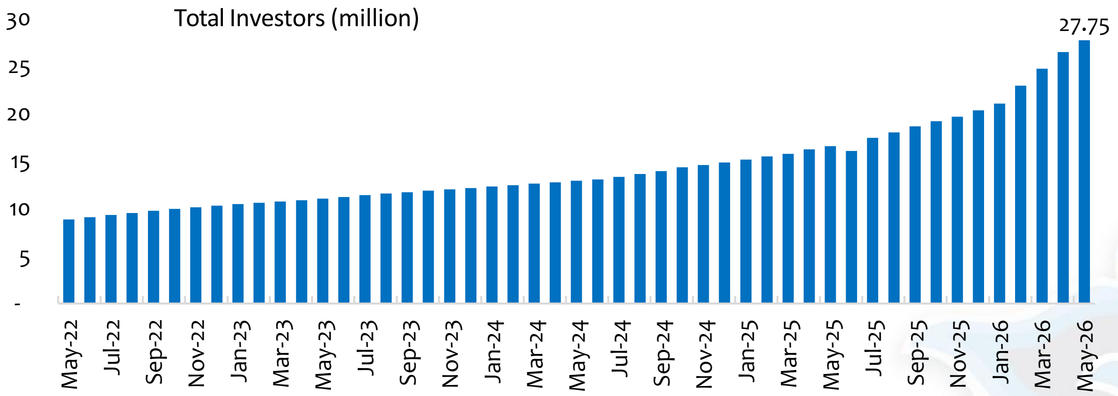
In the bond market, the **Indonesia Composite Bond Index (ICBI)** closed at **437.26**, edging up by 0.32% mtm.



At the same period**, the average government bond yield** increased by **5.61 bps mtm** and **56.22 bps ytd**, reflecting evolving global risk sentiment.



Investor participation continued to strengthen, **with 1.26 million new investors** added during **May 2026**, bringing the total number of capital market investors to **27.75 million**.

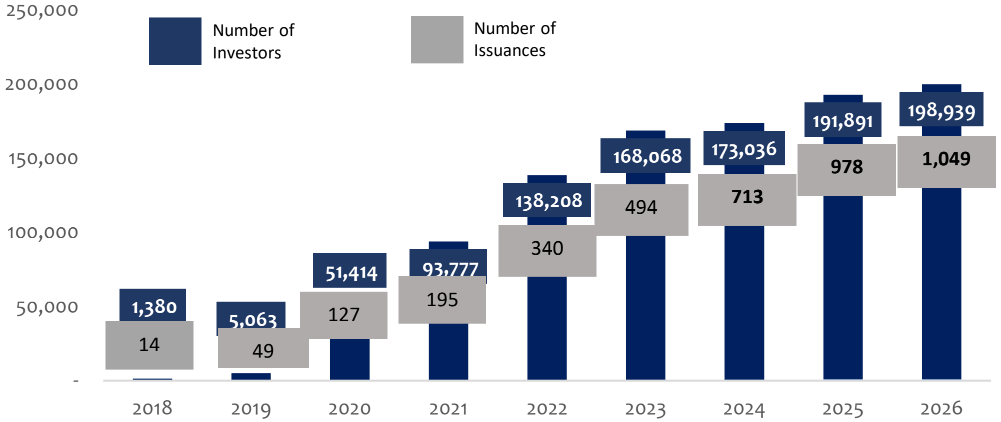


Source: Bloomberg, OJK

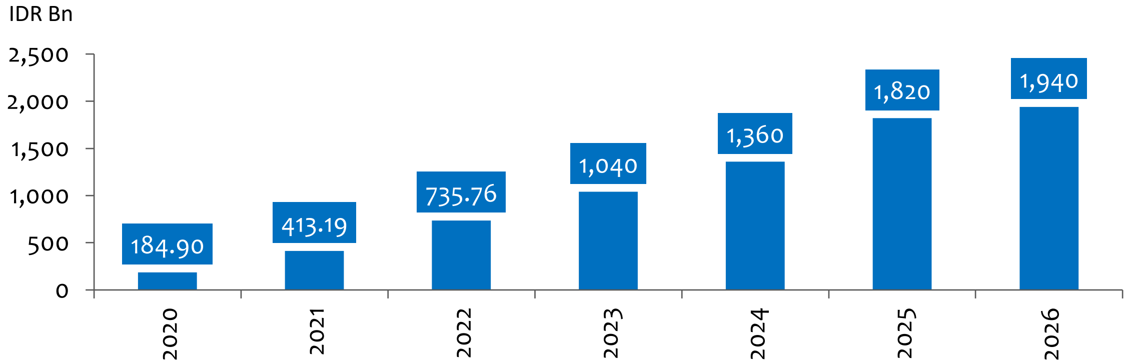
Securities Crowd Funding and Carbon Exchange

Securities Crowdfunding (SCF) and the Carbon Exchange continued to strengthen the ecosystem for alternative financing and sustainable finance platforms in Indonesia.

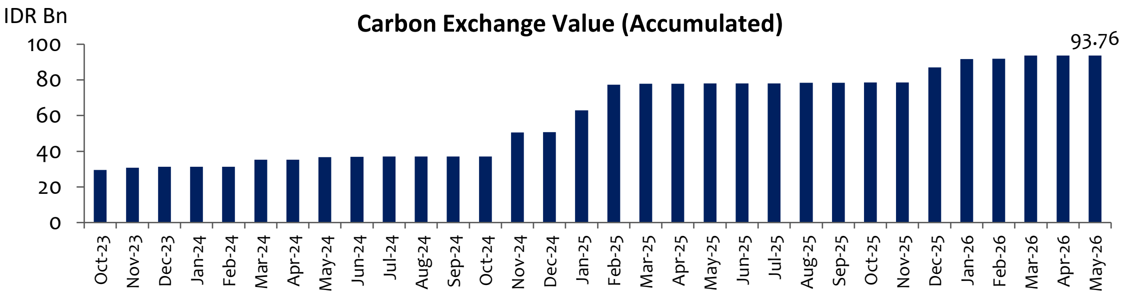
Securities crowdfunding (SCF) activity remained steady, with **five new securities** and **two new issuers** recorded in **May 2026**.



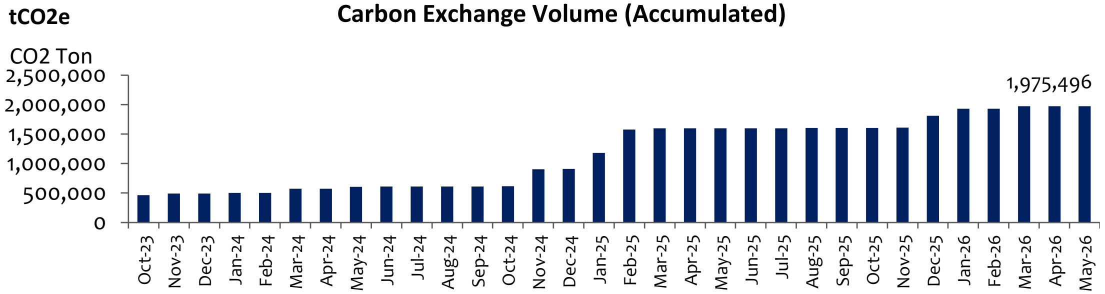
In terms of **SCF fundraising**, **IDR11.09 billion** was raised in **May 2026**, bringing cumulative funds raised to **IDR1.94 trillion.**



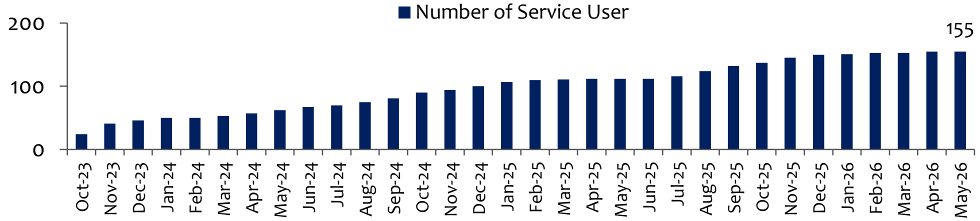
Since its launch in September 2023, the **Carbon Exchange** has reached an accumulated value of **IDR93.76 billion** by **May 2026**.



As of **29 May 2026**, cumulative **trading volume** reached **1.98 million tCO_2e**



As of **May 2026**, the number of registered service users reached **155.**

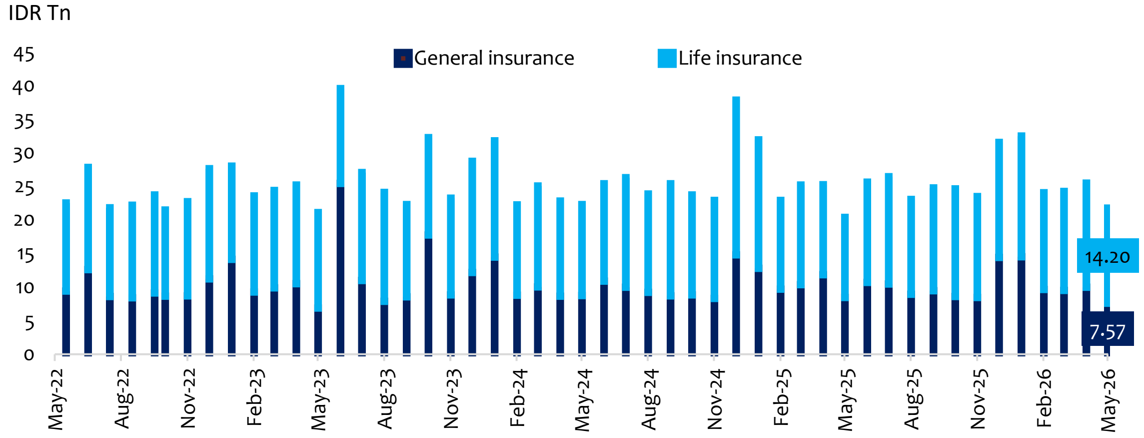


Source: OJK

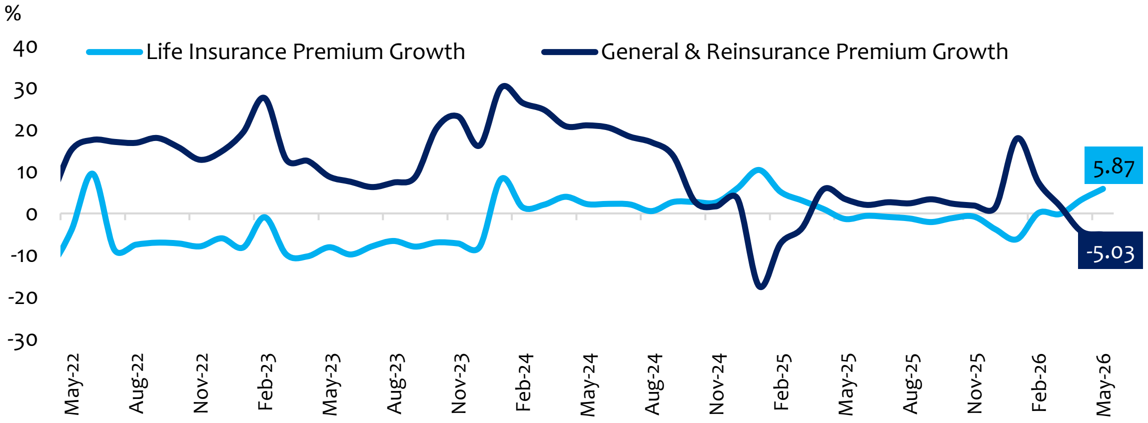
Insurance Sector

As of May 2026, Indonesia's insurance sector remained resilient, supported by strong capital and investment adequacy.

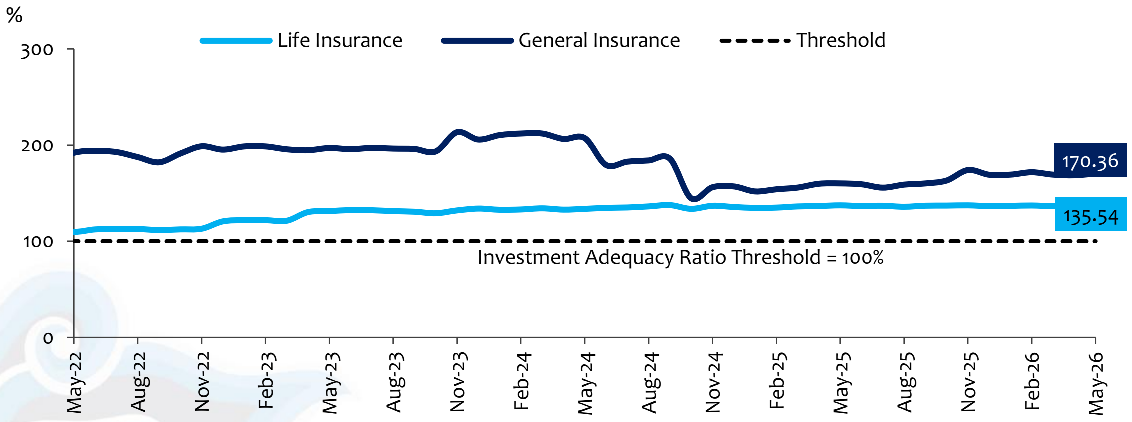
In May **2026**, **General** and **Life insurance** premiums increased by **IDR7.57 Tn** and **IDR14.20 Tn**, respectively.



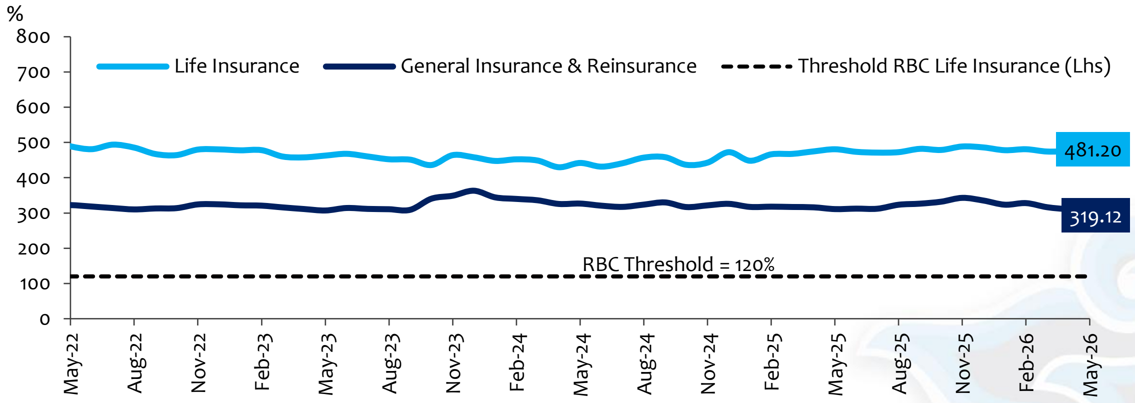
As of May 2026, life insurance premiums continued to strengthen, expanding by **5.87% yoy**, while general insurance and reinsurance premiums contracted by 5.03% yoy.



