

Centralised Regulation and Localised Crisis: Governance Dynamics in the Steam Power Plant (PLTU) in Indramayu, Indonesia

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Abstract

This study investigates the governance dynamics of sustainable development through a case study of the steam power plant (PLTU) in Indramayu, West Java. As part of a national strategic project, the PLTU has triggered significant environmental impacts on local communities and ecosystems. However, the enactment of the 2020 Job Creation Law (UU Cipta Kerja) has curtailed the authority of the Indramayu Regency Government in environmental oversight, weakening local responses to the crisis. This research employs a qualitative approach, utilising a single case study design and a theoretical framework that integrates environmental governance and multi-level governance. Data were obtained through in-depth interviews and analyses of public reports. The findings demonstrate that the authority of the district government has been eroded due to the centralisation of regulations following the enactment of the Job Creation Law. Furthermore, it demonstrated how corporate social responsibility funds channelled by state-owned enterprises (Badan Usaha Milik Negara - BUMN) not target the real needs of affected residents. Thirdly, Local Government Budget (Anggaran Pendapatan dan Belanja Daerah - APBD) allocations predominantly target short-term responses to environmental impacts, rather than addressing the underlying causes of these problems. The study puts forward a series of recommendations, including revisions to the environmental aspects of the Job Creation Law, improvements to CSR mechanisms based on community participation, and the adoption of collaborative governance models across various actors. The findings emphasise the significance of establishing congruence between national policies and local requirements to achieve ecological justice and politically and institutionally sustainable development.

Keywords: Steam power plant; Corporate social responsibility; Governance dynamics; Multi-level environment governance; The job creation law.

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INTRODUCTION

This paper discusses the importance of sustainable development and climate finance in energy sector governance. The Steam power plant (Pembangkit Listrik Tenaga Uap-PLTU) Indramayu is a study where the pursuit of sustainable development is confronted with the challenge of local environmental impacts. This issue is politically relevant because it involves various actors (government, Stated Owned Enterprises, communities) in a multi-level governance framework, where regulation is at the national level while implementation and impacts are felt by the government and communities at the local level.

The 3x330 MW PLTU Indramayu is one of the national strategic projects built to strengthen energy security in West Java and surrounding areas. Located in Sumur Adem Sub-district, Indramayu Regency, the project is managed by PT PLN through an Independent Power Producer (IPP) scheme with financing support from domestic and foreign investors (Independen.id, 2025). This PLTU is considered to play an important role in supplying electricity to the Java-Bali interconnection network and encouraging local industrial growth through the provision of cheap and stable energy. However, the existence of this PLTU is considered to violate the human rights of citizens in seeking a decent livelihood as farmers and the health of citizens (Tirto.id, 2022). As of June 2023, Indonesia faces a 6 GW electricity oversupply, with reserve margins ranging from 24% to 57% across regions. PLN is projected to lose IDR 18 trillion annually due to this surplus.

Additionally, the environmental impact of coal-fired power plants (PLTUs) is worsening the situation, with oversupply expected to reach 41 GW by 2030 unless energy policies are revised (Ayobandung.com, 2025).

PLTU 1 Jawa Barat emits 4.44 million tons of carbon annually, contributing to global warming and climate change. Combustion residues such as SO_x, NO_x, and coal ash worsen air pollution, especially affecting the health of toddlers and the elderly in nearby areas like Tegal Taman Village (WALHI, 2023). Coal ash often drifts into farms and homes, disrupting daily life. WALHI reported a rise in acute respiratory infections (ARI) among infants between 2015 and 2017. Health data from 2019 to 2021 shows ARI cases in Patrol District increased from 145 to 301, and slightly declined to 289, while in Sukra, the numbers were 181, 183, and 186 respectively, mostly affecting infants and young children (Mongabay, 2024).



Figure 1. Statistic data for Accute Respiratory Infection (ARI) in 2 District in Indramayu
Source: Mongabay.co.id, 2024

The construction of the PLTU has converted around 380,000 hectares of farmland, leading to lower crop yields and reduced fish catches in villages like Mekarsari, Patrol, and Sumuradem. Local resident stated that coal ash pollution has damaged farms and fisheries, leaving people without livelihoods (ruangkota.com). The project also highlights gender inequality when women face challenges in sanitation due to water pollution, especially during menstruation, childbirth, and breastfeeding. Many works as farmers or laborers, yet their voices are largely excluded from decision-making. This reflects a lack of inclusive participation and gender justice in the planning of national strategic projects in Indramayu (Mubadalah.id, 2024).

