

Law Enforcement on Indonesian Sovereign Wealth Fund to Strengthen the National Economy

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ABSTRACT

As a new institution in Indonesia, Sovereign Wealth Fund need to be equipped with a solid legal basis and supported by international standard governance. As a form of the Government's commitment to accelerate the operationalization of this Institution, the Government has established 3 (three) legal products related to the Investment Management Agency. The first legal product in Government Regulation (PP) Number 73 of 2020, Government Regulation Number 74 of 2020, and Presidential Decree Number 128/P of 2020 concerning the Establishment of the Selection Committee for the Selection of Candidates for the Sovereign Wealth Fund Supervisory Board from Professional Elements. This research aims to identify two aspects related to the position of Sovereign Wealth Fund in Indonesia and assess whether the existence of the above legal products is a form of law enforcement against Sovereign Wealth Fund in Indonesia with international standards. The study results indicate that the legal position of the Sovereign Wealth Fund (LPI) can be equated with similar institutions that have previously been established, such as State-Owned Enterprises and the Investment Coordinating Board. The regulation of investment management institutions in the work copyright law still has weaknesses, namely from supervision.

1. Introduction

National development is the ideal of the nation that can be interpreted as an effort to prosper and prosper the people of Indonesia. However, the development that occurs sometimes does not side with the prosperity and welfare of the people due to weak law enforcement. In accordance with the agreed form, Indonesia is a state of law, so the policies made, implemented, and established based on the provisions of applicable legal norms to realize the main social justice mind and one of the goals of strengthening the national economy, as stated in the Opening of the Indonesian Republic State Constitution in 1945 then the most important thing that needs to be done is to lay the foundation of a strong national economy, especially in dealing with the world economic situation with high dynamics and volatility. The strong national economic foundation is a starting point for the realization of Vision Indonesia 2045, which is a country with high economic growth and become one of the world's great economic powers. This vision will be achieved with the support of 4 (four) pillars, namely human resource development and mastery of science and technology, sustainable economic development, equitable development, as well as national resilience and governance.

The main pillars of sustainable economic development require the existence of economic growth targets each year. To achieve these economic growth targets, financing is needed that cannot be met entirely by the Government. Therefore, it takes investment from the public and private sectors to close the gap between development needs and the fiscal capacity of the Government. The government has initiated alternative schemes to encourage the participation of community and business enterprise investment, among others through the Government and Business Cooperation (KPBU) scheme and other creative financing schemes. But in practice, the scheme still faces many obstacles and challenges that cause the alternative scheme not to be realized according to the soE plan which has been one of the main backbones of development financing outside the State Revenue and Spending

Budget is also increasingly limited funding capacity. On the other hand, funding sources from financial sector institutions (banking credit, capital markets, and non-bank financial institutions) are also insufficient.

The limited fiscal capacity of the Government and the limited funding of state-owned enterprises and financial sector institutions indicate that domestic capacity is inadequate to meet all development financing needs to support economic growth. With regard to these issues, it is necessary to fulfill national development financing involving investors from abroad, especially through foreign direct investment (FDI). Currently, the government has been working to improve the investment climate and ease of trying to increase FDI that enters Indonesia. In addition, efforts to increase FDI to Indonesia also need to pay attention to the perspective and appetite of overseas investors. Thus, there is currently a need for an institution that is able to become a strategic partner for the investor, which has a strong legal and institutional foundation and applies international practices and standards, which can be an intermediary for investors in placing investments or FDI in Indonesia (Anisa, 2020).

In line with the above conditions and challenges, as well as to create the widest range of jobs, the Government together with the House of Representatives of the Republic of Indonesia have agreed to establish Law No. 11 of 2020 on Work Copyright. The provisions of Article 171 paragraph (3) of the Act delegate the establishment of Sovereign Wealth Fund (LPI), which are further regulated in government regulations as *sui generis* institutions of government investment managers. The establishment of LPI is intended to increase and optimize the value of long-term managed investments in order to support sustainable development. To realize these functions and objectives, LPI has special characteristics that can make this institution have flexibility and professionalism in increasing the value of investments, as well as as a strategic partner for foreign investors.

Following up on the mandate of the Job Creation Law, LPI needs to be equipped with a strong legal foundation and supported by international standard governance. As a form of government commitment to accelerate the operationalization of LPI, on December 15, 2020, the Government has established 3 (three) legal products related to LPI.

The first legal product is Government Regulation (PP) Number 73 of 2020 on LPI Initial Capital. This regulation explains that the initial capital of LPI of Rp 15 trillion is sourced from the Budget Year 2020 State Budget, as set back in the Change in Posture and Details of the 2020 Budget Year. Furthermore, this PP regulates that the initial capital of this LPI is one form of Separated State Wealth.

