

The New Regulations on Land Management Rights (HPL) to Increase Investment

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Abstract

Land Management Rights (HPL) are an agrarian legal instrument that plays a strategic role in managing state assets. However, procedural complexity, overlapping regulations, and limited investor access to state land often hinder the creation of a conducive investment climate. The government introduced new regulations regarding HPL to address these issues by strengthening legal certainty, simplifying cooperation mechanisms, and increasing transparency. This article aims to examine the substance of the new HPL regulations and analyze their implications for increasing investment in Indonesia. The research uses a normative juridical method with a legislative approach and qualitative analysis of policy documents and implementation practices. The study results indicate that the new regulations provide greater flexibility for HPL holders in collaborating with investors while simultaneously reducing bureaucratic obstacles. However, challenges such as harmonizing regulations and protecting surrounding communities still require attention to ensure sustainable investment growth.

I. Introduction

Land is a vital resource in economic, social and political development in Indonesia¹. Land is an irreplaceable factor of production in economic development. In Indonesia, land is the primary basis for economic activities, ranging from agriculture, plantations, forestry, inland fisheries, to industrial and service sectors that require land for operations. Besides its economic function, land has a very strong social dimension. In the context of Indonesian society, land is not just an economic asset, but also an identity and living space. In the political context of Indonesian agrarian law, land is not only seen as an economic and social asset, but also as a political instrument of the state. In the context of Indonesian development, the economic, social, and political functions of land are interconnected. For example, the provision of land for investment (economic) must consider the rights of local communities (social) and be based on legitimate regulations (political)².

Land managed through Management Rights (Hak Pengelolaan or HPL) is a concrete example of how the state uses its authority in the economic, social, and political spheres. As a country with the principle of state control over land as stipulated in Article 33 paragraph (3) of the 1945 Constitution, land management must be directed towards the greatest possible prosperity of the people³. In practice, however, land often becomes a source of conflict, legal uncertainty, and investment barriers. One of the legal instruments that plays an important role in land governance is the Management Right (Hak Pengelolaan or HPL), which is regulated as a special authority for the state or public legal entities to regulate, plan, and cooperate with third parties in the utilization of state land.

The Management Right on Land (HPL) is a right granted by the state to public legal entities or government agencies to control and manage state land for specific purposes⁴. Conceptually, HPL is not the same as land rights in general

¹ Edy Ikhsan, "The Omnibus Law in Indonesia: Assessing Its Consequences on Environmental Sustainability and Land Rights," *Journal of Human Security* 18, no. 2 (2022): 47–53, doi:10.12924/johs2023.19010036.

² Ibid.

³ Rebecca Meckelburg and Agung Wardana, "The Political Economy of Land Acquisition for Development in the Public Interest: The Case of Indonesia," *Land Use Policy* 137 (2024), <https://www.sciencedirect.com/science/article/pii/S0264837723004830>.

⁴ Afdal Aperta Safatullah, "Analisis Pemberian Hak Pengelolaan Lahan (HPL) Diatas Tanah Ulayat Masyarakat Adat Nagari Sitapa," *Sakata Law Journal* 3 (2025).

(such as Ownership Rights, Building Use Rights, or Cultivation Rights), because HPL is not an individual right, but a public right of control HPL holders do not solely use the land for personal interests, but manage it for purposes determined by the state

Some of the characteristics of HPL according to agrarian law literature include being a right of control, not ownership, meaning that HPL holders only control and manage, not own the land Another characteristic is having public authority including planning, allocation, use, and cooperation with third parties Furthermore, the social function remains attached, meaning that the utilization of land within HPL must consider the interests of the community and the environment And flexibility in investment, in this case HPL allows for cooperation with the private sector to encourage the development of certain areas⁵.

The functions and objectives related to the Management Right on Land (HPL) are as an instrument for development, in this case HPL allows the state to manage strategic land (for example, industrial areas, ports, airports, or special economic zones). Furthermore, as a source of income, by cooperating in the utilization of HPL land with investors, it can become a source of regional and state revenue. Another function and objective is to control land use, so that the state can ensure that land is used in accordance with spatial plans and the public interest. And lastly, as a support for investment, with the new regulations, HPL is expected to provide legal certainty to investors in using land⁶.

The increasing need for investment, both domestic and foreign, makes the mechanism for utilizing HPL an important concern. Old regulations are often considered complicated, not transparent, and create uncertainty for investors⁷. Therefore, the government is updating HPL regulations as part of the agrarian reform and investment deregulation agenda. The new regulations are expected to create legal certainty, procedural efficiency, and strengthen investment attractiveness in Indonesia.

