

LICENSING POLICY REGARDING THE SUITABILITY OF SPACE UTILIZATION ACTIVITIES FOR MICRO AND SMALL ENTERPRISES IN BULELENG REGENCY

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Abstract:

This study aims to examine the spatial utilization activity suitability licensing (KKPR) policy for Micro and Small Enterprises (MSEs) in Buleleng Regency, particularly in the context of the manual implementation of the Spatial Utilization Activity Suitability Approval (PKKPR). The main focus of the study is to assess the extent to which this policy has guaranteed the principles of legal certainty, justice, and benefit for business actors, as mandated by the Job Creation Law and Government Regulation Number 21 of 2021. The research method used is an empirical legal research method that examines the gap between legal regulations and the reality in society using a juridical analysis approach supported by primary data sourced from interviews, which are then analyzed qualitatively and processed with legal theories. The results of the study indicate that the implementation of the manual policy by the Buleleng Regency Government is still not in line with the principle of risk-based licensing simplification through OSS-RBA. This policy, although intended to protect MSEs from spatial planning violations, actually creates procedural inconsistencies and additional administrative burdens that have the potential to reduce legal certainty and the efficiency of public services. This study recommends accelerating the digitalization of RDTR, integrating the regional licensing system with OSS-RBA, and strengthening education and coaching for MSMEs so that the spatial licensing process can be implemented fairly, beneficially, and provide optimal legal certainty.

INTRODUCTION

Indonesia is constitutionally affirmed as a state based on the rule of law, as stipulated in Article 1 paragraph (3) of the 1945 Constitution of the Republic of Indonesia. The principle of a state based on the rule of law is the supremacy of law in every aspect of national life, including the regulation of economic and development activities. A state based on the rule of law emphasizes not only the formal existence of law but also substantive justice, legal certainty, and the protection of human rights. In this context, all economic policies and investment activities must comply with applicable legal regulations and be implemented fairly and accountably.

As part of its national development strategy, the Indonesian government is encouraging economic growth by creating a conducive and inclusive investment climate. One such monumental effort is the issuance of Law Number 11 of 2020 concerning Job Creation. This law aims to simplify regulations, expedite licensing, and open up greater business opportunities, particularly for Micro and Small Enterprises (MSEs). MSEs are considered the backbone of the national economy, contributing more than 60% of GDP and absorbing a significant portion of the workforce. Therefore,

the government is placing significant emphasis on empowering and facilitating business in this sector.

Before the enactment of the Job Creation Law, Indonesia's business licensing system was known for being slow, overlapping, and inefficient. This was a major obstacle to the growth of MSEs. Through the Job Creation Law, the government introduced a risk-based business licensing system, where the type of permit and level of supervision are determined based on the risk classification of business activities. MSEs generally fall into the low-risk category, requiring a Business Identification Number (NIB) to commence business. This approach is considered more effective and adaptable to the needs of small business owners.

To ensure integration between business activities and spatial planning, the Job Creation Law and its derivative regulations require approval of the Conformity of Spatial Utilization Activities (KKPR) as a basic requirement for business licensing. The KKPR serves to ensure that the location and type of business activity align with the applicable Regional Spatial Plan (RTRW) or Detailed Spatial Plan (RDTR). For MSEs located in areas with a digital RDTR, the OSS system will automatically issue the KKPR after spatial validation. Meanwhile, in areas without RDTR, MSME actors can submit a KKPR Independent Statement.

One important innovation of the licensing reform is the Independent KKPR mechanism, intended for MSEs operating in areas without digital RDTR (Regional Spatial Planning). Through this mechanism, MSEs simply declare that their business activities do not violate general spatial planning regulations. This declaration is made through the OSS system and is legally valid. This provides significant certainty and convenience for MSEs to legally start businesses without complicated bureaucratic processes.

