



Regulation of The Indonesian Minister of Agriculture Number 40/2019 on Business Licensing Procedures in Agriculture Sector: Simplifying, Streamlining, and Promoting Investments

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ABSTRACT

The Indonesian Minister of Agriculture issued the Regulation Number 40/2019 as one of the initiative reforms concerning the licensing procedures in the agricultural sector of the country. It is implemented through simplifying and streamlining the procedures of agricultural business licenses toward promoting higher investment opportunities. The regulation comprises business and commercial/operational licenses in line with the requirement and commitment based-online single submission system. The type and scope of the licenses consist of registration, recommendation, and certification for sub-sectors of estate crops, food crops, horticulture, and livestock. The implementation of this regulation can be viewed as a spirit to attract investors to develop the agricultural sector in the country.

Keywords: agricultural investment, business licensing, online single submission, Indonesia

INTRODUCTION

Background

Indonesia is an agrarian country encompassing sustained various landscapes and fertile soils which produce diverse agricultural products. Agriculture has long been a potential sector and an important source of income for many local households and related stakeholders including investors. The agriculture sector not only contributes to household income of Indonesians, but also boosts the export revenue and overall economy of the country. Therefore, it is required to drive forward the initiative reform towards improving the potential agricultural sub-sectors of Indonesia particularly through investments.

As recent initiative reform, on 30 July 2019, the Indonesian Minister of Agriculture issued Regulation¹ Number 40/2019 which was enacted on 31 July 2019 concerning the Business Licensing Procedures in the agriculture sector (MoA, 2019c). This regulation considers that there is a need to optimize the framework of agricultural commodity business licensing services with the Online Single Submission (OSS) system.

Essentially, the Regulation Number 40/2019 is one of the initiative efforts to drive the ease of doing agricultural businesses in Indonesia. It is implemented through simplifying and streamlining of licensing procedures with the aim of promoting more investments for agricultural sector in the country. It was noted that based on the result of the Agricultural Census 2013 (CBS, 2013), there were 3,151 legal units of entity (licensed) agribusiness companies in Indonesia. These numbers were increased about 18.95% than those of previous result of the Agricultural Census in 2003 (Table 1).

¹ The Minister Regulation (*Peraturan Menteri/Permentan*) is officially legal term represents institutional Ministry Regulation in Indonesia

Table 1. Number of legal entity (licensed) agribusiness companies in Indonesia, 2003 and 2013

Item	Agricultural Census		Growth (%)
	ST 2003 (unit)	ST 2013 (unit)	
Food crops	87	114	31.03
Horticulture	225	185	-17.78
Estate crops	1,862	2,216	19.01
Livestock	475	636	33.89
Agriculture	2,649	3,151	18.95

Source: CBS, 2013

The existence of agribusiness is essential to support agricultural development in Indonesia. Therefore, how to improve investments in the agriculture sector (agribusiness) in the perspective of policy regulation in the country is the primary concern of this article.

Objectives

The general objective of this article is to review the Regulation of the Indonesian Minister of Agriculture Number 40/2019 on Business Licensing Procedures in Agricultural Sector. The specific objectives are: (1) to describe the trend of agricultural investments in Indonesia; (2) to analyze the implementation of Regulation Number 40/2019 in terms of simplifying, streamlining, and promoting agricultural investment; and (3) to provide recommendations towards agricultural investment in the country.

LITERATURE REVIEW

Investment plays an important role in national economic development including the agriculture sector. In terms of long-term macroeconomic perspective, investment increases capital stock which in turn improves production capacity impact on accelerating national economic growth. Hence, the Government of Indonesia (GoI) has encouraged investments both from domestic and foreign sources to have a positive impact on the agriculture sector in the country (Hadi *et al*, 2010).

The regulation of agricultural investment is a part of investment policy as one of the components of Policy Framework for Investment in Agriculture developed by Organization for Economic Co-operation and Development (OECD, 2013). This framework (Figure 1) comprises key challenges to be addressed to attract sustainable investments in agriculture that must ensure new investments generate not only higher but also sustainable growth (OECD, 2012).

