



## Legal Uncertainty in the Establishment of Danantara: A Critical Legal Analysis

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### Abstract

The establishment of the State Investment Agency (Danantara) is a strategic step taken by the Indonesian government to improve the effectiveness and efficiency of state investment management. The primary objective of establishing Danantara is to optimize national investment potential and encourage sustainable long-term economic growth. However, in its implementation, Danantara faces significant challenges, particularly in legal and regulatory aspects. One of the main challenges is the potential for overlapping authority with other institutions such as State-Owned Enterprises (SOEs), the Ministry of Finance, and other investment management entities. The urgency of writing this article lies in the importance of an in-depth analysis of the regulations governing Danantara to avoid institutional conflicts and ensure transparent, accountable, effective, and efficient investment governance. The method used is normative legal research with a juridical approach, based on literature studies and analysis of legal documents. The results of the study indicate the need for regulatory harmonization and strengthening of oversight mechanisms so that Danantara can function optimally within a clear, coordinated, and integrated national legal framework..

Keywords: State Investment Agency; Overlapping Regulations; Investment Management

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### INTRODUCTION

The establishment of the State Investment Agency (Danantara) by the Indonesian government is a strategic step expected to improve the effectiveness of state investment management. In an increasingly competitive global context, sound investment management is crucial for driving economic growth and infrastructure development. However, the establishment of Danantara is not without legal challenges, particularly regarding overlapping regulations with other institutions, such as State-Owned Enterprises (SOEs) and the Ministry of Finance. These inconsistent and overlapping laws and regulations have the potential to create conflicts of authority that could hamper Danantara's effectiveness and efficiency in carrying out its functions.<sup>1</sup>According to

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<sup>1</sup>FF Busroh, F. Khairo, and PD Zhafirah, Regulatory Harmonization in Indonesia: Simplification and Synchronization to Increase Legal Effectiveness, *Journal of Legal Interpretation* 4, no. 3 (2023): 706

Yudanti and Setiadi (2022), disharmonious regulations can create legal uncertainty which has a negative impact on the investment climate in Indonesia.<sup>2</sup>Therefore, it is important to conduct an in-depth analysis of the regulations governing Danantara so that investment management can be carried out in a transparent and accountable manner.

In this case, coordination between government agencies is key to the effectiveness of public investment.<sup>3</sup>Furthermore, synergy between fiscal and monetary policies can encourage public investment, which can boost economic growth. It's also important to note that inappropriate policies, such as overlapping regulations, can lead to high inflation or large budget deficits.<sup>4</sup>

If high inflation occurs due to Danantara's failure, the Indonesian government's image will be tarnished, and investors will withdraw their investments. Furthermore, it's important to recognize that Indonesian culture can also encourage or hinder investment in a country.<sup>5</sup>Therefore, the problem formulation that will be studied in this article is how overlapping regulations affect the effectiveness of Danantara and what steps need to be taken to harmonize regulations in managing state investment.

In this research, several relevant theories will be used to analyze the existing problems. Investment management theory, which explains the importance of good management to achieve economic goals, will serve as the primary foundation.<sup>6</sup>In addition, regulatory theory will be used to understand how existing regulations can affect the performance of investment institutions.<sup>7</sup>Finally, accountability theory will also be referred to to emphasize the importance of transparency in managing state investments in order to build public trust in the government and minimize the occurrence of manipulation or corruption.<sup>8</sup>All these theories will be cited in the Results and Discussion chapter to provide a comprehensive analytical framework.

In addition to regulatory challenges, institutional aspects also require serious attention within the framework of Danantara's formation. An effective Danantara organizational structure must be able to accommodate the coordinating, oversight, and implementation functions of investment policies holistically. In practice, the lack of clear lines of coordination and the division of roles between institutions can lead to over-

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<sup>2</sup>A. Yudanti and W. Setiadi, Problems of the Formation of Indonesian Regulations in Planning the Formation of Regulations with Regional Development Planning, *Volksgeist: Journal of Law and Constitutional Studies* 5, no. 1 (2022): 29-30

<sup>3</sup>OECD, *Responsible Business Conduct for Institutional Investors* (OECD Guidelines, 2017)

