

## Mining Affairs in The Hand of Local Government: A Case Study of People's Mining in Muara Enim Regency, Indonesia)

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### Abstract

This study aimed to describe case study of people's mining in Muara Enim Regency, South Sumatera, Indonesia. This was a case study research with descriptive method to explain the decentralization in mining affair located in Muara Enim regency. Data were collected from resources in the form of documents, archives, and phenomena whilst secondary data were collected from academic articles, Youtube, and online news. The positive impact of decentralization in people's mining in Muara Enim Regency can be seen in economical aspect. Whereas the negative impact of decentralization in people's mining are wider in three aspects, namely social, environmental, and human safety aspects. Government revisiting the mining regulations is needed to avoid further conflicts. Research on the key parameter on why a nation should do decentralization is still debated. The implementation of asymmetric decentralization in Indonesia since the new order era until after reform era brings an impact on how the quality of local governance may affect the result. While research on asymmetric decentralization has developed very significantly, only limited attention has been paid to the determinants of success, especially the role governance plays.

**Keywords:** Consequence, decentralization, mining affairs, Indonesia,

### INTRODUCTION

Greater field decision rights are, however, associated with differential project performance. Success of decentralization experience in the world can be found in several studies related to fiscally, politically and administratively success. The implication of the cross-cutting influence of the broader of decentralization has brought an impact to several countries such as China [1]. Understanding the evolution and current state of a nation's decentralization process is essential to understand. Although implementation of the final stage of decentralization was very rapid, it was in fact the culmination of a gradual process that permitted development of many of the conditions necessary for success [2].

Despite of rapid development in decentralization, failure of decentralization experience in the world are also numerous. The failure cases can be found in previous studies regarding fiscal, political and administrative aspect. The Croatian "decentralization package" from mid-2001 has shown how multiple pressures for shifting power to the local level may actually result in relative failure. The central government has ceded the control in particular policy sectors

[3]. However, success depends heavily on careful planning and implementation. The most successful cases seem to be those in which the programs of decentralization were small in scope, were given adequate time to prove themselves, were centred around specific financial [4]. South Africa's energy transition has stalled on two related fronts: its rollout of renewable energy (RE) sources has suffered interruptions and delays, proceeding too slowly; and its extension of reliable and affordable electricity has been hampered by both irregularities of fiscal crisis and intra-regime schism [5].

The concept of decentralization can be divided into 3 major parts, namely: political decentralization, administrative decentralization and fiscal decentralization [6]. The three of them are closely related to one another, and should be implemented together, so that various regional autonomy objectives, such as improving the quality of public services, are not neglected. Factors of success and failure of decentralization identification are seen as influencing the implementation of decentralization and free autonomy policies, namely: environmental conditions; inter-organizational relationship;

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available resources; and characteristic of implementing agencies [4], [7]. The significance of the influence relationship between one variable and another in influencing the implementation of regional autonomy varies greatly from one situation to another.

Environmental conditions include factors such as the national political structure, the policy formulation process, political infrastructure, and various organizations of interest, as well as the availability of physical facilities and infrastructure [6], [8]. The inter-organizational relationships factor views that the successful implementation of regional autonomy requires interaction from and coordination with a number of organizations at every level of government, among interested groups. The resources for program implementation factor are a conducive environmental condition in the sense that it can provide wider discretion to local governments, and effective inter-organizational relationships are essential for the implementation of regional autonomy [9]. The characteristic factor of implementing agencies, is prioritized on the ability of the implementers in the field of managerial and political technical skills, the ability to plan, coordinate, control and integrate every decision, both from sub-organizational sub-units, as well as support from national political institutions and other central government officials [2], [10].

In the theory of state finance, there is a principle that should animate the implementation of decentralization, namely finance should follow function. This principle is approximately meaningful, there needs to be clarity regarding the functions / authorities of the government first before the financial sources for financing these functions are submitted. Related to the above points, Law no. 22/1999 must be clear first, then followed by Law no. 25/1999 as a logical consequence [11]. In other words, the distribution of authority between the central and regional governments is regulated by Law no. 22/1999 and the supporting regulations must be clear and complete in terms of boundaries so that the determination of the amount of funds or sources of financing for the implementation of these tasks / authorities can be carried out properly. Decentralization tends to create a distribution of opportunities for corruption; second, that Indonesia as a unitary state should not only be read as a proposal for the unity of Indonesia, but also understood as a good intention to restore domination by the central government; third, the moratorium policy for regional expansion is

inconsistent and tends to be “politics as usual”; lastly, that the main idea behind the policies of decentralization and regional autonomy is to improve public services and democratize at the local level, but apparently it does not match the reality [12].

