

Government Regulation No. 35 Year 2002
on
Reforestation Fund

The President of the Republic of Indonesia

Considering:

The implementation of Article 8 and Article 12 of Law No. 20, 1997 on Non-tax State Revenue and Article 35 of Law No. 41, 1999 on Forestry, it is deemed necessary to enact a government regulation on reforestation fund;

Referring to:

1. Article 5 paragraph (2) Basic Law 1945, amended with the third amendment of Basic Law 1945;
2. Law No. 20 Year 1997 on Non-tax State Revenue (State Gazette of the Republic of Indonesia year No. 43, year 1997, Addendum to State Gazette of the Republic of Indonesia No. 3687);
3. Law No. 22 year 1999 on Regional Autonomy (State Gazette of the Republic of Indonesia No. 60, Year 1999, Addendum to State Gazette of the Republic of Indonesia No. 3839);
4. Law No. 25 year 1999 on Intergovernmental Fiscal Balance (State Gazette of the Republic of Indonesia No. 70, 1999, Addendum to State Gazette of the Republic of Indonesia No. 3848);
5. Law No. 41 year 1999 on Forestry (State Gazette of the Republic of Indonesia No. 167 year 1999, Addendum to State Gazette of the Republic of Indonesia No. 38888);
6. Law No. 18 year 2001 on Special Autonomy for Aceh province as Nanggroe Aceh Darussalam (State Gazette of the Republic of Indonesia No. 114 year 2001, Addendum to State Gazette of the Republic of Indonesia No. 4134);
7. Law No. 21 year 2001 on Special Autonomy for Papua province (State Gazette of the Republic of Indonesia No. 135 year 2001, Addendum to State Gazette of the Republic of Indonesia No. 4151);
8. Government Regulation No. 59 year 1998 on the tariff for non-tax state revenue applied in the Department of Forestry and Estate Crops (State Gazette of the Republic of Indonesia No. 94 year 1998, Addendum to State Gazette of the Republic of Indonesia No. 3767) that had been amended several times, lastly with Government Regulation No. 92, year 1999 (State Gazette of the Republic of Indonesia No. 201 year 199, Addendum to State Gazette of the Republic of Indonesia No. 3914);
9. Government Regulation No. 73 year 1999 on the Utilization of Non-tax State Revenue received from Specific Activity (State Gazette of the Republic of Indonesia No. 136, year 1999, Addendum to State Gazette of the Republic of Indonesia No. 3871).
10. Government Regulation No. 25, year 2000 on State and Provincial Authority in line with regional autonomy (State Gazette of the Republic of Indonesia No. 54 year 2000, Addendum to State Gazette of the Republic of Indonesia No. 3952);
11. Government Regulation No. 104 year 2000 on Fiscal Balance (State Gazette of the Republic of Indonesia No, 201 year 2000, Addendum to State Gazette of the Republic of Indonesia No. 4021) amended to Government Regulation No. 84 year 2001 (State Gazette of the Republic of Indonesia No, 157 year 2001, Addendum to State Gazette of the Republic of Indonesia No. 4165).

DECREES:

Enacts: Government Regulation on Reforestation Fund.

Chapter I

General Stipulations

Article 1

Definitions of terms under this Government Regulation:

1. “Reforestation fund” is the funding used for reforestation, forest rehabilitation and supporting activities. The fund is collected from holders of forest concession rights who have permits to utilize timber forest products in natural forests.
2. “Forest and land rehabilitation” are efforts to recover, maintain and enhance forest and land functions to improve their carrying capacity, productivity and role as a life supporting system.
3. “Watershed” is an area where the ecosystem blends naturally with the rivers and streams passing through the area. Basically, the watershed’s function is to retain water originating from rain and other water sources. Eventually, the stored water will flow and empty out into the sea in a natural way, therefore, preserving the area.
4. “Reforestation” is the effort to plant trees in damaged forest areas – barren lands, *imperata* grasslands and bushes to recover the forest functions.
5. “Replanting” is the effort to recover the functions of critical lands outside forest areas through a combination of vegetation and civil engineering techniques.
6. “Rights to utilize timber forest products” (*Izin Usaha Pemanfaatan Hasil Hutan Kayu/IUPHHK*) is the permit to plant, maintain, harvest, process and market timber forest products collected from natural forests areas
7. “Natural forests” are areas where the trees grow and blend naturally with their environment.
8. The “cruising summary report” (*Laporan Hasil Cruising/LHC*) is a document comprised of data such as, number of trees, species, diameter, height, and timber volume estimation based on cruising results in a designated area. The LHC is certified by an authorized forestry official.
9. The “Indonesian selective cutting and replanting” system (*Tebang Pilih Tanam Indonesia/TPTI*) is a silviculture system comprised of selective felling procedures based on the trees’ diameter at breast height (dbh) and forest regeneration.
10. The “clear cut and artificial regeneration” system (*Tebang Habis Permudaan Buatan/ THPB*) is a silviculture system comprised of clear cut felling and artificial regeneration.
11. “Production yield summary report” (*Laporan Hasil Penebangan/LHP*) is a document certified by the forestry institution that comprises the following data: number, species, dbh, and height of logs in a designated area.
12. “Letter requesting payment of reforestation fund” (*Surat Perintah Pembayaran Dana Reboisasi /SPPDR*) is a document that shows the amount of reforestation fund that needs to be settled by the payee.
13. “Non-Tax revenue letter” (*Surat Setoran Bukan Pajak /SSBP*) is a letter verifying that the payee has settled their payment obligations to the state treasury – for example payment of reforestation fund.
14. “Responsible Payer” (*Wajib Bayar*) is the holder of a forest product utilization permit and has the responsibility to pay the reforestation fund to the state for the number of roundwood or woodchip materials from timber collected in the state’s natural forests.
15. “Forest development savings account” (*Rekening Pembangunan Hutan*) is an account to retain the reforestation fund that will be used to finance forest and land rehabilitation activities. The mechanism is carried out through a loan system and managed through a revolving fund system.
16. The “Minister” referred to in this government regulation is the Indonesian Minister of Finance.

17. The “technical minister” is the person responsible for forestry affairs – Minister of Forestry.
18. “Technical department” is the state’s department that manages forestry affairs.
19. “Technical office” is the agency that manages forestry affairs in the province, regency and /or city areas.

Chapter II

Imposition of Reforestation Fund

Article 2

All timber potentials utilized by holders of IUPHHK in natural forest felling blocks will be imposed with reforestation fund.

Article 3

- (1) The imposition of reforestation fund in a TPTI silviculture system is based on:
 - a. The recapitulation of LHC (cruising summary report) carried out in the annual felling block in the production forests areas, of trees with diameter of more than 50 cm.
 - b. The recapitulation of LHC carried out in the annual felling block in limited production forests of trees with diameter of more than 60 cm.
 - c. The recapitulation of LHC carried out in the annual felling block in swamp production forests of trees with diameter of more than 40 cm.
- (2) The imposition of reforestation fund for THPB silviculture system is based on LHP (*Laporan Hasil Produksi*/production yield summary report) for trees with a diameter of 10 cm and above.
- (3) With reference to the TPTI and THPB silviculture systems stated in paragraph (1) and paragraph (2) and based on the LHP Proposal, any utilization of logging waste will be imposed with the reforestation fund for trees with diameters of 10 cm and above.
- (4) Based on the LHP proposal, logging carried out in natural and mangrove forest areas without implementing the TPTI or THPB silviculture systems stated in paragraph (1) and paragraph (2) will be imposed with reforestation fund.
- (5) Further discussion concerning the format of the LHC and LHP documents will be regulated with a forestry ministerial decree.

Article 4

- (1) All holders of IUPHHK are required to submit the LHC to the regent/mayor in the production area at the latest in December, two years prior to the start of the logging activities.
- (2) The regent/mayor stated in paragraph (1) will request the Regional Forestry Office to verify the cruising results with 10% intensity based on the LHC submitted by the IUPHHK holders at the latest in December one year prior to the start of the logging activities.
- (3) The certification of the LHC by the regent/mayor should be completed at the latest in June, six months prior to the start of the logging activity.
- (4) Further stipulations concerning cruising results will be regulated with a forestry ministerial decree.

Article 5

- (1) All IUPHHK holders implementing logging activities stated in article 3 paragraph (2) and paragraph (3) are required to prepare and submit an LHP to the regent/mayor in the production area in accordance with the prevailing laws and regulations.
- (2) Other permit holders stated in Article 3 paragraph (4) are required to prepare and submit an LHP to the regent/mayor in the production area in accordance with the prevailing laws and regulations.