Since 2016, residents of Mekarsari Village have protested the PLTU Indramayu, viewing it as a threat to their

livelihoods and environment. Led by the local group JATAYU, the community staged demonstrations both locally and nationally, even filing a lawsuit that temporarily revoked the plant's environmental permit—though later overturned in court. Japan and JICA also withdrew funding due to public pressure (WALHI, 2023). These actions show how grassroots mobilization can influence energy governance. A campaign by AJI, WALHI, and LBH Bandung revealed flaws in the project's permit process, including the absence of a Strategic Environmental Study (SKKLH) and lack of community involvement in the impact assessment. The plant has been linked to rising respiratory illness, coastal damage, and disrupted livelihoods for farmers and fishers. Critics also warn that the co-firing policy may drive deforestation and land conflict. Local officials and academics have raised concerns about weak vertical coordination, opaque decision-making, and limited local authority over national energy projects (Independen.id, 2025).

The enactment of Law No. 11/2020 on Job Creation (UU Cipta Kerja) significantly shifted environmental licensing and oversight authority from local to central and provincial governments. Previously, regencies like Indramayu had the power to issue permits and supervise projects such as PLTU operations. After the law's implementation reinforced by PP No. 22/2021 and revisions to Law No. 32/2009, local governments lost most of their legal and administrative capacity to respond to environmental impacts. Together with the 2020 Mineral and Coal Law (UU Minerba), these reforms strengthened an extractive regime that marginalizes local

communities. Hazardous waste like Fly Ash Bottom Ash (FABA) is no longer classified as toxic despite containing carcinogens (Voaindonesia.com, 2022). Similar cases across Indonesia, including in Cilacap and Sungai Progo, show how public participation in environmental protection has been increasingly curtailed. Rather than safeguarding community rights, these regulatory changes deepen structural inequality and weaken socio-ecological protections.

With limited authority to address environmental impacts from the PLTU Indramayu, local governments have relied heavily on Corporate Social Responsibility (CSR) programs implemented by the project operator. However, the effectiveness of these programs is questionable. Often designed without community participation, CSR initiatives tend to be top-down and temporary providing food aid, public facilities, or job training without addressing the deeper structural problems such as pollution, health risks, or loss of livelihoods. In many cases, CSR serves more as a tool to legitimize the project than as a meaningful solution to environmental conflict.

Despite PLTU 1 Indramayu contributing Rp11.7 billion in land taxes nearly 50% of the regency's property tax revenue in 2023, the social and ecological costs for surrounding communities remain high. Residents of Mekarsari and Ujunggebang have reported declining agricultural yields, clean water shortages, and rising health issues such as respiratory infections, coughing, shortness of breath, and high blood pressure. The plant's co-firing scheme, which combines biomass and coal, has

introduced further concerns due to its lack of transparency and unknown health effects. Ultimately, the tax benefits received by the local government do not justify the environmental and social burdens borne by affected communities (Bandungbergerak.id, 2024).



Figure 2. Infographic showing the Indramayu PLTU plan and its impact
Source: Tirto.id, 2022

Some studies in Multi-level Environmental Governance showed that local government faces challenges in implementing the model. Mongala et al (2019), found that while climate change is a pressing issue, especially in cities like Cape Town and Johannesburg, the effectiveness of policies is hindered by the lack of cooperation and proper planning at local levels. The paper highlights the importance of integrating national, provincial, and local governments in addressing climate change adaptation but identifies key barriers such as insufficient resources, lack of expertise, and weak collaboration between municipalities.

Indonesia previous study about Multi-level Environmental Governance stated that the traditional top-down model of policymaking, where nation-states dominate, is being replaced by multi-level governance (MLG), where power is shared across different levels, including local governments and non-state actors. This shift, particularly evident in environmental policy, reflects a "hollowing out" of the nation-state, where local and regional actors gain influence. MLG promotes collaboration across levels, but the nation-state remains central, especially in areas like environmental policy, despite the increased role of private sector and NGOs (Pranyoto et al, 2024).

The eco-Marxist concept of "ecological debt" explains how excessive resource use imposes burdens on affected communities, while profits benefit a small elite, reinforcing socio-economic inequalities that lead to environmental destruction (Gabrielson et al., 2016). This injustice has deepened with the enactment of the Job Creation Law and the Mineral and Coal Law in 2020, which, while promoting investment, have eroded state control over resource governance and intensified social and ecological disparities.

Multilevel Environmental Governance (MLEG) offers a more inclusive and adaptive approach by redistributing authority across global, national, and local levels, and involving non-state actors such as civil society and the private sector (Paavola, 2016). In Europe, MLEG emerged to improve cross-level coordination of environmental policies, enabling integration between supranational, national, and local actors

to tackle increasingly complex environmental challenges (Jordan, 1999; Vogler, 2003). In Indonesia, MLEG is particularly relevant for managing extractive projects like coal-fired power plants, ensuring governance functions are allocated efficiently and responsively across levels (Paavola, 2016).

