

SNAPSHOT

LOCAL GOVERNMENT

Wedged between Extractive Business
Politicians & Ambitions of Recentralization





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Snapshot

Local Government Wedged between Extractive Business Politicians and Ambitions of Recentralization

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Executive Summary

As global demands for serious responses to the climate crisis proceed apace, the Central Government is tending to give them an indifferent reception. Latest indicators point to policy and legislative moves which are the opposite of several of the targets involved in commitments to action on climate. At the same time, the Prabowo Subianto Government can be seen to be prioritizing a governance model which disregards the mandates of decentralization and is actually employing a centralized approach to ensure the success of programs prioritized by the Palace, such as "down streaming" of the energy sector.

Based on research of open sources from 7 September 2024 to 7 May 2025 across 37 provinces in Indonesia (with random sampling in 89 kabupatens/cities), the findings of this report are that of the 582 candidates who stood for election as heads or deputy heads of local government at the provincial, kabupaten and city level, 45 were affiliated with extractive industries. At the same time, of the 74 people duly installed as heads or deputy heads of government at the provincial level, the report's findings are that 32 had clear affiliations with businesses as follows: five of them were found to be affiliated with coal mining, four with nickel mining, one with other types of mining, three with the oil and gas sector, three with the plantation industry and 16 others with non-extractive businesses.

This report documents the vulnerabilities of future administration of local governance in Indonesia, confronted as it is by constrictions on regional autonomy because of moves to recentralize government and potential conflicts of interest due to the increasing number of business politicians from extractive industries who will be leading local governments in areas rich in natural resources.

Acronyms and Abbreviations

APBD	Anggaran Pendapatan dan Belanja Daerah
AS	United States of America
Cakada	Candidate for Head of Local Government
Cawakada	Candidate for Deputy Head of Local Government
Danantara	Energy for Indonesia's Future
DME	Dimethyl Ether
ESDM	Energy and Mineral Resources
EVs	Electric Vehicle
G20	Group of Twenty
GW	Gigawatt
ICW	Indonesia Corruption Watch
IPR	Community Mining Permit
IUP	Mining Business Permit
KPK	Corruption Eradication Commission
KPU	National Electoral Commission
LHKPN	State Officials' Assets Report
Pilkada	Local head of government election
PLN	State Electricity Authority/Company
PLTS	Solar Powered Electricity Generator
PLTU	Fossil Fuel-fired Power Plant
RUED	Local Government Energy Plan
RUEN	National Energy Plan
RUPTL	Electricity Supply Business Plan
SPBU	Gas/Petrol/Service Station
UUD NRI 1945	Constitution of the Republic of Indonesia
WIUP	Mining Business Permit Area
WIUPK	Special Mining Business Permit Area
WP	Mining Area

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Reading the Government's Climate Action Commitments

Despite the United States' decision under Donald Trump to withdraw from the Paris Agreement and the Just Energy Transition Partnership, pursuit of both transition to renewable energy and other climate actions to mitigate the worst impacts of global warming is a must which cannot be thoughtlessly ignored.¹ This is especially so for Indonesia, which as an archipelagic state is highly vulnerable to the effects of the climate crisis,² despite the irony that Indonesia is also one of the world's largest emitters.³

If one consults its official documents and statements to the media, it is apparent that the Indonesian Government has made several quite ambitious promises to take proactive steps to keep the rate of global warming down to 1.5°C. Such undertakings can be read in various regulatory and political documents, including: the National Long-Term Development Plan (RPJMN) 2025–2045;⁴ the National Energy Master Plan (RUEN);⁵ the Electricity Supply Business Plan (RUPTL) 2025–2034 of the National Electricity Authority (PT PLN); the Central Government's Nationally Determined Contribution;⁶ Law No. 16/2016 re Ratification of the Paris

¹ The New York Times, "Trump Orders a U.S. Exit From the World's Main Climate Pact," accessed via <https://www.nytimes.com/2025/01/20/climate/trump-paris-agreement-climate.html>.

² The World Bank Group dan Asian Development Bank, "Climate Risk Country Profile: Indonesia," 2021, p. 2, accessed via <https://www.adb.org/sites/default/files/publication/700411/climate-risk-country-profile-indonesia.pdf>.

³ See International Energy Agency, "How much CO₂ does Indonesia emit?," accessed via <https://www.iea.org/countries/indonesia/emissions>.

⁴ The ambition to reduce the intensity of greenhouse gas emissions, to achieve low-carbon development and the implementation of a green economy in the development agenda is outlined in Law No. 59/2024 re the National Long-Term Development Plan for 2025–2045.

⁵ Presidential Regulation No. 22/2017 re the National Energy Master Plan addressed the government's policy on the national energy management plan and targeted a renewable energy mix of 23% by 2025 and 31% by 2050.

⁶ See "Enhanced Nationally Determined Contribution Republic of Indonesia," accessed via https://unfccc.int/sites/default/files/NDC/2022-09/23.09.2022_Enhanced%20NDC%20Indonesia.pdf.

Agreement;⁷ and most recently, President Prabowo Subianto's statement at the G20 Summit in Brazil in November 2024.⁸

While the above commitments have been signed on to by the Central Government, involvement of local governments is also a crucial determinant of the success of climate action aspirations. At the global level as well, local government initiatives are vital components of many countries' national energy strategies.⁹

Local initiatives such as development of renewable energy projects, campaigns to conserve energy and promotion of green industrial areas prioritizing sustainable practices and use of renewable energy, which are aligned with national energy plans and policies, can support national goals.¹⁰ This assertion accords with findings of a research project conducted by the SMERU Research Institute in West Java, Bali, East Nusa Tenggara and West Papua, which indicated that various initiatives to support energy transition processes existed at local government level, though firm commitment to them was not evenly spread.¹¹ Such local initiatives took various forms, ranging from regulations on guidelines for green development to a provincial governor's decree that renewable energy, such as solar power (PLTS), be used in local government offices. It is important to remember that Indonesia's 1945 Constitution stipulates that Indonesia should have a pattern of governance, which prioritizes decentralization and local autonomy.

As for how local autonomy and decentralization should be applied to local government involvement in energy management, the following two legal documents can be used as references to guide implementation:

1. **Presidential Regulation No. 11/2023 re Additional Shared Government Responsibilities within the Energy and Mineral Resources Sector in the New Renewable Energy Sub-sector.** This

⁷ Through this ratification, Indonesia agreed to contribute to reducing greenhouse gas emissions and limiting global temperature increases to below 2 degrees Celsius.

⁸ In his statement, President Prabowo Subianto pledged that Indonesia would accelerate its net-zero emissions target by 2050. To achieve this, one of his efforts is the early closure of fossil fuel-fired power plants (PLTUs). He also promised to prioritize the development of 75 GW of renewable energy power plants. See <https://kabar24.bisnis.com/read/20241121/15/1817797/laporan-dari-ktt-g20-brasil-prabowo-target-kan-ri-capai-net-zero-emission-sebelum-2050>.