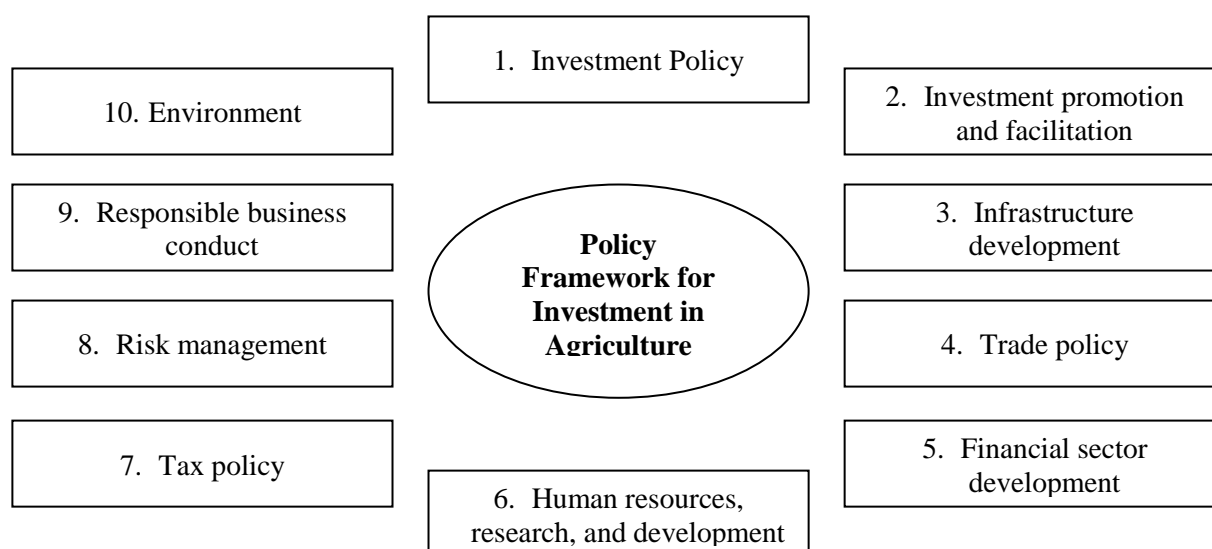


Figure 1. Policy Framework for Investment in Agriculture

Source: OECD, 2013

Globally, agricultural investment is one of the identified priorities in the Sustainable Development Goals. It facilitates advanced sustainable development objectives under International Investment Law (CCSD-IIED-IISD, 2018).

METHODOLOGY

Substantially, data and information in this article is derived from the Indonesian Minister of Agriculture issued Regulation Number 40/2019 concerning the Business Licensing Procedures for the Agriculture Sector. It was supported by data and information including supplementary regulations, literature references, and other relevant materials related to agricultural investment in Indonesia. Those were collected, analyzed, and reviewed employing descriptive method towards simplifying, streamlining, and promoting Indonesian agricultural investment in line with the objectives of this article.

RESULTS AND DISCUSSION

Regulatory Framework

Basically, there are some substances and provisions required in the Indonesian Minister of Agriculture Regulation Number 40/2019 (Table 2). It comprises 31 chapters that must be recognized by stakeholders, particularly those who would deal with agricultural businesses. Apart from general requirement at initial chapter and fee and supervision titles as well as conclusion remark at final chapters, other chapters are divided into two-classifications, namely: (1) Business licenses; and (2) Commercial or operational licenses. Those cover agricultural sub-sectors of estate crops, food crops, horticulture, and livestock that generally in line with the scopes of registration, recommendation, and certification.

