



**NUSANTARA  
BARU  
INDONESIA  
MAJU**

**ADDRESS OF  
THE PRESIDENT OF THE REPUBLIC OF INDONESIA  
ON THE PRESENTATION OF THE BILL ON  
2025 STATE BUDGET**



# **ADDRESS OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA**

**ON  
THE PRESENTATION OF THE GOVERNMENT  
STATEMENT ON THE BILL  
ON  
THE STATE BUDGET  
FOR THE 2025 FISCAL YEAR AND ITS FINANCIAL NOTE  
BEFORE THE PLENARY SESSION OF THE HOUSE OF  
REPRESENTATIVES OF THE REPUBLIC OF INDONESIA**



**NUSANTARA  
BARU  
INDONESIA  
MAJU**

**JAKARTA, 16 AUGUST 2024  
MINISTRY OF THE STATE SECRETARIAT OF THE REPUBLIC OF INDONESIA**



PRESIDENT  
REPUBLIC OF INDONESIA

*Bismillahirrahmanirrahim,  
Assalaamu'alaikum warahmatullaahi wabarakaatuh,  
May prosperity be upon us all,  
Om Swastyastu,  
Namo Buddhaya,  
Greetings of Virtue.*

Honorable Vice President of the Republic of  
Indonesia, Professor Doctor (HC) K.H. Ma'ruf Amin,

Honorable Speaker, Deputy Speakers, and  
Members of the House of Representatives of the  
Republic of Indonesia,

Honorable Speaker, Deputy Speakers, and Members of the House of Regional Representatives of the Republic of Indonesia,

Honorable Heads, Deputy Heads, and Members of State Institutions,

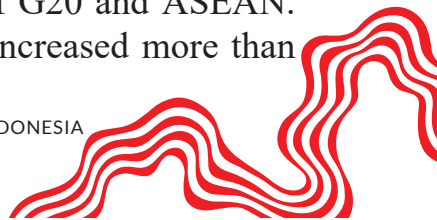
Honorable Ministers of the Indonesia Onward Cabinet, the Attorney General, Commander of the Indonesian National Defense Forces (TNI), Chief of the Indonesian National Police (Polri), and Heads of Government Institutions.

Distinguished Ladies and Gentlemen,

My Fellow Citizens,

We should be grateful. As a strong nation, Indonesia is able to tackle considerable challenges in the last ten years, such as COVID-19 pandemic, global geopolitical turmoil, trade wars as well as threats of crises and climate change that have caused numerous disasters. *Alhamdulillah*, in the midst of those challenges and uncertainties, our political and economic situations remain stable, even they are able to grow sustainably.

Indonesia's economic growth consistently hovers around 5.0 percent, higher than the average global growth at around 3.4 percent. The addition of new workforce has reached 21.3 million in the period of 2015-2024. Indonesia's debt ratio is also one of the lowest among member countries of G20 and ASEAN. Indonesia's export value also has increased more than



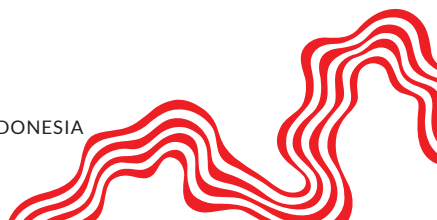
70 percent, reaching 259 billion US dollars in 2023. The current account balance gradually continues to increase. Moreover, trade balance also steadily records a surplus in the last 51 months.

The indicator of people's welfare has also notably improved. The unemployment rate has successfully declined to 4.8 percent in 2024. The poverty rate has also sharply declined to 9.03 percent in 2024. Likewise, the extreme poverty rate has remarkably declined to 0.83 percent in 2024.

Furthermore, we have also enjoyed the progress of Indonesia-centric infrastructure development, such as toll roads and national roads, dams and irrigations, seaports and airports, the construction of the Nusantara Capital (IKN), and many more.

We also work hard to build excellent, competitive, productive, and innovative human capital through education reforms, transformation of health system as well as strengthening of social safety nets.

Education assistance continues to be provided to the underprivileged and vulnerable. Smart Indonesia Program for education has been provided for around 20 million students every year. The Indonesia Smart Card for University Students (KIP Kuliah) and Bidikmisi scholarship has supported 1.5 million university students. The Indonesia Endowment Fund for Education Agency (LPDP) scholarship has been awarded to around 45 thousand university students.



In addition, efforts to improve health sector are also yielding positive results. Infant mortality rate decreased from 27 per 1,000 live births to around 17 per 1,000 live births in 2023. The stunting prevalence rate dropped from 37.2 percent to 21.5 percent in 2023. The number of National Health Insurance (JKN) participants increased from previously 133 million participants to 273 million in 2024, half of whom are recipients of Government-funded assistance (PBI).

