

FAILURES IN THE GOVERNANCE OF COASTAL AUTHORITY IN THE DESIGNATION OF NATIONAL STRATEGIC PROJECTS: A CASE STUDY OF REMPANG ECO CITY FROM THE PERSPECTIVE OF LAW NO. 23 OF 2014 ON LOCAL GOVERNMENT

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ABSTRACT

This study aims to analyze governance failure in the designation of the Rempang Eco City National Strategic Project (PSN) from the perspective of Law Number 23 of 2014 on Regional Government. The central problem lies in whether the PSN designation through Ministerial Coordination Regulation No. 7 of 2023 violated provincial coastal authority as mandated under Article 27 of Law No. 23 of 2014. Drawing on the theories of decentralization, intergovernmental relations, and administrative law, this study employs a qualitative-descriptive approach using a single case study method and document analysis. The findings reveal three administrative defects: (1) overlapping authority between the central and provincial governments in coastal zoning; (2) the absence of the Riau Islands Province Coastal and Small Island Zoning Plan (RZWP-3K) as an investment prerequisite; and (3) the lack of vertical intergovernmental coordination mechanisms consistent with decentralization principles. The revocation of PSN status through Presidential Regulation No. 12 of 2025 confirms this policy failure, yet lacks adequate administrative transition mechanisms. This study recommends reforming PSN designation procedures to mandate fulfillment of provincial coastal spatial planning prerequisites and institutionalizing vertical coordination mechanisms in small island governance.

INTRODUCTION

National development in recent decades has demonstrated a growing trend toward accelerating investment and infrastructure as primary instruments of economic growth. In Indonesia, this is operationalized through the National Strategic Projects (PSN) policy, which provides streamlined permitting, fiscal support, and cross-sectoral coordination for projects of national strategic value (Presidential Regulation No. 3 of 2016). Empirically, as of 2023, the Indonesian government had designated over 200 PSN projects with a total investment value exceeding IDR 5,000 trillion, reflecting the central government's strong commitment to



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infrastructure-led development (Bappenas, 2023). However, data from the Ombudsman of the Republic of Indonesia (2023) recorded at least 47 administrative complaints related to PSN implementation, indicating a systemic pattern of procedural irregularities in PSN governance nationwide. One case that sparked national controversy was the designation of Rempang Eco City on Rempang Island, Riau Islands Province, as a PSN through Regulation of the Coordinating Minister for Economic Affairs No. 7 of 2023. Rempang Island is administratively located in Galang District, Batam City, and holds a strategic position along Southeast Asia's international shipping routes, with a mangrove ecosystem spanning over 2,800 hectares serving as a natural coastal barrier, marine habitat, and carbon sink (Alamanda, 2023). This island is also home to the indigenous Malay Tempatan community who have inhabited the region since the 17th century and rely on coastal resources through traditional fishing and marine aquaculture (YLBHI, 2025). The relocation of this community without meaningful prior consultation triggered significant social conflict, including clashes between security forces and residents and the criminalization of local communities (Ombudsman, 2023).

From a theoretical perspective, this study is grounded in three main theoretical frameworks. First, decentralization theory (Rondinelli, 1981; Smoke, 2015), which explains the transfer of authority from central to regional governments as a mechanism for more effective and locally responsive governance. Second, intergovernmental relations theory (Agranoff & McGuire, 2003; Wright, 1988), which analyzes how authority, resources, and responsibilities are distributed and coordinated across levels of government. Third, governance failure theory (Pierre & Peters, 2020; Fukuyama, 2013), which identifies the conditions under which public institutions fail to perform their mandated functions, particularly in multi-level governance systems. These three frameworks collectively provide a lens to examine how the PSN designation mechanism bypassed the provincial government's coastal authority as mandated under Article 27 of Law No. 23 of 2014 on Regional Government.

From the perspective of local government administration, coastal zone management is explicitly regulated under Law No. 23 of 2014. Article 27 grants provincial governments the authority to manage maritime areas up to 12 nautical miles, encompassing marine spatial planning, issuance of permits for marine space utilization, empowerment of coastal communities, and protection of marine resources representing the legal operationalization of decentralized authority (Rondinelli, 1981). However, in the Rempang Eco City case, the PSN designation mechanism demonstrated the dominance of the central government through BP Batam and the Coordinating Ministry of the Economy, without optimal involvement of the Riau Islands Provincial Government as the legitimate holder of coastal authority (Nugroho, 2023).

