

PROGRESS OF MACROECONOMICS ASSUMPTIONS AND BUDGET REALIZATION

UP TO SEPTEMBER 30th, 2009

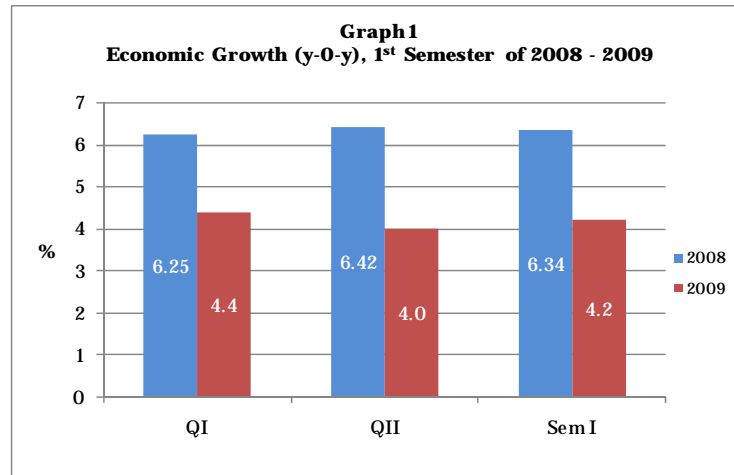
I. Macroeconomics Assumptions

1 Economic Growth

In the Law on 2009 Budget, economic growth is target at 6.0%. In the 2009 Fiscal Stimulus Document, the target of economic growth is revised down to 4.5%, and in the 2009 Proposed Revised Budget the economic growth target is revised down again to 4.3%.

In the Q-I of 2009, economic growth has reached 4.4%, while in the Q-II economic growth is projected to be around 4.0%. Thus, in the 2009 first semester economic growth is estimated at 4.2%; lower than the rate of economic growth in first semester of 2008 that reached 6.34%.

The sources of economic growth in the 2009 first semester come from the government consumption, the public consumption, and investment, which are estimated to grow at 18.0%, 5.4% and 3.0%. Meanwhile, export and import are projected to have growth of minus 17.2% and minus 24.9%.



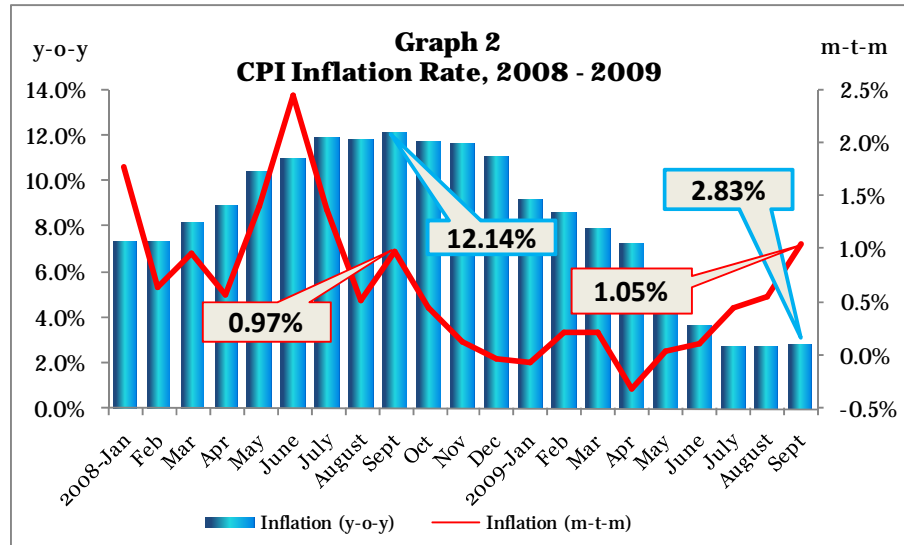
2 Inflation

In the Law on 2009 Budget, the inflation rate is estimate at 6.2%, and adjusted to be 6.0% in 2009 Fiscal Stimulus Document, and become 4.5% in the 2009 Revised Budget.

Up to September 30th, 2009, the cumulative inflation rate has reached 2.28% (y-t-d), annual inflation rate (y-o-y) has reached 2.83%, and inflation in September 2009 has reached 1.05% (m-t-m).

Annually, in September 2009 the inflation rate is lower than the same period the previous year which reached 12.14%. This is caused by world oil prices high in September 2008, so that goods and services price increases.

