

**PROCEDURE FOR APPLICATION FOR BUSINESS LICENSE
FOR UTILIZATION OF TMBER FOREST CROP
ON PEOPLE'S CULTIVATED FOREST IN CULTIVATED FOREST**

(Regulation of the Minister of Forestry No. 23/Menhut-II/2007, dated June 25, 2007)

MINISTER OF FORESTRY,

Considering:

- a. that based on Article 40, paragraph 97) Government Regulation No. 6 Year 2007, concerning Forest System and Compilation of Forest Management Plan and Utilization of Forest determines that utilization of forest in producing forest is implemented by grant of license such as Business License for Utilization of Timber Forest Crop in Cultivated Forest;
- b. that Business License for Utilization of Timber Forest Crop (IUPHHK) as referred to in letter a, may be granted to the local community, both individually and in group in the form of IUPHHK in People's Cultivated Forest in the context of giving access to utilize forest more extensively by the local community for better improvement;
- c. that with respect to the above, it is necessary to stipulate Procedure for Application for Business License for Utilization of Timber Forest Crop In the People's Cultivated Forest in Cultivated Forest by Regulation of the Minister.

In view of:

1. Law No. 5 Year 1990, concerning Preservation of Biological Natural Resources and its Ecosystem;
2. Law No. 23 Year 1997 concerning Management of Living Environment;
3. Law No. 41 Year 1999 (*BN No. 6412 pages 1A - 6A and so forth*) concerning Forestry in conjunction with No. 19 Year 2004;
4. Law No. 32 Year 2004 (*BN No. 7183 pages 1A-11A*), concerning Regional Government;
5. Government Regulation No.27 Year 1999 (*BN No. 6442 pages 10A-12A and so forth*) concerning Analysis of Impact on Living Environment;
6. Government Regulation No.44 Year 2004 concerning Forestry Planning;
7. Government Regulation No.45 Year 2004 concerning Forest Protection;
8. Government Regulation No.6 Year 2007, concerning Forest System and Structure of Forest Management and Forest Utilization;
9. Presidential Decree of RI no.187/M Year 2004 (*BN No. 7128 pages 30A-31A*) concerning establishment of Indonesia Bersatu Cabinet in conjunction with No.171/M year 2005;
10. Presidential Regulation of RI No.9 year 2005 (*BN No. 7182 pages 2A-23A*) concerning Capacity, Duty, Function, Organizational Structure and Work Procedure of the State Ministry of RI as amended several times and lately amended by Number 66 Year 2006;
11. Presidential Regulation No.10 Year 2005, concerning Organizational Unit and Duty of Echelon I of the State Ministry of RI, as amended several times and lately amended by No. 91 Year 2006;

12. Decision of the Minister of Forestry No. 206/Kpts-II/1995, concerning Technical Guideline for Implementation of Industrial Cultivated Forest;
 13. Decision of the Minister of Forestry No. 177/Kpts-II/2003 concerning Criteria and Indicator for Preserved Forest Management in Business Management Unit in Utilization of Cultivated Forest;
 14. Regulation of the Minister of Forestry No. P.13/Menhut-II/2005 concerning Organization Structure and Working Procedure of the Department of Forestry as amended several times and lately amended by No.P.71/Menhut-II/2006.
2. Business License for Utilization of Timber Forest Crop in People's Cultivated Forest in Cultivated Forest hereinafter referred to as IUPHHK-HTR is business license granted to utilize timber forest crop in cultivated forest in producing forest established by individuals or cooperatives to improve potentiality and quality of producing forest by applying silviculture in the securing preserved forest resources.
 3. Business Work Plan for Utilization of Timber Forest Crop in People Cultivated Forest in cultivated forest hereinafter referred to as RKUPHHK HTR is work plan for the entire IUPHHK-HTR work areas in one Regency/Municipality region and is valid within the license validity, such as referring to aspects for preservation activities, environmental proportionate as social economy as ratified by the Regent/Mayor.
 4. Annual Business Work Plan for Utilization of Timber Forest Crop in People's Cultivated Forest in Cultivated Forest hereinafter referred to as RKT is work plan compiled in consolidation in one group and/or cooperatives license holder for one (1) year period, which constitutes application of the RKUPHHK-HTR.
 5. Group is group of farmers individuals in an organization developed based on togetherness, same profession and interest to cooperate in developing cultivated forest business for the welfare of their families.
 6. Cooperatives is primary cooperatives duly established and having members comprising individuals as referred to in Law No. 25 Year 1992 concerning Cooperatives.

