

Localization of The Global Norm and Efforts to Minimize the Natural Resource Curse in Bojonegoro

Ahmad Sholikin

Political Science and Government Department, Faculty of Social and Political Sciences,
Darul 'Ulum Islamic University

Correspondence Email: ahmad.sholikin@unisda.ac.id

Received: 24 June 2024; Revised: 5 May 2025; Accepted: 13 May 2025

Abstract: *The purpose of this research is to discuss the efforts of the Bojonegoro Regency Government in translating global norms into local regulations and practices as a measure to minimize the curse of natural resources in Bojonegoro. In general, the state is the main actor in controlling access to natural resources and often maintains the principle of sovereignty in the processes and outcomes of natural resource governance. However, efforts to institutionalize global governance norms at national and sub-national scales often face significant challenges when such global norms come into tension with existing normative frameworks at the local level. Therefore, the Regent of Bojonegoro, Suyoto, initiated the Draft Oil and Gas Petroleum Fund as an effort to minimize the curse of natural resources, which can be seen from several stages of Global Norm Leadership and implementation in Bojonegoro, Opportunities for Bojonegoro Oil and Gas Petroleum Fund Policy Innovation, and Global Norm Localization Initiatives in the Bojonegoro Oil and Gas Petroleum Fund Draft. This research uses quantitative methods. Most of them do regression analysis using panel data or cross-sectional data.*

Keywords: *Localization of Global Norms; Resource Curse; Bojonegoro*

How to Cite:

Sholikin, A. (2025). Localization of The Global Norm and Efforts to Minimize the Natural Resource Curse in Bojonegoro. *Journal of Governance*, 10(2), 275–292.
<https://doi.org/http://dx.doi.org/10.62870/jog.v10i2.26683>



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Introduction

This study is concerned with understanding how the localization of global norms, specifically those related to transparency and good governance in extractive industries, can contribute to minimizing the natural resource curse at the subnational level, with a focus on Bojonegoro, Indonesia. The central argument is that global norms such as those promoted by the Extractive Industries Transparency Initiative (EITI) are not merely adopted as formal commitments but are reinterpreted and implemented through local political dynamics. This process of localization becomes particularly significant in regions endowed with abundant natural resources, where mismanagement and elite capture often exacerbate inequality and conflict. By examining Bojonegoro's policy innovations and leadership practices under figures such as Kang Yoto, this study investigates whether and how global norms are effectively internalized and translated into governance mechanisms that genuinely improve accountability, public participation, and equitable resource distribution. Thus, the broader concern is to explore the conditions under which global governance ideas can be domesticated in a way that mitigates the structural and political roots of the resource curse in decentralized contexts.

The concept of extractive industry transparency and the establishment of petroleum funds has become a widely accepted global norm, seen as a solution to assist countries dependent on natural resource income. In Indonesia, Law No. 22/2001 on Oil and Gas guides the national energy policy. However, its implementation remains sectoral,

focusing only on revenue generation rather than ensuring national energy security. Oil, gas, and energy issues are primarily addressed by the Ministry of Energy and Mineral Resources or the Ministry of Finance. Consequently, Indonesia faces a paradox of plenty: an energy crisis amidst vast oil and gas resources. Additionally, the idea of creating a petroleum fund is far from realization, though such a fund is crucial for developing alternative energy sources, such as biofuels from plants, since oil and natural gas are non-renewable resources.

The governance of natural resources, including minerals, oil, gas, and forestry, has been a subject of intense debate in modern economies dependent on resource extraction. Unlike other industries, the natural resource sector has deep historical ties to national sovereignty and ownership. States have long controlled access to these resources, asserting their sovereignty in the governance process. However, global regulatory norms have significantly influenced natural resource governance in developing countries. Despite the push for global governance norms, these often conflict with local practices, creating tensions at the national and subnational levels. As a result, global norms are adopted, adapted, or rejected differently across countries and over time, depending on local contexts.

The study of norm localization explores how global norms are institutionalized at the local level, questioning the conditions under which global norms align with local practices and beliefs. Norm localization occurs when external norms align with established local practices and cognitive frameworks. The success of norm localization largely

depends on the interaction between international pressures and domestic preferences. Norms are socially constructed, and national or subnational actors play a crucial role in shaping how global norms are accepted or modified to suit local contexts.

In Indonesia, energy policy should prioritize the development of alternative energy sources as substitutes for oil and gas. These alternatives, such as biofuels from agricultural products, require long-term financial support, like a petroleum fund, in addition to policy backing. Thus, Indonesia's oil and gas law should address funding for the development of renewable energy sources. On the global level, the Extractive Industries Transparency Initiative (EITI), which was established in 2003, promotes transparency in extractive industries by publishing reports on government revenues from the oil, gas, and mineral sectors. Proponents argue that extractive industry transparency can help address the resource curse, improving governance, reducing corruption, and mitigating conflicts. The general consensus supports extractive industry transparency as a measure of good governance, making it a key criterion for foreign loans from international financial institutions.