⁵ Trias Aditya et al., "Participatory Land Administration in Indonesia: Quality and Usability Assessment," *Land* 9, no. 3 (March 1, 2020), doi:10.3390/land9030079.

⁶ Daniel Peterson, Adriaan Bedner, and Ward Berenschot, "The Perils of Legal Formalism: Litigating Land Conflicts in Indonesia," *Journal of Contemporary Asia* 55, no. 3 (2025): 430–51, doi:10.1080/00472336.2024.2440855.

⁷ Fatemeh Jahani Chehrehbargh et al., "Current Challenges and Strategic Directions for Land Administration System Modernisation in Indonesia," *Journal of Spatial Science* 69, no. 4 (2024): 1097–1129, doi:10.1080/14498596.2024.2360531.

Previous research has examined the role of HPL in land governance. Highlighting the complexity of legal relations between HPL holders and third parties which often leads to conflicts of authority. The need for reconstruction of HPL to be in line with the principles of social justice and legal certainty. On the other hand, it emphasizes the importance of harmonizing agrarian regulations to support the investment climate⁸.

While various solutions have been offered, most previous research has only focused on the normative aspects of HPL without comprehensively linking it to investment policy. In addition, existing studies are often limited to specific case analyses, not presenting a comprehensive picture of how new regulations can function as an instrument for increasing investment. Thus, this research is present to fill that void by providing an in-depth analysis of the new HPL regulations and their implications for the national investment climate.

Problems with old regulations often arise in HPL practice, the first of which is that complicated permit granting procedures cause delays in investment realization. Second, overlapping rules between HPL, Cultivation Rights (HGU), and Building Use Rights (HGB) often create legal uncertainty. Third, the lack of transparency in cooperation between HPL holders and investors creates the potential for abuse of authority. Fourth, the absence of a clear scheme to protect communities around the HPL area causes social conflict.

The development of Management Rights on Land (HPL) in Indonesia cannot be separated from the dynamics of national politics, economics, and agrarian law. Initially, the concept of HPL was born from the 1960 Basic Agrarian Law (UUPA) which affirmed the State's Right to Control (HMN). HPL then emerged as a derivative of HMN to give authority to government agencies in regulating and utilizing state land for development purposes. During the New Order period, HPL began to be used massively, especially to support infrastructure and industrial development. The government has granted many HPLs to State-Owned Enterprises (BUMN), regional governments, and special institutions such as the Batam Authority. However, this pattern often creates tension because in practice, HPL holders cooperate with the private sector without participatory mechanisms for the community, thus creating agrarian

⁸ Lenny Husna, Sukamto Satoto, and Dwi Suryahartati, "Legal Analysis of Land Management Rights (HPL) in National Development: Regulatory Challenges and Investment Opportunities in Indonesia," in *Proceedings of the 9th International Conference on Indonesian Social and Political Enquiries (ICISPE 2024)*, 2025, 162–71, doi:10.2991/978-2-38476-436-5_14.

conflicts⁹.

Entering the Reformation era, HPL has been increasingly highlighted as being prone to misuse, especially regarding overlapping authorities and private sector involvement. Criticism is also directed at the lack of legal certainty for investors and the marginalization of the rights of indigenous peoples or local residents. To respond to this, the government made regulatory updates through Government Regulation No. 18 of 2021 as a derivative of the Job Creation Law. This rule brings significant changes, such as simplifying procedures, granting derivative rights (Building Use Rights or Right to Use) on HPL to investors, and affirming the principle of transparency. Thus, the development of HPL shows a shift from being merely a state control tool to a strategic instrument that is expected to balance the interests of development, investment, and protection of community rights¹⁰.

The novelty of this research lies in the comprehensive analysis of the new HPL regulations in the context of increasing investment. Different from previous research which tends to be descriptive, this paper outlines: a comparison of the substance of old and new regulations related to HPL, the legal implications of the new regulations on investment certainty, and an analysis of the potential benefits and challenges of the new regulations for various stakeholders, including the government, investors, and surrounding communities. With this approach, this research is expected to make a significant scientific contribution to the discourse of agrarian law and investment policy in Indonesia.

