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BUSSINESS MODEL DESIGN OF INDONESIA LAND BANK AUTHORITY AS A STATE LAND MANAGER

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Abstract

The establishment of the Indonesia Land Bank Authority (ILBA) aims to optimise land management for development, which has been limited primarily by land availability issues. For ILBA to effectively fulfil its duties as a state land manager, a well-designed business model is crucial. This research applied Soft System Methodology (SSM) to analyse ILBA's business model regarding land acquisition, land management, and land utilisation. The study's results indicate the requirement for various crucial activities and policies supporting the ILBA's functions, including reviewing and harmonising internal and external regulations, engaging with all concerned stakeholders, and enhancing land development and utilisation. The activities can significantly benefit ILBA in fulfilling its role as a State Land Manager, particularly in terms of enhancing the value of its land assets and maximising their use for six development objectives, including public interests, social interests, national development interests, economic equity, land consolidation, and agrarian reform.

Keywords: Indonesia Land Bank Authority; Business Model Design; Land Supply Management; SSM; Land Availability.

I. INTRODUCTION

In 2021, the Government of Indonesia (GoI) established the Indonesia Land Bank Authority (ILBA), a sui generis entity which possesses distinct characteristics [1] and tasked with managing the land provision for development. The establishment of this organisation was founded upon the existence of a legal gap, resulting in the Ministry of ATR/BPN's diminished effectiveness as a state-owned land manager, devoting itself only to the task of regulating and administering land. The presence of ILBA can provide various benefits, including the provision of land for development [2,3,4].

Meanwhile, legal entities within the Government responsible for land provision, other than ILBA, such as State-Owned Enterprises (BUMN), Public Service Agency (BLU), Public Company for National Housing Development (Perumnas) and the Batam Free Trade Zone and Free Port Enterprise (BP), face limitations that impede their duties and functions as land providers for national-level development [5] and Agrarian Reform programmes, as well as

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programmes addressing community needs. The inefficiency of land provision for development is evident in the challenges faced for public interest and investment purposes [6]. This can be observed in the large number of housing backlogs, particularly for the Low-Income Society (MBR), which remains at 12.75 million housing units [7]. A significant factor contributing to this issue is the problem of providing land at affordable prices [8,9].

ILBA has specific duties and authorities from land planning, acquisition, management (development and securing) and utilisation phases. ILBA carries out its duties and functions based on the laws and regulations that have been issued, namely Law No. 11/2021 on Job Creation which has been replaced by Law No. 6/2021 on the Stipulation of Government Regulation (GR) in Lieu of Law No. 2/2022 on Job Creation into Law, GR No. 64/2021 on the Indonesia Land Bank Authority, GR No. 124/2021 on the Capital of the Indonesia Land Bank Authority and Presidential Regulation (PR) No. 113/2021 on the Structure and Implementation of the Indonesia Land Bank Authority. These regulations confirm that ILBA is a distinctive legal entity with assets separate from those of the state and held in inventory status. However, these laws and regulations have not been fully implemented or aligned with technical implementation regulations to provide a foundation for the ILBA to carry out its duties and functions. Therefore, practical implementation is hindered by obstacles and difficulties.

These technical issues must be addressed promptly to enhance the role and function of ILBA for various interests. One solution is to revamp ILBA's business processes, subject to a comprehensive review that takes into account different stakeholders' interests and relevant land and non-land-related regulations associated with ILBA's obligations and functions. A business model, which refers to the architecture or design for creating business value [10], is a fundamental aspect that represents an institution's values to clients or customers [11, 12]. This, in turn, can offer long-term advantages for institutions [13], including enhancing institutional performance [14] both financially and non-financially [15]. Moreover, gaining insights into business model design can offer an institution or agency a competitive edge over its rivals [16].

Given the significance of determining ILBA's business model in managing land provision, this research conducted a study on the design of ILBA's business model as a State Land Manager. To the best of the researcher's knowledge, no comprehensive study of ILBA's business model in Indonesia addresses all of its tasks and functions in a comprehensive business process. This study aims to bridge the knowledge gap that affects ILBA's effectiveness in its role as a state land manager. Consequently, the study's novelty lies in its results, which clarify the Indonesia Land Bank Authority's business model in land provision management, enabling effective and sustainable fulfilment of its duties and functions. The findings of this study could function as a point of reference for ILBA.

II. MATERIALS AND METHODS

This research employed Soft System Methodology (SSM) to achieve the research objective of designing a business model for the Land Bank Authority. In the process, the researcher adopted Focus Group Discussion (FGD) as a data collection technique. This study applied a single focus group FGD, which is an interactive discussion on a topic conducted by participants and FGD

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facilitators as one unit in one place [17]. This FGD was attended by 20 participants from all concerned stakeholders on the ILBA business process. The FGD focused only on ILBA's business process issues discussed only by specific stakeholders contributing to the ILBA's business process development.

SSM is a research method employed to solve complex problems that exist in the real world [18,19]. The use of this SSM research method was based on the fact that the problem of managing the provision of land by GoI for development is a complex matter, given the many aspects of the problems that occur, the government regulations interlinked to and the stakeholders engaged in ILBA's business process. These problems also require complex solutions, such as how the design and formulation of strategies and policy for solutions are systematically and comprehensively resolved from the point of view of various perspectives, such as from the political, social, legal, institutional, and financial aspects. These problems cannot be defined technically like other technical problems called hard problems, which usually can be defined regarding what the obstacles are (what) and how (how) to solve them [20].

