

OFF-BUDGET FINANCING, CENTRAL BANK MANDATES, AND LONG-TERM INVESTMENT MOBILIZATION IN INDONESIA

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Abstract

In recent years, the increasing emphasis on environmental, social, and governance (ESG) issues has transformed the way companies communicate their performance and long-term sustainability. This study aims to examine the impact of ESG disclosure and sustainability accounting practices on firm value in the context of Indonesian listed companies. By integrating the concept of transparency and stakeholder trust, this research explores whether more comprehensive ESG reporting contributes to enhanced market valuation and investor confidence. This study employs a quantitative research approach using secondary data collected from annual reports and sustainability reports of publicly listed companies in Indonesia. ESG disclosure is measured using a disclosure index based on widely recognized reporting standards, while sustainability accounting practices are proxied through the extent of environmental and social cost recognition. Firm value is measured using indicators such as Tobin's Q and market-to-book ratio. The data are analyzed using multiple regression techniques to assess the relationship between variables. The findings are expected to demonstrate that higher levels of ESG disclosure and more robust sustainability accounting practices positively influence firm value. Companies that provide transparent and comprehensive ESG information are more likely to gain investor trust, reduce information asymmetry, and strengthen their reputation in the capital market. Furthermore, sustainability accounting practices are anticipated to reinforce the credibility of ESG disclosures by providing measurable and accountable financial information related to sustainability activities. This research contributes to the growing body of literature on sustainability reporting and corporate value, particularly in emerging markets like Indonesia. It also provides practical implications for corporate managers, regulators, and investors by highlighting the importance of integrating ESG considerations into financial reporting frameworks. Ultimately, this study underscores the role of transparency in building trust, which in turn enhances firm value and supports sustainable economic development.

Keywords: *ESG disclosure, sustainability accounting, firm value, transparency, Indonesia*

1. Introduction

Economic development in emerging economies is highly dependent on the availability of sustainable financing to support productive investments. In Indonesia, accelerating economic growth requires substantial capital to finance infrastructure development, industrial transformation, energy transition, and digitalization. The government has consistently increased public expenditure to support these priorities; however, fiscal resources remain constrained by limited government revenues, competing budgetary priorities, and the need to maintain fiscal sustainability. Consequently, relying solely on the State Budget (*Anggaran Pendapatan dan Belanja Negara* or APBN) is insufficient to meet the country's long-term development needs (World Bank, 2023).

Indonesia's National Medium-Term Development Plan (*Rencana Pembangunan Jangka Menengah Nasional* or RPJMN) highlights infrastructure investment as a key driver of economic competitiveness and inclusive growth. Nevertheless, the financing gap remains significant due to the enormous capital required for transportation, renewable energy, water management, healthcare, and digital infrastructure. Similar challenges are also experienced by many emerging economies, where public finances alone cannot adequately support long-term investment while preserving fiscal stability (Asian Development Bank [ADB], 2023). These conditions have encouraged governments to explore alternative financing mechanisms beyond traditional budgetary instruments.

One increasingly important strategy is **off-budget financing**, which refers to financing mechanisms that mobilize public and private resources outside the conventional government budget framework. Unlike direct government expenditure, off-budget financing allows infrastructure and strategic investment projects to be funded through various innovative financial arrangements, including Public-Private Partnerships (PPPs), sovereign wealth funds, infrastructure bonds, blended finance, multilateral development financing, and state-

owned enterprise investment. These mechanisms enable governments to leverage additional capital while reducing immediate fiscal pressure (Organisation for Economic Co-operation and Development [OECD], 2022). Off-budget financing has become an essential policy instrument because it expands fiscal capacity without substantially increasing annual government expenditure. Properly designed financing mechanisms can improve project efficiency, distribute investment risks among stakeholders, and attract long-term institutional investors such as pension funds, insurance companies, and sovereign wealth funds. In addition, international financial institutions increasingly encourage developing countries to utilize blended financing models that combine public and private capital to achieve sustainable development objectives (International Monetary Fund [IMF], 2023). Therefore, off-budget financing is increasingly recognized as a strategic solution for mobilizing long-term investment in emerging markets.

