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BERDAULAT
ADIL DAN
MAKMUR

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 2027 Fiscal Year
and Its Financial Note

Before the Plenary Session of the House of Representatives
of the Republic of Indonesia



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JAKARTA, AUGUST 14, 2026
MINISTRY OF THE STATE SECRETARIAT OF THE REPUBLIC OF INDONESIA

PRESIDENT
REPUBLIC OF INDONESIA

Bismillahirrahmanirrahim,

Assalamu'alaikum warahmatullahi wabarakatuh,

May peace be upon us all,

Shalom, Om Swastiastu, Namo Buddhaya,

Greetings of Virtue, *Rahayu rahayu.*

Honorable Vice President of the Republic of Indonesia Gibran Rakabuming.

Chairpersons of State Institutions:Speaker of the People's Consultative Assembly of the Republic of Indonesia (MPR RI) Ahmad Muzani; along with Vice Speakers and Members of the MPR RI. Honorable Speaker of the House of Representatives of the Republic of Indonesia (DPR RI) Puan Maharani; Along with Vice Speaker of the DPR RI Prof. Sufmi Dasco Ahmad, Vice Speaker of the DPR RI Saan Mustopa, Vice Speaker of the DPR RI Sari Yuliati, Vice Speaker of the DPR

RI Cucun Ahmad Syamsurijal, and all Members of the DPR RI. Honorable Speaker of the House of Regional Representatives of the Republic of Indonesia (DPD RI) Sultan Bachtiar Najamudin; along with Vice Speakers and Members of the DPD RI.

Honorable Chief Justice of the Supreme Court of the Republic of Indonesia Prof. Sunarto. Chief Justice of the Constitutional Court of the Republic of Indonesia Suhartoyo. Chairman of the Judicial Commission of the Republic of Indonesia Abdul Chair Ramadhan. Honorable Head of the Audit Board of the Republic of Indonesia Isma Yatun.

Honorable Coordinating Ministers, Ministers, Heads of Agencies, Special Advisors to President, the Attorney General, Head of the State Intelligence Agency (BIN), Chief of the Indonesian National Police (Polri), Commander of the Indonesian National Defense Forces (TNI) and Chiefs of Staff, Vice Ministers, and members of the Red and White Cabinet;

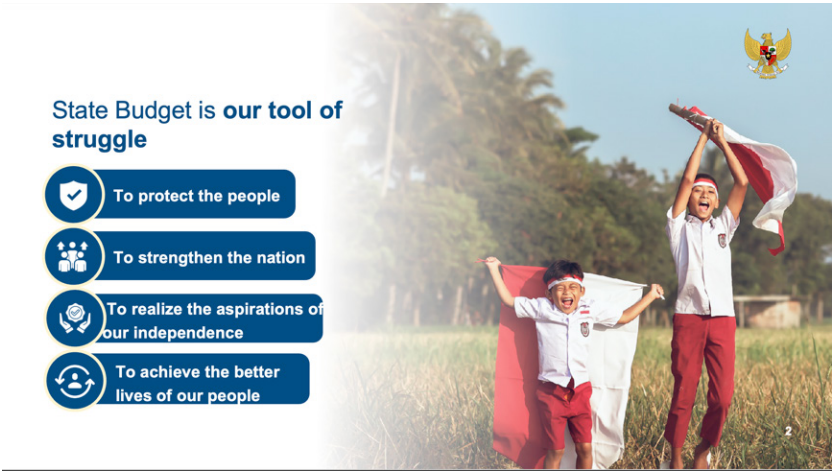
Honorable Chairs of political parties:

The Indonesian Democratic Party of Struggle (PDI-P) represented by Puan Maharani, Chair of Golkar Party Bahlil Lahadalia, Chair of Gerindra Party, my self. Also present Gerindra Executive Chair Prof. Sufmi Dasco Ahmad, Chair of National Mandate Party Zulkifli Hasan, Chair of Democratic Party Agus Harimurti Yudhoyono, Chair of National Awakening Party Abdul Muhaimin Iskandar, President of Prosperous Justice Party Al Muzzammil Yusuf, Chair of National

Democratic Party Surya Dharma Paloh.

Distinguished Members of the Press, Esteemed Guests, and My Fellow Citizens wherever you are.

First and foremost, as person of faith, let us express our praise and gratitude to God the Almighty, Lord of all the worlds. Only to Him we worship, and only to Him we ask for help.



His blessing and guidance have enabled us to be present today at the Plenary Session on the Presentation of the Government Statement on the Bill on the State Budget for the 2027 Fiscal Year and Its Financial Note in good health, in peace, and full of spirit of devotion and love for the nation.

Honorable Speaker, Vice Speakers, and Members of the House,

First of all, I would like to express my utmost appreciation to the Honorable Speaker, Vice Speakers, and Members of the House for their continued

cooperation, oversight, and support in the formulation and implementation of the State Budget. The State Budget is not merely a state financial document. It is our tool of struggle. It is a tool to protect the people. It is a tool to strengthen the nation. It is a tool to realize the aspirations of our independence for the better lives of our people.

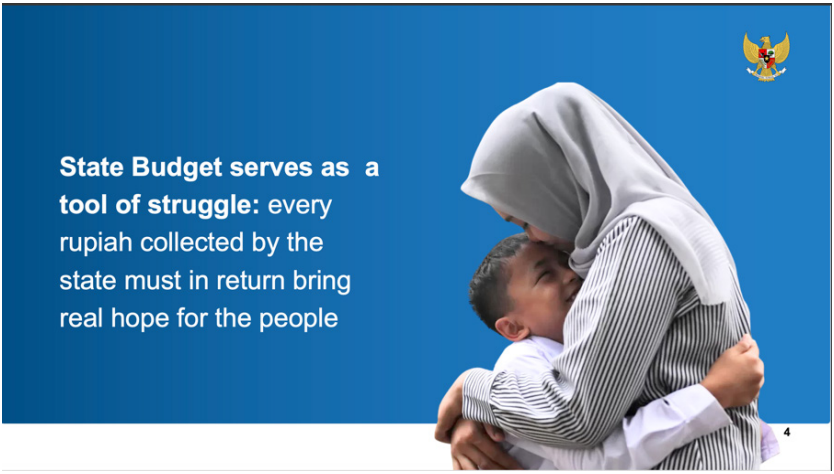
In the past, our heroes fought for the establishment of Indonesia. Today, our duty is to ensure that the state is successful, the state could improve the quality of our people's lives. The state is fully present in each and every aspect of its people's life.

