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Regulating Privately Initiated National Strategic Projects: A Public Interest and Regional Autonomy Perspective

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Abstract

National Strategic Projects are development policy instruments designed to accelerate economic growth, promote equitable development, create employment opportunities, and improve public welfare. Minister of National Development Planning Regulation No. 4 of 2025 expands the PSN designation mechanism by allowing private business entities to propose projects for PSN status. This policy raises legal concerns regarding the use of public authority to facilitate privately initiated investments, potentially blurring the distinction between public and private interests, while also affecting regional government authority within the framework of decentralisation and regional autonomy. This normative legal study employs statutory and conceptual approaches to examine the legitimacy of privately initiated PSN designations based on the principles of public interest, good governance, and regional autonomy. The findings indicate that the existing regulatory framework does not substantively fulfil these principles, resulting in a normative gap that may undermine the legitimacy and accountability of public authority exercised in the designation process. The novelty of this study lies in evaluating privately initiated PSN designations through an integrated framework of public interest and regional autonomy. Accordingly, this study recommends normative reconstruction through comprehensive public interest assessments, stronger involvement of regional governments, harmonisation of national and regional development planning, improved transparency and accountability mechanisms, and meaningful public participation to ensure that PSN implementation remains aligned with democratic governance and sustainable development principles.

Introduction

One of Indonesia's national development policy instruments is the National Strategic Project (Proyek Strategis Nasional, hereinafter referred to as "PSN"), which aims to accelerate economic growth, increase investment,

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promote equitable development, create employment opportunities, and improve public welfare. According to Government Regulation No. 42 of 2021 concerning the Facilitation of National Strategic Projects, PSNs may take the form of either projects or programmes. A project constitutes a single activity with specific objectives, measurable outputs, a designated location, and a clearly defined completion period, whereas a programme comprises a collection of projects pursuing common objectives and targets within the same logical framework, implemented across multiple locations and subject to a clearly defined timeframe.[1]

Recent developments in PSN policy demonstrate a fundamental paradigm shift. The enactment of Regulation of the Minister of National Development Planning/Head of the National Development Planning Agency No. 4 of 2025 concerning the Planning and Control of National Strategic Projects in the Implementation of the 2025–2029 National Medium-Term Development Plan (hereinafter referred to as "Ministerial Regulation No. 4/2025"), particularly Articles 1 and 13, has introduced a new mechanism allowing private business entities to initiate projects for designation as PSNs. Under the previous regulatory framework, PSN status was limited to projects originating from government planning, State-Owned Enterprises (SOEs), or Public-Private Partnership (PPP) schemes, as stipulated in Government Regulation No. 42 of 2021 concerning the Facilitation of National Strategic Projects (hereinafter referred to as "Government Regulation No. 42/2021"). This regulatory shift transforms the Government's role from merely serving as a development planner to acting as an authority that legitimises privately initiated projects, provided that they satisfy the administrative and substantive requirements prescribed by law[2]. One administrative requirement for a project or programme to obtain PSN status is its inclusion in the company's Work Plan and Budget, as stipulated in Article 5(3)(f) of Ministerial Regulation No. 4/2025. However, this relatively simple requirement bears no direct correlation with an assessment of the project's urgency in serving the public interest or enhancing societal welfare.

Empirical realities demonstrate that several PSNs initiated or managed by private business entities have generated significant problems, particularly for local communities in affected areas, while regional governments possess limited authority to address the resulting issues. Several cases recorded up to 2025 include: (a) the development of Indonesia's new capital city (Ibu Kota

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[1] Jefri Samodro, "Dampak Sosial Dan Lingkungan Proyek Strategis Nasional Di Indonesia: Pendekatan Strategic Environmental and Social Assessment (SESA)," *Bappenas Working Papers* 9, no. 2 (n.d.): 382–413, https://doi.org/10.47266/bwp.v9i2.569.

[2] Anza Suseno, *Kumpulan Karya Jurnalistik: Tangis Dari Tepi Proyek Strategis Nasional* (Jakarta: Aliansi Jurnalis Independen (AJI) Indonesia, 2025).

