

MANAGEMENT OF REFORESTATION FUND IN FOREST DEVELOPMENT ACCOUNT

(Joint Regulation of the Minister of Finance No. 06.1/PMK.01/2007 and the Minister of Forestry No. 02/MENHUT-II/2007 dated February 5, 2007)

THE MINISTER OF FINANCE AND
THE MINISTER OF FORESTRY,

forests and land in supporting system of life support is maintained.

Considering:

that, in the framework of implementation of the provisions of Article 15 of Government Regulation No. 35/2002 on Reforestation Fund, it is necessary to stipulate Joint Regulation of the Minister of Finance and the Minister of Forestry on Management of Reforestation Fund in Forest Development Account;

In view of:

1. Law No. 20/1997 on Non-Taxable State Revenues (Statute Book of 1997 No. 43, Supplement to Statute Book No. 3687);
2. Law No. 41/1999 on Forestry (Statute Book of 1999 No. 167, Supplement to Statute Book No. 3888);
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. Government Regulation No. 35/2002 on Reforestation Fund (Statute Book of 2002 No. 67, Supplement to Statute Book No. 4207);
6. Presidential Decree No. 187/M/2004;
7. Presidential Decree No. 20/M/2005;

DECIDES:

To stipulate:

JOINT REGULATION OF THE MINISTER OF FINANCE AND THE MINISTER OF FORESTRY ON MANAGEMENT OF REFORESTATION FUND IN FOREST DEVELOPMENT ACCOUNT.

Article 1

Hereinafter referred to as:

1. Reforestation Fund is funds for reforestation and rehabilitation of forest and their supporting activities collected from Holders of Forest Concession from natural forests in form of logs.
2. Forest and Land Rehabilitation is an attempt to recover, maintain, and increase functions of forests and land so that supportiveness, productivity, and role of

3. Corporate Body Enterprise is state enterprise, regional enterprise, private enterprise, and joint venture company between state enterprise and private enterprise/cooperatives operating forestry business.

4. Forest Farmers is a group of persons in an organization unit who grow based on togetherness, harmony, sameness of profession, and interest in exploitation of natural resources and wish to cooperate in the framework of improvement of businesses in forest plants and welfare of its members.

5. Cooperatives is prime cooperatives established and with members consisting of individual persons as set forth in Law No. 25/1992 on Cooperatives.

6. Work Unit of the Ministry of Forestry is government institution's work unit within the Ministry of Forestry that adopts System of Management of Finances of Public Service Agencies for funding of forest development.

Article 2

In the framework of management of Reforestation Fund of Central Government, the Minister of Finance opens and stipulates Forest Development Account in commercial bank.

Article 3

(1) Amount of Reforestation Fund placed for the first time in the Forest Development Account is stipulated by the Minister of Finance.

(2) Amount of Reforestation Fund as meant in paragraph (1) is from Reforestation Fund placed in Minister of Finance's Account.

Article 4

(1) Sources of funds in the Forest Development Account other than Reforestation Fund, as meant in Article 3, include:

- a. Balance of Reforestation Fund each year of Central Government less allocation to the Ministry of Forestry;
- b. Reforestation Fund from receipt of repayment of loan/credit and interest from borrowers, proceed of divestment, dividend, and fee from confiscated logs;
- c. Reforestation Fund of third party;
- d. Interest and/or jasa giro from Forest Development Account;
- e. Government's return originating from Work Unit of the Ministry of Finance.

(2) Sources of fund in Forest Development Account as meant in paragraph (1) are paid to the General State Treasury Account to be placed in Forest Development Account.

Article 5

- (1) Placement of fund as meant in Article 4 paragraph (2) from General State Treasury Account to Forest Development Account is performed by the Minister of Finance at the proposal of the Minister of Forestry.
- (2) Further implementation of placement of fund as meant in paragraph (1) is performed by the Directorate General of Treasury based on budget documentation conveyed by the Directorate General of Budget.

Article 6

- (1) Management of Forest Development Account is performed by the Director General of Treasury pursuant to the laws in force.
- (2) Revenue from jasa giro or interest directly acquired from management of Reforestation Fund in Forest Development Account is paid to the State Treasury and used for forest and land rehabilitation and their supporting activities.
- (3) Position of Reforestation Fund in Forest Development Account is notified by the Minister of Finance to the Minister of Forestry each month.

