

GOVERNANCE OF MINERAL AND COAL MINING PERMITS: LEGAL DYNAMICS IN INDONESIA AND NIGERIA

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Abstract

This study examines the legal construction of authority for mineral and coal mining permits in Indonesia and Nigeria, using a normative approach grounded in statutory analysis and critical legal reasoning. It examines how central regional power configurations shape the effectiveness and justice of mining-licensing governance. The study finds that Indonesia's regulatory framework, particularly since the enactment of the Mineral and Coal Mining Law and the Job Creation Law, consolidates licensing authority at the central level, reducing regional participation and limiting protections for indigenous and local communities. Similarly, Nigeria's centralized licensing regime generates distributional inequities, weak transparency, and persistent conflict in resource-rich regions. The comparative findings demonstrate that excessive centralization, without substantive spatial and community participation, creates governance gaps and risks legitimacy. The study concludes that mining licensing systems in both jurisdictions require reconstruction toward a participatory decentralization model that incorporates regional involvement, community rights, and ecological justice. These insights offer implications for the design of more equitable, transparent, and sustainable natural resource governance.

Keywords: *Decentralization; Mining Licensing Authority; Natural Resource Governance; Participatory Decentralization.*

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1. Introduction

Permits for the mining of coal and minerals are an essential part of Indonesia's natural resource management. Coal and mineral reserves, which are concentrated in several areas, are among the nation's abundant natural resources. According to empirical research, most of Indonesia's coal is produced in Kalimantan and Sumatra. On the other hand, Sulawesi, Maluku, Nusa Tenggara, and Papua are the key locations of significant mineral deposits, including nickel, bauxite, gold, and copper.¹ These resources are vital to local economic growth and contribute substantially to national GDP. The mining industry also employs a sizable workforce. According to national labor statistics, the mining and quarrying industry directly and indirectly employs approximately 1.3-1.6 million people.² Under Law No. 23 of 2014, local governments may manage natural resources within the scope of regional autonomy. However, the central government once again assumed responsibility for licensing after Law No. 3 of 2020 on Mineral and Coal Mining and the Job Creation Law were enacted. In mining regions, where mining operations substantially

¹ Psualatberat, "Natural Resources of Mining in Indonesia & The Benefits," 2025, <https://psualatberat.com>.

² Jaewon Chung, *The Mineral Industry of Indonesia* (2025).

affect local employment and fiscal capacity, this recentralization has significant implications for governance dynamics and economic interdependence.³

This change has made it challenging to implement regional autonomy. Decentralization is intended to enable local governments to fully utilize their regional potential. Still, it may also diminish regional sovereignty over natural resource use if power is centralized. Coordination between central and regional governments on the licensing, supervision, and regulation of the environmental impacts of mining operations is further hampered by this centralization. This approach also raises concerns about potential economic and social inequalities, particularly in areas where mining is the primary source of income.⁴

The centralization of licensing authority significantly affects the community's well-being. Research from different mining regions reveals that local communities often do not benefit economically in proportion to the socioeconomic vulnerabilities, land disputes, and environmental destruction they endure.⁵ Empirical studies indicate that, due to uneven profit distribution, insufficient institutional safeguards, and a lack of social protection measures, increased mining investment does not always yield improved local wellbeing. As a result, a centrally managed licensing system may not guarantee that resource extraction makes a significant contribution to regional development and instead risks exacerbating existing disparities, particularly in regions where community involvement and state supervision remain scarce.⁶ For example, despite abundant natural resources, many mining regions nonetheless suffer from economic underdevelopment.⁷ Insufficient monitoring and community involvement in resource-extraction decisions, as well as the small share of mining profits allocated to local governments, are the primary causes of this situation. As essential decisions on licensing and mineral resource management are increasingly centralized at the national level, this trend diminishes regional governments' capacity to develop policies that effectively respond to local needs. Therefore, regional governments are less equipped to ensure that mining activities deliver substantial benefits to neighboring communities or affect distributive outcomes.⁸

Additionally, Indonesian mining governance continues to face challenges in accountability and transparency. Empirical research shows that licensing procedures are often vulnerable to corruption and abuse of power at both national and regional levels, undermining public confidence and the credibility of regulations. To ensure that resource exploitation serves the general public interest rather than favoring particular political or economic actors, the move toward centralized licensing must be accompanied by stronger transparency mechanisms, more transparent procedural standards, and more accountable decision-making practices.

Accordingly, environmental sustainability must be incorporated into mining policies that are focused on community welfare. Since coal and mineral resources are non-renewable, their utilization must account for long-term environmental effects and ecosystem sustainability.⁹ In addition to mining-licensing legislation, strict regulations governing environmental management,

³ Derita P. Rahayu et al., "Implications of Illegal Community Mining for Economic Development in Bangka Regency, Indonesia," *Law Reform* 19, no. 2 (2023): 270–93, <https://doi.org/10.14710/lr.v19i2.52866>.

⁴ P. D. Hutchcroft, "Centralization and Decentralization in Southeast Asia: Exploring the Dynamics of Authority and Power," *Journal of Southeast Asian Studies* 50, no. 1 (2019): 87.

⁵ Maskun et al., "Legal Reform of Wastewater Management under the Job Creation Law in Kendari City: Between Regulatory Conflict and Environmental Ethics," *Law Reform* 21, no. 2 (2025): 295–320, <https://doi.org/10.14710/lr.v21i2.68417>.

⁶ Anthony Bebbington et al., *Governing Extractive Industries: Politics, Histories, Ideas* (Oxford: Oxford University Press, 2018), <https://doi.org/10.1093/oso/9780198820932.001.0001>.

⁷ Hezron Sabar Rotua Tinambunan et al., "Recentralization of Mining Licensing Authority and Its Impact on Local Autonomy in Indonesia," *Jurnal Suara Hukum* 7, no. 2 (2025): 533.

⁸ B. P. Resosudarmo, E. Burhan, and C. Manning, *The Indonesian Economy in Transition: Policy Challenges in the Jokowi Era and Beyond* (Singapore: ISEAS Publishing, 2022).

⁹ H. S. Tisnanta et al., "Vernacularization of Sustainable Development Goals (SDGs): Diffusing Global Values in Indonesia's Village Government," *Law Reform* 21, no. 2 (2025): 346–78, <https://doi.org/10.14710/lr.v21i2.61705>.

post-mining land reclamation, and the protection of the rights of local communities and indigenous peoples affected by mining operations should be implemented.¹⁰

Nigeria also oversees extensive resource exploitation. The nation's 36 states are home to 44 distinct mineral types. Gold, barite, bentonite, limestone, coal, bitumen, iron ore, bauxite, lead, gemstones, granite, marble, gypsum, talc, lithium, nickel, and silver are some of the minerals found in Nigeria. In response to the global demand for battery materials for electric vehicle manufacturing, the Nigerian government has placed greater emphasis on lithium and nickel in recent years. Nigeria is a federal state that grants its member states substantial autonomy, enabling them to participate in the administration of natural resources.

A conceptual exposition of Multi-Level Governance (MLG) theory follows an analysis of the legal challenges that underpin the research aims. The mining regulations of Nigeria and Indonesia are compared in the next section. In light of this context, the following legal issues are investigated in this study: (1) the legal framework governing the authority to issue mining business licenses in the current regulatory landscape, and (2) a comparison of Indonesia and Nigeria's mineral and coal mining licensing authorities.

