

**CREDIT FOR DEVELOPMENT OF BIO ENERGY AND REVITALIZATION OF PLANTATION**  
(Regulation of the Minister of Finance No. 117/PMK.06/2006 dated November 30, 2006)

THE MINISTER OF FINANCE,

Considering:

- a. that, in the framework of implementation of Presidential Instruction No. 1/2006, the government has launched program of development of plants for raw materials of bio fuel;
- b. that, to accelerate growth of the real sector by development of plantation, the Minister of Agriculture has stipulated Regulation of the Minister of Agriculture on Development of Plantation By Program of Revitalization of Plantation;
- c. that, implementation of program of development of plants as raw materials for bio fuel and program of revitalization of plantation should be supported by finances that put participation of national banks on priority;
- d. that, based on the considerations as meant in paragraphs a, b, and c, it is necessary to stipulate Regulation of the Minister of Finance on Credit for Development of Bio Energy and Revitalization of Plantation;

In view of:

1. Law No. 7/1992 on Banking (Statute Book of 1992 No. 31, Supplement to Statute Book No. 3472) as already amended by Law No. 10/1998 (Statute Book of 1998 No. 182, Supplement to Statute Book No. 3790);
2. Law No. 25/1992 on Cooperatives (Statute Book of 1992 No. 116, Supplement to Statute Book No. 3502);
3. Law No. 17/2003 on State Finances (Statute Book of 2003 No. 47, Supplement to Statute Book No. 4286);
4. Law No. 1/2004 on State Treasury (Statute Book of 2004 No. 5, Supplement to Statute Book No. 4355);

5. Law No. 18/2004 on Plantations (Statute Book of 2004 No. 84, Supplement to Statute Book No. 4411);
6. Presidential Decree No. 20/P/2005;
7. Presidential Regulation No. 9/2005 on Positions, Duties, Functions, Organization Structures, and Work Procedures of State Ministries of the Republic of Indonesia as already amended by Presidential Regulation No. 62/2005;
8. Presidential Regulation No. 10/2005 on Organization Units and Duties of Echelons I of State Ministries of the Republic of Indonesia;
9. Presidential Regulation No. 5/2006 on National Energy Policy;
10. Decree of the Minister of Finance No. 345/KMK.017/2000 on Funding of Credit for Food Security as already amended three times and latest by Decree of the Minister of Finance No. 559/KMK.06/2004;
11. Decree of the Minister of Finance No. 466/KMK.01/2006 on Organization and Work Procedure of the Ministry of Finance;

D E C I D E S :

To stipulate:

REGULATION OF THE MINISTER OF FINANCE ON  
CREDIT FOR DEVELOPMENT OF BIO ENERGY AND REVITALIZATION OF PLANTATION.

CHAPTER I  
GENERAL PROVISIONS

Article 1

Hereinafter referred to as:

1. Program of Development of Plants for Raw Materials of Bio Fuel is attempts to increase production and productivity of plants generating raw materials for

- bio fuel to meet demand for alternative energy sources;
2. Plantation Revitalization Program is attempts to accelerate development of plantation by expansion, rejuvenation, and rehabilitation of plantation plants supported by investment credit channeled by banks and interest subsidy given by government with or without participation of plantation company as partner in development of plantation, processing, and marketing of outputs.
  3. Credit for Development of Bio Energy and Revitalization of Plantation, which is hereinafter called KPEN-RP, is credit given in the framework of supporting of Program of Development of Plants as Raw Materials for Bio Fuel and Plantation Revitalization Program.
  4. Candidate Participating Farmer is farmer registered and proposed to receive KPEN-RP as stipulated by Regent/Mayor or his authorized officer.
  5. Participating Farmer is farmer as stipulated by Operating Bank to receive KPEN-RP based on List of Candidate Participating Farmers.
  6. Business Partner is large private enterprise, state enterprise, regional enterprise operating plantation business that already acts in accordance with plantation business license (IUP) and/or industrial business license, or cooperatives in form of corporate body that operates plantation business.
  7. Interest Subsidy is part of interest treated as expenses of Government in amount equal to balance between KPEN-RP rate applicable and interest rate imposed to Participating Farmer.
  8. Unit of Cost is list of types and volumes of activities and maximum amount of per unit of volume of activity fundable by KPEN-RP, as stipulated by the Minister of Agriculture or his authorized officer.
  9. Operating Bank is Commercial Bank as meant in Law No. 7/1992 on Banking as already amended by Law No. 10/1998.
  10. Cooperatives is primary cooperatives as meant in Law No. 25/1992 on Cooperatives where Candidate Participants/Participants of KPEN-RP are registered as its members.
  11. Funding Partnership Agreement is agreement between the Director General of Treasury acting on behalf of the Minister of Finance representing the Government and Operating Bank.
  12. Deposit Guarantee Institution is Deposit Guarantee Institution as meant in Law No. 24/2004 on Deposit Guarantee Institution.
  13. Policy Committee and Technical Committee are committees established by the Minister of Finance with members consisting of representatives of the Ministry of Finance, the Ministry of Agriculture, the Ministry of National Development Planning/Head of National Development Planning Board, and the Coordinating Ministry for Economy.