The urgency of this research is driven by the increasing need for investment to support national economic growth post-pandemic, while ensuring fair and sustainable land management. Without clear regulations, investors will face legal uncertainty that could potentially hamper capital inflows. On the other hand, without community protection, new regulations risk creating horizontal conflicts. Therefore, an academic evaluation of the new HPL regulations is urgently needed to ensure a balance between investment interests and the principles of social justice. Based on this, this paper is designed to answer several key questions that are the focus of the study:

1. How does the new regulation regarding Management Rights on Land (HPL) differ from previous regulations, and to what extent does it

⁹ Damianus Krismantoro, "Exploring Agrarian Reform Laws in Indonesia," *Journal of Ecohumanism* 3, no. 8 (December 24, 2024), doi:10.62754/joe.v3i8.5504.

¹⁰ Ibid.

provide legal certainty?

2. Is the new HPL regulation effective in supporting increased investment in Indonesia without neglecting aspects of community rights protection?

This research aims to critically examine the substance of the new regulations regarding HPL in Indonesia. In addition, it analyzes the implications of the new HPL regulations on legal certainty and increased investment. This writing is also intended to identify the challenges and opportunities for implementing the new regulations for stakeholders.

2. Research Method

This research employs a normative legal research method with a descriptive-analytical approach. This method is chosen because the study focuses on analyzing laws and regulations concerning Management Rights on Land (HPL) and their implications for increased investment. Normative legal research aims to examine positive legal rules, legal doctrines, and relevant principles in Indonesian agrarian law.

The approaches used are the statute approach and the conceptual approach. The statute approach involves examining Law Number 11 of 2020 concerning Job Creation along with its implementing regulations, particularly Government Regulation Number 18 of 2021. The conceptual approach is used to understand the position of HPL within the framework of the State's Right to Control and to examine doctrines and academic views related to land management in supporting the investment climate. The primary data source in this research is secondary data, which includes primary legal materials (UUPA 1960, Law No. 11 of 2020, PP No. 18 of 2021, and related regulations), secondary legal materials (literature, legal journals, results of previous research), and tertiary legal materials (legal dictionaries and legal encyclopedias).

The analytical method used is normative qualitative analysis. Data is analyzed by interpreting laws and regulations, comparing old and new provisions, and examining their implications for legal certainty and the investment climate. The analysis is conducted systematically by identifying legal issues, assessing the effectiveness of the new HPL regulations, and evaluating the extent to which these regulations can address issues of overlapping authority, agrarian conflicts, and the need for legal certainty for investors. Using this method, the

research is expected to provide a comprehensive overview of the characteristics of the new HPL regulations and assess their relevance in supporting increased investment in Indonesia.

3. Results and Discussion

Substantial Changes to the HPL Regulation in the Job Creation Law and Government Regulation No. 18 of 2021

Land law reform through Law No. 11 of 2020 concerning Job Creation and its derivative regulations, particularly Government Regulation No. 18 of 2021, brings significant changes to the regulation of Management Rights on Land (HPL)¹¹. Before the enactment of these new regulations, HPL was regulated partially in several laws and regulations, without comprehensive arrangements that affirmed the position, function, and mechanism for granting derivative rights. This often created legal uncertainty for rights holders and third parties who cooperated with HPL holders.

Management Rights on Land (HPL) has, from the beginning, been a legal concept that often raises debate, whether it should be seen as a land right or merely an administrative authority from the state. Before the enactment of the Job Creation Law and Government Regulation No. 18 of 2021, the position of HPL was often understood in multiple ways. On the one hand, HPL is seen as a derivative of the State's Right to Control (HMN) which gives authority to certain institutions, such as government agencies, state-owned enterprises, regional-owned enterprises, or special authorities, to plan, allocate, and utilize state land¹². However, on the other hand, the incomplete regulations often made HPL seem to lack legal certainty compared to other land rights, such as Cultivation Rights (HGU), Building Use Rights (HGB), or Right to Use.

With the enactment of Law No. 11 of 2020 concerning Job Creation along with Government Regulation No. 18 of 2021, the position of HPL is reaffirmed as an extension of the State's Right to Control which also has characteristics as a

¹¹ Husna, Satoto, and Suryahartati, "Legal Analysis of Land Management Rights (HPL) in National Development: Regulatory Challenges and Investment Opportunities in Indonesia."