2. Method

By analyzing primary legal materials, such as legislation, court rulings, and policy documents from Indonesia and Nigeria, as well as secondary materials, such as academic articles and literature on regulatory governance and Multi-Level Governance (MLG), this study uses a normative legal research method that integrates statutory, conceptual, and comparative approaches.¹¹ To assess the normative coherence and functional implications of any regulatory framework, legal interpretation employs grammatical and systematic methodologies, as well as critical-comparative reasoning.¹² Despite having different political and legal systems, Indonesia and Nigeria are selected as comparative jurisdictions because they are both resource-rich developing nations facing similar governance challenges, including unequal distribution of mining benefits, limited institutional accountability, and central-regional power imbalances.¹³ The distribution of power among central, regional, and local actors is assessed using MLG theory, and its impact on licensing efficiency and community involvement in the mining industry is examined. To identify the most appropriate model of mining-licensing governance for the Indonesian context, the comparative analysis is structured around specific parameters, including the level of centralization, the protection of community and indigenous rights, institutional transparency and accountability, the distribution of mining revenues, and mechanisms for environmental and social safeguards.

3. Results and Discussion

3.1. Authority for Licensing of Mineral and Coal Mining

Significant natural resources are found in Indonesia, especially in the coal and mineral mining industries. The government has enacted several pieces of legislation to manage these resources, particularly following reforms that established a system of regional autonomy. Local governments were initially granted greater authority to oversee mining firm licenses under Law No. 4 of 2009 on Mineral and Coal Mining. By managing natural resources independently, this strategy sought to enable local governments to enhance their capabilities and increase regional

¹⁰ Asrul I. Nur, Sholahuddin Al Fatih, and Christina C. Intania, "Revitalising Indigenous Rights Participation in Mining Lawmaking Process: Evaluation and Proposal for Indonesia," *Law Reform* 20, no. 1 (2024): 188–210, <https://doi.org/10.14710/lr.v20i1.63684>.

¹¹ Hezron Sabar Rotua Tinambunan and others, "Legal Protection Policy for the People in Handling COVID-19: A Comparison of Indonesia and Australia," *Realism: Law Review* 3, no. 1 (2025): 31–43.

¹² Aditya Yuli Sulistyawan, "Peran Penalaran Bagi Pembelajar Hukum Dalam Upaya Memahami Realitas Hukum," *Crepido* 2, no. 3 (2020): 24–34.

¹³ Sabar Rotua Tinambunan et al., "State Responsibility for Implementing Large-Scale Social Restrictions to Communities Affected by Covid-19 in Surabaya City," *Diponegoro Law Review* 7, no. 2 (2022): 282.

own-source revenue. The program aimed to encourage local governments to regulate and oversee the mining industry while fostering equitable regional development.¹⁴

Law No. 4 of 2009 granted local governments the authority to regulate mining within their jurisdictions and to issue Mining Business Licenses. For example, mining operations immediately benefited areas with abundant natural resources, like Kalimantan and Sumatra, by increasing regional own-source revenue. Local governments now use issuing IUPs as a key tool to boost local economic growth and generate significant revenue. The mining industry has significantly contributed to infrastructure development, job creation, and poverty reduction in many regions. Decentralization policies were deliberately designed in this context to bring natural resource management closer to the communities directly affected. However, the policy's efficiency and efficacy have been questioned over time. Local administration of mining resources, according to critics, has not always followed good governance principles, which frequently leads to abuses of power, disregard for environmental issues, and social tensions between businesses and local communities. Uncontrolled harm, including extensive deforestation and water contamination, has resulted from the proliferation of IUPs issued without adequate consideration of environmental sustainability and social impacts. As a result, concerns have emerged regarding local governments' limited capacity and resources to regulate the mining industry effectively.

The central government regained control over mining licensing by Law No. 3 of 2020 on Mineral and Coal Mining. This policy seeks to increase investment and improve the mining industry's management effectiveness and transparency. The government aims to eliminate the potential for abuse of power, which often occurs at the local level, and to reduce overlapping licensing by consolidating authority at the central level. Additionally, a more centralized regulatory framework is expected to make it easier for government agencies responsible for mining management to coordinate, ensuring more efficient oversight and uniform policies across Indonesia.¹⁵

The licensing procedure has been simplified since the implementation of the Online Single Submission (OSS) system. OSS enhances central government monitoring and streamlines the electronic processing of company permits. This solution eliminates the need for firms to obtain licenses manually from multiple agencies, thereby making the licensing process more transparent and efficient. Additionally, OSS facilitates data integration across pertinent organizations, including local governments, the Ministry of Environment, and the Ministry of Energy and Mineral Resources. Although this system could improve transparency and expedite permit management, it also reduces the role of local governments, which previously oversaw and managed mining operations within their jurisdictions. Some also contend that local governments retain the authority and duty to supervise mining operations within their jurisdictions, especially to control the social and environmental impacts of mining, even though their involvement in mining management has been reduced. Local governments are better at ensuring that mining corporations fulfill their corporate social responsibility commitments, as they often have a deeper understanding of their communities' needs and characteristics. For example, local authorities can offer recommendations on mitigating the environmental impacts of mining or on providing social services to communities directly affected by mining operations.

There is an opportunity to enhance cooperation between national and local governments in the supervision and administration of mining operations. In addition to strengthening local governments' capabilities, this strategy ensures that policies remain responsive to local needs, thereby avoiding potential disparities that could arise from central government control over this sector. The mining industry is expected to grow sustainably by adopting a more inclusive strategy that accounts for social and environmental factors essential to long-term viability. Additionally, the government must strengthen law enforcement and impose stricter regulations to ensure greater regulatory scrutiny of the mining industry. Companies that violate regulations or harm the environment should face severe penalties to deter such behavior. Involving local communities in

¹⁴ Tinambunan et al., "State Responsibility for Implementing Large-Scale Social Restrictions to Communities Affected by Covid-19 in Surabaya City."

¹⁵ Kementerian ESDM, "Penerapan Kebijakan Terpadu Dalam Pengelolaan Pertambangan Di Indonesia," n.d.

monitoring is crucial to ensuring that mining operations maintain environmental sustainability while benefiting local communities and businesses.¹⁶ All levels of society can benefit economically from the more efficient, transparent, and sustainable management of Indonesia's mining industry, supported by consistent law enforcement.

3.1.1. The Role of Local Government in Environmental Oversight

Local governments should remain primarily responsible for monitoring environmental impacts, even though the central government now has jurisdiction over the issuance of mining permits¹⁷. Local authorities must have a better understanding of the geographic and socioeconomic conditions in their areas. For example, ecosystems in East Kalimantan, one of Indonesia's largest coal-producing regions, are highly susceptible to mining-related harm. The area is particularly vulnerable to deforestation and contamination from mining operations, owing to extensive tropical forests and peatlands. As a result, the local administration of East Kalimantan has accurate information and specialized expertise on the local ecosystem, enabling more effective monitoring of the environmental effects of mining. Although the central government issues mining business permits, environmental impact oversight remains a local government responsibility, as stated in Article 37 (1) of Law No. 4 of 2009.

