



INFORMATION

Updates on the explication of risk-based approach and the Online Single Submission (OSS) system in Business Licensing Process

Through the press conference on August 23, 2021, President Joko Widodo has officially stated that the Community Activities Restrictions Enforcement (*Pemberlakuan Pembatasan Kegiatan Masyarakat/PPKM*) Level 4, 3, and 2 Java-Bali will be extended again until August 30, 2021. However, several adjustments will be implemented by looking at the development of the situation which has improved so far until this week.

On August 20th 2021, the Coordinating Ministry of Economic Affairs held the Webinar regarding the Risk-Based Approach Business Licensing Process, Investment Priority List, and the Online Single Submission System (OSS) System via Zoom meeting.

One of the highlights of this webinar laid in the explanation about regulatory reform in which the government has revolutionized to simplify business licensing in Indonesia based on the Job Creation Law. It is explained by the Senior Advisor for Productivity and Economic Competitiveness Development of the Coordinating Ministry for Economic Affairs, Lestari Indah that Indonesia now will implementing the Risk-Based Approach (RBA) in conducting business licensing in order to simplify the process.

The RBA begins by dividing four levels of risk for all types of businesses based on several criteria, including health, safety, environment, resources, and the characteristic of the business activity. Here, the four levels of risk include;

1. Low Risk

Business Activities with a Low-Risk level are only required to take care of a Business Identification Number (Nomor Induk Berusaha/NIB) which is the Identity of Business Actors as well as legality to carry out business activities and also applies as Indonesian National Standard (Standar Nasional Indonesia/SNI). Examples of these businesses include; Mice, Café and Food Stalls.

2. Medium-Low Risk

Business Activities with a Low Medium Risk level are required to have a NIB and a Standard Certificate. The Standard Certificate can be done by self-declaration on the commitment of the Business Players to comply with the applicable government's regulatory standards. Examples of these businesses include; the travel bureau and fitness center.

3. Medium-High Risk

Similar to the Medium-Low Risk, business activities with a High Medium Risk level are required to have a NIB and a Standard Certificate. However, the Standard Certificate of business activities should be verified by the central or regional governments through the OSS system. Examples of these businesses include; restaurants, construction, and sea freight.

4. High Risk

Business activities with a High-Risk level are required to have a NIB and Permit. The business players should have the Permits before carrying out their business activities, and this Permit is a statement approval of the Central Government or Regional Government of that business activities implementation. The Permit is including Environmental Feasibility Decrees as well as business permits are valid for the operational and commercial stages. Examples of these businesses include; mining and forest product utilization. The Risk-Based Approach is claimed as a smarter regulator in business licensing services underlying the concept of "Trust but Verify". It means that the government will be more trusting of the business actors to comply with all existing laws in the process of doing business, while the government will do verification by increasing the quality of supervision over the business actors and their activities. With this concept, most of the business actors, especially those with a lower risk will find it easier to get permits and start their businesses as the government itself will be more effectively and efficiently use its resources in monitoring high-level activities. To expedite and simplify the licensing system above, the Online Single Submission (OSS) system is designed as the only portal in managing business licensing in Indonesia. The OSS system consists of three sub-systems, namely:

- One-stop information, which fills in related information about how to conduct business activities in Indonesia;
- Integrated license approval, to process permit approval; and
- Integrated inspection, which contains information about the implementation of supervision on business activities.

Reference:

- Official YouTube Channel of Economy Indonesia in Bahasa Indonesia

If you require a copy of the reference document above, please do not hesitate to contact research@ibai.or.id. Thank you for your attention and hope this information would be valuable for you.

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