The acceptance of extractive industry transparency did not happen in isolation. It was spread through a global campaign involving various international and domestic actors. The process of disseminating and adopting this idea involves a coalition-building effort, with certain actors shaping and transmitting the idea. As Risse points out, ideas don't just "float freely" but are influenced by specific actors. Thus, the adoption of extractive industry transparency is a political process, with significant negotiations before its acceptance by

states. This raises the question: Is the implementation of extractive industry transparency and petroleum funds genuinely aimed at improving the welfare of resource-rich countries, or is it simply part of a political agenda to maintain power?

At the global level, there is a pressing need to ensure that norms related to transparency, accountability, and sustainable resource governance are not only adopted formally by states but also effectively implemented at the subnational level, where resource extraction often takes place. International organizations such as the EITI, World Bank, and United Nations emphasize the importance of combating the natural resource curse by promoting good governance practices in resource-rich regions. However, global norms often face challenges in translation, as local political dynamics, institutional capacity, and socio-cultural factors influence how these norms are interpreted and applied. Therefore, global actors are increasingly looking for credible, context-sensitive models that demonstrate how international standards can be localized in ways that deliver meaningful improvements in governance outcomes.

Bojonegoro's case presents an opportunity to meet this global need by offering a grounded example of how transparency and participatory governance practices can be adapted to local realities. If such efforts result in measurable improvements in public accountability, equitable distribution of resource revenues, and reduced corruption, they can serve as a valuable reference point for other regions facing similar challenges. Moreover, successful localization of global norms helps reinforce the legitimacy of the international governance framework itself

by showing that it can be both flexible and impactful across diverse political environments. As such, Bojonegoro is not merely a local experiment; it becomes part of a larger global effort to reimagine how the governance of natural resources can be improved through locally rooted, norm-driven approaches.

At the global level, there is a growing need for concrete, context-specific examples of how international norms, particularly those related to transparency, accountability, and good governance in the extractive sector, can be effectively localized to address the persistent challenges of the natural resource curse. While initiatives like the Extractive Industries Transparency Initiative (EITI) provide a global framework, their credibility and impact depend on how successfully they are internalized and operationalized at subnational levels where resource extraction occurs. Bojonegoro offers a compelling case in this regard, demonstrating how global standards can be translated into local governance innovations, particularly through leadership that embraces transparency and public participation. If such efforts prove effective in reducing corruption, improving revenue distribution, and fostering citizen trust, they not only serve the interests of local development but also contribute to the global agenda by validating the adaptability and relevance of international norms across varied political and institutional contexts.

The interconnection between global and local agendas within the framework of state capitalism is clearly reflected in the dynamics of energy policy and extractive industry transparency in Indonesia. Global initiatives such as the Extractive Industries Transparency Initiative (EITI) did not emerge in a

vacuum; rather, they are the result of political construction by coalitions of international and domestic actors who advocate for the incorporation of global norms into national policy frameworks. international norms do not “float freely” but are disseminated through complex transnational political processes involving mechanisms of persuasion, adaptation, and strategic adjustment by recipient states (Risse et al., 2013). Within the logic of state capitalism, the adoption of transparency norms is not always driven by a normative commitment to improve governance. Instead, it frequently serves as a strategic maneuver by the state to maintain international credibility and gain access to global financial resources (Overland, 2018). This perspective illustrates how global norms can be appropriated and instrumentalized within the logic of state capitalism, where the state retains a dominant role in directing resources according to its strategic objectives.

At the subnational level, the adoption of global agendas such as transparency and energy diversification is often shaped by local political actors, exemplified by the case of Kang Yoto in Bojonegoro. Local initiatives to develop new energy sources based on agriculture can be interpreted as a localized rearticulation of global norms in pursuit of energy self-sufficiency. Nevertheless, as Kennedy (2017) notes, such initiatives cannot be detached from national power structures that employ global discourse to legitimize state-led development strategies, often under the guise of populist developmentalism. In cases where policies such as petroleum funds or bio-based energy are not accompanied by equitable benefit-sharing mechanisms, they risk reinforcing inequality and entrenching state dominance over natural

resources. Consequently, a geopolitical analysis of energy and transparency issues must account for how global norms are selectively internalized and reframed within local contexts through the often paradoxical logic of state capitalism.

Kang Yoto is a highly intellectual leader who is able to absorb these global norms in making policies in Bojonegoro (Sholikin, 2021). This can be seen from the various policies he has implemented in Bojonegoro, as well as his ability to speak in public. Kang Yoto's ability in public speaking is not in doubt, because before becoming a regent, his name was already well known as an ustadz who often lectured at various events. Not all leaders have such public speaking skills, as most of them often read texts, especially when giving speeches.

Method

This study analyzes why various policies to minimize the natural resource curse in Bojonegoro emerged after the discovery of oil and gas in the Cepu Block. Given the fact that only one case is used in this research, it can be said that this is a case study. This study aims to understand the case in depth and in a natural way along with its complexity and context; hence, this study is qualitative research. The phenomenon of the natural resource curse has been discussed extensively, and most of these studies used quantitative methods. Most conduct regression analysis using panel data or cross-sectional data.

This method is used to establish predictive validity, build reliability, and describe relationships. This was done by researchers because quantitative methods fail to capture changes in interests over time. In addition, further research should make greater efforts to explore the actual conflicts of interest that occur between

different social groups in natural resource-rich countries. Therefore, this study offers additional, richer insights into the topic of the resource curse. The study emphasizes that one advantage of case studies is the ability to examine the occurrence of causal mechanisms in individual cases in detail. In addition to the ability to explore causal mechanisms, they argue that there are two additional advantages of case studies. The first advantage is a high degree of conceptual validity. This research is interested in case studies because they have the ability to achieve a high level of conceptual validity. This is due to the fact that some of the variables used in the social sciences are difficult to measure. Another advantage of case studies is the heuristic identification of new variables during the research.