The state is present when farmers need access to fertilizers, access to technology. The state is present when fishers need boats and proper cold storage for their catch. The state is present when workers need protection in carrying out their works.



The state must be present when children need nutritious food and great schools. The state must be present when families need housing, clean water, electricity, employment, healthcare services, and protection during difficult times.

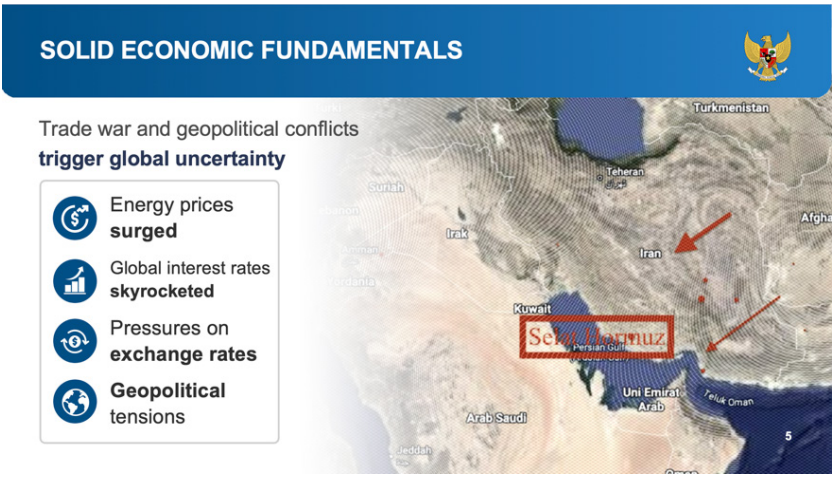
The independence has not completed simply because our flag, the Red and White flag, had been raised. It must be reflected in the people's dining table. It must be reflected in our children's classrooms. It must be reflected in Community Health Centers (Puskesmas) as well as hospitals, and in the future of each and every Indonesian family. Those are the essence of the State Budget as a tool of struggle. Every rupiah collected by the state must in return bring real hope for the people.



My Fellow Citizens,

We entered the year of 2026 amidst a dynamic global environment which is challenging. Energy prices

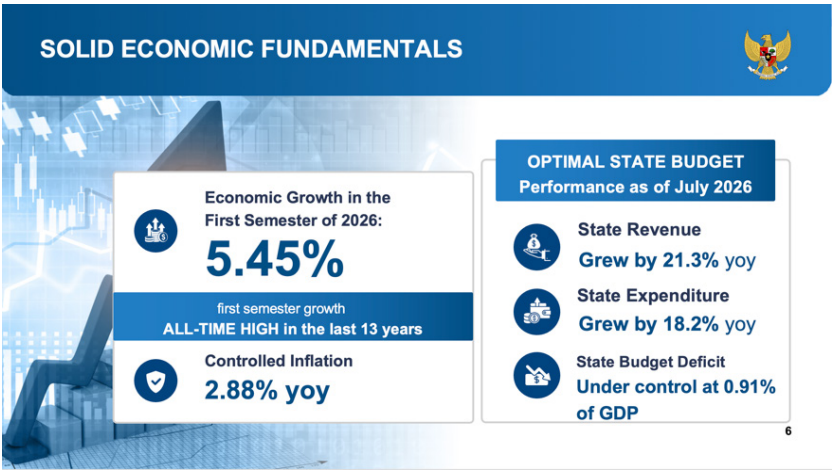
have surged due to war. Global interest rates have skyrocketed and continue to increase. Pressures on various exchange rates have increased and geopolitical tensions continue to disrupt global trade. However, despite these challenges, the economy of Indonesia remains firm and resilient.



Our economy in the first semester of this year has grown an all-time high in the last 13 years. Inflation has kept under control. Domestic demand has remained strong. More importantly, our State Budget is working optimally. Until the end of July 2026, the state revenue surged to 21.3 percent compared to the same period of previous year. This is a significant increase. The state expenditure grew strongly by 18.2 percent. It continues to be geared at maintaining people's purchasing power, strengthening public services, and driving the economy.

Though the state expenditure is growing, the State Budget deficit remains under control only at 0.91 percent

of GDP. This proves that the commitment to the people would be able to go hand in hand with fiscal discipline. We do not choose between growth and prudence. We choose them both. We do not choose between assisting the people and maintaining the State Budget. We implement both.



Honorable Speaker, Vice Speakers, and Members of the House,

The world is watching our actions. On July 13, 2026, one of leading international rating agencies, Standard & Poor's (S&P) Global Ratings, affirmed the BBB long-term sovereign credit ratings on Indonesia with a stable outlook. This is the world's acknowledgement toward Indonesia's strong economy and Indonesia remains at the category of investment grade. S&P assessed that Indonesia has prospects of robust economic growth, generally prudent macroeconomic policy settings, and relatively prudent and sustainable debt burden compared

to peers. This is not the Government's claim, nor my statement, this is their assessment on us.

They also affirmed that the Government's efforts to centralize management and reduce leakages in the resource and mineral sectors could eventually increase revenue and export earnings. In particular, S&P gave a positive assessment on the role of Danantara and potential of PT Danantara Sumberdaya Indonesia (DSI) to crack down under-invoicing and transfer pricing practices, which in fact is fraud. Those are assessment from western observers and experts.

