MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

Digitalization and Reconciliation of Creditors/ Debtors' Loan Information

15th Debt Management Facility (DMF) Stakeholders' Forum

Session 5: Building Confidence: Transparency in Debt Management

Erwin Ginting

Directorate General of Budget Financing and Risk Management

Ministry of Finance

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Outline

1. Debt Oversight: Framework, Transparency and Accountability
2. Data Exchange Initiative

Debt Oversight Framework

…regulatory and institutional framework as guidelines for fiscal discipline, ensuring debt remains under control and safe for long-term fiscal sustainability

Annual Budget (APBN)

Law No. 17/2003
State Finance

Max 60% Debt-to-GDP ratio

Max 3% Deficit-to-GDP ratio

Government

- Annual Budget proposal (including budget financing and debt issuance plans)
- Budget Execution
- Financial Report

House of Representatives

- Annual Budget approval
- Follow up on the Audit Reports

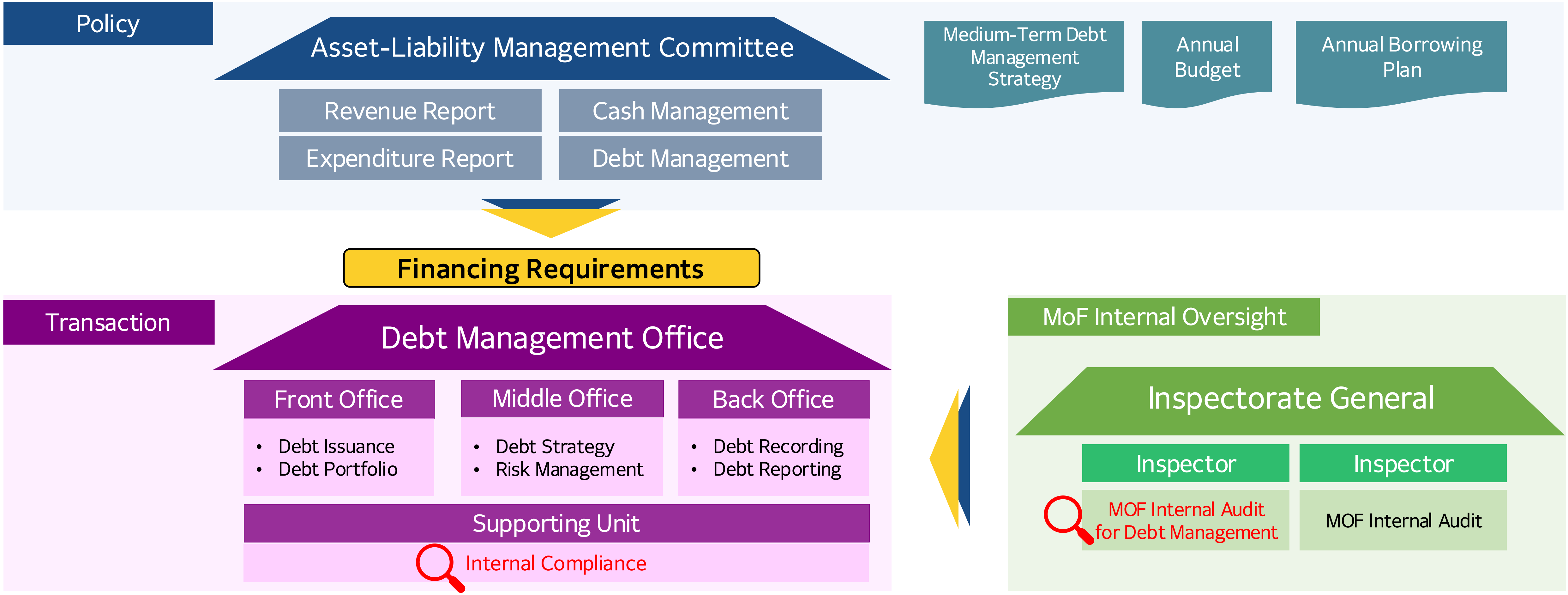
Supreme Auditor

- Financial Report Audit, Performance Audit, and Specific Purpose Audit
- Submit Audit Reports to the House

Debt Oversight at Operational Level

…Asset-Liability Management Committee formulates risk management policies and sets strategic action plans and fiscal directives

… DMO, supported by internal compliance unit, ensures that debt management operations adhere to established



Transparency and Accountability

… in debt management are maintained through the diligent preparation of financial statements, publications and debt statistics