<sup>4</sup>S. Rahman and Sudirman, The Role of Fiscal and Monetary Policy in Maintaining Economic Stability, *Journal Pedia* 7, no. 1 (2025): 145

<sup>5</sup>QT Tran, How Does National Culture Affect Corporate Investment Efficiency?, *Sage Journals* 26, no. 1 (2022): 94-105

<sup>6</sup>RN Khan, *The Future Of Investment Management* (CFA Institute Research Foundation, 2018)

<sup>7</sup>L. Vertesy, *Theory of Regulation of Financial Markets: Reasons and Methods*, *Jogelméleti Szemle* 2 (2024): 70

<sup>8</sup>K. Nisak, S. Riza, and Amiruddin, The Importance of State Financial Transparency in Improving Integrity and Minimizing Corruption in a Country, *Ameena Journal* 1, no. 2 (2023): 230

lapping tasks, ultimately hindering rapid and accurate decision-making in managing state investments. Therefore, Danantara's institutional design needs to be clearly formulated in legislation and supported by professional human resources and a transparent and integrated information technology system.

Furthermore, the role of politics in the formation and management of Danantara is also an important variable worth considering. Excessive political interference can lead to deviations from the principles of good governance, such as efficiency, effectiveness, and accountability.<sup>9</sup>Therefore, it is crucial to ensure that Danantara's structure is operationally independent and not easily influenced by short-term political dynamics. Establishing an oversight structure involving independent elements, including civil society and academics, could be an alternative to strengthen institutional transparency and accountability.

Furthermore, it is also important to consider best practices from other countries that have successfully established sovereign wealth funds or similar state investment institutions. Countries such as Norway, Singapore, and the United Arab Emirates have demonstrated that successful public investment fund management depends not only on fund size but also on solid and accountable institutional governance. Therefore, Danantara can learn from these models, while adapting to the legal, social, and political context in Indonesia. This comparative study can enrich the discussion and provide a basis for argumentation in developing strategies to strengthen Danantara in the future.

Several previous studies have addressed issues related to investment management and regulation in Indonesia. First, research by Orchard (2016) found that inconsistent and unclear regulations hamper the performance of state-owned enterprises.<sup>10</sup>Second, research by Setiagama (2024) highlights the importance of regulatory harmonization in the investment sector to increase economic growth in a country, including Indonesia.<sup>11</sup>Third, research by Sari and Reykasari (2024) addresses the legal challenges in managing state investment, emphasizing the need to strengthen oversight mechanisms to ensure that land rights are granted in accordance with applicable legal principles and that legal certainty is guaranteed. This research seeks to provide an original contribution with a specific focus on Danantara and the regulatory overlap it faces, a topic not widely discussed in the existing literature.<sup>12</sup>

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<sup>9</sup> Dicky Eko Prasetyo, Muh. Ali Masnun, and Noviyanti Noviyanti, "Post-Election Reconciliation in 2024 as a Constitutional Convention in Indonesia: A Progressive Legal Culture Perspective," *Jambura Law Review* 7, no. 1 (January 31, 2025): 176-196, <https://ejurnal.ung.ac.id/index.php/jalrev/article/view/26999>.

<sup>10</sup>C. Orchard, *Implementation of Good Corporate Governance in an Effort to Create a Cultured State-Owned Enterprise*, *Samudra Keadilan Law Journal* 11, no. 2 (2016): 261

<sup>11</sup>A. Setiagama, *The Influence of Technology on Legal Certainty to Guarantee Investor Confidence in Indonesia*, *Darma Agung Journal* 32, no. 4 (2024): 144

<sup>12</sup>EY Sari and Y. Reykasari, *The Principle of Legal Certainty in Granting Land Rights to Investors in the Indonesian Capital City Based on Article 16 A of Law Number 21 of 2023 Concerning the National Capital City*, *Journal of Interdisciplinary Scientific Studies* 8, no. 8 (2024): 76