¹² Hendra Sukarmon and Wildan Sany Prasetya, "DEGRADASI KEADILAN AGRARIA DALAM OMNIBUS-LAW," *Jurnal Ilmiah Galuh Justisi* 9 (2021).

special control right¹³. This means that HPL is not only an administrative authority, but also provides a strong legal basis for its holders to regulate land use and cooperate with third parties through the granting of derivative rights, such as Building Use Rights (HGB) or Right to Use on HPL land. This affirmation is important because it provides legal legitimacy to the authority of HPL holders, while also providing legal certainty for investors who transact or invest on the land. Thus, the new regulations not only clarify the position of HPL in the national agrarian legal system, but also strengthen its function as a strategic instrument in supporting development and investment without eliminating the basic principle that land remains controlled by the state for the greatest prosperity of the people.

One of the most significant changes in the new regulations regarding Management Rights on Land (HPL) is the clearer regulation regarding the granting of derivative rights on HPL land, namely Building Use Rights (HGB) and Right to Use. Before the enactment of the Job Creation Law and Government Regulation No. 18 of 2021, the practice of granting derivative rights on HPL often created legal uncertainty because it was not explicitly regulated in the Basic Agrarian Law (UUPA) of 1960¹⁴. As a result, cooperation between HPL holders – generally the government, state-owned enterprises, or special authorities – and the private sector was often carried out through administrative agreements that were prone to disputes, both because the legal basis was weak and because there were no clear limitations regarding the term and supervision mechanism.

The latest regulations regarding the granting of derivative rights on HPL are now normatively affirmed, where HPL holders are authorized to grant HGB or Right to Use to third parties for a certain period of time in accordance with applicable regulations. This provides two main advantages. First, for investors or developers, there is legal certainty and certainty of tenure in utilizing HPL land for investment activities, such as the construction of industrial estates, housing, or public facilities. Second, for the state, the granting of derivative rights remains within the framework of the State's Right to Control, so that the principle of land for the prosperity of the people is maintained¹⁵.

¹³ Ikhsan, "The Omnibus Law in Indonesia: Assessing Its Consequences on Environmental Sustainability and Land Rights."

¹⁴ Ima Mayasari, Abstrak Implementasi, and Kata Kunci, *KEBIJAKAN REFORMASI REGULASI MELALUI IMPLEMENTASI OMNIBUS LAW DI INDONESIA*, Ima Mayasari, vol. 9, 2020, <https://www.doingbusiness.org/en/rankings>.

¹⁵ Rohan Mark Bennett et al., "Land Administration Maintenance: A Review of the Persistent Problem

The new rules further emphasize the importance of a transparent cooperation mechanism that is supervised by the government, so that HPL holders cannot act arbitrarily in granting derivative rights¹⁶. Thus, the new regulations not only benefit investors through bureaucratic simplification, but also strengthen land governance by providing legal legitimacy to practices that previously took place in a legal gray area.

Administrative simplification and certainty are one of the main pillars in the regulatory changes to Management Rights on Land (HPL) through the Job Creation Law and Government Regulation No. 18 of 2021. These regulations place procedural certainty as the key to attracting investment by cutting bureaucracy that was previously considered lengthy, complicated, and prone to overlapping authorities. The latest regulations integrate the land permit process into a more concise and transparent system through an electronic-based permit mechanism, including the obligation to register land digitally¹⁷.

The implementation of this digital administration system brings great benefits in creating a more accurate land database, reducing the potential for disputes, and increasing investor confidence. With faster and more transparent land registration and certification, the risk of dual claims or unclear HPL land status can be minimized. This simplification also strengthens the principle of good governance because every administrative decision in granting HPL and its derivative rights can be traced and supervised more effectively¹⁸.

Administrative certainty not only benefits the private sector, but also provides certainty for the government as the holder of authority. A shorter bureaucratic process allows HPL holders, such as state-owned enterprises or special authorities, to cooperate with third parties without facing excessive regulatory hurdles. Ultimately, administrative simplification in the new HPL regulations plays an important role in improving the investment climate in Indonesia, while maintaining accountability and ensuring that every land use is in line with national development goals.

Flexibility in cooperation is one of the important breakthroughs in the new

and Emerging Fit-for-Purpose Solutions," *Land* (MDPI AG, May 1, 2021), doi:10.3390/land10050509.

¹⁶ Husna, Satoto, and Suryahartati, "Legal Analysis of Land Management Rights (HPL) in National Development: Regulatory Challenges and Investment Opportunities in Indonesia."

¹⁷ Ibid.