Some of these advantages are very suitable for use in this study. First, its ability to explore cause-and-effect mechanisms will allow me to discover the complex system that led to the Bojonegoro district government's efforts in minimizing the natural resource curse. Secondly, as discussed earlier, this approach will allow me to achieve a high level of conceptual validity. Lastly, although I have established a theoretical framework to guide the analysis of the relationship between these two variables, there is always the possibility that I discover new important variables during the research.

Nonetheless, there are some limitations to the case study design. The first limitation is that case studies can only make tentative inferences on how much certain variables contributed to the outcome in a particular case. This limitation has been a source of debate about quantitative and qualitative approaches and can be seen as a trade-off when choosing quantitative or qualitative

methods. So the case study design is still applicable when conducting research that focuses on finding the conditions under which specified outcomes occur. So, I consider a case study still appropriate because I only focus on finding the cause-and-effect mechanism that leads to the emergence of efforts from the Bojonegoro Regency government to minimize the occurrence of the natural resource curse phenomenon. The second limitation in case studies is the issue of internal validity, so I will not make generalizations for other cases based on this study. The third limitation is case selection bias. I will discuss this issue further in the "Case Selection" section.

Result and Discussion

Leadership and Global Norm implementation in Bojonegoro

In addition to his personal ability to speak, Kang Yoto also has extensive knowledge. Not without reason, Kang Yoto, whose educational background is as a religious scholar, suddenly has a qualified general knowledge capacity. Especially Kang Yoto's knowledge of oil and gas governance so that he can come up with various policies related to the issue. Network is an important point in Kang Yoto's intellectual formation. Kang Yoto is close not only to the government and its people but also to various other institutions, such as the World Bank, as well as various NGOs (Non Government Organization), such as NRGi (Natural Resource Governance Institute a.k.a. Revenue Watch Institute), PWYP (Publish What You Pay), BI (Bojonegoro Institute), and others. Kang Yoto has been supportive of these organizations. This can be seen from their involvement in several policy formulations in Bojonegoro. One example is in the drafting of the Draft Regional Regulation on Endowment Fund or Oil

Fund, which has actively involved NRGi and BI since it was first proposed until it is currently in the process of being drafted by the central government (Sholikin, 2019a).

Global norms fit at the local scale through a complex process of localization, where international principles are adapted, negotiated, and selectively implemented according to local political, institutional, and cultural contexts. This fit is rarely automatic; instead, it requires local actors—such as political leaders, bureaucrats, and civil society organizations—to reinterpret global standards in ways that resonate with local needs, practices, and power structures.

In the case of Bojonegoro, global norms like transparency and accountability (as promoted by initiatives such as EITI) were not adopted wholesale but were strategically integrated into existing governance frameworks. For instance, under Kang Yoto's leadership, participatory budgeting and public forums were introduced to align with the idea of extractive transparency (Sholikin, 2019b). However, this "fit" also depends on how these norms are translated into daily political practices—whether they empower citizens, change elite behavior, and lead to more equitable outcomes. In short, global norms fit locally not by replication, but through contextual adaptation, political will, and institutional mediation.

One of Kang Yoto's efforts to expand his network is his ingenuity in seizing opportunities. The opportunity referred to here is Bojonegoro's agility in applying the global agenda to its regional development plans that attracted global attention. For example, the global agenda on Sustainable Development Goals (SDGs) signed by UN member states last September, Bojonegoro Regency nimbly

began to implement it into the regional agenda. Currently, Bojonegoro is the only district in Indonesia that has declared that it is ready to implement the SDGs and declared it on March 22, 2016. As a result, the UN, World Bank, Bappenas (National Development Planning Agency), and Infid (International NGO Forum on Indonesian Development) began to turn their attention to Bojonegoro.

In addition to relationships with various institutions outside Bojonegoro, Kang Yoto also established a close relationship with Otto Scharmer, who is a lecturer from MIT (Massachusetts Institute of Technology). The closeness stems from Otto's arrival in Bojonegoro for his research on the new style of democracy practiced by Kang Yoto since officially becoming the regent. MIT's entry into Bojonegoro was not without cause. ExxonMobil, the largest company controlling the Cepu Block in Bojonegoro, is one of the founders of the MIT Energy Initiative. From the agreement, ExxonMobil contributed 25 million dollars to fund energy-related research activities. This relationship between MIT and ExxonMobil may be the reason why Kang Yoto was invited by MIT to attend training for public officials.

Bojonegoro's local political context is a determining factor in the formation of the oil and gas endowment draft regulation in Bojonegoro. This is because of both the explanation of supporting factors from civil society elements and political leadership factors. All of these factors can work in a specific context that supports them. It is in this relationship that the local political context in Bojonegoro will be further explained in its influence in providing support for efforts to form a draft endowment fund. Unlike the previous two factors, which can be clearly separated, this last supporting

factor encompasses both and everything that happened during the efforts to form an endowment fund draft regulation in the Bojonegoro region. So the explanation at the beginning will cover a broader picture and then will be more specific to the operation of local politics through the political actors involved in it.

