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Land Consolidation Implementation in Indonesia and Thailand: Empirical Dynamics and Financing Schemes

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Abstract

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Rapid urbanization in Southeast Asia, particularly Indonesia and Thailand, has caused severe spatial fragmentation and a proliferation of urban slums, necessitating sustainable land reorganization without forced evictions. This paper aims to analyze the empirical dynamics of land development, compare foundational financing structures, and identify long-term success factors for spatial adjustments. Utilizing a qualitative comparative methodology through socio-legal and economic-managerial lenses, the study examines Land Consolidation in Indonesia and Land Readjustment in Thailand. Results show that while Indonesia's framework addresses multi-dimensional social issues and disaster recovery, its implementation is hindered by bureaucratic silos, sectoral egos, and complete dependency on public budgets due to a lack of marketable reserve land. Conversely, Thailand's approach achieves financial self-sufficiency and regulatory clarity through its 2004 Act, commercializing reserve land and leveraging grassroots community savings. The main contribution of this research lies in its synthesis of diverse land typologies—from urban slums to post-disaster zones—and its strategic structural comparison, filling an analytical gap in single-location and purely normativist literature. The study concludes that long-term structural success relies on financial autonomy and unified institutional mechanisms rather than tokenistic participatory rhetoric. It is recommended that Indonesia implements a radical policy reorientation by establishing local integrated Land Consolidation Desks to eliminate institutional fragmentation, adopting Land Value Capture models alongside Bank Tanah mechanisms to lock land value, and

shifting community engagement from mere administrative consent to substantive financial shareholding to avoid gentrification.

Keywords

Land Consolidation, Land Readjustment, Urban Slums, Financing Schemes, Comparative Spatial Management.

Introduction

The rapid growth of urban populations, particularly in Southeast Asia, has not always been accompanied by the availability of adequate, well-planned, and affordable land. This imbalance between population growth and limited urban space has contributed to the emergence of slum settlements, where low-income communities seek affordable housing amid increasing competition for land. In many developing countries, limited government capacity to provide basic infrastructure has further contributed to densely populated settlements with inadequate sanitation, poor environmental conditions, and high vulnerability to natural disasters. Therefore, slum settlements represent not only an urban planning challenge but also a broader issue of spatial governance and agrarian justice in Indonesia and Thailand.[1]

[1] Margaretha Elya Lim Putraningtyas, Sri Martini, and Titin Rohayati, "Konsolidasi Tanah Untuk Penyelesaian Konflik Di Tutupan Jepang Dalam Kerangka Reforma Agraria: Studi Kasus Kalurahan Parangtritis, Bantul," Tunas Agraria 7, no. 3 (2024): 343–67, https://doi.org/10.31292/jta.v7i3.350.

Urban land fragmentation has contributed to limited public accessibility, inadequate sanitation, and insufficient green open spaces. In response, Land Consolidation, internationally known as Land Readjustment, offers an approach to reorganizing land ownership, use, and utilization without relying on forced eviction. Under this mechanism, landowners collectively agree to adjust land boundaries and allocate portions of their land for public infrastructure. In return, they may benefit from increased land values and improved access to infrastructure. This approach provides an opportunity to address spatial inequality while protecting existing communities from displacement.[2]

In Indonesia, land consolidation has been implemented in various social, legal, and geographical contexts. Its application extends beyond the physical improvement of settlements to include the resolution of agrarian disputes and the restoration of legal certainty.[3] One example is the improvement of slum settlements in Badur Bawah, Medan, where residents face flooding and inadequate sanitation. Another relevant case concerns the former Japanese occupation land, commonly referred to as *Tutupan Jepang*, in Bantul Regency, Yogyakarta. In this area, land consolidation has been associated with efforts to address longstanding uncertainty over land rights and improve legal certainty for residents. These cases demonstrate that land consolidation

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2 B. F. Sihombing and Elza Syarief, "Konsolidasi Tanah Yang Berkelanjutan Dalam Kebijakan Relokasi Kawasan Kumuh: Analisis Empiris Yuridis," Lex Publica 5, no. 2 (2018): 38–51, https://doi.org/10.58829/lp.5.2.2018.38-51.

3 Sutaryono et al., Problematika Pengelolaan Pertanahan Di Indonesia, 2021, https://repository.stpn.ac.id/3721/1/Problematika Pengelolaan Pertanahan di Indonesia.pdf.

can serve both spatial planning and agrarian governance objectives by integrating infrastructure development with the clarification of land rights under the coordination of the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency (ATR/BPN).[4]

Land consolidation has also been relevant to post-disaster recovery in Indonesia, particularly in areas affected by liquefaction in Palu, Central Sulawesi. Ground movement and changes in land conditions created challenges for reconstructing land boundaries and restoring residential areas. Participatory spatial reorganization provides a framework for addressing these challenges while improving settlement arrangements and supporting the administration of land rights. These experiences illustrate the potential of land consolidation to contribute to agrarian conflict resolution, legal certainty, and community recovery following natural disasters.[5]

Despite these potential benefits, the implementation of land consolidation in Indonesia continues to face technical, administrative, and legal challenges. Differences between community needs and government spatial planning priorities can affect project acceptance and sustainability. Spatial plans may not fully reflect the needs of low-income residents, particularly those whose livelihoods depend on proximity to

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4 Destia Farahdina and Dina Purnama, "Konsolidasi Tanah Kawasan Permukiman Kumuh Tepi Sungai Di Badur Bawah," Jaur (Journal of Architecture and Urbanism Research) 6, no. 1 (2022): 61–69, https://doi.org/10.31289/jaur.v6i1.8189.

5 Redimon Lala Simatupang, Sutaryono Sutaryono, and Ahmad Nashih Luthfi, "Merancang Konsolidasi Tanah Untuk Menyelesaikan Konflik Tanah Tutupan," Tunas Agraria 4, no. 1 (2021): 113–35, https://doi.org/10.31292/jta.v4i1.138.

informal economic activities. Consequently, physical improvements may create difficulties for residents if changes in land use or accessibility disrupt their sources of income. In addition, improvements to roads and drainage do not necessarily resolve environmental problems when waste management and maintenance systems remain inadequate. These challenges indicate that successful land consolidation requires more than physical reorganization. It also depends on meaningful community participation, coordination among relevant institutions, and effective post-project management.[6]

Thailand provides a useful comparison because its land readjustment system has developed a more structured institutional and financial framework. The Department of Public Works and Town and Country Planning plays an important role in coordinating land readjustment policies, supported by regulatory and organizational arrangements involving national and provincial committees and landowner associations. These arrangements provide a framework for coordinating government authorities, landowners, and other stakeholders throughout project implementation. Compared with approaches that depend heavily on public expenditure, Thailand's system also incorporates financial mechanisms designed to support project implementation and long-term sustainability.[7]

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6 Yunita Aulia Safitri, "Tesis Konsolidasi Tanah Untuk Perumahan Pasca Bencana Alam Likuifaksi Di Kota Palu," 2024, Http://Repository.Unhas.Ac.Id:443/Id/Eprint/44983%0a.

