

#BERSIHKANINDONESIA



# THE NEW CAPITAL FOR WHOM?



# EXECUTIVE SUMMARY

## THE OLIGARCHY AND RESPONSIBILITY ANNULMENT

On August 26th 2019<sup>1</sup>, President Joko Widodo announced the relocation of the capital city from DKI Jakarta to East Kalimantan. Jokowi announced that the relocation is a mega project that would take place in the regencies of Penajam Paser Utara (PPU) and Kutai Kartanegara. The new area for the capital city is approximately 133.321 hectares.

Simply put, the new capital city area (IKN) is divided into three zones or “rings”. The first ring is 5.644 hectares wide and is called Kawasan Inti Pusat Pemerintahan (central core of the government area), the second ring is 42.000 hectares wide and is called Kawasan Ibu Kota Negara (national capital area, or IKN), and the third ring is 180.965 hectares wide and is called Kawasan Perluasan Ibu Kota Negara (national capital expansion area).

There are two forest concessions in this region owned by two different companies. The two also carry different forest utilization permissions. The first is Izin Usaha Pemanfaatan Hasil Hutan Kayu-Hutan Alam (IUPHHK-HA, for natural forests) and is owned PT. International Timber Corporation Indonesia Kartika Utama (PT. IKU), the second is Izin Usaha Pemanfaatan Hasil Hutan Kayu-Hutan Tanaman (IUPHHK-HT, for planted forests) and is owned by PT. International Timber Corporation

Indonesia Hutani Manunggal (PT. IHM). The central core of the government is located fully inside the concession owned by PT. IHM, while the second ring that is 42.000 hectares wide covers the concession owned by both PT. IHM and PT. IKU.

Former Minister of National Development and Planning/Head of Bappenas, Bambang Brodjonegoro, confirms that the first stage of construction of the new national capital will take place on 6.000 hectares of land owned by PT. IHM (owned by Sukanto Tanoto).<sup>2</sup> In a few media reports, though, the government is the owner of said land and they can make use the land whenever they want.

But will the companies that hold permits leave the land just like that? What compensations will they receive?

Other than the two forest concessions above, there are also 10 plantation concessions in the IKN area. Eight concessions are located in the second and third rings, which are in the districts of Samboja, Muara Jawa, and Sepaku. The largest concession, 17.000 hectares wide, is owned by PT. Perkebunan Inti Kaltim Utara I and is strongly connected to the family of Luhut Binsar Pandjaitan, Coordinating Minister of Maritime and Investment the Jokowi - Amin ministerial cabinet.

<sup>1</sup> <https://nasional.kompas.com/read/2019/08/26/13351161/jokowi-ibu-kota-baru-di-sebagian-penajam-paser-utara-dan-kutai-kartanegara?page=all>

<sup>2</sup> detikFinance. 18 September 2019. Achmad Dwi Afriyadi. <https://finance.detik.com/properti/d-4711795/kepala-bappenas-benarkan-lahan-ibu-kota-baru-dikuasai-sukanto-tanoto>

There is also one coal power plant in the third ring of the new capital city region. The plant received its permit for construction under the banner of PT. Indo Ridlatama Power (PT. IRP), located in Muara Jawa district, of Kutai Kartanegara Regency.

**94 former mining pits** are spread throughout the IKN area. Most of the pits came from the operations of five companies: PT. Singlurus Pratama (22 pits), PT. Perdana Maju Utama (16 pits), CV. Hardiyatul Isyal (10 pits), PT. Palawan Investama (9 lubang), and CV. Amindo Pratam (8 pits).

**The investigation carried out in this report found the names of potential benefitters of the project, including national and local politicians and their families that own concessions for extractive industries.**

If we take a look at the first and second ring of the IKN, then the ownership of concessions there are dominated by **Sukanto Tanoto** and **Hashim Djojohadikusumo**. The rest of the concessions, 158 in total, are owned by other businesspersons working in the sectors of mining, palm oil, and forestry.

Hashim Djojohadikusumo is also the Main Commissioner of PT. International Timber Corporation Indonesia Kartika Utama (PT. ITCI KU), that holds the IUPHHK-HA permit for an area 173.395 hectares wide, in the second ring of the IKN. Hashim is the younger brother of **Prabowo Subianto**, Minister of Defence in the Indonesia Maju cabinet.

Besides Hashim, there is also **Rheza Herwindo**, the son of former Golongan Karya Party chairperson and alleged perpetrator of the E-KTP corruption case **Setya Novanto**. Rezha's name is listed in three coal mining companies: PT. Eka Dwi Panca, PT. Mutiara

Panca Pesona, and PT. Panca Arta Mulia Serasi. These companies are owned by the Novanto family and is located in the second ring of IKN.

The name of **Luhut Binsar Pandjaitan** also appears in this report. This coal mining company owner is related to this case through PT. Toba Group, which has subsidiary companies of PT. Adimitra Baratama Nusantara, PT. Trisensa Mineral Utama, PT. Kutai Energi, PT. Indomining and a palm oil company PT. Perkebunan Kaltim Utama I; all of these companies are located in Muara Jawa district, which is also inside of the third ring of IKN. These companies owned by Luhut left 50 mining pits that are still gaping wide, and it seems that these companies will benefit from being whitewashed off of the obligation of reclamation.

Not far from the area, another concession owned by **Yusril Ihza Mahendra**, head lawyer of the Jokowi-Ma'rif Amin legal team in the 2019 election dispute. Yusril's name is listed as owning shares, as well as being the Main Commissary for the mining company PT. Mandiri Sejahtera Energindo Indonesia in Sepaku District, located in the second ring of IKN.

**Since the beginning the transactions happened between the government and the concession owners, not the people. These companies will benefit and become targets for negotiation by the government, including the responsibility annulment of mining pits that should have been reclaimed.**

Different type of land owners and permit holders have different fates. Until now, it seems that corporations have a larger chance of negotiating with the government than the people. For the local villagers, what will happen to their villages once the project commence is still a mystery shrouded in rumors. ■



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he plan to move the capital of Indonesia out of Jakarta to East Kalimantan was officially put forward on August 26, 2019. We have heard from the government's press conference

on some of their main reasons of why the capital needs to be moved, and why it is being moved to Kalimantan. The reasons stretched from how Jakarta no longer fits as a location for government offices, the problem of clean air, clean water, transportation, population density, the disaster risk of Jakarta that is higher compared to East Kalimantan. The government also brushed on the importance of having a capital that located precisely in the center of archipelago, for increasing the rate of economic growth and equitable growth out of Java to Kalimantan.

The above reasoning still lack depth. There are many aspects need to be revealed. This report is aims to point out that the decision of this mega-project (relocation of the capital) that will cost about Rp466 trillion<sup>3</sup> is not more than a clemency effort for the corporations and land owners on 180 thousand hectares in that area. That cost is not including

budget request from Indonesian National Armed Forces (TNI) for relocation of the Headquarter of Indonesian National Armed Forces.<sup>4</sup> This decision also appears to be a mega concession sharing project for businessmen and oligarchs after presidential election.

As it should have been a public decision making, the current processes were 'total disregard' for the voice and rights of indigenous peoples and local communities, and overlook the environmental crisis that escalated in many ways and layers. The plan is not more than the grand mega-plan for more exploration of dirty energy that comes from coal mining and it is feared that the whole relocation plan is just a bunch whole of corruption and collusion mega-project that comes from concession sharing. If that's the case, is the **relocation plan is really for the public interest?**

The issue of the new capital already creates a huge buzz, while the basis of its justification is not sufficiently strong. There are no statutory instruments and the philosophy of the city concept is still being considered.<sup>5</sup> Experience speaking, if we see to the

relocation of the capital around the world, it was, in fact, need more than a decade of preparations for this kind of mega project, plus it needs the support of a strong economic growth to maintain the financing. It is the luxury that we simply do not have at this time of stagnant economic growth, even worse the state is at risk of decline growth in the following years.<sup>6</sup> It is not surprising if there are questions that emerge in the public: Is this plan merely forced to assure that there's a 'legacy' from Jokowi's Administration? Unfortunately, the future consequences will be a grand homework borne forcedly in the shoulder of the next generation; from the risk of debt and financing problems, the risk of failure to protect environmental carrying capacity and the risk of the social conflicts.

Regardless of the 'warning' from the public and expert opinions, it seems the government will continue to push forward with this plan. It was stated by the newly elected Head of The National Development

Planning Agency (BAPPENAS) and the continuity of preparations with the winning of IDR 25 billion worth tender of McKinsey Consultant for the pre-masterplan study on the new National Capital project.<sup>7</sup>

## NOT A VACANT SPACE

On August 26, 2019<sup>8</sup>, President Joko Widodo has announced that the capital of Indonesia will move from DKI Jakarta to East Kalimantan, precisely at the administrative region of North Penajam Paser (Penajam Paser Utara/PPU) Regency and Kutai Kartanegara Regency that will be built as a mega project.

If its consistent with the proposed area that proposed by The National Development Planning Agency (BAPPENAS), in total, it will reach 180.965 hectares<sup>9</sup>, then there are 4 sub-district that included,

3 Kompas.com. Accessed from <https://money.kompas.com/read/2019/09/26/120958226/sri-muyani-akui-pemindahan-ibu-kota-tetap-bebani-apbn>

4 Sindonews.com. Accessed from <https://nasional.sindonews.com/read/1443484/15/pemindahan-ibu-kota-tni-butuh-anggaran-rp118-triliun-1569512507>

5 CNN Indonesia, October 24, 2019. [https://www.cnnindonesia.com/ekonomi/20191024110731-532-442470/perencanaan-matang-jadi-pr-suharso-kepala-bappenas-baru?Liputan 6, October 24, 2019. https://www.liputan6.com/bisnis/read/4093551/istri-kepala-bappenas-ternyata-anggota-pansus-ibu-kota-baru](https://www.cnnindonesia.com/ekonomi/20191024110731-532-442470/perencanaan-matang-jadi-pr-suharso-kepala-bappenas-baru?Liputan%206%2C%20October%2024%2C%202019%20https://www.liputan6.com/bisnis/read/4093551/istri-kepala-bappenas-ternyata-anggota-pansus-ibu-kota-baru)

6 Kompas.com. 10 September 2019. Sakina Rakhma Diah Setiawan <https://money.kompas.com/read/2019/09/10/151200326/bank-dunia-prediksi-pertumbuhan-ekonomi-ri-di-bawah-5-persen-pada-2020>

7 Detik Finance. 21 Oktober 2019. Eduardo Simorangkir. [https://finance.detik.com/properti/d-4754291/mckinsey-siapkan-masterplan-ibu-kota-baru-ri-ini-rincian-tugasnya?\\_ga=2.220269599.682492167.1572179476-1093104853.1569053861](https://finance.detik.com/properti/d-4754291/mckinsey-siapkan-masterplan-ibu-kota-baru-ri-ini-rincian-tugasnya?_ga=2.220269599.682492167.1572179476-1093104853.1569053861) There was no specific mentioning of the working scope for the McKinsey Consultants, but in this article it is mentioned the overall task for the Researcher Team which include, "among other things, location analysis and related aspects such as population projection, stages of National Capital relocation, financing risk analysis, and socio-economic analysis. Then the preparations of the initial concept of the masterplan and zoning the National Capital territory and its buffer zones, and the preparations of investment mobilization concept, relocation incentives, and other necessary institutions and regulations."

