

NATURAL RESOURCES MANAGEMENT IN INDONESIA: THEORY AND IMPLEMENTATION

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NATURAL RESOURCES MANAGEMENT IN INDONESIA: THEORY AND IMPLEMENTATION. Indonesia has abundant and valuable natural resources. Most are non-renewable, so their use should be managed sustainably. Resource use is not free from the political intervention, for example, during the national general elections, natural resources become important for financing the political activities of politicians competing in the elections. This paper reviews the political dimensions of natural resource management, particularly how natural resources function as political capital. Natural resource management (NRM) is shaped by collusion, corruption, and nepotism. As a result, natural resource wealth is not a blessing but a resource curse. Natural resource management faces a paradox, particularly in the forestry, mining, and plantation sectors. For example, in the mining sector, nickel products are exported illegally, and investors are predominantly from China. To address this situation, the government should reform its NRM laws and policies based on people prosperity approach. The three ministries (Ministry of Environment and Forestry, Ministry of Energy and Mineral Resources, and Ministry of Agriculture) related to NRM should develop best policies and regulations for the benefit and prosperity of all Indonesian people. Future research would focus on political engagement between the government official and business people, and the nepotism of appointed commissioners in state-owned companies in NRM business.

Keywords: Politics, natural resources, corruption, resource curse, prosperity.

PENGELOLAAN SUMBER DAYA ALAM DI INDONESIA: TEORI DAN IMPLEMENTASI. Indonesia memiliki kekayaan dan sumber daya alam yang berharga. Sebagian besar merupakan sumber daya tak terbarukan, oleh karena itu, pemanfaatan sumber daya tersebut harus dikelola secara berkelanjutan. Pemanfaatan sumber daya tersebut tidak lepas dari intervensi politik, misalnya, selama pemilihan umum nasional, sumber daya alam menjadi sumber daya penting untuk membiayai kegiatan politik para politisi yang berkompetisi dalam pemilihan umum. Tulisan ini bertujuan untuk meninjau aspek politik sumber daya alam sebagai modal alam utama bagi karier politik mereka. Pengelolaan sumber daya alam (SDA) diwarnai oleh kolusi, korupsi, dan nepotisme. Pengelolaan SDA juga telah mendapatkan kutukan sumber daya alam dan produk pertambangan diekspor secara ilegal. Industri pertambangan nikel didominasi oleh investor Tiongkok. Terdapat fenomena paradoks di sektor kehutanan, pertambangan, dan perkebunan. Untuk mengatasi kondisi ini, pemerintah harus merumuskan kembali undang-undang dan kebijakan SDA berdasarkan pendekatan kesejahteraan rakyat. Tiga kementerian (Kementerian Lingkungan Hidup dan Kehutanan, Kementerian Energi dan Sumber Daya Mineral, dan Kementerian Pertanian) yang terkait dengan SDA harus membuat kebijakan dan peraturan terbaik untuk kepentingan dan kesejahteraan seluruh rakyat Indonesia. Penelitian ke depan lebih difokuskan pada keterikatan secara politik antara pejabat pemerintah dan pelaku bisnis dan nepotisme dalam penunjukan komisaris BUMN di bidang pengelolaan SDA.

Kata kunci : Politik, sumberdaya alam, korupsi, kutukan sumberdaya alam, kemakmuran.

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I. INTRODUCTION

Natural resources are a major form of capital for developed and developing countries alike. However, most developing countries with abundant natural resources have poorer populations (Peluso, 1992). Various studies have shown that countries rich in natural resources are vulnerable to the resource curse. A condition where resource wealth does not directly correlate with community well-being (Auty, 2002; Murdiyarso, 2024). This phenomenon occurs because heavy dependence on natural resources is often linked to slower economic growth, limited economic diversification, corruption, and poor institutional quality (Alssadek & Benhin, 2023; Badeeb, Lean, & Clark, 2017). Furthermore, poverty in resource-rich regions is also influenced by several factors, such as conflicts over natural resources use (Murdiyarso, 2024), weak regulation and law enforcement, poor natural resource governance, and practices of corruption, collusion, and nepotism (Rahma, Fauzi, Juanda, & Widjojanto, 2021). Consequently, natural resources, which should be an instrument of development, actually trigger conflict, inequality, and environmental damage.

The existence and utilization of natural resources have caused conflicts worldwide, particularly in developing countries. Many actors are involved in the resource conflicts with different interests and power to use the resources. In Africa, such conflict tends to escalate due to competing economic and political interests (Gausset, Whyte, & Birch-Thomsen, 2005). Meanwhile, in Asia, conflicts in forestry sector have long persisted because actors have differing interests in managing scarce natural resources (Yasmi, Kelley, & Enters, 2010). This situation shows that resource conflicts are influenced not only by the diversity of actors but also by resource limitations and unclear management rights, which give rise to conflicts such as ownership conflicts, benefits distribution conflicts, and land control conflicts (Fisher, Kim, Latifah, & Mukarom,

2017; Ginsburg & Keene, 2020). When these resources are limited or management rights are unclear, tensions between actors increase and can escalate into conflict in various forms. The Agrarian Reform Consortium (KPA) reported that total agrarian conflict in Indonesia in 2023 was 241 cases in various regions, covering a total area of 638.188 hectares, located in 346 villages and involving of 135,608 households. This number of conflicts increased 12 percent compared to the number of conflict in 2022. This indicates that the implementation of agrarian reform set in 10 years has not run well (KPA, 2024).

Indonesia is known for its abundant natural resources, including marine resources, forests, oil and gas, gold, coal, silver, copper and nickel (Rahma et al., 2021; Rahman, 2016). This condition makes Indonesia a destination country for foreign capital investment, particularly in mining and forestry sectors and water resource management (Rahman, 2016). This natural resource wealth should be able to achieve public welfare, as mandated by Article 33, section (3) stated that "Earth, water and natural wealth containing in its inner part is 'owned' by the state and used it for the biggest people prosperity". The concept of "owned by the state" has been clearly defined by the decree of Constitutional Court as ownership and the mandate to regulate, manage, and oversee their use for the welfare of the people (Mawuntu, 2012; Rahman, 2016).

