



Community Conflict Resolution Model in Climate Central Sulawesi Investment

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ABSTRACT: This study is based on the view that Central Sulawesi is a region with increasingly rapid development of the Investment Climate. Not only positive impacts that always occur but also negative impacts. The presence of the state to provide security and comfort to investors is one thing that is needed, on the other hand the state must also be present to provide justice to citizens related to the condition of the region that is always explored by certain parties. The state that is present as a manifestation of the mediator between investors and citizens must present a balance. However, the balancing tool used is of course the law, which is manifested in the form of policy. policies often create inequality between investors and citizens, therefore the law of harmony is present in an innovative form as a manifestation that the law is not arbitrary and not a tool of power, and by the Law of Harmony considers that the Law is the Resultant of an agreement on the goals to be achieved. The desired legal study will be poured into the form of a policy pattern. The pattern born in this study is the antithesis of comparative studies.

KEYWORDS: conflict, climate and investment, society.

INTRODUCTION

Central Sulawesi, as one of the provinces with abundant natural resource potential, has become a magnet for investment in recent years. Data from the Investment Coordinating Board (BKPM) shows a significant increase in investment realization, reaching IDR 18.92 trillion in 2020, an increase of 15.3% from the previous year. ¹This growth is mainly driven by the mining, plantation, and infrastructure sectors, which promise bright economic prospects for the region.

However, behind the narrative of economic success, there is a more complex and often contradictory reality. Increased investment activity has triggered various social conflicts involving local communities, investors, and the government. A study conducted by Sangaji revealed that 60% of social conflicts in Central Sulawesi are closely related to investment activities, especially in the mining and plantation sectors. ²These conflicts are generally rooted in land issues, economic inequality, and clashes in cultural values between immigrants and local communities.

Conventional conflict resolution approaches that have been applied tend to be top-down and legalistic. This approach often fails to address the root of the problem because it ignores the socio-cultural complexity and local wisdom that can actually be the foundation for sustainable conflict resolution. ³Failure to manage these conflicts not only hampers the investment climate but also threatens social cohesion and regional stability.

In this context, the concept of "living law" proposed by Ehrlich and developed in the Indonesian context by Nurjaya offers a promising alternative perspective. ⁴This approach emphasizes the importance of understanding and integrating prevailing social norms in society into the formal legal system. Thus, there is an opportunity to develop legal policies that are more responsive and contextual to local needs and values.

Based on this understanding, the innovation of harmonious legal policy emerged as a potential approach to resolving the conflict in Central Sulawesi. This concept is based on the principles of restorative justice and legal pluralism, which aims to create a balance

¹Investment Coordinating Board (BKPM). (2021). Investment Realization Report 2020. Jakarta: BKPM.

² Sangaji, A. (2019). "Konflik dan Investasi di Sulawesi Tengah." *Jurnal Studi Pembangunan Interdisipliner*, 28(2), 145-167.

³ Rachman, N. F., & Siscawati, M. (2017). "Forestry Law, Masyarakat Adat, and Struggles for Inclusive Citizenship in Indonesia." In C. Antons (Ed.), *Routledge Handbook of Asian Law* (pp. 224-249). Routledge.

⁴ Ehrlich, E. (1936). *Fundamental Principles of the Sociology of Law*. Harvard University Press, dalam Nurjaya, I. N. (2011). "Living Law and Indigenous People: Revitalizing Customary Law in Indonesia." *US-China Law Review*, 8, 1-11.



between investment interests and the welfare of local communities. Research conducted by Bedner and Arizona in several regions in Indonesia shows that a harmonious approach in legal policy can reduce conflict escalation by up to 40% and increase community acceptance of investment projects.⁵

However, the application of this concept in Central Sulawesi requires a deep understanding of the local context and socio-political dynamics. Li's study of agrarian transformation in Central Sulawesi highlights the complexity of the relationships between indigenous peoples, migrants, and new economic actors that need to be considered in any conflict resolution effort.⁶ In addition, the ethnic and cultural diversity of Central Sulawesi, which includes groups such as Kaili, Tomini, Kulawi, and Pamona, adds another layer of complexity to formulating inclusive and equitable policies.

Therefore, this study aims to develop an innovative conflict resolution model through a harmony legal policy approach, taking into account the unique characteristics of Central Sulawesi. This model is expected to bridge the gap between investment needs and local community aspirations, and create a foundation for more inclusive and sustainable development.

The significance of this research lies in its potential to provide practical and theoretical contributions. Practically, the developed model can be a guide for policy makers in Central Sulawesi in managing conflicts and creating a conducive investment climate without sacrificing the interests of local communities. Theoretically, this research can enrich the discourse on conflict resolution and sustainable development in the context of a pluralistic society experiencing rapid economic transition.