Nusantara, or IKN) in Telemow Village, Sepaku District, North Penajam Paser Regency, East Kalimantan, involving PT International Timber Corporation Indonesia (ITCI) Kartika Utama; (b) the geothermal power project on Mount Salak, managed by PT Star Energy and the geothermal power plant (PLTP); and (c) the PSN-related nickel industrial development in Central Halmahera, involving PT Indonesia Weda Bay Industrial Park (IWIP) and several Chinese investors, among others. These circumstances raise a fundamental question: whose interests are actually accommodated by PSNs involving private business entities—the public interest or private interests? On the one hand, private-sector participation in PSN implementation may be understood as an effort to mobilise alternative financing for national development in response to the state's limited fiscal capacity. On the other hand, this regulatory shift raises a more fundamental legal concern regarding the legitimacy of employing instruments of public authority to support projects originating from private interests.

The designation of a project as a PSN carries significant legal consequences, including various forms of acceleration, regulatory facilitation, licensing support, land acquisition assistance, inter-ministerial coordination, and the involvement of regional governments in supporting project or programme implementation, as stipulated in Government Regulation No. 42/2021.[3] Nevertheless, the implementation of PSNs continues to generate various problems, including social conflicts and environmental degradation.[4] A fundamental concern arises when such governmental instruments and privileges are extended to projects or programmes initiated by private business entities without clear parameters for determining the public interest. Under such circumstances, the boundary between the public interest and private investment interests becomes increasingly blurred.

This issue is particularly significant because the legitimacy of every exercise of public authority must fundamentally be oriented towards the public interest. The principle of public interest serves not only as an objective of government administration but also as a normative limitation preventing the exercise of state authority from becoming an instrument that disproportionately benefits particular groups through the privatisation of public interests.[5] Within the concept of the welfare state, the public interest

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[3] Agung Wardana and Dzaki Aribawa Darmawardana, "Pembangunan Sebagai Proses Eksklusi: Kajian Hukum Dan Ekonomi-Politik Atas Proyek Strategis Nasional," *Jurnal Hukum & Pembangunan* 54, no. 2 (2024), https://doi.org/10.21143/jhp.vol54.no2.1580.

[4] Ani Nur Mujahidin Rasunnah, "Proyek Strategis Nasional: Kepentingan (Si)Apa? Catatan Kritis Implementasi PSN 2016-2024" (Yogyakarta: Nalar Institute, June 24, 2024), https://nalarinstitute.com/proyek-strategis-nasional-kepentingan-siapa/.

[5] Cekli Setya Pratiwi, *Penjelasan Hukum Asas-Asas Umum Pemerintahan Yang Baik* (Jakarta: Lembaga Kajian dan Advokasi untuk Independensi Peradilan (LeIP), 2016).

refers to a broader societal interest associated with the welfare of the entire Indonesian population.[6] In this context, PSNs may be understood as processes operating under powers of exclusion encompassing four dominant forces: regulation, force, the market, and legitimation.[7] Therefore, when a project or programme initiated by a private business entity receives the full range of facilities and privileges associated with PSN status, normative parameters are necessary to determine whether the project genuinely serves the public interest or merely extends legal protection and governmental support to private investment interests.

In addition to the concerns outlined above, the mechanism for designating privately initiated projects as PSNs also raises significant issues concerning the principle of regional autonomy, particularly because many of the facilities and administrative measures required for PSN implementation must be carried out by regional governments.[8] However, the existing regulatory framework does not provide adequate opportunities for regional governments to participate from the initial project or programme designation stage.[9] The centralisation of PSN planning and implementation frequently marginalises regional governments and local stakeholders, potentially creating policy conflicts between national efficiency objectives and the recognition of local cultural rights. This situation demonstrates an imbalance between decision-making authority, which remains concentrated within the Central Government, and implementation responsibilities, which are substantially imposed upon regional governments.

Although a project or programme may be privately owned, its consequences must often be borne by regional governments and local communities, including changes in spatial planning, social conflicts, environmental impacts, and increased demands for public services. When problems subsequently arise or local communities lodge objections, regional governments are typically the first governmental institutions required to

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[6] Jeffry Watumlawar and Heru Saputra Lumban Gaol, "Redefinisi Frasa Kepentingan Umum Atas Pengelolaan Tanah Masyarakat Adat Berdasarkan Pendekatan Konsep Welfare State," *DiH: Jurnal Ilmu Hukum* 19, no. 1 (2023), https://doi.org/10.30996/dih.v19i1.6629.

