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## The Industrial Park KIPi reveals the dirty and destructive face of Indonesia's "green" transition

Located along the coast of Bulungan regency, in the Southern part of the North Kalimantan province, the Kalimantan Industrial Park Indonesia (KIPi) has been projected by Indonesian President Jokowi as "the largest green industrial area in the world" (1). Construction officially started in December 2021.

The government claims KIPi will be efficient and effective in resource use, in promoting products and technology like the Electric Vehicle (EV) batteries and solar panels for the so-called 'green' and 'low-carbon' economy, and with a carbon footprint drastically lower than 'ordinary' industrial parks, because KIPi will rely on 'renewable' energy.

KIPi's preparations started back in 2015 when the North Kalimantan provincial government proposed that the central government create a Special Economic Zone, including an international port, in the area. The central government did so in 2016 while also declaring KIPi a Strategic National Project in 2017.

The total investment is estimated to amount to USD 132 billion. Chinese businesses have already invested large amounts of money in the project (2), enabling the construction work to progress at full speed.

### **Deciphering KIPi: nothing but lies**

But the KIPi Project in fact contradicts the government's 'green' claims and propaganda. First, KIPi is about a massive land grab of 9,866 hectares just in its initial implementation phase (3). It means the eviction of at least 5,000 inhabitants of the Tanah Kuning and Mangkupadi communities, including Kampung Baru, a small village located at the Southern edge of the Project. Moreover, for the port infrastructure and related activities off-shore, KIPi will imply in another grabbing of 175,854 hectares of sea, representing a fivefold reduction in the communities' living space at sea. Overall, KIPi will basically destroy the vibrant and diverse livelihoods of communities strongly connected with the land and the sea, the mangroves, agricultural fields and forests.

In addition, the industries expected to operate at the KIPi (4) that the government claims will be 'efficient' in resource use, will in fact grab, according to the Environmental Impact Assessment, 39,450,560 m<sup>3</sup> of water annually, in particular from the Pindada and Mangkupadi rivers. This is equivalent to 1.5 times the annual water consumption of the 700,000 inhabitants of the province of North Kalimantan. In return, 248,440 m<sup>3</sup> of waste water, supposedly after 'treatment', will be discharged every four hours into the local rivers and the sea, the veins in the web of life of the communities' livelihoods.

The electricity consumption of the industries projected so far is estimated to be 11,404 GWh annually. To give an idea of this amount, at peak capacity, Tanjung Selor, North Kalimantan's

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capital city only consumes 14,3 Mwh - not even 1 percent of KIPi's energy demand (5). The government promise of 'renewable energy' will in reality turn into a 5 GW coal-fired power plant, planned to be built in the Bulungan Regency. One argument given for the preference to coal: while the coal power plant can be functioning within two years, the supposedly 'renewable energy' from hydropower needs much more time to be built (see below in this article).

KIPi's coal demand will be equivalent to the production level licensed for 37 of the biggest coal extraction operations in North Kalimantan. It is one more example of how the discourse of 'renewable energy' of large-scale 'green' developments heavily relies on fossil fuels. Besides, using coal power also is tied to vested interests in a region where coal is abundantly available.

The construction of this 'green' industrial park, which will run on coal power and will lead to additional fossil fuel use (6), did not prevent Indonesia from receiving USD 610 million in loans from the Energy Transition Partnership (JETP) and Energy Transition Mechanism of the Asian Development Bank. These loans are in support of Indonesia's supposed policy to stop building new coal-fired power plants. Cleverly, by Presidential Decree (Nr. 112/2022), the government allows more coal power plants to be built if it is to supply industrial areas like KIPi.

## **Land grabbing packed with conflicts of interest, illegalities, irregularities and criminalization**

Business elites and governmental officials have apparently associated and organized, not only to appropriate the land needed for KIPi but, in particular, to grab as much financial benefit as possible from the Project. A much deeper investigation into illegalities and irregularities related to the Project is urgently needed, not least because of the strong indications of corruption taking place.