## CHAPTER II

### PURPOSES

#### Article 2

KPEN-RP is provided in the framework of supporting of funding for implementation of Program of Development of Plants as Raw Materials for Bio Fuel and Plantation Revitalization Program.

## CHAPTER III

### OBJECTS OF FUNDING

#### Article 3

- (1) Development of plantation fundable by KPEN-RP includes expansion, rehabilitation, and rejuvenation of:
- a. Oil Palm;
  - b. Rubber; and
  - c. Cocoa.

(2) In early operation in 2006 and 2007, area for development of plantations constructed by funding not from KPEN-RP may also be funded by KPEN-RP as long as the maximum age of plants is on stage of First Year Non-Generating Plants (TBM I).

(3) Amount of KPEN-RP as meant in paragraph (2) is stipulated by the Operating Bank based on Unit of Cost.

#### Article 4

Type of plants and target of expansion, rejuvenation, and rehabilitation of plantations for each location of development of plants through Program of Development of Plants for Raw Materials of Bio Fuel and Plantation Revitalization Program are stipulated by the Minister of Agriculture or his authorized party in consideration of proposal or recommendation of Regent/Mayor.

#### Article 5

KPEN-RP is given directly to Participating Farmers and/or via Business Partner.

### CHAPTER IV SOURCES OF FUNDING

#### Article 6

- (1) Operating Bank supplies funds for KPEN-RP.
- (2) Operating Bank channels and administers KPEN-RP.

### CHAPTER V FUNDING MECHANISM

#### Article 7

- (1) The Minister of Finance c.q. the Director General of Treasury appoints Operating Bank based on application of the Bank concerned.
- (2) Operating Bank shall at least meet the following requirements:
  - a. Submitting a written commitment for providing of funds in certain amount for KPEN-RP;
  - b. Submitting a written commitment regarding promise that the Operating Bank will take the necessary actions to guarantee supply and channeling

of KPEN-RP for which it is responsible, in amount and in time in accordance with program stipulated by the government, and to comply with all regulations in force regarding procedure of administration;

- c. Having seat of office or operational office in the province where KPEN-RP is channeled.

#### Article 8

The Operating Bank stipulates Participating Farmer based on evaluation into fitness and properness of Candidate Participating Farmer and plantation development business proposed by the Candidate Participating Farmer based on healthy credit principles, in accordance with the laws in force.

#### Article 9

(1) The Minister of Agriculture files proposal of Annual Program and Budget for Development of Plants as Raw Materials for Bio Fuel and Plantation Revitalization Program for the following year in March of the current year to the Minister of Finance, with copies submitted to the Coordinating Minister for Economy and the State Minister for National Development Planning/Head of National Development Planning Board.

(2) The Minister of Finance gives approval to the proposal of Annual Program and Budget for Development of Plants as Raw Materials for Bio Fuel and Plantation Revitalization Program to the Minister of Agriculture after considering the opinion of the Policy Committee regarding result of analysis of the Technical Committee.

(3) Based on Minister of Finance's approval as meant in paragraph (2), the Minister of Agriculture stipulates Annual Program and Budget for Development of Plants for Raw Materials of Bio Fuel and Plantation Revitalization Program and submits it to the Operating Bank and Business Partner.

#### Article 10

(1) The Operating Bank arranges plan for channeling of

KPEN-RP based on the program and budget as meant in Article 9 paragraph (3) and Unit of Cost.

