



MINISTER OF FINANCE  
OF THE REPUBLIC OF INDONESIA

COPY OF

REGULATION OF THE MINISTER OF FINANCE OF THE REPUBLIC OF  
INDONESIA NUMBER 137/PMK.07/2012

CONCERNING

MAXIMUM LIMIT DEFICIT OF PROVINCIAL OR DISTRICT GOVERNMENT  
BUDGET AND MAXIMUM LIMIT CUMULATIVE OF LOCAL LOAN OF THE  
FISCAL YEAR 2013

BY THE GRACE OF GOD ALMIGHTY

MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA,

Considering : that in order to implement the provisions of Article 7 of Government Regulation Number 23 Year 2003 concerning Control of Total Cumulative Deficit of National Budget and Provincial or District Government Budget and Cumulative Number of Central Government and Local Government Loans, Article 106 paragraph (2) Government Regulation Number 58 Year 2005 concerning Regional Financial Management, and Article 7, paragraph (1) of Government Regulation Number 30 Year 2011 concerning the Local Loan, it is necessary to stipulate Regulation of the Minister of Finance concerning Maximum Limit Deficit of Provincial or District Government Budget and Maximum Limit Cumulative of Local Loans of the Fiscal Year 2013;

In View of : 1. Government Regulation Number 23 Year 2003 concerning Control of Total Cumulative Deficit of National Budget and Provincial or District Government Budget and Cumulative Number of Central Government and Regional Government Loans (State Gazette of the Republic of Indonesia Year 2003 Number 48, Supplement to State Gazette of the Republic of Indonesia Number 4287 );

2. Government Regulation Number 58 Year 2005 concerning Regional Financial Management (State Gazette of the Republic of Indonesia Year 2005 Number 140, Supplement to State Gazette of the Republic of Indonesia Number 4578);

3. Government Regulation Number 30 Year 2011 concerning Regional Loan (State Gazette of the Republic of Indonesia Year 2011 Number 59, Supplement to State Gazette of the Republic of Indonesia Number 5219);

4. The Presidential Decree Number 56 / P Year 2010;

DECIDES:



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To stipulate : MAXIMUM LIMIT DEFICIT OF PROVINCIAL OR DISTRICT GOVERNMENT BUDGET AND MAXIMUM LIMIT CUMULATIVE OF REGIONAL LOAN OF THE FISCAL YEAR 2013.

## CHAPTER I

### GENERAL PROVISIONS

#### Article 1

In this Regulation of the Minister referred to as:

1. Autonomous Region is hereinafter referred to as the Regional that has the legal boundaries and the authority to regulate the government affairs and public interest at its own initiative based on the aspirations of the people within the system of Unitary Republic of Indonesia.
2. Local Government is the governor, head of district, or mayor, and the official elements of the Local administration.
3. Provincial or District Government Budget hereinafter referred to as the APBD that has the annual financial plan that covered local government and approved jointly by the Regional Legislative Assembly and Local Government and stipulated by the Local Regulation.
4. Maximum Limit Cumulative Deficit of Provincial or District Government Budget (APBD) is the sum of the entire deficit of Provincial or District Government Budget (APBD) in the fiscal year.
5. Local Revenue is the right of Local Governments recognized to supplement net worth.
6. Local Expenditure are all obligation recognized as a reduction of net worth.
7. Deficit of Provincial or District Government Budget (APBD) is less difference Provincial or District Government Budget (APBD) in the same fiscal year.
8. Surplus of Provincial or District Government Budget (APBD) is the excess of Provincial or District Government Budget (APBD) in the same fiscal year.
9. Gross Domestic Product, hereinafter abbreviated as PDB is the total value of all final goods and services produced in Indonesia in a specific year, calculated according to the market price.



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10. Maximum Limit Cumulative of Local Loan is the total amount of the loan of all entire area up to specific fiscal year.
11. Local Loan means all transactions that result in the Regional received amount of money or benefits which worth the money from the other party so that the Regional is burdened with the obligation to repay.

