



MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

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MEDIUM-TERM DEBT PORTFOLIO MANAGEMENT STRATEGY 2026-2030

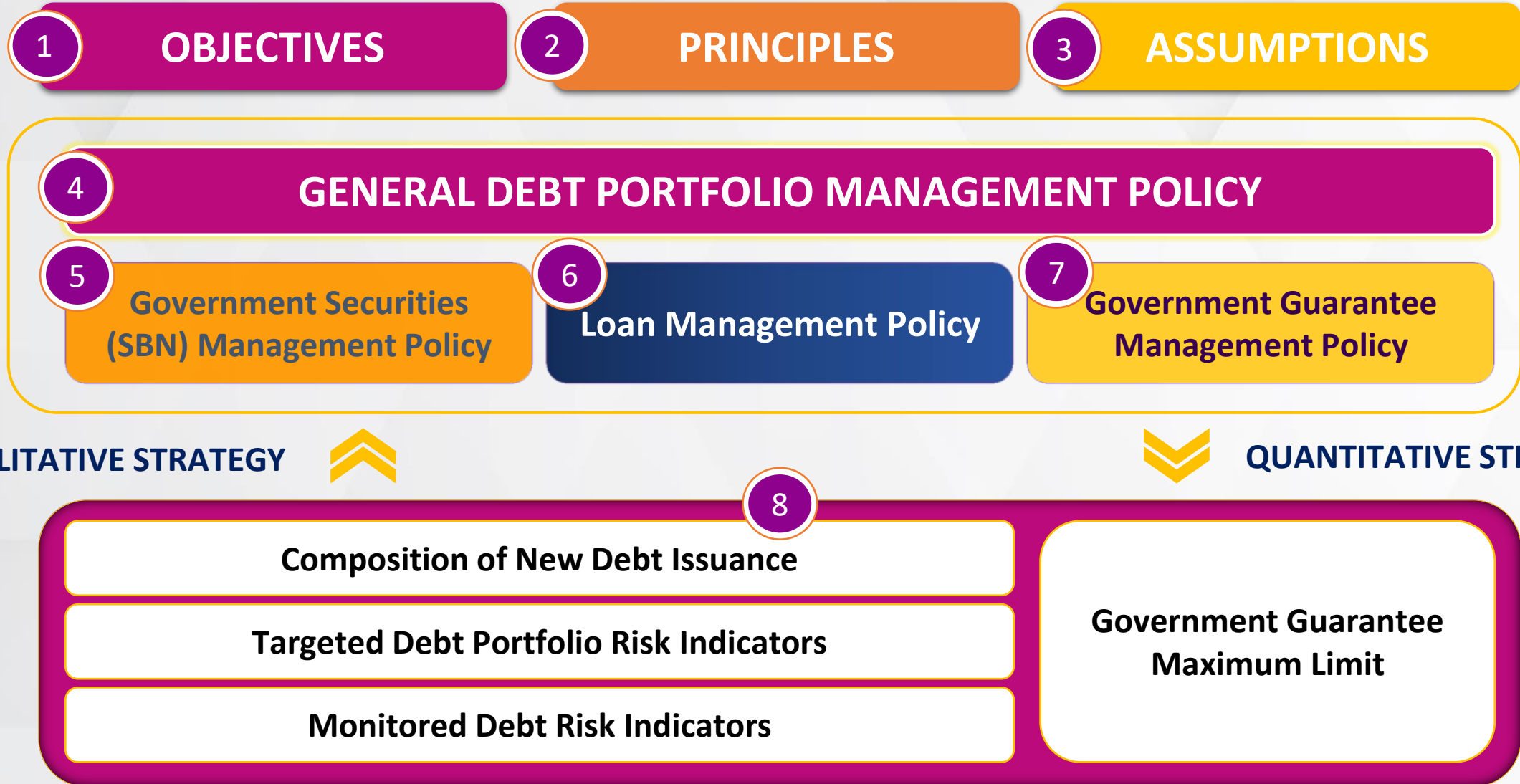
Minister of Finance Decree
No. 394 Year 2025

SOLID





MTDS Structure





Objectives

- ✓ To meet the state budget financing needs by raising debt at minimal costs and a tolerable level of risk, including supporting infrastructure financing needs through the development of creative financing, while still maintaining fiscal sustainability.
- ✓ To support the development of a deep, active, liquid, inclusive, and efficient domestic SBN market



Principles

- ✓ **Accelerative**
Leveraging debt as a catalyst for accelerating development and maintaining economic growth momentum
- ✓ **Efficient**
Procuring new debt at minimal cost through financial market development, deepening, and diversification of debt instruments
- ✓ **Balanced**
Maintaining an optimal government debt portfolio by balancing cost and risk



Assumptions



Medium-term projection
on interest rates and
exchange rates



Indication of debt
financing needs



General Debt Portfolio Management Policies

carried out within the framework of state financial risk management



Managing debt portfolio risks within safe limits to support long-term fiscal sustainability



Prioritize domestic financing sources and utilize external financing sources as a complement