7 Hasbi Kurniawan and Asnawi Manaf, "Skema Konsolidasi Tanah Dalam Penerapan Pembangunan Perumahan Di Indonesia," Jurnal Pengembangan Kota 11, no. 1 (2023): 92–102, https://doi.org/10.14710/jpk.11.1.92-102.

One important feature of Thailand's approach is the use of land contributions, reserve land, and land value appreciation to help finance infrastructure development. Depending on the project arrangement, the management or sale of reserve land can generate revenue to cover part of the development costs. This approach can reduce dependence on government budgets while providing landowners with improved infrastructure and the potential for increased property values. Combined with access to financing and coordination among stakeholders, these mechanisms can support urban restructuring without requiring the widespread displacement of existing communities. Nevertheless, their effectiveness depends on transparent financial management, appropriate institutional oversight, and landowners' willingness to participate.[8]

The comparison between Indonesia and Thailand is therefore relevant not only to differences in legal frameworks but also to the relationship between institutional capacity, community participation, and project financing. In Indonesia, land consolidation operates across diverse contexts, including informal settlements, historical land disputes, and post-disaster areas. Thailand, meanwhile, provides an example of a more structured land readjustment framework in which institutional coordination and financing arrangements are important components of implementation. These differences offer an opportunity to identify approaches that could be

[8] Asian Coalition for Housing Rights, "Citywide and Community-Driven Housing Supported by the Baan Mankong Program in Nakhon Sawan, Thailand," 2022, https://gold.uclg.org/sites/default/files/2022-06/ch9_democratizing_58.pdf.

adapted to Indonesia's legal, social, and economic conditions.[9]

Although land consolidation has received attention in Southeast Asian land governance studies, comparative research examining the empirical conditions, financing mechanisms, and determinants of long-term implementation in Indonesia and Thailand remains limited. Existing studies often focus on individual locations or legal and normative aspects without sufficiently examining the relationship between financing arrangements, institutional coordination, and community participation. A comparative analysis is therefore necessary to understand how different implementation models respond to land fragmentation and urbanization pressures.[10]

The novelty of this research lies in its comparative examination of different land consolidation contexts, ranging from urban slum settlements and historical agrarian disputes to post-disaster recovery, alongside the financing mechanisms adopted in Indonesia and Thailand. By integrating sociological, legal, and managerial perspectives, the study examines how government policies interact with community needs and how institutional and financial arrangements influence project sustainability. Based on this background, the research addresses three main questions: How do the

[9] Karuna Raksawin and Supagtra Suthasupa, "Land-Use Readjustment For Roi Et Government Centre, Thailand," IOP Conference Series: Materials Science and Engineering 1203, no. 2 (2021): 022137, https://doi.org/10.1088/1757-899x/1203/2/022137.

[10] M Roestamy and A Y Martin, "Human Basic Need of Housing Supported by Land Bank Sistem," International E-Journal of Advances in Social Sciences 5, no. 14 (2019): 967–78, https://dergipark.org.tr/en/download/article-file/800840.

characteristics of subjects, land objects, and implementation processes of land consolidation differ between Indonesia and Thailand? What are the fundamental differences between the land consolidation financing schemes implemented in the two countries? What factors determine the long-term success of land consolidation implementation based on a comparison of Indonesia and Thailand?

This article examines the similarities and differences between land consolidation in Indonesia and Thailand through sociological, legal, and managerial perspectives. It argues that the long-term sustainability of land consolidation depends not only on community participation but also on clear financing mechanisms, effective institutional coordination, and the capacity to accommodate fragmented land ownership. By examining practices in Thailand in relation to Indonesia's diverse agrarian conditions, this study seeks to identify an inclusive and context-sensitive implementation model. Ultimately, the research aims to contribute to the advancement of agrarian justice and a more equitable distribution of development benefits through spatial planning that is legally secure, socially inclusive, environmentally sustainable, and financially viable.[11]

This study employs a normative-empirical legal approach, commonly associated with socio-legal research, to examine the relationship between legal frameworks and their implementation in practice. A comparative approach is used to analyze the land consolidation systems of Indonesia and

[11] John Mugisha et al., "Uncovering 'Sleeping Beauty': Land Readjustment for Self-Financing Urbanisation in Developing Countries," Social Sciences and Humanities Open 8, no. 1 (2023), https://doi.org/10.1016/j.ssaho.2023.100539.

Thailand, while a case approach examines relevant experiences in Medan, Bantul, Palu, and Bangkok. The research relies on secondary data consisting of primary legal materials, including Indonesia's Basic Agrarian Law (UUPA), relevant land consolidation regulations, and the Job Creation Law and its implementing regulations, as well as Thailand's Town Planning Act and Land Readjustment Act. Secondary materials include scholarly books, journal articles, and previous research, while tertiary materials provide supporting contextual information. Data are collected through systematic library research using academic databases and scholarly repositories, including Google Scholar, Moraref, Scopus, and ThaiJO. The collected materials are analyzed qualitatively through data selection, thematic classification, and legal-sociological interpretation. The analysis is further supported by a comparative matrix to identify similarities and differences between the two countries, while source triangulation is used to strengthen the credibility of the findings.[12]

Empirical Dynamics of Land Consolidation in Indonesia and Thailand

The implementation of land policies in developing countries such as Indonesia and Thailand essentially represents a highly dynamic public policy evolution, where

[12] Sihombing and Syarief, "Konsolidasi Tanah Yang Berkelanjutan Dalam Kebijakan Relokasi Kawasan Kumuh: Analisis Empiris Yuridis."

