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Article

Golden visa innovation policy: An alternative strategy for increasing investment

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Abstract: The golden visa is a regulation designed to facilitate foreign nationals through a residence permit scheme with an emphasis on investment and citizenship. This research aims to look at the development of the golden visa as an innovation policy, and find out how its implications for the flow of foreign investment into Indonesia. This research uses online research methods (ORM) to discover new facts, information and conditions through technology and internet searches. The aspects used to conduct analysis in this descriptive qualitative research are using innovation policy instruments which include regulatory, economic, financial, and soft instruments. The research findings show that the golden visa as an innovation policy has great potential to support national development through investment in priority sectors. However, its implementation needs to be done carefully with strict supervision and inclusive regulations so as to mitigate risks such as money laundering and property price inflation. That way, golden visas can encourage sustainable and inclusive economic growth through the smooth flow of incoming foreign investment.

Keywords: foreign investors; golden visa; investment; residence permits; Indonesia

1. Introduction

The COVID-19 pandemic has caused an economic slowdown around the world, including Indonesia, which has felt the impact on various sectors such as tourism, manufacturing and international trade. At the height of the COVID-19 pandemic in 2020, Indonesia, like many other countries, experienced an economic contraction. Mobility restrictions, reduced global demand, and supply chain disruptions reduced Foreign Direct Investment (FDI) flows with implications for national economic growth. Following the COVID-19 pandemic, Indonesia's economy demonstrated remarkable resilience, achieving a growth rate of 5.31% in 2022, surpassing the 3.70% growth recorded in 2021. Additionally, foreign direct investment (FDI) reached an impressive IDR 654.4 trillion during this period. The flow of investment into Indonesia will certainly bring in new capital to help finance development, create jobs, and transfer technology (seskab.go.id, 2023).

At this moment, sectors such as digital technology, renewable energy, and infrastructure began to experience a rapid recovery, supported by increased global demand. The government recognizes that to attract foreign investors and restore market confidence, it needs policies that can provide long-term benefits for investors. With a resurgent global economy, Indonesia is seeking to position itself as a prime destination for global investors. Given the importance of investment for Indonesia's economic stability, President Joko Widodo has made efforts to increase the inflow of foreign investment into Indonesia (seskab.go.id, 2023).

The policy reforms made by the Government of Indonesia during the pandemic provide the foundation for the launch of the golden visa in 2023 as an instrument to accelerate economic recovery. Indonesia's golden visa emerged in the context of a dramatically changing global economy, particularly in response to the challenges faced during and after the COVID-19 pandemic. The golden visa, which offers long-term residence permits for investors and highly qualified talents, is part of the government's strategy to attract greater capital flows post-pandemic.

Before the golden visa, Indonesia first implemented an investor visa for ease of investment. An investor visa is usually granted to individuals who invest in a country's economy to obtain a residence permit or citizenship in that country. Even though the investor visa has many benefits, several weaknesses need to be considered, and it will be less effective if it continues to be implemented (Ditjenim, 2022).

One of the problems often complained about in investor visas is the requirement of a large minimum investment amount. There are also some drawbacks in terms of the process, such as high costs (processing fees, legal fees, notary fees, and other fees related to the investment project), long processing times, and long bureaucracy. Another issue relates to the complexity of policies and regulations which can be complicated and changing, making it confusing for individuals who have no experience in doing business or investing in Indonesia. Another common issue relates to the restrictions on investment projects as well as business ownership that can be held by foreign visa holders.

Realizing the importance of investment for the stability of the Indonesian economy, President Joko Widodo has made efforts to increase the entry of foreign investment into Indonesia (seskab.go.id, 2023). According to the OECD, Residency by Investment and Citizenship by Investment programs, commonly known as 'golden visa' and 'golden passport' schemes, involve policies that grant residency or citizenship to foreign nationals in exchange for investments or specific fees. These programs are implemented using various terms depending on the country. Golden visa holders gain exclusive privileges not typically available to standard visa holders, such as simplified and expedited application procedures, multiple-entry mobility, extended stay durations, property ownership rights, and a streamlined path to citizenship. A study by Transparency International in 2018 estimated that from 2008 to 2018, the European Union received approximately EUR 25 billion (around IDR 407 trillion) in foreign direct investment through golden visa programs across its member states. While primarily associated with investor visas, some countries also offer golden visas to individuals with exceptional skills, broadening the eligibility beyond financial investment.

