

## Mainstreaming Pancasila in The Relocation of The National Capital

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**Abstract:** The relocation of Indonesia's new capital city from Jakarta to Nusantara (IKN) in East Kalimantan represents a strategic policy imbued with ideological significance, reflecting the implementation of Pancasila values as the philosophical and ideological foundation of the state. This study aims to critically examine the relevance of Pancasila principles in the capital relocation process, particularly in the dimensions of social justice, environmental sustainability, and regional autonomy. Employing normative legal research methods with statutory and historical approaches, this study analyses various regulations and relevant literature to uncover the normative and juridical context of the policy. The findings affirm that the relocation of the capital is not merely an administrative or technocratic decision, but a political and legal process that must embody the substantive values of Pancasila. This process demands active public participation, respect for human rights—especially the rights of indigenous communities—and the reinforcement of inclusive development principles. Furthermore, this study highlights constitutional issues arising from the relationship between the IKN authority and the East Kalimantan local government, as well as fiscal decentralization challenges that could potentially lead to disparities in authority and financial governance. Therefore, the urgency of implementing transparency, accountability, and sustainability principles is crucial to ensure the legitimacy and success of the IKN relocation project within the framework of a just rule of law. This study is expected to make a substantive contribution to the academic discourse on integrating Pancasila values into the formulation and implementation of strategic public policies in Indonesia.

**Keywords:** Capital City Relocation; Pancasila; Social Justice; Regional Autonomy; Sustainable Development.

### 1. Introduction

The relocation of the national capital from Jakarta to the Nusantara in East Kalimantan is a transformational policy that has broad implications for governance, institutional structures, and legal paradigms in the Indonesian constitutional system. This policy, as stipulated in Law Number 3 of 2022 concerning the National Capital City (IKN Law), is not just a technical solution to the problems of overcrowding, congestion, and development inequality in Jakarta, but also represents an ideological project that emphasizes the relevance of Pancasila as the *grundnorm* in the formation of public policies. Globally, capital city relocations have been implemented in various countries as strategic development initiatives, though with varying degrees of success (Chen & Yamamoto, 2020). Indonesia's relocation project shares common challenges with previous cases, including governance restructuring, fiscal management, and socio-environmental impacts.

While various studies have highlighted the technical and economic aspects of relocating the capital city, there are several legal aspects that remain less comprehensively explored. This study aims to examine three main aspects that have a fundamental impact on Indonesia's legal and constitutional systems, namely: (1) the transformation of Pancasila legal ideals in the construction of state institutions in the Nusantara; (2) the dialectic between the principles of regional autonomy and national interests in the IKN legal framework; and (3) the reconstruction of governance based on participatory democracy and ecological justice. The study of these three aspects is crucial in understanding how the relocation of

the capital city not only reconfigures the distribution of power but also demands the revitalization of constitutional values in the practice of state administration.

The policy of relocating the capital city can be seen as part of a material constitution that seeks to internalize the values of Pancasila into new legal and institutional structures. Comparative studies indicate that successful capital relocations require not only administrative efficiency but also strong ideological foundations to ensure policy legitimacy and public acceptance (Wang & Phillips, 2021). In this context, Pancasila serves as Indonesia's unique philosophical foundation for this monumental project. The principle of “Social Justice for All Indonesian People” as stated in the fifth principle of Pancasila, for example, should not only be reflected in the agenda of equitable development to eastern Indonesia, but also in the mechanism of participation of local communities in East Kalimantan in the spatial planning of the Nusantara. However, in its implementation, this principle faces serious challenges, such as the potential marginalization of indigenous peoples' customary rights and inequality in resource distribution. Therefore, the IKN Law needs to strengthen provisions that accommodate the rights of local communities, as mandated by Article 18B of the 1945 Constitution, to ensure that the development of the Nusantara does not ignore aspects of social justice and cultural sustainability.

In addition, the principle of “Democracy Led by Wisdom in Consultation/Representation” (the fourth principle of Pancasila) demands a transparent, inclusive and participatory institutional design. However, the IKN Law still tends to be centralized, with the authority to manage the capital city concentrated in the IKN Authority. These risks create a democratic deficit due to the lack of public representation mechanisms in the decision-making process (Failaq & Arelia, 2022). Therefore, there is a need to revise regulations that allow a greater role for the local government.

