

Reportage

Indonesia: New Capital displaces people

‘City Without Name’ as a lubricant for political theatre and economic gain

Wednesday 24 June 2020, by [VANSLAMBROUCK Kris](#) (Date first published: 23 June 2020).

An old idea suddenly became an urgent project: Indonesia is going to build a new capital. It has no name yet, only a working title: Ibu Kota Baru, New Capital City. What do the people who live there think of that? What interests are being served? And who’s going to pay for it? Kris Vanslambrouck did what the government still hasn’t done: listen to those involved.

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It was a thunderclap: at the end of April 2019, the Indonesian Planning Bureau (BAPPENAS) announced a new political capital for the country will be chosen in due time. That new capital would be built on Kalimantan (Borneo). This enormous island — twenty times the size of Belgium — is centrally located within the Indonesian archipelago, which has as many as 17,000 islands. For the time being, the new capital has no name, only a working title: Ibu Kota Baru (IKB) or the New Capital City.

Four months later, President Joko Widodo gave some more explanation. He pointed at two specific reasons for the move: the fact that ‘this great nation has still not chosen its own capital’, 74 years after independence, and ‘the burden Jakarta has to bear at this moment as the administrative, commercial and financial capital’. The president also announced where the new capital would be located: in the province of East Kalimantan, nearby the city of Balikpapan.

Kalimantan is home to one of the oldest rainforests in the world. Everyone knows the Bornean orangutan, and the island is home to countless plant and animal species. This is why it is often

compared to the Brazilian Amazon. Unfortunately, it also faces similar threats: deforestation came first with logging for tropical hardwood, followed by expansion of plantations for commercial forestry. In recent decades, palm oil plantations and the rapidly advancing extraction of coal have been added.

Selling out the rainforest

The region where the Ibu Kota Baru is planned, has since long ceased to be a virgin forest. Yet there is little traffic on the road around the centrally located Balikpapan bay. There is hardly any tourism here, so also little adapted infrastructure. The villages on the coast and inland are not very prosperous, but incomes are rising.

I talk to Merah Johansyah, coordinator of Jatam, the Indonesian network of communities facing large-scale mining projects. According to him, there are no less than 162 concessions on the territory of the New Capital, 148 of which are for mining. Others are for palm oil or eucalyptus plantations.

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Immediately after the news broke, Jatam started to map out the regio. "We wanted to dig a little deeper to see what factors were involved in choosing this site."

That research resulted in the report "The new capital, for who?" and was published last December. One of the striking findings is, the local population was not consulted at any time. When I visited the region with Johansyah in February 2020, it turned out that the authorities still didn't make any attempt to inform the population at all, six months after the announcement.

Here comes the New Capital:

- The province of East Kalimantan lies at the centre of the Indonesian archipelago. The zone for the New Capital City is located between Samarinda and the other major city in the province, the oil and port city Balikpapan.
- The New Capital City model shows three zones or rings: zone 1 for government buildings, zone 2 for housing and zone 3 for economic activities. In total, it covers some 2,500 km², an area almost twice as large as the current capital Jakarta.
- In the zone for the New Capital City there are currently 72 villages, with a total population of 186,000.



Unheard opinions

“We don’t have land titles for the land we occupy,” says Supay in Pemaluan, one of the villages that is under severe pressure from land grabbing for plantations and mining. “Companies are coming to take our land, and there is little we can do because our district chief does not respect our rights. We’re a small group, so we can’t put much pressure on the authorities. We can only hope that the national government will respect our rights better. But the way in which the decision on the new capital was made, gives us little hope.”

In Sukaraja, I met Ibu Sulis (72). She migrated from East Java in the early 1970s, through the transmigration program of the then dictator Suharto. “We have built a good life here,” she says. “When we arrived here, there were no facilities at all. Each family was allocated two hectares, and currently, our family owns seven hectares and we are running a restaurant. When we heard the news about the new capital, everyone got very excited, but now, more and more people are starting to express reservations, and some are criticising the decision. What will happen to us? Speculators are already trying to buy our land. I won’t sell anything, but you can sense there’s going to be growing division amongst our community.”