Local governments are required by Law No. 4 of 2009's Article 37, paragraph (1), to make sure that any mining operations carried out by third parties do not negatively impact the environment and to consider local knowledge when involving communities in oversight. This emphasizes that although the federal government grants permits for mining operations, local governments remain primarily responsible for monitoring environmental impacts. Local authorities are well-positioned to perform this supervisory role, as they are familiar with local conditions. Additionally, Law No. 4 of 2009 on Mineral and Coal Mining states in Article 3, paragraph (1) that the management of mining operations should strive to advance public welfare while upholding the values of sustainability and effective governance. This clause ensures that mining activities do not cause environmental degradation or negative socioeconomic impacts on local communities, while also generating financial returns. It underscores that sustainability and human interests, particularly the well-being of communities directly affected by mining operations, must be considered in the management of natural resources. However, the supervisory function of municipal governments is frequently constrained by capacity and resource limitations. Many local governments, especially in mining-rich areas such as Kalimantan and Sumatra, face severe financial and personnel shortages that make it difficult to maintain effective oversight. These regions often lack staff trained in environmental management and social impact monitoring, reducing the effectiveness of oversight and, in some cases, allowing environmental harm to go unnoticed for extended periods. Mining corporations, on the other hand, frequently have substantially more resources and sophisticated monitoring tools, which can make it easier for them to circumvent strict oversight.¹⁸

Article 65 of Law No. 3 of 2020 underscores the need to use technology for monitoring and supervision in the mining industry to address this problem. This article examines how technology is used to monitor the environment and assess the impacts of mining. Furthermore, as a requirement of their mining business licenses, mining enterprises must develop and implement environmental management plans in accordance with Article 25 of Law No. 3 of 2020. Taken as a whole, these clauses imply that technology can significantly enhance oversight and transparency in the mining industry. Local governments can use technology to reduce their dependence on scarce human resources and monitor more effectively. These restrictions

¹⁶ Bachrul Amiq et al., "Environmental Damage: Community Lawsuit Against the Government Over Industrial Business Licenses," *Law Reform* 20, no. 1 (2024): 1–21, <https://doi.org/10.14710/lr.v20i1.61176>.

¹⁷ Dwi Kusumo Wardhani, "Revitalizing Post-Mining Land: The Role of the Land Bank in Promoting Social Justice and Environmental Sustainability," *Masalah-Masalah Hukum* 54, no. 2 (July 2025): 136–55, <https://doi.org/10.14710/Mmh.54.2.2025.136-155>.

¹⁸ I. Fauzi, *Dinamika Pengelolaan Sumber Daya Alam Dan Otonomi Daerah: Studi Kasus Sektor Pertambangan Di Indonesia* (Jakarta: Penerbit Ekonomi, 2019).

highlight the need for cooperation between national and local governments to strengthen oversight capabilities and provide essential assistance. For example, the central government can train local officials in environmental monitoring methods and equip them with the tools needed to identify pollution or environmental harm promptly. Furthermore, given the prevalence of infractions in the mining industry, it is crucial to strengthen local governments' enforcement capacity. Local governments can address the harm caused by uncontrolled mining by increasing funding for environmental rehabilitation and monitoring.

To guarantee sustainable mining management in this situation, cooperation between national and local governments is crucial. Local governments are essential to the regional implementation of policies, even though the central government has the power to make them. As a result, the central government should ensure effective coordination between the parties and provide clear direction. Additionally, local governments that demonstrate a strong commitment to environmental control and protection may be eligible for incentives such as funding or technical support. This cooperative strategy will promote more thorough monitoring of regional mining operations.

3.1.2. Shifts in Authority in the Job Creation Law

The central government is authorized to issue mining business licenses through the Online Single Submission system under Article 15 (2) of Law No. 11 of 2020 on Job Creation. This clause eliminates the need for lengthy local processes by allowing companies to obtain permits directly from the federal government. The licensing process is expected to be quicker and more efficient under this strategy, particularly for investors seeking to participate in mining operations in Indonesia. Article 16(1) of Law No. 11 of 2020 clarifies that local governments remain responsible for monitoring and assessing the environmental impacts of mining operations within their jurisdictions, even though the central government grants permits to mining companies. Because local authorities have more profound knowledge of the socioeconomic and environmental conditions in their areas, such supervision is essential. As a result, although the mining license has been centralized, local governments remain primarily responsible for monitoring environmental impacts. Additionally, Law No. 11 of 2020, Article 12, paragraph (1) states that improving the ease of doing business and fostering a more favorable investment climate in Indonesia are among the primary goals of regulating company licenses through the OSS system. It is anticipated that this strategy will accelerate the completion of mining projects and other industrial projects, thereby significantly boosting the country's economy. However, this strategy also creates a problem: areas that once granted mining business licenses are now increasingly reliant on central-government-regulated revenue-sharing schemes.

The adoption of the OSS system also gives the central government the authority to evaluate and monitor all mining business operations across Indonesia. This is outlined in Law No. 11 of 2020, Article 9, paragraph (3), which mandates that the central government make sure that all mining operations adhere to relevant legislation, especially those that deal with the enforcement of social and environmental norms. This clause represents a degree of centralization that may provide investors with assurance. Still, it may also limit local governments' authority and flexibility in initiatives that have an immediate impact on local communities and the surrounding environment. Additionally, by lowering the possibility of corruption in the licensing process, the OSS system significantly improves governance. Opportunities for bribery, unofficial discussions, and discretionary manipulation are substantially reduced as permit applications and approvals are processed digitally rather than through direct face-to-face interactions between investors and public officials. By restricting administrative discretion that has historically enabled rent-seeking in the extractive industry, this digital-by-default approach produces a more visible, traceable, and consistent workflow. However, even though the OSS system makes it simpler for investors to obtain permits, Law No. 11 of 2020's Article 18 paragraph (2) states that local governments are still entitled to a portion of the money made from mining operations within their borders through a revenue-sharing mechanism.

This system is designed to maintain a balanced distribution of economic resources between the central and regional governments. However, it may create disparities if regions with abundant

natural resources, such as Papua and Kalimantan, perceive that the revenues they receive are disproportionate to the social and environmental costs resulting from ongoing mining activities. This policy raises concerns, particularly in mining regions such as Papua, where the gap between central and local governments could widen. Furthermore, Article 24, paragraph (1) of Law No. 11 of 2020 requires that regions with mining potential receive special attention from the central government through budget allocations and policies that support their development. In practice, however, this policy may pose challenges for regions that lack direct access to central government mechanisms for securing adequate support for regional development and the equitable distribution of natural resource wealth. With the implementation of the OSS system, it is therefore crucial for the central government to balance the efficiency of permit management with the active involvement of regional governments in mining management and oversight. As mandated in Article 5, paragraph (2) of Law No. 11 of 2020, the central government must ensure that all policies take into account sustainable development and social justice across all regions of Indonesia. Integrating OSS with a multi-level governance approach—where transparency, accountability, and regional participation are strengthened—remains essential to ensure that digital efficiency does not come at the expense of ecological sustainability or local welfare.¹⁹

3.1.3. Central Regional Government Relations in Mining Management

In the context of regional autonomy, coordination between the national and local governments in mining management is crucial. Regional governments still play a vital role in monitoring environmental concerns and spatial planning, notwithstanding the centralization of licensing regulations²⁰. Therefore, to ensure that national-level policies are successfully implemented at the local level, the relationship between the central and regional governments must be managed appropriately. Given their greater familiarity with local conditions and demands, regional administrations should be empowered to monitor the social and environmental impacts of mining operations. Conflicts may occasionally arise from mismatches between national and local policies. For example, regional policies that prioritize local community welfare and environmental sustainability may conflict with central government policies that promote investment and infrastructure development. Communication forums that unite diverse parties are crucial to addressing these issues. To discuss policy and determine the best course of action, local communities, environmental organizations, and central and regional governments should collaborate. This strategy can reduce the likelihood of disputes and the adverse effects of mining operations on local communities and the environment.