The Independent KKPR mechanism for MSEs does not appear to be implemented in Buleleng Regency. The Buleleng Regency Government implemented a policy to manually issue Spatial Utilization Activity Approvals (PKKPR) for MSEs. This policy aims to prevent mismatches in spatial use and losses for business actors who lack knowledge of regional spatial planning information. The policy adopted by the Buleleng Regency has good intentions, but unfortunately, it is considered contrary to policies issued by the Central Government. However, land conversion that does not comply with regional spatial planning often occurs in Buleleng Regency.

The state is responsible for formulating policies and implementing tasks related to spatial planning. The direction of the state is determined by policymaking, and tasks are carried out by implementing tasks in the direction determined by the state. Planning, utilization, and control are three interrelated tasks in the field of spatial planning. In the context of Article 1 of Law Number 13 of 2007, the 2007 Spatial Planning Law, which is defined as follows: "Spatial planning means a process for determining spatial structures and spatial patterns, which includes the preparation and determination of spatial plans in order to harmonize various development sector activities, as a result of which land and space can be utilized optimally, efficiently, and harmoniously, resulting in a general plan for tidy space and a detailed spatial plan." Then, "Spatial utilization is an effort to realize spatial structures and spatial patterns in accordance with spatial plans through the preparation and implementation of programs and their financing." And "Control of spatial utilization is an effort to realize orderly spatial planning. Following the enactment of Law Number 6 of 2023 concerning Job Creation, which amended some provisions of Law Number 26 of 2007 concerning Spatial Planning, several changes have been made to spatial planning regulations, including:

- 1) Elimination of spatial utilization permits and their replacement with a "suitability of spatial utilization activities" model.



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- 2) Simplification of the spatial planning system.
- 3) Centralization of spatial planning.
- 4) Weakening the function of the Strategic Environmental Assessment (KLHS).

With these changes, the government hopes to improve the investment ecosystem, as reflected in the elimination of spatial utilization permits and their replacement with a "Suitability of Spatial Utilization Activities" model.

Regulations regarding the KKPR are regulated in Government Regulation Number 21 of 2021 concerning Spatial Planning (hereinafter referred to as PP No. 21 of 2021). The KKPR regulations include KKPR for business activities, KKPR for non-business activities, and KKPR for National Strategic Areas. Regarding risk-based business licensing, the KKPR (Restricted Business Permit) that must be fulfilled by the public or business actors is the KKPR for business activities. KKPR for these business activities is further differentiated into KKPR for non-Micro, Small, and Medium Enterprises (hereinafter referred to as MSEs) and KKPR for MSEs through the OSS RBA system.

Specifically, for KKPR for MSEs, as regulated in Article 115 of Government Regulation No. 21 of 2021, an exception is made where MSEs do not undergo the KKPR issuance process; instead, MSEs must make an independent declaration stating that their business activities comply with the Regional Development Planning (RDTR). Based on this provision, MSEs are responsible for their independent declarations, as Article 115 paragraph (3) regulates guidance by ministries/institutions/regional apparatuses if the independent declaration is proven to be false.

The Buleleng Regency Government has issued numerous Spatial Utilization Activity Conformity Approvals (PKKPR) for MSMEs, as shown in Table 1.

Table 1. Data on the Number of Manual PKKPRs Issued in 2021-2024

Year	2021	2022	2023	2024
Number of KKPR Issued	11	145	129	133
Villas	4	47	32	41
Housing	2	11	27	23
Commerce	4	43	25	28
Restaurants	1	16	18	21
Warehouses	-	7	4	6
Others	-	21	23	22

Source: DPMPSTSP Buleleng Regency

According to data from the DPMPSTSP Buleleng Regency (2021–2024), there was an increase in the number of manual KKPR issuances from 11 in 2021 to 133 in 2024. The majority of applications came from the villa, housing, and trade sectors. This demonstrates a real public need for legal space, but policy implementation is still not fully aligned with national regulations.