the state is required to constantly seek an ideal equilibrium point. This equilibrium lies between the aggressiveness of national infrastructure development oriented toward macroeconomic growth and the protection of the community's constitutional rights to land that upholds the values of social justice and environmental sustainability. In recent decades, the massive and inevitable phenomenon of urbanization in the Southeast Asian region has drastically altered the demographic landscape while simultaneously creating highly complex spatial planning challenges for urban areas. The most tangible manifestation of the urban population explosion that is not balanced by the city's carrying capacity is the emergence of slum areas (slums) in various corners of the city. These areas basically emerge as a manifestation and self-help effort by low-income communities in responding to limited access to meet their basic needs for housing. Due to economic limitations and the lack of affordable housing provision policies in the past, these community groups were forced to utilize marginal lands that are often beyond the reach of formal government services and strict land regulatory supervision.[13]

Responding to the severe degradation of environmental quality, the decline in public health standards, and the spatial challenges that increasingly threaten the sustainability of these cities, both countries adopted spatial planning instruments that are philosophically universally similar but demonstrate sharply contrasting differences at the

[13] Dzulfajrie Rahim and Juang Akbardin, "Revitalisasi Kawasan Kumuh Dengan Pendekatan Konsolidasi Tanah Vertikal Di Kota Samarinda," Arsir 9, no. 2 (2025): 255–66, https://doi.org/10.32502/arsir.v9i2.558.

practical-operational level. Indonesia chose to adopt the Land Consolidation instrument, while Thailand solidified its steps through the implementation of the Land Readjustment mechanism.[14]

Basic Philosophy and Complexity of Practical Challenges of Land Consolidation in Indonesia

In Indonesia itself, Land Consolidation is philosophically understood and positioned not merely as an ordinary agrarian engineering instrument, but as a participatory land policy instrument that rearranges the structure of control, ownership, use, and utilization of land by the community independently. The main focus of this policy is to carry out a fundamental spatial transformation to change the face of an area that was originally disorganized, lacked adequate road network accessibility for daily mobility, and was very lacking in basic sanitation facilities, into a new area that is orderly, healthy, has high economic value, and is efficient in accordance with the mandate of the Regional Spatial Plan.[15]

When this instrument is translated into practical terms in the field, the implementation of Land Consolidation in Indonesia must face various highly complex and

[14] Pakamas Thinphanga and Richard Friend, "Thailand's Policy Vacuum: Land Use Planning as Sites of Negotiation and Contestation," Land Use Policy 137 (2024), https://doi.org/10.1016/j.landusepol.2023.106994.

[15] Simatupang, Sutaryono, and Luthfi, "Merancang Konsolidasi Tanah Untuk Menyelesaikan Konflik Tanah Tutupan."

energy-draining technical, legal, and social challenges. Empirical dynamics in the field show that Land Consolidation projects in Indonesia often only emerge as a reactive government response to the growth of slums that have reached an acute saturation point in inner-city areas. These urban slums are generally built sporadically over the years without any spatial planning whatsoever, which ultimately creates high vulnerability to various disaster risks, one of which is the threat of massive uncontrollable fires due to the absence of adequate evacuation routes and the narrow physical access for the entry of firefighting fleets should an emergency occur at any time.[16]

Multidimensional Characteristics of Subjects and the Social Spectrum of Policy in Indonesia

The characteristics of the subjects or groups of participants directly involved in the Land Consolidation program in Indonesia are known to be highly heterogeneous, which indirectly reflects the diversity of Indonesia's pluralistic and multi-layered socio-economic structure. The participants of this Land Consolidation program are not strictly limited to the urban poor or low-income communities inhabiting slum areas alone. The spectrum of subjects is much broader and also includes survivors of natural disasters who lost the

[16] Kurniawan and Manaf, "Skema Konsolidasi Tanah Dalam Penerapan Pembangunan Perumahan Di Indonesia."

physical boundaries of their land ownership due to devastating geological phenomena such as liquefaction, landslides, or tsunamis, as well as community groups that have long been trapped in the vortex of complex chronic agrarian conflicts.

The flexibility of the Land Consolidation instrument in Indonesia is very clearly seen from its ability to accommodate spatial rearrangement on a single parcel of land with a joint ownership status collectively controlled by multiple heads of households simultaneously. This sociological and legal phenomenon serves as undeniable proof that Land Consolidation in Indonesia is not merely a tool for physical land engineering, but has transformed its function into a tool for social conflict resolution, a bridge for agrarian reconciliation, and the restoration of living space for communities who have a very strong emotional attachment to their residential land.[17]

Object Dynamics Variation and Paradigm Evolution Towards Vertical Land Consolidation

The variation of objects in the application of Land Consolidation in Indonesia also provides a very rich picture regarding the complexity and root of national agrarian issues

[17] Elsa Widura, Asih Retno Dewi, and Wijayanti Hapsari, "Land Consolidation Policy in Addressing Slums and Tidal Flooding: A Case Study of Kampung Bugisan," The Journal of Indonesia Sustainable Development Planning 6, no. 1 (2025): 67–83, https://doi.org/10.46456/jisdep.v6i1.584.

that are often intertwined with past history. The case of handling the "tanah tutupan" (occupation land) phenomenon in Bantul Regency, Special Region of Yogyakarta, serves as a very strong empirical example of how the Land Consolidation instrument is used as part of the national Agrarian Reform agenda to conduct asset legalization while providing legal certainty of land rights for local communities. These former colonial-era occupation lands previously held an uncertain legal status for decades and triggered prolonged anxiety among the residents occupying them.[18] The success of the project in resolving this complex historical dispute has now become an important foundation for the government to develop more visionary land policies on a macro scale. Along with the strengthening of the legal umbrella through Law Number 1 of 2011 concerning Housing and Settlement Areas, which was later reinforced by its integration into the Land Bank institutional mechanism, the orientation of Land Consolidation policy in Indonesia is currently undergoing a quite significant paradigm shift.[19]

The government is now actively projecting the implementation of Vertical Land Consolidation as the ultimate solution to overcome the extremely limited space and land in densely populated urban areas. Through this policy

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18 Simatupang, Redimon Lala, Sutaryono Sutaryono, and Ahmad Nashih Luthfi. "Merancang Konsolidasi Tanah Untuk Menyelesaikan Konflik Tanah Tutupan." Tunas Agraria 4, no. 1 (2021): 113–35. https://doi.org/10.31292/jta.v4i1.138.
Simatupang, Sutaryono, and Luthfi, "Merancang Konsolidasi Tanah Untuk Menyelesaikan Konflik Tanah Tutupan."