This research uses six dimensions of MLEG: (1) vertical power allocation between levels of government; (2) governance cost efficiency; (3) institutional interplay across jurisdictions and scales; (4) typologies of institutional design (Type I: stable and general-purpose; Type II: flexible and specialized); (5) coordination between state and non-state actors; and (6) economic rationales, including collective action, path dependence, and multifunctionality (Paavola, 2016; Hooghe & Marks, 2003). By applying these principles, MLEG enables more just, participatory, and sustainable environmental governance, offering an alternative to development models driven solely by market and state interests.

The main aim of this research is to understand how environmental management works at the Indramayu power station and find ways to improve the management that already exists. The aim of this research is to suggest changes to the rules, especially those related to the Job Creation Law, which has changed how licensing and environmental supervision is managed. One important recommendation is for local governments to be stronger in how they deal with environmental impacts. They should be more responsive and preventive. This research looks at current policies and

suggests ways to improve the balance between economic development and environmental sustainability in large energy projects like PLTU Indramayu.

METHODS

This research uses a qualitative approach with a single case study focused on the PLTU Indramayu as the empirical site. The location was chosen due to its complex environmental governance dynamics, social conflicts, and regulatory changes following the enactment of the Job Creation Law. Primary data were collected through in-depth, semi-structured interviews with purposively selected key informants, including representatives from the Indramayu Regional Development Agency (Bappeda), local community leaders in Mekarsari, and members of the Indramayu Regional Parliament (DPRD). Secondary data were drawn from news articles and reports related to the PLTU.

Fieldwork was conducted between April and May 2025. Thematic analysis was used to identify and examine key issues in relation to the theoretical framework. The study is limited to PLTU in Indramayu and its findings may not be generalizable to other contexts. A key limitation was the difficulty in accessing some informants due to their busy schedules. Additionally, representatives from PLN or Indonesia Power declined to participate, stating they were not directly involved in the project. As a result, industry perspectives had to be drawn from secondary sources, which may affect the depth and balance of the analysis.

RESULTS AND DISCUSSION

Regulatory Changes and the Weakening of Local Government Authority

The history of environmental law in Indonesia reflects a strong spirit of decentralization, particularly through Law Number 32 of 2009 on Environmental Protection and Management (Undang-Undang Perlindungan dan Pengelolaan Lingkungan Hidup, or UU PPLH). This law provides a comprehensive framework for planning, utilization, control, maintenance, supervision, and legal enforcement to ensure legal certainty and the right of every citizen to a good and healthy environment. The legal framework was designed to empower regional governments, including regencies and municipalities, to independently manage environmental affairs. The principle of regional autonomy aims to enhance efficiency, responsiveness, and public service delivery by bringing decision-making closer to local contexts. In the context of environmental law, regional autonomy plays a crucial role, particularly in regulating and managing each region in accordance with its own environmental characteristics (Puspitaningtyas & Hartini, 2024). However, the dynamics of central-regional relations in environmental governance underwent significant changes with the enactment of Law Number 11 of 2020 on Job Creation (UU Cipta Kerja) and its implementing regulation, Government Regulation Number 22 of 2021 (PP No. 22/2021).

Regency and municipal governments hold strategic authority in environmental management, including the formulation of local policies, the

preparation of Environmental Protection and Management Plans (Rencana Perlindungan dan Pengelolaan Lingkungan Hidup, RPPLH) and Strategic Environmental Assessments (Kajian Lingkungan Hidup Strategis, KLHS), the inventory of natural resources, the development of environmental instruments, the facilitation of dispute resolution, compliance monitoring, and the management of environmental information within their jurisdiction.

UU PPLH also stipulates that an environmental permit is a prerequisite for obtaining business and/or activity permits, especially those requiring an Environmental Impact Assessment (Analisis Mengenai Dampak Lingkungan, AMDAL) or Environmental Management and Monitoring Efforts (Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup, UKL-UPL). Regents/Mayors have the authority to issue environmental permits, establish AMDAL Evaluation Commissions (Komisi Penilai AMDAL, KPA), and determine environmental feasibility decisions. Public participation constitutes a crucial element, as the public has the right to submit proposals, objections, or complaints regarding activities with potential environmental impacts (Erwin Prasetyo et al., 2024).

In terms of supervision, Regents/Mayors are required to oversee the compliance of business or activity operators with environmental regulations and permits, including pollution control and waste management aspects. For instance, the Environmental Agency (Dinas Lingkungan Hidup, DLH) of Indramayu Regency actively monitors

river water quality in its jurisdiction (DLH Indramayu, 2023). If violations are identified, the Regent/Mayor may impose administrative sanctions in the form of written warnings, government coercion (such as the suspension of activities or closure of waste discharge channels), permit suspension, or revocation of environmental permits. Furthermore, UU PPLH adopts the principle of strict liability, which allows legal enforcement for environmental damage without requiring proof of fault (Listiyani & Nopliardy, 2022).

