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THE LEGAL POLITICS OF ESTABLISHING THE DANANTARA INVESTMENT MANAGEMENT AGENCY IN THE PERSPECTIVE OF CONSTITUTIONAL LAW AND STATE ADMINISTRATIVE ACCOUNTABILITY

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ABSTRACT

The establishment of the Badan Pengelola Investasi Daya Anagata Nusantara (Danantara) under Law Number 1 of 2025 represents a significant transformation in the management of state investment and strategic assets. Its establishment raises issues concerning authority, governance, transparency, oversight, and state administrative accountability. This study employs a normative juridical method using statutory and conceptual approaches. Legal materials are analyzed qualitatively to examine Danantara's institutional authority from the perspective of *state administrative accountability*. Danantara has a legal foundation to manage state investment and strategic assets; however, its expanded authority must be balanced with clear mandates, functional delineation, effective oversight, independent auditing, transparent reporting, and conflict-of-interest prevention. Comparisons with state investment institutions in Singapore, Malaysia, and Norway demonstrate the importance of balancing investment autonomy with accountability mechanisms. Danantara requires an *accountable investment autonomy* model that balances investment discretion with legal, administrative, financial, institutional, and public accountability to ensure that state assets are managed transparently, audibly, professionally, and in accordance with the public interest.

***Keywords: Danantara; state administrative accountability*; *state investment; governance; accountability*.**

INTRODUCTION

The establishment of the Badan Pengelola Investasi Daya Anagata Nusantara (Danantara) represents one of the most significant institutional developments in Indonesia's contemporary state asset governance. Danantara was formally established within the legal framework of the amendment to the State-Owned Enterprises Law and publicly launched on 24 February 2025. Its establishment reflects the government's policy to reorganize the management of strategic state assets and state-owned enterprises through an institution designed to optimize investment value and promote long-term national economic development (Indonesia, 2025a; Indonesia, 2025b). The establishment of Danantara therefore constitutes more than the creation of a new investment institution. It represents a transformation in the institutional architecture through which the state exercises authority over state-owned enterprises and manages assets associated with public interests.

From a constitutional perspective, the establishment of Danantara cannot be separated from Article 33 of the 1945 Constitution of the Republic of Indonesia, which places the national economy within a framework oriented toward collective prosperity and recognizes the state's role in controlling important branches of production and natural resources for the greatest prosperity of the people. The constitutional concept of state control, however, should not be understood solely as direct state ownership or operational management. It encompasses a broader range of regulatory, policy-making, management, and supervisory functions through which the state ensures that economic resources are utilized in accordance with constitutional objectives (Asshiddiqie, 2021). Accordingly, the constitutional legitimacy of Danantara must be translated into a concrete statutory and administrative framework that defines the source, scope, purpose, and limitations of its authority.

This statutory framework became more explicit through Law Number 1 of 2025 concerning the Third Amendment to Law Number 19 of 2003 concerning State-Owned Enterprises. The law establishes the Badan Pengelola Investasi Daya Anagata Nusantara as an Indonesian legal entity wholly owned by the Government of Indonesia and provides the legal foundation for the transfer of part of the President's authority in the management of state-owned enterprises to the Agency (Indonesia, 2025a). Government Regulation Number 10 of 2025 subsequently regulates the organization and governance of Danantara, including its institutional organs and the delegation of part of the President's duties and authority in the management of state-owned enterprises (Indonesia, 2025b). The legal framework was subsequently further developed through Law Number 16 of 2025 and Government Regulation Number 19 of 2026, demonstrating that the institutional construction of Danantara remains dynamic and continues to be adjusted in relation to authority, governance, and accountability (Indonesia, 2025c; Indonesia, 2026).

The development of this regulatory framework is important because the exercise of public authority cannot be separated from the principle of accountability. In administrative law, authority is not merely the legal capacity to act but also carries responsibility for the manner, purpose, and consequences of its exercise (Hadjon, 2015; Ridwan HR, 2020). The greater the authority and strategic value of the assets managed by a public institution, the greater the need for a clear accountability framework. This principle becomes particularly significant in the case of Danantara because the institution operates at the intersection between public authority, state-owned enterprise governance, state asset management, and investment decision-making.

The administrative character of Danantara therefore creates a distinctive legal problem. Investment institutions generally require a substantial degree of flexibility, professional discretion, and risk-taking capacity to respond to changing economic conditions. Excessive administrative constraints may reduce investment effectiveness. Conversely, excessive discretion without adequate legal boundaries, transparency, supervision, and accountability may create opportunities for abuse of authority, conflicts of interest, moral hazard, and weakened public oversight. The central legal challenge is therefore not simply how to grant Danantara sufficient authority to manage state investments, but how to ensure that such authority remains compatible with the principles of legality, accountability, transparency, and public interest (Muttaqin et al., 2025).