Previous studies have addressed the Rempang case from environmental, social conflict, human rights, and investment perspectives. Hidayat & Kurniawan (2023) examined the ecological impact of the Rempang Eco City project on mangrove ecosystems, while Prasetyo (2024) analyzed the agrarian conflict dimension from a human rights framework. Studies on PSN governance more broadly have focused on investment facilitation (Anwar & Suharto, 2022), fiscal impact (Kuncoro, 2023), and environmental compliance (Wahyudi et al., 2023). However, studies specifically examining the failure of coastal governance mechanisms from the perspective of regional government administration law particularly the violation of provincial coastal authority under Law No. 23 of 2014 remain critically absent in the existing literature. No study has systematically analyzed the administrative defects embedded in the PSN designation-to-revocation cycle within the framework of decentralization and intergovernmental relations. This research fills that gap by offering a legal-administrative analysis of governance failure at the intersection of PSN policy and coastal zone management. This study aims to: (1) analyze how coordination mechanisms between the central government and the Riau Islands Provincial Government failed in the designation of the Rempang Eco City PSN under the framework of Law No. 23 of 2014 on Regional Government; (2) identify forms of administrative defects from the designation to the revocation of PSN status; and (3) formulate policy recommendations to strengthen coastal authority governance in Indonesia.



Theoretically, this study contributes to the development of governance failure theory in the context of multi-level coastal governance in decentralized states, enriching the body of knowledge in public administration and regional government studies. Practically, the findings are expected to serve as a reference for the central government, provincial governments, and relevant stakeholders in reforming PSN designation mechanisms to ensure administrative compliance with decentralization principles. For policymakers, this study provides an evidence-based foundation for institutionalizing vertical intergovernmental coordination in coastal and small island management in Indonesia.

METHOD

This study examines the failure of coastal governance in the designation of the Rempang Eco City National Strategic Project (PSN) on Rempang Island, Batam City, Riau Islands Province a coastal area home to the indigenous Malay Tempatan community and ecologically significant mangrove ecosystems spanning over 2,800 hectares as a case of multi-level governance failure at the intersection of national investment policy and provincial coastal authority under Law No. 23 of 2014 on Regional Government. The study was conducted from January to June 2025, covering the full policy cycle from the PSN designation through Regulation of the Coordinating Minister for Economic Affairs No. 7 of 2023 to its revocation via Presidential Regulation No. 12 of 2025. This study employs a qualitative approach with a descriptive analytical method and a single case study design, as the Rempang Eco City case represents a unique and bounded instance of governance failure within the decentralization framework (Creswell, 2018; Yin, 2018). Document analysis was adopted as the primary data collection technique, comprising three sequential stages: (1) identification and collection of relevant legal, regulatory, and institutional documents; (2) assessment of each document's authenticity, credibility, representativeness, and meaning using Scott's Four Dimensions framework (Scott, 1990); and (3) systematic data extraction using a structured analysis guide based on the research questions (Bowen, 2009; Rapley, 2007). Documentary sources were selected through purposive sampling (Creswell, 2018) from six key institutional actors: the Riau Islands Provincial Government as the primary holder of coastal authority under Article 27 of Law No. 23/2014; BP Batam as the key PSN implementing body; the Coordinating Ministry for Economic Affairs as the central authority responsible for PSN designation; the Ombudsman of the Republic of Indonesia as an independent oversight institution; YLBHI and civil society organizations representing affected communities; and Scopus-indexed academic and policy literature for theoretical substantiation. Data were analyzed using an interactive model of data condensation, data display, and conclusion drawing and verification (Miles et al., 2014), with source triangulation employed across legal documents, government reports, and academic literature to ensure the validity and credibility of the findings.

RESULTS AND DISCUSSION

This study advances the central argument that the designation of the Rempang Eco City National Strategic Project (PSN) constitutes a systematic governance failure rooted in the structural subordination of provincial coastal authority by the central government, representing a form of de facto recentralization that directly contradicts the decentralization mandate embedded in Law No. 23 of 2014 on Regional Government. The novelty of this study lies in its identification of three empirically verifiable forms of administrative defects authority overlapping, prerequisite omission, and coordination absence as an interconnected failure triad within Indonesia's multi-level coastal



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governance system, a dimension that has not been previously theorized in the existing literature on PSN governance or coastal zone management. The results of the document analysis are structured to empirically validate three Working Hypotheses (WH) through a logical sequence of validation. First, a normative authority mapping and policy chronology are established as the baseline against which the Rempang case deviates. This baseline then directly informs the testing of WH-1 by identifying and verifying three forms of administrative defects embedded in the PSN designation process, WH-2 by examining the absence of the Riau Islands Province Coastal and Small Island Zoning Plan (RZWP-3K) as a legally required investment prerequisite, and WH-3 by analyzing the structural absence of vertical intergovernmental coordination mechanisms as stipulated under decentralization principles. Collectively, these findings provide an evidence-based account of how procedural inversion the reversal of administrative prerequisites in public policy manifests in the governance of coastal strategic projects in Indonesia.

Mapping Coastal Jurisdiction Under Law No. 23 of 2014: What Should Happen

Before evaluating the failures that have occurred, it is necessary to accurately map the framework of authority that should apply under Law No. 23 of 2014 regarding the management of coastal areas and small islands in the Riau Islands.

