

Publicly Built, Commercially Governed? The Fiscal Genealogy of Indonesia's State-Owned Enterprises and the Governance Challenge of Danantara

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ABSTRACT

Existing studies examine state-owned enterprise (SOE) performance, governance, fiscal risk, and commercialization without sufficiently reconnecting governance to the historical public resources and institutional arrangements that enabled asset formation. This qualitative literature review addresses that gap by developing fiscal genealogy as an analytical perspective on Indonesian SOEs. Drawing primarily on peer-reviewed literature from 2020–2026 and historical financing records, the study examines Telkom, PLN, and PGN as illustrative rather than representative cases and situates them within Indonesia's restructuring of state ownership under Danantara. The synthesis shows that historical public support does not justify permanent inefficiency, while commercialization does not eliminate public accountability for strategic assets. Centralized ownership may improve management, capital allocation, and risk oversight, but also heightens transparency and governance requirements. The study proposes a literature-derived Public Capital Stewardship Framework integrating historical public capital, public value and mandates, and fiscal and governance risk as an interpretive basis for future empirical evaluation.

ABSTRAK

Studi terdahulu telah membahas kinerja, tata kelola, risiko fiskal, dan komersialisasi Badan Usaha Milik Negara (BUMN), tetapi belum secara memadai menghubungkan tata kelola saat ini dengan sumber daya publik historis dan pengaturan kelembagaan yang memungkinkan terbentuknya aset BUMN. Kajian literatur kualitatif ini mengisi kesenjangan tersebut dengan mengembangkan konsep genealogi fiskal sebagai perspektif analitis terhadap BUMN Indonesia. Dengan menggunakan terutama literatur peer-reviewed periode 2020–2026 dan catatan historis pembiayaan, penelitian ini mengkaji Telkom, PLN, dan PGN sebagai kasus ilustratif, bukan representatif, serta menempatkannya dalam konteks restrukturisasi kepemilikan negara melalui Danantara. Hasil sintesis menunjukkan bahwa dukungan publik historis tidak membenarkan inefisiensi permanen, sementara komersialisasi tidak menghilangkan akuntabilitas publik atas aset strategis. Sentralisasi kepemilikan berpotensi meningkatkan pengelolaan, alokasi modal, dan pengawasan risiko, tetapi sekaligus meningkatkan tuntutan transparansi dan tata kelola. Penelitian ini mengusulkan Public Capital Stewardship Framework berbasis literatur yang mengintegrasikan modal publik historis, nilai dan mandat publik, serta risiko fiskal dan tata kelola sebagai landasan interpretatif bagi evaluasi empiris di masa mendatang.

1. INTRODUCTION

Indonesia's largest state-owned enterprises (SOEs; Badan Usaha Milik Negara, BUMN) are often discussed in the language of present-day corporate performance: return on equity (ROE), dividends, leverage, market capitalization, operational efficiency and asset productivity. Those indicators are important, but they represent only the visible end of a much longer institutional process. In infrastructure-intensive sectors, the modern corporation is commonly the successor to decades of public capital formation, state planning, sovereign borrowing, network construction, regulated tariffs and protected market structures. Treating the present balance sheet as if it emerged from a purely private accumulation process therefore risks a form of institutional

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amnesia. Historical institutionalism is particularly useful here because it directs attention to how earlier policy choices create durable assets, capabilities, expectations and constraints that continue to shape organizational behavior long after the original financing arrangement has ended (Butzbach et al., 2022; Alami and Dixon, 2020; Cardinale et al., 2024).

This issue is especially relevant in Indonesia because telecommunications, electricity, gas transmission, ports, airports, postal networks, and other strategic systems were built in an era when the state mobilized domestic budgetary resources and external development finance on a large scale. Official Japanese official development assistance (ODA) records, for example, identify yen loans for the extension and improvement of telecommunications networks in the expanded Jakarta area with PT Telkom as the executing agency, while earlier project records show optical-fibre, pulse-code modulation (PCM), and outside-plant investments and links to World Bank telecommunications programs. JICA records likewise document large transmission projects implemented by PLN, and World Bank records for the domestic gas market describe Japan Bank for International Cooperation (JBIC) financing for the South Sumatra-West Java gas transmission system associated with PGN. These records do not imply that all present SOE assets were grants from the state; rather, they show that sovereign credit, public risk-bearing, and institutional sponsorship were integral to capital formation and therefore belong in any serious historical accounting of state enterprise development (JICA, 1994; JICA, 1998; World Bank, 2004; ADB, 2013).

The academic problem is not solved by simply relabeling all historical support as a 'sacrifice' by the state. Sovereign loans can be repaid; successful SOEs can pay taxes and dividends; network infrastructure can generate consumer surplus, productivity gains and regional integration; and publicly protected firms can eventually become commercially competitive. Public capital therefore has both a cost and a return. The appropriate analytical task is to reconstruct the fiscal genealogy of an SOE - the sequence of direct capital, sovereign finance, guarantees, subsidies, regulatory endowments, and risk absorption that supported its development - and then evaluate that genealogy alongside the financial and social returns that subsequently flowed back to the state and society. This approach avoids the equally problematic assumptions that state support is necessarily wasteful or that commercialization retroactively converts public investment into purely corporate property (Aguilera et al., 2021; Vagliasindi et al., 2023; Herrera Dappe et al., 2024).

Figure 1 maps the channels through which public resources and regulatory privileges become enterprise capital and shows why a balanced assessment must also trace public returns and residual fiscal risk. It also distinguishes public returns from residual fiscal exposure, thereby framing the article's core argument that historical contribution, public value and downside risk must be assessed jointly.

