

## GUIDES FOR PLANTATIONS DEVELOPMENT BY MEANS OF PLANTATIONS REVITALIZATION PROGRAM

(Regulation of the Minister of Agriculture No. 33/Permentan/OT.140/7/2006 dated July 26, 2006)

WITH THE GRACE OF THE ALMIGHTY GOD

THE MINISTER OF AGRICULTURE,

Considering:

- a. that, in the framework of fostering growth of the real sector, especially to increase work opportunities, income, competitiveness, and national economic domination and regional development, it is necessary to implement plantations development by means of Plantations Revitalization Program;
- b. that, in relation to the above matters, it is deemed necessary to stipulate guides for plantations development by means of Plantations Revitalization Program by Regulation of the Minister of Agriculture;

In view of:

1. Law No. 5/1960 on Basic Agrarian Laws (Statute Book of 1960 No. 104, Supplement to Statute Book No. 2043);
2. Law No. 15/1997 on Transmigrations (Statute Book of 1997 No. 37, Supplement to Statute Book No. 3682);
3. Law No. 12/1992 on System of Cultivation of Plants (Statute Book of 1992 No. 46, Supplement to Statute Book No. 3478);
4. Law No. 18/2004 on Plantations (Statute Book of 2004 No. 85, Supplement to Statute Book No. 4411);
5. Law No. 32/2004 on Regional Government (Statute Book of 2004 No. 125, Supplement to Statute Book No. 3839);
6. Government Regulation No. 25/2000 on Powers of the Government and the Province as Autonomous Region (Statute Book No. 54, Supplement to Statute Book No. 3952);

7. Presidential Decree No. 187/M/2004 on Establishment of United Indonesia Cabinet;
8. Presidential Regulation No. 9/2005 on Positions, Duties, Functions, Structures of Organization, and Work Procedures of State Ministries of the Republic of Indonesia as already amended by Presidential Regulation No. 62/2005;
9. Presidential Regulation No. 10/2005 on Organization Units and Duties of Echelons I of State Ministries of the Republic of Indonesia;
10. Regulation of the Minister of Agriculture No. 299/Kpts/OT.140/7/2005 on Structure of Organization and Work Procedure of the Ministry of Agriculture;
11. Regulation of the Minister of Agriculture No. 341/Kpts/OT.140/9/2005 on Organization Units and Work Procedure of the Ministry of Agriculture;

D E C I D E S :

To stipulate:

REGULATION OF THE MINISTER OF AGRICULTURE ON  
GUIDES FOR PLANTATIONS DEVELOPMENT BY MEANS  
OF PLANTATIONS REVITALIZATION PROGRAM.

### CHAPTER I

#### GENERAL PROVISIONS

##### Article 1

Hereinafter referred to as:

1. Plantations Revitalization Program is acceleration of development of small-scale plantations by means of expansion, rejuvenation, and rehabilitation of plantations plants supported by investment credit and interest subsidy by the government with participation of companies undertaking plantation business as partners in development of plantations, processing and marketing of the outcomes.

2. *Expansion* is development of plantations area in a newly opened area or unification of areas around plantations by application of advanced technology.
3. *Rejuvenation* is development of plantations by replacement of old/unproductive plants with new plants, wholly or gradually.
4. *Rehabilitation* is development of plantation to reinstate its productions potentialities by improvement of qualities of plants through improvement of materials of plants and maintenance conducted wholly or gradually.
5. *Interest Subsidy* is balance between commercial interest and interest imposed on farmers and borne by the government to be paid to the bank in the framework of Plantations Revitalization Program.
6. *Business Partner* is large private enterprise, state enterprise, regional enterprise, or cooperatives undertaking plantations business in accordance with Plantations Business License (IUP) and or Industrial Business License and technical standards.
7. *Participating Farmer* is planter as stipulated by the Regent/Mayor to receive Plantations Revitalization Program facilities.
8. *Plantations Plants* are oil palm, rubber, cocoa, and other plants stipulated by the Minister of Agriculture.

#### Article 2

Plantations Revitalization Program is implemented to expand, rejuvenate, and rehabilitate small-scale plantations plants in newly developed areas or old areas by application of advanced technology so as to increase new work opportunities, productions and competitiveness by creating cultivation system that integrates production, processing, and marketing of products.