⁹ Adrian T.P. Panggabean dan Albertus P. Siagian (eds.), *Who Pays What for the Green Transition?*, Jakarta: Media Indonesia Publishing, 2025, p. 119.

¹⁰ *Ibid.*

¹¹ SMERU Research Institute, "Peran Pemerintah Daerah dalam Transisi Energi Berkeadilan," 2024, diakses dari https://smeru.or.id/sites/default/files/events/hening_wikan_smeru_peran_pemerintah_daerah_dalam_transisi_energi_berkeadilan.pdf.

regulation serves as the yardstick for the implementation of government activities in the Energy and Mineral Resources (ESDM) sector in local government areas. The regulation also enhances the authority of local governments, for example in respect of management of energy derived from solar, wind, and hydro.¹² Previously, there had been limits placed on local governments' authority to grant permits, supervise and develop renewable energy sources except for biofuels and geothermal energy.

2. As an elaboration of the National Energy Master Plan (RUEN), which also serves as a benchmark for local governments, **Local Government Energy Master Plans (RUEDs)** are drafted and ratified by local government regulation in each local government area in accordance with local government authority enshrined in the Constitution.¹³ Although RUEDs need to be in sync with the Central Government, the great hope for them is that they represent an effort to take full account of the unique energy potential of each local government area and can thereby contribute to a more democratic energy roadmap in the interests of public welfare, as mandated by Article 33 of Indonesia's 1945 Constitution.

Despite the commitments mentioned above, various parties have criticized their implementation and even their substance. The criticisms vary widely. They range from critics who argue that the government's commitments are not ambitious enough because they are not in sync with the demands of the climate crisis;¹⁴ some say that many false solutions, or greenwashing, are in fact being formally accommodated;¹⁵ yet others criticize several

¹² Mochamad Januar Rizki, Hukumonline, "Presidential Regulation on Additional Shared Government Responsibilities within the Energy and Mineral Resources Sector Strengthens Regional Authority in the Field of Renewable Energy," 2023, accessed via <https://www.hukumonline.com/berita/a/perpres-urusan-pemerintahan-konkuren-esdm-perkuat-kewenangan-daerah-bidang-ebt-lt63f5d75e84cfl/?page=all>.

¹³ See Law No. 30/2007 re Energy.

¹⁴ For example, in the 2025–2034 RUPTL, the commitment regarding renewable energy power generation is actually relaxed compared to the 2021–2030 RUPTL. In the latest document, the commitment of 20.9 GW of renewable energy power generation is actually reduced to 17 GW in 2030. See Katherine Hasan, et al., The Center for Research on Energy and Clean Air's (CREA), "Indonesia's RUPTL outlines faster growth in fossil fuel use, downgrades ambition for clean energy," 2025, accessed via <https://energyandcleanair.org/wp/wp-content/uploads/2025/06/EN-IDN-briefing-RUPTL-RE-downgrade.pdf>.

¹⁵ For example, through the investment management agency Daya Anagata Nusantara (Danantara), which was only established in February 2025, the government plans to allocate funding for a coal gasification project to convert it into dimethyl ether (DME). See Bisnis.com, "Coal DME Becomes Indonesia's Largest Project, Investment Reaches IDR 180.36 Trillion," accessed via <https://ekonomi.bisnis.com/read/20250305/44/1845182/dme-batu-bara-jadi-proyek-terbesar-ri-investasi-tembus-rp18036-triliun>.

public government statements which are the opposite of a commitment to address the climate crisis.¹⁶

Dynamics of Local Government Authority in Natural Resource Management

Leaving aside their involvement in implementing various programs to address the climate crisis recently launched by the Central Government, local governments in Indonesia have in fact long played a significant role in managing extractive industries. Just take the mining sector: in the wake of amendments to the 1945 Constitution coinciding with Reformasi (reform movement) in 1998, which mandated decentralization and local autonomy, the need for natural resources to be managed to bring maximum public benefit was enshrined in a package of statutory powers granted to local governments.

Law No. 4/2009 re Mining of Minerals and Coal vested local governments with authority to evaluate Mining Business Permits (IUP) for Production Operations,¹⁷ to provide guidance to and oversight of mining management, and to take the lead on and oversee the process of formulating local government regulations on the mining sector.¹⁸ Law No.4/2009 also stipulated that, in making determinations about Mining Business Areas, the Central Government should coordinate with local government before submitting a determination on a Mining Business Area to the Indonesian House of Representatives.¹⁹

The following powers were invested in local governments at the provincial level in respect of the management of mineral and coal mines:²⁰

1. adopt local statutory provisions;
2. granting Business Mining Permits (IUPs), providing guidance, resolving community conflicts and exercising oversight of mining ventures straddling kabupaten/city borders and/or in maritime areas between 4 (four) and 12 (twelve) nautical miles of the shore;

¹⁶ As an illustration, shortly after the United States withdrew from the Paris Agreement, President Prabowo Subianto's younger brother, Hashim Djojohadikusumo, who also serves as the Presidential Envoy for Climate and Energy, made a statement signaling that Indonesia no longer needed to be bound by the agreement. A similar signal was also given by Bahlil Lahadalia, Minister of Energy and Mineral Resources, to the media. See Aryo Bahwono, Betahita, "Lowering Climate Commitments After the US Withdraws from the Paris Agreement," accessed via <https://betahita.id/news/detail/10891/kendor-komitmen-iklim-setelah-as-keluar-dari-perjanjian-paris.html?v=1738367289>.

¹⁷ Article 6 paragraph (1) j of Law No. 4 /2009 re the Mining of Minerals and Coal.

¹⁸ Article 6 paragraph (1) n and o of Law No. 4/2009 re Mining of Minerals and Coal.

¹⁹ Article 14 of Law No. 4/2009 re Mining of Minerals and Coal.

²⁰ Article 7 paragraph (1) of Law No. 4/2009 re Mining of Minerals and Coal.

3. granting IUPs, providing guidance, resolving community conflicts and exercising oversight of mining ventures with activities straddling kabupaten/city borders and/or in maritime areas between 4 (four) and 12 (twelve) nautical miles of the shore;
4. granting IUPs, providing guidance, resolving community conflicts and oversight of mining businesses which directly impact upon the environment of areas straddling kabupaten/city borders and/or in maritime areas between 4 (four) and 12 (twelve) nautical miles of the shore;
5. keep inventories of, and conduct investigation, research and exploration to obtain data and information on, minerals and coal resources in accordance with a province's statutory authority;
6. manage geological information, information on potential mineral and coal resources and information on mining ventures throughout the province;
7. prepare a mineral and coal resources balance in areas/regions throughout the province;
8. develop and increase the value-added outcomes of mining ventures in the province;
9. develop and enhance community participation in mining ventures, paying attention to environmental sustainability;
10. coordinate licensing of, and oversee the use of, explosives in mining areas in accordance with a province's statutory authority;
11. submit information contained in inventories and obtained in general investigations, research and exploration to the Minister and kabupaten heads/mayors in the province;
12. submit information on production figures, domestic sales and exports to the Minister and kabupaten heads/mayors in the province;
13. provide guidance on and oversight of post-mining land reclamation; and
14. enhance the capacity of provincial government and kabupaten/city government officials in managing mining ventures.

