REAL ESTATE

Indonesia Tightens Agricultural Land Protection Through Presidential Regulation 4/2026 and New Joint Circular

Businesses involved in land acquisition, project development, or existing landholdings in Indonesia now face a more restrictive regulatory environment following the enactment of Presidential Regulation No. 4 of 2026 ("**Regulation 4/2026**") and the issuance of Joint Circular No. 7/SE-HK.02/VI/2026 and No. 500.1/4757/SJ ("**Joint Circular**") by the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency and the Minister of Home Affairs on the integration of Sustainable Food Agricultural Land (*Lahan Pertanian Pangan Berkelanjutan* or "**LP2B**") into regional spatial plans. Together, these measures tighten controls on the conversion of rice fields (*lahan sawah*) and reinforce the government's broader policy push toward national food self-sufficiency.

Regulation 4/2026 replaces the previous framework under Presidential Regulation No. 59 of 2019 ("**Regulation 59/2019**"). At its core, Regulation 4/2026 introduces a formal process for designating protected rice field (*Lahan Sawah yang Dilindungi* or "**LSD**") maps and imposes stricter conditions on land conversion, including a requirement to obtain a ministerial recommendation prior to conversion. The Joint Circular moves implementation a step further by requiring regional governments to propose, verify, designate, and integrate LP2B into regional and detailed spatial plans.

This client update explains the new provisions under Regulation 4/2026, the land classification system that forms the basis of it, the follow-on LP2B integration requirements under the Joint Circular, and the practical implications for affected businesses.

What Has Changed

Previously, the primary regulation governing rice field conversion was Regulation 59/2019. Regulation 4/2026 expressly revokes and replaces Regulation 59/2019, introducing several substantive changes to how rice field land is identified, protected, and converted:

- **Protected rice field maps**

  One of the key changes introduced by Regulation 4/2026 is a formal process for verifying, synchronising, and designating LSD maps. The previous framework under Regulation 59/2019 lacked specific timelines for these processes. Now, under Regulation 4/2026, verification of LSD maps must be delivered to the integrated team (*tim terpadu*) within 30 calendar days from the date of verification of the LSD maps, and afterward, the integrated team has a further 30 calendar days to conduct synchronisation of the LSD maps.

  LSD maps are compiled from multiple datasets, including rice field land maps (*peta lahan baku sawah*), Indonesian base maps, land-related maps, spatial planning maps, irrigation maps, LP2B maps, and forestry area maps. Once designated, these protected rice field maps must be integrated into the broader LP2B, the highest tier of protected agricultural land framework under the relevant spatial plans at both central and regional levels. Rice fields included in these maps but not yet formally designated as LP2B cannot be converted unless the landowner or developer first obtains a ministerial recommendation for change of land use ("**Conversion Recommendation**").

- **Establishment of *Tim Terpadu***

  Regulation 59/2019 establishes an integrated team (*tim terpadu*) to oversee conversion of rice fields, designation of protected rice field maps, implementation measures, supervision and reporting, and funding arrangements.

Regulation 4/2026 further mandated the Coordinating Minister for the Food Sector to regulate the working procedure of the integrated team within six months from the date of enactment of Regulation 4/2026. This is anticipated to repeal Coordinating Minister for the Economic Sector Regulation No. 18 of 2020.

- **Incentives**

  Regulation 4/2026 narrows the conditions under which regional governments and communities can qualify for central government incentives for preserving protected rice fields. Under the previous framework, a regional government could qualify simply by having LSD within its area or by designating LSD as LP2B. Under the new regulation, the eligibility criteria are tighter, which means that fewer regional governments will automatically qualify. The practical effect is a more targeted incentive structure intended to reward active preservation efforts rather than passive designation.

- **Transitional provisions**

  Businesses who have submitted applications for rice field conversion before the enactment of Regulation 4/2026 that have not yet received a Conversion Recommendation must now be processed under the new rules.

  In addition to affecting pending conversion applications, Regulation 4/2026 also addresses the status of protected rice fields that have already been identified but not yet formally incorporated into regional planning instruments. Previously designated protected rice field maps that have not yet been integrated into LP2B under spatial plans must also be integrated.