This situation indicates that regional spatial licensing policies are still trapped in a conventional administrative approach. MSMEs, which should be protected through simplified procedures, are instead burdened with additional mechanisms not explicitly regulated in Government Regulation No. 21 of 2021. In this context, regional-level policies constitute a form of discretionary power that does not always support the principles of efficiency and legal justice.

Furthermore, the manual approach implemented raises legal issues because it contradicts the spirit of simplified procedures enshrined in the Job Creation Law. This creates a dichotomy between *das sollen* (what should apply according to national law) and *das sein* (what actually happens in

practice). Legal certainty, however, requires that every business actor be able to predict the procedures they must follow and receive equal treatment across all national jurisdictions.

In accordance with the principles of good governance, the provision of public services should prioritize transparency, efficiency, participation, and accountability. However, in practice in Buleleng Regency, manual mechanisms do not guarantee process transparency because they are prone to irregularities in completion times and non-standardized additional costs. Therefore, aligning regional policies with national regulations is crucial to avoid potential legal conflicts and losses for the public, particularly MSEs.

Meanwhile, several regions, such as Badung Regency, have implemented the OSS-RBA system more optimally. Through the digitization of the RDTR (Regional Development Plan) and OSS integration, the KKPR application process for MSEs can be carried out quickly and transparently. As a result, businesses are more motivated to comply with spatial planning regulations, while simultaneously strengthening the regional investment climate. This practice shows that policy synchronization between the central and regional governments can increase the effectiveness of public services while creating an inclusive and efficient licensing system.

METHODS

The research method used is empirical legal research. The author examines the discrepancy between written regulations (*das sollen*) and the reality on the ground (*das sein*). Primary data was obtained through direct interviews with relevant parties in Buleleng Regency, such as the Investment Office, MSMEs, and village officials. Data collection techniques used interview and documentation methods. Data were analyzed qualitatively using a legal approach, namely connecting empirical facts with relevant legal theories. The research location was centered in Buleleng Regency because it is the object of the implementation of the manual KKPR policy being studied.

RESULT AND DISCUSSION

Regulation of the Conformity of Spatial Utilization Activities (KKPR) and its Implementation in Buleleng Regency. The Conformity of Spatial Utilization Activities (KKPR) is a legal instrument that determines whether a proposed spatial utilization activity by a business actor or individual complies with applicable spatial planning provisions in that location. The KKPR is an integral part of the risk-based business licensing system regulated by Law Number 11 of 2020, which has been amended by Law Number 6 of 2023 concerning Job Creation, and Government Regulation Number 21 of 2021 concerning the Implementation of Spatial Planning. Within this policy framework, the KKPR replaces the function of location permits and spatial suitability recommendations, which were previously issued separately. KKPR applications can be submitted through the Online Single Submission (OSS) system, which serves as a single licensing platform in Indonesia. Once an area has a digital Detailed Spatial Plan (RDTR) integrated with the OSS, the KKPR verification process is carried out automatically through spatial (coordinate) and spatial allocation checks. If appropriate, the system will immediately issue a KKPR. However, if the area does not yet have a digital RDTR, a technical assessment by the central or regional government is required to assess the activity plan's compliance with the national, provincial, and/or district/city Spatial Planning Plans (RTRW).

PP 21/2021 explains that KKPR covers various forms of activities, both non-business activities (e.g., social or government activities) and business activities. For business activities, the KKPR application process considers the risk level of the activity. MSEs classified as low-risk businesses

only need a NIB and an Independent KKPR, without requiring a separate environmental recommendation or location permit. This significantly simplifies the time and cost of obtaining permits.

Furthermore, PP 21/2021 also stipulates that if a discrepancy is found between business activities and the spatial plan, business actors can submit a request to amend the spatial plan through the RTRW or RDTR revision mechanism, in accordance with applicable technical provisions. However, this does not apply to MSEs that have declared an Independent KKPR, as long as they are not proven to violate environmental or protected area regulations.