19 Kurniawan, Hasbi, and Asnawi Manaf. "Skema Konsolidasi Tanah Dalam Penerapan Pembangunan Perumahan Di Indonesia." Jurnal Pengembangan Kota 11, no. 1 (2023): 92–102. https://doi.org/10.14710/jpk.11.1.92-102.

evolution, Land Consolidation is no longer narrowly viewed as a means of two-dimensional horizontal land arrangement, but has leaped far ahead to become an integrated upward or vertical residential provision strategy to support the creation of efficient, compact, legally certain urban spatial planning that is capable of improving the quality of life of urban communities.[20]

Technocratic, Institutional, and Operational Approaches of Land Readjustment in Thailand

In contrast and in opposition to the Indonesian approach, Thailand introduced the Land Readjustment instrument with a highly technocratic, professional, managerial, and meticulously planned approach since the late 1980s. If the policy implementation model in Indonesia tends to be reactive in extinguishing the problem of slums that have already become widespread, the Thai government from the outset positioned Land Readjustment as a preventive instrument to mitigate the adverse impacts of uncontrolled urban physical expansion symptoms and severe traffic congestion arising from an economic growth explosion in suburban areas. Thailand's bold move is fully supported by the existence of a highly specific and strong legal umbrella, namely the Land Readjustment Act B.E.2547, which

[20] Rahim and Akbardin, "Revitalisasi Kawasan Kumuh Dengan Pendekatan Konsolidasi Tanah Vertikal Di Kota Samarinda."

provides a much higher level of legal and operational certainty in the field.

This law-level regulation governs in a highly rigid, mathematical, and systematic manner regarding the mechanism of contributing a portion of land parcels from landowners to be allocated for the construction of public facilities, as well as the redistribution scheme of the financial added value generated after the area's rearrangement is completed. The operational success of this system in Thailand is also heavily supported by the performance of special teams formed at the provincial level, acting as trained professional negotiators with the main task of providing education, mature business calculations, and assurance that each landowner will obtain significant long-term financial benefits from the rearrangement project.[21]

Urban Spatial Integration, Densification Policy, and the Dichotomy of Driving Actors

The object of applying Land Readjustment in Thailand is spatially more focused on efforts to optimize building density increases in strategic city areas to manage and suppress the side effects of overly rapid urban growth, such as worsening air pollution and uncontrolled property price spikes in the city center. The urban spatial development

[21] Rungsinun Wongthip, "Factors for Implementing Land Readjustment Projects in Thailand.," Vajira Medical Journal : Journal of Urban Medicine 63, no. 3 (2019): 209–18, https://doi.org/10.14456/vmj.2019.19.

pattern in Thailand is proven to be highly integrated because it is supported by mature institutional coordination among the Department of Public Works and Town and Country Planning, private sector actors or property developers, and landowning communities through strict zoning instruments that comply with the blueprint of the national city spatial plan.

One of the fundamental and most striking differences between these two countries lies in the main actors driving these policies in the field. In Indonesia, the role of civil society organizations and non-governmental organizations holds a highly crucial position as a dynamist and a bridge for social inclusivity, ensuring that the aspirations, rights, and voices of lower-class communities are not simply ignored by elitist top-down rearrangement policies. Meanwhile, on the other hand, Thailand prefers to rely on lean, objective, technocratic, and highly transparent bureaucratic managerial standards to guarantee solid legal certainty and clear guarantees of economic benefits for both investors and the landowners themselves.[22]

Comparative Synthesis and Regional Policy Implications in Southeast Asia

Based on an in-depth comparative analysis, a common thread of conclusion can be drawn that although Indonesia and Thailand both uphold the same universal principle

[22] Robert H. Freilich and Michael M. Shultz, Land Readjustment, Model Subdivision Regulations, 2018, https://doi.org/10.4324/9781351179089-8.

regarding the importance of community involvement and participation in land rearrangement, there are highly fundamental differences in both philosophical and practical orientations between the two countries. In every policy, Indonesia appears to focus more on aspects of social inclusivity, the restoration of basic community rights, the spirit of justice, and the corridor of Agrarian Reform as a real answer to the historical inequality of land tenure structures as well as efforts to rearrange slum settlements more humanistically.

Conversely, Thailand demonstrates a policy direction that is more oriented toward macroeconomic efficiency, urban spatial orderliness, city modernization, and increasing the market value of land professionally through a lean bureaucratic system and the support of specific regulations with high legal certainty. The following is the expansion of your discussion which is made much longer, deeper, and more comprehensive. Each argument is elaborated with sociopolitical context analysis, structural implications, as well as broader operational details, while still maintaining literature references, original essence, and is fully presented in the form of a smoothly flowing paragraph narrative.[23]

Table 1: Empirical Comparison of Subject and Object: Indonesia vs Thailand

Comparison Variable	Indonesia – Land Consolidation:	Thailand – Land Readjustment

[23] Hana Haji Hamzah ; Urayama Masuro, "The Practice of Land Readjustment in Thailand after the Introduction of a Land Readjustment System," Ceedings of 2017 International Conference of Asian-Pacific Planning Societies, 2017, https://www.cpij.or.jp/com/iac/upload/file/2017icapps/014.pdf.

Subject Participant Profile	Heterogeneous and Vulnerable: Slum communities, disaster survivors, and agrarian conflict fighters.	Homogeneous and Rational: Urban or peri-urban landowners and property developers.
Subject Relation with the State	Mediative Patronage: The State acts as a protector and mediator of social conflicts.	Contractual Partnership: The State acts as an investment facilitator and business partner.
Object Characteristics	Rehabilitative: Slum areas, riverbanks, and historically disputed lands or post-disaster lands.	Preventive or Strategic: Urban lands and areas prone to urban sprawl.
Object Legality	Frequently problematic, involving overlapping rights and missing or unclear land boundaries.	Generally possesses clearer legal rights before the process begins.
Object Realignment Focus	Improvement of sanitation, basic accessibility, and asset legalization.	Increasing building density (densification) and macro utility networks.
Accompanying Actors	Civil Society Organizations / Non-Governmental Organizations, prioritizing social inclusivity and advocacy approaches.	Project Managers / Technocrats, prioritizing technical efficiency and financial transparency.

Source: Author's Data Processing

Land Consolidation Financing Schemes: A Comparative Study of Indonesia and Thailand

The funding mechanism is a primary determinant factor as well as a structural prerequisite that dictates the success of spatial transformation in land consolidation projects. This is because, essentially, area rearrangement is not merely a technical matter of geometric mapping or drawing

spatial boundary lines, but a complex issue of capital management and financial engineering. In Indonesia, the financing scheme for this spatial planning project is considered to still be trapped in a rigid and paternalistic conventional-bureaucratic paradigm, where the entire administrative burden, legal certainty, to field operational costs are absolutely charged to the State Budget (APBN) and Regional Budgets (APBD).