As for kabupaten/city level local governments, they were invested with the following powers in respect of management of the mining of minerals and coal:²¹

1. adopt local government regulatory provisions;
2. grant Mining Permits (IUPs) and Community Mining Permits (IPRs), provide guidance, resolve community conflicts, and oversee mining businesses in kabupaten/city areas and/or maritime areas up to 4 (four) nautical miles from the shore;

²¹ Article 8 paragraph (1) of Law No. 4/2009 re Mining of Minerals and Coal.

3. grant IUPs and IPRs, provide guidance, resolve community conflicts and oversee production operations of mining being done in kabupaten/city areas and/or maritime areas within 4 (four) nautical miles of the shore;
4. keep inventories of, and conduct investigation, research and exploration to obtain data and information on, minerals and coal resources;
5. manage geological information, information on potential mineral and coal resources and information on mining within the kabupaten/city;
6. prepare a mineral and coal resources balance covering the kabupaten/city;
7. guide and empower local communities in respect of mining businesses taking full account of environmental sustainability;
8. develop and strive for optimal levels of value-added outcomes and benefits of activities of local mining businesses;
9. provide information contained in inventories and obtained in general investigations and research, as well as from exploration and exploitation to the Minister and provincial governor;
10. submit information on production results, domestic sales and exports to the Minister and provincial governor;
11. guide and oversee post-mining land reclamation; and
12. enhance the capacity of kabupaten/city government officials in the exercise of management of mining businesses.

The range of powers invested in local governments which in the beginning, as outlined above, had been involved in the entire mining licensing process right through to oversight of mining, was significantly reduced by Law No. 3/2020 re Mining of Minerals and Coal.²² In principle, the withdrawal of local government authority was evident from changes to Article 4 paragraph (2) of the law. Originally, the article read: "Control of minerals and coal by the State, as intended to in paragraph (1), shall be exercised by the Government and/or local governments". In the revised law the words "local governments" were dropped, and the term "the Government" was intended to refer explicitly to the Central Government. Fundamentally, these new statutory provisions merely continued a trend – begun beforehand with the revision of the Local Governments Act in 2014 – of curtailing the authority of local governments in respect of management of mining.

Articles 7, 8, 11, and 14 of Law No. 4 /2009 re Mining of Minerals and Coal were dropped in their entirety in Law No. 3/2020 re Mining of Minerals and Coal. As a package those provisions, in sequence, had empowered provincial and kabupaten/city governments to carry out management of mining of minerals

²² See Hukumonline, " White Paper : Challenges and Opportunities for Regional Government Participation in Mining Management in Indonesia," 2025, accessed via <https://rcs.hukumonline.com/insights/whitepaper-hol-june-minerba>.

and coal; had obliged the Central Government and local governments to conduct joint investigations and research in preparation for designation of Mining Areas (WP) (this authority was withdrawn and raised to ministerial level); and had obliged the Central Government and local governments to cooperate in making determinations on Mining Business Areas (WUP).

Meanwhile, by way of Law No. 3/2020 re Mining of Minerals and Coal, the Central Government embarked on what is termed "recentralization" of authority over mineral and coal mining management. According to Article 6 of that law, the Central Government's powers in respect of management of the mining of minerals and coal comprise the following:

1. promulgate a national Minerals and Coal Management Plan;
2. determine national policies on minerals and coal;
3. enact statutory regulations;
4. establish national standards, guidelines, and criteria;
5. conduct mining-related investigations and research throughout the entire legal jurisdiction of mining activities;
6. make determinations on Mining Areas (WP) after their designation by provincial governments in accordance with their authority and after consultation with the Indonesian House of Representatives;
7. make determinations on Mining Business Permit Areas (WIUP) in respect of metallic minerals and coal;
8. make determinations on WIUPs in respect of non-metallic minerals and rocks;
9. make determinations on Special Mining Business Permit Areas (WIUPK);
10. implement bidding for WIUPKs in accord with set priorities;
11. Issue business permits;
12. guide and oversee implementation of mineral and coal mining business activities carried out by business permit holders;
13. determine policies on production, marketing, utilization and conservation;
14. determine policies on community cooperation, partnerships and empowerment;
15. manage and determine non-tax state revenues from the production of minerals and coal mining businesses;
16. manage geological information, information on potential mineral and coal resources, and information on mining;
17. guide and oversee reclamation and post-mining issues;
18. prepare a national mineral and coal resources balance;
19. develop and enhance levels of value-added outcomes from mining business activities;

20. enhance the capacity of Central Government and provincial level officials in the management of mining business ventures;
21. determine benchmark prices for metallic minerals, certain types of non-metallic minerals, radioactive minerals and coal;
22. manage mining inspectors; and
23. manage officials charged with oversight of mining.

Despite the foregoing, regional governments (but only at the provincial level) can still obtain a delegation from the Central Government to grant mining permits. This procedure is regulated by Article 35 paragraph (4) of Law No. 3/2020 re Mining of Minerals and Coal. Pursuant to Presidential Regulation No. 55/2022 re Delegation of Granting Business Licences in the Minerals and Coal Mining Sector, the above delegation encompasses the granting of standard certificates and permits; guidance of steps to implement a delegated business permit; and supervision and implementation of delegated business licensing.

A range of local government powers in relation to management of mining enshrined in Law No. 3/2020 re Mining of Minerals and Coal still remain, including in respect of: determination of Mining Areas (WPs);²³ determination of dimensions and boundaries of Mining Business Permit Areas (WIUPs) for metallic minerals and coal before their formal endorsement by the Minister;²⁴ and the right to acquire ownership of divested shares from business entities holding Business Mining Permits (IUP) or Special Business Mining Permits (IUPKs) when owned by foreigners.²⁵

Thus, reduced authority of local governments in management of mines not only undermines the implementation of local autonomy in the management of local resources, which had previously been mandated by decentralization, but also potentially exposes provincial level governments to becoming highly “dependent” on the discretion of the Central Government if they wish to obtain delegations from it covering management of mines in their areas.

²³ Article 9 of Law No. 3/2020 re Mining of Minerals and Coal.

²⁴ Article 17 paragraph (1) of Law No. 3/2020 re Mining of Minerals and Coal.

²⁵ Article 112 of Law No. 3/ 2020 re Mining of Minerals and Coal.