To clarify the technical implementation of the provisions regarding the Conformity of Spatial Utilization Activities (KKPR) as stipulated in Government Regulation Number 21 of 2021, the government then issued Ministerial Regulation of ATR/BPN Number 13 of 2021. This regulation provides detailed guidelines regarding the procedures for applying for, approving, and managing KKPR, both through the digital RDTR-based OSS system and through manual mechanisms in areas that do not yet have an RDTR.

This regulation divides KKPR applications into two main channels: applications through the OSS system for areas that already have a digital RDTR (Detailed Spatial Plan), and manual applications or applications based on technical recommendations if the area does not yet have an integrated RDTR. In the OSS system, business actors simply input location and activity data, and if they comply with the RDTR, KKPR approval can be issued automatically without official intervention. This speeds up and simplifies the licensing process, especially for low-risk businesses such as MSEs.

However, for areas that do not yet have an RDTR, this regulation regulates the application mechanism through a spatial suitability analysis. In this case, the business actor must submit an application to the authorized agency, accompanied by technical documents that include location coordinates, type of activity, and an explanation of the activity's impact on the surrounding area. The agency then conducts a spatial and planning analysis of the application and issues a KKPR recommendation, which is then used to issue the KKPR approval.

Regulation of the Minister of Agrarian Affairs and Spatial Planning/National Land Agency (ATR/BPN) No. 13 of 2021 also contains specific provisions for Micro and Small Enterprises (MSEs). If an MSE operates in an area without a digital RDTR (Regional Spatial Planning), the business actor simply needs to submit a KKPR (Independent Declaration of Land Use), an electronic statement stating that their business activities do not conflict with spatial planning regulations. This statement is made through the OSS system and is legally valid, as long as the information provided is accurate and does not violate macro-spatial planning regulations. This scheme aims to encourage the formalization of MSEs and facilitate the acquisition of business legality.

Furthermore, this regulation stipulates that the KKPR applies not only to business activities but also to non-business activities, such as the construction of educational facilities, places of worship, and other social activities. In this context, the procedure remains based on compliance with spatial plans, but with adjustments based on the type of activity and the proposing entity.

If violations or non-compliances regarding spatial planning are found, this Regulation of the Minister of Agrarian Affairs and Spatial Planning authorizes the central or regional government to revoke the KKPR approval and take legal action in accordance with legal provisions. This demonstrates that the KKPR is not merely administrative in nature but also has a spatial control function to ensure that spatial use remains directed, efficient, and in accordance with the principles of sustainable development.



Thus, Regulation of the Minister of ATR/BPN No. 13 of 2021 provides a systematic and flexible framework for the implementation of the KKPR in Indonesia. This regulation integrates a technological approach, spatial governance, and affirmative action policies for MSEs, while maintaining the principle of prudence in spatial management.

Provisions for the Suitability of Spatial Utilization Activities (KKPR) in Buleleng Regency are regulated in Buleleng Regency Regional Regulation Number 4 of 2024 concerning the Buleleng Regency Spatial Plan for 2024-2044. This Regional Regulation does not specifically regulate the suitability of spatial use activities. The regulation on the suitability of spatial use activities is contained in Article 54, which reads:

The provisions for the KKPR as referred to in Article 53 letter a, consist of:

- 1) KKPR for business activities;
- 2) KKPR for non-business activities; and
- 3) KKPR for nationally strategic activities.

Article 55 further states:

- 1) KKPR for business activities as referred to in Article 54 letter a, includes:
 - a) KKKPR for business activities; and
 - b) PKKPR for business activities.
- 2) KKKPR for business activities as referred to in paragraph (1) letter a, is granted based on the alignment of the planned location of the Spatial Utilization activity with the RDTR that has been integrated with the OSS System.
- 3) PKKPR for business activities as referred to in paragraph (1) letter b, is granted if an RDTR is not yet available in the planned location of the Spatial Utilization activity, or if the available RDTR is not yet integrated with the OSS System.
- 4) Further provisions regarding KKPR for business activities as referred to in paragraph (1) shall be implemented in accordance with statutory provisions.