In the context of regional autonomy, coordination between the central and regional governments in mining management has emerged as a critical issue. Despite the centralization of mining-licensing regulations, regional administrations continue to play a crucial role in spatial planning and environmental impact monitoring. Article 18(1) of Law No. 23 of 2014 on Regional Government emphasizes this, stating that regional governments are responsible for overseeing the environmental impacts of mining operations and for regulating the environment within their borders. Additionally, paragraph (2) states that regional administrations may establish local land use and environmental protection rules and regulations. Regional governments continue to oversee the societal and environmental impacts, even when the federal government grants mining permits. Furthermore, Article 11, paragraph (1) of Law No. 4 of 2009 on Mineral and Coal Mining provides that regional governments have the authority to propose or approve land use and the environmental effects of third-party mining operations. This clause emphasizes that, even if the licensing procedure has been centralized, regional governments, which have a better understanding of local conditions, must remain involved in decisions on environmental sustainability and spatial planning. However, potential conflicts frequently arise from misalignments between central and regional policies.

¹⁹ H. Z. Arifin and Mulyono, "Peran Serta Masyarakat Dalam Pengelolaan Pertambangan Pasca UU Cipta Kerja," *Jurnal Studi Sosial* 15, no. 3 (2022): 215.

²⁰ Nur, Al Fatih, and Intania, "Revitalising Indigenous Rights Participation in Mining Lawmaking Process: Evaluation and Proposal for Indonesia."

When there are differences between central and regional policies, both must be implemented within a framework of appropriate coordination under Article 4, paragraph (2) of Law No. 23 of 2014. Before adopting policy decisions that could affect local society and the environment, the central government must listen to and take into account the opinions of regional administrations. This emphasizes how crucial it is for central and regional governments to have productive conversations to make sure that policies are adapted to local circumstances and requirements. In this context, Article 12 (2) of Law No. 11 of 2020 on Job Creation stipulates that, to support efficient and effective management in the mining industry, the central and regional governments must cooperate in environmental supervision and management. To ensure that policies achieve their intended objectives, particularly those related to sustainable and equitable mining management, this clause emphasizes the importance of effective coordination and communication between the two levels of government. Creating platforms for stakeholder communication is crucial as a strategic move. This is in line with Article 30, paragraph (2) of Law No. 4 of 2009, which mandates that mining companies compile reports on the social and environmental effects of their operations and share them with the public and local governments. It aims to promote transparency and ensure that local communities and other interested parties can participate in monitoring mining activities and decision-making.

These forums can be helpful to venues for debating laws and strategies to reduce adverse effects on the environment and society. Additionally, Article 33, paragraph (1) of Law No. 23 of 2014 requires regional governments to include environmental management and spatial planning into central government policies. This clause reduces potential disputes and promotes more equitable and sustainable outcomes in mining management by laying the groundwork for decision-making through participation by communities, regions, and the central government.²¹

3.2. The Authority to Issue Mineral and Coal Mining Licenses: A Comparative Study between Nigeria and Indonesia

The Earth provides vital resources that support all living things, especially humans, and serves as the natural environment for the continuation of life cycles.²² The Earth's crust contains a variety of rocks and minerals that are essential raw materials for manufacturing products that support and enable social activities.²³ Therefore, it should come as no surprise that managing minerals and natural rocks has become a highly profitable endeavor. To meet ongoing demand, many nations allocate substantial resources to ensuring a sustainable supply of industrial raw materials derived from minerals and natural rocks.²⁴

Since their supply requires several steps, including discovery, inquiry, development, and appraisal of resource potential and quality, the significant demand for industrial raw materials, such as minerals and rocks, poses substantial obstacles. Because these resources are limited on Earth, resource-rich nations must carefully craft laws to guarantee that their prosperity actually serves society.²⁵ Mining techniques are the sole means of extracting minerals and natural rocks.

²¹ R. Suwito, "Koordinasi Pusat Dan Daerah Dalam Pengelolaan Pertambangan: Evaluasi Terhadap Implementasi Kebijakan Di Daerah," *Jurnal Kebijakan Publik* 14, no. 3 (2021): 190.

²² Eva Liedholm Johnson, Magnus Ericsson, and Anton Löf, "The Mining Permitting Process in Selected Developed Economies," *Land Use Policy* 131 (August 2023): 106762, <https://doi.org/10.1016/j.landusepol.2023.106762>.

²³ Alaa Abbadi and Gábor Mucsi, "A Review on Complex Utilization of Mine Tailings: Recovery of Rare Earth Elements and Residue Valorization," *Journal of Environmental Chemical Engineering* 12, no. 3 (June 2024): 113118, <https://doi.org/10.1016/j.jece.2024.113118>.

²⁴ S. K. Haldar and Josip Tišljarić, "Rocks and Minerals," in *Introduction to Mineralogy and Petrology* (Elsevier, 2014), 1–37, <https://doi.org/10.1016/B978-0-12-408133-8.00001-8>.

²⁵ Markus Berger and others, "Mineral Resources in Life Cycle Impact Assessment: Part II – Recommendations on Application-Dependent Use of Existing Methods and on Future Method Development Needs," *The International Journal of Life Cycle Assessment* 25, no. 4 (April 2020): 798–813, <https://doi.org/10.1007/s11367-020-01737-5>.

As a result, unethical behavior in this field may lead to both material and intangible losses, thereby increasing the risk of natural disasters and environmental degradation.²⁶

With particular emphasis on Nigeria and Indonesia, this section provides a general overview of the potential and licensing regimes governing the management of rocks and minerals across these countries. Nigeria is recognized as a resource-rich country with significant quantities of industrial minerals such as limestone and barite, metallic minerals such as gold and lead-zinc, and energy minerals such as coal and lithium. In the 1960s and 1970s, Nigeria was among the world's leading exporters of coal, columbite, and tin.²⁷

Indonesia's regulatory framework for mineral and coal mining is based on Nigeria's licensing and management system. Another resource-rich nation is Indonesia, which possesses a diverse range of minerals, many of which are deemed strategic resources and commercially valuable. Minerals and coal remain in high demand worldwide due to their essential role in meeting diverse societal needs. Accordingly, this section provides a more thorough explanation of the licensing systems used by Indonesia and Nigeria to regulate coal and mineral mining operations.

Mining-licensing governance is significantly shaped by differences in state structures, as evidenced by a comparison of Indonesia and Nigeria. Nigeria's federal system creates a polycentric regulatory framework in which subnational governments retain significant power, particularly over land access and community relations, by distributing jurisdiction among federal, state, and local institutions in accordance with the constitution.²⁸ On the other hand, Indonesia's unitary-decentralized approach, especially since the 2020 changes to the Job Creation Law and the Mineral and Coal Mining Law, centralizes licensing authority at the national level. A hierarchical governance framework that limits subnational discretion in resource governance is created by the central government's ability to recentralize jurisdiction at will, given Indonesia's statutory rather than constitutional decentralization.

When the institutional architecture of mining licenses is taken into account, the disparity becomes much more apparent. The Ministry of Energy and Mineral Resources is responsible for issuing, monitoring, and enforcing permits within Indonesia's simplified yet highly centralized system. Nigeria, on the other hand, has a dispersed yet participatory governance structure, owing to its multi-agency federal system, which includes the Federal Ministry of Mines and Steel Development, the Mining Cadastre Office, state-level ministries, and environmental protection agencies.²⁹ Nigeria's system provides several avenues for accountability and involvement, despite frequent coordination issues. On the other hand, Indonesia's system prioritizes consistency over local responsiveness and engagement.³⁰

Significant variations also occur in the involvement of municipal governments, environmental supervision, and licensing authorities. Regional governments' ability to successfully implement environmental safeguards or influence licensing decisions is constrained by Indonesia's post-2020 regulatory structure, which confines them to advisory and monitoring roles. Despite federal supremacy, Nigeria permits local institutions, such as traditional authorities, to participate in negotiations and dispute mediation, thereby allowing communities to be more directly involved in governance processes.³¹ State-level authorization is also required for land access. While Indonesia's centralized system limits regional and community participation in

²⁶ Abbad and Mucsi, "A Review on Complex Utilization of Mine Tailings: Recovery of Rare Earth Elements and Residue Valorization."

