



Energy Governance, Economic Development, and Human Rights Protection in Resource-Rich Regions: Evidence from Indonesia

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Abstract

Energy governance has become an increasingly important issue in resource-rich regions where economic development driven by energy extraction often intersects with concerns about human rights protection. In many developing countries, including Indonesia, the expansion of energy projects has generated significant economic benefits while simultaneously raising questions regarding the protection of local communities' rights, the equitable distribution of economic benefits, and the effectiveness of legal institutions in regulating energy resources. This article examines how energy governance frameworks influence economic development and human rights protection in resource-rich regions. The study adopts a socio-legal perspective that positions energy governance within broader institutional and regulatory structures shaping the relationship between economic growth and community rights. Using a qualitative approach, the research employs descriptive analysis and content analysis of relevant legal frameworks, policy documents, and governance practices related to energy resource management. Through this analysis, the article explores how governance arrangements mediate the interaction between economic development objectives and human rights obligations. The findings indicate that although energy development contributes to regional economic growth, governance challenges, including weak regulatory enforcement and limited community participation, often hinder the effective protection of economic and social rights. Strengthening governance accountability, enhancing institutional coordination, and integrating human rights principles into energy policy are therefore crucial for ensuring more equitable and sustainable development in resource-rich regions.

[Tata kelola energi telah menjadi isu yang semakin penting di wilayah kaya sumber daya, di mana pembangunan ekonomi yang didorong oleh ekstraksi energi sering kali beririsan dengan perlindungan hak asasi manusia. Di banyak negara berkembang, termasuk Indonesia, ekspansi proyek energi menghasilkan manfaat ekonomi yang signifikan sekaligus menimbulkan pertanyaan terkait perlindungan hak masyarakat lokal, distribusi manfaat ekonomi yang adil, serta efektivitas institusi hukum dalam mengatur sumber daya energi. Artikel ini mengkaji bagaimana kerangka tata kelola energi memengaruhi pembangunan ekonomi dan perlindungan hak asasi manusia di wilayah kaya sumber daya. Penelitian ini menggunakan perspektif sosio-legal yang



menempatkan tata kelola energi dalam struktur kelembagaan dan regulasi yang lebih luas, yang membentuk hubungan antara pertumbuhan ekonomi dan hak-hak masyarakat. Menggunakan pendekatan kualitatif, penelitian ini menerapkan analisis deskriptif dan analisis isi terhadap kerangka hukum yang relevan, dokumen kebijakan, serta praktik tata kelola terkait pengelolaan sumber daya energi. Melalui analisis tersebut, artikel ini mengeksplorasi bagaimana pengaturan tata kelola memediasi interaksi antara tujuan pembangunan ekonomi dan kewajiban perlindungan hak asasi manusia. Temuan penelitian menunjukkan bahwa meskipun pembangunan energi berkontribusi terhadap pertumbuhan ekonomi daerah, tantangan tata kelola—termasuk lemahnya penegakan regulasi dan terbatasnya partisipasi masyarakat—sering kali menghambat perlindungan efektif terhadap hak-hak ekonomi dan sosial. Oleh karena itu, penguatan akuntabilitas tata kelola, peningkatan koordinasi kelembagaan, serta integrasi prinsip-prinsip hak asasi manusia ke dalam kebijakan energi menjadi langkah penting untuk memastikan pembangunan yang lebih adil dan berkelanjutan di wilayah kaya sumber daya.]

Keywords: Energy Governance, Economic Development; Human Rights Protection, Resource-Rich Regions, Energy Justice, Community Economic Rights

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INTRODUCTION

Energy resources play a crucial role in shaping economic development, particularly in resource-rich regions where the extraction and utilization of energy resources contribute significantly to national income, employment opportunities, and regional economic growth. Many developing countries rely heavily on energy sectors such as oil, gas, and coal to stimulate economic expansion and finance public development programs. From a conventional resource-based development perspective, the exploitation of natural energy resources is often perceived as a strategic pathway to accelerate development and reduce poverty. Studies in energy economics indicate that energy availability and investment in energy infrastructure can significantly influence economic productivity, industrial development, and long-term economic growth (Stern, 2011).

