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FREE NUTRITIOUS MEALS PROGRAM BUDGET AND INVESTOR TRUST: A COMPARATIVE INTERNATIONAL STUDY

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ABSTRACT

The Free Nutritious Meals Program (Makan Bergizi Gratis/MBG) is among the largest social spending programs in Indonesia's fiscal history, with a 2026 budget ceiling of IDR 268 trillion down from an initial plan of IDR 335 trillion reaching more than 63 million beneficiaries. This study compares the design and GDP-to-budget ratio of MBG with comparable programs in Brazil, India, the United States, Sweden, and Finland, and examines its relationship with investor trust in Indonesia. A descriptive-comparative method based on document analysis of official government reports, international institutional databases, and indexed academic literature was employed. Budget-to-GDP ratios were calculated by the author using official budget figures and World Bank GDP data. Results show that MBG's budget share (estimated at 1.1–1.4% of GDP) far exceeds Brazil's PNAE, India's PM Poshan, and the United States' NSLP (each below 0.1% of GDP). Fitch and Moody's revised Indonesia's outlook to negative over fiscal deficit concerns, while S&P maintained a stable outlook, citing the MBG budget reduction favorably. The study concludes that MBG carries a dual signal: short-term fiscal risk alongside potential long-term human-capital investment value, whose sustainability depends on fiscal policy credibility and program governance.

1. INTRODUCTION

Child malnutrition remains a structural challenge in Indonesia's human-capital development. The 2024 Indonesian Nutrition Status Survey (Survei Status Gizi Indonesia/SSGI) recorded a national stunting prevalence of 19.8%, down from 21.5% in 2023, but still above the 2029 medium-term development target of 14.2% (Kementerian Kesehatan Republik Indonesia, 2025). The burden is spatially uneven: more than half of stunted toddlers are concentrated in six provinces, with Central Papua recording the highest prevalence at 39.4% (Kementerian Kesehatan Republik Indonesia, 2025; Chapters, 2026).

In response and as a central campaign pledge of President Prabowo Subianto's administration the MBG program was launched in January 2025 under the National Nutrition Agency (Badan Gizi Nasional/BGN), initially targeting 19.47 million beneficiaries with a first-phase budget of IDR 71 trillion (IPSSJ, 2025). The program scaled rapidly: by early 2026 it reached nearly 60 million beneficiaries through more than 21,000 Nutrition Fulfillment Service Units (BGN, 2026b). The 2026 budget ceiling was initially planned at IDR 335 trillion, including contingency funds, before being reduced to IDR 268 trillion on presidential instruction for efficiency (ANTARA News Gorontalo, 2026; BGN, 2026a). By early August 2026, realized MBG spending reached IDR 101.1 trillion for 63.13 million beneficiaries, making it one of the largest expenditure items in the state budget exceeding total national food-security spending (Bisnis.com, 2026; IDXChannel, 2026).

This scale of spending has triggered legal and political debate. Civil-society groups filed a judicial review with the Constitutional Court challenging the legal basis of MBG's placement within the 2026 state budget and its effect on education, health, and regional-transfer allocations (Bijak Memantau, 2026; Mahkamah Konstitusi Republik Indonesia, 2026). Concurrently, international credit rating agencies signaled caution: Fitch and Moody's revised Indonesia's rating outlook from stable to negative in early 2026,

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citing rising fiscal policy uncertainty (Indonesia Business Post, 2026; Yahoo Finance, 2026), while S&P Global Ratings maintained an investment-grade rating with a stable outlook, crediting the government's commitment to keeping the deficit below the 3%-of-GDP legal ceiling—partly through the MBG budget cut (The Diplomat, 2026).