From a constitutional perspective, the relocation of the capital city also raises issues related to the hierarchy of norms in the Indonesian legal system. The IKN Law, as a *lex specialist*, has the potential to create an imbalance with Law No. 23/2014 on Regional Government, especially in terms of provincial and district/city authority in East Kalimantan. Article 5 of the IKN Law, which establishes the Nusantara as a “special region” under the central government, does not explicitly explain the coordination mechanism with local governments. This lack of clarity has the potential to cause conflicts of authority in the management of natural resources and the environment, so harmonization of norms through judicial review or implementing regulations that accommodate the principle of subsidiarity as stipulated in Article 18A of the 1945 Constitution is needed.

Furthermore, the relocation of the capital city to the Nusantara is claimed to be a project oriented towards the concept of “green cities” and the Sustainable Development Goals (SDGs). However, the implementation of this policy still faces legal challenges because the IKN Law has not explicitly integrated the principle of ecological justice into spatial planning. In fact, East Kalimantan is an area with a high level of ecological vulnerability due to deforestation and climate change. By referring to Constitutional Court Decision No. 45/PUU-IX/2011 on the Constitutional Right to the Environment, the development of Nusantara should prioritize ecosystem protection through regulations that ensure civil society participation and corporate accountability.

This research also offers a new perspective in the study of regional autonomy by examining the collaborative governance model in the management of Nusantara. Unlike Jakarta, which is a province, Nusantara is designed as a special entity that combines national government functions with local responsibilities. This model requires legal innovation that enables the involvement of various stakeholders, including indigenous peoples, local governments and academics, to ensure that development policies are aligned with the

principles of good governance. Therefore, this research aims to further examine the interaction between the legal ideals of Pancasila, state institutional structure, and environmental sustainability in the context of relocating the national capital.

## 2. Methods

This research uses a normative legal research method. This method relies on literature study, by examining various sources of scientific literature, laws and regulations, seminar papers, and other documents relevant to the issues discussed (Sunggono, 2001). The normative legal research method is used to understand the legal foundations underlying the relocation of the capital city and how Pancasila values are integrated in the policy.

In this research, three main approaches are used, namely the statute approach, conceptual approach, and historical approach. The statutory approach is carried out to analyze various legal provisions governing the relocation of the National Capital City (IKN), especially through an examination of the IKN Law. This approach allows the author to thoroughly evaluate the system of norms governing the governance, development, and management of the Nusantara as the new capital city, as well as test the suitability of these regulations with the legal ideals of Pancasila (Marzuki, 2015).

Meanwhile, a conceptual approach is used to examine juridical principles and legal doctrines relevant to the relocation of the capital city, with an emphasis on how the values of Pancasila should become the normative foundation of national policy. This approach aims to strengthen the understanding of the theoretical construction of Pancasila as the foundation of the state that inspires the Indonesian legal system. Furthermore, the historical approach is used to trace the philosophical roots and historical development of related regulations, as well as the dynamics of legal policy changes that reflect the role of Pancasila from time to time. This approach provides an important context in understanding how Pancasila has shaped the direction of the relocation policy and how the principles of national law are implemented in the framework of the new capital city development.

By integrating these three approaches synergistically, this research seeks to provide a holistic picture of the centrality of Pancasila in the policy formation process of relocating the national capital, as well as the application of legal principles and autonomy in it. It is hoped that the results of this study can enrich academic discourse and make a real contribution to the development of legal practices based on Pancasila values in national development, especially in the context of managing and administering the National Capital City.

## 3. Discussion

### 3.1. Legal Ideals of Pancasila in the Relocation of the National Capital

Pancasila, as the foundation of the Indonesian state, not only serves as a political moral guideline, but also a philosophical and ideological foundation that animates the entire national legal system. Since it was first formulated by Bung Karno in his speech on June 1st, 1945, at the session of the Indonesian Independence Preparation Investigation Board (BPUPKI), Pancasila has been seen as a "static table" that unites the nation as well as a "*leitstern*" or guiding star that directs Indonesia towards the ideals of progress and people's welfare (Latif, 2019). Therefore, monumental policies such as the relocation of IKN to Nusantara must be placed within the philosophical framework of Pancasila, so that the principles of social justice, equitable development, and environmental sustainability mandated by Pancasila can be realized concretely.

As a basic norm or *grundnorm*, Pancasila has an important role in coloring the entire preparation and implementation of law in Indonesia. The legal ideals promoted by Pancasila are oriented towards achieving social justice, common welfare, and harmony between humans and their environment. In the theory of progressive law proposed by Satjipto Rahardjo (2006), law is not something static and rigid, but dynamic and must be able to adapt to changing times and the demands of society. In this context, the transfer of IKN, which is regulated through the IKN Law, cannot be viewed as a mere technical-administrative policy. More than that, this transfer must be understood as a manifestation of the state's efforts to realize the legal ideals of Pancasila which are based on equitable welfare, social justice, and sustainable development.