The results of empirical studies conducted by the World Bank and IMF show that the success of decentralization has increased the efficiency and effectiveness of public sector services, and has succeeded in accommodating the pressure from political forces. On the other hand, the failure of decentralization has threatened economic and political stability and disrupted the provision of public services [8]. Decentralization in Indonesia is an incomplete reform and to date its implementation has not been maximal or successful. The essence of decentralization is “internalizing costs and benefits” for people and to bring government closer to its people. That is the most important essence of a jargon of “decentralization.” However, the implementation of decentralization in Indonesia is still far from this expectation. This is shown from decentralization which only benefits local elites and rulers, decentralization is a neoliberal octopus, decentralization of public services that lacks character, decentralization without institutional efficiency, decentralization fosters corruption in the regions and pseudo fiscal decentralization.

Decentralization experience in Indonesia, especially in mining, are divided in new order era, reform era, and recentralization in mining. Table 1 shows the comparative law and aspect of decentralization experience in Indonesia.

Table 1. Comparative Law and Aspect of Decentralization Experience in Indonesia

New order	Reform era	Re-centralization in mining
Law no 1 of 1967	Law no 22 of 2009	Law no 23 of 2014
Law no 11 of 1967 (Mining)	Law no 4 of 2009 (Mineral and Coal)	Law no 3 of 2020 (mining)
Implication in administratively, political and administrative	Implication in administratively, political and administrative	Implication in administratively, political and administrative

The implementation of asymmetric decentralization in Indonesia and how the quality of local governance may affect the result. While research on asymmetric decentralization has developed very significantly, only limited attention has been paid to the determinants of success, especially the role governance plays [13]. Under Law no. 32 of 2004 concerning Regional

Government, it has been stipulated that apart from the 6 (six) government affairs which are the affairs of the central government, the regional government has the authority to carry out the affairs which fall under its authority [14]. The six matters are; foreign policy, defence, security, justice, national monetary and fiscal, and religion. Apart from these six functions, functions including mining, energy and mineral resources become decentralized functions.

A number of mining businesses have many problems in terms of licensing, causing environmental damage, triggering border conflicts between regions, conflicts between communities around the mine and mining investors and the local government, and frequent human rights violations against community groups who are against mining businesses. Findings from the Ministry of Energy and Mineral Resources (ESDM) indicate that at least 10,000 mining permits were issued in early 2012 by local governments. However, of the total number, it is estimated that there are 5,000 problematic mining permits. In addition to discovering problematic mining permits, fake mining permits were also found. In addition, there were also many cases of overlapping mining licenses and practices without permits (crates).

From the perspective of private companies, to obtain permits, many mining companies influence the Regent to obtain permits. Mining permits are the object of transactions between regents and entrepreneurs. Regional expansion that is rife in various regions often triggers conflict, especially if the border area has natural resource potential. In South Sumatra Province, seven districts / cities have disputed over mining permits, namely Muara Enim Regency, Lahat Regency, OKU Regency, Musi Banyu Asin Regency, Musi Rawas Regency, Banyuasin Regency, and Ogan Ilir Regency. This study aimed to decentralization consequence in mining affair. This study focused on case study of people's mining in Muara Enim regency, South Sumatera, Indonesia.

#### **RESEARCH METHOD**

This study used case study with descriptive method to explain the decentralization in mining affair located in Muara Enim regency. A case study is an empirical inquiry that investigates phenomena in the context of real life, whenever; the boundaries between phenomena and contexts are not clearly visible and where: multiple sources of evidence are utilized [15]. The main characteristics of case studies are: (1) focus

on one or several cases, studied in a real-life context; (2) explain the causal relationship; (3) theory development in the research design phase; (4) depending on various sources of evidence; and (5) generalizing the theory. The research was located in Muara Enim Regency, South Sumatera, Indonesia. We focused the research on the impact of people's mining through economy, social, environmental and human safety aspects. Data collection methods were interview, observation, and documentation. Primary data were collected from resources in the form of documents, archives, and phenomena. Secondary data were collected from academic articles, Youtube, and online news.