2. Literature Review

2.1 The Free Nutritious Meals (MBG) Program in Indonesia

The Free Nutritious Meals (MBG) program was designed as a cross-sectoral initiative targeting students from early childhood education through senior secondary education, as well as pregnant women, breastfeeding mothers, and toddlers. Technical implementation is carried out at the SPPG level, which is led by university graduates through the *Sarjana Penggerak Pemuda Indonesia* (SPPI) scheme (Badan Gizi Nasional, 2026a). MBG funding is allocated under the education expenditure component of the national budget (APBN), a decision that, according to the House of Representatives of the Republic of Indonesia, is considered a logical consequence given that the majority of beneficiaries are students (Mahkamah Konstitusi RI, 2026). Following Government Regulation No. 115 of 2025, the program's target beneficiaries were expanded to include children aged 6–59 months (Bijak Memantau, 2026). Nevertheless, field evaluations have identified several implementation challenges, including findings concerning the procurement of supporting assets valued at more than IDR 1 trillion, which have been considered insufficiently relevant to the program's core objectives (Bijak Memantau, 2026), as well as governance challenges and difficulties in ensuring effective budget absorption at the regional level (Chapters, 2026).

2.2 Comparable Programs in Other Countries

2.2.1 Brazil — Programa Nacional de Alimentação Escolar (PNAE)

PNAE is one of the world's oldest and most extensively studied school feeding programs. Operating since 1955, it is constitutionally guaranteed as a right for students in public basic education (Sidaner et al., 2013). The program reaches approximately 40 million students across more than 5,000 municipalities, with federal funding transferred automatically through the *Fundo Nacional de Desenvolvimento da Educação* (FNDE) to local governments (Global Alliance against Hunger and Poverty, 2024; Silva et al., 2023). A distinctive feature of PNAE is the legal requirement that at least 30% of program food expenditures be sourced from family farmers (*agricultura familiar*), thereby transforming the program into a dual policy instrument for strengthening food security and rural economic development (Silva et al., 2023). In 2026, the federal PNAE budget was increased by 21.8% to R$6.7 billion, equivalent to approximately US$1.29 billion, to compensate for food price inflation that had eroded the program's purchasing power over the preceding three years (Global Child Nutrition Foundation, 2026).

2.2.2 India — PM POSHAN (formerly the Mid-Day Meal Scheme)

PM POSHAN is the world's largest school feeding program in terms of the number of beneficiaries, reaching more than 118 million children across more than 1.1 million schools (IBEF, 2026). The program was initially launched in 1995 as the National Programme of Nutritional Support to Primary Education and was reformed as PM POSHAN in 2021, with a five-year implementation period (2021/22–2025/26) and a total budget allocation of approximately Rs 1.3 lakh crore. Of this amount, the central government's share was Rs 54,061.73 crore, while the remainder was financed by state governments under a 60:40 cost-sharing arrangement (Global Alliance against Hunger and Poverty, 2024). Studies of the program have consistently highlighted challenges including delays in the disbursement of funds, stagnation in the real value of cooking costs amid food price inflation, and inadequate kitchen infrastructure at the school level (Careers360, 2023; World Journal of Multidisciplinary Studies, 2024).

2.2.3 United States — National School Lunch Program (NSLP)

The National School Lunch Program (NSLP), which has operated since 1946 under the United States Department of Agriculture (USDA), is the country's second-largest food and nutrition assistance program. In fiscal year 2024, it provided more than 4.8 billion meals at a total federal cost of US$17.7 billion (U.S. Department of Agriculture, 2025). Unlike MBG, PNAE, and PM POSHAN, which provide free meals on a universal or near-universal basis, NSLP applies a tiered eligibility system based on household income, under which meals are provided free of charge, at a reduced price, or at the full price. However, emergency policies during the COVID-19 pandemic temporarily made school meals universally free in 2021–2022, with total program costs reaching a peak of US$23 billion (Food and Agricultural Policy Research Institute, 2023).

Research by the USDA Economic Research Service indicates that the Healthy, Hunger-Free Kids Act of 2010 strengthened nutritional standards while also increasing operational cost pressures for school food authorities (U.S. Department of Agriculture, 2024).

