


Public Debt Management in Indonesia

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Directorate General of Budget Financing and Risk Management
Ministry of Finance

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Indonesian DMO

Directorate General of Budget
Financing and Risk Management

Secretariat of
Directorate General

Directorate of
Loans and Grants

Directorate of
Government Debt
Securities

Directorate of
Islamic Financing

Directorate of
Government
Support and
Infrastructure
Financing

Directorate of State
Financial Risk
Management

Directorate of
Financing Strategy
and Portfolio

Directorate of
Evaluation,
Accounting and
Settlement



Indonesia Medium-Term Debt Management Strategy





Managing Debt Risk and Costs

Risks

Uncertainty that negatively impacts to financial ecosystem. In the context of debt management, the relevant risks are related to the management of exchange rates, interest rates and ability to repay.

Indicators :

- Interest risk: Variable rate and Refixing rate
- Currency Exchange risk: Forex debt ratio
- Refinancing risk: Average time to maturity, Duration, Bonds w/ maturity in 3 years

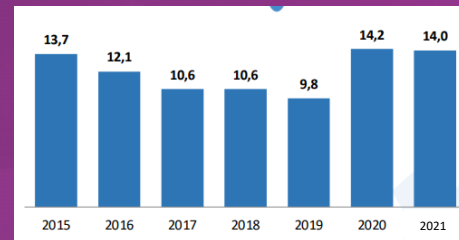
Costs

The rate of return given to investors or creditors, among others: Loan Management / Up front fee, Coupon / Interest / Margin, Selling Agent Fee, Bond Discount, Loan Commitment Fee

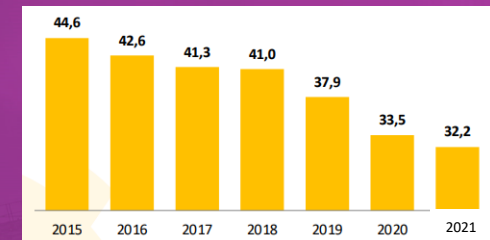
Indicators :

- The ratio of interest payments to outstanding
- The ratio of interest payments to GDP
- The ratio of interest payments to spending

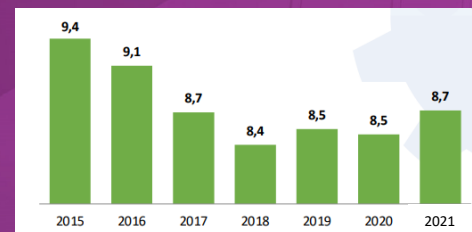
Interest rate risk



Exchange rate risk



Average Time to Maturity



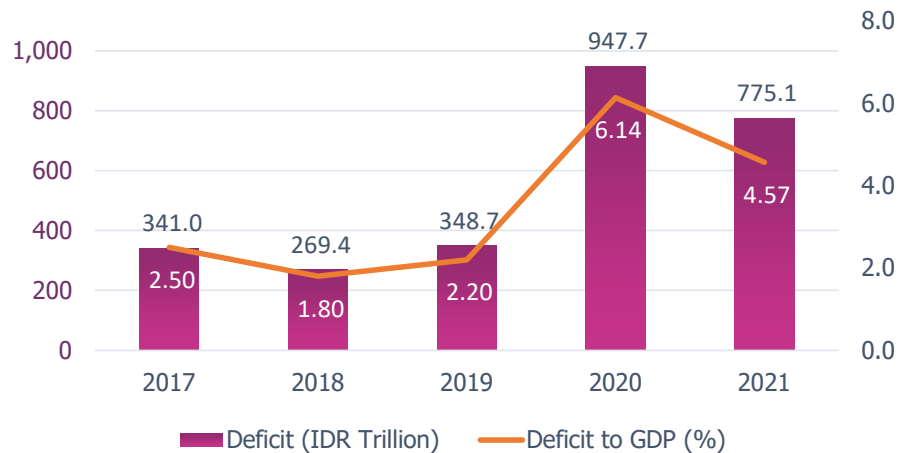
Affecting Factors

- Change in Macroeconomic Assumptions
- Changes in Financial Market Conditions
- Funding Needs and Debt Policy
- Project Loan implementation by central gov/ local gov