#### **RESULTS AND DISCUSSION**

UU no. 32/2004 concerning Regional Government has decentralized the affairs of Mining, Energy and Mineral Resources to the Regions, but the spirit of decentralization in the mining sector is not in sync with the regulation regarding mining because the law used still refers to Law no. 11 of 1967 concerning Basic Provisions for Mining [14]. Since the reformation began, the mining sector has not received clear regulatory guidelines. It was only in 2009 that Law no. 4 of 2009 concerning Mining, Mineral and Coal. Meanwhile, the Government Regulation (PP) which was ordered to be formed by Law No.4 / 2009 only came out in 2010, namely PP. 22 of 2010 concerning Mining Areas, and PP. 23 of 2010 concerning the Implementation of Mineral and Coal Mining Business Activities [12]. The absence of mining-related regulations from the beginning of the 1998 reforms until the issuance of the mining law in 2009 has been exploited by mining producing regions to provide mining business permits without guidance from the central government. Mining operations in the regions that are carried out freely in the regions without close supervision by the Central Government have resulted in environmental damage and triggered conflicts between residents around the mine and mining investors [16]. Meanwhile, the public in mining areas do not feel any improvement / increase in welfare. The lack of transparency regarding regional budgets means that the public does not have clear information on how much the regions benefit from the mining sector and where these profits are spent.

Table 2. Decentralization Consequences in People's Mining Affair

Economic (Positive)	Social (Negative)	Environmental (Negative)	Human Safety (Negative)
	Social conflict (Vertical, horizontal) as quoted in data chronological data of mining without a permit or <i>pertambangan tanpa ijin</i> (PETI) from 2010 to 2019	Negative impact to (water pollution, soil structure damage, air pollution	incidents
Generate income in people's mining activities and increase employment	conflict (horizontal, vertical,) among parties	People's mining threat of environmental damage because operate without good mining principles	People's mining threat of human safety because operate without good mining principles
Increasing small shop in around people's mining site, increase of small workshop in some village to service people's mining need	-	Environmental damage (Water Pollution, air pollution, and Soil structure damage)	-

The reality of decentralization presents quite a number of obstacles that can trigger plans to change the format or design of existing regulations. This possibility is very large, considering that various laws since the Wet Decentralization of 1903 to Law no. 23/2014 there has been a trade-off between administrative efficiency models and local democratization [17]. The possibility of disorientation from the implementation described previously is the main reason for changes in the design of decentralization in Indonesia going forward. Analysis of the peoples mining impact were divided into four parts, namely: economic impact, social impact, environmental impact, and human safety. The complete guide on the decentralization consequences in mining affair is presented by Table 2.

The main issue is in this article is decentralization in mining, especially people's mining. Decentralization in mining needs to be review in policy design [7], [16]. Decentralization experience in mining show negative impact in implementation because lack of local aspect (socio economy of local community and lack of local government capacity to implement people's mining). The negative impact of people's mining interpreted as a weakness of policy design to accommodate local preferences (there is no support regulation related people's mining Operationally and impact management), so that it affects local government to make decision to overcome people's mining demand and lack of local government capacity to overcoming people's mining impacts [16], [18], [19].

Activities to change the function of forest areas, such as coal mining, which causes forests not to vegetate and the release of carbon into the air can cause the loss of this function. The impact on the loss of value of environmental services and environmental benefits to society. The subsequent impact that arises is on social and environmental problems and external costs for the community, especially those who live around coal mining. The impacts that arise are negative in social and environmental aspects. Research conducted at Muara Enim Regency in 2020 in a qualitative aimed to identify the types of disorders and the efforts made to overcome the problems experienced by the community and the costs incurred to overcome these disorders. The results of the study found that there were various types of social and environmental problems. People's mining or *pertambangan tanpa izin* (PETI) carried out by community groups in community forest areas is rife in Muara Enim Regency causing environmental degradation [20]. The impact of mining to social, environmental, and human safety is negative. Whereas the positive impact from economical aspect cannot overcome the degradation in other aspects. Thus, the decentralization consequences in mining affair need to be reviewed by the government since the negative impact is wider than positive impact.

### CONCLUSION

Decentralization in Indonesia is promised to be better public service delivery. The factors affecting the success or failure of decentralization are varied since Indonesia has islands and water. We focus on the regulations on how mining affair

happened in Indonesia, especially in Muara Enim Regency, South Sumatera. The positive impact of decentralization in people's mining in Muara Enim Regency can be seen in economical aspect (limited). Whereas the negative impact of decentralization in people's mining are wider in three aspects, namely social, environmental, and human safety aspects. Thus, the government needs to revisited the regulations of mining affair through consider of local aspect and accountability mechanism properly to avoid further disputes and conflicts.

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