8 <https://nasional.kompas.com/read/2019/08/26/13351161/jokowi-ibu-kota-baru-di-sebagian-penajam-paser-utara-dan-kutai-kartanegara?page=all>

9 <https://www.kompas.com/tren/read/2019/08/26/152349265/luas-ibu-kota-baru-di-kalimantan-timur-hampir-3-kali-dki-jakarta?page=all>

# ALL CONCESSIONS MAP IN THE NEW CAPITAL CITY



Regional Structure

  Ring 1

  Ring 2

  Ring 3

- 1 PT. Praktisindo Sarana
- 2 PT. Indo Jaya Prima
- 3 PT. Tina Yusuf
- 4 PT. Harapan Kota Tepian
- 5 PT. Bara Utama Jaya
- 6 CV. Trovells
- 7 KOP. Paser Jaya
- 8 CV. Kharisma Luisa
- 9 KSU. Cipta Karya Tani
- 10 PT. Semoi Prima Lestari
- 11 PT. Palawan Investama
- 12 PT. Tina Yusuf
- 13 PT. South Pasific Resources
- 14 PT. Prakarsa Mitra Abadi
- 15 PT. Harta Hadir Mining
- 16 PT. Bumi Energy Kaltim
- 17 CV. Angkasa Bumi Sakti
- 18 PT. Karya Bara Utama
- 19 PT. Payogan Kutai Sejahtera
- 20 PT. Harta Hadir Mining
- 21 PT. Tina Yusuf
- 22 PT. Fusion Excel
- 23 PT. Cipta Bina Reksa
- 24 KOP. Pertambangan Padaidi
- 25 PT. Citra Family Mandiri
- 26 CV. Alam Permai
- 27 PT. Anugrah Setia Jaya
- 28 PT. Aesel Indonesia
- 29 PT. Kalla Arebamma
- 30 PT. Tina Yusuf
- 31 PT. Semesta Raya Mineral
- 32 PT. Harjo Mas Makmur
- 33 PT. Mahardika Novitasari
- 34 PT. Mandiri Sejahtera Energi
- 35 PT. Harapan Kota Tepian
- 36 PT. Bara Utama Jaya
- 37 PT. Kalla Arebama
- 38 PT. Satanger Mineral Energy
- 39 PT. Tabalar Coal Mining
- 40 PT. Andalan Alam Semesta
- 41 PT. Kalla Arebamma
- 42 PT. Kartanegara Coal Mining
- 43 PT. Mak Kado Internasional
- 44 PT. Dimensi Keajaiban Global
- 45 PT. Tina Yusuf
- 46 PT. Adi Mecha Kontekindo
- 47 PT. Samboja Perdana Agung
- 48 PT. Pinang Satu
- 49 PT. Satanger Mineral Energy
- 50 PT. Muftara Panca Pesona
- 51 PT. Anugrah Setia Jaya
- 52 PT. Anugrah Setia Jaya
- 53 PT. Farida Mulya Sejahtera
- 54 PT. Panca Artha Mulia Serasi
- 55 PT. Anugrah Setiajaya

East Kalimantan Province

Kutai Kartanegara

Balikpapan

East Kalimantan Province

Penajam Paser Utara

- 56 PT. Harmoni Stone Trading
- 57 PT. Pratama Energy Alam
- 58 PT. Anugrah Setiajaya
- 59 PT. Binabara Bersama
- 60 PT. Pratama Energi Alam Tujuh
- 61 PT. Nusa Lucky Tama
- 62 PT. Bara Budiman Abadi
- 63 PT. Eka Dwi Panca
- 64 PT. Alpha Mas Sejahtera
- 65 PT. Batuah Sapta Mineral
- 66 PT. Mitra Mahakam Perkasa

- 1 ITCHI Hutani Manunggal
- 2 ITCHI Kartika Utama
- 3 PT. Inhutani I Batuampar
- 4 Kawasan Suaka Alam - KSA
- 1 PT. Kaltim Bangun Jaya
- 2 PT. Agro Indomas - EK
- 3 PT. Kutai Inti Utama
- 4 PT. Alam Jaya Persada
- 5 PT. Kaltimex Jaya
- 6 PT. Perkebunan Kaltim Utama I

- 43 PT. Kutai Permata Nusantara
- 44 PT. Perdana Maju Utama
- 45 CV. Sumber Alam Borneo
- 46 PT. Mitra Energi Agung
- 47 CV. Batuah Prima Coal
- 1 PT. Indomas Karya Jaya
- 2 CV. Labbaika
- 3 CV. Wiraco
- 4 PT. Kaltim Batununggal
- 5 CV. Artha Pratama Jaya
- 6 CV. Firman Bersaudara
- 7 KSU. Gerbang Petani Mandiri
- 8 CV. Ariya Futa
- 9 CV. Almadani Mandiri
- 10 CV. Pandawa Tujuh
- 11 CV. Mery Jaya
- 12 PT. Global Inti Energi
- 13 KOP. Tahta Pokmas IDT
- 14 PT. Perdana Maju Utama
- 15 PT. Binamitra Sumberarta
- 16 PT. Kutai Energi
- 17 CV. Benua Bara Lestari
- 18 PT. Bintang Prima Energy Pratama
- 19 CV. Artha Jaya Mandiri
- 20 CV. Borneo Primamas
- 21 PT. Adimitra Baratama Nusantara
- 22 CV. Bunga Bone
- 23 PT. Kutai Energi
- 24 PT. Globalindo Inti Energi
- 25 CV. Indra Sakti
- 26 PT. Trisenda Mineral Utama
- 27 CV. Prima Mandiri
- 28 CV. Aji Baratama
- 29 CV. Elynda Jaya
- 30 PT. Adas Abadi
- 31 CV. Permata Hitam Indah

- 1 CV. Wana Artha
- 2 CV. Betuah
- 3 PT. Borner Bara Timur Mandiri
- 4 PT. Bukit Raya Coal Mining
- 5 CV. Citra Family Mandiri
- 6 CV. Mangkuraja
- 7 CV. Amindo Pratama
- 8 CV. Java Hunian
- 9 CV. Sawitto Mandiri
- 10 CV. Kharisma Luisa
- 11 CV. Arimbi Prima Coal
- 12 CV. Adi Putro
- 13 CV. Rahmat Nikmat
- 14 CV. Mitra Mahakam Utama
- 15 PT. Tina Yusuf
- 16 PT. Sumber Permata Hitam
- 17 PT. Prakarsa Mitra Abadi
- 18 PT. Bumi Energy Kaltim
- 19 CV. Hardiyatul Isyail
- 20 CV. Berkah Illahi
- 21 PT. Jaya Prima
- 22 CV. Rahmat
- 23 CV. Muftara Prima
- 24 CV. Padang Bara Abadi
- 25 CV. Dwi Karya Pratama
- 26 CV. Artha Coal
- 27 CV. Fazar Utama
- 28 PT. Gunung Harang Sejahtera
- 29 PT. Lembuswana Perkasa
- 30 CV. Arwana Prima Coal
- 31 CV. Energi Bumi Kartanegara
- 32 PT. Bbunga Masamba
- 33 CV. Arjuna Mandiri
- 34 CV. Rizky Mulya Sejahtera
- 35 CV. Batu Permata Hitam
- 36 CV. Elida Sari
- 37 CV. Brian Utama
- 38 CV. Wulu Bumi Sakti
- 39 CV. Rizki Jabal Bara
- 40 CV. Rahmat Illahi
- 41 CV. Bima Nusa
- 42 PT. Agung Paser Naraya

■ FORESTRY

■ PLANTATIONS

■ COAL MINING-SEPAKU SUBDISTRICT

■ COAL MINING-SAMBOJA SUBDISTRICT

■ COAL MINING-MUARA JAWA SUBDISTRICT



0 10 20 40 KM

i.e Sepaku Sub-District which is in the administrative territory of PPU District. Meanwhile the Samboja Sub-District, Muara Jawa Sub-District and Loa Kulu Sub-District are located in the administrative territory of Kutai Kartanegara District.

It can simply be categorized through three rings of area coverage. Ring one is covering 5.644 hectares of area which government referred to as Core Area of the Central Government (Kawasan Inti Pusat Pemerintahan); ring two is covering 42.000 hectares which government referred to National Capital Region (Kawasan Ibu Kota Negara); and ring three covering 180.965 hectares which government referred to as Expansion Region of the National Capital (Kawasan Perluasan Ibu Kota Negara).

There are 26 villages and kelurahan in the Sepaku Sub-District, 23 villages and kelurahan in the Samboja Sub-District, 8 villages and kelurahan in the Muara Jawa Sub-District and 15 villages and kelurahan in the Loa Kulu Sub-District. The total population<sup>10</sup> in each sub-district are as follows: Sepaku has 31.814 inhabitants (2018), Samboja has 63.128 inhabitants (2017), Muara Jawa has 37.857 inhabitants (2017), and Loa Kulu has 52.732 inhabitants (2017).

From the search above, the area that projected as the national capital (Ibu Kota Negara/IKN) from the Core Area of the Central Government, National Capital Region, to the Expansion Region of the National Capital are not empty/vacant spaces. Because previously, it had been filled with the permits and concessions such as mining, forestry, plantation, CPP and other business concessions.

There are **162** mining, forestry, oil palm plantation and coal steam powered electric generator concessions above the National Capital Region area of 180.000 hectares which is equivalent to three times the area of DKI Jakarta. That does not include 7 property projects in Balikpapan. The investigation results show that 148 concessions including coal mining, both with the status of the Mining Business License (Izin Usaha Pertambangan/IUP) and 1 of them has the status of Coal Mining Concession Work Agreement (Perjanjian Karya Pengusahaan Pertambangan Batu Bara/PKP2B). The permission or license was issued by the central government under the name of PT. Singlurus Pratama that covering an area of 24.760 hectares with all of the concessions included in the area of the National Capital Region.

The mining concessions alone have reached **203.720** which entirely in the National Capital Region area.

Also, there are 2 forestry concessions, each with a Business Permit for the Utilization of Timber Forest Products - Natural Forests (Izin Usaha Pemanfaatan Hasil Hutan Kayu-Hutan Alam/IUPHHK-HA) PT. International Timber Corporation Indonesia Kartika Utama (PT. IKU), and Business Permit for the Utilization of Timber Forest Products in Plantation Forests (Izin Usaha Pemanfaatan Hasil Hutan Kayu-Hutan Tanaman/IUPHHK-HT) PT. International Timber Corporation Indonesia Hutani Manunggal (PT. IHM).

Core Area of the Central Government or ring one covering 5.644 hectares that is entirely inside the PT. IHM while the ring two covering 42.000 hectares that includes the PT. IHIM concession and PT. IKU at the same time.

Also, there are 10 plantations above the area of National Capital Region, 8 of them are in the ring 2 and 3, precisely in the Samboja and Muara Jawa Sub-District and the rest of it are located in the Sepaku Sub-District. One of the biggest is PT. Perkebunan Kaltim Utama I that covers of the area around 17.000 hectares whose control is connected to the family of Luhut Binsar Pandjaitan, the Coordinating Minister of Maritime and Investment Affairs in the Jokowi - Amin's cabinet.

On the territory of ring 3, there is 1 coal steam powered electric generator. It obtained the location permit under the name of PT. Indo Ridlatama Power (PT. IRP) that located in Muara Jawa Sub-District, Kutai Kartanegara District.

**There are 94 abandoned coal mining pits** that scattered on the area of National Capital Region. The top 5 corporations with the most abandoned coal mining pits are PT. Singlurus Pratama (22 abandoned pits), PT. Perdana Maju Utama (16 abandoned pits), CV. Hardiyatul Isyal (10 abandoned pits), PT. Palawan Investama (9 abandoned pits) and CV. Amindo Pratama (8 abandoned pits).

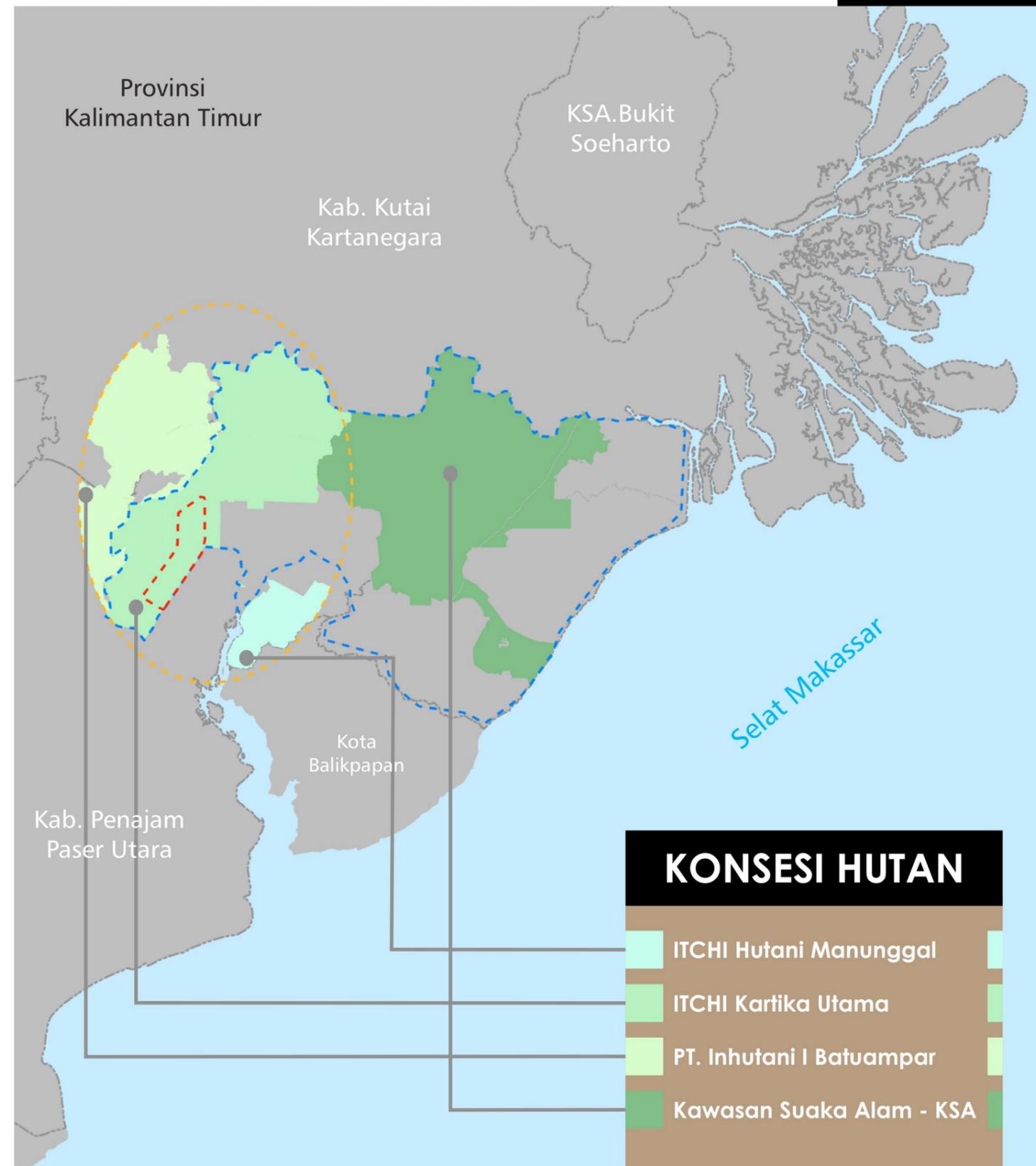
**From the beginning, the transactions will not occur to the people but to the concession holders. These Corporations will get benefits and become**

10 BPS Kutai Kartanegara Dalam Angka

# PERSEBARAN KONSESI HUTAN DI LAHAN IBUKOTA



**Lokasi IKN 1**   **Lokasi IKN 2**   **Lokasi IKN 3**



**KONSESI HUTAN**



0 10 20 40 KM

**targets of negotiations transactions of the government including clemency effort for abandoned coal mining pits that should have been reclaimed.**

## **THE SCENT OF PRESIDENTIAL ELECTION OLIGARCHS BEHIND THE NATIONAL CAPITAL MEGA PROJECT**

The initial idea about relocation of the capital was got in public some time before the Constitutional Court (MK) session regarding disputed presidential election results which took place on 29 April 2019<sup>11</sup>, only 12 days after the presidential election on 17 April 2019.