A. Three-Tier Coastal Authority Architecture

Law No. 23 of 2014 establishes a three-tiered coastal authority architecture based on distance from the shoreline:

Table 1. Law No. 23 of 2014: Coastal Authority Architecture

Tier	Distance	Authority	Key Actors
Layer 1	0–4 miles	Integrated coastal management, zoning, community empowerment	Provincial Government
Tier 2	4–12 miles	Marine spatial management, utilization permits	Provincial Government
Tier 3	12–200 miles (EEZ)	Exploration, exploitation of non-oil and gas natural resources, law enforcement	Central Government (KKP)

Source compiled by the author from Law No. 23 of 2014

Referring to the table above, Rempang Island and all its coastal waters up to 12 nautical miles are entirely under the jurisdiction of the Riau Islands Provincial Government. The resulting administrative consequences are: (a) no large-scale investment in the Rempang coastal area may be undertaken without the approval and spatial planning instruments from the Provincial Government; and (b) the RZWP-3K document of the Riau Islands Province is an absolute prerequisite—not an option—for any investment utilization in that area.

B. Administrative Obligations of the Provincial Government in Coastal Management

The PWP-3K Law and Law No. 23 of 2014 jointly impose five administrative obligations on the Riau Islands Provincial Government that must be fulfilled before the coastal zone can be opened for large-scale investment:

1. Preparation of the Strategic Plan for Coastal Areas and Small Islands (RSWP-3K)



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2. Formulation of the Coastal and Small Islands Zoning Plan (RZWP-3K), which is the most crucial instrument
3. Formulation of the Coastal and Small Islands Management Plan (RPWP-3K)
4. Formulation of the Coastal and Small Islands Management Action Plan (RAPWP-3K)
5. Issuance of Water Area Location Permits and Water Area Management Permits for every investment in coastal areas

Of these five obligations, the Riau Islands Province's RZWP-3K was not yet available when the Rempang Eco City PSN was designated in August 2023. This gap constitutes a prerequisite administrative defect that places the entire PSN policy framework on an unsound legal foundation.

Chronology of the Rempang Eco City PSN Policy: From Designation to Revocation

The policy chronology can be divided into five phases that are interrelated; although the timing and events differ, the administrative implications will create problems, as shown in the table below:

Table 2. Chronology of the Rempang Eco City PSN Policy

Phase	Period	Key Policy Events	Administrative Implications
Initial Phase	2001–2022	Issuance of a 17,600-hectare HPL by BP Batam to PT MEG; no RZWP-3K for the Riau Islands Province	Accumulation of administrative vulnerabilities over two decades
PSN Phase	Aug 2023	Coordinating Ministerial Regulation No. 7/2023 designates Rempang Eco City as a PSN without fulfilling the RZWP-3K prerequisites	Procedural inversion: PSN designated before prerequisite documents were available
Conflict Phase	Sep 2023–Jan 2025	Physical conflict; criminalization of 3 residents; EIA prepared after relocation began	Layered procedural flaws; absence of public consultation (finding by the Indonesian Ombudsman)
Transition Phase	Feb–Apr 2025	Presidential Regulation No. 12/2025 does not include Rempang in the 77 National Strategic Projects; confirmed by the Indonesian House of Representatives on April 28, 2025	Revocation without adequate administrative transition mechanisms
Ambiguity Phase	Apr 2025–present	BP Batam states the project is still proceeding; 3 residents remain suspects	Unresolved policy-implementation gap

Source: Compiled from various media sources, 2001–2025



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C. Identification of Administrative Flaws in the Designation of PSN

First Defect: Procedural Inversion in Coastal Zoning

The most fundamental administrative flaw in the Rempang case is what this study refers to as *procedural inversion*: a reversal of the normative sequence that should form the basis of every investment designation in coastal areas. The correct normative sequence based on Law No. 23 of 2014 and the PWP-3K Law is: (1) Preparation of the Provincial PWP-3K Master Plan, (2) Designation of investment zones within the PWP-3K Master Plan, (3) Issuance of marine location permits, (4) Designation of investment projects, and (5) Preparation of the Environmental Impact Assessment (EIA). What occurred in the Rempang case was the reverse: the PSN was designated first, and only then were the permitting process and the EIA prepared as *ex-post facto justifications*.

This procedural inversion is not merely a technical-administrative error, but a violation of the *rule of law* principle in public administration: government actions must always be based on and subject to applicable legal provisions, not the other way around—using legal instruments to legitimize decisions that have already been made.

Second Flaw: Bypassing Provincial Authority through the PSN Instrument

The second administrative flaw is the use of the PSN instrument as a mechanism to bypass the authority of the Riau Islands Provincial Government, which is explicitly granted by Article 27 of Law No. 23 of 2014. In practice, Ministerial Regulation No. 7/2023 positions BP Batam as a government agency under the direct coordination of the Coordinating Ministry of the Economy, which also serves as the primary actor in the development of the area, effectively replacing the role of the Riau Islands Provincial Government, which should be the authority over the Rempang coastal area.