Furthermore, although the focus of this study is Central Sulawesi, the findings and models produced have the potential to have broader relevance. Many regions in Indonesia and other developing countries face similar challenges in managing the tension between economic development and social justice. Thus, this study is expected to provide valuable insights for public policy development and conflict resolution studies in the broader context of economic development.

In an effort to achieve this goal, the research will adopt an interdisciplinary approach that combines legal, anthropological, economic, and development studies perspectives. The research method will combine policy document analysis, in-depth interviews with stakeholders, and case studies of conflicts that have occurred. Through this comprehensive approach, it is hoped that a conflict resolution model can be produced that is not only theoretical but also applicable and responsive to the realities on the ground. Central Sulawesi, as one of the provinces with abundant natural resource potential, has become a magnet for investment in recent years. Data from the Investment Coordinating Board (BKPM) shows a significant increase in investment realization, reaching IDR 18.92 trillion in 2020, an increase of 15.3% from the previous year.⁷ This growth is mainly driven by the mining, plantation, and infrastructure sectors, which promise bright economic prospects for this region.

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Conventional conflict resolution approaches that have been applied tend to be top-down and legalistic. This approach often fails to address the root of the problem because it ignores the socio-cultural complexity and local wisdom that can actually be the foundation for sustainable conflict resolution.⁹ Failure to manage these conflicts not only hampers the investment climate but also threatens social cohesion and regional stability.

⁵ Bedner, A., & Arizona, Y. (2019). "Adat in Indonesian Land Law: A Promise for the Future or a Dead End?" *The Asia Pacific Journal of Anthropology*, 20(5), 416-434.

⁶ Li, T. M. (2018). "After the land grab: Infrastructural violence and the "Mafia System" in Indonesia's oil palm plantation zones." *Geoforum*, 96, 328-337.

⁷ Investment Coordinating Board (BKPM). (2021). *Investment Realization Report 2020*. Jakarta: BKPM.

⁸ Sangaji, A. (2019). "Conflict and Investment in Central Sulawesi." *Journal of Interdisciplinary Development Studies*, 28(2), 145-167.

⁹ Rachman, NF, & Siscawati, M. (2017). "Forestry Law, Indigenous Peoples, and Struggles for Inclusive Citizenship in Indonesia." In C. Antons (Ed.), *Routledge Handbook of Asian Law* (pp. 224-249). Routledge.



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A. Patterns and Dynamics of Community Conflicts Occurring in the Context of the Investment Climate in Central Sulawesi for the Period 2019-2024

This study reveals that the pattern and dynamics of community conflict in the context of the investment climate in Central Sulawesi for the period 2019-2024 show high complexity and have unique characteristics. Based on the analysis of the data obtained, there are several main findings that need to be discussed in depth.

1. Conflict Typology

The research results show that the conflicts that occur can be categorized into three main typologies:

- a. **Natural Resource Conflicts** This conflict is the most dominant, covering 60% of the total cases identified. Most of them are related to land disputes between indigenous communities and investment companies, especially in the plantation and

¹⁰Ehrlich, E. (1936). *Fundamental Principles of the Sociology of Law*. Harvard University Press, in Nurjaya, IN (2011). "Living Law and Indigenous People: Revitalizing Customary Law in Indonesia." *US-China Law Review*, 8, 1-11.

¹¹ Bedner, A., & Arizona, Y. (2019). "Adat in Indonesian Land Law: A Promise for the Future or a Dead End?" *The Asia Pacific Journal of Anthropology*, 20(5), 416-434.

¹² Li, T. M. (2018). "After the land grab: Infrastructural violence and the "Mafia System" in Indonesia's oil palm plantation zones." *Geoforum*, 96, 328-337.



mining sectors.¹³ A prominent case is the land dispute in Morowali Regency related to the expansion of a nickel mine, which involved more than 500 heads of families.¹⁴

- b. Labor Conflicts Around 25% of conflicts are related to labor issues, including wage disparities between local and non-local workers, and dissatisfaction with the implementation of Corporate Social Responsibility (CSR) programs.¹⁵ A significant case occurred in Palu City, where a large-scale demonstration by local unions in 2022 demanded an increase in the quota of local workers in large investment projects.¹⁶
- c. Socio-Cultural Conflict The remaining 15% are conflicts rooted in clashes of socio-cultural values between local communities and modern business practices. This is clearly seen in the case of the development of a tourist resort in the Togean Islands which threatens the sacred sites of the local indigenous community.¹⁷

2. Dynamics of Conflict Escalation

Research identifies patterns of conflict escalation that generally go through three phases:

- a. Latent Phase Conflict begins with pent-up dissatisfaction among communities, often fueled by a lack of transparency in the investment licensing process and minimal public consultation.¹⁸
- b. The Manifestation Phase of Conflict comes to the surface, marked by protests, demonstrations, or forced cessation of investment activities. This phase is often triggered by a specific incident, such as land eviction or environmental pollution.¹⁹
- c. Crisis Phase At this stage, the conflict reaches its peak with potential violence and material losses. Some cases even lead to social unrest, such as what happened in Banggai Regency in 2021, where mining company facilities were damaged by the masses.²⁰

3. Triggering and Reducing Factors of Conflict

The analysis shows several key factors influencing conflict dynamics:

a) Triggering Factors:

- The widening economic gap between local communities and immigrants.²¹
- Environmental degradation due to unsustainable investment activities.²²
- Marginalization of indigenous peoples in decision-making processes.²³
- Unclear land ownership status and overlapping claims.²⁴

¹³ Safitri, Myrna A. "Dividing the Land: Legal Gaps in the Recognition of Customary Land in Indonesian Forest Areas." *The Journal of Legal Pluralism and Unofficial Law* 52, no. 2 (2020): 218-237.

¹⁴ Badan Pusat Statistik Sulawesi Tengah. "Statistik Konflik Sosial Sulawesi Tengah 2023." (2024).

¹⁵ Tampubolon, Jeremiah dan Riza Andriani Situmorang. "Analisis Kebijakan Ketenagakerjaan dalam Konteks Investasi Asing di Indonesia Timur." *Jurnal Kebijakan Ekonomi Indonesia* 15, no. 2 (2023): 87-102.

¹⁶ *Harian Mercusuar*. "Ribuan Buruh Demo Tuntut Kuota Pekerja Lokal." 15 Maret 2022.

¹⁷ Tyson, Adam. "Conflict and Peacebuilding in Indonesia's Eastern Periphery: The Case of Sulawesi." *Conflict, Security & Development* 21, no. 4 (2021): 401-424.

¹⁸ Li, Tania Murray. "Plantation Life: Corporate Occupation in Indonesia's Oil Palm Zone." Duke University Press, 2021.

¹⁹ Afiff, Suraya A. dan Celine Salcedo-La Viña. "Speaking Truth to Power: Indigenous Rights, Land Conflicts, and Climate Change Adaptation in Indonesia." *World Resources Institute Working Paper* (2022).

²⁰ Kompas. "Kronologi Kerusuhan di Tambang Nikel Banggai." 7 Juli 2021.

²¹ Ginting, Longgena dan Oliver Pye. "Resisting Agribusiness Development: The Merauke Integrated Food and Energy Estate in West Papua, Indonesia." *Austrian Journal of South-East Asian Studies* 6, no. 1 (2023): 160-182.

²² Santosa, Mas Achmad dan Margaretha Quina. "Implementing SDGs through Innovative Legal Approaches in Natural Resource Management." *Environmental Policy and Law* 50, no. 3 (2020): 267-282.

²³ Arizona, Yance dan Erasmus Cahyadi. "The Revival of Indigenous Peoples: Contestations over a Special Legislation on Masyarakat Adat." *Asia Pacific Journal of Anthropology* 20, no. 5 (2022): 453-470.

²⁴ Bedner, Adriaan. "Autonomy of Law in Indonesia." *Asian Journal of Law and Society* 8, no. 1 (2021): 5-21.



b) Damping Factor:

- Implementation of effective grievance redress mechanisms by companies.²⁵
- The active role of customary institutions in conflict mediation.²⁶
- Affirmative action policies of local governments in empowering the local economy.²⁷
- Multi-stakeholder collaboration in planning and implementing investment projects.²⁸

4. Temporal Trends and Patterns

Temporal analysis shows that conflict intensity fluctuated during the period 2019-2024:

- 2019-2020: Relatively calm period with decreased investment activity due to the COVID-19 pandemic.²⁹
- 2021-2022: Significant increase in the number of conflicts as the economy recovers and new investments enter.³⁰
- 2023-2024: Relative stabilization with decreasing frequency of conflicts, but increasing complexity of cases.³¹

5. Implications for Investment Climate

The dynamics of the conflict revealed have serious implications for the investment climate in Central Sulawesi:

- a. Legal Uncertainty Protracted conflicts, especially over land disputes, create legal uncertainty that hinders long-term investment.³²
- b. Reputational Risk Conflict cases that have received international media attention have a negative impact on Central Sulawesi's reputation as an investment destination.³³
- c. Additional Costs Companies must allocate additional resources for conflict management and more intensive CSR programs.³⁴
- d. Social Innovation On the positive side, this situation encourages innovation in more inclusive and sustainable business models, such as community-based partnership schemes with local communities.³⁵

6. Policy Response

The Central Sulawesi regional government has responded to the dynamics of this conflict through several policy initiatives:

- a. Formation of an integrated team to handle investment conflicts in 2022.³⁶
- b. Revision of the Regional Regulation on Spatial Planning to accommodate customary areas.³⁷

²⁵Herwati, Siti Rahma Mary. "Mitigating Investment Risks through Community Engagement: Lessons from Sulawesi." *Journal of Indonesian Economy and Business* 37, no. 1 (2022): 61-78.

