

CENTRAL JAVA POWER PLANT LAND ACQUISITION AND RESETTLEMENT PLAN

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Abstract

Central Java Power Plant (CJPP) which is the first project of the Government of Indonesia with the cooperation contract scheme of the Public Private Partnership reaped difficulties in its implementation. This is because the local residents refused to hand over their private land for acquisition power plant development projects 2 x 1000 MW. The process of land acquisition for government projects have been delayed for 4 years, various policies have been issued, but not so taken by the local community. Not only that, PT Bhinamesena Power Indonesia (BPI) as the party appointed by government for the development project had pleaded not able to liberate the rest of the land was not handed over by the owner. Whereas in addition to meeting the needs of electric energy in the country, the project is expected to reduce government subsidies to the electricity company for the production process will utilize national low-calorie coal supply that is expected to lower the cost of production. The project is also expected to open up employment opportunities to a minimum of 5,000 local residents and provide opportunities for participation of local components in the production process, and further expected to encourage the passing of the wheels of the national economy.

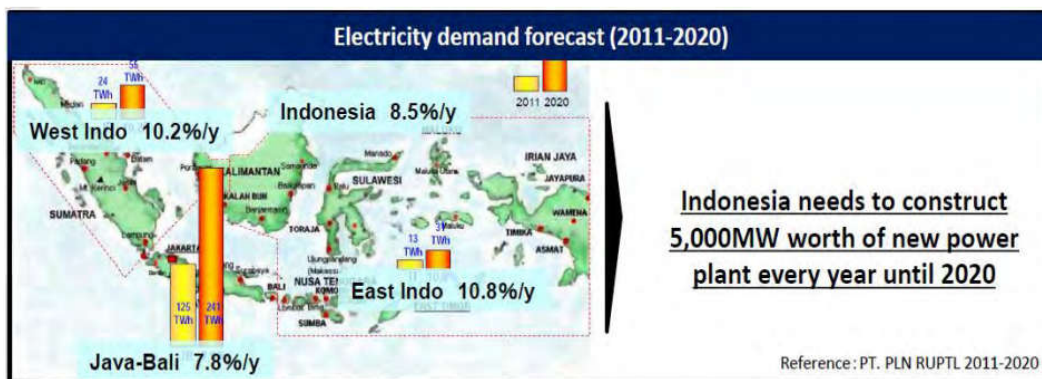
Keywords: CJPPP, Land Acquisition, Indonesia, Involuntary

1. Introduction

Indonesia is a country that has the electrification ratio 72.95% (1) which means that the supply of electric energy available can not support the energy needs of the country. Since 2006, the Government of Indonesia has been pursuing a program to accelerate the energy infrastructure, named Fast Track I, by targeting more than 16GW of coal-powered electricity. In 2010, the government announced the second phase of this program by the name of Fast Track II to develop additional energy is generated by 10 GW. Fast Track II targeting priority projects aimed at energy coal and geothermal (2). In this regard, the Government of Indonesia in 2006 initiated the construction of a steam power plant (power plant) 2 x 1000 MW in Batang, Central Java, known as the Central Java Power Plant Project (CJPPP) as one of the government's efforts to be able to

support the supply electrical power in Indonesia, especially in Java, Madura and Bali, with a population of approximately 13 million people (3).

Figure 1. Indonesia Electricity demand forecast in Indonesia (2011-2020)



CJPPP is the first large-scale project in Indonesia with an investment of US \$ 4.2 billion which is also known as the largest power plant project in Southeast Asia, also the first project to be implemented by presidential decree No. 67 of 2005 on government cooperation with private entities in the provision of infrastructure (4). In addition, the project is also one of the projects which are incorporated in the Master Plan for the Acceleration and Expansion of Economic Development (MP3EI), which has been declared by the Indonesian government in 2010. Provision of Government Guarantees (Pemberian Jaminan Pemerintah) for CJPPP is a step forward in the process infrastructure development in Indonesia because there is more transparent and accountable new guarantee scheme through Indonesia Infrastructure Guarantee Fund (IIGF) as one of the government's fiscal policy instrument (5). The project was undertaken by PT Bhinamesena Power Indonesia (BPI), which is a consortium (joint venture) Electric Power Development. Ltd. (J-Power), PT Adaro Power (AP), and Itochu Corporation. This project financing from the Japan Bank for International Cooperation (JBIC) as well as several other international banks, including the World Bank (6).