- (2) Plan for channeling of KPEN-RP as meant in paragraph (1) is conveyed by the Operating Bank to the Minister of Agriculture and the Minister of Finance.

#### Article 11

- (1) In case that plantation is self constructed by Participating Farmer, withdrawal of KPEN-RP is implemented directly by the Participating Farmer.
- (2) In case that plantation is constructed by Participating Farmer in partnership with Business Partner, withdrawal of KPEN-RP is implemented by the Business Partner based on agreement between Business Partner and Participating Farmer or his authorized party.

### CHAPTER VI CREDIT REQUIREMENTS

#### Article 12

- (1) KPEN-RP rate is equal to market rate for similar credit provided that it shall not exceed deposit guarantee rate in Commercial Bank as stipulated by Deposit Guarantee Institution plus five percent (5%).
- (2) KPEN-RP rate as meant in paragraph (1) is reviewed and re-stipulated once in every six (6) months, namely on April 1 and October 1, based on agreement between the Government and Operating Bank after considering the opinion of the Policy Committee regarding result of analysis of the Technical Committee.
- (3) KPEN-RP rate for the first time is equal to market rate for similar credit upon stipulation of this Regulation providing that it shall not exceed deposit guarantee rate in Commercial Bank as stipulated by Deposit Guarantee Institution plus five percent (5%), and set forth in Funding Partnership Agreement.
- (4) The Minister of Finance c.q. the Director General of Treasury notifies, in writing, about stipulation of KPEN-RP rate every time it is changed to the Operating Bank with copies submitted to the Coordinat-

ing Minister for Economy, the Minister of Agriculture, and the State Minister for National Development Planning/Head of National Development Planning Board, and carbon copy of the letter of notification, after it is signed by the Operating Bank indicating approval, is re-submitted to the Minister of Finance c.q. the Director General of Treasury.

- (5) The Minister of Finance, any time, may propose review/adjustment of KPEN-RP rate, in consideration of opinion of the Policy Committee.
- (6) Provisions regarding stipulation of KPEN-RP rate in this Article are only applicable during development period.

#### Article 13

Risk of KPEN-RP is fully borne by the Operating Bank, and/or jointly with Business Partner, and/or jointly with credit guarantee institution, based on agreement.

#### Article 14

Conditions and procedure of funding, channeling, use, administration, reporting, and monitoring of KPEN-RP are further stipulated in a separate agreement.

### CHAPTER VII INTEREST SUBSIDY

#### Article 15

- (1) Part of KPEN-RP rate imposed on Participating Farmer is stipulated by the Minister of Finance based on:
- Proposal of the Minister of Agriculture; and
  - Opinion of Policy Committee regarding result of analysis of the Technical Committee.
- (2) Stipulation of part of interest as meant in paragraph (1) is notified, in writing, by the Minister of Finance to the Operating Bank with copies submitted to:
- The Coordinating Minister for Economy;
  - The Minister of Agriculture; and
  - The State Minister for National Development Planning/Head of National Development Planning Board.

### Article 16

- (1) The government gives Interest Subsidy during development period.
- (2) Development period as meant in paragraph (1) is stipulated by the Minister of Agriculture.

### Article 17

- (1) The Minister of Finance allocates Interest Subsidy in Draft of State Revenue and Expenditure Budget (RAPBN) with reference to the program and budget as meant in Article 9 paragraph (2).
- (2) Based on allocation of Interest Subsidy available in State Revenue and Expenditure Budget (APBN), the Minister of Finance issues Letter of Stipulation of Budget Unit per Work Unit (SP-SAPSK) and List of Budget Operations Form (DIPA) for Interest Subsidy.

### Article 18

- (1) KPEN-RP Interest Subsidy is paid once in every three (3) months.
- (2) Request for payment of KPEN-RP Interest Subsidy is conveyed by the Operating Bank to the Minister of Finance for attention to the Director General of Treasury, along with:
  - a. Description of calculation of payment of KPEN-RP Interest Subsidy;
  - b. Description of mutation of credit account of each KPEN-RP recipient;
  - c. Receipt of payment of KPEN-RP Interest Subsidy signed by Director of the Operating Bank or his authorized officer.
- (3) Payment of KPEN-RP Interest Subsidy is made based on records on channeling of KPEN-RP conveyed by the Operating Bank.
- (4) In the framework of evaluation of compliance with regulations on channeling of KPEN-RP and inspection into verity of calculation of Interest Subsidy already paid as meant in paragraph (3), verification is

performed jointly by the Ministry of Finance c.q. the Directorate General of Treasury and the Ministry of Agriculture c.q. the Directorate General of Plantation, periodically or incidentally.