Investment adequacy ratios remained sound, with **general insurance and reinsurance** improving to **170.36%**, while **life insurance** stood at **135.54%**.



The capital position remained strong, with the **aggregate risk-based capital (RBC)** ratio increasing to **481.20% for life insurance** and **319.12% for general insurance and reinsurance**.

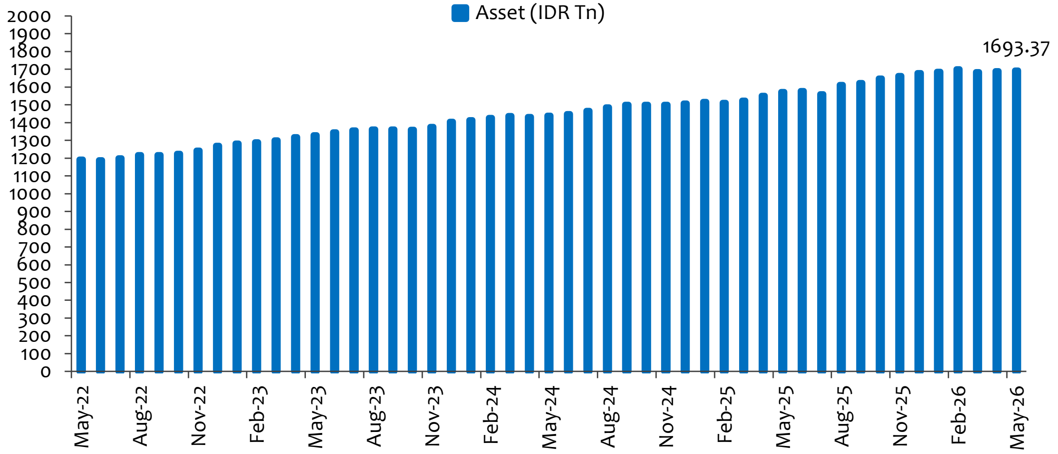


Source: OJK

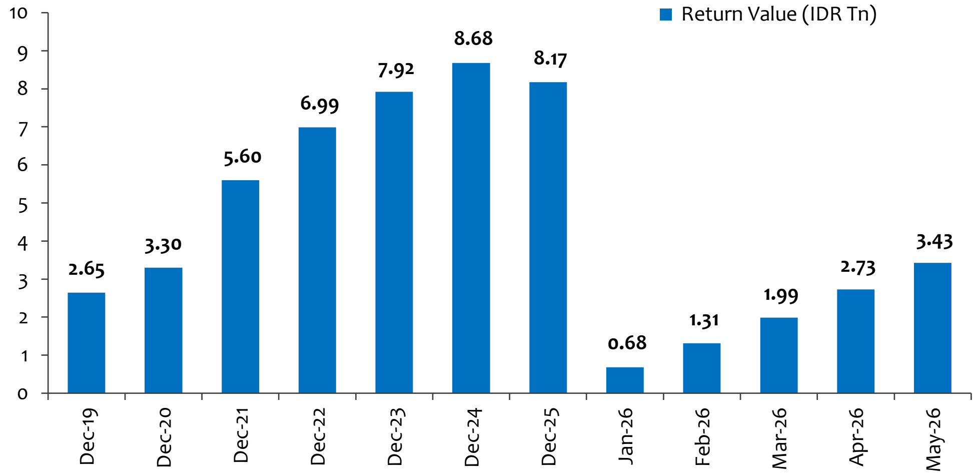
Pension Funds and Guarantee Institutions Performance

The pension fund and guarantee industries continued to show stable performance in May 2026.

The pension fund industry continued to record asset growth, with **total assets increasing by 7.71% yoy to IDR1,693.37 trillion as of May 2026.**



As of May 2026, the accumulated return value of guarantee institutions stood at **IDR3.43 trillion.**



Meanwhile, **Guarantee Institutions' Asset Value** recorded at **IDR45.92 trillion**, slightly contracted by **2.95% (yoy)**.

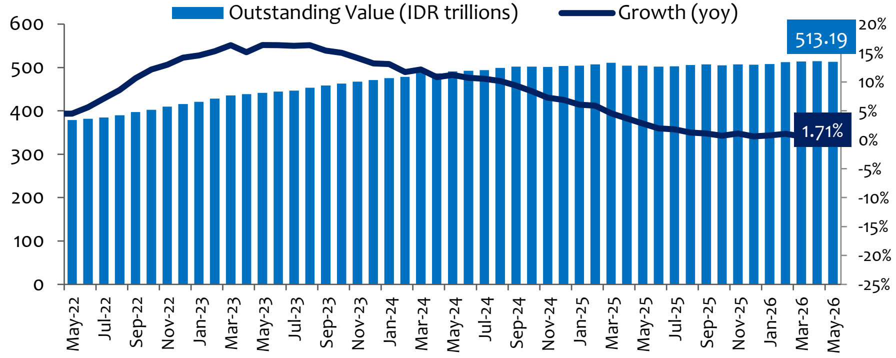
Guarantee Institutions	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Apr-26	May-26
Assets Value (IDR Tn)	36.90	39.12	46.41	46.39	47.51	46.73	45.92
Growth YoY	46.66%	6.00%	18.64%	-0.05%	2.43%	-1.28%	-2.95

Source: OJK

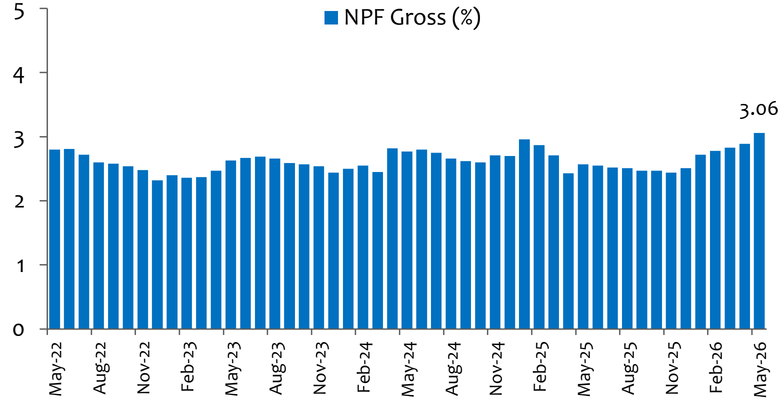
Financing, P2P Lending, and Venture Capital

Financing companies continued to record positive growth, supported by stable financing activity and solvency indicators.

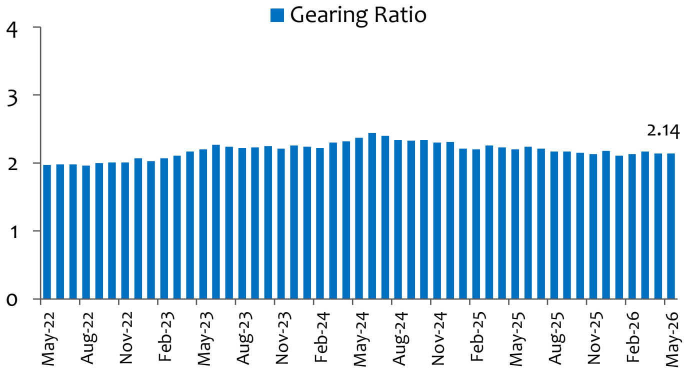
As of May 2026, the outstanding financing value of **Financing Companies** grew by **1.71% (yoy)**, mainly driven by growth in multipurpose financing.



Financing Companies' **Non-Performing Financing (NPF)** ratio was stable at **3.06%.**

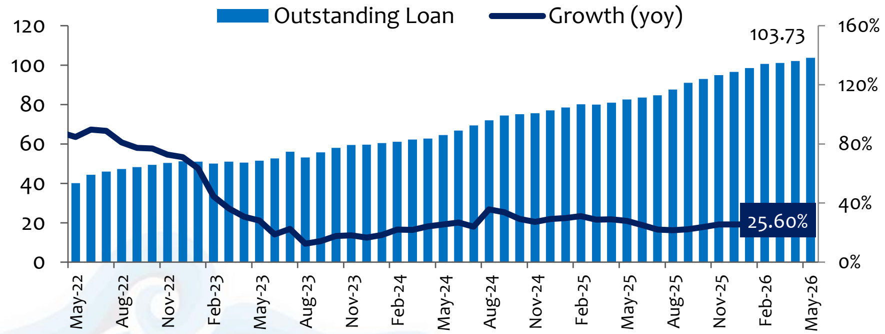


The **financing companies' gearing ratio** remained stable at **2.14 times**, well below the regulatory threshold, indicating adequate solvency.

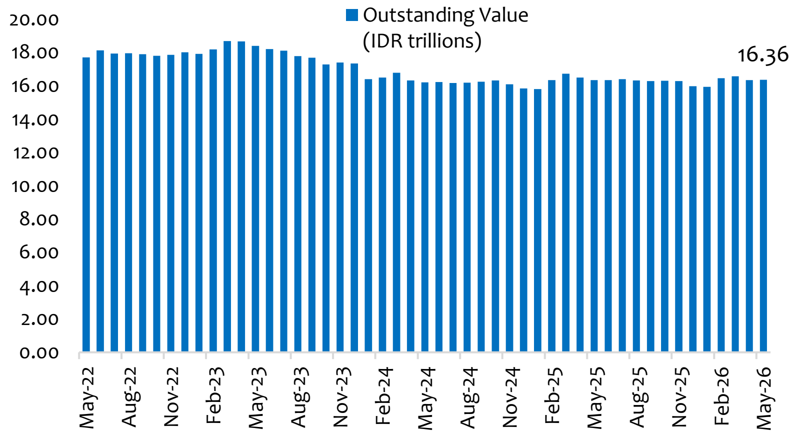


In the **P2P Lending** (Fintech) industry, outstanding financing in **May 2026** grew by **25.60% (yoy)** to **IDR103.73 trillion.**

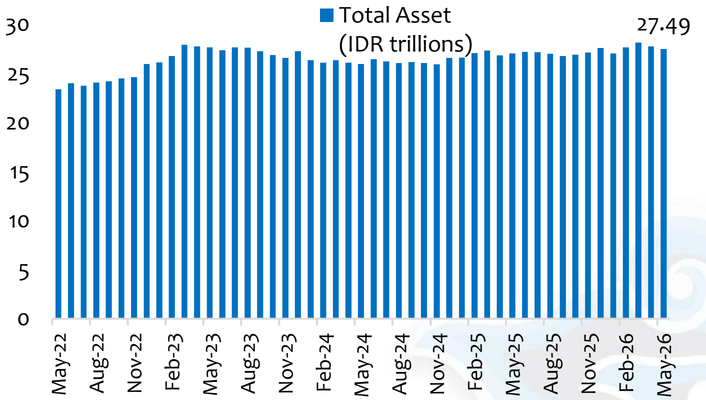
IDR Tn



The **venture capital** experienced stable performance, with financing reached **IDR16.36 Tn** as of **May 2026.**



Total **assets in the venture capital** corporation slightly moderated to **IDR27.49 Tn** in **May 2026.**



Source: OJK

Financial Services Technology Innovation and Crypto-Assets

Financial services technology innovation continued to progress, to scale, supported by prudent regulatory oversight, growing industry participation, and rising consumer adoption..

Based on **OJK Regulation No. 3/2024**, the OJK established the Regulatory Sandbox as a structured framework to evaluate, oversee, and support innovation in the financial services sector. The number of sandbox applications reached **33,** with **five** on-going participants in **May 2026**.

Regulatory Sandbox	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Number of Sandbox Applications Request	114	71	87	52	14	27	27	27	31	31	33
Number of Sandbox Participants	28	14	20	18	5	4	4	4	4	5	5

Type of Registered FSTI Providers	Oct-24	Nov-24	Dec-24	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Innovative Credit Scoring	2	4	5	10	10	10	8	8	8	8	8
Aggregators	4	6	9	20	20	20	20	17	17	17	17
Total	**6**	**10**	**14**	**30**	**30**	**30**	**28**	**25**	**25**	**25**	**25**

In May 2026, domestic crypto transaction value increased by **0.11% mtm** to **IDR23.01 tn,**

Crypto-assets	Dec-23	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
Transactions (IDR Tn)	27.25	94.08	32.68	29.28	24.33	22.24	22.98	23.01

Source: OJK

Financial Literacy, Consumer Protection and Illegal Financial Activities

Consumer protection in financial services sector continued to be strengthened through financial education, market conduct supervision, and enhanced complaint-handling services.

From **January to May 2026**, OJK has conducted **1,792financial education activities**, reaching **8,242,841 participants** nationwide.

Financial Education	1,792 Activities	**Team for Acceleration of Regional Financial Access (TPAKD)**	552 District/Municipalities
	8,242,841 Participants		100% District/Municipalities
Sikapi Uangmu	153 Contents	**National Movement of Financial Inclusion (GENCARKAN)**	15,860 Programs
	1,375,711 Viewers		9,359 Financial Education Activities
Financial Education Learning Management System (LMSKU) OJK	7,644 Access		6,501 Digital Content
	5,625 Certificates		

During the same period**,** OJK as a part of The Illegal Financial Activities Eradication Task Force (Satgas Pasti), has closed down **960 illegal financial entities.**

Number of Illegal Investments	8
Number of Illegal Online Lending	951
Number of Other Illegal Financial Activity	1

From **22 November 2024 to 31 May 2026**, the Indonesia Anti-Scam Centre (IASC) has received **579,459 reports.**

Number of Reports	579,459
Number of Blocked Accounts	515,553
Amount of Victims' Funds Blocked (IDR Bn)	638.9

From **January to May 2026**, OJK has received **248,389 service requests**.