²⁶Syarif, Laode M. and Wahyu Yun Santoso. "Enhancing Access to Justice in Environmental Disputes: The Role of Community Paralegals." *Hasanuddin Law Review* 5, no. 3 (2019): 262-279.

²⁷Nur, Andi Cudai. "Evaluation of Regional Investment Policy in the Autonomy Era." *Journal of Public Policy and Management* 7, no. 2 (2023): 115-130.

²⁸Lubis, Todung Mulya. "Innovative Legal Approaches to Sustainable Development in Indonesia." *Indonesian Journal of International Law* 17, no. 3 (2020): 355-378.

²⁹Bank Indonesia. "Central Sulawesi Province Economic Report 2020." (2021).

³⁰Ministry of Investment/BKPM. "Investment Realization in the Fourth Quarter of 2022." (2023).

³¹Central Sulawesi Regional People's Representative Council. "Performance Report of Commission II for Economic and Financial Affairs in 2024." (2024).

³²Rajagukguk, Erman. "Harmonizing Investment Policies with Environmental Protection in Indonesia." *Indonesian Journal of International Law* 18, no. 2 (2021): 225-244.

³³The Jakarta Post. "Central Sulawesi's Investment Climate under Scrutiny Following Land Conflicts." September 22, 2023.

³⁴PricewaterhouseCoopers. "Mining in Indonesia: Investment and Taxation Guide 2023." (2023).

³⁵Rosadi, Sinta Dewi and Zainal A. Husein. "Digital Technology and Access to Justice: Innovations in Dispute Resolution for Rural Communities." *Computer Law & Security Review* 40 (2021): 105522.

³⁶Central Sulawesi Provincial Government. "Central Sulawesi Governor Regulation Number 32 of 2022 concerning the Integrated Team for Handling Investment Conflicts." (2022).

³⁷Central Sulawesi Regional People's Representative Council. "Central Sulawesi Provincial Regulation Number 3 of 2023 concerning Amendments to Regional Regulation Number 8 of 2013 concerning the Central Sulawesi Provincial Spatial Planning Plan for 2013-2033." (2023).



- c. Strengthening the capacity of village officials in conflict mediation.³⁸
- d. Implementation of the online single submission (OSS) system to increase licensing transparency.³⁹

4.1 Current Legal and Policy Framework Influences Conflict Resolution Process and Investment Climate in Central Sulawesi

The legal and policy framework plays a crucial role in shaping the conflict resolution process and investment climate in Central Sulawesi. An analysis of the regulations and policies in force during the period 2019-2024 reveals several important aspects that influence these dynamics:

1. Job Creation Law and Its Derivatives

The implementation of Law No. 11 of 2020 concerning Job Creation (Omnibus Law) and its derivative regulations has brought significant changes to the investment legal landscape in Central Sulawesi.⁴⁰ Simplifying licensing through the risk-based Online Single Submission (OSS) system has accelerated the investment process, but has also created new challenges in terms of supervision and community participation.⁴¹

Despite its aim to improve the investment climate, the implementation of the Job Creation Law at the regional level still faces obstacles, especially in harmonizing with existing regional regulations.⁴² This has the potential to create legal uncertainty that can trigger new conflicts between investors and local communities.

2. Strengthening the Rights of Indigenous Peoples

The enactment of the Minister of Home Affairs Regulation No. 52 of 2023 concerning Guidelines for the Recognition and Protection of Indigenous Legal Communities provides a stronger foundation for the Central Sulawesi regional government to recognize the existence of indigenous communities.⁴³ This has implications for the conflict resolution process, especially in customary land disputes with investment projects.

The Central Sulawesi Provincial Government has responded by issuing Regional Regulation No. 5 of 2022 concerning the Recognition and Protection of Indigenous Legal Communities.⁴⁴ The implementation of this regulation is expected to minimize conflicts related to the rights of indigenous peoples in the context of investment.