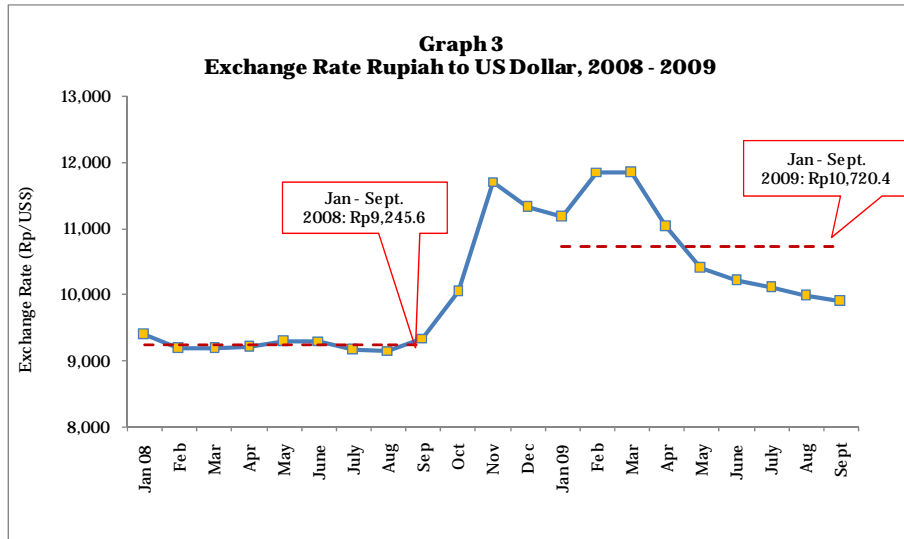
While on a monthly, inflation in September 2009 increases compared with the same period in 2008 which reached 0.97%. However, inflation in 2009 (y-t-d) is lower than the same period the previous year which reached 10.47%. The increase in September 2009 is due to the increasing demand for food, beverage, cigarettes, tobacco, and clothes.



3 Exchange Rate

In the Law on 2009 Budget, rupiah exchange rate is estimate at Rp9,400/US\$, then adjusted in the 2009 Fiscal Stimulus Document to be Rp11,000/US\$, and revised to Rp10,500/US\$ in the 2009 Revised Budget.

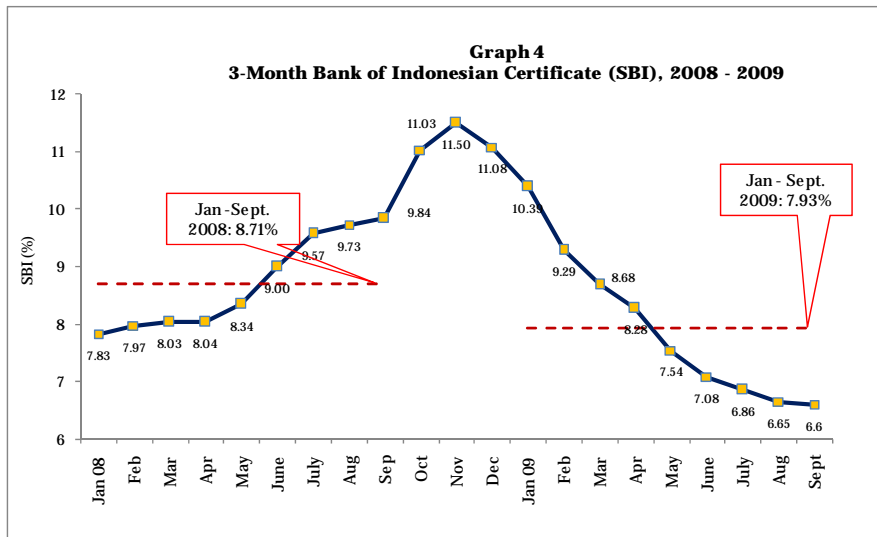
Up to September 30th, 2009, rupiah reached an average of Rp10,720/US\$, or run down to its position at the same period in 2008 that reached Rp9,245/US\$. However, average exchange rate in September 2009 increase to be Rp9,901/US\$, if compared with average exchange rate the previous month which reached Rp9,978/US\$. This increasing is caused by capital inflow to domestic markets, so reserve of foreign currency increase.



4 3-Month Bank of Indonesia Certificate (SBI) Interest Rate

In the Law on 2009 Budget and also in the 2009 Fiscal Stimulus Document as well as in the 2009 Revised Budget, 3-month SBI interest rate is estimate at 7.5%.