Social justice, as one of the main values of Pancasila mandated in the fifth principle, "Social Justice for All Indonesian People," demands that the policy of relocating the national capital is not only a physical development project, but also serves as an instrument capable of overcoming socio-economic inequality between Java and other regions in Indonesia. The Nusantara, as the new capital city, must be designed and built with the principle of distributive justice in mind, where the fruits of development and progress resulting from the relocation are not only enjoyed by the political or economic elite, but also by the wider community, including local communities and indigenous communities who have rights to land and resources in the East Kalimantan region.

In the perspective of progressive law, as explained by Satjipto Rahardjo (2006), the law must be responsive to the needs of society. The relocation of IKN must be able to bring real benefits to local communities and must not sacrifice them in the name of national development. Therefore, involving the community, especially local and indigenous communities, in every stage of the planning, implementation and evaluation process of this policy is essential. This aims to ensure that this policy is truly in line with the legal ideals of Pancasila, which not only aims at physical development but also involves dimensions of social justice, respect for the rights of local communities, and environmental preservation.

As the foundation of the state, Pancasila emphasizes the importance of the principle of a just and civilized humanity, which is stated in the second principle. This principle mandates that every public policy, including the relocation of the capital city, must be carried out with due regard and respect for human rights. In the context of relocating the capital city, respect for the rights of indigenous peoples in East Kalimantan is one of the important issues that must be considered. The state, through the policy of relocating the capital city, has an obligation to ensure that indigenous peoples' rights to land and natural resources are respected and protected, and that the development of the new capital city does not damage the ecological balance that is an important part of indigenous peoples' lives.

The environment is also an important element in the implementation of the legal ideals of Pancasila, especially in relation to sustainable development. The fifth principle of Pancasila demands social justice that not only involves the fair distribution of wealth and opportunities, but also includes intergenerational justice, where development carried out today must consider its impact on future generations. In line with Stone's (1972) view that the right to a healthy environment is part of human rights, the policy of relocating the national capital must pay attention to the principle of environmental sustainability. The development of the new capital city must be carried out by taking into account ecological aspects and long-term sustainability, not only to protect the balance of the ecosystem but also to ensure a decent life for local communities and Indonesian society as a whole.

Therefore, the relocation of the capital city should not only be seen as a big project oriented towards infrastructure development, but also as a process that requires the integration of Pancasila noble values into every aspect of the policy. The relocation of the capital city must be able to answer major challenges, ranging from social justice, environmental sustainability, to community involvement in the decision-making process. By making Pancasila the philosophical foundation, the policy of relocating the capital city can be an effort to strengthen and realize the ideals of Indonesian law which aims to create a just, prosperous and sustainable society.

In the theory of sustainable development, development must protect the rights of future generations. The concept of intergenerational equity (Trubek & Galanter, 1974) states that the state must preserve nature for the welfare of children and grandchildren. This principle is in line with the legal ideals of Pancasila, especially in the aspect of environmental sustainability. The relocation of IKN should not only be seen as a short-term solution to Jakarta's problems, such as congestion, flooding and pollution, but should also consider the long-term impact on the balance of the ecosystem and the quality of life of the community. The integration of environmental sustainability in capital city development aligns with global sustainable urban development principles, which emphasize balancing economic growth, social equity, and ecological preservation (Rahayu et al., 2022). This tripartite approach resonates strongly with Pancasila's comprehensive vision of development.

In this regard, Pancasila provides a strong philosophical framework to ensure that the development of IKN is oriented towards sustainable development. The fifth precept of Pancasila, which emphasizes social justice, requires that this policy not only benefits the political or economic elite, but also provides benefits for all Indonesians, including local communities in East Kalimantan. The Nusantara as the new capital city should be designed with the principle of distributive justice, where the positive impacts of development are felt equally by all levels of society.

The fourth precept of Pancasila, which emphasizes the importance of democracy and deliberation, must also be a reference in the policy of moving IKN. Pancasila democracy is not just a formality but demands the active involvement of the community in every stage of the policy, from planning to implementation and evaluation. Public participation is important to ensure that the policy of relocating the capital city truly reflects the interests of the people, not just the interests of a handful of elites.