Indonesia, along with Japan has signed a development agreement this power plant on October 6, 2011. Initially CJPPP expected to have Commercial Operation Date (COD) at the end of 2016 (5). However, due to the rejection action from local people around the construction site of the project, the project has been delayed for more than four years. CJPPP requires an area of 226 hectares. There are five villages directly affected by this project. Thousands of people around the construction site of the project is incorporated in Paguyuban Rakyat Batang is firmly opposed to a development project on the grounds if this great project still underway, the project is considered to threaten the survival of the environment as per the power plant will contribute to stem carbon emissions 10,8juta tons and 226 kilograms of mercury can cause acid rain (7), which will impact negatively on the livelihoods of local residents, who are mostly fishermen and farmers. CJPPP strongly opposed by the local community because it is considered built on the productive farmland and rich fishing area.

After four years of trying to do land acquisition for project construction, on June 27, 2014 BPI formally convey the inability of companies to conduct land acquisition for CJPPP. Some members of the community of three villages directly affected by the project remain adamant defend their land. Until June 2014, there are still 67 of the land owners who remain do not sell their land for CJPPP. On June 30, 2015, the Governor of Central Java, issued a decision on the

approval of the designation of the rest of the land acquisition area of 125.146 m² for construction, given to Development Master Unit VII State Electricity Company (PLN). In response to this, the community fought through the State Administration Claims on Central Java Governor Decree. Communities requested cancellation of the decision because it considered contrary to the procedures for land acquisition as stipulated in the laws of the Republic of Indonesia No. 2 in 2012. The lawsuit was rejected by the people in the Administrative Court Court of Semarang. Not satisfied, communities do cassation to the Supreme Court with the added reason that CJPPP is a private project and not a government project.

2. Policy and Legal Framework of Land Acquisition in Indonesia

In Indonesia, laws governing land acquisition for the implementation of development for public interest stipulated in Presidential Decree number 36 in 2005. In a presidential decree has three principles namely:

- a. Procurement of land is any activity to get the land by giving compensation to the release or transfer their land, buildings, plants, and objects related to land or land revocation.
- b. Land acquisition is done with help of land procurement committee, which may consist of the government such as: Regent / Mayor and Ministry of Home Affairs.
- c. Procurement of land for implementation of development for public interest is done through negotiation (*musyawarah*) in order to obtain a collective agreement (19).

3. Research Methodology

This research was built using qualitative research method where produces descriptive data such as speech or inscription and behaviors that can be observed from the subjects of research. In addition the data in this study were collected by Google and Yahoo search engines to gather information publically about Central Java Power Plant Project (CJPPP). There are two parts to the collection of information in the study:

Section 1. Thoroughly search using a combination of keywords associated with CJPPP on search engines. Data validation is done manually to eliminate information that is not qualified for research, such as incomplete data, data that is more personal opinion.

Section 2. Interviews with peoples who were directly involved in the implementation of projects such as: Regent of Batang, Batang Regional Secretary, Head of Sub-district, village headman, and community leaders who understand the constraints in the development process of CJPPP.

4. Results

4.1 CJPPP New Forms of Government Project In Indonesia

CJPPP is a project that was prepared with the cooperation pattern of Public Private Partnership (PPP). Public Private Partnership contract signed by Government of the Republic of Indonesia (represented by the Ministry of Finance), Indonesia Infrastructure Guarantee Fund (IIGF), and BPI. The project is a Public Private Partnership projects are based on Presidential Regulation No. 67 Year 2005 concerning Government Cooperation with Business Entities in Infrastructure Provision. The project using the guarantee scheme shared between the Government and IIGF who obtain a mandate based on the Presidential Decree No. 78 Year 2010 regarding Infrastructure Guarantee in Public Private Partnership Projects Work done through Infrastructure Guarantee Enterprises (12).