Second, PP Number 74 of 2020 on LPI. This PP regulates the governance and operationalization of LPI adapted from the practices of similar institutions that have the best reputation in the world, which prioritize the principles of independence, transparency, and accountability. In the regulation, there are several policy points that are regulated, among others regarding the status of LPI as a Legal Entity owned by the Government and responsible to the President. Furthermore, the LPI structure has a two-tier hierarchy consisting of a Board of Trustees and a Board of Directors. In the event necessary, the LPI may also establish an Advisory Board, to provide advice on investment policy to the Board of Directors. LPI capital is set at Rp 75 trillion with an initial capital deposit of Rp 15 trillion. Then, LPI cannot be insolvent unless it can be proven through insolvency tests by independent institutions appointed by the Minister of Finance.

Third, Presidential Decree No. 128/P of 2020 concerning the Establishment of the Selection Committee for the Selection of Candidates for the LPI Supervisory Board from professional elements. With the Presidential Decree, the Selection Committee (Pansel) can immediately work to get prospective members of the LPI Supervisory Board from professional elements that are further submitted to the President. The composition of the Pansel membership is Sri Mulyani Indrawati as chairman and four other members, namely Erick Thohir, Suahasil Nezara, Kartika Wirjoatmojo, and Muhamad Chatib Basri (Kemenkeu, 2020).

From Vision Indonesia 2045, LPI (Investment Management Institution) is one of the supporting institutions of the government's strategy program in the future contained in (Uu) Number 11 of 2020 on Work Copyright, especially CHAPTER X Article 154, for the ideals of Advanced Indonesia, especially independence in the field of strengthening the Indonesian economy, if there is no legal certainty about the Investment Management Institution (LPI) it feels like it will not attract the passion of investors because it will not be realized without law. Enforcement (law enforcement) that overshadows LPI, as the results of Anisa's research, entitled URGENCY OF INDONESIAN FOREIGN INVESTMENT AS AN EFFORT TO FULFILL THE WELFARE OF INDONESIAN CITIZENS stated that to provide benefits to the national government policies must also be in the firm and role of law enforcement ensures that investors who enter later will not harm the State. and also Teguh Yuwana, Diponegoro University who stated that law enforcement is one of the spearheads of Jokowi's success in leading the city of Surakarta. The results of this study can be concluded that law enforcement is very important as a strengthening of the national economy. So with this researcher wants to conduct a study on law enforcement formil materiil Work Job Creation Law at Sovereign Wealth Fund (LPI).

But law enforcement in Article 162 Paragraph 3 and Article 163 as a whole or focuses on Article 163 d of Law No. 11 of 2020 according to the author is still less strong in terms of Legal Transparency because there are still many loopholes if there are people who deliberately and unintentionally commit criminal acts of corruption. The Article on the Law should be revised and added to the article of criminal acts of corruption regulated in accordance with the provisions of Law No. 31 of 1999 concerning the Eradication of Criminal Acts of Corruption Updated Law No. 20 of 2001 on Eradication of Criminal Acts of Corruption.

2. Law Enforcement

Law enforcement is the process of making efforts to establish or function real legal norms as a guideline of behavior in traffic or legal relations in public and state life. In his studies law enforcement can be reviewed from various points of view:

- a. The subject of law; In a broad sense law enforcement involves all legal subjects in every legal relationship, in a narrow sense law enforcement it is simply interpreted as an effort by certain law enforcement officers to ensure and ensure that a rule of law works as it should. In ensuring the establishment of the law, if necessary, law enforcement officials are allowed to use force.
- b. The object of law; Innature, the rule of law also includes the values of justice contained in the sound of formal rules and the values of justice that live in society. But, in a narrow sense, law enforcement only concerns formal and written enforcement of regulations. Therefore, the translation of the word '*law enforcement*' into Indonesian in using the word '*law enforcement*' in a broad sense and can also be used the term '*law enforcement*' in a narrow sense.

With the above description, it is clear that what is meant by law enforcement is more or less an effort made to make the law, both in a narrow sense and in a broad material sense, as a guideline of behavior in every legal action, both by the subject of the law concerned and by the law enforcement apparatus that is officially given the duty and authority by the law to ensure the functioning of legal norms that apply in life. community and state.

Objectively, the legal norms to be enforced include the understanding of formal law and material law. Formal law is only concerned with written laws and regulations, while material law includes also understanding the values of justice that live in society. In its own language, sometimes people distinguish between the notions of law enforcement and the enforcement of justice. Law enforcement can be associated with the notion of '*law enforcement*' in a narrow sense, while law enforcement in the broadest sense, in the sense of material law, is termed with the enforcement of justice.