The Impact of Recentralization and Pseudo-Transition to Renewable Energy

Post-New Order, Article 18 paragraph (5) of Indonesia's 1945 Constitution was amended to prioritize governance based on decentralization. Essentially, this amendment granted broad autonomy to every local government area from provinces down to villages. This autonomy paradigm emerged from experience with the New Order era's highly centralized model of governance, which limited the scope for development of both local governments and their communities.²⁶

During the era of Reformasi, decentralization provided local government areas with ample space for more autonomous management of government. For example, in terms of natural resource management, as discussed in the previous section, local governments had quite extensive authority. As the institutions closest to community and to potentially exploitable natural resources, local governments were vested with authority to issue natural resource permits because it was initially hoped that they would prioritize use of the "precautionary principle" in their management of natural resources.²⁷ Furthermore, it was also thought that processes implemented by local governments were more likely to be participatory when at the end of the day land use conversion processes were very likely to impact on the interests of local citizens.

In fact, this type of decentralization of authority to grant licences can also serve the purpose of minimizing the scope for corruption, given that authority is not exclusively exercised by a single institution. Instead, it is shared by numerous players, who would naturally be more difficult to be fully "controlled" by a handful of corrupt parties bent on exercising control over them.²⁸

That said, the main intent of decentralization has not advanced as smoothly as was hoped. Based on data on trends in criminal convictions for corruption tracked by ICW, between 2011 to 2023 alone at least 271 heads of local government were convicted by a court of proven involvement in corruption.²⁹ In general, those with local government backgrounds

²⁶ Kendar Umi Kulsum, "History of Regional Autonomy Policy," Kompas, 2024, accessed via <https://kompaspedia.kompas.id/baca/paparan-topik/sejarah-kebijakan-otonomi-daerah>.

²⁷ Sandy Gustiawan Ruhayat, et al., "Regional Authority in Environmental Protection and Management Following the Enactment of the Job Creation Law," Environmental Law Development, Vol. 7, No. 1, 2022, p. 47.

²⁸ Organization for Security and Co-operation in Europe (OSCE), Best Practices in Combating Corruption, 2004, p. 156, accessed via <https://www.osce.org/files/f/documents/9/a/13738.pdf>.

²⁹ Processed from Trends in Corruption Case Action released by ICW for the period 2011–2023.

suspected or accused of corruption consistently ranked at the top of the list of corrupt people processed by law enforcement officers each year. Based on the same data and monitoring period, at least 3,401 offenders convicted of corruption had local government backgrounds ranging from the level of kabupaten/city up to provincial level.³⁰ As for the types of corruption involved, they frequently included:³¹ use of local government budgets (APBD); interference in the management of local government revenue; involvement in decision making in the licensing process making use of extortion; conflicts of interest in goods and services procurement processes and in State civil service management; and abuse of authority.

Ironically, investing local governments with broad authority to grant natural resource management permits, as discussed earlier, in fact turned out to be one of the biggest openings for the occurrence of widespread corruption at the local level. This type of corruption caused significant fiscal losses to the State and often resulted in massive ecological damage. ICW data from 2015 to 2023 indicates that Indonesia suffered fiscal losses of up to Rp 26.9 trillion from cases of corruption affecting the environment or involving management of natural resources.³²

After the fall of the New Order, many natural resource-rich locations previously controlled by the Central Government and Suharto's cronies became areas to be competed for by private sector interests, which for about 32 years up to then had been unable to operate freely.³³ Simultaneously, there were many heads of local government who made the most of their newfound authority under the decentralization mandate by "doling out" business permits—primarily related to management of natural resources to meet a sudden and massive demand for them.³⁴ These businesspeople operated as rent-seekers. They sought to accumulate or maintain wealth from the industries they were involved in not through market competition, but rather by illicitly influencing policies and legislation that would benefit them.³⁵

³⁰ *Ibid.*

³¹ KPK Anti-Corruption Education Center, "Reasons and Potentials for Corruption of Regional Heads," 2022, accessed via <https://aclc.kpk.go.id/aksi-informasi/Eksplorasi/20220428-alasan-dan-potensi-potensi-korupsi-kpala-daerah>.

³² Processed from Trends in Corruption Case Action released by ICW for the period 2015–2023.

³³ See Vedi R. Hadiz and Richard Robison, "The Political Economy of Oligarchy and the Reorganization of Power in Indonesia," *Indonesia*, Vol. 96, 2013, pp. 35–57.

³⁴ See Varsha Venugopal, "Assessing Mineral Licensing in a Decentralized Context: The Case of Indonesia," *Natural Resource Governance Institute Policy Paper*, October 2014, accessed via https://resourcegovernance.org/sites/default/files/documents/pub_assessingminerallicensing_20160809.pdf.

³⁵ D.G. Hartle, "The Theory of 'Rent Seeking': Some Reflections," *The Canadian Journal of Economics*, Vol. 16, No. 4, 1983, hlm. 539–540.

As a result of this collusive relationship, management of natural resources at local government level often amounted to an act of disregard for public participation and for the sustainability aspect of environmental protection. Consequently, nature's riches, which should have generated revenue for local and central governments to support welfare-based programs and public services, were in fact not channeled as they should have been. It is not surprising that many observers say Indonesia is plagued by a so-called natural resources "curse".³⁶

Beginning in the period of Joko Widodo's leadership and subsequently accelerated by the government of Prabowo Subianto, the policy pendulum has swung strongly away from decentralization in the direction of moves to recentralize. Not without reason, the emerging trend is an effort to streamline decision-making at the central level to align President Prabowo Subianto's ambitions with energy security programs.

Use of a centralized, top-down approach will make it easier for the government of Prabowo Subianto – from the outset very strong on his espousal of "efficient patterns of command" – to exert influence on local governments which, with all their individual differences, might be inclined to resist if left to themselves. The first signs of this command style of politics were very easy to read, especially since hundreds of local government heads elected in the 2024 local heads of government elections (Pilkada) were required to participate in a "retreat" at the Central Java Military Academy to "unify understanding between the Central Government and local governments."³⁷

One way to delve more deeply into the issues outlined above and scope out the extent of efforts made by the Central Government to consolidate local governments is to take a bird's view of the players involved, namely local heads of government and their deputies. In that context, this report will identify business affiliations of candidates for heads/deputy heads of local government, as well as business and political affiliations of winners of the 2024 Pilkada. The latter group's closeness to and connections with extractive industries and the Central Government could give pointers to potential conflicts of interest which might arise and in future might easily impede serious commitment to responding to the climate crisis.

³⁶ Lihat misalnya Hal Hill dan Donny Pasaribu, "Some Reflections on Indonesia and the Resource Curse," *Australian National University Working Papers in Trade and Development*, No. 2022/06, Mei 2022.