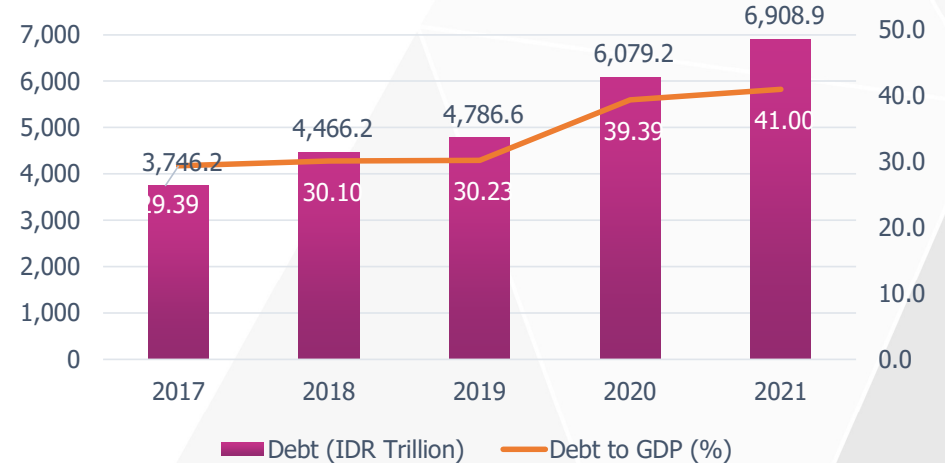


Current Deficit and Debt Levels

Indonesia Fiscal Deficit to GDP



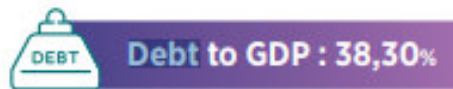
Indonesia Debt to GDP Ratio





Debt Exposure

(As of 31 August 2022)



TOTAL DEBT | USD 467,7 billion

LOAN

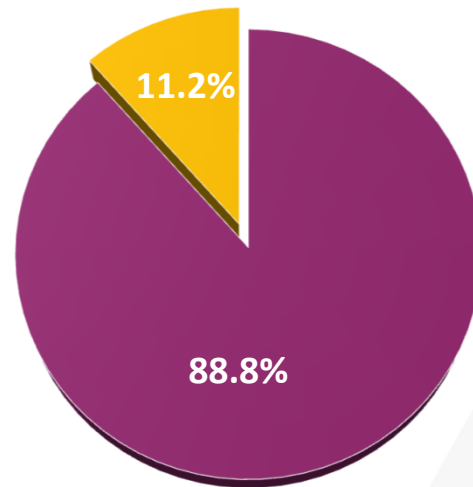
USD 52,6 billion

- Domestic and External Loan

Government Securities

USD 415,1 billion

- Bonds and Sharia Bonds



■ Govt Securities ■ Loan

Government Debt Currency

Local curr

71%

Government Debt Ownership

FOREIGNER

14,7%

Coordination between MoF and Central Bank

Maintain the Rupiah

Central Bank maintain the Rupiah exchange rate through interest rate policy, intervention in the foreign exchange market, or through the purchase of government bonds from the secondary market.

ALM Meeting

Ministry of Finance and Bank Indonesia conduct an ALM meeting to achieve alignment on fiscal and monetary policy to attain broader macroeconomic objectives and maintain the sustainability of fiscal and monetary policy.

Central Bank Intervention

Central bank intervention through purchasing the government bonds to help the government to deal with covid pandemic 2019-2022

Monitoring External Debt

Ministry of Finance and Bank Indonesia coordinate to monitor the external debt and optimize its role in supporting development financing, without creating risks that can affect economic stability.

Special Accounts

Ministry of Finance save the loans/grants funds in special accounts at the central bank. Debt Payments will affect Current Account at the Central Bank.