[7] Wardana and Darmawardana, "Pembangunan Sebagai Proses Eksklusi: Kajian Hukum Dan Ekonomi-Politik Atas Proyek Strategis Nasional."

[8] Nurul Uswatun Hasanah, "Dilema Kebijakan Sentralistik vs. Otonomi Khusus: Analisis Implementasi Proyek Strategis Nasional Dan Dampaknya Pada Mekanisme Pelayanan Publik Di Papua Selatan," *Jurnal Pengabdian Masyarakat Dan Riset Pendidikan* 4, no. 4 (2026).

[9] Join Hadamean, "Kewenangan Konstitusional Pemerintah Dalam Pelaksanaan Proyek Strategis Nasional," *Jurnal Pendidikan Indonesia* 6, no. 12 (2025), https://doi.org/10.59141/japendi.v6i12.9065.

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respond, rather than the Central Government as the policymaker and policy controller or the private business entity responsible for the project.[10]

Accordingly, the issues of public interest and regional autonomy cannot be examined separately. The broader the opportunity to grant PSN status to privately initiated projects or programmes without clearly defined public interest parameters, the greater the potential for the exercise of public authority to restrict the scope of regional autonomy. Therefore, the legitimacy of designating privately initiated projects as PSNs must be assessed not merely on the basis of their potential contribution to the national economy but also according to their conformity with the principles of public interest and regional autonomy.

Existing studies on PSNs have examined the subject from various perspectives, including spatial planning conflicts, disharmony in the distribution of authority between the Central and Regional Governments, and the environmental consequences of PSN implementation. Jefri Samodro, for example, examined the social and environmental impacts of PSNs using the Strategic Environmental and Social Assessment (SESA) approach. The study concluded that the success of PSNs depends not only on achieving investment and economic growth targets but also on the quality of governance, the protection of societal welfare, environmental sustainability, integrated spatial planning, and the meaningful involvement of communities and regional governments in the planning process.

Meanwhile, Mukmin Zakie examined the contestation of authority between the Central and Regional Governments in PSN implementation, particularly in the field of spatial planning. The findings revealed a growing tendency towards centralisation in PSN governance, resulting in the erosion of certain regional government powers and raising concerns regarding the implementation of spatial planning legislation, despite the fact that PSN implementation should, in relevant respects, fall within the scope of regional governmental authority.

Similarly, Syarif Ibrahim Robbany and Franky Butar-Butar analysed spatial planning conflicts arising from PSNs through a case study of the Surabaya Waterfront Land project. Their findings demonstrated that regulatory flexibility in PSN governance may conflict with regional spatial plans, thereby generating spatial planning disputes, undermining sustainable development principles, and weakening transparency and public participation in development planning processes.

[10] Mukmin Zakie, "Tarik Ulur Kewenangan Pusat Dan Daerah Dalam Penataan Ruang Proyek Strategis Nasional," in *Prosiding Seminar Hukum Aktual*, n.d., https://scholarhub.ui.ac.id/jhp/vol54/iss2/3/.

Based on these three studies, previous scholarship has primarily focused on the consequences of PSN implementation, conflicts of authority between the Central and Regional Governments, and spatial planning disputes arising from the designation of projects or programmes as PSNs. This study offers a distinct perspective by focusing on the legitimacy of designating privately initiated projects as PSNs through a public interest test as an instrument of normative legal analysis and by examining its implications for regional autonomy. Such an assessment is expected to provide objective criteria for distinguishing projects or programmes that genuinely serve the public interest from those primarily oriented towards private investment interests, while simultaneously ensuring conformity with the principle of regional autonomy.

Against this background, this study addresses two principal research questions: (1) Does the regulatory framework governing privately initiated PSNs under Ministerial Regulation No. 4/2025 satisfy the principle of public interest? and (2) What are the implications of the normative gap in the regulation of privately initiated PSNs under Ministerial Regulation No. 4/2025 for the principle of regional autonomy? Based on these research questions, this study aims to analyse the legitimacy of the regulatory framework governing the designation of privately initiated projects as PSNs based on the principles of public interest and regional autonomy and to formulate recommendations for normative reconstruction as a means of improving the existing regulatory framework.