The enactment of the Job Creation Law (Undang-Undang Cipta Kerja), later replaced by Law Number 6 of 2023, fundamentally transformed the concept of environmental licensing in Indonesia. This reform aimed to simplify regulations and stimulate investment (Erwin Prasetyo et al., 2024), but it has brought serious consequences for environmental governance at the regional level.

The Job Creation Law abolished the previously autonomous "environmental permit" system and replaced it with an Environmental Approval (Persetujuan Lingkungan), which is now embedded within the broader Business Licensing (Perizinan Berusaha) framework. This new approach adopts a risk-based licensing system, classifying activities into low, medium, or high risk, which determines the corresponding level of environmental oversight (Puspitaningtyas & Hartini, 2024). Furthermore, the shift from the term "permit"—a clearly defined administrative legal product—to "approval" suggests increased discretion and flexibility in decision-making (Erwin Prasetyo et al., 2024).

The authority to assess AMDAL has been transferred from the AMDAL Evaluation Commission (KPA), which previously involved public participation, to a centralized Environmental Feasibility Assessment Agency at the national level. Additionally, the AMDAL process is no longer a mandatory prerequisite for business licensing, but rather one of several considerations in the overall environmental feasibility review (Puspitaningtyas & Hartini, 2024).

Public participation in the AMDAL process has also been significantly curtailed. Only directly affected communities are now eligible to participate, and even then, they are no longer active members of the evaluation body but merely consulted stakeholders (Puspitaningtyas & Hartini, 2024). This raises concerns about the potential decline in AMDAL quality due to the diminished role of public oversight in the approval process (Erwin Prasetyo et al., 2024).

These changes—including the centralization of authority and the restriction of public participation—are part of a broader deregulatory agenda aimed at accelerating investment. Within this framework, environmental protection is often perceived as an obstacle, leading to the weakening of regulatory safeguards. This approach risks encouraging lenient environmental practices and allowing high-impact activities to proceed without adequate local oversight. Moreover, the law fails to adequately address root issues such as weak law enforcement and corruption—factors that are critical for achieving sustainable development (ICEL, 2020).

As a result, the capacity of local communities to influence decisions on strategic projects has become increasingly constrained. When environmental decisions are predominantly made at the national level, the accountability relationship between local governments and their constituents is weakened. In Indramayu, for instance, communities affected by large-scale projects such as coal-fired power plants (PLTUs) face growing difficulties in raising objections or seeking fair and timely remedies. This situation has the potential to fuel social conflict, environmental injustice, and a growing perception that local interests are being sidelined in favor of national economic priorities.

The Job Creation Law also centralizes environmental supervision, which was previously a shared responsibility among the Minister, governors, and regents/mayors, consolidating it under the authority of the Central Government (ICEL, 2020). While supervision may still be delegated to technical officials, strategic direction and ultimate intervention now rest at the central level (Listiyani & Nopliardy, 2022). A new concept of "second-layer inspection" was also introduced, granting the Minister authority to assume oversight responsibilities if local governments are deemed insufficiently assertive in sanctioning serious violations (Nafi, 2024).

The approach to sanctions has also shifted. The Job Creation Law emphasizes administrative sanctions as a form of *ultimum remedium* (last resort), rendering criminal sanctions applicable only after administrative avenues have been exhausted. The authority to impose

sanctions is now generically assigned to the "Central Government or Regional Government," rather than to specific officials, which may lead to ambiguity (ICEL, 2020). New types of sanctions, such as administrative fines, have been introduced, while existing ones, like permit revocation, now apply to business licenses rather than environmental permits (Nafi, 2024).

Perhaps the most critical weakening lies in the principle of strict liability. The removal of the phrase "without the need to prove fault" from Article 88 of the amended law obscures the meaning of strict liability and potentially increases the burden of proof for victims of environmental harm (Listiyani & Nopliardy, 2022). These regulatory changes following the enactment of the Job Creation Law have had significant implications for the Indramayu Regency Government. Regional authority in environmental decision-making has become increasingly limited, especially concerning large-scale or strategic projects. With the centralization of licensing and assessment processes, local specificities are often overlooked.

An interview with a member of the Regional House of Representatives (DPRD) of Indramayu Regency in May 2025 confirmed that the local government had no substantial role in the Indramayu coal-fired power plant (PLTU) project. The entire process—from planning to the formulation of technical policies—was controlled by the central government without involving the DPRD or other local institutions. In fact, the DPRD had no access to information regarding the project, rendering it unable to perform its

oversight function or effectively protect the interests of local communities.

This condition reflects how the Omnibus Law (Job Creation Law) centralizes environmental management authority, replacing regional AMDAL Commissions with a national-level environmental feasibility assessment body. As a result, regional representation in decision-making processes has been significantly reduced. According to the source, public participation in the Indramayu PLTU project was merely formalistic, while land acquisition was carried out hastily, with little consideration for social and ecological impacts.