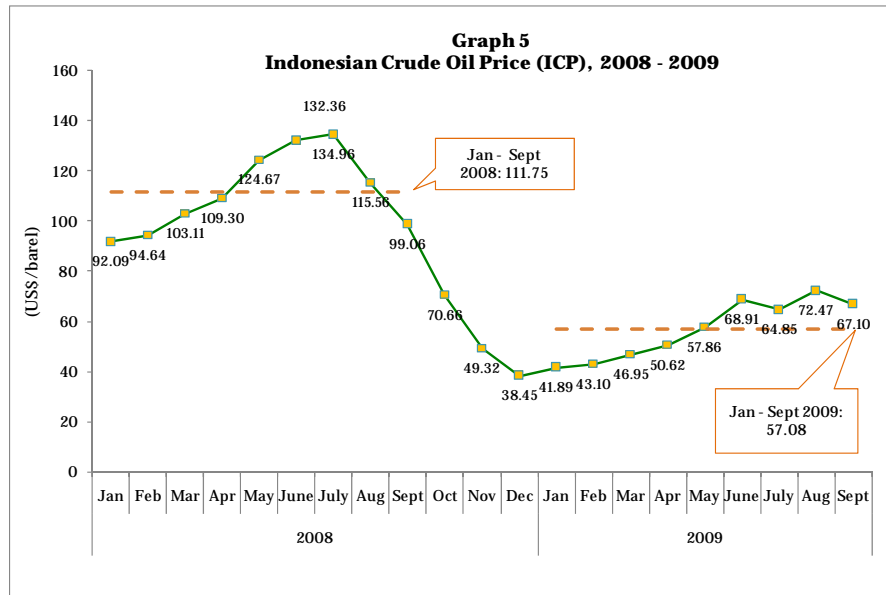
Up to September 30th, 2009 average realization 3-months SBI reached 7.9%, which means decrease from its realization at the same period in 2008 that reached an average of 8.6%.



5 Indonesian Crude Oil Price (ICP)

In the Law on 2009 Budget, Indonesian crude oil price (ICP) is estimate at US\$80.0 per barrel. In the 2009 Fiscal Stimulus Document, the assumption is adjusted to US\$45.0 per barrel, but then readjusted to US\$61.0 per barrel in the 2009 Revised Budget.

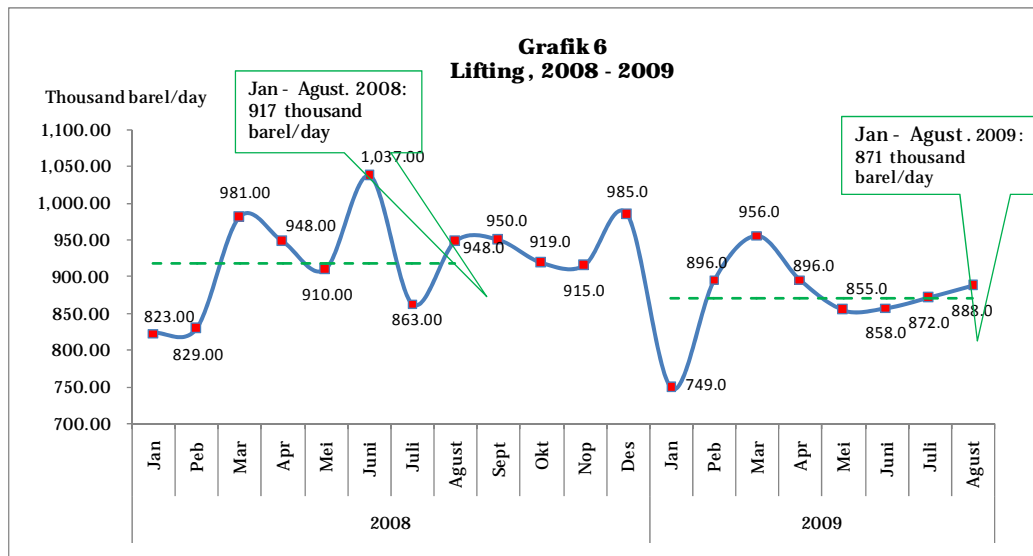
The realization of ICP up to September 30th, 2009 reached US\$57.08 per barrel, or decrease from its realization at the same period in 2008 that reached at US\$111.75 per barrel.