A first important cluster of irregularities involves the process of reviewing the spatial planning in the Bulungan Regency. It started with the provincial government injecting money into the Bulungan Regency government to review its spatial land planning document and policy. This was quickly done in the midst of the Covid19 pandemic, without any public debate. A new spatial plan for 2021-2040, was created, imposing a projected industrial area of 16,400 hectares to accommodate KIPi. Yet another revision is foreseen to ensure President Jokowi's projection when he launched KIPi in 2021: that KIPi could become as big as 30,000 hectares. In 2021, KIPi was already declared a 'National Strategic Project (PSN)'. In tandem with the highly contested Omnibus Law, the declaration of the project as a PSN facilitates illegalities, irregularities and violence against people and nature, such as forced evictions. (7)

One key person among the Indonesian business elites involved in KIPi is Garibaldi Thohir, nicknamed Boy. President Jokowi nominated Boy as Chair of the consortium of three companies that manage KIPi's construction works: PT Kalimantan Industrial Park Indonesia (PT KIPi), PT Indonesia Strategic Industry (8) and PT Kayan Patria Propertindo. (9) Boy is the oldest brother of Erwin Thohir, minister of State-Owned enterprises in Jokowi's government. Moreover, Boy is also one of the owners of PT Adaro Minerals Indonesia, the company that will manage PT KIPi and has a stake in one of KIPi's key industries: the aluminium smelting company PT Kalimantan Aluminum Industry. And Boy has many more connections. (10)

Through the Malaysian company TSH Logistics, Boy is also one of the owners of the oil palm company PT Bulungan Citra Agro Persada (BCAP) that holds a concession of over 9.500 hectares of land in Bulungan Regency, overlapping 100 percent with the area where KIPi is planned. Based on documents shown to JATAM and WRM, community people accuse PT KIPi and PT BCAP not only of

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unilaterally defining the land price, but also of offering to buy people's land using the category of concession for oil palm plantations called HGU - *Hak Guna Usaha*. The category that should apply for land used for an industrial zone is the HGB – *Hak Guna Bangunan* concession category, for which much higher land prices apply.

Villagers denounce that once Boy and other business and state elites have appropriated the land, they change the category from HGU to HGB and then sell the land for a much higher price to the KIPPI consortium. Moreover, villagers also revealed to JATAM and WRM how companies illegally increase the size of lands. Meanwhile, local authorities are complicit. (11)

### **Communities resisting: “what we breathe is no longer the smell of drying fish but the smell of dust from large vehicles”**

Samsu, a community leader from the Kampung Baru village, refuses land measurement. For him, that is where the land grabbing and thus the eviction starts. He rejects the ‘relocation’ plan offered by the companies: "(..) where will we be moved to? Is it worth the land area and position of the location compared with Kampung Baru that we previously occupied?" he asks. Since 2021, when he became a spokesperson against the eviction of Kampung Baru, he keeps suffering from criminalization and has been reported three times to different police departments.

Image

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Mr. Aris, another villager, was reported to the police and arrested when he filmed on his mobile phone how PT KIPI invaded his land with heavy vehicles and excavators on 16 December 2022. His son Imran points out: “we have rights to the land” and PT KIPI “wants to create a fear effect on the communities”, adding his father was treated like a terrorist criminal, just for defending the community territory.

Many other tactics are used to coerce and divide the communities, such as manipulating land acquisition letters; forcing residents to sign minutes without clear information; recruiting lobbyists to persuade their fellow villagers to relinquish land and help with measurements; using the term 'compensation' to trick people into releasing their land, etc.

On top of this, the government has stopped any new investments in the elementary school of Kampung Baru. Villagers mention that if new pupils enter the school, they need to bring their own chairs. In practice, the government is already erasing Kampung Baru from the map.

Even if the land price would be higher, the KIPI Project is only willing to pay for the small areas where people have their houses. It means that if people sell, they are also giving away the sea, mangroves, rivers, agricultural fields, forests, history, memories and all of what is part of their territory, culture and identity, and which attracts many tourists too. It is a vulnerable and delicate interrelated web of life on which the livelihoods of the people in Tanah Kuning, Mangkupadi, including Kampung Baru, depend upon.