Audited Financial Statements

Financial Statements are prepared based on accrual-based accounting standards (IPSAS adaptation)

Since 2016, the Central Government Financial Statements (LKPP) have received an **unqualified opinion** from Supreme Auditor

Project Financial Statements

… to meet requirements in the Loan Agreement

APBN Kita (Budget Report)

Monthly publication on budget performance

External Debt Statistics (SULNI)

Based on IMF's PSDS Guideline

G20 Data Gap Initiative

Public Sector Debt Statistics (PSDS/ SUSPI)

Based on IMF's PSDS Guideline

G20 Data Gap Initiative

Government Financial Statistics (GFS)

Based on IMF's GFS Manual

G20 Data Gap Initiative

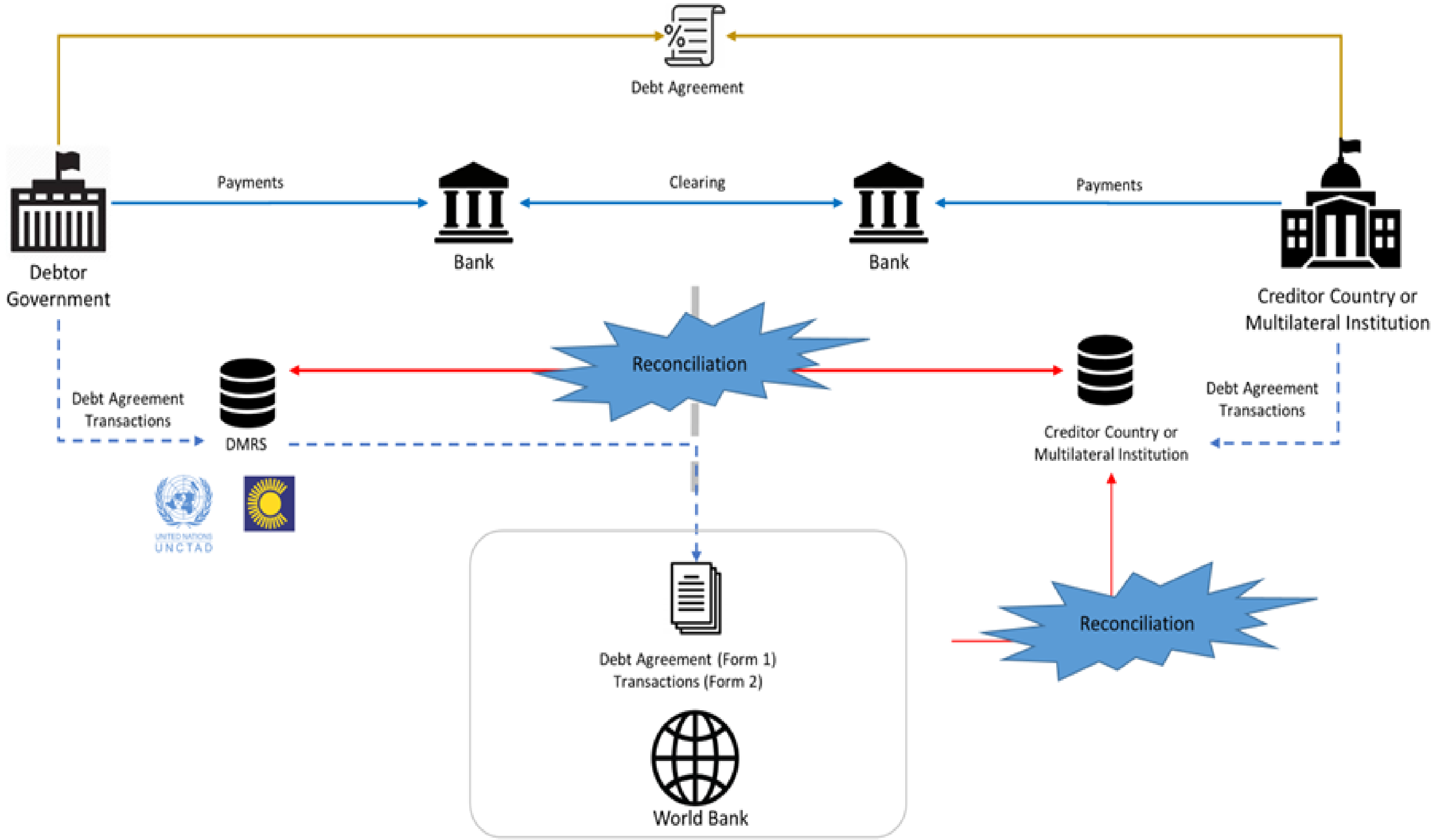
Debt Securities Statistics (DSS)