D E C I D E S :

To stipulate:

REGULATION OF THE MINISTER OF FORESTRY ON PROCEDURE FOR APPLICATION FOR BUSINESS LICENSE FOR UTILIZATION OF TIMBER FOREST CROP IN PEOPLE'S CULTIVATED FOREST IN CULTIVATED FOREST

CHAPTER I

GENERAL PROVISION

Article 1

What is meant in this Regulation by:

1. People Cultivated Forest hereinafter referred to as HTR is cultivated forest in producing forest established by individuals or cooperatives for improvement of potentiality and quality of producing forest by applying silviculture in the context of securing preserved forest resources.

7. The local community is the community living in and/or around the forest as social community unit which main way of living depends on the forest and forest crop.
8. Head of family is individual granted Business License to Utilize Timber Forest Crop in People's Cultivated Forest in Cultivated Forest.
9. Individual is Indonesian citizen who is capable to take action by law.
10. Stipulation of HTR area is reservation of forest zone area by the Minister of Forestry for people's cultivated forest location.
11. Forest Development Financing Body (BP2H) is working unit of the Department of Forestry that applies Pattern for Financial Management of Public Service Agency to provide service in the form of provision of fund for forest development, namely to the HTR participants.
12. Minister is minister assigned the duty and responsibility in the field of forestry.
13. Director General is director general assigned the duty and responsibility in the field of Producing Forest Management.
14. Provincial Service Office is service office assigned the duty and responsibility in the field of forestry in Provincial region.
15. Regency/Municipality Service Office is service office assigned the duty and responsibility in

the field of forestry in Regency/Municipality region.

16. Technical Operating Unit (UPT) is technical operating unit existing under and responsible to the Director General of Producing Forest Management.

CHAPTER II

STIPULATION OF AREA

Article 2

- (1) The Minister of Forestry shall allocate and stipulate HTR area in unproductive producing forest and not charged with license/other right and the location thereof is given priority to close to forest crop industry.
- (2) The allocation and stipulated of HTR area referred to in paragraph (1) is reserved HTR area and submitted to the Regent/Mayor.
- (3) The Regent/Mayor shall exercise orientation to the relevant village on the allocation and stipulation of the area referred to in paragraph (1).
- (4) The orientation referred to in paragraph (3) may use Community Self-Support Institution existing in the Central, Provincial or Regency/Municipality administration.

CHAPTER III

ACTIVITIES AND PATTERN OF HTR

Article 3

- (1) Activities for use of timber forest crop in HTR in cultivated forest cover land preparation, seedling, planting, maintenance, harvest and marketing.
- (2) Plants produced from the UPHHK at HTR may be in the form of asset of the holder of business license, and may be placed as collateral to the extent that the business license thereof is still valid.

Article 4

Pattern of HTR consists of:

- a. Independent pattern;
- b. Partnership pattern;
- c. Developer pattern.

Article 5

- (1) Independent Pattern HTR referred to in Article 4 letter a is HTR established by the Family Head as holder of IUPHHK-HTR.
- (2) Partnership Pattern HTR referred to in Article 4 letter b is HTR duly established by the Family Head as holder of IUPHHK-HTR together with his partner based on mutual agreement facilitated by the government in order to develop partnership profitable to both parties.
- (3) Developer Pattern HTR referred to in Article 4 letter c is HTR developed by BUMN or BUMS and further delivered by the Government to the Family Head applying for IUPHHK-HTR and the cost thereof shall be borne by the holder of IUPHHK-HTR to be relinquished periodically effective as of the Decision Letter of IUPHHK-HTR is issued.
- (4) Developer referred to in paragraph (3) is not holder of the IUPHHK-HTR.
- (5) Further provision on the patterns of partnership and developer referred to in paragraphs (2) and (3) shall be further governed in Regulation of the Director General.