Table 2. Regulatory framework of the Indonesian Minister of Agriculture Regulation Number 40/2019

Substances	Provisions
Business license	Registration given to a business actor to start and run a business and/or activity in the form of an agreement as outlined in letter/decision or fulfillment of requirements and/or commitments
Online Single Submission (OSS)	Electronic single integrated business licensing system
Business actor	Individuals or non-individuals carrying out business and/or activities in certain activities
Registration	Accomplished by business actors through OSS
Commercial or operational license	Issued by OSS institution for business actors to conduct commercial or operational activities by fulfilling the requirements and/or commitments
Commitment	Statement of business actor to fulfill the requirements of business license and/or commercial/operational license
OSS institution	Non-ministerial government institution carrying out government affairs in line with investment coordination
Business registration number	Registered identity number issued by OSS institution
Taxpayer identification number	Number given to taxpayers as a means of tax administration that is used as taxpayer identity in line with taxation rights and obligations
Company registration certificate	Endorsement given by OSS institution
Identification number of importer	Identification number of importer
Identity card number	Registered resident number of Indonesian
Electronic document	Any electronic information created, forwarded, sent, received, or stored in the forms of analog, digital, electromagnetic, optical, etc. which can be seen, displayed and/or heard through computer or electronic system, including but not limited to recognized writing, sound, pictures, maps, designs, photographs, letters, signs, numbers, access codes, symbols or perforations, etc.
Electronic signature	Attached, associated, or related to other electronic information used as a verification and authentication purposes

Source: MoA, 2019c

It is confirmed that business licensing procedures in the Indonesian Minister of Agriculture Regulation Number 40/2019 is a registration given to business actors to start and run business activities in the form of approval as outlined in a decree or fulfillment of requirements and/or commitments (statement of business actor). Business actors include individual businessman/woman, business entities, legal entities, government agencies, overseas customers, observers, social institutions, representative of foreign/international institutions, state or local-owned enterprises, farmer's groups, cooperatives, and producers. Those are registered in the OSS system and issued by the OSS institution towards simplifying and streamlining the licensing processes while encouraging investments.

Performance of Agricultural Investment

The agricultural investment in Indonesia comprises domestic and foreign direct investments. During the last four-year (2014-2017), the proportion of foreign direct investment was a little bit higher than that of domestic investment (Figure 2).

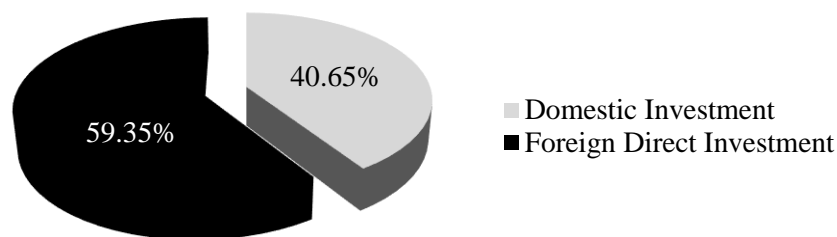


Figure 2. Proportion of agricultural investments in Indonesia, 2014-2017

Source: MoA, 2019d

There was a significant increase of annual domestic investment of about 22.48 percent per year, namely from US\$ 13,258 million in 2014 to US\$ 22,884 million in 2017 (Figure 3). On the contrary, the performance of foreign direct investment tended to decrease (-10.09% annually). As the prime mover of economy, therefore, it is required to encourage more agricultural investments in Indonesia.

