

# Coastal Reclamation Policy in Indonesia from the Perspective of Sustainable Development: Between Investment Interests and Coastal Ecosystem Protection

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## ARTICLE INFO

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### *Keywords:*

Coastal reclamation;  
sustainable development;  
coastal ecosystem

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### *Article history:*

Received 2025-04-18

Revised 2026-05-22

Accepted 2026-06-26

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## ABSTRACT

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Coastal reclamation is a development policy intended to support economic growth, urban expansion, and investment. However, its implementation frequently causes environmental degradation, spatial conflicts, and social impacts on coastal communities, raising concerns regarding its consistency with sustainable development principles. This study aims to analyse Indonesia's coastal reclamation policy from the perspective of sustainable development by examining the balance between investment interests and the protection of coastal ecosystems. The research employs a normative legal method using statute and conceptual approaches, supported by qualitative analysis of legislation, scholarly literature, and relevant legal documents. The findings indicate that Indonesia's regulatory framework has formally incorporated sustainable development principles through provisions on environmental protection, licensing, and coastal management. Nevertheless, implementation remains constrained by the predominance of economic interests, weak environmental compliance monitoring, inadequate regulatory harmonisation, and limited public participation in decision-making. These challenges hinder the achievement of an appropriate balance between economic development, ecological sustainability, and the protection of coastal communities' rights. The study concludes that coastal reclamation policies require reform by strengthening environmental oversight, improving regulatory coherence, and ensuring meaningful public participation alongside the application of the precautionary principle. Such measures are essential to align reclamation practices with sustainable development objectives and to promote environmentally sound and socially equitable coastal development.

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## 1. INTRODUCTION

Coastal areas are one of the strategic regions that hold significant economic, social, and ecological value for Indonesia as an archipelagic country. The existence of coastal areas not only serves as a living space for fishing communities and a source of economic livelihood but also plays an important role in maintaining the balance of marine and terrestrial ecosystems. Indonesia, as the country with the second-longest coastline in the world after Canada (Sugiarto, 2021), faces significant challenges in coastal management due to the increasing demand for development and investment. One of the rapidly developing uses of coastal areas in recent decades is land reclamation. This reclamation is carried out to support the development of residential areas, ports, industries, tourism, and business centers.

Coastal reclamation is essentially an effort to convert water areas into land through the process of filling or drying certain areas to enhance the economic function of the region (Turisno & Dew, 2021). The national development perspective views reclamation as capable of driving economic growth, increasing investment value, expanding urban development space, and supporting the development of strategic infrastructure. Therefore, reclamation is often used as a development instrument in various coastal areas of Indonesia, especially in regions with limited land availability. This condition shows that reclamation has become part of the national development policy closely related to the orientation of economic growth and modernisation of coastal areas.

Although it provides economic benefits, coastal reclamation also gives rise to various complex environmental and social issues. Reclamation activities have the potential to cause damage to coastal ecosystems such as the loss of mangrove forests, changes in ocean currents, sedimentation, beach erosion, and a decline in marine environmental quality (Priyandes & Majid, 2009). Moreover, reclamation often leads to conflicts with coastal communities, particularly traditional fishermen who lose access to fishing grounds and their living spaces (Tans, 2024). The impact shows that reclamation is not only related to physical development aspects but also concerns ecosystem sustainability and the protection of coastal community rights.

The issue of coastal reclamation becomes increasingly important when linked to the concept of sustainable development. The concept of sustainable development emphasises that development must be able to meet the needs of the present generation without compromising the ability of future generations to meet their own needs (Bibri & Krogstie, 2017). In the context of coastal area management, sustainable development requires a balance between economic interests, environmental protection, and social justice. Thus, reclamation policies should not only focus on increasing investment and economic growth but also consider the sustainability of coastal ecosystems and the welfare of communities that depend on these areas.