Now, the villagers are already facing restrictions and impacts due to KIPI's construction works and have serious concerns about their future. The Tanjung Community, for example, already faces severe challenges to supply their water needs. They buy water during longer periods of drought, which can last for months. They fear their situation will become worse with the increasing air and water pollution that comes with KIPI.

The social and ecological frontiers of the territory of people in both Tanah Kuning and Mangkupadi include both land and sea, one interconnected territory of life. Although most people are fisherfolk, they also heavily depend on the forest to maintain their fisheries at sea. Timber is essential to build their boats and the about 200 'bagans, small wooden structures, built offshore in the sea, along the coast.

Kesi, a fisherwoman from Kampung Baru, is worried about the future: “If we are evicted where are we going to live? We want to stay here, stay in our village. Then, my husband is also prohibited from entering the forest to collect bagan wood. So, automatically we are also prohibited from building bagans, because bagans require heavy timber. If there are no fishermen and bagans, how will we work? My work of making salted fish, I can only do when my husband comes home from the bagan”.

Women cut and process sea fish, turning it into salted fish. Wiwi, a fisherwoman from Kampung Baru says: "Now, there is no longer the smell of salted fish or anchovies, in the past when we walked from Kampung Baru to Pindada [another community in the area], the scenery was green. Now, all has been erased by the industries, what we breathe is no longer the smell of drying fish but the smell of dust from large vehicles."

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Although women's lives heavily depend on fisheries and women play a fundamental role in the local economy, they have been excluded from so-called consultations with the communities about the installation of KIPI, showing how 'green capitalism' needs patriarchy to exist.

Image

*One of the 200 bagans, wooden structures built and used by the fisherfolk along the coast of Tanah Kuning and Mangkupadi*

Coal transport over sea has intensified since around 2015, invading their fishing areas. With all the coal consumption that is foreseen for KIPI, the impacts will become more severe. Erni is a fisherman from Tanah Kuning who works with four other fisherfolk: "There is already an impact on fishermen, our income is less. Maybe because the coal falls in the sea, there is less fish, "(..), some [fishermen] have gone to the company". This is another tactic the KIPI promoters use to break people's resistance: employing villagers, under oppressive working conditions.

Coal extraction in South Kalimantan motivated Amiruddin several years ago to move to Tanah Kuning and become a shipbuilder there. He did so because the meranti and red meranti hardwood, used to build vessels, had become scarce in South Kalimantan, due to encroachment of coal mining into the forest. He predicts that along with the advance of KIPI, the timber in Tanah Kuning and the surrounding forests will also be hard to find: "Yes, my estimate is that within three years, it will decrease. Even now, it is already decreasing". Amiruddin's business is going down because the price of meranti wood has increased much. And fewer and fewer fisherfolk will go to sea when sea pollution will increasingly affect their fisheries.

## **REDD, hydrodams and climate chaos: the role of conservation NGOs**

Not only business elites support KIPI, also big conservation companies such as WWF and the Indonesian subsidiary of The Nature Conservancy (TNC): Yayasan Konservasi Alam Nusantara (YKAN).

These NGOs should in fact be considered companies as their interests are closely linked to those of financial capital (12). In turn, the interests of financial capital are closely linked to extractive industries

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through projects such as KIPI. The conservation companies, just as the extractive industries and governments, support REDD+, which is an offset mechanism that allows extractive industries to continue business as usual, increasing their corporate profits. (13)

The conservation companies also helped create the so-called 30X30 Plan, discussed in international negotiations: it is a plan that aims to “protect” 30 percent of the world surface by 2030. This plan, however, is based on ideas of “fortress conservation” which excludes and marginalizes those who have guarded and coexisted with those territories for generations. The interest lies in accessing and getting hold of massive amounts of land for carbon and biodiversity offsetting, among others.