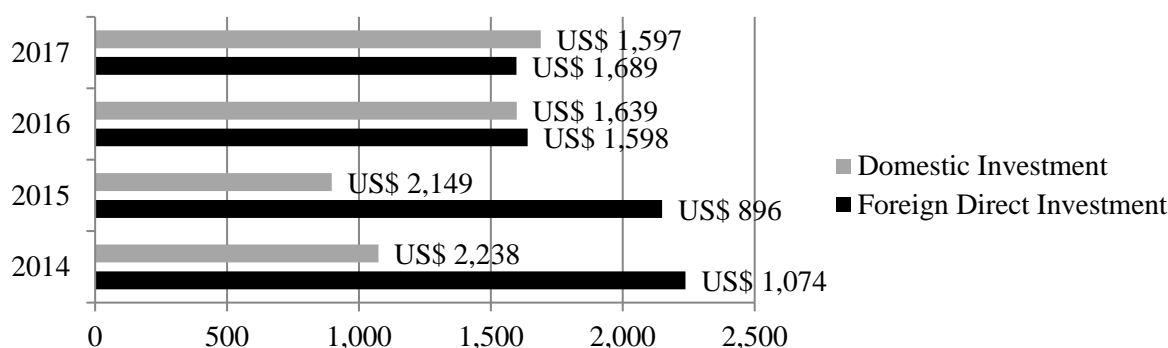


Figure 3. Performance of agricultural investment in Indonesia, 2014-2017

Source: MoA, 2019d

In terms of agricultural sub-sector, both domestic and foreign investments predominantly allocated to estate crops (95.387%) followed by livestock, food crops, and horticulture. The proportion of domestic investment was higher than the foreign direct investment in food crops and horticulture sub-sectors. Meanwhile, the proportion of foreign direct investment in livestock and estate crops sub-sectors was greater as compared to domestic investment (Table3).

Table 3. Proportion of agricultural investment by sub-sector in Indonesia, 2015-2017 (%)

Sub-sector	Domestic Investment	Foreign Direct Investment	Aggregate
Estate crops	95.48	94.29	95.38
Food crops	1.45	0.22	1.34
Horticulture	0.19	0.28	0.19
Livestock	2.88	5.21	3.08
Agriculture	100.00	100.00	100.00

Source: MoA, 2018b

Reasonably, estate crops are a commercial sub-sector in which it is more interesting in terms of investment as compared to other sub-sectors. Meanwhile, investment in livestock sub-sector is a respectable scenario in order to ease the liability of government budget allocated to entire agricultural development in Indonesia. Considerably, investment in estate crops is aimed at enhancing foreign exchange while livestock investment is directed to support food self-sufficiency in the country.

Estate crops and livestock are popular among foreign investors since these sub-sectors are primarily supported by Government Regulation Number 78/2019 on Income Tax Facilities for Investors in Certain Businesses and/or Certain Regions (GoI, 2019). Those criteria refer to the requirements of high investment value (export oriented),

large-scale employment, and high local content. The investor will be given an incentive in the form of a reduction in net income by 30% of the total investment value in the form of tangible fixed assets. This capital includes land used for the main investment activity, which is charged for six years, each with an amount of 5% annually. In addition, investors are able to obtain other incentives in the form of income tax imposition on dividends paid to foreign tax payers other than a permanent establishment in Indonesia of 10% or a lower rate according to the applicable double taxation avoidance agreement and compensation for investment losses within a period of five years but less than 10 years. The incentive includes estate cops and livestock sub-sectors such as sugar cane and beef cattle, respectively.

Analysis of Agricultural Investment Regulation

According to the Indonesian Law Number 25/2007 on Investment (GoI, 2007), there are two fundamental differences between domestic and foreign investments. *First*, in terms of investor subject, domestic investors are Indonesian citizens, Indonesian business entities, and/or central/local government bodies while foreign investors are foreigners, foreign business units, and/or foreign government organizations. *Second*, in line with employment obligation and technology transfer, foreign investors are obliged to prioritize hiring Indonesian workers, to perform job training, and to transfer technology.

Agricultural investment can be viewed as a strategic policy intervention towards improving competitiveness. It is implemented based on regulation, good governance, property rights, and law enforcement (Daryanto, 2009). Moreover, it includes developing infrastructure and facilities, creating technological innovation and dissemination, and strengthening human resource capacity (Suryana, 2014).