Essentially, the government has full authority to manage natural resources. However, natural resource governance is still weak. The issue of natural resource governance in Indonesia is also reflected in the rampant corruption and illegal exploitation in the mining and forestry sectors. Several major cases include the illegal control of forest by PT Duta Palma Group at Indragiri Hulu District, Riau Province (Yusuf, Saputro, & Kusumaningtias, 2025). Another example is the illegal exploitation and trading of nickel ore in the PT Antam concession area in the Mandiodo Block, North Konawe, Southeast Sulawesi. The case involved PT Lawu Agung

Mining and resulted in criminal convictions for corruption related to the illegal extraction and sale of nickel ore. Windu Aji Sutanto, the ultimate beneficial owner of PT Lawu Agung Mining, was ordered to pay IDR 135.84 billion in restitution (Mahkamah Agung Republik Indonesia, 2024). The case also illustrates the broader environmental and governance challenges associated with illegal nickel mining in Southeast Sulawesi, particularly in terms of regulatory oversight and enforcement. The last corruption is tin commodity trade commerce at the mining business are PT Timah Tbk in 2015-2022 in Bangka Belitung Province. (Nadefanti & Kusumawati, 2025). These cases not only cause significant state losses but also revealed weak oversight and law enforcement in natural resource management. This case also demonstrates the close relationship between economic and political interests and control of natural resources.

Beyond governance issues, political interests also shape natural resource management in Indonesia. Indonesia's natural resources are vulnerable to being used as instruments of political funding through the granting of mining and plantation permits, as well as land concessions to certain business groups. This is because natural resources are often used to fund elections and gain political power. This encourages the exploitation of natural resources oriented towards short term economic gain. These patronage relationships between political elites and business actors create conflicts of interest and weaken law enforcement. Politicians and business actors often form mutually beneficial relationships through mining and plantation permits, creating conflicts of interests, weak law enforcement, and environmental exploitation. As a result, they often overlook natural resource management goals in favor of community well-being and environmental sustainability.

Although numerous studies have examined natural resource conflicts and mining governance in Indonesia, most research focuses on legal, economic, or environmental aspects

in isolation. Research specifically analysing natural resource management through the lens of natural resource politics and its relationship to orientations toward community well-being remains relatively limited. Yet, the political dimension plays a crucial role in shaping policy direction, access distribution, and power relations in natural resource management.

Therefore, this paper would describe how do the politics of natural resource management in Indonesia influence natural resource governance and its orientation toward community well-being. This paper aims to: (i) explain the definition of politics and natural resource; (ii) identify the main principles in NRM; (iii) analyse the reality of NRM politic; and (iv) formulate a recommendation for the NRM politic based people prosperity

II. THEORY

Politics has been defined from various angles and perspectives. The *Kamus Besar Bahasa Indonesia* (KBBI) defines politic as (i) knowledge on constitutional or statehood (including governmental system and government principles); (ii) all affairs and actions (policy, strategy, and etc) concerning state government or toward other countries; (iii) a way of acting in addressing or dealing with a problem and a wisdom (KBBI IV Daring, 2016). Politics is fundamentally concerned with the distribution of power, decision-making, and resource allocation within society. Lasswell (2018) defines politics as "who gets what, when, and how," showing that politics is inseparable from the struggle over access to economic resources and political power. In the context of political economy, political decisions are always influenced by economic interests and the distribution of power among actors in society (Frieden & Lake, 2002; Leftwich, 2015). Thus, politics is not merely a normative process, but also an arena for competing interests (Leftwich, 2015).

In the context of natural resource management, politics shapes how the state,

market, and society interact to control, distribute, and utilize natural resources. Thus, natural resource management (NRM) is a political arena that brings together numerous interests and power relations (Bryant & Bailey, 1997). Recent studies further demonstrate that natural resource governance is characterized by contestation among state institutions, business actors, and local communities, particularly in resource-rich regions where competing claims over land and natural resources are prevalent (Lerip & Jauhar, 2026; Noor, Kosandi, Rahman, Emilia Yustiningrum, & Nasution, 2025; Williams & Le Billon, 2017). Although the state possesses formal authority to regulate natural resources through regulations and public policies, in practice, these policies are often influenced by specific economic and political interests (Frieden & Lake, 2002; Hidayat, Tambunan, & Haning, 2025; Meckelburg & Wardana, 2024). Therefore, natural resource management must be understood through a political economy approach, which positions natural resources as objects of competition among actors seeking access to, control over, and benefits from these resources (Frieden & Lake, 2002; Leftwich, 2015). From a political economy perspective, natural resources are viewed not only as economic assets but also as sources of strategic power that can be used to maintain political power and accumulate economic capital (Leftwich, 2015; Ross, 2013). Consequently, natural resource management often leads to unequal access, agrarian conflicts, environmental exploitation, and political rent-seeking practices (Bryant & Bailey, 1997; Peluso, 2023; Ross, 2013). Therefore, the primary problem in natural resource management lies not in resource scarcity, but rather in governance and the distribution of power over these resources (Peluso, 1992).

The political economy perspective views the control of natural resources as shaped by the interaction between political power and economic interests in the policy-making process (Frieden & Lake, 2002). In practice, these relations form state-business alliances

that enable the distribution of rights to manage natural resources through licensing mechanisms, land concessions and exploitation contracts (Asrinaldi, 2025; Hidayat et al., 2025; Meckelburg & Wardana, 2024). Ross (2013) explains that countries rich in natural resources tend to experience a concentration of economic and political power concentrated among certain elite groups. This dynamic shifts natural resource management policies toward short-term economic interests than public welfare and environmental sustainability.

This aligns with Resource Curse Theory, which argues that an abundance of natural resources does not automatically lead to prosperity or sustainable development. On the contrary, natural resource wealth often exacerbates governance issues, particularly when political institutions cannot distribute benefits in an accountable and inclusive manner. Auty (2002), the originator of the resource curse concept and Ross (2013) show that natural resource abundance often creates various challenges such as corruption, economic dependency, and weak institutions. This occurs because natural resources create rent-seeking incentives that reinforce political-economic oligarchies and reduce economic diversification. Furthermore, Collier & Hoeffler (2004) also show that dependence on natural resources can increase the risk of conflict, especially when access to resources becomes the object of competition between actors.