The terms are meant to assert that the law to be enforced is not at its core the norm of the rule itself, but rather the values of justice contained therein. There is indeed a doctrine that distinguishes between the duty of judges in the evidentiary process in criminal and civil cases. In civil cases, it is said that the judge simply finds the truth just formal, while in criminal cases then the judge is obliged to seek and find material truths that concern the values of justice that must be realized in criminal justice. However, the nature of the judge's duty itself should indeed seek and discover material truths to bring about material justice. Such obligations apply, both in the criminal field and in the field of civil law. Our understanding of law enforcement should contain the enforcement of justice itself, so the terms law enforcement and enforcement of justice are two sides of the same currency.

Each legal norm already contains provisions on the rights and obligations of legal subjects in legal traffic. Legal norms that are basic, of course, contain the formulation of rights and obligations that are also basic and basic. Therefore, academically, actually, the issue of human rights and obligations does concern the conception that undoubtedly exists in the balance of the concept of law and justice. In every legal relationship therein lies the dimensions of rights and obligations in parallel and cross. Therefore, academically, human rights should be balanced with human rights obligations. However, in the development of history, the issue of human rights itself is closely related to the problem of injustice that arises in relation to the question of power. Historically, power organized into and through the organs of the state has often been shown to give birth to oppression and injustice. Therefore, the history of mankind bequeathed the idea of protection and respect for human rights. This idea of protection and respect for human rights was even adopted into the idea of limiting power which came to be known as constitutionalism. It is this school of constitutionalism that gives a modern color to the ideas of democracy and nomocracy (state of law) in history so that the constitutional protection of human rights is considered as the main feature that needs to exist in any democratic legal state (democratische rechtsstaat) or constitutional democracy.

When talking about law enforcement, it does not escape the term law enforcement. In a narrow sense, law enforcement officers are involved in the process of upholding the law, starting from witnesses, police, legal advisors, prosecutors, judges, and correctional officers. Each relevant apparatus and apparatus includes the parties concerned with their duties or roles, namely related to reporting or complaint activities, investigations, investigations, prosecutions, evidence, sentencing and sanctioning, as well as correctional efforts to resocialize convicts. In the process of working law enforcement officers, three important elements affect, namely: (i) law enforcement institutions and various supporting facilities and infrastructure devices and institutional mechanisms; (ii) the work culture associated with its apparatus, including the welfare of its apparatus, and (iii) regulatory tools that support both its institutional performance and those governing the legal material that is used as a standard of work, both its material law and its event law. Systemic law enforcement efforts must pay attention to these three aspects simultaneously so that the process of law enforcement and justice itself can be realized in real terms.

However, in addition to the three factors above, complaints related to the performance of law enforcement in our country so far,

actually also require a more thorough analysis. Law enforcement efforts are only one element of our overall problems as the State of Law that aspires to uphold and realize social justice for all Indonesian people. The law is unlikely to stand if the law itself does not or does not yet reflect the feelings or values of justice that live in its society. The law is impossible to guarantee justice if the material is largely a legacy of the past that no longer fits the demands of the times. That is, the problems we face are not only related to law enforcement efforts but also legal reform or new lawmaking. Therefore, there are four important functions that require careful attention, namely (i) the legislation of law ('the legislation of law' or 'law and rule making'), (ii) socialization, dissemination, and even culture of law (socialization and promulgation of law), and (iii) enforcement of the law (the enforcement of law).

All three require the support (iv) of effective and efficient legal administration (the administration of law) run by a responsible government (executive). Therefore, the development of legal administration and the legal system can be referred to as the fourth important agenda in addition to the three agendas mentioned above. In a broad sense, 'the administration of law' includes the understanding of the implementation of the law (rules executing) and the administrative system of law itself in a narrow sense. For example, it can be questioned the extent to which the existing system of documentation and publication of various legal products has been developed in the framework of documenting regulations (regels), decisions of state administration (beschikkings), or the determination and verdict (verdict) of judges in all ranks and layers of government from the center to the areas. If the administrative system is unclear, how can public access to various forms of legal products be open? If access does not exist, how is it possible to expect society to obey the rules it does not know? Although there is a theory of 'fiktie' which is recognized as a universal legal doctrine, the law also needs to function as a means of education and reform of society (social reform), and therefore public ignorance of the law should not be left without the efforts of socialization and culture of law systematically.

3. Methodology

Research in scientific studies is a type of normative legal research that examines laws and regulations in a coherent legal system. (Soetandyo Wignjosoebroto, 2014) The problem approach used is the statute approach by reviewing and researching the laws and regulations on investment. The conceptual approach, the approach is done by reviewing the opinions of experts on law enforcement.