¹⁸ Jerome Bryanto Pasandaran, Cornelius Tangkere, and Devy K G Sondakh, "KAJIAN HUKUM TERHADAP HAK PENGELOLAAN DALAM HUKUM PERTANAHAN INDONESIA," *Lex Administratum* IX, no. 5 (2021).

regulations regarding Management Rights on Land (HPL). Previous regulations often limited the scope for HPL holders to establish partnerships with the private sector, so that the potential for regional development and utilization of state land was not optimal. Through the Job Creation Law and Government Regulation No. 18 of 2021, HPL holders now have clearer authority to grant derivative rights, such as Building Use Rights (HGB) or Right to Use, to third parties in order to support investment activities¹⁹.

HPL holders, who are generally government agencies, state-owned enterprises, regional-owned enterprises, or special authorities, can arrange more varied cooperation models, ranging from leases, concessions, to long-term partnership patterns. This scheme provides opportunities for the private sector to invest without having to go through a release of rights mechanism, which has been time-consuming and prone to legal conflicts. On the other hand, the state maintains the principle of control over land through the position of HPL as an extension of the State's Right to Control²⁰.

This ease of cooperation creates double added value. Investors gain legal certainty and certainty of time in utilizing land, while the government gains support for development financing without having to rely entirely on the state budget. This mechanism also opens up space for productive and sustainable land use, so that it is not only oriented towards economic profit, but also supports the achievement of social goals and the development of strategic areas.

The challenges of implementing the new regulations regarding Management Rights on Land (HPL) arise from the complexity of the land law structure in Indonesia. Although the Job Creation Law and Government Regulation No. 18 of 2021 have affirmed the position of HPL and the mechanism for granting derivative rights, practices in the field are still faced with classic problems in the form of overlapping authorities, conflicts of ownership claims, and weak law enforcement. This condition makes the goals of simplifying regulations and increasing legal certainty often difficult to achieve.

The institutional capacity of the government is also a major challenge. Not all HPL-holding agencies have the technical capabilities or resources to manage land professionally, transparently, and accountably. This has the potential to

¹⁹ Husna, Satoto, and Suryahartati, "Legal Analysis of Land Management Rights (HPL) in National Development: Regulatory Challenges and Investment Opportunities in Indonesia."

²⁰ Krismantoro, "Exploring Agrarian Reform Laws in Indonesia."

lead to abuse of authority or collusion in granting derivative rights to third parties. On the other hand, limitations in the digital administration system, especially in the regions, can slow down the registration process and create new loopholes for legal uncertainty.

Socio-political aspects also strengthen the implementation challenges. The existence of HPL often intersects with the rights of local communities who have long resided or utilized the land. If the new regulations are not accompanied by mechanisms for community protection and participation, the potential for agrarian conflicts may increase. In this context, the successful implementation of HPL regulations depends heavily on the government's consistency in upholding the principles of transparency, fairness, and ensuring that land use for investment remains in line with the constitutional mandate: land is controlled by the state and used as much as possible for the prosperity of the people.

Implications of Land Management Rights (HPL) on Legal Certainty

Land Management Rights (Hak Pengelolaan atas Tanah - HPL) have a strategic role in creating legal certainty in the land sector, especially after their position was reaffirmed through Law No. 11 of 2020 concerning Job Creation and Government Regulation No. 18 of 2021. Before the new regulations, the position of HPL often caused uncertainty because it was understood in various ways, whether as a land right or merely an administrative authority. This ambiguity triggered problems in practice, especially regarding the granting of derivative rights to third parties, which was often carried out based on administrative agreements without an adequate legal basis. As a result, investors face high risks in the form of potential disputes, a lack of certainty regarding the term, and weak legal protection for the rights they have acquired²¹.

Investors in land management practices based on Land Management Rights (HPL) often face quite high risks, especially before the advent of new regulations. One of the main risks is the potential for disputes, both between HPL holders and third parties, and between HPL holders and communities that have long controlled or utilized the land. The lack of clear boundaries regarding the authority of HPL holders to grant derivative rights leads to overlapping claims and agreements that often lack strong legal legitimacy²². This situation

²¹ Dianto Bachriadi and Edward Aspinall, "Land Mafias in Indonesia," *Critical Asian Studies* 55, no. 3 (2023): 331–53, doi:10.1080/14672715.2023.2215261.

²² B F Sihombing and Farhan Friyanto Hamid, "Land Law Evolution and Investment Dynamics:

makes the investor's position vulnerable, as ownership of land rights can be challenged or revoked at any time.

