

BANKING, FINANCE & PROJECT

## Indonesia Streamlines Environmental Approvals with New Decree



In November 2024, the Ministry of Environment (“**Ministry**”) issued a new regulation, Decree No. 22 of 2024 on the Delegation of Environmental Approval Processes Under Central Authority to Provinces and Regencies/Municipalities to Support the Implementation of Business Licensing (“**Decree**”). The Decree aims to streamline the process of obtaining environmental approvals (*persetujuan lingkungan*), making it easier for businesses to comply with environmental regulations in Indonesia.

Environmental approvals are required for any business or activity that could potentially impact the environment, whether big or small. These approvals ensure that businesses operate in an environmentally responsible manner and are a prerequisite in obtaining a business licence.

Currently, the authority to issue these approvals rests with different levels of government. Depending on the location and size of the business, approvals might come from the central government, a provincial government, or even a local regency/municipality. This division of responsibility can sometimes lead to an uneven distribution of workload and potential delays. To illustrate this, consider the number of AMDAL (environmental impact assessments) reviewed since 2021: the central government has handled approximately 300, while regional authorities have collectively processed only around 200. This disparity highlights the need for a more streamlined and efficient system.

To address this imbalance and improve efficiency, Government Regulation No. 22 of 2021 on the Implementation of Environmental Protection and Management authorises the central government to delegate certain environmental approval responsibilities to provincial and regional governments. Building upon this foundation, the Decree provides the specific procedures and requirements for implementing this delegation, bringing the framework of Government Regulation No. 22 of 2021 into practical effect.

## Delegation of Authority

The central government currently handles most environmental approvals process, but this can sometimes cause delays due to limited resources. To address this, the Decree shifts some of this responsibility to provincial and regional governments. This change aims to speed up the approval process, which would, in turn, make it easier and faster for businesses to obtain the necessary permits.

The Decree delegates three key types of environmental approvals:

1. **Issuing new environmental approvals:** This covers the initial approval for a new business activity, which involves reviewing AMDAL and the environmental management and monitoring plans (*Rencana Pengelolaan Lingkungan Hidup-Rencana Pemantauan Lingkungan Hidup*) or the environmental management and monitoring efforts (*Upaya Pengelolaan Lingkungan Hidup-Upaya Pemantauan Lingkungan Hidup* or “**UKL-UPL**”), depending on the scale of the project.
2. **Amending existing approvals:** This allows for amendments to existing environmental approvals without needing entirely new AMDAL or UKL-UPL.
3. **Granting technical approvals:** This includes approvals related to compliance with wastewater quality standards, emission quality standards, and technical details for hazardous waste (B3) storage.

This delegation also includes tasks such as verifying administrative completeness and issuing recommendations on evaluations of AMDAL or UKL-UPL environmental documents evaluations. It also covers issuing environmental feasibility decisions (*Surat Kelayakan Lingkungan Hidup* or “**SKKL**”) and environmental management commitment approvals (*Persetujuan Komitmen Pengelolaan Lingkungan Hidup* or “**PKPLH**”).

The Decree specifies which level of government (provincial or regional) is responsible for approving different types of business activities. For example:

1. Provincial governments will handle approvals for activities like coal mining,<sup>1</sup> electricity generation<sup>2</sup>, and wood industry and/or forestry products.
2. Regional governments will handle approvals for activities like fuel stations and medical laboratories.

A complete list of business activities and the corresponding approving authorities can be found in Annex I and Annex II of the Decree.

## Assignment Mechanism under the Decree

It is important to note that the overall process for obtaining environmental approval remains largely the same under the Decree. Below is a step-by-step overview:

1. **Application submission:** Businesses submit their AMDAL or UKL-UPL environmental documents and application online through the Amdalnet system (<https://amdalnet.menlhk.go.id/>), which is now integrated with Online Single Submission (OSS) system.
2. **Notification of assignment:** The Directorate of Environmental Impact Prevention Business and Activities assigns the regional Environmental Feasibility Test Team (*Tim Uji Kelayakan Lingkungan Hidup* or “**TUKLH**”) to review the application.
3. **Administrative review:** The TUKLH team conducts an administrative review of the application through Amdalnet.
4. **Application submission to PTSP:** If deemed complete and accurate, businesses submit their application to the Ministry of Environment’s One Stop Integrated Service (*Pelayanan Terpadu Satu Pintu KLH*) to obtain the validation minutes (*berita acara validasi*).
5. **Assessment of environmental documents:** The TUKLH team assesses the documents that have been submitted through Amdalnet.
  - If revisions are required, the team will return the documents. Businesses have 30 working days to revise and resubmit their documents.

<sup>1</sup> Coal mining (including exploration, exploitation, production operations, and activities integrated with the main operations), except in protected forests and/or with a capacity of <5 million tons/year.

<sup>2</sup> a. Power plants not located in protected forests and/or with a total capacity of <1,000 MW, except for nuclear power plants.  
b. Electricity transmission and distribution activities.

6. **Recommendation and draft environmental approval:** The TUKLH team prepares a feasibility recommendation or recommendation based on the assessment of the AMDAL or UKL-UPL, along with the draft environmental approval in the form of SKKL or PKPLH.
7. **Issuance of environmental approval:** Based on the recommendation, the relevant authority (governor, regent, or mayor) issues the environmental approval on behalf of the Ministry of Environment.
8. **Public announcement:** The environmental approval is then publicly announced through Amdalnet or through provincial government and regional government's websites within five working days of its issuance.

## Streamlining Environmental Approval Timeframes

As previously stated, the Decree is designed to make the environmental approval process more efficient. While the Decree does not provide exact timeframes, the changes it introduces are expected to significantly reduce processing times compared to the previous regulations.

Below is how the Decree aims to streamline the environmental approval process:

1. **Decentralisation:** The Decree delegates the authority for issuing environmental approvals from the central government to regional governments.
  - The delegation includes key responsibilities such as issuing environmental approval, amendments of the environmental approval, and technical approval related to environmental compliance.
  - In doing so, the Decree reduces bottlenecks and leverages local resources for quicker decision-making.
2. **Integrated system:** The Amdalnet system provides a single, online platform for submitting applications, conducting reviews, and issuing approvals.
  - This streamlined approach helps avoid delays and ensures a smoother process for everyone involved.
3. **Guidance, monitoring, and evaluation:** The Decree includes provisions for ongoing guidance, monitoring, and evaluation of the TUKLH teams responsible for assessments by the Ministry or regional governments.
  - Based on the results of these evaluations, the Ministry may expand, reduce, temporarily suspend, or revoke assignments to ensure that the delegated tasks are performed in accordance with established standards and guidelines.
  - This oversight helps ensure consistency and adherence to standards, further contributing to efficiency.

## Key Takeaways

The Decree introduces important changes to the environmental approval process in Indonesia. By delegating authority to regional governments, the government aims to make the process faster and more efficient.

Businesses should take proactive steps to familiarise themselves with these changes and engage with local authorities to ensure a smooth and timely approval process. This early engagement can help businesses navigate the system efficiently and avoid potential delays.

This streamlined approach is expected to foster a more conducive business environment while maintaining strong environmental safeguards.

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