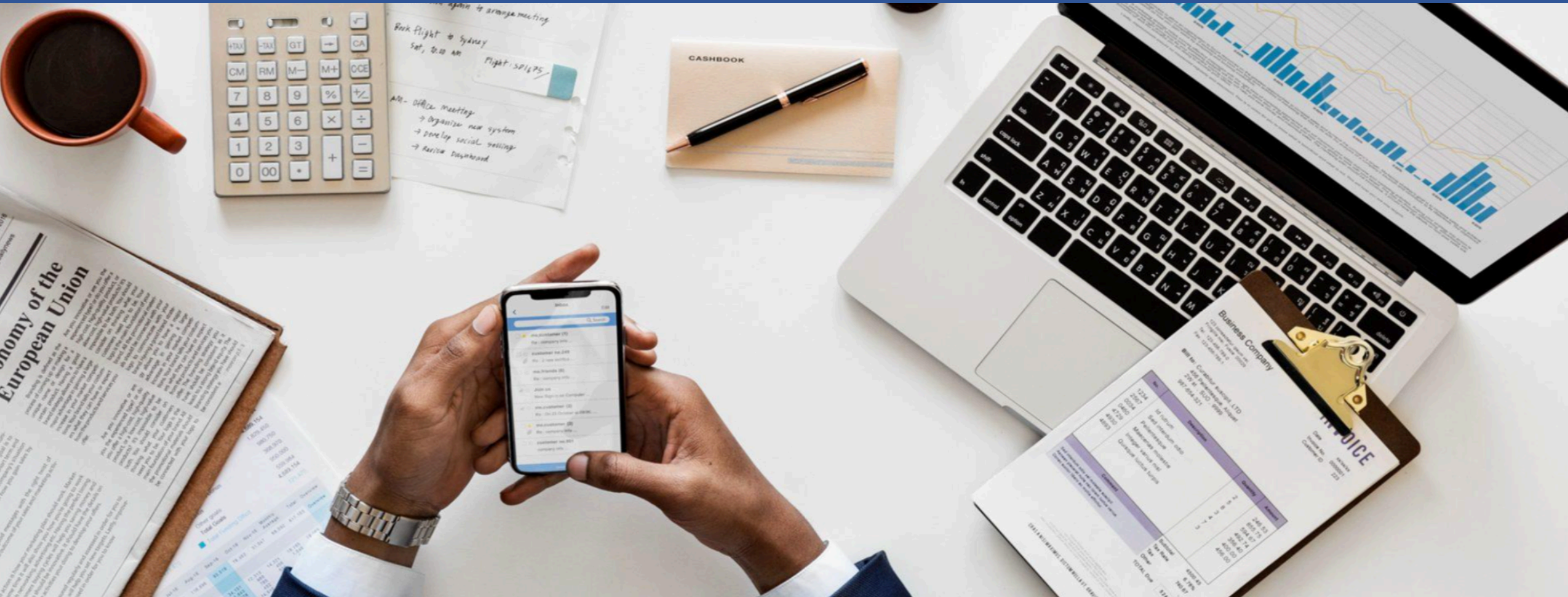
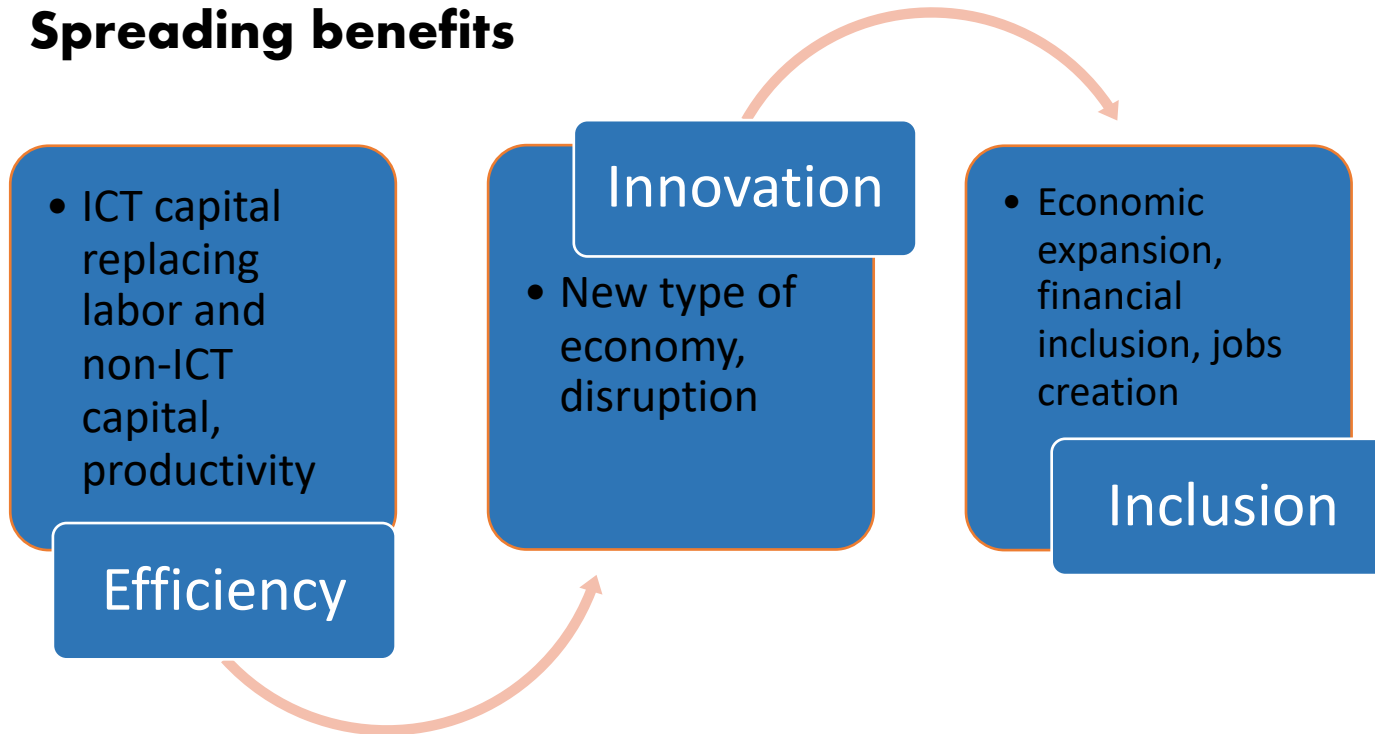