There are many responses and comments regarding this sudden news. From the assumption that this was only Jokowi's attempt to reduce the tension of the general election which was at the time very heated. There was also assumption that this was a form of Jokowi's self confidence that he will win the election, to the assumption that this plan was just a mere diversion.<sup>12</sup> Even though many have denied it, but still the context of the official news for the relocation of national capital cannot be separated from the space and time of the presidential election.

The protests are mainly came from the supporter parties of Prabowo Subianto at the 2019's presidential election<sup>13</sup>, such as main politicians of the Gerindra Party who said that the idea of capital relocation is such a nonsense and he rejected the idea.<sup>14</sup> Although Prabowo accepts the idea with some terms, most of the politician in Partai Gerindra rejected and criticized the plan.

Prabowo said that the idea of relocation was initiated by Gerindra since 2014. "But involve the experts to find the most suitable location for the new national capital of Indonesia, good experts and consensus must be sought," said the Jokowi's rival on 17 August 2019.<sup>15</sup>

**But, instantly the Gerindra's rejection turned around after Jokowi and Prabowo met at the National Palace on 11 October 2019. After took the selfies, Prabowo and his party fully support the idea unconditionally.<sup>16</sup> Besides discussing the possibility of the coalition in the Cabinet after reconciliation and power-sharing effort, the relocation of national capital was indeed one of the topic in the second meeting.**

Sooner or later, the approval of Prabowo was indeed already been predicted long time ago. The land owned by PT. ITCI Kartika Utama, which is located in an area of 42.000 hectares in the ring two of National Capital Region, is owned by Hashim Djojohadikusumo, the brother of Prabowo Subianto himself.<sup>17</sup> Not only that, other infrastructure projects under the name of Arsari Group namely PT. Arsari Tirta Pradana<sup>18</sup> is in the form of dam or artificial lake that is suspected to be providing the need of clean water in the new national capital. Hashim himself have a role as a Director of Communications and Media of the election campaign of Prabowo – Sandiaga and the main political financial support for Prabowo – Sandiaga in the 2019 presidential election.<sup>19</sup>

11 <https://www.cnnindonesia.com/nasional/20190430161116-32-390887/pemindahan-ibu-kota-dan-upaya-turunkan-tensi-tinggi-pemilu>

12 <https://news.detik.com/berita/d-4532044/fadli-bilang-pemindahan-ibu-kota-pengalihan-isu-omong-kosong-jokowi>

13 <https://news.detik.com/berita/d-4678735/suara-suara-sumbang-tolak-pemindahan-ibu-kota>

14 <https://www.cnbcindonesia.com/market/20190816171953-19-92615/fadli-zon-tolak-pemindahan-ibu-kota>

15 <http://www.rmolbanten.com/read/2019/08/17/10751/Prabowo-Tolak-Usul-Jokowi-ibu-kota-Pindah-Ke-Kalimantan->

16 <https://nasional.kompas.com/read/2019/10/11/16311371/setelah-bertemu-jokowi-prabowo-nyatakan-dukung-pemindahan-ibu-kota>

17 <https://www.tribunnews.com/regional/2019/10/02/lokasi-ibu-kota-baru-berada-di-lahan-perusahaan-adik-prabowo-ini-harapan-bambang-brojonegoro>

18 <https://beritagar.id/artikel-amp/berita/lahan-di-calon-ibu-kota-baru-bukan-milik-prabowo-tapi-hashim>

19 <https://nasional.kompas.com/read/2019/01/22/14310851/hashim-pak-jokowi-tak-keluarkan-uang-karena-uangnya-dari-saya>

All of this series of events shows strong indications **that from beginning of this relocation plan was stated in the public as a mega project, this has always been a mere political commodity. In the middle of the road, it has become a political commodity for the corporates, the supporters of the authority or the oppositions. In the end, it will only profitable for the political oligarch.**

## **LONG LIST OF EXTRACTIVE INDUSTRY OLIGARCHS**

The National Capital mega project in East Kalimantan will benefit the interest of land owner i.e. coal mine, palm oil, forestry, coal steam powered electric generator, and property corporations. More than that, there is strong indications that this mega project will be a clemency efforts for corporations followed their "sins" for environmental destruction in the East Kalimantan.

**The investigation in this report found handful of names that potentially will receive the benefits of this mega project, namely national and local politicians, and their families who own extractive industry concessions.**

If we see ring one and ring two of National Capital, the control of the concession is dominated by **Sukanto Tanoto** and **Hashim Djojohadikusumo** and then followed by other corporats that associated with 158 mining, palm oil and forest concessions.

Hashim Djojohadikusumo was also listed as a President Commissioner of PT. International Timber Corporation Indonesia Kartika Utama (PT. ITCI KU) which was granted the rights of IUPHHK-HA for an area of 173.395 hectares that located right in the ring two of National Capital. Hashim is the younger brother of **Prabowo Subianto**, Minister of Defense in the 'Indonesia Maju' Cabinet who had previously been Jokowi's rival in the 2019 Presidential Election. PT. ITCI Kartika Utama has the Business Permit for the Utilization of Timber Forest Products - Natural Forests certificate numbered SK. 160/Menhut-II/2012.

Sukanto Tanoto is the next concession holder in the Core Area of Central Government. He holds the IUPHHK-HT of PT. International Timber Corporation Indonesia Hutani Manunggal (PT. ITCI HM). This concession has an area of 161.127 hectares, and the entire Core Area of Central Government or the ring one that covering 5.644 hectares, located in the Sukanto Tanoto concession which was previously obtained from Hashim Djojohadikusumo in 2006.

The name that also appeared was **Rheza Herwindo**, son of **Setya Novanto**, former Chairman of the Golkar Party, who was convicted in the E-KTP corruption. His name is listed in 3 coal mining corporations, namely PT. Eka Dwi Panca, PT. Mutiara Panca Pesona, and PT. Panca Arta Mulia Serasi. The corporations owned by Setya Novanto's family were found in the ring two of National Capital.

The other concession holder is **Luhut Binsar Pandjaitan**, the Coordinating Minister of Maritime and Investment Affairs in 'Indonesia Maju' Cabinet. He is the owner of coal mining that is connected through PT. Toba Group whose subsidiary groups include PT. Adimitra Baratama Nusantara, PT. Trisensa Mineral Utama, PT. Kutai Energi, PT. Indomining and PT. Kaltim Utama I which was entirely located in Muara Jawa Sub-District which is also located in the ring three of National Capital. These Luhut owned corporations left 50 abandoned coal mining pits and be suspected will get a benefit in the form of amnesty for reclamation obligations of the abandoned coal mining pits.

Not far from there, another concession was listed in the name of **Yusril Ihza Mahendra**, the Head of the Jokowi - Ma'ruf Amin's lawyer team in the 2019 presidential election dispute. His name was listed as having shares, and he served as the Chief Commissioner of the coal mining corporation namely PT. Mandiri Sejahtera Energindo Indonesia in Sepaku Sub-District which is located in the ring two of National Capital.

The next largest mining concessions that is located in the National Capital area is the coal mining corporation owned by PT. Singlurus Pratama. Most of the PT. Singlurus Pratama's shares are owned by Lanna Resources Public Company, a Thai Public Corporation. The other major shares are also owned by PT. Harita Jayaraya. The corporation is owned by tycoon family namely **Lim Hariyanto Wijaya Sarwono** with his wife **Rita Indriawati**. Rita, in the *International Consortium for Investigative Journalist*



(ICIJ) database is listed to have a corporation related to the offshore leaks case. Through the investigations it was found that one of the shareholders of PT. Lanna Harita Indonesia, namely PT. Harita Mahakam Mining, 95% of its shares are listed owned by PT. Harita Jayaraya and the remaining 5% is connected to the **Yayasan Keluarga Besar Polri Brata Bhakti**.

In the clean water supply business sector, PT. Arsari Tirta Pradana owned by Hashim Djojohadikusumo has great potential for big profit. That is because the need for clean water will increase regularly along with the new millions of people who move to the new capital. Not only Hashim is going to get profit, in that corporation also has the name of **Thomas Aquinas Muliatna Diwandono**, the General Chamberlain of the Gerindra Party, he is the son of Bianti Djiwandono, eldest brother of Prabowo Subianto.

Another important finding is the names of retired Generals from Police and Military in various corporations that located in the National Capital area, namely Inspector General of Police (Retired) Drs. **Dody Sumantyan Hadidojo Soedaryo**, S.H. His name is listed as a commissioner of PT. Indo Ridlatama Power.

And there are other names such as Major General (Retired) **A. Ibrahim Saleh** as a commissioner in PT. Etam Manungga Jaya; Lieutenant General of Indonesia National Armed Forces (Retired) Suadi Marabessy, Lieutenant General of Indonesia National Armed Forces (Retired) Sintong Hamongan Panjaitan, and Brigadier General (Retired) Eddy Kustiwa Koesma, all of whom were in the ranks of PT. Toba Group officials; Inspector General of Police (Retired) Drs. Dody Sumantyan Hadidojo Soedaryo was listed as an official in PT. Baramulti Suksesarana; Commandant-General (Retired) Nugroho Djayusman was also listed as an official in PT. Bintang Prima Energy Pratama; Admiral (Retired) Syamsul Bahri as an official in PT. Bintang Prima Energy Pratama; Brigadier General (Retired) and Drs. Victor Edison Simanjuntak was listed as official in PT. Mandiri Sejahtera Energindo.

