

Indonesia Evolving Sovereign Wealth Fund: A Literature Review

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ABSTRACT

Indonesian Investment Authority (INA) which is considered as the Indonesia's sovereign wealth fund was established under government regulation (PP) No.74/2020. This regulation is derived from Act No.11/2020 regarding the employment creation. INA is formed to build wealth for future generations and contribute to Indonesia's sustainable economic development. The objective of INA is to support national economic recovery by attracting foreign investment in providing funding for various key sector projects. INA offers 8 key investment sectors, namely: Infrastructure, Supply Chain and Logistic, Digital Infrastructure, Green Investing, Healthcare, Financial Service, Consumer and Technology, Tourism. The capital sources of INA are formed from state budget (APBN) in 2020 as much as Rp. 15 Trillion (US\$ 1.05 billion), from state-owned enterprises (BRI and Mandiri Bank) as much as Rp. 60 trillion (US\$ 4.5 billion). It is expected that INA will continue its growth through investor partnership to reach agreement of additional US\$ 20 billion fund in the near future (<http://www.ina.go.id>). Prior to establishing Indonesian Investment Authority (INA), Government of Indonesia has formed various different kind of investment agencies, namely: Pengelola Investasi Pemerintah (PIP) established in 2007, PT. Sarana Multi Infrastruktur (Persero) established in 2009, Indonesia Infrastructure Finance (IIF) established in 2010. They were primarily devoted to foster infrastructure development in Indonesia. The development of infrastructure in Indonesia is aiming to improve the standard of living as stipulated by social development goal (SDG), to improve infrastructure competitiveness as one of main component for national competitiveness and also to promote national economic growth. Currently, infrastructure development is challenged by global funding scarcity. There is increasing gap in between funding requirement and available fund at global level

Keywords: Indonesia Sovereign Wealth Fund; Firm Value; Infrastructure Development; Structured Literature Review