A search of primary, secondary, or tertiary legal materials can be done through literature studies related to the enforcement of law in investment, as well as documentation studies on legal materials contained in documentation centers and information about Sovereign Wealth Fund (LPI) in Indonesia. Legal journals or in libraries in related agencies or searches over the internet. Techniques for analyzing in this study use the technique of systematic interpretation of the findings of research results and interpreting laws and regulations by linking them with the rule of law or other laws or with the entire legal system, so as not to deviate or exit the legal system or legal system. The relationship between the whole rules is not solely determined by the place of the rules against each other, but by common purposes or concurrent principles based on the rules.

4. Results and Discussion

The public's rejection of the discussion of the Work Copyright Bill in the House of Representatives (DPR) should be responded to by the government by stopping the discussion, not encouraging its passage. Because, of the eleven clusters in the draft that use this *omnibus law* approach, almost all of them contain problems.

Chapters on national strategic investments and projects, for example, clearly show how corrupt practices can occur. *First*, this provision states that central government investment is made to increase investment and strengthen the economy to support strategic Job Creation Law policies. The investment is carried out by an investment management institution responsible to the president through a steering board consisting of the Minister of Finance and the Minister of State-Owned Enterprises. Investment funds managed by this institution can be sourced from state assets and state-owned enterprises (SOEs). That is, using state money.

But the next provision mentions state assets and soE assets that are used as investments are transferred into institutional assets, which then become the property and responsibility of the institution. Even the provisions thereafter assert that the profits or losses experienced by institutions when carrying out investments are the profits or losses of institutions.

This provision explicitly states that the losses in which the state invests, whether intentional or unintentional, including the act of enriching others, are no longer categorized as state losses. The main essence of corruption that has been a consensus is actions that harm the country's finances, but that element is omitted in this draft.

Second, the elimination of the status of state organizers in managers and employees in Sovereign Wealth Fund, except for those from state officials or *ex officio*. Logic like this is very wrong. They are people who are authorized to hold and rotate state money while receiving salaries from the state, so they should be referred to as state organizers. This article is clearly aimed at avoiding

the snare of the Corruption Act which places state organizers as the subject of corruption crimes that can be criminally held accountable.

Third, there is an article that states that the board and employees of the institution cannot be prosecuted, both civilly and criminally, for the implementation of their duties and authority as long as the implementation of their duties and authority is carried out in good faith. This article is clearly prepared to fortify the perpetrators of corruption in investment on the grounds of immunity. In fact, if viewed more carefully, this article actually wants to replace the intentional element in the Corruption Act. If there is a loss to the country's finances, as long as it can be proven that all the actions of the perpetrators have been done in good faith, the perpetrator can escape from the legal snare.

Fourth, there is a provision that prohibits any party, including law enforcement, from seizing the assets of Sovereign Wealth Fund, except assets that have been guaranteed in the framework of loans. This provision is clearly contrary to the Corruption Act and the Money Laundering Act, which can seize assets from a legal entity if proven to have committed a crime of corruption.

Fifth, there is a broomstick norm that tries to take over arrangements regarding the financial management of the country into this draft. It is stated that as long as it is specifically regulated in this law, the provisions of the relevant laws governing the financial management of the country/state wealth / SOEs do not apply to Sovereign Wealth Fund regulated under this law. Again this article is clearly made to avoid the snare of the Corruption Act because all its arrangements will be based on the Job Creation Law that has minimal sanctions.

From some of these provisions, it can be seen how the space for corruption is being prepared. The design that is trying to be compiled from the arrangement regarding investment in this draft is to eliminate elements of criminal acts of corruption, such as elements intentionally, harming the state finances, and carried out by state organizers. So is the prohibition on the seizure of assets from Sovereign Wealth Fund even though proven to commit or participate in criminal acts of corruption.

Such an arrangement is certainly very dangerous for the climate of eradicating corruption in Indonesia because it will exclude the Sovereign Wealth Fund from the enactment of laws related to corruption, which have been used to ensnare perpetrators of corruption crimes. How can this design be accepted if there is room to carry out corrupt practices in investment? Therefore, it is appropriate that this draft be rejected for discussion, let alone passed.

4.1 Government Policy in the Field of Investment Law Enforcement in Indonesia

Law enforcement is an activity to disseminate the relationship of values described in the rules or views of assessing a steady and spelling and attitude of action as a series of final-stage value elaboration (Purbacaraka, 1997, p. 34).

Soerjono Soekanto has at least four factors so that the law can be established, namely; includes the law or regulation itself, the mentality of law enforcement officers (police, prosecutors, judges, lawyers, and correctional institution officers), facilities that support law enforcement, as well as legal awareness, compliance and behavior of citizens (Soekanto, 2014, p.