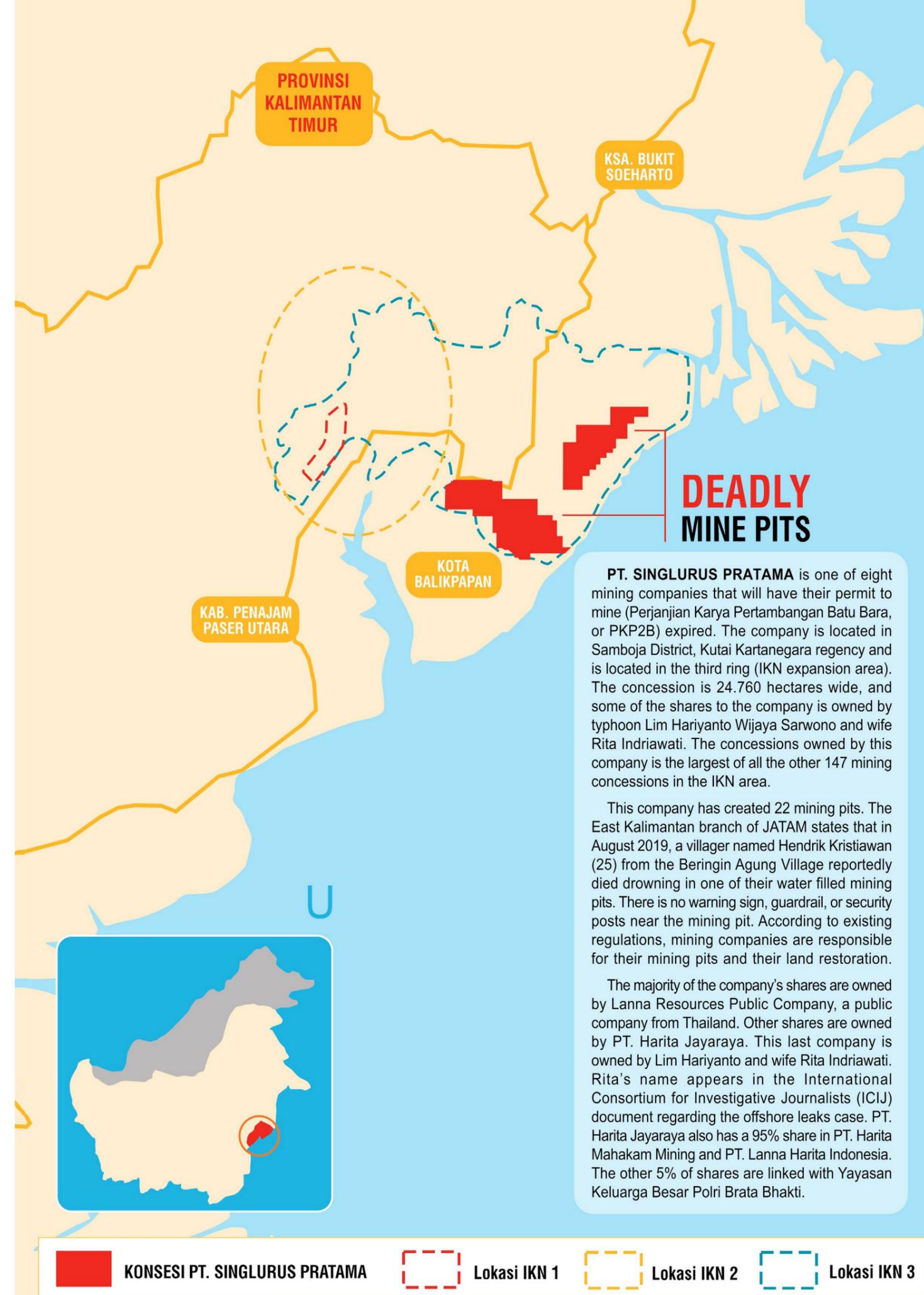
The data from ICIJ shows that one of the crime patterns that committed by shareholders and the directors of coal mining corporations and oil palm plantations in the National Capital project is to have a "shell" company in a tax haven of British Virgin Island.

From the investigation that was mentioned above, a number of politicians, retired Generals of the Police and Military, property, mines, palm oil, coal and timber tycoons are expected to get a big profit from this mega project. Moreover, the current political situation is almost certain that there will no opposition parties, ergo the government is strongly suspected will sharing profits between each one of them.

In the property sector, PT. Agung Podomoro Group through its subsidiary which is PT. Pandega Citra Niaga which previously obtained a reclamation location permit of Balikpapan Beach, immediately marketing a luxury property plot after the announcement of the location for the new National Capital by President Jokowi PT. Agung Podomoro is not alone, there are 6 other property corporations that have obtained a similar permits from the Balikpapan Government that will gain profits from the mega project, namely PT. Sentra Gaya Makmur, PT. Royal Borneo Propertindo, PT. Avica Jaya Nusantara, PT. Karunia Waha Nusa, PT. Karya Agung Cipta, and PT. Wulandari Bangun Lestari.

The property corporation namely PT. Karya Agung Cipta, its shares are owned by Kokos Leo Lim. He is the Managing Director of PT. Tansri Madjid Energy (TME). **Kokos Leo Lim** and **Khairil Wahyuni**, are **entities traces related to the alleged criminal act of corruption of the coal procurement** of State Electricity Company (Perusahaan Listrik Negara/ PLN) in Muara Enim, South Sumatra which caused the state to suffer Rp477 billion lost. Kokos was acquitted by the Jakarta Corruption Court, but the South Jakarta Prosecutor's Office was in process of cassation to the Supreme Court.

Not only national figures that are close to the Presidential Palace, other names from the local mining concession holders are represented by the Rita Widyasari dynasty. Through the PT. Lembuswana Perkasa, it was listed the name of Hj. Dayang Kartini, mother of the former Regent of Kutai Kartanegara, Rita Widyasari, as a shareholder in this corporation. This kind of political dynasty had to face the Corruption Eradication Commission (Komisi Pemberantasan Korupsi/KPK). In 2018, Rita Widyasari **was found guilty by the Corruption Court** and had to return the state money in a corruption case following her father trace, Syaokani H.R., the former Regent of Kutai Kartanegara which was previously arrested by KPK way back in 2007.



# CONDONING EVICTION THROUGH THE LAW AND POTENTIAL CORRUPTION BEHIND THE CAPITAL CITY MEGA PROJECT

To a journalist<sup>20</sup>, a man from Semoi Dua, a village that borders the area owned by PT. IHM (concession area planned as the new capital city), said that he is flattered that the new presidential palace is going to be built in his village. But, that happiness can wane if he knew that after the concrete pillars have been planted, his small village might cease to exist.

Semoi Dua is the product of the transmigration in the 1970s<sup>21</sup>, when transmigrates from Java with heavy heart left their home, and bravely cross the seas and deep forests to reach an isolated place, to reach a new home promised by the government. They had to build their village from scratch. The first day they arrive in Borneo, some of them can't even see their new houses as they are already covered and buried under lush growing plants. Afterwards, a few decades afterwards, this transmigrant community survived, created families, and grew. The last time the government came to gather data on their land was 1984. It is not surprising that not many families own a Land Owning Permit.

Based on the Draft for Land Laws that the government submitted to the DPR (House of Representatives), if a land cannot be proven to be owned by anyone, then it is automatically state-owned land.<sup>22</sup> This practice is similar to the agraria politics of colonial times. This draft will **make the settlement of land conflict becomes harder** and may lead to the existence

of land courts that are legalistic, it only abides to positive law. If this happens, then farmers, indigenous peoples, farmland workers, which in the eyes of the positive law might be seen as illegal, will not receive justice. The draft for Land laws that is discussed right now, is **a threat, as it can lead to criminalization of the peoples that protect their lands from eviction.**<sup>24</sup>

Asides from that, the revision on UU Minerba (laws on mineral and coal) article 99 verse 2 potentially benefits coal mining, and potentially white washes their operations regarding the obligation to revitalize land in the IKN area. In this article, the usage of post-mining land is for irrigation and tourism.

The government is also susceptible to be sued if they decide to unilateral revoke the permits of companies without any compensation. We can imagine how the negotiations regarding IKN only happens between corporations and the state, without prioritizing participation of the people/communities.

All cases mentioned above are happening in the midst of an effort to weaken the Corruption Eradication Commission (KPK) through the controversial new commissioner and the revision of the KPK law. Without full authority to tap on information and the now absent independence, it is impossible for KPK to oversee this mega project maximally. ■

20 Detik, 22 September 2019. <https://news.detik.com/x/detail/intermeso/20190922/Menelisik-Episentrum-Calon-Ibu-Kota-Baru/>

21 Detik, 22 September 2019. Op cit.

22 CNN Indonesia, 7 September 2019. <https://www.cnnindonesia.com/nasional/20190907183852-32-428421/ruu-pertanahan-dinilai-memuat-belasan-pasal-bermasalah>

23 CNN Indonesia, 7 September 2019. <https://www.cnnindonesia.com/nasional/20190907183852-32-428421/ruu-pertanahan-dinilai-memuat-belasan-pasal-bermasalah>

## SKEMA "PEMUTIHAN DOSA" ?

Terdapat 94 lubang bekas tambang batubarayang tersebar di atas kawasan IKN. Dari jumlah tersebut 5 (lima) perusahaan terbanyak yang meninggalkan lubang tambang adalah PT. Singlurus Pratama (22 lubang), PT. Perdana Maju Utama (16 lubang), CV. Hardiyatul Isyal (10 lubang), PT. Palawan Investama (9 lubang) dan CV. Amindo Pratama (8 lubang).

Sejumlah lubang tambang telah memakan korban. Padahal dalam peraturannya, perusahaan wajib memulihkan lubang bekas tambang.



- 1. PT KARYA BARA UTAMA
- 2. PT FUSION EXCEL
- 3. PT HARJO MAS MAKMUR
- 4. PT KALLA AREBAMMA
- 4. PT KALLA AREBAMMA

- 4. PT KALLA AREBAMMA
- 5. PT ADI MECHA KONTEKINDO
- 6. PT BINABARA BERSAMA
- 7. PT BARA BUDIMAN ABADI
- 8. CV MUTIARA PRIMA

- 9. CV. SUMBER ALAM BORNEO
- 10. CV. BATUAH PRIMA COAL
- 11. CV. ALMADANI MANDIRI

## A SCHEME TO BURY CORPORATE SIN?

Bambang Brodjonegoro, former Minister of National Development Planning of Indonesia and former BAPPENAS head, confirmed that PT. ICI Hutani Manunggal (IHM) owned by Sukanto Tanoto, that reaches 6000 hectares of land, will execute the first stage of constructions for the new capital. <sup>24</sup> The government had said in many news reports that the mentioned land is state-owned and could be taken at any time. Albeit, would the company there (who hold permits for land use) be so easily inclined to leave? What sort of compensation will they receive?

Although they share the same land, as owners and users, villagers and corporations share different fates. **It seems that corporations have a bigger chance of negotiating with the government than the local villagers. To villagers,** what will happen to their village during the construction of the new capital city is still a mystery shrouded in the circulating rumors around it. From August 26 until September 11, a dozen or so officers from the Department of Land and Spatial Planning came to a few villages in Sepaku, an area that borders the land of PT. IHM. They did not state why they were there specifically, and they only collected data on land ownership. <sup>25</sup> The untransparent nature of the civil servants' visit is a form of injustice towards the affected community.

Contrast to the villagers that are left in questioning, there had already been a meeting between three officials from Asia Pacific Resources International Holdings Ltd group (APRIL) at the BAPPENAS Office. <sup>26</sup> **Corporations have an early opportunity to ensure the safety of their investments and strategize for the upcoming mega project of the new capital city of Indonesia.**

In 2018 alone, PT. IHM enjoyed a production volume of 1,1 million metric tons. Now, their assets are worth around Rp1,9 trillion, and they supply raw material for paper making for their subsidiary company group APRIL. <sup>27</sup> When the compensation for corporate land

used for the construction of the new capital city is ready to be executed, BAPPENAS will submit a compensation scheme that will later be carried out by the Department of Environment and Forestry. Many aspects will be calculated by the government to ensure that corporate investments will be safe and sound. Compensation may vary based on the harvest time before land clearing, or compensation per-tree cut down, or in the form of provision of new land to use. <sup>28</sup> In short, corporations will still be able to reap profit off the land.

## HOW DO INDONESIAN PEOPLE SEE THIS PROJECT?

The plan to have a new capital city is, in part, caused by the will to have a new model of development, moving on from the "Java-centric" model to an "Indonesia-centric" one. But ironically, the process of selecting the new location for the new capital city is itself centralistic as it is done by President Jokowi himself. In the selection process, provinces which are deemed viable are Central Kalimantan and East Kalimantan. This process is untransparent as there is no way for the public to understand how the selection is done or why the locations are chosen. This unawareness continues until the final selection process where the Penajam Paser Utara Regency of East Kalimantan is designated as the location for the new capital city.

This selection process raises questions: has this public policy consulted the locals of East Kalimantan? How do they feel and what are their worries? How does the rest of Indonesia feel about this decision?

KedaiKOPI created a survey on 14 - 21 August 2019 in 34 provinces across Indonesia. KedaiKOPI Survey Institute showed that around 39,8 percent of respondents do not agree with this proposal. Whereas 35,6 percent agree, and 24,6 percent choose to have no opinion. A whopping 95,7 percent of respondents in Jakarta Special Region

expressed their rejection of the capital city mega project. Another survey from Median, conducted on 26 - 30 August 2019 <sup>29</sup>, around 45,3 percent of respondents rejected the capital city mega project, 40,7 percent of respondents agree with the mega project, and 14 percent of respondents did not know of such a project.

The neglect of public participation in this policy is an affront to human and constitutional rights which guarantee such participation. The real victims, the people directly affected, are not asked any opinions. They are not reached by surveys nor are they viral on social media; they are invisible to the outer world. They are the villagers and the indigenous peoples that inhabit land caught in the middle of mining concessions and cut-down forests, a land ransacked by corporations. But they are not powerless. They had defined their way of living peacefully, far before the state paid any attention to them or their land. Now with the plan to construct a new capital city, all aspects of their lives which they had built since time immemorial are in danger.

Opposite to large scale land owners, most villagers in Indonesia are in a weak position. They **do not have the proper documents that show their ownership of the lands that they inherited from their ancestors and, easily, they are expelled from their homes that they knew and love because of infrastructure related projects.**

## CONFLICT AND THE EXPELLED INDIGENOUS POPULATION

The indigenous people of North Penajam Paser Regency, the Balik tribe, inhabits the first ring (the central core of the new capital city, where the central government will be). There are around 150 Balik families that live in the Pemaluan Village. <sup>30</sup> Their main concern is how the IKN mega project would affect their lives. In the past, the Balik people prospered with their abundant food sources. **The first impactful event that changed their way of life started to in the 1960s when timber corporations entered East Kalimantan. The lives of the Balik became harder and harsher.** Some chose to move, as they are left impoverished. They are forced to

change their habits because of their dependence on new forms of food. And slowly they started to lose some of their traditional ceremonies due to the loss of connection to nature. Same goes for their collective way of life, it too had been replaced by modern day individualism.