Puan confirms the fears of Ibu Sulis. She works for the city administration of Panajem, a coastal town connected to the IKB. She testifies how a number of local administrators smell money and start buying up land themselves. The price per hectare has already risen considerably, from 6,000 euros to 60,000, in some places even 100,000 euros. The local population cannot cough up such amounts of money. The government does promise to combat speculation, but there’s no sign of it.

Somehow, the Indonesians have become ‘the Dutch of Southeast Asia’ as they constantly have to build higher dikes to prevent major flood disasters.

It is also feared that environmental problems will increase rapidly. Yohana Tiko, a campaign officer of Walhi East-Kalimantan stresses that there are three important National Parks that are partly within the boundaries of the new capital: the Bukit Suharto Forest, the Manggar Forest and Wain River Forest. We are still looking for guarantees these forests will stay protected.

In addition, the IKB also borders the mangrove forests of the Balikpapan Bay. The remaining mangroves are now protected, after the local citizens complained about massive cuts for commercial activities along the banks of the bay, such as quays for the expansion of the port and for power stations. Especially the local fishermen are affected because mangrove is the perfect breeding place for fish.

Saturated Jakarta

Jatam and Walhi managed to obtain a copy of a 2018 report on flood risks in the region. The study shows that the upper part of the Balikpapan Bay is a high flood risk zone, which is exactly the location of Zone 1, where the government buildings will be erected. Hello, Jakarta?

One of the reasons for moving the government's administration from Jakarta to IKB is precisely the increasing risks of flooding in the current capital. Excessive use of groundwater made the soil in Jakarta sink yearly between two and twenty centimetres, while the sea level of the Java Sea is rising, due to global warming.

Many observers conclude that the metropolis is simply bursting at the seams

Somehow, the Indonesians have become 'the Dutch of Southeast Asia' as they constantly have to build higher dikes to prevent major flood disasters. Nevertheless, on 1 January 2020 it became once again utterly clear how vulnerable the city is. Heavy downpours flooded large parts of the metropolis, leaving 400,000 people temporarily homeless and the loss of 66 lives.

Moreover, the danger is not only coming from the sea. Tropical rains in the hilly areas around Jakarta are pushing the water at full speed through thirteen rivers in the direction of Jakarta's estuaries. It is clear that the current infrastructure is not always able to cope with critical levels of rains.

On top of that, many observers conclude that the metropolis is simply bursting at the seams. Thirty million people cause huge problems for traffic, air quality, water supply and decent housing.

Where will the money come from?

30.5 billion euro. That is the estimated cost of the construction and relocation of the new capital. Ten percent of that amount would be allocated from the national budget, twenty percent will come from private capital. Seventy percent should come from State Owned Enterprises (SOEs). In the report "The new capital city, for who?", Jatam raised this critical note 'How can the government reconcile its promises and ambitions for an expansion of the social protection system for our population with the expensive preparatory studies and the purchase of land in the IKB? Should national health make its way for this prestigious project?'

And that was before the new coronavirus came along. Despite the current pandemic and its budgetary impact, The government seems to keep going with its plan despite the pandemic. It started to acquire land for the construction of the Sepaku Semoi dam which will provide clean drinking water for the new capital. The dam will cover a total area of 378 hectare spread over three villages.

The majority of the SOEs, which have to make most of the investments, are currently highly indebted. Moreover, last year, the government invested a huge capital from these companies in a gradual nationalisation of the Grasberg mine in the province of Papua. Where will these companies get the money from?