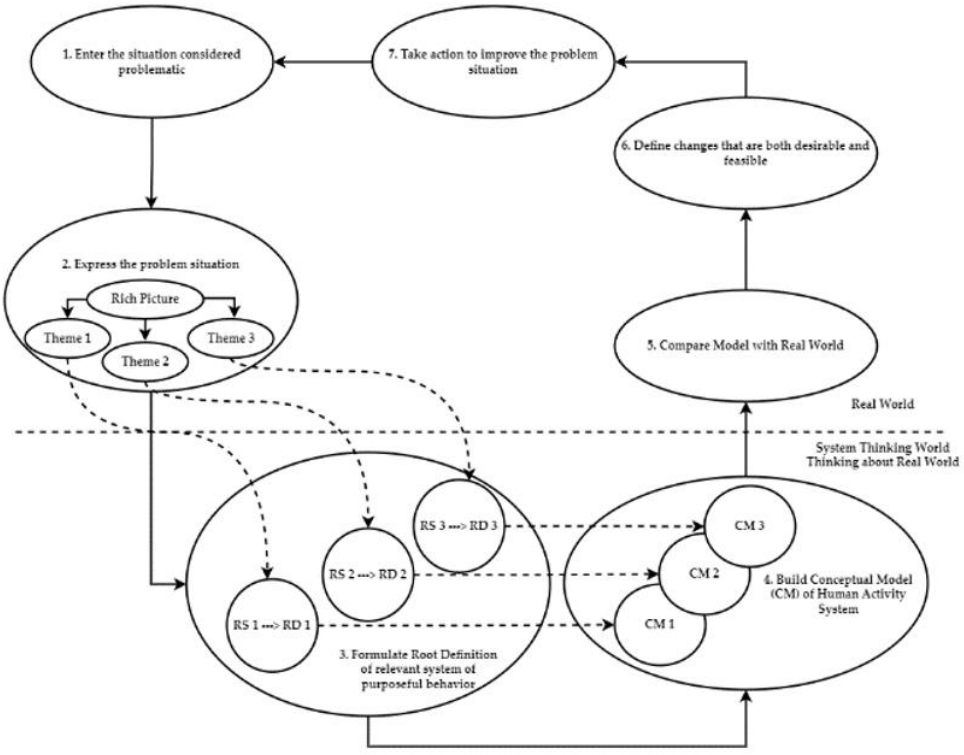

Figure 1: Soft System Methodology (SSM)

SSM is a systems thinking method that applies the principles of goal-seeking and dialectical question answering to unstructured problem situations [21]. The SSM is divided into seven main parts (Figure 1), comprising of: (1) analysing the problem structure that pertains to the land supply management business process of ILBA, and collecting data from various sources, including FGDs; (2) utilising rich pictures to describe the actual state of the ILBA business

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process issues; (3) formulating the root definition with the help of PQR analysis (a system does P by using Q to achieve R) and the results will be elaborated using CATWOE analysis and 3 E monitoring system (Figure 2) which will be the basis of conceptual model development in the next stage; (4) developing a conceptual model based on the root definition; (5) comparing the conceptual model with the real world of what happens in the business process of managing land provision in ILBA to find aspects that are possible to be transformed to achieve the desired goals (what needs to be transformed, maintained and reviewed) and the results of this stage will be a step for the transformation of ILBA's business processes; (6) Evaluating achievable and favourable transformation to the business processes of ILBA concerning structure, procedures, and human behaviour. (7) Undertaking incremental enhancements. However, due to limited research resources, the seventh stage was not executed in this study. Instead, this study has employed policy analysis to supplement the SSM approach.

Table 1: Explanation on CATWOE elements and 3 E monitoring system

Elements	Abbreviation	Description
Customer(s)	C	Who gets benefits from the goal activity
Actor(s)	A	Who carries out the activity
Transformation	T	What is to be changed to make input become output
Worldview	W	What makes the system meaningful (perspective)
Owner(s)	O	Who can stop the activity
Environment	E	What obstacles may occur in the transformation process
Efficacy	E1	Does the system work – is the transformation achieved?
Efficiency	E2	A comparison of the value (not necessarily monetary) of the output of the system and the Resources needed to achieve that output
Effectiveness	E3	Does the system achieve its longer term goals?

III. RESULT AND DISCUSSION

A. Identification and Structuring of the Problematic Situation of the Indonesia Land Bank Authority Business Model

To identify the problems in the ILBA's business process, this study employed an FGD as a data collection method. The business process concerns the planning, land acquisition, land management, and land utilization phases, with involvement from stakeholders playing a significant role as issue owners, contributors, or those responsible for their influence on the process [22].

ILBA's effectiveness as a State Land Manager is hindered by the incomplete and unclear implementation of the land provision business model. Additionally, ILBA experiences delays in land acquisition and suboptimal land use for various purposes. In addition, the involvement of various parties is still minimal, which causes a lack of support for the implementation of ILBA's duties and functions. The shortcomings in ILBA's business procedures revealed by FGDs were illustrated in a rich picture (Figure 2).

