

Client Alert

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Draft Omnibus Law: New Hope For Foreign Stakeholders in Education Sector

In September 2019, several news outlets reported that the government of the Republic of Indonesia was preparing a new law that would regulate several provisions in various industry sectors in one law, with a view to strengthening the Indonesian economy, increasing competitiveness and creating jobs. This is the first time that the government has initiated this type of law, known as an omnibus law. The omnibus law addresses various issues, which we discuss in another client alert [here](#).

This client alert covers specific proposed key changes and implications in education sector set out in the draft of the job creation law ("**Draft**").

Implications for education sector

The Draft proposes to amend several laws in education and cultural sectors, as follows:

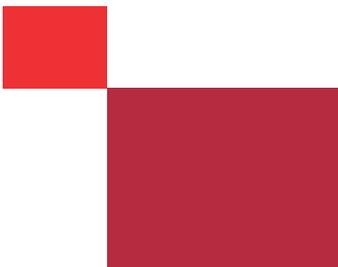
- a) Law No. 20 of 2003 on the National Education System
- b) Law No. 12 of 2012 on Higher Education
- c) Law No. 14 of 2005 on Teachers and Lecturers
- d) Law No. 20 of 2013 on Doctors Education
- e) Law No. 4 of 2019 on Midwifery
- f) Law No. 33 of 2009 on Films

In this client alert, we limit our discussion to the laws on the national education system, higher education, and teachers and lecturers.

What the Draft says

Some notable provisions under the Draft are as follows:

- **Profit oriented business:** The current regulations only allow non-profit based organizations in the form of *yayasan* (foundation) to operate schools. The Draft indicates that profit-based legal entities will also be allowed to operate formal and non-formal education businesses. It remains to be seen whether the government will open this field for foreign investors. A government regulation will set out more details on this matter.





- **Centrally issued licenses:** The Draft provides that the central government will issue licenses for formal and non-formal education institutions. Currently, local government issues licenses for education institutions in their jurisdictions.
- **More room for foreign education institutions:** Since 2014, foreign education institutions have not been allowed to directly establish schools in Indonesia. The current provisions provide that foreign educational institutions (that have been accredited in their origin countries) can enter the Indonesian market by cooperating with Indonesian schools with an A-grade accreditation. While the intention is to protect Indonesian schools, the structure is not appealing for foreign business players. The Draft indicates that foreign educational institutions will be able to operate in Indonesia without any cooperation. Foreign teachers will also be more welcome.
- **Leniency for foreign university operators:** The Draft shows the government's intention to relax the provisions for foreign university operators to allow the world's reputable universities to operate in Indonesia. A newspaper highlighted the debate on this leniency as local universities are demanding a level playing field.
- **Simplified certification process for teachers and lecturers:** The current law seems to make it difficult for teachers and lecturers to find jobs because the requirements to obtain certification are burdensome (such as minimum years of teaching experience). The Draft indicates that the qualifications will be simplified to make it easier for teachers and lecturers to get employment, and to fulfill national education purposes.

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