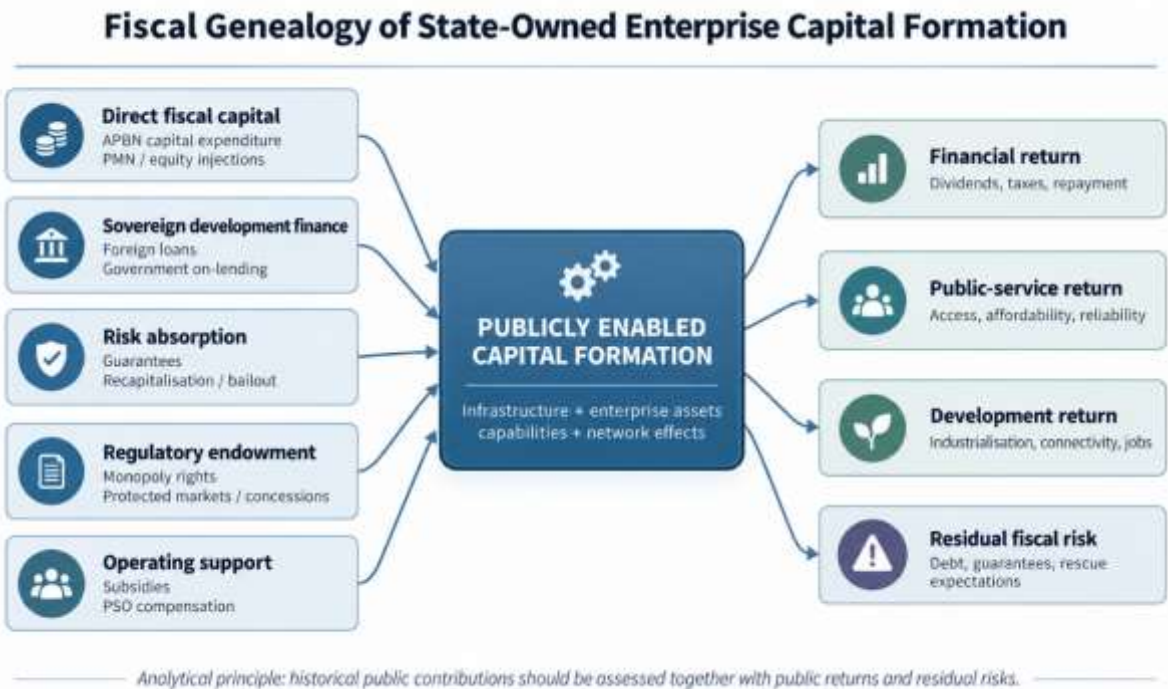


Figure 1. Fiscal Genealogy of State-Owned Enterprise Capital Formation

Figure 1 emphasizes that fiscal genealogy is not a claim that every historical public input remains an unpaid claim on the enterprise. Rather, it is an accounting of institutional origins that should be read together with the value returned to the public and the risks that remain ultimately borne by the state.

The question has become more consequential following the establishment of Badan Pengelola Investasi Daya Anagata Nusantara, or Danantara Indonesia, in 2025. Danantara was created under Law No. 1 of 2025, later amended by Law No. 16 of 2025, and its official mandate encompasses management and optimization of government investment and SOE assets through an architecture that coordinates operational and investment holdings. By 2026, Danantara was publicly describing a portfolio-wide governance reset involving reviews of accounting policies, asset quality, risk management, and corporate fundamentals. It also presented its 2026 work plan and budget in a consultative process with the House of Representatives, while official statements confirmed that annual financial reporting would continue to undergo audit. These developments indicate not the disappearance of oversight but a reconfiguration of ownership, financial flows and accountability around a much more centralized state-investment platform (Danantara Indonesia, 2025a; Danantara Indonesia, 2025b; Danantara Indonesia, 2026a; Danantara Indonesia, 2026b; BPK, 2026).

Centralization creates a genuine policy opportunity. A professional owner can impose portfolio discipline, reduce duplicated subsidiaries, separate commercial decision-making from day-to-day ministerial intervention, improve capital allocation, and mobilize patient capital for industrial transformation. Research on sovereign wealth funds and state-owned investors shows that professionally governed public investors can operate at global scale, pursue long investment horizons and catalyze strategic sectors when governance and legitimacy are strong (Megginson et al., 2021; Affuso et al., 2022; Amar & Lecourt, 2023; Cuervo-Cazurra et al., 2023). The same literature, however, demonstrates that state investors face a distinctive legitimacy problem because financial objectives coexist with political, developmental, and strategic objectives. Transparency and governance are therefore not administrative accessories; they are part of the institutional capital required for credible state investment (Liu & Dixon, 2021; Babic et al., 2023).

This article addresses six linked questions. First, how did public resources and regulatory arrangements contribute to the historical creation of major Indonesian SOE assets? Second, how should those contributions be balanced against repayments, dividends, taxes, and public-service benefits? Third, how can SOEs reconcile commercial performance with developmental and public-service obligations? Fourth, what fiscal risks arise from debt, guarantees, and soft-budget expectations? Fifth, what governance opportunities and concentration risks accompany the Danantara model? Sixth, what institutional safeguards can preserve public value without immobilizing assets or preventing commercial modernization? To answer these questions, the article develops a qualitative literature review and proposes a Public Capital Stewardship Framework that integrates historical public capital, continuing public mandates, and residual fiscal and governance risks.

2. THEORETICAL FRAMEWORK AND HYPOTHESES

Contemporary research no longer supports a simple binary in which private ownership is intrinsically efficient and state ownership intrinsically inefficient. A large cross-national meta-analysis by Aguilera et al. (2021) shows that the performance effects of state ownership vary with political ideology, state capacity, and institutional constraint. Similar scholarship conceptualizes modern state capitalism as a heterogeneous family of arrangements rather than a single model, with state firms, public investors, development banks and sovereign funds combining commercial and strategic roles in different ways (Alami & Dixon, 2020; Lo, 2020; Cardinale et al., 2024). This matters for Indonesia because BUMN reform cannot be evaluated solely by changing the ownership label. Performance depends on the institutional environment, the credibility of boards, regulatory design, competitive exposure, and the clarity of the state's objectives.

Historical institutionalism adds a second layer. SOEs are not merely passive instruments of current political principals; they are institutional actors with accumulated organizational capabilities and path-dependent relationships to regulators, ministries, financiers and customers. Butzbach et al. (2022) describe this as embedded agency: SOE management teams can exercise discretion, yet their room for action is structured by country-level institutions, sectoral arrangements and the specific regime linking the state and the enterprise. Cheung et al. (2020) similarly show how institutional logics shape the internationalization of a state-owned telecommunications company. In the Indonesian context, this suggests that the historical trajectory from public utility to Persero, listed company, sectoral holding, and Danantara portfolio company may alter governance incentives without erasing the institutional legacy accumulated at earlier stages.

A fiscal genealogy perspective extends historical institutionalism into the financing domain. It asks

not only who legally owns an enterprise today but how the productive base was assembled. Five channels are analytically distinct. The first is direct fiscal capital, including expenditure through the State Budget (*Anggaran Pendapatan dan Belanja Negara*, APBN) and state capital participation (*Penyertaan Modal Negara*, PMN), as well as budget-financed infrastructure. The second is sovereign development finance, such as foreign loans contracted or guaranteed by the government and on-lent to a public enterprise. The third is risk absorption through guarantees, recapitalization, emergency support, or a credible expectation of rescue. The fourth is operating support through subsidies and compensation for public-service obligations. The fifth is regulatory endowment: exclusive concessions, monopoly rights, protected markets or administered tariffs that allow capital accumulation under reduced competitive pressure. Public finance research increasingly emphasizes that fiscal support to SOEs must be measured across several of these channels rather than through subsidies alone (Herrera Dappe et al., 2024; Heinemann et al., 2025).