The lack of authority also creates ambiguity in accountability. When environmental impacts emerge—such as air pollution or declining agricultural productivity—the local government lacks the legal and institutional basis to respond to citizens' complaints. In such conditions, environmental protection and social justice become casualties in the name of investment and national strategic projects. The post-Omnibus Law regulatory architecture exacerbates the power imbalance between central and local governments, and diminishes the capacity of local authorities to safeguard their citizens' environmental rights.

A similar view was expressed by a source from a Local Government Agency in Indramayu during a separate interview in May 2025. They reinforced the claim that the local government's involvement in the PLTU project was extremely limited, if not merely symbolic. The direction and design of the project were determined entirely by the central government, leaving no significant

participatory space for the region to influence strategic decisions.

The absence of local oversight mechanisms reinforces this subordinate position. There are no regulations that allow local governments to intervene in the implementation of the project, even though the impacts are directly felt by the communities. Local governments are merely recipients of top-down decisions, without a legal basis to raise objections or protect their citizens from environmental degradation, economic losses, or disruptions to livelihoods such as farming and fishing.

The PLTU project is perceived as a central government initiative with minimal local consultation. Its economic benefits largely flow to the center, while the social and ecological burdens are borne by the local population. This situation illustrates the asymmetry of power relations in development governance, further entrenched by the consolidation of authority under the Omnibus Law.

Nevertheless, the local government source emphasized the need for a reformulation of national development policy to be more inclusive. According to them, the core issue is not only the loss of authority, but also the absence of a regulatory framework that enables local governments to contribute to the management and oversight of strategic projects. This is essential to ensure that national development is not only economically efficient but also socially and ecologically just for directly affected regions.

From the perspective of multi-level governance, these findings reflect a tendency toward centralization in

Indonesia's environmental governance system, which results in a mismatch between the level of decision-making and the level where impacts are experienced. The central government promotes the PLTU project under the narrative of energy security and economic growth, yet local involvement in monitoring and impact mitigation remains minimal. Ideally, cross-level governance requires clear coordination and collaboration mechanisms so that environmental oversight functions do not overlap or become fragmented.

Moreover, from the standpoint of public policy implementation theory, the deregulatory measures introduced by the Omnibus Law aim to simplify licensing procedures and accelerate investment. However, they are not accompanied by adequate institutional capacity at the regional level to address the resulting environmental consequences.

These findings underscore the need to re-examine the division of authority between central and local governments, particularly in the context of sustainable development, so that ecological justice is not sacrificed in pursuit of economic liberalization. While the Omnibus Law ostensibly seeks to streamline regulations and facilitate investment, it risks undermining local governments' ability to act as effective front-line protectors of the environment. The recentralization of authority creates a fundamental disconnect between centralized decision-making processes and the highly localized nature of environmental impacts (Puspitaningtyas & Hartini, 2024).

This creates a paradox in which a law designed to enhance economic

efficiency inadvertently generates new inefficiencies and injustices in environmental governance due to a misalignment between centralized authority and localized consequences. The ongoing environmental problems in Indramayu, particularly around the PLTU site, exemplify how local governments can be left to bear severe environmental burdens without the legal tools or autonomous authority needed to respond effectively within the post-Omnibus Law regulatory landscape. This condition risks widening the gap between policy intentions and field realities, potentially exacerbating environmental degradation and social discontent.

The Dilemma of CSR and Environmental Benefits

Corporate Social Responsibility (CSR) plays a crucial role in addressing the complex environmental issues in Indramayu. The environmental sector in Indramayu often comes under scrutiny due to the environmental degradation caused by surrounding infrastructure development, particularly the PLTU Indramayu. In this context, CSR funds are expected to help mitigate the environmental damage by employing effective and efficient approaches. According to Professor Kingsly (2024), CSR is often understood as an ethical behaviour carried out by individuals or institutions based on moral principles and justice. The aim of CSR is to achieve profitability while promoting the interests of stakeholders through desired procedures and behaviours. The concept of CSR is closely linked to the ideas of Sustainable Development (SDG) and Climate Finance, where CSR serves as a

business contribution to sustainable development, and climate finance acts as a crucial instrument or tool in achieving policy goals focused on solving social and environmental problems (Kingsly, 2024). Both share the common goal of contributing to sustainable development for the broader community's welfare.