In explaining local politics in Bojonegoro, one cannot escape the implementation of decentralization or regional autonomy in Indonesia. Decentralization and the granting of very broad autonomy to local governments indirectly promise the existence (if not the rise) of innovation. Similarly, with democratization, people increasingly demand responsiveness or proactivity from the government to solve various problems, one of which is through innovation (Widiyahseno, 2016: 177-178). In relation to the efforts to form an endowment fund draft regulation, it can be seen as part of the innovation in solving oil resource management problems in Bojonegoro. So what was done by the Bojonegoro district government at that time was a responsive or proactive attitude to anticipate the threat of the resource curse. This is also in line with various other innovations that have been implemented in Bojonegoro from 2007 to 2013. Both innovations that were carried out during the first period, as well as innovations related to the start of oil exploration in the second period. All of these innovations received positive support from the people of Bojonegoro. This is because, through these innovations, the relationship between the community and the local government has improved.

Juridically, the space for innovation is wide open. After the reformation followed by a broad decentralization policy, enshrined in the 1945 Constitution

Article 18 paragraphs 1-6 and Law No. 23/2014, the right of regions to regulate and manage their own households is not only guaranteed but also expanded in scope and depth. Local governments, through their regional heads, have greater authority and flexibility to make various efforts creatively to develop and advance the region for the welfare of the community through various innovations (Widiyahseno, 2016).

However, what is more important in the innovation process is the level of acceptance of change as a consequence of innovation so that innovation can take place. The urgency to measure the opportunity to innovate is not easy, considering that innovation is usually examined in an economic framework. The main focus is on product utilization, not changes in governance. When attention is focused on the product, innovation is seen as a success story of the exploitation of a new idea (Mitra, 2001 and the discussion about innovation has been understood more as a matter of 'novelty' than a matter of 'acceptance' of change (Beck and Whistler, 1967, in Osborne and Brown, 2005; Jawa Pos Pro Otonomi, 2011). This tendency seems to mask the fact that what is considered new and decided to be best for innovators is not necessarily good and acceptable to some other parties (Widiyahseno, 2016).

The above conditions are very relevant in explaining the last innovation effort in the form of the draft endowment fund. Unlike the previous innovations, which were relatively well received during the formation process. Then the effort to form an endowment fund raperda actually received rejection from some other parties. This is most evident, especially when the draft has entered the middle phase, where discussions with the DPRD began. In this middle phase, the draft

endowment fund, which was intended as a form of innovation, was viewed differently by some factions in the Bojonegoro DPRD. At the beginning of the discussion period, there were five factions that rejected the draft, out of a total of nine factions represented in the Bojonegoro DPRD.

The rejection of several factions was based on differences in addressing Bojonegoro's current and future needs. Given the conditions in Bojonegoro at the time of the discussion, this draft regulation is still far from advanced. One of the things that then surfaced was related to the condition of roads in Bojonegoro, which is considered in some locations still not good, especially on district roads. The condition of good and lightly damaged district roads in the 2017-2018 period has decreased, while the condition of heavy damage has not increased (Hasdiana, 2019). There was also the issue of revenue sharing from the central government, which had declined due to the fall in oil prices at the time. These were some of the political issues that emerged during discussions at the Bojonegoro DPRD.

If seen from the configuration of political parties and their factions in the Bojonegoro DPRD that previously supported Toto's candidacy in the 2012 elections. Of the three supporting parties, PAN, the Democratic Party, and Gerindra Party. It was only the Gerindra Party that could not accept the proposed draft endowment fund regulation. Meanwhile, the other four factions that initially rejected it were PDIP, PKB, PPP, and Nasdem-Nurani Rakyat. Then there were the Golkar Party and PKS as parties outside of Toto's supporters who initially gave approval to the draft endowment fund. In the course of the discussion, the Nasdem-Hati Nurani Rakyat faction then changed its direction of support by approving the draft endowment fund.

Until the last round of discussions between the DPRD and the Bojonegoro district government, the PPP faction finally turned around by agreeing to this draft regulation. In the end, six factions, namely PAN, Democrat Party, Golkar Party, PKS, Nasdem-Nurani Rakyat, and PPP, approved the draft endowment fund bill. The remaining three factions, Gerindra, PDIP, and PKB, still rejected the draft.

From the above explanation, it can be seen that what is initiated as an innovation is indeed very dependent on the level of acceptance of change from other parties. On the other hand, although the discussion of the draft endowment fund bill was tough among factions in the Bojonegoro DPRD. However, the passage of this draft regulation from the discussion process at the district level shows that the regional political configuration provides better opportunities for policy innovation. The opening of space for dialog between parties with different views is the key to creating these opportunities. So in this case Suyoto, as a regional leader, can use this opportunity to gain a common understanding of his innovation efforts. Such conditions show that the passing of draft regulations at the district level is only possible with the existence of local politics that support it. So in general, what has been applied in the regions during decentralization? This is especially true in relation to the relationship between the local government and the DPRD. In the context of Bojonegoro, during the discussion of the draft endowment bill, it succeeded in becoming a supporting factor in realizing policy innovation in the region.

