

# Streamlining business procedures

## INTERVIEW WITH FRANKY SIBARANI

CHAIRMAN OF THE INDONESIA INVESTMENT COORDINATING BOARD (BKPM)



FRANCISCUS (FRANKY) SIBARANI

was appointed Chairman of the Indonesia Investment Coordinating Board (BKPM) by President Joko Widodo on 27 November 2014. Prior to his appointment, he was known as a businessman with a particular interest in the development of Indonesia's national competitiveness, improving the country's investment climate, and the protection of small and medium-sized enterprises. He has also served as Chairman of the Indonesian Employers Association (APINDO), Vice Chairman of the Standing Committee of Domestic Trade, and Secretary General of the Indonesian Food and Beverage Association (GAPMMI).

### How would you describe the business climate in Indonesia, and what steps is the government taking to improve it?

We are going to great lengths to ensure that Indonesia is more open and receptive to Foreign Direct Investment, such as the recent revision of the Negative Investment List. Doing business in Indonesia is also getting easier, which can be seen in the improvement of our ranking on the 10 indicators of the World Bank's Ease of Doing Business (EoDB) index. For example, in the Starting a Business indicator, the government has already simplified the process of starting a business from 13 procedures to 5, and reduced the time it takes from 47 to 4½ days. Also, in the Dealing with Construction Permits indicator, the government has simplified this process from 17 procedures to 5, and reduced the time it takes from 210 days to 38.

BKPM is constantly launching breakthrough programmes to help investors realise their investment plans in Indonesia. With the One Stop Integrated Service, investors no longer need to criss-cross Jakarta for consultations and to obtain permits. Investment licenses for almost all sectors have now been delegated to BKPM.

With the Three-Hour Licensing Service, investors can obtain eight permits, plus a land-booking letter, within three hours, by coming directly to BKPM.

Finally, under the Direct Construction Service, investors are now able to begin their projects' construction before obtaining construction permits, within selected industrial parks.

### Is corporate social responsibility a priority in Indonesia? To what extent can a good track record in this area help foreign investors achieve their goals in the country?

BKPM actively encourages investments that contribute significantly to local economies. Investments in labour-intensive industries will provide vast job opportunities for local talent. Moreover, investment projects will open up new opportunities for local businesses to join their supply chain.

BKPM is working closely with investors to accelerate workers' recruitment and to develop their skills. We also encourage investors to collaborate with Pesantren (an Islamic boarding school) by building vocational training facilities and providing training programmes for students interested in joining the companies or

whose businesses want to be part of the supply chain.

Through "investment for the people" programmes, investors will get the skilful workers they need, develop a closer relationship with society, and contribute to the environment, which in the end will support the sustainability of their businesses.

### The administration of President Widodo has initiated a package of new economic measures intended to help expedite private investment and spur economic growth. What impact has this initiative had so far?

The economic package has received a good response from foreign investors. From January to March 2016, BKPM recorded US\$38.1 billion in investment commitments, an 80 per cent increase from the same period last year. The Three-Hour Licensing Service has also been used by 39 companies, with US\$7.7 billion of investment commitments, projected to employ 29,375 local workers.

### Indonesia still ranks relatively low on the Transparency International index. What progress has been made in this area, and what role can BKPM play in promoting better governance and transparency?

Since December 15 2014, investment and business license applications to BKPM have been made available online. All data is processed in an online system, accessible through a facility called the Service Performance Monitoring Dashboard (SPMD). Once investors submit their application, they get a user ID so they can log in and track the application's progress online.

This dashboard is also accessible for related ministries and government bodies, so that all parties can monitor and evaluate the whole licensing process as one system. Aside from the SPMD, there is a monitoring team assigned at BKPM which ensures that all components function according to the SOP and relevant regulations.

The national investment one-stop licensing service has also opened a toll-free contact centre and website, whose services include providing information and handling complaints.

By reducing direct face-to-face meetings and supporting the online system, it is our hope to eliminate and eradicate potential corruption. **F**