



# Legal Politics of the Establishment of the Daya Anagata Nusantara Investment Management Agency (BPI Danantara) in Indonesia

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## ABSTRACT

**Objective** – This study examines several problems that arise in the establishment of BPI Danantara, such as the urgency of establishing BPI Danantara, the objectives of Danantara's legal policy, and the strengths and weaknesses of establishing BPI Danantara.

**Methodology** – The writing method used in this writing is normative legal analysis.

**Findings** – The study finds that the establishment of BPI Danantara is urgently needed to accelerate economic growth, eradicate extreme poverty, and fund downstream programs, yet its success hinges on upholding good governance, transparency, professional management, and the development of clear implementing regulations for investment management.

**Novelty** – The novelty lies in the proposed establishment of BPI Danantara as a strategic entity to address critical national economic goals, specifically through direct capital injection into downstream programs, a function previously reliant on foreign investment.

**Keywords:** *legal politics, investment management agency, Danantara*

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## I. INTRODUCTION

Noting that the President of the Republic of Indonesia has officially signed important regulations related to the existence of the Daya Anagata Nusantara Investment Management Agency (BPI Danantara) at the Presidential Palace on Monday, February 24, 2025. These important regulations are Law Number 1 of 2025 concerning the Third Amendment to Law Number 19 of 2003 concerning State-Owned Enterprises and Government Regulation Number 10 of 2025 concerning the Organization and Governance of the Daya Anagata Nusantara Investment Management Agency, as well as Presidential Decree (Keppres) Number 30/2025 concerning the Appointment of the Supervisory Board and the BPI Danantara Executive Agency. With these regulations, BPI Danantara will have a strong legal basis to carry out its function as a manager of state investment in strategic sectors.

BPI Danantara Indonesia is a strategic investment management agency that consolidates and optimizes government investment to support national economic growth. The name “Daya Anagata Nusantara” was given directly by President Prabowo Subianto. “Daya” means energy, “Anagata” means future, and “Nusantara” refers to the Unitary State of the Republic of Indonesia, which as a whole reflects the strength and potential of Indonesia’s future. To achieve its strategic goals, BPI Danantara Indonesia is committed to driving economic transformation with a professional approach and implementing good governance. BPI Danantara Indonesia is committed to increasing asset efficiency, attracting global investment, and strengthening Indonesia’s competitiveness in strategic sectors, thereby creating equitable prosperity for all Indonesian people.

BPI Danantara’s vision is to be a leading investment manager, where the State-owned enterprises (BUMN) will be the enabler of its investment placement, BPI Danantara Indonesia drives Indonesia’s economic transformation by growing a world-scale Sovereign Wealth Fund, supporting national development and creating prosperity for all Indonesian people. Then BPI Danantara’s mission is: (1) Managing state assets professionally, transparently, and sustainably in accordance with the principles of good governance to promote people’s welfare, as mandated in Article 33 Paragraph 3 of the 1945 Constitution and the Asta Cita mission. (2) Optimizing and managing BUMN assets to create significant economic added value. (3) Become a catalyst for national economic growth through strategic investment in priority sectors that drive global competitiveness. (4) Attract and accelerate domestic and international investment by building strategic partnerships to support inclusive and sustainable national development. (5) Build an independent and superior Sovereign Wealth Fund institution, with healthy financial governance and oriented towards long-term sustainability.<sup>1</sup>

Several parties who support the establishment of BPI Danantara believe that with the existence of this investment management body, it is hoped that Indonesia can accelerate sustainable economic development and have a long-term impact. Through investment in strategic sectors, BPI Danantara is expected to make a significant contribution to encouraging more inclusive and highly competitive Indonesian economic growth. However, apart from the hopes that the government wants to realize through the vision and mission in the framework of establishing BPI Danantara, there are pros and cons in society regarding the policy of establishing BPI.

In addition, those who support it believe that the establishment of BPI Danantara will be able to encourage Indonesia’s economic growth to be better and in the future will be able to realize the welfare of the Indonesian people. On the other hand, those who do not support it are because of the skeptical attitude

<sup>1</sup>Danantara Indonesia, Daya Anagata Nusantara “For the Prosperity of Indonesia”, published in <https://www.danantara.id/> on March 6, 2025.



of some people towards the policy of establishing BPI Danantara, in this case the community still does not believe that this policy will run as it should.