CJPPP using Build-Operate-Own-Transfer (BOOT) scheme. In other words, after 25 years of operation, both land and buildings, will be transferred to PLN. In BOOT private company has full responsibility in financing, preparation, construction, operation and maintenance. Under this agreement, the public sector which here is PLN agreed to purchase the products produced by the private sector (BPI). In the process of land acquisition, BPI has a land area of 226 hectares, while PLN 12 hectares. Due to limited funds owned by the Indonesian government, CJPPP funded by the Japan Bank for International Cooperation (JBIC) as much as US \$ 3.4 billion and the rest is a loan of 9 commercial banks, namely: SMBC, BTMU, Mizhuo, DBS, OCBC, Sumitomo Trust, Mitsubishi Trust, Shinsei and Norichukin.

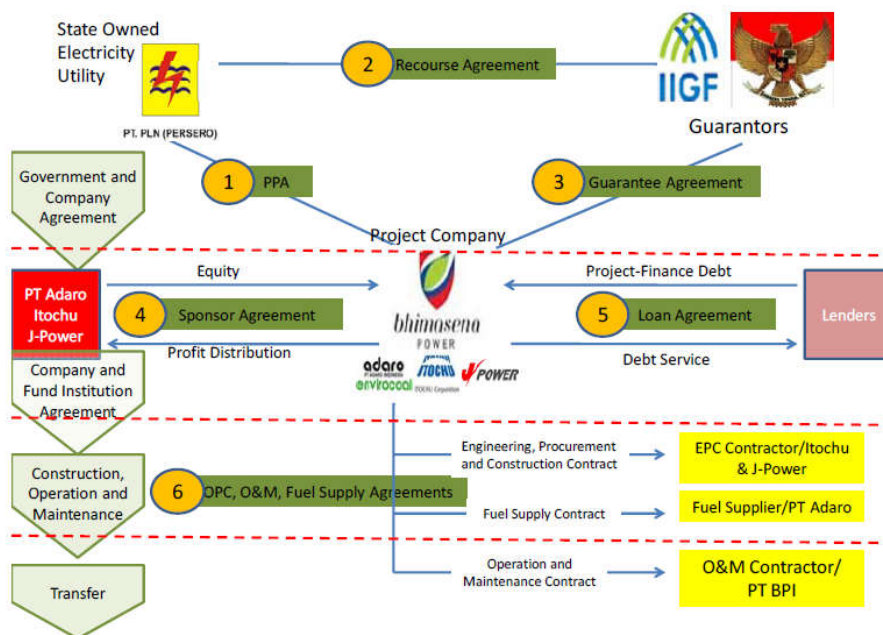


Figure 2 CJPPP Batang PPP Scheme (14)

4.2 Project Affected People (PAP) & Area

CJPPP built in the region north coast of Java, precisely in Batang, Central Java. There are five villages will be directly affected in this project related to land acquisition. These villages are Ujungnegoro, Karanggeneg, Ponowareng, Wonokerso and Roban. It is estimated that there are about 800 people around who are directly affected by CJPPP. According to statistics of 2010, the five villages directly affected by this project is the productive land with the rice which is the staple food of Indonesian society (16). There are 124.5 hectares of rice fields, 20 hectares of jasmine plantations, 152 hectares of rainfed and regional marine conservation areas where planting coral reefs (17). In addition there are two villages around the project area that will be affected indirectly if the project was begun. Data and marine fisheries department said, there are 10.961 residents who depend on the marine sector will be affected indirectly from CJPPP.

4.3 Involuntary Local Communities Affected Project

Construction of mega CJPPP has been planned since October 6, 2013 was delayed due to local peoples refused to sell his land to be acquired for the project needs. Local communities fear the environmental impact of CJPPP. They spontaneously make study visits to Cilacap precisely

Karangkandri village to see the direct impact caused by the presence of similar projects. From the comparative study communities draw their own conclusions that the impact of pollution CJPPP will be similar to those seen in Cilacap. From informants in Cilacap they do a comparative study, they also concluded that the welfare of the people and fishermen will be dropped immediately after the construction of the power plant project.