But like two sides of a coin, decentralization must always be followed by building harmonized relationships between the central government and local governments. Although there is no hierarchy in decentralization between

districts/municipalities and provinces, in terms of coordination, supervision, control, and supervision, provinces still have authority over districts/municipalities (Kesuma Nasution, 2016). In this regard, the support that has been built up through local politics in Bojonegoro. It is no longer able to demonstrate its influence when dealing with politics at a higher level. Although the province in this case is still part of the local government, it acts as an extension of the central government at the regional level. So what happened next was the failure of policy innovation in Bojonegoro through the rejection of the draft endowment fund at the provincial level.

Global Norm Localization Initiative in Bojonegoro

The localization of global norms in Bojonegoro, particularly in the form of transparency and governance reform initiatives aligned with the Extractive Industries Transparency Initiative (EITI), represents not only a rhetorical affirmation of international standards but also a strategic act of norm internalization at the subnational level. As a political leader, Kang Yoto's adoption of these norms reflects an effort to align local governance with global expectations of accountability, particularly in resource-rich regions. However, the implications of this localization extend beyond institutional policy shifts and enter the realm of everyday local politics. The translation of global norms into local contexts involves negotiations with entrenched interests, reconfiguration of patronage structures, and often a reshaping of the relationship between citizens and the state (Sholikin, 2023). These processes underline the performative aspect of norm adoption—

how norms are mobilized not only to meet international legitimacy demands but also to construct political capital domestically (Sholikin & Sena, 2024).

This localization process has direct consequences for local political practices. The invocation of global standards such as transparency and participatory governance reshapes political discourse and citizen expectations. It may empower civil society actors, increase public scrutiny of local elites, and introduce new forms of political accountability. However, it can also generate tensions when the promise of norm compliance clashes with the persistence of informal practices or when such norms are selectively implemented to serve political interests. As Acharya (2004) posits in his theory of norm localization, local actors do not passively accept global norms but actively reconstruct them to fit existing belief systems and institutional frameworks. In Bojonegoro's case, the selective appropriation of transparency discourse has arguably functioned both as a governance innovation and as a tool of political legitimation. Therefore, analyzing the implications of global norm localization on the micro-politics of local governance reveals how international norms become embedded, negotiated, and contested in the routines of everyday political life—constituting a meaningful contribution to the literature on norm diffusion and subnational politics.

Bojonegoro Regency is one of the regencies with the highest oil and gas production in Indonesia, contributing to 25-30% of national oil and gas production. Bojonegoro is estimated to have oil reserves of around 600 million-1.4 billion barrels and gas reserves of around 1.7-2 trillion cubic feet (TCF). As an oil and gas producing region, Bojonegoro faces development challenges, namely the risk

of dependence on oil and gas revenues, both from the Oil and Gas Revenue Sharing Fund (DBH) transferred by the center as a balancing fund, as well as other sectors that depend on the oil and gas industry. Meanwhile, oil and gas revenues are volatile because they are affected by price and production volatility. Yet oil and gas revenues are heavily relied upon to fund public expenditures such as education, health, infrastructure, and poverty alleviation programs, in addition to being used to supplement routine employee expenditures (Indonesia, 2019). The existence of challenges such as the above makes it necessary to prepare anticipatory steps to avoid them. Bojonegoro itself, prior to oil exploration, was a district with a high poverty rate in East Java province. The results of Susenas in March 2016 noted that of the 13-15 year old education, there were still 3.37 percent who were no longer in school. For the population aged 7-12 years, there are still 0.30 percent who do not/have never been to school (Hasdiana, 2019). This has prompted the Bojonegoro government to initiate the drafting of a Regional Regulation (RAPERDA) on Education Endowment Fund in Bojonegoro. This draft is expected to provide a clear and precise legal basis for managing the revenue generated from oil exploration in the region (Sholikin et al., 2024).

As a new breakthrough in natural resource management in the region, this step was seen as a positive effort. The initiation of the endowment fund draft regulation, which was carried out during the era of Regent Suyoto, then received a lot of support. This support came mainly from civil society, both locally and internationally. Efforts to form this draft regulation then intensified through several discussions. This included discussions between the Regent and the

Bojonegoro DPRD. This was despite the rejection of some factions in the DPRD. In the end, the discussion at the regency level resulted in approval. However, the discussion did not end there. In order for the draft regulation to be implemented, it needs to be approved by the Minister of Home Affairs (Mendagri) through the Governor. The intention of the Bojonegoro Regency Government to implement the oil and gas endowment fund has run aground. This is because the Governor of East Java rejected the Draft Regional Regulation (RAPERDA) of the Endowment Fund. There are several reasons why the governor rejected the oil and gas endowment draft regulation. First, the endowment fund is not included in the Bojonegoro regional medium-term development plan (RPJMD). Second, the endowment fund is binding. There is no change for decades. In fact, the regent's term of office is limited to five years. The succeeding regent usually does not have the same RPJMD (Febrianto, 2018).