However, this growth-oriented perspective has been increasingly challenged by the energy justice framework, which emphasizes that the benefits and burdens of energy development are often distributed unevenly across regions and social groups. Energy justice integrates distributive justice, procedural justice, and recognition justice to evaluate whether energy policies promote equitable access, fair decision-making, and protection for affected communities. In resource-rich regions, large-scale extraction activities frequently generate economic gains at the national level while creating environmental degradation, social inequality, and limited local welfare improvements. This condition reflects the broader theoretical debate between resource-led growth theory and the resource curse hypothesis, which argues that dependence on natural resources may hinder inclusive and sustainable development.

Therefore, this study adopts an integrated theoretical position by combining energy economics and energy justice perspectives. While acknowledging the role of energy

resources as drivers of economic growth, this research critically examines whether energy development also produces equitable economic outcomes and sustainable regional welfare. By situating energy justice within the broader framework of resource economics and development theory, this study aims to provide a more comprehensive understanding of how energy resource exploitation influences not only economic growth but also distributional equity and long-term regional development.

Despite its economic importance, the development of energy resources also raises complex governance and human rights concerns. In many cases, energy extraction activities generate environmental degradation, social displacement, and economic inequality within local communities living near extraction sites. These challenges often emerge because economic development policies prioritize macroeconomic benefits while overlooking the social and institutional consequences of energy exploitation. According to Amartya Sen, development should not be understood solely as economic growth but as a broader process that expands human capabilities and protects fundamental freedoms (Sen, 1999). When economic policies fail to incorporate human rights considerations, development initiatives may unintentionally marginalize vulnerable communities and restrict their access to economic opportunities and social justice.

In recent years, scholars have increasingly emphasized the concept of *energy justice* to address the intersection between energy development, governance, and human rights protection. The energy justice framework highlights the importance of equitable distribution of energy benefits, inclusive participation in decision-making processes, and the protection of communities affected by energy projects (Sovacool & Dworkin, 2015). From this perspective, energy governance is not merely a technical or economic matter but also a normative issue involving fairness, accountability, and the protection of human rights. In resource-rich regions, the governance of energy resources determines how economic benefits are distributed and how potential risks are managed within local communities.

The relationship between energy development and human rights protection is particularly relevant in developing countries where institutional capacity and regulatory enforcement remain limited. Weak governance structures often create conditions in which energy projects generate economic growth while simultaneously producing social conflict and inequality. Research on resource governance suggests that the so-called *resource curse* may occur when resource abundance fails to translate into inclusive economic development due to weak institutions and governance failures (Auty, 2001). In such contexts, the economic gains generated by energy sectors may be concentrated among state elites or corporations, while local communities experience environmental degradation, livelihood disruptions, and limited access to justice.

Within the broader framework of human rights, access to energy and the equitable management of energy resources are increasingly recognized as essential components of social and economic rights. International human rights discourse highlights the importance of ensuring that development policies respect, protect, and fulfill the rights of affected communities. Energy policies therefore require governance mechanisms that integrate economic objectives with human rights principles. Scholars argue that effective energy governance should combine regulatory accountability, community participation, and

institutional transparency to ensure that energy development contributes to sustainable and equitable economic outcomes (Bridge et al., 2018). Without such governance mechanisms, energy development may intensify social disparities and undermine long-term development goals.

In the context of resource-rich regions, the tension between economic development and human rights protection often becomes more visible. Governments frequently pursue large-scale energy projects to attract investment and generate economic revenue, but these initiatives may create conflicts with local communities whose livelihoods depend on natural resources and environmental sustainability. Socio-legal studies have shown that inadequate legal protections, weak enforcement of environmental regulations, and limited participation in policy processes can restrict communities' ability to defend their economic and social rights (Cotula, 2014). As a result, the governance of energy resources becomes a critical arena where economic interests, legal frameworks, and human rights norms intersect.