CHAPTER IV

SPECIES OF HTR MAIN PLANTS

Article 6

- (1) Species of main plants that may be planted for development of UPHHK-HTR consists of:

- a. plants of the same species; or
- b. plants with various species.

- (2) Type of main plants of the same types referred to in paragraph (1) letter a is timber forest plants consisting of only one type (species) and its variety.

- (3) Species of main plants of various types referred to in paragraph (1) letter b is timber forest plants combined with perennial cultivated plants bearing timber, or other types as stipulated by the Minister.

CHAPTER V

REQUIREMENTS AND PROCEDURE FOR APPLICATION

Part One

Applicant

Article 7

- (1) The parties that has the right to obtain IUPHHK-HTR are:
 - a. individual;
 - b. cooperatives.
- (2) The cooperatives referred to in paragraph (1) letter b is cooperatives in micro, small and medium business scale and established by the community living in or around the forest.

Article 8

- (1) The requirements for application submitted by individual shall be:
 - a. photocopy of Resident Identity Card;
 - b. statement from the Village Head stating that the applicant domiciled in the village concerned;
 - c. sketch of the area applied for.

- (2) Requirements for application submitted by cooperatives:
- a. photocopy of Deed of Establishment;
 - b. statement from the Village Chief stating that the cooperatives is established by the local community;
 - c. sketch of the area applied for; or
 - d. map of the area applied for an extension of over 15 (fifteen) hectares on scale 1.5000 or 1:10.000.
- (3) Preparation of area sketch referred to in Article 9 paragraph (1) letter c and Article 9 paragraph (2) letter c, shall be facilitated by the forest information service or official appointed by the Regent/Mayor.
- (4) The area sketch applied for referred to in paragraph (1) letter c and paragraph (2) letter c, state among other things, information on the governmental administrative area, the coordinates and clear borders which area extent can be known.

Article 10

Individual applicant for IUPHHK-HTR is given priority to establish group in order to facilitate service in processing application for license.

Part Three

Procedure for Application

Article 11

- (1) Individual or Leader of the Group referred to in Article 10, shall submit application for IUPHHK-HTR to the Regent through the Village Chief, on the allocated and stipulated by the Minister referred to in Article 2 paragraph (1).

- (2) The requirements referred to in Article 9 paragraph (1) and structure of the Group members must be attached to the application referred to in paragraph (1).
- (3) Based on the application for IUPHHK-HTR referred to in paragraph (1) the Village Chief shall verify the authenticity of the requirements for application by Individual or Group and make recommendation to the Regent/Mayor with copy to the Sub-District Chief and UPT.
- (4) The Head of UPT based on the copy referred to in paragraph (3) shall verify the administrative requirement and sketch/map of the area applied for by coordinating with the Forest Zone Affirmation Body and the result thereof must be submitted to the Regent for technical consideration.
- (5) Based on the recommendation of the Village Chief and consideration of the Head of UPT, the Regent/Mayor shall proceed to the Governor to issue Decision on IUPHHK-HTR to the individual or group on behalf of the Minister with copy to:
- a. the Minister;
 - b. the Director General.
- (6) The Head of Service Office of Province handling forestry shall report to the Minister, recapitulate issue of Decisions of IUPHHK-HTR periodically every three (3) months.

Article 12

- (1) The Chairman of Cooperatives shall submit application of IUPHHK-HTR to the Governor through the

Regent/Mayor on the allocated and stipulated area as referred to in Article 2 paragraph (1).

(2) The application referred to in paragraph (1) attached with the requirements referred to in Article 9 paragraph 2 and structure of the cooperatives members.

(3) Based on the application for IUPHHK-HTR referred to in paragraph (1) the Village Chief shall verify the authenticity of the cooperatives members and make recommendation to the Regent/Mayor with copy to the Sub-District Chief and UPT.