Based on the above, regardless of the pros and cons that have emerged in society regarding the formation of BPI Danantara, the author would like to explore and analyze the urgency of establishing the Daya Anagata Nusantara Investment Management Agency (BPI Danantara); the legal politics of establishing the Daya Anagata Nusantara Investment Management Agency (BPI Danantara); and the weaknesses and advantages of establishing the Daya Anagata Nusantara Investment Management Agency (BPI Danantara).

## II. LITERATURE REVIEW

### General Overview of Legal Politics

#### *Definition of Legal Politics*

Etymologically, the word “politics” is related to policy. Politics comes from Dutch = Politiek and English = Politics, which both come from Greek = politika (related to the state) with the origin of the word Poilites (citizen) and polis (city-state) or stadstaat, which historically can be said that politics is related to the state.

While the definition of law according to Soedikno Mertokusumo is the entire collection of regulations or rules in a communal life, the entire behavioral rules that apply in a communal life, which can be enforced with sanctions. On the other hand, Mochtar Kusumaatmadja mentions it as the entirety of the principles and rules that regulate human interaction in society, also including institutions and processes that realize these rules in society.<sup>2</sup>

Based on the understanding of politics and law as mentioned above, various views can be taken for the understanding of legal politics, one of which is the legal political view of Moh. Mahfud MD explained that legal policy is an official direction or line that is used as a basis and a way to create and implement laws in order to achieve the goals of the nation and state. It can also be said that legal policy is an effort to make law a process of achieving state goals. In addition, legal policy is also the answer to the question of what to do with the law in a formal state perspective in order to achieve state goals.<sup>3</sup>

Meanwhile, according to Satjipto Rahardjo, legal policy is an activity of choosing and the methods to be used to achieve social goals with certain laws in society whose scope includes several basic questions,<sup>4</sup> namely:

- 1) What goals will be achieved with the existing system.
- 2) What methods and which are considered best to be used in achieving these goals.
- 3) When is the time and through what methods the law needs to be changed.
- 4) Can a standard and established pattern be formulated to help the process of selecting goals and ways to achieve these goals properly.

Based on the above definitions, it can be concluded that legal policy is a public policy to determine which laws need to be maintained (maintenance dimension), revised (renewal dimension), and created (creation dimension) to achieve state goals.<sup>5</sup>

<sup>2</sup>Ahmad Muliadi, *LEGAL POLITICS*, Padang: Permata Academy, 2013, p.1

<sup>3</sup>Moh. Mahfud MD, *Building Legal Politics, Upholding the Constitution*, LP3ES, Jakarta, 2006, p.15

<sup>4</sup>Satjipto Rahardjo, *Legal Science*, Bandung: Citra Aditya Bakti, 1991, 3rd ed., pp.325-326.

<sup>5</sup>Rachmat Trijono and Indah Harlina, *Legal Politics: Factors Influencing Policy*, Depok: Papas Sinar Sinanti, 2022, p. 17



### ***Objectives of Legal Policy***

Legal policy as a legal policy and legal product formed by the authorized power and enforced in a country or in the international world related to certain goals to be achieved, meaning that every legal policy stated or structured in a legal system has its own goals. Legal policy as a part of state policy concerning laws or regulations in force in a country can be used as a legal umbrella for all government agency policies. For Indonesia, which is currently building a temporary legal policy, it is more aimed at legal reform to realize a national legal system and various legal regulations that can meet the needs of an independent, sovereign Indonesia towards a just and prosperous society based on Pancasila and the 1945 Constitution.<sup>6</sup>

The general objectives of legal policy are clearly depicted in the laws and regulations that are formed, especially those contained in the considerations for considering a law<sup>7</sup>, namely:

- 1) Guaranteeing the fulfillment of the basic values contained in Pancasila and the Preamble to the 1945 Constitution.
- 2) Guaranteeing the formation of a structure and division and limitation of state power in a democratic and constitutional manner.
- 3) Realizing a just, prosperous, prosperous, happy, peaceful, orderly and peaceful society in the nation and state.
- 4) Providing certainty of protection and social welfare for all people.
- 5) Guaranteeing an independent judiciary.
- 6) Guaranteeing and regulating rights and obligations in protection, respect, advancement, certainty and justice in the fulfillment of human rights.
- 7) Realizing the form, content, and direction of every regulation for the sake of legal simplicity, legal unity and legal renewal in the life of society, nation and state.
- 8) Realizing a country that can protect all the people and all of Indonesia's blood, advance public welfare, educate the nation's life, and participate in implementing world order based on Freedom and Eternal Peace and Social Justice.

