The Constitutionality of Special Mining Business Permit (IUPK) Application to Community Organisations in Indonesia

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Abstract

The management of natural resources, including minerals and coal, is governed by the principle that these resources are controlled by the state and used as much as possible for the prosperity of the people, as stipulated in Article 33 Section (3) of the 1945 Constitution of the Republic of Indonesia (1945 Constitution). This principle places the state as the main manager responsible for ensuring fair and sustainable exploitation. A Special Mining Business Permit (IUPK) is a license that allows certain parties to manage mining in a certain area, regulated in Law Section 4 of 2009 and its derivative regulations. The decision of Muhammadiyah and Nahdlatul Ulama (NU) to be involved in mining has significant economic, social, and environmental implications. Its economy can increase organizational income, create jobs, and support social programs; its social strengthens the role of the organization in positive change by promoting fair work standards; however, environmental challenges require strict standards to prevent damage. The granting of mining permits is regulated in Government Regulation (PP) No. 25 of 2024, which aims to provide financial independence for religious organizations. However, strict monitoring is needed to mitigate negative impacts such as pollution, social change, and health impacts. From a constitutional perspective, licensing must adhere to the principles of social justice, transparency, and environmental protection to ensure fair and sustainable benefits for society.

Keywords: Constitutionality, Special Mining Business License (IUPK), Muhammadiyah, Nahdlatul Ulama (NU)

INTRODUCTION

In Indonesia, natural resources, including minerals and coal, are regulated and managed based on the principle that these resources are controlled by the state and used as much as possible for the prosperity of the people, as stipulated in Article 33 Section (3) of the 1945 Constitution of the Republic of Indonesia (1945 Constitution). This principle places the state as the main manager responsible for ensuring that the exploitation of natural resources is carried out fairly and sustainably, and provides maximum benefits for all Indonesia people. A Special Mining Business License (IUPK) is a form of licensing granted by the government to certain parties to manage and operate mineral and coal mining in certain areas. The granting of IUPK is regulated in Law Section 4 of 2009 concerning Mineral and Coal Mining, along with its derivative regulations.

The decision of Muhammadiyah and Nahdlatul Ulama (NU), two major religious organizations in Indonesia, to engage in mining operations is a significant step and brings important economic, social, and environmental implications. From an economic perspective, this involvement can increase an organization's revenue, create new jobs, and support a variety of social and educational programs. Socially, it can strengthen the role of Muhammadiyah and NU as agents of positive change by promoting fair work standards and providing economic benefits to local communities. However, environmental challenges from the mining industry, such as soil degradation and water pollution, demand the implementation of strict environmental standards and responsible business practices. From an ethical and moral standpoint, it is important for both organizations to ensure that their mining operations are aligned with the religious and social values they embrace, including a commitment to social justice and community welfare. Transparency and accountability in reporting the impact of these operations are also key to building trust and ensuring that their actions are in line with their expectations and values. With the right approach, this decision could be an example of how religious organizations can contribute positively in the economic sector while remaining true to the principles of social justice and sustainability.

The distribution of mining permits to religious community organizations (CSOs) such as Muhammadiyah and Nahdlatul Ulama (NU) is regulated in Government Regulation (PP) No. 25 of 2024 concerning the

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Implementation of Mineral and Coal Mining Business Activities. The government takes this step on the basis of concern for the independence of religious organizations, so that they can obtain a more stable and independent source of funding to support their social, educational, and community activities. This initiative is also expected to strengthen the role of CSOs in local economic development, increase employment, and provide social facilities for communities around mining areas. In addition, the government hopes that with the involvement of CSOs in this sector, there will be an increase in the application of ethical standards, transparency, and social responsibility in mining operations. However, this step also requires strict supervision to ensure that mining operations carried out by religious organizations remain in accordance with environmental and social regulations, and do not cause negative impacts on society and the environment.

One of the provisions that regulates the provision of IUPK to religious organizations is regulated in Article I Section 26 which contains amendments to Article 35 Section (1) of the Mineral and Mineral Law, which reads, "Mining business is carried out based on business licensing from the central government".

From a constitutional perspective, the granting of mining permits to religious community organizations (CSOs) must be carried out within a legal framework that is in accordance with the basic principles of the state, including social justice, transparency, and environmental protection. The Constitution of Indonesia, especially the 1945 Constitution, stipulates that natural resources are controlled by the state and used as much as possible for the prosperity of the people. Therefore, the government's steps in granting mining permits to religious organizations such as Muhammadiyah and Nahdlatul Ulama (NU) must be carried out with the aim of advancing general welfare and social justice.