3. Alternative Dispute Resolution Mechanism

The revision of Law No. 30 of 1999 concerning Arbitration and Alternative Dispute Resolution that is currently being drafted is expected to strengthen the legal framework for non-litigation investment conflict resolution.⁴⁵ Central Sulawesi has anticipated this by establishing a Regional Mediation Center through Governor Regulation No. 18 of 2021.⁴⁶

This initiative has shown positive results in resolving several cases of investment-related agrarian conflicts, such as in the case of land disputes in Morowali Regency between indigenous communities and nickel mining companies.⁴⁷

³⁸Human Resources Development Agency of Central Sulawesi Province. "Report on the Implementation of Conflict Mediation Training for Village Apparatus in 2023." (2024).

³⁹Central Sulawesi Province Investment and One-Stop Integrated Services Agency. "2024 OSS Implementation Annual Report." (2024).

⁴⁰Hukumonline. "Analysis of the Impact of the Job Creation Law on the Regional Investment Climate." Accessed on September 20, 2024. <https://www.hukumonline.com/berita/a/analisa-dampak-uu-cipta-kerja-terhadap-iklim-investasi-daerah-lt6151234567890/>

⁴¹Ministry of Investment/BKPM. "OSS Implementation Performance Report in Central Sulawesi 2023." (2024).

⁴²Nur, Andi Cudai. "Evaluation of Regional Investment Policy in the Autonomy Era." *Journal of Public Policy and Management* 7, no. 2 (2023): 115-130.

⁴³Ministry of Internal Affairs. "Minister of Home Affairs Regulation No. 52 of 2023 concerning Guidelines for the Recognition and Protection of Customary Law Communities." (2023).

⁴⁴Central Sulawesi Provincial Government. "Regional Regulation No. 5 of 2022 concerning Recognition and Protection of Customary Law Communities." (2022).

⁴⁵House of Representatives of the Republic of Indonesia. "Academic Manuscript of the Bill on Amendments to Law No. 30 of 1999 on Arbitration and Alternative Dispute Resolution." (2023).

⁴⁶Central Sulawesi Provincial Government. "Governor Regulation No. 18 of 2021 concerning the Establishment of the Regional Mediation Center." (2021).

⁴⁷Central Sulawesi Provincial Government. "Governor Regulation No. 18 of 2021 concerning the Establishment of the Regional Mediation Center." (2021).



4. Spatial Planning and Environmental Policy

The revision of the Central Sulawesi Provincial Spatial Plan (RTRW) through Regional Regulation No. 3 of 2023 has accommodated aspects of protecting customary areas and conservation areas.⁴⁸This provides a clearer framework for land allocation for investment projects, while protecting the rights of local communities.

However, the implementation of the RTRW still faces challenges, especially in terms of synchronization with sectoral policies and previously issued permits.⁴⁹

5. Strengthening the Role of Regional Government

Law No. 23 of 2014 concerning Regional Government, as amended several times most recently by Law No. 9 of 2024, provides greater authority to regional governments in managing investment and resolving conflicts.⁵⁰

The Central Sulawesi Provincial Government has utilized this authority by forming an Integrated Investment Conflict Handling Team through Regional Regulation No. 32 of 2022.⁵¹This team has played a role in mediating several significant conflicts, including labor disputes in the Palu industrial area.⁵²

6. Community Empowerment Policy

The implementation of PDTT Ministerial Regulation No. 13 of 2023 concerning Priority Use of Village Funds has encouraged the allocation of funds for community empowerment programs around investment locations.⁵³This has the potential to reduce economic disparities that are often the root of conflict.

In Central Sulawesi, this initiative has been translated into the form of the Independent Investment Village Program, which has been implemented in 50 villages by 2023.⁵⁴

7. Transparency and Public Participation

The implementation of Law No. 14 of 2008 concerning Public Information Disclosure in the context of investment has been strengthened through the Circular of the Governor of Central Sulawesi No. 555/0685/RO.ADMPEM 2022 concerning Transparency of Investment Project Information.⁵⁵This increases public access to information related to investment projects, which has the potential to reduce suspicion and conflict.

4.2 Effectiveness of Existing Conflict Resolution Mechanisms in Resolving Investment-Related Disputes in Central Sulawesi

In the period 2019-2024, Central Sulawesi has experienced significant dynamics in efforts to resolve investment-related conflicts. Analysis of the effectiveness of existing mechanisms reveals several important aspects:

1. Local Wisdom Based Mediation

The implementation of local wisdom-based mediation has shown promising results. Customary institutions such as "Libu Ntoha" in Poso and "Baruga" in Morowali have played an active role in facilitating dialogue between investors and local communities.⁵⁶

⁴⁸National Human Rights Commission. "Report on Monitoring and Investigation of Agrarian Conflict in Morowali." (2023).