The financing structure in Indonesia is generally allocated top-down through relevant sectoral agencies, such as the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency (ATR/BPN), to finance spatial planning activities, land boundary perimeter measurements, up to the process of issuing new land certificates which are then given as free grants to project participant communities. As a form of compensation for the legal services provided by the state and the provision of basic infrastructure in the area, the community is required to contribute assets in the form of Land Contribution for Implementation.[24]

The Practical Dilemma of Land Contribution and the Failure of Schemes Without Reserve Land

[24] Putraningtyas, Martini, and Rohayati, "Konsolidasi Tanah Untuk Penyelesaian Konflik Di Tutupan Jepang Dalam Kerangka Reforma Agraria: Studi Kasus Kalurahan Parangtritis, Bantul."

When the Land Contribution for Implementation is implemented at the practical level in the field, the application model of the Land Contribution for Implementation in Indonesia often faces a crucial dead end due to the limited function and volume of the contributed land handed over. The land voluntarily surrendered by residents is usually only sufficient to meet the needs of road infrastructure and basic public facilities in their neighborhood, without leaving even a slight portion of land that can be categorized as sellable reserve land to independently finance the physical construction of roads, the creation of drainage networks, or the installation of city utilities. This condition ultimately creates a highly chronic dependence on the availability of public funds sourced from the government's pockets, which are fluctuating and limited in nature.[25]

Due to this high dependency, land consolidation projects in Indonesia become highly vulnerable to budget political dynamics and state expenditure liquidity fluctuations. A phenomenon that frequently occurs in the field is the emergence of a contrasting time disparity, where new land certificates may have been issued as proof of valid legal ownership, but the physical construction of supporting infrastructure such as road paving is halted or delayed for years due to the absence of physical budget allocations in the relevant regional technical agencies.[26] This time uncertainty often causes serious social impacts in the form of massive loss of public trust, where residents feel they have suffered a loss

[25] Mugisha et al., "Uncovering 'Sleeping Beauty': Land Readjustment for Self-Financing Urbanisation in Developing Countries."

[26] Sihombing and Syarief, "Konsolidasi Tanah Yang Berkelanjutan Dalam Kebijakan Relokasi Kawasan Kumuh: Analisis Empiris Yuridis."

because they gave up a portion of their land assets for the Land Contribution for Implementation but do not immediately experience the improvement in environmental quality promised at the beginning of the project.[27]

Geopolitical Innovation and Administrative Limitations of the Privileges Fund in Yogyakarta

In the Special Region of Yogyakarta, this rigid conventional public financing model gains an interesting policy variation through the integration step of the Privileges Fund (Dana Keistimewaan) sourced from the central government's special allocation.[28] The use of this special privileges fund is specifically intended to cover the gaping financing loop in sensitive slum residential areas standing on sultanate land or Sultan Ground. This local initiative demonstrates a tangible effort in diversifying public funding sources at the local level to accommodate the unique complexity of land tenure, where regular budgets from the central government are often considered too rigid and inflexible in handling land with palace ownership status that cannot be freely traded.[29]

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27 Pham Anh Tuan, "Improving the Urban Living Environment By Land-Pooling And Readjustment Solutions In Tra Vinh City, Vietnam," AIP Conference Proceedings 2560 (2023), https://doi.org/10.1063/5.0125129.

28 Simatupang, Sutaryono, and Luthfi, "Merancang Konsolidasi Tanah Untuk Menyelesaikan Konflik Tanah Tutupan."

29 Tanjung Nugroho et al., "Konsolidasi Tanah Kasultanan Dalam Program Peremajaan Permukiman Kumuh Di Kampung Jlagran, Kota Yogyakarta,"

Although this step is considered highly innovative administratively and is capable of resolving legal deadlocks at the regional level, this special scheme still cannot break free from the mold of financing sourced entirely from public coffers. This means the long-term sustainability aspect and the opportunity for replicating similar projects in other regions outside Yogyakarta will still depend on the political will of the regional heads and the fiscal space available in their respective regional governments, thus failing to create a systemic independent financing solution.[30]

Cost Recovery Model and Reserve Land Management in Thailand

Thailand has gone much further by adopting an inclusive-participatory financing model that is far more oriented toward the principle of economic independence through the implementation of the Land Readjustment Act B.E. 2547, which was comprehensively passed in 2004.[31] Diametrically different from the Indonesian model, which still focuses on service grant patterns and top-down budget provision, the Thai government places greater emphasis on the principle of cost recovery or independent development

Jurnal Pertanahan 14, no. 2 (2024): 109–30, https://doi.org/10.53686/jp.v14i2.273.

30 Hana Haji Hamzah ; Urayama Masuro, "The Practice of Land Readjustment in Thailand after the Introduction of a Land Readjustment System."

31 Jyoti Dash and P. S.N. Rao, "Prerequisites and Factors for Effective and Efficient Implementation of Land Pooling/Reconstitution: Learnings from Asian Countries," Environment and Urbanization ASIA 14, no. 2 (2023): 252–68, https://doi.org/10.1177/09754253231193125.

cost recovery through the utilization of market mechanisms. In the scheme applied in Thailand, the land contributions provided by project participants are not only used to build static public infrastructure such as roads and city parks, but a portion is strategically set aside and mathematically calculated as reserve land for the area.[32]

This reserve land has a very high economic value because it is situated in a strategic location that has been neatly arranged spatially, so it can be sold by the project committee to third parties or private property developers at a market price that has risen sharply post-area rearrangement. The proceeds from the sale of this reserve land are then recirculated as independent working capital to fund all physical construction costs, the installation of modern utility networks, up to fulfilling the operational costs of the project committee independently without having to continuously burden the state treasury.[33]

Institutional Synergy of the Community Organizations Development Institute and Community Financial Leverage Schemes in Thailand

[32] Thinphanga and Friend, "Thailand's Policy Vacuum: Land Use Planning as Sites of Negotiation and Contestation."

[33] Karuna Raksawin and Supagtra Suthasupa, "Land-Use Readjustment For Roi Et Government Centre, Thailand," IOP Conference Series: Materials Science and Engineering 1203, no. 2 (2021): 022137, https://doi.org/10.1088/1757-899x/1203/2/022137.