2.2.4 Finland and Sweden —The Universal Nordic School Meal Model

Finland and Sweden are among the few countries worldwide to provide universally free school meals to all students without income-based eligibility testing, a policy that has been in place for more than seven decades (Sustain, 2023). Finland enacted legislation providing free school meals in 1943 and fully implemented the policy in 1948. Today, the program reaches approximately 900,000 students from pre-school through upper-secondary education and is financed through a combination of national and municipal taxation. The program is integrated into regular education budgets rather than being prominently presented as a separate budgetary item (Tribune Magazine, 2021; Sustain, 2023). Sweden introduced state subsidies for nutritious school lunches in 1946 and made school meals a mandatory national provision by the late 1990s, with an average cost of approximately EUR 691 per student per year, equivalent to around 6% of the total compulsory education budget at the municipal level (Global Child Nutrition Foundation Case Study, 2023 in ResearchGate). Longitudinal research conducted by Lund University and Stockholm University found that exposure to free school lunch programs throughout primary school was associated with a 3% increase in lifetime income, without significantly affecting school attendance. This finding suggests that the primary benefits of the program arise from improved learning capacity resulting from better nutritional intake rather than simply from attendance incentives (Lund University, 2023). European Union research further indicates that only Finland, Sweden, and Estonia provide universally free meals across all school-age groups, while most other EU member states employ means-tested or partially subsidized schemes (Guio, 2023).

2.3 Social Spending, Fiscal Risk, and Investor Trust: A Theoretical Framework

The international macroeconomic literature consistently indicates a relationship between government expenditure expansion and perceptions of sovereign risk in emerging economies. A study based on a general equilibrium model and panel evidence from 18 emerging economies found that a 10% increase in government expenditure was associated with an average 25-basis-point increase in global sovereign bond spreads over a two-year period, with the effect peaking at 132 basis points in the fourteenth quarter following the expenditure shock (Jiang et al., 2023). These findings are consistent with the argument that fiscal expansion, although capable of stimulating aggregate demand in the short term, may increase sovereign default risk when it is not accompanied by adequate reforms in government revenue generation.

From a market-perception perspective, research examining political-risk shocks in Southern European countries demonstrates that risks associated with populist policies have significantly larger effects on domestic financial markets than general political-risk shocks, with spillover effects extending to other economies in the region (Balduzzi et al., 2023). In emerging economies, investors tend to be more sensitive to the credibility of fiscal policy than their counterparts in advanced economies, given the more limited fiscal space and greater reliance on short-term foreign portfolio inflows, which can rapidly reverse when perceptions of risk increase. This theoretical framework provides the analytical foundation for the results and discussion sections, particularly in interpreting the responses of credit-rating agencies and Indonesia's capital market to the expansion of the MBG budget.

2. METHODS

This study uses a descriptive-qualitative approach with a comparative case-study design and document analysis. Five comparator countries were selected for their contrasting policy designs and the availability of verifiable budget data: Brazil (PNAE) as a constitutionally guaranteed, locally-integrated model; India (PM POSHAN) as the world's largest program by beneficiary count; the United States (NSLP) as a means-tested model in a high-income federal state; and Finland and Sweden as long-institutionalized universal models within Scandinavian welfare states. Data were collected through online searches conducted in August 2026, drawing on: (1) official Indonesian government documents and press releases (Ministry of Finance, BGN, Ministry of Health, Constitutional Court); (2) international institutional databases, including the Global Alliance against Hunger and Poverty and the Global Child Nutrition Foundation; (3) comparator-country government reports (USDA Economic Research Service); (4) peer-reviewed academic articles from indexed publishers (Cambridge University Press, MDPI, Oxford University Press, PLOS); and (5) reputable financial and economic media (Reuters, Bisnis.com, ANTARA, Kontan) for capital-market and credit-rating data.

Budget-to-GDP ratios reported in this study were calculated directly by the author: each program's nominal budget (converted to US dollars at prevailing rates where necessary) was divided by the corresponding country's nominal GDP. Indonesia's 2025 nominal GDP (IDR 23,821.1 trillion) was sourced from the Indonesian Chamber of Commerce and Industry (Kamar Dagang dan Industri Indonesia/Kadin, 2026), while Brazil's, India's, and the United States' 2024 nominal GDP figures (US$2,179.41 billion, US$3,912.69 billion, and US$29,184.89 billion respectively) were sourced from World Bank data as compiled by Trading Economics (2026a, 2026b, 2026c). These ratios are therefore order-of-magnitude estimates produced by the author for comparative purposes, not official figures published by the respective program authorities, and this is stated explicitly wherever the ratios are reported.