Golden visa is one of the efforts that become an alternative to attract foreign investors. In a speech celebrating the 73rd Immigration Service Day on 26 January 2023, the Minister of Law and Human Rights specifically asked the ranks of the Directorate General of Immigration to conduct thorough research and make comparisons with other countries before determining the golden visa policy in question. (seskab.go.id, 2023). Investment is one of the efforts and has an important role in national development or the development of a country (Gammeltoft and

Kokko, 2013). Therefore, many countries are improving their investment climate to create more jobs to boost economic growth (Bond, 1999).

To have a significant impact, the implementation of the golden visa in Indonesia is followed by a package of incentive regulations that aim to obtain indirect benefits that can be felt by the entire country, namely increasing the amount of foreign investment and employment, increasing savings and income due to the multiplier effect of investment, increasing education and training, increasing research, development, and technology, increasing the diversity of goods and services in the market, improving infrastructure, increasing market size, and producing cheaper products (bkpm.go.id, 2023).

The golden visa policy, as a non-fiscal stimulant innovation policy, is a form of response from the Indonesian government to an increasingly dynamic and challenging global situation. Implemented to address the changing needs of the global investment market, this policy is designed with the main objective of boosting national economic growth through increased foreign investment. By offering ease in bureaucracy and licensing, the golden visa is expected to attract foreign investors to invest in Indonesia.

The golden visa has the potential to bring a very significant impact to the Indonesian economy, especially if foreign investment can flow smoothly into various strategic economic sectors. With the inflow of foreign capital, domestic companies can obtain a large injection of funds, thus expanding opportunities for cooperation between local and foreign companies. In addition, foreign capital can accelerate the development of domestic industries, strengthen competitiveness, and encourage the creation of new jobs. Ultimately, this policy is expected to be a key instrument to boost Indonesia’s economic growth in the long run.

In line with the phenomena that occur, this research has a high urgency in answering the needs of golden visa policy development in Indonesia as one of the innovative strategies to attract foreign investment. The main objective of this study is to provide an in-depth analysis of the effectiveness of the golden visa as an innovation policy, and find out how its implications for the flow of foreign investment to Indonesia.

Different from previous studies that often focus on practical evaluation of golden visa policy implementation in developed countries, this research uses the Online Research Method (ORM) to digitally explore facts, information, and current conditions. In this descriptive qualitative approach, (Borrás and Edquist, 2013) innovation policy analysis framework is used, covering regulatory, economic, financial, and soft instruments, which provides a comprehensive perspective in evaluating the policy based on Indonesia’s local context. This allows this research to not only examine the policy holistically but also provide recommendations that are data-driven and adaptive to global changes.

2. Literature review

The golden visa is a form of innovation policy designed to attract foreign direct investment (FDI) through the granting of long-term residence permits to individuals or entities that meet certain criteria. This policy serves not only as an immigration instrument but also as an economic strategy that integrates fiscal incentives, easy access to banking services, and investment opportunities in strategic sectors. As an innovation policy, the golden visa seeks to address challenges in the traditional visa system that are often perceived as complicated, expensive, and inflexible. With a more adaptive approach, this policy offers added value to investors, such as legal stability and economic certainty, which support a competitive investment environment. In addition, the golden visa also reflects the government's response to the global need to create a sustainable and inclusive economy-based immigration scheme.

According to the World Bank (2010), innovation policy is born from a system known as the 'innovation system'. The innovation system is a new approach to understanding the mechanism of how innovation occurs in an economy. The innovation system approach acts as a framework for developing specific policy implications. This approach also emphasizes that innovations emerge in an open environment where there are interactions between organizations within the framework of certain institutional rules. This institutional context is shaped by various dimensions ranging from laws, social rules, norms and culture, routines, customs, technical standards, and others (Edquist, 2003). Schot and Steinmueller (2018) explain that innovation policy must go beyond traditional R&D-based approaches. In addition, Ansell and Torfing (2020) emphasize the importance of cross-sector collaboration in innovation policy. They propose that innovation policies that involve various actors, such as the government, civil society, and the private sector, tend to be more effective as they reflect diverse needs.