Project financial independence in Thailand is institutionally strengthened through the coordination of the Community Organizations Development Institute, which integrates housing financing with land rearrangement holistically under the umbrella of the Baan Mankong program. Under the supervision of the Community Organizations Development Institute, lower-class communities are not merely positioned as passive rearrangement objects or mere recipients of social assistance, but are encouraged to become active subjects forming collective savings cooperatives at the grassroots level. The collective savings successfully gathered by the residents are then used as legitimate collateral to access soft loans with interest subsidy schemes from the government.[34]

This macroeconomic mechanism creates a very strong community financial independence, where the government budget is no longer positioned as the sole source of physical development, but acts as a stimulant or leverage to mobilize the community's own internal capital and attract investment interest from the private sector. This tactical initiative allows lower-class communities in Thailand to not only possess spatially well-arranged land but also own habitable houses through access to microcredit managed independently and collectively by the residents themselves.[35]

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[34] Asian Coalition for Housing Rights, "Citywide and Community-Driven Housing Supported by the Baan Mankong Program in Nakhon Sawan, Thailand."

[35] CODI, "Community Organizations Development Institute (CODI) Ministry of Social Development and Human Security,Thailand," 2019, https://web.codi.or.th/wp-content/uploads/2019/05/CODI_ENG-11102561.pdf.

Fiscal Justice Inequality and the Neglected Potential of Land Value Capture in Indonesia

Comparatively, the main effectiveness of the scheme applied in Thailand lies in its ability to convert the increase in land value or land value capture into physical development capital directly in the field through the commercial sale of reserve land. Meanwhile, in Indonesia, the massive potential of post-consolidation land market value increase has not been systematically and regulatively managed to finance the physical development of the area itself.[36]

The financial benefits in the form of skyrocketing land prices following wide road access and the certainty of legal certification are entirely enjoyed unilaterally by landowners privately, while the cost burden of building its supporting infrastructure remains placed on the shoulders of the state budget. This financial condition is often considered fiscally unfair and unsustainable in the long term, because the state must bear the entire cost burden and the risk of development failure while the private economic benefits of the citizens rise sharply without any reciprocal contribution to finance the area's construction.[37]

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36 Hana Haji Hamzah ; Urayama Masuro, "The Practice of Land Readjustment in Thailand after the Introduction of a Land Readjustment System."

37 R A Pradana, M R Nayottama, and P J Arundati, "Global Perspectives on Institutionalizing Land Value Capture for Sustainable Infrastructure Planning and Innovative Fiscal Solutions in Indonesia," NAPBRES Journal of National Paradigm-Based Resilience Strategy NAPBRES 2, no. 2 (2025): 53–69.

Regulatory Barriers in State Asset Management and the Deadlock of Mass Replication in Indonesia

In addition to the issue of this profit inequality, Indonesia currently still has to face extremely heavy regulatory challenges in managing state assets for the purpose of flexible independent financing in the field. As a concrete example, State General Reserve Land is constitutionally very difficult to allocate instantly as "working capital" that can be traded in land consolidation projects due to the highly strict and structured allocation procedures regarding the transfer of state-owned assets.

This long, convoluted bureaucratic process, fraught with the legal risks of corruption crimes, often hinders the birth of financing innovations that are more fluid and responsive to the dynamics of real needs in the field. Systemic weaknesses in the financial governance of these projects ultimately make the land consolidation model in Indonesia very difficult to replicate massively in various regions, if the government continuously relies on the strength of the state budget, which is very limited in amount amidst the storm of broad national development demands.[38]

[38] 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, https://doi.org/10.1080/14498596.2024.2360531.

Table 2: Comparison of Land Consolidation Financing Schemes: Indonesia and Thailand

Comparison Variable	Indonesia Land Consolidation	Thailand Land Readjustment
Main Funding Source	Public Dominance: Relying entirely on the State Revenues and Expenditures Budget, Regional Revenues and Expenditures Budget, and Special Region Funds (specifically for the Special Region of Yogyakarta).	Independent and Collective: Sale of reserve land, cooperative savings, and soft loans.
Funding Logic	Grant Paradigm: The State provides services (certification and measurement) as social assistance or development aid.	Cost Recovery: Development costs are recovered through the increased economic value of the rearranged land.
Utilization of Land Contribution	Limited to public infrastructure and facilities (roads, drainage, social facilities / public facilities).	Includes public infrastructure plus reserve land to be sold as working capital.
Impact of Land Value Added (Land Value Capture)	Becomes entirely the private benefit of the landowner.	Managed collectively to fund physical construction and area utilities.
Project Sustainability	Vulnerable: Highly dependent on state budget liquidity and political will.	High: Projects have an internal capital circulation that allows for financial independence.
Community Role	Passive Subject: Contributing land and receiving the realignment results or certificates.	Active Subject: Forming cooperatives as collateral for housing microcredit (Baan Mankong Program).
Regulatory Obstacles	Strict state asset transfer procedures as working capital.	Support from a flexible Land Readjustment Act in project asset management.

Source: Author's Data Processing

Policy Implications for Indonesia: Towards a Populist and Applicable Model

The transformation of land policy in Indonesia is currently at a crucial point that demands a precise balance between the acceleration of national strategic infrastructure development and the fulfillment of human rights to decent housing for Low-Income Communities. Amidst the massive flow of urbanization, where the limitation of urban land becomes a threat to social and economic stability, the government is faced with a major challenge to create a spatial planning model that is not only technically aesthetic but also sociologically just. Urban spatial planning has thus far tended to be trapped in a formalistic paradigm that often ignores the existence of informal communities that have long settled in urban areas.[39]

To realize a development model that is populist in the sense of being centered on the interests of the poor and applicable so that it is easily replicated across various regional characteristics, a radical reorientation is needed that touches upon three main pillars: integrated institutional reform, independent financing scheme innovation, and the redefinition of community participation within a comparative framework of critical practices and strategic

[39] Nugroho et al., "Konsolidasi Tanah Kasultanan Dalam Program Peremajaan Permukiman Kumuh Di Kampung Jlagran, Kota Yogyakarta."

recommendations for a just and progressive agrarian law.[40] The comparative strategic roadmap and recommendations for land rearrangement are comprehensively summarized in the table below:

Table 3: Comparison of Critical Practices and Strategic Recommendations for Indonesia