This is a classic example of what is referred to in public administration literature as “recentralization by stealth”: a covert form of centralization carried out not through formal regulatory changes, but through the use of specific policy instruments that effectively strip regional authorities of their powers without the need to amend existing laws.

Flaw Three: The Absence of Intergovernmental Coordination Mechanisms

The third administrative flaw is the failure to activate the intergovernmental coordination mechanism, which is intended to serve as a bridge between national interests (PSN) and provincial authority (coastal management). Law No. 23 of 2014 essentially provides a framework for synergy between the central and provincial governments through the following mechanisms: coordination meetings facilitated by the relevant ministries (the Ministry of Marine Affairs and Fisheries and the Ministry of Home Affairs), synchronization of planning documents (the National Spatial Plan, the Provincial Spatial Plan, and the Coastal Zone Management Plan), and consultation clauses in every policy decision that impacts local authority.

None of these coordination mechanisms were activated prior to the designation of the Rempang Eco City PSN. The findings of the Ombudsman of the Republic of Indonesia, which confirmed the absence of fair and meaningful deliberation between the government and the community—a duty that should have been facilitated by the Provincial Government—serve as the strongest empirical evidence of this failure in intergovernmental coordination.

Based on the entire discussion above, the First Working Hypothesis (WH-1) of this study can be declared proven. WH-1, which states that 'the designation of the Rempang



Eco City PSN through Permenko No. 7/2023 contains at least three forms of administrative defects that can be empirically identified based on the framework of Law No. 23/2014,' has been confirmed by verified documentary evidence from three independent sources: (1) primary regulatory documents proving procedural inversion through a direct comparison between the normative sequence of Law No. 23/2014 and the PWP-3K Law with the actual sequence of the PSN designation; (2) the institutional structure of Permenko No. 7/2023, which positively demonstrates the bypassing of provincial authority through the placement of BP Batam as the primary actor replacing the Riau Islands Provincial Government; and (3) the findings of the Ombudsman of the Republic of Indonesia, which institutionally confirm the absence of meaningful consultation as evidence that intergovernmental coordination mechanisms were not activated. Furthermore, these three administrative flaws are not independent of one another but reinforce each other within a causal chain: procedural inversion creates conditions where the bypassing of provincial authority becomes possible, and this bypassing, in turn, leads to the absence of meaningful intergovernmental coordination. It is this causal chain that makes the failure in Rempang a systemic design failure, not merely a collection of isolated procedural errors.

D. Evaluation of the PSN Designation Policy: Dunn's Six Criteria (2018)

In evaluating the policy on PSN designation using Dunn's six criteria, the findings can be assessed; for further details, please refer to the table below.

Table 3. Evaluation of Dunn's Six Criteria (2018)

Dunn's Criteria	Evaluative Questions	Findings	Assessment
Effectiveness	Did the PSN achieve its intended objectives?	No industrial clusters are operational; social conflict is widespread; the PSN was eventually revoked	NOT EFFECTIVE
Efficiency	Are the costs commensurate with the benefits?	Ecological losses of Rp165 trillion (TI Indonesia, 2025); social losses from the criminalization of 3 residents; zero investment output	VERY INEFFICIENT
Adequacy	Is the policy sufficient to address the problem?	RZWP-3K is not available; EIA has procedural flaws; coordination instruments are not activated	INSUFFICIENT
Equity	Are the benefits/burdens distributed fairly?	The burdens are borne entirely by the 7,500 residents of Kampung Tua; the benefits are allocated to foreign investors	VERY UNEQUAL
Responsiveness	Does the policy address the community's needs	Ombudsman: no meaningful consultation; community demands ignored	NOT RESPONSIVE



Dunn's Criteria	Evaluative Questions	Findings	Assessment
Appropriateness	Is the PSN the right instrument for small island coastal areas?	The PSN mechanism is not designed for areas with strong provincial authority; an instrument that integrates the RZWP.3K is needed	INAPPROPRIATE

Source processed by researchers 2026

An evaluation using the six criteria outlined by Dunn (2018) above yields a clear conclusion: the PSN Rempang Eco City project fails across all dimensions of policy evaluation. This failure is not merely an implementation failure but a design failure: the PSN instrument is inherently incompatible with areas governed by a strong provincial coastal authority regime as mandated by Law No. 23 of 2014.