Normatively, Indonesia actually already has various regulations governing coastal reclamation and coastal area protection. These regulations can be found in Law Number 27 of 2007 as amended by Law Number 1 of 2014 concerning Amendments to Law Number 27 of 2007 on the Management of Coastal Areas and Small Islands, Law Number 32 of 2009 on Environmental Protection and Management, as well as Presidential Regulation Number 122 of 2012 on Reclamation in Coastal Areas and Small Islands (hereinafter referred to as Presidential Regulation Number 122 of 2012) (Untoro et al., 2023). These various regulations have, in principle, accommodated the concept of sustainable development through provisions regarding environmental protection, the obligation of AMDAL, community participation, and integrated coastal area management. This shows that normatively, the Indonesian legal system has placed environmental sustainability as an important part of coastal reclamation policies.

However, the implementation of reclamation policies in Indonesia still shows an imbalance between economic interests and environmental protection. In practice, reclamation often places more emphasis on investment aspects, the development of commercial areas, and the increase of regional income rather than the protection of coastal ecosystems. This condition is evident from the numerous reclamation projects that cause environmental damage, social conflicts, and resistance from coastal communities (Pertiwi, 2023). In addition, supervision of the implementation of AMDAL and

environmental obligations in reclamation projects is also considered suboptimal, resulting in the precautionary principle in coastal development not being maximally applied (Bram, 2013).

Another issue that also affects the implementation of reclamation is the complexity of regulations and changes in licensing policies following the emergence of the licensing simplification regime through the Job Creation Law. These changes have led to a tendency towards the centralisation of licensing authority and the strengthening of investment orientation in national development. On one hand, the policy aims to accelerate economic growth and facilitate investment, but on the other hand, it has the potential to reduce the effectiveness of environmental supervision and narrow the space for public participation in the decision-making process related to coastal reclamation. As a result, the protection of coastal ecosystems becomes less optimal in the practice of Development administration (Aprita, 2024).

Based on that background, it is important to conduct a legal study on how the regulation and implementation of coastal reclamation policies in Indonesia are viewed from the principle of sustainable development.

## 2. METHODS

This research is a normative legal study using the statute approach and the conceptual approach. The legislative approach is used to analyse various regulations related to coastal reclamation and coastal area protection, such as the 1945 Constitution of the Republic of Indonesia, Law Number 27 of 2007 juncto Law Number 1 of 2014 on Coastal and Small Island Management, Law Number 32 of 2009 on Environmental Protection and Management, Law Number 32 of 2014 on Maritime Affairs, Presidential Regulation Number 122 of 2012, Presidential Regulation Number 16 of 2017 on Indonesia's Maritime Policy, and other related regulations. Meanwhile, the conceptual approach is used to analyse the principle of sustainable development as a theoretical and philosophical framework in evaluating coastal resource management policies. The analysis of legal materials is conducted prescriptively by interpreting legal norms and linking them to the principles of sustainable development in coastal area management.

## 3. FINDINGS AND DISCUSSION

### a. Regulation of Coastal Reclamation Policy in the Indonesian Legal System

Coastal reclamation is essentially a form of coastal space utilisation through activities such as land filling, land drying, or altering the coastal landscape to enhance the economic value and function of certain areas (Kimadha and Prihantiningasih 2022, 374). According to Presidential Regulation Number 122 of 2012 in Article 1 paragraph 1, it states, "Reclamation is an activity carried out by individuals to enhance the benefits of land resources from an environmental and socio-economic perspective through land filling, land drying, or drainage." In the paradigm of national development, coastal reclamation activities are often conceptualised as a strategic instrument to drive economic growth and facilitate the development of various infrastructures, including commercial areas, the tourism sector, port facilities, and residential areas. However, reclamation also has the potential to cause serious ecological impacts if not carried out in a planned and sustainable manner (Huda, 2013).

Constitutionally, the management of coastal areas and natural resources in Indonesia is based on Article 33 paragraph (3) of the 1945 Constitution of the Republic of Indonesia, which states that the earth, water, and natural resources contained therein are controlled by the state and used to the greatest extent for the prosperity of the people (Yurista, 2012). These provisions serve as the constitutional basis that the utilisation of coastal areas, including through reclamation, must yield tangible benefits for the welfare of the community, not just economic profits for business operators. Furthermore, Article 28H paragraph (1) of the 1945 Constitution guarantees the right of the community to obtain a good and healthy living environment. Both provisions indicate that coastal area management, including reclamation, should not only focus on economic aspects but also consider environmental protection and ecosystem sustainability.