Indonesia has a large inventory of laws and regulations that are often overlapping and inconsistent, which may deter investors (OECD, 2012). Efforts are being made to streamline existing legislation and ensure consistency (Box 1). As a result, simplifying and streamlining as well as promoting regulation on agricultural investment through the Indonesian Minister of Agriculture Regulation Number 40/2019 is strategically implemented.

Box 1

Chronological Investment Regulation of the Agriculture Sector in Indonesia

There are several investment regulations of the agriculture sector in Indonesia. Chronologically they are:

1. Government Regulation Number 24/2018 on Integrated Electronic Business Licensing Services (GoI, 2018).
2. Regulation of Ministry of Agriculture Number 29/2018 on Business Licensing Procedures in the Agriculture Sector (MoA, 2018).
3. Regulation of Ministry of Agriculture Number 5/2019 on Business Licensing Procedures in the Agriculture Sector (MoA, 2019a)
4. Regulation of Ministry of Agriculture Number 27/2019 on Business Licensing Procedures in the Agriculture Sector (MoA, 2019b)
5. Regulation of Ministry of Agriculture Number 40/2019 on Business Licensing Procedures in the Agriculture Sector (MoA, 2019c).

It is clarified that one regulation namely the Regulation of Ministry of Agriculture Number 40/2019 is the new (latest version) of agricultural investment regulation in Indonesia. Previously, there were four regulations concerning the same issues. All regulations focus on licensing procedures related to investment in agriculture with the key point of “Online Single Submission (OSS)” system. The comparison of the new and old versions of these regulations is summarized in Table 4.

Table 4. Summary of comparison of the new and old agricultural investment regulations in Indonesia

Old Regulation	New Regulation
<ol style="list-style-type: none"> 1. Government Regulation Number 24/2018: <i>“Increasing and accelerating investments by implementing the electronically integrated business licensing services through the Online Single Submission (OSS) system in the form of business license issued by the OSS institution on behalf of ministers, agency leaders, governors, and regents/mayors”.</i> 2. Regulation of Ministry of Agriculture Number 29/2018: <i>“Accelerating business licensing services in the agriculture sector through the OSS system”</i> 3. Regulation of Ministry of Agriculture Number 5/2019: <i>“Optimizing agricultural commodity business licensing services with the OSS system”</i> 4. Regulation of Ministry of Agriculture Number 27/2019: <i>“Amending the Regulation Number 5/2019 for optimizing agricultural commodity business licensing services with the OSS system”</i> 	<ol style="list-style-type: none"> 1. Regulation of Ministry of Agriculture Number 40/2019: <i>“Implementing business licensing procedures in the agriculture sector through the OSS system”</i>

Simplifying and Streamlining the Agricultural Investment Regulation

As previously stated there were four investment regulations of the agriculture sector in Indonesia. In order to optimize business licensing procedure, it is necessary to issue the new regulation namely the Regulation of Ministry of Agriculture Number 40/2019 in the essence of simplifying, streamlining, and promoting investment in the agriculture sector of the country.

Primarily, the process of business licensing in the Regulation of Ministry of Agriculture Number 40/2019 is based on application requirements. The applications through the OSS system are made by business actors who have Business Registration Number Identity issued by the OSS Institution. This identity is used to obtain business and commercial or operational licenses based on requirements.

The type and scope of commercial/operational licenses generally comprise of: (1) Business licenses; (3) Entry licenses; (3) Entry and exit licenses; (4) Recommendation licenses; (5) Certification licenses; and (6) Registration licenses. The type and scope of agricultural commercial/operational business licenses based on this regulation are summarized in Table 5.