6 Oil Lifting

In the Law on 2009 Budget and 2009 Revised Budget, oil lifting is estimate at 0.960 billion per barrel.

The average realization of oil lifting in January – August 2009 reached 0.871 million barrels per day, which means lower than the realization at the same period in 2008 that reached 0.917 million barrels per day.



II. BUDGET REALIZATION

1. Revenues and Grants

In the Law on 2009 Budget, revenues and grants are estimate at Rp985.7 trillion. The target is revised to Rp848.6 trillion in the 2009 Fiscal Stimulus Document, and become Rp871.0 trillion in the 2009 Revised Budget.

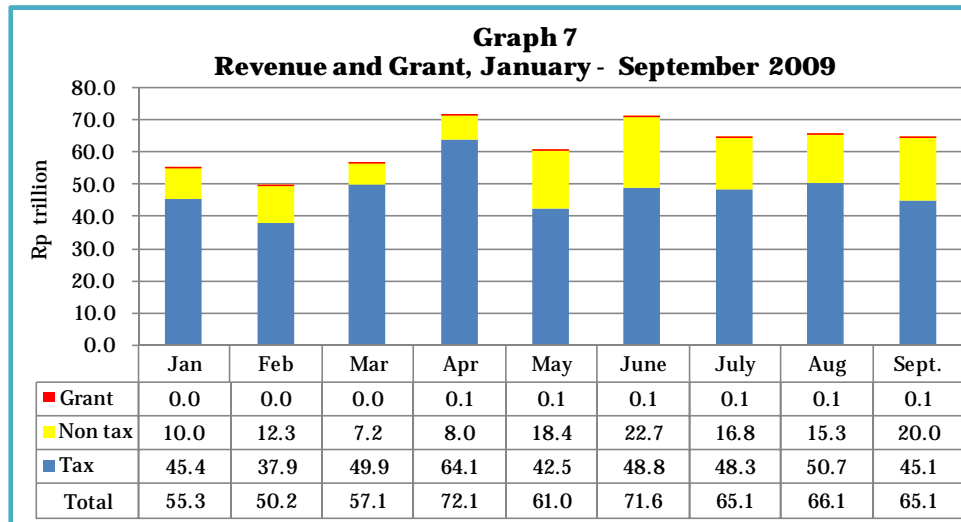
Up to September 30th, 2009, the realization of revenues and grants reached Rp563.6 trillion (64.7% of the target in the 2009 Revised Budget). The number is decreased by 12.5% in comparison with realization in September 30th, 2008 that reached 77.2% from its Revised Budget.