After the rejection by the Governor of East Java, discussions on the draft endowment fund were also stalled. Moreover, not long after the rejection that occurred in 2018, still in the same year, the Bojonegoro district then held regional head elections. The election also ended the term of office of Regent Suyoto, which had lasted for two terms. What became the reason for the East Java Governor's rejection turned out to be a reality. The new Bojonegoro regent elected in the 2018 regional election did not share the same vision to resume the draft endowment fund regulation. Although the following year, in 2019, the discourse on the endowment fund came back to the public. Through the Chairman of the Bojonegoro DPRD, Sigit Kusharijanto, who revealed that the endowment fund was prepared as a scholarship for Bojonegoro's

children to study until college. However, the follow-up of the discourse is still not visible, and the condition tends to return to the position after the rejection by the governor.

The failure of the draft endowment bill in Bojonegoro, in turn, led to the development challenges described earlier. A typical characteristic of natural resources is that they present all sorts of obstacles to their management. These obstacles are known as the resource curse and have occurred in many resource-rich countries. Simply put, the resource curse states that countries with large natural resource endowments often do worse in terms of economic growth, social development, and good governance compared to countries with fewer resources (Humphrey et al., 2007).

This theory places countries that depend on oil or other extractive industries for their survival as the most economically struggling, socially unstable, authoritarian, and conflict-ridden in the world (Sovacool, 2010). The curse or mismanagement of their resources spreads beyond their extractive industries and slowly degrades social welfare, increases inequality, worsens environmental quality, institutionalizes corruption, and increases the frequency of conflict and war (Sovacool, 2010).

To confirm the thesis of the resource curse, it can be considered that in Saudi Arabia, where proven crude oil reserves are the largest in the world, the per capita income plunged from \$28,000 in 1981 to \$6,800 in 2001 (Baer 2003). In Nigeria and Venezuela, which are also rich in crude oil and natural gas, per capita income has actually retreated back to 1960s levels. Algeria, Angola, Congo, Ecuador, Gabon, Iran, Iraq, Kuwait, Libya, Qatar, and Trinidad and Tobago, countries with vast reserves of minerals, gold,

timber, and diamonds, have seen per capita incomes regress back to levels in the 1970s and 1980s as extraction from these resources has increased.

In relation to Bojonegoro's draft endowment bill, the idea of an endowment fund is basically intended to avoid the resource curse above (Sholikin et al., 2025). The Bojonegoro endowment draft itself is interesting to study further because it is the first of its kind in Indonesia. Although at the international level there are many countries rich in natural resources, especially oil and gas, that have established these endowments for a long time. Of the many countries in the world that have succeeded in establishing endowment funds from the proceeds of their natural resources. The application of endowment funds in Norway is considered the best model and is widely referred to as an example.

Norway's endowment is closely related to the exploitation of oil reserves in the country's territory. Oil production began immediately in 1971. By 1990 considerable revenues from the exploitation of this resource had accumulated, and, in response, the Norwegian Parliament passed the Government Petroleum Fund Law. The legislation established the Petroleum Fund as a fiscal policy tool to support the long-term management of oil revenues. The Fund is not invested in a separate legal entity but rather is a department of the government apparatus, to be managed by the Central Bank of Norway. In 1996 the first transfer to the fund was made, which has been invested as a currency reserve of the central bank. Investments in shares were first introduced in a benchmark allocation of 40% in 1998 (Catá Backer, 2010).

The framework of the Global Fund was established through the Government

Pension Fund Act, which, as amended, remains the legal basis for the fund. Under the Pension Fund Act, the minister of finance is the legal owner of the fund. However, all significant changes to the endowment fund's investment strategy are in practice presented to parliament prior to implementation as a means of ensuring broad political support for important strategic choices. The administration of endowment funds is divided into three parts. The first relates to all policy decisions. This function remains with the minister of finance. The second part, control over management, is left to the Norwegian central bank. Finally, the ethical issues involved in the application of the investment strategy carried out by the central bank through its apparatus are supervised by an autonomous supervisory board (Catá Backer, 2010).

The scheme of implementing an endowment fund as practiced by Norway above is not only something new for Bojonegoro Regency. However, it is also something that is contrary to the conditions of local government that have long been implemented. The rejection of the draft endowment fund by the Governor of East Java confirms this opposition. The rejection also illustrates the strong resistance that arises against efforts to implement endowment funds. The threat of the resource curse as described above does not seem to be a strong enough reason to realize the endowment fund in Bojonegoro. Whereas the experience of many countries that have experienced the resource curse is a real threat. On the other hand, the Norwegian experience has succeeded in establishing an endowment fund, where the positive contribution of the endowment fund can still be found today. It still has not succeeded in becoming a strong motivation in realizing the

endowment fund in Bojonegoro into a reality. Such conditions reflect the importance of the internal dynamics that occur in Bojonegoro as a more dominant factor in explaining the failure to establish an endowment fund. Because, as seen, the external dynamics of both the threat of the resource curse and the success of the endowment fund are not the dominant factors in this context.

Local governments with various differences in regional characteristics have their own challenges and potentials. In responding to these challenges and utilizing these potentials, local governments have been given the authority to be able to regulate and manage their regions. The granting of this authority is part of an approach that emphasizes central-local relations on a legal and constitutional basis. This approach recasts the classical political science approach to the topic and defines local autonomy as the embodiment of the discretion that local governments are granted by the central government. Consequently, the focus of local autonomy is very much top-down, examining the extent to which the central government is prepared to delegate power and authority to subordinate units of government (Pratchett, 2004).