Socio-Economic Benefits of the Digital Transitions, Key Challenges and Fiscal Supports



Industry 4.0 promotes growth:

Spreading benefits



Reducing risks



Analog Complement

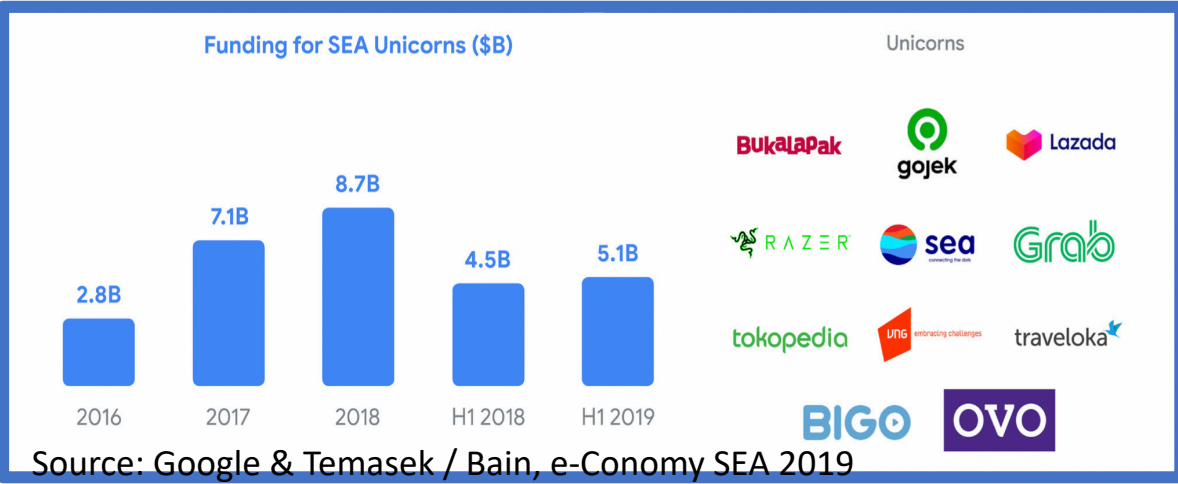
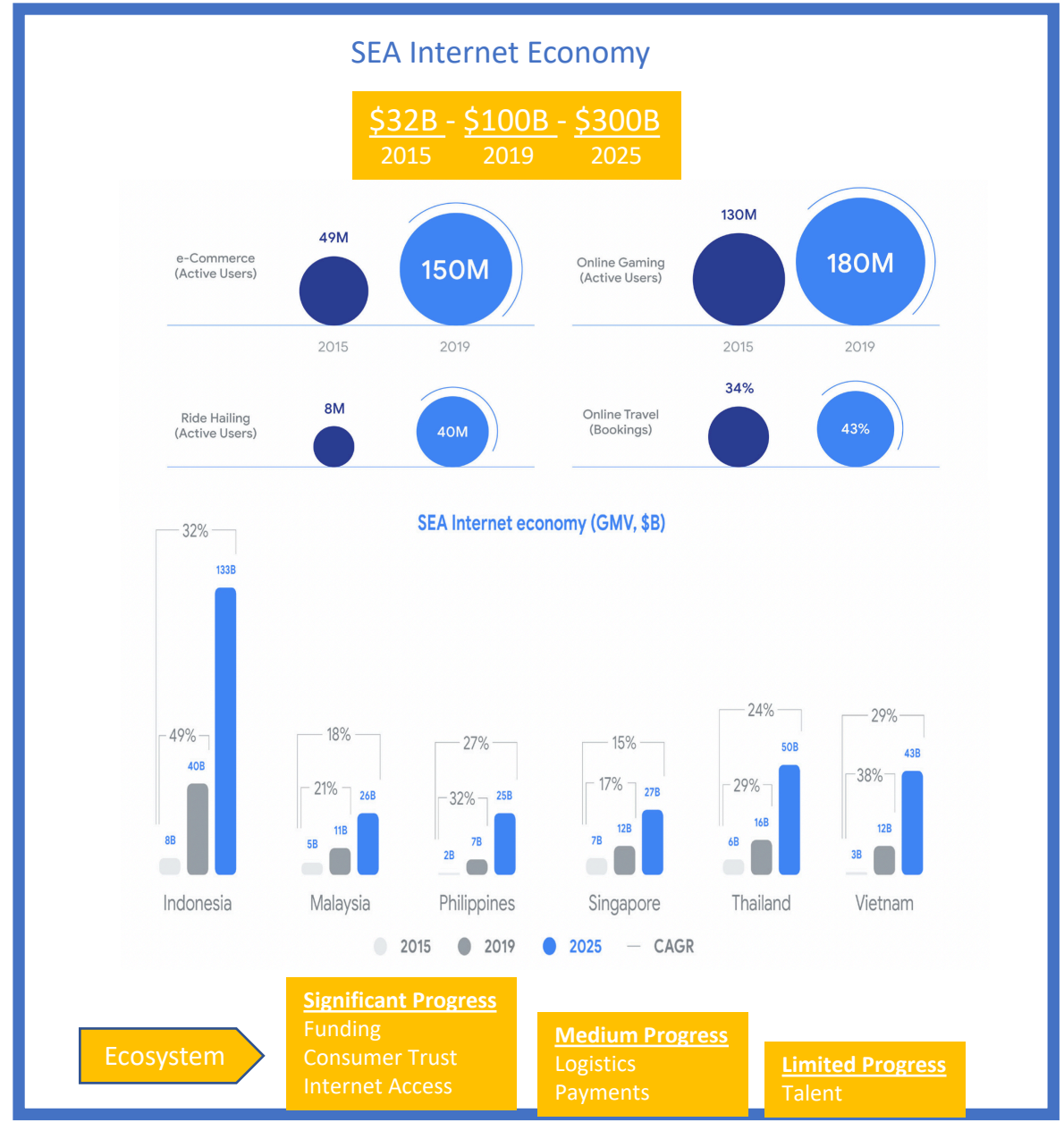
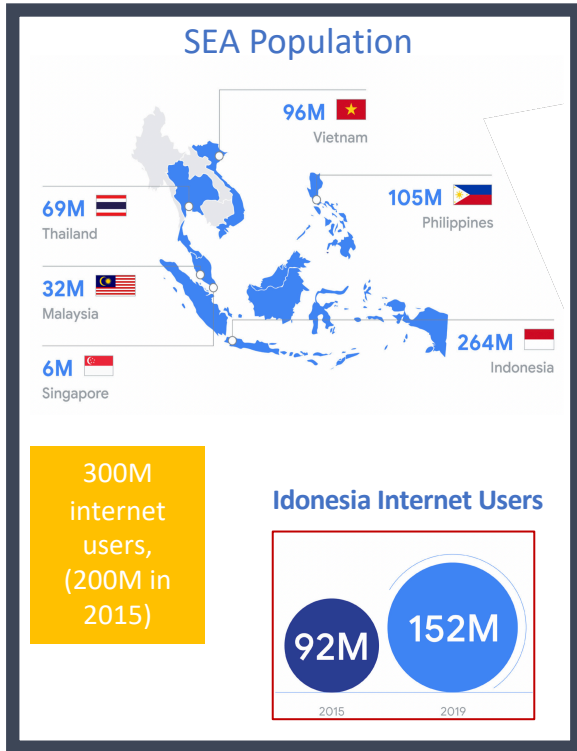