Recent academic discussions have begun to identify this tension. Muttaqin, Septiarani, and Velentina (2025), for example, argue that the establishment of Danantara creates a potential tension between the objective of increasing efficiency in state asset management and the risk of moral hazard, particularly where substantial institutional discretion is not accompanied by adequate transparency and accountability mechanisms. Their analysis also identifies concerns relating to the concentration of authority and the effectiveness of public oversight (Muttaqin et al., 2025). Similarly, Setiawan, Iryani, and Hartana (2025) emphasize the importance of auditability, functional separation, auditable decision-making, and public responsibility in the governance of Danantara. These studies demonstrate that the legal debate concerning Danantara has increasingly moved beyond the question of its formal establishment toward the more fundamental question of how the institution should be governed and held accountable.

Nevertheless, an important gap remains in the existing discussion. Much of the emerging literature focuses separately on the legal foundation of Danantara, its potential economic function, moral hazard, or comparison with other state investment institutions. The question of state administrative accountability as an integrated legal framework for examining Danantara's authority, decision-making, supervision, financial reporting, and public responsibility remains insufficiently developed. In particular, there is a need to examine the relationship between the legal source of Danantara's authority and the mechanisms through which that authority can be reviewed, audited, justified, and held accountable. This gap is significant because Danantara does not operate merely as an ordinary corporate investment manager. Its institutional position is connected to the exercise of state authority and the management of assets that have a direct relationship with public interests.

The accountability question becomes increasingly important when considering the institutional evolution surrounding Danantara. The formation of Danantara does not eliminate the existence of other governmental and institutional actors involved in state-owned enterprise governance and investment. The emergence of distinct regulatory, ownership, management, and supervisory functions requires clear institutional boundaries to prevent overlapping authority and conflicts of interest. From an administrative law perspective, the separation of functions is essential because the concentration of regulatory, ownership, investment-management, and supervisory powers within overlapping institutional structures may weaken checks and balances and make the allocation of responsibility difficult to determine (Setiawan et al., 2025). Thus, the existence of Danantara requires not only an examination of what the institution is authorized to do, but also an examination of who regulates, who manages, who supervises, who audits, and to whom the institution is accountable.

The issue of financial reporting provides a further dimension to this accountability problem. Danantara has publicly affirmed its commitment to transparency and accountability and stated that its annual financial statements remain subject to an audit process under the applicable legal framework. In May 2026, Danantara stated that it was still consolidating and finalizing the audited financial statements of state-owned enterprises within its management scope. On 2 July 2026, Danantara subsequently announced that the state-owned enterprises within its ecosystem had completed their 2025 financial statements while Danantara continued the preparation of its consolidated financial statements. At the same time, Danantara's official website currently lists its financial reports as “Coming Soon.”

This situation should not be interpreted simply as evidence of institutional failure. Rather, from the perspective of administrative accountability, it raises a more fundamental legal question concerning the design and timing of public reporting, the scope of audit authority, the accessibility of financial information, and the mechanisms through which the public can evaluate the management of state assets. Accountability requires not merely the existence of an audit obligation, but also a traceable relationship between authority, decision-making, reporting, auditing, supervision, and corrective action. Therefore, the availability and accessibility of financial information constitute an important indicator of whether the institutional architecture of Danantara provides adequate conditions for public accountability.

The comparative dimension is also important in understanding this institutional challenge. State investment institutions in other jurisdictions demonstrate different approaches to balancing investment autonomy and public accountability. Singapore's Temasek Holdings, Norway's Government Pension Fund Global, and Malaysia's Khazanah Nasional Berhad, for example, have developed different institutional arrangements concerning ownership, investment mandates, governance, transparency, and external oversight. Comparative analysis is therefore necessary not to transplant foreign institutional models directly into Indonesia, but to identify governance principles that may provide relevant lessons for strengthening Danantara's accountability architecture. Such comparison is particularly useful because the central question is how a state investment institution can maintain professional investment autonomy while remaining subject to appropriate public-law controls.

Within this context, the concept of *state administrative accountability* provides an analytical framework that connects the constitutional, administrative, institutional, and financial dimensions of Danantara. Accountability in this sense extends beyond financial performance and includes at least legal accountability, administrative accountability, financial accountability, institutional accountability, and public accountability. Legal accountability concerns conformity with the statutory basis and limits of authority; administrative accountability concerns responsibility for the exercise of administrative powers; financial accountability concerns the management and reporting of state assets; institutional accountability concerns internal and external supervision; while public accountability concerns transparency and the ability of citizens and other stakeholders to obtain adequate information concerning decisions affecting public interests.