The Resource Curse Theory perspective suggests that the impact of natural resource abundance is heavily influenced by the quality of the institutions that manage them. Within the Institutional Theory framework, institutions are the "rules of the game" that govern how political and economic actors interact in the decision-making process and the management of natural resources (Dau, Chacar, Lyles, & Li, 2022; Hodgson, 2015; North, 1990). Therefore, the quality of these institutions determines whether natural resource wealth can be managed to generate well-being or, conversely, give rise to various governance issues. Weak institutions are

characterized by inconsistent regulations, and weak law enforcement creates opportunities for corruption, collusion, and illegal exploitation of natural resources (Robinson & Acemoglu, 2012). Conversely, strong institutions are capable of managing natural resources in a more transparent, and accountable manner, with a focus on public welfare and sustainable development. Institutional weaknesses result in the exploitation of natural resources being as a tool to maintain power, leading to an unequal distribution of the benefits derived from these resources, while social conflicts, environmental degradation, and economic inequality continue to increase (Karl, 1997). Thus, natural resource governance from an institutional perspective is also determined by the capacity of institutions to regulate the distribution of access, benefits, and accountability regarding the use of these resources.

Numerous studies have shown that resource-rich countries often experience the resource curse, a condition in which an abundance of natural resources is associated with rising corruption, dependence on the extractive sector, poor institutional quality, and poor economic and social development performance (Auty, 2002; Ross, 2013). Recent studies also indicate that the quality of institutions, governance, and state capacity are key factors determining whether natural resource wealth becomes a driver of development or, conversely, reinforces the resource curse (Ahmad, Peng, Awan, & Ahmed, 2023; Chen, Khurshid, Rauf, Yang, & Calin, 2023; Chung & Jin, 2025; Narh, 2025). Empirical evidence from various regions shows that weaknesses in governance can lead to different consequences. In Africa, for example, the exploitation of mineral and oil resources often triggers armed conflict and political power struggles due to the high economic value of natural resources (Collier & Hoeffler, 2004). In Asia, conflicts over forest and land management arise from competing interests between the state, corporations, and local communities (Yurdi Yasmi, Guernier, & Colfer, 2009). This phenomenon demonstrates

that natural resources management is an arena of political contestation influenced by distribution of power, the quality of institutions, and governance mechanisms. However, the “resource curse” is not an inevitable condition. Norway is an example of a country considered successful in managing its oil resources through strong institutions, transparent governance, and a distribution of benefits oriented towards public welfare (Mehlum, Moene, & Torvik, 2006). This comparison underscores that differences in the outcomes of natural resource management are not primarily determined by the size of resource reserves, but rather by the quality of the institutions and governance structures that regulate the relationship among the state, the market, and society.

In Indonesia, natural resource management still faces structural problems related to the quality of governance and the distribution of power. A number of studies indicate that Indonesia’s natural resources sector remains characterized by strong ties between political elites and business actors, as reflected in patronage practices and the formation of oligarchic networks in public policy decision-making (Aspinall & Berenschot, 2019; Hadiz, 2004; Robison & Hadiz, 2004). These conditions create opportunities for corruption, the misuse of permits, and the illegal and unsustainable control of natural resources, particularly in the mining and forestry sectors. Furthermore, agrarian conflicts and land disputes remain recurring issues in various regions, and particularly concerning local communities’ access to and control over natural resources (Peluso, 2023; Ribot & Peluso, 2003). Numerous cases of mining corruption and illegal land acquisition clearly illustrate that natural resource management is fraught with political and economic interests. This situation indicates that natural resource governance in Indonesia has not been fully managed for the purposes of public welfare and environmental sustainability (Hadiz, 2004).

Natural resource management can be understood as the result of the interaction

between economic and political structures, the quality of institutions, and power relations in the struggle for access to, control over, and the distribution of the benefits of natural resources. The political economy perspective emphasizes that public policy is not neutral but is influenced by power relations and interests that form alliances between political elites and business actors, which in many cases lead to patronage and oligarchy (Frieden & Lake, 2002; Hadiz, 2004; Leftwich, 2015; Robison & Hadiz, 2004). These relationships drive rent-seeking, which contributes to the “resource curse”—a condition in which an abundance of natural resources does not necessarily improve well-being but is instead associated with corruption, conflict, and weak institutions (Auty, 1993; Ross, 2013), where the impact is largely determined by the quality of institutions as mechanisms regulating resource distribution (Chen et al., 2023; Chung & Jin, 2025; Mehlum et al., 2006; North, 1990; Robinson & Acemoglu, 2012). Empirically, this situation is reflected in various cases of resource conflicts in Africa and Asia resulting from struggles over access and control (Collier & Hoeffler, 2004; Yurdi Yasmi et al., 2009), as well as in the Indonesian context through the dominance of patronage networks, oligarchies, and agrarian conflicts between the state, corporations, and local communities (Aspinall & Berenschot, 2019; Peluso, 1992; Ribot & Peluso, 2003). This shows that outcomes in natural resource management depend largely on power configurations and institutional capacity to regulate access, control, and the distribution of resource benefits.

This research argues that the main problems in natural resource management are not caused solely by the existence of natural resources themselves, but by the interaction between political power, business interests, and the quality of state institutions. Ineffective governance of natural resources can contribute to conflict, corruption, and inequality (Auty, 2002). In this context, the relationship between political elites and business actors often results

in policies biased toward certain economic interests (Frieden & Lake, 2002). Meanwhile, the quality of institutions and law enforcement are determining factors in creating transparent and equitable natural resource governance (North, 1990). This article views the politics of natural resource management as being influenced by three main factors: political power relations, the economic interests of business actors, and the quality of state institutions and governance. These factors influence the orientation of natural resource management policies and determine the extent to which natural resources can be utilized for public welfare.

In general, politic can be understood as the study of relations among citizens, between citizens and state, and among state and state or state relationship. General definition of politic is various activities in a political system including process determines objectives of the system and implementation those objectives (Budiardjo, 2013). The political activities consist of decision making, public policy, power, and authority implementation for developing collaboration and prevent or manage conflicts (Sakti, 2020). Standard definition of politic is about who get what, when, and how (Lasswell, 1963). Politic is an establishment process in community in form of decision-making process particularly in the State. This definition provides not only to a positive in the context of political solution (compromise and non-violence or descript as art of governance science), but also a negative connotation (Leftwich, 2015).

Meanwhile, Kusnendi (2014) pointed out that economists divide resources into natural resources, human resources, and man-made resources. Natural resources consist of sunshine, air, water, soil, mineral, and forest. (Chitadze, 2023) stated that general definition of natural resource is something that is available inside and outside of earth. It is still potential in nature and has not involved in production process to increase the availability of goods and services in economy. Natural resource goods in contrast, refer to natural resources that have

been extracted from within or from the surface of earth and ready to be used to meet human needs.