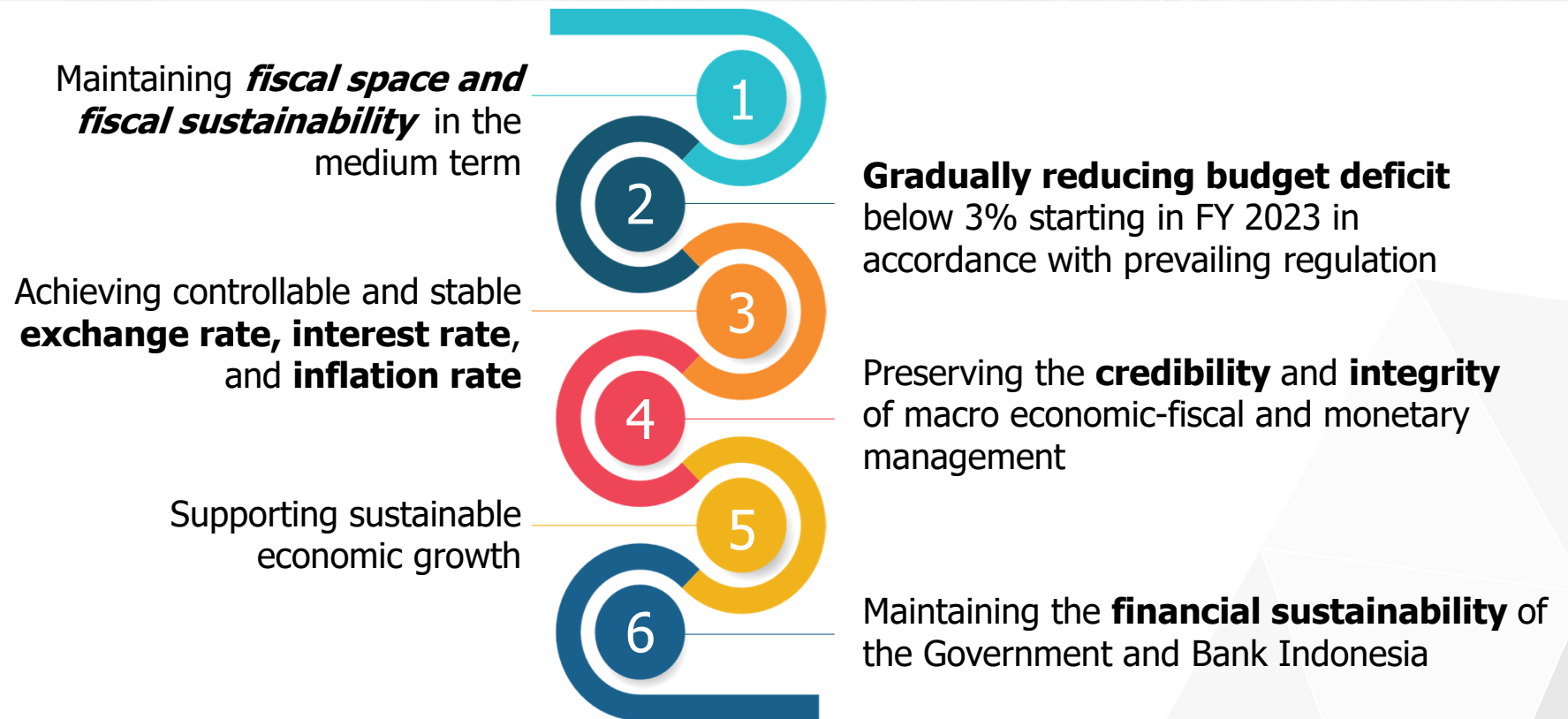
Issuing Debt Statistics of Indonesia

Ministry of Finance and Bank Indonesia issue External Debt Statistics of Indonesia, which is a joint publication product, that presents data on government external debt, central bank and private sector.



Government – Central Bank Coordination Principles

On Financing the Handling of COVID-19 Impact





Legal Basis



- The impact of COVID-19 pandemic
- Government and Bank Indonesia (BI) are coordinating solidly
- The agreement between the Government and BI was stated in the Joint Decree



Legal Basis for Joint Decree

- Law No. 23/1999
- Law No. 24/2002
- Law No. 19/2008
- Law No. 2/2020



ALM: Indonesia Context

- Indonesia gradually adopted an asset and liability management (ALM) approach, applying a more holistic view of the sovereign balance sheet when making decisions for managing risk.
- The Indonesian government has a broader picture of financial risk exposure by incorporating central bank and state-owned enterprise data in addition to public debt into their financial risk management decisions.



ALM Relationship: Public Sector Entities

Central Bank

Assets
Gov. bonds Ownership

Liabilities
Monetary Liabilities
Financial SOE Demand Deposit
Gov. Demand Deposit

Equities

Central Government

Assets
Cash & cash equivalents
Receivables
Long term Investment

Liabilities
Short Term
Long Term

Equities

Local Government

Assets
Cash & cash equivalents
Receivables
Long term Investment

Liabilities
Short Term
Long Term

Equities

Financial SOE

Assets
Cash & cash equivalents
Government Bond
Cash in Central Bank
Credits

Liabilities
Non Financial SOE Demand
Deposit

Equities

Non-Financial SOE

Assets
Cash & cash equivalents
Receivables
Fixed Assets

Liabilities
Loans

Equities



SALM Report

As part of our transparency, MoF issue SALM report annually to provide information of the interaction between assets and liabilities in the consolidated balance sheet of public sector entity, and to obtain a complete picture of the state balance sheet that can be used as a tool to analyze the risk exposure of state finances.



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Thank you