3. RESULTS AND DISCUSSIONS

3.1 Comparative Overview of Program Design and Budget

Table 1 summarizes the design, coverage, budget, and estimated GDP share of the six programs examined.

Table 1. Comparison of Free Nutritious Meal Programs Across Countries

Country	Program & Year Established	Beneficiaries	Current Budget	Est. % of GDP*	Funding Scheme
Indonesia	Makan Bergizi Gratis (MBG), 2025	±63.1 million people	IDR 268 trillion (2026 ceiling, reduced from IDR 335 trillion)	±1.1–1.4%	Central state budget (APBN), executed by the National Nutrition Agency (BGN)
Brazil	Programa Nacional de Alimentação Escolar (PNAE), 1955	±40 million students	R$6.7 billion / ±US$1.29 billion (2026)	±0.06%	Mandatory federal transfer (FNDE) to municipalities; ≥30% food purchases from family farmers
India	PM POSHAN (formerly Mid-Day Meal Scheme), 1995	±118 million students	±US$1.4–1.5 billion (annual central allocation)	±0.04%	60:40 central–state cost-sharing
United States	National School Lunch Program (NSLP), 1946	±4.8 billion meals/year	US$17.7 billion (FY2024)	±0.06%	Federal per-meal reimbursement via USDA to school districts
Sweden	Universal Free School Meals, since 1946 (nationally mandatory 1997)	All compulsory-education pupils (ages 7–16)	±€691/pupil/year (±6% of municipal school budgets)	No single national aggregate available	Municipal taxation, no parental fee
Finland	Universal Free School Meals, 1943 (fully implemented 1948)	±900,000 students	Funded through state and municipal budgets; no single aggregate figure	No single national aggregate available	State and municipal taxation, integrated into the regular education budget

* Estimated by the author; see Methods for calculation basis and sources (Kadin Indonesia, 2026; Trading Economics, 2026a, 2026b, 2026c). Sources for program design, coverage, and budget: BGN (2026a, 2026b); ANTARA News Gorontalo (2026); Bisnis.com (2026); Global Alliance against Hunger and Poverty (2024a, 2024b); Global Child Nutrition Foundation (2026); IBEF (2026); U.S. Department of Agriculture (2025); Tribune Magazine (2021); Sustain (2023).

Brazil's PNAE, operating since 1955, is among the oldest and most-studied school-feeding programs worldwide, guaranteed as a constitutional right for public basic-education students and reaching around 40 million students across more than five thousand municipalities, funded through automatic federal transfers via the National Education Development Fund (FNDE) (Sidaner et al., 2013; Global Alliance against Hunger and Poverty, 2024a). A distinctive feature is the legal requirement that at least 30% of food procurement come from family farmers, making PNAE a dual instrument for food security and rural economic development (Silva et al., 2023). Its 2026 federal budget was raised 21.8% to R$6.7 billion (≈US$1.29 billion) to offset three years of cumulative food-price inflation (Global Child Nutrition Foundation, 2026).

India's PM POSHAN is the largest school-feeding program in the world by beneficiary count, reaching over 118 million children in more than 1.1 million schools (IBEF, 2026). First launched in 1995 and reformed into PM POSHAN in 2021 with a five-year implementation period (2021/22–2025/26) and a central allocation of roughly Rs54,061.73 crore under a 60:40 central–state cost-sharing arrangement (Global Alliance against Hunger and Poverty, 2024b). Academic assessments consistently highlight delayed fund disbursement, stagnant real cooking-cost norms amid food inflation, and school-kitchen infrastructure gaps (Reddy, 2024; Careers360, 2023).