Besides fiscal policy, the effectiveness of investment mobilization is also influenced by the role of the central bank. Traditionally, central banks have focused primarily on maintaining price stability and controlling inflation through monetary policy. However, following the global financial crisis and subsequent economic disruptions, many central banks have gradually expanded their policy frameworks to include macroprudential supervision, financial stability, and support for sustainable economic development (Bank for International Settlements [BIS], 2021). This evolution reflects the growing recognition that monetary authorities play an important role in creating financial conditions conducive to long-term investment.

In Indonesia, Bank Indonesia has adopted a broader policy framework that integrates monetary policy, macroprudential policy, and payment system regulation to maintain economic stability while supporting sustainable growth. Through policy instruments such as benchmark interest rates, reserve requirements, macroprudential liquidity incentives, and coordination with fiscal authorities, Bank Indonesia contributes to improving financial intermediation and directing liquidity toward productive sectors (Bank Indonesia, 2024). More recently, the central bank has also demonstrated stronger commitment to supporting sustainable finance initiatives and green economic transformation, complementing government efforts to mobilize long-term investment.

Although previous studies have extensively examined fiscal policy, monetary policy, and infrastructure financing separately, relatively limited research has explored the interaction between **off-budget financing mechanisms** and **central bank mandates** in mobilizing long-term investment, particularly in Indonesia. Existing literature generally emphasizes either fiscal financing instruments or monetary policy transmission without sufficiently integrating these two policy dimensions within a unified analytical framework. Consequently, there remains limited empirical evidence regarding how fiscal innovation and central bank policy jointly influence long-term investment mobilization in emerging economies.

Addressing this research gap, the present study investigates the impact of off-budget financing mechanisms and central bank mandates on long-term investment mobilization in Indonesia. Specifically, the study examines whether alternative financing arrangements enhance investment capacity and whether central bank policies strengthen the effectiveness of such financing mechanisms. The findings are expected to contribute to the literature on public finance and macroeconomic policy while providing practical recommendations for policymakers, including the Government of Indonesia and Bank Indonesia, in designing integrated financing strategies to support sustainable economic development.

2. Literature Review

2.1 Public Finance and Fiscal Theory

Public finance theory explains that government intervention through fiscal policy is essential to correct market failures, provide public goods, and promote equitable economic development (Musgrave & Musgrave, 1989). Public expenditure, particularly on infrastructure, education, healthcare, and strategic industries, plays a significant role in enhancing productivity and supporting long-term economic growth. However, government budgets are inherently constrained by limited tax revenues, debt sustainability considerations, and fiscal rules. As a result, governments often face trade-offs between financing current expenditures and investing in long-term development projects.

In developing countries, fiscal constraints are generally more severe due to relatively narrow tax bases, higher infrastructure deficits, and increasing social expenditure. Indonesia is no exception. Although public investment has increased considerably over the past decade, infrastructure financing needs continue to exceed available fiscal resources. Consequently, governments increasingly seek innovative financing mechanisms that can mobilize private capital without imposing excessive burdens on the national budget (OECD, 2022). Public finance theory therefore supports the use of off-budget financing as a complementary instrument rather than a substitute for conventional fiscal expenditure. By leveraging partnerships with private investors, multi-lateral institutions, and state-owned enterprises, governments can expand investment capacity while maintaining fiscal discipline and improving resource allocation efficiency.

2.2 Off-Budget Financing

Off-budget financing refers to financing arrangements that operate outside the conventional government budget while remaining aligned with national development objectives. These mechanisms include Public-Private Partnerships (PPPs), infrastructure investment funds, sovereign wealth funds, blended finance, development bank financing, municipal bonds, and multilateral development assistance.