### **Overview of Danantara Investment Management Agency**

#### ***Definition and Legal Basis of Danantara Investment Management Agency***

In Article 1 number 23 of Law Number 1 of 2025 concerning the Third Amendment to Law Number 19 of 2003 concerning State-Owned Enterprises, it is stated that "Daya Anagata Nusantara Investment Management Agency, hereinafter referred to as the Agency, is an agency that carries out government duties in the field of BUMN management as regulated in this Law."

BPI Danantara is a strategic investment management agency that consolidates and optimizes government investment to support national economic growth. The name "Daya Anagata Nusantara" was given directly by President Prabowo Subianto. "Daya" means energy, "Anagata" means future, and "Nusantara" refers to the Unitary State of the Republic of Indonesia, which as a whole reflects the strength and potential of Indonesia's future. To achieve its strategic goals, BPI Danantara Indonesia is committed to driving economic transformation with a professional approach and implementing good governance. BPI Danantara Indonesia is committed to increasing asset efficiency, attracting global investment, and strengthening Indonesia's competitiveness in strategic sectors, thus creating equitable prosperity for all Indonesian people.

The legal basis related to the establishment of the Danantara Investment Management Agency can be seen through Law Number 1 of 2025 concerning the third amendment to Law Number 19 of 2003 concerning State-Owned Enterprises and Government Regulation Number 10 of 2025 concerning the

<sup>6</sup>Bagir Manan, National Legal Development, Alumni, Bandung, 1999, p.229.

<sup>7</sup>Ahmad Muliadi, pp.12-13.



Organization and Governance of the Daya Anagata Nusantara Investment Management Agency, as well as Presidential Decree (Keppres) Number 30/2025 concerning the Appointment of the Danantara Supervisory Board and Executive Board.

### ***Vision and Mission of the Danantara Investment Management Agency***

BPI Danantara has a vision, namely as a leading investment manager, where strategic BUMN will be the enabler of its investment placement, BPI Danantara Indonesia encourages the transformation of the Indonesian economy by growing a world-scale Sovereign Wealth Fund, supporting national development and creating prosperity for all Indonesian people.

BPI Danantara has a mission including: (1) Managing state assets professionally, transparently, and sustainably in accordance with the principles of good governance to promote people's welfare, as mandated in Article 33 Paragraph 3 of the 1945 Constitution and the Asta Cita mission. (2) Optimizing and managing BUMN assets to create significant economic added value. (3) Becoming a catalyst for national economic growth through strategic investment in priority sectors that encourage global competitiveness. (4) Attracting and accelerating domestic and international investment by building strategic partnerships to support inclusive and sustainable national development. (5) Building an independent and superior Sovereign Wealth Fund institution, with healthy financial governance and oriented towards long-term sustainability.<sup>8</sup>

In terms of aiming for investment management, the establishment of BPI Danantara is similar to the aim of Temasek in Singapore. Temasek is a private firm, wholly owned by the Singapore Government, which was formed as an investment holding concern to own and manage the State's equity investments in local firms. The firm has always been important to the nation as most of Temasek's investments are controlling interests in local firms that remain vital to Singapore's economy. However, until recently, little was known about the firm, and as a passive investor, few observers were interested in its activities.<sup>9</sup>

## **III. METHODOLOGY**

This paper is written using a normative legal approach. Normative legal writing does not recognize field research because what is studied is primary and secondary legal materials<sup>10</sup> by conducting a study of library sources consisting of related laws and regulations and various literature related to the legal policy of the establishment of the Daya Anagata Nusantara Investment Management Agency in Indonesia. Furthermore, the author conducts a descriptive analysis not only limited to the stage of data collection and compilation, but also includes analysis and interpretation of the primary and secondary legal sources in order to answer the problems to be studied.