Given that North Kalimantan has more than 80 percent of forest cover, WWF and TNC/YKAN got involved. The provincial government expressed interest in implementing a jurisdictional REDD program, since it participates in the so-called Governor’s Climate and Forests (GCF) Task Force. (14) TNC/YKAN and the provincial government signed an agreement in 2021. According to TNC/YKAN’s Executive Director, Herlina Hartanto: “We are honored for the trust from the provincial government to work together in realizing the great vision of North Kalimantan where development goes hand in hand with nature conservation”. (15)

TNC/YKAN sees KIPI go hand in hand with hydropower dams, referred to as PLTA in Indonesia, that they consider ‘renewable energy’ and an essential part of that ‘green’ development. WWF and TNC/YKAN support (16) the building of PLTA Kayan, a 9,000 MW hydropower plant to be finalized in 2030, and PLTA Mentarang, with a total capacity of 1,375 MW.

The PLTA Kayan will impact an area as big as 184,270 hectares, erasing 6 communities, including ancient sites and sacred tombs. Besides KIPI, PLTA Kayan and PLTA Mentarang will supply with electricity also IKN, the new capital city of Indonesia (IKN), where destruction and a process of eviction of the Balik People is taking place. (17)

Besides the destruction and deforestation produced at the local level by the construction of these hydro infrastructure projects, they are also highly climate destructive. Philip Fearnside, a scientist who studies the impacts of hydrodams in the Brazilian Amazon explains (18) that these dams “emit both carbon dioxide and methane, and these emissions are much higher in the first few years after a reservoir is filled, making them especially damaging to global warming”.

## **Final considerations**

President Jokowi promotes KIPI as an example for the world: “This is the future of Indonesia. The future of Indonesia is here. If we can properly develop this, any industry related to green products will definitely look to this area”. (19)

But the real example so far about KIPI is the harsh reality on the ground faced by women and men of Tanah Kuning, Mangkupadi and Kampung Baru resisting and defending their bodies, lives and life spaces. They experience the destruction, deforestation, intimidation and violence that is not shown on the glossy images of electric cars and other ‘green products’.

The experience of KIPI also reveals that creating protected areas and restricting access to forest-dependent people is another key aspect of the ‘green’ lie, as if they –rather than the industries-, were responsible for deforestation. While sending a message to investors that the forests in North Kalimantan will be protected, this message hides the ongoing destruction in Tanah Kuning, Mangkupadi, and Kampung Baru. Their territories and forests will be opened and destroyed for

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hydrodams; for extracting the 7 million tons of limestone needed for KIPI; for offset projects; and for everything KIPI requires, including oil, coal, electricity, water, battery-related minerals, iron ore, bauxite, etc.

KIPI exposes that, in essence, the objective of 'green development' is creating just another huge opportunity for oligarchies, for political and business power interests to make profits. The urgent message that the communities of Tanah Kuning, Mangkupadi and Kampung Baru transmit to us is that KIPI needs to immediately be stopped.

## **JATAM East Kalimantan and WRM**

*This article is mainly based on the report 'Green Lie: portrait of the Threat of Destruction, Oligarchy and People's well-being on the Site of the Green Industrial Estate Project in North Kalimantan'; 'Kebohongan Hijau: Potret Ancaman Daya Rusak, Oligarki dan Keselamatan Rakyat Pada Tapak Proyek Kawasan Industri Hijau di Kalimantan Utara', published in September 2023, and produced by Jaringan Advokasi Tambang (JATAM) East Kalimantan and NUGAL Institute for Social and Ecological Studies, as well as information obtained during a joint visit to the communities in the area in October 2023.*

(1) [Kalimantan Industrial Park Can Be World's Largest Green Industrial Area, President Jokowi Says](#), February 2023.

(2) CELIOS, [Green Industrial Area Infected by Coal Power Plant: Economic Impacts, Conflicts of Interest, and Environmental Threats](#), 2023.