Number of Service Requests	248,389
Number of Service Requests on Consumer Protection Portal Application (APPK)	35,906
Banking	11,944
Fintech	15,474
Financing Institutions	7,248
Insurance	719
Capital Market and other NBFIs	521

Source: OJK

Sharia Financial Services Sector

Amid global uncertainty, the Indonesia Sharia Stock Index (ISSI) contracted by 18.71% (ytd) in April 2026

SHARIA CAPITAL MARKET

SHARIA STOCKS	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Indonesia Sharia Stock Index	215.65	308.61	297.73	292.88	251.1	250.87
Growth (YTD %)	1.41	43.11	-3.53	-5.09	-18.63	-18.71
Market Capitalization (IDR Tn)	6,825.31	8,971.68	8,546.91	8,340.75	7,152.48	7,225.77
Market Share (%)	55.33	56.72	56.91	56.55	57.74	58.59

SHARIA BOND (SUKUK)	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Government Sukuk (IDR Tn)	1,627.68	1,703.60	1,724.94	1,752.84	1,722.33	1,774.58
Corporation Sukuk (IDR Tn)	55.27	88.21	88.92	90.57	93.95	92.82
Market Share (%)	11.63	16.44	16.52	16.16	16.69	16.60

SHARIA MUTUAL FUND	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Asset Under Management (IDR Tn)	50.55	83.44	91.04	94.03	83.85	92.27
Market Share (%)	10.12	12.36	12.75	12.95	12.05	12.96

SHARIA SCF	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Fundraising (IDR Bn)	715.47	1,041.64	1,070.14	1,078.90	1,089.42	1,115.52
Market Share (%)	52.50	57.43	57.72	57.46	57.49	57.79

SHARIA FINANCING INSTITUTIONS, VENTURE CAPITAL, FINTECH P2P LENDING AND MICROFINANCE (PVML) UPDATE

SHARIA PVML	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Sharia Financing Institution Assets (IDR Tn)	33.88	36.55	36.65	37.46	37.27	37.20
Sharia Venture Capital Assets (IDR Tn)	3.74	3.98	3.91	4.18	4.23	4.21
Sharia Microfinance Assets (IDR Tn)	0.65	0.66	0.67	0.65	0.65	0.66

Source: OJK

Sharia Financial Services Sector (cont'd)

In April 2026, sharia banking maintained resilient intermediation, supported by continued growth in financing and deposits. Capital, liquidity, and financing risk indicators remained within prudent levels.

SHARIA BANKING SECTOR

Intermediation	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Assets (IDR Tn)	980.30	1,067.73	1,034.46	1,035.19	1,061.61	1,055.26
Market Share (%)	7.72	7.69	7.46	7.39	7.51	7.46
Financing (IDR Tn)	643.55	705.22	709.11	706.44	716.40	723.60
Growth (YoY %)	9.92	9.58	10.96	9.92	9.82	10.74
Deposits (IDR Tn)	753.60	829.99	811.74	800.58	811.76	823.95
Growth (YoY %)	10.09	10.14	10.08	9.73	11.14	12.12

Capital and Liquidity	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
CAR	25.4	25.07	24.3	25.19	25.35	24.3
LA/Deposits	32.09	30.01	26.48	26.87	29.83	28.69
LA/NCD	154.52	142.13	125.03	125.98	139.40	133.36

Credit Risk	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Gross NPF	2.12	2.16	2.21	2.26	2.28	2.28
Net NPF	0.79	0.83	0.83	0.85	0.87	0.78

SHARIA INSURANCE, GUARANTEE, PENSION FUND (PPDP) UPDATE

SHARIA PPDP	Dec-24	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Sharia Life Insurance Assets (IDR Tn)	34.20	38.20	38.27	38.45	37.67	38.38
Sharia General Insurance Assets (IDR Tn)	9.46	10.41	10.59	10.91	10.87	10.65
Sharia Voluntary Pension Fund Assets (IDR Tn)	4.53	5.06	5.16	5.2	5.19	5.24
Sharia Guarantee Institution Assets (IDR Tn)	6.28	6.93	6.92	6.99	7.02	7.12

Source: OJK

Section 6

Structural Reforms

"Structural Reforms and Infrastructure Development to Strengthen Long-Term Growth"

National Transformation Strategy: Towards A Golden Indonesia 2045

Indonesia's National Transformation Strategy 2025–2029 focuses on strengthening governance, human capital, and industrial value creation to achieve inclusive and sustainable growth. Through structural reforms and grassroots development, it aims to build a resilient, equitable, and globally competitive nation toward Golden Indonesia 2045.

1 Asta Cita: The 8 Quick Impact Programs

8 National Priorities 2025-2029

1. Strengthening the Foundation of Pancasila Ideology, Democracy, and Human Rights
2. Consolidating the National Defense and Security System and Fostering National Self-Reliance through Self-Sufficiency in Food, Energy, Water, Islamic Economy, Digital Economy, Green Economy, and Blue Economy
3. Continuing Infrastructure Development and Improving Quality Employment Opportunities Promoting Entrepreneurship, Expanding the Creative Industry, and Developing Agro-Maritime Industries in Production Centers through Active Cooperative Involvement
4. Enhancing Human Resource Development, Science, Technology, Education, Health, Sports Achievements, Gender Equality, and Empowering the Roles of Women, Youth (Millennials and Generation Z), and Persons with Disabilities
5. Continuing Downstream Processing and Developing Natural Resource-based Industries to Increase Domestic Value-added
6. Building from the Village and Grassroots for Economic Growth, Economic Equity, and Poverty Eradication
7. Intensifying Political, Legal, and Bureaucratic Reform, and Strengthening the Prevention and Eradication of Corruption, Drugs, Gambling, and Smuggling
8. Enhancing Alignment with A Harmonious Life in the Environment, Nature, and Culture, and Increase Religious Tolerance to Achieve A Just and Prosperous Society

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

Indonesia's Gold Vision 2045 outlines a long-term roadmap to become a sovereign, advanced, and sustainable country through five key targets, eight development missions, seventeen strategic directions, and forty-five main development indicators. The plan will be implemented in four phases from 2025 to 2045, supported by social, economic, and governance transformation along with strong legal foundations, equitable regional development, sustainable infrastructure, and environmental resilience.

INDONESIA GOLD VISION 2025-2045 → 5 GOLD VISION TARGETS OF INDONESIA → 8 DEVELOPMENT MISSIONS → 17 DEVELOPMENT DIRECTIONS → 45 MAIN INDICATORS OF DEVELOPMENT

1. Income per capita equivalents to developed countries
2. Poverty declines and inequality decreases
3. Leadership positions and international influence increase
4. HR competitiveness increases
5. GHG emission intensity towards NZE

Development Phase	
First Phase (2025-2029)	**Strengthening the foundation of transformation**
Second Phase (2030-2034)	**With the establishment of a strong foundation, Indonesia is set to accelerate its economy**
Third Phase (2035-2039)	**Indonesia starts steps to expand globally**
Fourth Phase (2040-2045)	**Indonesia succeeds in realizing Indonesia Gold 2045 vision**

Source: RPJPN 2025-2045

TRANSFORMATION

1. **Social Transformation:** Focusing on the development of outstanding Indonesian individuals;
2. **Economic Transformation:** Aiming for the nation to become high-income;
3. **Governance Transformation:** Emphasizing adaptive and principled regulations, as well as governance that is characterized by integrity, agility, and collaboration.

FOUNDATION OF TRANSFORMATION

4. Legal Supremacy, Stability, & Diplomatic Strength
5. Socio-Cultural and Ecological Resilience

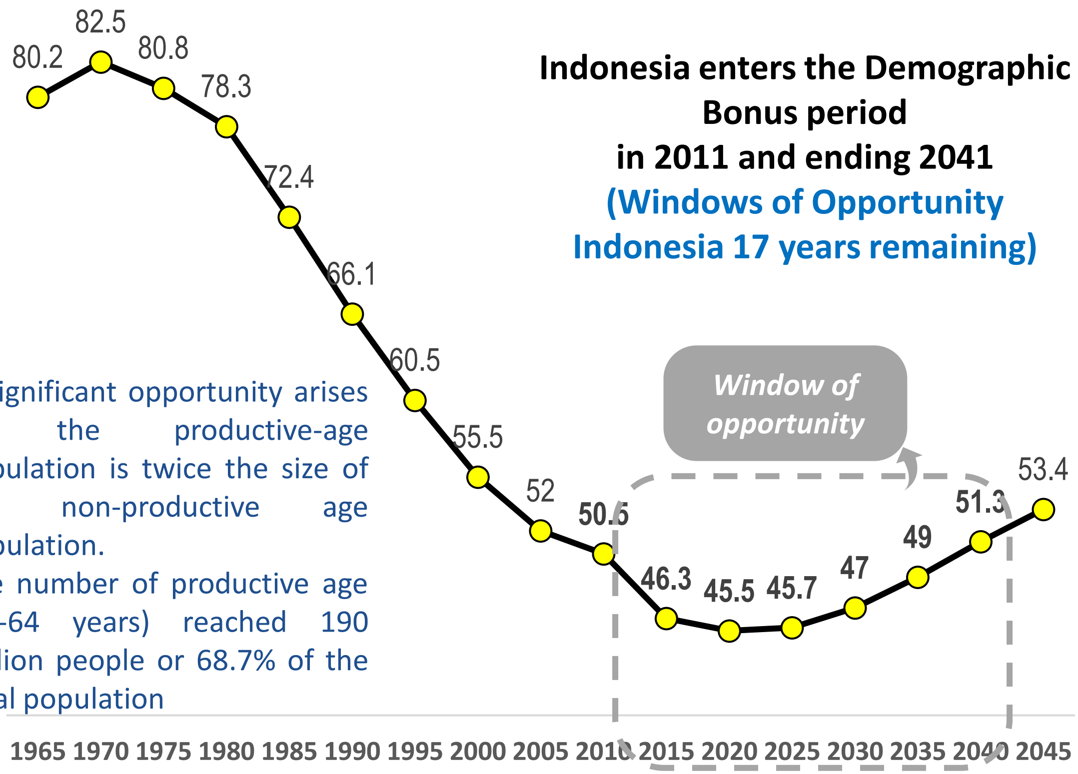
TRANSFORMATION IMPLEMENTATION FRAMEWORK

6. Equal and Quality Territorial Development
7. Quality and Environmentally Friendly Facilities and Infrastructure
8. Development Sustainability

Indonesia Has a Demographic Bonus and Abundant Natural Resources

Indonesia has a major opportunity from its demographic bonus period (2011–2041), where the productive-age population dominates, creating strong potential to drive economic growth. This advantage is further supported by rich natural resources, strong social and cultural capital, and significant maritime and environmental assets that can strengthen Indonesia's long-term development.

THE PEAK OF INDONESIA'S DEMOGRAPHIC BONUS



Indonesia enters the Demographic Bonus period in 2011 and ending 2041 (Windows of Opportunity Indonesia 17 years remaining)

- A significant opportunity arises as the productive-age population is twice the size of the non-productive age population.
- The number of productive age (15-64 years) reached 190 million people or 68.7% of the total population

Dependency Ratio is a comparison between the number of people aged 0-14 years plus the number of people aged 65 years and over (non-productive age population) compared to the number of people aged 15-64 years (productive age).

Source: BPS Preparation of Indonesian Population Projections SUPAS Results 2015-2045

SOCIAL CULTURAL CAPITAL

Harmonious and tolerant – Community Collaboration (Gotong Royong) – Deliberation to reach a consensus – Family – Social solidarity – Independent spirit – Cultural diversity

MARITIME WEALTH

16% of the world's coral reefs

25,000 species of flowering plants (10% of the world)

Capture fisheries potential 12 million tons

The largest mangrove forest 3.36 million hectares

Geographical Location Advantages

NATURAL WEALTH

125.57 million hectares of forest areas

Nickel with ore reserves 5.24 billion tons

Coal reserves 36.30 billion tons

Renewable energy potential 3,716 GW

Source: Bappenas

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

This policy framework aims to ensure strong, inclusive, and sustainable economic growth by balancing conventional economic revitalization, fostering new economic engines, and enhancing human resource productivity

NEW PATH OF GROWTH:
HIGH GROWTH, INCLUSIVE, & SUSTAINABLE

1st ENGINE
Revitalizing the Conventional Economic Mechanism

2nd ENGINE
Building a New Economic Engine

3rd ENGINE AS THE FOUNDATION
Enhancing Productivity & Competitiveness of Human Resources

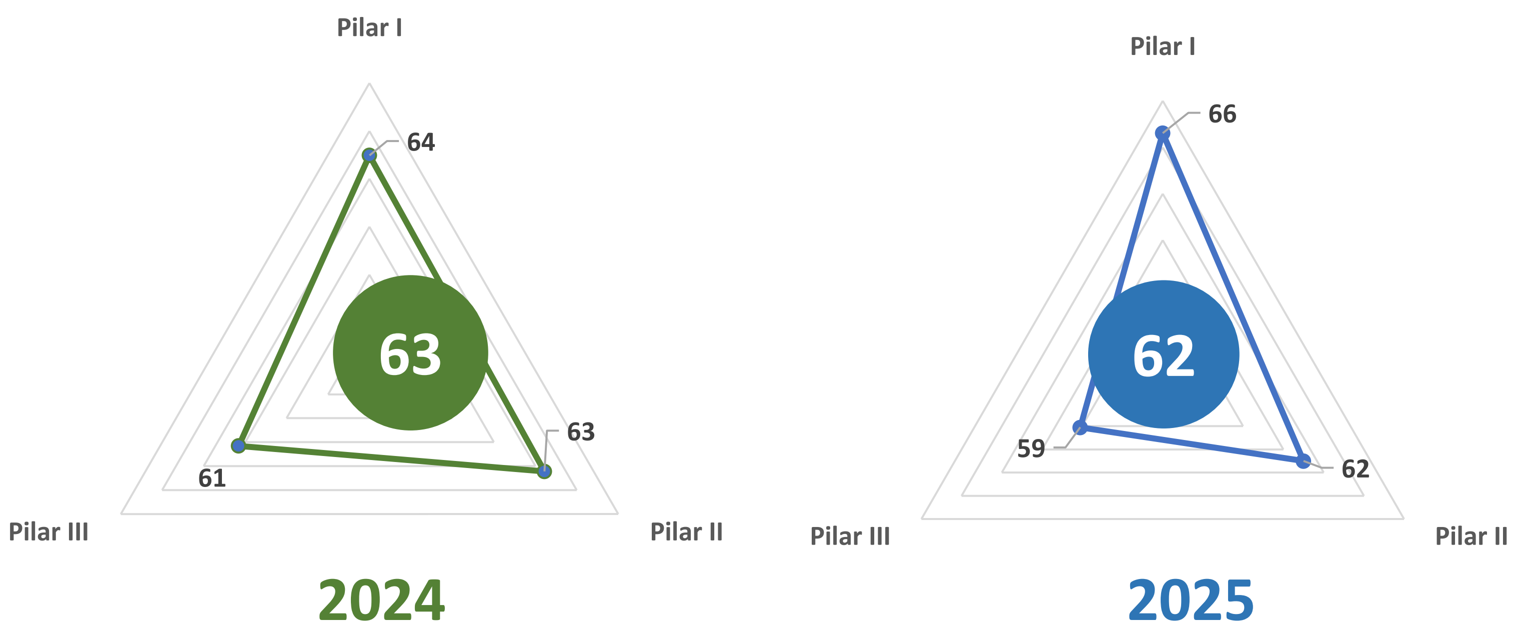
ENABLER FOR ECONOMIC GROWTH

- Macroeconomic Stability
- Maintaining People's Purchasing Power
- Efficiency & Investment Climate Support
- Strengthening & Deepening the Financial Sector
- Enhancing Social Security & Social Safety Nets

Overview of Indonesia's 2025 World Bank B-READY Survey Results

The World Bank Group officially released the results of the 2025 B-READY Survey covering 101 countries. Overall, Indonesia obtained an average score of 62, marking a slight decline from the previous year's survey result of 63.