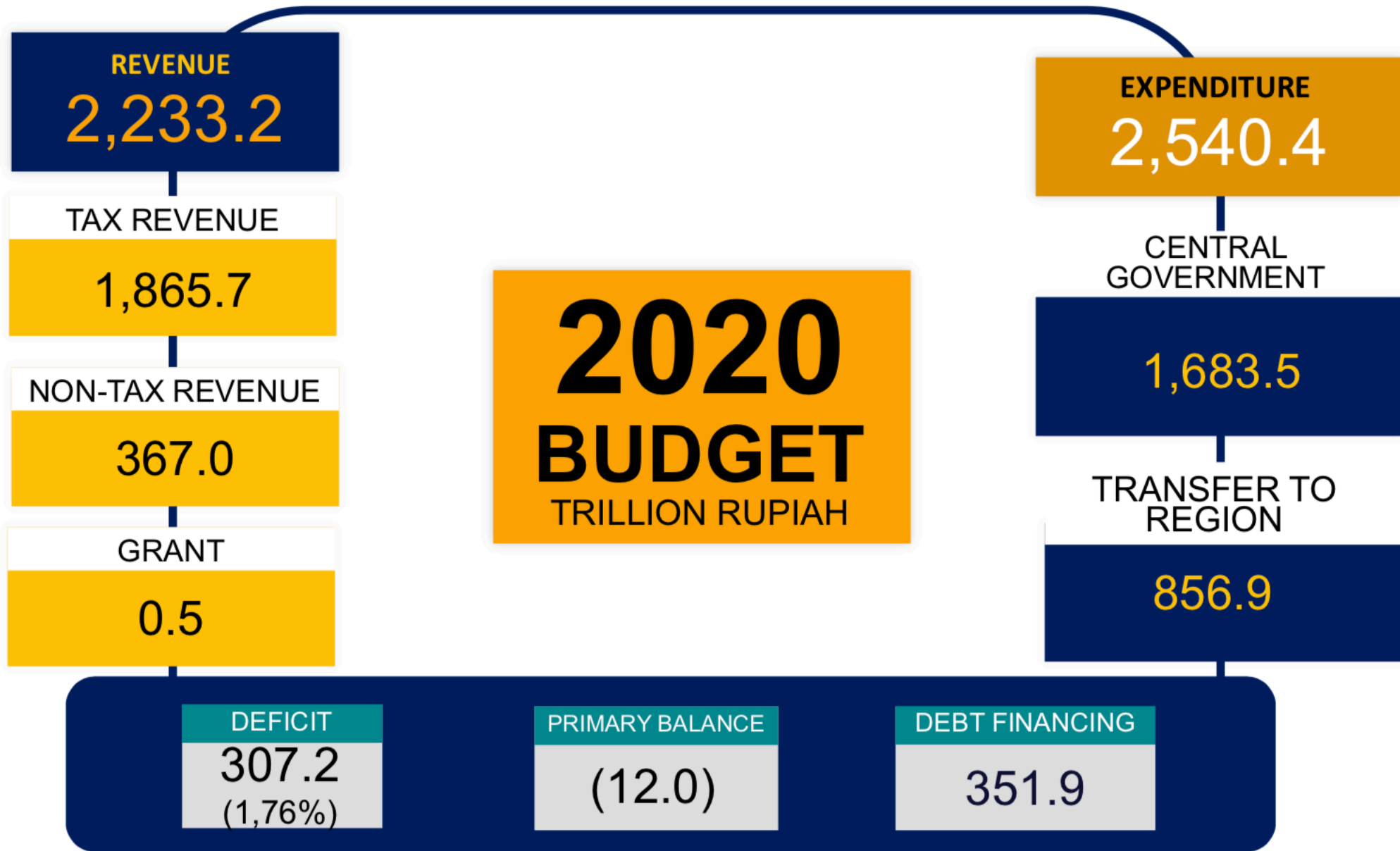
**To make accessible,
affordable, open and safe**

Source: WDR 2016



Internet Economy SEA 2019





5

Central Government Expenditure Focus

Supporting development priorities and improving effectiveness and efficiency of government



Improve Quality of Human Resources

Education Budget

Rp508,1 T

Health Budget

Rp132,2 T



Accelerate Development of Infrastructure

Infrastructure Budget

Rp423,3 T



Strengthen the Social Protection Program

Social Protection Budget

Rp372,5 T



Anticipate Uncertainty



Enhance governance and efficiency of Bureaucracy

Bureaucracy Budget

Rp261,3 T

New Initiatives & Strategic Programs in State Budget 2020

Tax Incentives

- Super deduction for vocational and R&D
- Mini tax holiday for investment below Rp500 miliar
- Investment allowance for labour intensive industry



Improving Human Resource's Quality and Social Protection

- **KIP Kuliah**
Support poor people to achieve higher education
- **Kartu Pra Kerja**
Improvement of job seeker's productivity
- **Kartu Sembako**
Support social protection to access food



Acceleration of 4 Super Priority Tourist's Destination

Development of tourist's destination of Toba lake, Borobudur, Labuan Bajo and Mandalika with synergy accros Ministries and Local Government