The government did not consider **the effect of a massive scale relocation of people to new locations.** They neglected to consider how the social environment pressure would be due to the relocation: economic disparity between migrants, and even the rift between civil servants moved to the new capital and the local villagers such as the people of Paser Balik.

The displacement of the Betawi from their villages during the construction of DKI Jakarta made them live marginally in the outer bounds of the city. What had happened to the Betawi could happen to the indigenous communities of Paser Balik. **The new capital city could be a second impactful event that could threaten the lives of their community even more.** In the core of the capital city are five villages all of which are inhabited by the indigenous peoples.

## OPEN SEASON FOR LAND SPECULATORS?

The environment in East Kalimantan has degraded due to extractive industries. The degradation will continue on with the replication of environmental conditions of the capital city, as what had happened to Jakarta. Instead of revitalizing Jakarta's environment, the government will only create environmental destruction in a new location.

As we know, Kalimantan has its own environmental tragedy. **The forest as a living space for animal life had shrunk, pressed on by industries such as timber, mining, and palm oil. On top of the industrial operations, Kalimantan is also plagued with yearly forest and land fires. In the midst of their shrinking habitat, animals are also forced to compete with a new city that would only continue to expand its growth boundaries.**

During his tenure as head of BAPPENAS, Bambang Brodjonegoro confirmed that land price speculation

24 detikFinance. 18 September 2019. Achmad Dwi Afriyadi. <https://finance.detik.com/properti/d-4711795/kepala-bappenas-benarkan-lahan-ibu-kota-baru-dikuasai-sukanto-tanoto>

25 Detik. 22 September 2019. Op cit.

26 Tempo. 14 September 2019. Putri Adityowati. <https://majalah.tempo.co/read/158412/hutan-tanoto-di-ibu-kota>

27 Tempo. 14 September 2019. Op cit.

28 Koran Tempo. 19 September 2019. Bisnis Section : Calon Ibu Kota di Konsesi Tanoto & Ganti Rugi Tegakan Pohon Jadi Opsi Terakhir.

29 Kompas.com. 3 September 2019. Ardhito Ramadhan. <https://nasional.kompas.com/read/2019/09/03/13401871/survei-median-453-persen-responden-tak-setuju-ibu-kota-pindah>.

30 Sidney Morning Herald. 15 September 2109. James Massola, Amilia Rosa dan Karuni Rompies. <https://www.smh.com.au/world/asia/the-tribe-in-the-path-of-indonesia-s-almost-impossible-new-capital-20190912-p52qu9.html>

# SWAPPING SCHEMES AND THEIR POTENTIAL PROBLEMS

If we take a look at the plan for the new capital city, there are a few swapping schemes that could happen. We can recognize the potential problems that entail swapping from looking back to similar cases in the past.

## FOREST AREA SWAPPING

In the context of the plan for a new capital city, the swapping of forest land could happen to locations which are designated as production forests that have not been laden with a permit for land usage. According to the existing regulations, Forest Land Swapping is "the exchange of Permanent Production Forest Land and or Limited Production Forest Land, into Non-Forest Land with the addition of land from Non-Forest Land and or productive Convertible Forest Land into Permanent Forest area. Forest Land swapping is a mechanism regulated by the government through Peraturan Pemerintah No. 104 Tahun 2015. This regulation replaced the former Peraturan Pemerintah No. 60 Tahun 2010 on Procedures on Changing Provisions and Usage of Forest Land. Albeit, the prerequisites for land swapping are as follows:

- Clear placement, extent, and boundaries of the substitute land;
- Located inside the same river flow area, province, or island;
- Can be reforested by conventional means, except for land that came from convertible production forest areas that are still productive;
- Undisputed land which is free from any imposition and liability;
- Has received the gubernatorial consideration on information of substitute land.

The exchange and swapping of forest land has the potential for corruption in the natural resource sector. For example what had happened in the land swapping case in Jonggol, West Java. PT. Bukit Jonggol Asri bribed the Regent of Bogor to issue the recommendation of forest land swapping.

Other cases related to land swapping of forest areas also lead to prolonged social conflict, conflicts that happen in the areas that will cease to be forest land and or in areas that would be exchanged land. One example is one that happened with the land swapping case of PT. Semen Indonesia in Rembang Regency, Central Java. Area used by PT. Semen Indonesia in Rembang used to be forest land. Conflict between the Samin people and PT. Semen Indonesia is still ongoing, even when the people of Rembang had tried all efforts with support from many groups and people. They have even come to face the president in person.

Similar to the people of Rembang, the villagers of Surokonto Wetan, Pageruyung District, Kendal Regency, Central Java had also been criminalized as the outcome of land swapping. The land used by PT. Semen Indonesia includes their farmland, even though their farmland is not included in the permit that the company holds. Nur Aziz, Mujiono, Sutrisno Rusmin, and hundreds of other villagers that work the farmland did not expect that the forest land swapping that PT. Semen Indonesia did will take away the farmland that they had worked on since 1972. Their criminalization started when the farmland they worked was issued as forest land through the ministerial decision SK Menhut No: SK.0321/Menhut-VII/KUH.2014, dated 17 April 2014 as subject to land swap the forest land used by PT. Semen Indonesia in Rembang to make cement.

Two social conflicts with one same cause (land swapping) above shows how the two areas are not clean and clear. Even though in the regulations of the process it is stated that the area used for swapping must not be a disputed area and free from any imposition and liability. But in reality, the above examples show that forest area land swapping prolong conflicts and even create larger conflicts.

Apart from the two examples above, forest land swapping usually happens as a form of responsibility annulment of regulation violations that happen inside the forest land. Even the new government regulations on forest land swapping is clearly made clearly being made for responsibility annulment of the palm oil plantation permits inside of forest land. In PP No. 104 Tahun 2015, article 51 specifically regulates investments indiscretions, such as corporations can opt to let go of or swap forest land. If a plantation exists inside a conservation area or a protected forest area, then they could continue their operations as long as they cycle staple crops. This shows how blunt law enforcement is towards violations that happen inside of the forest area.

## LAND SWAPPING OF IMPOSITIONED AREAS

The analysis on the prediction of the new capital city shows that the designated area of relocation is mostly owned by corporations that hold permits, be it in the forestry, agriculture, or mining sectors. This condition raises many questions on how the land acquisition scheme of impositioned land owned by those corporations.

In 2016 the government issued PP No. 57 Tahun 2016 as well as its derivative regulation which is ministerial decision Permen LHK No. 40 Tahun 2017. The effect of this is the establishment of priority peat restoration areas. Around 2,1 million hectares of land is priority peat restoration land. This includes areas already owned by corporations through permit. For the peat areas that have been impositioned with permit, the government allocates non-impositioned forest land in other locations as a replacement. But, what needs to be paid attention to is the absence of transparency and space for public participation in this policy. Up until now, there is no clarity where the replacement areas are. Openness of information regarding these areas has to be done, minding that the replacement areas will be affected: causing new social conflicts or even deforestation if the replacement areas are still natural forests. Potentials like these can happen in the case of the new capital city, with the many corporations that hold land permits in those areas

## LAND SWAPPING OF AREAS THAT ARE OWNED BY LAND-OWNING PERMIT HOLDERS

In essence, the land swapping of forest land needs to respect the right to land that already exists. Land swapping of areas already used by the people only leads to social conflict. Evictions, uneven compensation, and injustice in the name of development. It is different if the case is land owned by corporations. If we take the example of the regulation on peat land above, it is clear that corporations are privileged. Even, the legal devices are prepared to ensure legal certainty. ■

will not happen, because the new location of the capital city is already state-owned land.<sup>31</sup> He assures that there would be minimal speculation when it comes to land acquisition. The government promises to do a “land freezing”<sup>32</sup> of land prices shortly after the designation of the new capital city to ensure no speculation.<sup>33</sup>

To no surprise, though, the act of land speculation, ones related to the new capital city mega project soared high<sup>34</sup>, some are even openly sold on online buying and selling websites.

Director of Agung Podomoro Land (APLN), Agung Wirajaya, stated that the IKN mega project plan is a blessing for their real estate business. Their own real estate advertisement for Borneo Bay City went viral on the social media because of being ran on the face of Harian Kompas only a day after the announcement of the IKN mega project by the President. “This project is a blessing for us. The mega project plan of moving the capital city to Kutai Kertanegara and Penajam Paser Utara Regencies, which are close to Borneo Bay City, turned out to increase the public’s interest towards our property here,” states Agung.<sup>33</sup>

The government may promise that land speculators will not be able to buy and sell land on the designated location of the new capital city, **but the areas that are allowed to be speculated are the areas surrounding the new capital.** The threat of skyrocketing land prices that will negatively impact the people in purchasing housing is very real and would likely happen.<sup>36</sup>

On the other hand, East Kalimantan governor Isran Noor stated that there will be relocation of affected peoples with an expected lower compensation price due to the land being state-owned in the first place.<sup>37</sup>

In this situation the villagers are susceptible to forced evictions from their own homes. A similar fate would befall on the people living in the designated buffer areas of the new capital city as parties with larger bargaining power and capital gain margins from the buying and selling of land. All the while, many villagers in East Kalimantan may not hold certificates for their land. They live in the forest or in villages hereditarily, with their land being the only home that they have. **Moving, means to force them to start a new life with insufficient amounts of money and resources; and severing their social networks that had sustained them all this time.**

*“This is a close-knit community. They don’t want the big-city mentality. If I don’t have coffee or sugar I just go next door. I’m afraid the capital-city mentality will take over” - Jubaen, Balik tribesmen, East Kalimantan, quoted from SMH.<sup>38</sup>*

## FAUX EXCUSES CREATED FOR THE CAPITAL CITY MEGA PROJECT

The government, by announcing their decision to move the capital city, created many discussions, assumptions, and commotion in the public sphere. But unfortunately, at the same time, they failed to explain the full details of the plan to the public, thus creating confusion. In many news reports, we hear over and over how the government hides behind the lines “still under study,” leading many public figures and organizations to give their opinions based on minimal information.

Through the head of BAPPENAS, the government claims that the new capital will be an ideal city,

with as much as 50 percent of it will be green open spaces, integrated with the natural landscape of rivers and hills. **This forest city concept is mentioned over and over again. But the plan has never been shared with the experts nor environmental activists, meaning it is still very unclear how the government plans on constructing a city dwelling without damaging the local ecosystem. What did happen, was a large scale project in Kalimantan that fragmented the island’s endemic fauna habitat, including the loss of vital corridors for fauna life.**<sup>39</sup>

Here we review a few assumptions that has been circulating in society, relating to the environment, governance, and growth of cities so we could stay alert and oversee this issue of the new capital.

## ENVIRONMENT

### What the Government Said:

Moving the capital city will save Java’s ecology.

### In Reality:

The ecological destruction of Java is caused by the absence of good governance and law enforcement when it comes to environmental destruction. Ecological problems such as forest loss, species extinction, erosion, industrial waste, and mountains of plastic waste can only be eradicated if there is legal compliance. There is no logical relation between environmental protection and moving government offices off to another island. Saving Java’s ecology takes effort, and moving the capital would not cut it. If the government does not have an understanding of this, then **the ecological destruction in Java will only be transported to Kalimantan, which at the moment itself is already pressured by timber, palm oil, and mining operations.**

### What the Government Said:

**Kalimantan is relatively safe from earthquakes.**

### In Reality:

Kalimantan has a history of many disasters including earthquakes and forestfires.

Widjo Kongko, head of Disaster Mitigation of the Indonesian Engineers Union, stated that three sub-districts in the new capital city location in East Kalimantan, with its 40 kilometers of shoreline, face the Makassar Strait with a **potential of smong (big waves) from Sulut Megathrust with a minor to medium tsunami threat.** Non-tectonic smong from landslides also need to be held into account. This makes the detailed study of earthquakes and smong in East Kalimantan coast needs to be done by studying the potential sources of disaster: Sulut Megathrust, Bali Back Arc, and faults or potential undersea landslides in the Makassar Strait.

“Based on the hypothetical study, the potential risk from earthquakes and tsunamis are an effect caused by other regions like Central and Southern Sulawesi,” states Widjo Kongko.

East Kalimantan is not free from earthquakes and tsunamis. On November 20 2009, an earthquake with a magnitude of 4.7 richters hit Paser Regency. The most recent earthquake, on May 20 2019, had a magnitude of 4.1 richters and happened a month before the announcement of the relocation of the capital city.<sup>39</sup> Paser is a regency that borders PPU Regency, the location of the new capital city.