From a public administration perspective, innovation policy is a new idea implemented by the government to solve existing public problems (Borrás and Edquist, 2013). Pfotenhauer et al. (2019) highlighted the need to overcome the 'innovation deficit' model by redesigning innovation policies. In designing innovation policy, public organizations should pay attention to elements that include defining the end goal, translating it into concrete objectives, and identifying problems that cannot be solved by the private sector. Chien points out that a multidimensional approach is needed to integrate economic, environmental, and social policies (Chien et al., 2021). It is also important to consider that the policy focus, the terms used, and the theories underpinning policy design and implementation have changed over time (Fagerberg, 2018). This is in line with the emergence of the golden visa, which is an innovation in the immigration field to replace the existing investor visa policy.

In general, Borrás and Edquist (2013) classify innovation policy instruments into 3 (three) broad categories as follows.

2.1. Regulatory instruments

It uses legal tools to regulate social and market interactions. They also demonstrate the government's ability to define the regulation of interactions in society and the economic sector. These instruments consist of licences, rules, or standards that are essential for innovation policy and are subject to two views. The first view assumes that regulatory instruments are complicated and can hinder the growth of innovation. Meanwhile, the other view is the opposite and states that these regulatory instruments can increase the spread of innovation more clearly.

From a regulatory point of view, the golden visa is designed through clear legal tools to regulate market interactions and provide legal certainty to investors. This regulatory instrument aims directly to encourage innovative activities by providing ease of residence permit processing, investment access rights, and tax regulations that favour foreign investors. This makes the golden visa an example of a regulation that promotes economic development directly through innovation-friendly policies.

2.2. Economic and financial instruments

In the traditional view, these instruments talk about economic transfers that use them broadly. However, from a broader perspective, these instruments involve economic means in the form of money or goods that are based on positively incentivizing (encouraging and promoting) or disincentivizing (discouraging and restraining) certain innovative activities.

In addition to regulatory instruments, golden visa also utilizes economic and financial instruments by providing positive incentives in the form of long-term residence permits, tax breaks, and access to various strategic economic facilities. These incentives aim to encourage more foreign investment in priority sectors, such as property, infrastructure and technology. This approach not only affects the supply side but also creates demand for innovation policy, thereby encouraging policy uptake by various stakeholders.

2.3. Soft instrument

The voluntary and non-coercive nature characterizes this instrument. This instrument recommends normative appeals and voluntary agreements or contracts. Soft instruments such as normative appeals, public campaigns, and promotion of cooperation between actors are important elements in the implementation of the golden visa policy. The voluntary nature of these instruments allows for constructive dialogue between the government, investors, and communities, thus creating an inclusive environment for innovation development.

While sometimes innovation policy instruments can be selected separately, they are usually combined in a mix, which implies that the choice of instruments takes into account or complements each other. The design of the ‘policy mix’, which makes innovation policy systemic, encourages researchers to focus more on the ‘instrument mix’ as a phenomenon. The innovation policy instrument mix is defined as the specific combination of innovation-related policy instruments that interact explicitly and implicitly in influencing innovation intensity (Borras and Edquist, 2013).

In this framework, the policy mix is key to the success of golden visa as each instrument complements each other to create synergy in supporting economic growth and innovation policy in Indonesia. By combining regulatory, economic, and soft instruments, the golden visa policy not only facilitates foreign capital flows but also drives broader systemic transformation, making it a sustainable and adaptive model of innovation policy to global challenges.

3. Materials and methods

Online research methods (ORMs) (Reips and Schwarz, 2001) were used to look at the dynamics of the development of golden visas in Indonesia. Although, ORM methods tend to be relatively new and still evolving, these online research methods are widely used especially in research methodologies, these methods tend to rediscover new facts, information, and conditions through technology and internet searches (Reips, 2006). ORM methods tend to be relatively new and are still developing. However, this research can provide new findings from various facts that have not been carried out in previous research. This research approach is motivated by the development of social media, information from online news, the level of complexity, and new opportunities regarding the golden visa implemented by Indonesia. This research can provide unique insights for the community, enabling the public to gain new insights and knowledge on golden visa innovation policy issues in Indonesia.