Regulatory endowment requires particular care because it is economically valuable even when it does not appear as an APBN expenditure. Network industries often exhibit natural-monopoly characteristics, high fixed costs and economies of scale, making competition within the network inefficient or technically difficult. Yet the fact that monopoly rights can be justified does not mean their value is irrelevant. Protected market access can facilitate investment and universal coverage, while also generating rents if tariff regulation and performance discipline are weak. Research on utilities finds that ownership and regulation affect pricing, equity, and innovation outcomes, and that privatization of natural monopolies cannot substitute for well-designed regulation (Homsy & Warner, 2020; Egüez, 2021; Megginson & Mueller, 2022). The Indonesian state therefore historically contributed not only money but also an institutional environment in which selected BUMNs could accumulate network scale.

The counterargument is that corporatization and commercialization can create important benefits. Public-sector corporatization can provide managerial flexibility, clearer accounts, more specialized governance, and stronger performance incentives, while mixed ownership may impose market discipline and information requirements (Andrews et al., 2020; Liao & Van Assche, 2022; Nguyen & Nguyen, 2020). Studies of SOEs also show that innovation and strategic orientation can improve performance under appropriate conditions (Yan, 2020; Zhan & Zhu, 2021; Handoyo et al., 2023). The problem is therefore not commercialization itself. The relevant question is whether commercialization becomes metric myopia: a situation in which indicators such as return on equity and dividend extraction crowd out infrastructure maintenance, universal service, resilience, affordability, and other objectives that motivated state ownership in the first place.

The dual-mandate problem is well established in the literature. SOEs are expected to behave like companies while often carrying public-service or development obligations that private competitors do not bear. If these mandates are vague, underfunded, or hidden within the corporate balance sheet, neither managerial accountability nor fiscal transparency is possible. Adebayo (2026) shows that public-service obligations need explicit accounting and disclosure if stakeholders are to distinguish commercial underperformance from the legitimate cost of mandated services. Adebayo & Ackers (2024) similarly emphasize trade-offs between financial, social, and governance sustainability in state-owned companies. Evidence from hybrid SOEs also indicates that public and private interests can be reconciled, but only through combinations of governance conditions rather than a single organizational device (da Silva & Medeiros, 2024). Indonesian research on public service agencies and SOEs also warns that revenue generation does not automatically produce better service quality or accountability (Shidarta & van Huis, 2020). This makes transparent public-service obligation (PSO) costing central to any stewardship framework.

Fiscal risk forms the other side of the dual mandate. State firms can act countercyclically and sustain investment when private capital retreats, but that stabilizing capacity can involve substantial fiscal injections. Herrera Dappe et al. (2024) demonstrate that support to infrastructure SOEs during shocks can combine subsidies, equity injections and lending relationships. Implicit guarantees can also lower borrowing costs and weaken market discipline; evidence from corporate bond markets shows material pricing advantages associated with expected government protection, particularly for strategically important SOEs (Zhang et al., 2022). Subsidies may improve operating performance by easing financing constraints, yet their effect depends on ownership structure and incentives (Li & Wu, 2022). The central governance challenge is therefore to preserve the state's capacity to use SOEs strategically while making contingent liabilities and risk transfers visible.

Indonesia-specific evidence makes this concern concrete. Agustina et al. (2025) find substantial vari-

ation in the debt sustainability of listed Indonesian SOEs, with construction enterprises appearing more vulnerable than mining firms. Hidayatulloh & Erdős (2023) examine SOE debt within Indonesia's state-finance regime and emphasize the legal and fiscal implications of separating corporate debt from the state budget. Anguelov (2024) goes further by interpreting Indonesia's infrastructure push through SOEs as part of a financialization process in which state balance sheets and de-risking mechanisms are used to mobilize large-scale capital. These studies do not imply that SOE debt is undesirable; rather, they demonstrate why asset growth must be evaluated together with leverage, guarantees, refinancing capacity and the distribution of downside risk.

Governance quality is the decisive mediating variable. Cross-country research finds that corruption materially weakens SOE efficiency and that governance reforms and fiscal transparency can narrow performance gaps (Baum et al., 2024). Accountability systems can improve audit quality by reducing managerial misconduct and strengthening internal controls (Wu et al., 2024). Political control is not uniformly value-destroying, however: evidence from Chinese listed SOEs suggests that specific political-governance arrangements can be positively valued when they strengthen monitoring and anti-corruption enforcement (Xie et al., 2022). This contrast underscores that the effect of state influence depends on institutional design, monitoring quality, and constraints on discretionary intervention. Board independence, gender diversity, meeting frequency, and dedicated sustainability committees have also been associated with stronger environmental, social, and governance (ESG) disclosure in international SOE samples (Nicolò & Andrades-Peña, 2024). Conversely, political capture can transform public ownership into patronage. Comparative studies show how political actors may use board appointments and corporate resources for partisan or personal objectives (Szarzec et al., 2022; Piao & Jung, 2021; Lopes Junior et al., 2024; Jin et al., 2022).

The Indonesian literature identifies similar vulnerabilities. Harymawan et al. (2020) report that the financial outperformance of Indonesian SOEs relative to non-SOEs disappears around presidential-election periods, a pattern they interpret as evidence of political influence. Apriliyanti (2023) documents the persistence and complexity of patronage politics in SOE board appointments after democratization. Umanto et al. (2022) highlight the importance of board composition, audit committees, and commissioner succession in Indonesia's two-tier governance system, while Yasin & Nursadi (2021) identify uneven compliance with public-information obligations. More recent qualitative evidence from Indonesian SOEs suggests that governance systems can become overly compliance-oriented rather than performance-oriented, reinforcing the need to judge governance by substantive outcomes rather than formal scores alone (Jahja et al., 2026). These findings reinforce a central proposition of this article: distancing day-to-day corporate management from ministries can be beneficial, but only if professionalization is accompanied by stronger, not weaker, transparency and accountability.

Danantara introduces the logic of the state-owned investor and investment holding into this already complex setting. Sovereign wealth fund research suggests that scale and professional management can produce diversification, patient capital and strategic coordination (Megginson et al., 2021; Affuso et al., 2022). At the same time, legitimacy depends on governance quality, disclosure, and credible limits on political discretion (Amar & Lecourt, 2023; Broughel, 2021). State investors frequently combine profit maximization with extra-financial state objectives, which means they cannot be evaluated as if they were ordinary private funds (Liu & Dixon, 2021; Cuervo-Cazurra et al., 2023). Babic et al. (2023) describe state capital as polymorphic, ranging from financially oriented investment to explicitly strategic intervention. Danantara should therefore be evaluated as a hybrid institutional form rather than forced into either a conventional SOE or conventional SWF template.

Figure 2 places Danantara within a longer institutional trajectory from public enterprise and corporatization to mixed ownership and centralized state-investment management. It emphasizes that the 2025–2026 reforms represent a new layer in a cumulative institutional trajectory rather than a clean break with earlier public-capital and public-service arrangements.