The use of natural resources depends mainly on the benefits of natural resource to human life. Chitadze (2023) underlined that several benefits of natural resources are (i) vegetable natural resources as materials for food, clothing, wood products, and medicines; (ii) animal natural resources as food material sources including fishery, farm, and other farming systems; and (iii) energy natural resources as energy sources for various human activities, such as electricity and fuel for vehicles, natural gas for cooking, and other daily activities. Therefore, the value of natural resources is determined by its use value for human being. For example, fertile agriculture lands can be potential agriculture areas.

Natural resources can be classified based on its origin, sustainability, and usage. Based on its origin, natural resources are divided into organic (biotic) and an-organic (abiotic) natural resources. Organic natural resources come from living materials such as coal and crude oil. An-organic natural resources are from non-living materials such tin, bauxite, iron, and natural gases. Based on its sustainability, natural resources can be divided into renewable and non-renewable resources. Renewable resource are natural resources that can be replenished naturally over time, meaning that their availability can be maintained or restored when

properly manage. Examples include air, wind, waterfall power, sunshine, flora, and fauna. Non-renewable resources are finite resources that cannot be replenished within a human time scale once they have been depleted. Examples include tin, bauxite, iron, coal and crude oil. Based on its usage, natural resources are divided into space, material, energy and biodiversity. Natural resources space are the space needed for human life (Chitadze, 2023; Kusnendi, 2014; Team Careers360, 2022).

Natural resources grouped on the basis of its use and utilization are divided into common pool resources (CPRs)/common goods and public goods. The public goods are often used for non-limited and non-rivalry goods and impossible to prevent people from using them. For example, public goods in relation to natural resources are clean air, clean and health environment. The use of CPRs is competitive related to the benefit and access toward the natural resources. The term of CPRs is introduced by Ostrom & Ostrom (1977) stating that natural resources have two characteristics, (1) jointness of use or consumption meaning that every consumption or harvesting by someone on natural resources would reduce the capacity or allotment of other persons to use (subtractable) the natural resources such a coal, oil and gases; (2) there is a cost occurring (Price) for limiting access of resources to other parties (exclusion) as shown in Table 1.

Table 1. Type of goods (Source: Ostrom & Ostrom, 1977)

		Jointness of Use or Consumption	
		Alternative	Joint
Exclusion	Feasible	Private good: bread, shoes, automobiles, haircuts, books, etc,	Toll good: theatre, nightclub. telephone service, toll road, cable TV, electric power
	Infeasible	Common pool resource: water pump from a ground water basin, fish taken from the ocean, crude oil extracted from an oil field	Public good: peace and security, national defence, mosquito abatement, fire protection, weather forecasts and “public” TV

The NRM can be reviewed based on several regulatory regimes. Based on property regime, it involves (1) property rights over natural resources consist of several forms, i.e. (i) State property where the legal claim is held by the government, such as the forest ownership and others; (ii) Private property where the legal claim is held by individual or corporation; (iii) communal property where a group of people have claimed legally on natural resources. This communal property guarantees all members of the group have the same access to the natural resources, meanwhile the other properties have different access.

In fact, common property of natural resources would disappear and diminish the local and traditional community role in natural resources ownership and management in developing countries. One of characteristics is the occurrence of natural resource ownership transformation from the customary people to the state ownership or through privatization program (private companies) by the state. However, since 2012 the Constitutional Court Decision No. 35/PUU-X/2012, the government of Indonesia has returned the customary natural resources to customary people (Subarudi, 2014)

III. METHOD

This research uses a qualitative policy analysis approach to examine the political dynamics of natural resource management in Indonesia. This approach was chosen because it explains the relationship between political actors, institutions, and governance practices in natural resource management (Creswell & Poth, 2016). The research focuses on how political interests, institutional arrangements, and the roles of business actors influence natural resource management and its impact on community welfare. The unit of analysis in this study includes state policies and governance practices related to the mining, forestry, and land management sectors.

This research utilizes secondary data obtained through a literature review. The literature study method was used to collect and analyse various documents and data relevant to the research topic (Johnston, 2014). The data sources used include: (1) laws and government regulations related to natural resource management; (2) official reports from state institutions and anti-corruption agencies; (3) reports on agrarian conflicts; (4) publication statistics; (5) scientific journal articles and books; and (6) documentation of corruption and illegal theft cases published by authorized institutions. To ensure data validity and reliability, this study prioritized credible sources, such as peer-reviewed academic publications, official government documents, court decisions, and reports from trusted institutions (Yin, 2018).

In the analysis process, this study employed content analysis techniques to explain the substance of laws, regulations, and policy documents related to natural resource governance. Content analysis was conducted to identify how state policies regulate access to, control over, and distribution of natural resources, as well as the positions of political and economic actors within these governance structures (Bungin, 2001; Krippendorff, 2018). Furthermore, this study employed a qualitative case study approach to examine several cases of corruption and natural resource conflicts in Indonesia. The case study approach was chosen because it provides a deeper understanding of complex governance phenomena within their real-life political and institutional contexts (Yin, 2018).

The analysis phase involved data collection, data classification, content interpretation, and thematic analysis. The primary focus of the analysis was on identifying patterns of political influence, institutional weaknesses, and various governance issues in natural resource management. This research does not aim to make broad causal generalizations about structural corruption or political financing;

rather, it analytically examines indications of political-economic relationships reflected in policy implementation, licensing practices, and various corruption cases in the natural resource sector.

In the final stage, the research findings are interpreted descriptively and analytically using Resource Curse Theory, Political Economy Theory, and Institutional Theory. These three theoretical approaches are used to explain the relationship between political power, institutional quality, business interests, and natural resource governance in Indonesia (Auty, 2002; North, 1990; Ross, 2013)

IV. RESULT AND DISCUSSION

In recent decades, concerns about human rights, environmental sustainability, democracy, and social justice have influenced approaches to NRM. Accordingly, the perspectives of governmental and non-governmental organization in both developed and developing countries regarding natural resource and environment management has also changed. NRM is no longer viewed solely as an economic instrument, but as part of governance related to environmental protection, social welfare, and democratic accountability (Nurjaya, 2022).