²⁷ S. A. Igbatayo, "Combating Illicit Financial Flows from Africa's Extractive Industries and Implications for Good Governance," *Africa Development* 44, no. 3 (2019).

²⁸ Federal Republic of Nigeria, "Constitution of the Federal Republic of Nigeria 1999," Abuja: Government Printer, 1999.

²⁹ Federal Republic of Nigeria, "Nigerian Minerals and Mining Act 2007," Abuja: Federal Ministry of Mines and Steel Development, 2007.

³⁰ Francisca Ogechukwu Oshim and others, "Socioeconomic and Environmental Impacts of Quarrying in Nigeria: A Comprehensive Review of Sustainable Quarrying Practices and Innovative Technologies," *International Journal of Research and Scientific Innovation* 11, no. 6 (June 2024): 324–49.

³¹ Oshim and others, "Socioeconomic and Environmental Impacts of Quarrying in Nigeria: A Comprehensive Review of Sustainable Quarrying Practices and Innovative Technologies."

environmental and socioeconomic decision-making, these structural differences give Nigeria more locally responsive mechanisms for supervision.³²

There are significant ramifications for sustainability, efficiency, and transparency from these institutional differences. The goal of Indonesia's centralization is to increase administrative efficiency. Still, it can also result in concentrated discretionary power and bureaucratic bottlenecks, which are potential causes of regulatory opacity, according to several governance assessments. Although Nigeria's multi-agency system offers a broader scope for participation, it suffers from fragmentation and inconsistent enforcement.³³ Nigeria's fragmented institutional structure is a hybrid Type I–Type II structure from a Multi-Level Governance perspective.³⁴ Indonesia, by contrast, is a Type I arrangement that is vertically integrated and has few channels for participation. These variations imply that Indonesia could benefit from implementing a multi-level, more participatory licensing model that enhances accountability, transparency, and long-term social and environmental sustainability.

3.2.1. Nigeria

Nigeria's federal system of government was created as a political compromise to reconcile the divergent interests of various groupings. Federalism was positioned as the best vehicle to balance conflicting interests because of the legacy of British colonial authority, which changed the boundaries of Nigeria's traditional districts. The Federal Capital Territory and 36 states make up the nation under this setup.³⁵ From 774 local government areas, which make up the third layer of governance, are given self-governing authority at the regional level.

Nigeria's democratic system allows for presidential elections. However, the country's democratic development remains clouded by the legacy of more than thirty years of military rule. In response, the administration has worked to strengthen democratic foundations by encouraging public involvement and fostering equitable socioeconomic development through dialogue-based and consultative methods. This strategy is considered more effective at maintaining unity within the federal structure while balancing the diverse needs of the separate states.

Natural resources such as coal, bitumen, limestone, iron ore, barite, gold, and other essential minerals are abundant in Nigeria due to its geographical location. With at least one or two mineral deposits found in almost every state of the Nigerian Federation, these resources are distributed relatively equitably across the nation. Although the country's natural resources made a substantial contribution to GDP in the 1960s and 1970s, the sector's contribution has steadily declined as the government has focused on expanding the oil industry, neglecting the growth of other mineral industries.

The intricacy of Nigeria's mining policy framework is also indirectly influenced by the country's federal structure of government. The principal law governing mineral mining operations and the primary source of legal guidance for the industry is the Nigerian Minerals and Mining Act (NMMA).³⁶ In compliance with the Nigerian Constitution, which gives the Federal Government ownership and control over natural resources, the Nigerian Minerals and Mining Act (NMMA) was passed. Section 39 of the Second Schedule to the 1999 Constitution (as amended) expressly states that only the Federal Government, acting through the National Assembly, may adopt laws about the mining industry. As a result, the NMMA functions not only as the legal basis for mining

³² Tinambunan et al., "Recentralization of Mining Licensing Authority and Its Impact on Local Autonomy in Indonesia."

³³ D. V. Ogunkan, "Achieving Sustainable Environmental Governance in Nigeria: Challenges and Policy Pathways," *Environmental Science & Policy* 138 (2022): 65–73.

³⁴ Liesbet Hooghe and Gary Marks, "Types of Multi-Level Governance," *European Integration Online Papers (EIoP)* 5, no. 11 (2001): 1–32.

³⁵ Babayo Sule, Usman Sambo, and Abacha Umar Deribe, "Nigeria's Federalism and a Decade of Political Transformations," in *The Palgrave Handbook of Global Social Problems* (Cham: Springer International Publishing, 2024), 1–21, https://doi.org/10.1007/978-3-030-68127-2_349-1.

³⁶ Ihuoma Janefrancis Anyanwu, "Legal, Institutional and Regulatory Gaps in the Mining Sector and Their Impact on the Environment," <https://lawhubdev.org>.

activities but also as an all-encompassing framework that regulates licensing practices and the legal procedures for solid mineral exploration and extraction in Nigeria.³⁷

Nigeria's mining industry is primarily governed by the NMMA, which was implemented by the government in 2007. The NMMA 2007 confirms that the Federation is responsible for managing and controlling natural resources on behalf of the Nigerian people in accordance with constitutional provisions. The Land Use Act No. 6 of 1978, codified as CAP L5 of the Laws of the Federation of Nigeria 2004 (hereinafter referred to as the Land Use Act), mandates that the Federal Government acquire all areas that possess commercially viable mineral reserves.³⁸ The Land Use Act provides the legal foundation for land administration and allocation, granting State Governors the authority to manage land on behalf of the people. As a result, this regulatory framework vests in the respective State Governments the rights to land ownership and use for mining activities.³⁹

Local governments have a significant responsibility under the Land Use Act and the NMMA.⁴⁰ The NMMA states that ownership of mineral resources may be transferred from the Federal Government to persons or corporations awarded mineral rights because land containing solid minerals is under the State Governor's jurisdiction. The Minerals and Mining Regulations, which set comprehensive technical requirements for obtaining mining permits, overseeing mining activities, and ensuring compliance with environmental standards, were further enacted by the Nigerian government in 2011.

The former Ministry of Mines and Steel Development (MMSD) was split into the Ministry of Solid Minerals Development (MSMD) and the Ministry of Steel Development (MSD) in 2024 under President Bola Ahmed Tinubu. While the MSD is exclusively focused on bolstering Nigeria's steel production capacity, the MSMD is tasked with advancing the mining value chain beyond the steel industry.⁴¹

Several regulatory organizations, including the Mines Inspectorate Department (MID), the Mines Environmental Compliance Department (MEC), and the Mining Cadastre Office (MCO), were established on the legal foundation provided by the NMMA. The government also established supplementary departments, including the Steel and Non-Ferrous Metals Department, the Raw Materials Development Department, and the Metallurgical Inspectorate. The MID is the leading organization responsible for overseeing all aspects of mining operations, from evaluation and exploration to mine development and production. The MID monitors mineral output from all mining and quarrying operators, maintains extensive databases, and generates reports in compliance with government regulations. Additionally, the department ensures that license holders comply with the law and has the authority to assume administrative or disposal responsibilities when court orders require it.

The MEC, the government's second regulatory body, is responsible for ensuring that mining enterprises adhere to environmentally sustainable practices. Its mandate includes several fundamental duties. The MEC must first create quality standards and environmental regulations for mining operations. Second, it verifies that plans, research, and required submissions by mineral rights holders comply with applicable environmental legal requirements. Third, the MEC has the authority to monitor and enforce mineral rights holders' adherence to legal obligations and specified environmental standards. Lastly, the MEC conducts periodic audits as part of its oversight function to verify that mining operations are conducted in an environmentally appropriate manner.