Furthermore, the authority that has been obtained by the regions is reflected in various policies contained in regional regulations. These regional regulations are then an instrument for leaders in the regions to advance and prosper their regions. In an effort to advance and prosper the region, regional leaders are required to be able to produce appropriate and fast policies. In an effort to realize this, various breakthroughs and innovations were made in the framework of better regional management. These breakthroughs and innovations are aimed

at maximizing the potential of the region as well as being a solution to problems that cannot be solved through conventional methods. This breakthrough and innovation was then tried by the local government in Bojonegoro, East Java, in managing the potential of the region in the form of petroleum. Through instruments in the form of regional regulations, the Bojonegoro local government seeks to maximize the benefits of oil and gas exploration in its territory, especially regarding the management of funds derived from oil and gas.

Localization of Global Norms in the form of the Oil and Gas Endowment Fund *Raperda*

In this phase, which is called the initial phase of the formation of the Draft Law on Endowment Funds (2014-2016), the management of oil and gas industrialization in Bojonegoro Regency, East Java, continues to attract the attention of several foreign countries. One of them is from the Consultative Council Fundo Petrolifero (CCFP) of East Timor Leste. Seven members of CCFP East Timor Leste came to Bojonegoro to learn about the governance of Bojonegoro's oil and gas industry, ranging from regulation to social and business practices that favor and benefit the people. They received exposure from a number of regional work units (SKPD) who are members of the Local Content Optimization Team. The visit, facilitated by the Natural Resource Governance Institute (NRGI), paved the way for the idea of establishing a draft endowment fund in Bojonegoro. The local government of Bojonegoro had just started oil exploration in the Banyu Urip Block, and as a follow-up, the Local Content Regulation was issued (Wedja, 2014). The Local Content Regulation is classified as a breakthrough in oil

management in the region aimed at involving Bojonegoro's human resources in the initial process of oil exploration. While in Timor-Leste the involvement of local human resources in the management of oil has yet to emerge, another breakthrough has been made in the country. The Timor-Leste Petroleum Fund is a breakthrough in the management of oil revenues in the country.

The number of civil society organizations involved in the effort to establish the draft endowment fund was an important asset. In fact, through their encouragement, they managed to convince Suyoto, the then Regent of Bojonegoro, to follow up on the idea. As for Suyoto himself, he was a regional leader at the time. Since the beginning of the oil exploration process in the Banyu Urip oil and gas field, he has paid great attention to long-term-oriented oil and gas management. He also strongly agreed with the threat of a resource curse that haunted Bojonegoro as an oil-rich region. So when the idea of establishing an endowment fund draft was raised, former regent Suyoto welcomed the idea. In an effort to avoid the threat of the resource curse, former regent Suyoto has also issued several policies.

The conflict is particularly pronounced due to the exploitation site being located in a densely populated area. The Bojonegoro government has issued a local content regulation aimed at accommodating the work of organizing the environment so that feared conflicts do not occur and the process of running a business can be made possible at the location. Then, related to the threat of corruption in the management of oil revenues, the Bojonegoro local government has implemented transparency in terms of budget management. This is intended to increase

public trust in Bojonegoro and at the same time reduce suspicions of corruption.

Furthermore, to avoid wasting the budget, oil revenues have been invested into important sectors. These sectors are infrastructure, finance, and human resources. Infrastructure, in this case, is what is most needed and relevant to economic growth. It is expected that proper infrastructure will make it easier for industries to enter Bojonegoro. Another investment that has also been made by the Bojonegoro local government is in the financial sector in the form of equity participation. It is said that the Bojonegoro local government has invested in Bank BPR to own shares reaching 200 billion and invested in Bank Jatim to place it as one of the shareholders with a large portion (Interview with Suyoto on December 7, 2020, at 21.04). Finally, investment in the human resources sector took the form of the creation of health insurance and education insurance. Health insurance is implemented through the provision of Jamkesda to Bojonegoro people who are classified as poor, while education insurance is implemented through the provision of scholarships for school-age children up to the high school level or equivalent. Both guarantees are intended to reduce the poverty rate in Bojonegoro, which previously had a high poverty rate compared to other regions in East Java.

The second phase is the middle phase of the formation of the Draft Local Regulation on Endowment Funds (2016-2018). In this phase, the active role of civil society both in Bojonegoro, such as the Bojonegoro Institute, and at the national level, such as NRGi and PWYP Indonesia (Publish What You Pay), was indeed a positive thing. However, this does not necessarily reflect the participation of the Bojonegoro community as a whole. In fact,

there are still many Bojonegoro people who are even unfamiliar with the vocabulary of endowment funds, even though they are very familiar with issues related to oil resources. So it appears that strong public awareness of oil resource issues is not automatically linear with their awareness of derivative issues, especially in this context in the form of endowment funds.

The same pattern applies to government officials in Bojonegoro. Where the management of oil resources and oil-derived revenues that have been managed in conventional ways is still very dominant, while newer ways such as endowment funds are not widely understood. This condition makes the local government apparatus in Bojonegoro not yet have sufficient competence for these ideas. What is clearly visible from here is the absence of an evenly distributed understanding of the concept of endowment funds among those who are directly related to the management of oil resources. This condition in turn has a counterproductive impact on the process of forming the endowment fund draft regulation.