³⁷ Tempo, "Di Era Prabowo, Kepala Daerah pun Bergaya Militer," 21 Februari 2025, diaskes dari <https://www.tempo.co/politik/retret-militer-kepala-daerah-1210062>.

Overview of Business Politicians in Local Government Areas

Method of Tracing

The following tracing research was conducted between 7 September 2024 and 7 May 2025. To settle on names of people for subsequent tracing, we drew on the official website of the national Indonesian Electoral Commission (KPU) to identify candidates in local heads of government elections (Pilkada). Identification of those who won the elections and were officially installed as local heads of government was made by referring to the KPU's statement of election results and an official list of names published by the Ministry of Home Affairs.

Several sources of data were consulted in compiling this report on tracing affiliations of Pilkada candidates as well as of those elected and subsequently installed. Those sources included: company deeds of establishment available via official channels of information of the Directorate-General of General Legal Administration; profiles of Pilkada candidates available on the KPU's official website; information obtained from news reports from at least two news media platforms independent of each other; and information from secondary sources obtained from findings of research and scientific publications as well as from conclusions of investigations published by individual researchers, other civil society organizations and research institutions. Some of the information presented also draws on results of previous ICW research and upon raw data previously collected by ICW. In addition, the report taps into secondary data from official channels of information provided by public institutions such as the official website of the Ministry of Home Affairs.

In this report, for someone to be said to have a business affiliation, the following definition or benchmark applies: "an individual directly or

indirectly connected to a business entity in the form of any private legal entity”.³⁸ Karena keterbatasan dari informasi yang tersedia dari sumber-sumber terbuka, afiliasi yang terpetakan mungkin saja tidak merepresentasikan kondisi terkini. Meski demikian, laporan ini akan tetap mencatat individu-individu yang memiliki afiliasi kendatipun afiliasi tersebut muncul atau ditemukan di masa lampau.

The following list – not an exhaustive one – contains examples of specific positions or titles which can be categorized as forms of “affiliation” for the purposes of this report:

- Director;
- Commissioner;
- Founder;
- CEO;
- Other strategic structural positions;
- Shareholders;
- Beneficial owner and ultimate beneficial owner.

Extractive companies or industries intended in this report comprise all forms of land-based business operations which, in the extraction of natural resources, trigger land conversion which leads to deforestation. Some examples are all types of mining—including coal and nickel and palm oil plantations or other types of plantations, the product of which (in the form of biomass) can be used for biofuel or coal co-firing in fossil fuel-fired power plants (PLTUs). Derivative industries which process the product of natural resource extraction, such as PLTUs and motor vehicle petrol stations (SPSU), are also classed as extractive industries (oil and gas) for the purposes of this report. The categories into which business sectors are divided in this report include:

- Coal mining;
- Nickel mining;
- Other mining;
- Oil & gas
- Plantation;
- Non-extractive.

In terms of the geographic scope of the research published in this report, sample data was tracked from 37 provinces, with random sampling done

³⁸ In attributing accountability to players connected to a corporation, this report refers to the concept of group-level responsibility developed by Greenpeace . See Greenpeace, et al. , “Shining Light on the Shadows: Towards a Uniform Methodology for Establishing Common Corporate Control,” 2023, pp. 4–10, accessed via <https://www.greenpeace.org/international/publication/58702/shining-light-on-the-shadows/#comments>.

in 89 kabupatens/cities, including at least one kabupaten/city per province. The kabupatens/cities sampled were: Banda Aceh, North Aceh, Aceh Tamiang, Medan, Central Tapanuli, Asahan, Pakpak Bharat, Serdang Bedagai, North Labuhanbatu, North Nias, Palembang, Ogan Ilir, Empat Lawang, Padang, Dharmasraya, City of Bengkulu, North Bengkulu, Pekanbaru, Tanjung Pinang, Bintan, City of Jambi, Batanghari, Bandar Lampung, West Lampung, East Lampung, West Tulang Bawang, Pangkalpinang, Bangka, Pontianak, Bengkayang, Samarinda, Banjarbaru, Tanah Bumbu, Balangan, Palangkaraya, Bulungan, Malinau, Tarakan, Serang, Tangerang, South Tangerang, Depok, City of Bandung, Kabupaten of Bandung, Bogor, Kabupaten of Bogor, Ciamis, City of Semarang, Banyumas, Sukoharjo, Brebes, Surakarta, Surabaya, City of Malang, Kabupaten of Malang, Kabupaten of Gresik, Kabupaten of Bojonegoro, Kabupaten of Jember, Trenggalek, Ngawi, Pasuruan, Denpasar, Kabupaten of Badung, Mataram, Kabupaten of Bima, City of Gorontalo, Kabupaten of Mamuju, Pasangkayu, Palu, Manado, Kendari, West Muna, South Konawe, Konawe Islands, Bombana, Makassar, Maros, Tidore Islands, Ambon, Manokwari, Kaimana, Jayapura, Kabupaten of Nabire, Kabupaten of Jayawijaya, Merauke, and Sorong.

In total, the people investigated for this report were 582 candidates for election as local head/deputy head of government at the provincial/city/kabupaten level, as well as 74 duly elected and subsequently installed heads/deputy heads of local government at the provincial level.

It should be noted that because of constraints on access to information and limitations on the quantity and quality of open-source information, it is very likely that the data and figures presented could in fact be higher than stated. Furthermore, the non-detection of an affiliation does not necessarily indicate that the person concerned has no business affiliation. Such non-detection can also be attributable to the complex structure of a corporation, which is often designed to conceal its beneficial owner.

Findings

With coverage of 37 provinces and random sampling in 89 kabupatens/cities – as illustrated in Table 1 – the ICW found indications that of the 582 candidates for election as head or deputy head of local government in the 2024 local heads of government election (Pilkada) at least 45 had affiliations with extractive industries. 31 of the 45 were candidates for election as heads of government, the other 14 were contesting deputy head of government positions.