In practice, the legislative process of the IKN Law has been criticized for its lack of public participation. Denny Indrayana (2021) revealed that the process of making this law took place too quickly and did not involve the wider community. This raises concerns regarding the legitimacy of the capital relocation policy. The lack of public participation not only risks undermining trust in the government but can also weaken the constitutional basis of the policy, as it does not fulfill the principle of deliberation mandated by Pancasila.

Minimal public participation also has the potential to create resistance from community groups that feel negatively affected. The relocation of IKN that does not adequately involve the community in the decision-making process can create social discontent. In fact, according to the principle of popular sovereignty mandated by Pancasila, the law should serve as a tool to build a fair and democratic consensus. Therefore, it is important for the government to open a space for dialogue with the community so that this capital relocation policy has strong legitimacy.

Another criticism that has arisen relates to the institutional structure of the IKN management. The authoritative body appointed to manage the Nusantara is chosen by

the President with the consideration of the House of Representatives, but many parties are concerned about the application of the principle of regional autonomy in this structure. From the perspective of constitutional law, the establishment of this authoritative body should be subject to the principles of decentralization stipulated in the 1945 Constitution. This is important to ensure that the relocation of IKN involves the aspirations and needs of regional communities, especially the people of East Kalimantan.

In this context, the legal ideals of Pancasila, which emphasize social justice and popular sovereignty, must be the main foundation in the establishment and management of the IKN institution. The management of the new capital city must be transparent, accountable, and inclusive, and oriented towards social justice as expressed in the fifth principle of Pancasila. Mochtar Kusumaatmadja (2006) emphasizes that law must function as a tool to achieve social justice. In the context of moving the capital city, the law must be able to protect the rights of indigenous peoples and vulnerable groups and ensure that they benefit proportionally from this development project.

Social justice is at the core of the legal ideals of Pancasila. Therefore, the relocation of the new capital city should not only be oriented towards solving Jakarta's problems but should also create equitable development throughout Indonesia. Distributive justice should be a key principle in ensuring that the development of Nusantara as the new capital city brings equitable benefits. This includes the protection of the rights of indigenous peoples in East Kalimantan, whose lands and resources are affected by the development of the new capital city.

In the view of Mahfud MD (2024), the relocation of the national capital is a policy that has received approval from the House of Representatives (DPR) as a representation of the will of the people. However, Mahfud also emphasized that the legitimacy of this policy does not only depend on political decisions at the elite level, but also on the extent to which this policy can reflect the aspirations and needs of the community. If there is public resistance or rejection, the government must be ready to listen to the people's voice and review the policy.

As such, moving the IKN to Nusantara should not only be seen as a physical and administrative project, but also as a process that seeks to realize the great ideals of Pancasila. This policy should be implemented with the principles of social justice, democratic participation, environmental protection, and good governance. Through a holistic approach and in accordance with the values of Pancasila, the relocation of the capital city can be a step forward in realizing a more just, prosperous and sustainable Indonesia.

The implementation of Pancasila values in the context of relocating the capital city requires a systematic and integrated operational mechanism, so institutional strengthening and the implementation of a participatory monitoring system are central aspects. According to research results, the effectiveness of sustainable development policies is not only measured by the success of physical infrastructure, but also by the existence of a multidimensional evaluation framework that integrates indicators of social justice, community participation, and ecological performance (Maku et al., 2023).

In order to achieve this, the establishment of an independent supervisory board involving academics, civil society organizations, and representatives of indigenous communities is proposed as a strategic step to ensure alignment between the implementation of the IKN project and the basic principles of Pancasila. In addition, implementation challenges such as potential agrarian conflicts and environmental degradation, particularly in the East Kalimantan region, indicate the need for a

responsive and local wisdom-based legal approach. This approach, as argued in research on sustainable development in mining industry areas (Prasetya et al., 2024), emphasizes the importance of integrating the values of gotong royong, ecological justice, and cultural sovereignty. Thus, the success of the relocation of IKN must be seen holistically, not only from physical achievements alone, but also from the ability of policies to reproduce and maintain the values of Pancasila as a whole in the practice of governance and sustainable development.

### **3.2. Implementation of Regional Autonomy Principles in the Management of the New Capital City of the Nusantara: Political and Socio-Economic Complexities**

The relocation of Indonesia's capital city to the Nusantara in East Kalimantan has major implications for the management of local government, particularly in the application of the principle of regional autonomy. This principle authorizes local governments to regulate and manage government affairs in their own regions, based on local needs. However, in the context of Nusantara as a new IKN, the implementation of this principle becomes complex due to the special status given to this region. This paper will discuss how the principle of regional autonomy is applied in the management of IKN Nusantara, considering the existing political, social and economic dynamics.