- (3) The regent/mayor stated in paragraph (1) and paragraph (2) will request the regional forestry office to measure and verify the timber presented in the LHP proposal in accordance with the prevailing laws and regulations.
- (4) Certification of the proposed LHP will be carried out by an authorized forestry official.

Article 6

- (1) The reforestation fund is calculated based on the following:
 - a. Multiplication of the planned timber volume to the reforestation fund stated in Article 3 paragraph (1) point a, b, c in accordance with the prevailing laws and regulations.
 - b. Multiplication of the actual timber volume to the reforestation fund stated in Article 3 paragraph (2), (3) and (4) in accordance with the prevailing laws and regulations.
- (2) Based on the recapitulation of the LHC stated in Article 3 paragraph (1) the authorized regional forestry official will issue the SPPDR at the latest in November one year prior to the start of the logging activities.
- (3) In accordance with the LHP proposal stated in Article 3 paragraph (2), (3) and (4), the regional forestry official has the authorization to issue a SPPDR.
- (4) The amount of the reforestation fund will be determined by a specific government regulation.
- (5) Further discussion concerning the format of the SPPDR will be regulated with a forestry ministerial decree.

Chapter III Payment Procedures

Article 7

- (1) Based on the SPPDR stated in Article 6 paragraph (2) and (3) the responsible payer will submit the reforestation fund to the state treasury by utilizing the SSBP.
- (2) Payment of the reforestation fund based on the LHC stated in paragraph (1) should be submitted at the latest:
 - a. At the end of each quarter for the first and second quarters;
 - b. At the start of each quarter for the third and fourth quarters.
- (3) Minimum payment of the reforestation fund for each quarter stated in paragraph (2) is 25% (twenty five percent) from the total amount required.
- (4) Payment of the reforestation fund based on the LHP stated in Article 6 paragraph (3) should be carried out at the latest six working days after the SPPDR is issued and prior to the certification of the LHP by the authorized forestry official.
- (5) The amount of reforestation fund stated in paragraphs (2), (3) and (4) will be paid in rupiah currency based on the rate of the US dollars in Bank Indonesia at the date of payment. Transfer and correspondence fee will be borne by the payer.
- (6) Further discussion concerning the format of the SSBP document will be regulated with a forestry ministerial decree.

Article 8

- (1) In January of the following year, the DGLHP (*Daftar Gabungan Laporan Hasil Penebangan* – Combined LHP List) based on the logging results will be weighed against the recapitulation of the LHC stated in Article 3 paragraph (1) carried out in the same year.
- (2) Should the results of DGLHP > results of the LHC recapitulation stated in paragraph (1), the regional forestry office will issue a SPPDR to balance the amount of the reforestation fund.
- (3) The payer will settle the balance of the reforestation fund stated in paragraph (2) at the latest six working days after the issuance of the SPPDR.
- (4) Should the DGLHP results < results of the LHC recapitulation stated in paragraph (1), the balance of the reforestation fund will not be considered as over payment.

Article 9

- (1) Payer will report the settlement of the reforestation fund to the regent/mayor in the production area and will attach a copy of the SPPDR and the SSBP that have been certified by the bank or post office where the payment was made.
- (2) The regent/mayor will report the payment of the reforestation fund to the provincial office and to the Directorate General for Budgeting of the concerned region.
- (3) On a monthly basis, the regent/mayor of the concerned region shall report the recapitulation of the reforestation fund received, stated in paragraph (1), to the Minister of Forestry and the Minister of Finance, at the latest on the fifth of the following month.

Chapter IV

Management

Article 10

- (1) The distribution of the reforestation fund is as follows:
 - a. 40% (forty percent) for the production area.
 - b. 60% (sixty percent) for the central government.
- (2) The production area's share stated in paragraph (1) point a. will be distributed in accordance to the prevailing laws and regulations.
- (3) The central government's share stated in paragraph (1) point b. will be allocated to the Department of Forestry and the remainder will be retained in the forest development savings account.

Article 11

Each year the regional government in the production area will coordinate the submission of proposals for forest and land rehabilitation activities from the Regency/City to the Minister of Finance. This is to obtain the 40% share of the reforestation fund stated in Article 10 paragraph (1) point a.