Although a growing body of literature has examined the relationship between energy development and economic growth, relatively fewer studies integrate economic perspectives with human rights governance in resource-rich regions. Much of the existing research focuses either on the economic benefits of energy development or on the environmental impacts of energy extraction. Consequently, the institutional and governance dimensions linking economic development with human rights protection remain underexplored. This gap is particularly evident in studies addressing the experiences of developing countries in the Global South, where the interaction between economic development policies, legal institutions, and community rights requires deeper interdisciplinary analysis.

Addressing this research gap is important for understanding how energy governance can contribute to both economic development and human rights protection. By examining the institutional and policy dimensions of energy governance, it becomes possible to identify governance challenges that influence the distribution of economic benefits and the protection of community rights. In this regard, a socio-legal perspective provides a useful analytical framework because it allows researchers to explore how legal norms, regulatory institutions, and governance practices interact with economic development processes. Such an approach highlights the role of law not only as a regulatory instrument but also as a social institution that shapes economic and political relationships within society.

Based on these considerations, this article aims to analyze the relationship between energy governance, economic development, and human rights protection in resource-rich regions. The study seeks to understand how governance frameworks influence the balance between economic growth objectives and the protection of community rights in energy resource management. By exploring the institutional and regulatory dimensions of energy governance, the article contributes to broader debates on energy justice, human rights governance, and sustainable economic development. The findings are expected to provide insights into how energy policies can be designed to promote both economic prosperity and the protection of fundamental rights within resource-rich regions.

METHOD

This study employs a qualitative research approach with a socio-legal perspective to analyze the relationship between energy governance, economic development, and human rights protection in resource-rich regions. The research focuses on examining legal frameworks, governance policies, and institutional practices related to the management of energy resources and their implications for community economic rights. The data used in this study consist of secondary data obtained from various sources, including national regulations related to energy governance, government policy documents, international human rights instruments, academic journal articles, and institutional reports discussing energy resource management and economic development. These sources are selected based on their relevance to the issues of energy governance, economic development, and human rights protection.

The analytical tool used in this research is descriptive qualitative analysis combined with content analysis. Descriptive analysis is applied to explain the relationship between energy governance policies and economic development outcomes, while content analysis is used to systematically examine the substance of legal texts and policy documents. Through this method, key themes related to energy governance, economic rights, regulatory accountability, and human rights protection are identified and interpreted to understand how governance frameworks influence the protection of community rights in resource-rich regions.

RESULTS AND DISCUSSION

Energy Resource Dependence and Economic Performance in Indonesia

Indonesia is widely recognized as a resource-rich country with significant fossil energy reserves, particularly coal, oil, and natural gas. The energy sector has played a strategic role in supporting national economic development, fiscal revenue, and export performance. However, reliance on fossil energy resources also raises governance challenges and concerns regarding equitable distribution of economic benefits. The relationship between energy dependence and economic performance in Indonesia can be observed through macroeconomic indicators such as energy exports, resource rents, and economic growth.

Table 1. Fossil Energy Dependence and Economic Indicators in Indonesia

Indicator	2015	2018	2020	2022	Source
Fossil fuel energy consumption (% of total)	94.3	93.6	92.8	92.1	World Bank (2023)
Coal exports (million tons)	341	454	405	687	BP Statistical Review (2023)
Oil & gas revenue (% of state revenue)	13.1	11.4	8.3	10.2	Ministry of Finance (2023)
Natural resource rents (% of GDP)	6.1	5.8	4.2	7.5	World Bank (2023)
GDP growth (%)	4.9	5.2	-2.1	5.3	World Bank (2023)

The data indicate that Indonesia remains highly dependent on fossil energy resources, with fossil fuel consumption consistently above 90 percent of total energy use. At the same time, fluctuations in resource rents and export volumes show that economic performance is closely tied to global commodity cycles. This pattern reflects a common characteristic of resource-dependent economies where growth is influenced by volatility in energy markets (Sachs & Warner, 2001). Although fossil energy contributes to economic growth, this dependence may increase vulnerability to external shocks and weaken long-term structural transformation.