Comparison of Indonesia's B-READY Survey Result, 2024-2025



Pillar I – Regulatory Framework

Indonesia is positioned in the third quintile (ranked 41-60) with a score of **65.61**, **an improvement** compared to the 2024 result of 63.98.

Pillar II – Public Services

Indonesia is positioned in the second quintile (ranked 21-40) with a score of **62.00**, **a decline** from the previous year's score of 63.44.

Pillar III – Operational Efficiency

Indonesia is positioned in the third quintile (ranked 41-60) with an overall score of **59.01**, **a decline** compared to the previous year's score of 61.31.

Long-term Investment Policy Direction

The strategic alignment of PP 28/2025 and the revised Perpres BUPM fundamentally reshapes Indonesia's investment ecosystem through centralized operations, enhanced SLA certainty, and partnership-based MSME empowerment

INVESTMENT POLICY REFORM IN INDONESIA

PP 28/2025

"How investment operates"

Revision of PP 5/2021 that strengthens the operational aspects of business licensing through the confirmation of service time certainty (SLA), fictitious-positive principles, OSS centralization, and integration of licensing and investment facilities, to reduce uncertainty, overlapping authority, and improve process accountability.

Revision of Perpres BUPM

"Where & under what conditions investment is allowed"

Improving the regulation of investment sector openness and restrictions (Perpres 10 & 49 of 2021) by reducing restrictions, expanding incentives, and shifting MSME protection toward partnership-based empowerment, clarifying sectors, schemes, and limits for foreign and domestic investment.

→ Procedural and structural reforms carried out simultaneously to boost investor confidence

Policy Direction of the PP 10/2021 JO. PP 49/2021

The revision of PP 10/2021 and PP 49/2021 aims to create a more open and competitive investment climate through eased restrictions, stronger incentives, and simplified business processes. The policy prioritizes green and digital industries while expanding opportunities in strategic sectors and Special Economic Zones.

Towards a Competitive and Global-Ready Investment Ecosystem

THE URGENCY OF REVISION

- ❑ To reflect current economic dynamics
- ❑ To create a more conducive investment climate
- ❑ To increase efficiency, support industrial transformation, and strengthen national competitiveness

THE OBJECTIVE OF REVISION

MORE OPEN, LESS RESTRICTIVE

- ❑ Easing of restrictions
- ❑ Strategic sectors are now more open to investment: health, trade, tourism, public works, and education.

MORE OPEN INVESTMENT OPPORTUNITIES IN SPECIAL ECONOMIC ZONES (SEZ)

- ❑ No minimum investment limit
- ❑ Simplified business processes with various convenient facilities
- ❑ Fiscal and non-fiscal incentives to support investment
- ❑ Various strategic SEZ zone options, including: tourism, production and processing, logistics & distribution, research & technology, and energy

THE STRATEGY

FISCAL INCETIVE

- ❑ Tax Holiday, Tax Allowance, Investment Allowance
- ❑ Super Tax Deduction
- ❑ Customs Incentives

NON-FISCAL INCETIVE

- ❑ Ease of Licensing & Infrastructure
- ❑ Support for Energy, Raw Materials, Immigration, and Employment

NEW PRIORITIES

- ❑ Green industry
- ❑ Digital industry

Implementation of OSS with Risk-based Business Licensing

Indonesia has implemented OSS with Risk-Based Business Licensing since November 2025. The Government Regulation No. 28 of 2025 (PP 28/2025), which replaces PP No. 5 of 2021, strengthens the Risk-Based Business Licensing framework by providing businesses with clearer procedures, greater legal certainty, and a more transparent regulatory environment

3 major changes in PP No 28/2025

- **Implementation of service time (SLA/Service Level Agreement) in the process of issuing business permits**
- **Implementation of Fictitious-Positive policies**
- **The licensing process is carried out electronically through the OSS RBA system**

Source: Coordinating Ministry for Economic Affairs

Single Preference Principle

PP 28/2025 is a single reference; there are no additional requirements or permits issued by ministries, institutions, regional governments, or area managers that are not regulated in PP 28/2025

Regulation in PP 28/2025

Consists of 14 chapters:

- Two new chapters added (Basic Requirements and PBUMKU)
- Basic requirement reform
- Simplification of NSPK chapters and adjustment of sector names according to UUCK (Job Creation Law)
- Improvement and completion of norms

Improvement of Annexes I – IV:

- Provide clarity
- Substantial improvements to Annexes I and II
- Details of the requirements and obligations of PB and PB UMKU

Risk-Based Business Licensing Development

June 2025
Issuance of Government Regulation No. 28 of 2025

November 2025
OSS with Risk-Based Business Licensing (PP 28/2025) has been implemented since November 2025, with minor adjustments still ongoing

Government law updates

- 17 has been enacted
- 5 finished harmonisation process
- 3 is in harmonisation process

DEBOTTLENECKING CHANNEL – P3M-PPE TASK FORCE

Indonesia has a Debottlenecking Channel as part of the "Government Program Acceleration to Support Economic Growth" (P3M-PPE) Task Force, established under Presidential Decree No. 4 of 2026.

145	89	39	14
Complaints Received (as of 19 May 2026)	Complaints Resolved	Under monitoring for resolution	Complaint returned

HOW TO ACCESS DEBOTTLENECKING CHANNEL

- **Visit https://lapor.satgasp2sp.go.id/**
- Business actors must have a NIB (Business ID)
- Maximum 2 issues per reporter, accompanied by supporting evidence
- Complaints processed through hearings led by the Minister of Finance as Deputy Task Force Chair or Echelon I/II Coordination Meetings

Accelerating National Downstreaming: Phase II

A strategic investment of IDR 116 Trillion anchors Indonesia's Phase II downstreaming expansion, spreading 13 new infrastructure projects across energy, minerals, and food sectors to fortify economic sovereignty.

| Groundbreaking of 13 downstreaming projects as of April 2026

Energy Cluster

- Construction of **Gasoline Refineries** in **Dumai & Cilacap** to support national energy security
- Provision of strategic **Fuel Operational Tanks** in **Palaran, Biak, & Maumere**
- Construction of a **DME Plant** with 1.4 Million Tons/Year capacity in **Tanjung Enim**

Mineral Cluster

- Expansion of the integrated **Stainless Steel industry** in **Morowali** (**Central Sulawesi**)
- Capacity development of **Carbon Steel facilities** in **Cilegon** (Banten)
- Downstreaming of the **Buton Asphalt industry** in **Karawang** (**West Java**)
- Construction of **Copper & Gold Smelter and Refinery** in **Gresik**

Food CLuster

- Development of integrated **Palm Oleofood & Biodiesel industry** in **Sei Mangkei (North Sumatera)**.
- Establishment of a high value-added **Nutmeg Oleoresin processing plant** in **Central Maluku**
- Setting up integrated **Coconut Industry** in **Central Maluku** for export commodities

Continuing Phase I (February 2026); Phase III (6 more projects) planned, toward a total of 32+ national strategic downstreaming projects

Driving **industrial transformation** to ensure economic sovereignty and national resilience through **domestic value-added creation**.

Rp 116 Trillion

Total Investment Capital Expenditure

Key Strategic Impacts:

- Accelerating Import Substitution in Energy & Materials.
- Projected creation of high-value industrial job opportunities.
- Strengthening regional economies in 10+ strategic locations.

Trade Policy: Deregulation On Import Policy

Following the President's instructions on deregulation policies aimed at facilitating trade for businesses, enhancing Indonesia's competitiveness, creating jobs, and accelerating investment in labor-intensive sectors to drive economic growth, new regulations on Import Policies and Regulations have been established.

Deregulated Import Commodity Groups (482 HS)

Industrial Raw Materials/Auxiliary Materials (29 HS)

- ❑ Subsidized Fertilizers
- ❑ Other Fuels
- ❑ Plastic Raw Materials
- ❑ Saccharin, cyclamate, alcohol-containing fragrances
- ❑ Certain chemicals
- ❑ Pearls

National Program Support Products (2 HS)

- ❑ *Food Tray*

Forestry Product (441 HS)

Competitive Industrial Products (10 HS)

- ❑ Footwear
- ❑ Two-wheeled and Three-wheeled Bicycles

Import Deregulation Policy Output

As part of the regulatory update, **Minister of Trade Regulation No. 37 of 2025** was issued to replace Minister of Trade Regulation No. 16 of 2025 and was officially promulgated on **22 October 2025**. This regulation serves as the latest legal framework governing **import policy and import administration**.

Coomodities Clustered Based MoT, as detailed :

1. MoT Regulation No 17 of 2025 on Import Policy and Regulation for **Textiles and Textile Products**;
2. MoT Regulation No 18 of 2025 on Import Policy and Regulation for **Agricultural and Livestock Products**;
3. MoT Regulation No 20 of 2025 on Import Policy and Regulation for **Chemicals, Hazardous Materials (B3), and Mining Materials**;
4. MoT Regulation No 21 of 2025 on Import Policy and Regulation for **Electrical and Telecommunications Products**;
5. MoT Regulation No 22 of 2025 on Import Policy and Regulation for **Certain Industrial Goods**;
6. MoT Regulation No 23 of 2025 on Import Policy and Regulation for **Consumer Goods**;
7. MoT Regulation No 24 of 2025 on Import Policy and Regulation for **Used Goods and Non-Hazardous (Non-B3) Waste; and**
8. MoT Regulation No 38 of 2025 on Import Policy and Regulation for **Salt and Fishery Commodities.**

OECD: Membership in The Oecd as a Catalyst For Structural Reform in Indonesia

Indonesia's accession to the OECD is a strategic measure to ESCAPE THE "MIDDLE INCOME TRAP" and ACHIEVE "GOLDEN INDONESIA 2045" VISION.

Structural Reform through OECD Membership (Domestic Reform Catalyst)

Strengthening competitiveness and economic resilience

Enhance sound and equitable **business competitiveness**, accelerate the **transformation of an inclusive digital economy**, and achieve a sustainable and equitable economy.

Reform Credibility

Demonstrates Indonesia's **commitment to implementing best practices and following international standards**. This strengthens the reputation and credibility of Indonesia's economic reforms and ensures domestic policies remain relevant in the face of global dynamics.

Improved policy quality and institutional governance

Strengthen public policies and improve institutional governance according to **international standards**. This is expected to improve public services and accelerate Indonesia's transition to a developed country.

Signaling Indonesia's readiness as a global player

Accession and membership of the OECD shows Indonesia's **readiness to stand alongside other global players** and commitment to the principles of democracy, rule of law, and market openness and transparency.

- Stronger **anti-corruption policy** instruments with the ratification of **OECD Anti-Bribery Convention**.
- **Transparency of the Tax Sector.** Increased funding for development. Tax optimization of multinational companies operating in Indonesia.
- **Public sector procurement becomes more transparent** so the state budget is more efficient.
- **Better corporate governance and SOEs** so that SOEs can contribute more to the national economy.

- Indonesia's **ACCESSION ROADMAPS'S** handover at the OECD MCM in **MAY 2024** made **INDONESIA AS THE FIRST OECD MEMBER CANDIDATE IN ASEAN.**
- Indonesia is optimistic about **COMPLETING ITS OECD ACCESSION** within the **NEXT 3–4 YEARS**, following the submission on **3 June 2025** of its **32-chapter INITIAL MEMORANDUM (IM)** outlining self-assessments of policies, regulations, and alignment with **240 OECD LEGAL INSTRUMENTS**.
- Based on the self-assessment, **MOST OF INDONESIA'S REGULATIONS ARE INLINE** (fully/partially aligned) with OECD legal instruments.
- **ON PROGRESS:** The OECD has initiated the **TECHNICAL REVIEW** stage of Indonesia's accession process in Q3 2025, involving information gathering through questionnaires, independent studies, and fact-finding missions, with the questionnaire distribution targeted for completion in early 2026

IEU-CEPA: STRENGTHENING ECONOMIC DIPLOMACY, EXPANDING MARKET, INVESTMENT, AND PARTNERSHIP

IEU-CEPA will significantly expand market access by eliminating most tariffs, boosting Indonesia's exports and investment opportunities. It also strengthens economic diplomacy and partnerships with the EU, driving sustainable growth and greater global integration.