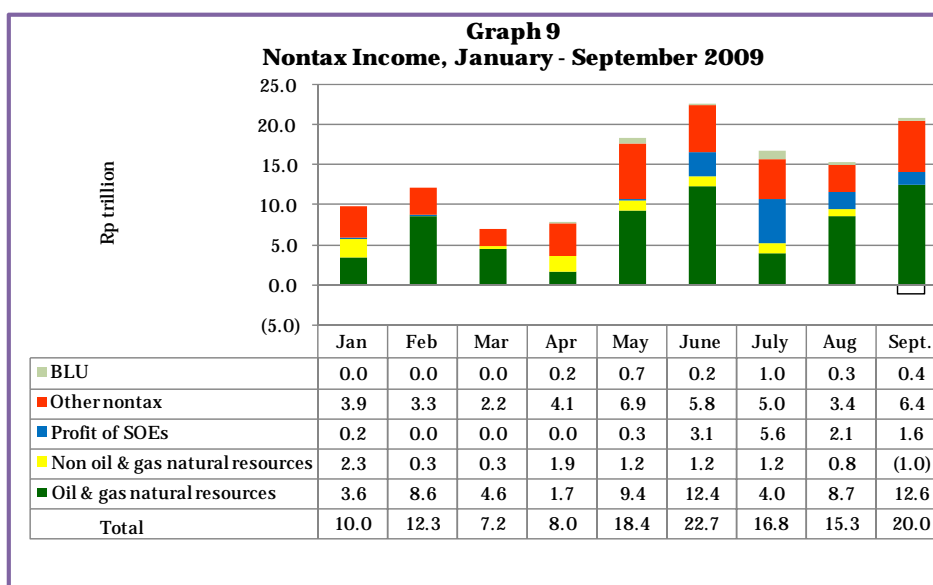
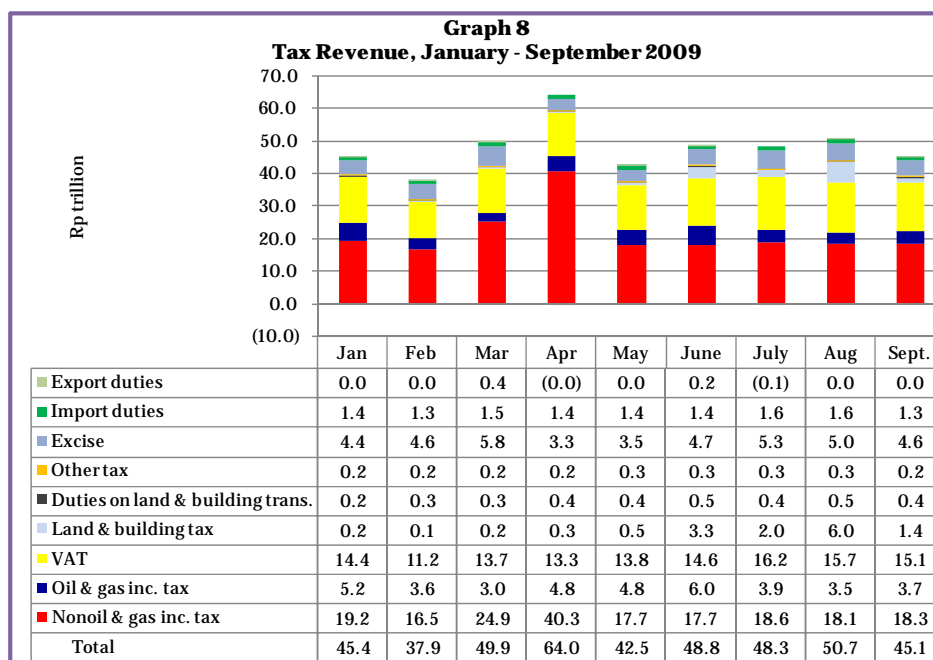
The realization of revenues and grants consist of the realization of domestic revenues Rp563.1trillion (66.3% from the target in the 2009 Revised Budget), and the realization of grant Rp0.4 trillion (42.8% from the target in 2009 Revised Budget).

The realization of domestic revenues consist of the realization of tax revenues Rp432.5 trillion (66.3% from the target in 2009 Revised Budget) and realization of nontax revenues Rp130.6 trillion (59.9% from the target in 2009 Revised Budget).

The realization of tax revenues up to September 30th, 2009 consist of income taxes Rp230.0 trillion (53.2%), VAT Rp128.0 trillion (29.6%), excise Rp41.2 trillion (9.5%), the land and building taxes and dutiable on land and building transfers Rp17.7 trillion (4.1%), international trade taxes Rp13.5 trillion (3.1%), and other taxes Rp2.2 trillion (0.5%).

Meanwhile, the realization of nontax revenues up to September 30th, 2009 come from the natural resources revenue Rp73.9 trillion (56.6%), other nontax revenues Rp41.0 trillion (31.4%), government share from SOE's profit Rp12.9 trillion (9.9%), and public service agency revenue (BLU revenue) Rp2.7 trillion (2.1%).