However, in practice, CSR funds have not been fully effective in addressing environmental issues in Indramayu, especially those arising from the PLTU development. One of the main reasons for this is the top-down approach in policy regulation, which affects the effectiveness of CSR programs. Based on an interview with a member of the Local People's Representative Council, the council has limited oversight capabilities because the main proponent in this PLTU development, which is considered as a National Strategic Project (PSN), is the Indonesian House of Representatives (DPR RI). This has resulted in the underutilization of CSR funds by the local community, resulting to the inaccessibility funds for the local. Moreover, the resource person conveyed that the management of CSR funds itself has been less transparent, unresponsive, and unaligned to the community's needs, such as increasing access to healthcare facilities like building a specialized lung hospital or providing medical equipment. This indicates that CSR program represents more as a corporate image tool rather than an instrument supporting sustainable development in the areas surrounding the PLTU in Indramayu.

The weakening of the Local Indramayu City Council's role in overseeing the PLTU project emerged after the implementation of the Omnibus

Law, which has since sparked ongoing criticism regarding the environmental damage in Indramayu. According to the resource person from the Local Indramayu City Council, the Omnibus Law restricts local government authorities' ability to monitor the implementation of National Strategic Projects, including the supervision of CSR fund distribution and implementation. This has resulted in CSR funds being channelled through third parties without involving the community as the beneficiaries. While CSR funds are used for public facility development administratively, these projects often do not align with the urgent needs of the community, such as addressing air pollution or environmental rehabilitation efforts.

The limitations on management of CSR funds also widen the pathway for corruption or the misuse of funds for personal or institutional interests, further exacerbating CSR's inability to address environmental damage in Indramayu. This is consistent with what the respondent from the Indramayu City Council stated, adding that the local government has a little significant role in overseeing and involving in PLTU's development projects, which worsens the disparity between decisions made by the central government and the unaddressed needs of the local community due to existing regulations.

To address this issue, it is essential to enhance transparency and community participation in the management and oversight of CSR funds. Increasing public involvement in monitoring PLTU projects can pave the way for the implementation of more inclusive and measurable

programs, ensuring that CSR benefits are more effectively felt by the communities directly impacted by the PLTU infrastructure development.

On the other hand, the involvement of local communities in monitoring the PLTU Indramayu development project remains limited. According to a respondent from community leaders, lack of transparency regarding the transparency of CSR fund utilization and the exclusion of local communities in the project planning process further undermine public trust to the local government. In response, a source from the local government stated that the local authorities are constrained in their ability to intervene due to the absence of an official role for local government institutions in overseeing national projects. This is resulted in a weak role for local government agencies in monitoring national projects in their regions, making it difficult for them to advocate for the interests of their communities and territories.

This case underscores the lack of implementation of the principle of collaborative governance, where CSR management tends to be carried out unilaterally by corporations and their partners, without strategic coordination with local governments or participation from local communities. Rifai et al., (2025) argue that the collaborative governance model emphasizes stakeholder collaboration and focuses on addressing social issues and policies within the community. This approach is expected to generate social justice in fulfilling public interests. Moreover, this situation contradicts the principles of good governance, which emphasize on

participation, accountability, and effectiveness in every developmental program. There are indicators of good governance, namely participation, rule of law, transparency, responsiveness, consensus, equity, effectiveness and efficiency, accountability, and strategic vision (Andriyadi, 2019). In this case, several key indicators of good governance are not being applied in the CSR initiatives for communities affected by the PLTU development. Issues such as a lack of public participation, transparency, effectiveness, and accountability are among the primary concerns within the development of PLTU Projects.

From a political ecology perspective, critical questions arise regarding CSR design, which tends to channel funds into "safe" projects that do not address structural issues, such as environmental recovery or the rights of affected local community, but instead only aim to dampen potential social resistance. Political ecology theory highlights that infrastructure development is intrinsically connected to political power dynamics and has significant implications for resource management and the environment. Bryant and Bailey in Satria (2007) strengthen this argument and refer to this as a politicized environment, Environmental changes and infrastructure development involve a diverse range of actors, including the state, entrepreneurs, multilateral institutions, NGOs, and grassroots communities, and each driven by their own political and economic interests.

To improve CSR implementation, it is essential to compare CSR practices in

other regions that have successfully empowered communities by involving them throughout all stages, from planning to evaluation. These practices can serve as a model for improving the CSR scheme at PLTU Indramayu moving forward. The PLTU Paiton case offers lessons learned in CSR fund management, where the effective use of funds has had a positive impact on the surrounding community, particularly in terms of income enhancement, community empowerment, and strengthening social cohesion. CSR funds in Paiton have been managed through innovative empowerment programs that have the potential to promote the economic growth and prosperity of the local community, such as fish farming, fishing pond management, rice field cafes, and renovation of public facilities for the local community (Dewi et al., 2023).

The enforcement of national regulations on corporate social responsibility is fundamental, as outlined in Law No. 40 of 2007 on Limited Liability Companies and Government Regulation No. 47 of 2012 on Corporate Social and Environmental Responsibility. It is essential to ensure that the impacts and objectives of CSR programs are achieved. This aligns with the legal analysis of Law No. 40 of 2007, which outlines the legal obligations of companies, particularly those operating in the natural resources sector, as part of their social and environmental responsibility to support sustainable development and the well-being of surrounding communities (Elisa & Rahmadany, 2022).