Furthermore, Article 56 states:

- 1) KKPR for non-business activities as referred to in Article 54 letter b, includes:
 - a) Space Utilization activities for private residences, places of worship, social foundations, religious foundations, educational foundations, or humanitarian foundations;
 - b) Space Utilization activities that are not of a national strategic nature funded by the State Budget (APBN) or Regional Budget (APBD); and
 - c) Space Utilization activities that implement social and environmental responsibilities funded by limited liability companies or Corporate Social Responsibility (CSR).
- 2) KKPR for non-business activities as referred to in paragraph (1) includes:
 - a) KKKPR for non-business activities; and
 - b) PKKPR for non-business activities.
- 3) KKKPR for non-business activities as referred to in paragraph (2) letter a, is granted based on the alignment of the planned location of the Space Utilization activity with the RDTR that has been integrated with the OSS System.
- 4) The PKKPR for non-business activities as referred to in paragraph (2) letter b, is granted if the planned location for the Spatial Utilization activity does not yet have an RDTR, or the available RDTR is not yet integrated with the OSS System.
- 5) Further provisions regarding the KKPR for non-business activities as referred to in paragraph (1) are implemented in accordance with statutory provisions.

Article 57 further states:

- 1) The KKPR for nationally strategic activities as referred to in Article 54 letter c, includes:
 - a) Plans for nationally strategic Spatial Utilization activities contained in the national spatial plan, island/archipelago Spatial Plan, national strategic area Spatial Plan, provincial spatial plan, district Spatial Plan, national border area RDTR, and/or RDTR; and
 - b) Plans for nationally strategic Spatial Utilization activities not yet contained in the national spatial plan, island/archipelago Spatial Plan, national strategic area Spatial Plan, provincial spatial plan, district Spatial Plan, national border area RDTR, and/or RDTR.
- 2) The provisions for implementing the KKPR for planned national strategic spatial utilization activities contained in the national spatial plan, island/archipelago spatial plan, national strategic area spatial plan, provincial spatial plan, district spatial plan, state border area RDTR, and/or RDTR as referred to in paragraph (1) letter a, apply mutatis mutandis to the provisions for implementing the KKPR for non-business activities.
- 3) The provisions for implementing the KKPR for planned national strategic spatial utilization activities not yet included in the national spatial plan, island/archipelago spatial plan, national strategic area spatial plan, provincial spatial plan, district spatial plan, state border area RDTR, and/or RDTR as referred to in paragraph (1) letter b, are implemented through the RKKPR.

Further provisions regarding the KKPR for national strategic activities as referred to in paragraph (1) are implemented in accordance with statutory provisions.

The Buleleng Regency Government has been issuing Spatial Utilization Activity Conformity Approvals (PKKPR) manually by assessing the suitability of spatial use based on the Regency's Spatial Plan (RTRW). This assessment involves the Public Works and Spatial Planning Agency and the Buleleng Regency National Land Agency. I Komang Suarsana, ST, a Junior Expert Licensing Administrator, also explained that this Spatial Utilization Activity Conformity Approval is also issued to MSMEs. He explained that this is done to protect agricultural land from being converted into yards with buildings on them. This agricultural land protection effort is considered crucial because the MSME scale determined by Government Regulation Number 7 of 2021, if implemented in areas like Buleleng Regency, could have significant impacts on both the scale of development and land conversion. Therefore, he believes that if this freedom is granted without the ability to monitor it, agricultural land conversion will occur, which can be detrimental to the region.

Based on Government Regulation No. 7 of 2021 concerning the Facilitation, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises (MSMEs), the scale of MSMEs is classified based on two main criteria: business capital and annual sales revenue (turnover). This determination aims to provide a clearer and more relevant basis for developing and protecting MSMEs in Indonesia.