Data collection in this research used "web-based experiments" (Reips, 2006). While internet-based data collection shares similarities with offline methods, it also has distinct differences. The process involved tracing all digital data related to Indonesia's golden visa innovation policy across various online platforms, including government websites, prior research studies, digital documents, online media outlets, and mainstream digital publications. To maintain the quality and relevance of the collected data, online resources were carefully chosen based on specific criteria, such as:

a) Reputation and credibility: Only sources from trusted platforms, such as online academic journals, government websites, international organizations, and news articles from recognized media.
b) Thematic relevance: Articles, reports, or documents that explicitly discuss the golden visa programme or similar policies.
c) Year of publication: Sources published within the last five years to ensure up-to-date data.
d) Accessibility: Sources that are clearly accessible and have complete metadata such as author names, institutions, or links to related publications.

Data were analyzed using "online content analysis" (Reips, 2006). This analysis technique refers to a collection of research techniques used to describe and draw conclusions about golden visa innovation policy and is interpreted systematically so that new conclusions and insights are obtained regarding the cases studied. The analysis was conducted in several stages to ensure that the data obtained was relevant and structured:

a) Data collection: Use of online search tools with keywords such as 'golden visa policy', 'investment visa comparison', and 'residency by investment programmes'.
b) Categorization: The data obtained was categorized based on policy elements, such as regulatory, economic, and soft instruments (Edquist, 2003).
c) Synthesis: Information from various sources was summarized to identify consistent patterns or findings regarding the implementation, effectiveness, and challenges of the golden visa policy.

d) Comparative analysis: Policies of countries such as Portugal, Malta, United Arab Emirates, and Indonesia were compared to identify best practices and uniqueness of local implementation.

Furthermore, data validation is done through source triangulation to ensure the accuracy and credibility of the findings. Source triangulation was conducted by using various sources of information (news media, official documents, academic reports) to verify the same data. It also confirmed facts by referring to official documents such as government policies or international reports to compare claims in news articles. If possible, ask for reviews or opinions from experts or practitioners in the field of immigration or investment policy.

4. Results and discussion

4.1. Practice of implementing the golden visa policy in various countries

By 2022, over 60 countries were estimated to have adopted investment-based residency and citizenship policies. Saint Kitts & Nevis pioneered this practice in 1984, allowing foreigners to acquire citizenship by contributing a minimum of USD 150,000 (approximately IDR 2.2 billion) to the Sustainable Growth Fund or investing at least USD 200,000 (around IDR 3 billion) in real estate. Similarly, Canada introduced an investment-based residency policy in 1986 through the Immigrant Investor Program, which was discontinued in 2014. The United States followed suit in 1990 with its EB-5 Immigrant Investor Program, offering conditional two-year residence permits to investors with a minimum investment of USD 1.05 million (around IDR 16 billion), which can later be extended.

The 2007–2008 global financial crisis spurred European countries to increasingly adopt golden visa programs as part of economic recovery efforts. Spain, for instance, grants residency through the Investor Visa to those who (i) invest at least EUR 500,000 (IDR 8 billion) in real estate; (ii) hold company shares or bank deposits worth a minimum of EUR 1 million (IDR 16 billion); (iii) invest in government bonds valued at EUR 2 million (IDR 32 billion), or (iv) start businesses that generate jobs, create socioeconomic impacts, or facilitate technology transfer.

Golden visa programs are not limited to Europe and the Americas; developing countries in Asia-Pacific and Africa also see them as avenues to attract foreign investment. The United Arab Emirates offers five or ten-year golden visas to investors, entrepreneurs, exceptional students, graduates, and skilled professionals, including doctors, scientists, and artists.