Sustainable natural resource governance is based on three principles: justice, democracy and sustainability. Principle of justice refers to the policy on NRM has to be planned, implemented, monitored and evaluated in a sustainable way, not only to safeguard the sustainability and continuity of natural resource and environmental functions, but also to ensure the interests of present and future generations, intergenerational and intragenerational equity, and gender equality. However, in practice, unequal access to land, forests, and mining concessions often benefits political and economic elites and marginalizes local communities.

The principle of democracy in natural resource management are based on transparency, public participation, decentralization, accountability,

and the recognition and protection of community rights (Ribot & Larson, 2005). Democratic principles imply that natural resource and environmental management policies must accommodate the management authorities between central and local, ensure community access to information on NRM, multi-stakeholder participation, transparency, non-discrimination, public accountability, coordination and integrated among sectors, wisely conflict resolution, and protection of human rights and acknowledgement of legal pluralism in NRM. However, in many developing countries, including Indonesia, natural resource governance is often centralized and dominated by state and business interests, while limiting public participation.

The principle of sustainability in NRM must ensure sustainable function and benefits, both for state and community benefits in a balance and proportional way and for present and next generation benefits in sustainable way. The principle of sustainability requires that natural resource utilization balance economic benefits with long-term ecological and environmental protection (Brundtland, 1987). Therefore, sustainable governance requires institutional capacity, environmental oversight, and effective law enforcement.

In order to confirm with the three main principles, Corruption Eradication Commission (KPK) initiated the National Rescue Movement of Natural Resources (Gerakan Penyelamatan Nasional Sumber Daya Alam-GNPSDA), which was implemented over five years. The focus development of the movement is to expand the definition and meaning of corruption in the more contextual, particularly corruption in natural resource sector. In the long run, corruption problem in natural resource sector can be understood not merely as the problems of corrupt actors, but also as a governance problem involving the failure to implement regulations, weak law enforcement, and the ineffective of the state's role. Corruption is frequently understood as the use of public resources for private interests or

personal enrichment through various means. It does not work of state role, weak law order and enforcement, so that this has detrimental to state interest (KPK, 2018). This perspective argues that weak institutions and poor governance structures create opportunities for rent-seeking and corrupt behaviour (North, 1990).

Reality of NRM Politic

Politic of NRM as written in national constitution (UUD 1945) is really different with its implementation in the field. This would be summarized as shown in Table 2.

Table 2. Reality of NRM politics, causing factors and its chosen strategies

No.	Reality of NRM Politics	Causing Factors	Strategies to Cope It	Evidences
1.	NRM is dominated by resource-extraction orientation, with limited attention to conservation and sustainability. More attention on resources use-orientation and ignores the interests of conservation and sustainability of its resource function. It neglects access and interests of potential customary and local community economy	Dominance of extractive-growth paradigm; weak integration of ecological and social consideration; marginalization of local and customary communities. NRM is an instrument to increase national economic growth, state revenue and foreign exchange to attract a big capital orientation. NRM is implemented as a state-based resource management with centralistic orientation and sectoral approach.	NRM implementation should be integrated with ecology system and community based NRM	Syamsiyah, Sadeli, Saidah, Noor, & Widiyanesti (2025). "Community Participation in the Development of Sustainable, Environmentally Conscious Villages in the Cirasea Sub-Watershed, Indonesia." <i>Sustainability</i> , 17(11), 4871; Natan, Tetelepta, Pattikawa, & Ongkers (2021). "Incorporating Ecological, Socio-economic and Institutional Frameworks for Sustainable Mud Crab Fishery Management in Indonesia." <i>Environment and Natural Resources Journal</i> , 19(3), 207–219; "A Review on Sustainability of Watershed Management in Indonesia." <i>Sustainability</i> , 13(19), 11125.
2.	NRM is implemented by the free perception of state bureaucrats	Lack of law politic on natural resource utilization. Law politic of NRM is incompatible with national constitution.	Strengthening constitutional review mechanisms and the role of the Constitutional Court; The constitutional court (Mahkamah Konstitusi-MK) is to guard constitution (Mahfud MD, 2010). MK is giving (final) interpretation toward constitution (Redi, 2015).	Mahfud (2009). <i>Konstitusi dan Hukum dalam Kontroversi Isu</i> . Jakarta: Rajawali Press; (Asshiddiqie, 2021). <i>Konstitusi dan Konstitusionalisme Indonesia</i> . Jakarta: Sinar Grafika; (Rahman, 2016). "Politik Hukum Sumber Daya Alam Pasca Putusan Mahkamah Konstitusi." <i>Jurnal Konstitusi</i> , 13(3), 455–478

No.	Reality of NRM Politics	Causing Factors	Strategies to Cope It	Evidences
			MK Decisions related to NRM become law politics and a guidance for the law makers (Rahman, 2016).	
3.	Weak law instrument of natural resources has impacted toward: (i) natural resource curse; (ii) strong relationship between natural resource exploitation and general or local head election; and (iii) paradoxical NRM.	Lack of good governance on NRM implementation so that it creates natural resource curse The economic growth depends mainly on extractive economy	Strengthening good governance and transparency; The good government should be applied to prevent the natural resource curse and corruption in natural resource trading.	Rosser (2007). "Escaping the Resource Curse: The Case of Indonesia." <i>Journal of Contemporary Asia</i> , 37(1), 38–58; McCarthy (2007). "Shifting Resource Entitlements and Governance Reform During the Agrarian Transition in Sumatra." <i>The Journal of Legal Pluralism</i> , 55, 95–121; EITI Indonesia Reports, Ministry of Energy and Mineral Resources.
4	There is a strong relationship between natural resource exploitation and political year and general or local head elections. For example, when time approaching to political year, many licenses of NRM is clearance sold.	High cost of politics; Monetization of resource licenses; Patronage-based politics; This is caused by high political cost in Indonesia and many efforts would be realized to obtain the cost. For examples the cost to be head of district or province is ranging Rp. 20-100 billion (KPK, 2015) and to be central parliament members is around Rp 6 billion (KPK, 2015). The easiest way to get the cost from the giving licenses and exploitation of natural resources abundantly.	Reforming political financing and improving licensing transparency; Government of Indonesia (GoI) should give a political budget to political parties. The existing political budget from GoI should be increased proportionally The community should be well educated for avoiding money politic during the election period	Setiawan & Widyana (2022) High-cost democracy: stimulus ijon politik dalam pemilu lokal di region kaya sumber daya alam; Balboni, Burgess, Heil, Old, & Olken (2021) Cycles of Fire? Politics and Forest Burning in Indonesia.. "Mahalnya Ongkos Politik Pilkada." (KPK, 2015)
5.	Resource-rich sectors show paradoxical outcomes: high resource endowment but low economic contribution. Paradoxical NRM occurs in forestry, mining, and crop estate sectors. For example,	An incompetent policy on NRM. An inefficient wood industry A corruption in NRM is still unsolved and tend to increase.	Policy reform and anti-corruption enforcement in natural resource sectors; Implementation of policies on NRM should focus on the greatest prosperity	Antaranews (2022) GDP contribution of forestry only 0.66%: minister. Delfirman & Dzaki (2025). Shifts in the control of natural resources: An analysis of the resource curse in Tin-Rich Bangka Belitung