Table 1. Data on candidates for election as head or deputy head of local government in Pilkada 2024 who were affiliated with extractive industry businesses

No	Province	Kabupaten/City	Number of Candidates for Head of Local Government Affiliated with Extractive Industries	Number of Candidates for Deputy Head of Local Government Affiliated with Extractive Industries	Total
1.	Aceh	(Province of Aceh)	1	1	2
2.	North Sumatera	(Province of Sumatera Utara)	1	0	1
3.	South Sumatera	Ogan Ilir	1	0	1
4.	West Sumatera	(Province of West Sumatera)	0	1	1
5.	Bengkulu	(Province of Bengkulu)	0	1	1
		Bengkulu Utara	1	0	1
6.	Riau	(Province of Riau)	2	0	2
		Pekanbaru	0	1	1
8.	Jambi	City of Jambi	0	1	1
10.	Bangka Belitung Islands	(Province of Kepulauan Bangka Belitung)	1	0	1
		Pangkalpinang	1	0	1

		Bangka	1	0	1
11.	West Kalimantan	(Province of West Kalimantan)	0	1	1
12.	East Kalimantan	(Province of East Kalimantan)	1	0	1
		Samarinda	1	0	1
13.	South Kalimantan	(Province of South Kalimantan)	1	1	2
		Tanah Bumbu	1	0	1
14.	Central Kalimantan	(Province of Central Kalimantan)	2	0	2
17.	Jakarta	(Province of the Special District of the Capital Jakarta)	1	0	1
18.	West Java	(Province of West Java)	0	1	1
19.	Central Java	Surakarta	1	0	1
20.	East Java	Kabupaten of Bojonegoro	2	0	2
24.	Gorontalo	(Province of Gorontalo)	1	0	1
25.	West Sulawesi	(Province of West Sulawesi)	1	1	2
26.	Central Sulawesi	(Province of Central Sulawesi)	1	1	2
28.	Southeast Sulawesi	(Provinsi Sulawesi Tenggara)	1	0	1
		South Konawe	1	0	1
		Konawe Islands	1	0	1
		Bombana	0	2	2
29.	South Sulawesi	(Province of South Sulawesi)	1	0	1
		Makassar	2	0	2
		Maros	0	0	0

30.	North Maluku	(Province of North Maluku)	1	0	1
		Tidore Islands	1	0	1
31.	Maluku	(Province of Maluku)	1	1	2
34.	Central Papua	(Province of Central Papua)	0	1	1
TOTAL			31	14	45
GRAND TOTAL					

Meanwhile, in respect of provincial level heads and deputy heads of government who were elected and subsequently duly installed, the spread of their business affiliations, extractive industry connections, and political alignments can be seen in Table 2 as follows:

Table 2. Data on Business and Political Affiliations of Governors and Deputy Governors Elected in the 2024 Local Government Elections

No.	Local Government Area	Elected Governor and Deputy Governor	Business Affiliation (YES/NO)	Subsector	Political Affiliation with the Gerindra Party and/or President Prabowo Subianto and/or the Advance Indonesia Coalition (KIM)
1.	Aceh	Muzakir Manaf	NO	-	YES
		Fadhlullah	YES ³⁹	Oil & Gas	YES
2.	Bali	Wayan Koster	NO	-	NO
		I Nyoman Giri Prasta	NO	-	NO
3.	Banten	Andra Soni	YES	Non-Extractive	YES
		Achmad Dimiyati Natakusumah	YES	Non-Extractive	NO
4.	Bengkulu	Helmi Hasan	NO	-	YES
		Mian	NO	-	NO

³⁹ He was the President Director of PT. Krueng Simpang from 2008 to 2014 and was registered as a member of the Aceh Oil and Gas Entrepreneurs Association since 2009. This data was reported in <https://www.fraksigerindra.id/anggota-fraksi/fadhlullah-s-e/>.

5.	Jakarta	Pramono Anung	YES ⁴⁰	Coal Mining	NO
		Rano Karno	YES	Non-Extractive	NO
6.	Corontalo	Cusnar Ismail	YES ⁴¹	Oil & Gas	YES
		Idah Syahidah Rusli Habibie	NO	-	YES
7.	Jambi	Al Haris	NO	-	YES
		Abdullah Sani	NO	-	NO
8.	West Java	Dedi Mulyadi	YES	Non-Extractive	YES
		Erwan Setiawan	YES	Non-Extractive	YES
9.	Central Java	Ahmad Lutfi	NO	-	YES
		Taj Yasin	NO	-	YES
10.	East Java	Khofifah Indar Parawansa	NO	-	YES
		Emil Elestianto Dardak	YES	-	YES
11.	West Kalimantan	Ria Norsan	YES	Non-Extractive	NO
		Krisantus Kurniawan	YES ⁴²	Plantation	NO
12.	South Kalimantan	Muhidin	YES ⁴³	Coal Mining	YES
		Hasnuryadi Sulaiman	YES ⁴⁴	Coal Mining	YES
13.	Central Kalimantan	Agustiar Sabran	YES ⁴⁵	Coal Mining	YES
		Edy Pratowo	NO	-	YES

⁴⁰ He served as director of PT. Tanito Harum from 1988–1996 and director of PT. Vietmindo Energitama from 1988–1996. He was also a commissioner of the mining company PT. Yudistira Haka Perkasa from 1996 to 1999. Reported in Tempo archives, <https://www.tempo.co/arsip/profil-pramono-anung-mantan-pengusaha-tambang-yang-sisihkan-anies-sebagai-cagub-pilihan-pdip-14909>.

⁴¹ In 2024, it was reported that he would own a motor vehicle fuel station. See <https://pontianak.tribunnews.com/2024/08/25/deretan-harta-kekayaan-gusnar-ismail-calon-gubernur-gorontalo-salah-satunya-spbu?page=2>.

⁴² In 2024, it was reported that he had worked at the Rokan Group Holding Company from 1991 to 1994, was a contractor for PT Sime Indo Argo from 1995–1997, was a contractor for PT Mitra Austral Sejahtera from 1997 to 1998 and was a contractor for PT PTPN XIII from 1998 to 1999. See <https://rri.co.id/pontianak/pilkada-2024/993803/profil-norsan-krisantus-cagub-cawagub-kalbar>.

⁴³ In 2024, he was reported to be a coal businessman through PT Binuang Jaya Mulia. See <https://www.tempo.co/politik/profil-muhidin-yang-bakal-dilantik-prabowo-sebagai-gubernur-kalsel-siang-ini-1182025>.

⁴⁴ In 2024, he was reported to be connected to the Hasnur Group. See <https://www.antaranews.com/berita/4309675/profil-hasnuryadi-sulaiman-cawagub-kalsel-dalam-pilkada-2024>.

⁴⁵ It is listed as affiliated with PT Inti Bumi Luhur in the 2014 company deed.

14.	East Kalimantan	Rudy Mas'ud	YES ⁴⁶	Oil & Gas	YES
		Seno Aji	NO	-	YES
15.	North Kalimantan	Zainal A Paliwang	NO	-	YES
		Inggong Ala	YES	Non-Extractive	YES
16.	Bangka Belitung Islands	Hidayat Arsani	YES ⁴⁷	Plantation	YES
		Hellyana	NO	-	NO
17.	Riau Islands	Ansar Ahmad	NO	-	YES
		Nyanyang Haris Pratamura	NO	-	YES
18.	Lampung	Rahmat Mirzani Djausal	YES	Non-Extractive	YES
		Jihan Nurlela	NO	-	YES
19.	Maluku	Hendrik Lewerissa	YES ⁴⁸	Coal Mining	YES
		Abdullah Vanath	NO	-	YES
20.	North Maluku	Sherly Tjoanda	YES ⁴⁹	Nickel Mining	YES
		Sarbin Sehe	NO	-	NO
21.	West Nusa Tenggara	Lalu Muhamad Iqbal	NO	-	YES
		Indah Dhamayanti Putri	NO	-	YES
22.	East Nusa Tenggara	Emanuel Melkiades Laka	NO	-	YES

⁴⁶ In 2024, he was reported to have served as executive chairman of PT Barokah Bersaudara Perkasa from 2000 to 2018. See <https://www.antaranews.com/berita/4308523/profil-rudy-masud-bakal-calon-gubernur-kaltim-di-pilkada-2024>.