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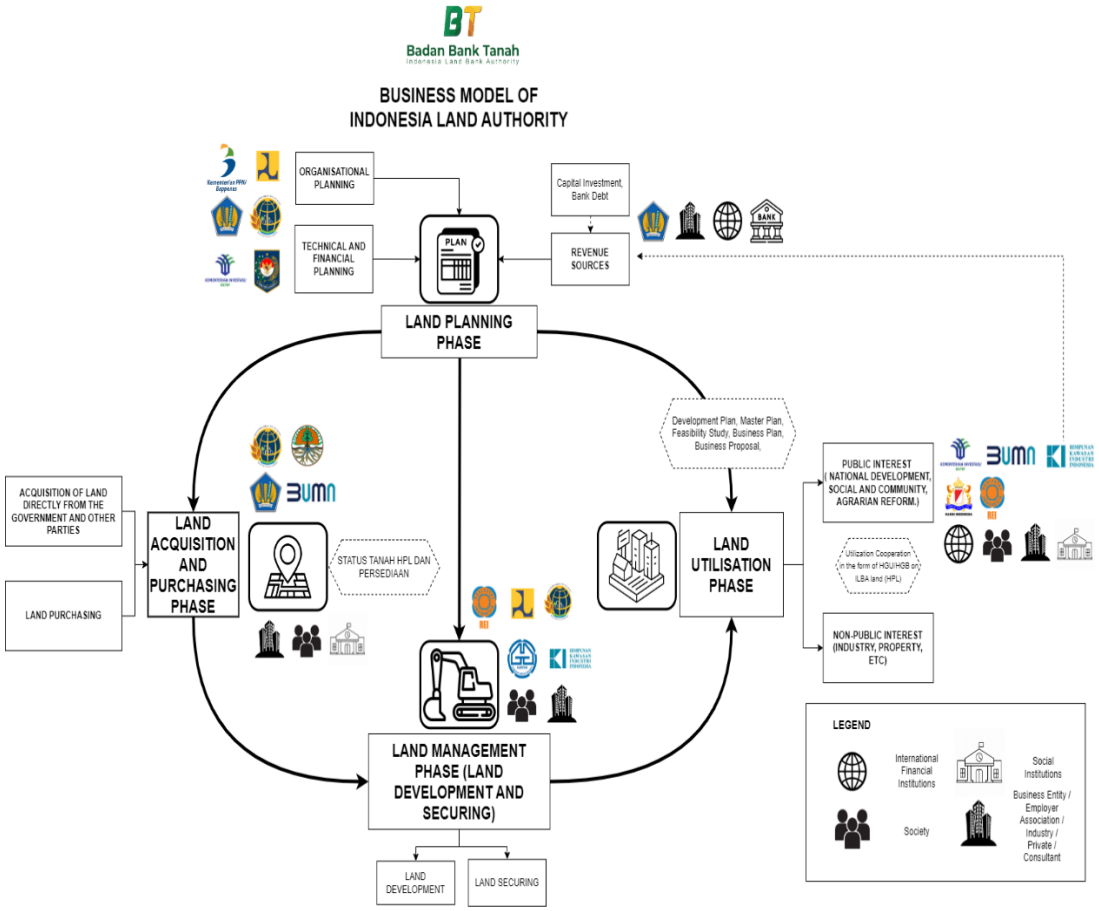

Figure 2: Rich Picture of ILBA Business Model Design

Figure 2 shows an overview of the ILBA business model as a whole, along with the involvement of essential stakeholders with various roles and interests at each stage: land acquisition, land management and land utilisation. The current business model requires improvement as several issues remain. Problems in the three phases have resulted in ILBA being unable to effectively fulfil its responsibilities and obligations to provide land for development. The participation of the National Government, particularly the Ministry of Land Affairs and Spatial Planning (ATR/BPN), is vital in all three phases, as they act as a land data provider, regulator, and administrator. Furthermore, the Ministry of Minister For Public Works and Human Settlements (PUPR) and the Ministry of Finance (MoF) also hold significant roles in the success of ILBA carrying out its functions in the three stages

1) Planning Phase

From the initial business phase, ILBA has the function of planning ILBA's strategic (organisation) and technical plan for the short (one year), medium (five years), and long-term (twenty-five years), ensuring alignment with the National Development Plan developed by the Ministry of Bappenas, Spatial Planning requirements, and information regarding potential land

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acquisitions provided by the Ministry of ATR/BPN and Local Government. ILBA's vision and mission were established clearly from the moment of the Authority's founding, as outlined in Book 1 of ILBA's establishment document. Additionally, ILBA has developed the 2021-2025 Medium Term Plan (RJM) and the Work and Budget Plan (RKA) in books 2 and 3. However, a revision of these plans is necessary as there is currently no ILBA Long Term Plan (25 years) defined. Regarding technical planning, ILBA has partially conducted land planning for acquisition, management, and utilization. The details of this technical planning is elaborated in each subsequent stage.

2) Land Acquisition Phase

The land acquisition phase begins with technical planning to determine the target for acquiring land. This target is set after extensive collaboration with the Ministry of ATR/BPN and the Ministry of Finance, who provide land data. The current target focuses solely on land acquired from the Ministry of ATR and the Ministry of Finance, without any diversification from land granted by other parties or directly acquired by ILBA.

At this stage of land acquisition, ILBA has discretion in acquiring land sources, both direct acquisition from the Government (National and Local) and other parties, such as Business Entities and the community, and acquisition through purchase by ILBA. Later, the land owned by ILBA will hold the HPL (right to manage) land status, which is both an inventory asset and a separate state asset. Those statuses aim to enhance the flexibility of ILBA in terms of managing and utilizing land efficiently. Currently, ILBA is undertaking the acquisition of land in coordination with the Ministry of ATR / BPN. ILBA possesses a land acquisition mechanism, which is subject to technical regulations from the ATR/BPN ministry. However, thus far, this Authority has solely concentrated on implementing the land acquisition mechanism for land obtained directly from the government, including abandoned land, forest areas release, and expired Cultivation Rights (HGU) and Building Rights (HGB). In contrast, ILBA has not performed the land purchasing mechanism derived from other parties and through its budget or debt due to two main reasons: lack of widespread cooperation with other parties and insufficient funding for land purchases.