No.	Reality of NRM Politics	Causing Factors	Strategies to Cope It	Evidences
	according to the Finance Minister statement that the contribution from forestry sector to the GDP is less than 1 percent, it only reached Rp 112 trillion (Antaraneews, 2022). In Bangka Belitung, mining activities have led to environmental degradation (Delfirman & Dzaki, 2025), while in Jambi the expansion of monoculture plantation crops become one of the factors causing deforestation (Rustiadi et al., 2018).		of Indonesia people. Corruption eradication should be main priority for the new government. Sasongko, Mizuno, Utomo, & Koestoer (2024), highlight that the Environmental Impact Assessment is potential to help the corruption cases investigation, and the government needs to reformulate the law enforcement with this approach.	Rustiadi et al.. (2018). Land use and spatial policy conflicts in a rich-biodiversity rain forest region: The case of Jambi Province. Sasongko et al., (2024). EIA in Strengthening Law Enforcement and Penalties: A Case of Corruption in Natural Resource Sector
6.	Illegal mining and oil palm plantation frequently occur within forest areas At present, the palm oil estate in forest area of 3.3 million ha would be legally solved through a whitening.	Overlapping regulations; weak enforcement; institutional fragmentation; The forest area become location for illegal business practices of crop estate (8.4 million ha) and mining (8.7 million ha) with state loss of thousand trillion rupiah (Tempo.co, 2021).	Cross-ministerial policy harmonization and stronger law enforcement; The best solution for the whitening of palm oil estate is the same perspective of whitening between the MoEF and the Ministry Coordination of Marine and Investment.	Tempo.co (2021). “8,4 Juta Hektare Kebun Sawit di Kawasan Hutan”; Mardela et al., (2023), “Penyelesaian Sawit dalam Kawasan Hutan”; (Tuk-Indonesia, 2023) “Sinkronisasi Kebijakan Pemutihan Sawit.
7.	Delayed implementation of mineral downstream has generated economic efficiencies; Resistance to conduct mining downstream one year after its issuance of the Law No. 4/2009. After 15 years, the government is eager to implement mining downstream again with high economic loss during 15 years cancelation.	Weak law enforcement on implementation of mining downstream. Audit Board of Indonesia (BPK) has not calculated the loss yet	Law enforcement strengthening in implementation of mining downstream; BPK should calculate the loss properly	Law No. 4/2009 on Mineral and Coal Mining; reports from Badan Pemeriksa Keuangan (BPK); Haryadi, H. (2021). “Hilirisasi Mineral dan Tantangannya di Indonesia.” <i>Jurnal Ekonomi dan Kebijakan Publik</i> , 12(1), 45–60.
8.	Mining policy reforms generate social conflict and criminalization of local resistance;	Pro-investor regulatory bias; elite dominance in policymaking;	Judicial review and stronger civil society participation;	WALHI (2025) Siaran Pers WALHI. Revisi UU Minerba: Langkah Mundur Pengelolaan

No.	Reality of NRM Politics	Causing Factors	Strategies to Cope It	Evidences
	The new mining law (No. 1/2019) is more liberal than the Law No. 4/2009, The new regulation will proceed communities refusing the mining license into the court as criminals	Most of parliament members are the businessmen. The businessmen think the community protest is disturbance of their mining business	The civil society should conduct the judicial review of Law No. 1/2019 to MK	Sektor Pertambangan di Indonesia; Dewi (2025) Juridical Analysis of the Effectiveness of Law Enforcement in Handling Nickel Mining Violations in North Maluku: Dispute Cases Between Companies and Affected Communities; Natsir, Ilahi, & Adnas (2024) Political and legal developments in mineral and coal mining laws: A critical review ; Syeirazi (2021) Resentralisasi Negara: Catatan Kritis atas UU No. 3/2020 tentang Minerba
9.	There is a disparity between the economic benefits promised through nickel downstreaming and the distribution of benefits received by local communities. While investment and industrialization generate value-added and profits for industry players, local communities instead face the loss of livelihoods, land dispossession, and the burden of environmental pollution. (Yusman, Ikhsan, & Papuling, 2024).	The dominance of Chinese investment in nickel mining has led to both hopeful and reactions among Indonesians, and it concerns about economic sovereignty and dependency (Riyanto et al., 2025) Weak monitoring and evaluation system of nickel export activities Resource dependency; Foreign capital dominance	Strengthening export monitoring and regulatory oversight; The domination of China in nickel should be reduced by new policy Applying the good monitoring and evaluation system	Riyanto et al. (2025)“Various visions of the industrialized future: anxiety, aspiration, and Chinese nickel investment in Indonesia”. Yusman et al. (2024). “Karut Marut Investasi Nikel Tiongkok di Sulawesi Tengah dalam Konteks Perburuhan“
10.	Large-scale corruption cases occur in the mining sector (e.g., PT Timah case) The totals state loss is Rp 300 trillion from PT Timah consisting of Rp 271 trillion (environmental destruction loss) and of Rp 29,499 trillion (excessive payment of smelter rental cost	Weak governance; Elite capture; Illegal mining network; The massive corruption scandal involving the tin trade, valued at IDR 300 trillion, exemplifies a form of natural resource management that constitutes a fundamental violation of Pancasila values and	Establishment of a Task Force for illegal mining. Law enforcement strengthening in good mining governance and corruption prevention.	Ricky Fairuz Julio & Sri Isnani Setyaningsih, (2025) “Mega Korupsi Tata Niaga Timah Rp 300 Triliun: Analisis Pelanggaran Prinsip Pancasila Dan Etika Tata Kelola Dalam Pengelolaan Sumber Daya Alam”