While from the east, rating agency from the People's Republic of China, China Lianhe Credit Rating, placed Indonesia at AAA stable rating, which is the highest rating in the issuance of Panda Bonds for the Republic of Indonesia. They assessed that Indonesia's economic fundamental is solid, our government policies are effective, our economy is resilient to external shocks, and our inflation remains under control.





Honorable Plenary Session,

We consider these assessments as reminders that credibility is built through consistency, hard work, and perseverance. The world does not view us solely by what we announce. It acknowledges us by what we actually deliver.

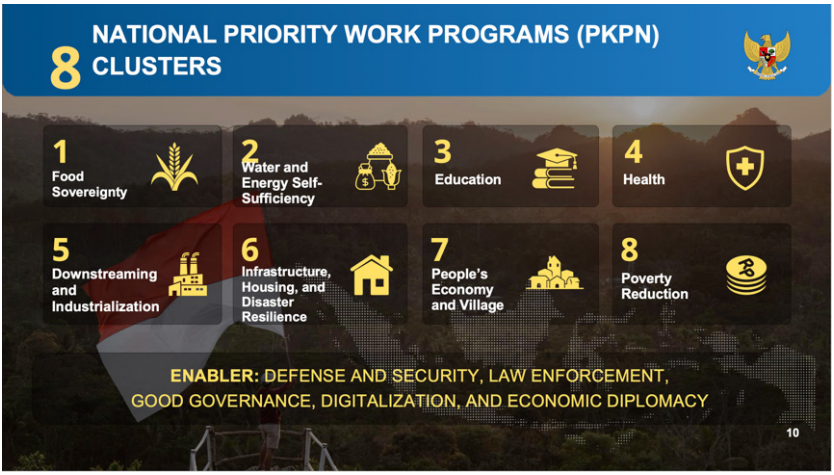
Honorable Speaker, Vice Speakers, and Members of the House,

The achievements on the first semester of 2026 serve as the foundation for the 2027 State Budget Bill. Consequently, the 2027 State Budget Bill architecture is designed to remain expansive in a collaborative, focused, and measurable manner in order to drive "Higher Economic Growth and Accelerated Prosperity". Synergy among fiscal and monetary policy, financial sector, and Danantara must create synergy and become increasingly solid. Economic transformation on high

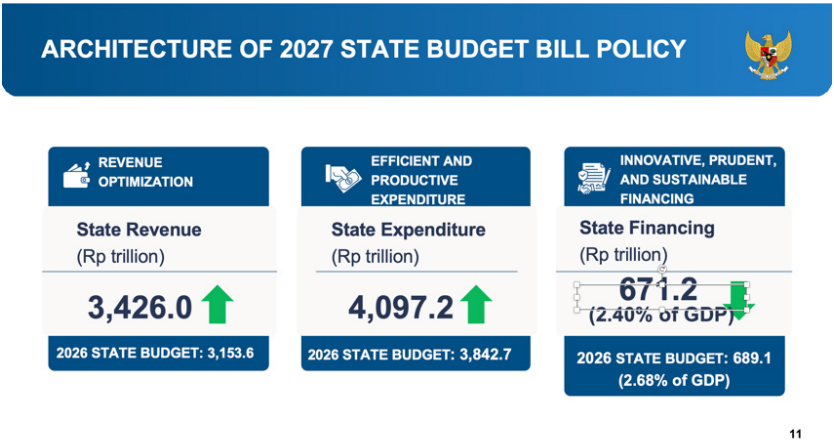
value-added economic activities must continue to be strengthened. Flagship programs must run effectively. Social protection programs must be agile. MSMEs empowerment must continue to be stimulated. Support for farmers, fishers, teachers, and vulnerable workers must also be bolstered. The harmonization of central and regional policies must be further strengthened. Corruption eradication and law enforcement must continue to be upheld indiscriminately.



The 2027 State Budget Bill is focused on the eight National Priority Work Programs (PKPN), namely: food sovereignty; water and energy self-sufficiency; education; health; downstreaming and industrialization; infrastructure; housing and disaster resilience; strengthening the people's economy and village development; and poverty reduction. The eight priorities are supported by the strengthened defense and security, law enforcement, good governance, accelerated digitalization, and economic diplomacy.



To execute those agenda, the 2027 State Expenditure is projected at Rp4,097.2 trillion, up from Rp3,842.7 trillion in the 2026 State Budget. The state revenue is estimated at Rp3,426.0 trillion, up from Rp3,153.6 trillion in the 2026 State Budget. Financing is projected to reach Rp671.2 trillion, with a deficit of 2.40 percent of GDP. And we will maintain it to a lower level. We understand that the ideal deficit is the smallest possible, even our goal is a balanced budget. This is a decrease from the planned financing of Rp689.1 trillion in the 2026 State Budget, with a deficit of 2.68 percent of GDP.