In addition, ILBA needs to enhance the unique nature of the Authority concerning the precedence of acquiring land: the principle of *sui generis* and *lex specialis derogat lex generalis*. ILBA's land acquisition remains subject to the general process followed by other civil legal entities, involving regulations and bureaucracy. To address these challenges, ILBA is actively seeking solutions to streamline the process. ILBA encounters obstacles when attempting to acquire land that necessitates involvement from the Ministry of ATR/BPN, in particular the Regional Office (Kanwil) and Kantah (Land Office at the City/District level). The process of acquiring abandoned land is protracted, with 13 administrative and technical steps to follow, equivalent to the process required of general Business Entity's legal unit when acquiring land. There are variances in the duration of land acquisition to become ILBA assets, as per the ILBA acquisition target data up to July 2023. These variances range from three to ten months and even beyond, without the completion of HPL land status granting. Meeting the ILBA land acquisition target under these conditions presents a challenge.

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3) Land Management Phase (Land Development and Land Securing)

ILBA initiates its activities by carrying out land development planning with the aim of increasing the value of its land, which it achieves through the development of a Ready to Build Area (KASIBA) or other forms tailored to the land use plan. Such land development is designed for future utilisation in the land utilisation stage.

Presently, ILBA has executed land development activities, albeit limited in location and context. The land development process is currently underway in various locations on ILBA land assets, including the ILBA land assets in Penajam Paser Utara, East Kalimantan.

However, land development is still limited only to the formulation of a master plan, with no other activities such as land clearing, road construction, and infrastructure development having been executed yet. Furthermore, the development of a cooperation mechanism with other parties involved in land development is currently in the process of formulation, which prevents the implementation of any cooperative activities.

As for land securing, which encompasses physical, legal, and social aspects, ILBA has confirmed the legal status of its acquired land and displayed a sign of land ownership on ILBA lands. This approach aims to indicate to all parties that the ILBA has already held control of the land. Fences have also been erected in several ILBA lands to establish clear boundaries between ILBA lands and other lands. In terms of the social aspect of land securing, ILBA has commenced collaborating with the local community to undertake activities on ILBA land on a temporary basis until the land is formally designated in the future.

4) Land Utilisation Phase

The final stage, land utilization, involves technical planning and plan execution. Basically, the planning is conducted with the objective of fulfilling the six core functions of ILBA land listed in GR 64/2021, which include serving the interests of the public, society, national development, economic equity, land consolidation and agrarian reform.

In practice, ILBA has only optimally utilized a small number of its lands, primarily for the public interest. Furthermore, ILBA has not yet distributed any of its lands to commercial interests. Yet the distribution of land to commercial interests is crucial for the sustainability of ILBA's activities.

For the purposes of the public interest, ILBA has allocated 360 hectares of land in Penajam Paser Utara, East Kalimantan, to support the development of areas for the State Capital City (IKN), including a VVIP airport which is allocated to the state and remains under ILBA's HPL status.

The land is currently under ILBA's HPL status, but will later receive Land Rights such as HGB or HGU. The distribution of the land represents ILBA's commitment to supporting public development initiatives. Moreover, a substantial portion of ILBA's land holdings remain idle with no designated purpose, and no assessments have been made to determine their optimal usage. This situation has further impeded the optimal distribution of the lands.

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At present, a comprehensive mechanism for land utilisation remains undefined, including both administrative flow and cooperation fees (tariffs) with potential parties. As a result, the ILBA's collaboration with multiple parties has failed to run optimally. Furthermore, the process by which related parties acquire information on the availability of land in ILBA has not been systematically defined and requires optimal communication and coordination with stakeholders and potential investors. This process requires improvement and clarity. ILBA has taken the initiative to communicate with the Ministry of Investment (BKPM) regarding the availability of their ready-to-use land.

B. Root Definition (RD) as Relevant System

Based on the current issues depicted in a rich picture, a relevant system was created by undertaking a PQR analysis of ILBA's business processes, including land acquisition, land management, and land utilisation with planning processes embedded into each phase. The system was elaborated upon by developing three root definitions (RDs), which took into consideration the CATWOE elements.

1. RD 1, which focuses on land acquisition issues, is defined as Accelerating the Acquisition Process of the Indonesia Land Bank Authority (P) by developing a comprehensive and systematic land acquisition mechanism (Q) to increase the quantity and quality of ILBA-acquired land.
2. RD 2, which focuses on land management, is defined as optimising the land management of the Indonesia Land Bank Authority (P) by developing comprehensive land development and securing mechanisms and strategies (Q) to ensure security and increase the value of ILBA land assets.
3. RD 3, which emphasises the land utilisation process, is defined as Optimising ILBA's Land Utilisation Process (P) by developing mechanisms for sustainable land utilisation and distribution (Q) to generate economic, social and environmental benefits that support public and non-public interests.

The defined RDs were tested and refined with CATWOE analysis tools to describe a relevant human activity system. Table 2 shows the results of the CATWOE analysis based on the results of the previous analyses and rich picture.

Table 2: Description of CATWOE and 3E Performance Measurement Criteria based on root definition

Elements	RD 1 – Land Acquisition	RD 2 – Land Management	RD 3 – Land Utilisation
C	National Government, Local Government, Business Entities, Society and Social Institutions	National Government, Local Government, Business Entities, Society	National Government, Local Government, International Financial Institutions, Business Entities, Society, and Social Institutions
A	Indonesia Land Bank Authority	Indonesia Land Bank Authority, Working Partners	Indonesia Land Bank Authority, Working Partners