Critical Aspect	Practice in Indonesia / Existing Condition	Practice in Thailand / Land Readjustment	Strategic Recommendation for Indonesia
Land Value Added UtilizationMechanissm	The added value (uplift value) is fully enjoyed by individual landowners without any obligation for a clawback mechanism for public financing.	Managed collectively through the sale of a portion of reserve land; the surplus value is used independently to finance the construction of infrastructure and public utilities (self-financing).	Mandating a minimum allocation of ten to fifteen percent of the total project land area as reserve land to be sold commercially for cost recovery mechanisms and infrastructure financing.
Legal Basis and Supporting Instruments	There is no specific regulation governing Land Value Capture within the context of Land Consolidation; it only relies on the Land Contribution for Public Interest instrument which	The Land Readjustment Act Buddhist Era two thousand five hundred forty-seven (two thousand four) explicitly regulates the mechanism for sharing added value, land rights after rearrangement, and	Revising the Regulation of the Minister of Agrarian Affairs and Spatial Planning / National Land Agency concerning Guidelines for Land Consolidation by adding a specific chapter that legally regulates the management of

[40] M Nur Kamila Amrullah and Nur Wening, "A Systematic Literature Review of Land Bank Management Strategies , Agrarian Reform , and Land Governance" 2, no. 5 (2026): 140–61, https://doi.org/10.31292/mj.v5i2.187.

	is voluntary and often ineffective.	the legality of selling reserve land.	reserve land and the value capture scheme.
Community Participation in Financing	The community only functions as initial land providers and final certificate recipients; they are not involved in the circulation of project funds.	Active: The community forms savings or housing cooperatives, accesses soft loans facilities, and is directly involved in supervising the management of project funds (Baan Mankong model).	Forming a Land Consolidation Participant Cooperative that has a joint escrow account to hold the proceeds from the sale of reserve land, manage cash flow, and facilitate access to microcredit.
Allocation and Mitigation of Financial Risk	Dominant financial risks are borne by the state (State Revenues and Expenditures Budget / Regional Revenues and Expenditures Budget); high dependence on budget availability causes project stagnation risks if delays in fund disbursement occur	Shared risk among rearrangement participants (through land contributions), developers or private sectors, and the state; the role of the state is limited as a regulator and provider of soft loans.	Implementing a Public-Private-Community Partnership cooperation scheme with a proportional risk-sharing matrix, significantly reducing the country's fiscal burden.
Post-Project Sustainability (Sustainability)	Low: Physical infrastructure is often left incomplete or undergoes rapid degradation due to the absence of operational funds and long-term maintenance.	High: Proceeds from the sale of reserve land are also allocated to form an endowment fund for area maintenance for at least five to ten years post-construction.	Requiring every Land Consolidation project to set aside five to ten percent of the total proceeds from the sale of reserve land as an Area Maintenance Endowment Fund.

Financial Transparency and Accountability	Weak: Information asymmetry; the community often does not know the valuation of their contributed land and the details of the utilization of development funds.	Strong: The project committee is required to present financial and physical progress reports periodically to all participants and provincial authorities as a prerequisite for the disbursement of the next phase.	Mandating the implementation of a Public Digital Dashboard that displays financial realization, physical progress, and project balance sheets in real-time, which can be accessed by all stakeholders.

Source: Author's Data Processing

Systemic Obstacles, Sectoral Egos, and the Urgency of Integrated Institutional Reform

Institutionally, the most prominent systemic obstacle hindering the progress of land consolidation in Indonesia is the phenomenon of fragmented authority and sharp "sectoral egos" among government agencies. Often, there is a very wide disconnection between spatial planning managed by the Regional Government through the Public Works and Spatial Planning Agency or the Regional Development Planning Agency, and land administration and registration, which falls under the central authority of the Ministry of Agrarian Affairs and Spatial Planning/National Land Agency (ATR/BPN).[1] This misalignment results in spatial plans frequently ending up merely as static documents on paper without any concrete land rearrangement execution in the

field. This sectoral ego creates regulatory overlaps that confuse the community and slow down the asset legality process. This complicated condition demands legal certainty that sides with the common people so that their rights are not crushed by the interests of a rigid bureaucracy.[41]

Therefore, Indonesia requires institutional strengthening at the local level capable of adopting the efficiency of the Department of Town and Country Planning in Thailand. That authority possesses integrated power in coordinating spatial planning and land implementation through a Land Readjustment mechanism that is highly technocratic yet inclusive. An urgent strategic step for Indonesia is the establishment of a Land Consolidation Desk or a special land consolidation unit at the City/Regency Government level that functions as a cross-sectoral integration bridge. This unit must act as an active facilitator that unites the vision of city planning with land legality, so that spatial plans are no longer passive documents but active instruments capable of directing land tenure in real-time according to the dynamics of housing needs.[42]

In addition, strengthening the role of the Land Bank Agency mandated by the Job Creation Law must be based on the principle of total transparency through the digitalization of an inclusive land information system. Digitalization is not merely the modernization of mapping tools or archiving systems, but a legal-political instrument to mitigate the

41 Widura, Dewi, and Hapsari, "Land Consolidation Policy in Addressing Slums and Tidal Flooding: A Case Study of Kampung Bugisan."

42 Yahman, "The Concept of Land Bank from The Perspective of Law and Agrarian Politics in Indonesia," Central Asia and The Caucasus 23, no. 1 (2022): 621–31, https://doi.org/10.37178/ca-c.23.1.055.

information asymmetry that has thus far served as a loophole for land speculation practices by third parties and a primary trigger for prolonged agrarian conflicts in urban areas. Without strict supervision, the Land Bank regulation in the Job Creation Law risks becoming trapped in systematic land grabbing practices if it only prioritizes investment ease over the protection of the rights of vulnerable lower-class communities.[43]

Land Value Locking, Cooperation Schemes, and Independent Financing Innovation

In terms of financing schemes, the heaviest structural challenge in national land policy is the wild and uncontrolled phenomenon of land commodification. Urban land in Indonesia is often treated purely as a speculative investment instrument rather than fulfilling its social function as mandated by the constitution and the Basic Agrarian Law. The success of the land banking system emphasizes the importance of the authority's ability to "lock" land values for the public interest. Indonesia must immediately conduct a feasibility study to implement a state land reserve system that is specifically locked (earmarked) for public interest and

[43] Kristijanindyati Puspitasari, "Bank Tanah Untuk Mewujudkan Ekonomi Berkeadilan," Artikel DJKN, 2021, https://www.djkn.kemenkeu.go.id/artikel/baca/13916/Bank-Tanah-untuk-Mewujudkan-Ekonomi Berkeadilan.html#:~:text=Selain pemberian manfaat atas tanah,konsolidasi lahan dan reforma agraria.

public housing. This is highly crucial to ensure that land prices for Low-Income Communities' housing are not affected by wild and irrational market price fluctuations.[44]

Financing innovation must also be encouraged through more inclusive and socially sensitive Public-Private Partnership schemes. Regulations must allow land currently undergoing a consolidation project to serve as legitimate collateral or a form of capital participation in financing infrastructure construction projects. With this scheme, the funding burden no longer rests entirely on the limited State Budget/Regional Budgets (APBN/APBD), but can mobilize private capital while still guaranteeing the rights of the original community. In order to reduce housing costs that have been unaffordable thus far, national land policy must dare to begin strictly separating Land Rights from Building Rights through the implementation of Building Ownership Certificates. This allows the community to own permanent housing on land owned by the Land Bank without having to bear the excessively expensive and burdensome cost of purchasing land.[45]

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[44] Jitti Mongkolnchaiarunya, "'Land Bank' in Thailand," 8th FMIST International Seminar, no. May (2019), https://purdnet.wordpress.com/wp-content/uploads/2019/05/land-bank-presentation.pdf.