Another problem lies in the uncertainty of the term of the rights granted. In past practices, derivative rights such as Building Use Rights (HGB) or Usage Rights on HPL land were often granted based on administrative agreements, not based on strict legal rules. This makes the term and extension mechanisms not always clear, making it difficult for investors to conduct long-term business planning. As a result, investment calculations often become uncertain, reducing investors' interest in investing their capital in Indonesia²³.

The weak legal protection further increases the risk. Without a strong legal basis, derivative rights on HPL are prone to being seen only as permits or agreements, not as truly protected land rights. This leaves investors without certainty when facing conflict, as the legal instruments that can be used to protect their interests are limited. These risks collectively imply low investor confidence, slow down capital inflows, and hinder the government's efforts to make HPL an instrument that encourages investment and development.

With the new regulations, the position of HPL is affirmed as an extension of the State's Right to Control with the characteristics of a special control right. This affirmation has direct implications for legal certainty, because every grant of HGB or Right to Use on HPL land now has strong normative legitimacy. For investors, the existence of clear regulations means there is certainty of status, term, and extension mechanisms of rights, all of which are important elements in assessing investment feasibility. On the other hand, the state retains control through HPL holders, so the constitutional principle of "land for the greatest prosperity of the people" is not abandoned.

Legal certainty is also realized through a more transparent land administration mechanism, including the integration of land registration into an electronic system. This reduces the chance of dual claims or manipulative practices that are often the root of land disputes. Legal clarity on HPL not only improves the investment climate, but also strengthens Indonesia's position in the global arena

Historical Perspective and Contemporary Development Nexus," *Lex Publica* 10, no. 1 (2023): 66–83.

²³ Safatullah, "Analisis Pemberian Hak Pengelolaan Lahan (HPL) Diatas Tanah Ulayat Masyarakat Adat Nagari Sitapa."

as a country that is increasingly ready to present pro-investment regulations without neglecting the principle of social justice. Thus, the implications of HPL on legal certainty are not only felt by investors, but also by the wider community through improved land governance that is more accountable²⁴.

Potential for Increased Investment through the Land Management Rights (HPL) Scheme

Land Management Rights (HPL) have great potential as a legal instrument in encouraging increased investment in Indonesia. The HPL scheme basically gives the state, through HPL-holding agencies, the flexibility to regulate and allocate land for development purposes. After the enactment of the Job Creation Law and Government Regulation No. 18 of 2021, the position of HPL was further strengthened with clearer provisions regarding legal standing, mechanisms for granting derivative rights, and administrative certainty. These changes open up opportunities for investors to participate in the management and utilization of state land with better legal certainty guarantees compared to the previous regime²⁵.

The potential for increased investment through the HPL scheme is evident from the flexibility in granting derivative rights, such as Building Use Rights (HGB) or Right to Use, which can be granted on HPL land with a definite term and a clear extension mechanism. The potential for increased investment through the Land Management Rights (HPL) scheme is closely related to the flexibility offered by the latest regulations in granting derivative rights, such as Building Use Rights (HGB) or Right to Use, on HPL land. Previous regulations often created uncertainty, both in terms of term, extension mechanisms, and certainty of legal protection for rights holders. Now, with the new regulations through the Job Creation Law and Government Regulation No. 18 of 2021, the HPL scheme has become more attractive because it provides a definite term and a more structured extension procedure. This provides a sense of security for investors, especially in long-term planning and project financing, because they have legal certainty over the land being managed²⁶.

²⁴ Husna, Satoto, and Suryahartati, "Legal Analysis of Land Management Rights (HPL) in National Development: Regulatory Challenges and Investment Opportunities in Indonesia."

²⁵ Ikhsan, "The Omnibus Law in Indonesia: Assessing Its Consequences on Environmental Sustainability and Land Rights."

²⁶ Hariadi Kartodihardjo and Eko Cahyono, "Agrarian Reform in Indonesia: Analyze Concepts and Their Implementation from a Governance Perspective," *Jurnal Manajemen Hutan Tropika* 27 (2021): 1-8, doi:10.7226/jtfm.27.te.1.

The certainty of the term of HGB or Right to Use on HPL land allows investors to estimate the return on investment (ROI) more accurately. For example, the property, infrastructure, and industrial estate sectors are highly dependent on the sustainability of land rights. With the flexibility of extension, investors no longer need to worry about the risk of losing their rights after the term expires without a clear mechanism. This clarity also increases the confidence of financial institutions to provide financing based on land collateral, because derivative rights on HPL now have a stronger economic value and legal certainty²⁷. In addition, the flexibility in granting derivative rights on HPL also encourages the emergence of various partnership models between the government, state legal entities, and private investors. The government retains control over state land through HPL, while investors obtain derivative rights that provide the flexibility to build and manage assets. This scheme is not only attractive to domestic investors, but also increases Indonesia's appeal to foreign investors who pay close attention to legal certainty and land administration. Thus, HPL serves as a bridge that balances the state's interest in maintaining sovereignty over land with the investor's need for certainty and flexibility.