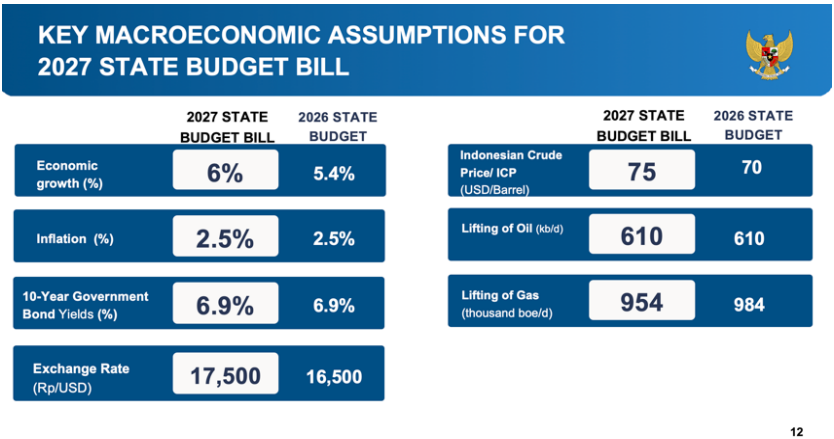


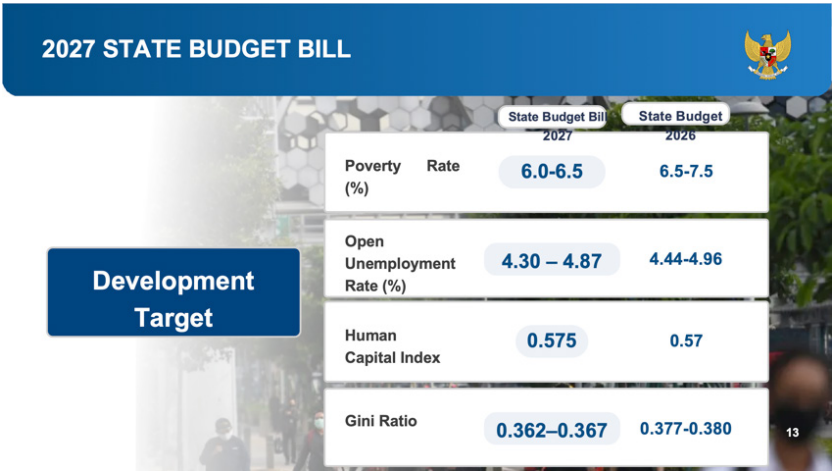
Economic growth in 2027 is targeted to reach 6 percent, higher than the 5.4 percent target set in the 2026 State Budget. Inflation will be maintained at 2.5 percent. The yield on 10-year government bonds is estimated at 6.9 percent. The Rupiah exchange rate is projected to hover around Rp17,500 per US dollar. The Indonesian crude price is estimated at 75 US dollars per barrel. Lifting of oil and gas is estimated to reach 610,000 barrels per day and 954,000 barrels of oil equivalent per day respectively.

Driven by stronger growth and an effective State Budget, poverty rate in 2027 is targeted to fall to a range of 6.0–6.5 percent, down from the 6.5–7.5 percent target set for the 2026 State Budget. Open unemployment rate for 2027 is targeted to fall to a range of 4.30–4.87 percent, down from 4.44–4.96 percent in 2026. Gini ratio is targeted to improve to a range of 0.362–0.367 from this year's target of 0.377–0.380, and Human

Capital Index is set to rise to the level of 0.575. We will safeguard these numbers through holistic and consistent fiscal reforms.

State revenue will be optimized. Revenue leakage must be minimized, spending efficiency must continue, social protection is encouraged to be increasingly well-targeted, and innovative and sustainable financing continues to be developed.





Distinguished Ladies and Gentlemen,

The numbers stated in our State Budget are highly dependent on the numbers of our macro economy. Subsequently, the numbers of our macro economy are highly dependent on the quality of the data provided by the Statistics Indonesia (BPS). I was updated on the fact that for more than 10 years, we have not undergone rebasing—an update to gauge the exact economic activities in our state. For that reason, we have to ensure that the ongoing economic census conducted until the end of August 2026, by 251,000 officers, assigned across our villages, is successful. I would like to encourage all of you, people's representatives, and all Indonesian citizens who are listening to me this afternoon, I ask all of you to not only provide accurate and truthful information in the census form, but also invite other people to fill it out truthfully.



The data collected by the BPS from economic census will not be used to scrutinize the reported personal assets or income. We will utilize the data collected from economic census to formulate the policy and budget more accurately. For instance, on the 2027 State Budget Bill, we assume that our GDP would reach Rp27,987 trillion. If the financing amounts to Rp671.2 trillion, the State Budget deficit would be projected to reach 2.40 percent of GDP. If our GDP is bigger, which stated by many international agencies, then our deficit will be significantly smaller. Furthermore, we will renew the National Social and Economic Single Data (DTSEN) based on the result of the economic census in 2026. Therefore, this economic census is of particular importance.

Distinguished Ladies and Gentlemen,

Fiscal discipline must be maintained from the approval of the budget to the way every rupiah is spent. Thus far, too many ministries, institutions, and regional governments have procured the same goods separately with different prices. Their specifications are similar, since the processes are repetitive and might be different, and the volumes are fragmented, resulting in the weakening of the state's bargaining power.



We must put an end to the use of the State Budget for uncoordinated purchases of same goods—a practice akin to having thousands of buyers who do not communicate with one another, in fact, we are all part of the Unitary State of the Republic of Indonesia. We, be it central government, regional government, or regency/city government, we are all the Government of the Republic of Indonesia. Data from the National Public Procurement Agency (LKPP) indicates that the consolidation of regional governments procurement has yielded efficiency gains of 20.86 percent in 2025 and 25.43 percent projected in 2026. If implemented widely and with discipline, measures such as consolidation, e-catalogues, data-driven planning, and best procurement practices could generate savings of up to 30 percent of the Rp1,200 trillion procurement spending. This means the efficiency could reach approximately Rp360 trillion per year. We can imagine 20 billion US dollar. This is

no small amount. We can achieve many things with Rp360 trillion in our hands.

For instance, last year, Interactive Flat Panel (IFP) that has been procured by regional governments separately, at around Rp150 million per unit. After being consolidated by Ministry of Primary and Secondary Education, we can procure the IFP with Rp26 million per unit. This is a saving for almost six times. A six-time saving. This is real. We can buy the IFP for Rp26 million instead of Rp150 million, include delivery and assembly cost to the underdeveloped, frontier, and outermost regions,

Ladies and gentlemen.

Therefore, I state that the Government will consolidate all procurements of same goods and services. We will elevate the LKPP status to a Government Procurement Agency. For that reason, we ask for the House of Representatives' support.

It does not make any sense when various agencies, ministries, and regional governments procure the same products with different prices, even higher prices of what they should be. The requirements of various ministries, agencies, and regional governments will be aggregated. We will standardize the specifications. We will consolidate procurement volumes. We will conduct government procurement digitally, to be more transparent, competitive, and accountable.