This perspective is consistent with the broader principles of good governance, particularly legality, transparency, accountability, effectiveness, and prevention of abuse of authority. The exercise of administrative authority must be directed toward the purpose for which the authority was granted and must remain subject to legal and institutional controls (Hadjon, 2015; Ridwan HR, 2020). In the context of Danantara, this means that investment performance cannot constitute the sole measure of institutional success. The legality of decision-making, adequacy of supervision, auditability of transactions, prevention of conflicts of interest, transparency of financial information, and mechanisms for public responsibility must also form part of the assessment.

The significance of this perspective also places the study within the field of public administration and state administrative governance. Danantara provides an important contemporary case for examining how Indonesia's administrative state responds to the increasing complexity of public asset management. The institution combines characteristics of a state investment institution with functions connected to the management of state-owned enterprises and strategic public assets. Such a hybrid institutional character requires an equally sophisticated accountability framework capable of accommodating investment flexibility while preserving the principles of public law. In this respect, the study contributes to the discourse on state administrative governance by positioning Danantara not merely as an economic institution but as an institutional manifestation of the changing relationship between state authority, public assets, and investment governance.

Based on the foregoing considerations, this study examines the legal politics of establishing Danantara from the perspective of constitutional law and state administrative accountability. It specifically analyzes the legal basis and constitutional justification for Danantara's establishment, the institutional construction and distribution of authority within the state investment governance framework, and the mechanisms of administrative, financial, institutional, and public accountability applicable to Danantara. The study further examines comparative practices of state investment institutions in selected jurisdictions to identify governance principles relevant to the strengthening of Danantara's accountability framework.

The central argument of this study is that the legitimacy of Danantara cannot be determined solely by the existence of a statutory basis or by its capacity to generate economic value. Its institutional legitimacy must also be measured by the extent to which the authority delegated to it is exercised within clearly defined legal limits and accompanied by effective mechanisms of transparency, auditability, supervision, and public accountability. Accordingly, the modernization of state investment governance through Danantara should not produce a reduction in public-law controls; rather, institutional flexibility must be accompanied by stronger accountability mechanisms. This balance constitutes the central challenge of Danantara within Indonesia's constitutional and administrative law framework.

LITERATURE REVIEW

Constitutionalism, Rule of Law, and State Control over Strategic Economic Resources

The establishment of the Badan Pengelola Investasi Daya Anagata Nusantara (Danantara) needs to be understood within the constitutional framework governing the exercise of state power and the management of strategic economic resources. In a constitutional state, institutional transformation involving public authority must have a clear legal basis, defined institutional competence, and mechanisms of accountability. This principle is particularly relevant to Danantara because the institution is entrusted with functions related to the management and optimization of assets associated with state-owned enterprises and strategic national investments.

Article 33 of the 1945 Constitution of the Republic of Indonesia provides an important normative foundation for understanding the state's role in the national economy. State control over important economic resources should not be interpreted merely as direct ownership or operational management, but also encompasses regulatory, policy-making, management, and supervisory functions directed toward the greatest prosperity of the people (Asshiddiqie, 2021). Consequently, the establishment of Danantara may be viewed as an institutional manifestation of the state's responsibility to manage strategic economic resources. Nevertheless, constitutional legitimacy depends not only on state ownership but also on whether the authority exercised remains consistent with legality, public interest, transparency, and accountability.

The principle of the rule of law further requires that public authority be exercised within legally established boundaries. Law Number 1 of 2025 concerning the Third Amendment to Law Number 19 of 2003 concerning State-Owned Enterprises provides the statutory foundation for Danantara, followed by Government Regulation Number 10 of 2025 concerning its organization and governance and Government Regulation Number 16 of 2025 concerning state capital participation (Indonesia, 2025a; Indonesia, 2025b; Indonesia, 2025c). The subsequent enactment of Government Regulation Number 19 of 2026 further demonstrates that Danantara's institutional framework continues to develop, particularly in relation to authority, governance, and accountability (Indonesia, 2026). This development confirms the importance of examining Danantara not merely as an investment institution but as an institution operating within Indonesia's constitutional and administrative system.

Legal Politics and Institutional Transformation of State Asset Governance

Legal politics provides a middle theoretical framework for understanding the establishment of Danantara and the institutional transformation it represents. Legal politics concerns the direction of state policy embodied in legal norms and institutional arrangements. Law functions not only as a regulatory instrument but also as a means through which the state determines institutional structures, distributes authority, and establishes policy priorities (Mahfud MD, 2017).

From this perspective, the establishment of Danantara constitutes a legal-political choice concerning the management and optimization of strategic state assets and investments. Law Number 1 of 2025 and its subsequent regulatory framework demonstrate a restructuring of the relationship between the state, state-owned enterprises, state assets, and investment management. The transformation is therefore not simply the creation of a new investment institution but a reconfiguration of the institutional architecture of state asset governance.