The resource curse literature suggests that countries rich in natural resources often experience slower institutional development and uneven economic outcomes due to governance challenges and rent-seeking behavior (Auty, 2001; Ross, 2012). In Indonesia, the concentration of economic benefits from fossil energy extraction has often been unevenly distributed between central government, corporations, and local communities. Empirical studies show that resource-rich regions frequently face paradoxical outcomes, where high extraction activity coexists with poverty and limited public services (Frynas, 2010). This phenomenon reflects structural imbalances in how energy revenues are managed and redistributed.

Furthermore, energy sector dominance may crowd out diversification in manufacturing and other productive sectors. According to economic structural change theory, excessive reliance on extractive industries can reduce incentives for industrial development and innovation (van der Ploeg, 2011). In Indonesia, coal export expansion has strengthened short-term economic growth but has also reinforced dependence on primary commodities. This dynamic supports arguments that fossil energy development, when not accompanied by strong governance, may reinforce resource-dependent growth patterns.

Governance, Power Structures, and Human Rights Implications in Fossil Energy Development

Energy governance in Indonesia involves complex interactions between state institutions, private corporations, and regional governments. These relationships shape how fossil energy resources are exploited and how economic benefits are distributed. Governance challenges emerge when decision-making processes are dominated by political and economic elites, limiting community participation and weakening accountability mechanisms.

Table 2. Summarizes governance indicators and socio-economic outcomes in fossil energy regions.

Indicator	Indonesia	Resource-rich provinces average	Source
Mining share of regional GDP (%)	8.9	28.4	BPS (2023)
Poverty rate (%)	9.5	11.8	BPS (2023)
Environmental conflict cases	104	—	WALHI (2022)

EITI transparency score	Moderate	—	EITI (2022)
Community participation in licensing	Limited	—	OECD (2021)

The data show that provinces heavily dependent on fossil energy extraction often have higher poverty rates despite strong contributions to regional GDP. This pattern reflects distributional inequality in resource-based economies. Studies on energy governance emphasize that unequal power relations between corporations, governments, and communities often shape decision-making processes (Bridge et al., 2018). In Indonesia, licensing processes for fossil energy projects frequently prioritize investment considerations, while community rights and environmental protection receive limited attention.

From a political economy perspective, fossil energy sectors tend to generate concentrated rents, which may strengthen elite control over policy decisions. The concentration of economic power in extractive industries can create incentives for regulatory capture and weaken institutional accountability (Mehlum, Moene, & Torvik, 2006). In Indonesia, decentralization reforms have shifted some authority to regional governments, but resource governance remains influenced by political alliances and fiscal interests. As a result, local communities often face limited bargaining power in negotiations over land use, compensation, and environmental protection.

Human rights concerns in fossil energy development include displacement, environmental degradation, and unequal access to economic benefits. Research indicates that extractive industries often affect livelihoods such as agriculture and fisheries, which are essential for community welfare (Bebbington et al., 2018). In Indonesia, coal mining expansion has been associated with land conflicts, water pollution, and reduced agricultural productivity in several regions. These impacts illustrate how energy development can undermine economic rights when governance frameworks fail to ensure fair compensation and community participation.

The concept of energy justice emphasizes distributional fairness, procedural justice, and recognition of affected communities (Sovacool & Dworkin, 2015). Applying this framework to Indonesia reveals governance gaps in each dimension. Distributional inequality persists in revenue sharing, procedural justice is limited by weak community consultation, and recognition of indigenous and local rights remains inconsistent. These governance weaknesses reinforce the resource curse dynamic, where resource abundance does not translate into inclusive development.