Table 5. Type and scope of agricultural commercial/operational business licenses based on Indonesian Minister of Agriculture regulation number 40/2019

Type	Scope
Business license	Estate crops, food crops, horticulture, livestock, and veterinary medicines
Entry license	Biological agents
Entry and exit licenses	Plant seeds, genetic resources, feed ingredients of animal and plant origins, feeds, veterinary medicines, and pets
Recommendation of entry and exit licenses	Animal breeds, animal products, ruminants, and pigs
Recommendation of import license	Horticultural products and tobacco
Recommendation of export and import licenses	Certain rice
Certification license	Veterinary medicine manufacturing
Registration license	Fresh food of plant origin, agricultural tools and machinery, feeds, veterinary medicines, plant varieties, pesticides, and fertilizers

Source: MoA, 2019c

Basically, there are two important aspects that must be considered in business licenses, namely: (1) Application submission through the OSS system; and (2) Commitment statement based-requirements. Both aspects are the basis of simplifying the business license procedures. The implementation of the regulation is streamlined based on commitment. In other words, business licenses are issued concerning the statement of business actor to fulfill the requirements of business license and/or commercial/operational license.

Business actor is compulsory to submit the fulfillment of commitment through the OSS system no later than two-month since initial business license issued. It is evaluated within one-month by representative central and local governments. The evaluation results would be notified in the OSS system as a starting point for carrying out business based-commitment effectively.

Above all, the licensing processes within the regulation are simplified and streamlined based on three criteria. They are: (1) transparent and accountable; (2) simple, easy, and fast processes oriented; and (3) clean and free of illegal levy, corruption, collusion, and nepotism.

Promoting the Agricultural Investment Regulation

Increased investments will directly increase agricultural production activities, which in turn will have economic and social impacts (Hadi *et al*, 2010). *First*, economic impact is an increase in the production of various agricultural commodities and a stronger national food security, as well as an increase in the income of business actors including farmers, foreign exchange, and the Gross National Product (GDP) of the agriculture sector. *Second*, the social impact is the higher absorption of labor, both for companies and individual businesses investing, as well as in rural areas in general. Another social impact is the decline in the number of poor people in rural areas. By doing so, the rate of urbanization which adds to the problem in urban areas can be reduced

It is noted that the agriculture sector in Indonesia comprises four sub-sectors, namely: (1) Food Crops; (2) Horticulture; (3) Estate crops; and (4) Livestock. The Indonesian agriculture produces several commodities with high diversity both in terms of quantity and quality in which it can potentially be a challenge for this sector. The strategic and leading agricultural commodities for each sub-sector are presented in Table 6.

Table 6. Strategic and leading commodities by sub-sector in Indonesia

Sub-sector	Commodity	Rationale
Food crops	Rice, corn, and soybean	Special efforts in agriculture (<i>Upsus</i>) ¹
Horticulture	Shallot, garlic, and chili	Strategic commodities ²
Estate crops	Oil palm, cocoa, coffee, and rubber	Leading commodities ³
Livestock	Beef cattle	<i>SIWAB Upsus</i> ⁴

Source: ¹MoA, 2015; ²MoA, 2019d; ³IEI, 2019; ⁴MoA, 2016

The area, production, and productivity of strategic and leading agriculture commodities can be seen in Table 7. It reveals that except the area of cocoa, production of beef cattle, as well as productivity of soybean and shallot, the growth of other strategic and leading commodities tended to be positive during the period of 2014 to 2018. There are some notes related to these data. **First**, the productivity of soybean tended to decrease considering that this crop is relatively difficult to grow optimally in Indonesia since it is typically a type of sub-tropical plant. **Second**, among estate crops commodities, oil palm shows the highest growth of area and production. It was followed by coffee and rubber. **Third**, the production of beef cattle slightly decreased; therefore, Indonesia still imports feeder cattle and beef to meet the domestic consumption.