(3) The construction works already underway were licensed in 2021 by the provincial government after an environmental impact report (AMDAL) was carried out. With an addendum included in 2022, the AMDAL defines a total area of 9,866 hectares, including Tanah Kuning, Mangkupadi and Kampung Baru, to be developed for the first phase of implementation of the Project.

(4) According to the AMDAL, a petrochemical industry; an aluminium smelter to transform bauxite into aluminium oxide and other subproducts for air planes and cars, as well as copper and nickel ore for electric vehicles batteries; a steel industry, to supply production of electric vehicles, armaments and infrastructure; and a polycrystalline industry to produce solar panels.

(5) Konrankaltara, [PLN Tanjung Selor Surplus Daya 5.7MW](#)

(6) On top of its fossil fuelled electricity, KIPI will consume and burn even much more fossil fuels: the petrochemical industry planned with an annual demand of 490 million tons of different types of fossil oil, and 9.9 million tons of coal. The steel industry, as well, will demand coal, 14.9 million tons on an annual basis.

(7) Art. 121 of the Omnibus Law (Job Creation Law), concerning Amendments to Article 10 of Law Number 12 of 2012 concerning Land Acquisition for Development where the scope is development for the public interest expands with the addition of industrial parks, special economic zones, tourism, oil and gas industrial areas, and others. With these additions, PSN development, especially area-based projects or industrial parks for example, green industrial parks, will be intensified:

<https://peraturan.bpk.go.id/Details/149750/uu-no-11-tahun-2020>

(8) PT ISI is a company active in the energy sector and responsible for the energy supply of KIPI. Its owner Tjandra Limanjaya, though the Celukan Bawang PLTU Project has been involved in a case of forgery and money laundering. Limanjaya is connected with politicians and is owner of PT Kayan Hydro Energi (KHE), which is the company to build the hydrodam.

(9) PT KPP, through an affiliated company connected with North Kalimantan's largest local political and business oligarch, Lauw Juanda Lesmana, involved, among others, with coal mining. He has a stake in the PT Kayan Hydropower Nusantara, together with a Malaysia company Sarawak Energy. PT KHN has a dam Project on the Mentawa river, it is a company that competes with the other

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hydrodam Project in the Kayan river to supply energy to KIPI

(10) Three other business people, Wito Krisnahadi, Christian Ariano Rachmat en Djoko Pangarso Budi Santoso, are indirectly connected with Boy for being commissioner and director of both KIPI and PT Adaro. One of PT Adaro's owners is Cita Mineral Investindo, a bauxite company owned by the 20st richest person in Indonesia, and responsible for devastating livelihoods in Obi, north Moluccas, and Wawoni, Southeast Sulawesi

(11) On the contrary, the local government reduced the so-called Object Selling Value (NJOP) of land. While in 2020 the NJOP in the KIPI area was still 56 thousand rupiah per square metre, this amount suddenly dropped drastically to 6 thousand rupiah per square metre in 2022.

(12) African Arguments, [Revealed: Big conservation NGOs are majority governed by finance figures](#), August 2023.

(13) WRM, [15 Years of REDD: A Mechanism Rotten at the Core](#), 2022.

(14) [Penilaian kesiapan pelaksanaan pengurangan emisi dari deforestasi dan kerusakan hutan \(REDD+\) di provinsi Kalimantan Utara](#), Effendi, Wiwi et al, 2022.

(15) <https://www.ykan.or.id/id/publikasi/artikel/siaran-pers/kaltara-menuju-pembangunan-hijau/>

(16) [Berbagai Cerita dari Lapangan. Masyarakat Lokal dan Energi Terbarukan](#).

(17) JATAM Kaltim, Bersihkan Indonesia, PuSHPA, AMAN Kaltim. Nyapu: bagaimanapun perumpuan dan laki-laki Suku Balik mengalami kehilangan, derita dan kerusakan berlapis akibat megaproyek Ibu Kota Baru Indonesia, 2023.

(18) Instituto Humanitas Unisinos, [Como salvar a floresta amazônica?](#) Entrevista com Philip M. Fearnside, Agosto 2023.

(19) Id. (1)