CHAPTER II

MAXIMUM LIMIT DEFICIT OF PROVINCIAL OR DISTRICT  
GOVERNMENT BUDGET (APBD)

Article 2

- (1) Maximum Limit Cumulative Deficit of Provincial or District Government Budget (APBD) of Fiscal Year 2013 is set at 0.5% (nil point five percent) of the projected PDB of Fiscal Year 2013.
- (2) Projected PDB as referred in paragraph (1) is the PDB projection used in the preparation of the National Budget of Fiscal Year 2013.

Article 3

- (1) Indicative maximum limit Deficit of Provincial or District Government Budget (APBD) of Fiscal Year 2013 for each Region is set at 6% (six percent) of the estimated Local Revenue of Fiscal Year 2013.
- (2) Indicative maximum limit Deficit of Provincial or District Government Budget (APBD) of each Region as referred to in paragraph (1) to be as guideline of Local Governments in order to set a Provincial or District Government Budget (APBD) of Fiscal Year 2013.

CHAPTER III

MAXIMUM LIMIT CUMULATIVE OF LOCAL LOAN

Article 4

- (1) Maximum Limit Cumulative of Local Loan which is still the duty of the Regional obligation to the Fiscal Year 2013 is set at 0.35% (nil point thirty five percent) of the projected PDB as referred in Article 2 paragraph (1).
- (2) Local Loans as referred to in paragraph (1) includes loans continued to be loans, grants, and / or equity to the Regional-Owned Companies.



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#### CHAPTER IV

### CONTROL PROVINCIAL OR DISTRICT GOVERNMENT BUDGET (APBD) DEFICIT

#### Article 5

- (1) Local Government is able to Provincial or District Government Budget (APBD) Deficit or Provincial or District Government Budget (APBD) Surplus.
- (2) In order to control the Provincial or District Government Budget (APBD) Deficit or Provincial or District Government Budget (APBD) Surplus, Local Government budgets:
  - a. Massive Provincial or District Government Budget (APBD) Deficit is equal to the excess of the receipt of financing and financing expenses, or
  - b. Massive Provincial or District Budget Surplus is equal to the difference between the receipt of financing and financing expenses. surplus is equal to the difference between the receipt of financing and financing expenses.

#### Article 6

- (1) Local Government report Provincial or District Government Budget (APBD) Deficit plan with its explanation to the Minister of Finance c. q. Director General of Fiscal Balance before the Provincial or District Government Budget (APBD) is stipulated.
- (2) The format of the report of Provincial or District Government Budget (APBD) Deficit plan as referred in paragraph (1) are listed in Appendix I, which is an integral part of this Regulation of the Minister.

#### Article 7

- (1) In the case of Provincial or District Government Budget (APBD) Deficit plan as referred to in Article 6 paragraph (1) will be closed partially or completely from the Local Loan and / or sales of regional assets which separated, the Provincial or District Government Budget (APBD) must obtain approval from the Director General of Fiscal Balance on behalf of the Minister of Finance.
- (2) Approval of the Director General of Fiscal Balance on behalf of the Minister of Finance to the Provincial or District Government Budget (APBD) Deficit Plan will be closed partially or completely out of the Local Loan,



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given based on the following assessment:

- a. Maximum Limit Cumulative Deficit of Provincial or District Government Budget (APBD) as referred to in Article 2 paragraph (1) is not exceeded;
  - b. Maximum Limit Cumulative of Local Loan as referred to in Article 4, paragraph (1) is not exceeded;
  - c. Local Government Financial Report which is last audited obtaining opinions Fair With Exception or Unfair Without Exception
  - d. The number of remaining of Local Loan plus the loan amount to be withdrawn does not exceed 75% (seventy five percent) of the total general revenue of Provincial or District Government Budget (APBD) in the previous year, and
  - e. The ratio of Regional financial ability to repay the loan (Debt Service Coverage Ratio / DSCR) of at least 2.5 (two point five).
- (3) Approval of the Director General of Fiscal Balance on behalf of the Minister of Finance to the Deficit of Provincial or District Government Budget (APBD) plan to be closed partially or completely from the sale of regional assets which separated, it is given alone the Maximum Limit Cumulative Deficit of Provincial or District Government Budget (APBD) as referred in Article 2 paragraph (1) is not exceeded, and by noticing attention to as follows:
- a. Separated Wealth of business fields
  - b. Separated capital structure regional assets.