In the context of law enforcement in Indonesia, the first and main thing that needs to be underlined is the hierarchy of applicable laws and regulations. In positive law in Indonesia, all laws and regulations established by the government and legislature must refer to and be based on the Constitution of the Republic of Indonesia (UUD NRI) 1945 as the constitutional foundation of Indonesia and the highest positive law.

Explicitly, Indonesia's status as a state of the law in the 1945 Constitution is listed in Article 1 Paragraph (3) which reads that Indonesia is a State of Law (*Rechtsstaat*). This indicates that the Indonesian nation and homeland must be protected with the use of strong legal institutions and law enforcement officials with integrity and can be relied upon in order to create order in public life.

If it is associated with the investment climate in Indonesia both domestic and foreign, what must be remembered is the nature of the law that already exists in the 1945 Constitution. We need to understand in the 1945 Constitution has been discussed about the governance of the national economy which is detailed contained in the body of the 1945 Constitution (article 33 paragraphs 1, 2, 3, and 4) (the Republic of Indonesia, 1945).

In order for investment issues to have a legal basis at the technical and operational stages, several derivative regulations were established such as the Law of the Republic of Indonesia No. 25 of 2007 on Investment, BKPM RI Head Regulation No. 14 of 2015 on Guidelines and Procedures for Investment Principles Permits, and Government Regulation No. 24 of 2018 on Licensing Services Trying to Integrate Electronically. The establishment of these regulations, in addition to providing a legal footing, is also to ensure that investment management provides benefits for the people of Indonesia.

Nevertheless, arrangements such as those mentioned above do not necessarily guarantee that constraints in the field of investment can be eliminated altogether. Investment problems still often arise which is mostly due not to the absence of law and overlapping

regulations but lies in the aspect of enforcement. Therefore, in order to realize the rule of law, namely the law obeyed by both domestic investors and foreign investors, it is needed to strengthen and improve government policies in the field of law enforcement.

In general, improvements in the field of law are one part of the elaboration of the concept of Nawa Cita initiated by the government of Joko Widodo and Jusuf Kalla. In the third year of their government, the issue of reform in the field of law became a special topic and the focus of improvement with the establishment of several continuous efforts in order to strengthen aspects of the existence of law and its enforcement.

In the two-year achievement report of the governments of Joko Widodo and Jusuf Kalla, the legal reform agenda focused on restoring public confidence in justice and legal certainty. This is realized through policy measures, namely structuring quality regulations, institutional revamping of professional law enforcement, and the development of a strong legal culture.

Furthermore, these policies are manifested in several work programs that include public services, case settlement, regulatory arrangement, revamping case management, strengthening human resources, institutional strengthening, and legal cultural development. In the three-year achievement report of the governments of Joko Widodo and Jusuf Kalla, the legal reform agenda was focused on efforts to realize a clean and serving government bureaucracy, as well as the enforcement of justice and protection to the community.

Another aspect that is an important part of the law reform that is carried out is the eradication of corruption. In order to combat corruption that has been going on massively, it is strengthening the implementation of existing regulations but not optimal implementation, namely Law No. 20 of 2001 on Combating Corruption. During this time, corruption among law enforcement and public service officials became a scourge for investors because it caused a high-cost economy for them.

In addition, to strengthen law enforcement efforts carried out, in 2015, President Joko Widodo has signed presidential instruction document No. 7 of 2015 on Corruption Prevention and Eradication Action (PPK Action) 2015. Then in the third year of his administration, President Joko Widodo issued Presidential Decree No. 10 of 2016 on PPK Action in 2016 and 2017.

Persistent efforts by the government in reforming the law through strengthening law enforcement are beginning to show results. Based on a release from the Central Statistics Agency (BPS), Indonesia's Anti-Corruption Behavior Index (IPAK) 2017 showed a figure of 3.71 or up from 2015 which was only at 3.59 on a scale of 0-5. Through the implementation of the policy, Indonesia's *Corruption Perception Index* ranking, which was previously ranked 107th, was ranked 88th at the global level and ranked 15th at the regional level in 2016.

Not only making improvements to legal hardware (regulations and enforcement systems), the government also assesses the urgency to make structural and cultural improvements in legal institutions and human resources. It aims to achieve the objectives set, namely a clean and serving bureaucracy, as well as a trustworthy apparatus in carrying out its main duties and functions.

As a follow-up, the government took several strategic steps that can broadly be referred to as institutional development programs and legal apparatus. If you look back, the steps taken have begun in previous periods and are contained in the Outlines of State Direction (GBHN) 1999-2004, but nevertheless, still, have relevance to continue and be strengthened again at the level of implementation.