2. Government Expenditures

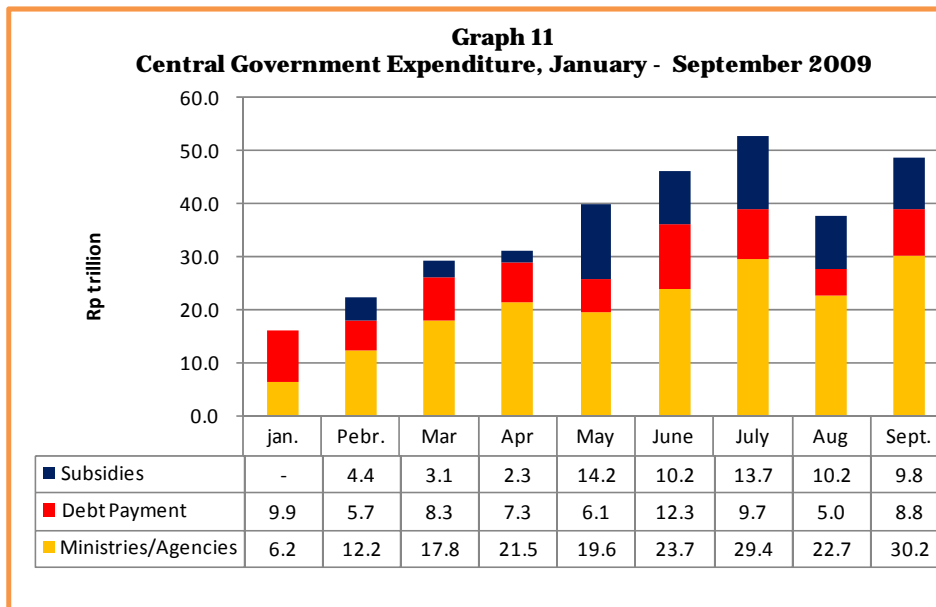
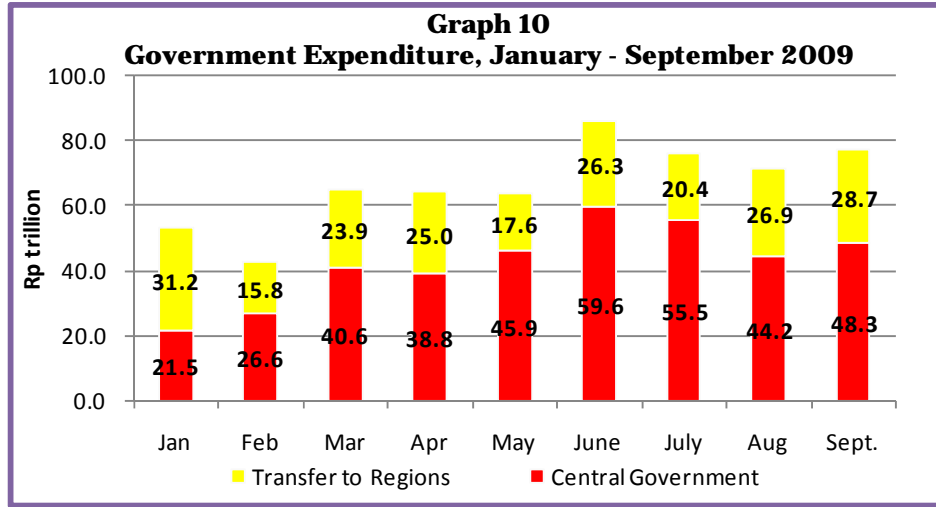
In the Law on 2009 Budget, government expenditure is estimate at Rp1,037.1 trillion, then is adjusted to Rp988.1 trillion in the 2009 Fiscal Stimulus Document, and become Rp1,000.8 trillion in the 2009 Revised Budget.

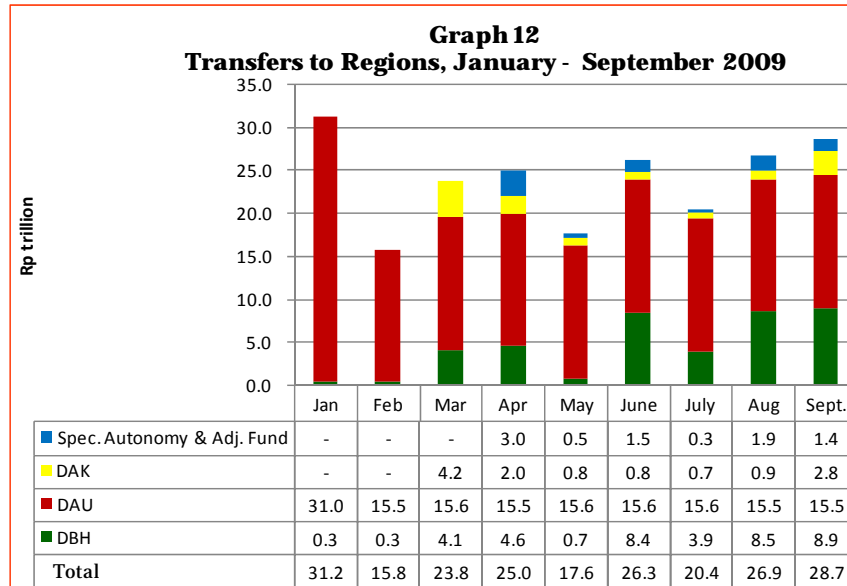
Up to September 30th, 2009, the realization of the government expenditures reached Rp596.8 trillion (59.6% of its 2009 Revised Budget). This means 7.0% lower in comparison with realization up to September 30th, 2008 that reached 66.6% of its Revised Budget.