#### **3.2.1. Relationship between the IKN Authority and the East Kalimantan Regional Government**

The Nusantara as IKN has the status of a special region led by an authoritative body elected by the President with the consideration of the House of Representatives. This distinguishes the application of autonomy from other regions, where regional heads in the Nusantara are not directly elected by the public. This arrangement raises fundamental questions regarding the application of the principle of regional autonomy in a more centralized context. In Article 1 Paragraph (2) of the IKN Law, Nusantara is designated as a government region with special status and provincial-level position, but without a direct election system for regional heads.

Decentralization in the context of governance not only includes administrative aspects but also has a significant political dimension. It can be seen in the transfer of authority, responsibility, and financial resources from the central government to local governments, which aims to improve the effectiveness of public services and decision-making at the local level (Suharto, 2015). The absence of a direct election mechanism for regional heads in IKN potentially contradicts the principle of decentralization in Article 18 of the 1945 Constitution, which guarantees the right of the people to choose their leaders. This provision confirms that in decentralization, public participation in local government, especially in the election of regional heads, is guaranteed. From a constitutional law perspective, IKN's special status is a form of recognition of the need for flexibility in the governance of the new capital city. However, this flexibility must remain within a constitutional framework that guarantees the active involvement of local communities and respect for their political rights.

In this case, the principle of regional autonomy faces a test: is the centralized appointment of the head of the authority in accordance with the spirit of decentralization mandated by the 1945 Constitution? The government must ensure that the special status of IKN does not exclude public participation in decision-making related to the governance of Nusantara. The involvement of local communities in determining the direction of the new capital city development policy is very important to maintain political and social legitimacy.



In addition to the special authority vested in the IKN Authority, its relationship with the East Kalimantan local government is a critical element in realizing the principle of regional autonomy. Although Nusantara holds provincial-level status, there must be a clear and consistent delineation of powers between the IKN Authority and the provincial administration to prevent overlapping jurisdictions and potential conflicts. Comparative experiences indicate that decentralization in special capital regions can succeed only when a careful balance is maintained between central oversight and local autonomy. This balance requires innovative governance models capable of integrating national interests with local aspirations (Tanaka & Park, 2021).

In the Indonesian context, several legal scholars have questioned whether the mechanism of appointing the Head of the IKN Authority (by the President with DPR consultation) aligns with constitutional guarantees, particularly the democratic component of regional leadership (Subandi, 2023). Similarly, the experience of Jakarta as a special capital region suggests that moving the government center has implications for how special autonomy is maintained, especially when legislative frameworks do not adapt in tandem (Tawil, Syugiarto & Rahmarini, 2022). These examples underscore the need for Nusantara to establish robust coordination and legal clarity between the IKN Authority and East Kalimantan government to protect democratic accountability and avoid legal ambiguities.

The relationship between the East Kalimantan local government and the IKN Authority is particularly significant because Nusantara is located within an area that was previously under the autonomous jurisdiction of provincial and district governments. Without clear regulation of authority boundaries, legal uncertainties and overlapping jurisdictions may arise, potentially hindering smooth development. Therefore, it is crucial for the government to establish an effective coordination mechanism between these two entities to ensure that the principle of regional autonomy is preserved, despite the unique authority arrangements of the new capital.

Comparative research demonstrates that decentralization in capital cities often requires a delicate balance between centralized authority and local autonomy, supported by governance innovations that integrate national priorities with local aspirations (Tanaka & Park, 2021). Experiences from other special capital regions, such as Abuja in Nigeria and Putrajaya in Malaysia, reveal that the absence of well-defined coordination mechanisms can lead to institutional conflict, inefficiency, and weakened service delivery (Agbiboa, 2020; Bunnell, 2002). These international lessons underscore the importance of designing the governance relationship between the IKN Authority and the East Kalimantan government in a way that preserves constitutional principles of regional autonomy while accommodating the unique governance needs of the new capital city.

### 3.2.2. Public Participation and Social Justice in the Management of IKN

One essential aspect of implementing regional autonomy is public participation, which emphasizes the active involvement of communities in decision-making processes, especially in policies that directly affect their lives. In the case of Nusantara, public participation is particularly crucial because the relocation project will significantly affect local communities, including indigenous peoples in East Kalimantan.