Strengthening Transfer to Region and Village Fund



- Strengthening DAK Fisik in 2 sectors: Social and Sea Transportation
- Additional DAU allocation for equalization of fixed income (Siltap) of village apparatuses and the remuneration of Government Employees with Work Agreements (PPPK)

Endowment Fund for Human Resources and Culture



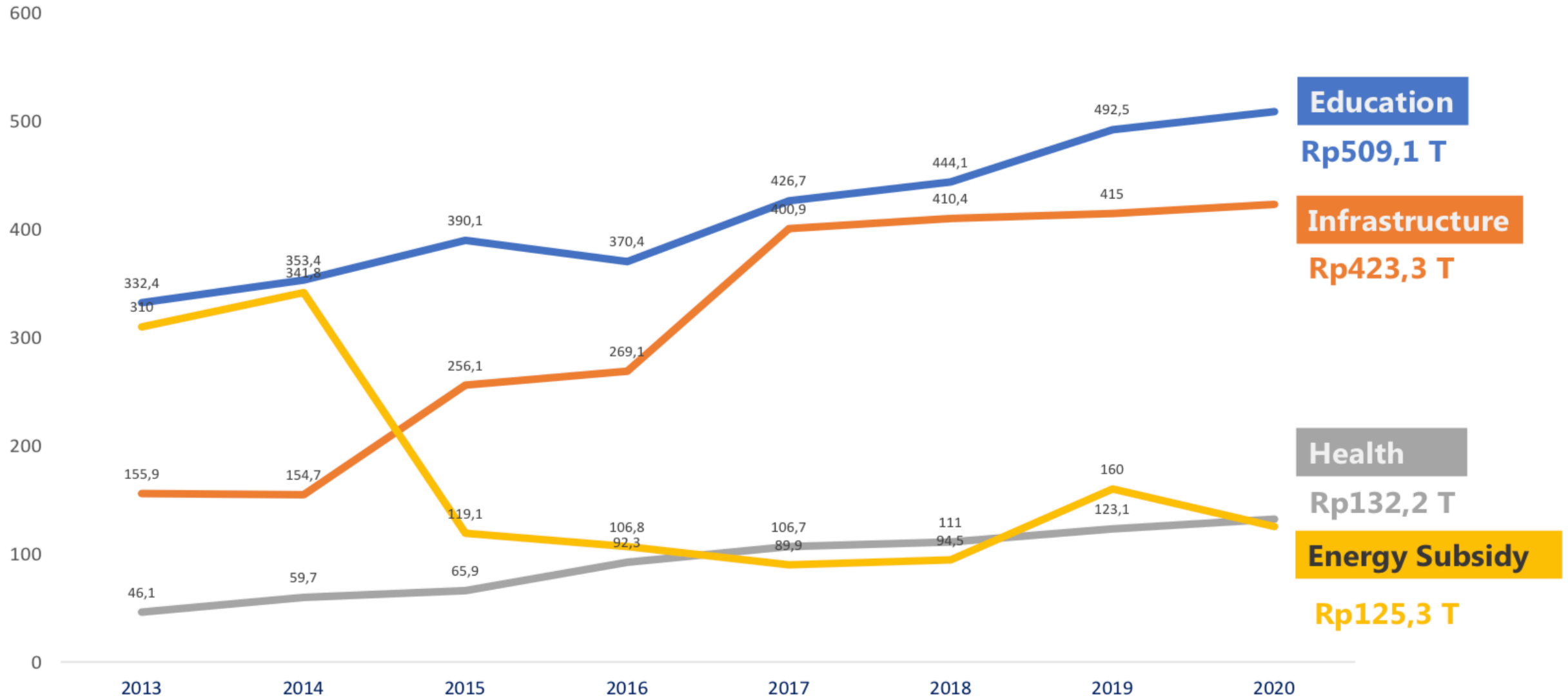
- Cultural Endowment Fund
- College Endowment Fund
- Addition to Endowment Fund for Research

Strengthening Current Account Balance



Support the reduction of the current account deficit both in the long term and short term

Expenditure Policy to Support Growth and Development



Government Spending for Improvement in Human Quality

aimed to improve the quality of human resources as part of realizing the welfare and justice of the people

Education Budget

Rp508,1 T

Early Childhood Education

**BOP PAUD
(DAK Non Fisik)**

Rp 4,5 T
7,4 juta children

Basic Education

KIP (SD/SMP/SMA)
Rp 11,2 T
20,3 juta jiwa

BOS
Rp 63,0 T
54,6 juta jiwa

Higher Education

KIP Kuliah
Rp 6,7 T
818,1 rb students
LPDP Scholarship
Rp 1,8 T
5rb new students
12 rb current students