Primary legal sources are legal materials that have an "authoritative" nature such as laws and regulations, official records in the making of laws, and judges' decisions. While secondary legal sources are in the form of scientific publications, books, legal dictionaries, or legal journals. The normative legal research method is used in this study because the author wants to try to reveal, describe, and analyze the formation of BPI Danantara by collecting actual information in detail that describes legal phenomena, identifying problems, and examining existing conditions which in this case are related to the formation of BPI Danantara.

<sup>8</sup>Danantara Indonesia, Daya Anagata Nusantara "For the Prosperity of Indonesia", published in <https://www.danantara.id/> on March 6, 2025.

<sup>9</sup> Wilson Ng, The evolution of sovereign wealth funds: Singapore's Temasek Holdings, *Journal of Financial Regulation and Compliance*, December 2009, p.1

<sup>10</sup>Johnny Ibrahim, *THEORY AND METHODOLOGY OF NORMATIVE LEGAL RESEARCH*, Malang: Bayumedia, 2005, p. 46



## IV. DISCUSSION

### Urgency of Establishing Daya Anagata Nusantara Investment Management Agency (BPI Danantara)

In the framework of establishing BPI Danantara, there are several urgencies that are considered as supporting factors for the government to immediately realize the establishment of the agency, several urgencies for the establishment of BPI Danantara that can be seen by the author include the following:

First, To Encourage Acceleration in Realizing 8 Percent Economic Growth. In principle, BPI Danantara aims to invest natural resources and state assets in sustainable and high-impact projects in various sectors, such as renewable energy, manufacturing, and food production. This process is a process of investment transformation in mega projects that will drive the Indonesian economy to become stronger and maintain the stability of the country's economy. The investment transformation process through BPI Danantara is believed to be a source of economic growth in Indonesia, the growth of which will increase from what was initially still stagnant at around 30 percent of its share of Gross Domestic Product (GDP), it is expected to increase to more than 30 percent and can also support Indonesia's economic growth to 8 percent.

Second, BPI Danantara Can Reduce Extreme Poverty Rates to Zero Percent. Poverty alleviation is the main focus in sustainable development. In this context, there are 17 pillars that are closely related to efforts to reduce poverty as a whole. These pillars include education, health, justice, gender equality, and others. Through integration and strengthening of these pillars, poverty alleviation efforts become more focused and holistic.

Real steps within a year can include increasing access to education for children from poor families, providing more equitable health and nutrition assistance, and strengthening training programs and small business assistance. This includes ensuring that vulnerable communities have better access to decent work.<sup>11</sup>

In facing the challenge of reducing poverty and unemployment, a clear and effective strategy is needed. Government programs that are oriented towards creating jobs and improving community skills are very crucial. The government is expected to be able to create a conducive investment climate, by reducing regulatory barriers and providing incentives for investors. Thus, this investment scheme not only benefits investors but also creates new jobs for the community. Thus, the establishment of BPI Danantara will have a positive impact on the general public, namely by opening up new jobs for Indonesian citizens. The new jobs that will be available to the general public are related to strategic projects carried out by BPI Danantara. For example, in the mining sector, renewable energy, and food security projects.

Third, BPI Danantara Can Inject Capital to Fund Downstream Programs That Previously Depend on Foreign Investment Realization. The Daya Anagata Nusantara Investment Management Agency (BPI Danantara) will receive initial capital of IDR 300 trillion or around USD 20 billion. The initial funds from BPI Danantara will be allocated to be managed and invested in more than 20 national projects, as part of the government's efforts to encourage industrialization and downstreaming domestically. In the first wave, the funds will focus on the development of downstream nickel, bauxite, copper, data center development, artificial intelligence, oil refineries, petrochemical plants, food and protein production, aquaculture, and renewable energy (EBT).