³⁷ P. T. Akper and Laura Ani, "Legal and Policy Issues in the Development of Nigeria's Mining Sector: Charting the Way Forward," *SSRN Electronic Journal*, ahead of print, 2020, <https://doi.org/10.2139/ssrn.3563005>.

³⁸ Kehinde Hassan Babalola and Simon Antony Hull, "Examining the Land Use Act of 1978 and Its Effects on Tenure Security in Nigeria: A Case Study of Ekiti State, Nigeria," *Potchefstroom Electronic Law Journal* 22 (November 2019): 1–34, <https://doi.org/10.17159/1727-3781/2019/v22i0a5803>.

³⁹ David Oluwasegun Afolayan and others, "Safe Mining Assessment of Artisanal Barite Mining Activities in Nigeria," *Mining* 1, no. 2 (2021).

⁴⁰ Ogunkan, "Achieving Sustainable Environmental Governance in Nigeria: Challenges and Policy Pathways."

⁴¹ KPMG, *Nigerian Mining Sector Brief* (KPMG, n.d.).

To promote the sustainable management of Nigeria's natural resources, the National Minerals and Metals Policy of 2009 was also enacted. Additionally, the strategy underscores the importance of promoting investment in the mining sector, particularly by applying the provisions of the Nigerian Investment Promotion Commission Act.⁴²

The Mining Cadastre Office (MCO), which is responsible for the administrative management of mining permits, is the third organization established to support mining operations. Its mandate includes several crucial tasks. First, applications for mining permits are reviewed by the MCO, which has the authority to approve them. Second, it is authorized to grant, suspend, or revoke licenses in accordance with applicable regulations. Third, the agency handles requests for mining license transfers, renewals, amendments, and surrenders. Fourth, it maintains a chronological record of all licensing applications, ordered by priority. Lastly, by maintaining thorough registration and up-to-date inventories, the MCO ensures transparent and efficient management of mining rights.

Nigeria's decentralized mining governance model is supported by a robust legal framework, but this does not eliminate the fundamental challenges it presents. Although local governments now have formal control over mining governance, the licensing process remains complex. It involves multiple federal agencies, including the Ministry of the Environment and the Geological Survey Department. The federal and state governments frequently have overlapping obligations and jurisdictions as a result of this complex framework, particularly when policymaking is inconsistent. Furthermore, by raising operating expenses, protracted and onerous procedural procedures exacerbate inefficiencies and deter investment in the mineral industry.

The use of antiquated laws in Nigeria's mining administration is another serious problem. The Nigerian Minerals and Mining Act (NMMA) still does not adequately address the top concerns of the current global policy agenda, particularly those related to environmental protection. There are concerns that the nation's mineral mining may have detrimental ecological effects due to the absence of robust environmental justice laws. According to studies, Nigeria has approximately 40 types of unexploited natural resources with a combined value of hundreds of trillions of US dollars. Historically, the industry's enormous economic potential has been a crucial source of funding for government initiatives. For example, the mineral industry generated 1,254,200 jobs at 1,710 active mining sites and produced around 60 million tons of mineral commodities in 2013.⁴³

In 2013, 223 small-scale mining businesses, 195 licensed mining operations, 845 artisanal mining cooperatives, and 2,048 exploration permits contributed to government revenue. Although state governments play a significant role in the exploitation of mineral resources, artisanal and small-scale mining methods are generally at odds with environmental justice principles. Additionally, the data reveal that small-scale miners still control the majority of extraction operations in Nigeria, a tendency that has seriously endangered public health by causing extensive environmental harm and the release of hazardous materials.

The expansion of the mineral industry has led to disparate regulatory frameworks, as mining governance authority has been transferred to state governments. The lack of essential infrastructure, such as reliable energy and adequate road access to mining sites, is a significant barrier for holders of mining licenses. To lessen these limitations, the federal government has promoted the privatization of public utilities and implemented reforms in the electricity sector. Despite these initiatives, unresolved national infrastructure issues continue to significantly affect mining businesses, often requiring them to rely on independent, off-grid energy sources to maintain operations.⁴⁴

Security is another major issue facing Nigeria's mining sector. While social and religious issues often cause instability during exploration, terrorist activity and the presence of rebel organizations continue to destabilize mineral-rich areas. The federal government has strengthened the Mines Surveillance Task Team and deployed security forces to combat these

⁴² KPMG, *Nigerian Mining Sector Brief*.

⁴³ Ahmed F. Ali and Amina S. Abdullahi, "Environmental Issues and the Prospects of Mining in Nigeria," *Dutse Journal of Pure and Applied Sciences (DUJOPAS)* 4, no. 2 (2018).

⁴⁴ I G. A. P. Kartika et al., "Quo Vadis Energy Legal Policy towards Equitable and Sustainable Development in Indonesia," *Law Reform* 21, no. 2 (2025): 266–94, <https://doi.org/10.14710/lr.v21i2.66743>.

risks and stop illicit mining activities. The *Guidelines for the Production of Community Development Agreement (CDA)* in the Solid Minerals Sector were introduced in 2023 by the federal government's Ministry of Solid Minerals Development (MSMD). These regulations aim to increase community involvement and encourage environmentally friendly mining practices nationwide.⁴⁵

The Nigerian government's commitment to ensuring that community involvement yields tangible benefits in the management of mineral resources is demonstrated by its determination to codify Community Development Agreements (CDAs). It is anticipated that terrorist organizations, illegal miners, and rebel factions will be able to put aside their competing objectives and cooperate for mutual prosperity through the creation of CDAs. Several vital goals are outlined in the government-issued guidelines: a) developing a clear framework or platform for CDA drafting; b) defining specification of key elements and content, including dispute resolution procedures; c) establishing an evaluation system to supervise implementation and track compliance; and, d) encouraging participatory models that enable communities to actively participate in the planning, implementation, management, and monitoring of CDA-related initiatives. As a result, CDAs are now a key component of Nigeria's strategy for promoting inclusive, peaceful, and sustainable mining methods.

3.2.2. Indonesia

The geological basis for the production of abundant natural resources and a diverse range of mineral deposits, many of which have substantial economic potential for exploitation, is provided by the intersection of many tectonic plates beneath Indonesia.⁴⁶ A wide range of mineral resources, such as gold, copper, nickel, bauxite, tin, zinc, iron ore, granite, andesite, limestone, quartz sand, dolomite, clay, and zircon, are abundant in Indonesia. These resources are essential building blocks for many of the technologies that make daily life possible. Furthermore, the demand for some minerals, especially nickel, manganese, cobalt, lithium, lead, rare earth elements (REE), and graphite, has dramatically increased as the world moves toward environmentally sustainable energy.