Thailand’s Elite Residence Program provides five-year exclusive residence permits for a fee of THB 600,000 (IDR 265 million) or 20-year permits for THB 1 million (IDR 442 million). In Namibia, the Residence by Investment Program offers five-year permits to foreigners purchasing real estate in designated areas worth at least USD 316,000 (IDR 4.7 billion). Meanwhile, Vanuatu’s Citizenship by Investment Program grants citizenship for a minimum investment of USD 130,000 (IDR 1.9 billion) in its Development Support Program. These golden visa policies have become powerful tools for attracting foreign investors, leveraging their economic contributions to drive national development.

4.2. Golden visa as an innovation policy in the immigration sector

Innovation policy is one of the important strategies for the government in responding to the challenges of globalisation and dynamic economic development. One innovative policy that has been implemented in many countries is the golden visa, which is designed to attract foreign direct investment (FDI) through the granting of long-term residence permits for individuals or entities that meet certain criteria. In Indonesia, this policy was introduced as part of the government's efforts to boost economic growth post-COVID-19 pandemic, focusing on strategic sectors such as property, infrastructure, and technology. The golden visa not only serves as a tool to increase the country's competitiveness in attracting foreign investment, but also as a response to the urgent need to create a more flexible and adaptive immigration framework to global changes (seskab.go.id, 2023). To evaluate and understand the effectiveness of the golden visa policy in Indonesia, this study utilizes the innovation policy framework proposed by Borrás and Edquist (2013). This framework divides policy instruments into three main categories: Regulatory instruments, economic and financial instruments, and soft instruments.

4.2.1. The regulatory instrument for the golden visa in Indonesia

The golden visa policy in Indonesia is one of the important innovations initiated by the Directorate General of Immigration, part of the Ministry of Law and Human Rights. This policy is based on a strong legal framework, including Law Number 6 Year 2011 on Immigration, Law Number 11 Year 2020 on Job Creation, as well as a number of implementing regulations such as Government Regulation Number 26 Year 2023 on golden visa and Government Regulation Number 40 Year 2023 which regulates changes to the terms of residence permit up to ten years. In addition, additional arrangements through Minister of Finance Regulation Number 82 of 2023 ensure the types and rates of non-tax state revenues relevant to this golden visa service (kemenkeu.go.id, 2023).

In the perspective of regulatory instruments as described by Borrás and Edquist (2013), this policy is designed to regulate social and market interactions to create legal certainty conducive to investors. This policy directly affects the development of innovation by simplifying the immigration administration process, providing flexibility in residence permits, and accelerating access to investment for foreign nationals. For example, provisions related to service pricing and longer residence permit granting times offer incentives for investors to invest in strategic sectors in Indonesia. This also reflects the government's response to global economic dynamics, where investment competitiveness is a key factor for economic growth.

Through simplifying the administrative process, this policy provides flexibility in residence permits and accelerates access to investment for foreign nationals who fulfil certain criteria. Thus, effective implementation of the golden visa can stimulate economic growth by attracting foreign capital and creating new jobs through synergies with the local sector. Therefore, the golden visa serves not only as an immigration policy tool but also as an innovative regulatory strategy that supports Indonesia's economic stability and competitiveness at the global level.

On the other hand, this policy also has risks that need to be managed carefully. Threats such as money laundering, tax evasion, and potential property price inflation must be addressed through additional comprehensive regulations. In addition, the government needs to ensure that the investment has a direct impact on the local economy, including through job creation and collaboration with MSMEs. With a strategic mitigation approach, the golden visa can be a policy tool that not only attracts foreign capital but also supports inclusive and sustainable economic development in Indonesia.

4.2.2. The economic and financial instrument is the golden visa

From an economic and financial point of view, the golden visa policy is designed as an instrument that provides positive incentives to encourage foreign direct investment (FDI) in Indonesia. This instrument includes not only traditional economic transfers but also various facilities such as long-term residence permits, tax breaks, and access to strategic economic infrastructure. These incentives are designed to attract investment in priority sectors such as property, infrastructure and technology, creating a ripple effect for national economic growth. This approach not only affects the supply side by encouraging capital inflows, but also creates demand for innovation policies, thereby increasing their uptake and sustainability (Borrás and Edquist, 2013).