If the goods are the same, we will purchase them collectively. If the needs can be anticipated, we will make a plan together. If the state can secure better prices and quality through collaboration, there is no reason to delay that. There is no reason for each institution to procure separately. Every rupiah we save means more fiscal rooms to be used for the benefit of the people. More classrooms to be repaired, more Puskesmas to be renovated, more hospitals and medical devices to be provided in all cities, districts, and in turn, for better lives of the people.

Honorable Speaker, Vice Speakers, and Members of the House,

Today, I will seize this opportunity to speak before the honorable Assembly to convey some major policies that will mark the next chapter of Indonesia's transformation.

First, we will renovate all Puskesmas across Indonesia.

It turns out that our Puskesmas have not been renovated for decades. Puskesmas must serve as the primary stronghold in safeguarding the nation's health. It will become the state's primary point of contact when the people fall sick. This is the place where expectant mothers receive prenatal care, infants receive vaccination shot, children undergo growth monitoring, and diseases are detected before getting worse.

Starting in 2027, the Government will renovate 10,000 Puskesmas spreading across 7,280 districts in Indonesia. Each of them will receive renovation budget of approximately Rp4 billion. The underdeveloped, frontier, and outermost regions must certainly receive more funds. In addition, we will also renovate or construct 514 public health laboratories across 514 regencies and cities across the country. These renovation programs must be completed no later than 2030.

The people should not have to travel long distances to receive basic healthcare. The state must be present as close as possible to where the people live. Therefore, we will also provide air ambulance services through helicopters, small planes capable of landing on grass field, sand field, on the river bank, so that we are able to evacuate our people when they fall sick.

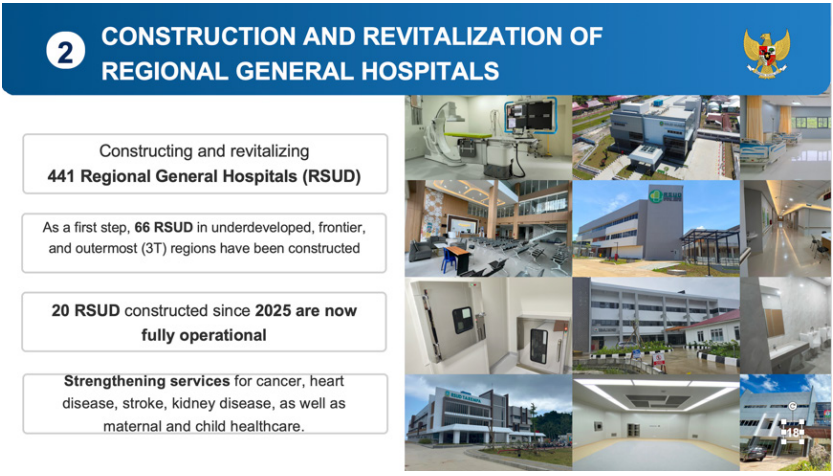


I received report that many mothers passed away because they had to travel seven to nine hours during labor. As they were going to deliver baby, it took

nine hours due to poor roads and bridges. As a result, many mothers passed away in the regions located not too far from the capital city. Thus, we have to seek breakthroughs. One of the solutions is air ambulance services, even flying medical doctor team. If necessary, it is the doctors who visit the sick people or those facing disaster.

Ladies and Gentlemen,

Second, we will build and revitalise 441 Regional General Hospitals.



All of our 514 regencies and cities must have sophisticated hospitals capable of saving the lives of the people immediately. As a first step, we have built 66 hospitals in underdeveloped, frontier, and outermost regions. To date, a total of 22 out of 66 regional general hospitals are now in operation. We have brought cardiac diagnostic equipment, CT scanners, mammography,

ultrasound, and other modern medical services to regions that previously had to refer patients over very long distances for treatments. We are planning to provide a health clinic in every Red and White cooperative in which the people are able to receive medical services remotely.

Ladies and Gentlemen,

The next phase is far greater in scale. The Government will build and revitalise 441 Regional General Hospitals so that every regency and city has a decent hospital. These Regional General Hospitals will be equipped particularly to address the leading causes of death: cancer, heart disease, stroke, and kidney disease, as well as to provide maternal and child healthcare services. No more mothers should ever lose their life because the hospital is too far. No more fathers have to sell everything they own for a proper treatment in a big city. To strengthen these efforts, as I have reported to this Assembly, we have to face and resolve the issue of shortage of our general practitioners and medical specialists. We still need an addition of 84,781 general practitioners and 127,580 dentists.

Ladies and gentlemen, as many as 481 regencies/cities need an addition of 55,712 medical specialists. For this reason, we have established nine new faculties of medicine and 170 specialist and subspecialist majors, be it higher education institution or hospital-based. And we will make it more.

Ladies and Gentlemen,

If necessary, we are considering inviting foreign medical practitioners to operate here for limited times. This is because if we have to wait for the graduation of 187,000 dentists, it may take four presidents after me.

Ladies and Gentlemen,

Our people demand that health care be present immediately. We should not think normatively, we must have the courage to think innovatively.

Newly Completed Regional General Hospital (RSUD)



Third, we will complete the renovation of all schools in need of repair no later than 2029.

For me, the state is obliged to ensure that every Indonesian student can learn in safe and dignified schools. Schools are where Indonesian children build their future. Yet, there are still children who study at schools with leaking roofs, cracked walls, broken toilets, no toilets, and unsafe classrooms. We must not pass on this condition to future generations.

The program to renovate all schools and educational units in need of repair will continue to be accelerated in 2027 and 2028, and must be completed no later than 2029. This is the largest school renovation program in Indonesia's history.

3 RENOVATION OF ALL SCHOOLS IN NEED OF REPAIR

Accelerated renovation of schools and education units in 2027-2028.

Targeted for completion by **2029** at the latest.

The largest school renovation program in Indonesia's history.

All schools must be in a **good, safe, clean, and proper condition for studying**.