## CHAPTER VIII

### DEVELOPMENT, CONTROL, AND EVALUATION

#### Article 19

- (1) Development and control of operation of KPEN-RP are carried out by the Minister of Finance, the Minister of Agriculture, and the Governor/Regent/Mayor in accordance with their respective duties and authorities.
- (2) Meeting for evaluation of operation of KPEN-RP is held periodically or incidentally at the initiative of the Minister of Finance and/or the Minister of Agriculture, or his authorized party, with the involvement of related parties.

## CHAPTER IX

### AUDIT

#### Article 20

- (1) The Minister of Finance and/or the Minister of Agriculture, any time, may perform audit into realization of channeling and use of KPEN-RP by Business Partner and Operating Bank.
- (2) In performing audit as meant in paragraph (1), the Minister of Finance and/or the Minister of Agriculture may ask for assistance of internal or external auditor.
- (3) Obligations of Operating Bank and/or Business Partner:
  - a. To convey related records and documents;
  - b. To give response or answer to matters questioned or needing clarification;
  - c. To have a cooperative attitude in relation to performance of audit.

## CHAPTER X

### REPORTS

#### Article 21 . . . . .

### Article 21

(1) The Operating Bank shall arrange and convey Monthly Report on Channeling and Repayment of KPEN-RP to the Minister of Finance c.q. the Director General of Treasury and the Minister of Agriculture c.q. the Director General of Plantations and Head of Financial Centre with copies submitted to the Coordinating Minister for Economy, the State Minister for National Development Planning/Head of National Development Planning Board, and Governor/Regent/Mayor concerned within not later than date 25 of the following month.

(2) The Business Partner shall arrange and convey Monthly Report on Realization of Withdrawal and Use of KPEN-RP to the Minister of Finance c.q. the Director General of Treasury and the Minister of Agriculture c.q. the Director General of Plantations and Head of Financial Centre with copies submitted to the Coordinating Minister for Economy, the State Minister for National Development Planning/Head of National Development Planning Board, and the Governor/Regent/Mayor concerned within not later than date 25 of the following month.

(3) The Operating Bank and Business Partner shall convey other reports necessary or which are specifically requested in relation to operation of KPEN-RP.

## CHAPTER XI

### SANCTIONS

#### Article 22

In case the Operating Bank commits violation against the provisions of this regulation, it is subjected to sanctions that include:

- a. Administrative sanction in form of written reminder;
- b. Deferred payment of Interest Subsidy; and
- c. Cease of payment of Interest Subsidy.

## CHAPTER XII

### TRANSITORY PROVISIONS

#### Article 23

Funding for development of other commodities in the framework of Program of Development of Plants

as Raw Materials for Bio Fuel is implemented by the following scheme:

- a. Development of sugarcane plants and cassava is funded by Food Security Credit scheme;
- b. Development of castor plants is ruled by another funding scheme.

### Article 24

As long as part of Interest imposed on Participating Farmer is not yet stipulated by the Minister of Finance, Regulation of the Minister of Agriculture No. 33/Permentan/OT.140/2006 is declared applicable for part of Interest.

## CHAPTER XIII

### CLOSING PROVISIONS

#### Article 25

Further provisions regarding funding, channeling, and administration of KPEN-RP by Operating Bank and mechanism and procedure of calculation, collection, payment, administration, and reconciliation/verification of Interest Subsidy, and other matters deemed necessary, are set forth in Funding Partnership Agreement.

### Article 26

Further provisions necessary in the framework of implementation of this regulation are stipulated by the Director General of Treasury.

### Article 27

This regulation comes into effect as from the date it is stipulated.

For public cognizance, this regulation is published by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

On November 30, 2006

THE MINISTER OF FINANCE

Sgd

SRI MULYANI INDRAWATI

====( E )====