#### Article 3

- (1) Plantations Revitalization Program is a package of plantations development policies that consists of:

- a. Basic components, which include:
  - 1) Expansion of small-scale plantations;
  - 2) Rejuvenation of small-scale plantations;
  - 3) Rehabilitation of small-scale plantations.
- b. Complementary components, which include:
  - 1) Processing unit;
  - 2) Infrastructure;
  - 3) Public means and facilities.

(2) The integration of all of the components, as meant in paragraph (1), must be guaranteed, whether during preparations, implementation, completion, or further development stages.

(3) Public means and facilities are utilized for public interest in accordance with applicable laws.

## CHAPTER II ORGANIZATION Article 4

(1) The Director General of Plantations is in charge of operating plantations development by means of Plantations Revitalization Program in cooperation with and with the support of other related institutions.

(2) The Plantations Revitalization Program is implemented by:

- a. Companies that already have Plantations Business License (IUP) and or Industrial Business License;
- b. Planters/cooperatives.

(3) Coordination in development of Plantations Revitalization Program is implemented under supervision of:

- a. At central government level, Team for Coordination of Operation of Plantations Revitalization Program established by the Minister of Agriculture;
- b. At provincial government level, Development of Operation of Plantations Revitalization Program is implemented by Team for Development of Plantations of the Province (TP3P) established by the Governor;

- c. At regental/municipal level, Development of Operation of Plantations Revitalization Program is implemented by Team for Development of Plantations of the Regency (TP3K) established by the Regent/Mayor.

### CHAPTER III BUSINESS PARTNER

#### Article 5

- (1) Business partners include large private enterprise, state enterprise, regional enterprise, or cooperatives undertaking plantations business and already have Plantations Business License (IUP) and or Industrial Business License and already meet technical standards.
- (2) Business Partners already execute agreements with planters/syndicate of farmers/cooperatives acknowledged by the Regent/Mayor.

#### Article 6

- (1) Business partner interested to take part in plantations development by means of Plantations Revitalization Program files an application to the Regent/Mayor c.q. the Regental/Municipal Plantations Agency with copies furnished to the Directorate General of Plantations and the Provincial Plantations Agency.
- (2) Conditions required from company that files an application to become business partner:
- Licenses and other legal documents for plantations business;
  - Having experience in plantations business;
  - Guarantor;
  - Having agreement with farmer/syndicate of farmers/cooperatives;
  - Partnership proposal in the framework of plantations revitalization program.
- (3) A company that already fulfilled the conditions as meant in paragraph (2) above, is certified as business partner by the Regent/Mayor c.q. the Regental/Municipal Plantations Agency, and copies of the cer-

tificate are furnished to the Provincial Plantations Agency and the Directorate General of Plantations within not later than twelve (12) working days since receiving the application.

- (4) A company already certified as business partner, jointly with the Regental/Municipal Plantations Agency, arranges Annual Operational Plan to be used for submitting APBN/APBD proposal.

#### Article 7

##### Obligations of Business Partner:

- To have plantations and processing unit that accommodates plantations products;
- To develop small-scale plantations based on operational guidelines and physical standards stipulated by the Ministry of Agriculture c.q. the Director General of Plantations;
- To act as guarantor for securing credit facility given for development of plantations;
- To include planters to actively participate in development of plantations;
- To technically develop and manage planters so they are able to operate plantations, during development period or during planting period, to produce plants, and to support rejuvenation of plants;
- To buy plantations products at prices in accordance with applicable laws and/or agreement between business partner and planters;
- To arrange operation and repayment of credit facilities given to planters.

### CHAPTER IV PARTICIPATING FARMERS

#### Article 8

- (1) Farmers participating in Plantations Revitalization Program include:
- Planters whose plantations are rejuvenated and rehabilitated;
  - Local society and others.
- (2) List of candidate planters is stipulated by the Regent/Mayor.

- (3) Planters are given an opportunity to participate in development of plantations as workers.

#### Article 9

##### Planter's obligations:

- a. To pay cost of development of plantations. In this case planters, directly or through cooperatives, are given investment credit by banks which is coordinated by BRI;
- b. To cultivate their plantations in accordance with standards and guidelines set by business partner and/or institution for plantations affairs;
- c. To sell their plantations products to business partner at prices in accordance with applicable regulations and/or agreement between business partner and planters.

#### Article 10

To foster and to strengthen sustainability of business partnership, participating farmers and or cooperatives are given an opportunity to own part of shares of the business partner company.