Figure 2. Evolution of Indonesia's SOE Governance Architecture

The timeline shows why governance reforms should be interpreted cumulatively. Each organizational layer changes incentives and accountability, but none automatically eliminates historical public-capital origins, strategic infrastructure functions, or obligations created under earlier regimes.

The literature also indicates that concentration can create both capability and risk. Centralized ownership can unify strategy, improve monitoring, and reduce duplicated control chains. Hu et al. (2023) find that clearer unification of power and responsibility can improve governance in SOEs, while Cao et al. (2024) show that the interaction of competing institutional logics within state firms can affect innovation. Zhu et al. (2023) further show that fiscal stress can alter the degree of SOE centralization, illustrating how ownership architecture itself may respond to public-finance pressures and control-right trade-offs. Yet concentration can magnify correlated exposures if the same owner, funding channels, and governance architecture span banks, utilities, construction firms, energy companies, and transport networks. Fang et al. (2023) illustrate how SOEs can be used as macroeconomic policy instruments, reinforcing the importance of distinguishing commercial portfolio decisions from countercyclical or strategic directives. A sophisticated holding model therefore requires consolidated risk governance rather than entity-by-entity financial monitoring alone.

Finally, transparency must follow the asset across institutional boundaries. Ruggiero et al. (2022) argue that the 'publicness' of SOEs matters for financial accountability because public resources and social relevance change the meaning of accounting behavior. Heinemann et al. (2025) show that SOEs can also shift debt and fiscal activity outside the core budget, potentially weakening fiscal transparency. In Indonesia, reforms toward holdings and Danantara create additional layers - parent holdings, subsidiaries, special-purpose vehicles, and investment entities - that may improve specialization but complicate the public's ability to trace ownership, obligations and risk. This is why the article's conceptual contribution is not a demand for more state intervention in management, but for public-capital stewardship: an accounting and governance logic that remains visible even when operations become highly commercial.

3. RESEARCH METHOD

This study uses a qualitative literature review (QLR) with an integrative and interpretive orientation. It is not a systematic literature review and does not claim exhaustive retrieval of every publication on SOEs, public finance or Danantara. The purpose is theory building and thematic synthesis across bodies of literature that are usually separated: state capitalism, public enterprise governance, natural monopoly, fiscal risk, public-service obligations, sovereign wealth funds, and Indonesian political economy. A QLR is particularly appropriate because the research problem is conceptually heterogeneous and historically layered; a narrow protocol based on a single search string would risk excluding relevant work that uses different disciplinary vocabularies for closely related phenomena.

The core academic evidence base prioritizes peer-reviewed journal articles published from 2020 through September 2026. Searches were organized around combinations of terms including 'state-owned enterprise', 'state ownership', 'public service obligation', 'fiscal risk', 'implicit guarantee', 'corporatization', 'natural monopoly', 'sovereign wealth fund', 'state investment holding', 'political connections', 'public value', 'Indonesia SOE', 'BUMN', and 'Danantara'. Priority was given to journals indexed in major scholarly databases

or published by established academic publishers. Older materials were not used as substitutes for the recent journal base, but historical official records were used where necessary to establish factual events that occurred before 2020.

The review applies three inclusion tests. First, a source had to illuminate at least one component of the analytical framework: public-capital formation, regulatory endowment, commercial performance, PSO, fiscal risk, governance, political capture, state investment, or transparency. Second, the source had to contribute either a theoretical mechanism or empirical evidence relevant to evaluating state ownership. Third, Indonesia-specific studies were included where they added institutional detail even when published in more specialized regional journals, while the main theoretical propositions were anchored in stronger international journals. This combination reduces the risk of importing institutional assumptions from other countries without testing their relevance to Indonesia.

Historical triangulation was conducted using official project and institutional records. Japan International Cooperation Agency (JICA)/Overseas Economic Cooperation Fund (OECF) records were used to identify telecommunications and electricity projects and their executing agencies; World Bank documents were used to establish the relationship among PGN's gas-market development, JBIC financing, and the South Sumatra-West Java transmission project; ADB records were used to corroborate later PLN transmission financing. Contemporary institutional claims about Danantara were checked against its official mandate, regulatory pages, 2025-2026 public statements, parliamentary consultation records, and statements by the Supreme Audit Agency (BPK). These primary sources are treated as evidence of institutional arrangements and project facts, not as independent academic evaluations of their success.

The thematic analysis proceeded in three stages. Initial coding identified references to direct public capital, loans, guarantees, subsidies, monopoly rights, tariffs, public-service obligations, dividends, taxes, leverage, political appointments, audit, disclosure, holdings, and sovereign funds. Axial coding then grouped these into three broader categories: historical public contribution, public return and mandate, and residual fiscal-governance risk. Finally, integrative synthesis examined the relationships among these categories and produced the Public Capital Stewardship Framework. The framework is therefore an interpretive synthesis rather than a quantitative index.

A specific effort was made to avoid confirmation bias. Evidence supporting commercialization and professionalization was actively retained, including research on corporatization, innovation, mixed ownership, strategic orientation and state-investor capability (Andrews et al., 2020; Yan, 2020; Zhan & Zhu, 2021; Liao & Van Assche, 2022). Evidence on patronage, opacity, soft-budget constraints, & fiscal risk was treated as a countervailing set rather than the presumed conclusion (Apriliyanti, 2023; Baum et al., 2024; Anguelov, 2024). This design is important because the objective is not to defend an anti-commercialization thesis. It is to determine the institutional conditions under which commercialization is compatible with the public origins and continuing public purposes of state-owned assets.

4. DATA ANALYSIS AND DISCUSSION

4.1 Fiscal genealogy: public capital is broader than direct budget expenditure.

The first thematic finding is that the phrase 'APBN support' is too narrow to describe the historical formation of Indonesian SOE capital. Publicly enabled capital formation includes direct fiscal investment, state equity, sovereign and development-bank borrowing, government on-lending, guarantees, regulatory privileges and the absorption of non-commercial obligations. This broader conception is consistent with international research showing that SOE support can occur through multiple fiscal and quasi-fiscal channels and may remain partly hidden when analysis focuses only on annual subsidies (Herrera Dappe et al., 2024; Heinemann et al., 2025).

The telecommunications case illustrates the point. JICA records identify ODA lending for the extension and improvement of telecommunications networks in the expanded Jakarta area, including a 1994 loan of JPY 13.766 billion with PT Telkom as executing agency and a separate JPY 3.854 billion outside-plant maintenance project. Historical JICA material also records earlier PCM and optical-fibre financing and links the broader modernization program to World Bank telecommunications loans. These flows were not equivalent to a one-time grant to a private company. They represented sovereign development finance embedded in national infrastructure planning, with the state using its borrowing capacity and institutional position to accelerate network formation. The appropriate analytical label is therefore not 'free money' but publicly enabled capital formation (JICA, 1994; JICA, 2006).