Table 7. Area, production, and productivity of strategic and leading agriculture commodities in Indonesia, 2014-2018

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Commodity	2014	2015	2016	2017	2018	Growth (%)
Rice:						
Area (ha)	13,797,307	14,116,638	15,156,166	15,712,015	15,994,512	3.79
Production (ton)	70,846,465	75,397,841	79,354,767	81,148,594	83,037,150	4.07
Productivity (ton/ha)	5.13	5.34	5.24	5.16	5.19	0.32
Maize:						
Area (ha)	3,837,019	3,787,367	4,444,368	5,533,169	5,734,326	11.05
Production (ton)	19,008,426	19,612,435	23,578,413	28,924,015	30,055,623	12.50
Productivity (ton/ha)	4.95	5.18	5.31	5.23	5.24	1.46
Soybean:						
Area (ha)	615,685	614,095	576,987	355,799	680,373	11.65
Production (ton)	954,977	963,183	859,653	538,728	982,598	8.79
Productivity (ton/ha)	1.55	1.57	1.49	1.51	1.44	-1.77
Shallot:						
Area (ha)	120,704	122,126	149,635	158,172	156,779	7.13
Production (ton)	1,233,984	1,229,184	1,446,860	1,470,155	1,503,436	5.30
Productivity (ton/ha)	10.22	10.06	9.67	9.29	9.59	-1.54
Garlic:						
Area (ha)	1,913	2,563	2,407	2,146	4,013	26.01
Production (ton)	16,893	20,290	21,150	19,510	39,300	29.51
Productivity (ton/ha)	8.83	7.92	8.79	9.09	9.79	2.95
Chili:						
Area (ha)	128,734	120,847	123,404	142,547	136,857	1.88
Production (ton)	1,074,602	1,045,182	1,045,587	1,206,266	1,206,737	3.18
Productivity (ton/ha)	8.35	8.65	8.47	8.46	8.82	1.41
Oil palm:						
Area (ha)	10,754,801	11,260,277	11,201,465	14,048,722	14,677,560	8.52
Production (ton)	31,070,015	31,730,961	37,965,224	40,567,230	42,869,429	8.58
Productivity (ton/ha)	2.89	2.82	3.39	2.89	2.92	1.02
Cocoa:						
Area (ha)	1,727,437	1,720,773	1,658,421	1,678,268	1,683,868	-0.62
Production (ton)	593,331	658,399	590,684	593,833	596,477	0.42
Productivity (ton/ha)	0.34	0.38	0.36	0.35	0.35	0.93
Coffee:						
Area (ha)	1,230,495	1,230,000	1,246,657	1,241,514	1,243,441	0.26
Production (ton)	639,412	663,871	717,962	722,461	729,074	3.38
Productivity (ton/ha)	0.52	0.54	0.58	0.58	0.59	3.24
Rubber:						
Area (ha)	3,606,245	3,621,106	3,639,048	3,659,090	3,683,018	0.53
Production (ton)	3,145,398	3,357,951	3,680,428	3,630,268	3,543,171	3.15
Productivity (ton/ha)	0.87	0.93	1.01	0.99	0.96	2.62
Beef cattle:						
Population (head)	15,419,718	15,997,029	16,429,102	16,432,945	17,118,650	2.66
Production (ton)	506,661	518,484	486,320	497,972	490,421	-0.75

Source: MoA, 2019g

The contribution of the agriculture sector to GDP from 2014 to 2018 is presented in Table 8. The highest and the lowest growth were in estate crops and horticulture sub-sectors, respectively. The growth of the agriculture sector slightly decreased 1.92 percent during the periods, due to several factors in both technical and socioeconomic aspects.

Table 8. Contribution of the agriculture sector to GDP, 2014-2018 (%)

Agriculture	2014	2015	2016	2017	2018
Food crops	3.25	3.45	3.43	3.23	3.03
Horticulture	1.52	1.51	1.51	1.45	1.47
Estate crops	3.77	3.52	3.46	3.47	3.30
Livestock	1.58	1.60	1.62	1.57	1.56
Total	10.12	10.08	10.02	9.72	9.36

Source: CBS, 2019

It is necessary to encourage the investments in the agriculture sector namely through recognizing the arrangement procedures of business licenses. It is not only intended to promote the regulation but also to improve investment in Indonesia agriculture sector. Those are basically based on certain requirements and commitments in line with types of business associated with all existing agricultural sub-sectors (Box 2).