Table 1.
Indonesia's Metal Mineral Resources and Reserves in 2021⁴⁷

| No | Commodity | Total Resources (metric tons)** | | Total Reserves (metric tons) | |
|----|------------------|---------------------------------|---------------|------------------------------|-------------|
| | | Ore | Metal | Ore | Metal |
| 1 | Primary Gold | 16,028,926,779 | 8,699 | 3,619,471,264 | 1,987 |
| 2 | Alluvial Gold* | 1,632,792,609 | 355 | 65,726,139 | 150 |
| 3 | Copper | 15,951,450,554 | 65,944,875 | 3,017,819,590 | 19,936,017 |
| 4 | Tin [†] | 7,159,668,511 | 2,406,880 | 6,840,343,359 | 2,165,905 |
| 5 | Lead | 4,009,783,572 | 94,005,800 | 76,273,815 | 2,853,376 |
| 6 | Nickel | 17,685,749,507 | 177,814,602 | 5,243,538,419 | 57,111,962 |
| 7 | Primary Iron | 7,349,424,602 | 1,671,643,457 | 1,702,216,159 | 353,757,486 |
| 8 | Iron Sand | 3,940,294,766 | 890,695,801 | 1,216,504,448 | 476,132,595 |
| 9 | Manganese | 190,890,310 | 87,638,863 | 129,433,888 | 57,417,310 |
| 10 | Mercury | 32,254,882 | 76 | - | - |
| 11 | Antimony | 11,890,421 | 375,555 | 3,958,633 | 15,835 |
| 12 | Bauxite | 6,632,138,239 | 1,094,186,118 | 3,220,859,010 | 520,475,101 |
| 13 | Platinum | 114,750,000 | 8 | - | - |
| 14 | Iron Sediment | 5,825,623 | 3,680,168 | - | - |
| 15 | Silver | 10,545,402,270 | 78,624 | 3,115,958,765 | 11,541 |
| 16 | Zinc | 3,771,823,836 | 63,535,053 | 68,642,182 | 2,785,811 |

⁴⁵ KPMG, *Nigerian Mining Sector Brief*.

⁴⁶ Mohammad Jamin and others, "The Impact of Indonesia's Mining Industry Regulation on the Protection of Indigenous Peoples," *Hasanuddin Law Review* 9, no. 1 (February 2023): 88, <https://doi.org/10.20956/halrev.v9i1.4033>.

⁴⁷ Center for Mineral Coal and Geothermal Resources, *Indonesian Minerals, Coal, and Geothermal Resources and Reserves 2021* (Jakarta, 2021).

| No | Commodity | Total Resources (metric tons)** | | Total Reserves (metric tons) | |
|----|-------------------|---------------------------------|---------------|------------------------------|-------------|
| | | Ore | Metal | Ore | Metal |
| 17 | Laterite Iron | 7,746,537,224 | 1,164,191,400 | 1,532,195,254 | 317,532,880 |
| 18 | Cobalt | 3,283,552,980 | 7,446,443 | 682,412,785 | 484,480 |
| 19 | Chromite | 17,679,700 | 7,095,982 | 22,846,799 | 9,138,061 |
| 20 | Placer Chromite* | 4,795,844 | 1,053,322 | 3,552,165 | 137,971 |
| 21 | Molybdenum | 2,809,124,333 | 277,013 | - | - |
| 22 | Laterite Titanium | 1,341,685,306 | 9,972,609 | 205,860,784 | 1,291,700 |
| 23 | Placer Titanium | 598,457,092 | 37,649,286 | 206,966,052 | 11,181,518 |
| 24 | Vanadium | 230,801,000 | 1,574,148 | 161,629,516 | 1,101,899 |
| 25 | Monazite*) | 6,925,944,594 | 186,663 | - | - |
| 26 | Xenotime*) | 6,466,257,914 | 20,734 | 0,09 | 0,06 |

*) ore/concentrate unit m³

***) exclude hypothetical resources

*) Metal resource and reserves are calculated from dry metric tons (dmt) of ore

Indonesia's mineral and coal resources contributed IDR 2,198 trillion in 2023, accounting for approximately 10% of the country's total GDP of IDR 20,892 trillion.⁴⁸ Similar to Nigeria, the allocation of power over the management of natural resources, particularly in the coal and mineral industries, is significantly shaped by Indonesia's governance structure. Indonesia is a unitary state with decentralized local governments; the power of each level of government to control natural resources within its territories is well defined. Any analysis must be based on Indonesia's legal framework and regulatory instruments governing the mineral and coal mining industry to determine the extent of the powers granted to each organization. Fundamentally, the principles outlined in Article 33(3) of the 1945 Constitution of the Republic of Indonesia, as amended, must be reflected in the distribution of power in Indonesia's natural resource management.⁴⁹

One of the clauses controlling Indonesia's national economy and social welfare is Article 33(3) of the 1945 Constitution.⁵⁰ It reaffirms the state's authority over natural resources and that they must be managed for the greatest good of the populace. This idea gives the government the power to control all facets of managing the country's natural resources and to make sure that they are used to improve the welfare of the general populace. This clause provided the philosophical and constitutional basis for the replacement of Law No. 11 of 1967 on Mineral and Coal Mining (Mining Law 1967) by Law No. 4 of 2009 (Mining Law 2009).⁵¹

Through a contract-of-work structure, the Mining Law of 1967 defined the connection between public and private entities in the coal and mineral industries. However, this arrangement was replaced by a licensing system with the passage of the Mining Law of 2009. This framework reaffirms the state's ultimate control over natural resources by requiring corporations involved in coal and mineral mining to obtain permits. The government must grant such permits in a way that promotes the welfare of Indonesians. This idea is clearly stated in Article 4, paragraphs (1) and (2) of the Mining Law of 2009, which gives the central and regional governments the power to manage and control coal and mineral resources as essential components of the state.

With the passage of Law No. 3 of 2020 (henceforth referred to as the Mining Law 2020), the Indonesian government gradually reorganized the licensing authority for coal and mineral mining. The Mining Law of 2020 modified only a few provisions of the 2009 framework, in contrast to the Mining Law of 2009, which completely superseded the Mining Law of 1967. These

⁴⁸ Kementerian Energi dan Sumber Daya Mineral, "Kontribusi Minerba Pada PDB 2023 Capai Rp 2.198 Triliun," <https://www.esdm.go.id>.

⁴⁹ Primi Suharmadhi Putri, "Local Communities and Transparency in Indonesian Mining Legislation," *Journal of Energy & Natural Resources Law* 41, no. 4 (October 2023): 431–55, <https://doi.org/10.1080/02646811.2022.2136336>.

⁵⁰ Muhammad Rinaldy Bima, "Implementation of State of Emergency Within the Constitutional Law System in Indonesia," *Diponegoro Law Review* 4, no. 1 (2019): 405, <https://doi.org/10.14710/dilrev.4.1.2019.405-418>.

⁵¹ Arif Rohman, Hartiwingsih, and Muhammad Rustamaji, "Illegal Mining in Indonesia: Need for Robust Legislation and Enforcement," *Cogent Social Sciences* 10, no. 1 (December 2024), <https://doi.org/10.1080/23311886.2024.2358158>.

amendments centralized the governing structure of the mineral and coal mining industry. Article 4, paragraph (2) of the Mining Law 2020, which upholds the central government's sole jurisdiction over the management of coal and mineral resources, clearly reflects this centralization. Consequently, regional governments are no longer recognized as the state's representatives in managing these resources. Furthermore, Article 4, paragraph (3) makes clear that this form of control encompasses important governmental activities, including policy creation, regulation, management, administration, and supervision.⁵²

Article 5 of the Mining Law 2009, which prioritizes domestic demand for these resources, further strengthens the centralization of governmental authority in developing mineral and coal mining strategies. This clause authorizes the government to impose restrictions on the export and production of Indonesian coal and mineral products. Depending on the kind of mineral commodity extracted in each province, these limitations could take the shape of annual output quotas.⁵³ Article 5 of the Mining Law 2009, which prioritizes domestic demand for these resources, further strengthens the centralization of state authority in the formulation of mineral and coal mining strategies. The production and export of Indonesian coal and mineral commodities may be subject to government restrictions under this clause. Depending on the kind of mineral commodity extracted in each province, these limitations could be expressed as annual output quotas.