Article 8

Procedures for approval of the Provincial or District Government Budget (APBD) Deficit plan will be closed partially or completely from the Local Loan and / or sale of separated regional assets as referred to in Article 7 (1) conducted with the following conditions:

- a. Governor, head of district, or mayor to apply for approval to the Minister of Finance c. q. Director General of Fiscal Balance petition with copies submitted to the Minister of Home Affairs c. q. Director General of Regional Finance.
- b. In the case of an application for approval filed by the head of district or mayors, also copies of the petition



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delivered to the governor.

- c. The format of the application for approval contained in Appendix II that is an integral part of this Regulation of the Minister.
- d. Submission of application for approval as referred to in letter a of at least 1 (one) month before the Local Regulation Draft concerning the Provincial or District Government Budget (APBD) or the Local Regulation Draft concerning the Amendment of Provincial or District Government Budget (APBD) submitted for evaluation.
- e. In terms of Provincial or District Government Budget (APBD) Deficit plan will be closed partially or completely out of the Local Loan, the application for approval as referred to in letter a shall contain a plan of activities that will be financed from the Local Loan, by enclosing the following documents:
  1. Local Government Financial Report 3 (three) years stipulated by Local Regulations;
  2. Draft Summary of Provincial or District Government Budget (APBD) or Amendment of Draft Summary Provincial or District Government Budget (APBD) of Fiscal Year 2013;
  3. The calculation of the remaining of Local Loan plus the amount of loan to be withdrawn does not exceed 75% (seventy five percent) of the total general revenue of Provincial or District Government Budget (APBD) in the previous year, and
  4. The calculation of the ratio of financial ability to repay the loan (Debt Service Coverage Ratio / DSCR).
- f. Documents as referred to in the letter e number 3 and number 4, prepared by using the format as specified in Appendix III which is an integral part of this Regulation of the Minister.
- g. In terms of Provincial or District Government Budget (APBD) Deficit plan will be closed partially or entirely from the sale of regional assets separated, the application for approval as referred to in a letter enclosing the following documents:
  1. Local Government Financial Report 3 (three) years specified by Local Regulations;



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2. Draft Summary of Provincial or District Government Budget (APBD) or Amendment of Draft Summary Provincial or District Government Budget (APBD) of Fiscal Year 2013 and
3. Statement of governor, head of district, or mayor of the field of business and capital structure before and after the sale of separated regional assets.

Article 9

- (1) The Director General of Fiscal Balance on behalf of the Minister of Finance gave approval or rejection of application Provincial or District Government Budget (APBD) Deficit plan to be closed partially or completely from the Local Loan based assessment as referred to in Article 7 (2).
- (2) The Director General of Fiscal Balance on behalf of the Minister of Finance gave approval or rejection of application Provincial or District Government Budget (APBD) Deficit plan be closed in part or in full from the sale of separated regional assets based assessment as referred to in Article 7 (3).
- (3) In the case of Provincial or District Government Budget (APBD) Deficit plan is planned to be closed partially or completely from the Local Loan which source from channeling foreign loans, other Local Governments, bank financial institutions and non-bank financial institutions, the approval or rejection of the Director General of Fiscal Balance on behalf of the Minister of Finance granted by first requesting the opinion of the Minister of Home Affairs c. q. Director General of Regional Finance.
- (4) Request for consideration as referred to in paragraph (3) shall be accompanied by the documents as referred to in Article 8 letter e completely.
- (5) The Director General of Regional Finance on behalf of the Minister of Home Affairs submitted the considerations as referred to in paragraph (3) within 10 (ten) labor days after receipt of the letter requesting consideration of the Director General of Fiscal Balance on behalf of the Minister of Finance.
- (6) In the case of the Director General of Regional Finance on behalf of the Minister of Home Affairs did not deliver consideration within the period as referred to in





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paragraph (5), the Director General of Fiscal Balance on behalf of the Minister of Finance gave approval or rejection of application Provincial or District Government Budget (APBD) Deficit as referred to in paragraph (1).