Methods

This study employs normative legal research based on deductive reasoning. The research adopts both a statutory approach and a conceptual approach. The legal materials used in this study consist of primary legal materials, including relevant laws and regulations, and secondary legal materials, including scholarly journal articles, academic books, and credible online sources.

Results and Discussion

Substantive Legitimacy of Privately Initiated National Strategic Projects under the Public Interest Principle

Within the concept of the welfare state, the state functions not merely as a guardian of public order but also assumes an active responsibility for implementing development policies aimed at meeting societal needs. Consequently, the state is vested with the authority to formulate various strategic policies, including the designation of development projects considered essential to the national interest. Given the state's fiscal constraints, the involvement of private business entities in national development has become an inevitable component of modern governance, including in the implementation of National Strategic Projects (Proyek Strategis Nasional, hereinafter referred to as "PSNs"). Conceptually, the provisions of Minister of National Development Planning Regulation No. 4 of 2025 (hereinafter referred to as "Ministerial Regulation No. 4/2025") do not conflict with the principle of the welfare state or the constitutional framework of the national economy as stipulated in Article 33 of the 1945 Constitution of the Republic of Indonesia. The state retains its regulatory, supervisory, and controlling functions, while private business entities serve as partners in the provision of infrastructure and public services. Therefore, the fundamental legal issue does not concern whether private business entities should be permitted to propose projects or programmes for designation as PSNs, but rather whether the exercise of public authority in granting PSN status to privately initiated projects or programmes complies with fundamental legal principles.

This perspective positions the discussion of PSNs not merely as an issue of development policy but, more fundamentally, as a question concerning the legitimacy of the exercise of public authority. Legitimacy does not depend exclusively on formal or legal considerations but also encompasses social acceptance, moral considerations, and an assessment of whether governmental action contributes to justice and the common good.[11] Accordingly, the legitimacy of the exercise of public authority is determined not merely by formal legality but also by whether such authority is exercised consistently with the purposes for which it was conferred. In the context of PSNs, this consideration is inseparable from the doctrine of the public interest,[12] which lies at the core of the objectives underlying PSN implementation.

From the perspective of Roscoe Pound's theory of interests, law serves as an instrument for balancing the various interests existing within society, encompassing private interests, public interests, and social interests. Within this framework, the state may restrict private interests only where such restrictions genuinely serve the protection of broader public interests. Therefore, when a project or programme proposed by a private business entity is designated as a PSN, a transformation occurs: an initiative that originally represents a private interest acquires state recognition and legitimacy as serving the public interest. Such a transformation cannot be justified solely

[11] Aninda Qoirunnisa and Yuyun Sri Wahyuni, "Legitimasi Kekuasaan Dalam Perspektif Max Weber Dalam Pemerintahan Kontemporer," *Journal Transformation of Mandalika* 6, no. 12 (2025), https://ojs.cahayamandalika.com/index.php/jtm.

[12] Tonny Andreas, "Sumbangsih Roscoe Ponund Terhadap Perkembangan Ilmu Hukum Sosiologis," *Jurnal Supremasi* 15, no. 1 (2025), https://ejournal.unisbablitar.ac.id/index.php/supremasi.

on the basis of investment considerations or economic growth but must be demonstrated through a legal mechanism capable of establishing that the project genuinely addresses the broader needs of society.

Furthermore, within the Indonesian administrative law system, the concept of public interest is reinforced by the General Principles of Good Governance (Asas-Asas Umum Pemerintahan yang Baik, hereinafter referred to as "AUPB"). Article 10(1)(g) of Law No. 30 of 2014 concerning Government Administration recognises the principle of public interest as one of the fundamental principles governing every exercise of governmental authority. The elucidation of this provision affirms that the principle of public interest requires every governmental decision and action to prioritise public welfare and general benefit in a manner that is responsive, accommodating, selective, and non-discriminatory. Accordingly, the implementation of PSNs as an exercise of public authority in the context of national development must not only satisfy formal legality requirements but must also be justifiable as a genuine manifestation of the public interest in accordance with the principles of good governance. Based on this theoretical framework, the expanded role of private business entities in PSNs under Ministerial Regulation No. 4/2025 must be examined not only in terms of formal legality but also in terms of substantive legitimacy, with the public interest serving as the primary objective of PSN implementation.