These measures include the empowerment of judicial institutions and law enforcement agencies such as the Judiciary, Prosecutors, Police, Civil Servant Investigators (PPNS), as well as the Corruption Eradication Commission (KPK), the completion of corruption cases, collusion, and nepotism that have not been completed, as well as programs to increase legal awareness and the development of legal culture in the community.

In the empowerment program of judicial institutions and law enforcement agencies, the main activities carried out include increasing supervision of the judicial process that runs to be transparent and increase community participation, recruitment and promotion systems that are open to law enforcement officials and public service organizers, improving the welfare of state officials, improving the curriculum in the field of legal education to form qualified law enforcement cadres and integrity in the future, providing education and training in a tiered and periodic manner, and strengthening the development of moral aspects, attitudes and behavior of state apparatus.

While in the aspect of increasing legal awareness and the development of the legal culture of the community, the main activities carried out include using mapping legal issues in order to apply the right material, methods, and dialogical approaches, using the noble values of the regional culture as one of the mechanisms to increase legal awareness, formulate a more democratic legal approach, and increase the use of more modern communication media in order to the achievement of legal awareness targets in various levels of society (Muhtamar & Rani Saputra, 2020).

Not only that, but the government also made strengthening and improvements in the field of law enforcement in response to the problem of basic infrastructure limitations in supporting investment activities. As is known, referring to the McKinsey Study, the value of adequate infrastructure stocks averages about 70 percent of GDP, while factually, Indonesia's performance is still far away, which is at 30 percent (Muhtamar & Rani Saputra, 2020).

The government places infrastructure development as a national priority program. This is because the availability of infrastructure is needed to realize Nawa Cita by building connectivity to increase competitiveness, build from the periphery, support food, and water security, and improve the quality of life of people in residential areas.

Legally formal (legal), the government's efforts in revamping infrastructure are contained in the National Medium Term Development Plan (RPJMN) 2015-2020 and the Strategic Plan (Renstra) of the Ministry of Public Works and Public Housing / Ministry of PUPR. What is set out in the regulation to give significance to the increased utilization of investment for the national economy requires implementation and enforcement of the law. This is what is controlled continuously the process since formulated until now (Radja, 2017).

Observing what the government is doing by implementing a policy of continuous legal reform, total war against corrupt practices and illegal levies, strengthening the quality and quantity of human resources, and comprehensive infrastructure procurement policies is a real implementation in an effort to enforce the positive laws that have been established. This is in line with the definition of law enforcement itself as the enforcement of ideas or concepts about justice, truth, social expediency, and so on, where law enforcement becomes a means to achieve the idea or concept.

We of course hope that the strengthening and improvement of policies in the field of law enforcement run by the government can be the answer to existing investment constraints. The existence of positive laws formulated sharply and comprehensively, the growth of legal culture in the community as a product of legal socialization and public awareness, the existence of strict sanctions for lawbreakers, as well as the availability of adequate basic infrastructure for incoming investment, is expected to be a catalyst and attraction for investors, especially foreigners, to enter and invest in Indonesia.

Broadly speaking, three main problems must be addressed by the government so that the domestic investment climate becomes conducive, namely first; weak implementation of regulations governing law enforcement and investment, second; quality and capability of Indonesian human resources (law enforcement officers and implementers of public services) and third; availability of infrastructure or facilities and infrastructure.

4.1.1 Implementation of law enforcement and investment regulations

In response to this problem, the government took several actions in order to strengthen policies in the field of law. Existing legal instruments such as Law No. 20 of 2001 concerning the Eradication of Criminal Acts of Corruption are strengthened in the level of its implementation. This aims to mitigate and reduce corrupt practices among law enforcement officials and public service organizers who are obstacles for foreign investors. This regulation is also strengthened by the implementation of PP No. 87 of 2016 concerning Task Force Saber Pungli which also has the same objective.

As a form of comprehensive and continuous improvement efforts, the government also issued a policy of legal reform in order to increase law enforcement efforts. This reform focuses on several focuses such as restoring public confidence in justice and legal certainty, the realization of a clean and serving government bureaucracy, and the enforcement of justice and legal protection for the community.

In addition, to strengthen law enforcement efforts carried out, in 2015, President Joko Widodo has signed presidential instruction document No. 7 of 2015 on Corruption Prevention and Eradication Action (PPK Action) 2015. Then in the third year of his administration, President Joko Widodo issued Presidential Decree No. 10 of 2016 on PPK Action in 2016 and 2017.

Related to investment arrangements to be in accordance with legal corridors and the purpose of their use for the welfare of the community, there is also strengthening in their implementation, including the issuance of new regulations as a complement to existing regulations. The regulations include Law No. 25 of 2007 on Investment, BKPM RI Head Regulation No. 14 of 2015 on Guidelines and Procedures for Investment Principles Permits, and Government Regulation No. 24 of 2018 on Licensing Services Trying to Integrate Electronically.