The golden visa policy provides an opportunity for local companies, especially in the property and infrastructure sectors, to receive a significant injection of foreign capital. The government also uses this instrument to encourage investor involvement in national strategic projects, such as the construction of the Capital City of the Archipelago (IKN) and the development of special economic zones. In addition, this policy provides significant fiscal benefits through increased state revenues from non-tax sectors, including through the visa processing fee mechanism and investment in government bonds. However, challenges remain, especially related to the balance between economic benefits and social risks, such as threats to the sustainability of small and medium enterprises (MSMEs) that could potentially be disrupted by the dominance of foreign businesses (seskab.go.id, 2023).

In accordance with the theory from Borrás and Edquist (2013) that demand-focused economic instruments can spur and increase the absorption of innovation policies made, but golden visas must be considered because they threaten the sustainability of MSMEs, not without a licensing scheme. Staying longer and running a business that can threaten MSMEs is also scary. This has happened in Bali, where Balinese MSMEs are increasingly threatened by businesses run by foreign nationals. With the golden visa policy not yet in effect, there are so many implications for foreign MSMEs in Indonesia, so this has become very confusing with what is offered, but in the end these implications are increasingly answered by investment schemes in existing local MSMEs. Therefore, the government needs to ensure that the golden visa is balanced with schemes that support MSMEs, for example through mandatory investment in the local MSME sector or strategic collaboration between foreign investors and local businesses. With this approach, the golden visa can become an economic tool that not only attracts foreign investment but also supports the sustainability of the local economy in an inclusive manner.

4.2.3. Soft instrument in applying the golden visa

Soft instruments are one of the important approaches in the implementation of the golden visa policy in Indonesia. The voluntary and non-coercive nature of these instruments allows the government to build constructive relationships between stakeholders, including foreign investors, local communities, and the government. Approaches such as normative appeals, public campaigns, and promotion of cross-sector cooperation are used to create an inclusive investment environment. For example, campaigns promoting the benefits of sustainable investment through the golden visa help attract investors who have a long-term vision to contribute to the Indonesian economy (Fia.ui.ac.id, 2023).

At the global level, the implementation of the golden visa has specific characteristics. Singapore, for example, sets an investment limit of up to $1,800,000 and focuses on individuals with expertise in technology and healthcare. In Indonesia, the programme is designed to encourage sustainable investments, such as investments in the Capital City of the Archipelago (IKN) development project and local MSMEs. To date, around 20 foreign investors have invested in local Balinese companies and other strategic projects, demonstrating the great potential of this soft instrument in accelerating foreign investment flows (Fia.ui.ac.id, 2023).

President Joko Widodo has also pushed for immigration process reforms to address bureaucratic obstacles that foreign investors often complain about. In contrast to traditional visas, the golden visa provides ease in the administrative process, including direct access to long-term residence permits without going through complex phased stages. In addition, investment criteria involving the number of local labour, collaboration with local partners, and support for MSMEs create a strong synergy between foreign investment and local economic development. This approach not only increases Indonesia's attractiveness as an investment destination but also strengthens community participation in inclusive and sustainable economic development (Fia.ui.ac.id, 2023).

4.3. The practice of implementing the golden visa policy in Indonesia and its implications for foreign investment

The implementation of the golden visa policy in Indonesia is a strategic step to strengthen foreign direct investment (FDI) flows and improve the country's competitiveness as a global investment destination. This policy is based on various legal bases, including Law No. 6/2011 on Immigration, Government Regulation No. 31/2013 and its amendments, as well as Minister of Law and Human Rights Regulation No. 29/2021 on Visa and Stay Permit.

Before the introduction of the golden visa, the Indonesian government launched the Second Home Visa, catering to foreign investors, tourists, and retirees seeking long-term stays in the country. The Second Home Visa allows foreigners to reside in Indonesia for five or ten years, enabling them to engage in activities such as investment, tourism, and retirement.

The golden visa aims to complement and build upon the Second Home Visa, targeting international investors, business professionals, global talent, and elderly foreign tourists who meet specific eligibility criteria. Positioned as a "golden ticket", the golden visa seeks to attract individuals with significant potential to invest in Indonesia, foster talent, and stimulate economic growth. It is anticipated to generate job opportunities and contribute to the overall development of Indonesia's national economy.