"There are many parties. So, in the initial draft, there was the economic department and Bappeda, and then later the financial manager was involved. Because yesterday it was titled BLU, then the Financial Management Office went to the province. Now the Financial Management Office is not very good at it. Because BLU is the one who has to come forward, so there is a miss there, and the province does not see the substance" (Interview with Suyoto on December 7, 2020, at 21.04).

Such conditions also mark a turning point in the formation phase of the endowment fund draft regulation. The initial phase of the draft was accompanied

by strong support from elements of civil society. The active contribution from civil society continued until the drafting process of the endowment fund draft regulation was completed. Unfortunately, the active involvement of civil society elements has slowly decreased. The decline in role mainly occurred when the draft endowment fund had entered the middle phase, namely during the discussion process with members of the Bojonegoro DPRD. This decline is, of course, closely related to the rules of the game that existed during the discussion process between the district government and the Bojonegoro DPRD in 2017 and 2018. The authority that existed during this process was very strongly held by the Bojonegoro Regency Government and the DPRD as a legislative body in the region. As a result, broader patterns of participation, such as in the early phases of the formation of the draft endowment fund, have slowly declined. It was replaced by a more exclusive discussion between regional leaders and factions in the Bojonegoro DPRD.

In this middle phase, the absence of experience in implementing endowment funds for natural resources in the form of petroleum in Indonesia has raised new objections. Where the need to involve foreign parties as a reference in the formation of the draft endowment fund becomes something that cannot be avoided. Actually, this is something natural to learn good experiences in natural resource management abroad. Including domestic educational institutions, this is certainly a good opportunity to be able to learn and be directly involved in the process. However, the involvement of foreign parties turned out to have a negative effect on the process of forming the Draft Regional Regulation on Endowment Funds. DPRD members

who previously did not agree with this idea also highlighted the involvement of foreign parties.

Furthermore, in the third phase, namely the final phase of the formation of the Endowment Fund Draft Bill (2018-2019). Entering the final phase in the effort to form a draft endowment fund. There are two parties that have a vital role in this phase, namely the Bojonegoro DPRD and the East Java Provincial Government. As the party that has an important stake in the process of forming the draft endowment fund as well as a working partner of the local government in the formation of various policies in Bojonegoro, the Bojonegoro DPRD has been involved since the beginning of this idea. Since the start of the process of discussing the draft endowment fund bill, the members of the DPRD have not been unanimous. The backgrounds of the council members, who come from many political parties, mean that their interests also vary. This difference of view is certainly a natural thing, especially if it is associated with the absence of a common understanding of the concept of endowment funds, as mentioned earlier. So that at the beginning of the discussion of this draft regulation with the local government, many factions did not support the idea of endowment funds. But over time and through various discussions with factions that previously refused. In the end, there was a change in the attitude of several factions that turned to support the idea of this endowment fund. Indeed, some factions that previously rejected it still remain in their initial attitude.

During the process that occurred in an attempt to change the views of several factions in the Bojonegoro DPRD that had previously rejected. Then they became supportive of the draft endowment fund. The role of civil society elements can be

said to no longer have sufficient space. This is a far cry from the initial phase where they had plenty of space. This condition contributed negatively to the Bojonegoro regional leadership, especially in the late 2017 to early 2018 period. Because they were no longer able to mobilize strong support from civil society as a form of encouragement so that the draft endowment fund could be approved.

Conclusion

Local actors such as the Regent of Bojonegoro are not only passive targets and learners as transnational agents, acting outside the universal moral script to generate and direct norm diffusion in world politics. Suyoto is able to promote norm diffusion by actively borrowing and modifying transnational norms in accordance with their pre-established normative beliefs and practices. As he did with the initiation of the Oil and Gas Petroleum Fund Bill in Bojonegoro Regency. Suyoto has been a global norm taker and performs acts of selection, borrowing, and modification in accordance with the existing normative framework to establish compatibility between it and the emerging global norms.

Suyoto's efforts in fighting for the Oil and Gas Petroleum Fund Bill in an effort to minimize the curse of natural resources can be seen from several phases of the struggle above. When viewed based on the division of existing phases, it can be concluded that there is a downward trend in the strength of the supporting factors for the formation of the draft endowment fund. Starting from the initial phase where these three supporting factors were still so strong, with a large dominance of civil society elements. This is, of course, very much related to the various specific conditions described above. It is only when entering the middle phase that a

shift begins to occur with the diminishing role of civil society. The political leadership then took over the dominance as a supporting factor that sustained the efforts to form the endowment fund draft regulation. This condition is also accompanied by the beginning of the formation of local political configurations that provide greater opportunities for innovation.

Finally, as it entered its final phase, there were significant changes in the political leadership and local politics in Bojonegoro. This change was closely related to the expiration of Suyoto's term as regent ahead of the 2018 local elections. This momentum has played a major role in drastically changing the strength of the supporting factors, which had previously been characterized by the fading role of civil society. It can be said that in this final phase, the downward trend in the strength of supporting factors has also reached its lowest point. Such conditions then contributed to leading the effort to form the endowment fund draft regulation to failure.

Acknowledgement

The author is very grateful to the reviewers for their guidance and suggestions on this study manuscript. This study was entirely self-funded by the author, and any errors are the author's responsibility.

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