The potential for increased investment through the flexibility of derivative rights can only be realized if implementation is carried out consistently. If practices in the field still face obstacles in the form of convoluted bureaucracy, conflicts with indigenous communities, or weak transparency, then the legal certainty promised by the new regulations can be questioned again. Therefore, the success of the HPL scheme in encouraging investment is not only determined by written legal norms, but also by the quality of governance, inter-agency coordination, and fast and effective dispute resolution. This certainty is very important for investors, as it provides a strong legal basis for drawing up long-term investment plans. In addition, HPL holders, such as regional governments, state-owned enterprises, regional-owned enterprises, or special authorities, can establish various forms of cooperation with the private sector through lease, concession, or strategic partnership schemes. This model encourages efficiency in land utilization and minimizes bureaucratic obstacles that were previously the main obstacle to investment in the land sector²⁸.

The economic benefits of this scheme are twofold. For investors, HPL provides certainty and ease in accessing land for business activities, while for the

²⁷ Safatullah, "Analisis Pemberian Hak Pengelolaan Lahan (HPL) Diatas Tanah Ulayat Masyarakat Adat Nagari Sitapa."

²⁸ Kartodihardjo and Cahyono, "Agrarian Reform in Indonesia: Analyze Concepts and Their Implementation from a Governance Perspective."

government, HPL becomes an instrument to optimize the economic value of state land without losing control over its ownership. In a macro context, the implementation of a more orderly and transparent HPL scheme can improve the national investment climate, increase Indonesia's attractiveness to global investors, and support the development of strategic areas such as industrial areas, tourism, and public infrastructure²⁹. If managed well, the HPL scheme can be a major catalyst for increasing sustainable investment while strengthening Indonesia's position on the global economic map.

Challenges and Limitations of the New HPL Regulation

The new regulations regarding Land Management Rights (HPL) through Law No. 11 of 2020 concerning Job Creation and Government Regulation No. 18 of 2021 are expected to provide legal certainty and increase investment attractiveness³⁰. However, the implementation of these regulations is not without a number of challenges and limitations that still need to be addressed. One of the main challenges is the issue of overlapping authorities between HPL-holding agencies, both between the central government, regional governments, and state-owned/regionally-owned enterprises. In practice, this struggle for authority often creates conflicts of interest that slow down the licensing process and reduce the effectiveness of the investment to be carried out.³¹

In addition, the new HPL regulations still face limitations in the aspect of protecting the rights of local communities. Although emphasizing increased investment, the rules are considered not to fully provide a fair settlement mechanism when land utilized through the HPL scheme intersects with customary land or land that has long been controlled by the community³². This has the potential to create new disputes that actually weaken the main objective of the regulation, which is to create legal certainty. The lack of synchronization with customary law and instruments for protecting small communities shows a substantial weakness that needs to be addressed immediately.

Another challenge arises from aspects of transparency and governance. Although Government Regulation No. 18 of 2021 promotes administrative

²⁹ Husna, Satoto, and Suryahartati, "Legal Analysis of Land Management Rights (HPL) in National Development: Regulatory Challenges and Investment Opportunities in Indonesia."

³⁰ Peterson, Bedner, and Berenschot, "The Perils of Legal Formalism: Litigating Land Conflicts in Indonesia."

³¹ Bachriadi and Aspinall, "Land Mafias in Indonesia."

³² Jahani Chehrehbargh et al., "Current Challenges and Strategic Directions for Land Administration System Modernisation in Indonesia."

simplification, bureaucratic practices in the field are still prone to abuse of authority, data manipulation, and corrupt practices. The lack of an effective oversight system can hinder the creation of accountable land governance, while also reducing investor confidence. In addition, limitations in institutional capacity, especially at the level of local government, are an obstacle in translating new regulations into consistent practice³³.

The next limitation is the weakness of dispute resolution instruments that are fast, inexpensive, and effective. Disputes related to HPL still rely heavily on lengthy and costly litigation mechanisms. This condition not only reduces legal certainty, but also increases investment risk. Therefore, although the new HPL regulations have brought a breath of fresh air to the investment climate, implementation challenges and substantial limitations must be addressed immediately with corrective measures, both through refining derivative regulations, strengthening institutional capacity, and implementing more progressive oversight and dispute resolution systems.