BPI Danantara is expected to spur the development of infrastructure projects that support downstreaming and industrialization programs in Indonesia. Several national strategic projects that are investment priorities for BPI Danantara include nickel, bauxite, and copper downstreaming projects, new and renewable energy projects, and energy and food security. This can also be one of the drivers of added

<sup>11</sup>Erwina Rachmi Puspapertiwi and Irawan Sapto Adhi, What is the Direct Impact of Danantara on the General Public?, published in [https://kompas.com/What is the Direct Impact of Danantara on the General Public?](https://kompas.com/What%20is%20the%20Direct%20Impact%20of%20Danantara%20on%20the%20General%20Public%3F) Page 2, on March 7, 2025.



value from Indonesia's Natural Resources (SDA), while also increasing the role of the manufacturing industry sector. This means that the funding of strategic government projects that have always depended on foreign investment assistance, in the future it is hoped that through BPI Danantara it can help invest in strategic projects set by the government.

### **Legal Policy of the Establishment of the Daya Anagata Nusantara Investment Management Agency (BPI Danantara)**

In principle, legal policy is a legal policy or official line (policy) containing laws intended for the purpose of making new laws or in the form of replacing old laws, where the formation of a policy containing the law is used in order to achieve state goals.<sup>12</sup> The law formed by the ruling government is a legal policy that will be enforced or not enforced to achieve state goals, this position makes law a tool towards these goals.<sup>13</sup>

The President of the Republic of Indonesia has officially formed BPI Danantara on February 24, 2025, and as an effort to strengthen the existence of BPI Danantara, the President of the Republic of Indonesia also signed several important regulations related to the existence of BPI Danantara at the Presidential Palace. These important regulations are Law Number 1 of 2025 concerning the Third Amendment to Law Number 19 of 2003 concerning State-Owned Enterprises and Government Regulation Number 10 of 2025 concerning the Organization and Governance of the Daya Anagata Nusantara Investment Management Agency, as well as Presidential Decree (Keppres) Number 30/2025 concerning the Appointment of the Supervisory Board and the BPI Danantara Implementing Agency. With these regulations. Through these regulations, BPI Danantara will have a strong legal basis to carry out its function as a manager of state investment in strategic sectors as well as consolidating and optimizing government investment to support national economic growth.

The legal policy of establishing BPI Danantara can be seen from the objectives of establishing BPI Danantara, including:

- 1) BPI Danantara manages state assets professionally, transparently, and sustainably in accordance with the principles of good governance to promote people's welfare, as mandated in Article 33 Paragraph 3 of the 1945 Constitution and the Asta Cita mission;
- 2) BPI Danantara optimizes and manages BUMN assets to create significant economic added value;
- 3) BPI Danantara becomes a catalyst for national economic growth through strategic investment in priority sectors that drive global competitiveness;
- 4) BPI Danantara can attract and accelerate domestic and international investment by building strategic partnerships to support inclusive and sustainable national development; and
- 5) BPI Danantara can build an independent and superior Sovereign Wealth Fund institution, with healthy financial governance and oriented towards long-term sustainability.

To achieve BPI Danantara's objectives, the Government has issued several laws and regulations to support the intended objectives. Law Number 1 of 2025 concerning the Third Amendment to Law Number 19 of 2003 concerning State-Owned Enterprises (BUMN Law) is one of the regulations that is an important point in strengthening the existence of BPI Danantara.

Observing the legal policy of the formation of BPI Danantara through the issuance of the BUMN Law, if we look at CHAPTER 1C related to the INVESTMENT MANAGEMENT AGENCY in Article 3E, it is explained that:<sup>14</sup>

<sup>12</sup> Peter Mahmud Marzuki, Legal Research, 11th ed., Jakarta: Kencana, 2011, p. 1.

<sup>13</sup> Ernes Gabriel Sihotang, Legal Politics in Relation to the Development of Democracy, Human Rights in the Development of Law in Indonesia, Administrative Law & Governance Journal. Volume 4 Issue 1, March 2021, pp. 71-72.

<sup>14</sup> Law Number 1 of 2025 concerning the Third Amendment to Law Number 19 of 2003 concerning State-Owned Enterprises.