Ladies and Gentlemen,

We must have the courage to set a high target. There must be no more stories of collapsing schools.

There must be no more classrooms left in disrepair for years. All schools must be in a good, safe, clean, and proper condition for studying. All schools must have decent toilets.

In addition, all classrooms will be equipped with Interactive Flat Panels (IFP). By the end of December 2026, all schools will receive an addition of three IFPs. Given the fact that all schools had received one IFP last year, this means by the end of this year, all schools across Indonesia will have four classrooms with IFPs. These IFPs will help teachers and students in teaching and learning process. We will also conduct a long-distant learning. The best teachers will be able to teach from a teaching studio in Jakarta or the capital cities of provinces. All schools across Indonesia will have access to quality education. We have to take a leap in the education sector.

The Government will also strive to ensure that all public schools provide tuition-free education. Those are the noble aspirations of our founding fathers. Every Indonesian child is entitled to education. Those who can afford, you may go to top private schools. However, the Government will strive to provide free education for our children.

North Kalimantan STATE PRIMARY SCHOOL SD NEGERI 005 KRAYAN TIMUR





South Kalimantan STATE JUNIOR HIGH SCHOOL SMP NEGERI 1 ALUH-ALUH





23

North Sumatra GRACE PARONGIL KINDERGARTEN





South Sumatra STATE SENIOR HIGH SCHOOL SMA NEGERI 6 TEBO





22

North Maluku STATE PRIMARY SCHOOL SD NEGERI 81 TERNATE CITY





Fourth, today I announce the next phase of our single gateway export policy.

We have discussed with the Financial Services Authority (OJK) that we will soon have a Strategic Mineral and Commodity Exchange. For decades, Indonesia has been one of the world's largest producers of palm oil, nickel, tin, coal, gold, coffee, rubber, and various other commodities. However, all too often, the prices of natural resources extracted from Indonesian soil and the labour of the Indonesian people are set abroad, in other countries, on foreign commodity markets. Those countries have no commodities but they are the ones who set the prices? This does not make any sense. I was wondering where this economics is taught. It is us who have the resources. However, it is other nations that set the price. I ask you, the members of the House, will you let this continue?

It is the mothers who work hard to craft batik. However, it is other people who set the prices. Does it make any sense? We should have the courage to change this situation. I ask the support of the House to change this. I am telling you, I am confident that all of you support me. If they do not agree with our price set, then they do not have to buy from us. Let the commodities, nickel, tin, gold, all stay under our soil! Let our coal, natural gas, oil, all stay under our soil! We will drink our own coffee.



We certainly understand the market mechanism. If the prices are too high, it does not make sense. More importantly, the market is in Indonesia. We will soon operate the Strategic Mineral and Commodity Exchange under the auspice of the OJK. Our plan is that if the OJK performs well, and I am confident that it will, it is the mothers who will drive our economy.

Our plan is that with the support of the House, by January 1, 2027, we will have our own commodity exchange. We have set the target that the provision on the implementation of the Strategic Mineral and Commodity Exchange will be discussed with the House and issued immediately.

I would like to thank you, to date, synergy and cooperation between the Government and the House have been established. This does not mean that there is no democracy. We must uphold democracy, we must be monitored, we must be criticized, but we must work fast

for our people. In my views, this has been implemented by the House, I thank you. I would like to extend special thanks to PDI-P. Actually, this is not Prabowonomics. This is marhaen. PDI-P should support this.

Ladies and Gentlemen,

Thereby, we will establish Indonesia Reference Price for Indonesia's main export commodities. We want to develop a market that is deep, transparent, liquid, and trusted by the world. Producers, farmers, exporters, buyers, and investors will meet in a system that is monitored, offering more transparent transaction data and restricting manipulative attempts.

In an effort to build a reliable market exchange, the OJK has implemented the biggest reforms in the history of Indonesia's stock exchange. Those who violate exchange regulations will be imposed a sanction. We will also continue the capital market reforms through demutualization of capital market. It will elevate Indonesia's capital market to the world standard and make it the biggest in the world.

Stock exchange performing well will lead to fairness. So, startups, our business players can scale up, add equity, capital to expand their businesses.

Through strategic mineral and commodity exchange and credible capital market exchange, Indonesia will no longer be a nation where its commodities are taken, but the prices and profits are set by other nations. We do not merely want to be a producer of global commodities.

We must become a setter of global commodities' prices. We want Indonesia to be a place where commodities are traded.



Fifth, we will accelerate the optimization of assets of State-Owned Enterprises (SOEs).

Our SOEs manage massive assets. Some of them perform well. Some others have not resulted in maximum benefits compared to their values. As I have reported before this honorable Assembly this morning, we have dissolved 290 SOEs that were unproductive and did not provide added value to our nation. We will continue optimizing these SOEs until we have only a maximum of 300 productive SOEs by the end of this year. If it can be lesser, it is better.

Moreover, assets include lands, buildings, networks, areas, and facilities that are not managed optimally by SOEs should not be left idle, while people need employments, and our economy needs investment.

The Government will ease the cooperation in utilizing SOEs assets that have not been fully optimized. We will cooperate with the private sector through an open, competitive, and accountable process, as well as maintain the state's strategic ownership. We will allow the private sector across the country to manage SOEs assets that are not previously well-managed by SOEs.

We should learn and must have the courage to learn from other countries. India has implemented the so-called National Monetisation Pipeline. The private sector is allowed to operate existing public assets, but the ownership still belongs to the state and the capital gain is circulated to build new infrastructure. For example, if there is an airport that is not being operated optimally, we can invite the private sector to operate it. The ownership would remain with the state. If the private sector can operate it more efficiently, creatively, innovatively, while generating greater value, why not?



Distinguished Ladies and Gentlemen,

For instance, we are now seeing greater integration among airlines, hotels, and airports. If managed in an integrated manner, it will have the potentials to generate greater value and increase our revenues. Ladies and gentlemen, we will initiate it.