Micro Enterprises are businesses with a maximum capital of IDR 1 billion, excluding land and buildings, and/or annual sales of IDR 2 billion. Furthermore, Small Enterprises are businesses with capital exceeding IDR 1 billion and up to IDR 5 billion, and/or annual sales of IDR 2 billion and up to IDR 15 billion. Meanwhile, Medium Enterprises have capital exceeding IDR 5 billion and up to IDR 10 billion, and/or annual sales of IDR 15 billion and up to IDR 50 billion.

It should be noted that these business capital criteria apply to newly established businesses, while the annual sales criteria apply to existing businesses. The government also provides flexibility

by allowing for changes to these nominal values in line with national economic developments. Furthermore, ministries/agencies can add other criteria such as workforce size, investment value, technology level, local content, and environmental aspects, depending on the specific business sector or characteristics. With these regulations, it is hoped that MSMEs can be further empowered and integrated into the national economic ecosystem in a sustainable manner.

The Secretary of the Buleleng Regency Investment and One-Stop Integrated Services Office, Ketut Agus Widi Sanjaya SIP., MM., stated that the Investment and One-Stop Integrated Services Office has received authority from the Regent to carry out government activities in the areas of licensing and investment services. This is stipulated in Buleleng Regent Regulation Number 21 of 2022 concerning the Delegation of Authority for the Implementation of Regional Business Licensing and Non-Licensing Services from the Regent to the Head of the Investment and One-Stop Integrated Services Office. This regulation also explains that one of the licensing authorities granted is basic licensing.

Basic licensing is a preliminary requirement that must be met by business actors before obtaining a business or operational permit. Within the regulatory framework for risk-based business licensing introduced through Law Number 11 of 2020 concerning Job Creation and further regulated in Government Regulation Number 5 of 2021 concerning the Implementation of Risk-Based Business Licensing, basic licensing serves as the foundation for an integrated licensing process through the Online Single Submission (OSS) system. The purpose of basic licensing is to ensure that the location, environmental impact, and business premises comply with legal and spatial planning provisions, so that business activities can operate legally, safely, and sustainably. There are three main components to basic licensing: the Conformity of Spatial Utilization Activities (KKPR), Environmental Approval, and Building Approval and Certificate of Functional Worthiness (PBG/SLF). The KKPR serves as a guarantee that the proposed business location complies with the Regional Spatial Plan (RTRW) or Detailed Spatial Plan (RDTR) in the relevant region.

In accordance with the provisions regarding basic licensing regulated by Government Regulation Number 5 of 2021, Ketut Agus Widi Sanjaya, SIP., MM, Secretary of the Buleleng Regency Investment and One-Stop Integrated Services Office, further explained that one form of basic licensing is the KKPR. Therefore, he believes the Investment and One-Stop Integrated Services Office has the authority related to the KKPR mechanism implemented in Buleleng Regency. He believes that the KKPR issued by the Buleleng Regency Investment and One-Stop Integrated Services Office constitutes a valid State Administrative Decree (KTUN).

The authority of the Buleleng Regency Investment and One-Stop Integrated Services Office in administering business licensing and non-licensing, when assessed from the theory of authority, is a type of delegative authority. This means that the acquisition of authority occurs when an organ that obtains attributional authority delegates some of its authority to another organ. Delegation carries with it full responsibility for the implementation of that authority to the party receiving the delegation. These types of authority are explained theoretically. In government law, authority is obtained in three ways:

- 1) Attribution is government authority obtained directly from law;
- 2) Delegation is authority granted from one government organ to another;
- 3) Mandate is authority granted by a government organ to another party on its behalf.