PAUD Facilities
Rp 307,6 M
5.841 ruang kelas

Build/Rehab Classroom
Rp 7,8 T
15,1 ribu room
2.677 school

Build/Rehab Campus
Rp 4,4 T
87 campus

Research by LPDP
Rp 284,1 M
104 research

**Research by
Kemenristekdikti**
Rp 1,5 T
1.450 research

**Allowance for
PNS Teacher**
Rp 63,5 T
1,3 million teachers

**Allowance for
Non PNS Teacher**
Rp 10,7 T
407,7 rb teachers



Government Spending for Improvement in Human Quality

aimed to improve the quality of human resources as part of realizing the welfare and justice of the people

Investment spending in education and research

Rp29 T

Education Endowment Fund

Rp18,0 T

Scholarship program for 5,000 new student
Scholarship for 12,333 current students
104 research



Cultural Endowment Fund

Rp1,0 T

to guarantee sustainability of efforts to promote culture for the next generation



Research Endowment Fund Rp5,0 T

- increase the quantity and quality of HR related to research in order to increase competitiveness
- Improve the relevance and productivity of research and the role of stakeholders in research activities
- Increase research contribution to national economic growth



University Endowment Fund

Rp5,0 T

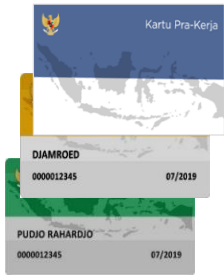
Human resource development and facilities to support university towards *old Class University*



Pre-Employment Card

for Increasing Job Seeker Productivity through digital platforms

- Vocational training: improving skills for unemployed and who will change jobs.
- 2020 target = 2 million participants.
- Get incentive pay for a limited period



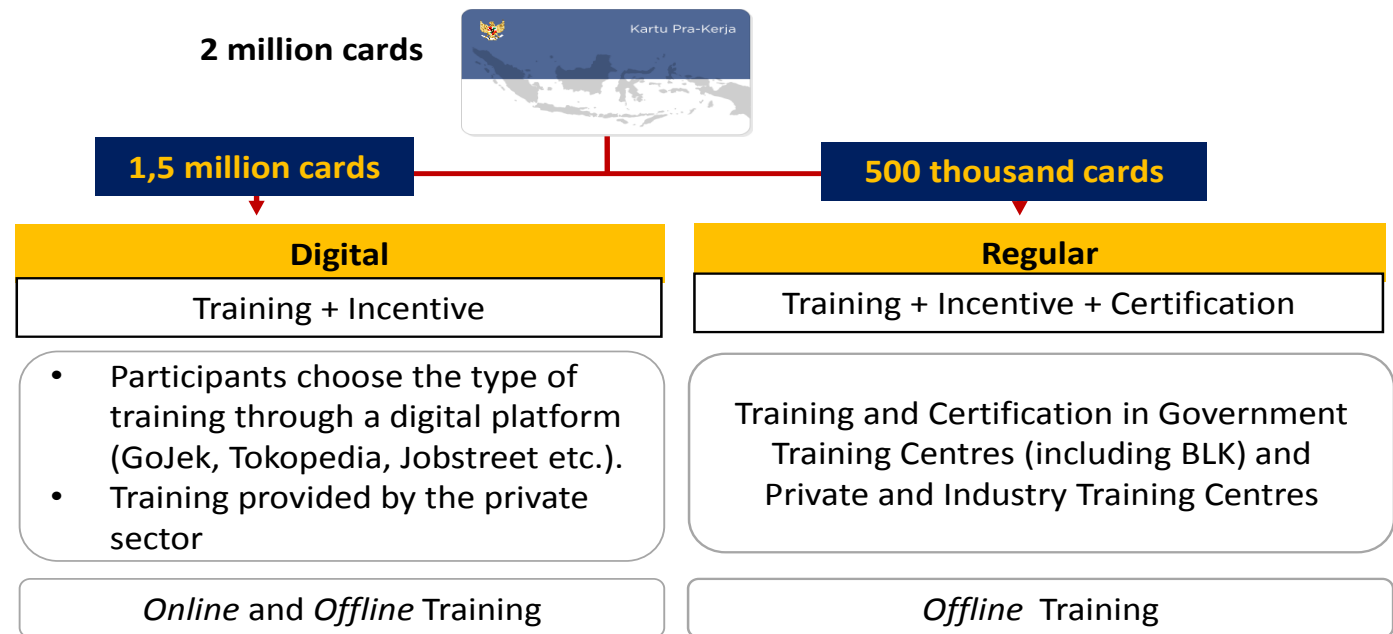
Pre-Employment Card

Total Budget

Rp10 T

"Pre-employment Card is a card given to job seekers or workers to get vocational training (**skilling and re-skilling**) and competency certification"