Scientific Relevance and Research Novelty

The study of Land Management Rights (HPL) has high scientific relevance in the realm of agrarian law and investment policy in Indonesia. As a legal instrument born from the spirit of the Basic Agrarian Law (UUPA) of 1960, HPL was initially intended to provide the state with the flexibility to regulate land use for the greatest prosperity of the people. However, practice over several decades has shown various weaknesses, including unclear legal standing, potential conflicts with communal rights, and minimal legal certainty for investors. The enactment of Law No. 11 of 2020 concerning Job Creation and Government Regulation No. 18 of 2021 became an important moment that marked a paradigm shift in the regulation of HPL, especially by prioritizing administrative simplification and legal certainty to encourage investment.³⁴

From a scientific perspective, research on the new HPL regulations offers a significant contribution in two main aspects. First, this research enriches the study of agrarian law by providing a comprehensive analysis of the relationship between the state, society, and investors in the utilization of state land. Second, this research fills the gap in the literature that is still limited in critically discussing the impact of the Job Creation Law and Government Regulation No.

³³ Husna, Satoto, and Suryahartati, "Legal Analysis of Land Management Rights (HPL) in National Development: Regulatory Challenges and Investment Opportunities in Indonesia."

³⁴ Krismantoro, "Exploring Agrarian Reform Laws in Indonesia."

18 of 2021 on the HPL mechanism, especially in the context of legal certainty and investment³⁵. Thus, this research not only functions as a normative study, but also has practical value in providing policy recommendations to the government as well as guidelines for investors in understanding the new legal framework

The novelty of this research lies in its focus on examining the substance of changes to HPL regulations that are directly related to increasing investment. Most of the previous literature focused on HPL as a land administration instrument or the relationship between HPL and communal rights. Meanwhile, this research explicitly links HPL with efforts to create a conducive investment climate, while also highlighting potential problems such as land disputes, limitations in legal protection, and weaknesses in governance. With a normative-juridical approach combined with policy analysis, this research is expected to provide a new contribution that is able to reconcile the classical aspects of agrarian law with the needs of modern economic development. This research was funded by the Directorate of Research and Community Service of Satya Wacana Christian University with Contract Number 093/SPK-PF/RIK/07/2025

4. Conclusion

The new regulations regarding Land Management Rights (Hak Pengelolaan atas Tanah/HPL) as stipulated in Law No. 11 of 2020 concerning Job Creation and Government Regulation No. 18 of 2021 provide a clearer and more comprehensive legal foundation in the governance of state land. These regulations reinforce the position of HPL as an important instrument in land management, which not only serves an administrative function but is also strategic for supporting national development and encouraging investment. The regulations bring about substantial changes in the form of reaffirming the position of HPL, providing more structured derivative rights, and simplifying land administration. This provides legal certainty for investors in obtaining and managing land rights while minimizing the risk of disputes that have often been an obstacle. With this certainty, the investment climate in Indonesia is expected to be more conducive, transparent, and competitive. The new HPL regulations also present challenges, despite opening up great opportunities for increased investment. The risk of clashes between HPL and the rights of indigenous peoples, limited institutional capacity, and the potential for abuse of authority remain issues that need to be anticipated. Therefore, the implementation of regulations requires oversight mechanisms, policy transparency, and integration with customary law systems and the interests of local communities to avoid creating new conflicts. This research shows that the novelty of HPL regulations lies not only in the normative aspect but also in its economic orientation. HPL is now positioned as a development instrument oriented towards increasing investment but must still be carried out within a framework of social justice. Thus, these new regulations have scientific advantages as an agrarian legal innovation that can connect legal, social, and economic dimensions. The effectiveness of the new HPL regulations in encouraging investment is highly dependent on the consistency of implementation and the quality of governance. The regulations will truly provide benefits if accompanied by strengthening legal protection for the community, certainty of the term of derivative rights for investors, and prompt and fair dispute resolution. With clear legal and political support, HPL regulations have the potential to become an instrument of equitable economic development while ensuring legal certainty in land management in Indonesia.

³⁵ Pasandaran, Tangkere, and Sondakh, "KAJIAN HUKUM TERHADAP HAK PENGELOLAAN DALAM HUKUM PERTANAHAN INDONESIA."

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