Electricity provides an even clearer example because the network exhibits strong natural-monopoly characteristics and enormous sunk costs. JICA records for the Java-Bali transmission system show a 1998 ODA loan commitment of JPY 10.918 billion for a major transmission project, while ADB later approved US\$224 million for the Java-Bali 500-kV Power Transmission Crossing with PLN as executing agency. ADB's project rationale explicitly linked transmission investment to electrification, system reliability, and lower operating costs. Such projects illustrate why the historical state contribution cannot be reduced to paid-in equity: sovereign borrowing capacity, sector planning, and the social objective of electrification were jointly involved in creating assets from which later commercial revenues could be generated (JICA, 1998; ADB, 2013).

PGN demonstrates that this logic persisted even after partial corporatization and capital-market participation. World Bank project documents concerning domestic gas-market development state that JBIC financing supported the South Sumatra-West Java gas transmission line while the World Bank financed distribution expansion and policy reform. An implementation report notes that the government had secured approximately US\$485 million from JBIC for the transmission project and substantial private investment associated with upstream gas development. This is a particularly important case because it demonstrates that a listed SOE can remain deeply connected to sovereign development finance. Corporate form and public financing are not mutually exclusive categories; they can coexist during long infrastructure transitions (World Bank, 2004; World Bank, 2014).

The fiscal genealogy concept therefore records the origin of capabilities without presuming an ownership conclusion. Some sovereign loans are repaid, some projects depreciate, and some regulatory privileges expire. Conversely, networks often appreciate in strategic value because later users and complementary investments depend on them. The correct analytical question is not whether the state 'still owns' every historical rupiah, but whether governance arrangements recognize that the modern enterprise inherited assets and market positions that were enabled through public institutions. This distinction is consistent with research showing that state ownership outcomes depend on historical and institutional context rather than a static ownership percentage (Aguilera et al., 2021; Butzbach et al., 2022).

4.2 Public returns complicate the narrative of sacrifice

The second finding is that a fiscal genealogy must be matched by a public-return ledger. SOEs can return value through dividends, taxes, debt repayment and capital appreciation, but also through less easily monetized outcomes such as universal access, reduced logistics costs, energy reliability and regional development. Sulastri et al. (2024) show that stakeholder value in Indonesian SOEs has differentiated relationships with financial performance, illustrating why shareholder return alone is an incomplete indicator. Ferdiana & Sugiyarto (2022) likewise emphasize the developmental role of SOEs alongside their financial performance determinants.

This balancing principle prevents an analytical error in the opposite direction. If historical loans are counted as permanent public sacrifice while repayments, taxes, dividends and public benefits are ignored, the analysis exaggerates the net fiscal cost. Similarly, if only dividends are counted as returns, infrastructure that supports private productivity or extends basic services to low-income regions is undervalued. Public capital should therefore be assessed using both financial and developmental returns. The policy implication is not that every developmental benefit can be converted into a precise monetary number, but that decision-makers should disclose which objectives justify accepting lower commercial returns and how those objectives are measured (Adebayo & Ackers, 2024; Adebayo, 2026).

4.3 The dual mandate remains unresolved by corporatization

The third finding is that changing legal form does not eliminate public-service obligations. Listed SOEs may have minority shareholders, disclosure rules and profit targets, yet the state may continue to require universal service, price stabilization, infrastructure expansion or strategic security. When these mandates are not explicitly costed, managers face contradictory incentives: commercial performance is evaluated as if the company were private, while non-commercial burdens remain embedded in operating expenses. Research on PSO disclosure shows that accountability improves when the mandate, costing method and funding mechanism are made explicit (Adebayo, 2026). Indonesian scholarship similarly cautions against assuming that revenue orientation automatically improves public-service outcomes (Shidarta & van Huis, 2020).

This finding supports a separation principle. Commercial activities should be evaluated with commercial metrics, while non-commercial mandates should be identified through service indicators and transparent compensation. Such separation reduces the temptation to hide inefficiency behind a vague social mission, while also preventing genuine public obligations from being misclassified as managerial failure. It is consistent with corporate-governance research showing that strategy and board structures matter for SOE performance and that professional governance can coexist with public ownership (Umanto et al., 2022; Handoyo et al., 2023; Hardianto & Nursansiwati, 2024).

4.4 Commercialization improves discipline but can produce metric myopia

The fourth thematic finding is explicitly two-sided. Corporatization, mixed ownership, and professional management can improve efficiency, innovation, and strategic focus. International research documents conditions under which mixed-ownership reform and clearer strategic orientation are associated with stronger performance, while natural-monopoly scholarship emphasizes that incentive-compatible regulation can stimulate efficiency even where competition is limited (Liao & Van Assche, 2022; Megginson & Mueller, 2022). Indonesia's own listed SOEs also provide evidence that state ownership need not imply poor performance in normal periods (Harymawan et al., 2020).

However, commercialization can become excessive when financial metrics displace the purpose of ownership. An SOE that maximizes ROE by delaying network maintenance, reducing service in low-return regions, selling strategic land, or shifting costs to the state can appear efficient while destroying public value. Financialization research on Indonesian infrastructure highlights this danger by showing how the balance sheets of SOEs can become vehicles for mobilizing capital and transferring risk within development strategies (Angelov, 2024). The appropriate response is not to reject financial discipline, but to complement it with public-value, resilience, and service metrics. A well-governed SOE should know which objectives are commercial, which are developmental, and how trade-offs are authorized.

4.5 Debt creates development capacity and fiscal exposure simultaneously

The fifth finding is that SOE leverage should not be classified as either purely corporate debt or automatically sovereign debt. Its economic significance depends on the probability and mechanism of state support. Implicit guarantees can reduce borrowing costs, particularly for strategically important enterprises, but they can also encourage leverage and weaken creditor discipline (Zhang et al., 2022). The international evidence on countercyclical SOE activity shows why governments may rationally accept such exposure during shocks, yet the fiscal cost can become significant (Herrera Dappe et al., 2024).

For Indonesia, debt sustainability varies across SOEs and sectors. Agustina et al. (2025) find that no sector is uniformly safe or distressed, but construction SOEs are comparatively vulnerable. This aligns with the broader concern that off-budget or quasi-fiscal activity can obscure the location of public risk (Heinemann et al., 2025). A consolidated owner such as Danantara therefore requires a portfolio-wide contingent-liability perspective, including exposures created by cross-guarantees, state-bank lending, infrastructure contracts and correlated macroeconomic shocks. A holding structure can diversify idiosyncratic risk while simultaneously concentrating governance and funding risk at the portfolio level.