The relocation of the capital must therefore be designed to ensure that community involvement is present at every stage of planning, implementation, and evaluation. The government has a constitutional obligation, in line with Article 18B of the 1945



Constitution, to recognize and respect local government units and safeguard the rights of indigenous communities. However, the challenge lies in ensuring that participation is not merely procedural but realized through transparent and inclusive mechanisms. Public consultations, open dialogues, and multi-stakeholder forums are essential to guarantee that local voices are genuinely considered in policy design.

Scholars emphasize that meaningful public participation in mega-projects such as capital relocations is a critical success factor that enhances policy legitimacy and reduces implementation resistance (Wang & Phillips, 2021). Evidence from other countries also demonstrates that insufficient participation often leads to conflict and delays, while inclusive engagement helps strengthen trust and shared ownership of development policies (Agbiboa, 2020; Bunnell, 2002). This approach aligns with Pancasila's democratic principles, which highlight deliberation (*musyawarah*) and popular sovereignty (*kedaulatan rakyat*).

The law and society theory developed by Nonet and Selznick (1978) emphasizes that law must be responsive to societal needs. In the context of Nusantara (IKN), the law should function not only as an instrument of social control but also as a means to empower local communities to participate meaningfully in the development process. To this end, the government must establish legal frameworks that are both adaptive and responsive to local aspirations, thereby embodying social justice as the essence of Pancasila.

International best practices in capital city development underline the importance of safeguarding the rights of indigenous communities and incorporating local wisdom into urban planning. Such measures not only ensure social justice but also enrich the cultural fabric and legitimacy of the new capital (Wang & Phillips, 2021; Agbiboa, 2020; Shimamura & Mizunoya, 2020). Evidence from cases such as Abuja in Nigeria and Putrajaya in Malaysia demonstrates that neglecting local participation and cultural dimensions often leads to resistance, conflict, and governance challenges (Agbiboa, 2020; Bunnell, 2002). Conversely, inclusive planning and recognition of community rights strengthen long-term sustainability and public trust in capital relocation projects.

### 3.2.3. Fiscal Decentralization and Economic Resources

One important aspect of regional autonomy is fiscal decentralization, which gives regions the right to manage their own resources and revenues. In the context of IKN, fiscal decentralization is a crucial issue given the huge economic potential that exists in the region. Law No. 1 Year 2022 on Financial Relations between the Central Government and Regional Governments is the legal basis for implementing the principle of fiscal decentralization in the IKN region.

East Kalimantan, as an autonomous region, constitutionally holds the right to manage its natural resources and local revenue. However, with the transfer of the national capital (IKN), much of this authority over resource management will shift to the central government. This situation raises concerns that East Kalimantan could lose a significant portion of its income derived from natural resources within the IKN area. To prevent such disparities, a clear and equitable arrangement on the allocation of economic resources between the central government and the province is essential, ensuring fairness for East Kalimantan as an autonomous region.

Studies on the economic impacts of capital relocations emphasize the importance of fair resource-sharing mechanisms between the new capital and its host regions to avoid regional inequality and to guarantee mutual benefits (Kim & Abdullah, 2021).

Such arrangements resonate with Pancasila's distributive justice principle, which mandates equitable development across Indonesia.

Beyond fiscal concerns, the relocation of IKN also raises critical issues regarding the protection of local wisdom and the rights of indigenous peoples. East Kalimantan is home to diverse indigenous communities with ancestral rights over land and natural resources. Neglecting these rights risks creating social conflicts that could undermine the legitimacy and sustainability of the capital relocation project. International experiences demonstrate that failure to recognize indigenous rights in large-scale development often leads to protracted disputes and project delays, whereas inclusive policies that safeguard these rights enhance long-term stability and social acceptance (Agbiboa, 2020; Bunnell, 2002; Shimamura & Mizunoya, 2020).

The government must comply with various legal instruments that protect the rights of indigenous peoples, including Law No. 5 of 1960 on Basic Agrarian Principles and other regulations governing land and natural resource rights for indigenous peoples. In this regard, it is important to involve indigenous peoples in every stage of planning and implementation of IKN projects to ensure that their rights are respected and protected.

The theory of inclusive development proposed by Amartya Sen (1999) is an important foundation in examining the development policy of IKN. Sen emphasized that development is not only related to economic growth, but also to the expansion of substantive freedoms that can be enjoyed by the community. In the context of IKN development, these freedoms should include the right to participate in development planning and implementation processes, equitable access to economic opportunities, as well as freedom from the threat of environmental degradation that often results from large-scale development projects. Therefore, the principle of inclusive development should be the main reference in the formulation of policies concerning IKN.