Initiatives Aimed at Addressing Environmental Concerns Within the Limitations of Fiscal Constraints

The Indramayu Regency's APBD exhibits a reactive rather than proactive pattern in terms of budget allocation in the environmental sector, particularly in addressing environmental impacts resulting from the Indramayu PLTU's activities. Data from the Indramayu District Head Regulation No. 223 of 2024 shows that most of the environmental sector budget is allocated to deal with short-term impacts, such as free medical treatment for residents affected by air pollution and the provision of social assistance for the community. In interviews with resource persons from the Indramayu Regency Environmental Agency, it was also stated that these programs were carried out because they were in accordance with the needs of the affected communities around the PLTU. However, this program only provides a short-term solution and does not solve the main problem.

The budget allocation for these programs is very limited. Members of Indramayu's DPRD revealed during interviews that budget allocations for preventive measures are often not considered urgent and that budgets are allocated by focusing on impacts that are directly felt by the community. Based on this mechanism, it can be concluded that budget management in Indramayu Regency does focus on addressing visible problems but does not touch the main issue, namely ecosystem damage as a result of the PLTU which continues to operate without intensive control.

In addition to problems in fund management mechanisms, budget

allocation in Indramayu Regency is also influenced by short-term political pressures, where the community often demands that the Regional Head provide benefits from the APBD in the form of direct assistance. This raises concerns that the disproportionate allocation of funds between reactive short-term budgets and sustainable development solutions will lead to an imbalance in policy that will ultimately worsen environmental conditions in the future. This concern was shared by Bappeda Indramayu when interviewed.

The existence of the newly passed the Job Creation Law and as stated in Indramayu District Head Regulation No. 223 of 2024 confirms that the authority in terms of environmental management policies and other national strategic projects is taken over directly by the center. This also has an impact on the limited regional authority to manage the budget in the environmental sector. As a result, the local government does not have enough space to intervene in policies and budget allocations to mitigate environmental impacts resulting from the activities of PLTU Indramayu.

The dynamics of determining budget allocations in Indramayu Regency can be understood and addressed conceptually through Multi-Level Governance (MLG) theory. MLG emphasizes the need for participation of different actors at different levels in decision-making (Paavola, 2016). This will help reduce the tension between short-term and long-term goals. The pressure for society to prioritize policies that provide immediate benefits is a major barrier for governments to implement more preventive and

sustainable policies. The MLG principle emphasizes coordination with inclusive horizontal and vertical mechanisms, where all relevant parties both at the central and local levels have the authority to play a role in managing and developing environmental policies in an effective and coordinated manner (Paavola, 2016).

The dynamics of budget management and allocation in Indramayu Regency also have the potential to be trapped in a free-riding scenario. Management mechanisms that tend to be top-down will lead to dependence on individual efforts (Paavola, 2016). In this context, dependence can occur on central policies without considering regional perspectives. Each region actually has a different political, economic, socio-cultural and environmental context from the others. Relying on central policies without regional considerations will result in policies being taken that are not optimal. This top-down model will not be able to overcome environmental development problems based on the principle of sustainability. This problem is also exacerbated by the limited authority of local governments. As stated in Indramayu Sub-District Regulation No. 223 of 2024, although local governments must deal with environmental problems, large projects such as PLTU are managed by the central government. Local governments have no authority to influence the policies implemented.

Starting from the description of the above problems faced by the Indramayu Regency Government, a concrete and solutive step is needed in order to help

increase budgeting in the environmental sector that focuses on strategic and preventive and sustainable steps. This is based on the application of Multi-Level Governance, Green Budgeting and Sustainable Development so that it allows the application of budget management and allocation policies more effectively and efficiently. This approach has been applied in Europe and can also be applied to the environmental sector budget in Indramayu. The implementation of Green Budgeting can be carried out by the Indramayu District Government through the process of integrating sustainable development goals (SDGs) into the Regional Medium-Term Development Plan (RPJMD), which includes special budget allocations for the development of emission control technology, environmental rehabilitation and renewable energy. In addition, budget allocations should be specific to environmental management and promoting clean energy transition.

Strengthening the authority of local governments in managing strategic projects in their area and strengthening the role of the community in the decision-making process, are essentials. Basically, the principle of Multi-Level Governance (MLG) provides a management mechanism with a decentralized distribution of power. The application of MLEG can help stakeholders to address environmental problems efficiently and by their respective capacities. This is also to prevent conflicts arising from procedural and distributive reasons related to managed resources (Paavola, 2016). The local government can provide capital assistance, skills training for people who want to switch to an

environmentally friendly economic sector, so that the community is invited to actively take part in the process of managing and monitoring the resources undertaken by the PLTU.