⁴⁹Central Sulawesi Regional People's Representative Council. "Regional Regulation No. 3 of 2023 concerning the Central Sulawesi Provincial Spatial Planning Plan 2023-2043." (2023).

⁵⁰Wibowo, Agung. "Challenges of RTRW Implementation in the Context of Sustainable Investment in Central Sulawesi." *Journal of Urban and Regional Planning* 34, no. 1 (2023): 45-60.

⁵¹Republic of Indonesia. "Law No. 9 of 2024 concerning the Second Amendment to Law No. 23 of 2014 concerning Regional Government." (2024).

⁵²Central Sulawesi Provincial Government. "Governor Regulation No. 32 of 2022 concerning the Integrated Team for Handling Investment Conflicts." (2022).

⁵³Ministry of Villages, Development of Disadvantaged Regions, and Transmigration. "Ministerial Regulation No. 13 of 2023 concerning Priority Use of Village Funds." (2023).

⁵⁴Community and Village Empowerment Service of Central Sulawesi Province. "Report on the Implementation of the Independent Village Investment Program in 2023." (2024).

⁵⁵Central Sulawesi Provincial Government. "Governor's Circular No. 555/0685/RO.ADMPEM 2022 concerning Transparency of Investment Project Information." (2022).

⁵⁶Latupono, Barzah. "The Role of Customary Institutions in Investment Conflict Resolution: A Case Study in Central Sulawesi." *Indonesian Journal of Anthropology* 42, no. 1 (2021): 31-46.



study by Ramadhan (2022) showed that 60% of land conflicts mediated through customary institutions succeeded in reaching an agreement acceptable to all parties.⁵⁷

However, challenges arise when dealing with foreign investors who have little understanding of the local cultural context. In such cases, the effectiveness of traditional mediation becomes limited.⁵⁸

2. Regional Mediation Center (PMD)

The establishment of the Regional Mediation Center through Governor Regulation No. 18 of 2021 has provided a more structured alternative for dispute resolution. ⁵⁹PMD has handled 45 investment conflict cases throughout 2022-2023, with a success rate of 70%.⁶⁰

The success of PMD is associated with a multidisciplinary approach involving legal experts, sociologists, and development practitioners. However, Zainal (2023) criticized that PMD still tends to side with investor interests in several major cases.⁶¹

3. Industrial Relations Court (PHI)

For labor conflicts, PHI remains the primary mechanism. Data from the Palu District Court shows a 30% increase in cases submitted to PHI in 2023 compared to the previous year. ⁶²However, the lengthy process and high costs often become barriers for workers to access this mechanism.⁶³

4. Ombudsman of the Republic of Indonesia, Central Sulawesi Representative Office

The Ombudsman has played an active role in handling public complaints regarding maladministration in the investment licensing process. Throughout 2021-2023, the Central Sulawesi Ombudsman received 89 reports related to investment, with 65% successfully resolved through mediation and recommendations to related agencies.⁶⁴

5. Integrated Investment Conflict Handling Team (TTPKI)

Formed through Pergub No. 32 of 2022, TTPKI has demonstrated effectiveness in cross-sector coordination for conflict resolution. ⁶⁵TTPKI successfully facilitated the resolution of a major conflict in Morowali Regency related to nickel mining expansion involving thousands of residents in 2023.⁶⁶

However, Prasetyo (2024) criticized that TTPKI was still less responsive to small conflicts that had the potential to escalate.⁶⁷

6. Multi-stakeholder Collaborative Approach

The Sustainable Investment Multi-Stakeholder Forum (FMIB) initiative initiated by Bappeda Sulteng in 2022 has opened up a more inclusive dialogue space. ⁶⁸FMIB has succeeded in facilitating the preparation of a sustainable investment roadmap in three districts, which significantly reduces the potential for conflict in the region.⁶⁹

⁵⁷Ramadhan, Fajar. "The Effectiveness of Local Wisdom-Based Mediation in Resolving Land Disputes in Central Sulawesi." *Journal of Rural Sociology* 10, no. 2 (2022): 117-133.

⁵⁸Tyson, Adam. "Conflict and Peacebuilding in Indonesia's Eastern Periphery: The Case of Sulawesi." *Conflict, Security & Development* 21, no. 4 (2021): 401-424.

⁵⁹Central Sulawesi Provincial Government. "Governor Regulation No. 18 of 2021 concerning the Establishment of the Regional Mediation Center." (2021).

⁶⁰Central Sulawesi Regional Mediation Center. "2023 Annual Performance Report." (2024).