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Elements	RD 1 – Land Acquisition	RD 2 – Land Management	RD 3 – Land Utilisation
T	Land acquisition from a slow to a fast process, without compromising the legal and technical quality of the land.	Land Development in an Effort to Increase the Value of Land that is less than optimal to become optimal in terms of economic value of land	Land utilisation that initially does not produce optimal benefits into an optimal utilisation process that produces social, environmental and economic benefits.
W	Fast and reliable acquisition process to assist ILBA in collecting land for optimal utilisation.	Land development process to increase the value of ILBA's ready-to-use land	Sustainable land utilisation process (social, environmental and economic) to support ILBA development and sustainability
O	Indonesia Land Bank Authority, National Government	Indonesia Land Bank Authority, National Government, Working Partners	Indonesia Land Bank Authority, National Government, Working Partners
E	Changes in land acquisition regulations, political constellation within and outside Indonesia Land Bank Authority, sub-optimal stakeholder support, social conflicts	Policy changes, political constellation within and outside Indonesia Land Bank Authority, not optimal stakeholder support, interest of stakeholders, especially business entities to cooperate with ILBA	Land utilisation regulations, political constellation within and outside Indonesia Land Bank Authority, interest of stakeholders especially Business Entities to cooperate with ILBA
Efficacy	Increase in the amount and quality of land acquired by ILBA	Increased land value from the land development process	Optimal land utilisation to generate sustainable benefits (social, environmental and economic)
Efficiency	Land acquisition to be fast and quality achieved with minimal allocation of time, human and cost resources	Increased land development in order to increase land value with minimal time and resource allocation	ILBA lands can be managed and utilised optimally with minimal resources.
Effectiveness	Realisation of fast and quality land acquisition to increase ILBA land inventory that can be utilised for development purposes.	Realisation of land development to increase the value of ILBA land and later can be utilised optimally	Realisation of optimal utilisation of ILBA land for the purpose of supporting development interests

C. Conceptual Model of Indonesia Land Bank Authority

The conceptual model (CM) was developed by considering three RDs, PQR, and CATWOE analyses. The CATWOE analysis utilized T and W activities in each RD to transform and conceptualize into three conceptual models, as seen in Figure 3. The transformed activity in this concept refers to the design of ILBA's business model, which required increased comprehensiveness and optimality in terms of functions and tasks. The interconnected

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activities within a purposeful model relevant to the system of thinking and real-world applications are illustrated in Figure 3.

The objective of this conceptual model is to establish an optimal business model for the Indonesia Land Bank Authority, aimed at facilitating the efficient management of land allocation for development in Indonesia. As part of the Human Activity System (HAS), the Conceptual Model of ILBA's Business Model Design requires benchmark measurement criteria to assess the successful performance of an activity system with a specific goal (Purposive Activity). Accordingly, three E criteria highlighted in Table 2 were employed.