The legal-political choice to strengthen investment efficiency and institutional autonomy, however, must remain compatible with constitutional and administrative requirements. Greater institutional discretion may provide flexibility for professional investment management, but it may simultaneously create risks of moral hazard, concentration of authority, and conflicts of interest if adequate accountability mechanisms are absent. Recent research by Muttaqin, Septiarani, and Velentina (2025) identifies precisely this tension between efficiency and the potential risks of moral hazard in the management of state investments through Danantara. Thus, the legal transformation represented by Danantara must be assessed not only from the perspective of institutional efficiency but also from the perspective of the legal safeguards accompanying the exercise of its authority.

Governmental Authority and Administrative Discretion

Governmental authority is essential for determining the legal position and accountability of Danantara. In administrative law, authority represents the legally recognized competence of an institution to undertake particular actions. Such authority must derive from a valid legal source and be exercised within legally established limits (Hadjon, 2015; Ridwan HR, 2020). Therefore, examining Danantara requires attention not only to the functions it performs but also to the source, scope, purpose, and limitations of its authority.

This issue becomes important because Danantara operates within an institutional environment involving different functions related to BUMN regulation, ownership, investment management, and supervision. Clear functional separation is necessary to prevent overlapping authority and conflicts of interest. Administrative discretion is also unavoidable in investment management because investment decisions involve uncertainty and risk. However, discretion does not constitute freedom from legal control. It must remain directed toward the purpose for which authority was granted and exercised within the principles of legality, reasonableness, proportionality, and accountability.

Recent research supports this perspective. Setiawan, Iryani, and Hartana (2025) emphasize the importance of auditability, functional separation, traceable decision-making, and public responsibility in Danantara's governance. Their analysis indicates that investment decisions involving public assets must remain capable of being reconstructed and reviewed so that responsibility can be identified in relation to the authority exercised and the decision-making process undertaken.

State Administrative Accountability as the Principal Analytical Framework

State administrative accountability constitutes the principal applied theory of this study. Accountability is understood not merely as financial reporting or the achievement of investment returns, but as the obligation of an institution exercising public authority to explain, justify, and accept responsibility for its decisions and actions.

For the purpose of this study, state administrative accountability consists of five interconnected dimensions. First, legal accountability, concerning conformity with legislation and the limits of institutional authority. Second, administrative accountability, concerning responsibility for decisions and actions taken in exercising authority. Third, financial accountability, concerning the management, reporting, and auditing of state assets and investments. Fourth, institutional accountability, concerning internal and external supervision. Fifth, public accountability, concerning transparency and the accessibility of information relating to public assets.

This multidimensional understanding is important because economic performance cannot be the sole measure of accountability. An investment may produce financial returns while still raising questions concerning authority, procedure, conflict of interest, risk management, or transparency. Conversely, an investment loss does not automatically constitute an administrative violation if the decision was made lawfully, professionally, transparently, and in accordance with appropriate risk-management procedures. The distinction between legitimate investment risk and administrative wrongdoing is therefore essential in evaluating Danantara.

Accountability should also operate throughout the decision-making process. Preventive accountability operates through legal rules, authorization procedures, risk assessment, and conflict-of-interest controls. Concurrent accountability operates through monitoring, documentation, and internal supervision. Corrective accountability operates through audit, evaluation, investigation, and legal consequences where violations occur. Recent studies concerning Danantara emphasize supervision, auditability, public responsibility, and the prevention of moral hazard as important elements of its governance framework (Maula et al., 2025; Muttaqin et al., 2025; Setiawan et al., 2025).

Accordingly, the central issue is not whether Danantara should possess investment discretion, but whether such discretion is accompanied by sufficient legal boundaries and accountability mechanisms. This framework enables the study to evaluate the relationship between institutional autonomy and public responsibility in the management of strategic state assets.

Research Gap and Theoretical Position

The existing literature demonstrates that academic discussion concerning Danantara has developed around several issues, including its legal foundation, institutional structure, moral hazard, investment risk, transparency, auditability, supervision, and comparison with other state investment institutions (Muttaqin et al., 2025; Setiawan et al., 2025; Suryana et al., 2025; Kartika et al., 2025). Nevertheless, these discussions remain relatively fragmented. There remains limited research that integrates the source of Danantara's authority, institutional distribution of functions, administrative discretion, financial accountability, auditability, transparency, supervision, and public responsibility within a single state administrative framework.