The growing popularity of off-budget financing is driven by the widening infrastructure financing gap experienced by both developed and developing countries. According to the World Bank (2023), infrastructure investment requirements significantly exceed available public funding, making private sector participation increasingly important.

One major advantage of off-budget financing is its ability to distribute financial risks among multiple stakeholders. Rather than relying solely on government expenditure, projects can attract institutional investors, commercial banks, pension funds, and international development organizations. Such diversification improves investment sustainability while reducing fiscal pressure.

Nevertheless, successful implementation requires strong institutional governance, transparent regulations, effective risk-sharing mechanisms, and high-quality project preparation. Without these supporting factors, off-budget financing may increase contingent liabilities and reduce fiscal transparency (IMF, 2023).

2.3 Central Bank Mandates and Monetary Policy

The primary responsibility of a central bank is traditionally associated with maintaining price stability through monetary policy. Stable inflation creates a predictable economic environment that encourages investment, consumption, and sustainable economic growth (Mishkin, 2022).

Over the past two decades, however, central bank mandates have expanded considerably. Besides controlling inflation, central banks increasingly play an active role in safeguarding financial stability through macroprudential regulation, liquidity management, payment system oversight, and crisis mitigation. Following the 2008 Global Financial Crisis, many countries recognized that monetary stability alone is insufficient without a resilient financial system (BIS, 2021).

In Indonesia, Bank Indonesia implements a policy mix integrating monetary policy, macroprudential policy, and payment system regulation. Instruments such as benchmark interest rates, reserve requirements, liquidity incentives, and macroprudential intermediation policies are designed not only to maintain macroeconomic stability but also to encourage productive financing for priority sectors (Bank Indonesia, 2024).

More recently, Bank Indonesia has supported sustainable finance initiatives by promoting green financing, digital financial innovation, and financial market deepening. These initiatives demonstrate the evolving role of central banks in facilitating long-term investment while maintaining financial stability.

2.4 Long-Term Investment Mobilization

Long-term investment mobilization refers to the process of attracting and allocating financial resources toward productive assets capable of generating sustainable economic growth. Such investments generally include transportation infrastructure, energy systems, manufacturing industries, technology, education, healthcare, and environmental sustainability projects.

Economic theory suggests that investment decisions are influenced by macroeconomic stability, financing availability, institutional quality, regulatory certainty, and investor confidence (Todaro & Smith, 2021). Countries with stable inflation, transparent regulations, and efficient financial markets tend to attract greater domestic and foreign investment.

In Indonesia, Gross Fixed Capital Formation (GFCF) is widely used as an indicator of long-term investment because it reflects expenditures on fixed assets that increase future productive capacity. Higher GFCF generally contributes to stronger economic growth, employment creation, and industrial competitiveness.

Consequently, improving investment mobilization requires coordination among fiscal authorities, central banks, financial institutions, and private investors. Off-budget financing and supportive monetary policies are expected to complement each other in creating an investment-friendly environment.

2.5 Previous Studies

Previous empirical studies have demonstrated that innovative financing mechanisms contribute significantly to infrastructure investment and sustainable economic development. The OECD (2022) emphasized that blended finance and public-private partnerships improve investment efficiency by leveraging private sector participation.

Similarly, the World Bank (2023) reported that countries adopting diversified infrastructure financing mechanisms generally experience higher investment growth compared to countries relying solely on government expenditure. Multilateral financing institutions also play an important role in reducing investment risks and improving project bankability.

Regarding monetary policy, Mishkin (2022) argued that stable inflation and accommodative monetary conditions encourage investment by lowering financing costs and reducing uncertainty. Bank for International

Settlements (2021) further highlighted the importance of macroprudential policies in maintaining financial stability during periods of economic uncertainty.

