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Amendment to Provisions on Land Procurement for Public Interest

Presidential Regulation [No. 30 of 2015](#) (“**Third Amendment**”) has been issued to amend Presidential Regulation [No. 71 of 2012](#) on Organizing Land Procurement for the Public Interest (“**Regulation**”).[\[1\]](#)

The Third Amendment aims to improve the involvement of private business entities in developing public infrastructure. To achieve this objective, the Third Amendment allows private business entities to procure land by using provision set out in the Regulation. The Third Amendment also redefines provisions on the unfinished land procurement activities.

Prior to the Third Amendment, the Regulation has been amended by Presidential Regulation [No. 40 of 2014](#) (“**First Amendment**”)[\[2\]](#) and Presidential Regulation [No. 99 of 2014](#) (“**Second Amendment**”).[\[3\]](#)

The Third Amendment is relevant to private and business entities (“**Business Entity**”); governmental institutions intending to acquire land in the public interest, such as the ministerial and non-ministerial bodies, provincial and regency/municipal governments, including state-owned enterprises; and also the holders of land ownership rights.

Land Procurement by Business Entities

The Third Amendment provides that Business Entities can now procure land in the public interest in accordance with the Regulation. In order to do this, they must first secure approval from the following Institutions:[\[4\]](#)

- a. State institution (*lembaga negara*);
- b. Ministries;
- c. Non-Ministerial government institutions;
- d. Provincial or regency/city governments; and
- e. State/Regional Owned Enterprise.

Business Entities may use their own funds to procure the land. The Business Entities will then be reimbursed by the government through the State or Regional Budget upon the completion of the procurement process.[\[5\]](#)

Unfinished Land Procurement

Under the Regulation, any land procurement that was initiated prior to the Regulation, must be settled in accordance with the previous regulatory framework for land procurement.^[6] The settlement process itself had a time limit of 31 December 2014.^[7]

This deadline was amended under the Second Amendment and extended to 31 December 2015. However, an extension only applies to land procurement that might not be finished by 31 December 2014, and for which 75 percent of the total required area has been settled.^[8] If the procurement process still cannot be fully settled by 31 December 2015, the process will be settled under the mechanism provided by the Regulation.^[9]

Under the Third Amendment, unfinished land procurements may be extended in accordance with the provisions set under the Regulation, if the project has secured a Development Location Arrangement (*Penetapan Lokasi Pembangunan*) or Approval Letter for Development Location Arrangement (*Surat Persetujuan Penetapan Lokasi Pembangunan*).^[10]

Moreover, the Development Location Arrangement or Approval Letter for Development Location Arrangement must be updated every two years by the governor where the project is located.^[11]

Further provisions on the completion of unfinished land procurement projects will be regulated by the National Land Agency (*Badan Pertanahan Nasional*).^[12]

The Third Amendment has been in force since 17 March 2015.

^[1]For more information on the Regulation, see ILD No. 270.

^[2]The First Amendment changed provisions on the following matters: 1) operational costs to be borne by state-owned enterprises or legal entities; 2) operational costs for upstream oil and gas activities; and 3) procurement of land with an area of less than 5 hectares.

^[3]The Second Amendment changed provision on the following matters: 1) assessment of compensation values; 2) monetary compensation; and 3) extensions to unfinished land procurement projects. For more information see ILB No. 2495

^[4]Art. 117A (1), Third Amendment.

^[5]Art. 117A (2), Third Amendment.

^[6]Art. 123 (1), Regulation. The previous regulatory framework was Presidential Regulation No. 36 of 2005 on Land Procurement for Public Interest, as amended by Presidential Regulation No. 65 of 2006.

^[7]Art. 123 (3), Regulation.

^[8]Art. 123A (1), Second Amendment.

^[9]Art. 123A (4), Second Amendment

^[10]Art. 123B (1), Third Amendment.

^[11]Art. 123B (4), Third Amendment.

^[12]Art. 123B (5), Third Amendment.