The United States' NSLP, operating since 1946 under the U.S. Department of Agriculture, is the country's second-largest food and nutrition program, providing more than 4.8 billion meals in fiscal year 2024 at a total federal cost of US$17.7 billion (U.S. Department of Agriculture, 2025). Unlike MBG, PNAE, or PM POSHAN, NSLP applies an income-tiered structure free, reduced-price, or full-price—although pandemic-era emergency policy briefly made it universally free in 2021–2022 at a peak cost of US$23 billion (Food and Agricultural Policy Research Institute, 2023). The 2010 Healthy, Hunger-Free Kids Act tightened nutritional standards while also raising operating-cost pressure on school food authorities (U.S. Department of Agriculture, 2024).

Finland and Sweden are among the few countries providing universal free school meals to all students without means testing, a policy that has operated for more than seven decades (Sustain, 2023). Finland enacted its free school meal law in 1943 and implemented it fully by 1948, now covering about 900,000 students and funded through combined state and municipal taxation integrated into the regular education budget without a distinct standalone line item (Tribune Magazine, 2021; Sustain, 2023). Sweden introduced state subsidies for nutritious school lunches in 1946 and made them nationally mandatory by the late 1990s, at an average cost of about €691 per pupil per year, equivalent to roughly 6% of municipal compulsory-education budgets (Global Child Nutrition Foundation, 2023). A peer-reviewed longitudinal study found that exposure to Sweden's free lunch program throughout primary school was associated with a 3% increase in lifetime income, with the largest gains among pupils from poorer households evidence that the program's benefit stems from improved learning capacity rather than mere attendance incentives (Lundborg et al., 2022). A European Union-focused review similarly notes that only Finland, Sweden, and Estonia provide universal free meals across all school ages, while most other EU member states apply means-tested or partially paid schemes (Guio, 2023).

3.2 MBG's Budget Share of GDP in Comparative Perspective

As shown in Table 1, MBG's nominal budget is smaller than NSLP's total federal spending, but its share of national GDP is substantially larger than any comparator. With a 2026 ceiling of IDR 268 trillion against Indonesia's 2025 nominal GDP of IDR 23,821.1 trillion (Kadin Indonesia, 2026), the author's calculation places MBG at approximately 1.1% of GDP. Using the initial IDR 335 trillion ceiling, the ratio rises to about 1.4%; using the original IDR 450 trillion campaign pledge which Reuters/Investing.com (2024) separately reported analysts describing as roughly 2% of GDP, consistent with this study's independent calculation—the ratio reaches approximately 1.9%. By the same calculation method, PNAE Brazil, PM POSHAN India, and NSLP United States each represent below 0.1% of their respective national GDP (approximately 0.06%, 0.04%, and 0.06%, respectively).

This gap reflects a fundamental difference in policy design rather than population size alone. PNAE, PM POSHAN, and NSLP are decades-old institutionalized programs whose budgets grow incrementally with inflation and gradual coverage expansion, as illustrated by PNAE's planned 21.8% increase to offset cumulative food inflation (Global Child Nutrition Foundation, 2026). MBG, by contrast, was launched at near-full national scale from its first year of implementation, with spending rising from IDR 71 trillion in 2025 to hundreds of trillions of rupiah in 2026 (IPSSJ, 2025; ANTARA News Gorontalo, 2026)—a big-bang expansion pattern that, according to cross-country evidence on emerging-market fiscal shocks, is more likely to strain short-term fiscal space than a gradual rollout (Jiang et al., 2023). Finland's and Sweden's universal models offer a different qualitative comparison: both cover their entire student populations without means testing, like MBG, but were built gradually over more than seven decades and are embedded within regular municipal education budgets, so they have never appeared as a single startling budget surge (Sustain, 2023; Tribune Magazine, 2021). This institutional characteristic—rather than budget size alone—appears to be the key differentiator in how each program is perceived from a fiscal-risk standpoint.