  The Joint Circular further reinforces this framework by instructing governors and regents/mayors to ensure that at least 87% of *Lahan Baku Sawah* (LBS) is designated as LP2B, with provincial proposals to be submitted to the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency through the Director General of Spatial Planning by 31 July 2026. It also requires verified LP2B designations to be formalised by regency/mayoral decision and integrated into the regional spatial plan (*Rencana Tata Ruang Wilayah* or "**RTRW**") and/or detailed spatial plan (*Rencana Detail Tata Ruang* or "**RDTR**"), with implementation reported periodically.

Understanding the Land Classification System: LBS, LSD, and LP2B

Three related but legally distinct land classifications underpin the regulatory framework. Distinguishing between them is essential to assessing how the rules apply to any specific plot of land.

- **LBS (*Lahan Baku Sawah*)**

  LBS is the nationally determined baseline inventory of rice field land, established by a ministerial decree. It serves as the foundational reference dataset from which the other two classifications are derived. The current LBS classification was issued by the Minister of Agrarian Affairs and Spatial Planning/Head of the National Land Agency on 31 May 2024, updating the previous classification issued in December 2019. The update refined the dataset by cross-referencing irrigation area data, existing spatial plans, previously issued permits and land titles, National Strategic Projects, and forestry area designations, to reduce overlap with land already committed to other uses.

- **LSD (*Lahan Sawah yang Dilindungi*)**

  LSD sits one level above LBS. It refers to rice field land that has been verified and formally designated in protected rice field maps under Regulation 4/2026. LSD land cannot be converted without first obtaining a Conversion Recommendation, and it is intended to be progressively integrated into LP2B under applicable spatial plans. In principle, LSD designation can be reversed, but only through the Conversion Recommendation process and only where the land has not yet been integrated into LP2B.

- **LP2B (*Lahan Pertanian Pangan Berkelanjutan*)**

  LP2B represents the highest and most permanent level of protection. Once land is formally designated as LP2B under Law No. 41 of 2009 on the Protection of Sustainable Food Agricultural Land, conversion is prohibited except in very limited circumstances, namely, for public interest purposes or National Strategic Projects. Even then, strict statutory requirements apply. Any permit issued in breach of these rules is void by operation of law, and violations may give rise to criminal and administrative sanctions including imprisonment, fines, permit revocation, demolition of buildings, and obligations to restore the land to its original condition.

Under the current framework, land identified as LBS is expected to be progressively verified as LSD and ultimately designated as LP2B. As regional governments advance amendments to RTRW and RDTR targeted for completion by 2027, land recorded as LBS may increasingly be subject to practical development constraints even before it is formally upgraded to LSD or LP2B status.

The practical consequence of this framework is that timing matters. The earlier a business identifies the classification applicable to its land, the more options it will have available. Once land reaches LP2B status, those options become significantly more constrained.

Broader Policy Direction: Accelerating LP2B Integration

The Joint Circular should be read as part of the government’s broader effort to move LP2B protection from policy direction into spatial-planning implementation. It requires governors to coordinate the designation of at least 87% of LBS as LP2B, submit proposals for verification by 31 July 2026, and ensure that verified designations are reflected in regency/mayoral decisions and integrated into RTRW and/or RDTR.

For businesses, the key point is that land classification risk is becoming more dynamic. A plot that is currently identified only at the LBS or LSD stage may become subject to stronger LP2B constraints as regional governments move through the proposal, verification, designation, and spatial-plan integration process. Due diligence should therefore look not only at current map status, but also at pending local decisions and spatial plan amendments.

Implications and Mitigation

The central practical question for any affected business is whether its land, or land it is proposing to acquire, falls within LBS, LSD, or LP2B classification, and if so, what options remain available.

The first step is a classification check. LSD and LP2B classifications can be verified online via the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency's integrated map application. LBS classification, established under Ministerial Decree No. 446.1/SK-PG.03.03/V/2024, may require direct engagement with relevant authorities to confirm. In light of the Joint Circular, this check should also cover emerging local LP2B proposals, regency/mayoral decisions, and pending RTRW/RDTR amendments in the relevant area.