⁶¹Zainal, Arifin. "The Dilemma of Neutrality in Investment Conflict Mediation: A Critical Analysis of the Central Sulawesi Regional Mediation Center." *Journal of Law and Development* 53, no. 1 (2023): 78-95.

⁶²Palu District Court. "Industrial Relations Court Annual Report 2023." (2024).

⁶³Tampubolon, Jeremiah and Riza Andriani Situmorang. "Employment Policy Analysis in the Context of Foreign Investment in Eastern Indonesia." *Journal of Indonesian Economic Policy* 15, no. 2 (2023): 87-102.

⁶⁴Ombudsman of the Republic of Indonesia, Central Sulawesi Representative. "Performance Report 2021-2023." (2024).

⁶⁵Central Sulawesi Provincial Government. "Governor Regulation No. 32 of 2022 concerning the Integrated Team for Handling Investment Conflicts." (2022).

⁶⁶Central Sulawesi Regional Development Planning Agency. "Investment Conflict Handling Evaluation Report 2023." (2024).

⁶⁷Prasetyo, Eko. "Critical Analysis of the Responsiveness of the Integrated Team for Handling Investment Conflicts in Central Sulawesi." *Journal of Public Administration* 12, no. 1 (2024): 55-70.

⁶⁸Central Sulawesi Regional Development Planning Agency. "Sustainable Investment Multi-Stakeholder Forum Planning Document." (2022).

⁶⁹Herwati, Siti Rahma Mary. "Mitigating Investment Risks through Community Engagement: Lessons from Sulawesi." *Journal of Indonesian Economy and Business* 37, no. 1 (2022): 61-78.



7. Use of Technology in Conflict Resolution

The implementation of the blockchain-based Investment Conflict Handling Information System (SIPKI) in 2023 has increased transparency and accountability in the conflict resolution process.⁷⁰ However, the digital divide in several regions is still a challenge in optimizing the use of this technology.⁷¹

B. Legal Policy Innovations Can Be Designed To Support Fair Conflict Resolution And Create A Sustainable Investment Climate In Central Sulawesi

The steps to doing a systematic and iterative legal policy innovation process to support fair conflict resolution and create a sustainable investment climate in Central Sulawesi are:

1. Identification of problems and needs related to conflict and investment climate in Central Sulawesi.
2. Analyze the current situation and conditions to understand the context of the problem.
3. Formulation of policy goals and objectives to be achieved.
4. Development of innovative policy alternatives to address problems.
5. Evaluation and selection of the most effective and efficient policy alternatives.
6. Innovative legal policy design based on selected alternatives.
7. Socialization and implementation of policies to stakeholders.
8. Monitoring and evaluation of the impact of policies after implementation.
9. If the policy is effective, proceed to step 10. If not, make improvements and adjustments to the policy (step 11).
10. Continuation and refinement of policies that have proven effective.
11. Correct and adjust the policy if necessary, then return to step 7.
12. Effective and sustainable policies are expected to support fair conflict resolution.
13. This policy is also expected to create a sustainable investment climate in Central Sulawesi.

In an effort to create a sustainable investment climate and resolve conflicts fairly in Central Sulawesi, several legal policy innovations can be designed based on current analysis and research. The following is a discussion of potential innovations:

1. Development of Local Wisdom-Based Regulations

Integration of local wisdom values into formal legal frameworks can increase the legitimacy and effectiveness of policies. A study by Latupono (2021) showed that the incorporation of the "Libu Ntoha" system into regional regulations on dispute resolution in Poso Regency has increased the level of compliance with mediation results by 40%.⁷²

Policy innovation can be in the form of drafting Regional Regulations on the Recognition and Protection of Customary Legal Systems in the Settlement of Investment Conflicts. This will provide a strong legal basis for conflict resolution mechanisms based on local wisdom.⁷³

2. Establishment of a Special Court for Investment Disputes

Adopting the model of several developing countries, Central Sulawesi can consider establishing a special court to handle investment disputes. This can speed up the settlement process and increase investor confidence.⁷⁴

This innovation requires coordination with the Supreme Court of the Republic of Indonesia and can be realized through Regional Regulations that regulate the formation and procedures of the special court.⁷⁵

⁷⁰Communication, Informatics, Cryptography and Statistics Service of Central Sulawesi Province. "Report on the Implementation of the Investment Conflict Handling Information System." (2023).

⁷¹Rosadi, Sinta Dewi and Zainal A. Husein. "Digital Technology and Access to Justice: Innovations in Dispute Resolution for Rural Communities." *Computer Law & Security Review* 40 (2021): 105522.

⁷²Latupono, Barzah. "The Role of Customary Institutions in Investment Conflict Resolution: A Case Study in Central Sulawesi." *Indonesian Journal of Anthropology* 42, no. 1 (2021): 31-46.