On the other hand, the potential for tsunamis are mainly caused by undersea landslides, there are three fault points which are Maratua Fault, Mangkalahat Fault, and Paternostes Fault, are all potential for tsunami in the Makassar Strait.<sup>41</sup> **But until now, there has not been a detailed study on disaster mitigation in the new capital city in East Kalimantan.**

Deforestation in upstream areas and river sedimentation because of mining activities have made the soil in Kalimantan to degrade and become very dry. This degradation of soil quality can lead up to the point of becoming deserts on the one hand, and to be flood ridden on the other.

Even until now, where we are again faced with haze from forest fires, **the location for the new capital city is already exposed to forest fire haze.** The extent of the fires in East Kalimantan in 2019

31 Kompas.com, 20 Agustus 2019. Yoga Sukmana. <https://money.kompas.com/read/2019/08/20/203200926/jadi-spekulan-tanah-di-lokasi-calon-ibu-kota-baru-pasti-rugi-kenapa->

32 Suara.com. 28 Aug 2019. Fabiola Fabrianti <https://www.suara.com/news/2019/08/28/100041/antisipasi-spekulasi-tanah-di-kaltim-atrbpn-akan-lakukan-land-freezing>

33 CNBC Indonesia.com. 19 September 2019. Monica Wareza <https://www.cnbcindonesia.com/news/20190918102307-4-100244/insider-trading-ri-bakal-larang-pejabat-spekulasi-tanah>

34 Beritagar.id. Muhammad Nur Rochmi. 22 agustus 2019. <https://beritagar.id/artikel/berita/kenapa-samboja-jadi-ajang-spekulasi-jual-beli-tanah>

35 <https://ekonomi.bisnis.com/read/20190902/47/1143351/hasil-promosi-borneo-bay-city-kantongi-rp20-miliar>

36 Tirto.id. Selfie Miftahul Jannah - 30 April 2019. <https://tirto.id/mafia-tanah-dikhawatirkan-kerek-harga-lahan-di-lokasi-ibu-kota-baru-dnpg>  
<https://ekonomi.bisnis.com/read/20190827/47/1141384/pemerintah-perlu-segera-minimalisasi-spekulasi-tanah-di-ibu-kota-baru>

37 Liputan6. Liza Egeham. 26 Agustus 2019. <https://www.liputan6.com/news/read/4047540/gubernur-kaltim-siapkan-pergub-cegah-spekulan-tanah-di-lokasi-ibu-kota-baru>

38 Sidney Morning Herald. 15 September 2109. James Massola, Amilia Rosa dan Karuni Rompies. <https://www.smh.com.au/world/asia/the-tribe-in-the-path-of-indonesia-s-almost-impossible-new-capital-20190912-p52qu9.html>

39 Mohammed Alamgir, Mason Campbell, Sean Sloan, Ali Suhardiman, Jatna Surpiatna and William F. Laurance. 2019. “High-risk infrastructure projects pose imminent threats to forests in Indonesia Borneo.” Scientific Reports, vol. 9, no. 140.

40 Detik.com. Diakses dari <https://news.detik.com/berita/d-4678277/bmkg-ungkap-catatan-sejarah-dan-potensi-gempa-tsunami-di-kaltim>

41 <https://www.kompas.com/tren/read/2019/08/24/155553865/bmkg-ungkap-adanya-3-sesar-sumber-gempa-di-kalimantan-timur?page=all>

reached 6.715 (hectares). As per September 2019, there are 1.106 hot spots.<sup>42</sup> The Regional Disaster Management Agency of Penajam Paser Utara (PPU) Regency, reported that the area in PPU which is designated as the location for the new capital city are areas affected by forest fire haze. The hot spots are in Nenang, Gunung Seteleng, and Lawe-Lawe.<sup>43</sup>

As of September 2019, there are 346 hot spots in West Kalimantan, 281 in Central Kalimantan, and 105 in South Kalimantan. Not only did they get haze blowing in from other provinces, the new location is also a hot spot for forest fires itself. Nurlaila, Head of Logistics Sub-Division at the Regional Disaster Management Agency of Penajam Paser Utara stated that at least 18 hot spots are in her area. The government, through the head of BAPPENAS, realizes this and stated their readiness to prepare a mitigation plan. It seems that the government is forced to take this matter casually, after all Singapore and Malaysia also experience the same passing haze.<sup>44</sup> This argument is odd because our neighboring countries never chose to be in a position where our forest fire haze passes, a problem we fail to handle in years.

## ENERGY

### What the Government Said:

The new capital city *will not* repeat the same energy mistakes as they did in Java. In a speech in front of the plenary meeting during the opening of the People's Representative Council (DPR) session, President Jokowi stated that: "... the new capital city is designed as a smart and green city with a renewable source, independent of fossil fuel..."<sup>45</sup>

### In Reality 1:

Coal power plants are still being constructed in Kalimantan, especially East Kalimantan.

The government claimed that they are committed to renewable energy (EBT), but at the same time also extend their commitment to fossil fuel. The two energy sources contradict each other. It is difficult

for a fair, renewable energy source to be used as the main source of energy if the government continue to give room for unrenrenewable energy projects.

The government continues to side with unrenrenewable energy in the form of coal power, it is proven by the increasing consumption of coal for domestic usage. Every year the domestic market obligation (DMO) increases. In the years 2014, 2015, 2016, 2017, 2018 consecutively the DMOs are as follows: 76 million tons, 86 million tons, 91 million tons, 97 million tons, and 115 million tons.

**There are 2 coal power plants (PLTU) near Balikpapan and Samarinda, not far from the location of the new capital city. In Kalimantan, there are seven plans for construction which are Kalselteng 3, Kalselteng 4, Kalselteng 5, Kaltim 3, Kaltim 5, Kaltim 6; each with a capacity of 200 MW, and also Kaltimra with the capacity of 400 MW.**

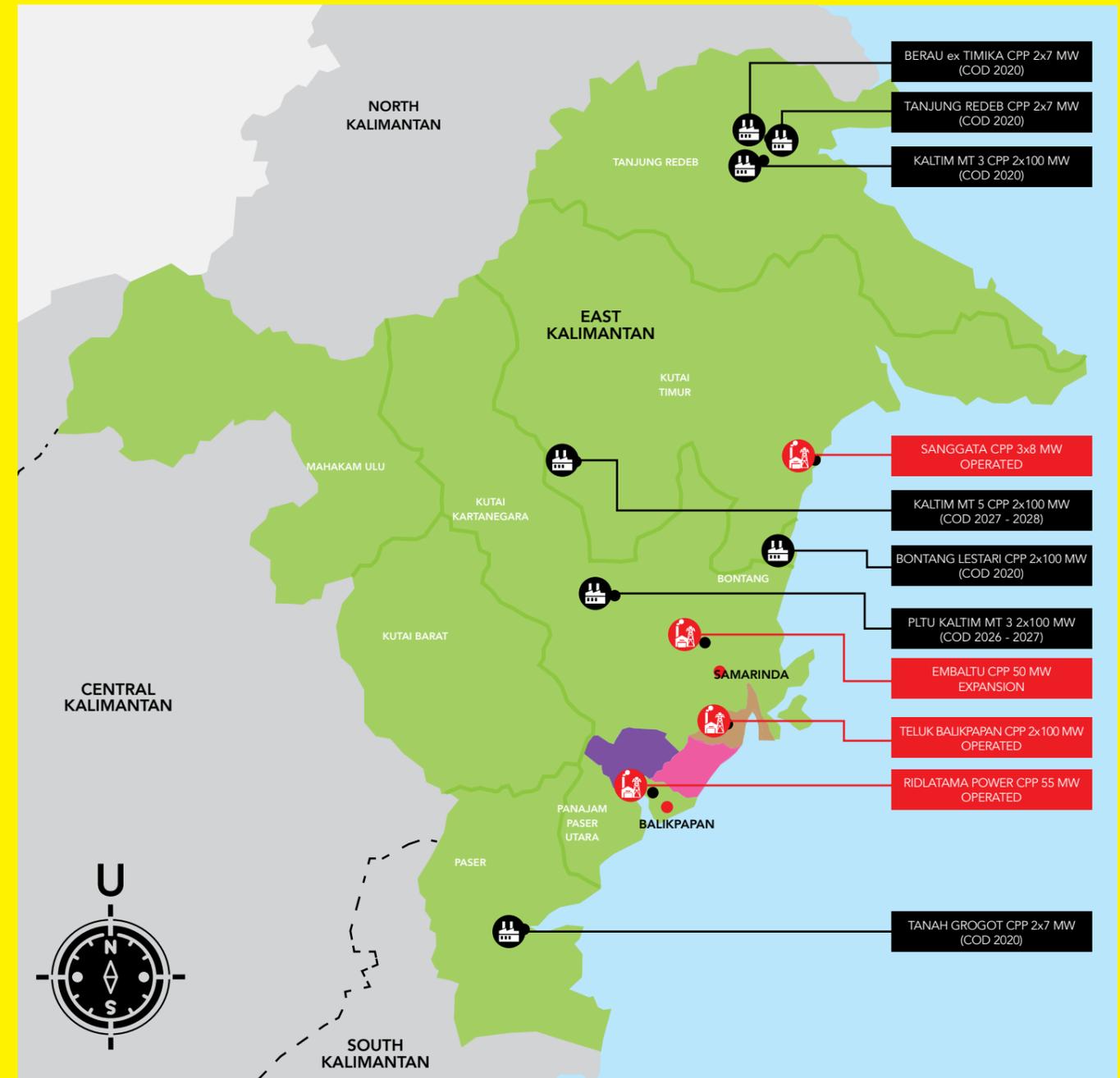
Aside from that, the electricity needed to supply the new capital in East Kalimantan is around 1.555 MW for 1,5 million new inhabitants of the new capital. With the construction planned to be finished in 2024, the erroneous choice is to depend on fossil fuel, in the form of coal, the same cause of pollution for Jakarta.

**Major coal players see this as a chance to reap profit.** Dileep Srivastava, director and corporate secretary of BUMI, stated that East Kalimantan needed more energy after becoming the location of the new capital city. "We can supply coal to the reactors and even build electric generators for them."<sup>46</sup>

The capital city mega project will also benefit the corporation PT. Bumi Resources, Tbk (BUMN), through their subsidiary company PT. Kaltim Prima Coal (KPC) that plans on constructing new power plants, in line with the relocation of the capital city of Indonesia to East Kalimantan. PT. KPC has a coal mine in Sangatta, an area 170 kilometers away from Samarinda, or around 260 kilometers away from the new capital city area.<sup>47</sup>

**Not only PT. KCP,** other corporations which are also benefiting from the move is the power plant

# COAL POWER PLANTS (CPP) MAP IN EAST KALIMANTAN



<sup>42</sup> Data Walhi Kalimantan Timur, tentang titik api di Kalimantan Timur.

<sup>43</sup> Mongabay.co.id, Diakses dari link <https://www.mongabay.co.id/2019/09/24/kebakaran-hutan-dan-lahan-di-kalimantan-timur-nasib-ibu-kota-negara>

<sup>44</sup> Koran Tempo. 19 September 2019. Wilayah Calon Ibu Kota juga Terbakar. Hal. 22

<sup>45</sup> Vivanews. 16 Agustus 2019. Raden Jihad Akbar. <https://www.vivanews.com/bisnis/ekonomi/1723-jokowi-ibu-kota-baru-ri-tak-bergantung-pada-energi-fosil>

<sup>46</sup> <https://www.cnbcindonesia.com/market/20190830162033-17-96031/sambut-ibu-kota-baru-bumi-bangun-pltu-di-kaltim>

<sup>47</sup> CNBCIndonesia.com. Diakses dari <https://www.cnbcindonesia.com/market/20190830162033-17-96031/sambut-ibu-kota-baru-bumi-bangun-pltu-di-kaltim>



### LEGEND

- CITY
- MUARA JAWA
- SAMBOJA
- SEPAKU
- ⋯⋯⋯ PROVINCE BOUNDARIES
- DISTRICT BOUNDARIES



CPPS THAT ALREADY OPERATED



CPPS THAT IS NOT YET OPERATED

company PT. Indo Ridlatama Power. Their 2x17,5 MW capacity reactor is located in Muara Jawa District, Kutai Kartanegara. One of the shareholders is PT. Indonesia Power, a subsidiary of PLN Persero. The construction of the reactor is also problematic. One of which is a strong allegation of corruption of land acquisition, it is indicated that the state loss around Rp 3,7 billion.<sup>48</sup> The company also used bribery in their process of obtaining permits for their AMDAL document, as stated by the court during the trial of Kutai Kartanegara Regent, Rita Widyasari.<sup>49</sup>

#### In Reality 2:

The new capital city is at risk of repeating past problems of air pollution as was in Jakarta.