Article 12

- (1) The management of the reforestation fund retained in the forest development savings account stated in Article 10 paragraph (3) will be implemented by the Minister of Finance.
- (2) The reforestation fund kept in the forest development savings account, stated in paragraph (1) will be managed in the following way:
 - a. The forest development savings account will be kept in a bank determined by the Minister of Finance.
 - b. Any clearing services and interests incurred from the reforestation fund deposited in the forest development savings account will be submitted to the State's Treasury and will be used to finance forest and land rehabilitation and their supporting activities.
 - c. Status of the reforestation fund in the forest development savings account will be reported periodically to the Minister of Forestry.
- (3) Reforestation fund held in reserve in the forest development savings account, stated in paragraph (1), will be allocated and utilized for reforestation and land rehabilitation through a loan scheme and will be considered as a revolving fund.

Article 13

- (1) The reforestation fund stated in Article 10 paragraph (1) point a. will be held in reserve in the forest development savings account in care of the regent/mayor and will be incorporated into the regency/city's budget document.
- (2) The utilization of the reforestation fund stated in paragraph (1) should be based on the forest and land rehabilitation plan that has been agreed upon by stakeholders of the concerned regency/city.
- (3) The fund in the regency's/city's forest development savings account shall be managed by a designated bank in the form of loans to private companies, forest farmers' groups and cooperatives.
- (4) The fund in the regency's/city's forest development savings account cannot be used to finance supporting activities for rehabilitation programs.

Article 14

- (1) The utilization of reforestation fund stated in Article 12 paragraph (1) will be implemented through the following stages:
 - a. The Minister of Forestry together with the Minister of Finance will develop the five-year forest and land rehabilitation programs.
 - b. The Minister of Finance will allocate reforestation fund to finance the forest and land rehabilitation programs stated in point a.
 - c. To support rehabilitation programs the Minister of Forestry will submit a proposal to request for a loan from the reforestation fund.
- (2) The loan received from the reforestation fund reserved in the forest development savings account, proposed by the Minister of Forestry stated in paragraph (1) point c., will be managed by a bank or a non-bank financial institution appointed by the government.
- (3) The loan will be provided to cooperatives, private companies and to the forest farmers' associations.

Article 15

Further stipulations on forest development account, the granting of loans, private companies, forest farmers' associations and cooperatives stated in Article 13 and Article 14 will be regulated through a joint Forestry and Finance Ministerial Decree.

Chapter V

Utilization

Article 16

- (1) Reforestation fund will only be utilized to finance reforestation and rehabilitation programs and their supporting activities.
- (2) The Central Government's portion of the reforestation fund will be utilized primarily to finance forest and land rehabilitation programs in regions outside the region that provided the reforestation fund.

Article 17

- (1) Forest and land rehabilitation stated in article 16 comprise of the following activities:
 - a. Reforestation;
 - b. Replanting;
 - c. Tending;
 - d. Enrichment Planting or
 - e. The application of soil conservation techniques on critical and unproductive lands.
- (2) Reforestation and tending stated in paragraph (1) point a. and c. will be carried out in production forests, protected forests and/or conservation forests, but not including nature reserves and core zones of national parks.
- (3) Replanting stated in paragraph (1) point b. will comprise of the following activities:
 - a. Development of property or forest ownership;
 - b. Development of forestry enterprises which support forest preservation;
 - c. Development of agricultural enterprises to conserve water catchment areas.
- (4) Enrichment planting stated in paragraph (1) point d. will be carried out in protected and production forests.
- (5) The supporting activities stated in article 16 comprise of the following:

- a. Forest protection;
- b. Prevention and management of forest fires;
- c. Delineation of area boundaries;
- d. Monitoring and control; imposition; receiving and utilization of reforestation fund;
- e. Development of nurseries;
- f. Research and development; education and training; extension programs and empowerment of local community in forest rehabilitation activities.

Article 18

- (1) Rehabilitation activities stated in Article 17 paragraph (1) will be financed by the reforestation fund through a loan scheme.
- (2) Rehabilitation activities stated in Article 17 paragraph (1) deemed not appropriate to be funded through the loan scheme will be funded by the reforestation fund through the budget plan.
- (3) Supporting activities stated in Article 17 paragraph (5) will be funded by the central government's portion of the reforestation fund through its budget plan.

Chapter VI

Monitoring and Controlling Procedures

Article 19

- (1) The regency/city will monitor the imposition, payment and collection of the reforestation fund from the payers and the utilization of reforestation fund received from the block grant (*Dana Alokasi Khusus*) in the region.
- (2) The Minister of Finance, the Minister of Forestry and the Governor will monitor and control the imposition, collection, payment, management and the utilization of the reforestation fund.
- (3) In accordance with the prevailing laws and regulation an investigation will be carried out should the timber volume in the LHP > timber volume in the LHC.