From these assumptions, the citizens who are members of Paguyuban Rakyat Batang Berjuang Untuk Konservasi (PRBBUK), held a demonstration in the Office State Administrative Court (Kantor Pengadilan Tata Usaha Negara) to reject CJPPP. The demonstration was held in conjunction with the filing of 20 residents against a lawsuit of Batang Regent bars of Decree (SK) Regent of Batang No. 523/194/2012 on Backup Region Ujungnegoro-Roban Coastal Park which is considered contrary to Government Regulation No. 26 Year 2008 on Spatial Planning State (RTRWN) and Central Java Provincial Regulation No. 6/2010 On Spatial Planning (RTRN) 2009-2029.

On 22 July 2013 there were 150 protesters demonstrating in front of the Japanese Embassy in Indonesia. This demonstrator is a member of PRBBUK, supported by the Indonesian Legal Aid Foundation (YLBHI) (18). In July 2015, three residents affected CJPPP personally went to Tokyo to represent the voice of the community around the project submitted a proposal hoping JBIC cancel the CJPPP funding. Not only there, on 29 September 2012 hostage taking of two Japanese citizens namely Tonimoto and Satoshi Sakamoto. This two people were represenyting Japanese company (Sumito Corporate) to review CJPPP location (13). This case led to the arrest of five local residents accused as suspect hostage by the Central Java Police.

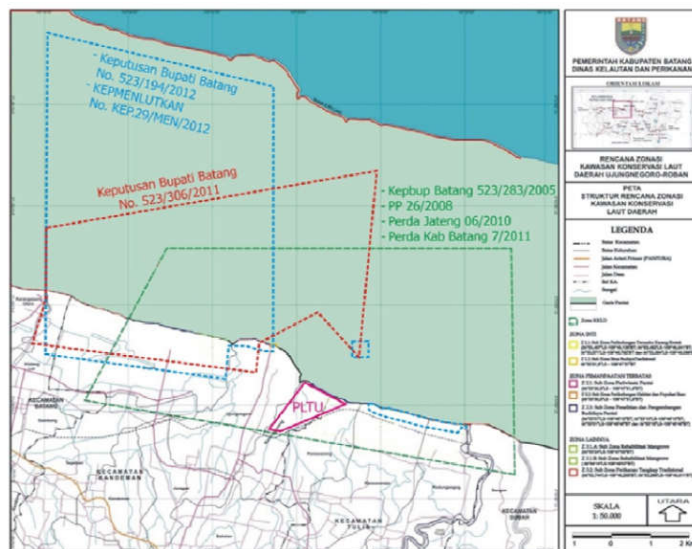


Figure 3. Marine Conservation Zones Regulation Change in the CJPPP Planning Area. The change is from green striped area, then changed to red striped area, then changed again to a blue-striped area (14)

4.4 Efforts are being made to address the involuntary on PAP

4.4.1 Government

Socialization continues performed involving teams from PLN, the Government of Central Java and Central Java BPN. In this forum PLN as a party that may be authorized by the government to complete land acquisition, giving a description of the procedures and land acquisition and legal consequence of Law No. 2 of 2012 on the procurement of land for development for Public Interest. In this socialization explained that in accordance to Law No. 2 of 2012, PLN can force land owners hand over their land for the CJPPP construction. If people have not or do not accept the offer of replacement land prices, this will not stop the construction of the project. Furthermore, its solution will be made through the courts. Besides the central government aided by local government officials have given ease support facilities through internal meetings with landowners, forming a unified team for the district and village levels would encourage landowners to hand over their land.

4.4.2 Implementing Party/Private sector (BPI)

4.4.2.1 Comparative visit

Related to local people anxiety, apart from providing and explaining the results of the environmental impact assessment (Analisis Dampak Lingkungan), BPI held a comparative visit for representatives of locals and PAP, nongovernmental organizations, and local government officials rod to Paiton, East Java, to prove if the project does not harm the environment. This visit is intended to give illustration that CJPPP will not cause damage to the local environment but will provide a positive contribution to the citizens and the local government.