Design of Implementation of Digital and Regular Access



2020 State Budget to Improve Welfare of Low-Income, Poor and Vulnerable People

Rp 372,5 T



Welfare Improvement

- Program Keluarga Harapan (PKH)
Rp29,1 T
10.0 million poor families
- Food Aid / Basic Food Card
Rp28,1 T
15.6 million poor families



Supports Village Economic Development

- Village Fund
Rp72,0 T for 74,954 villages including:
 - 20,588 villages left behind
 - 6,835 villages are very underdeveloped



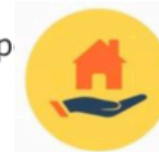
Increased Agricultural Productivity

- Fertilizer subsidies
Rp26.6 T for 16.2 million farmers



Community development

- Ultra Micro Financing
Rp1.0 T for 241 rb debtor
(1.6 million accumulated debtors)
- SME Loan (KUR)
Rp13.8 T for 16.47 million debtors
(accumulated)
- Social Assistance (Bansos)
Rp.270 billion for 135 thousand families
- Social Assistance for Fishermen
a.l. Insurance premium of IDR33.0 billion for 170K fishermen



Housing Access

- Housing Advances Subsidies
IDR 600 Billion for 150 thousand families
(MBR)
- Housing Loan Interest Subsidies
Rp3.9 T for 677 rb Family (MBR)

Infrastructure Development

POLICY DIRECTION:

- Interconnection of infrastructure with various regions: small industries, Special Economic Zones, tourism, rice fields, plantations, and fisheries
- Infrastructure development to support community activities
- Infrastructure to support economic development and ease of accessibility.