Based on IMF's Handbook on Securities Statistics

Data Exchange Initiative (1/2)

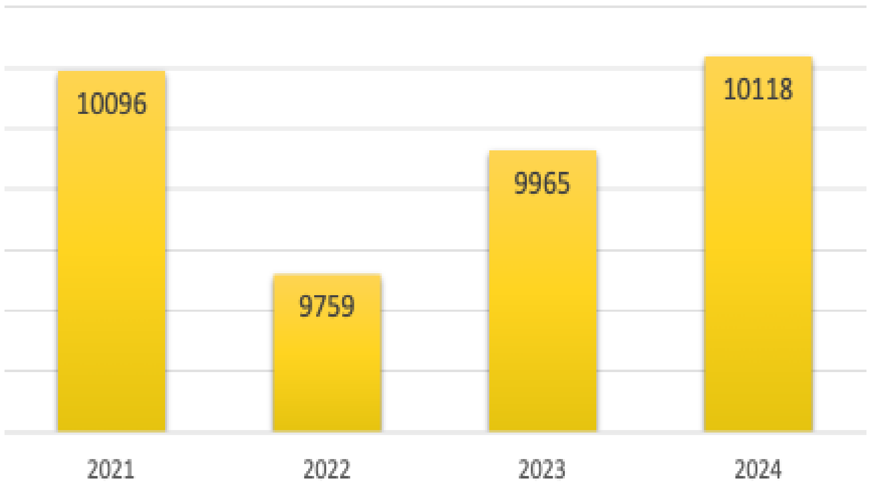
… aims at improving the timely, accurate, and comprehensive data sharing between lenders and borrowers
… leads to reduced administrative costs of debt reporting and enhances debt transparency more effectively

Current exchange of loan-related information between creditors, debtors and World Bank → lack of digitalization



Source: World Bank

Increasing Number of Transactions
→ **Increasing workloads and operational risks**



Source: Ministry of Finance, Indonesia

Average Annual Transaction: 9,985 / year

Average Daily Transaction: 46 /day

Data Exchange Initiative (2/2)

… developing a data exchange ecosystem with **domestic lenders,** moving from **document exchange** to **data exchange**

2020

COVID 19
- Operational Risk ↑
- Digital Transformation

2021

Project Initiative
- Strategic Research
- System Design

2022 - 2023

Client Connection Module
- MOU
- Implementation

2024 - 2025

Data Exchange Module
- Host to Host
- Implementation

2025 - ...

Next Data Exchange Module – External Lenders
- Host to host
- Implementation

Preparation | Phase 1 | Phase 2

Lessons Learned:
Covid-19 as a game changer to develop digitalization system

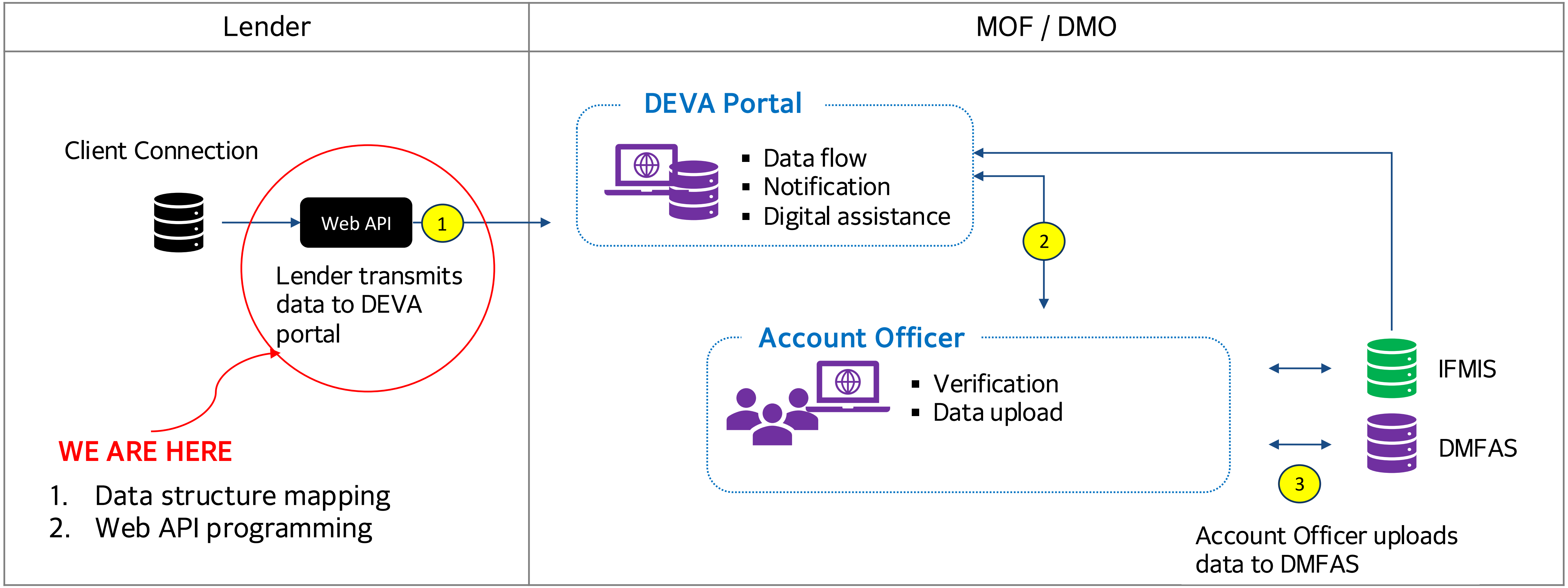
December 2022
Data Exchange Valuable Assistance (DEVA) was launched by the Minister of Finance