Resource Curse Dynamics and Institutional Challenges in Indonesia's Fossil Energy Economy

The interaction between fossil energy dependence, governance structures, and power relations contributes to resource curse dynamics in Indonesia. Although fossil energy generates significant revenue, institutional weaknesses limit its contribution to inclusive economic development. Table 3 summarizes key characteristics associated with resource curse dynamics.

Table 3. Resource Curse Indicators in Indonesia's Fossil Energy Sector

Dimension	Evidence	Implication
Economic dependence	High fossil fuel share in energy mix	Limited diversification
Revenue volatility	Fluctuating resource rents	Fiscal instability
Governance challenges	Moderate transparency	Accountability issues
Regional inequality	Higher poverty in mining regions	Unequal distribution
Social conflict	Environmental disputes	Human rights risks

Source: World Bank (2023); EITI (2022); BPS (2023); WALHI (2022)

These findings align with resource curse theory, which suggests that resource abundance may weaken institutions and generate inequality if governance mechanisms are insufficient (Ross, 2012). In Indonesia, fossil energy revenues have contributed to economic growth but have not consistently improved welfare in resource-dependent communities. This outcome reflects governance challenges related to revenue allocation, regulatory enforcement, and community participation.

Political economy analysis further indicates that fossil energy sectors often create alliances between political actors and economic elites. Such alliances may influence policy priorities and reduce incentives for transparency (Humphreys, Sachs, & Stiglitz, 2007). In Indonesia, licensing policies and subsidy structures have historically supported fossil energy expansion, reinforcing dependence on extractive industries. This policy orientation may delay energy transition and perpetuate inequality in resource-rich regions.

Comparative studies in other resource-rich countries show similar patterns. Research on Nigeria, Venezuela, and Kazakhstan demonstrates that fossil energy dependence can lead to governance challenges, corruption risks, and uneven development outcomes (Karl, 1997; Ross, 2012). Indonesia exhibits comparable dynamics, although institutional reforms such as transparency initiatives and decentralization have partially improved governance. Nevertheless, persistent inequality and environmental conflict suggest that resource curse risks remain relevant.

Overall, the results indicate that Indonesia's fossil energy economy is characterized by strong economic contributions but also governance and distributional challenges. The interaction between economic interests, political power, and institutional capacity shapes how energy resources are managed and how benefits are distributed. Without stronger governance frameworks, fossil energy development may continue to reproduce resource curse dynamics, limiting the protection of economic rights and sustainable development.

CONCLUSION

The findings indicate that energy resource development plays a significant role in supporting economic growth in resource-rich regions, particularly through its contribution to national income, export revenues, and regional economic activities. However, the results also show that the presence of abundant energy resources does not automatically lead to equitable welfare improvements for local communities. Governance challenges, including limited regulatory enforcement, unequal distribution of economic benefits, and insufficient community

participation, often constrain the effective protection of economic and social rights in regions where energy extraction occurs. From a human rights perspective, energy governance should not only focus on maximizing economic output but also ensure fair benefit distribution, institutional accountability, and the protection of community rights affected by energy projects. Strengthening governance frameworks, improving regulatory transparency, and integrating human rights principles into energy policies are therefore essential for promoting more inclusive and sustainable economic development in resource-rich regions.

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AUTHOR CONTRIBUTIONS STATEMENT

The author conceptualized the study, designed the research framework, conducted data collection and analysis, and drafted the manuscript. The author also reviewed relevant literature, interpreted the findings, and finalized the manuscript for submission. All responsibilities related to the accuracy and integrity of the work were carried out by the author.

AI USAGE STATEMENT

The author declares that the use of Artificial Intelligence (AI) tools in this work was strictly limited to supportive functions, including language editing, grammar checking, and improving clarity and readability. AI was not used to generate core ideas, conduct substantive analysis, interpret data, or draw scholarly conclusions. The author retains full responsibility for the originality, accuracy, and academic integrity of the content, and AI tools are not credited as authors or contributors, in accordance with ethical standards in academic publishing.

CONFLICT OF INTEREST

Author declares that there is no conflict of interest regarding the publication of this article. The research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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