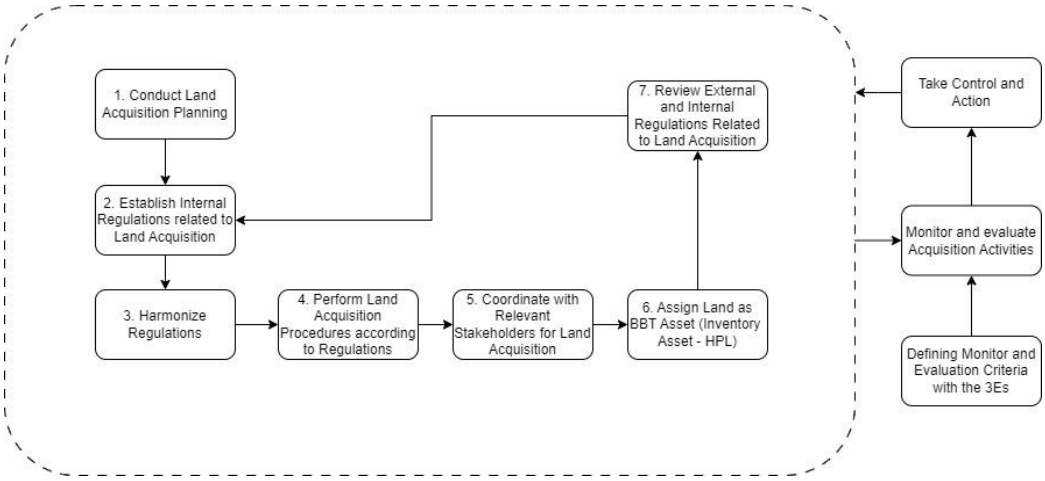

Figure 3: CM 1 Land Acquisition

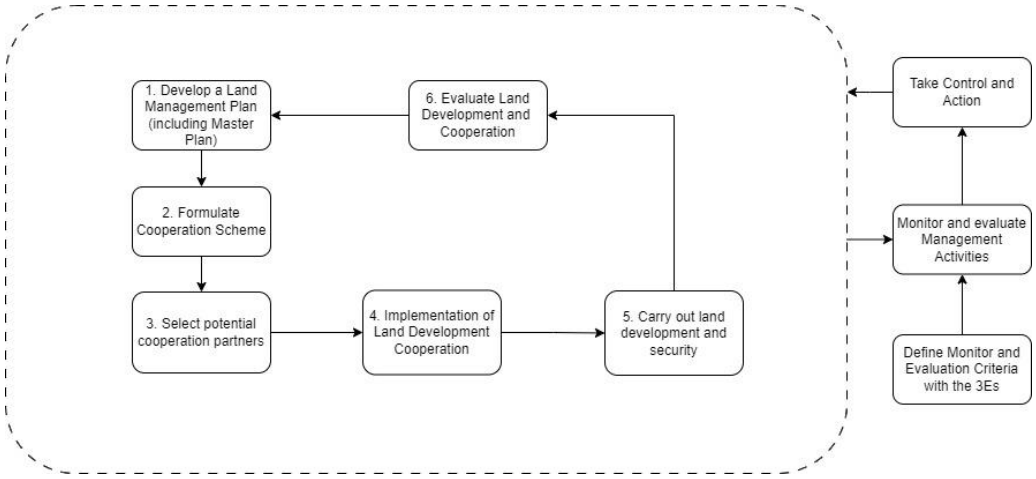

Figure 4: CM 2 Land Management

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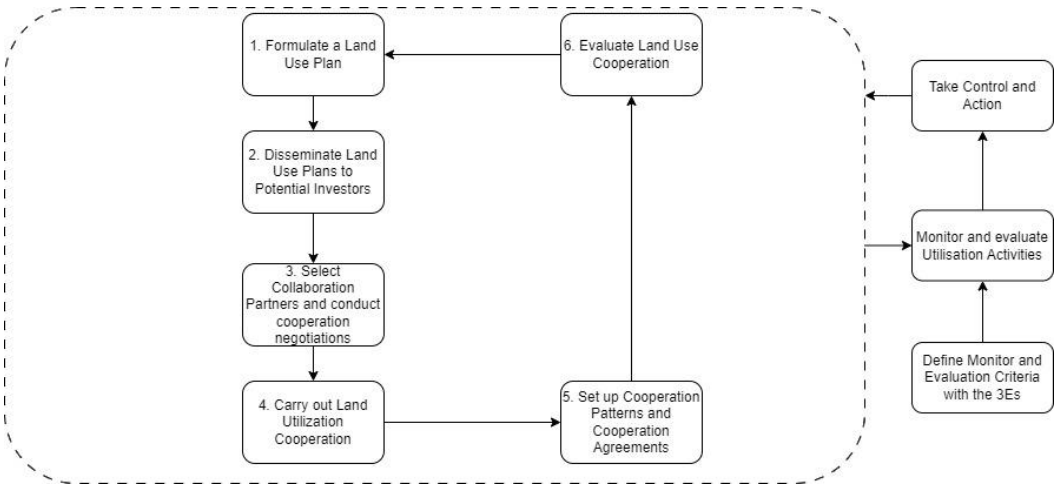

Figure 5: CM 3 Land Utilisation

D. Comparison of Conceptual Model Activities with the Real World and Corrective Actions

A model is not a complete picture of the real world; a model is just a duplication of a selection of relevant human activity systems. There is no right or wrong model; only one is relevant to the problematic situation [23]. Therefore, this section compares the conceptual model and the real world and provides suggestions regarding corrective actions for any gaps or obstacles found after the initial comparison (see table 3).

Table 3: Comparison of Conceptual Activities with Real World Conditions and Proposed Improvements

No	Activity Model	Real World	Gaps	Proposed feasible and Desirable Corrective Action
CM 1: Land Acquisition				
1	Establish Land Acquisition Plan	Already done, but not optimised	Land acquisition targets are still seen in numbers, not the quality of the land Land acquisition targets still rely on the National Government There is no land purchasing target	Consider the quality of the land to be acquired Conduct wider communication and cooperation with various stakeholders to increase land acquisition targets Make a land purchasing plan to add ILBA land assets if the Authority's financial condition is possible
2	Establish Internal Regulations	Already carried out, but only focuses on laws	The absence of a comprehensive technical mechanism for the implementation of land	Formulate technical regulations that can facilitate ILBA in the process of acquiring land internally

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No	Activity Model	Real World	Gaps	Proposed feasible and Desirable Corrective Action
	related to Land Acquisition	and general regulations;	acquisition, which is an important part of the implementation of ILBA's duties and functions.	(Technical Guidance or Ministerial Decree)
3	Harmonise Regulations	Not yet done;	Not all regulations that have been made are able to support the ILBA land acquisition process quickly and with quality considering that these regulations have not emphasised ILBA's status as a sui generis body (Special Agency).	Formulate and review internal and external regulations per article (as in the administrative process of land acquisition) specifically to make ILBA the only forum for land acquisition (abandoned land, ex-HGU, ex-HGB, fresh land, forest area release)
4	Conduct Land Acquisition Procedures in accordance with Regulations	Already carried out in accordance with existing regulations (Law and PP)	Not yet optimal; There is still a lack of understanding related to the technical acquisition of land from ILBA internally	Improve uniform understanding of ILBA's land acquisition process Strengthen ILBA's human resources in the land acquisition section by recruiting ATR/BPN staff who have experience in land acquisition and experience communicating with the Regional Office and Kantah.
5	Coordinate with Stakeholders Related to Land Acquisition	Already carried out together with the Ministry of ATR / BPN (including Regional Office and Kantah) and related stakeholders	No significant gaps	No significant change
6	Establish Land as ILBA Asset with HPL status and inventory assets	Already carried out	There are no significant gaps, it is just that there needs to be more understanding regarding the status of ILBA assets and also the financial treatment of these assets (HPL, Inventory Assets, and Not BMN).	No significant change, Increase understanding of the status of ILBA assets to internal and external parties needs to be done so that there are no misconceptions regarding ILBA land assets with HPL status, inventory assets and not BMN.
7	Review External and Internal Regulations	Not yet carried out	ILBA's operational movements in terms of land acquisition are still	Conduct regular reviews and revisions of regulations that limit ILBA's movement in land acquisition.