Sixth, we have started and will build 100,000 megawatts or 100 gigawatts solar power plant.

The Government will accelerate the closure of diesel power plants and replace them with solar power plants. This year, we will build solar power plant with a capacity of 30 gigawatts and stop the operation of diesel power plant with a capacity of 13 gigawatts.

We are blessed by God the Almighty with almost all year long sunshine. It does not make sense when our remote islands keep waiting for diesel fuel tankers to enjoy electricity. The economic costs are simply too high. We can build energy self-sufficiency through solar power plant.

Ideally, each village can have a one-megawatt solar power plant. This is the ideal condition. If a village is willing to provide land, they certainly can have a one-megawatt solar power plant in one village.

6 100 GIGAWATT SOLAR ENERGY



Distinguished Ladies and Gentlemen,

Coordinating Minister for Economic Affairs has estimated that with a 100-gigawatt solar power plant, the state will save around Rp73.9 trillion per year from reduced main cost of electricity production. That does not even include the saving from no longer having to import fuel from abroad. With a 100-gigawatt solar power plant, our needs to import will decrease significantly and we can save substantial amount of earnings.

Seventh, today I announce the proposed locations for the Indonesia Financial Center (PFII).

We have decided the temporary location of PFII in Jakarta. Once we are ready, we will also establish PFII in Bali. There may also be other locations in various parts of the Republic of Indonesia that can attract significant amount of foreign capital. PFII will serve as the new face of Indonesia's financial hubs. With Jakarta, and

potentially Bali serve as world-class hubs for finance, investment, fintech, arbitration, and commercial dispute resolution. The institutional structure of PFII consists of the Advisory Council, the PFII Council, the PFII Management Agency, the PFII Financial Services Supervisory Agency, the PFII Court under the Supreme Court, and the PFII Arbitration Center.

English language may serve as the governing language for contracts. Commercial law principles and international standards may be adopted. Ad hoc judges may be appointed from the finest legal minds of both Indonesians and foreign nationals. Scope of activities may include banking, insurance, capital markets, derivatives, carbon exchanges, bullion, fintech, sharia finance, family offices, treasury centers, and investment management.



PFII ensures the seamless transfer and profit-based repatriation of capital, tax facilities for eligible activities,

golden visas, and competitive licensing services. At the same time, anti-money laundering regulations, beneficial ownership transparency, tax obligations, and international information exchange will remain enforced.

We establish PFII to provide certainty for global capital investment in Indonesia, to bring top-tier talents to Indonesia, and to settle transactions involving the country's wealth in Indonesia. To begin with, Jakarta and Bali must be the center where global capital is raised and channelled to fund the future of Indonesia.

Eighth, today I present to our people the Danantara Development Management Fund or DDMF.

Danantara is our sovereign funds. Danantara must serve as an instrument to build national capacity for decades to come. DDMF is an instrument to prepare, develop, and finance long-term strategic projects vital to the nation that are not presently viable for short term commercial investment, while also avoid being financed by the State Budget.

Through DDMF, Indonesia's sovereign wealth fund will be invested with discipline and professional stewardship. One example, in the national car project, we plan to begin mass production of our national car by the end of 2028. The production facility is already being constructed in Subang area. We have also launched the national motorcycle project. The national motorcycle ecosystem is already operating. Two major private

companies are involved and two SOEs have also started the production of electric motorcycle.

We must also build the Giant Sea Wall, a massive coastal defense system to protect the north coast of Java. We absolutely must do this. We should not wait for a disaster to happen. We must learn from other countries. The Netherlands built a long-term protection infrastructure before disaster strikes. The Giant Sea Wall now safeguards millions of lives and endures as a testament to Dutch technological prowess. Our Giant Sea Wall on the north coast of Java must be built without delay in order to serve as a shield of protection for millions living along the coast and tens of thousands of hectares of land that have started to sink due to rising sea-level.

Moreover, this Giant Sea Wall must serve as clean water infrastructure, a new corridor of growth, and an engineering project that elevates our generation's expertise. The National Research and Innovation Agency (BRIN) has made technological breakthroughs that we will utilize to build the Giant Sea Wall. This Giant Sea Wall project may take 15 to 20 years to finish the construction. It takes a long time. I cannot predict which president will inaugurate this project, but I am determined that the eighth president will start this project. We will divide the construction into 15 segments from Banten to East Java, to Gresik if I am not mistaken. If constructed simultaneously it could finish less than 20 years. We must have the courage to start. This concerns

the lives of millions of our people living in the north coast of Java and we must take into account industries located along the north coast from West Java to East Java. So, the future of our industry is at stake.



Ninth, we will accelerate the electrification of public mobility.

Fuel subsidies must be reduced significantly. To that end, the Government under my leadership launched the national electric motorcycle ecosystem yesterday. In addition to that, today we announce that we will provide a great amount of incentives for Indonesian companies capable of producing one million electric motorcycles domestically. This policy has three goals at once: reducing transportation costs for the people, decreasing the consumption of imported fuel, and expanding the national electric motorcycle industry as well as the supply chain for its batteries, components, software, and after-sales.

Distinguished Ladies and Gentlemen,

We already have almost all the elements needed for electric vehicle batteries. Every Indonesian-made electric motorcycle that takes to our roads represents triple wins at once. I repeat, every electric motorcycle made by Indonesian generation ridden on our roads represents triple wins at once.

First, saving for the people, saving for their families. We estimate they will spend 50 percent lower than their current spendings for fuel-powered motorcycles. It could even fall to 30 percent of what they currently spend. Decreasing the energy imports, and more importantly, employment and income for Indonesian generation.

9 ACCELERATING THE ELECTRIFICATION OF PUBLIC MOBILITY

Launching **the national electric motorcycle ecosystem**.

Providing **incentives for one million** domestically produced **electric motorcycles.**

Lowering transportation costs, reducing fuel imports, and strengthening the domestic electric motorcycle industry.