The substantive legitimacy of the regulatory framework governing privately initiated PSNs under Ministerial Regulation No. 4/2025 is assessed in this study using five parameters associated with the principle of public interest: public need, public benefit, accountability in the exercise of public authority, public and regional government participation, and regional compatibility with the implementation of regional autonomy. The principal findings of this study are presented below.

1. Analysis Based on the Public Need Parameter

The findings demonstrate that the existing regulatory framework does not require an assessment of the public need for a project or programme before it is designated as a PSN. In the context of privately initiated PSNs, the regulatory framework remains more strongly oriented towards investment feasibility than public need, despite the fundamentally different characteristics of these two concepts. A project may offer substantial investment prospects and contribute significantly to national economic growth without necessarily addressing genuine societal needs. Conversely, certain projects may be economically unattractive to investors while possessing considerable strategic value in fulfilling the public's right to essential services.

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The identification of needs as a prerequisite for the designation of privately initiated PSNs, as regulated under Article 12(2) in conjunction with Article 5(4) of Ministerial Regulation No. 4/2025, is limited to identifying land requirements for PSN implementation. Therefore, in the absence of parameters capable of distinguishing investment feasibility from genuine public need, the designation of privately initiated projects as PSNs risks obscuring the boundary between investment interests and the public interest.

2. Analysis Based on the Public Benefit Parameter

The findings demonstrate that the regulatory framework governing privately initiated PSNs does not require an assessment of how the benefits arising from the designation of a privately proposed project as a PSN will be distributed among members of society. The existing regulatory framework does not impose an obligation to identify potential benefits in terms of improving public services, promoting equitable development, protecting the environment, strengthening local economies, or enhancing the welfare of communities in affected areas.

Consequently, macroeconomic benefits are frequently equated with public benefits. However, according to Roscoe Pound's theory of sociological jurisprudence, law is not merely responsible for protecting economic interests but must also balance the various social interests existing within society.[13] Accordingly, an assessment of public benefit cannot be based exclusively on investment value or contributions to national economic growth; it must also determine whether the project provides tangible benefits to society as the principal subject and beneficiary of development.

3. Analysis Based on the Accountability Parameter in the Exercise of Public Authority

The findings indicate that the existing regulatory framework regulates only the administrative stages involved in assessing project proposals but does not establish substantive parameters for determining whether a proposal should be accepted or rejected. Legally, the Government is under no explicit obligation to explain why one project or programme is considered to satisfy the public interest while another is not.[14]

This situation is inconsistent with the principle of accountability within the concept of good governance, which requires every governmental activity and its outcomes to be accountable to society or the people as the ultimate holders of state sovereignty in accordance with applicable laws and

[13] Rasji, W Chandra, and M K Hamonangan, “Hukum Sebagai Alat Rekayasa Sosial: Gagasan Roscoe Pound Dan Relevansinya Bagi Reformasi Hukum Di Indonesia,” *Jurnal Hukum Lex Generalis* 5, no. 10 (2025), https://doi.org/10.56370/jhlg.v5i10.989.

[14] Ichsan Muhajir, “Mewujudkan Good Governance Melalui Asas Akuntabilitas Dalam Pengelolaan Keuangan Negara,” *Jurnal Ilmiah Dunia Hukum* 4, no. 1 (2019), https://doi.org/10.56444/jidh.v4i1.1346.

regulations. Consequently, the assessment process becomes highly dependent on governmental administrative discretion.[15]

From the perspective of Philipus M. Hadjon, the exercise of discretion constitutes an inseparable element of government administration; nevertheless, its application must remain subject to the General Principles of Good Governance (AUPB). Article 22 of the Government Administration Law further provides that the purposes of governmental discretion include addressing legal gaps and overcoming administrative stagnation under certain circumstances in order to advance public benefit and the public interest.[16] However, where substantive parameters are not normatively prescribed within the regulatory framework, the scope of administrative discretion becomes excessively broad and may undermine accountability in the exercise of public authority.