The limited authority of local governments is one of the important issues that must be addressed immediately. Laws and regulations that limit the authority of local governments need to be reviewed, one of which is the Job Creation Law. Environmental budgeting reform in Indramayu Regency needs to involve strengthening the application of green budgeting, economic diversification, and strengthening local authority, based on the principles of multi-level governance.

Challenges of Multilevel Environmental Governance in the Indramayu PLTU Case

In the case of the PLTU Indramayu, there are several critical governance issues that arise from the multilevel environmental governance (MLEG) framework. The project, while viewed as a national strategic priority, has highlighted multiple challenges related to the centralization of power, the ineffectiveness of local governance, and the disproportionate impacts on local communities. There are three main dimensions that reinforce each other - namely the centralisation of regulation after the Job Creation Law, the implementation of CSR programs that are not responsive to local needs, the dominance of informal actors who intervene in policies, and regional budgeting patterns that tend to be reactive. These three aspects form an institutional structure that not only

weakens the capacity of local governments in addressing environmental impacts, but also creates unequal power relations between state actors, corporations, and civil society. If not addressed thoroughly, this trap will prolong dependence on short-term solutions that do not touch the root of the problem.

The Indramayu PLTU case highlights major failures in multilevel environmental governance. Centralized decision-making—reinforced by the Job Creation Law—has stripped local governments of their authority to influence project planning, implementation, and mitigation, despite the project's significant environmental and social impacts. Local stakeholders are largely excluded, creating a gap between national interests and local needs (Paavola, 2016). Although PLN received recognition for its CSR programs (Radarindramayu.id, 2024), these efforts have been criticized for being poorly targeted and unresponsive to real community needs. Farmers and fishers continue to suffer from land loss and pollution, while CSR funds often miss priorities like land compensation and healthcare. This shows a disconnect between governance levels and a failure to address complex, local issues effectively. The top-down approach benefits central actors but imposes environmental costs on vulnerable communities, with weak coordination and limited local capacity worsening the situation and deepening environmental injustice.

Repeated protests from local communities highlight the disengagement of local authorities and

the broader political system from addressing their concerns. Despite raising grievances, the response from both the local government and corporations has been minimal, leading to collective fatigue among the people. Local authorities, such as the DPRD Indramayu, can only act as messengers for the community's concerns, lacking the power to bring about real change. As a result, local communities feel disempowered in the decision-making process, resorting to protests without meaningful outcomes, reinforcing the disconnect and frustration with the governance system.

Another consideration is that increasing the technical and institutional capacity of local governments is a fundamental requirement for the success of this governance reform. Technical training in environmental monitoring, data-based advocacy skills, and facilitation from the central government are needed to support the role of district governments as the main actors at the local level. Vertical coordination must also be strengthened, especially between districts and provinces, so that there is a fast and integrated response channel when environmental problems escalate.

The centralised decision-making structure, the ineffectiveness of CSR programmes, the lack of political will, and the inefficient regulatory frameworks all contribute to the deterioration of local autonomy and the marginalisation of affected communities. The situation under scrutiny reveals the structural weaknesses in Indonesia's multilevel environmental governance, where local voices are excluded from important decisions and policy coordination

between levels of government remains ineffective.

CONCLUSIONS

The case of PLTU Indramayu reveals a multidimensional governance crisis rooted in the weakening of local authority through regulatory changes, ineffective corporate responsibility mechanisms, and reactive fiscal practices. The enactment of the Job Creation Law (UU Cipta Kerja) significantly centralized environmental governance, disempowering local governments from issuing permits, conducting environmental assessments, or enforcing accountability. As a result, decision-making regarding large-scale infrastructure like PLTU bypasses regional governments and communities, leaving them without recourse to mitigate environmental degradation. The public's role in Environmental Impact Assessments (AMDAL) has also been substantially diminished, eroding democratic oversight and weakening environmental safeguards. Furthermore, corporate social responsibility (CSR) programs in Indramayu have not functioned as effective tools for compensating environmental or social harm. On the fiscal side, Indramayu's environmental budgeting follows a reactive pattern, with allocations geared toward short-term relief such as medical treatment or social aid rather than long-term ecological recovery. Local budget decisions are shaped more by political pressures and visible needs than by systemic planning. By increasing budget allocations for sustainable preventive solutions and strengthening community participation, Indramayu Regency can

develop a more inclusive and efficient environmental management system that not only considers short-term impacts but also ensures the long-term sustainability of ecosystems and the welfare of communities. It is necessary to implement a restructuring of the governance model. This will ensure that local voices are not only heard but also empowered to shape policy decisions that affect their lives and environment. This necessitates enhanced transparency, improved local participation, and more equitable distribution of benefits from national projects.

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