This article is important because it fills a gap in the study of Danantara and the regulatory challenges it faces. By analyzing regulatory overlap and its impact on Danantara's effectiveness, this study aims to provide concrete recommendations for better regulatory harmonization. Several regulations that have the potential for overlap include: Law Number 19 of 2003 concerning State-Owned Enterprises in conjunction with Law Number 1 of 2025 concerning Amendments to the State-Owned Enterprise Law, which grants state-owned enterprises the authority to manage state assets; Government Regulation Number 74 of 2012 concerning Procedures for Participation and Administration of State Capital in State-Owned Enterprises and Limited Liability Companies, which establishes the mechanism for capital participation by the state; and Presidential Regulation Number 112 of 2023 concerning the Establishment and Management of the Investment Endowment Fund (Danantara), which grants new authority in managing state investments outside the BUMN or Ministry of Finance schemes.<sup>13</sup> This lack of harmony between regulations can lead to overlapping authority in managing state assets and investments, which in turn hinders the effective implementation of Danantara's duties. Therefore, the purpose of this study is to identify existing legal issues and provide solutions that can support better management of state investments in Indonesia. Therefore, this research is expected to make a significant contribution to the development of investment policy in Indonesia.

## RESEARCH METHODS

This research uses a normative research method with a juridical approach which aims to analyze legal issues related to the establishment of the State Investment Agency (Danantara) based on applicable legal norms, legal documents, and related literature.<sup>14</sup> A juridical approach is taken by referring to relevant laws and regulations, legal doctrine, and previous research findings to provide solutions to the regulatory overlap that is the focus of this research. This normative research is designed to explore the legal aspects of Danantara's formation through a literature review and analysis of legal documents. This research focuses on the evaluation of applicable laws and regulations, including Law Number 1 of 2025 concerning State-Owned Enterprises and Government Regulation Number 10 of 2025. In addition, this research also examines legal doctrine related to the principles of transparency, accountability, and regulatory harmonization in the management of state investment.

The research population comprised all legal regulations governing state investment in Indonesia, including those governing State-Owned Enterprises (SOEs) and the Financial Services Authority (OJK). The research sample consisted of primary legal

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<sup>13</sup> Thamasi Masnun, Muh Ali, Prasetio, Dicky Eko, Konara, "Financial Reconstruction of State-Owned Enterprises in Indonesia as Special State Finances: Public or Private Law?," *Bonum Commune Business Law Journal* 9, no. 1 (2026): 44-62.

<sup>14</sup> Maalikatussofa Masnun, Muh. Ali, Prasetio, Dicky Eko, "Reconstruction of the Normative Legal Research Paradigm in Responding to Global Challenges: An Epistemological Analysis," *Novum: Legal Journal* 12, no. 3 (2025): 372-384.

documents such as laws, government regulations, and academic literature related to state investment management and good governance principles.

The data in this study were collected through a literature review conducted by examining primary legal documents such as laws and government regulations, as well as secondary sources such as academic journals, legal textbooks, and scientific articles. This data collection technique aims to obtain relevant material for systematic analysis. The research instrument is a regulatory analysis table of State-Owned Enterprises (BUMN), the Financial Services Authority (OJK), and other regulations to compare various legal regulations relevant to the establishment of Danantara. This instrument helps identify regulatory overlaps and evaluate their compliance with good governance principles.

The data was analyzed using deductive and interpretive methods. The deductive method was used to draw conclusions based on applicable legal norms, while the interpretive method was used to understand the social and economic context of the regulations. The analysis was conducted by comparing the content of the regulations and legal doctrine with theories of state investment governance.

In the context of this normative research, the researcher acts as the primary reviewer, conducting a legal analysis of legal documents and academic literature. This research is doctrinal in nature, in which the researcher does not collect field data, but rather focuses on primary legal materials such as legislation, as well as secondary legal materials in the form of academic journals and legal textbooks. The validity of the analysis results is achieved through a systematic approach to applicable legal norms and is supported by interpretations based on relevant legal theory. Furthermore, to strengthen the argument and ensure the accuracy of the interpretation of the analyzed legal norms, the researcher also refers to expert opinions and the results of previous legal studies as a form of academic reinforcement.