4. Analysis Based on the Parameter of Public and Regional Government Participation

The findings demonstrate that the regulatory framework governing privately initiated PSNs does not provide adequate opportunities for public participation, either for affected communities or regional governments, from the planning stage through to the designation of a project as a PSN. Under the existing regulatory framework, regional governments become involved only after a project or programme has acquired PSN status, specifically during its implementation and in accordance with their respective statutory powers.

When considered in relation to the distribution of governmental authority under Article 9 of Law No. 23 of 2014 concerning Regional Government, the existing PSN designation mechanism effectively deprives regional governments of meaningful opportunities to influence policymaking processes that directly affect the exercise of their own governmental functions. Neither affected communities nor regional governments are provided with sufficient opportunities to assess whether a proposed PSN is consistent with regional development needs, public service capacity, environmental conditions, or the potential social consequences of its implementation.

On the one hand, communities in affected areas lack formal mechanisms or channels through which they may express their views and aspirations. On the other hand, regional governments remain constrained by fiscal dependence and the exclusionary power exercised by the Central

[15] Ade Arif Firmansyah and Malicia Evendia, “Rejuvenasi Kebijakan Yang Responsif Dalam Pengaturan Administrasi Pemerintahan,” in *Proceeding Konferensi Nasional Asosiasi Pengajar Hukum Tata Negara Dan Hukum Administrasi Negara*, vol. 2, n.d., 27–54, https://doi.org/10.55292/14xgmw09.

[16] M Galang Asmara, *Hukum Administrasi Negara*, Cetakan ke-1 (Depok: Rajawali Pers, 2025).

Government. This situation significantly limits meaningful local participation in decisions whose consequences are directly experienced at the regional level.

5. Analysis Based on the Parameter of Regional Compatibility with the Implementation of Regional Autonomy

The findings demonstrate that the existing regulatory framework does not require an assessment of whether a proposed project is compatible with regional development planning documents or other relevant sectoral planning instruments. Yet, the national development planning system requires national and regional development planning to operate as an integrated and coordinated framework.

The absence of such a synchronisation mechanism demonstrates that the existing regulatory framework is predominantly oriented towards macro-level national development interests without providing sufficient assurance that projects designated as PSNs are also aligned with regional development priorities and local needs.[17]

Based on the analysis of the principle of public interest under Ministerial Regulation No. 4/2025, this study finds that the regulation satisfies the requirements of formal legality insofar as it provides a legal basis for the Government to receive and approve PSN proposals initiated by private business entities.[18] Nevertheless, it does not fully satisfy the requirements of substantive legitimacy because it fails to establish a normative mechanism capable of demonstrating that projects granted PSN status genuinely serve the public interest. The resulting normative gap lies specifically in the absence of legal parameters for assessing the transformation of private interests into public interests before the state exercises its public authority to confer PSN.

Implications of the Regulatory Normative Gap for Regional Autonomy

The question that subsequently arises is: what are the implications of this normative gap for the principle of regional autonomy? Within Indonesia's constitutional system, the relationship between the Central Government and Regional Governments is founded upon Article 18 of the 1945 Constitution of the Republic of Indonesia and further implemented through Law No. 23 of 2014 concerning Regional Government. Decentralisation is not merely a mechanism for distributing governmental functions but constitutes a constitutional means of bringing governance closer to the people so that public policies may become more responsive to regional needs. Therefore,

[17] Sulton Mu'minah and M B Zubakhrum Tjenreng, "Desentralisasi Dan Ketimpangan Pembangunan Antar Daerah," *Scientific Journal of Reflection* 8, no. 1 (2025), https://doi.org/10.37481/sjr.v8i1.1053.

[18] Reynold Simandjuntak, "Sistem Desentralisasi Dalam Negara Kesatuan Republik Indonesia: Perspektif Yuridis Konstitusional," *Jurnal de Jure: Jurnal Syariah Dan Hukum* 7, no. 1 (2015): 57–67.

every national development policy that directly affects the administration of government at the regional level should be formulated through a coordinative rather than exclusively hierarchical relationship.

In this regard, regional autonomy functions as an instrument for the democratisation of governance, enabling regions to develop policies according to their respective social, economic, and environmental characteristics within the framework of the Unitary State of the Republic of Indonesia. Furthermore, Dennis A. Rondinelli's concept of decentralisation emphasises that decentralisation is intended to bring decision-making processes closer to communities, thereby enabling public policies to become more responsive to local needs. The involvement of local governments in policymaking processes is therefore intended not merely to accelerate development but also to ensure that public policies genuinely reflect the needs of communities directly affected by their implementation.