Thus, the Second Working Hypothesis (WH-2) of this study can be declared proven. WH-2, which states that 'an evaluation using the six criteria of (Dunn, 2018) will show that the Rempang Eco City PSN fails across all evaluation criteria, confirming that the failure is a design failure, not merely an implementation failure,' has been fully confirmed by the analysis above. What needs to be emphasized is the argumentative weight of this confirmation: failure on one or two of Dunn's criteria could still be explained as an implementation failure that can be corrected through technical adjustments. However, failure across all six criteria simultaneously effectiveness, efficiency, adequacy, equity, responsiveness, and accuracy can no longer be explained as an implementation failure alone. It is evidence that the chosen policy instrument (PSN via the Ministerial Regulation) is inherently unsuitable for the problem at hand (Law No. 23 of 2014 on Regional Government, 2014) investment in coastal areas under a strong provincial authority regime based on Law No. 23 of 2014. This is the essence of design failure: not that the policy was poorly implemented, but that the policy chosen from the outset was designed without considering fundamental institutional and legal prerequisites. This finding is reinforced by an evaluation of Ostrom's eight principles (Ostrom, 1990), which will be presented in a more in depth study, confirming the same failure from the perspective of the governance of common-pool resources.

E. Evaluation of the Policy to Revoke the PSN: Presidential Regulation No. 12/2025 Substance and Implications of Presidential Regulation No. 12/2025

Presidential Regulation No. 12 of 2025 on the 2025–2029 National Medium-Term Development Plan (RPJMN), signed by President Prabowo Subianto on February 10, 2025, does not include Rempang Eco City in the list of 77 National Strategic Projects. Members of the Indonesian House of Representatives (DPR RI) Rieke Diah Pitaloka and Chair of Commission VI of the DPR RI Nurdin Halid confirmed this during a Public Hearing on April 28, 2025 (Representatives, 2025). This revocation constitutes a silent policy in Dye's terminology (Dye, 2013): there is no explicit revocation of Ministerial Regulation No. 7/2023, but merely the absence of Rempang from the latest list of National Strategic Projects.

The absence of an administrative transition mechanism in Presidential Regulation No. 12/2025 creates four dangerous legal vacuums: (1) PT MEG's HPL status over 17,600 hectares remains valid; (2) there is no explicit moratorium on construction activities; (3)



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three Rempang residents remain suspects; and (4) the Ministry of Transmigration's "local transmigration" program is still being promoted as a relocation alternative.

Implementation of the Provincial Government's Coastal Authority

From a local administrative perspective, the revocation of the PSN theoretically reopens the possibility for the Riau Islands Provincial Government to reclaim the role it should play under Law No. 23 of 2014. There are three administrative opportunities available: (1) accelerating the drafting of the Riau Islands Province's RZWP-3K as a long-term protection instrument for the Rempang coastal area; (2) the imposition of a temporary moratorium on all coastal land-use activities on Rempang Island via a Governor's Regulation while awaiting the finalization of the RZWP-3K; and (3) coordination with the Ministry of Marine Affairs and Fisheries (KKP) and the Ministry of Environment and Forestry (KLHK) for the issuance of ecological rehabilitation instruments.

However, these administrative opportunities had not been optimally utilized as of April 2025. This indicates that the failure of coastal governance in the Riau Islands is not merely a vertical problem (central government vs. province), but also a problem of the province's own administrative capacity in optimizing the authority granted by Law No. 23 of 2014. Based on the entire analysis conducted, the Third Working Hypothesis (WH-3) of this study can be declared proven. WH-3, which states that 'the revocation of the PSN via Presidential Regulation No. 12/2025 is insufficient as a solution to the problem because it was carried out without adequate administrative transition mechanisms, resulting in a policy-implementation gap that has the potential to perpetuate the authority-presence gap of the Riau Islands Provincial Government,' has been confirmed by four empirically verifiable indicators: the continued validity of PT MEG's HPL over 17,600 hectares, the ongoing status of three Rempang residents as suspects, BP Batam's statement that development continues, and the Ministry of Transmigration's campaign regarding the local transmigration program. Taken together, these four indicators demonstrate that revoking the PSN through a silent policy mechanism and without explicit administrative transition measures will create an institutional vacuum that will actually exacerbate *the authority-presence gap* of the Riau Islands Provincial Government.

With the validation of these three working hypotheses, *the integrated findings* of this study can be formulated as follows: the failure of coastal governance in the case of the Rempang Eco City PSN is three-layered and interrelated. The first layer is policy design failure (HK-1 and HK-2): the PSN was designed and established by disregarding the institutional and legal prerequisites mandated by Law 23/2014, resulting in three administrative defects that collectively caused the policy to fail across all six of Dunn's evaluation criteria. The second layer is a failure of implementation that shifts to a failure of transition (HK-3): when design failures could not be covered by forced implementation, the revocation of the PSN was carried out through a mechanism lacking transition instruments, thereby allowing the policy failure to continue in a different form. The third layer is a structural failure of local institutional capacity: *the authority-presence gap* of the Riau Islands Provincial Government, stemming from the unavailability of the RZWP-3K and the low capacity to actualize the authority granted by Law No. 23/2014, creating conditions that allowed the two layers of failure above to occur and persist without correction from within the decentralization system itself.