[45] Minister of National Development Planning/ Head of National Development Planning Agency, "Public Private Partnership Infrastructure Projects Plan In Indonesia 2020," 2020, 327, https://perpustakaan.bappenas.go.id/PPP Book 2020.pdf.

Redefinition of Substantive Participation, Citizen Protection, and Harmonization of Agrarian Values

Furthermore, the aspect of community participation must undergo a fundamental paradigm shift. Participation can no longer be interpreted merely as an administrative formality in the form of consent signatures on bureaucratic forms, but must be manifested in the form of substantive involvement through financial participation or collective asset inclusion. In this model, the original landowners are not positioned as "objects to be arranged", but as shareholders in the area's development project. When the land value increases sharply post-consolidation (land value capture), those economic benefits must be enjoyed back by the original community through environmental quality improvement or the distribution of tangible social dividends. This approach is the primary key to preventing gentrification, where local communities are often slowly displaced because they cannot afford the increased living costs of the new area.[46]

To ensure this participation is not coercive or pressuring, intensive accompaniment by independent multidisciplinary professionals is required. Urban planners, sociologists, and legal experts must be present as facilitators bridging the interests of citizens with developers and the government. The role of these companions is highly crucial to guarantee that negotiations proceed in a balanced, transparent, and

[46] Amrullah and Wening, "A Systematic Literature Review of Land Bank Management Strategies , Agrarian Reform , and Land Governance."

pressure-free manner, so that the results of the land consolidation truly reflect a mutual consensus. Land Bank policies must be strictly harmonized with the basic principles of the Basic Agrarian Law Number 5 of 1960. This is crucial to prevent the Land Bank from transforming into a state land broker that merely facilitates the interests of large-scale corporations, as well as to ensure that land is designated for the greatest prosperity of the people.[47]

Constitutional Basic Principles of Land Banking

The Land Bank must stand firm as the state's fortress of defense in managing land for the greatest prosperity of the people, not become a tool to accelerate the process of land accumulation by a handful of capitalistic parties. This demands a fair land redistribution for those who need it most—namely landless farmers in rural areas and the urban poor.[48]

With an integrated approach encompassing local institutional strengthening, financing innovation that separates land and building rights, and community participation based on social share ownership, the Land Bank will function as a highly powerful state instrument to guarantee cumulative justice for all layers of society without

47 Yahman, "The Concept of Land Bank from The Perspective of Law and Agrarian Politics in Indonesia."

48 Sudin Adhikari et al., "Land Tenure System in Thailand: Issues, Challenges and Opportunities," n.d.

exception. This more inclusive model will ensure that every inch of national infrastructure development does not proceed over the ruins of citizens' social displacement, but flourishes alongside the improvement of the surrounding community's welfare.[49]

Thus, land consolidation policy in Indonesia can truly transform from merely a rigid technical-administrative instrument into a socio-economic transformation instrument that is applicable, humane, and tangibly sides with the common people. The success of this model will eventually serve as tangible proof that physical development and social justice are not mutually exclusive, but rather two sides of a coin that must be realized simultaneously within the framework of a rule-of-law state with agrarian justice. With the integration of the Land Bank and populist land consolidation, the future of Indonesian urban settlements can become more organized without sacrificing the right to life of even the most vulnerable citizens.[50]

Conclusion.

[49] Celline Gabriella Tampi, "Pembentukan Bank Tanah Berdasarkan Undang-Undang No 11 Tahun 2020 Dalam Rangka Menjamin Kesejahteraan Masyarakat," Jurnal Lex Crimen 1, no. 1 (2021): 174–200, http://www.abdiinsani.unram.ac.id/index.php/jurnal/article/view/376%0Ahttps://kns.cnki.net/kcms/detail/11.1991.n.20210906.1730.014.html%0Ahttps://embiss.com/index.php/embiss/article/view/68.

[50] Pradana, Nayottama, and Arundati, "Global Perspectives on Institutionalizing Land Value Capture for Sustainable Infrastructure Planning and Innovative Fiscal Solutions in Indonesia."

This comparative analysis reveals that the long-term viability of land restructuring in Southeast Asia hinges upon transforming spatial management from a purely physical engineering task into an integrated socio-economic and financial strategy. In answering the research objectives, the empirical dynamics demonstrate that while Indonesia excels in addressing multidimensional social vulnerabilities—such as resolving historical tenurial disputes and executing post-disaster spatial recovery—its progress is structurally bottlenecked by institutional fragmentation and a rigid reliance on state funding. Conversely, Thailand's model proves that spatial optimization achieves systemic resilience when backed by explicit legislative mandates and market-oriented financing that successfully captures land value increments. Ultimately, the cross-country comparison indicates that the primary determinant of long-term success is the institutionalization of financial self-sufficiency and unified administrative governance, rather than a reliance on tokenistic public participation or reactive, grant-dependent frameworks.

For practical application, these findings provide a strategic blueprint for Indonesian policymakers, specifically within the Ministry of ATR/BPN and municipal governments, to overhaul the current unsustainable, budget-reliant paradigm through a series of structural reforms. First, local authorities must establish a unified Land Consolidation Desk to dissolve the persistent ego-sectoral divide between regional planning agencies and centralized land offices, ensuring cohesive urban planning. Furthermore, Indonesia must transition toward a self-financing framework

by legally permitting the designation and commercialization of strategic "reserve land" within consolidated zones to fund local infrastructure, effectively utilizing Land Value Capture (LVC) models. Finally, future regulations must align the operations of the Land Bank with affordable housing policies by shifting community engagement from mere administrative consent to substantive financial shareholding, which legally protects marginalized urban populations from gentrification and ensures equitable wealth redistribution.

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