The regulation of beach reclamation is specifically governed by Presidential Regulation Number 122 of 2012. The regulation stipulates that reclamation can only be carried out if the social and economic benefits obtained outweigh the environmental impacts caused. In addition, reclamation must pay attention to the sustainability of community life and livelihoods, the balance between the interests of utilisation and the preservation of coastal environmental functions, as well as the technical requirements for environmental management. These provisions normatively demonstrate that reclamation policies in Indonesia have adopted the principles of sustainable development (Yulianti et al., 2015). The principle of sustainable development is also reflected in Law Number 32 of 2009, which places environmental protection as an integral part of the national development process. In the law, it is emphasised that every business activity that has the potential to cause significant environmental impacts is required to have an Environmental Impact Analysis (AMDAL) (Frastawan, 2019). The presence of AMDAL has become an important instrument in controlling the impact of reclamation on coastal ecosystems, such as mangrove damage, changes in ocean currents, sedimentation, and the loss of traditional fishing grounds.

In addition, Law No. 27 of 2007 as amended by Law No. 1 of 2014 emphasises that coastal area management must be carried out through an integrated approach, taking into account the ecological, social, economic, and cultural aspects of coastal communities. The regulation indicates a national legal orientation towards sustainable coastal management (Trinanda, 2017). Furthermore, coastal area management should be carried out based on the principles of sustainability; utility; justice; equity; integration; openness; and community participation. This shows that the purpose of reclamation is not merely to create new land, but also to sustainably improve the welfare of coastal communities through responsible coastal resource management. Thus, normatively, the Indonesian legal system has actually provided a fairly comprehensive regulatory framework to ensure that coastal reclamation is carried out based on the principles of sustainable development. The complexity of reclamation regulations also raises issues of regulatory harmonisation. There is an overlap of authority between the central government and local governments, especially after the change in licensing policies through the risk-based licensing regime and the centralisation of authority following the Job Creation Law. This condition has the potential to weaken oversight of reclamation projects and reduce coastal community participation in the policymaking process (Setyawan et al., 2025). The centralisation aims to accelerate investment, reduce bureaucratic obstacles, and create legal certainty for business actors.

From an economic perspective, the policy aligns with efforts to enhance national competitiveness and encourage investment growth in the maritime sector and coastal areas. Presidential Regulation Number 16 of 2017 on Indonesia's Maritime Policy emphasises that maritime development is directed towards realising Indonesia as the Global Maritime Axis through enhancing economic competitiveness, investment, infrastructure development, and sustainable utilisation of marine resources. However, there is a risk of policy distance, which is a condition when policies are formulated without adequately considering the factual conditions of the local community and ecosystem (Sakharina et al., 2025). As a result, decisions that are administratively valid do not necessarily reflect the real needs of the region or the interests of the coastal communities (Adharani et al., 2019).

Supervision orientated towards the centralisation of authority presents its own challenges for the effectiveness of its implementation. The effectiveness of reclamation supervision depends on continuous monitoring of the implementation of environmental commitments established in the AMDAL document, because AMDAL is not just a document, but a substantive control instrument for reclamation permits, thereby preventing or minimising potential negative environmental impacts. Furthermore, monitoring is conducted on the level of compliance of activity operators with environmental permits, changes in water quality, shifts in the coastline, as well as the implications of reclamation for the social, economic, and sustainability conditions of coastal communities. This is because the local government is administratively and geographically closer to the reclamation site,

making this type of supervision more effective when carried out by them. If sufficient institutional capacity at the regional level is not followed by supervisory authority, there is a possibility of a regulatory gap, which is the difference between regulations and their implementation. This condition can lead to various violations, such as reclamation exceeding permit limits, inability to fulfil environmental restoration obligations, or inability to pay compensation to affected communities.