Chapter VII

Sanctions

Article 20

- (1) Based on the prevailing laws and regulations, sanctions will be applied if it is found that there is deliberateness in not reporting the total amount of timber production.
- (2) In accordance with the prevailing laws and regulations, sanctions will also be applied when the timber volume in the LHP exceeds the volume in the LHC. When a violation occurs as stated in Article 19 paragraph (3), sanction and administrative fee will be applied, but the person is not exempted from paying the reforestation fund stated in Article 7 paragraph (1) of this Government Regulation.

Article 21

- (1) IUPHHK and other permit holders who have not settled their reforestation fund at the permit's expiry date will be fined with 2% administrative fee/month from the total amount that has to be paid. Part of a month will be calculated as one month.
- (2) IUPHHK and other permit holders who have not settled their reforestation fund after being given three warnings (30 days interval) will be sanctioned in accordance with the prevailing laws and regulations.

Chapter VIII

Stipulations of Transfer

Article 22

- (1) The payment of reforestation fund that has not been settled prior to the enactment of this government regulation will be subjected to the stipulations presented in this regulation.
- (2) Receipt of payment from loan/credit plus interest, diversification results, dividends, and reforestation fund from confiscated timber shall be deposited to the state treasury and will be allocated to the forest development savings account.
- (3) Reforestation funds that have been deposited and put in reserve under the name of the Minister of Finance will be utilized in accordance with this government regulation.
- (4) Reforestation funds which are still held on loan by a third party should be claimed and deposited to the State Treasury and allocated to the forest development savings account.

Article 23

- (1) The plan to use the reforestation fund to develop an industrial forest plantation (*Hutan Tanaman Industri/HTI*) through a joint venture scheme of combining the state's capital investment with the approved loan given prior to the enactment of this government regulation, will be readjusted with the stipulations presented in this regulations, provided it was evaluated that the plan is still viable to be continued.
- (2) Reforestation funds that have been provided as a loan or credit to a third party to fund the development of an industrial forest plantation and other forest development activities prior to the enactment of this regulation, should be reimbursed by the concerned parties to the State in accordance with the agreement.

Article 24

- (1) The total amount of reforestation fund that will be received in 2002 will be based on the LHP.
- (2) The total amount of reforestation fund that will be received in 2003 and subsequent years will be based on the current Government Regulation.

Article 25

- (1) State-owned Companies that have been given specific tasks of managing the forests, prior to the enactment of Government Regulation No. 35, 2002 are required to follow the stipulations stated in this government regulation.
- (2) Holders of Forest Utilization Permits that have not expired will be considered as payers and must settle the reforestation fund as stated in this government regulation.

Chapter IX

Concluding Provisions

Article 26

Holders of timber utilization and forest product collection rights are considered as payers as stipulated in this government regulation.

Article 27

All existing legislation rule pertaining to reforestation fund shall remain in effect, in so far as they do not conflict with this regulation.

Article 28

This government regulation shall enter into force at the date of its stipulation. In order that the public is informed thereof, it is hereby ordered that this regulation be published in the State Gazette of the Republic of Indonesia.

Ratified in Jakarta

On June 8, 2002

THE PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

MEGAWATI SOEKARNOPUTRI

Proclaimed in Jakarta

on June 8, 2002 2

THE STATE MINISTER OF STATE SECRETARY
OF THE REPUBLIC OF INDONESIA

signed

BAMBANG KESOWO

STATE GAZETTE REPUBLIC OF INDONESIA YEAR 2002 NUMBER 67.

Copy concurs with the original

Deputy State Secretary

Law and Regulation Department,

Signed

Lambock V. Nahattands

Clarification for Government Regulation Number 35 Year 2002 Concerning Reforestation Fund

General

Forest resource are one of the nation's life support systems and shall be managed in a sustainable manner for the benefit of present and future generations.

To support national development, as one of the nation's potential economic assets, forest resources should be managed and utilized in a sustainable manner for the welfare of the people. In this regard, all timber forest products harvested from state forests will be subjected to state tax, such as, the Reforestation Fund.

Reforestation fund plays an important role in governance and forest development aimed at conserving forest resources.