The realization of government expenditures consist of the realization of the central government expenditures Rp381.0 trillion (55.1% of its 2009 Revised Budget) and transfer to regions Rp215.8 trillion (69.8% from the target in 2009 Revised Budget).

The realization of the central government expenditures are mostly dominated by the personnel expenditures Rp99.9 trillion (26.2%), debt interest payments Rp73.0 trillion (19.2%), and subsidies Rp67.9 trillion (17.8%), and others 36.8%.

Meanwhile, realization of the transfer to regions mostly come from general allocation fund (DAU) Rp155.3 trillion (72.0%) and revenue sharing (DBH) Rp39.7 trillion (18.4%).

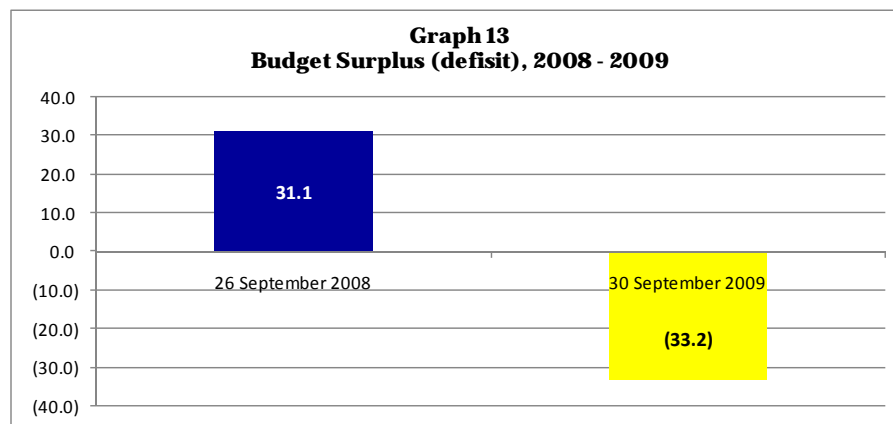




3. Budget Deficit

On one side the realization of revenues and grants have reached Rp563.6 trillion, whereas the realization of government expenditures have reached Rp596.8 trillion, thus, until September 30th, 2009 budget deficit has become Rp33.2 trillion (0.6% of GDP).

If it compare to at the same period in 2008, that reached a surplus of Rp31.1 trillion (0.7% of GDP), the performance of the 2009 budget up to September 30th, 2009 is relatively better in terms of the budget management.



4. Budget Financing

In the Law on Budget 2009, budget financing is estimate at Rp51.3 trillion, then adjusted to Rp139.5 trillion in the 2009 Fiscal Stimulus Document, and becomes Rp129.8 trillion in 2009 Revised Budget.

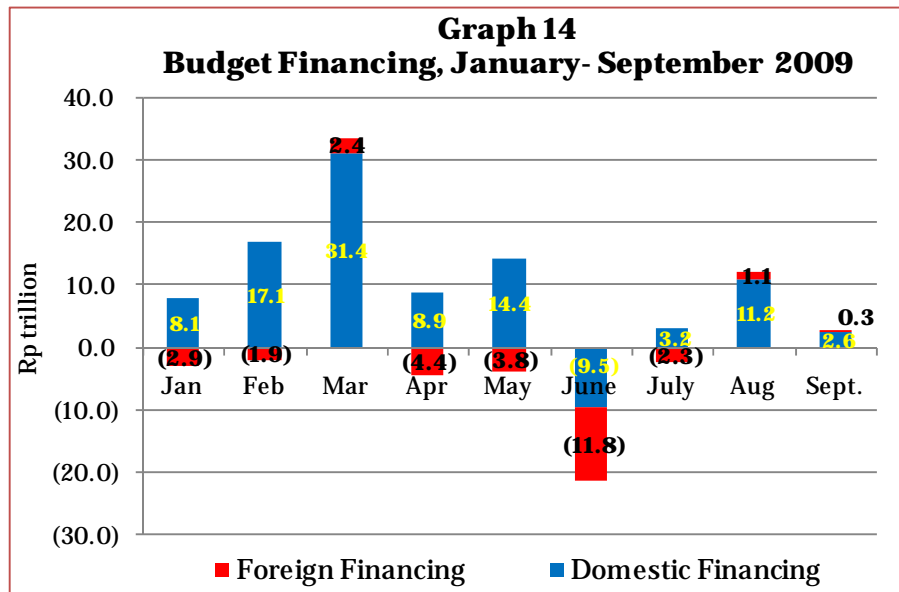
The realization of budget financing up to September 30th, 2009 reached Rp63.8 trillion (49.1% from its target in 2009 Revised Budget).