December 2023
Launched **Data Exchange Module for Domestic Lenders**

Features:
- Interface with Lenders (Client Connection)
- Analysis and settlement transaction reporting
- Debt outstanding reconciliation
- Settlement transaction monitoring
- Integrated reconciliation

Data Exchange: Business Process

··· leveraging the scope of the on-going digitalization project to include **external lenders**

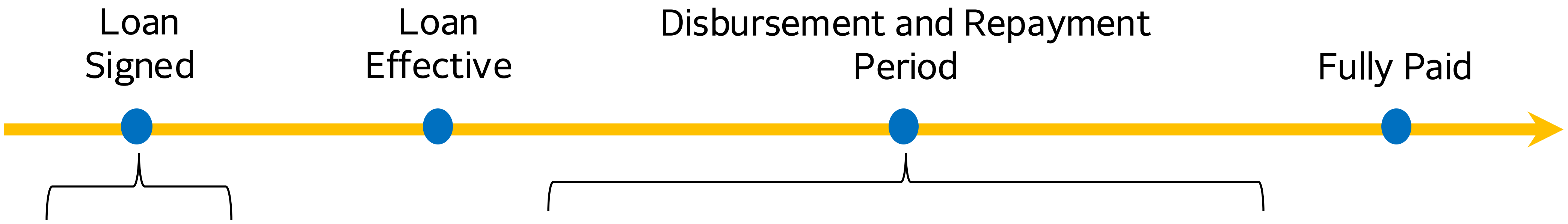


→ Data Exchange Phase 1 focuses on **IBRD, ADB, and JICA**; 3 key lending partners with significant loan number and outstanding.

On-going project with the World Bank:
- Determining business process standards
- Technology standards (security and data exchange format)

Data Exchange: Key Features

··· business process standards: start from loan signing and end when loan has been fully repaid



1 Loan Information

- Match Loans and SubLoans (tranches) terms and condition.

2 Disbursement

- Track Withdrawal Application status.
- Monitor lender disbursement processes

3 Repayment

- Monitor debt service billing from lender.
- Monitor payment received by lender.

4 Debt Outstanding

- **Automatic Reconciliation of debt outstanding.**

Data Exchange: Key Benefits

… data reconciliation and updating becomes easier and faster

Enhances Operational Efficiency

- Digital verification of data
- Direct recording into debt recording systems
- Accelerated verification and preparation of payment documents
- Reduced manual intervention

Inter-Agency Coordination

- Monitoring of payment schedules
- Proactive follow-up on data submission
- Enhanced cash forecasting
- Tracking payment execution by Treasury and Central Bank

Strengthens Data Integrity

- Automated periodic reconciliation of static data
- Consistent debt outstanding data

Stakeholder Value

- Real-time monitoring tool for state-owned banks
- Improved trust and transparency

Thank You

Directorate General of Budget Financing and Risk Management
Ministry of Finance of Republic of Indonesia

Gedung Frans Seda
Jl. Dr Wahidin Raya No.1 Jakarta, Indonesia
www.djppr.kemenkeu.go.id