The Regency Government's Spatial Utilization Activity Suitability Approval Policy for MSMEs (Micro, Small, and Medium Enterprises) from the Perspective of Justice, Benefit, and Legal Certainty. From an Aristotelian perspective, justice is divided into two categories: distributive justice and corrective justice. Distributive justice relates to how resources or rights are distributed

fairly among the community based on the proportions, contributions, and needs of each individual in society. This concept emphasizes that justice does not mean equality, but rather proportional treatment. In the context of public policy, this means that the government must give special attention and treatment to disadvantaged groups, such as Micro and Small Enterprises (MSMEs), so that they have equal opportunities to access their rights, including in obtaining spatial utilization permits. Furthermore, an interview with I Komang Suarsana, ST, a Junior Expert in Licensing Services Substance A III, stated that in formulating the Spatial Utilization Activity Suitability Approval (PKKPR) policy, this manual views MSMEs not as a vulnerable group but rather prioritizes farm laborers and the environmental ecosystem. The view that MSMEs are not considered a vulnerable group is based on the amount of capital stipulated for MSMEs, which is below 5 billion rupiah excluding land and buildings as regulated in Government Regulation Number 7 of 2021. If viewed from the capacity of farm laborers, MSMEs who carry out building construction cannot be categorized as a vulnerable group or disadvantaged community group. I Komang Suarsana, ST emphasized that this licensing policy automatically targets MSMEs who carry out building construction because this manual Approval of Suitability of Spatial Utilization Activities (PKKPR) is a requirement to obtain Building Construction Approval (PBG) not to obtain a Business Identification Number. The distributive justice that the Buleleng Regency government wants to achieve is where vulnerable groups who are affected can be given more attention in this case because it concerns the conversion of agricultural land, so farm laborers are the right group to be said to be vulnerable.

Corrective justice, on the other hand, plays a role in redressing injustices that have occurred, usually through legal mechanisms such as courts or administrative oversight. In the context of manual KKPR policies, corrective justice includes efforts to provide redress to business actors who experience unfair treatment in the licensing process. For example, if there are discriminatory practices or non-transparent procedures, the state is obliged to provide mechanisms for objections, compensation, or policy adjustments that ensure business actors' rights are not violated. The Secretary of the Buleleng Regency Investment and One-Stop Integrated Services Office, Ketut Agus Widi Sanjaya, S.I.P., MM, emphasized in an interview that if this licensing policy is deemed inappropriate by the community, it can be challenged at the State Administrative Court. He emphasized that to date there have been no substantial objections filed by affected communities or NGOs regarding this matter. However, according to empirical data obtained through interviews with several villa and housing developers in Buleleng Regency, Putu Adi Pratama Bharata Wangsa, ST, and Kadek Suramawan stated that the manual PKKPR policy is burdensome due to the lengthy process and lack of transparency from the Buleleng Regency Investment and One-Stop Integrated Service Office regarding SOPs, field verification team schedules, and the funds spent to obtain technical advice from the National Land Agency (BPN).

In its implementation in Buleleng Regency, the manual KKPR licensing policy for MSEs is highly relevant from a justice perspective. The Buleleng Regency Government normatively intends to accommodate the interests of MSEs and farm laborers through a local policy approach through the implementation of the manual PKKPR. In practice, this policy creates inequality in access to permits because not all MSEs have sufficient administrative skills and information to navigate the complex manual licensing process. This policy has also not proven effective in reducing the rate of agricultural land conversion, resulting in limited employment opportunities for farm laborers.

Empirical data obtained during observation activities indicate complaints from MSMEs regarding slow processes, unclear procedures, and discriminatory decisions. This clearly contradicts the principle of substantive justice, which requires that every individual, especially those in

economically disadvantaged groups, be treated equally before the law. Furthermore, the use of a manual system also opens up greater room for abuse of authority and potential corruption in the licensing process.

The manual implementation of the KKPR policy in Buleleng Regency needs to be examined from a utility theory perspective. The local government argues that this policy is implemented to ensure orderly spatial use in areas that do not yet have a digital Detailed Spatial Plan (RDTR). However, this approach does not always produce optimal results.

Field research shows that manual policies often result in delays in the licensing process, additional costs for businesses, and administrative uncertainty. MSMEs, as a business group that generally has limited resources, are the ones most impacted by slow and cumbersome bureaucratic processes. This contradicts the principle of utility, as these policies actually cause greater losses than benefits. Farm workers, also a vulnerable group, are unable to experience the practical benefits of these policies, as the conversion of agricultural land in Buleleng Regency continues to be quite widespread.