The involvement of religious organizations in mining operations can have a significant negative impact. Environmental impacts include air, water, and soil pollution, as well as soil degradation and biodiversity loss due to mining activities. Socially, there is a risk of changes in community structure, conflicts between local residents and companies, and the potential for evictions that affect indigenous peoples' land rights. Economic impacts include sharp fluctuations in income that can affect the economic stability of the community, as well as economic inequality if benefits are not distributed fairly. In terms of health, pollution can cause health problems such as respiratory diseases and indigestion. In addition, there are ethical and reputational impacts that have the potential to lower public trust if mining operations are poorly managed or cause significant environmental damage. To mitigate these impacts, it is important for religious organizations to comply with regulations, implement sustainable practices, involve the community in decision-making, and maintain transparency and accountability in their operations.

The management of the coal mining industry in Indonesia must refer to the constitutional principles that regulate the management of natural resources as part of the national interest and the welfare of the people. As one of the strategic energy commodities, coal has an important role in the economy and people's lives. The 1945 Constitution, specifically Article 33, stipulates that natural resources, including coal, are controlled by the state and used to the greatest extent for the prosperity of the people. Article 33 Section (3) of the 1945 Constitution states: "The branches of production that are important to the state and that control the lives of the people are controlled by the state; and the earth and water and the natural resources contained therein are controlled by the state and used for the greatest prosperity of the people." In this context, the management of the mining industry must ensure that the exploitation and utilization of these resources is carried out in accordance with constitutional principles.

Fair and sustainable management is the key to fulfilling the constitutional mandate, which is to maximize the prosperity of the people. Therefore, all mining activities must prioritize the public interest and the welfare of the community. In addition to the constitution, there are other laws that regulate the use of resources and strategic industries. Law Section 5 of 1960 concerning the Basic Regulations on Agrarian Principles (UUPA) stipulates that the earth, water, and space, including the natural resources contained therein, are controlled by the state as an organization of power for all people. Article 2 Sections (1), (2), and (3) of the UUPA stipulate that the right of state control includes: regulation and administration of the appointment, use, provision, and maintenance of the earth, water, and space; determination and regulation of legal relations between people and the earth, water, and space; as well as the determination and regulation of legal relationships between people.
and legal actions related to the earth, water, and space. This right of state control aims to achieve the prosperity of the people in an independent, sovereign, fair, and prosperous society. Law Section 5 of 1999 concerning the Prohibition of Monopoly Practices and Unfair Business Competition is also relevant in this context. Article 51 of this Law states that monopoly and/or concentration of activities related to the production and/or marketing of goods and/or services that affect the lives of the public as well as branches of production that are important to the state are regulated by law and organized by State-Owned Enterprises (SOEs) and/or institutions or institutions established or appointed by the Government. This emphasizes the importance of strict regulation of strategic industries to prevent monopolistic practices that can harm society and upset the balance of the country.

METHOD

To analyze the impact and constitutionality of granting mining permits to religious organizations such as Muhammadiyah and Nahdlatul Ulama (NU), this study uses a qualitative approach. First, an in-depth literature review was conducted on mining regulations in Indonesia, including Law Section 4 of 2009, Government Regulation No. 25 of 2024, and Article 33 Section (3) of the 1945 Constitution, as well as the principles of constitutionality and ethics in natural resource management. Then, an analysis of regulations and policies was carried out to understand the impact on the involvement of CSOs in mining. Similar case studies were identified to explore best practices and challenges faced. This analysis also includes an assessment of the potential economic, social, and environmental impacts of mining activities. The constitutionality evaluation is carried out by assessing the conformity of mining permit decisions with constitutional principles such as social justice and environmental protection. The results of this analysis are used to provide recommendations on the implementation of mining permits in accordance with constitutional principles and measures to mitigate negative impacts that may arise.

RESULT AND DISCUSSION

Implementation of Government Regulation (PP) No. 25 of 2024 concerning the Implementation of Mineral and Coal Mining Business Activities for Community Organizations

Government Regulation (PP) No. 25 of 2024 represents a pivotal development in the regulation of mineral and coal mining activities in Indonesia, particularly concerning community organizations (ormas). This regulation is a key component of Indonesia's strategy to involve ormas, such as Muhammadiyah and Nahdlatul Ulama (NU), in the mining sector. It aims to balance economic development with equitable resource management and environmental stewardship, reflecting the nation's commitment to utilizing its natural resources for the greatest benefit of its people.

Regulatory Framework

PP No. 25 of 2024 establishes a detailed legal framework for community organizations to engage in mining activities. Key aspects of the regulation include:

Economic Empowerment of Ormas: The regulation facilitates ormas' entry into the mining sector, providing them with opportunities to generate revenue. This financial empowerment is expected to support their social programs, including education, health, and community development. By diversifying their income sources, ormas can achieve greater financial stability and enhance their capacity to contribute to societal well-being.