Developing debt instruments to promote the growth and deepening of financial markets



Expanding the investor base by enhancing financial literacy and inclusion through a comprehensive and structured **investor relations framework**



Encourage the development of creative and sustainable financing to support growth financing, accelerate economic transformation, and fulfill state budget financing needs



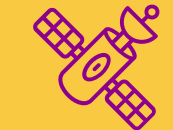
Utilizing debt portfolio management schemes to achieve an optimal debt portfolio structure and/or mitigate debt risks



Support the development of infrastructure projects and the implementation of strategic programs through **guarantees**



Increase transparency and accountability in debt portfolio management and guarantee through periodic publishing and adaptive communication strategies



Optimizing the use of information systems and technology to manage debt effectively and sustainably



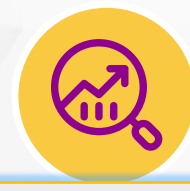
Supply Side

1. Prioritize Issuance in the domestic market
2. Use foreign denominated SBN as a complement
3. Actively manage the SBN portfolio
4. Diversify SBN to support market development and deepening, and manage debt risk
5. Provide support on the development of derivative instrument and repo markets



Infrastructure Side

1. Optimize the role and capacity of SBN sales partners in the primary market
2. Support the development and optimization of the ETP to enhance liquidity, price transparency
3. Further refinement of CMP & BSF
4. Improve the SLF mechanism
5. Upgrade IT infrastructure to facilitate SBN transactions in the primary market



Demand Side

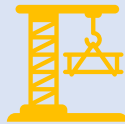
1. Conduct active and dynamic education and outreach activities, as well as strengthening institutional cooperation, within the framework of a comprehensive and structured investor relations strategy
2. Enhance synergy and collaboration with stakeholders through intensive communication, dissemination, and periodic research to support the development and deepening of financial markets



Loan Management Policies



Strengthening the Ministry of Finance's role in preparing documents for cooperation with multilateral and bilateral development partners in alignment with the National Medium-Term Development Plan (RPJMN).



Improve activities/project performance by strengthening synergy and coordination between the MoF, BAPPENAS, line ministries, and, if necessary, involving lenders

1. Enhance the quality of planning and budgeting while considering fiscal capacity;
2. Improve the quality of project preparation and procurement processes; and
3. Conduct regular monitoring and evaluation



Expanding the scope of project loan utilization to support:

1. Achieving national development goals
2. Development of physical infrastructure, energy resilience and independence, defense and security, and technological products that cannot be produced domestically
3. Promotion of the use of local products, with consideration for local content, implementation capabilities and technology availability



Optimize program loans, with consideration for

1. Lender's capacity and development goals
2. Availability of a policy matrix
3. Readiness of prospective executing and implementing agency
4. Currency required by the state treasury
5. Cost and risk target



Loan Portfolio management using liabilities management scheme is carried out with at least the following considerations

- Debt portfolio composition target
- Loan product structure

New Debt Issuance Composition^{*)}

- IDR : Minimum 70%
- Fixed Rate: Minimum 75%
- Medium – Long Term (>3y): Minimum 65%

^{*)} The composition of new debt issuance may deviate from the target in the following circumstances:

1. State budget deviations that lead to significant changes in debt financing needs and sources;
2. Significant changes in financial markets resulting in turmoil in the SBN market
3. Guarantee obligation claims with a significant value that cannot be covered by the guarantee reserve fund.
4. Deviation between realization and allocation of loan withdrawals in order to support national development financing: and/or
5. Emergency conditions that could potentially disrupt the financing plan.

Targeted Debt Portfolio Risk Indicators^{**)}

● Foreign Currency to Total Outstanding (%)	Maksimum 35,0%
● Variable Debt to Total Outstanding (%)	Maksimum 20,0%
● Debt Maturity in 1 Year to Total Outstanding (%)	Maksimum 12,5%
● Average Time to Maturity/ATM (year)	Minimum 7,0 years

Monitores Debt Risk Indicators^{**)}

● Debt to GDP (%)	Around 40%
● Interest Payment to GDP (%)	Around 3%

^{**)} Established in the same trajectory for each year until 2030 and has accommodated the potential shock of the exchange rate



Policy on the Management of Government Guarantee Obligations

The limit for government guarantees is set at a maximum **of 0.6% (zero point six percent) per year of GDP** for new guarantees issuance during the period of 2026-2030

**The determination of the maximum guarantee limit takes into account the estimated guarantee needs based on the requirements for guarantees and historical guarantee issuance*



Minister of Finance's Decree Number 55/KMK.08/2022 On Government Guarantees Management



Objectives of Government Guarantee Management:

1. To set the maximum limit of government guarantee;
2. To assess the magnitude of the risk of government guarantee to State Budget;
3. To monitor and mitigate government guarantee risks; and
4. To ensure accuracy and completeness of data for reporting and accounting purposes.



The scope of government guarantee issuance is a strategic project or program assigned by Government covering both infrastructure and non-infrastructure



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