4.1.2 Quality and capability of human resources

Responding to this obstacle, the government broadly makes efforts to improve legal institutions and public services structurally and culturally. These measures include the empowerment of judicial institutions and law enforcement agencies such as the Judiciary, Prosecutors, Police, Civil Servant Investigators (PPNS), as well as the Corruption Eradication Commission (KPK), the completion of corruption cases, collusion, and nepotism that have not been completed, as well as programs to increase legal awareness and the development of legal culture in the community.

In the empowerment program of judicial institutions and law enforcement agencies, the main activities carried out include increasing supervision of the judicial process that runs to be transparent and increase community participation, recruitment and promotion systems that are open to law enforcement officials and public service organizers, improving the welfare of state officials, improving the curriculum in the field of legal education to form qualified law enforcement cadres and integrity in the future, providing education and training in a tiered and periodic manner, and strengthening the development of moral aspects, attitudes and behavior of state apparatus.

While in the aspect of increasing legal awareness and the development of the legal culture of the community, the main activities carried out include using mapping legal issues in order to apply the right material, methods, and dialogical approaches, using the noble values of the regional culture as one of the mechanisms to increase legal awareness, formulate a more democratic legal approach, and increase the use of more modern communication media in order to the achievement of legal awareness goals in various levels of society.

4.1.3 Availability of investment infrastructure

The government, under the control of Joko Widodo and Jusuf Kalla, ranked infrastructure development as a national priority program in the first three years of his administration. This is because the availability of infrastructure is needed to realize Nawa Cita by building connectivity to increase competitiveness, build from the periphery, support food, and water security, and improve the quality of life of people in residential areas.

Legally formal (legal), the government's efforts in revamping infrastructure are contained in the National Medium Term Development Plan (RPJMN) 2015-2020 and the Strategic Plan (Renstra) of the Ministry of Public Works and Public Housing / Ministry of PUPR. What is set out in the regulation to give significance to the increased utilization of investment for the national economy requires implementation and enforcement of the law. This is what has been controlled continuously since it was formulated up to now.

4.2 Positions of Sovereign Wealth Fund in Indonesia

In carrying out its duties, LPI governance follows international business practices and has flexibility in making investments. In addition, the advantages of LPI are also able to take investor appetite, as well as have strong independence and professional management.

As for the pattern of cooperation between LPI and investors, international and domestic investors can invest directly into assets or toll road projects, airports, and other infrastructure. In addition, investors can invest together with LPI for investment management funds. In this case, it will be used for other potential sectors such as health and tourism.

President Jokowi has introduced the Supervisory Board and the Director of LPI. Each must submit a report of accountability. The division of duties, the LPI Board of Directors consisting of five professionals submits annual reports and accountability reports to the Supervisory Board. Here are the LPI board of directors:

1. Ridha Wirakusumah as President Director of LPI. Ridha is the President Director of PT Bank Permata Tbk.
2. Arief Budiman as Deputy President Director of LPI. Arief is the former finance director of PT Pertamina (Persero).
3. Stefanus Ade Widjaja as Investment Director of LPI. Stephen is the managing director of Creador.
4. Marita Alisjahbana as LPI Risk Director. Marita is the Country Risk Manager of Citibank Indonesia.
5. Eddy Porwanto as Finance Director of LPI. Eddy is the former finance director of PT Garuda Indonesia (Persero).

While the Supervisory Board of LPI consists of the Minister of Finance, the Minister of SOEs, and three professionals. The supervisory board will submit a direct accountability report to the President of the Republic of Indonesia. Here is the list of Supervisory Boards (Dewas):

1. Minister of Finance (Sri Mulyani)
2. Minister of SOEs (Erick Thohir)
3. Professional Elements:
 - a. Haryanto Sahari (member of Dewas).
 - b. Yozua Makes (member of Dewas).
 - c. Darwin Cyril Noerhadi (member of Dewas).

Regarding the position of Sovereign Wealth Fund in Indonesia, as found by Tobing & Suroso (2021)(2021)(2021)(2021)(2021) it is stated that the Authority of Sovereign Wealth Fund(LPI) is carried out in accordance with Law No. 1 of 2014 on State Treasury, taking into account the existence of other similar institutions before LPI was established, the role of State-Owned Enterprises

(SOEs), and the use of goods. The main capital in encouraging investors to invest in Indonesia is State-Owned Enterprises (BMN). Restrictions on the authority of the Investment Management Agency (LPI) are carried out to avoid conflicts between Government Institutions by limiting the authority of the implementation of regulations under the Ministry of Finance that are directly responsible to the President, and financial supervision mechanisms in the use of the state. Property (BMN) by public accountants under the approval of the Audit Board (BPK), but the role of BPK is still required in supervision.