## **ANALYSIS AND DISCUSSION**

### **A. Overlapping Regulations in Danantara Management**

The establishment of the State Investment Agency (Danantara) is one of the Indonesian government's strategic efforts to improve the effectiveness of state investment fund management. However, this initiative faces various challenges, particularly those related to regulations and inter-agency authority. One fundamental issue that has emerged is the overlapping regulations between Danantara and other existing institutions, such as State-Owned Enterprises (SOEs), the Ministry of Finance, and the Investment Management Agency (Indonesia Investment Authority or INA).

This overlapping regulation can lead to confusion in policy implementation and institutional tasks. In many cases, this overlap not only complicates coordination but also reduces the effectiveness of overall institutional performance. For example, if a state investment project can be handled by both INA and Danantara, questions arise about who has the most authority, how the oversight mechanism will be implement-

ed, and what the legal basis for each institution's operations is. This kind of confusion has the potential to undermine Indonesia's credibility with domestic and foreign investors because it signals inconsistency in national investment management.

According to Arifin (2024), unclear boundaries of authority between institutions can give rise to conflicts of interest that negatively impact the investment climate. In the long term, this could undermine the primary objective of establishing Danantara, namely as a forum to improve the efficiency and effectiveness of state fund management to support national development. Furthermore, this overlap is also feared to impact the performance of state-owned enterprises (SOEs), which play a crucial role in national economic development. If not addressed promptly, Danantara's role, which should be a strengthening one, will become a hindrance.<sup>15</sup>

One concrete example is Danantara's position as stipulated in Law No. 1 of 2025, which states that this agency is part of a state-owned enterprise. However, in practice, Danantara's functions overlap with those of INA and the Directorate General of Financing and Risk Management under the Ministry of Finance. This overlapping function indicates a lack of clear separation of roles, which can lead to duplication of work and inefficiencies in resource allocation. Within the framework of state administrative law, this reflects the need for regulatory revision and harmonization to prevent disharmony between institutions.

It's important to note that overlapping regulations occur not only at the formal level of legislation but also in technical implementation on the ground. Coordination between institutions often suffers from sectoral egos and differing interpretations of applicable regulations. Therefore, the initial step is a comprehensive mapping of the functions and authorities of each institution involved in managing state investment. Following this, regulatory harmonization is necessary to avoid overlapping functions and authorities.<sup>16</sup>

Regulatory harmonization can be achieved through government regulations in lieu of laws (Perppu), revisions to relevant laws, or the issuance of presidential regulations that explicitly define the boundaries of authority and responsibility of each institution. Furthermore, a regular coordination forum involving the Ministry of Finance, the Ministry of State-Owned Enterprises, INA, and Danantara itself is needed. This forum can serve as a platform for aligning perceptions and ensuring synergy in the implementation of state investment policies.

Furthermore, it's important to note that overlapping regulations also reflect problems within the legislative process and public policy planning in Indonesia. Regulations are often formulated sectorally without considering integration with the existing legal system. This is exacerbated by the lack of regulatory impact assessments before

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<sup>15</sup>F. Arifin, *Administrative Law Analysis of Regional Investment Incentive Policies and Their Impact on Regional Economic Growth*, Scientific Journal "Advocacy" 12, no. 4 (2024): 819

<sup>16</sup> Bagus Surya Dharma et al., "Harmonization of Laws Regulating the Formation of Village Government Work Plan Drafting Teams," *Ex Aequo Et Bono Journal Of Law* 2, no. 2 (January 31, 2025): 69-81, <https://journal-iasssf.com/index.php/EAEBJOL/article/view/1092>.

policy implementation.<sup>17</sup>As a result, overlapping or even conflicting regulations are commonplace in national legal systems. Therefore, the establishment of Danantara should be accompanied by a comprehensive evaluation of the existing legal framework to avoid conflicts between legal provisions.

From an investment perspective, regulatory consistency is a crucial indicator in investor risk assessment. A stable and coherent regulatory framework is a key factor foreign investors consider before investing in a country. When institutions like Danantara are established with an immature or overlapping legal framework, Indonesia risks missing out on valuable investment opportunities. Therefore, before expanding Danantara's mandate, it is important to ensure that its legal framework is free from potential regulatory conflicts and is supportive.