These integrated findings across the three layers have direct implications for formulating recommendations in Chapter V. If the failure occurred in only one layer, the



necessary recommendations would be sectoral and partial. However, because the failures occur simultaneously across three interrelated layers, effective recommendations must be comprehensive and address all three layers simultaneously: reforming the PSN designation mechanism (addressing the first layer), the issuance of an administrative transition protocol (addressing the second layer), and the strengthening of the institutional capacity of the Riau Islands Provincial Government through the acceleration of the RZWP-3K and a temporary moratorium (addressing the third layer). This three-layer framework for recommendations serves as the argumentative foundation for the subsequent Chapter V.

F. Analysis Using Ostrom's Eight Principles of Governance (1990)

An evaluation using Ostrom's (1990) eight principles of common-pool resource (CPR) governance yielded alarming findings:

Table 4 Matrix of Analysis of Ostrom's Eight Governance Principles

Ostrom's Principles	Required Conditions	Facts in Rempang	Status
1. Clear boundaries	Agreed coastal zone boundaries	HPL established without participatory delineation; no RZWP-3K	FAIL
2. Alignment with local regulations	Regulations aligned with local ecological and social conditions	PSN was established top-down from Jakarta without local context	FAIL
3. Collective governance	The community is involved in rule-making	Ombudsman: no meaningful consultation	FAIL
4. Effective monitoring	Independent monitoring system	EIA prepared after relocation began; no community monitoring	FAIL
5. Tiered sanctions	Violators face proportional sanctions	No sanctions for ecological violators; residents are instead criminalized	FAIL
6. Conflict resolution	Mechanisms for resolving local disputes	No mediation forums; conflicts are resolved by security forces	FAIL
7. Right to organize	The community's right to organize is recognized	The AMAR-GB Alliance faces intimidation; 3 residents have been criminalized	FAIL
8. Nested Framework	Regulations are organized within a coherent hierarchical structure	The authority of Law 23/2014 is overridden by the Ministerial Regulation; inconsistencies in layered regulations	FAIL

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Violations of all eight of Ostrom's principles simultaneously mark the Rempang case as a total and systemic governance failure. This finding reinforces the argument that the issues in Rempang cannot be resolved merely by revoking the PSN but require comprehensive institutional reform at the level of intergovernmental coastal authority management.

G. The Paradox of Implementation Following the Revocation of the PSN

Analysis has shown that the revocation of the Rempang Eco City PSN via Presidential Regulation No. 12 of 2025 was carried out without adequate administrative transition mechanisms. The consequences of the absence of this transition mechanism extend beyond the regulatory level alone; they create what this study identifies as an implementation paradox: a situation where policy has formally changed, yet on-the-ground realities persist as if the policy had never changed. This paradox differs from the mere implementation delays commonly encountered in public policy. In ordinary implementation delays, changes in on-the-ground realities are merely postponed but eventually follow formal policy changes. In the implementation paradox, changes in on-the-ground realities do not occur at all not even due to delays but because there are no legal instruments mandating such changes. This distinction is conceptually crucial: it determines whether the problem at hand can be resolved through accelerated implementation or requires more fundamental institutional reform.

The implementation paradox following the revocation of the Rempang PSN manifests in four concrete indicators, each representing a dimension of administrative transition failure. These four indicators do not stand alone but are interconnected as manifestations of a single underlying problem: the absence of an Ecological and Social Transition Protocol (PTES), which should have served as the regulatory instrument for the post-PSN revocation period. The following is an analytical breakdown of each of these indicators.

First Indicator: Ambiguity in BP Batam's Interpretation of Presidential Regulation 12/2025

The first paradox of implementation is BP Batam's official statement that development in Rempang will continue despite the revocation of the PSN. BP Batam argues that Annex IV of Presidential Regulation No. 12/2025 on the 2025–2029 National Medium-Term Development Plan (RPJMN) still lists the Riau Islands as one of the priority regions for regional development; thus, the Rempang Eco City project as part of the Riau Islands' regional development is deemed to retain a legal basis even though it no longer holds PSN status.

From a local government administration perspective, BP Batam's argument is a classic example of what is known as an extensive interpretation that goes beyond the intent of the regulation. Annex IV of Presidential Regulation No. 12/2025 regarding regional development directions is a general provision applicable to all areas in the Riau Islands and is not an instrument specifically authorizing the continuation of the Rempang Eco City project, which has been removed from the PSN list. Using general regional development provisions as the legal basis for continuing a specific project whose PSN status has been revoked is a legal logic that cannot be academically sustained.

However, what is more important from the perspective of this study is: why has this legally weak argument persisted without correction? The answer lies once again in the *authority-presence gap* identified by the Riau Islands Provincial Government, which,



despite having the authority to declare that there is no legal basis for the continued use of the Rempang coastal area without the RZWP-3K, has failed to proactively exercise that authority. The absence of correction from the Provincial Government creates space for BP Batam's expansive interpretation to persist unchallenged. This is why this first indicator directly confirms that the authority-presence gap did not occur only before and during the PSN's validity, but also continued after the PSN's revocation.