Article 7

- (1) Funds in Forest Development Account as meant in Articles 3 and 4 are transferred by the Minister of Fi-

nance or his authorized officer to Work Unit of the Ministry of Forestry based on proposal of the Minister of Forestry.

- (2) The proposal of the Minister of Forestry as meant in paragraph (1) is completed with Operational Plan of Work Unit of the Ministry of Forestry and Business and Budget Plan ratified by the Minister of Finance.
- (3) The Operational Plan of the Work Unit of the Ministry of Forestry and the Business and Budget Plan as meant in paragraph (2) refer to five-yearly program of forest and land rehabilitation arranged jointly by the Minister of Forestry and the Minister of Finance in accordance with their respective duties and functions.
- (4) Transfer of fund from Forest Development Account to Work Unit of the Ministry of Forestry as meant in paragraph (1) is implemented at the request of the Director General of Budget.

Article 8

- (1) Funds received by Work Unit of the Ministry of Forestry are only used for Forest and Land Rehabilitation under loan scheme and constitute circular funds for:
 - a. Corporate Body Enterprises;
 - b. Cooperatives; and
 - c. Forest Farmers.
- (2) Corporate Body Enterprises and Cooperatives as meant in paragraph (1) operate forestry businesses.
- (3) Corporate Body Enterprises as meant in paragraph (1) clause a consist of state enterprise, regional enterprise, private enterprise, and joint venture company between state enterprise and private enterprise/cooperatives.
- (4) Procedure of allocation of loan as meant in paragraph (1) is further stipulated by Head of Work Unit of the Ministry of Forestry after securing approval of the Minister of Forestry.

Article 9

- (1) Corporate Body Enterprises and Cooperatives as meant in Article 8 paragraphs (2) and (3) entitled to receive loan shall meet the following requirements:

a. Being

- a. Being holders of plant forest concession;
- b. Having professionals in forestry field;
- c. Not being included in banking black list; and
- d. Having Taxpayer's Identification Number (NPWP) and not having outstanding taxes.

(2) Forest Farmers as meant in Article 8 paragraph (1) entitled to receive loan shall meet the requirements for Holder of Plant Forest Concession in production forests.

(3) Further provisions regarding Forest Farmers entitled to receive loan are stipulated by the Minister of Forestry.

Article 10

- (1) The loan as meant in Article 9 paragraph (1) is subjected to interest with the following conditions:
- a. Corporate Body Enterprises are subjected to interest equal to interest rate applicable in commercial banks;
 - b. Cooperatives and Forest Farmers are subjected to interest equal to interest rate applicable in Deposit Guarantee Institution (LPS).

(2) In case that the loan is received by syariah scheme, regulations regarding profit share shall be in accordance with standards of the best syariah bank according to Bank Indonesia's criteria.

(3) Interest as meant in paragraph (1) and/or profit share as meant in paragraph (1) is counted since loan is transferred from the account of the Work Unit of the Ministry of Forestry to borrower's account.

Article 11

- (1) In case that the Corporate Body Enterprise borrower as meant in Article 8 paragraph (3) does not fulfill its obligations as set forth in the loan agreement, it is subjected to monetary charge of two percent (2%) per annum plus interest equal to interest rate applicable in commercial bank per annum.
- (2) On Cooperatives or Farmers borrower, if chairman of the group and members of the group do not meet the obligations as set forth in the loan agreement, they shall jointly and severally responsible for fulfilling their obligations.

Article 12

Provisions regarding term of loan, repayment of principal amount, payment of interest or profit share, and sanctions are further stipulated in the loan agreement between Work Unit of the Ministry of Forestry and borrower.

Article 13

Development and supervision of operation of forest and land rehabilitation activities by Corporate Body Enterprises, Cooperatives, and Forest Farmers are performed by the Work Unit of the Ministry of Forestry.

Article 14

- (1) Corporate Body Enterprises, Cooperatives, and Forest Farmers, at least once in every three (3) months, submit report to the Work Unit of the Ministry of Forestry.
- (2) The Work Unit of the Ministry of Forestry, at least once in every three (3) months, submits financial statements and report on forestry techniques to the Minister of Finance and the Minister of Forestry.

Article 15

Further provisions necessary in the framework of implementation of this Joint Regulation are stipulated by the Minister of Finance and/or the Minister of Forestry jointly or individually in accordance with their respective duties.

Article 16

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 February 5, 2007

THE MINISTER OF
FORESTRY
Sgd
H.M.S. KABAN

THE MINISTER OF
FINANCE
Sgd
SRI MULYANI INDRAWATI

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