IEU-CEPA TIMELINE

23 Sep 2025
Announcement of the Substantive Conclusion of the Negotiations

Q2 2026
Legal Scrubbing Batch 3 Finalization, Text translation

Q3 2026
Signing of the IEU-CEPA

Q4 2026
Ratification

Q1 2027
Implementation and Entry into force (EIF)

BENEFITS OF THE IEU-CEPA AGREEMENT

A. INCREASE MARKET ACCESS FOR INDONESIA TO THE EUROPEAN UNION

Liberalization of 98.61% of the European Union's tariff lines for Indonesia, covering 100% of the value of imports from Indonesia. On the other hand, Indonesia will eliminate 97.75% of its tariff lines for the European Union, covering 98.14% of Indonesia's import value from the European Union.

B. INCREASE IN INDONESIA'S ECONOMIC VALUE

The implementation of the IEU-CEPA is expected to substantially increase Indonesia's economic benefits, similar to the implementation of CEPA agreements in Vietnam and Singapore.

C. IMPLEMENTATION OF THE SCHENGEN VISA CASCADE POLICY

The implementation of the *"Schengen Visa Cascade Policy"* for Indonesian citizens through a five-year multiple-entry mechanism is expected to facilitate economic and investment cooperation, as well as improve Indonesians' access to education in Europe.*

INDONESIA'S KEY EXPORT COMMODITIES WITH ZERO TARIFF

Agriculture and Plantation Crops
(Palm Oil, Coffee, Cocoa, Rubber, and Rubber Products)

Fisheries and Seafood Products
(Fish, Lobster, Shrimp, etc.)

Forestry and Furniture
(Wood, Processed Wood, Wood Panels, etc.)

Textiles / TPT
(Garments, Fabrics, and Accessories); Footwear (Leather Shoes, Sneakers, Sports Shoes, Sandals)

Electrical and Electronic Components Machinery and Priority Spare Parts of Indonesia (Steel and Its Derivative Products).

INDONESIA-EAEU FREE TRADE ARRANGEMENT

On 21 December 2025, the Indonesia-EAEU Free Trade Agreement (FTA) was signed on the sidelines of the Supreme Eurasian Economic Council Meeting in St. Petersburg. The Agreement is currently undergoing the domestic ratification process. Its implementation is targeted for the end of 2026, or earlier if possible.

- The Agreement substantially enhances bilateral market access, such as:
  - The EAEU provides market access for **90.50%** of its **13,127 tariff lines**, covering imports valued at approximately **USD 2.1 billion**.
  - Indonesia provides market access for **89.90%** of its **11,414 tariff lines**, covering imports valued at approximately **USD 1.4 billion**.
- Upon **entry into force (EIF)**, palm oil and its derivatives, footwear, shrimp, natural rubber, green coffee beans, silk, and essential oils will immediately benefit from zero tariffs.
- As part of the Agreement's implementation, both sides agreed to establish the **Indonesia–EAEU Business Council** to strengthen public–private collaboration, technical cooperation, trade facilitation, and private sector engagement.

EAEU Member States

Population	GDP
179.8 Million	**2.56** Trillion USD

GDP Global Share

4.1%

INDONESIA-CANADA COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT (ICA-CEPA)

ICA-CEPA is Indonesia's first comprehensive trade agreement in the North American region. This Agreement covers more than USD 1.4 billion in bilateral trade value, with both parties agreeing to liberalize more than 85% of tariff lines.

GOOD MARKET ACCESS

Canada provides a liberalization rate of:

90.55% (6,573 Tariff Posts/PT)

with a trade value of:

USD 1.4 billion

Several **priority Indonesian products** that Canada has given market access to: textiles, paper and its derivatives, wood and its derivatives, processed foods, swallow's nests, and palm oil.

Indonesia provides a liberalization rate of:

85.54% (9,764 Tariff Posts/PT)

with a trade value of:

USD 1.9 billion

Several **priority Canadian products** that Indonesia has given market access to: frozen beef, potatoes, seafood, and processed foods.

INVESTMENT

Providing protection, transparency and commitment to market access in priority sectors of both countries such as manufacturing, agriculture, fisheries, forestry, mining, infrastructure, energy and services.

TRADE IN SERVICES

Providing preferential treatment for Indonesian and Canadian service providers, including in the business services, telecommunications, construction, tourism, and transportation sectors.

I-CA CEPA IMPACT ANALYSIS PROJECTEDFOR 2030

USD 11,8 billion
Export

USD 471 million
Import

GDP
0,12%

0,38%
Investment

PROGRESS OF THE RATIFICATION PROCESS

The development process in Indonesia has received approval from the House of Representatives for ratification of the I-CA CEPA through a Presidential Decree and is expected to be completed in September 2026.

ASEAN DEFA: STRATEGIC DIGITAL ECONOMY MOMENTUM FOR INDONESIA

ASEAN DEFA marks the first region-wide digital economy agreement, designed to create a digitally integrated, secure, interoperable, competitive, and inclusive regional economy. As an ASEAN Member State, Indonesia can frame DEFA as a strategic opportunity to strengthen participation in a safer and more seamless regional digital economy.

MILESTONES

Commencement

DEFA was initiated in **Indonesia's 2023 ASEAN Chairmanship**

Negotiations Concluded

ASEAN SEOM successfully resolved all outstanding issues during the **57th ASEAN SEOM Second Meeting in Manila**, 27–29 May 2026

REGIONAL DIGITAL ECONOMY FRAMEWORK

- Digital trade
- Cross-border e-commerce
- Data governance and privacy
- Digital identity
- E-payments
- Cybersecurity
- Competition policy
- Artificial Intelligence
- Emerging technologies
- Digital talent mobility

STRATEGIC RELEVANCE FOR INDONESIA

Connect	Trust	Scale	Compete
Align with regional digital connectivity	Support safer online transactions, data governance, privacy, and cybersecurity	Enable businesses of all sizes, including MSMEs, to join the regional digital economy	Support innovation, investment, entrepreneurship, jobs, and sustainable growth

For Indonesia, DEFA is aligned with the implementation of the **National Digital Economy Strategy 2030** and supports **OECD accession**, particularly in strengthening digital infrastructure, developing digital talent, transforming MSMEs, and enhancing cybersecurity regulation. Through DEFA, Indonesia can strengthen its policies based on international practices, attract investment in high-technology sectors, reinforce national data sovereignty, and build an inclusive and competitive digital ecosystem, including for MSMEs.

PROJECTED ASEAN'S DIGITAL ECONOMY

USD 1T → USD 2T

By 2030 (current trends)
Projected baseline growth

With DEFA implementation
Potential to double through regional integration

Policy Support in the Field of Manpower

Amid escalating trade tensions and weakening global demand that particularly affect labor-intensive industries, the government continues to strengthen worker protection and business resilience. Key measures include a reduction in Jaminan Kecelakaan Kerja (JKK) contributions and enhanced benefits under the Jaminan Kehilangan Pekerjaan (JKP) program to support workers impacted by layoffs

Government Policies

Enhancement Benefits of the JKP Program

- Cash benefits increased to 60% of flat wages for 6 months
- Job training benefits increased to Rp 2.4 million
- Ease of participation requirements and benefit claims
- Benefits of access to job market information and job guidance
- Protection for workers affected by layoffs due to company closure/bankruptcy
- JKP contributions are partly covered by the Central Government

Fifty Percent (50%) reduction in JKK contributions

- JKK contribution relaxation policy in the form of a 50% discount has been reinstated for periode from August 2025 to January 2026
- The discount is given to certain labor-intensive industrial companies with a minimum workforce of 50 people, including:
  - food, beverage, and tobacco industry;
  - textile and apparel industry;
  - leather and leather goods industry;
  - footwear industry;
  - children's toy industry; and
  - furniture industry.
- The reduction in contributions does not reduce the JKK benefits received

This employment policy effective as of February 2025 based on: (i) Government Regulation No. 6 of 2025 on Amendments to Government Regulation No. 37 of 2021 concerning the Implementation of the Jaminan Kehilangan Pekerjaan (JKP)/Job Loss Insurance Program, and (ii) Government Regulation No.36 of 2025 on Amendments to Government Regulation No. 7 of 2025 on Adjustment of Jaminan Kecelakaan Kerja (JKK)/Work Accident Guarantee Contributions for Certain Labor-Intensive Industrial Companies.

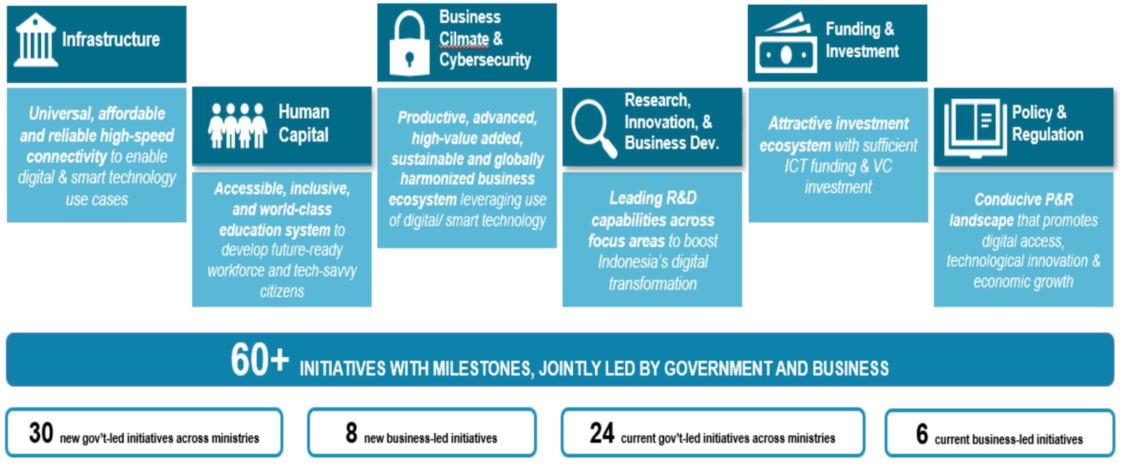
Digital Economy’s Policy

Indonesia is strengthening its digital economy through a national strategy targeting a USD 600 billion market by 2030, supported by infrastructure, talent, funding, and regulatory reforms. At the regional level, ASEAN DEFA and RCEP enhance cross-border digital trade, payments, and data governance to boost integration and growth.

DOMESTIC

Indonesia's Digital Economy: A USD 600 Billion Opportunity by 2030

- Indonesia's Coordinating Ministry for Economic Affairs launched the National Digital Economy Development Strategy White Paper in December 2023 — establishing the policy architecture for a digital economy projected to reach USD 600 billion by 2030, equivalent to 10% of GDP
- The White Paper operationalizes this ambition through six interconnected policy pillars spanning infrastructure, human capital, business climate & cybersecurity, research & innovation, funding & investment, and regulatory frameworks — with 60+ government-led and private sector initiatives currently in execution.
- Designed as a living document, the White Paper provides a structured, adaptive roadmap aligned with Indonesia's broader Golden Indonesia 2045 development vision



Source : White Paper on The National's Digital Economy Development Strategy; Kemenko Perekonomian

REGIONAL

1. ASEAN DIGITAL ECONOMY FRAMEWORK AGREEMENT

ASEAN DEFA establishes a unified digital economy rulebook across 10 member states — covering cross-border digital trade, payment interoperability, and data governance

- **Status :** SUBSTANTIALLY CONCLUDED
- Cross-border digital trade
- Payment interoperability
- Data governance framework

- World's largest trade bloc by GDP — 15 economies including China, Japan, SouthKorea, Australia, New Zealand + all 10 ASEAN member states
- Combined footprint: ~30% of global GDP (USD 29.7 trillion) | 2.2 billion people
- Digital economy provisions covering e-commerce facilitation, cross-border data
- Indonesia is a founding member since inception

Bullion Bank: Synergy of Bullion Industry Ecosystem in Indonesia

Indonesia's bullion banking ecosystem marks a major step in transforming gold resources into a structured financial instrument, enhancing financial inclusion and value creation. With strong regulatory support and growing market traction, it is set to strengthen the domestic gold industry and position Indonesia as a key player in the global bullion market.

TIMELINE

Initiation and Planning Stages

15 March 2021

The Initiation of Bullion Bank System

Regulation Provision

12 January 2023

The establishment of Law No. 4/2023 as the legal basis of Bullion Business Activity

18 October 2024

The issuance of OJK Regulation (POJK) No. 17/2024 as the technical rule of Bullion Business

Business Licensing

23 December 2024

PT Pegadaian Indonesia

12 February 2025

Syariah Bank of Indonesia (BSI)

The Launch of Bullion

26 Februari 2026

The launch of Bullion Business Activity in Indonesia by the President

Strategic Rationale & Policy Foundation

Indonesia's bullion banking framework transforms the country's position as the world's sixth-largest gold producer into a structured financial intermediation opportunity. By channeling domestic gold holdings into regulated, yield-bearing instruments, the framework simultaneously deepens financial inclusion and captures downstream economic value that previously accrued offshore.

Two licensed institutions are currently operational: PT Pegadaian (Persero), licensed December 2024, and PT Bank Syariah Indonesia Tbk (BSI, IDX: BRIS), licensed February 2025 — together managing a combined 148.77 metric tons of gold assets under management as of October 2025, establishing Indonesia as one of Southeast Asia's most substantive gold-backed financial intermediation platforms.

Regulated Business Lines

- **Gold Saving;** monetized, yield-bearing retail gold accounts
- **Gold Financing;** gold-backed credit facility (sharia-compliant)
- **Gold Transaction:** physical gold bar trading through licensed channels
- **Gold Deposit:** non-monetized physical custody

Market Validation Box

Customer Traction: within its first year of full operations, BSI has acquired over 1 million gold product customers — comprising approximately 640,000 customers in gold instalments and pawning services, and 530,000 in pure bullion products (trading and custody). Bullion gold sales volume reached 2.2 metric tons in FY2025.

Product Completion: BSI is activating its Gold Saving (Simpanan Emas) product in February 2026, completing the full product suite authorized under OJK Regulation No. 17/2024 — covering trading, custody, and savings. This milestone positions BSI to progress toward gold financing (pembiayaan emas) in subsequent phases.

Growth Trajectory: Customer base expansion and wholesale segment development — targeting corporate and institutional gold services — are designated as primary strategic priorities for 2026

The National Strategic Project (PSN)

The regulation governing the National Strategic Projects list has undergone fourteen amendments between 2016 and 2026, with directives from the President for the program to continue moving forward

Presidential Directives on National Strategic Projects

During a meeting held on 26 November 2024, the President directed that the National Strategic Projects (PSN) and Special Economic Zones (SEZs) be continued as key drivers of inclusive and sustainable economic growth.