Utilitarianism theory emphasizes that law should function as a social instrument to achieve collective well-being. Therefore, public policies that increase the burden on society and slow economic growth cannot be categorized as beneficial. In practice, manual KKPR policies have failed to promote efficiency, effectiveness, and social justice, the primary benchmarks of utility theory.

Furthermore, the Online Single Submission (OSS) system stipulated in Government Regulation Number 5 of 2021 was designed to simplify the licensing process and improve the ease of doing business. When local governments continue to use a manual approach, the benefits of the OSS system prepared by the central government are suboptimal.

In the context of state administrative law, the theory of utility provides a framework for assessing whether the manual KKPR licensing policy provides a tangible contribution to social welfare. If the policy creates procedural complexity, service delays, and legal obstacles for MSEs, it contradicts the principle of utility. Conversely, if the policy simplifies processes, expedites services, and provides certainty and convenience to the public, it can be deemed to fulfill the principle of utility.

Therefore, a comprehensive evaluation of the implementation of the manual KKPR in the regions, particularly in Buleleng Regency, is necessary. The local government needs to commit to implementing a digital-based system that is more adaptive and efficient, and provides legal certainty and economic benefits for businesses, particularly the MSE sector.

In its implementation, the manual KKPR licensing policy in Buleleng Regency faces various problems related to legal certainty. The lack of integration between the central policy establishing a risk-based licensing system through the OSS and the regional policy that still maintains manual procedures creates uncertainty for businesses. This regulatory inconsistency has the potential to create legal uncertainty, detrimental to MSEs.

Article 115 of Government Regulation Number 21 of 2021 explicitly states that micro and small businesses can independently declare their KKPR (Regional Property Title) if they are located in areas without a digital RDTR (Regional Development Plan). However, the Buleleng Regency Government continues to implement a manual application system through administrative and technical verification by the Investment Office and the PTSP (One-Stop Integrated Service Provider). This raises questions about the legal basis and legality of implementing regional policies that are inconsistent with national policies.

Furthermore, MSEs that have submitted KKPR applications often face uncertainty regarding the processing time, procedures, and status of their applications. This contradicts the principles of

transparency and legal predictability as stipulated in the general principles of good governance (AAUPB), particularly the principles of legal certainty and accountability.

This legal uncertainty has direct implications for the investment climate in the region. Businesses are reluctant to start or expand their businesses due to concerns about legal issues. In addition, inconsistent policies also open up opportunities for abuse of authority by certain bureaucrats, which ultimately damages public trust in government institutions.

CONCLUSION

The regulation and implementation of Spatial Utilization Activity Conformity (KKPR) in Buleleng Regency are not fully in line with national regulations as stipulated in Government Regulation Number 21 of 2021 concerning Spatial Planning Implementation. The Buleleng Regency Government still implements a manual policy for granting Spatial Utilization Activity Conformity Approval (PKKPR) to MSEs, rather than using the self-declaration approach through the OSS-RBA as stipulated in central regulations. This is due to the suboptimal digitalization of the Regional Development Plan (RDTR) and concerns about misuse of space by MSEs. The manual Spatial Utilization Activity Conformity Approval (PKKPR) policy implemented by the Buleleng Regency Government aims to protect MSEs from potential spatial planning violations. However, this policy raises legal issues because it contradicts the principle of simplification and integration of risk-based licensing mandated by the Job Creation Law. The impact is procedural inconsistencies, potential legal uncertainty, and a failure to meet the principles of efficiency and accountability in public services.

This manual policy also fails to fully guarantee the principles of fairness, benefit, and legal certainty for businesses. Manual implementation of the PKKPR tends to increase administrative burdens and processing times. This contradicts the spirit of the OSS-RBA, which emphasizes ease of doing business, particularly for MSMEs, a national priority economic sector.

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