⁷³Arizona, Yance and Erasmus Cahyadi. "The Revival of Indigenous Peoples: Contestations over a Special Legislation on Indigenous Peoples." *Asia Pacific Journal of Anthropology* 20, no. 5 (2022): 453-470.

⁷⁴Rajagukguk, Erman. "Harmonizing Investment Policies with Environmental Protection in Indonesia." *Indonesian Journal of International Law* 18, no. 2 (2021): 225-244.

⁷⁵Supreme Court of the Republic of Indonesia. "Blueprint for Judicial Reform 2020-2024." (2020).



3. Implementation of Smart Contracts in Investment Agreements

The use of blockchain technology for the implementation of smart contracts in investment agreements can increase transparency and reduce the potential for conflict. Rosadi and Husein's (2021) research shows that the use of smart contracts can reduce contractual disputes by up to 30%.⁷⁶

Policy innovation can be in the form of a Governor's Regulation on Standards and Procedures for Using Smart Contracts in Investment Agreements in Central Sulawesi.⁷⁷

4. Development of an Investment Conflict Early Warning System

Designing an early warning system based on big data and artificial intelligence to identify potential investment conflicts at an early stage. This system can integrate data from various sources including social media, public reports, and economic indicators.⁷⁸

Implementation can be done through the Governor's Regulation on the Integrated Information System for Monitoring and Prevention of Investment Conflicts.⁷⁹

5. Strengthening Public Consultation Mechanisms

Strengthening the public consultation process in investment project planning and implementation through the adoption of digital participation technology. Herwati's study (2022) shows that increasing public participation in investment planning can reduce the potential for conflict by up to 50%.⁸⁰

Policy innovation can be in the form of Regional Regulations on Digital-Based Public Consultation Mechanisms in Investment Projects.⁸¹

6. Establishment of Community Trust Fund

Drafting policies that require the establishment of community trust funds as part of investment agreements. These funds are jointly managed by community representatives, government, and investors to finance community empowerment programs.⁸²

Implementation can be done through Regional Regulations on Management of Community Trust Funds in Investment Projects.⁸³

7. Development of Regional Investment Sustainability Index

Design and implement a Regional Investment Sustainability Index that measures the economic, social, and environmental impacts of investment projects. This index can be a reference in providing incentives and disincentives for investors.⁸⁴

This innovation can be realized through the Governor's Regulation on Investment Sustainability Assessment and Reporting in Central Sulawesi.⁸⁵

8. Strengthening the Capacity of Local Mediators

Develop a certification and capacity building program for local mediators focused on resolving investment conflicts. This program could involve collaboration between local universities, customary institutions, and international conflict resolution practitioners.⁸⁶

⁷⁶Rosadi, Sinta Dewi and Zainal A. Husein. "Digital Technology and Access to Justice: Innovations in Dispute Resolution for Rural Communities." *Computer Law & Security Review* 40 (2021): 105522.

⁷⁷Ministry of Communication and Informatics. "Strategic Plan for the Development of Indonesia's Digital Economy 2021-2024." (2021).

⁷⁸Agency for the Assessment and Application of Technology. "Report on the Study of the Utilization of Big Data for Preventing Social Conflict." (2022).

⁷⁹Central Sulawesi Province Communication, Informatics, Cryptography and Statistics Service. "Central Sulawesi Smart Province Masterplan 2022-2026." (2022).

⁸⁰Herwati, Siti Rahma Mary. "Mitigating Investment Risks through Community Engagement: Lessons from Sulawesi." *Journal of Indonesian Economy and Business* 37, no. 1 (2022): 61-78.

⁸¹Ministry of Home Affairs. "Guidelines for the Implementation of Public Consultation in the Regions." *Permendagri No. 45 of 2023*.

⁸²Affiff, Suraya A. and Celine Salcedo-La Viña. "Speaking Truth to Power: Indigenous Rights, Land Conflicts, and Climate Change Adaptation in Indonesia." *World Resources Institute Working Paper* (2022).

⁸³Ministry of Villages, Development of Disadvantaged Regions, and Transmigration. "Ministerial Regulation No. 13 of 2023 concerning Priority Use of Village Funds." (2023).

⁸⁴Bappenas. "Indonesia Sustainable Development Indicators (IPB) 2024." (2024).

⁸⁵Financial Services Authority. "Sustainable Finance Roadmap Phase II (2021-2025)." (2021).

⁸⁶National Mediation Center. "Certified Mediator Training Standard Curriculum." (2023).



Implementation can be done through the Governor's Regulation on Competency Standards and Certification of Investment Conflict Mediators.⁸⁷

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