Second Indicator: The Ongoing Validity of PT MEG's HPL for 17,600 Hectares

The second indicator of the implementation paradox is the continued validity of the Land Management Right (HPL) held by PT Makmur Elok Graha (PT MEG) over an area of 17,600 hectares on Rempang Island. This HPL was issued by BP Batam in 2001 and has never been formally modified or revoked, even when the Rempang Eco City PSN status was revoked via Presidential Regulation 12/2025.

To understand the significance of this indicator, it is necessary to first understand what HPL means in the context of Indonesian agrarian law. HPL is a right of control granted by the state, whereby some of its authority is delegated to the HPL holder—in this case, BP Batam which then delegates it to PT MEG. As long as the HPL remains in effect, PT MEG has the authority to: (a) plan the zoning and use of land within the HPL area; (b) use the land for the purposes of carrying out its duties; and (c) transfer portions of the HPL land to third parties with specific rights. In other words, as long as PT MEG's HPL is not revoked, there is no legal mechanism preventing PT MEG from continuing its activities in the Rempang area, regardless of whether the project has PSN status or not.

This is what makes the continued validity of PT MEG's HPL the most substantial indicator of the implementation paradox. The revocation of PSN status via Presidential Regulation 12/2025 merely eliminates one government support instrument namely, the expedited permitting facilities and inter ministerial coordination inherent in PSN status. However, it does not address the institutional root that grants PT MEG physical control over the 17,600-hectare Rempang area. As long as the HPL is not revoked, the implementation paradox will persist: formally, the PSN has ended, but in reality, the land control conditions that are the root of all conflicts have not changed at all. This is the most concrete evidence that revoking the PSN without a PTES regulating the fate of the HPL is an incomplete revocation.

Third Indicator: The Persistence of Suspect Status for Three Rempang Residents

The third indicator of the implementation paradox is the continued status of three Rempang residents as suspects as of January 2025, even though the PSN which served as the context for their criminalization has been revoked. These three residents were criminalized in the series of conflicts in September 2023 and September 2024, where the conflict causally originated from their refusal of the forced relocation carried out within the framework of the Rempang Eco City PSN. Logically, the revocation of the PSN should have nullified the justification for the entire relocation process that triggered the conflict; and with the relocation's justification nullified, the legal proceedings against the residents who refused relocation should have been reevaluated.

However, this is not the case. The legal proceedings against the three Rempang residents are proceeding autonomously, independent of the policy dynamics above them. This is not merely a matter of legal procedures, which indeed have their own mechanisms, but reflects the absence of coordination instruments that bridge the gap between policy changes at the central level and their consequences for ongoing legal proceedings at the



local level. If Presidential Regulation 12/2025 were accompanied by a PTES explicitly ordering the cessation of legal proceedings against residents criminalized in the context of the PSN, such an instrument would provide a clear legal basis for the Riau Islands Police Chief to issue a Cease of Investigation Order (SP3). Without the PTES, there is no coordination mechanism linking the revocation of policy in Jakarta to the ongoing legal proceedings in Batam.

From the perspective of local public administration, the continued criminalization of residents following the revocation of the PSN is a manifestation of what is known as *institutional inertia* a phenomenon where government agencies tend to continue their activities based on their own internal logic, without waiting for coordination signals from policy changes at higher levels. Institutional inertia is not a legal violation but is administratively predictable behavior when there are no explicit coordination mechanisms guiding inter agency transitions following policy changes. This is what makes the PTES not merely a symbolic instrument, but a concrete and urgent administrative necessity.

Fourth Indicator: The Ministry of Transmigration's Campaign for the "Local Transmigration" Program

The fourth paradox of implementation is the Ministry of Transmigration's continued campaign for the local transmigration program as an alternative to relocating Rempang residents, even though the PSN status which served as the justification for the relocation has been revoked. In its press release (Presidential Regulation No. 12 of 2025 on the 2025-2029 National Medium-Term Development Plan (RPJMN), 2025), KIARA accurately identified this program as a fallacy of reasoning: it changes the terminology from relocation to local transmigration without altering its substance, thereby resulting in the forced displacement of residents from the ancestral lands they have inhabited for centuries.

From a local government perspective, the emergence of the local transmigration program following the revocation of the PSN is the most concerning indicator among the four identified. It indicates not only institutional inertia but also a passive form of institutional inertia or what could be termed policy substitution: the replacement of one defunct policy instrument with another that bears a different name but shares the same substance (Pierson, 2000). This type of policy substitution indicates that the agenda of relocating Rempang residents has not been substantively abandoned, but has merely shifted in implementation from the PSN channel to the transmigration program channel.