- (7) Approval or rejection as referred to in paragraph (1) and paragraph (2) given by the Director General of Fiscal Balance on behalf of the Minister of Finance maximum of 20 (twenty) days after a written request from the governor, head of district, or mayor and documents as referred to in Article 8 letter e and letter g received completely.

Article 10

Approval or rejection of the Director General of Fiscal Balance on behalf of the Minister of Finance as referred to in Article 9 to the documents required in the evaluation process of Local Regulation Draft concerning Provincial or District Government Budget (APBD) or Evaluation of Local Regulation Draft concerning the Amendment of Provincial or District Government Budget (APBD).

CHAPTER V

CONSIDERATION OF THE LOCAL LOAN PLAN

Article 11

- (1) The Governor shall submit plans for medium-term loans or long term loans which sourced from the channeling of foreign loans, other Local Governments, bank financial institutions and non-bank financial institutions to the Ministry of Home Affairs to receive consideration.
- (2) Head of District or Mayors shall submit plans for Medium Term Loans or Long Term Loans which sourced from the channeling of foreign loans, other Local Governments, Bank financial institutions and non-bank financial institutions to the Ministry of Home Affairs for consideration and the copies conveyed to the governor.
- (3) Submission as referred in paragraph (1) and paragraph (2) attaching at least:
  - a. Approval of the Regional Legislative Assembly on the proposed Local Loan;
  - b. Copy of the official inauguration of the governor, head of district, or mayor;





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- c. The statement has no arrears on loan repayments which from the Government;
  - d. The terms of reference of activities to be financed from the loan;
  - e. The calculation of the ratio of Regional financial capacity to repay the loans;
  - f. Local Government Financial Reports for 3 (three) years;
  - g. The Draft of Provincial or District Government Budget (APBD) or Draft of Provincial or District Government Budget (APBD) Amendment in concerned year;
  - h. Comparison of the remaining of Local Loan plus the amount of loan to be withdrawn does not exceed 75% (seventy five percent) of the total general revenue of Provincial or District Government Budget (APBD) in the previous year, and
  - i. Financial plan loans.
- (4) Minister of Home Affairs give consideration to the governor, head of district, or mayor, as referred to in paragraph (1) and paragraph (2) after coordination with the Minister of Finance.

## CHAPTER VI

### DEFICIT MONITORING OF PROVINCIAL OR DISTRICT GOVERNMENT BUDGET (APBD) AND LOCAL LOAN

#### Article 12

Local Government beyond the indicative maximum limit deficit of Provincial or District Government Budget (APBD) as referred to in Article 3 paragraph (1) conduct efforts to optimize the absorption to reduce the amount of Surplus Funding Budget (SiLPA) at the end of the fiscal year.

#### Article 13

The Local Government shall report the cumulative loan position and obligations to the Minister of Finance and Minister of Home Affairs each semester in the current fiscal year.

#### Article 14

- (1) The Minister of Finance conduct monitoring the deficit of Provincial or District Government Budget (APBD) and the Local Loan in order to control the cumulative deficit



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of Provincial or District Government Budget (APBD) and the cumulative Local Loan.

- (2) Based on the monitoring as referred to in paragraph (1), the Minister of Finance conduct evaluation to set maximum limits cumulative Provincial or District Government Budget (APBD) Deficit and Maximum Limits Cumulative of Local Loan of Fiscal Year 2014.

## CHAPTER VI

### CLOSING

#### Article 15

This Regulation of the Minister of Finance shall come into force on the date of its promulgation.

For public cognizance, this Regulation of the Minister of Finance shall be promulgated by placing it in State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

on August 24, 2012

MINISTER OF FINANCE OF  
THE REPUBLIC OF  
INDONESIA,

Signed.

AGUS D.W. MARTOWARDOJO

Promulgated in Jakarta

on August 24, 2012

THE MINISTER OF JUSTICE AND HUMAN  
RIGHTS OF THE REPUBLIC OF INDONESIA,

Signed.

AMIR SYAMSUDIN

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 852 YEAR 2012

Appendix