4.3 Sovereign Wealth Fund (LPI) in the Job Creation Law Law

The establishment of LPI is regulated in Article 165 of the Job Creation Law Law. There are two verses that essentially mention that LPI aims to support sustainable development.

Article 165 of the Job Creation Law states that the nature of the investment management framework as referred to in Article 154 paragraph (3) letter b, for the first time under this Law was established by the Investment Management Institution. The establishment of an Investment Management Institution is intended to increase and optimize the value of assets in the long term in order to support sustainable development.

The existence of LPI in various countries is used to achieve various goals. There are countries that utilize LPI as a tool of stability or economic savings, and there are countries that use LPI for both purposes ("Multilateral Investment Guarantee Agency: Operational Regulations," 1988). It should be noted that Indonesia is one of the countries that put LPI in the unique position of combining economic stability with savings. The question is whether the LPI system is suitable for use in Indonesia, which is a complex issue. More importantly, it is considered ineffective if the goal is to keep the government's budget protected.

Specifically, the Reserve Bank of Australia (RBA) conducted a study that found that the efficiency of LPI in controlling commodity earnings varies by region. However, in general, funds with the goal of building wealth outperform funds with the aim of protecting government budgets and the domestic economy from the volatility of commodity incomes in terms of return on investment (Mabadi, 2012).

The term development and which is the keyword refers to the direction in which profit or spirit of progress is being pursued. Certain countries pursue stability, while others pursue both; Indonesia, for example, often pursues a fusion of the two. In summary, if the LPI's stated goal of securing the government budget is less effective. This LPI paradigm may be suitable for Indonesia's environment in the future, but it is not appropriate for now.

When governments invest and form LPI to accelerate growth, there is a significant danger. The danger is that sponsored initiatives are ineffective, generating little revenue. As a result, the government must carefully assess and review. However, it does not rule out the possibility of LPI practices flourishing in Indonesia. In addition, this issue is discussed under Articles 160 and 166 of the copyright. Both articles regulate the wealth and source of LPI wealth.

Based on data obtained from the Ministry of Finance (Kemenkeu), Eko said that currently, state-owned assets are worth Rp10,000 trillion, the majority or as much as Rp8000 trillion owned by State-Owned Enterprises (SOEs). But the problem is if you want to transfer state assets to LPI, then the government must make asset data improvements to be clean and clear.

This is important considering the large number of state assets lost after the transfer process. Especially considering the relatively short period of three years, risk assets just come off. If no data improvement is done (asset revaluation), then the opportunity for LPI to fail is quite large. In addition, the establishment of a new institution, the Investment Management Institution (LPI), has enormous authority with the main task of managing state funds/assets invested. This institute can only be transmitted through the law anyway (article 171 paragraph 1). Undang-Kerja Job Creation Law Law also mentions the assets/state funds that are transferred to the LPI become assets/funds of the Institution and become the property and responsibility of the Institution (vide article 157 paragraph 2). Moreover, for 4 reasons that the officials cannot be held legally responsible in the event of investment losses (article 163 Jo Article 164 paragraph 2).

Some of these clauses will shift the element of state losses in the corruption law because the terminology of state money or assets invested here has become an asset/fund of the Institution. As a result, investment losses are institutional losses and not state losses as so far can be prosecuted through the criminal act of corruption. Audits of this Institution are limited to public accountants (article 161), there is no special arrangement of the involvement of official state institutions such as CPC to conduct audits. That is, the lack of the role of this CPC makes the existence of LPI a too large authority.

Based on the above exposure, LPI law enforcement in Indonesia in the Job Creation Law Law has shortcomings, especially related to the authority of the CPC in conducting audits.

5. Conclusion

The legal position of the Indonesian Sovereign Wealth Fund (LPI) can be compared to similar institutions that have previously been established, such as State-Owned Enterprises and the Investment Coordinating Board. The existence of legal products in the form of Government Regulation (PP) Number 73 of 2020, Government Regulation Number 74 of 2020, and Presidential Decree Number 128/P of 2020 concerning the Establishment of the Selection Committee for the Selection of Candidates for the Indonesian Sovereign Wealth Fund Supervisory Board from Professional Elements is considered not optimal. The regulation of investment management institutions in the work copyright law still has weaknesses, namely from supervision. Therefore, there is a need for further regulation regarding the supervisory mechanism of this institution that does not only involve external parties but also involves the government, including the Supreme Audit Agency and the Corruption Eradication Commission.

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