⁴⁷ In 2024, he was reported to control the Arsani Group. See <https://www.cna.id/indonesia/hidayat-arsani-terpilih-jadi-gubernur-muslim-tionghoa-pertama-indonesia-konglomerat-bangka-belitung-yang-dibuang-ke-tong-sampah-saat-lahir-25011>.

⁴⁸ It is listed as affiliated with PT Nusantara Kaltim Coal in the 2020 company deed.

⁴⁹ In 2024, it was listed as affiliated with PT Karya Wijaya and PT Bela Kencana. See Julfikar Sangaji, et al., "2024 Year-End Notes & 2025 Projections: The Disaster of Organized Extractivism in North Maluku," Mining Advocacy Network (JATAM) North Maluku Node, 2024, accessed via https://dokumen.jatam.org/6765245c387f9_20241220_150132.pdf.

		Lena			
		Johanis Asadoma	NO	-	YES
23.	Papua	Matius Fakhiri	NO	-	YES
		Aryoko Alberto Ferdinand Rumaropen	NO	-	YES
24.	West Papua	Dominggus Mandacan	NO	-	YES
		Mohamad Lakotani	NO	-	YES
25.	Southwest Papua	Elisa Kambu	NO	-	YES
		Ahmad Nausrau	NO	-	YES
26.	Papua Mountains	John Tabo	NO	-	YES
		Ones Pahabol	YES	Non-Extractive	YES
27.	South Papua	Apolo Safanpo	NO	-	NO
		Paskalis Imadawa	NO	-	NO
28.	Central Papua	Meki Nawipa	NO	-	NO
		Deinas Geley	YES	Non-Extractive	YES
29.	Riau	Abdul Wahid	YES ⁵⁰	Other Mining	NO
		SF Hariyanto	NO	-	NO
30.	West Sulawesi	Suhardi Duka	YES ⁵¹	Plantation	YES
		Salim S. Mengga	NO	-	YES
31.	South Sulawesi	Andi Sudirman Sulaiman	YES ⁵²	Nickel Mining	YES
		Fatmawati Rusdi	YES	Non-Extractive	YES
32.	Central Sulawesi	Anwar Hafid	NO	-	YES
		Reny A. Lamadjido	NO	-	NO
33.	Southeast	Andi	YES ⁵³	Nickel Mining	YES

⁵⁰ In 2025, he was reported to have served as director of PT Malay Nusantara Cipta. See <https://riau.suara.com/read/2025/03/17/064809/harta-kekayaan-abdul-wahid-gubernur-yang-lagi-pusing-gegara-riau-defisit-anggaran?page=all>.

⁵¹ In 2025, he was listed as affiliated with a palm oil company. See <https://jatam.org/id/lengkap/Sulawesi-Barat-Tolak-Tambang>.

⁵² In 2024, he was said to have owned a nickel mining extractive business. See the Mining Advocacy Network (JATAM), "Regional Elections Bring Disaster," 2024, accessed via https://dokumen.jatam.org/6743e4bf57f5b_20241125_094519.pdf.

⁵³ In 2024, he was listed as affiliated with PT Tonia Mitra Sejahtera. See Dhany Alfalah, et al., "Report: How Nickel Fever Destroys Kabaena Island and the Bajau Tribe's Living Space?", Satya Bumi, 2024, accessed via

	Sulawesi	Sumangerukka			
		Hugua	YES	Non-Extractive	YES
34.	North Sulawesi	Yulius Selvanus	YES	Non-Extractive	YES
		Johannes Victor Mailangkay	NO	-	YES
35.	West Sumatera	Mahyeldi	NO	-	YES
		Vasko Ruseimy	YES	Non-Extractive	YES
36.	South Sumatera	Herman Deru	NO	-	YES
		Cik Ujang	YES	Non-Extractive	YES
37.	North Sumatera	Muhammad Bobby Afif Nasution	YES ⁵⁴	Nickel Miningl	YES
		Surya	NO	-	YES

Table 3. Summary of Business Affiliations by sector of Governors and Deputy Governors Elected in the 2024 Pilkada

Business Sector	Number with Affiliations
Coal Mining	5
Nickel Mining	4
Other Mining	1
Oil & Gas	3
Plantation	3
Non-Extractive	16
TOTAL (YES)	32

Information gained from ICW's monitoring of all heads and deputy heads of local government elected at the provincial level in Pilkada 2024 indicates that 32 of them were affiliated with businesses of various categories as follows: five had evident affiliations with coal mining; four with nickel mining; one with other types of mining; three with the oil and gas industry; three with the plantation industry; and 16 others with non-extractive businesses.

https://satyabumi.org/wp-content/uploads/2025/01/Laporan-Demam-Nikel-Kabaena-Satya-Bumi_compressed.pdf.

⁵⁴ In 2024, he was reported to be affiliated with PT Sambas Minerals Mining. See <https://www.tempo.co/hukum/lobi-bobby-nasution-blok-medan-1160037>.

One can see that the heads or deputy heads of local government believed to be affiliated with extractive industries occupy their position in areas which are either already well documented as being rich in natural resources; or are designated as target areas for expansion into new extractive industries; or indeed have already for a long time been home to many land-based extractive industries such as mining and/or palm oil plantations. At the same time, examination of State Officials' Assets Reports (LHKPN) lodged with the Corruption Eradication Commission (KPK) indicates that each of the local heads or deputy heads of government believed to have affiliations with extractive industries is a person of fabulous wealth. In fact, most of them rank among the top ten richest heads of local government in Indonesia, as is evident from the following details:

1. **Sherly Tjoanda** is recorded as having total assets worth Rp972.112.709.057;⁵⁵
2. **Muhidin** is recorded as having total assets worth Rp913.093.015.029;⁵⁶
3. **Andi Sumangerukka** is recorded as having total assets worth Rp598.087.872.000;⁵⁷
4. **Agustiar Sabran** is recorded as having total assets worth Rp178.936.530.000;⁵⁸
5. **Pramono Anung** is recorded as having total assets worth Rp114.518.499.429;⁵⁹
6. **Hidayat Arsani** is recorded as having total assets worth Rp65.469.394.290;⁶⁰
7. **Muhammad Bobby Afif Nasution** is recorded as having total assets worth Rp57.842.306.462;⁶¹

⁵⁵ Corruption Eradication Commission, "Announcement of State Officials' Assets Report under the name of Sherly Tjoanda," reported February 24, 2025. Accessed via <https://elhkpn.kpk.go.id/>.