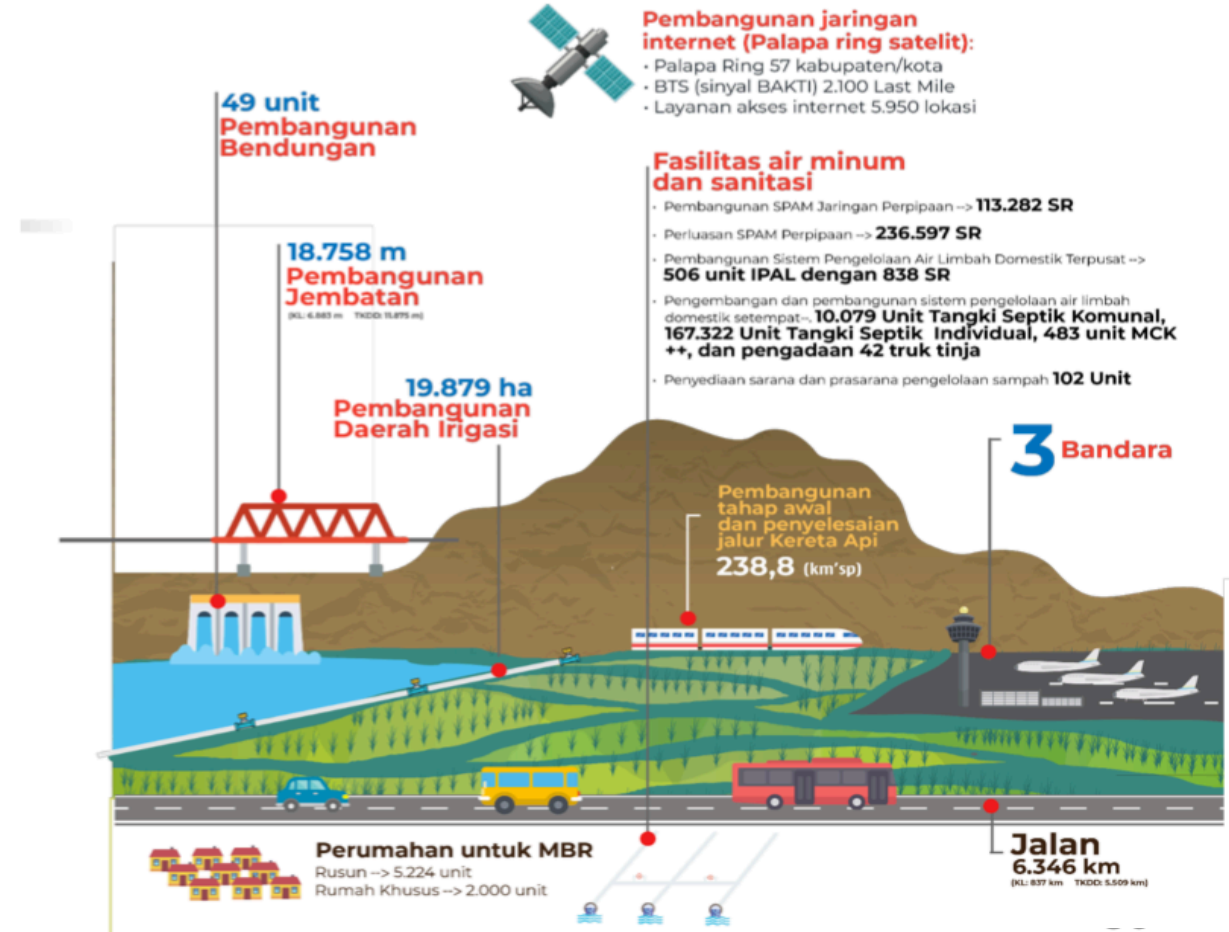
STRATEGY FOR INFRASTRUCTURE DEVELOPMENT

POLICY 2019 - 2024:

- Basic service infrastructure for equitable distribution of economic development
- Infrastructure supporting connectivity and priority sectors such as agriculture, fisheries, manufacturing and tourism
- Smart city infrastructure