Distinguished Speaker, Deputy Speakers, and Members of the House,

In the future, the role of the State Budget must be used to strengthen the leap of progress so that Indonesia can escape middle-income trap by taking advantage of demographic bonus, continuing economic transformation, increasing investment attraction, and providing more employment.

The design of the 2025 State Budget (APBN) is based on the following basic assumptions. Inflation will be maintained at around 2.5 percent. The economy is estimated to grow by 5.2 percent. As the global economic condition is relatively stagnant, the economic growth will rely more on domestic demands. The people's purchasing power will be tightly maintained through controlled inflation, job creation, and support for social assistance and subsidy programs.

The Government will continue to strive for increasing export-oriented and high value-added



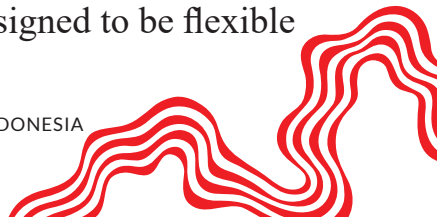
products, supported by competitive fiscal incentives while maintaining fiscal sustainability. The mix of fiscal, monetary, and financial sectors will be maintained to accelerate economic growth and ensure financial system stability.

Rupiah exchange rate is projected to hover around Rp16,100 per US dollar while the yield on 10 year-government bonds is estimated at 7.1 percent. The Government will consistently be responsive to global monetary dynamics. The Indonesian Crude Price (ICP) is estimated at 82 US dollars per barrel. Lifting of oil and natural gas is estimated to reach 600 thousand barrels per day and 1.005 million barrels of oil equivalent per day respectively.

Distinguished Speaker, Deputy Speakers, and Members of the House,

The 2025 State Budget architecture is an important pillar to support the sustainability through the strengthening of various flagship programs from the current administration to the next one. The 2025 State Budget is tailored to maintain “Stability, Inclusivity, and Sustainability”, in order to improve welfare and equality through inclusive and sustainable economic growth.

Therefore, we must continue structural reforms, maintain healthy and credible fiscal policy, and enhance collaboration of fiscal, monetary, and finance. Revenue, spending, and financing must be designed to be flexible



and provide fiscal space to anticipate uncertainties, and support development sustainability during government transition period.

On that note, short-term strategy will be focused on accelerating economic growth, improving welfare, and promoting equality at subnational levels. First, free nutritious meals program is geared at boosting children's nutrition while also empowering MSMEs and improving the economy of lower income people in the regions. Free nutritious meals program is implemented in stages, in line with technical and organizational readiness and accountable governance.

Second, acceleration of school renovation to increase access, quality, and “link and match” between education and businesses, as well as development of top schools. Conducive education ecosystem must be also developed. Third, encouraging productivity, maintaining supply, and affordability of food prices need strengthened food estate and irrigation networks. Fourth, improving people's economy requires enhanced financing of affordable housing for the people. Fifth, capital improvement for MSMEs.

The mid-term strategy is focused on accelerating economic transformation towards sustainable and inclusive economic growth. First, production of excellent human capital that is productive, innovative, and competitive through quality education, free nutritious meals, school renovation, high-quality healthcare services, and social protection. Second, strengthened





downstreaming and green transformation to increase value-added, low emissions, and export-oriented economic activities. Third, improvement of inclusivity and fairness in order to realize welfare that is enjoyed by all elements of the society across Indonesia. Fourth, continuing infrastructure development that supports economic transformation, especially infrastructure development in education, food, and connectivity sectors. Fifth, bolstering implementation of bureaucratic reforms and regulation simplification. Sixth, promotion of creative economy and entrepreneurship through empowerment and improvement of access to capital for MSMEs. Seventh, the strengthening of defense and security as well as food and energy self-sufficiency. Eighth, the strengthening of nationalism, democracy, and respect for and enforcement of human rights.

Distinguished Speaker, Deputy Speakers, and Members of the House,

The 2025 State Budget Bill also puts emphasis on revenue optimization, quality spending, and innovative financing. The tax ratio will continue to be optimized in order to strengthen fiscal space while maintaining the investment climate, business sustainability, and protecting people's purchasing power.

Spending will be prudently managed to be genuinely efficient and productive, so that in addition to supporting government priority programs, it can also create strong multiplier effects on the economy. Flexible

and high prudence financing innovations will continue to be improved through Public-Private Partnerships (PPP), strengthening of the role of the Indonesia Investment Authority (INA), and deepening of the financial market.