- **Where land falls within LSD**

  LSD classification is generally the more workable position. Conversion remains possible but requires obtaining a Conversion Recommendation from the relevant minister before any conversion proceeds. The Conversion Recommendation is available where the land has not yet been integrated into LP2B under the applicable spatial plans and where one of the following criteria is met:

  (i) The land fulfilled specified conditions before it was classified as LSD, including where:

  (a) A technical land assessment (*pertimbangan teknis pertanahan*) had been issued;

  (b) A valid non-agricultural land title was in place;

  (c) A Spatial Utilisation Activity Compliance Certificate (*Konfirmasi Kesesuaian Kegiatan Pemanfaatan Ruang* or KKKPR) or Approval (PKKPR) had been issued;

  (d) A government-issued licence or concession (such as for plantation or mining) was in place; or

  (e) Buildings and/or embankments had been constructed, as evidenced by a Building Construction Permit/Approval (*Izin Mendirikan Bangunan/Persetujuan Bangunan Gedung*);

  (ii) The land was controlled or owned by a business (including unregistered land pending issuance of title) before it was classified as LSD;

  (iii) The land is required for infrastructure network development;

  (iv) The land has been designated as a recovery relocation area as part of a natural disaster response;

  (v) The Regional Spatial Planning Forum (*Forum Penataan Ruang Daerah*) has examined and recommended that the land cannot be maintained as LSD (typically due to natural conditions such as sea water intrusion, abrasion, or land subsidence);

  (vi) The land forms part of a prioritised regional development plan to be implemented within the next three years; or

  (vii) The LSD designation was the result of a data error.

- **Where land falls within LBS**

  A different challenge lies when the land is classified as LBS. There is no statutory mechanism to formally convert or contest LBS status. Because the LBS classification is established by ministerial decree, it can be administratively contested, and parties can subsequently file a formal claim to the State Administrative Court if the challenge is declined or goes unanswered.

In parallel, since LBS land is intended to be progressively classified as LSD before ultimately reaching LP2B, it is worth checking whether the land in question has already been designated as LSD. If it has, the Conversion Recommendation route described above becomes available.

- **Where land falls within LP2B**

  Options here are very limited. LP2B designation is permanent in nature and conversion is prohibited except for public interest purposes or National Strategic Projects, subject to strict statutory requirements. Any permit issued in breach of these rules is void by operation of law. Businesses should treat LP2B overlap as a fundamental constraint on land use and factor it into any acquisition or development assessment at the earliest stage.

Next Steps for Businesses

The regulatory changes brought by Regulation 4/2026 and reinforced by the Joint Circular require careful navigation, particularly where land classifications overlap with existing or proposed project areas. In particular, businesses should consider taking the following steps:

- Review any existing or proposed landholdings to determine whether they fall within LBS, LSD, or LP2B classification, including by checking current maps and any pending local LP2B proposals or spatial plan amendments.

- Assess future transactions and pending applications in light of the new rules under Regulation 4/2026 and the ongoing LP2B integration process under the Joint Circular.

- Act early on LSD overlaps, as the window for obtaining a Conversion Recommendation will close once the relevant land is integrated into LP2B under the applicable spatial plans.

- Factor LP2B constraints into acquisition due diligence from the outset, treating any overlap as a fundamental deal constraint and considering appropriate conditions precedent, termination rights, or risk allocation where classification status is uncertain.

- Monitor RTRW and RDTR amendment processes in the relevant regency/city, as verified LP2B designations are expected to be integrated through those instruments.

- Engage early with local land and spatial planning authorities where land is strategically important to a project, particularly before committing to acquisition, development expenditure, or project milestones.

Indonesia's agricultural land protection framework is moving from policy signalling to active spatial-planning implementation. Businesses with land interests in the country would benefit from monitoring further central and regional measures and assessing how the evolving classification landscape affects their current holdings, proposed acquisitions, and project timelines. The practical impact of these measures is likely to become more pronounced as regional governments implement the new requirements and complete planned updates to their spatial plans.

For regional Real Estate matters, please see Rajah & Tann Asia's Regional Real Estate Practice for more information.

Contacts

REAL ESTATE

Heru Pamungkas

PARTNER

D +62 31 5116 4550 ext:111
heru.pamungkas@ahp.id

Andin Aditya Rahman

SENIOR ASSOCIATE

D +62 31 5116 4550 ext:110
andin.rahman@ahp.id

Please feel free to also contact Knowledge Management at RTApublications@rajahtann.com.