No.	Reality of NRM Politics	Causing Factors	Strategies to Cope It	Evidences
	and payment of illegal tin ore to its business partnerships).	the principles of good governance (Julio & Setyaningsih, 2025).		
11.	Mining policy revisions granting licenses to mass organizations raise governance concerns; Newest issue of mining policy is the revision of government regulation (PP) No. 96 Year 2021 into PP No 25 Year 2024 that offers specific mining business license to religious mass organizations. However, this policy is not equipped with principles of justice, democracy, participation, and transparency in natural resource and environment management in Indonesia (Nurjaya, 2022).	Rent-seeking politics; Weak transparency; Policy populism; The main reason for new policy is for increasing community prosperity. This policy also triggers social conflict in its field implementation due to incapability of religious organization	Policy review and strengthening governance principles (Transparency, Participatory, accountability); This new policy should be reviewed totally. In fact, there is internal conflict in Nahdlatul Ulama (NU) Management due to the no transparency of money received from its mining business.	Nurjaya (2022). <i>Politik Hukum Pengelolaan SDA dan Lingkungan Hidup</i> ; Government Regulation No. 25/2024; reports on internal conflict within Nahdlatul Ulama (NU) regarding mining revenues.
12.	Oil palm expansion contributes to deforestation and land conflicts Paradox in estate sector especially palm oil estates area increased significantly for the last ten years with rate of 1 million ha per year as recorded and remarked in the Ministry of Agriculture (MoA).	Weak land governance; Illegal land occupation; Regulatory failure; Recent policy changes address illegal occupation by replacing criminal sanctions with administrative penalties, aiming to legalize unlicensed plantations and improve compliance and environmental responsibility (Maskun, Violetta, Mukhlis, Normiati, & Tajudin, 2025)	Strong enforcement and protection of forest zones; The Ministry of Forestry must keep its forest area intensively. The GoI should fine or conduct a law process the illegal oil palm plantations fairly.	Ministry of Agriculture statistics on oil palm expansion; (Maskun et al. (2025), “The Dilemma of Administrative Sanctions in Legalizing Palm Oil Plantations in Indonesian Forest Areas”
13.	NRM remains fragmented across ecological, social, and economic dimensions	Sectoral governance approach; Lack of policy integration;	Integrated sustainable NRM and stronger state-research collaboration;	Natan et al. (2021; Syamsiyah et al.. (2025)

No.	Reality of NRM Politics	Causing Factors	Strategies to Cope It	Evidences
	In practice, efforts to support sustainable NRM has many dimensions and perspectives that is not only to discuss the technical aspects of exploitation or production and ecology, but also socio-economic aspects.	Lack of policy integration; Indonesia has not posed the integrated evolution system (management, technical and socio-economic dimensions) for sustainable NRM.	The GoI should implement sustainable NRM practices effectively. It also needs good collaboration between GoI and researchers for developing the technical management and environmental sound operation aspects to achieve the sustainable NRM.	

Table 2 indicated the political realities of NRM in Indonesia. The research findings identify various governance issues, such as corrupt practices, weak law enforcement, overlapping regulations, ineffective oversight, political intervention and suboptimal policy implementation on the ground. These issues indicate that natural resource governance remains oriented toward extractive economic growth rather than ecological sustainability and social welfare. Therefore, these issues must be understood not merely as administrative failures, but as a reflection of structural weaknesses in Indonesia's natural resource management system.

Based on the Resource Curse Theory, these findings indicate that Indonesia continues to experience the natural resource curse, a situation in which an abundance of natural resources fails to contribute to the people's well-being due to weak governing institutions (Auty, 2002; Ross, 2013). Weak governance creates opportunities for political and economic actors to control resource rents through patronage, rent-seeking, and elite capture. As a result, natural resource wealth becomes closely linked to increased corruption, environmental degradation, social conflict, and unequal distribution of resource benefits. This interpretation is supported by the finding of Rahma et al. (2021) who pointed out that phenomenon of natural resource curse in the

area development in Indonesia as follows: (i) the higher local revenues from mining do not guarantee the realization of massive sustainable development; (ii) local government did natural resource extraction is vulnerable to natural resource curse; (iii) local government depend mainly on oil and gasses is more vulnerable to the natural resource than the local producing mineral and coal; and (iv) Scoring of local with high sustainability score tends to low or far away from natural resource curse phenomena. Five provinces with abundant natural resources have highest NRC scores, namely as East Kalimantan (16.6), West Papua (15.2), Papua (13.6), Riau (12.0) and Aceh (11.4)-have the highest NRC scores, indicating that reliance on natural resources alone cannot generate prosperity without the support of strong institutions.

The research findings support Institutional Theory, which asserts that institutions determine how political and economic actors interact through a set of rules (North, 1990). When regulatory institution is weak, law enforcement becomes inconsistent, accountability declines, and likelihood of elite capture and rent-seeking increase. Thus, governance failure serves as a primary mechanism linking the abundance of natural resources to corruption, unequal distribution benefits, and poor-quality development. Consequently, corruption in the natural resources sector cannot be viewed merely as

individual misconduct but rather as a form of systematic institutional failure. The biggest mining corruption case involving PT Timah – which is still under legal proceedings and has resulted in a total state loss of Rp 300 trillion. However, the biggest estate corruption in PT Duta Palma Group with the illegal area of 23,692 ha. The owner was charged by 15 years in prison and pay a replacement money of Rp 2.23 billion and a state financial loss of Rp 39.7 billion. However, in cassation level the Supreme Court add 1 year in prison, but he pays only replacement money (Rp 2.23 billion) and the state financial loss (Rp 39.7 billion) is eliminated (Yusuf et al., 2025).

Corruption in the mining, forestry, and plantation sectors provides clear evidence that governance issues are structural. The corruption cases at PT Timah and the illegal plantation at PT Duta Palma illustrate how business actors exploit regulatory loopholes and political connections for economic gain. These cases represent systemic corruption involving political, economic, and bureaucratic actors (KPK, 2018). Institutional weaknesses create opportunities for regulatory manipulation, illegal licensing, and environmental crimes (North, 1990; Robinson & Acemoglu, 2012). Weak oversight systems, overlapping regulations, and inconsistent law enforcement reduce the state's capacity to effectively control exploitation activities. As a result, natural resource governance is vulnerable to elite domination and corruption.