The revisions to the Mining Law 2009 not only strengthened the central government's authority but also reorganized several key regulations that had previously been under the purview of provincial and regency/municipal governments.⁵⁴ Articles 8, 11, 15, and 35 of the Mining Law 2009 were among the provisions repealed by the Mining Law 2020 concerning the powers of regional governments in coal and mineral mining. Article 8 of the Mining Law 2009, which granted regency and city governments the authority to oversee mining operations within local borders, is a well-known example. In particular, a wide range of obligations were listed in Article 8, paragraph (1), including: a) formulating regional regulations; b) issuing Mining Business Licenses (IUP) and People's Mining Licenses (IPR), as well as providing supervision, guidance, and dispute resolution for mining activities within regency or city territories and maritime zones up to four nautical miles; c) overseeing production operation mining activities within their jurisdiction; d) conducting inventories, investigations, and research related to minerals and coal; e) managing geological and mining data; f) preparing mineral and coal resource balances for their respective regions; g) promoting community development in mining while safeguarding environmental sustainability; h) enhancing the value and benefits of mining activities; i) reporting exploration and exploitation outcomes to the Minister and Governor; j) reporting production, domestic sales, and export data; k) supervising post-mining land reclamation; and, l) building the capacity of regency or city officials in mining governance. These clauses were explicitly eliminated by the Mining Law 2020, which removed the regents' and local governments' authority to regulate coal and mineral mining.

The amendment to Article 11 of the 2009 Mining Law constitutes the second major change affecting the powers of regency and city administrations. Both national and regional governments were responsible for conducting the studies and research required to establish designated Mining Areas under the 2009 framework. Since the 2020 Mining Law was enacted, however, this authority has been consolidated and is now held exclusively by the Minister.⁵⁵

⁵² Sarkowi V. Zahry, "The Impact of Centralization on the Enactment of Law Number 4 of 2009 on Mineral and Coal Mining on the Development of Regional Autonomy," *Journal La Sociale* 4, no. 4 (December 2023): 244–48, <https://doi.org/10.37899/journal-la-sociale.v4i4.1625>.

⁵³ Hartati and Zainal Amin Ayub, "Jurisdictional Disputes between Central and Local Governments in the Management of Coal Mining," *Sriwijaya Law Review* 8, no. 2 (July 2024): 269–85, <https://doi.org/10.28946/slrev.Vol8.Iss2.3003.pp269-285>.

⁵⁴ Novita Eka Utami, "Sentralisasi Terhadap Kewenangan Pemerintah Daerah Dalam Perizinan Tambang Pasca Pemberlakuan Undang-Undang Mineral Dan Batubara," *Jurnal Lex Renaissance* 8, no. 2 (December 2023): 360–78, <https://doi.org/10.20885/JLR.vol8.iss2.art10>.

⁵⁵ Adhe Ismail Ananda, La Ode Dedhasriadi, and Yeni Haerani, "The State's Right to Control and Local Government Authority in the Mining Sector: A Legal-Policy Research," *Administrative and Environmental Law Review* 6, no. 1 (June 2025), <https://doi.org/10.25041/aer.v6i1.4079>.

Third, Article 15, which had previously permitted the Central Government to assign power to provincial authorities to establish Mining Business Areas (*Wilayah Usaha Pertambangan*, WUP), was repealed by the 2020 Mining Law. A Mining Business Area is a section of a Mining Area that has documented data, potential, and geological information, as stated in Article 1, point 29 of the 2020 Mining Law. Consequently, the Central Government now has sole jurisdiction to appoint WUP.

Fourth, the 2009 Mining Law's change to Article 21 eliminated the power of mayors or regents to declare Community Mining Areas (*Wilayah Pertambangan Rakyat*, WPR). It was replaced by Article 22A, which requires the Central and Regional Governments to maintain the same zoning and land use inside designated Community Mining Areas.

Fifth, the addition to Article 35 of the 2009 Mining Law further consolidates the Central Government's authority, in contrast to previous amendments that primarily limited local governments' authority. Mining operations were carried out through Mining Business Licenses (*Izin Usaha Pertambangan*, IUP), Community Mining Licenses (*Izin Pertambangan Rakyat*, IPR), and Special Mining Business Licenses (*Izin Usaha Pertambangan Khusus*, IUPK) in accordance with Article 35 of the 2009 Mining Law. The centralization of power over these licensing procedures is reinforced by the 2020 amendment to Article 35.

- (1) The Central Government shall provide business licenses for mining operations;
- (2) Mining business activities are carried out through the granting of:
 - a. Business Identification Number;
 - b. Standard Certificates; and
 - c. The Appropriate Licenses
- (3) Licenses granted by the Central Government may take the form of:
- (4) The Central Government may give licenses in the following ways:
 - a. Mining Business License (*Izin Usaha Pertambangan*);
 - b. Special Mining Business License (*Izin Usaha Pertambangan Khusus*);
 - c. Special Mining Business License as a continuation of the contract of work operations;
 - d. Community Mining License (*Izin Pertambangan Rakyat*);
 - e. Rock Mining Permit (*Surat Izin Penambangan Batuan*);
 - f. Assignment Permit (*Izin Penugasan*);
 - g. Transportation and Sales Permit (*Izin Pengangkutan dan Penjualan*);
 - h. Mining Services Business License (*Izin Usaha Jasa Pertambangan*);
 - i. Mining Business License for Sales;
- (5) In compliance with relevant laws and regulations, the Central Government may assign the issue of business licenses to Provincial Governments.

There is a clear trend toward centralizing control over the administration of Indonesia's coal and mineral resources, resulting from the government's amendments to several provisions of the 2009 Mining Law. This move is consistent with the nation's framework for regional autonomy, which grants the federal government the authority to assign duties to local governments through laws and regulations. As a result, the degree of power granted to regional administrations is a gauge of Indonesia's level of regional autonomy.

Regional autonomy and a tiered distribution of government authority were implemented as a result of Indonesia's post-New Order reforms. Local interests, which should ideally reflect the needs and aspirations of communities, were found to have been inadequately accommodated by decades of centralized rule. As a result, boosting regional autonomy through decentralization was prioritized during the reform process, making it a key goal and an essential component of the nation's governance reform program.

4. Conclusion

The study's conclusions indicate an ongoing conflict between centralization and decentralization in the legal systems governing mining business licensing in Nigeria and Indonesia. The analysis, which draws on the Multi-Level Governance (MLG) paradigm, shows

that the distribution of power among governmental levels significantly affects community involvement, regulatory efficacy, and the sustainability of natural resource management. The 2020 Mining Law and the Job Creation Law, which explain Indonesia's current move toward centralized licensing, strengthen hierarchical control.

However, sociopolitical realities indicate that local communities and regional governments remain crucial actors, and their removal undermines ecological protections and spatial responsibility. Strict procedural safeguards, such as public disclosure of licensing data, open access to environmental and social impact assessments, mandatory audit trails for each licensing decision, and explicit reporting obligations for regulatory agencies and mining companies, must accompany the centralization of licensing authority because it is inextricably linked to more general concerns of transparency and accountability. These systems guarantee that centralized power functions within a framework that safeguards public oversight, advances environmental justice, and fortifies the integrity of natural resource governance. They also help minimize opaque decision-making and reduce the risk of administrative abuse.

These conclusions are corroborated by the comparative study, which demonstrates that Nigeria, despite its federal system, exhibits comparable centralizing tendencies driven by competition for mining revenues, intergovernmental conflicts, and fragmented governance. Both jurisdictions demonstrate that an excessive concentration of power, in the absence of significant participation by subnational and community actors, tends to widen regulatory gaps, reduce transparency, and increase the risk of resource-related conflict, despite differences in institutional settings. The second legal issue, the variations and similarities in licensing authority between the two nations, is supported by this comparative analysis. Overall, the comparison shows that accurate responsibility distribution, multi-level coordination, and institutional mechanisms that combine local interests with central regulatory scrutiny are necessary for an efficient and fair licensing regime.

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