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No	Activity Model	Real World	Gaps	Proposed feasible and Desirable Corrective Action
	Related to Land Acquisition		constrained by current regulations	
CM 2 Land Management (Land Development and Land Securing)				
1	Plan and Develop Land	Partially carried out	There is no technical plan (masterplan) on ILBA land assets	Formulate technical plans on ILBA land plots that will be utilised so that it is clear in terms of management and utilisation in the future
2	Formulate Land Development Cooperation Patterns	Not yet carried out	There is no cooperation pattern yet	Set up co-operation patterns
3	Sort out Cooperation Partners	Not yet carried out	There is no process of sorting out cooperation partners	Formulate criteria for sorting out cooperation partners
4	Implement Land Development Cooperation	Not yet carried out	There is no cooperation mechanism yet	Formulate a land development cooperation mechanism that can attract prospective developers
5	Conduct land development and securing	Land development has not been carried out comprehensively Land securing has been carried out on some ILBA asset land (Juridical, Physical and Social)	Masterplan is still limited to a few ILBA land locations; Implementation of physical land development has not yet been carried out There are no significant gaps in the security aspect	Formulate a Masterplan on ILBA lands that will be managed (Preparation of the area to be utilised, such as cut and fill, clearing, and so on); No changes are required in the aspect of land securing
6	Evaluate Land Development	Not yet carried out	No evaluation mechanism	Prepare a mechanism for evaluating land development cooperation as a basis for making decisions on the continuation of cooperation
CM 3 Land Utilisation				
1	Formulate a Land Utilisation Plan	Partially carried out	Not all potential land has a utilisation plan	Prepare technical plans (Masterplan) on lands that will be utilised in accordance with the highest and best use of these lands.
2	Disseminate Land Utilisation Plan to Potential Investors	Already carried out through the Ministry of Investment	No significant gaps	No significant changes, although ILBA can disseminate utilisation plans through other methods to improve the distribution of

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No	Activity Model	Real World	Gaps	Proposed feasible and Desirable Corrective Action
				information on ILBA land utilisation among various stakeholders.
3	Sort out Cooperation Partners and conduct cooperation negotiations	Already carried out	No significant gaps	No significant change
4	Conduct Land Utilisation Cooperation	Already carried out but limited	There is no detailed mechanism governing land utilisation, especially land utilisation cooperation	Formulate a scheme or mechanism for land utilisation
5	Set up cooperation Pattern and Cooperation Agreement	Already in place	Not yet able to attract potential investors	Formulate Head of Authority regulations related to patterns in an attractive and competitive manner to provide more benefits for prospective investors
6	Evaluate Land Utilisation Cooperation	Not yet done	Evaluation mechanism for utilisation cooperation has not been comprehensively developed	Formulate an evaluation mechanism for land utilisation cooperation with the aim of keeping the land optimally utilised.

E. Policy

This research did not apply the 7th SSM stage due to the limited resources of the research. Instead, in this discussion section, this research added a policy-related discourse on the results obtained through the SSM. This section details the suggested policies regarding land supply management in ILBA's business model.

1) Land Acquisition

Some policy formulation on the land acquisition planning process has been carried out, although it has yet to show optimal results. Hence, numerous internal and external policies are necessary to improve ILBA's land acquisition.

Firstly, it is crucial to enhance employees' comprehension of the land acquisition process, especially for those with non-land-related professional backgrounds at ILBA. This improved understanding will facilitate the administrative and technical preparation of land acquisition, consequently expediting the process undertaken within ILBA. Alternatively, ILBA should consider strengthening its human resources by bringing in experts from the Ministry of ATR/BPN who possess specialized knowledge and experience in land acquisition. Additionally, individuals with strong communication experience to and familiarity with Kanwil and Kantah could assist with the land acquisition process.

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It should also be re-emphasised that ILBA is a sui generis body, which means it has special powers that must be translated into particular policies and business processes. Therefore, in this land acquisition process, ILBA needs to have specific policies for acquiring land from various sources, as set out in ILBA regulations, and also specific administrative processes. It is this administrative process that needs to be emphasised to enable an accelerated process of land acquisition. Revising relevant policies related to land acquisition internally and externally, especially in regulations related to abandoned land, land acquisition, and land registration, needs to be done by including articles of a law or regulation related to the specificities of ILBA. For example, regarding the acquisition of ILBA land rights, namely HPL from expired HGU and HGB land, there is no need to go through the administrative process routinely carried out by the Ministry of ATR/BPN. In other words, enabling an acquisition business process that provides a fast process for ILBA to obtain HPL is necessary. During the Ministry of ATR/BPN's administrative records process, ILBA should not be burdened with a complicated and protracted land acquisition procedure. ILBA needs to be given specificity to have a faster, unique process. It is vital to accelerate this process, considering that the potential land sources of ILBA acquisition must be under the control of ILBA to be optimised and reserved for various interests.

In addition, a special policy must be provided to ILBA regarding the administrative procedure of issuing HPL. This is important considering that not all ILBA land assets will be directly used, which means that the Conformity of Spatial Planning Activities (KKPR) process is not yet required. Therefore, it is necessary to adjust spatial planning regulations in this case through KKPR on ILBA-acquired lands, considering that the right of land (HGB, HGU and right to cultivate) has yet to be granted for the utilisation of ILBA-acquired lands. The granting of HPL should not require KKPR so that the process of acquiring ILBA land can be faster. Nevertheless, the KKPR process will still be carried out if the ILBA land assets are ready to be utilised.

2) Land Management

In the process of managing land, which involves developing and providing security, ILBA conducted a variety of securing and development initiatives aimed at increasing the value of land and ensuring the physical and legal safety of ILBA's land assets.

ILBA needs to have a clear planning policy for the land that ILBA has controlled in the form of a technical plan for ILBA asset management (Masterplan) that is integrated with ILBA's asset utilisation plan. This plan should identify how ILBA intends to increase the land's value, either by developing a ready-to-build area (KASIBA) for industrial activities or other cooperative activities, such as improving infrastructure on the land. The development of this land also needs to prepare a mechanism of cooperation and socialisation of cooperation. By these means, all interested stakeholders could potentially cooperate with ILBA to develop ILBA’s lands.