The government cannot isolate the environmental conditions in the new capital city without paying attention to the energy policies and the environment of Kalimantan itself (and even Indonesia) because the environmental issues travels beyond border of regions and nations. **Haze and air pollution are transboundaries.**

**The new capital city will still be exposed to air pollution from forest fires in Kalimantan and coal power plant pollution that already exist (and ones soon to be in existence) all across Kalimantan.** (see In Reality 1). It is known that coal power plants emit micro-nitrogen oxide (NOx), sulphur dioxide (SO<sub>2</sub>), and even more dangerous PM<sub>2,5</sub>.

PM<sub>2,5</sub> is a fine particle that could spread to wide areas, brought by the wind to many places up to hundreds of kilometers away from the coal power plant.<sup>50</sup> Including to cities and housing complexes, entering the human blood vessels and cause an **increased risk of premature death**, also many other major health problems such as acute respiratory infection, cardiovascular diseases, and heart problems.<sup>51</sup>

**This means that, the reason for the relocation of the capital city to East Kalimantan as a way to avoid air pollution in Jakarta (that is in itself already surrounded by**

**coal power plants/CPP)<sup>52</sup> is not a strong reason at all. In fact, the new capital city will also be affected by air pollution from the existing and already planned new coal power plant from the area surrounding it, and will get even worse as this mega development may trigger even more constructions of CPP in this province to feed the electricity hunger in a misguided way.**

## THREATS TO BALIKPAPAN BAY'S ECOLOGY

The presence of the National Capital will result in **deprivation of the coastal communities and traditional fishermen living space** in two regions namely traditional fishermen of North Penajam Paser (Penajam Paser Utara/PPU) Regency and the traditional fishermen of the City of Balikpapan. There are more than 10 thousand<sup>53</sup> fishermen who depend their lives on marine and fisheries resources, especially in Balikpapan Bay.

**Balikpapan Bay's upstream is included in the National Capital or the ring two territory which threaten the existence of mangrove ecosystems.**

The mangrove ecosystem spread along for 17 km from the West Balikpapan Sub-District to the coast of bay in the Penajam Sub-District. In total, the area of mangrove forest reaches 12.418, 75 hectares<sup>55</sup> which spread from the Somber watershed territory (Daerah Aliran Sungai/DAS) that located in the administrative region of Balikpapan City that surrounds ecosystem body of Balikpapan Bay, and then stretched to Riko watershed territory in the administrative region of North Penajam Paser Regency.

48 Diakses dari <https://eksplorasi.id/pt-indo-ridlatama-diduga-lakukan-korupsi-pembebasan-lahan-pltu-muara-jawa/7957>

49 Salinan tuntutan Komisi Pemberantasan Korupsi terhadap Bupati Kukar Rita Widyasari.

50 Greenpeace SEA Indonesia. Airpocalypse - Bukanlah masa depan yang kita inginkan. 7 Agustus 2016

51 Greenpeace SEA Indonesia. Laporan : Pembunuhan senyap di Jakarta. October 2017

52 Greenpeace SEA Indonesia. Oct 2017. Op. Cit.

53 Koalisi Rakyat Untuk Keadilan Perikanan (KIARA), 2019

54 FWI findings, 2018

## THE STORY OF EXTINCTION IN THE NEW CAPITAL

### KALIMANTAN ORANGUTAN (ENDEMIC FAUNA)



Orangutans are the only large primate that live in Asia. Now, 90% of orangutans only exist in Indonesia (Sumatra and Kalimantan), while the rest are in Sabah and Serawak, Malaysia.

There are three species of orangutan: Sumatran orangutan, Kalimantan orangutan, and Tapanuli orangutan. All three of them are given the near extinction status by the International Union for Conservation of Nature (IUCN). It is estimated that there are 139 orangutans left in Borneo Orangutan Survival (BOS) Samboja Lestari, East Kalimantan.

Kalimantan Orangutan are grouped by three sub-species which are Pongo pygmaeus pygmaeus (spread from north of Kapuas river to north east Sarawak); Pongo pygmaeus wurmbii (spread from south of Kapuas river to western Barito river); and Pongo pygmaeus morio (spread from Sabah to south of Mahakam river, East Kalimantan).

### BEKANTAN (ONLY EXISTS IN KALIMANTAN)



Its latin name is Nasalis larvatus, but to the locals they are called "dutch monkeys" because of their elongated noses. This endemic fauna of Kalimantan live in mangrove ecosystems such as Balikpapan Bay. Habitat conversion, hunting, forest fires, and illegal logging pushed the bekantan to the brink of endangerment. According to Agus, head of Kelompok Pengelola Mangrove Center Graha Indah Balikpapan, as of 2018, only 300 bekantan remain.

The Bekantan eat fruit, flowers, tree bark, insects, and crabs. Bekantans are animals that like to eat the young leaves of the mangrove tree. Because of that, the existence of mangrove is critical to their survival.

Bekantan is a fauna protected by law through Undang-Undang Nomor 5 Tahun 1990 tentang Konservasi Sumber Daya Alam Hayati dan Ekosistemnya (law on the conservation of natural resources and their ecosystem). This animal is listed in CITES Appendix I, meaning that it is illegal to buy and sell them. IUCN lists them as endangered.



### DOLPHINS AND OIL SPILLS

In March 2018, around 400 barrels of crude oil from Pertamina spilled in Balikpapan Bay. The Ministry of Environment and Forestry states that the spill threatens the protected Mahakam Dolphin and Bekantan.

Minister of Environment and Forestry, Siti Nurbaya, in a meeting with the VIIth Commission on March 16th 2018: "Satellite image analysis results, we sampled the water quality in fifteen spots. Mahakam Dolphins and Bekantans are endangered. This is because of the oil spill." [1]

The Mahakam Dolphin is a species of endangered fresh water dolphin. Until April 2019, at least for of them are found dead [2]. The busy activities of barges that carry coal on the rivers has disturbed their habitat. With the rising activities in the Balikpapan Bay, be it for the construction of the new capital city or for projects afterwards, the fate of this endangered species is certainly unsafe.

[1] BBC Indonesia/4April2018

[2] Mongabay.co.id/1Nov2019

### INDIGENOUS PEOPLE



The indigenous people of North Penajam Paser Regency, the Balik tribe, inhabits the first ring (the central core of the new capital city, where the central government will be). There are around 150 Balik families that live in the Pemaluan Village. In the past, the Balik people prospered with their abundant food sources.

The first impactful event that changed their way of life started to in the 1960s when timber corporations entered East Kalimantan. The lives of the Balik became harder and harsher. Some chose to move, and those that stayed were forced to change their habits because of their dependence on new forms of food.

And slowly they started to lose some of their traditional ceremonies due to the loss of connection to nature. Same goes for their collective way of life, one which has been passed down for generations, it too had been replaced by modern day individualism.

The relocation of the capital city, coupled with the massive migration of its employees, to the villages of Paser will become the second impactful event that hit the indigenous people of Paser.

# WORSENING WATER SOURCE CRISIS AND THREATENING THE PROTECTED TERRITORY AND CONSERVATION OF BALIKPAPAN BAY

Photo: ©JATAM Nasional & JATAM Kaltim

The location that chosen for the new National Capital is a strategic area and supporting sources of the water needs in 5 regions at once, namely; Balikpapan, North Panajam Paser, Coastal area of Kutai Kartanegara especially Samboja Sub-District, Muara Jawa and Loa Kulu Sub-District, and then the City of Samarinda, especially its Southern territory.

The location of the new capital is located right between the conservation forest of People's Forest Park of Bukit Suharto, Wain River Protection Forest, and Manggar Protection Forest will threaten the sustainability of the water resources in that 5 regions.

Even at current situation, City of Balikpapan is often faced clean and drinking water crisis. Every year, Balikpapan experiences the water crisis.<sup>55</sup> Even though 52 % of the city has already been appointed as a Protection Forest area, still, people of Balikpapan are experiencing water crisis issues.

Not only creating the water crisis, the National Capital is also located in the mangrove ecosystem region of Balikpapan Bay. The efforts to protect the mangrove ecosystem of Balikpapan Bay arose as a response from the community against the massive conversion of mangroves region in the coastal area of Balikpapan at that time. There a lots of port development which later transformed the Balikpapan coastline into industrial ports to support the activities from the mining sector, oil palm plantation, cement industries, even electric generators (powered by steam). The project will instantly changed

the environment which was originally filled with mangroves that functioned as a fishing ground area for fishermen, become an industrial ship's berth. The people of North Penajam Paser District are the most affected. Most of them who live in the coastal area are fishermen who adopt *one day fishing system* which then grows the mangrove ecosystem monitoring movement to stop the destruction. There are some efforts that in process for the conservation of Balikpapan Bay<sup>56</sup>, which are :

- 2011  
RASI Study with Provincial Maritime and Fisheries Service (Dinas Kelautan dan Perikanan Provinsi), The Balikpapan Bay is proposed to be a conservation
- 2015  
RASI Foundation recommendation – Division of Conservation Areas into 4 zones in the Balikpapan Bay (3 Districts/cities, which are North Penajam Paser, City of Balikpapan, and Kutai Kartanegara)
- 2017  
The Proposal of CSO Coalition, Balikpapan Bay as Conservation
- 2019  
Letter of Recommendation from Balikpapan Mayor to the East Kalimantan Governor, Balikpapan Bay as Conservation Area
- 2019  
Letter of Recommendation from Emil Salim to the East Kalimantan Governor, Balikpapan Bay as Conservation Area

- 2019  
Identification and inventoring of DLH, BKSDA, BPEE KLHK, part of Balikpapan Bay proposed to be the Region of Essence Ecosystem<sup>57</sup>
- 2019  
Expert from KLHK Hani Hadiati, recommend Balikpapan Bay as Social Forestry<sup>58</sup>

Ring one of National Capital development plan is located right in the primary mangrove ecosystem that has been proposed and recommended as a conservation or community protected area. We also must remember that the development and activities that will damage the ecosystem are a violation of Presidential Regulation No. 73 of 2012 concerning the National Strategy for Mangrove Ecosystem Management. The direction of the policy is crystal clear, which are increasing the status function of mangrove ecosystem into protection, controlling conversions that are based on sustainability principles, and the mangrove ecosystem must be managed community-based.

In addition, the results of 2018 FWI analysis that conducted in Balikpapan Bay to see the Flood Hazard Index (Index Bahaya Banjir) and Flood Vulnerability Index (Indeks Kerentanan Banjir) on the coastal area of Balikpapan Bay, East Kalimantan Province. The result for the Flood Hazard Index is 0,75, mostly located in the Balikpapan Bay upstream area, which will be a location for ring one of National Capital. That Flood Hazard Index

value is categorized into a high flood hazard zone, for plantation space, permanent production forest, conversion production forest, settlement, fishery area, industry area and food and horticultural area.<sup>59</sup> The Flood Hazard Index is a value of probability of a flood that based on the high frequency of flood in the past. Therefore, the National Capital development plan that will be built around the Balikpapan Bay's coastal area is in fact, a location that faced the flood hazard based on the past which is often exposed to high floods.<sup>60</sup>

Meanwhile, Flood Vulnerability Index values are in the range of 0,25 to 0,75 which are spread along the Balikpapan Bay's coastal area. Which are located on the location that planned for plantation area, fishery area, limited production forest, conversion production forest, and industrial area.<sup>61</sup> Which means that the Balikpapan Bay's coastal area has become prone to flood.<sup>62</sup>

The results of the analysis between the Flood Hazard Index and the Flood Vulnerability Index with the map of regional spatial plan of East Kalimantan shows that Balikpapan Bay is included in the area that is most likely to get flooded. It is very unfortunate if the National capital will be built on mangrove ecosystem in Balikpapan Bay. While the mangrove ecosystem itself has ecological functions as a protector from the danger of floods and tidal waves. Spatial planning and currently development plans, in fact, plunged themselves into the "abyss" of destruction. ■

55 <https://regional.kompas.com/read/2016/03/17/22410071/Krisis.Air.Bersih.Wali.Kota.Balikpapan.Mengaku.Dimarahi.Warga?page=all>  
<https://kalimantan.bisnis.com/read/20190918/407/1149915/krisis-air-warga-balikpapan-mulai-beli-air-tandon>  
<https://www.tribunnews.com/regional/2019/09/17/balikpapan-terancam-krisis-air-bersih-air-baku-hanya-cukup-tiga-bulan>  
<https://nasional.tempo.co/read/619426/krisis-air-bersih-layanan-pdam-balikpapan-digilir/full&view=ok>

56 FWI. 2019. Status Dan Strategi Penyelamatan Ekosistem Mangrove Indonesia Studi Kasus: Ekosistem Mangrove Di Teluk Balikpapan Kalimantan Timur. Bogor: FWI.

57 Dalam FGD Pengusulan KEE Mangrove Kota Balikpapan pada tanggal 02 Oktober 2019

58 Disampaikan saat "FGD Pengusulan KEE Mangrove Kota Balikpapan pada tanggal 02 Oktober 2019"

59 Nomenklatur sesuai pada Perda RTRW Provinsi Kalimantan Timur Tahun 2016

60 FWI. 2019. Status Dan Strategi Penyelamatan Ekosistem Mangrove Indonesia Studi Kasus: Ekosistem Mangrove Di Teluk Balikpapan Kalimantan Timur. Bogor: FWI.