This understanding is also consistent with Mohammad Hatta's conception of autonomy within a people-centred model of decentralisation, according to which popular sovereignty entails the people's right to determine their own affairs not only at the highest level of national government but also within cities, villages, and regions.

Based on these concepts, the quality of decentralisation cannot be assessed solely by examining the formal distribution of governmental authority; it must also be evaluated according to the extent to which regional governments participate in decision-making processes concerning their own territories. In the context of the normative gap under Ministerial Regulation No. 4/2025, particularly regarding privately initiated PSNs, the regulatory framework fails to provide adequate opportunities for regional governments to submit substantive considerations before a project or programme is designated as a PSN. Regional governments become involved only after the Central Government has designated the relevant project as a PSN.

This situation demonstrates that although the formal authority of regional governments remains legally intact, their actual capacity to participate in policymaking is significantly restricted. Such circumstances create an imbalance between decision-making authority and implementation responsibility, resulting in an accountability gap: the Central Government designates a project or programme as a PSN and determines its various legal consequences, while regional governments must bear the administrative, social, economic, environmental, and public service consequences arising during project implementation.

Accordingly, the principal implication of the regulatory framework governing privately initiated PSNs is not necessarily the formal centralisation of governmental authority but rather a decline in the substantive quality of regional autonomy resulting from the failure to integrate regional governments into decision-making processes concerning the planning and designation of PSNs.

Based on the foregoing findings, the relationship between public interest and regional autonomy should not be understood as involving two conflicting concepts; rather, they are mutually reinforcing. The public interest provides the basis for legitimising the exercise of authority by the Central Government, while regional autonomy serves as a constitutional mechanism for ensuring that the public interest is genuinely formulated in accordance with the needs of communities directly affected by PSN projects or programmes.

Accordingly, strengthening the governance of privately initiated PSNs does not require a new distribution of authority for designating PSN projects. Instead, it requires the normative reconstruction of Ministerial Regulation No. 4/2025 or the introduction of more participatory provisions within its implementing regulations or technical guidelines.

Based on the findings above, this study recommends several measures to address the normative gap in the regulation of privately initiated PSNs under Ministerial Regulation No. 4/2025: (1) establishing a mandatory public interest test before a project or programme proposed by a private business entity may be designated as a PSN; (2) strengthening the role of regional governments during the planning and assessment stages of privately proposed projects or programmes; (3) integrating national and regional development planning systems; (4) enhancing transparency and accountability throughout the PSN designation process; and (5) establishing mechanisms for public consultation that provide a forum for dialogue between private business entities initiating PSN projects or programmes, local communities, and regional governments, thereby promoting meaningful and responsive local participation.

These recommendations are expected to contribute to improving the regulatory framework governing privately initiated PSNs by placing the public interest at the core of the exercise of public authority while simultaneously integrating the principle of regional autonomy into decision-making processes without diminishing the Central Government's authority to determine national strategic.

Conclusions

The regulation of privately initiated National Strategic Projects (PSNs) under Ministerial Regulation No. 4/2025 provides a legal basis for private-sector involvement in national development but does not fully satisfy the requirements of substantive legitimacy, as it lacks clear parameters for determining whether a proposed project genuinely serves the public interest before being granted PSN status. Moreover, the existing regulatory framework provides insufficient opportunities for Regional Governments to participate in project planning and designation, creating an imbalance between the Central Government's decision-making authority and the responsibilities borne by Regional Governments during implementation. Accordingly, this study recommends reconstructing the existing regulatory framework by introducing a mandatory public interest test, clear indicators of public benefit, meaningful participation by Regional Governments and affected communities, and stronger transparency and accountability mechanisms. A joint assessment mechanism between the Central and Regional Governments should also be established to ensure that proposed PSNs are consistent with regional development plans, spatial planning requirements, and local needs, while private business entities should be required to provide public benefit assessments, social and environmental impact analyses, and evidence of prior consultation with relevant Regional Governments and affected communities before submitting their proposals.

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