The realization is 34.1% lower in comparison with the same period in 2008.

The realization of budget financing consist of the realization of domestic financing Rp87.1 trillion (61.1% from its target in 2009 Revised Budget) and the realization of foreign financing minus Rp23.3 trillion (183.2% from its target in 2009 Revised Budget).

The realization of domestic financing mostly comes from government securities/SBN (net) of Rp85.5 trillion. Meanwhile, the realization of foreign financing mostly comes from withdrawal of foreign loans Rp26.3 trillion, continuation of foreign loans at minus Rp4.7 trillion, and principal due at minus Rp45.0 trillion.

With the realization of budget financing reached Rp63.8 trillion, whereas the budget deficit only reached Rp33.2 trillion, up to September 30th, 2009 have a budget surplus of Rp30.6 trillion. Up to September 30th, 2008, the budget surplus reached Rp109.8 trillion.



REALIZATION UP TO 30 SEPTEMBER, 2008 - 2009
(trillion rupiah)

	2008				2009		
	Revised Budget	Real. audited	Realization As Of September 26	% to Revised Budget	Revised Budget	Real As Of Sept. 30	% to Revised Budget
A. REVENUE AND GRANTS	895.0	981.6	690.6	77.2	871.0	563.6	64.7
I. DOMESTIC REVENUE	892.0	979.3	689.7	77.3	870.0	563.1	64.7
1. TAX REVENUE	609.2	658.7	480.7	78.9	652.0	432.5	66.3
a. Domestic Taxes	580.2	622.4	451.3	77.8	631.9	419.0	66.3
b. International Trade Tax	29.0	36.3	29.3	101.3	20.0	13.5	67.4
2. NON-TAX REVENUE	282.8	320.6	209.0	73.9	218.0	130.6	59.9
a. Natural Resources	192.8	224.5	153.6	79.7	138.7	73.9	53.3
b. Govt. Share from SOE's Profit	31.2	29.1	14.4	46.0	28.6	12.9	45.0
c. Other non-tax revenues	58.8	63.3	41.1	69.9	44.9	41.0	91.5
d. BLU Income	0.0	3.7	0.0	0.0	5.9	2.7	46.5
II Grants	2.9	2.3	0.9	30.4	1.0	0.4	42.8
B. EXPENDITURE	989.5	985.7	659.5	66.6	1,000.8	596.8	59.6
I. CENTRAL GOVERNMENT EXPENDITURE	697.1	693.4	447.8	64.2	691.5	381.0	55.1
1. Line Ministries Expend.	290.0	259.7	148.0	51.0	314.7	183.3	58.3
2. Non-Line Ministries Expend.	407.0	433.7	299.8	73.7	376.8	197.6	52.4
II TRANSFER TO REGION	292.4	292.4	211.6	72.4	309.3	215.8	69.8
1. Balanced Funds	278.4	278.7	203.4	73.0	285.1	207.3	72.7
2. Special Autonomy & Adjustment Fund	14.0	13.7	8.3	59.0	24.3	8.6	35.3
C. OVERALL BALANCE (A - B)	(94.5)	(4.1)	31.1	-	(129.8)	(33.2)	-
% deficit to GDP	(2.1)	(0.1)			(2.4)		
D. FINANCING	94.5	84.1	78.7	83.3	129.8	63.8	49.1
I. DOMESTIC FINANCING	107.6	102.5	101.5	94.3	142.6	87.1	61.1
1. Domestic Bank Financing	(11.7)	16.2	(1.7)	14.7	56.6	1.5	2.7
2. Domestic Non-Bank Financing	119.3	86.3	103.2	86.5	86.0	85.6	99.5
II FOREIGN FINANCING	(13.1)	(18.4)	(22.8)	173.8	(12.7)	(23.3)	183.2
1. Gross Drawing	48.1	50.2	14.9	31.0	69.3	26.3	38.0
2. Penerusan Pinjaman	0.0	(5.2)	0.0	0.0	(13.0)	(4.7)	36.0
3. Amortizations	(61.3)	(63.4)	(37.7)	61.6	(69.0)	(45.0)	65.1
SURPLUS/(DEFICIT) FINANCING	0.0	80.0	109.8		0.0	30.6	