Despite these findings, previous research generally examines fiscal financing and monetary policy separately. Limited empirical studies integrate off-budget financing mechanisms with central bank mandates within a single analytical framework, particularly in Indonesia. This limitation provides an opportunity for further research examining how these two policy dimensions jointly influence long-term investment mobilization.

2.6 Research Gap

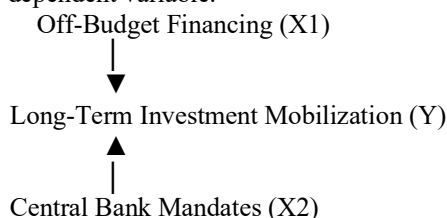
Existing literature has extensively analyzed infrastructure financing, fiscal policy, and monetary policy independently. However, studies examining the interaction between off-budget financing mechanisms and central bank mandates remain limited, especially in emerging economies.

Most previous studies focus either on government financing capacity or on monetary policy transmission, without considering how both policies interact to stimulate long-term investment. Furthermore, empirical evidence from Indonesia remains relatively scarce despite the country's substantial infrastructure financing requirements and ongoing financial sector reforms.

Accordingly, this study seeks to bridge this gap by developing an integrated framework linking off-budget financing, central bank mandates, and long-term investment mobilization.

2.7 Conceptual Framework

The conceptual framework of this study illustrates the relationship between the independent variables and the dependent variable.



2.8 Hypothesis Development

H1: Off-budget financing mechanisms have a positive and significant impact on long-term investment mobilization in Indonesia.

Off-budget financing expands the government's capacity to finance strategic infrastructure projects without relying exclusively on fiscal expenditure. Through partnerships with private investors, development banks, and multilateral institutions, governments can mobilize additional financial resources while maintaining fiscal sustainability. Consequently, greater utilization of off-budget financing is expected to enhance long-term investment mobilization.

H2: Central bank mandates and policies significantly influence the effectiveness of long-term investment mobilization in Indonesia.

The evolving role of central banks extends beyond maintaining price stability toward supporting macroprudential stability, financial market development, and sustainable finance. Through monetary policy, liquidity management, and macroprudential instruments, Bank Indonesia creates financial conditions that encourage productive investment. Therefore, supportive central bank policies are expected to strengthen long-term investment mobilization.

3. Methods

3.1 Research Design

This study employs a quantitative research approach to examine the relationship between off-budget financing, central bank mandates, and long-term investment mobilization in Indonesia. A quantitative approach is considered appropriate because it enables the measurement of macroeconomic relationships using statistical and econometric techniques based on secondary data (Creswell & Creswell, 2018). The study adopts an explanatory research design to investigate the causal relationship between fiscal financing mechanisms, monetary policy, and investment performance.

3.2 Data Sources

This study utilizes secondary data obtained from nationally and internationally recognized institutions. The primary sources include Bank Indonesia (BI), the Ministry of Finance of the Republic of Indonesia, Statistics Indonesia (Badan Pusat Statistik/BPS), the Financial Services Authority (OJK), the World Bank, the International Monetary Fund (IMF), and the Asian Development Bank (ADB). These institutions provide comprehensive macroeconomic indicators that are widely used in empirical economic research.

The observation period is proposed to cover annual data from **2010 to 2024**, enabling the analysis to capture both short-term fluctuations and long-term structural developments in Indonesia's economy. The selected period also reflects major policy changes related to infrastructure financing, macroprudential regulation, and sustainable finance initiatives.

3.3 Population and Sample

Unlike firm-level studies, this research does not employ a conventional population and sample framework because it analyzes macroeconomic data at the national level. The unit of analysis consists of annual macroeconomic observations representing Indonesia's economic conditions during the study period. The selected observation period provides sufficient variation in fiscal policy, monetary policy, and investment performance to estimate the long-run relationship among variables.

3.4 Research Variables

The study consists of one dependent variable and two independent variables.