Alignment with Constitutional Principles: In accordance with Article 33 of the 1945 Constitution, which mandates state control over natural resources for the benefit of the public, PP No. 25 of 2024 ensures that mining activities are conducted with a focus on public welfare. This includes ensuring that the economic benefits of mining are distributed fairly and that resource management aligns with national interests.

Environmental Protection: The regulation imposes stringent environmental requirements on mining operations. Community organizations must conduct environmental impact assessments (EIAs) and adhere to sustainable mining practices to minimize environmental harm. This includes managing waste, preventing...
pollution, and conserving biodiversity. The regulation underscores the importance of protecting Indonesia's rich natural environment while pursuing economic development.

Transparency and Accountability: PP No. 25 of 2024 emphasizes the need for transparency and accountability in mining operations. Community organizations are required to report on their activities, disclose relevant information to the public, and engage with local communities. This openness is designed to build trust and ensure that mining activities are conducted responsibly and ethically.

**Implications for Community Organizations**

Economic Advantages: The participation of ormas in the mining sector is anticipated to bring significant economic benefits. The revenue generated can be reinvested in community projects, enhancing infrastructure, and supporting social services. Effective management of these funds is crucial to ensure that they are used for the intended purposes and benefit the broader community.

Social Impact: Involvement in mining can lead to positive social outcomes, such as job creation and improved living standards in mining areas. Community organizations can contribute to local development through investment in infrastructure, healthcare, and education. However, they must also address potential social challenges, such as displacement and conflicts, by engaging with affected communities and providing adequate support.

Environmental and Social Challenges: Mining activities carry inherent risks, including environmental degradation and health impacts on local populations. Community organizations must implement robust environmental management plans and address any negative effects proactively. Engaging with stakeholders and maintaining high standards of environmental and social responsibility are essential to mitigating these risks.

Government Regulation (PP) Section 25 of 2024 amends several provisions in Government Regulation Section 96 of 2021 concerning the Implementation of Mineral and Coal Mining Business Activities. This regulation was prepared to support investment certainty in the mining sector and the implementation of the national downstream program. The main changes include the definition of the Work Plan and Cost Budget (RKAB), which previously only included plans and budgets for one year, is now expanded to an annual RKAB that can be submitted for a longer period, as stipulated in article 1 Section 39, article 22, article 48, article 79, article 104, article 162, article 177, and article 180.

In addition, changes in the provisions regarding the extension period of the Mining Business License (IUP) or Special Mining Business License (IUPK) owned by a subsidiary of a state-owned enterprise are regulated in articles 54 and 109, which emphasize that the extension of the IUP can be carried out for 10 years each time it is extended. To support the national downstream program, this Government Regulation sets criteria for production operations that must be integrated with processing and/or refining facilities for metal minerals or coal development and/or utilization, regulated in articles 56 and 111. This activity must be carried out by a business entity holding an IUP/IUPK or other business entity with a minimum of 30% share ownership, and this ownership cannot be diluted. This PP also adds new arrangements to improve community welfare through the priority of offering the management of Special Mining Business Permit Areas (WIUPK) to business entities belonging to religious community organizations, regulated in article 83A. This article states that WIUPK can be given on a priority basis to CSA-owned business entities that aim to empower the economy and welfare of CSOs, provided that they meet certain criteria.

Finally, this PP includes provisions regarding the criteria for the extension of IUPK as a continuation of contract/agreement operations regulated in articles 195A and 195B. This provision provides investment certainty for IUPK holders issued before Law Section 3 of 2020 if they have sufficient reserves and new investment commitments, including further exploration and increased refining capacity. An extension can only be granted after the shares of the IUPK holder are owned by at least 51% of the Indonesia participant and have entered into a new share purchase and sale agreement that cannot be diluted by 10% of the total share ownership to the SOE.
Article 83A Section (1) of Government Regulation Section 25 of 2024, which is an amendment to Government Regulation Section 96 of 2021 concerning the Implementation of Mineral and Coal Mining Business Activities, emphasizes that in an effort to improve community welfare, the government gives priority to the offer of Special Mining Business Permit Areas (WIUPK) to business entities owned by religious community organizations. This provision was enacted based on President Joko Widodo's decree on May 30, 2024, as part of a policy that aims to support socio-economic empowerment and increase the role of religious organizations in the mining sector. Specifically, Article 83A Section (2) stipulates that WIUPK submitted to religious organizations is an area that was previously under the Coal Mining Concession Work Agreement (PKP2B). PKP2B itself is a formal agreement between the government and a legal entity company that regulates coal mining business activities, and includes rights and obligations in the management of these resources.