Forest deterioration and the increase of critical land continue to take place, while rehabilitation efforts tend to be slow with low rate of success. The role of the reforestation fund in the rehabilitation of natural resources becomes more important and is relied upon for future needs. It is therefore deemed necessary that the management of the reforestation fund – imposition, payment, utilization and monitoring - should be regulated with a government regulation, which observes the ongoing development of strategic environments. Through this arrangement it is expected that the reforestation fund can become a sustainable financial resource to support efforts in recovering damaged forests and critical lands.

With regards to the conservation of forest resources, the state's revenues should be optimized. One of the means that the revenue can be optimized is through imposing the reforestation fund and its utilization for forest development. To smooth out the imposition of the reforestation fund it was deemed necessary to regulate the Reforestation Fund with a government regulation.

Clarification of the Articles

Article 1

Self-explanatory

Article 2

Timber utilization permit issued to implement forest conversion, timber forest product collection and other legal permits will be treated in the same manner as IUPHHK with regards to the imposition of the reforestation fund.

Article 3

Paragraph (1)

Logs produced using the TPTI system will be imposed with reforestation fund.

Paragraph (2)

Logs produced in natural forests using the THPB system will be imposed with Reforestation Fund.

Paragraph (3)

Logging waste are branches and twigs found on the trees' upper part.
Superior tree species will be arranged separately.

Paragraph (4)

Describes the logging of natural forests without using silviculture systems - by using timber utilization permit, timber-forest product collection permit and other legal permits within the framework of non-forestry development.

The Reforestation Fund should be imposed and settled prior to the certification of the LBH by an authorized forestry official.

Paragraph (5)

Self-explanatory

Article 4

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

The regent/mayor will request the authorized forestry official to certify the LHC.

Paragraph (4)

The Minister of Forestry will issue the guideline to carry out cruising activities in a designated felling block. This is to determine the structure of the forest stand, tree species, tree diameter, tree height and an estimation of wood volume and standing stock.

Article 5

Paragraph (1)

Self-explanatory

Paragraph (2)

Other legal permit holders include State-owned companies that have been assigned with special assignments that need the issuance of timber utilization and timber forest product collection permits.

Paragraph (3)

Authorized forestry official is the person qualified as a “log grader supervisor” (*Pengawas Penguji Kayu Bulat Rimba* (PPKBRI)).

Paragraph (4)

Self-explanatory

Article 6

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

SPPDR will be issued when the LHP is approved by a PPKBRI official based on the results of the measurement and examination of the logs.

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Article 7

Paragraph (1)
Self-explanatory

Paragraph (2)
Point a:

The end of the first quarter is March and the end of the second quarter is June of the current year.

Point b:

The beginning of the third quarter is July and the beginning of the fourth quarter is October of the current year.

Paragraph (3)
Self-explanatory

Paragraph (4)
Self-explanatory

Paragraph (5)
Self-explanatory

Paragraph (6)
Self-explanatory

Article 8

Paragraph (1)

The recapitulation of LHC in an annual felling block is compared to the volume in the Joint LHP. If the volume in the LHP > LHC, the excess volume will also be imposed with reforestation fund as stipulated in this government regulation.

Paragraph (2)

The regional forestry office will issue the SPPDR at the latest six working days after the results of the comparison between DGLHP and LHC recapitulation is completed, stated in paragraph (1).

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article 9

Self-explanatory

Article 10

Self-explanatory

Article 11

Coordinate the activity proposals so that the forest and land rehabilitation programs in the regency/city can correspond and be integrated into the watershed development plan and the development of regional economy.

Article 12

Paragraph (1)

Self-explanatory

Paragraph (2)

Point a:

Self-explanatory

Point b:

Self-explanatory

Point c:

Periodically is referred to as monthly.

Article 13

Paragraph (1)

The budget document is in line with the project's procedure in the concerned regency/city.

Paragraph (2)

Stakeholders referred to in this regulation are government elements in the regency/city whose functions and responsibilities are linked to forestry matters.

Paragraph (3)

Legal private companies are companies with experience in forestry enterprises which employ professional staffs.

Forest farmers' associations are groups usually found around damaged forest areas and critical lands.

Cooperatives with experience in rehabilitation programs will be prioritized.

Paragraph (4)

Self-explanatory

Article 14

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

The cooperatives and legal private companies referred to in this government regulation are those working in the field of forestry.

Article 15

Stipulations concerning the forest development savings account regulated in the joint ministerial decree consist of placement of the reforestation fund in a bank, distribution, monitoring and reporting.