⁵⁶ Corruption Eradication Commission, "Announcement of State Officials' Assets Report under the name of Muhidin," reported March 20, 2025. Accessed via <https://elhkpn.kpk.go.id/>.

⁵⁷ Corruption Eradication Commission, "Announcement of State Officials' Assets Report under the name of Andi Sumangerukka," reported March 28, 2025. Accessed via <https://elhkpn.kpk.go.id/>.

⁵⁸ Corruption Eradication Commission, "Announcement of State Officials' Assets Report under the name of Agustiar Sabran," reported September 6, 2024. Accessed via <https://elhkpn.kpk.go.id/>.

⁵⁹ Corruption Eradication Commission, "Announcement of State Officials' Assets Report under the name of Pramono Anung," reported April 10, 2025. Accessed via <https://elhkpn.kpk.go.id/>.

⁶⁰ Corruption Eradication Commission, "Announcement of State Official's Assets Report under the name of Hidayat Arsani," reported August 28, 2024. Accessed via <https://elhkpn.kpk.go.id/>.

⁶¹ Corruption Eradication Commission, "Announcement of State Officials' Assets Report under the name of Muhammad Bobby Afif Nasution," reported February 11, 2025. Accessed via <https://elhkpn.kpk.go.id/>.

8. **Yulius Selvanus** is recorded as having total assets worth Rp51.685.550.000;⁶²
9. **Muzakir Manaf** is recorded as having total assets worth Rp48.318.030.236;⁶³
10. **Ria Norsan** is recorded as having total assets worth Rp33.245.065.037.⁶⁴

Moving on to consider political affiliation, it is evident that in total **57 of the 74 (or 77%)** heads and deputy heads of government sworn in to lead Indonesia's 37 provinces as governors and deputy governors for the next five years have been found to be politically affiliated with the Gerindra Party and/or President Prabowo Subianto and/or the Onward Indonesia Coalition (KIM). If we just look at governors (without their deputies) at least **83%** of them – elected in 37 provinces throughout Indonesia – are politically affiliated with the Gerindra Party and/or President Prabowo Subianto and/or the Onward Indonesia Coalition (KIM).

⁶² Corruption Eradication Commission, "Announcement of State Officials' Assets Report under the name of Yulius Selvanus," reported July 25, 2024. Accessed via <https://elhkpnp.kpk.go.id/>.

⁶³ Corruption Eradication Commission, "Announcement of State Officials' Assets Report under the name of Muzakir Manaf," reported August 28, 2024. Accessed via <https://elhkpnp.kpk.go.id/>.

⁶⁴ Corruption Eradication Commission, "Announcement of State Officials' Assets Report under the name of Ria Norsan," reported April 11, 2025. Accessed via <https://elhkpnp.kpk.go.id/>.

Assessment of Future Risks Confronting Administration of Local Government

Reflecting on the composition of the elected and installed heads and deputy heads of government at the provincial level who will be provincial leaders for the next five years, it is evident that there are several potential risks in respect of energy transition issues which need to be considered:

1. The backgrounds of at least 19 governors and 13 deputy governors who are affiliated with businesses – principally extractive industries – could potentially create conflicts of interest and impede implementation of ambitious climate commitments.
 - a. **For areas led by local heads of government affiliated with coal mining**, demands for a phase-out of coal risk clashing with their private economic objectives to maintain the existence of dirty, yet still profitable, coal business operations for as long as possible.
 - b. **For areas led by local heads of government affiliated with nickel mining**, the Central Government's desire to enter the electric vehicles global supply chain could trigger massive expansion of mining concessions and extractivism in local government areas.
 - c. **For areas led by local heads of government affiliated with non-extractive industries**, while the risks may not be the same as in areas with heads of government directly affiliated with extractive industries, a risk of conflicts of interest remains. Because of their status as business politicians, an inherent risk looms in the case of each such head of government that they could expand their portfolio of business interests and become involved in extractive industries.
2. Considering the Central Government's policy approach to law with its recent orientations towards centralization, local autonomy, as mandated by decentralization, could be progressively eroded under President Prabowo Subianto. When such orientations are combined with energy transition policies, local governments will lose control over management of extractive industries within their jurisdictions,

given the Central Government's takeover of authority to grant concession permits for, and to oversee, those industries. Democratization of energy processes in local government areas risks being a mere pipedream, as a result of local governments becoming mere extensions of the Central Government, with their role limited to rubber-stamping policies intended to prolong the life of coal industries by way of fake measures to address the climate crisis.

One source of the above vulnerabilities and risks stems from the weakness of legal provisions within Indonesia's body of statutory regulations in respect of conflicts of interest, particularly those arising from business affiliations. In fact, Article 76 paragraph (1) c of Law No. 23/2014 re Local Government already prohibits heads of local government and their deputies from being active managers (whether as directors or commissioners) of a company, be it private, State owned or local government owned. But, as can be seen from Article 77 paragraph (1) of the same law, penalties against local heads of government and their deputies who violate the provisions of Article 76 paragraph (1) c only amount to temporary suspension from office for three months. Moreover, such a light and administrative penalty can only be imposed at the initiative of the President or the Minister.

On the other hand, provisions of the Local Government Act do not outlaw general forms of business affiliation such as direct share ownership or beneficial ownership. In the context of managing conflicts of interest, quite effective government regulations already exist, namely Regulation No. 17/2024 of the Minister of State Apparatus Empowerment and Bureaucratic Reform re Management of Conflicts of Interest, but its purview does not encompass heads of local government or their deputies, who in law are not classified as State civil servants (ASN).

Moreover, Indonesia's regulatory framework also remains weak in respect of identifying, preventing, monitoring, and prosecuting conflicts of interest involving businesses. But this type of conflict of interest is a red flag in the context of preventing corruption and guarding against forms of corruption not yet criminalized in Indonesia because they are branded as precursors to corruption. Unfortunately, the content of declarations of personal wealth and assets which every public official is required to submit periodically to the Corruption Eradication Commission does not yet cover share ownership or reporting an official's status as beneficial owner of a business entity. Furthermore, Indonesia has not yet criminalized at least two forms of corruption listed in the United Nations Convention Against Corruption,

namely illicit enrichment and trading in influence (influence peddling). Yet, these two activities often facilitate certain kinds of corruption of the “grand corruption” type such as regulatory capture.

Thus, based on the findings in this brief report, the outlook for future local governance is potentially bleak, given that the combination of weak Central Government climate commitments and policies favouring recentralization aim to control local governments in the interests of facilitating top-down natural resource extractivism. This situation is clearly exacerbated by potential conflicts of interest among numerous heads of local government due to their business affiliations with the extractive sector.

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