Ideally, each province should have at least one Special Economic Zone (SEZ), which would result in Indonesia having a total of 38 SEZs nationwide. (Statement/Directive of the President during the inauguration of Batang Industropolis SEZ on 20 March 2025).

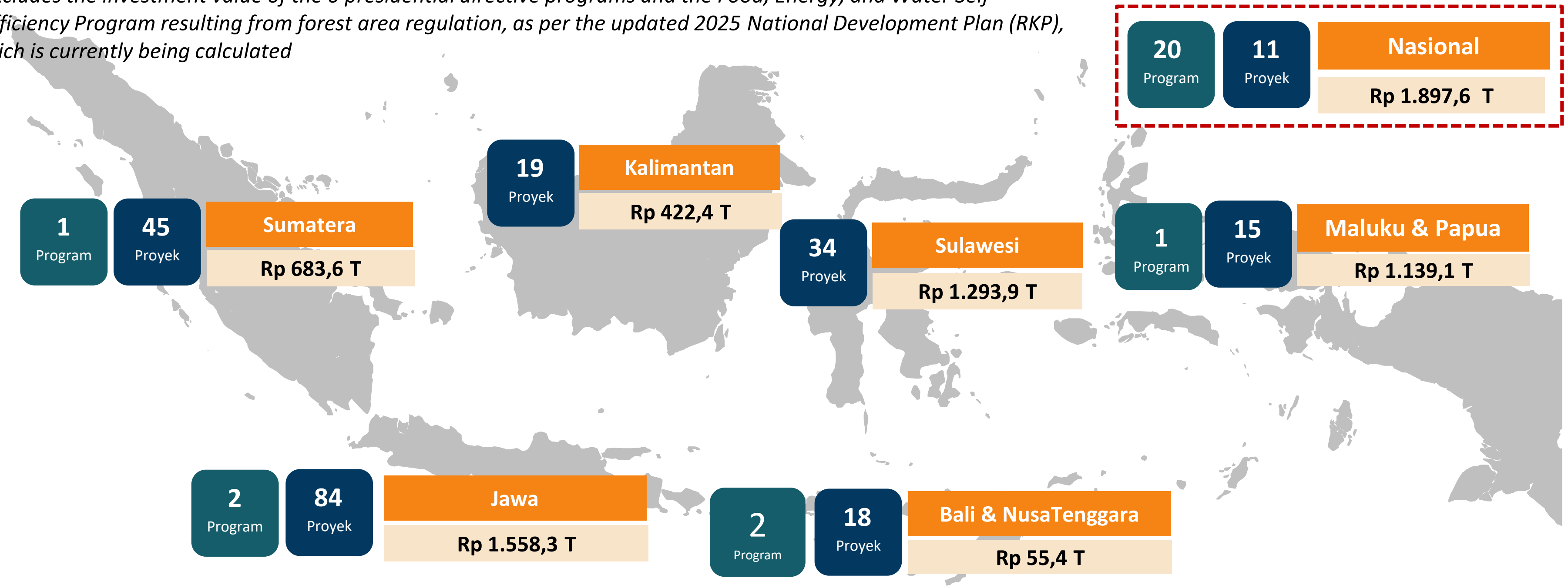
*)excluding the investment value of the 6 programs mandated by the President as per the updated 2025 National Development Plan (RKP), which is currently being calculated

Source: KPPIP,Coordinating Ministry for Economic Affairs

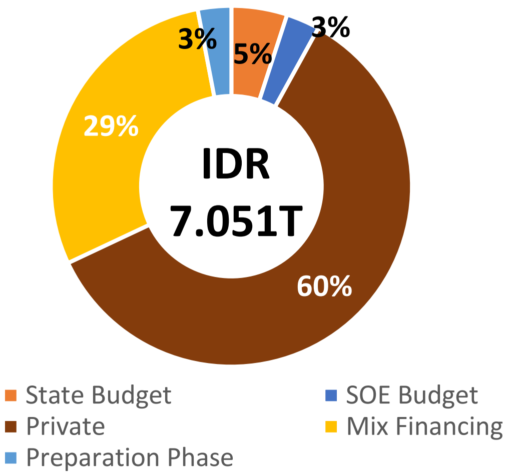
Distribution of National Strategic Project (PSN)

Distribution of National Strategic Projects Based on Coordinating Ministry for Economic Affairs Regulations No. 16/2025, No. 19/2025, and No. 4/2026, there are 226 Projects and 26 Programs designated as National Strategic Projects (PSN), with a potential investment value (CAPEX) of IDR 7,051.9 trillion.*

**Excludes the investment value of the 6 presidential directive programs and the Food, Energy, and Water Self-Sufficiency Program resulting from forest area regulation, as per the updated 2025 National Development Plan (RKP), which is currently being calculated*



Portion of the Investment Plan Scheme Funding



14 Sector of PSN

- **Road** – 50 Projects
- **Dams and Pond** – 57 Projects
- **Industrial Estate** – 44 Projects
- **Train** – 13 Projects
- **Agriculture & Plantations** – 2 Projects
- **Energy** – 18 Projects
- **Port** – 15 Projects
- **Water and Sanitation** – 9 Projects
- **Airport** – 7 Projects
- **Tourism** – 1 Projects
- **Education** – 1 Project
- **Seawall** – 1 Project
- **Technology** – 6 Projects
- **Housing** – 2 Projects

26 Programs of PSN

- SEZ
- Sugar and Palm
- Ecocity
- Smelter
- Superhub
- Tourism and Aviation
- Economic Equality
- Operation of Toll Roads
- Makan Bergizi Gratis
- Koperasi Merah Putih
- Poverty Alleviation
- North Coast Fish Ponds
- Exit Tol Acess
- Food Security
- Tourism
- Waste Managem ent
- Flood Control, Traffic Management, and Livability
- Accelerated Regional Development
- Electricity
- Border Area
- Sekolah Rakyat
- Digitalisasi Pendidikan
- Food, Energy, and Water Self-Sufficiency Zon
- Integrated Shrimp Farming Development

Source: KPPIP,Coordinating Ministry for Economic Affairs

2026 National Strategic Projects Completion Target

The 2026 PSN completion target includes 9 National Strategic Projects (PSN) and 2 PSN smelter development sub-programs scheduled for completion, with an estimated investment value of IDR 423.17 trillion

List of National Strategic Programs with a Target of Completion in 2026

No	List of National Strategic Programs	Location	Project Progress	Investment Value
	Smelter Development Program			
1	Construction of Bauxite Processing and Refining Facility by PT Borneo Alumina Indonesia in Mempawah, West Kalimantan Province Phase I	West Kalimantan	Completed	IDR15,28 T
2	Construction of Copper Commodity Processing and Refining Facility by PT Amman Mineral Industri in West Sumbawa, West Nusa Tenggara	West Nusa Tenggara	Completed	IDR20,6 T

No	List of National Strategic Programs	Sector	Location	Project Progress	Investment Value (IDR)
1	JalanTolSigli –Banda Aceh	Roads and Bridges	Aceh and North Sumatra	Partially Operating	16.5 T
2	Jalan Tol Kayu Agung - Palembang - Betung	Roads and Bridges	South Sumatra	Partially Operating	17.3 T
3	Jalan Tol Serang Panimbang	Roads and Bridges	Banten	Partially Operating	9.9 T
4	Konstruksi Tangki Penyimpanan LPG (lokasi di Kupang)	Energy	Eastern Indonesia	Partially Operating	0,32 T
5	Pembangunan Pipa Transmisi Gas Bumi Ruas Cirebon - Semarang (Tahap II Ruas Batang - Indramayu)	Energy	West Java - Central Java	Partially Operating	2,79 T
6	Bendungan Jragung	Dams and Irrigation	Central Java	Construction	2,8 T
7	Sistem Penyediaan Air Minum (SPAM) Regional Benteng - Kobema (Bengkulu Tengah, Kota Bengkulu, dan Seluma)	Dams and Irrigation	Bengkulu	Construction	0,9 T
8	Kawasan Industri Kuala Tanjung	Industrial Estate	North Sumatra	Preparation	28,87 T
9	Kawasan Industri Wiraraja Green Renewable Energy & Smart-Eco Industrial Park (GESEIP)	Industrial Estate	Kepulauan Riau	Preparation	343,794 T

Source: KPPIP,Coordinating Ministry for Economic Affairs

Land Value Capture (LVC) as an Enabler for Alternative Financing

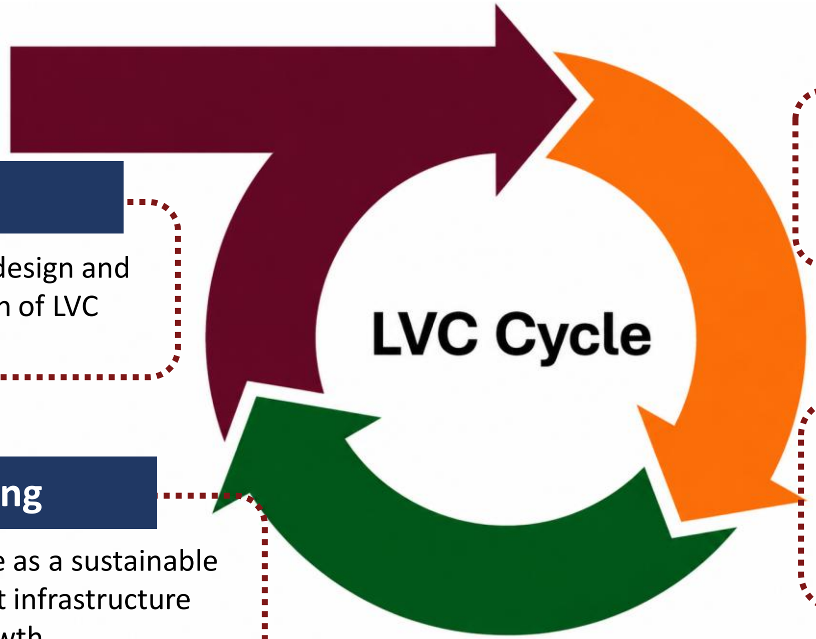
Land Value Capture enables infrastructure financing by leveraging the increase in land and property values created as a result of infrastructure development

Regulatory Framework for LVC

Through the issuance of Coordinating Ministry for Economic Affairs Regulation No. 3 of 2026, LVC is positioned as an innovative alternative financing mechanism for area-based infrastructure development and zonation corridor schemes. This policy creates significant opportunities to optimize the increase in land and area value generated by development initiatives undertaken by the Central Government, Regional Governments, and/or business entities, enabling the resulting economic benefits to be transformed into sustainable funding sources that support accelerated infrastructure provision and regional development.

LVC Planning

A comprehensive effort to design and prepare the implementation of LVC



Value Creation

Initiatives aimed at increasing land value and stimulating economic growth within the area.

Value Capture

The process of identifying, measuring, and converting the increase in land value generated by development initiatives into economic value

Value Financing

Utilizing the captured value as a sustainable financing source to support infrastructure development and area growth

Source: KPPIP,Coordinating Ministry for Economic Affairs

Achievement of Special Economic Zones

The cumulative investment achievement of 25 SEZs until the first quarter of 2026 has reached IDR 353 billion with the creation of jobs of ±273 thousand people

1. Tanjung Lesung
Pandeglang, Banten
Developer: Banten West Java Tourism Development (BWJTD)
Regulation Status: Operational

2. Sei Mangkei
Simalungun, Sumatera Utara
Developer: PT. Kawasan Ekonomi Khusus Sei Mangkei
Regulation Status: Operational

3. Palu
Palu, Sulawesi Tengah
Developer: PT. Poso Palu
Regulation Status: Construction, Commercial Operation

4. Bitung
Bitung, Sulawesi Utara
Developer: PT. Membangun Sulawesi Utara
Regulation Status: Construction, Commercial Operation

5. Morotai
Pulau Morotai, Maluku Utara
Developer: PT. Jababeka Morotai
Regulation Status: Construction

6. Mandalika
Lombok Tengah, NTB
Developer: ITDC
Regulation Status: Operational

7. Maloy Batuta Trans Kalimantan
Kab. Kutai, Kalimantan Timur
Developer: PT. Maloy Batuta Trans Kalimantan
Regulation Status: Construction, Commercial Operation (sebagian/partially)

8. Tanjung Kelayang
Belitung, Kabupaten Belitung
Developer: PT. Belitung Pariwisata
Regulation Status: Construction, Commercial Operation

9. Sorong
Kota Sorong, Papua Barat Daya
Developer: PT. Sorong Econopark Artha
Regulation Status: Construction, Commercial Operation (sebagian/partially)

10. Arun Lhokseumawe
Aceh Utara, Lhokseumawe, Aceh
Developer: PT. Arun Lhokseumawe
Regulation Status: Construction, Commercial Operation (sebagian/partially)

11. Galang Batang
Bintan, Kepulauan Riau
Developer: PT. Bintan Alumina Indonesia (Persero)
Regulation Status: Construction, Commercial Operation

12. Singhasari
Malang, Jawa Timur
Developer: PT. Bumi Suksesindo
Regulation Status: Construction

13. Likupang
Minahasa Utara, Sulawesi Utara
Developer: PT. Minahasa Permai Resort Development
Regulation Status: Operational

14. Kendal
Kendal, Jawa Tengah
Developer: PT. Kawasan Industri Kendal
Regulation Status: Construction, Commercial Operation (sebagian/partially)

15. Batam Aero Technic
Batam, Kepulauan Riau
Developer: PT. Batam Aero Technic
Regulation Status: Construction, Commercial Operation (sebagian/partially)

16. Nongsa
Batam, Kepulauan Riau
Developer: PT. Nongsa Resort
Regulation Status: Construction, In Preparation Stage

17. Lido
Bogor, Jawa Barat
Developer: MNC Land Lido
Regulation Status: Construction, In Preparation Stage

18. Gresik
Gresik, Jawa Timur
Developer: PT. Kawasan Industri JIIPE
Regulation Status: Construction, In Preparation Stage