4.6 Political influence remains a core governance risk

The sixth finding is that professionalization is not achieved merely by moving ownership from a ministry to a holding entity. Cross-country evidence shows that corruption and political capture can materially weaken SOE efficiency (Baum et al., 2024), while political governance structures and appointment mechanisms shape how boards exercise authority (Jin et al., 2022; Szarzec et al., 2022). Lopes Junior et al. (2024) show that political influence can affect SOE investment decisions, reinforcing the need for transparent criteria and ex post accountability.

Indonesia-specific research makes the risk difficult to dismiss. Apriliyanti (2023) finds continuity and complexity in patronage-based SOE appointments across post-authoritarian administrations, while Harymawan et al. (2020) identify election-period deterioration in SOE performance. Fitriiningrum (2020) similarly examines conflicts between government and management objectives in listed Indonesian SOEs. These findings imply that Danantara's strongest potential advantage may be institutional rather than financial: if it can create credible professional appointment systems, standardized risk controls, and transparent investment criteria, it could reduce fragmented political intervention. If it instead centralizes discretion without

comparable transparency, the same structure could magnify rather than solve the governance problem.

4.7 Danantara is an institutional reconfiguration, not a simple privatization

The seventh finding is that Danantara should be understood as a state-capital reorganization that combines ownership, investment and portfolio-management functions. Its official mandate includes management of SOEs, dividend management, establishment of investment and operational holdings, selected capital actions and consultation with the relevant parliamentary body on work plans and budgets. In 2026, it publicly described a governance reset and accounting review across the portfolio. These features resemble the professional ownership model discussed in the state-investor literature, but Danantara also retains an explicitly national-development mandate, which makes it a hybrid rather than a conventional return-maximizing fund (Danantara Indonesia, 2025a; Danantara Indonesia, 2026a).

Legal and policy scholarship has begun to debate this hybrid form. Disyon et al. (2023) examine the establishment of state-owned holding companies through the lens of state controlling rights, while Gunawan et al. (2024) compare Indonesian sovereign-wealth-fund development with Norway and Singapore. Emerging Danantara-focused studies identify both efficiency rationales and moral-hazard concerns (Muttaqin et al., 2025), as well as questions surrounding separated state assets, business judgment, and control over subsidiaries (Santosa et al., 2025; Sijabat & Baidhowi, 2026). Although this literature is still young, it confirms that the central policy issue is not whether consolidation is inherently good or bad; it is how legal accountability, commercial autonomy and public ownership are recombined.

4.8 Accountability has been reconfigured rather than eliminated

The final finding concerns oversight. Public concern that consolidation might reduce direct scrutiny is understandable because assets move through more complex corporate layers. Yet current evidence does not support an unqualified claim that parliamentary or audit oversight has disappeared. Danantara presented its 2026 work plan and budget to the House in a consultative process; official regulations identify consultation obligations; the institution stated in May 2026 that its annual financial statements would continue to be audited; and BPK publicly emphasized continued risk-based examination of BUMN. The more accurate analytical question is whether the redesigned system provides equivalent or stronger transparency at the consolidated portfolio level (Danantara Indonesia, 2025b; Danantara Indonesia, 2026b; BPK, 2026).

This distinction matters because formal oversight can coexist with practical opacity. A portfolio spanning listed and unlisted SOEs, subsidiaries, special-purpose companies, and investment vehicles can overwhelm entity-by-entity reporting. Transparency must therefore become consolidated and transaction-sensitive. Yasin & Nursadi (2021) already document weaknesses in SOE public-information compliance before Danantara, while Ruggiero et al. (2022) show more generally that publicness raises the standard of financial accountability. Capital-market evidence also indicates that SOEs can exhibit lower price informativeness, while cross-country evidence from natural-resource firms links state ownership to weaker financial reporting quality under less protective institutional settings (Goodell et al., 2021; Boubakri et al., 2025). Effective reform should thus publish enough information to trace material asset transfers, valuation methods, related-party transactions, guarantees, portfolio risk, and PSO exposure without requiring the legislature to micromanage daily business decisions.

4.9 Discussion and Analysis

4.9.1 From 'historical sacrifice' to fiscal genealogy

The phrase 'historical sacrifice of the APBN' captures an important moral intuition: present corporate value was partly produced through earlier collective financing and public risk-bearing. As an academic concept, however, sacrifice is too imprecise. It can conflate grants, repayable loans, guarantees, regulated tariffs and monopoly rights, while overlooking subsequent returns. Fiscal genealogy is preferable because it is descriptive before it becomes normative. It reconstructs the origin of assets and capabilities, classifies the form of public support, and then asks what obligations or claims remain relevant after repayment, depreciation, corporatization or partial privatization.

The framework also avoids a false accounting exercise. It would be misleading to take the nominal value of a 1980s or 1990s loan and treat it as a permanent equity claim on a modern company. Conversely, it would be equally misleading to assume that repayment of a loan removes all public significance from the

infrastructure it enabled, especially where the state also supplied guarantees, rights of way, monopoly protection or policy coordination. The public contribution is a historical fact; the continuing governance implication is a separate question. The latter depends on whether the enterprise still controls strategic infrastructure, carries public mandates or creates contingent fiscal risk. This distinction is consistent with the institutional approach to state ownership advanced by Aguilera et al. (2021), Butzbach et al. (2022) and Vagliasindi et al. (2023).

4.9.2 Public ownership does not justify permanent inefficiency

Remembering fiscal genealogy should not become an argument against restructuring, divestment, mergers or performance discipline. Publicly financed infrastructure can be badly managed, and protected markets can generate complacency or rents. International evidence on corruption, subsidies and political control shows that state ownership can become costly where incentives and governance are weak (Baum et al., 2024; Li & Wu, 2022). Indonesian research on patronage and conflicting objectives reinforces that concern (Apriliyanti, 2023; Fitriningrum, 2020). The state therefore has a stewardship duty to increase the productivity of public capital, not merely preserve historical organizational forms.

At the same time, efficiency should be measured against the right objective function. A national electricity network, gas pipeline or port system is not equivalent to a consumer-goods company because its value includes resilience, universal access and system-wide externalities. Natural-monopoly research demonstrates that ownership reform must be complemented by regulation capable of preventing rent extraction while preserving incentives for investment and innovation (Megginson & Mueller, 2022; Homsy and Warner, 2020; Egüez, 2021). For Indonesian BUMNs, the practical implication is to separate commercial targets from policy mandates and ensure that each is measured transparently.

4.9.3 The three-ledger Public Capital Stewardship Framework

The central conceptual contribution of this article is a framework comprising three linked ledgers. The Historical Public Capital Ledger records how the asset base was created: direct APBN expenditure, PMN, sovereign loans, on-lending, guarantees, recapitalization, subsidy support and valuable regulatory privileges. The Public Value and Mandate Ledger records what society receives: dividends and taxes, loan repayment, universal-service coverage, affordability, reliability, strategic security, industrial spillovers and regional development. The Fiscal Risk and Governance Ledger records what remains exposed to the state: debt, guarantees, rescue expectations, related-party exposures, political capture, governance concentration, opacity and contingent PSO costs.