### CHAPTER V

#### AREA

##### Article 11

- (1) Size of area for each participating farmer is maximum 4 hectares.
- (2) Area for expansion is given to participating farmers under property right (*hak milik*).

### CHAPTER VI

#### CREDIT

##### Article 12

- (1) Cost for development of plantations and/or processing unit owned by business partner company is borne the business partner company.
- (2) Plantations Revitalization Program Credit is given and managed by the business partner company after being agreed by the Bank, and will be given to plant-

ers after the plants are technically worthy to be transferred. On development of plantations that not yet have a business partner, especially rubber and cocoa, credit is given directly to planters.

#### Article 13

Cost of development of small-scale plantations consists of:

- a. Cost of development of plantation from stage of development of plants until transfer of plant including interest, which amount is calculated from unit cost plus management fee of ten percent (10%), stipulated each year by the Minister of Finance c.q. the Director General of Plantations after considering the opinion of the Provincial Plantations Agency;
- b. Sources of fund from investment credit given by bank which is coordinated by Bank Rakyat Indonesia (BRI);
- c. Interest at ten percent (10%) during term of development (maximum five years for oil palm and cocoa, and seven years for rubber), and the interest rate balance is charged to government's account, after term of development it is imposed with commercial interest;
- d. Credit given to planters is protected and or guaranteed by the government.

### CHAPTER VII

#### TRANSFER OF PLANTATIONS TO PLANTERS/COOPERATIVES

##### Article 14

- (1) Plantations are transferred to planters/cooperatives when plants already reach their productive age, based on types of plants and in accordance with physical standards stipulated by the Director General of Plantations, and the planters/cooperatives already sign credit agreement with the bank.
- (2) Transfer, as meant in paragraph (1), is accompanied with delivery of land certificate to be kept by the Bank as collateral.

### Article 15

- (1) In the framework of development of plantation by means of Plantations Revitalization Program, Guidelines for Development of Plantations and Guidelines for Transfer of Plantations are stipulated by the Director General of Plantations.
- (2) The business partner company must continue to comply with physical standards of development of plantations.
- (3) Supervision over fulfillment of standards of development of plantations is conducted each year by the Directorate General of Plantations without prejudice to his powers to issue reminder within the interval of time of supervision if the standards are not fulfilled.
- (4) In case that Plantations Revitalization Program does not include business partner company, especially for cocoa and rubber, development of plantations is implemented by planters with technical guidance and supervision of the Regental/Municipal Plantations Agency.

### Article 16

- (1) Evaluation into fulfillment of physical standards of development of plantations for transfer of plantations is performed by an Independent Consultant under supervision of the Directorate General of Plantations.
- (2) Result of evaluation for transfer of plantations is stipulated by the Director General of Plantations.
- (3) If upon the date of transfer of plantations to farmers, the physical standards are not fulfilled:
  - a. The government may stipulate postponement of transfer/delivery of plantations to participating farmers and the business partner company is obliged to improve the plantations at their own expense, and the proceed generated by the plantations until date of transfer is deducted from total cost of development of plantations taken over by the Bank;

- b. Result of second physical evaluation into plantations after improvements by business partner is final (Classes A and B). If the plantations are not classified as worthy to be transferred, the plantations will still be transferred to planters with degrading of credit load. Balance of credit load is the responsibility of the business partner.

- (4) For development of plantations that do not have any business partners, particularly on cocoa and rubber, evaluation and stipulation of result of final evaluation are carried out by the Regental/Municipal Plantations Agency.

### Article 17

If, due to a certain matter, upon the date of transfer of plantations to farmers, plantations cannot be transferred, the business partner continues to cultivate the plantations and make records regarding proceed of the plantations, cost of exploitation, and obligations to the bank to be considered upon transfer.

## CHAPTER VIII

### OTHER PROVISIONS

#### Article 18

Plantations development projects adopting partnership system, which have carried out development of small-scale/plasma plantations until the plants have not generated first-year proceed (TBM 1), may be considered to be included in Plantations Revitalization Program.

## CHAPTER IX

### CLOSING PROVISIONS

#### Article 19

This Regulation comes into force since the date it is stipulated.

Stipulated in Jakarta

On July 26, 2006

THE MINISTER OF AGRICULTURE

Sgd

ANTON APRIYANTONO

—==( E )==—