Equally important is the aspect of legislative oversight and the role of the House of Representatives (DPR) in overseeing the implementation of state investment policies. The DPR has the authority to control the implementation of laws through the rights of interpellation, inquiry, and expression of opinion. In the context of Danantara, the DPR can be a crucial partner in ensuring that there is no abuse of authority due to regulatory ambiguity. Therefore, in harmonizing regulations, the DPR should be actively involved so that the legislative process not only reflects executive interests but also reflects public aspirations and the principle of checks and balances.

Furthermore, regulatory harmonization must consider sustainability principles in investment governance. State investment management that fails to address environmental, social, and governance (ESG) principles risks facing pressure from civil society and the international community. Overlapping regulations can undermine ESG principles, especially if the institutions involved have differing priorities. Therefore, a harmonized regulatory framework also needs to integrate an ESG approach so that investments managed by Danantara can provide long-term benefits to society and avoid environmental damage.

## **B. Principles of Transparency and Accountability in Financial Management**

The principles of transparency and accountability are two key principles of good public financial governance. In the context of Danantara's management of the State Investment Fund, the implementation of these two principles is crucial, given that the funds are sourced from the state budget and aimed at improving public welfare. Therefore, all forms of management and use of funds must be legally, ethically, and morally accountable.

Transparency means that all Danantara activities must be publicly accessible, including information on planning, implementation, and reporting of investment activities. This openness is crucial to prevent corruption, collusion, and nepotism (KKN),

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<sup>17</sup> Purwanto Purwanto et al., "Streamlining Regional Regulations with Omnibus Law for Legal Harmonization," *Rechtsidee* 12, no. 2 (December 26, 2024): 7-13, <https://rechtsidee.umsida.ac.id/index.php/rechtsidee/article/view/1038>.

which have long been a classic problem in public fund management. Conversely, accountability refers to Danantara's obligation to be accountable for every decision, policy, and action taken, both to the government and the wider public.

However, in practice, there are still loopholes in the regulations that allow for abuse. As stipulated in Government Regulation No. 10 of 2025, Danantara is granted certain flexibility in carrying out its functions. While this flexibility aims to provide ample room for innovation, if not balanced with strong oversight mechanisms, it can potentially open up opportunities for abuse of authority.

As an institution that manages state funds, Danantara must adhere to the principles of transparency and accountability in managing public finances. Sound financial management must be based on these principles to prevent abuse of authority and enhance public trust.<sup>18</sup> However, Government Regulation No. 10 of 2025 grants Danantara certain flexibility that could conflict with these principles. The lack of clarity in the oversight mechanism between Danantara, the Financial Services Authority (OJK), and the Supreme Audit Agency (BPK) also adds complexity to the management and oversight of state funds. This creates potential conflicts that could undermine stability and public trust in the management of state investments. Therefore, it is crucial to ensure that Danantara operates within a clear and accountable legal framework.

The lack of clarity regarding who is authorized to audit and supervise Danantara also adds to the complexity. Within the state financial oversight structure, the roles of the Financial Services Authority (OJK) and the Supreme Audit Agency (BPK) are crucial. However, if existing regulations do not explicitly define the respective roles of these supervisory institutions in the context of oversight of Danantara, it will be difficult to ensure that the oversight process is effective and efficient. As a result, the management of public funds becomes vulnerable to practices that violate the principles of good governance.

In many countries, public investment fund management institutions have independent supervisory boards comprised of representatives from government, academia, and civil society. Indonesia could emulate this practice and implement it within Danantara's institutional structure. Furthermore, Danantara's financial and investment activity reports must be published regularly and made accessible to the public. The use of information technology and digital accounting systems can help improve information transparency and reduce the risk of data manipulation.

In addition to financial reporting, transparency is also essential in the investment decision-making process. Every project funded by Danantara should undergo an open selection process based on clear criteria, such as economic feasibility, social benefits, and environmental impact. This way, the public can assess whether state funds are

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<sup>18</sup>Nurjanna, I. Permatasari, and N. Hasmi, Analysis of Village Government Accountability and Transparency in the Management of Village Fund Allocation (ADD) in Bontomanai Village, Bajeng Barat District, Gowa Regency, *Competitive Accounting Journal* 8, no. 1 (2025): 62

truly being used for the benefit of the wider community, not merely for the benefit of a select few.