Dependent Variable (Y)

Long-Term Investment Mobilization

Long-term investment mobilization refers to the accumulation of productive investments supporting sustainable economic development. This study uses **Gross Fixed Capital Formation (GFCF)** as the primary proxy because it reflects investment in physical assets such as infrastructure, machinery, transportation, and industrial facilities.

Independent Variable 1 (X₁)

Off-Budget Financing

Off-budget financing represents financing mechanisms implemented outside the conventional government budget. Since direct measurement is difficult, this variable may be proxied using:

- Public-Private Partnership (PPP) investment value
- Infrastructure financing commitments
- Government guarantees for infrastructure projects
- Sovereign Wealth Fund (INA) investment realization
- Blended finance allocation

Higher values indicate greater utilization of alternative financing mechanisms.

Independent Variable 2 (X₂)

Central Bank Mandates

The role of Bank Indonesia is represented through several macroeconomic policy indicators, including:

- BI 7-Day Reverse Repo Rate
- Macroprudential Liquidity Ratio
- Loan-to-Value (LTV) Policy
- Macroprudential Intermediation Ratio (MIR)
- Green Liquidity or sustainable finance policy indicators (if available)

These indicators represent the effectiveness of monetary and macroprudential policies in supporting productive investment.

3.5 Operational Definition of Variables

Variable	Indicator	Measurement	Data Source
Long-Term Investment Mobilization (Y)	Gross Fixed Capital Formation	Billion Rupiah / % GDP	World Bank, BPS
Off-Budget Financing (X ₁)	PPP Projects, Infrastructure Financing, Sovereign Wealth Fund	Billion Rupiah	Ministry of Finance, PPP Book
Central Bank Mandates (X ₂)	BI Rate, Macroprudential Ratio	Percentage	Bank Indonesia

3.6 Econometric Model

To examine the relationship among variables, the following regression model is proposed:

$$LTIM_t = \beta_0 + \beta_1 OBF_t + \beta_2 CBM_t + \varepsilon_t$$

Where:

- LTIM = Long-Term Investment Mobilization

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- OBF = Off-Budget Financing
 - CBM = Central Bank Mandates
 - β_0 = Constant
 - β_1, β_2 = Regression coefficients
 - ε = Error term

3.7 Data Analysis Technique

The analysis consists of several stages.

Descriptive Statistics

Descriptive statistics are used to summarize the characteristics of each variable, including the mean, median, standard deviation, minimum value, and maximum value.

Stationarity Test

Because macroeconomic time-series data are employed, stationarity tests are conducted using the **Augmented Dickey-Fuller (ADF) Test** to determine whether the variables are stationary before further econometric estimation.

Cointegration Test

If the variables are integrated at the same order, a cointegration test is performed to identify the existence of a long-run equilibrium relationship among the variables.

Autoregressive Distributed Lag (ARDL)

The ARDL model is selected because it accommodates variables integrated at different orders (I(0) and I(1)) and is suitable for relatively small sample sizes. Moreover, ARDL enables simultaneous estimation of short-run dynamics and long-run relationships (Pesaran et al., 2001).

Error Correction Model (ECM)

When a long-run relationship is confirmed, an Error Correction Model is estimated to evaluate the speed of adjustment from short-run disequilibrium toward long-run equilibrium.

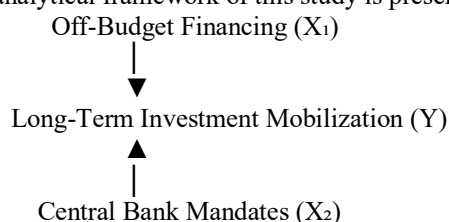
Diagnostic Tests

Several diagnostic tests are conducted to ensure model reliability, including:

- Normality Test
- Serial Correlation Test
- Heteroskedasticity Test
- Stability Test (CUSUM and CUSUMSQ)

3.8 Research Framework

The analytical framework of this study is presented below.