Figure 3 translates the article's synthesis into a three-ledger stewardship model that can be applied across BUMNs and at the Danantara portfolio level. The diagram makes explicit that legitimate stewardship depends on simultaneous visibility of historical public inputs, continuing public-value obligations and residual fiscal and governance risks.



Figure 3. Public Capital Stewardship Framework

The framework treats legitimacy as a joint condition: policymakers should be able to trace how public capital was formed, what financial and social value is expected from it, and where the fiscal and governance downside resides. Omitting any one ledger produces a distorted assessment.

The purpose of the ledgers is not to produce a single historical 'net present value' of state support. Such a calculation would be highly sensitive to discount rates, shadow prices, changing currencies, and the valuation of non-market benefits. Instead, the framework creates institutional visibility. It requires decision-makers to state explicitly what the public contributed, what the enterprise is currently expected to deliver, and where downside risk ultimately resides. This follows the broader accountability logic found in PSO research, fiscal-transparency research, and state-investor governance (Adebayo, 2026; Heinemann et al., 2025; Amar & Lecourt, 2023).

4.9.4 Applying the framework to Danantara

Danantara can create value if it operates in the upper-right quadrant of an efficiency-accountability matrix: high managerial efficiency combined with high public accountability. Its governance-reset initiative, integrated risk review and portfolio rationalization suggest an intention to improve this combination. The danger is that reform drifts toward either of two inferior equilibria. One is administrative paralysis, in which every commercial decision becomes politically contested, and assets remain underproductive. The other is unaccountable financialization, in which asset monetization and return targets increase while the historical public basis, service mandates, and fiscal risks of the portfolio become less visible.

Figure 4 summarizes the institutional objective for Danantara: high efficiency and high accountability rather than a trade-off that sacrifices one for the other. It identifies public capital stewardship as the target quadrant and contrasts it with administrative paralysis, state-asset stagnation, and unaccountable financialization.



Figure 4. Danantara Efficiency-Accountability Matrix

The matrix clarifies that neither heavy administrative control nor unconstrained commercialization represents the target condition. Public capital stewardship requires managerial freedom sufficient to improve productivity together with disclosure, audit and mandate clarity sufficient to preserve public accountability. The SWF literature offers useful but incomplete guidance. Large state-owned investors benefit from professional staffing, long time horizons and global investment networks, but legitimacy requires governance and disclosure that match their scale (Megginson et al., 2021; Amar & Lecourt, 2023). Indonesia's challenge is more complex because Danantara is not simply investing excess national savings abroad; it is reorganizing ownership of domestic operating companies that provide electricity, telecommunications, transport, finance, energy, and other essential services. Public accountability therefore needs to cover both investment performance and stewardship of operating enterprises. The internationalization literature's distinction between financial and strategic state capital is especially relevant because Danantara may pursue both simultaneously (Cuervo-Cazurra et al., 2023; Babic et al., 2023).

4.9.5 Consolidation risk and the 'single point of governance failure

The phrase should be used carefully. Centralization does not mechanically create a single point of financial failure because the portfolio contains legally separate companies with different balance sheets. Nevertheless, it can create a single point of governance failure if appointments, valuation rules, risk appetite, related-party decisions or investment directives are concentrated without adequate checks. Errors at the owner level can propagate across the portfolio through common policies, cross-holdings, common lenders, guarantees or synchronized capital allocation. The problem is therefore organizational correlation rather than simple legal consolidation.

A portfolio-wide risk architecture should consequently measure concentration across sectors, counterparties and macroeconomic scenarios. It should also identify where state-owned banks finance state-owned infrastructure firms, where guarantees are direct or implicit, and where the same adverse shock affects several portfolio companies simultaneously. Research on implicit guarantees and SOE debt demonstrates why these network effects matter (Zhang et al., 2022; Agustina et al., 2025). Danantara's centralized position could actually make such analysis easier than under fragmented ministerial ownership, provided

the resulting risk map is disclosed to the appropriate oversight institutions.

4.9.6 Parliament, BPK and professional autonomy

A modern ownership model should avoid confusing oversight with operational control. Parliament should not determine routine procurement, staffing or investment timing; such politicization would undermine the rationale for professional ownership. Its legitimate role is strategic and fiscal: reviewing the mandate, aggregate performance, material fiscal exposures, major asset restructurings and the quality of governance. Similarly, external audit should verify the integrity of financial reporting, asset valuation, controls, and compliance without becoming a substitute management board. This division of labor is consistent with the evidence that accountability systems improve audit quality when responsibilities are clear (Wu et al., 2024).

The current Indonesian arrangements therefore need to be judged by substance, not institutional labels. The presence of consultative parliamentary processes and continuing audits is important, but the quality, timeliness and scope of information are decisive. If consolidated reports omit material valuations, contingent liabilities, PSO obligations or intra-group transactions, formal oversight will be weak even when meetings occur. Conversely, high-quality consolidated disclosure can strengthen accountability while allowing management greater freedom from daily political intervention. Yasin & Nursadi's (2021) findings on uneven SOE information transparency make this a pre-existing governance agenda rather than a problem created by Danantara alone.

4.9.7 Policy recommendation 1: establish a Historical Public Capital Register

The government and Danantara should create a structured register for strategically important SOEs documenting major historical state-capital contributions and sovereign development-finance projects. The objective would not be to reopen settled accounts or calculate retroactive ownership shares. Rather, it would preserve institutional memory, identify strategic public assets and improve understanding of how major networks were financed. For listed SOEs, the register could also clarify which historical assets are now inside publicly traded companies and which obligations remain with the state.

4.9.8 Policy recommendation 2: adopt explicit PSO contracts and a public-value scorecard

Each non-commercial mandate should identify the service required, target beneficiaries, costing methodology, financing source, performance indicators, and review period. This would prevent cross-subsidies from becoming invisible and allow investors to distinguish commercial performance from policy-mandated expenditure. A complementary public-value scorecard should report not only ROE and dividends but also reliability, service coverage, affordability, investment adequacy, safety, resilience and strategic-development outcomes. This recommendation follows the accountability logic of Adebayo (2026), Adebayo & Ackers (2024), and Sulastri et al. (2024).

4.9.9 Policy recommendation 3: publish a consolidated fiscal-risk statement for the SOE portfolio

The statement should cover explicit government guarantees, material state or state-bank lending, major foreign-currency exposures, cross-company guarantees, maturity concentrations, pension obligations and plausible rescue exposures. Stress tests should include correlated scenarios affecting construction, energy, banking and transport simultaneously. Such reporting would not imply that every SOE liability is sovereign debt; on the contrary, it would distinguish legally corporate liabilities from economically relevant contingent risks. This separation is necessary for credible market discipline and fiscal planning (Heinemann et al., 2025; Hidayatulloh & Erdős, 2023).