19. Sanur
Denpasar, Bali
Developer: PT. Pembangunan Sanur Sejahtera
Regulation Status: Operational

20. Kura Kura Bali
Denpasar, Bali
Developer: PT. Bali Turtle Island Development
Regulation Status: Operational

21. Tanjung Sauh
Batam, Kepulauan Riau
Developer: PT. Tanjung Sauh
Regulation Status: Construction, *In Preparation Stage*

22. Setangga
Kab. Bulungan, Kalimantan Utara
Developer: PT. Kalimantan Industrial Park Indonesia
Regulation Status: Construction

23. Edukasi, Teknologi, dan Kesehatan Internasional Banten
Tangerang, Banten
Developer: Banten International Hospital
Regulation Status: Construction (dalam perencanaan/ In preparation)

24. Batam Tourism and International Healthcare
Batam, Kepulauan Riau
Developer: BP Batam
Regulation Status: Operational

25. Industropolis Batang
Batang, Jawa Tengah
Developer: PT. Kawasan Industri Terpadu Batang
Regulation Status: Operational

Cumulative achievement of all SEZs until TW I 2026

IDR 353 Trillion

Creation Employment

± 273K People

Region	KEK	Capaian Investasi	Serapan Tenaga Kerja
Jawa, Bali, Nusa Tenggara	10 KEK	Rp 240.345 M	216.506 orang
Sumatera	8 KEK	Rp 101.360 M	49.718 orang
Kalimantan	2 KEK	Rp 7.273,6 M	2.113 orang
Papua & Maluku	2 KEK	Rp 863,77 M	993 orang
Sulawesi	3 KEK	Rp 3.793 M	3.971 orang

Jawa, Bali, Nusa Tenggara: KEK Tanjung Lesung, KEK Mandalika, KEK Singhasari, KEK Kendal, KEK Lido, KEK Gresik, KEK Kura-kura Bali, KEK Edukasi, Teknologi, dan Kesehatan Internasional Banten, KEK Industropolis Batang

Sumatera: KEK Sei Mangkei, KEK Tanjung Kelayang, KEK Arun Lhokseumawe, KEK Galang Batang, KEK Nongsa, KEK Batam Aero Technic, KEK Tanjung Sauh, KEK Pariwisata Kesehatan Internasional Batam

Kalimantan: KEK Maloy Batuta Trans Kalimantan, KEK Setangga

Papua & Maluku: KEK Morotai, KEK Sorong

Sulawesi: KEK Palu, KEK Bitung, KEK Likupang

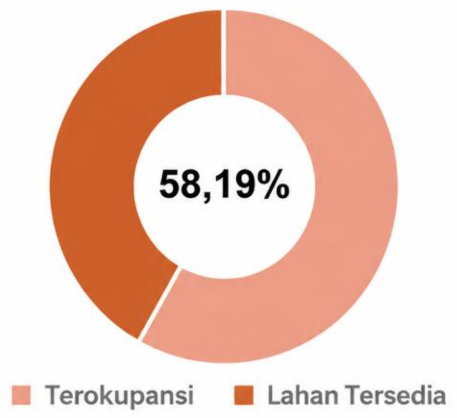
Source: KPPIP,Coordinating Ministry for Economic Affairs

National Industrial Estate

By 2025, there will be 176 national industrial estates with the highest number on the island of Java (105 KI) and Sumatra (34 KI)

- Aceh (1 KI)
- Riau (5 KI)
- Sumatera Barat (1 KI)
- Bangka Belitung (2 KI)
- Lampung (1 KI)
- Sumatera Utara (3 KI)
- Kepulauan Riau (20 KI)
- Sumatera Selatan (1 KI)
- Banten (19 KI)
- Jawa Barat (56 KI)
- DIP Jakarta (2 KI)
- Yogyakarta (1 KI)
- Jawa Tengah (13 KI)
- Jawa Timur (14 KI)
- Kalimantan Barat (5 KI)
- Kalimantan Tengah (1 KI)
- Kalimantan Selatan (7 KI)
- Kalimantan Timur (2 KI)
- Kalimantan Utara (1 KI)
- Sulawesi Tengah (9 KI)
- Maluku Utara (4 KI)
- Sulawesi Tenggara (4 KI)
- Sulawesi Utara (1 KI)
- Sulawesi Selatan (3 KI)

1. Reach of Industrial Areas



2. Impact of Industrial Estate

IDR6,744.58 T Investment Value	**98,291.68 Ha** Total Area Land
2.35 million people Labor Absorption	**11,970 inhabitants** Company / Tenant

Source: Ministry of Industry

Source: KPPIP,Coordinating Ministry for Economic Affairs

Special Economic Zones Promote Inclusive and Sustainable Economic Growth

Indonesia has established 25 SEZs (7 in Java and 18 outside Java), comprising 13 industrial and 12 service SEZs, with cumulative investment realization reaching Rp 294.4 trillion and employment absorption of 187 thousand workers.

7 SEZs in Java and 18 SEZs outside Java (13 Industrial SEZs, 12 Service SEZs)

Investment realization (cumulative) amounted to Rp.294.4 trillion

Employment absorption of 187 thousand worker

Cumulative achievements of the SEZ until June 30, 2025
Rp294,4T

Business Operator Realization
Rp31,6T (10,8%)

Business Entity (tenant) Realization
Rp262,7T (89,2%)

Export realization data from SEZs continues to increase, reaching Rp82.04 trillion in Q2-2025.

Largest exports: Galang Batang SEZ (alumina), Kendal SEZ (anodes), Gresik SEZ (copper)

Source: Special Economic Zones

Development of SEZs

Increasing Exports and Import Substitution
Export-competitive industries and halal industries

Industrial Downstreaming
To increase added value by processing raw materials into high value-added goods

Acceleration of Industry 4.0 Implementation
Automation-based manufacturing industry

Accelerating the Development of the Service Sector
Digital industry, information technology, finance, education, and health services

Equitable Development (Inclusive)
Development of industrial centers in the regions to spur economic growth

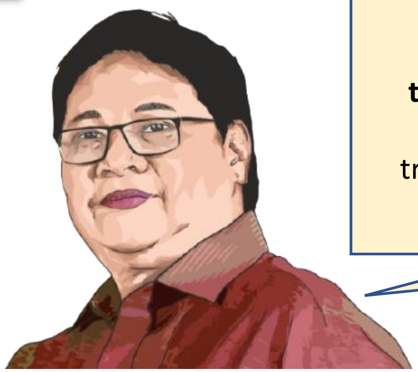
Promoting Trade Surplus
Import substitution industries, such as chemicals, machinery, and electronics, including the development of the service sector, have been causing foreign exchange outflows.

Resilience and Sustainability
Green Economy, Blue Economy, and Circular Economy Development

About The Energy Transition And Green Economy Task Force

The Energy Transition and Green Economy Task Force drives Indonesia's green economic transformation by coordinating policies, financing, and cross-sector implementation to accelerate decarbonization and sustainable energy development in line with national development goals.

1 Background



A National Energy Transition Task Force is needed, encompassing initiatives such as **AZEC, JETP, and other policies related to energy transition and the green economy**, to ensure stronger synergy among various financing schemes, investments, and sustainable energy transition policies. This will support Indonesia's decarbonization targets and the development of a green economy.

Airlangga Hartarto
Coordinating Minister for Economic Affairs

2 Main Objective

To support the realization of a green economic transformation, as outlined in the 2025–2029 National Medium-Term Development Plan (RPJMN)

3 Roles and Responsibilities

THE ENERGY TRANSITION AND GREEN ECONOMY TASK FORCE

- **Develop a roadmap and policies** for the energy transition and green economy, including decarbonization.
- **Harmonize, adapt, and formulate regulations** that support the energy transition and green economy.
- **Ensure the effective implementation** of policies and regulations related to the energy transition and green economy.
- **Identify and coordinate financing mechanisms** from domestic and international sources to support the energy transition and green economy.
- **Promote investment and technology transfer** in the sustainable energy sector through collaboration with national and international strategic partners.
- **Manage the social, economic, and environmental impacts** of the energy transition and green economy, including those affecting the workforce in impacted sectors.
- **Develop human resource and research capacity** to support the energy transition and green economy.

Source: Coordinating Ministry for Economic Affairs

JETP Indonesia Stands as The Largest Individual Energy Transition Financing Effort

On 16 November 2022, Indonesia and the International Partners Group (IPG) — supported by 7 global financial institutions under GFANZ — launched JETP Indonesia, the world's largest individual country-level energy transition financing commitment at USD 21.8 billion

X **IPG Members** &

GFANZ Glasgow Financial Alliance for Net Zero

Bank of America, Citi, Deutsche Bank, HSBC, Macquarie, MUFG, and Standard Chartered

Comprehensive Investment and Policy Plan (CIPP) 2023 as a Strategic Recommendation for Indonesia's Energy Transition

Main Result

Technical

- An ambitious yet achievable on-grid power sector roadmap.
- A list of priority projects in 5 investment areas, compiled

Financing

- Funding needs to meet the electricity sector roadmap and priority projects.
- Clarification of general terms and conditions of IPG funding provisions.

Policy

- Policy reform recommendations for 7 key topics.

Just Transition

- A just transition framework for managing social, economic and environmental impacts.
- Opportunities for government stakeholders to advance just transition principles.

Targets in JETP Scenario

Target in 2030: CO_2 emissions 250 MT (on-grid) 44% share of renewable energy

USD 97.3 billion needed for just transition by 2030

400+ priority projects (USD 66.9 billion investment required) to be initiated by 2030

Positive socio-economic impacts during the energy transition process

Key assumptions for achieving JETP targets

Policies supporting the energy transition are in place and implemented (refer to policy recommendations in CIPP 2023 Chapter 8)

Accessible financing available

- ❑ Concessional financing for low return projects is easily accessible
- ❑ Commercial financing for commercially viable projects
- ❑ Grants/TA to support studies, including feasibility studies that will lead to project implementation

There are no obstacles in implementing the project such as land acquisition and licensing.

Procurement is carried out periodically for renewable energy and transmission projects by PLN with bankable PPAs & fair risk sharing between PLN and IPPs.

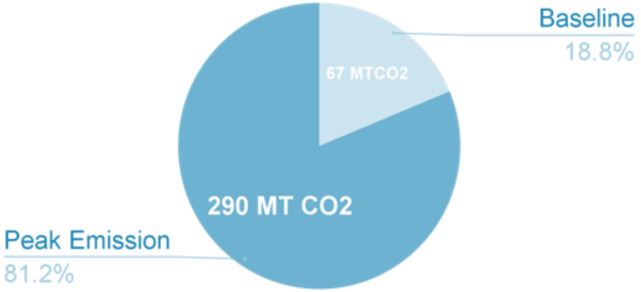
Source: Coordinating Ministry for Economic Affairs

JETP Indonesia's Target & Investment Outlook

Indonesia aims to peak electricity sector emissions at no more than 290 MTCO$_2$ by 2030 and accelerate the transition toward cleaner energy. This transition is supported by a target of at least 34% renewable power generation and the mobilization of over USD 21 billion in public and private financing.

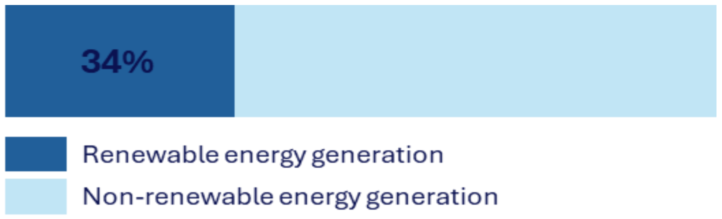
The shared targets for the electricity sector as outlined in the Joint Statement:

Total Electricity Sector Emissions



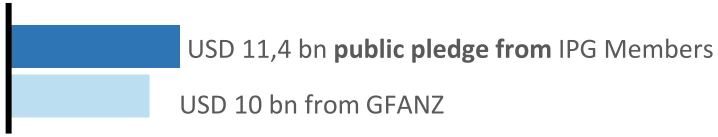
Achieve total electricity sector emissions peak at an absolute value of no more than 290 MTCO2 in 2030 (down from the 2030 baseline of 357 MTCO2) and **immediate decline** as it shifts the projected emissions peak into the future.

Power Generation in 2030



Accelerating the deployment of renewable energy so that renewable energy generation comprises at least 34% of all power generation by 2030, roughly doubling total renewables deployment over this decade compared to current plans.

Funding Mobilization (USD)



Mobilizing **USD 21,4 billion in public and private financing** to decarbonize Indonesia's energy sector, of which USD 11,4 billion will be mobilized by the IPG members and the other USD 10 billion will be facilitated by GFANZ for private finance. The financing was later increased to USD 21.4 billion in total in 2026.

Investment Focus Area (IFA)

1. Promoting Energy Efficiency and Electrification Implementation
2. Development of electricity transmission and distribution
3. Dispatchable renewable energy acceleration
4. Variable renewable energy (VRE) acceleration
5. CFPP Repurposing
6. Development of renewable energy supply chains

JETP Indonesia: USD 3.4 Billion Mobilized Of USD 21.8 Billion Pledge — December 2025

Indonesia has mobilized USD 3.4 billion from the USD 21.8 billion JETP pledge by December 2025, driven by growing pipelines of loans, equity, and grants. With multiple projects approved and over USD 4.4–5.2 billion in financing in process, momentum for energy transition financing is accelerating.

Loan/Equity[1]

6	**4**	**> 20**
Approved Programs totaling	**Approved Projects[2]** totaling	**Loan/Equity In Process[2]** totaling
USD 1.2 billion	**USD 2.0 billion**	**USD 4.4 - 5.2 billion**

[1]Programs are defined as non-project specific investment, such as Result Based Lending, Policy Based Loan, and equity investment
[2]Project costs estimated by FWG from published Indonesia generation cost data.

Grant/TA programs

45	**8**
Approved programs totaling	**Programs In Process totaling**
USD 215.7 million	**USD 82.3 million**

MDB Guarantees[3]

1

In Process Guarantee totaling

USD 1.0 billion

[3]The LoI for the MDB Guarantee has been signed between the UK Government, the Government of Indonesia, and the IBRD, which means that this $1 billion guarantee can now be accessed through the IBRD.