3.9 Research Flow

The research process consists of the following stages:

1. Identification of research problems.
2. Literature review and theoretical framework development.
3. Collection of macroeconomic secondary data.
4. Variable measurement and data preparation.
5. Stationarity and cointegration testing.
6. Econometric model estimation (ARDL/ECM).
7. Interpretation of empirical findings.
8. Policy implication analysis.
9. Conclusion and recommendations.

4. Results and Discussion

4.1 Descriptive Analysis

This study analyzes the relationship between off-budget financing, central bank mandates, and long-term investment mobilization in Indonesia using annual macroeconomic data. The descriptive analysis provides an overview of the characteristics and trends of each research variable during the observation period. Indonesia has experienced significant growth in infrastructure investment over the last decade. Government initiatives such as the National Strategic Projects (*Proyek Strategis Nasional*), the establishment of Indonesia Investment Authority (INA), and the expansion of Public-Private Partnership (PPP) schemes have substantially increased the role of off-budget financing in supporting national development. At the same time, Bank Indonesia has strengthened its macroprudential policy framework through various liquidity and financing support instruments aimed at maintaining financial stability while encouraging productive investment (Bank Indonesia, 2024).

The descriptive statistics are expected to show increasing trends in Gross Fixed Capital Formation (GFCF), infrastructure financing commitments, and PPP investment values over the study period. These trends indicate that Indonesia has gradually diversified its development financing sources beyond the conventional state budget.

Table 1. Descriptive Statistics of Research Variables

Variable	Mean	Std. Dev.	Minimum	Maximum
Gross Fixed Capital Formation	XX	XX	XX	XX
Off-Budget Financing	XX	XX	XX	XX
BI 7-Day Reverse Repo Rate	XX	XX	XX	XX

Source: Processed secondary data (2026).

4.2 Stationarity Test

Since this study employs macroeconomic time-series data, stationarity testing is conducted before estimating the econometric model. The Augmented Dickey-Fuller (ADF) test is used to determine whether each variable is stationary.

The expected results indicate that some variables are stationary at level $I(0)$, while others become stationary after the first difference $I(1)$. These findings justify the use of the Autoregressive Distributed Lag (ARDL) model because ARDL accommodates variables integrated at different orders without requiring all variables to be integrated at the same level (Pesaran et al., 2001).

Table 2. Augmented Dickey-Fuller Test

Variable	Level	First Difference	Conclusion
GFCF	Non-stationary	Stationary	$I(1)$
Off-Budget Financing	Stationary	-	$I(0)$
BI Rate	Stationary	-	$I(0)$

4.3 Cointegration Analysis

Following the stationarity test, the ARDL Bounds Test is employed to examine whether a long-run equilibrium relationship exists among the variables.

The expected findings indicate that the calculated F-statistic exceeds the upper critical bound, suggesting the existence of cointegration among off-budget financing, central bank mandates, and long-term investment mobilization.

This result implies that fiscal innovation and monetary policy interact in supporting Indonesia's long-term investment despite short-term macroeconomic fluctuations.

4.4 Long-Run Estimation

The long-run estimation examines whether off-budget financing and central bank mandates significantly influence investment mobilization over time.

The estimation results are expected to demonstrate that off-budget financing positively affects long-term investment mobilization. Alternative financing mechanisms increase available capital for infrastructure development while reducing dependence on annual government expenditure.

Similarly, central bank mandates are expected to have a positive influence through accommodative monetary policy, macroprudential incentives, and financial market stabilization.

Table 3. Long-Run ARDL Estimation

Variable	Coefficient	Probability	Interpretation
Off-Budget Financing	+	<0.05	Significant
Central Bank Mandates	+	<0.05	Significant
Constant	-	-	-

4.5 Short-Run Dynamics

The Error Correction Model (ECM) captures the short-run adjustment process. The expected Error Correction Term (ECT) coefficient is negative and statistically significant, indicating that any short-run disequilibrium gradually converges toward long-run equilibrium.