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In terms of land securing, it is crucial in the ILBA Business process to involve relevant stakeholders, including the Ministry of ATR BPN for juridical land securing, and the surrounding community for physical and social land securing. Social land securing has been implemented through cooperation between ILBA and the local community for a stunting programme. This effective policy should be expanded to include ILBA land assets that have not yet been allocated for use. Nevertheless, it is imperative to establish a transparent agreement or collaboration to prevent any future disputes regarding land ownership with the local community.

3) Land Utilisation

This procedure has not been optimally implemented at this point in land use, which is restricted solely to non-commercial use. Meanwhile, the process of land utilisation must also take into account economic factors to support diverse interests, including the sustainability of ILBA. To ensure maximum effectiveness, land use planning should be harmonised with existing spatial policies, such as Law No. 26 of 2007 on Spatial Planning or GR No. 21 of 2021 on the Implementation of Spatial Planning. Prioritising the Spatial Planning synchronisation policy, available in the Ministry of ATR/BPN database, including the Spatial Planning GIS Database, is necessary to ensure synchronisation of data on potentially abandoned lands.

However, the ILBA policy should be reinforced to suggest spatial changes to potential investors who are interested in specific investments. The spatial policy should provide ILBA with *lex specialis derogat lex generalis* to support its flexibility during the process of land-use planning.

In addition, ILBA, being a distinct authority, requires special treatment, particularly in the areas of administration and government bureaucracy. In terms of land utilisation, special policies need to be formulated that administratively facilitate ILBA in land utilisation cooperation with potential investors and provide the flexibility of revising land utilisation plans. For example, KKPR for ILBA land assets needs to be flexible, which helps ILBA in the process of ILBA land utilisation. Regarding administration, ILBA should only be granted a temporary KKPR by the Ministry at the beginning or not even need to complete the KKPR in the first place. KKPR will be done later after it is clear what ILBA land assets will be used for. In its implementation, ILBA land assets in HPL status may only be utilised after a period of time, considering that the land is deliberately reserved for future activities. In addition, ILBA land assets can also change the land utilisation plan at some time due to the state's strategic plan or the interest of potential investors to utilise the land in other designations. In essence, a policy is needed to reduce the administrative burden required for ILBA to carry out its duties and functions, especially in terms of land utilisation.

For this reason, the policy of utilising Information and Technology (IT) to support the creation of optimal land utilisation needs to be considered. The utilisation of IT in practice can be used in terms of disseminating information on lands available for cooperation by various parties. This approach would be far more optimal than ILBA having to offer its lands one by one to potential investors, which requires a long time and large resources. In addition, for certain

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lands, such as those that are not too large in size, ILBA can utilise collaboration with existing start-ups in the property sector. This collaboration can provide a wide range of ILBA lands to be cooperated with various interested parties.

Additionally, a tariff policy for land usage and sales is vital to ensure the sustainability of the Authority, despite being a non-profit organization. The tariff policy should be based on the land value, Tax Object Sale Value, and acquisition price. Any tariff charged to third parties must exceed the cost of production (HPP) of ILBA's land acquisition process.

ILBA should ensure the sustainability of the entity by exploring the possibility of cross-subsidising the expenses of specific programs, like the Agrarian Reform and special programmes. If ILBA's land assets are utilised for Agrarian Reform and social interests with a lower or minimum tariff value, then the cost of goods sold (COGS) can be absorbed through business/commercial transactions, ensuring ILBA's sustainability.

IV. NOVELTY

From the analysis and discussion results, this research presents several novelties. The primary novelty lies in the conceptual model of the ILBA business that concentrates on its three main phases: land acquisition, land management, and land utilization. Furthermore, the study indicates the requirement for new activities to be implemented to establish an efficient and long-lasting business model. These activities include the alignment of both internal and external regulations and the evaluation of regulations' effectiveness in supporting the business model of ILBA. Finally, this research found a need for special policy and stakeholder engagement to support ILBA's duties and functions as a state land manager, such as the need to adjust the KKPR for ILBA's land assets.

V. CONCLUSION

ILBA, as a recently established land supply management authority, still encounters considerable obstacles in fulfilling its obligations and responsibilities as the state land manager. Challenges are present during the land acquisition phase, wherein ILBA faces difficulties obtaining land due to various factors, including regulations that partially support the agency's acquisition function. Furthermore, ILBA must efficiently perform its duties and functions in the land management and utilization phase as there are no regulations or technical plans and mechanisms for land management and utilization. In light of these limitations, it is imperative to fortify the business model accompanied by robust policies immediately to enable ILBA to carry out its duties and responsibilities as State Land Manager optimally.

This study demonstrates the effective support for land supply management activities achieved by optimising ILBA's business processes using Soft System Methodology (SSM). Incorporating policy measures into this methodology provides a comprehensive overview to support the proposed business process. According to the SSM approach, ILBA still needs to improve several stages of each stage of land supply management to optimise their business process. Some aspects of ILBA's business processes are still incomplete, such as the inadequate

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regulations to facilitate ILBA's specific tasks and functions. Furthermore, it is crucial to prioritise additional special policies in the ILBA business process to allow for flexibility in land administration and improve coordination with stakeholders, which is vital to enhancing the ILBA business process. These policies should highlight the exceptional nature of ILBA in the sense that specific policies override general ones *(lex specialis derogat lex generalis).*

Future studies should concentrate on managing land provision in more detail, such as detailing accounting procedures and identifying the best organisational structure for the Authority to support ILBA business processes. In addition, future research could focus on financial modelling to ensure ILBA's sustainability. The Authority's financial stability plays a critical role in securing its long-term existence. Such studies could provide valuable reference material for ILBA's overall business model.

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