Furthermore, accountability must also be realized through the development of measurable and auditable performance indicators. Danantara needs to have an internal performance assessment system that covers aspects of efficiency, effectiveness, and legal compliance. This assessment is crucial not only for internal decision-making but also for the public in assessing the institution's success. Therefore, the involvement of external institutions such as academics, independent auditors, and non-governmental organizations in the evaluation process is highly recommended to maintain the objectivity and credibility of the evaluation results.

In international practice, the principle of open government is increasingly being applied to public financial governance. This concept emphasizes the importance of public participation in decision-making processes, open access to public data, and responsive complaint mechanisms. Danantara can adopt this principle by providing interactive communication channels, such as online portals that allow the public to submit input, submit complaints, and even monitor ongoing investment projects.

Equally important is strengthening reporting mechanisms and following up on supervisory findings. In many cases, audit reports are often not followed up with sanctions or system improvements. Therefore, a reporting system that is not only formal but also legally binding is needed. Any findings indicating violations or irregularities must be followed up through legal proceedings or administrative sanctions to ensure the principle of accountability is truly upheld.

Finally, Danantara's organizational culture must also reflect a spirit of transparency and accountability. This culture can be fostered through internal training, the implementation of a code of ethics, and incentives for employees who demonstrate high integrity. By fostering a healthy culture, Danantara can become an example of a professional, honest, and responsible state investment management institution.

### **C. Optimization of the Danantara Function through Regulatory Alignment**

Given the challenges facing Danantara, this study recommends the need for better regulatory alignment to avoid overlapping authorities and ensure transparent and accountable investment management (IFC, 2018). One step that can be taken is to conduct a comprehensive evaluation of existing regulations and identify areas where harmonization is needed. Furthermore, there is a need to strengthen oversight mechanisms involving all relevant institutions, including the Financial Services Authority (OJK) and the Supreme Audit Agency (BPK), to ensure that state funds are managed effectively and in accordance with the principles of state administrative law. This way, Danantara can function optimally in supporting state investment management and driving sustainable economic growth in Indonesia.<sup>19</sup>

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<sup>19</sup>S. Anastasia et al., Implications of Agrarian Law on Land Conflicts in Indonesia, *Arus Jurnal Sosial dan Humaniora* 4, no. 2 (2024): 552

Based on the various issues outlined above, the primary recommendation is the need for comprehensive regulatory alignment to ensure optimal Danantara management without bureaucratic hurdles or institutional conflict. This alignment includes revising laws and regulations, adjusting technical policies, and enhancing the capacity of supervisory institutions.

*First* The government needs to conduct a regulatory review of all regulations related to state investment. The goal is to identify overlapping, irrelevant, or unsynchronized regulations across institutions. This audit will also serve as the basis for developing new, more comprehensive regulations that support integrated state investment management. Second, the government can establish a special task force across ministries and institutions tasked with developing a roadmap for harmonizing investment management regulations. This task force should be equipped with sufficient authority to coordinate and direct regulatory changes and ensure that any new policies issued align with the long-term vision of state investment management. Third, the role of supervisory institutions needs to be strengthened. This strengthening encompasses not only institutional aspects but also human resource capacity building, information technology, and institutional integrity. In this regard, the Supreme Audit Agency (BPK) and the Financial Services Authority (OJK) must have full access to all Danantara data and activities, so that the audit process can be conducted independently and objectively. Fourth, increased public participation in oversight is needed. The government can develop a whistleblowing system and open public communication channels that the public can utilize to provide input and complaints regarding Danantara's investment management. This step will strengthen Danantara's institutional legitimacy in the public eye and increase public trust in the government. Fifth, it is crucial to establish measurable and transparent Key Performance Indicators (KPIs) for Danantara. These KPIs should cover the efficiency, effectiveness, accountability, and socioeconomic impact of each investment. Clear KPIs allow for objective and sustainable evaluation of Danantara's performance.

By implementing the various recommendations above, it is hoped that state investment management through Danantara can be more effective, efficient, and accountable. In the long term, Danantara must become a model for a modern and professional investment management institution, prioritizing not only profitability but also social aspects and sustainable development. Thus, Danantara's role in supporting national economic growth will become increasingly significant and sustainable.