Since it was trialled in August 2023, the golden visa policy has made a significant impact. As of mid-2024, nearly 300 licences have been issued, with total investment reaching USD 123 million. The government's target to issue 1000 golden visas by the end of 2024 reflects its great ambition to attract more foreign capital. The golden visa offers not only a long-term residence permit but also administrative convenience through the one single submission mechanism, which shortens the licensing process and provides legal certainty for investors. This incentive is expected to attract more individuals with large capital, global talents, and international businesses to contribute to Indonesia's development.

The presence of golden visas in Indonesia is considered to have a positive impact on various major sectors. The golden visa programme in many countries such as Spain and Portugal have proven to increase investment in the property sector. In the Indonesian context, property investment through golden visa can spur the development of luxury residential projects in strategic areas. However, risks such as property price inflation affecting local purchasing power should be addressed by regulating property prices for foreign nationals.

With increased investment through the golden visa, especially in the technology and infrastructure sectors, the potential for job creation for local labour is significant. With foreign capital coming in, domestic companies can get a large injection of funds, thereby expanding opportunities for co-operation between local and foreign companies. In addition, foreign capital can accelerate the development of domestic industries, strengthen competitiveness, and encourage the creation of new jobs.

In addition, experience from other countries shows that the golden visa can support capital allocation to strategic sectors such as technology and energy. The Indonesian government can utilize this opportunity to fund the development of the country's capital city (IKN) and increase the adoption of green technology. In this context, the golden visa can be an instrument to attract investors willing to contribute to the development of infrastructure, public transport, energy, and business districts, while enabling the involvement of international experts such as urban planners or technology professionals. On the other hand, this policy can direct investments to renewable energy sectors such as solar, wind, and hydro, while accelerating technology transfer from abroad that supports green innovation. In addition, this incentive also has the potential to encourage funding for local start-ups that focus on green solutions, such as waste management and energy efficiency.

Although it has many advantages, this policy also requires caution in its implementation. Based on the experience of other countries, such as Portugal and Spain, golden visa has the potential to cause negative implications such as money laundering, property price inflation, and social inequality. In the Indonesian context, this risk is relevant given the lack of transparency in financial transactions and foreign asset ownership. Therefore, the Indonesian government needs to prepare a series of risk mitigation strategies by emphasizing a selective approach and the precautionary principle in designing this policy. The government should adopt a one single submission policy to speed up the administrative process while still applying strict document verification. In addition, the government needs to consider social impact-based incentives by granting golden visas only to investments that fulfil socio-economic impact criteria, such as creating jobs or involving local MSMEs. And last but not least, the Indonesian government also needs to conduct regular monitoring by implementing a continuous supervision system for golden visa holders to ensure that they fulfil their investment commitments. With the right mitigation measures, the golden visa has great potential to become a ‘golden ticket’ for Indonesia in increasing investment flows while supporting national economic stability.

5. Conclusion

The golden visa immigration policy is an innovation from the Directorate General of Immigration, part of the Ministry of Law and Human Rights of the Republic of Indonesia. Golden visa is an innovative policy designed to attract foreign capital flows to boost Indonesia’s economic growth. It provides incentives in the form of long-term residence permits, access to strategic investments, and administrative ease designed for priority sectors such as property, technology, and infrastructure. This study shows that the golden visa can create significant positive impacts, including job creation, technology transfer, and infrastructure development such as the National Capital City (IKN). However, this policy also faces a number of challenges, such as the risk of money laundering and social inequality due to property price inflation. For this reason, mitigation measures against the risk of negative impacts from the implementation of the golden visa need to be prepared. The Indonesian government emphasises a selective approach and the precautionary principle in designing this policy, ensuring that incoming investments have a direct impact on job creation, MSME engagement, and inclusive economic growth. It should also be considered that the golden visa policy is not set permanently, but can be evaluated at any time and terminated if necessary. Thus, the golden visa policy is also expected to encourage the role and function of immigration as a facilitator of development in all regions of Indonesia. Golden visas have the potential to be a key instrument in attracting foreign investment while encouraging sustainable and inclusive economic growth in Indonesia.

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