4.9.10 Policy recommendation 4: strengthen transaction transparency and independent valuation

Asset transfers, mergers, divestments and monetization transactions involving strategic SOEs should disclose the valuation method, independent valuer, material assumptions, conflict-of-interest safeguards and expected public-value rationale. This is especially important when transactions occur within a state-controlled ecosystem where the same ultimate owner appears on both sides. Business judgment should protect good-faith commercial decisions, but it should not eliminate the evidentiary trail needed to show that decisions were informed, independent, and consistent with mandate. Emerging Indonesian legal scholarship on holdings and Danantara underscores the need to align commercial discretion with clear state-control and accountability rules (Disyon et al., 2023; Santosa et al., 2025).

4.9.11 Policy recommendation 5: professionalize boards while protecting minority shareholders

Appointment criteria should emphasize sector expertise, finance, risk management, law, technology, and public-policy competence, with conflicts disclosed and selection processes documented. Listed SOEs create an additional duty because minority shareholders should not bear uncompensated costs from policy directives or related-party restructurings. The two-tier Indonesian board model provides formal supervisory mechanisms, but their effectiveness depends on independence, information quality, and succession processes (Umanto et al., 2022). International evidence linking board structures to disclosure quality further supports this governance priority (Nicolò & Andrades-Peña, 2024).

4.9.12 Policy recommendation 6: preserve competition where feasible and regulate monopoly where necessary

Historical monopoly rights may have supported network formation, but mature sectors should not retain protection merely because protection existed in the past. Competitive segments should face neutral entry rules, while genuine natural-monopoly components should be subject to transparent tariff, access, and investment regulation. This allows Indonesia to recognize the historical value of regulatory endowments without converting them into permanent rents. It also keeps the fiscal-genealogy argument forward-looking: the purpose of remembering public support is to improve stewardship, not to freeze market structure.

4.9.13 Policy recommendation 7: institutionalize a 'comply and explain' stewardship report

Danantara and major BUMNs could publish an annual statement organized around the three ledgers proposed in this article. It would explain material changes in public-capital structure, public-service mandates, dividends and taxes, leverage, guarantees, strategic-asset transactions, and governance risks. Where information cannot be publicly disclosed for legitimate commercial or national-security reasons, the report should state the category and the oversight body receiving confidential disclosure. Such a system would make transparency proportional rather than absolute, protecting commercial sensitivity while preventing complexity from becoming a blanket justification for opacity.

4.9.14 Limitations and directions for future research

This review has several limitations that bound its claims. It is an interpretive qualitative literature review rather than an exhaustive systematic review, and the historical reconstruction uses Telkom, PLN and PGN as illustrative cases rather than as a complete inventory of public financing across all Indonesian SOEs. Historical project records also differ in detail and accounting treatment, while the article deliberately does not convert decades of loans, guarantees, regulatory privileges and non-market benefits into a single present-value estimate because doing so would require contestable assumptions about discount rates, counterfactual financing costs and shadow prices.

The institutional setting is also evolving rapidly. Danantara's governance architecture, portfolio boundaries, disclosure practices and relationships with Parliament, BPK and minority shareholders may continue to change after September 2026. Future research should therefore test the Public Capital Stewardship Framework with enterprise-level historical ledgers, compare public-value performance across sectors, quantify portfolio-wide contingent liabilities under correlated stress scenarios, and examine whether centralized ownership changes investment efficiency, disclosure quality, political intervention or minority-shareholder outcomes over time.

The broader implication is that Indonesia need not choose between developmental ownership and commercial governance. The relevant institutional design question is whether public assets can be managed with private-sector discipline while remaining subject to public-capital stewardship. Research across state capitalism, utilities, fiscal risk and sovereign funds suggests that this is possible but not automatic. It requires professional ownership, explicit mandates, credible boards, consolidated risk management, independent audit, transparent valuation, and political restraint. Danantara provides an opportunity to build such an architecture precisely because it centralizes information and ownership authority. The same centralization, however, raises the cost of governance failure if those safeguards are weak.

5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Indonesia's major state-owned enterprises were not created in an institutional vacuum. The reviewed literature and historical financing records show that their contemporary assets, capabilities, and market positions reflect cumulative layers of budgetary investment, sovereign development finance, government risk-bearing, regulatory protection, retained corporate earnings, and subsequent commercial expansion. Recognizing this history does not imply that present SOEs should be shielded from competition, restructuring, or rigorous financial targets. Rather, the evidence demonstrates why the historical formation of strategic public assets remains relevant to understanding their contemporary governance, continuing public mandates, and residual fiscal and governance risks.

Based on this evidence, the review advances fiscal genealogy as a more analytically precise concept than the rhetorically powerful but narrower notion of "historical APBN sacrifice." Fiscal genealogy distinguishes grants from repayable loans, direct capital contributions from guarantees, subsidies from public-service compensation, and regulatory privileges from direct fiscal expenditure. At the same time, historical public contributions should be considered alongside the returns generated by SOEs, including dividends, taxes, loan repayments, universal-service provision, connectivity, and broader development effects. This balanced perspective avoids treating historical public support either as a permanent justification for state ownership or as irrelevant once SOEs become increasingly commercialized.

Within this context, Danantara represents a major reconfiguration of Indonesia's state-ownership architecture, but its long-term governance and fiscal consequences remain to be established empirically. The literature suggests that centralized ownership may create opportunities for professional management, consolidated risk oversight, portfolio rationalization, and more disciplined capital allocation. At the same time, greater concentration may increase the importance of mandate clarity, conflict-of-interest controls, independent valuation, consolidated fiscal-risk reporting, board professionalism, and effective parliamentary and audit oversight. These potential benefits and risks should therefore be treated as issues for continuing empirical evaluation rather than predetermined consequences of centralization, particularly because Danantara's governance architecture, portfolio arrangements, and accountability mechanisms are still evolving.

The principal conceptual contribution of this study is the Public Capital Stewardship Framework, which integrates three analytical dimensions: the Historical Public Capital Ledger, the Public Value and Mandate Ledger, and the Fiscal Risk and Governance Ledger. Together, these dimensions provide a structured way to examine what public institutions historically contributed to SOE asset formation, what financial and public value is currently expected from those assets, and where residual fiscal and governance risks remain. The framework should therefore be understood as a literature-derived analytical framework and a basis for future empirical research, rather than evidence that these governance mechanisms have already produced the expected outcomes under Danantara. Future research should examine how these three dimensions operate as Danantara develops and whether greater ownership consolidation actually improves efficiency, public value, accountability, and fiscal-risk management. The central proposition remains that historical public investment does not justify inefficiency, while commercial efficiency does not erase the continuing importance of public accountability in the stewardship of strategically significant state-owned assets.

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