After a few months of reluctance, Jokowi seemed to consider to allow foreign investments. In January 2020, he announced at a press conference the establishment of an international steering committee. This committee will serve as an advisory board and at the same time, maximise efforts to attract international investors. Three names for the board were mentioned: Sheikh Mohammad bin Zayed al Nahyan (Crown Prince of the United Arab Emirates, UAE), Masayoshi Son (CEO of the Japanese

conglomerate Softbank Group) and Tony Blair (former Prime Minister of the United Kingdom).

With up to 7 million inhabitants one can wonder how it will be possible to keep half of the city green.

Son has already announced his bank's interest in investing in the project. Hence, there are many questions and few answers about the role of this steering committee.

Transparency International calls the UAE, and especially Dubai, a paradise for fraudulent money laundering. Tony Blair has very close ties with the UAE: in 2017, it emerged that his company received high commissions from the Emirates during the period that Blair was officially employed as a UN negotiator for the Middle East. "Will these people ensure transparency and accountability," wonders Merah.

Smart Green City

The promoters are selling the new capital city as a futuristic model city with lots of greenery, including rainforest, only electric cars will be allowed as well as the construction of low-energy houses and the generation of renewable electricity. Merah Johansyah does not take these green promises: "An environmental impact study has not yet been carried out, and the plans to build three new coal fired power plants close the the borders of the zones have not been cancelled yet. We ask ourselves how sincere the ambitions for a green city really are."

Nobody knows exactly how many people will move to the IKB. According to government data, there are about 1.5 million government officials involved in a possible move. If they all move, together with family and staff, their number will raise to 6 to 7 million people. One can wonder how it will be possible to keep half of the city green as promised in the initial plans.

Yohana (Walhi) also points to the forest fires that ravage the region every year, especially at the end of the dry season. "In September 2019, a thick cloud of smoke covered our sky for weeks, making people sick and forcing schools to close down. This has been a recurring phenomenon since 1997 as palm oil companies are taking the opportunity to clear their lands. Will our politicians and bureaucrats now suddenly take our demands for much stricter monitoring of these fires seriously, as they will suffer from the gaze on a daily basis?"

Political games

The business interests of the companies with concessions in the IKB offer some insight into President Widodo's unexpected decision to move the capital here. Jatam found that many concessionaires in this area have close ties with powerful politicians. One of the biggest concessions is in the hands of Hashim Djojohadikusamo, the younger brother of the Minister of Defence, Subianto Prabowo. The latter was President Widodo's challenger in the two previous presidential elections, but accepted to join the administration.

In the end, the oligarchs are the big winners.

After the presidential elections of April 2019, the tension between the two reached a new momentum, accumulating in 2 violent nights of uprising in the streets of Jakarta. In spite of this open hostility, a reconciliation took place, and Prabowo, the disgruntled opposition leader transformed himself into a docile minister. According to Walhi and Jatam, the mega-project for the new capital city served as a lubricant for a political agreement between the two.

There are indeed strong indications that the 'conflict' between Widodo and Prabowo was a political game from the outset. In the end, the oligarchs are the big winners. They are in pole position and will be compensated for the loss of their concessions, while the locals are left in the dark and have no clue how their future will look like.

And we should also mention the involvement of Luhut Binsar Panjaitan's in the grand project. Luhut, the current Coordinating Minister for Maritime Affairs and Investment, is often dubbed as the 'real president' and Jokowi being is his puppet. Like Prabowo he is a retired general, and with a conflict of interest in the project. He is not only the minister of Investment, on top of that, his coal mining company has several concessions within Zone 3.

Jatam counted 50 mining holes in that area, these holes are the result of abandoned mines which were not rehabilitated, and are as such illegal and subject to legal prosecution. However, few companies were ever fined nor brought to court, although children regularly drown at these mining sites. Jatam concludes in its report, "this megaproject is a white wash for concession holders who have destroyed the environment".

Kris Vanslambrouck, 23 June 2020

P.S.

- <https://www.mo.be/en/report/new-capital-indonesia-displaces-people>
- Kris Vanslambrouck is Asia Programme Officer at the North-South organisation 11.11.11.