Box 2	
Range of Agricultural Sub-sector Business Licenses	
1.	Estate crops: cultivation, processing, integrated cultivation-processing product industries, and seed provisions.
2.	Food crops: crop production processes, postharvest handling, integrated production processes-postharvest handling, and seed provisions.
3.	Horticulture: cultivation and seed provisions.
4.	Livestock: farming and breeding.

Estate crops

Estate crops business license includes commitments for cultivation and integrated cultivation-processing product industries. It contains the ability to submit: (1) Location permit; (2) Environmental permit; (3) Permit for the release of forest area, if the requested area originates from forest area; (4) Statements regarding work plan for nucleus estate development, yield processing, possessions of human resource-facility-infrastructure-plant disturbing organism control systems; (5) Statement of customary law community agreement for customary land used; and (6) Information of beneficial ownership.

Application for business licenses of estate crops product processing industries covers eight commitments. Those are related to the ability to submit: (1) Location permit; (2) Environmental permit; (3) Document of owned management of raw material supply at least 20 percent of the total required raw material; (4) Document of raw material supply based-partnership; (5) work plan of processing industry development; (6) Work plan of plantation development; (7) Statement of customary law community agreement for customary land used; and (8) Information of beneficial ownership.

Commitments for estate crops seed provisions entail statements and recommendation. It relates to the ability to deliver: (1) Statement of owning and/or controlling the seed sources; (2) Statements of owned seed producing unit with adequate infrastructure-based plant types; (3) Statement of having skilled personnel in seed provisions; and (4) Recommendation as seed producers issued by unit of technical implementation, supervision, and certification institution.

Food Crops

Food crops business license is applied by business actor on a certain scale of business covering commitments in applying business licenses for crop production processes, postharvest handling, and integrated production processes-postharvest handling are similar. It includes: (1) Permitted location map with a scale of 1:100,000 or 1:50,000; (2) Work plan; (3) Results of environmental impact analysis and environmental management/monitoring assessment; (4) Statement of implementing quality assurance system of food crop products; (5) Statement of willingness to implement partnership; and (6) Biological safety recommendations for genetic engineering products from the Biosafety Commission when using genetically modified plants.

Application for business licenses of seed provisions consists of five commitments. They are: (1) Results of environmental impact analysis and environmental management/monitoring assessment; (2) Land tenure certification; (3) Approval of eligibility as a seed producer from supervision and certification institutions; (4) Type and number of seeds to be produced; and (5) Owned facility and capacities of processing and storage.

Horticulture

Horticulture business license includes cultivation and seed provision applied by medium-large scale company and individual or business entity, respectively. Commitments for horticulture cultivation activities comprise: (1) Feasibility study and work plan of businesses; (2) Environmental impact analysis and environmental management/monitoring assessment-based statutory regulation; and (3) Letter of cultivation rights.

Livestock

Application for livestock business license is carried out by medium-large scale livestock companies. It comprises commitments of: (1) Location map permit from local government; (2) Work plan of livestock farming business unit development; (3) Statement of implementing good breeding practices, good farming practices, and partnership.

CONCLUSION AND RECOMMENDATIONS

Investment is the prime mover of economy serving the country to develop its economic growth. The more accomplishments in investments, the more job opportunities available and income gained. This includes investments in the agriculture sector in which it is one of important factors in supporting agricultural development.

The implementation of the Indonesian Ministry of Agriculture Regulation Number 40/2019 concerning Business Licensing Procedure in the Agriculture Sector can be viewed as a spirit to attract investors to develop the agriculture sector in the country. It is strategically implemented through simplifying and streamlining the licensing procedures based on commitment platform. It is suggested that the regulation not only facilitate the improvement of agricultural investment but also expand its sustainability to support the agricultural development in Indonesia. Noting the importance of this licensing policy, the MoA should conduct a regular monitoring system to trace the implementation of the new procedure and its impact to the investment performance.

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