In addition to ensuring public participation, the governance of IKN also faces challenges in the broader context of decentralization. As a body with special authority, the IKN Authority must guarantee that its institutional design remains aligned with the principles of decentralization as mandated by the 1945 Constitution. These principles are intended to preserve a balance between central and regional authorities, particularly in relation to natural resource management and economic development in East Kalimantan.

However, the institutional structure of the IKN Authority—whose leadership is appointed by the President with the consideration of the House of Representatives—raises questions regarding transparency, accountability, and democratic legitimacy. To address these concerns, the establishment of a robust monitoring and evaluation system that actively involves local communities is crucial for ensuring transparent and accountable governance consistent with good governance principles.

International experiences highlight that transparent fiscal arrangements and equitable revenue-sharing mechanisms are essential for sustaining harmonious central-regional relations in capital relocation projects (Kim & Abdullah, 2021). Evidence from other relocation cases also shows that when fiscal decentralization and accountability frameworks are weak, projects risk exacerbating regional inequalities and provoking social resistance (Agbiboa, 2020; Bunnell, 2002). Conversely, inclusive fiscal governance and participatory oversight strengthen both legitimacy and sustainability in capital city development (Shimamura & Mizunoya, 2020).

In the administration of special regions, the IKN Authority is established as a ministry-level institution responsible for the realization of government in IKN. The Head of the IKN Authority has a ministerial-level position and is appointed,

appointed, and dismissed by the President after consultation with the DPR. The Head of the Authority is tasked with leading the implementation of all functions and duties of the IKN Authority, including the preparation, construction, and relocation of the National Capital (detik.com, 2023). This structure raises questions regarding its compatibility with the regional government system in the 1945 Constitution, particularly in Articles 18, 18A paragraph (1), and 18B paragraph (1), which stipulate that regional governments include provinces and regencies/municipalities, each led by a governor, regent, or mayor. Although Article 18B recognizes regional governments with special status, the arrangement is still based on the provincial or regency/city format. This is the basis for criticism from academics who consider that special government entities in IKN are potentially contrary to constitutional principles (hukumonline, 2022).

Furthermore, the mechanism of appointment, dismissal and termination of the position of Head of the Authority, which is carried out directly by the President, has also drawn controversy. This model is considered inconsistent with the principles of democracy stipulated in Article 18 of the 1945 Constitution. In addition, the ministerial-level status of the Head of the Authority raises critical questions about the legitimacy of legal products produced by the institution (Jabbar & Yasin, 2025). In the local government system regulated by the 1945 Constitution, the essence of regional autonomy lies in the independence of autonomous regions in drafting local regulations through synergy between the DPRD and the Regional Head. Direct election of DPRD members by the local community is a form of political representation that reflects the aspirations of citizens in the formulation of regional policies (Taryono & Juanda, 2021).

In the future, the IKN Authority is expected to become a role model in special regional governance in Indonesia. The organizational structure of the IKN Authority needs to be optimally designed in order to increase the capacity of human resources through skills and competency development. In addition, an effective and responsive coordination system is needed in carrying out government tasks so that the IKN Authority can contribute maximally to national development (ikn.go.id, 2022). Thus, the existence of the IKN Authority must be directed not only as an administrative instrument of development, but also as an institution that represents the principles of democracy, transparency and accountability in the administration of special regional governments in Indonesia.

#### 3.2.4. Strengthening Legal Ideals and Autonomy Principles in IKN

Approaches based on the principles of justice, democracy and sustainability are fundamental elements in the formulation of public policies, especially in the management of natural resources and the environment. These principles serve as the main foundation in realizing development that is oriented towards the welfare of the community at large (Haryadi, 2013). In a more specific context, the principles of justice, benefits, and sustainability are also an important basis in the governance of strategic resources, such as the mining sector, which can be analogized to the policy of relocating the National Capital City (IKN). The relocation of the National Capital City, as part of a national development policy, must ensure a fair and sustainable distribution of benefits for all elements of society.