This study addresses that gap by positioning state administrative accountability as the principal analytical framework for examining Danantara. The theoretical construction consists of three levels. Constitutionalism and the rule of law function as the grand theory, providing the normative foundation that state authority must be exercised according to law and directed toward constitutional purposes. Legal politics and governmental authority function as middle theories, explaining the institutional choices underlying Danantara's establishment and the legal consequences of distributing authority to the institution. State administrative accountability and good governance function as applied theories, providing analytical criteria for assessing legality, transparency, financial accountability, institutional supervision, auditability, and public responsibility.

Through this framework, the study argues that Danantara's legitimacy cannot be measured solely by its statutory establishment or investment performance. It must also be assessed through the relationship between authority and responsibility. The greater the authority entrusted to Danantara in managing strategic state assets, the stronger the mechanisms of legality, transparency, auditability, supervision, and public accountability must be. Institutional autonomy should therefore operate alongside, rather than instead of, accountability. This balance constitutes the principal analytical basis for examining Danantara as a contemporary form of state investment governance within Indonesia's constitutional and administrative law system.

RESEARCH METHOD

This research employs a normative juridical legal research method to examine the establishment and governance of the Badan Pengelola Investasi Daya Anagata Nusantara (Danantara) from the perspective of state administrative accountability. The research applies a statutory approach, conceptual approach, and limited comparative approach. The statutory approach is used to examine the legal framework governing Danantara, particularly Law Number 1 of 2025 concerning State-Owned Enterprises, Government Regulation Number 10 of 2025 concerning the Organization and Governance of Danantara, and other relevant regulations concerning state assets, state-owned enterprises, administrative authority, and auditing. The conceptual approach is used to analyze the concepts of constitutionalism, legal politics, governmental authority, administrative accountability, transparency, and good governance. The comparative approach is used as a complementary analysis to identify relevant governance practices of selected state investment institutions.

The legal materials consist of primary, secondary, and tertiary legal materials. Primary legal materials include the 1945 Constitution, relevant laws and regulations, and official legal documents concerning Danantara. Secondary materials consist of scholarly books, peer-reviewed journal articles, and academic publications concerning constitutional law, administrative law, state investment, and accountability, with emphasis on recent literature. Tertiary materials are used to clarify relevant legal concepts and terminology.

The collected legal materials are analyzed qualitatively and prescriptively by interpreting the applicable legal norms and examining the relationship between Danantara's authority and its accountability mechanisms. The analysis focuses on five dimensions of state administrative accountability: legal, administrative, financial, institutional, and public accountability. Through this approach, the research assesses whether Danantara's institutional framework provides an adequate balance between investment autonomy and state administrative accountability.

RESULTS AND DISCUSSION

Legal Foundation and Institutional Transformation of Danantara

The establishment of the Badan Pengelola Investasi Daya Anagata Nusantara (Danantara) represents a significant transformation in the institutional architecture of state investment management in Indonesia. Danantara was established through Law Number 1 of 2025 concerning the Third Amendment to Law Number 19 of 2003 concerning State-Owned Enterprises, which entered into force on 24 February 2025. The legal framework was subsequently elaborated through Government Regulation Number 10 of 2025 concerning the Organization and Governance of Danantara. From the perspective of constitutionalism and the rule of law, the establishment of Danantara demonstrates that the restructuring of state investment management is not merely an economic policy but also an exercise of state power that requires a clear legal foundation. Recent legal scholarship similarly identifies Law Number 1 of 2025 as the principal legal basis for the emergence of Danantara and recognizes that its establishment fundamentally changes the governance structure of state-owned enterprises and state assets (Muttaqin, Septiarani, & Velentina, 2025; Setiawan, Iryani, & Hartana, 2025).

From the perspective of legal politics, the establishment of Danantara reflects the state's decision to reorganize the management of strategic state assets through a more centralized and specialized investment institution. The policy is directed toward increasing efficiency, optimizing state assets, and creating long-term economic value. However, legal politics cannot be separated from the constitutional principle that the exercise of state power must remain oriented toward public welfare. Consequently, institutional efficiency cannot become the sole measure of the success of Danantara. The legal design must also ensure that the authority entrusted to the institution remains subject to legality, supervision, and accountability. This concern is particularly relevant because recent studies have identified potential regulatory overlap and uncertainty regarding the relationship between Danantara, the Ministry of State-Owned Enterprises, the Ministry of Finance, and other institutions involved in state investment management (Aditya, 2025; Margareta, 2026).

The transformation is therefore not merely a change in organizational form but a redistribution of governmental authority. Law Number 1 of 2025 provides the legal basis for the delegation of part of the President's authority in the management of state-owned enterprises to Danantara. This creates an important administrative-law consequence: the greater the authority transferred to Danantara, the greater the need for mechanisms capable of controlling and evaluating the exercise of that authority. In the perspective of governmental authority theory, authority is legitimate only when it has a legal source, a defined scope, and a legally determined purpose. Therefore, Danantara's institutional autonomy cannot be interpreted as autonomy from the law. Rather, it should be understood as autonomy exercised within a legal framework and directed toward the public objectives established by legislation.