Furthermore, Article 83A Section (6) stipulates that WIUPK's offer to business entities owned by religious organizations is valid for a period of 5 years since this regulation came into effect. With this provision, it is hoped that religious organizations can take advantage of the opportunity to manage and develop the mining area, which in turn can support social programs and improve community welfare through more productive economic activities. This emphasis on prioritization reflects the government's commitment to supporting the role of religious organizations in the mining sector, with the aim of ensuring that the results of natural resource exploitation can directly benefit communities, as well as support sustainable economic and social development efforts. In addition, the regulation also underscores the importance of integrating social and economic aspects in mining policy, which is in line with the principles of social justice and sustainability enshrined in the Indonesia constitution.

This policy also reflects the government's efforts to utilize the economic potential that exists in WIUPK by involving religious organizations that have the capacity to manage and utilize natural resources productively. By giving priority to businesses owned by religious organizations, the government hopes to strengthen their position in the mining sector and give them access to resources previously managed under PKP2B. The provision of WIUPK to religious organizations not only aims to empower the organization but also to create a positive impact on the local community. Through the management carried out by religious organizations, it is hoped that there will be an increase in the provision of jobs, infrastructure development, and social programs that support the welfare of the community around the mining area. This is in line with the principles contained in Article 33 Section (3) of the 1945 Constitution of the Republic of Indonesia, which states that natural resources must be managed for the greatest possible prosperity of the people. However, the implementation of this provision also requires close attention and supervision to ensure that the management of WIUPK by religious organizations is carried out in a transparent and responsible manner.

Aspects such as environmental impact, local community rights, and compliance with regulations must be closely monitored to prevent potential abuse or any negative impacts that may arise. Furthermore, it is important for business entities owned by religious organizations that obtain WIUPK to meet all the criteria and requirements set out in the regulations, including compliance with applicable operational and environmental standards. WIUPK's offer for 5 years provides sufficient time for evaluation and adjustment in the implementation of mining activities, but must still be balanced with effective supervision to achieve the expected results. Overall, this policy is expected to be a step forward in integrating social and economic aspects in natural resource management, strengthening the role of religious organizations in the mining sector, and ensuring that the benefits of mining activities can be felt by the entire community, in accordance with the principles of social justice and sustainability mandated by the constitution and laws and regulations in Indonesia.

In addition, this priority policy aims to create a more inclusive and participatory mining management model. By involving religious organizations in the management of WIUPK, the government seeks to combine social and ethical perspectives in mining operations. Religious organizations often have a wide social network and commitment to human values and justice, which is expected to direct mining practices in a more responsible direction and have a positive impact on society. The regulation also recognizes the importance of local capacity building in the mining sector. By providing opportunities for religious mass organization business entities, it is hoped that there will be a transfer of knowledge and skills to local communities, which in turn can strengthen their capacity in managing and utilizing natural resources. This is in line with the downstream strategy.
emphasized in the policy, which aims to increase the added value of natural resources and reduce dependence on raw material exports. Nevertheless, the success of the implementation of this provision is highly dependent on the effectiveness of the supervision and law enforcement mechanism.

Strict supervision is needed to ensure that business entities that receive WIUPK meet strict operational and environmental standards, and involve local communities in the decision-making process. In addition, transparency in reporting and accountability in the implementation of mining operations is key to prevent irregularities and ensure that the benefits produced are truly enjoyed by the community. In this context, the government must work closely with relevant institutions, including supervisory agencies, civil society organizations, and other interested parties, to ensure that these policies are implemented properly and that the social and economic goals set can be achieved. Overall, WIUPK's offering policy to religious mass organizations is a strategic step in efforts to empower society and manage natural resources more fairly and sustainably. With proper management and effective supervision, it is hoped that this policy can provide maximum benefits for the community, strengthen the role of religious organizations in economic development, and support the welfare of the community more broadly.

Legal Impact of Granting Permits on the Implementation of Mineral and Coal Mining Business Activities for Community Organizations

Regulations that are drafted, discussed, or issued towards the end of Joko Widodo's administration seem to continue to cause controversy. One example is Government Regulation (PP) No. 25 of 2024 concerning the Implementation of Mineral and Coal Mining Business Activities. This regulation marks a significant step by opening up opportunities to grant Special Mining Business Permits (IUPK) to religious community organizations (CSOs). This policy has received sharp criticism from various circles of civil society, and most religious organizations have expressed their rejection of the IUPK acceptance. The mining industry today faces a deep crisis of legitimacy, often the subject of public rejection due to its destructive impact. Communities around mining areas often experience a variety of problems, ranging from health problems to serious environmental damage.