***Notes:*
1. *Certain grant programs are still in the process of confirming amounts*
2. ***FX conversion** from respective currencies to USD (Source: WSJ) are as of **31 December 2025** and variety of FX depending on the signing or approval of the grants.*
3. *The nominal differences from the previous publications are mostly due to FX fluctuations*
4. *Nominal are rounded to the nearest one decimal*

Disbursement Note: Disbursement data by instrument available upon request from JETP Secretariat / JDU disbursement tracker

Implemented by

ADB, KFW, AFD Agence Française de Développement, DANIDA Sustainable Infrastructure Finance, Palladium Make it possible, Guidehouse, IESR, iea, The World Bank, Energy Transition Partnership, UNOPS, GGGI, giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) Gmb, OECD, IISD International Institute for Sustainable Development

Source: JETP Secretariat

Highlights JETP Achievements to Date: Total of ~ USD 3.4 Billion Across Projects, Programs, and Grants as of December 2025

As of December 2025, JETP has mobilized approximately USD 3.4 billion across projects, programs, and grants, supporting initiatives such as the Saguling 60 MW Floating Solar, Muara Laboh 83 MW Geothermal project, and the MRT Jakarta North–South and East–West Lines through policy-based lending, results-based loans, concessional financing, grants, and technical assistance.

PROJECTS

Saguling 60 MW Floating Solar PV on existing reservoir — no additional land acquisition required :
USD 60 Million

Muara Laboh Operational geothermal plant, Solok Selatan, West Sumatra — baseload renewable energy 83 MW :
USD 138 Million

largest single JETP project by value

MRT Jakarta North-South and East-West Line: Modal shift from private vehicle to mass transit
USD 1,791.5 Million

PROGRAMS

No	Funding Type	Description	Value	Status
1	PBL / Concessional loan	Policy Based Lending (PBL) Affordable & Sustainable Energy Transition (ASET):	USD 377.5 Million (EUR 350 Million)	Active
2	RBL / Concessional loan	Indonesia Sustainable Least-cost Electrification -1 (ISLE-1) Program	USD 47.5 Million (CAD 64.3 Million)	Active
3	Equity	Xurya Solar Rooftop	USD 30 Million	Active
4	RBL / Concessional loan	Results Based Loan (RBL) Sustainable Reliable Energy Access Program (SREAP)	USD 69 Million (EUR 63.9 Million)	Active
5	RBL / Concessional loan	Results-Based Loan (RBL) Accelerating Indonesia's Clean Energy Transition (AICET)	USD 327 Million (EUR 300 Million+ USD 20 Million)	Active
6	Concessional loan	Green Energy Corridor Sulawesi (GECS)*	USD 353.2 Million (EUR 300 Million)	Loan disbursement process
7	Grants and Technical Assistance	45 Grants and Technical Assistance*	USD 215.7 Million	Active

Note:

*JETP reach further milestone as of December 2025 which are ready for Joint Announcement:

1. **EUR 300 Million** for GECS Loan Agreement between KfW and PT PLN (Persero)
2. **EUR 7.82 Million** for GBDF Grant Agreement between KfW and PT SMI (Persero)

AZEC Collaboration Accelerates Strategic Clean Energy Projects in Indonesia

Through AZEC, Indonesia is engaging in a regional decarbonization platform that combines policy commitment, transition finance, technology cooperation, and tangible project pipelines across geothermal, renewable energy, industrial decarbonization, carbon markets, and nature-based solutions. As of early 2026, AZEC has achieved concrete progress, including key financing approvals and partnerships. Several strategic projects are currently under a debottlenecking process to accelerate implementation and unlock significant investment value.

AZEC (Asia Zero Emission Community) is a regional cooperation initiative in Asia led by Japan to achieve carbon neutrality or net-zero emissions, promoting sustainable energy transition involving 11 partner countries––including Indonesia.

The 9th AZEC EGM was successfully held at the end of January 2026 as a real action of debottlenecking. In addition to the project progress listed above, achievements include:

- Approval of the JICA Loan Agreement for Hululais Geothermal Power Plant (PLTP)
- Positive intention for a joint study on the PPA Template for geothermal power plants

The total number of Indonesia's MoUs under AZEC has reached 74 MoUs, consisting of 36 MoUs in 2023, 38 MoUs in 2024, 20 MoUs in 2025.

Projects currently under debottlenecking process

Project Categorization	Project Name	Details	Investment Value
I (Commercial Project)	Muara Laboh Geothermal Project – Phase 2 (approx. 80 MW)	• April 18, 2025: Financial Close • Ceremony on May 5, 2025	Approx. USD 500 million
I (Commercial Project)	Legok Nangka Waste to Energy*) (40.79 MW)	• Currently in the process of negotiating the PPA. • Expected to reach Financial Close in end of 2026 and be inaugurated by the President of Indonesia. • Currently discussing the signing of a grant from international investors.	Approx. USD 420 million
I (Commercial Project)	Expansion of Sarulla Geothermal Power Plant	• Two issues: Force majeure related to acidity and tariff adjustment. • A joint team is being formed between both parties, including PLN.	
II (Preparing for Commercial Project)	Java – Sumatra Transmission Line	• JBIC and Kansai Electric have conducted capacity building on transmission with PLN. • Kansai Electric is conducting a feasibility study for the Java–Sumatra connection.	Approx. USD 3.5 billion
*) The Legok Nangka Waste-to-Energy Project has the potential to become **a low-hanging fruit** and a model success for AZEC debottlenecking **after Muara Laboh Geothermal**, contributing to the circular economy, renewable energy, and waste management solutions in Greater Bandung.			

Source: Coordinating Ministry for Economic Affairs

Strong Investment in Downstream Industries Reflects Continued Industrial Transformation

Downstream industries continue to attract strong investment of Rp 147.5 trillion in 2026, driven primarily by Mineral and Coal, underscores the continued progress of Indonesia's downstream strategy.

Mineral (Total IDR 98.3 T)

Nickel	Rp 41.5 T	Iron & Steel	Rp 13.7 T
Copper	Rp 20.7 T	Tin	Rp 2.5 T
Bauxite	Rp 17.0 T	Others	Rp 2.9 T*

*) Others: Silica Sand, Gold, Silver, Cobalt, Manganese, Coal, Buton Asphalt, LTJ

Oil & Natural Gas (Total Rp 17.6 T)

Petroleum	Rp 13.6 T
Natural Gas	Rp 4.1 T

Marine and Fisheries (Total Rp 6.4 T)

Commodities in this sector include salt, fish (Tuna, Skipjack, Mackerel) , shrimp, seaweed, crab, and tilapia.

Plantations & Forestry (Total Rp 29.8 T)

Palm Oil	Rp 18.3 T	Rubber	Rp 2.4 T
Logs	Rp 7.0 T	Others*	Rp 2.1 T*)

*) Other : Nutmeg, Pine, Coconut, Cocoa, and Biofuel

Investment Realization of Downstream Industry Sectors

Rp 147.5Trilion ▲8.1% (YoY)

29.6% of Total Investment Realization Q1 2026

Source: Ministry of Investment and Downstream Industry

Indonesia EV Transformation

Anchored by a 214% YoY growth in EV sales and a strategic 250 GWh battery roadmap, Indonesia is rapidly building an end-to-end EV ecosystem, combining robust digital infrastructure with proactive technological adaptations to secure its position in the global supply chain

Digital Infrastructure & EV Technology Strategy

3,887	98,879	214%
SPKLU Units (Apr 2025)	Electric Vehicles (May 2025)	EV Sales Growth YoY

PLN MOBILE DIGITAL ECOSYSTEM

- Real-time SPKLU booking via PLN Mobile / EVDS app
- 3,887 units at 2,586 locations · 65% via private partnership
- 36,545 home charging subscribers (323× growth since 2021)
- Roadmap 2030: 62,918 SPKLU · Kepmen ESDM 24.K/2025

TECHNOLOGY MASTERY STRATEGY (ESDM)

1 INVEST
USD 5.9B ANTAM-IBC-CBL · 9 brands · 15 GWh pipeline

›

2 INFUSE
CATL/LG tech transfer · VinFast blueprint · TKDN shield

›

3 INNOVATE
IBC sovereign battery co · 20% ASEAN NMC · R&D 300% deduct

Global Supply Chain: Nickel to Battery Value Chain

50%	USD 5.9B	250 GWh
Global Nickel Supply	ANTAM-IBC-CBL Consortium	Battery Target by 2040

NICKEL → BATTERY → EV VALUE CHAIN

Mining & Refining	368 IUPs · 50% global · MHP/HPAL
Precursor & Cathode	3 constructing → 200 KTPA
Battery Cell & Pack	1 producing · 5 constructing
EV Integration & Export	ASEAN 20% + Global 10%

⚠️ **LFP TECHNOLOGY THREAT:** 70–80% of global EV producers are shifting to LFP batteries — directly threatening Indonesia's nickel (NMC) strategic value and the entire downstream roadmap.

DOWNSTREAM ROADMAP TO 250 GWh (BKPM)

2023–2024	2025–2029	2030–2034	2039–2040
25 GWh	115 GWh	160 GWh	250 GWh ★

IDR 3,100T	9 Mtpa	29.4M bbl	2,000+	62,918
GDP Impact (9× multiplier)	CO_2 reduction by 2040	Annual fuel import savings	High-skilled jobs created	SPKLU target 2030

Source: PLN, ESDM, IBC, BKPM — FGD KBLBB INDEF 2025

Trends of 4-wheeled Electric Vehicle Sales nd Production In Indonesia

Driven by a phenomenal surge in market share from under 1% to over 25% by April 2026, Indonesia's electric vehicle sector presents a highly lucrative and rapidly expanding landscape for global automotive investment

FOUR WHEELED VEHICLES SALES AND PRODUCTION 2019 – 2026 (3/4)

Sales

	2019		2020		2021		2022		2023		2024		2025		Apr 2026	
	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE
HEV (Hybrid Electric Vehicle)	787	0.1%	1.191	0.2%	2.472	0.3%	10.344	0.99%	54.179	5.39%	59.903	6.9%	65.323	8.13%	25.016	8.63%
PHEV (Plug In Hybrid Electric Vehicle)	25	0.0%	8	0.0%	46	0.0%	10	0.00%	128	0.01%	136	0.0%	5.235	0.65%	2.078	0.72%
BEV (Battery Electric Vehicle)	-	0.0%	125	0.0%	687	0.1%	10.327	0.99%	17.051	1.70%	43.188	5.0%	103.930	12.93%	48.042	16.58%
FCEV (Fuel Cell Electric Vehicle)	-	0.0%	-	0.0%	-	0.0%	-	0.00%	-	0.00%	1	0.0%	-	0.00%	-	0.00%
Total X-EV	**812**	**0.1%**	**1.324**	**0.2%**	**3.205**	**0.4%**	**20.681**	**1.97%**	**71.358**	**7.09%**	**103.228**	**11.9%**	**174.488**	**21.71%**	**75.136**	**25.93%**
ICE KBH2/LCGC	217.454	21.1%	104.650	19.7%	146.520	16.5%	158.206	15.10%	204.705	20.35%	176.766	20.4%	122.686	15.27%	37.823	13.05%
ICE NON KBH2	814.641	78.9%	426.053	80.1%	737.477	83.1%	869.153	82.93%	729.739	72.55%	585.729	67.7%	506.505	63.02%	176.825	61.02%
Total ICE	**1.032.095**	**99.9%**	**530.703**	**99.8%**	**883.997**	**99.6%**	**1.027.359**	**98.03%**	**934.444**	**92.91%**	**762.495**	**88.1%**	**629.191**	**78.29%**	**214.648**	**74.07%**
Total Market	**1.032.907**	**100.0%**	**532.027**	**100.0%**	**887.202**	**100.0%**	**1.048.040**	**100.0%**	**1.005.802**	**100.00%**	**865.723**	**100.0%**	**803.679**	**100.0%**	**289.784**	**100.00%**

Production

	2019		2020		2021		2022		2023		2024		2025		Apr 2026	
	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE
HEV (Hybrid Electric Vehicle)	-	-	-	-	-	-	3.009	0.2%	66.838	4.8%	70.621	5.9%	97.462	8.5%	30.126	7.46%
PHEV (Plug In Hybrid Electric Vehicle)	-	-	-	-	-	-	-	-	-	-	-	-	6.024	0.5%	1.411	0.35%
BEV (Battery Electric Vehicle)	-	-	153	0.0%	1.082	0.1%	10.289	0.7%	15.318	1.1%	20.752	1.7%	23.934	2.1%	23.161	5.74%
FCEV (Fuel Cell Electric Vehicle)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Total X-EV	**-**	**-**	**153**	**0.0%**	**1.082**	**0.1%**	**13.298**	**0.9%**	**82.156**	**5.9%**	**91.373**	**7.6%**	**127.420**	**11.1%**	**54.698**	**13.55%**
ICE KBH2/LCGC	245.029	19.0%	124.358	18.0%	177.514	15.8%	214.530	14.6%	231590	16.6%	204.061	17.1%	155.534	13.6%	47.674	11.81%
ICE NON KBH2	1.041.819	81.0%	565665	82.0%	943.371	84.1%	1.242.318	84.5%	1.081.971	77.5%	901.230	75.3%	864.646	75.3%	301.443	74.65%
Total ICE	**1.286.848**	**100.0%**	**690.023**	**100.0%**	**1.120.885**	**99.9%**	**1.456.848**	**99.1%**	**1.313.561**	**94.1%**	**1.105.291**	**92.4%**	**1.020.180**	**88.9%**	**349.117**	**86.45%**
Total Market	**1.286.848**	**100.0%**	**690.176**	**100.0%**	**1.121.967**	**100.0%**	**1.470.146**	**100.0%**	**1.395.717**	**100.0%**	**1.196.664**	**100.0%**	**1.147.600**	**100.0%**	**403.815**	**100.00%**

- **EV vehicles have shown a significant upward trend in both market share and production within Indonesia's automotive industry** during 2019–2025
- **Currently, EV sales are dominated by BEVs**, which accounted for 12.93% (103,930 units) in 2025, followed by HEVs at 8.13% (65,323 units). As of April 2026, BEV sales had reached 16.58% (48,042 units), followed by HEVs at 8.63% (25.016) units).
- **EV production is still dominated by HEVs,** which accounted for 8.5% (97,462 units) in 2025, followed by BEVs at 2.1% (23,934 units). As of April 2026, BEV production had reached 5.74% (23,161 units), followed by HEV production at 7.46% (30,126 units).

Source: GAIKINDO (2026)

THANK YOU