Stipulations on the loan regulated in the joint ministerial decree between the Minister of Forestry and the Minister of Finance consist of loan scheme, interest, duration of loan and sanctions/fine.

Determination of legal private companies, forest farmers' associations and cooperatives is regulated through the joint ministerial decree between the Minister of Finance and the Minister of Forestry. The decree consists of guidelines on technical requirements, development and monitoring.

Article 16

Self-explanatory

Article 17

Paragraph (1)

Self-explanatory

Paragraph (2)

Reforestation activities include the establishment of forest plantation areas within the production and protected forest areas.

Paragraph (3)

Point a:

Forests with ownership rights are forests located on land bearing ownership rights.

Point b:

Development of a diverse forestry enterprise - the utilization of non-timber forest products, such as natural silk enterprise, bee farm, medicinal plants, rattan, fruits, resins, bamboo, and alternative food resources.

Point c:

Conservation of watershed areas is the application of an integrated farmers' association technology to conserve land and water in the upstream area of the watershed.

Paragraph (4)

Forest stock enrichment is carried out to enhance the value of the damaged forest's stock through artificial or natural regeneration by using local superior species without clear-cutting the available natural forest stock.

Paragraph (5)

Point a:

Forest protection is the continuous effort to prevent, limit and secure forests, forest areas, conservation areas located outside forest areas and forest resources from damage caused by humans and livestock. Included here are activities to prevent and manage forest fires, natural disasters, pests and diseases.

Point b:

Prevention and management of forest fires include all efforts to prevent, extinguish, control, evaluate forest fires' aftermath and prepare rehabilitation programs for burnt forest areas.

Point c:

Delineate clear forest boundaries in accordance with the prevailing procedures.

Point d:

Self-explanatory

Point e:

Seed development includes tree improvement, development of seed sources, genetic resource conservation, seed production, distribution and seedling cultivation.

Point f:

Prepare to carry out research and development, education and training, and extension programs to support the success of rehabilitation programs.

Article 18

Paragraph (1)

Self-explanatory

Paragraph (2)

Rehabilitation activities considered not feasible to be implemented through the loan scheme include rehabilitation programs carried out in conservation forest areas, forests and land with poor quality soil, protected forests and in mangrove forests where the community does not seem to be interested in the program.

Paragraph (3)

The budget document is in line with the government's project procedure.

Article 19

Self-explanatory

Article 20

Self-explanatory

Article 21

Self-explanatory

Article 22

Paragraph (1)

Self-explanatory

Paragraph (2)

Reforestation Fund loan scheme is given to companies who are developing industrial forest plantations, community groups who are implementing watershed conservation, community forestry business associations and farmer's natural silk business associations.

Disinvestment of the reforestation fund is obtained from the return of the government's capital

investment by private sectors.

Reforestation fund's dividend is obtained from the profit submitted by companies developing industrial forest plantations.

Confiscated timber from natural forests is considered illegal and will be managed through legal process. After the legal process is completed, during the auctioning, the timber will be imposed with reforestation fund.

The forest development savings account is managed by the central government.

The third party referred to in this regulation is the party who is requesting for loan from the reforestation funds, but whose field is not in forestry development.

Paragraph (3)
Self-explanatory

Paragraph (4)
Self-explanatory

Article 23

Paragraph (1)

To protect the reforestation fund that has been invested in developing industrial forest plantations (HTI) prior to the enactment of this regulation, an evaluation will be carried out on the joint HTI considered viable to be continued. If it is considered viable to be continued, the company will receive the loan taken from the reforestation fund as stated in this government regulation, but from here on the reforestation fund will not involve government capital investment.

The Minister of Forestry will assign a competent independent consultant to examine the viability of the joint HTI companies.

To be considered viable, joint HTI companies must adhere to the following criteria:

- a. The amount of reforestation fund utilized is proportional with the size of the plants considered successful.
- b. Size of the forest area allocated to the company is sufficient to manage one enterprise and is conflict free with other parties.

- c. Receive local community support and is able to establish a good working relationship with them.
- d. The (private) mother company has the capacity for self-funding to complement the loan received from the state's reforestation fund.

Paragraph (2)
Self-explanatory

Article 24

Paragraph (1)
Some adjustments need to be made because this government regulation was enacted in 2002, and therefore the imposition of the reforestation fund was still based on the LHP.

Paragraph (2)
Self-explanatory

Article 25
Self-explanatory

Article 26
Self-explanatory

Article 27
Self-explanatory

Article 28
Self-explanatory

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