Clear evidence of institutional weakness is evident in nickel mining governance. Despite downstream industrialization policies, Indonesia continues to face illegal exports, weak oversight, and foreign domination in the downstream industry. This demonstrates that strong institutional capacity and transparent governance must align with downstream industrial policies.

According to the KPK (2018), the corruption in natural resource sector can be indicated by a small actor group (private or organization) through alternative institution

(pseudo legal) supported by extensive networks and strong control over social, economy and politic. Through these networks, actors are able to obtain various benefits (economy – politic) in systemically ways. This type of corruption is closer to the structural corruption definition than the institutional corruption type. This corruption can be understood as a network offering or transaction among individuals running systematically, with the involvement of trust, betrayal, cheating, subordination for certain interest, confidentiality, several parties' engagement, and symbiotic mutualism for the actors. Corruption, of course, does not happen due to mal-function of state agency implementing regulations as legal institution. However, it is due to the existing of alternative institution focusing on private/group interests that compete with legal institution for gaining legitimation and trust from various actors both in state agencies and wider communities.

Ineffective NRM policy implementation is indicated by involving the religious mass organization to hold mining license. The revision of regulations and the issuance of policies to grant mining concessions to mass religious organizations illustrate the ways in which politics influences resource governance. Murdiyarso (2024) pointed out that this new policy creates controversy in community due to technical reason and lack of capacity for mining concession receiver. The revision of regulations and the issuance of policies to grant mining concessions to mass religious organizations illustrate the ways in which politics influences resource governance. This situation is worsened by the difficulty level of mining business and its impacts produced, and is also prone to conflict of interest. The main problem of the religious organization has not a business unit and lack of human resource capacity and capital. This policy is similar to HPH mini (local community has been given 100 ha of concession area), where the community has only obtained a fee commission from the logging company and has not recorded how much trees harvested by the contractors. In addition, the small-scale units of mining

have serious problems with the environment destruction and many children died due to swimming in the mine holes that are not covered after mining exploitation. These conditions increase the risk of elite control, environmental damage, and conflicts of interest.

This study demonstrates the close relationship between political interests, business actors, and natural resource exploitation. Natural resource licenses are often used as political and economic tools in elections. Mining, plantation, and forestry concessions are also frequently linked to political financing and patronage networks between politicians and business actors. This suggests that state policy is often shaped by the interaction of political power and economic interests (Frieden & Lake, 2015). In Indonesia, high electoral costs encourage political actors to seek financial support from resource-based businesses. As a result, the licensing process in the mining and plantation sectors is vulnerable to corruption, rent-seeking, and regulatory control.

In the renewable resource sector, governance issues are closely linked to land conversion, illegal occupation of forest areas, and agrarian conflicts. The expansion of oil palm plantations drives deforestation and land disputes involving corporations, local communities, and indigenous peoples. The government's efforts to address illegal plantations through legalization policies and land settlements tend to be unbalanced. The government tends to prioritize economics over environmental sustainability and social justice. As a result, law enforcement in natural resource management is weak, and recognition of community-based resource management is limited. This situation demonstrates that environmental degradation in developing countries is closely linked to unequal power relations and resource control (Bryant & Bailey, 1997).

In the non-renewable natural resource sector, governance issues are closely linked to economic dependence on extractives, corruption, and weak oversight systems. Downstream mining policies have not provided economic justice for

local communities. Instead, economic profits tend to be concentrated among large companies and political-business networks. Illegal mining activities, smuggling, environmental destruction, and weak post-mining rehabilitation reflect the failure of governance in the extractive sector. This demonstrates the extractive resource curse, which often weakens institutional accountability and encourages rent-seeking behaviour (Karl, 1997; Ross, 2013).

Overall, this study shows that natural resource governance in Indonesia still exhibits various characteristics of the 'resource curse'. The findings of this study confirm that governance failures are the primary mechanism linking political interests, rent-seeking by elites, and the unsustainable exploitation of natural resources. Therefore, sustainable natural resource management requires effective regulatory and governance reform. Effective governance depends heavily on strengthening institutions, increasing transparency, public participation, and integrating ecological and socio-economic considerations into policy implementation. An integrated evaluation system for NRM is really required to support the achievement of sustainable NRM. This evaluation involves monitoring of technical, ecological, and also socio-economical aspects. This kind of evaluation would detect very early the mistake or wrong practices in NRM operation in the field. This evaluation should be designed and put in the framework of regulations.

V. CONCLUSION

This study finds that natural resource management (NRM) in Indonesia continues to be constrained by governance failures, including corruption, weak law enforcement, regulatory inconsistency, political patronage, illegal resource exploitation, and unequal access to natural resources. Although the constitution mandates that the natural resources be managed for the greatest prosperity of the people, in fact, the businessmen have gained more benefits than the local community. It has been proved

by its high contribution to environmental degradation, social conflict, and marginalization of indigenous and local communities. The findings demonstrate that Indonesia exhibits key characteristics of the resource curse, where abundant natural resources coexist with weak institutions, elite capture and rent-seeking rather than equitable and sustainable development. This confirms that lower governance quality, rather than resource abundance itself, determines development outcomes.

To address this systemic failure and paradox in NRM implementation, several actions are required, such as: (i) applying the principle of “legal pluralism,” which integrates customary law into the national legal framework; (ii) strengthening the rule of law and its implementation; (iii) encouraging the active participation of various stakeholders and aligning policies with the principles of democracy and social justice; (iv) dismantling collusive power structures and minimizing land conflicts and (v) eliminating money politics, high political cost, and oligarchy domination. Ultimately, true reform depends on improving institutional systems. This ensures that natural resources are managed not merely as commodities for the elite but as sustainable assets entrusted to current and future generations.

In order to cope the paradox phenomena in forestry, mining and plantation sectors, the GoI should reformulate its NRM laws and policies based on people prosperity approach and free from corruption. The three ministries (MoEF, MoEMR, and MoA) related to NRM should develop effective policies and regulations for the benefit and prosperity of all Indonesian people and for achieving sustainable NRM. The future research would focus on the political engagement between the government official with the business actors and the nepotism of appointed commissioners of state-owned companies in NRM business.

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