In addition to the structural measures mentioned, regulatory harmonization must also consider the need for clarity of mandate. In many cases, overlapping authority arises from the lack of clear boundaries between the roles of investment management institutions and supervisory institutions. Therefore, it is crucial for the government to explicitly define functional boundaries in regulations, both in the form of laws and implementing regulations. This clarity will prevent competing claims of authority, ex-

pedite decision-making, and increase the effectiveness of the implementation of state investment policies.

Equally important, regulatory alignment must also address procedural aspects, including the development of uniform standard operating procedures (SOPs) for each investment stage. SOPs developed jointly by Danantara, relevant ministries, and supervisory agencies will create a more coordinated and transparent work system. Furthermore, SOPs can facilitate periodic audits and evaluations, as every decision and action will have an operational basis that can be traced administratively.

Regulatory harmonization should not be conducted privately by the central government alone, but should also involve local governments, academics, legal practitioners, and civil society organizations. Multi-stakeholder participation in the regulatory drafting and revision process will enrich perspectives and ensure that the resulting policies are inclusive and reflect the needs of the field. This public consultation mechanism also implements the principle of open government, which aligns with the spirit of bureaucratic reform and public policy transparency.

In addition, harmonized and cohesive regulations must also address compliance with international agreements or global standards for public investment management. In the era of economic globalization, Indonesia's position as part of the international community demands synchronization between domestic regulations and the legal framework and global investment standards, such as those stipulated in the OECD principles regarding the Sovereign Wealth Fund and state investment governance. This harmonization will strengthen Danantara's credibility among global investors and open up opportunities for strategic partnerships with international financial institutions.

Finally, to ensure that the regulatory harmonization process continues consistently and uninterrupted, a mechanism for regular regulatory monitoring and evaluation is necessary. This evaluation aims to assess the effectiveness of the implementation of harmonized regulations and to adjust regulations when there are changes in the national social, economic, and political context. Periodic regulatory monitoring will also serve as a means to detect potential problems early and accelerate the government's adaptive policy response.

## CONCLUSION

Based on the analysis of Danantara's formation and governance, it can be concluded that this agency has strategic potential in strengthening state investment management. However, its implementation still faces significant challenges, particularly regarding regulatory overlap with other established institutions, such as the Ministry of Finance, State-Owned Enterprises (SOEs), and the Indonesia Investment Authority (INA). This overlap not only leads to unclear boundaries of authority between institutions but also risks creating structural and operational inefficiencies in national investment management. Therefore, regulatory harmonization is an urgent need to ensure clarity in the mandate and scope of each institution's duties.

Furthermore, the principles of transparency and accountability, which should be pillars of state financial management, still face challenges in their implementation within Danantara. While the flexibility provided through Government Regulation No. 10 of 2025 is intended to provide freedom for innovation, without a strong and integrated oversight system, this policy has the potential to lead to abuse of authorities. The unclear roles of the Financial Services Authority (OJK) and the Supreme Audit Agency (BPK) in overseeing Danantara demonstrate the importance of establishing a more concrete, participatory, and good governance-based oversight framework. Information transparency, public involvement, and the use of technology in transparent financial reporting are crucial steps to promote this institution's accountability.

As a way forward, this study recommends several comprehensive and systematic regulatory harmonization strategies. The government needs to conduct a comprehensive regulatory audit to identify overlaps and inconsistencies between policies. Establishing a cross-ministerial and institutional task force to develop a roadmap for regulatory harmonization is also crucial to ensure the harmonization process is not partial. Furthermore, strengthening the capacity of oversight institutions – both structurally, technically, and ethically – must be a priority. Establishing objective and transparent key performance indicators (KPIs), and strengthening public participation through a whistleblowing system, will be crucial instruments for maintaining the integrity and accountability of the management of the State Investment Fund.

Thus, Danantara needs to be directed not only to become an efficient fiscal instrument but also a model for a modern, professional, and inclusive state investment institution. Regulatory reform and strengthening of institutional governance must go hand in hand to ensure Danantara is truly capable of addressing development challenges and contributing significantly to inclusive and sustainable economic growth in Indonesia.

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