This position is particularly important because Danantara has a distinctive institutional character. Its ownership and mandate are connected to the state, while its operational activities require professional investment management. Santosa et al. (2025) identify this dual character as creating legal questions concerning separated state assets, liability, and the application of corporate principles to Danantara. The institutional design consequently requires a balance between public-law accountability and professional investment autonomy. This balance is consistent with the rule of law, which requires state power to remain legally constrained even when exercised through institutions possessing operational flexibility.

Governmental Authority and State Administrative Accountability

The establishment of Danantara has altered the distribution of authority in the management of state-owned enterprises and state investments. Previously, the functions of state ownership, BUMN policy, and investment management were distributed among different institutional arrangements, including the Ministry of State-Owned Enterprises and the Indonesia Investment Authority (INA). The emergence of Danantara creates a new institutional structure in which strategic investment management is consolidated within a specialized institution. This transformation creates an administrative-law question concerning the relationship between the authority delegated to Danantara and the accountability mechanisms attached to that authority.

The issue becomes clearer when examined through the theory of governmental authority. Authority is not merely a legal capacity to act; it constitutes a juridical responsibility to exercise power according to the purpose and limits determined by law. Therefore, the delegation of part of the President's authority to Danantara must be accompanied by mechanisms that allow the exercise of such authority to be traced, evaluated, and, where necessary, corrected. Recent research specifically identifies overlapping authority, unclear institutional relationships, and weaknesses in the supervisory structure as important challenges in the post-Danantara governance framework (Aditya, 2025; Margareta, 2026).

The accountability issue becomes more significant because investment management inherently involves discretion and risk. A state investment institution cannot operate effectively if every investment decision is treated as an administrative violation whenever it produces a financial loss. Conversely, the achievement of financial returns cannot automatically establish that an investment decision was legally and administratively proper. The appropriate assessment must examine the legal basis of the decision, the authority of the decision-maker, the decision-making procedure, risk assessment, conflict-of-interest safeguards, and supervision. This distinction is consistent with the findings of Muttaqin et al. (2025), who identify a tension between the efficiency objective of Danantara and the potential emergence of moral hazard in the management of state investment.

Accordingly, state administrative accountability should be understood as a continuous process rather than merely as responsibility after a loss or irregularity occurs.

Legal accountability operates through the requirement of a valid legal basis and compliance with statutory limits. Administrative accountability operates through decision-making procedures, documentation, supervision, and internal control. Financial accountability operates through financial management, reporting, and audit. Institutional accountability operates through the separation of functions and supervisory mechanisms. Public accountability operates through transparency and access to information. The five dimensions are interconnected and provide the appropriate analytical framework for evaluating Danantara.

This formulation is consistent with Setiawan et al. (2025), who specifically propose functional separation, auditable decision trails, and public responsibility as central elements of Danantara's governance. The significance of this argument is that accountability must be built into the institutional design rather than introduced only after problems arise. In other words, Danantara's institutional autonomy must be accompanied by accountable discretion, namely the capacity to make professional investment decisions while maintaining legal traceability and institutional responsibility.

International scholarship on sovereign wealth funds strengthens this argument. Boubakri et al. (2023) demonstrate that governance quality in sovereign wealth funds is influenced by the broader quality of governance in their home countries and by the need to establish internal and external legitimacy. The finding is relevant to Danantara because its investment autonomy is ultimately exercised on behalf of the state and therefore requires institutional mechanisms capable of maintaining public legitimacy.

Audit, Financial Accountability, and Public Accountability

The financial dimension of Danantara's governance is particularly important because the institution manages strategic assets associated with public interests. In the framework of state administrative accountability, financial accountability cannot be reduced to the question of whether Danantara generates financial returns. It must also concern whether financial decisions are documented, financial statements are prepared and audited, risks are properly managed, and relevant information is made available to institutions and stakeholders entitled to exercise oversight.

This issue is directly connected with the reviewer's concern regarding Danantara's 2025 performance reporting. The appropriate academic formulation is not simply that Danantara "did not publish a 2025 report." Rather, the issue concerns the timeliness, completeness, audit process, and public accessibility of Danantara's consolidated financial reporting. This distinction is important because the existence of an ongoing audit process indicates that accountability mechanisms are present, while delayed public disclosure raises a separate question concerning transparency and the effectiveness of public accountability. Such an approach avoids making an unsupported allegation while still identifying a legitimate governance issue.