While the huge profits of this industry are often only enjoyed by a few elites, the majority of society has to bear the brunt of the losses. Increased awareness of the negative impacts of mining amplifies criticism of the industry. Water and air pollution generated by mining activities not only damages the local ecosystem but also threatens the health of the population, especially children and the elderly. The injustice in the distribution of economic benefits is very clear; Revenue from mining is often not used for the welfare of local communities, but instead flows into the pockets of capital owners and corrupt officials. The environmental damage caused by mining, such as deforestation and river pollution, not only harms today's society but also threatens the sustainability of future generations’ lives. These ecological losses are often irreversible, leaving a legacy of destruction for a region that was once fertile and rich in biodiversity. The granting of mining concessions to religious organizations is expected to improve the crisis of the legitimacy of this industry by making it a protector against public opposition. However, this policy has the potential to turn structural mining conflicts into horizontal conflicts among people. In addition, this policy seems to be only a cover, because religious organizations do not have the capability to manage mining. Finally, religious organizations may only cooperate with capital owners to manage mines, so that profits remain in the same group.

The involvement of religious organizations in the mining industry can significantly change the dynamics of the relationship between mass organizations, the community, and industry. Along with the potential for internal conflicts that may arise, there is also a risk that religious organizations may lose focus on their main mission, namely social and spiritual services. Instead of becoming agents of positive change, CSOs can be trapped in a circle of practices that are detrimental to both the environment and the surrounding community. Conflicts of interest in religious organizations can exacerbate tensions among their members, who may be divided in supporting or opposing involvement in the mining industry. This not only adds to the internal burden, but also damages the cohesion and solidarity that has been established. Furthermore, the existence of CSOs as institutions that are supposed to support the values of truth and justice can be questioned if they engage in practices that are contrary to the basic principles of religion. Meanwhile, from the perspective of the wider
community, the presence of CSOs in the mining industry can distract from fundamental problems that need to be addressed, such as the enforcement of more equitable environmental and social rights.

If religious organizations are involved in an industry that has been widely criticized for its negative impact, then efforts to achieve reforms in mining practices and improve people's welfare can become more complicated. Public dissatisfaction with this policy can have an impact on the reputation of the government and the credibility of religious organizations as agents of social change. These policies can also exacerbate social rifts by creating new injustices. By granting mining concessions to religious organizations, which is often followed by collaboration with capital owners, this policy can strengthen existing inequality.

Communities affected by mining activities may feel neglected or not receive equal benefits from the resulting economic activities, exacerbating existing social injustices. On the other hand, if the government wants to take advantage of the potential of religious organizations to support the management of natural resources more responsibly, there must be strict transparency and accountability. Religious organizations must be involved in the decision-making process and impact monitoring, as well as ensuring that the profits from mining activities are truly returned to the affected communities and the environment. This requires stricter oversight and clear regulation to ensure that the participation of CSOs does not lead to abuse or greater negative impacts. In this context, it is important for the government and other stakeholders to thoroughly discuss and evaluate the impact of the policy before implementation. Commitment to sustainability and social justice should be a top priority, and effective mitigation measures should be implemented to mitigate the risks and negative impacts of mining activities. Overall, the policy of granting IUPK to religious organizations requires a more careful and reflective approach.

By paying attention to the various potential impacts and conflicts that may arise, it is hoped that the decisions taken can ensure that the benefits of mining activities can be felt fairly and sustainably, as well as support the integrity and mission of religious organizations as social and spiritual actors.

CONCLUSION

Government Regulation (PP) No. 25 of 2024 marks an important change in mineral and coal mining regulations in Indonesia by providing the first opportunity for religious community organizations (CSOs) to obtain a Special Mining Business License (IUPK). This regulation aims to empower CSOs in the mining sector to improve the social and economic welfare of the community.

The economic empowerment of mass organizations is expected to support their social programs, in line with Article 33 of the 1945 Constitution which regulates the management of natural resources for the public interest. The regulation also establishes strict requirements for environmental protection, such as AMDAL and sustainable practices, and requires transparency and accountability in mining operations. The implications for CSOs include economic benefits through mining revenues that can be used for community projects, as well as positive social impacts such as job creation. However, attention needs to be paid to environmental and social challenges, including effective management plans. The regulation also includes changes to the provisions for the extension of IUP/IUPK and integration with processing facilities to support downstreaming, in the hope of empowering CSOs and increasing socio-economic benefits while ensuring strict supervision.

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