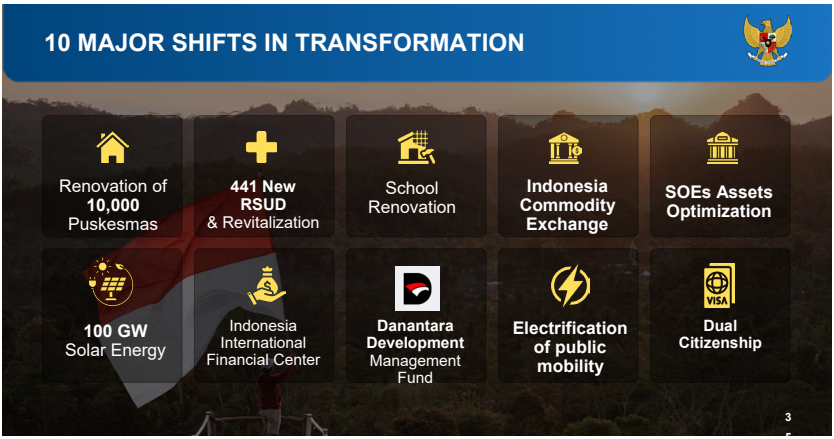
Tenth, today I convey to the House the recommendation of the Government of Indonesia to allow dual citizenship for certain talents whose expertise needed by Indonesia.

Indonesia has millions of diaspora. Among them are outstanding scientists, medical doctors, engineers,

artificial intelligence experts, researchers, entrepreneurs, artists, athletes, and world-class professional football players. Some of them have to choose another citizenship because of career requirements, family, or their service abroad. We could not force Indonesia's top-tier talents to choose between the opportunity to work at the global level and their attachment to their homeland.



Today, the Government will propose to this honorable Assembly a law amendment to allow limited dual citizenship for Indonesian citizens who possess special talent and could make an extraordinary contribution to national interests. This policy will be designed in a selective and measurable manner, along with integrity assessment, definite obligations, and full protection concerning the national interests and security.



Distinguished Ladies and Gentlemen,

Honorable Speaker, Vice Speakers, and Members of the House,

All policies that we take have one goal: transforming Indonesia's wealth into Indonesia's strength. Renovation of 10,000 Puskemas, construction of 441 Regional General Hospitals, and renovation of all schools from Sabang to Merauke, from Miangas to Rote, will ensure that the state is present to provide the people's most basic needs.

Commodity market will strengthen people's sovereignty and increase state revenue. Optimization of SOEs assets will make the nation's wealth more productive. The PFII will attract global capital and talents. We establish the DDMF to finance intergenerational projects.

Electric motorcycle subsidies and probably later electric cars will create markets for the national

industry. The dual citizenship policy will bring our top-tier diaspora back to strengthen the nation.

We are not building economy that only looks good on numbers. We are building a nation that is sovereign in decision making, fair in distribution, and present in people's life.

I call on the House of Representatives of the Republic of Indonesia (DPR RI), the House of Regional Representatives of the Republic of Indonesia (DPD RI), all state institutions, regional governments, business communities, universities, workers, farmers, fishers, healthcare professionals, teachers, and all the people of Indonesia to join hands to safeguard our major agendas.

We will carry out these agendas with discipline. No more projects should receive substantial funding without delivering substantial benefits. No more incentives without a new project. No more investment without transfer of technology. Every rupiah must serve a purpose. Every policy must have measurable outcomes. Every government official must have accountability.

Therefore, I also encourage all of us to continuously reflect on our performance and to uphold greater discipline.

The Government must serve the people. It serves the nation. It provides solutions to the hardships faced by the people.

The Government's primary duty is to protect all the people of Indonesia and the entire homeland from all threats, including threats of poverty, threats of physical

harm, threats of layoffs, and other forms of hardship, threats of hunger, and threats of inability to access healthcare.

Governments at all levels, not only the central government, regional governments, provincial governments, regency/city governments, also village governments must eradicate corruption, fraud, and markup practices in spending. As I mentioned earlier, we will establish an institution that consolidates all government spendings under one institution.

"A strong state is not one that extracts the most from the vulnerable. A strong state is one capable of plugging leaks and delivering justice."



Governments must become more efficient at all levels. We must cut all inefficient spending. I am pleased because now there is no longer budget for ministries' anniversary celebration. It can simply be celebrated by slicing a *tumpeng* (the cone-shaped yellow rice dish) at the office. I also hope that governments in all provinces as well as regencies/cities will no longer allocate budgets for massive anniversary celebrations. It would be better to use the budget for renovating schools and hospitals,

and raising teachers' salary. However, it is mandatory to organize the independence day ceremonies.





Honorable Speaker, Vice Speakers, and Members of the House,

That concludes the Government Statement on the Bill on the State Budget for the 2027 Fiscal Year and its Financial Note.

It is our fervent hope that the deliberation on the 2027 State Budget Bill may proceed constructively, transparently, and be fully oriented toward the interests of the people and nation.

May Allah Subhanahu wa Ta'ala, God the Almighty, always grant us His mercy, guidance, and strength as we carry out the mandate entrusted to us by the people of Indonesia.

Long live the Republic of Indonesia! Once independent, forever independent! Once sovereign, sovereign forever! Merdeka!

Thank you.

Wassalamualaikum Warahmatullahi Wabarakatuh.

Peace be upon us all,

Om shanti shanti shanti om,

Namo Buddhaya,

Greetings of virtue,

Rahayu, rahayu.

Jakarta, August 14, 2026

PRESIDENT OF THE REPUBLIC OF INDONESIA

PRABOWO SUBIANTO



SOVEREIGN, JUST, AND PROSPEROUS INDONESIA

Eighty-one years of Indonesian independence are a struggle to achieve the nation's aspirations.

Today, the struggle continues.

To strengthen sovereignty.
To expand justice.
To achieve prosperity.

Because an independent Indonesia is not the ultimate goal.

A sovereign, just, and prosperous Indonesia is an aspiration that we must achieve together.