The significance of this fourth indicator for the research lies in its revelation of a third dimension of the implementation paradox previously unidentified: in addition to interpretive ambiguity (indicator 1) and institutional inertia (indicators 2 and 3), there is also an active and purposeful dimension of policy substitution. The combination of these three dimensions of the paradox results in interpretive ambiguity, institutional inertia, and policy substitution, confirming that resolving the Rempang issue cannot be achieved through the revocation of the PSN alone, but requires institutional reform that explicitly closes all policy substitution pathways that could be used to continue the agenda of relocating residents outside the framework of lawful authority under Law No. 23 of 2014.

Synthesis: The Anatomy of the Implementation Paradox and Its Implications

The four indicators outlined above collectively form a comprehensive anatomy of the implementation paradox. To facilitate understanding of the relationship between



these four indicators, the following table presents the dimensions of the paradox, their specific indicators, root causes, and the necessary solutions.

Table 5. Anatomy of the Implementation Paradox Following the Revocation of the Rempang Eco City PSN

Dimensions of the Paradox	Concrete Indicators	Root Causes	Required Solutions
Ambiguity in the interpretation of regulations	BP Batam uses Annex IV of Presidential Regulation 12/2025 to continue the project without PSN status	There is no instrument that explicitly prohibits the continuation of projects following the revocation of PSN status	A decision by the Coordinating Ministry for Economic Affairs that explicitly prohibits the continuation of projects without valid PSN status
Institutional inertia (land control)	PT MEG's HPL for 17,600 hectares remains valid — there is no instrument for revoking the HPL	Presidential Regulation 12/2025 does not address the fate of the HPL, which serves as the basis for physical land control	Decision of the Minister of Agrarian Affairs and Spatial Planning/National Land Agency reviewing and suspending PT MEG's HPL until legal clarity is established
Institutional inertia (legal process)	Three residents remain suspects even though the PSN, which was the context for their criminalization, has ended	There is no coordination mechanism linking the revocation of the PSN with the ongoing legal proceedings	SP3 issued by the Riau Islands Police Chief upon instruction from the PTES issued by the Coordinating Ministry for Economic Affairs
Policy substitution (active)	The Ministry of Transmigration is promoting the 'local transmigration' program as a replacement for the PSN relocation	The agenda of relocating residents has not been substantively abandoned, only the means have changed	The Governor of Riau Islands' moratorium on all programs to relocate Rempang residents without RZWP-3K approval

Source: Elaborated from a case analysis of Rempang following Presidential Regulation 12/2025 (February-April 2025)

Table 5 above reveals a finding of significant analytical importance: all four of the necessary resolution instruments lie beyond the capacity of the Riau Islands Provincial Government to issue independently. Decisions by the Coordinating Ministry for the



Economy, the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency, and the Riau Islands Police Chief's SP3 are instruments that can only be issued by the central government and legal authorities under central coordination. The only instrument within the capacity of the Riau Islands Provincial Government is the Governor's moratorium; however, even this moratorium has limited effectiveness as long as PT MEG's HPL and the legal proceedings against the three residents remain in effect.

These findings reinforce the argument developed throughout Chapter IV of this study: that the authority-presence gap in the Riau Islands Provincial Government is not merely a matter of local capacity or political will, but also a matter of governance system design that places critical problem-solving instruments beyond the reach of the authorities mandated by Law No. 23 of 2014. As long as this system design remains unreformed, the authority-presence gap will persist, and the implementation paradox in Rempang is merely the most visible manifestation of this deeper institutional problem. The direct implication of this finding for the recommendations in Chapter V is that the necessary reforms must not be merely local in nature (encouraging the Provincial Government to be more active), but must be systemic: reconstructing intergovernmental coordination mechanisms so that the authorities mandated by law have adequate access to relevant problem-solving instruments.

CONCLUSION

This study concludes that the designation of the Rempang Eco City National Strategic Project (PSN) represents a systematic governance failure characterized by three interconnected administrative defects: procedural inversion, bypassing of provincial coastal authority, and the structural absence of vertical intergovernmental coordination mechanisms all of which directly violated the decentralization mandate of Law No. 23 of 2014 on Regional Government. These findings simultaneously confirm all three working hypotheses and are further reinforced by the PSN's revocation through Presidential Regulation No. 12 of 2025, which, while acknowledging the policy failure, lacks adequate administrative transition mechanisms, thereby perpetuating a policy implementation gap across land tenure, community protection, and coastal zone management. Given that at least 47 active PSNs are located in coastal areas across Indonesia the majority in provinces without an approved RZWP-3K the patterns identified in this study carry significant replicability risk at a national scale. Accordingly, this study recommends the reform of PSN designation mechanisms to mandate provincial coastal spatial planning prerequisites, the institutionalization of formal vertical intergovernmental coordination forums, and the accelerated legalization of RZWP-3K documents in all coastal provinces. This study is limited by its single case study design and reliance on document analysis, and future research is encouraged to employ comparative multi-case and mixed-methods approaches to further validate and extend these findings.

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