- 1) In carrying out the management of BUMN, the President delegates some of his authority to the Agency established by this Law.
- 2) The Agency as referred to in paragraph (1) is an Indonesian legal entity that is fully owned by the Government of Indonesia.
- 3) The Agency as referred to in paragraph (2) aims to increase and optimize BUMN investment and operations and other sources of funds.
- 4) The Agency as referred to in paragraph (1) is responsible to the President.
- 5) In order to ensure dividend contributions for investment management, the Minister places his representatives in the Agency, Investment Holding, and Operational Holding with the approval of the President.

Through this Article, it can be interpreted that BPI Danantara has the authority to manage BUMN, some of the management authorities given to BPI Danantara as explained in the BUMN Law include:

- 1) managing Investment Holding dividends, Operational Holding dividends, and BUMN dividends;
- 2) approve the addition and/or reduction of capital participation in BUMN sourced from dividend management;
- 3) together with the Minister to form Investment Holding and Operational Holding;
- 4) together with the Minister to approve the proposal for write-off and/or write-off of BUMN Assets proposed by Investment Holding or Operational Holding;
- 5) provide loans, receive loans, and pledge assets with the approval of the President; and
- 6) ratify and consult with the the House of Representatives of Republic of Indonesia (DPR RI) apparatus in charge of BUMN regarding the work plan and budget of the Investment Holding Company or Operational Holding.

Furthermore, in terms of investment, BPI Danantara can make investments, either directly or indirectly, by cooperating with Investment Holding, Operational Holding, and third parties. The profits or losses experienced by BPI Danantara in carrying out the investment are the profits or losses of BPI Danantara, if it makes a profit, then part of the profit is determined as profit to the state to be deposited into the state treasury, this is after reserves are made to cover or bear the risk of loss in investing and/or accumulating capital. In addition, in terms of increasing assets, BPI Danantara can manage assets through cooperation with third parties. Cooperation with third parties is carried out by BPI through the Management Power and/or other forms of cooperation.

The mechanism for investments made directly or indirectly through cooperation with Investment Holding, Operational Holding, and third parties, as well as the mechanism for managing assets through cooperation with third parties currently does not exist, so this is something that must be done by the Government to regulate the mechanism further into more technical laws and regulations.

In terms of investment management, BPI Danantara appears to want to adopt the investment management carried out by Singapore through Temasek. Temasek is an investment holding company with characteristic of SWFs and with a portfolio of investments covering a wide range of countries and industry sectors. Temasek was established to create and maximize long-term shareholder value as an active investor and shareholder of successful enterprises. Headquartered in Singapore, Temasek was formed by the Government in 1974 to separately hold and manage its investments in companies and joint ventures (Temasek is wholly-owned by the government through the Minister of Finance—MOF, under the Singapore Companies Act). This move freed the government to focus on the economy as a whole and provided an opportunity for a commercially disciplined and independent company to achieve sustainable long-term returns. In addition to managing its inherited portfolio, Temasek also actively invested in other local companies in Singapore for growth and diversification. As Singapore's economy evolved and became increasingly globalized, Temasek began to invest actively outside of Singapore.



Temasek is an SWFs which is managed on commercial principles to create and deliver sustainable long-term value for its stakeholders. Temasek is an active value-oriented shareholder and investor, which seeks to manage its investments to create and maximize shareholder value, balancing risks and opportunities across industries and geographies. Temasek is an active shareholder and aims to achieve sustainable returns by engaging the boards and management of its portfolio companies to foster a culture of integrity, excellence and meritocracy, maintain a clear focus on core competence, customer fulfilment, consistent value creation, and cultivate high calibre board and management leadership.<sup>15</sup>

### **Weaknesses and Strengths of the Establishment of the Daya Anagata Nusantara Investment Management Agency (BPI Danantara)**

The policy of establishing BPI Danantara basically has weaknesses and strengths in its implementation. The advantages of the policy of establishing BPI Danantara are the reason for several parties to support the policy, but on the other hand, the weaknesses of the policy of establishing BPI Danantara are the basis for several parties to disagree with the policy.

There are several reasons or considerations that underlie the advantages and disadvantages of the policy of establishing BPI Danantara. Below will be explained the advantages and disadvantages of the policy of establishing BPI Danantara from various perspectives.