The relationship between audit and accountability must also be examined carefully. Audit provides an institutional mechanism for examining the reliability and legality of financial management, but audit alone does not exhaust the meaning of public accountability. Accountability requires a broader chain consisting of authority, internal control, audit, reporting, supervision, and public disclosure. Setiawan et al. (2025) place auditability at the center of Danantara's governance precisely because investment decisions must be capable of being reconstructed and evaluated through an identifiable decision trail. This argument is strengthened by international scholarship, which identifies transparency, reporting, risk management, and clearly defined governance structures as fundamental components of sovereign wealth fund accountability (Al-Hassan et al., 2013).

The importance of transparency is also supported by Boubakri et al. (2023), whose research demonstrates that sovereign wealth fund governance is closely related to the search for internal and external legitimacy. In the context of Danantara, transparency therefore has a dual function. Internally, it supports institutional control and monitoring; externally, it enables the public and other authorized institutions to assess whether the management of state assets is consistent with the public interest.

However, transparency must be implemented proportionately. Danantara operates in an investment environment in which certain information may legitimately require confidentiality because disclosure could affect commercial interests or investment strategies. Therefore, the relevant principle is not absolute transparency but accountable transparency, whereby information necessary for assessing public responsibility is disclosed while legitimate commercial confidentiality remains protected. This approach is important to maintain the balance between investment autonomy and public accountability.

The issue of audit must consequently be connected with the constitutional financial accountability system. The existence of an audit mechanism is necessary to ensure that the management of state-related assets remains subject to independent examination. Nevertheless, the effectiveness of audit depends upon the clarity of the legal status of the assets, the scope of the auditor's authority, the independence of the audit process, the follow-up of audit findings, and the accessibility of relevant reports. Therefore, the central question is not merely whether Danantara is audited, but whether the audit mechanism is sufficiently independent, comprehensive, and connected to an effective accountability system.

Good Governance and Strengthening Danantara's Accountability

The preceding analysis demonstrates that good governance functions as the practical framework through which state administrative accountability can be implemented within Danantara. Transparency, accountability, responsibility, independence, and fairness are not merely corporate governance principles but also become relevant to an institution exercising authority over strategic state assets. Hukunala (2025) identifies transparency, accountability, responsibility, independence, and fairness as important principles for assessing Danantara's governance, while also identifying regulatory and supervisory weaknesses that may affect their implementation.

From the perspective of the theory of state administrative accountability, good governance must therefore be translated into concrete institutional mechanisms. Legal accountability requires clarity regarding the source and limits of Danantara's authority. Administrative accountability requires identifiable decision-makers and documented decision-making procedures. Financial accountability requires reliable reporting and independent audit. Institutional accountability requires effective internal and external supervision. Public accountability requires adequate transparency and access to information. This framework allows good governance to function not merely as a normative ideal but as an operational mechanism for controlling the exercise of state authority.

The need for such mechanisms is reinforced by recent research identifying weaknesses in Danantara's governance structure. Sitorus et al. (2025), for example, highlight concerns regarding managerial independence, separation between regulatory and operational functions, and potential political interference in BUMN governance. Similarly, Asnawi et al. (2025) identify potential gaps in supervision and moral-hazard risks arising from Danantara's institutional design and emphasize the need for stronger independent oversight and clearer accountability of institutional organs. These findings support the proposition that institutional autonomy must be accompanied by safeguards capable of preventing concentration of power from weakening accountability.

The same principle can be found in the broader literature on sovereign wealth fund governance. Boubakri et al. (2023) show that the quality of governance within sovereign wealth funds is related to the quality of the institutional environment in which those funds operate. This finding is particularly relevant to Danantara because the institution does not operate as an isolated investment entity. Its legitimacy is derived from the state, its assets are connected to public interests, and its authority is established through legislation. Consequently, the quality of Danantara's governance is inseparable from the quality of Indonesia's broader administrative accountability system.

The analysis ultimately indicates that Danantara requires a model of accountable investment autonomy. Investment autonomy is necessary because professional investment management requires flexibility, speed, and risk-taking within reasonable limits. Accountability is equally necessary because such autonomy involves the management of strategic assets and the exercise of authority derived from the state. The two principles should therefore not be positioned as contradictory. Rather, accountability should provide the legal and institutional framework within which investment autonomy can legitimately operate.

This conclusion also responds directly to the central issue of this research. The question is not whether Danantara should be given autonomy, but how autonomy can be exercised without weakening state administrative accountability. The answer lies in establishing a clear relationship between authority and responsibility, supported by functional separation, transparent decision-making, effective internal control, independent audit, timely financial reporting, conflict-of-interest safeguards, and meaningful public disclosure. Such a framework is consistent with the rule-of-law principle because it ensures that the exercise of public authority remains legally constrained, and it is consistent with good governance because it establishes transparency, accountability, responsibility, and institutional integrity.