4.4.2.2 Social Compensation

To support the lives of the farmers directed affected by CJPPP, BPI also provide social compensation to 511 agricultural laborers and 241 tenant farmers affected by CJPPP. This compensation is temporary and limited. The compensation is regulated in the decision Regent of Batang (Keputusan Bupati Batang) No. 660.1 / 585/2015. The compensation will be given until a farm laborer have alternative replacement job, while the sharecropper will be given until they acquire replacement land which has been prepared by the BPI.

4.4.2.2 Replacement Land

BPI has prepared a replacement of 32 hectares of land for the peasants that the land where the operation affected by land acquisition for the power plant in Central Java. The subsequent replacement land has been divided equally among 218 farmers. Each farmer will receive arable land around 1.200 m². Tenant farmers can utilize the land without having to do a revenue share with BPI or renting. In addition, BPI provides agricultural tools such as 4 tractors and 20 sprayer (disinfectant spray) as a means of supporting agriculture. This assistance handed over to Karanggeneng, ponowareng, ujungnegoro village heads. BPI also confirmed committed to contribute to improving the welfare of the project affected people through sustainable community development, for example by forming cooperatives and business groups, skills training, and a variety of infrastructure aid.

5. Problems experienced from CJPPP

5.1 The lack of coordination with local government officials

The main issue in the case CJPPP is difficult to acquire land. Because the BOOT system applies a private company has full responsibility in financing, preparation, construction while in Indonesia the acquisition of land for infrastructure projects should be carried out by the central government or local governments. This is what makes the land acquisition process delayed. In addition, there was a maze of policies that make the local people are confused into thinking that CJPPP is a private project. Although some legal instrument relating to CJPPP land acquisition been issued. The lack of coordination among the executing agencies with local officials to make the residents refused to sell his land to be acquired.

CJPPP experienced problems because after granted the permission of the central government, BPI plunge localized by bringing a variety of surveying equipment such as a map of the location, heavy equipment, comes to citizens directly intend to buy people's lands and so on. These activities are carried out without knowledge from local governments. The direct approach undertaken by BPI reap the conflict from neighboring communities because it is done without the intervention of the local government so that citizens think that this project is a private project. Citizens need a close approach to the local culture with a rational explanation of the impact of the power plant project to the citizens themselves and the country. Although the project has been socialized since 2011, BPI approach proved ineffective to soften the hearts of the local community. The way BPI which came right to the citizens and directly assign land prices make people frightened and shut down.

BPI is less able to engage with the local community, an approach model regardless of their physical condition and character of the community is still traditional and uphold manners (tata karma) language and attitude make people refuse to cooperate. Direct approach without coordinating with community leaders or local apparatus is what makes the community fearful and refused to give their land to be acquired. In addition, the reason for the location of the fields and the replacement land far from the settlement also becomes one of the issues why people are reluctant to give up their land to be acquired.

5.2 Misconception in Local Communities

In the Law of the Republic of Indonesia No. 2/2012 explained that the parties concerned (including PAP) must comply with the legislation. But their survival is suppose to be also included in the consideration. This condition was not explained to the PAP by the local authorities and BPI. After understanding the socialization and the explanation given by the government, PAP which initially did not want to handed over their land, be no other choice, because it has been explained that this project is a government project, and if the community was determined not to handed over their land, it's not going to stop construction project. Furthermore, its solution will be made through the courts.

6. Recommendation

PPP policy implementation schemes and MP3EI policy does not clearly specify how the long-term sustainability of life PAP whose land was acquired apart from being given compensation and the possibility to be employed in the project (15). In fact, when referring to the World Bank policies on Involuntary Displacement, there should be a legal obligation to provide clearly measurable compensation and rehabilitation to PAP, in this case in particular whose assets are used for the project. Compensation for the asset in question should be compensated with decent values without reduction, while rehabilitation here aimed to increase living standards in the long

run. If referring to the World Bank policy, the remedies provided should include economic and physical displacement. Not just rely on Corporate Social Responsibility (CSC) which is done by the private sector who build the project.

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