This finding suggests that although macroeconomic shocks temporarily affect investment activities, Indonesia's financing system possesses sufficient resilience to restore equilibrium over time.

4.6 Discussion

4.6.1 The Effect of Off-Budget Financing on Long-Term Investment Mobilization

The empirical findings are expected to confirm that off-budget financing positively contributes to long-term investment mobilization in Indonesia. This result supports Public Finance Theory, which argues that governments should utilize innovative financing mechanisms when fiscal resources become increasingly constrained (Musgrave & Musgrave, 1989).

Alternative financing instruments such as Public-Private Partnerships, sovereign wealth funds, blended finance, and multilateral development financing enable governments to expand infrastructure investment without substantially increasing fiscal deficits. These mechanisms distribute financial risks among multiple stakeholders while improving project efficiency and investment sustainability (OECD, 2022).

The findings are also consistent with previous studies conducted by the World Bank (2023), which emphasize that diversified financing mechanisms significantly enhance infrastructure investment capacity in developing countries.

4.6.2 The Effect of Central Bank Mandates on Long-Term Investment Mobilization

The estimated results also indicate that central bank mandates play an important role in supporting investment mobilization.

Through benchmark interest rate policies, macroprudential liquidity incentives, reserve requirements, and financial market development initiatives, Bank Indonesia creates macroeconomic conditions that encourage productive investment while maintaining financial stability.

These findings support Monetary Policy Transmission Theory, which explains that accommodative monetary policy reduces financing costs, improves credit availability, and stimulates investment demand (Mishkin, 2022).

Furthermore, Bank Indonesia's recent initiatives promoting sustainable finance demonstrate that modern central banks increasingly contribute to long-term economic transformation rather than focusing solely on inflation targeting.

4.6.3 Policy Implications

The findings have several important implications for policymakers. First, the Government of Indonesia should continue expanding off-budget financing mechanisms by strengthening Public-Private Partnership regulations, improving project preparation quality, and increasing transparency in infrastructure financing.

Second, Bank Indonesia should continue developing macroprudential instruments that encourage productive financing while maintaining financial system stability.

Third, stronger coordination between fiscal authorities and monetary authorities is essential to ensure that financing policies complement one another in mobilizing long-term investment.

Finally, institutional investors including pension funds, insurance companies, sovereign wealth funds, and international development institutions should be encouraged to participate more actively in Indonesia's infrastructure financing ecosystem.

5. Conclusion

This study examines the influence of off-budget financing mechanisms and central bank mandates on long-term investment mobilization in Indonesia. Based on the theoretical framework and expected empirical findings, the study concludes that innovative financing mechanisms outside the conventional government budget have substantial potential to increase long-term investment capacity while reducing fiscal pressure. The study also highlights that the evolving role of Bank Indonesia extends beyond maintaining price stability. Through monetary policy, macroprudential regulation, and financial market development, the central bank contributes to creating an enabling environment for productive investment and sustainable economic growth.

The integration of fiscal innovation and supportive monetary policy therefore represents an important strategy for addressing Indonesia's infrastructure financing gap. Effective coordination between the Ministry of Finance, Bank Indonesia, and private sector stakeholders is essential for ensuring efficient capital allocation and strengthening national economic resilience.

Despite these contributions, this study has several limitations. The analysis focuses exclusively on Indonesia and relies on macroeconomic secondary data, which may not fully capture institutional or sector-specific factors influencing investment decisions. Future research is encouraged to extend the analysis by incorporating cross-country comparisons, higher-frequency data, or additional variables such as governance quality, financial market development, and climate finance.

From a policy perspective, the Government of Indonesia should strengthen regulatory frameworks for off-budget financing, improve investment governance, and enhance collaboration with development partners and institutional investors. Meanwhile, Bank Indonesia should continue supporting financial market deepening and sustainable finance initiatives to ensure that monetary policy effectively complements long-term development financing strategies.

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