### **b. Implementation of Coastal Reclamation Policy from the Perspective of Sustainable Development**

Although normatively, coastal reclamation policies have accommodated the principles of sustainable development (Hein, 2026), their implementation in the field still shows a dominance of economic and investment interests over the protection of coastal ecosystems (Andi et al., 2017). Reclamation in practice is often viewed as an instrument for accelerating development and increasing the economic value of coastal areas, especially in major cities and national strategic regions (Dewi and Turisno 2019). This orientation causes the ecological and social aspects of coastal communities to often be placed as secondary considerations (Ningsi et al., 2019).

The condition can be seen from various reclamation projects in Indonesia that cause environmental and social conflicts, one of which is the Tanjung Benoa reclamation in Bali. The reclamation plan has faced widespread opposition from indigenous communities, fishermen, academics, and environmental organisations because it is considered to threaten conservation areas, mangrove ecosystems, and the cultural and spiritual values of the Balinese people (Wijaya, 2023). Reclamation often results in damage to mangrove ecosystems, changes in ocean current patterns, increased coastal erosion, and a decline in the quality of marine biota habitats. Additionally, reclamation also impacts traditional fishing communities due to the reduction of fishing grounds and access to coastal areas. In the perspective of sustainable development, this condition indicates that the balance between economic growth, environmental protection, and social justice has not yet been achieved.

On the other side, the development paradigm that is still orientated towards the exploitation of coastal resources reinforces the dominance of investment interests (Dewi & Turisno, 2019). The government often positions reclamation as part of the economic development strategy and regional investment enhancement, especially in the development of business, tourism, and property areas (Dewi & Turisno, 2019). This approach causes reclamation policies to emphasise short-term economic growth over long-term ecological sustainability (Andi et al., 2017).

In the perspective of sustainable development, reclamation should not only be measured based on economic benefits but should be assessed based on its ability to maintain a balance between economic interests, the protection of coastal ecological functions, and the fulfilment of the rights of communities that depend on coastal resources. That paradigm is a manifestation of the principles of sustainable development, which place environmental protection as a prerequisite for the utilisation of natural resources, rather than merely a consequence after development has taken place. Therefore, there is a need for a reformulation of reclamation policies that are more orientated towards the protection of coastal ecosystems through the strengthening of environmental supervision, optimisation of community participation, and the integration of ecological sustainability principles at every stage of reclamation planning.

In addition, the government needs to strengthen regulatory harmonisation and ensure that reclamation is only carried out in areas that are ecologically viable and do not threaten the sustainability of coastal ecosystems. This step is a strengthening of environmental compliance-based oversight mechanisms and an increase in meaningful participation from the community. Thus, it can be understood that the coastal reclamation policy in Indonesia has normatively adopted the principle of sustainable development (Siregar et al., 2018), but its implementation still faces various structural and regulatory issues (Kalalo, 2008). The dominance of investment interests, weak environmental oversight, and minimal protection for coastal communities indicate that the orientation towards

sustainable development in reclamation policies has not yet been fully realised in the practice of coastal development management in Indonesia.

#### 4. CONCLUSION

Coastal reclamation policies in Indonesia have normatively adopted the principles of sustainable development through various regulatory instruments that govern the utilisation of coastal space, environmental protection, and the management of coastal areas and small islands. However, the implementation of these policies still faces various challenges that indicate a gap between normative regulations and field practices. The dominance of investment orientation, weak supervision of environmental compliance, suboptimal inter-sectoral coordination, and limited involvement of coastal communities in the decision-making process have caused the implementation of reclamation to not fully reflect the principles of sustainability as mandated in the concept of sustainable development. These conditions indicate that the success of reclamation cannot be measured solely by the increase in economic value and regional development, but also by its ability to maintain the ecological functions of coastal areas and protect the rights and livelihoods of communities that depend on coastal resources.

Therefore, strengthening the direction of reclamation policy needs to be carried out through the harmonisation of regulations, more effective environmental supervision, and the application of the precautionary principle, meaningful participation, and intergenerational justice at every stage of reclamation implementation. The reformulation of the policy must place the protection of coastal ecosystems as a primary prerequisite in granting reclamation permits, so that every development activity not only provides short-term economic benefits but also ensures the sustainability of environmental functions and the well-being of coastal communities in the long term. Thus, a balance between investment interests, environmental protection, and social justice can be realised as the foundation for sustainable coastal development.

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