3.3 MBG's Position in the State Budget and Deficit Trends

Realized MBG spending of IDR 101.1 trillion as of early August 2026 exceeded central-government capital expenditure (IDR 81.6 trillion) and social-assistance spending (IDR 71.7 trillion) over the same period, as well as total national food-security spending of IDR 66.6 trillion (IDXChannel, 2026), making BGN the largest-allocated agency in the 2026 cabinet budget (BGN, 2026a). Meanwhile, the state budget deficit widened dynamically: from IDR 240.1 trillion (0.93% of GDP) at the end of March 2026, briefly narrowed to 0.64% of GDP by end-April through accelerated tax collection (Suar.id, 2026), before the House Budget Committee projected in July 2026 that the full-year deficit would widen from an initial target of IDR 689.1 trillion (2.68% of GDP) to IDR 734.3 trillion (2.85% of GDP)—approaching the statutory 3%-of-GDP ceiling (Kontan.co.id, 2026).

The reduction of the MBG ceiling from IDR 335 trillion to IDR 268 trillion was explicitly linked by the Finance Minister to presidential direction for more efficient budget management without compromising program effectiveness (AFU.id, 2026). This step was also specifically cited by S&P Global Ratings as evidence of the government's fiscal discipline in maintaining Indonesia's investment-grade rating (The Diplomat, 2026), indicating that MBG budget decisions have become a variable directly weighed by international rating agencies in assessing the credibility of Indonesia's fiscal policy.

3.4 Investor Response: Evidence from Capital Markets and Credit Ratings

Throughout the first half of 2026, several indicators pointed to pressure on foreign investor trust. The Jakarta Composite Index (IHSG) fell around 32–33% year-to-date by late May 2026, among the weakest performances in Asia (Investor Trust ID, 2026). Indonesia's balance of payments recorded a US$9.15 billion deficit in Q1-2026, a sharp reversal from a US$6.07 billion surplus the previous quarter, driven by a weaker current account and a US$4.92 billion financial-account deficit from foreign debt repayment and moderating portfolio investment (Investor Trust ID, 2026; Stabilitas.id, 2026). The rupiah weakened to IDR 17,874 per US dollar by late May 2026, extending nine consecutive weeks of depreciation (Investor Trust ID, 2026).

Credit rating agencies reflected heightened caution as well. Fitch Ratings revised Indonesia's outlook from stable to negative in early March 2026 while affirming a BBB rating (Indonesia Business Post, 2026). Moody's affirmed a Baa2 rating but likewise shifted the outlook to negative from February 2026, citing rising subsidy costs following the Iran conflict and limited progress on broadening the tax base (Yahoo Finance, 2026; Indonesia Business Post, 2026), stating it would continue monitoring foreign-reserve adequacy, policy credibility, state-owned enterprise financial health, and Danantara's governance as determinants of future rating direction (Yahoo Finance, 2026). S&P Global Ratings, by contrast, maintained a BBB rating with a stable outlook, specifically crediting the government's commitment to the 3%-of-GDP deficit ceiling, including through the MBG budget reduction (The Diplomat, 2026).

This divergence among the three rating agencies is analytically important: it suggests that global institutional investors do not evaluate social-spending programs solely on nominal size but weigh the credibility and consistency of the medium-term fiscal policy framework. This is consistent with cross-country evidence that risk associated with populist policy has a larger effect on domestic financial markets than generic political-risk shocks (Balduzzi et al., 2023), and that government spending shocks unmatched by revenue reform tend to raise sovereign risk premia over the medium term (Jiang et al., 2023).

3.5 MBG and Investor Trust: A Dual Signal

Despite the pressure on investor trust indicators noted above, other data present a more nuanced picture. Q1-2026 economic growth reached 5.61% year-on-year, prompting officials and business leaders including the Chairman of the Indonesian Chamber of Commerce and Industry to voice optimism that Indonesia was beginning to break out of a decade-long growth plateau around 5%, linking this partly to accelerated government spending and the effectiveness of national priority programs since early in the year (Tangselpos, 2026). Q1-2026 realized investment data also showed foreign direct investment (FDI) growing 8.48% year-on-year, with FDI's share reaching 50.1% of total national investment—nearly matching domestic investment (LBS Urun Dana, 2026). Foreign exchange reserves also remained high at US$148.2 billion at end-March 2026, equivalent to 5.8 months of imports, well above the three-month international adequacy standard (Stabilitas.id, 2026).