The big picture of the 2025 State Budget Bill architecture is as follows. The state spending is planned at Rp3,613.1 trillion, which includes Central Government spending of Rp2,693.2 trillion as well as Transfer to the Regions of Rp919.9 trillion.

Education budget is allocated at Rp722.6 trillion to improve school children's nutrition, renovate schools, and develop leading schools. The education budget is also allocated to expand scholarship programs, promote culture, strengthen world-class universities, and develop research.

Social protection budget is allocated at Rp504.7 trillion. The budget is geared at reducing the burden on the underprivileged and vulnerable, and accelerating poverty alleviation, through more appropriate, effective, and efficient manners.

The health budget is planned at Rp197.8 trillion, or 5.5 percent of the state spending. The budget is aimed at improving the quality and affordability of health services, accelerating the reduction of stunting rate and infectious diseases such as tuberculosis as well as providing free health checks.

The food security budget is planned at Rp124.4 trillion, which is directed at supporting productivity



increase, maintaining food availability and affordability of food prices, improving the distribution chain for agricultural products, and increasing farmers' access to financing.

The budget for infrastructure development is allocated at Rp400.3 trillion. The budget is mainly used for education and health infrastructure, connectivity infrastructure, food and energy infrastructure as well as sustainable development of the Nusantara Capital.

The budget for Transfer to the Regions is planned at Rp919.9 trillion, to increase the synergy of central and regional fiscal policies, harmonize central and regional spending, as well as reduce subnational disparities and strengthen subnational cooperation. Efforts to increase the Regionally Generated Income must take into account the investment climate, ease of doing business and people's welfare, and must improve access to and quality of public services.

Distinguished Speaker, Deputy Speakers, and Members of the House,

The 2025 state revenue is planned to reach Rp2,996.9 trillion, consisting of tax revenue of Rp2,490.9 trillion and non-tax state revenue (PNBP) of Rp505.4 trillion, while keep maintaining investment climate and environmental sustainability as well as accessibility of public services.

Tax reforms will continue to be implemented through the expansion of tax bases and the enhancement

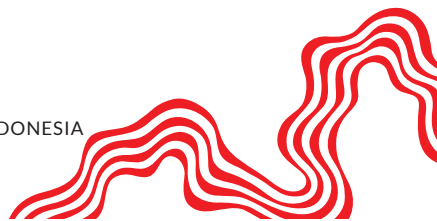
of compliance of tax payers, improvement of governance and tax administration, as well as the granting of directed and measured tax incentives.

Efforts to increase non-tax state revenue continue to be made through the utilization of technology for planning and reporting; strengthened governance and supervision; optimization of state asset and natural resource management; as well as encouraging service innovation.

The budget deficit in 2025 is set at 2.53 percent of the GDP or Rp616.2 trillion sourced from the utilization of prudent and safe financing sources.

The Government continues to increase the effectiveness of investment financing, encourage policy of innovative financing with the Public-Private Partnership (PPP) scheme, including the strengthening of the Indonesia Investment Authority (INA), and Special Mission Vehicle (SMV), as well as the enhancement of financing access for lower-income people, MSMEs, and ultra-micro businesses.

Open employment rate in 2025 is expected to be curbed in the range of 4.5 percent to 5 percent. Poverty rate can be curbed in the range of 7 percent to 8 percent. Gini ratio is kept in the range of 0.379-0.382. Human Capital Index is set at the level of 0.56. Moreover, Farmers Exchange Rate is expected to increase to 115-120. Fishers Exchange Rate is maintained in the range of 105-108.



Distinguished Speaker, Deputy Speakers, and Members of the House,

That concludes the Government Statement on the Bill on the State Budget for the 2025 Fiscal Year and Its Financial Note. It is our fervent hope that the deliberation of the 2025 State Budget Bill can be convened in a constructive manner to realize an Advanced, Just, and Prosperous Indonesia according to the vision of Golden Indonesia 2045.

May Allah *Subhanahu wa Ta'ala*, the Almighty God, bestow His blessings upon us in performing the tasks and mandates for the welfare of the people and the advancement of Indonesia.

Long Live the Republic of Indonesia!

Long Live the Land of Pancasila!

*Merdeka!*

I thank you.

*Wassalaamu'alaikum warahmatullaahi wabarakaatuh,*

*Om Shanti Shanti Shanti Om,*

*Namo Buddhaya.*

Jakarta, August 16, 2024

PRESIDENT OF THE REPUBLIC OF INDONESIA

**JOKO WIDODO**

NEW NUSANTARA, ADVANCED INDONESIA



**NUSANTARA  
BARU  
INDONESIA  
MAJU**

**TRANSLATED BY:  
CABINET SECRETARIAT OF  
THE REPUBLIC OF INDONESIA**