Furthermore, the successful relocation of IKN does not solely depend on physical and technical aspects, but also on strengthening governance based on legal principles and regional autonomy. In this case, the application of the principles of economic democracy, justice, and legal certainty are essential in ensuring policies that are

inclusive and in favor of the interests of the community at large (Lyrra et al., 2025). Thus, a principles-based approach not only strengthens the democratic system but also ensures that social justice is a top priority in every development policy, including national strategic projects such as the relocation of IKN. In this context, periodic revision of regulations is a must, considering that static laws in the face of social, political and economic dynamics have the potential to create discrepancies and injustice. Therefore, regulations that are adaptive and responsive to changes, both at the national and global levels, must be constantly updated to ensure relevant and effective policies.

Cooperation between the IKN Authority and the East Kalimantan local government is also a crucial aspect in the successful implementation of IKN autonomy. Without effective coordination, the autonomy policy, which is expected to accelerate sustainable development, has the potential to cause various administrative and legal problems. The alignment of authority between these two entities must be supported by a transparent coordination mechanism, in order to avoid conflicts due to overlapping authority. In this case, open dialog and sustainable cooperation are strategic instruments in overcoming the risk of policy misinterpretation and potential conflicts of interest. Thus, the development of IKN can take place within a clear and equitable legal framework.

In addition, strict monitoring and evaluation mechanisms must be implemented at every stage of IKN development. The principles of transparency and accountability are the main footing in ensuring that the entire process, from infrastructure procurement to budget management, takes place in accordance with applicable laws. Effective oversight involves not only state institutions, but also the active participation of civil society, academics and the media. With the involvement of various stakeholders, the IKN development project can avoid maladministration practices and abuse of authorities that have the potential to harm the public interest.

Public participation in the IKN development process must be more than just an administrative formality. Instead, this participation needs to be realized through an open and inclusive consultation mechanism. Referring to the theory of democratic deliberation (Sukma, F., & Saparuli, 2021), citizen involvement in the decision-making process is an essential aspect, especially when the policies taken have a direct impact on their lives. With adequate deliberative space, people's aspirations can be accommodated more effectively, so that the resulting policies have strong legitimacy and are aligned with the public interest.

Furthermore, the sustainable development approach should be the main guideline in planning and implementing IKN policies. Environmental, economic, and social justice aspects for local communities must be integrated in a balanced manner. Sustainability-oriented IKN development not only ensures environmental sustainability but also serves as a driver of equitable economic growth for local communities. In this perspective, it is important to prevent socio-economic disparities that only benefit certain elite groups, by ensuring that all levels of society benefit proportionally from development.

Thus, the relocation of IKN to Nusantara is not just a physical development project, but also a strategic effort in strengthening the legal ideals and principles of regional autonomy. Through responsive regulatory revisions, effective coordination, transparent supervision, meaningful public participation, and a sustainable development approach, IKN can become a policy model that is not only equitable, but also adaptive to the needs of the community. These efforts will ultimately contribute

to strengthening Indonesia's constitutional system and building public trust in the government, thereby creating a more inclusive and sustainable future for all Indonesians.

#### 4. Conclusion

The relocation of Indonesia's capital city to Nusantara must be understood not merely as a physical infrastructure project but as a manifestation of Pancasila's legal ideals. As the nation's *grundnorm*, Pancasila provides the philosophical and ideological foundation for policies oriented towards social justice, shared prosperity, human rights protection, and environmental sustainability. The principle of social justice, particularly embodied in the fifth principle of Pancasila, demands that the benefits of IKN development be distributed fairly across society, including local and indigenous communities, rather than concentrated among elites.

International experiences confirm that the long-term success of capital relocation projects depends not only on physical development but also on equitable resource distribution, effective governance mechanisms, and meaningful public participation (Kim & Abdullah, 2021; Chen & Yamamoto, 2020; Wang & Phillips, 2021). In this context, the relocation of IKN should integrate transparency, accountability, and inclusivity in both planning and implementation, aligning with Pancasila's democratic principles of deliberation and popular sovereignty.

Nevertheless, the implementation of regional autonomy principles in IKN governance presents challenges. The appointment of the IKN Authority's leadership by the President, without direct elections, raises constitutional concerns regarding conformity with Article 18 of the 1945 Constitution on decentralization. These challenges—particularly in fiscal decentralization and natural resource allocation—must be addressed by ensuring inclusive participation and safeguarding the rights of indigenous peoples.

Ultimately, the relocation of IKN requires responsive laws, adaptive regulations, and strong coordination between the central authority and local governments. By embedding the values of Pancasila into every aspect of governance, IKN Nusantara has the potential to become a model of inclusive, equitable, and sustainable development, while strengthening constitutional ideals of law, justice, and regional autonomy in Indonesia.

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