These findings indicate a dual signal from MBG's budget expansion toward investor trust. On one hand, a large-scale social-spending surge unmatched by adequate revenue expansion contributes to short-term fiscal-risk perception, reflected in the Fitch and Moody's outlook revisions, the sharp IHSG correction, and sustained rupiah depreciation. On the other hand, insofar as MBG helps sustain household consumption and real economic growth consistent with Scandinavian evidence that school-nutrition investment is associated with long-term productivity and income gains (Lundborg et al., 2022) the program may act as a positive signal to medium- to long-term investors who weigh growth fundamentals and human-capital quality rather than the current-year deficit figure alone.

This dual signal is consistent with the government's official narrative positioning MBG as a shift from spending perceived as consumptive toward human-capital investment with long-term returns. However, this investment narrative is only credible to markets if matched by three prerequisites consistently highlighted by rating agencies: first, credible adherence to the statutory 3%-of-GDP deficit ceiling; second, tangible progress in broadening the state revenue base so that social spending does not rest entirely on debt financing; and third, transparent program governance, including resolution of procurement irregularities that have surfaced publicly (Yahoo Finance, 2026; Bijak Memantau, 2026; PajakOnline.com, 2026).

3.6 Policy Implications

The cross-country comparison implies that the sustainability of large-scale national free-meal programs depends more on the degree of institutionalization and medium-term fiscal credibility than on the nominal budget size in a given year. Brazil's and the Scandinavian countries' experience shows that integrating such programs into established transfer mechanisms a dedicated education-financing body (FNDE in Brazil) or regular municipal budgets (Finland and Sweden) allows gradual growth without triggering sharp fiscal-risk perception shocks. For Indonesia, this implies the importance of a clear medium-term fiscal roadmap for MBG, including alternative financing arrangements beyond the central state budget alone such as regional-government partnerships, private-sector collaboration, or a local family-farmer procurement scheme akin to Brazil's model both to ease pressure on central fiscal space and to strengthen the program's economic spillover to local agriculture and micro, small, and medium enterprises.

For policymakers, the dual-signal finding suggests that fiscal communication should explicitly separate the narrative of MBG as a long-term human-capital investment from the need for short-term fiscal discipline, rather than treating the two as a binary trade-off. Policy consistency not budget size alone appears to be what markets value most, as reflected in S&P's differing stance from Moody's and Fitch following the government's MBG budget reduction.

4. CONCLUSION

This study draws three main conclusions. First, relative to national economic size, Indonesia's MBG budget estimated by the author at 1.1% to 1.9% of GDP depending on the budget-ceiling scenario used far exceeds the comparable budget share of Brazil's PNAE, India's PM POSHAN, and the United States' NSLP, each below 0.1% of GDP, while Finland's and Sweden's universal models were built gradually over more than seven decades without a single conspicuous budget surge. Second, the rapid expansion of the MBG budget has become one factor weighed by international credit rating agencies in revising Indonesia's outlook, with Fitch and Moody's shifting to negative while S&P maintained a stable outlook, crediting the government's budget-reduction step. Third, the relationship between MBG and investor trust is dual and non-linear: the program may act as a short-term negative signal regarding fiscal risk, yet may become a positive medium- to long-term signal if it proves to strengthen human-capital quality and real economic growth, consistent with the historical experience of comparable Scandinavian programs. Based on these findings, this study recommends three actions. First, the government should articulate an explicit, publicly verifiable medium-term fiscal roadmap for MBG's continued financing, including timelines for broadening the revenue base. Second, procurement governance and transparency at the service-unit level should be strengthened to prevent irregularities that could erode program credibility among investors and the public. Third, given this study's limited observation window, future research using quantitative methods such as an event-study analysis of government bond yield movements around MBG budget policy announcements is needed to test more rigorously the causal relationship between MBG budget policy and investor-trust indicators examined descriptively here.

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