61 Nomenklatur sesuai pada Perda RTRW Provinsi Kalimantan Timur Tahun 2016

62 FWI. 2019. Status Dan Strategi Penyelamatan Ekosistem Mangrove Indonesia Studi Kasus: Ekosistem Mangrove Di Teluk Balikpapan Kalimantan Timur. Bogor: FWI.

The benefit functions of the mangroves for the nature and habitat around it and for the economy of the community in Balikpapan Bay include its important roles for the fisheries sector, food sources sector and as the center for the growth of many various species of fishes, shrimps and crabs. Furthermore, mangrove leaves dropping is one of the largest feed supplies in the food chain of the coastal ecosystem. Moreover, mangrove also give some kind of protection for the coastal area from the erosion, sedimentation and storms even tsunamis.

## THE NEW NATIONAL CAPITAL – WHERE DOES THE MONEY COME FROM ?

President Jokowi revealed that the total funds needed to build a new National Capital is Rp466 trillion. The big question that debated in many various media is where does the money come from?

In May 2019, Head of BAPPENAS, Bambang P.S. Brodjonegoro stated that the financing portion will be divided into three portions. There are, financing with government funds through the national budget (APBN) of Rp30,6 trillion, financing with BUMN through KPBU of Rp340,6 trillion and financing from private sector through the Utilization Cooperation (Kerjasama Pemanfaatan/KSP) scheme of Rp95

trillion. Bambang explained, the amounts of funds through APBN is classified as not too high and it is not the budget for a year, but divided for 5 years.<sup>63</sup>

There are quite a lot of criticisms that were raised by experts related to a piece of information that stated by BAPPENAS about the financing plan. First, the demands for further transparency, where does the money for build the new National Capital come from. The explanation by the government, by far is still too general, which is the combination of financing from **APBN (State budget), BUMN (State-owned enterprise/SOE), KPBU and Private sectors.**<sup>64</sup>

Is it true that the financing from APBN will be able to pay accordance with its portion, when we're still remember the chaotic BPJS debt case to health facilities which is tough to settle<sup>65,66</sup>. It is seems that the government prefer to increase the BPJS contributions to 100 % to covering up the deficit in 2020 of Rp44 trillion, but at the same time the government will spend Rp89 trillion for the new National Capital project. This shows the government is more concerned with the new National Capital project than the citizen health needs.

Is it true that our BUMN are free to invest, if at the same time we hear that there are many difficulties they're facing to finance their current operations? **Indonesia's BUMN foreign debt is alarming, which is reached USD 52,8 billion and already has an impact on contingency risk or uncertainty of the country.**<sup>67</sup> Among of the BUMN that experiencing

63 Head of Bappenas : The following is the new Capital Budget scheme for the financing for new National Capital APBN (Rp93,5 Trillion) for: - Basic Service Infrastructure – Construction of the National Palace and Strategic Buildings of the TNI / Polri- Construction of the official residence for ASN/TNI/Polri – Land Acquisition – Green Open Space – Military Base// KPBU (Rp265,2 Triliun) for : - Executives, Legislatives, and Judiciary Building – The Construction of the Main Infrastructure (other than those already covered by the APBN) – Educational and Health Facilities – Museums and Correctional Institutions – Supporting Facilities and Infrastructures// Private Sector (Rp127,3 Trillion) for: - Public Housing – University Construction - Science-technopark – Improving the Airports, Ports, and Toll Road – Health Facility - Shopping mall - <https://tirto.id/skema-pembiayaan-ibu-kota-baru-dari-apbn-kpbu-hingga-swasta-eg93>

Head of Bappenas : The estimated amount of the founding in the scenario one will cost Rp 466 trillion or USD 33 million. An area of 40 thousand hectares is needed if the population reaches 1.5 million which are consisting of all state civil servants that working in ministries and institutions, on the legislative and judiciary level as well as economic actors and the Police and Military personnel that participate in the migration to the new National Capital. With the population of 1,5 million, which government will need 5 % for land, 15 % for economy, 20 % for infrastructures circulation, 40 % for settlements and 20 % for green open space. Meanwhile, for the scenario two with the smaller needed land, which is 30.000 hectares, it is already calculated that it will cost Rp 323 trillion or USD 23 million. For the scenario two, the number of people who will participate in the migration are 870.000 people that include ministries and legislative - judiciary rank institutions state civil servants, Police and military personnel, and economic actors. - <https://www.liputan6.com/bisnis/read/3953739/tak-andalkan-apbn-ini-sumber-dana-mega-proyek-ibu-kota>

64 Kementerian Perencanaan Pembangunan Nasional/Kepala Bappenas. Dialog Nasional II : 26 Juni 2019. Dampak ekonomi dan skema pembiayaan pemindahan ibu kota negara.

65 Grid Health. Gazali Sholahuddin. 17 Juli 2019. <https://health.grid.id/read/351788148/bpjs-mempunyai-hutang-65-triliun-kepada-rumah-sakit-pihak-rs-sesak-napas-bayar-pegawai-juga-obat-dan-lainnya?page=all>

66 Kompas. 16 April 2019. Akhdi Martin Pratama. <https://money.kompas.com/read/2019/04/16/164049326/bpjs-kesehatan-bayar-utang-rp-11-triliun-ke-rumah-sakit>

67 Menurut lembaga riset dan rating Moody

liquidity difficulties that are large-scaled and active in the construction and steel industries are Waskita, Krakatau Steel, Adhi Karya.<sup>68</sup> World Bank estimated that BUMN are unable to maintain Jokowi's long-term infrastructures, for example is PT. Waskita Karya (Persero)'s debt in 2017 doubled from the same period of the previous year due to buying too much of toll concessions.<sup>69</sup>

And afterwards, will the local private sectors be willing to invest in a city that must be built from scratch? We must remember that the cost of building the suburban areas that were originally already alive, such as Jabodetabek, will be much more cheaper than the city that built from the scratch, which are related to the cost of bringing in the raw materials, up to the calculation of *profit returns*. Of course, this kind of matters are really taken into consideration by our local private sectors.

## BY ALL MEANS : SALE OF THE STATE ASSETS AND LAND

The Ministry of Finance is exploring the sources of APBN that are able to realize the new National Capital. It is planned that the sources from the APBN will not exceed 19 % of the total cost.<sup>70</sup> Even for that percentage, our country seems to must start mortgaging its property, through the management of State Property (Barang Milik negara/BMN) which in this case is the sale and leasing of state assets<sup>71</sup>, and joint venture/cooperation schemes. The Directorate General of State Assets (Direktorat Jenderal Kekayaan Negara/DJKN) recorded that the state assets in DKI Jakarta is Rp1,123 trillion, which was linked to the discourses of overturning the state assets to build the new National Capital.<sup>72</sup> Including the Sudirman, Thamrin and SCBD golden areas.

BAPPENAS and BCA have conducted a valuation of 3 km part of that golden area for Rp150 trillion that was obtained by leasing, selling and using it commercially for the new National Capital build cost.

Precautionary principle must be emphasized here. **The state's land assets in DKI Jakarta which are to be "overturned"**, is already widely discussed in the media, **including those in the premium and strategic areas.** Furthermore, there are historical values in some of those government building or the state assets. All of the consequences, including legal aspects and the sense of justice for the next generation must be considered. Some parties suggest to avoiding the selling options and choosing the options of management by BUMN.<sup>73</sup> All of the opinions must be heard and hold in consideration. There are many tasks and consultations that government needs to do.

**"For example, we sell just for Rp2 million per meter, and we already get Rp600 trillion," Jokowi, said.**<sup>74</sup>

Not only selling the state assets in Jakarta, Presiden Jokowi proposed to sell 30.000 hectares out of 180.000 hectares of the state's land that allocated for the National Capital area. According to Jokowi, by setting the price only for Rp2 million per meter, government could get Rp 600 trillion to finance the mega project of National Capital's relocation. This strange idea shows us that the government itself has justified all means for the new National Capital project.

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## FINANCING THE NEW NATIONAL CAPITAL WITH FOREIGN INVESTMENT

When the idea was initially introduced, the government hadn't mentioned much about foreign investment in the context of building the new National Capital. However, in August - September 2019, after the heat of election period ended, the tone seems to shift that the government no longer shy away from the topic of foreign investment.

In September 2019<sup>75</sup>, the Coordinating Minister for Maritime Affairs, Luhut Binsar Pandjaitan, said that **China is interested to invest** in the public transportation sector for the new National Capital. He said that after the meeting with the China Railways Construction Corporation (CRCC) in his office. Though the next day<sup>76</sup>, Luhut Binsar Pandjaitan revised his statement by saying that the construction of the New National Capital will not involving China for the financing. That he believes that domestic funding sources are still sufficient to finance the construction of the new National Capital.

However, this does not seem to be the end of conversation about foreign investment in the new National Capital. Even though the previous Minister of National Development Planning (Menteri Perencanaan Pembangunan Nasional/PPN)/Head of BAPPENAS Bambang Brodjonegoro emphasized that the government will prioritize the domestic funding for the project. But, **the government is open to foreign investment financing in the new National Capital development project**. Foreign investors who wants to join will be directed to form joint ventures, collaborating with local private companies and the BUMN. This statement was

welcomed by Indonesian BUMN, one of which was PT. Wika Karya (Persero) which stated that they were used to cooperating with Japan, Korea and China.<sup>77</sup>

## CAPITAL CITY RELOCATION IN OTHER COUNTRIES

Worldwide, there were already several capital city relocations in some countries. Learning from that history, some cities were chosen to spur economic growth in that region, and some cities were selected because considered neutral from conflicts. In the previous sections, we emphasized some issues that are important to note related to the ongoing environmental and social crisis that can be worsened because of this mega project. In this section, we highlight some lesson learned from similar megaprojects in other countries:

- Capital city relocation is a mega project worth US\$32.7 billion.<sup>78</sup> Our government still hopes APBN can cover that amount, 466 trillion rupiahs (BUMN, KPBU, and private sector) (see "New Capital City, Whose Money it Will Be?). According to a research<sup>79</sup> about similar mega projects in the world, **9 out of 10 mega projects in the end experience over-budget**. The cause was varied, include demand miscalculation of transportation infrastructure so that the government must cover the remaining losses.
- In its public and media expose, the Indonesia government tries to convince the people by giving examples of **Putrajaya (Malaysia)**<sup>80</sup> and **Brasilia (Brazil)**<sup>81</sup> as success stories of new capital city transfer that can be done less than

five years. Those examples made President Jokowi feel optimistic that in 2024, at the end of his administration, as a phase one: all executive function already been moved to the new capital city. Followed by phase two: development of other facilities such as stations, university, and non-governmental offices or high institutions.<sup>82</sup>

- However, the government and public must realize resource consequences and hard efforts that must be done to ensure the local community and environment are protected, in the middle of this **rush, new capital city desire. It is worrying that in the implementation, all focus will only be to meet the "2024 deadline" so that the government promises to respect the environment and local community, mentioned in the state speech and press conference, in reality, will not happen.**

**In the case of Putrajaya, Malaysia relocation**, in 1993, Mahathir obtained Malaysian Parliament approval to move the central government (administrative). But Kuala Lumpur remains the capital city, Malaysia **was only 'moved' central administrative government** to Putrajaya, less than **60 kilometers** from Kuala Lumpur (25 km south of Kuala Lumpur, 50 km from KL International Airport. Built since 1994 at the cost of around **85 trillion rupiahs**,<sup>83</sup> Putrajaya officially functioned as Malaysia's central government in 1999.

From three aspects above: the scale of activity, location distance, and timeline, Putrajaya is not an apple to apple example with Indonesia's new capital city plan, because it was still within one island and moved less than 60 km. On the contrary, Indonesia's new capital city plan is an inter-city scale, so Putrajaya's example is not relevant.

**While on the case of Brazil capital city movement, Brasilia**, in 1956, the process of moving the capital city from Rio De Janeiro to Brasilia, begun. Spoke in an event, Head of Indonesia BAPPENAS<sup>84</sup> (at that time) explained, "it took less than five years to build a city from scratch to functioning and operating capital city." At that time, Brazilian President Juscelino Kubitschek saw extraordinary equality between the community who live in coastal areas and the population who live in the Amazon River area. **At a glance, it is similar to Indonesia's new capital city plan. However, after 50 years, what happened to Brasilia?**

The new capital also caused many problems, among them, are development and welfare gap. Brasilia couldn't address the demographic growth issue. Poor people had to moved to suburban areas/buffer cities because they couldn't afford to buy a house in the new city. People who live inside the city were government workers, now considered as the elite. The United Nations mentioned Brasilia as **the city with the highest gap in the world**.<sup>85</sup> ■

## RECOMMENDATION/ CALL:

1. Revoke the decision and cancel the new capital city relocation plan, prioritize APBN for fulfilling fundamental rights of the people.
2. Restore and solve the social-ecological crisis in Jakarta and East Kalimantan.

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