The considerations to support the policy of establishing BPI Danantara are based on several advantages of the policy of establishing BPI Danantara, including:

First, BPI Danantara can encourage economic growth and will be the future of national development. The government's full support in the establishment of BPI Danantara through various regulatory policies and large capital increasingly provides certainty in investment management, in addition, the consequences of BPI Danantara as a super holding that oversees various large BUMN in Indonesia, are expected to be able to become a major investment driver and can accelerate infrastructure development. Investment in strategic sectors and professional management will attract many investors both from within the country and abroad, it can be projected that in the future Indonesia will become the economic center of Southeast Asia. In addition, BPI Danantara which is designed as a sovereign wealth fund (SWF) can expand investment abroad, as with investment management bodies in other countries that have been successfully implemented, namely Temasek Holdings in Singapore and Khazanah Nasional Berhad in Malaysia. The success of BPI Danantara will be the main capital in creating additional income that can fund national development and reduce dependence on the State Budget (APBN).

Second, BPI Danantara can open up new jobs. As previously explained, through BPI Danantara, the Government is expected to be able to create a conducive investment climate, by reducing regulatory barriers and providing incentives for investors. This means that this investment scheme will not only benefit investors but will also have a positive impact on the general public, namely by opening up new jobs for Indonesian citizens. The new jobs that will be available to the general public are related to strategic projects carried out by BPI Danantara. For example, in the mining sector, renewable energy, and food security projects. In addition, BPI Danantara will have the authority to establish new businesses or cooperate with various companies (third parties), including in infrastructure management. This will increase confidence that through BPI Danantara, employment and job opportunities will be increasingly open.

Third, BPI Danantara can improve the performance and governance of state assets better. BPI Danantara has a positive goal to consolidate the management of state assets from BUMN companies to be more transparent and well-coordinated where each company will be more open with the existence of a holding company that appoints and supervises the board of commissioners and board of directors directly.

<sup>15</sup> Martin Vozar and Jozef Komornik, Investment Strategy of the Temasek Holdings, Chinese Business Review, ISSN 1537-1506 July 2012, Vol. 11, No. 7, p.612.



So far, the appointment of the board of commissioners and board of directors has been carried out by the ministry where the basis for the appointment is often not accompanied by adequate reasons and evaluations. So far, government supervision has been through the appointment of the board of commissioners and board of directors by the ministry so that its nature is not too binding. With Danantara, monitoring from the parent company will be more transparent and effective.

Thus, looking at several aspects that are the advantages of establishing BPI Danantara, if the BPI Danantara program is successful as expected, then this will be very beneficial for the country because it can accelerate Indonesia's transition towards a greener and more sustainable economy.

In addition to the advantages of the BPI Danantara formation policy, there are also several considerations in terms of not supporting the BPI formation policy, including:

First, BPI Danantara has the potential to add hierarchical layers. which of course will increase the length of the bureaucratic process. BPI Danantara is a Holding company which means that it has the consequence that it will give the effect of increasing the management layer in its business process, this is considered risky because it can actually reduce the creative freedom of each BUMN. As stated in the BUMN Law, BPI Danantara has several authorities such as managing Investment Holding dividends, Operational Holding dividends, and BUMN dividends; approving the addition and/or reduction of capital participation in BUMNs originating from dividend management; and ratifying and consulting with the DPR RI apparatus in charge of BUMNs regarding the work plan and budget of the Investment Holding Company and operational holding. This means that the role of BUMN in managing BUMN assets under BPI Danantara cannot move more freely because it must be in line with the policies stipulated in the BPI Danantara articles of association, such as in terms of preparing and proposing work plans and d. budgets of Investment Holding companies; manage BUMN dividends; empower assets; issue debt securities and/or receive loans; provide loans and/or guarantees to Operational Holdings, BUMNs, or BUMN Subsidiaries; manage and administer Investment Holding assets; propose write-offs and/or write-offs of Investment Holding assets to BPI Danantara; propose management contracts to BPI Danantara for approval.

Second, Danantara's investment scheme is carried out through budget efficiency that sacrifices the public interest. In line with Government policy (Presidential Instruction (Inpres) Number 1 of 2025) that ministries/institutions (K/L) and regional governments (Pemda) are required to carry out budget efficiency starting from operations to various programs that have been planned, which ultimately the funds collected as a consequence of this efficiency reached a figure of IDR 306.6 trillion in 2025. This efficiency has become controversial in the community because it has an impact on budget reductions in the Education and Health sectors, even though the education and health sectors are the main pillars for increasing national economic development, and are closely related to improving the quality of Indonesian human resources (HR) who will be able to compete with other countries.