Thus, the establishment of Danantara can be viewed as legally legitimate and institutionally strategic, but its long-term legitimacy depends upon the quality of accountability accompanying its authority. The greater the authority entrusted to Danantara to manage strategic state assets, the stronger the corresponding mechanisms of legal, administrative, financial, institutional, and public accountability must be. This relationship between authority and accountability constitutes the principal finding of this research and provides the basis for assessing Danantara not merely as an investment institution, but as an institution exercising state-related authority within Indonesia's constitutional and administrative system.

Comparative Perspective: State Investment Governance and Accountability

A comparative perspective on Singapore's Temasek, Malaysia's Khazanah Nasional, and Norway's Government Pension Fund Global (GPFG) provides relevant lessons for strengthening Danantara's governance. Although these institutions operate within different constitutional and legal systems, they share an important principle: investment autonomy is accompanied by clearly defined mandates, governance structures, reporting mechanisms, and institutional oversight. Temasek, for example, combines state ownership with professional investment management, while Khazanah integrates commercial investment objectives with broader strategic interests. The Norwegian model provides a clearer separation between the government's role in determining the investment mandate and the professional management of investment activities. These arrangements demonstrate that state investment institutions can possess operational autonomy without being detached from accountability (Al-Hassan et al., 2013; Boubakri et al., 2023).

For Danantara, the comparative experience is particularly relevant to the theory of governmental authority and state administrative accountability. The important lesson is not to replicate the institutional structures of these countries, but to adopt the underlying governance principles: clarity of authority, functional separation, professional management, risk control, transparent reporting, and effective oversight. This is especially important because Danantara has a distinctive public-law character arising from its statutory establishment and its role in managing strategic state assets. Consequently, its investment autonomy should remain connected to legal accountability, administrative accountability, financial accountability, institutional accountability, and public accountability. International research confirms that governance quality and transparency are important determinants of the legitimacy and accountability of sovereign wealth funds (Boubakri et al., 2023).

The comparison therefore reinforces the central argument of this research that Danantara requires accountable investment autonomy. From the perspective of *constitutionalism and rule of law*, its authority must have a clear legal basis and remain within legally defined limits; from the perspective of *legal politics*, institutional restructuring must be accompanied by adequate governance safeguards; and from the perspective of *state administrative accountability*, greater investment discretion must be balanced by stronger mechanisms of supervision, audit, reporting, and public transparency. Thus, the relevant lesson from Temasek, Khazanah Nasional, and GPFG is not that Indonesia should adopt a foreign model, but that Danantara's institutional autonomy should be designed within an accountability framework capable of ensuring that the management of strategic state assets remains lawful, transparent, professionally governed, and publicly responsible

CONCLUSION

The establishment of the Badan Pengelola Investasi Daya Anagata Nusantara (Danantara) represents a significant transformation in Indonesia's governance of state assets and strategic investment. Legally, its establishment through Law Number 1 of 2025 provides a formal basis for the reorganization of state investment management and the delegation of part of the President's authority concerning state-owned enterprises. However, the legal legitimacy of Danantara cannot be measured solely by the existence of its statutory foundation. From the perspective of constitutionalism and the rule of law, the exercise of authority must remain subject to legality, defined mandates, institutional limits, and mechanisms of control. The establishment of Danantara therefore creates not only greater investment capacity but also a corresponding obligation to strengthen state administrative accountability.

This research finds that the central challenge in Danantara's governance lies in maintaining an appropriate balance between investment autonomy and state administrative accountability. Danantara requires sufficient discretion to manage strategic investments professionally and respond to economic dynamics, but such discretion must be accompanied by legal, administrative, financial, institutional, and public accountability. Clear distribution of authority, functional separation, conflict-of-interest safeguards, effective supervision, independent audit, timely financial reporting, and proportionate transparency are therefore essential to ensure that investment discretion does not develop into uncontrolled administrative power. The issue of financial reporting also demonstrates that accountability should not be assessed merely from the existence of an audit process, but from whether financial information is completed, independently examined, and adequately accessible to stakeholders.

The comparative perspective of Temasek, Khazanah Nasional, and the Government Pension Fund Global further demonstrates that investment autonomy and accountability are not mutually exclusive. The relevant lesson for Danantara is not the adoption of foreign institutional models, but the development of governance principles that ensure clear mandates, professional management, functional separation, transparency, and effective oversight. Accordingly, this study concludes that the future legitimacy and effectiveness of Danantara depend upon the construction of accountable investment autonomy, in which the greater authority entrusted to the institution is balanced by stronger mechanisms of responsibility. Such an approach is essential to ensure that Danantara does not merely function as an efficient state investment institution, but also as an institution that exercises state-related authority in a manner that is lawful, transparent, auditable, institutionally accountable, and oriented toward the public interest.

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