- Energy infrastructure, electricity and information technology

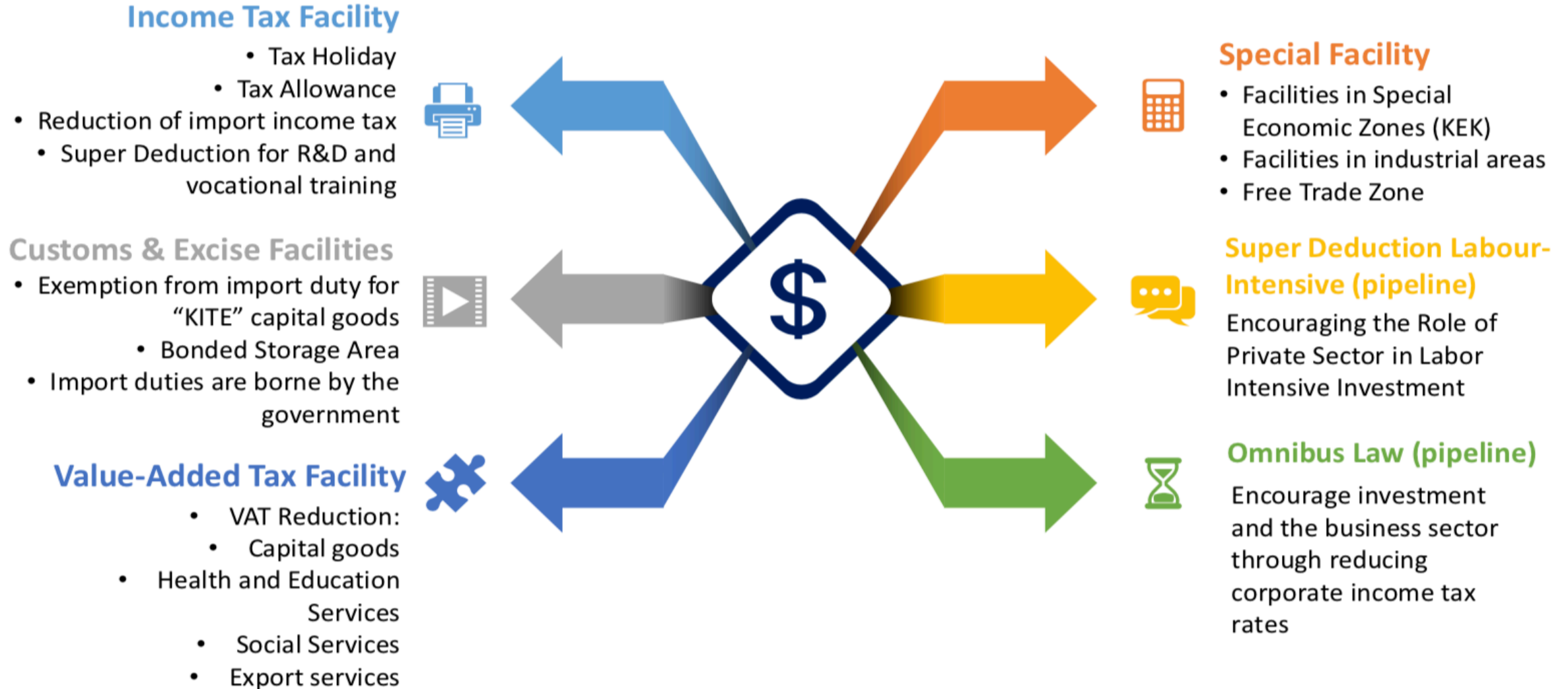
Sumber: Kemenkeu

Infrastructure Budget 2020 Rp423,3 T



Fiscal Incentives to Promote Investment

Government committed to promote investment through among others tax and custom facilities





Ministry of Finance
Republic of Indonesia

THANK YOU