Third, BUMN consolidation reduces transparency and increases government control over public companies (political intervention will be stronger than market mechanisms). The greater influence of politics in the implementation of BPI Danantara compared to business aspects is a fear for investors which can ultimately cause BUMN shares to fall due to investor distrust. In addition, there is a lot of public awareness regarding the management of assets managed by BPI Danantara which is prone to abuse of authority because it is considered that there are rules that protect BPI Danantara from legal entanglement, which in this case is related to financial audits that can be carried out by public accountants, while the BPK and KPK can audit BPI Danantara's finances with permission from the DPR. As a comparison, it can be seen from the case of "1Malaysia Development Berhad" or 1MDB, the case that occurred was a corruption, bribery, and money laundering scandal involving Malaysia's state wealth funds. This scandal involved systematic misappropriation of assets by the perpetrators of the scheme, with the misused assets spread throughout the world. The case became the largest financial scandal in the world, damaging public trust



and destroying the Malaysian economy. Therefore, Indonesia, with its track record recently demonstrated by several corruption cases that have surfaced recently, must certainly learn from these failures.

Considering these various weaknesses, if the BPI Danantara program does not match what is expected in its formation or fails to manage state assets that have used such a large amount of capital, then it is possible that the formation of BPI Danantara will have a boomerang effect on the nation's economy or in other words, the formation of BPI Danantara could be the beginning of the destruction of the nation's economy.

## V. CONCLUSION

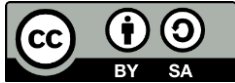
In the context of establishing BPI Danantara, there are several urgencies that are considered as supporting factors for the government to immediately realize the establishment of the agency, several urgencies for the establishment of BPI Danantara, including to encourage Acceleration in realizing 8 Percent economic growth; BPI Danantara can reduce extreme poverty rates to zero percent; and BPI Danantara can inject capital to fund downstream programs that previously relied heavily on the realization of foreign investment.

Then the legal policy of establishing BPI Danantara can be seen from the objectives of establishing BPI Danantara. To achieve the objectives of BPI Danantara, the Government has issued several laws and regulations to support the intended objectives. Law Number 1 of 2025 concerning the Third Amendment to Law Number 19 of 2003 concerning State-Owned Enterprises (BUMN Law) is one of the regulations that is an important point in strengthening the existence of BPI Danantara. In addition, the mechanism for investment carried out directly or indirectly through cooperation with Investment Holding, Operational Holding, and third parties, as well as the mechanism for managing assets through cooperation with third parties currently does not exist, so this is something that must be done by the Government to regulate the mechanism further into more technical laws and regulations.

Furthermore, regarding the weaknesses and advantages of establishing BPI Danantara, the establishment of BPI Danantara has advantages including: BPI Danantara can encourage economic growth and will be the future of national development; BPI Danantara can open up new jobs; BPI Danantara can improve the performance and governance of state assets better. In addition, BPI Danantara also has weaknesses including: BPI Danantara has the potential to add hierarchical layers. which of course will increase the length of the bureaucratic process; BPI Danantara's investment scheme is carried out through budget efficiency that sacrifices the public interest; and BUMN consolidation reduces transparency and increases government control over public companies (political intervention will be stronger than market mechanisms).

Thus, BPI Danantara must be able to uphold the principles of good governance and commit to involving public participation in every stage of decision-making. hand over the management of BPI Danantara entirely to professionals with integrity and high commitment, and are not affiliated with political interests or certain groups. This is the key to gaining public trust and support, which will ultimately determine the success of this institution in the long term. Only with strong integrity and transparency can BPI Danantara be relied on to maximize state assets and advance the Indonesian economy.

Then, implementing regulations need to be formed in the Law on State-Owned Enterprises related to the formation of BPI Danantara, so that the implementation of investment management by BPI Danantara can be carried out in accordance with existing regulations, and its implementation can be properly supervised.



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