Regional Contacts

Cambodia
Rajah & Tann Sok & Heng Law Office

T +855 23 963 112 | +855 23 963 113
kh.rajahtannasia.com

China
Rajah & Tann Singapore LLP
Representative Offices

Shanghai Representative Office
T +86 21 6120 8818
F +86 21 6120 8820

Shenzhen Representative Office
T +86 755 8898 0230
cn.rajahtannasia.com

Indonesia
Assegaf Hamzah & Partners

Jakarta Office
T +62 21 2555 7800
F +62 21 2555 7899

Surabaya Office
T +62 31 5116 4550
F +62 31 5116 4560
www.ahp.co.id

Lao PDR
Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239
la.rajahtannasia.com

Malaysia
Christopher & Lee Ong

T +603 2273 1919
F +603 2273 8310
www.christopherleeong.com

Myanmar
Rajah & Tann Myanmar Company Limited

T +951 9253750
mm.rajahtannasia.com

Philippines
Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8248 5250
www.cagatlaw.com

Singapore
Rajah & Tann Singapore LLP

T +65 6535 3600
sg.rajahtannasia.com

Thailand
Rajah & Tann (Thailand) Limited

T +66 2656 1991
th.rajahtannasia.com

Vietnam
Rajah & Tann LCT Lawyers

Ho Chi Minh City Office
T +84 28 3821 2673 | +84 28 3521 2832

Hanoi Office
T +84 24 3267 6127 | +84 24 3267 6128
vn.rajahtannasia.com

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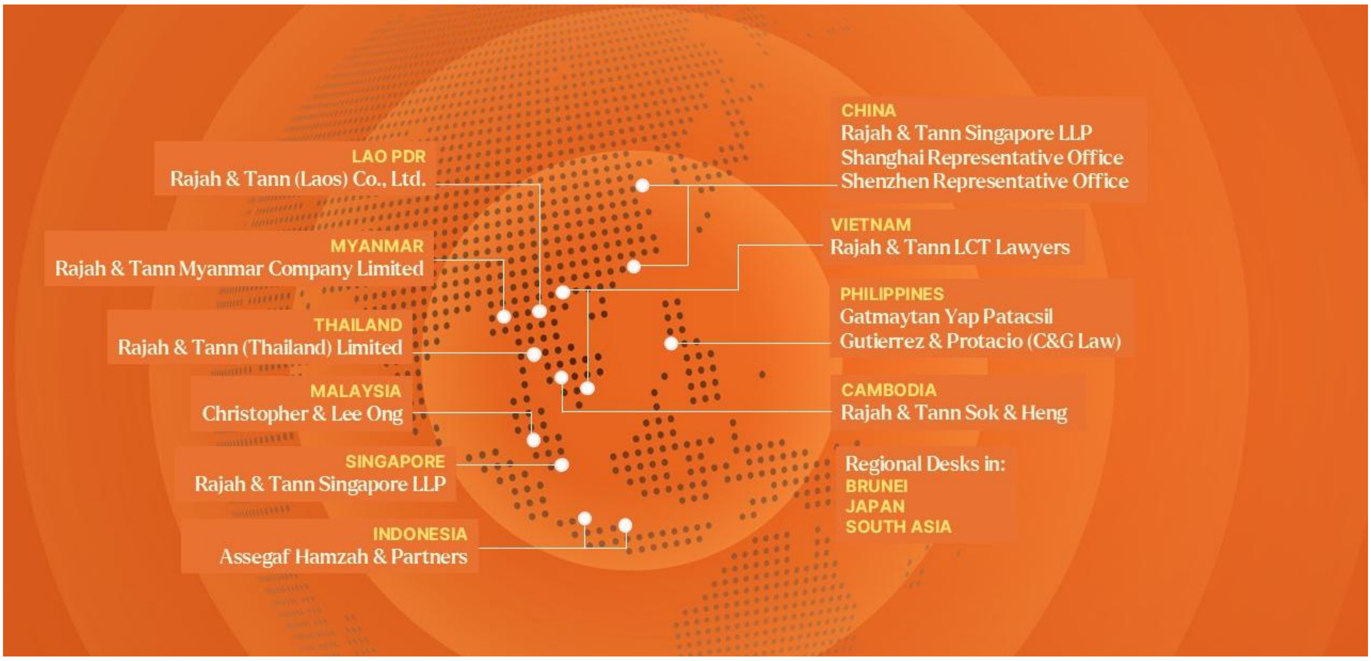

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