(4) The Head of UPT based on the copy referred to in paragraph (3) shall verify the administrative requirement and the sketch/map of the area applied for by coordinating with the Forest Zone Affirmation Body and the result thereof shall be submitted to the Regent for technical consideration.

(5) Based on the recommendation of the Village Chief, the Head of UPT, the Regent/Mayor shall issue decision on IUPHHK-HTR to the Cooperatives on behalf of the Minister with copy to:

- a. the Minister;
- b. the Director General.

(6) The Head of Service Office of Province handling forestry shall report to the Minister, recapitulate issue of Decisions of IUPHHK-HTR periodically every three (3) months.

Article 13

If the area applied for HTR is located outside the area stipulated by the Minister as referred to in Article 2, the Regent shall propose the area to the Minister to be stipulated as HTR area..

Article 14

IUPHHK-HTR shall be granted for 60 (sixty years maximum).

Article 15

Business License for Utilization of Timber Forest Crop in People's Cultivated Forest in cultivated forest may not be sold and purchased, transfer and inherited.

Article 16

(1) The grant of IUPHHK-HTR referred to in Article 11 paragraph (3) and Article 12 paragraph (3) must be supported by the sketch of work area to area extent up to 15 (fifteen) hectares and map of work area up to 15 (fifteen) hectares.

(2) Based on the sketch or map of work area referred to in paragraph (1), the Forest Zone Affirmation Body (BPKH) of Forestry Planning Body shall conduct measuring and mapping.

(3) The measuring and mapping referred to in paragraph (2) may be conducted by third party/consultant operating in the field of forestry, at the instruction of the Head of Forestry Planning Body.

(4) The Minister may delegate the authority to measuring and mapping of the work area referred to in paragraph

- (2) to Regional Government Unit assigned the duty and function for measuring and mapping.
- (5) The fee for measuring and mapping referred to in paragraph (2) shall be on account of the Government.

CHAPTER VI

GROUP INSTITUTION AND FINANCE

Part One

Group Institution

Article 17

- (1) Individual in the local community shall establish a Group facilitated by the forestry information service or agricultural information service at village level.
- (2) Each Group must have group name, clear group administrator and regulation of the Group.
- (3) Regulation of the Group referred to in paragraph (2) contains among other things, the obligations to implement HTR, security of the area, finance and relationship inter-groups within or the relevant village.
- (4) The Regent, Sub-District Chief and Village Chief shall facilitate the enforcement of the institution and upgrade capacity, cooperate with Community Self-Support Institution.

Part Two

Finance

Article 18

- (1) HTR development may be financed through Financial Management Pattern of Forest Development Financing General Service Body.

- (2) Procedure and requirement for application for loan of fund for development of HTR referred to in paragraph (1) shall comply with the applicable provision.

CHAPTER VII

RIGHTS AND OBLIGATIONS

Article 19

The holder of IUPHHK-HTR has the right to license activities, facility for obtaining fund and HTR development finance, management and technical information service and giving opportunity of marking forest crop.

Article 20

- (1) The holder of IUPHHK-HTR shall be obliged to prepare RKU IUPHHK-HTR and RKT.
- (2) The RKU IUPHHK-HTR and RKT referred to in paragraph (1) shall be compiled by UPT or by consultant operating in the field of forestry or by community self-support institution operating in the field of forestry.
- (3) Fee for compiling RKUPHHK-HTR and RKT referred to in paragraph (2) shall be on account of the Government.
- (4) If the holder of IUPHHK-HTR borrows from the HTR development fund from the BP2H, then the holder of IUPHHK-HTR shall be obliged to settle the loan to BP2H and comply with the prevailing statutory regulation.

CHAPTER VIII

MANAGEMENT AND CONTROL

Article 21

- (1) The Director General shall exercise technical management on the implementation of HTR development.

(2) Technical.....

(2) Technical guidance for implementation of this regulation shall be further governed by Regulation of the Director General.

Article 22

- (1) The Head Service Office of Province and Head of Service Office of Regency/Municipality shall supervise and control implementation of the HTR development.
- (2) The Head of BP2H shall control and evaluate use of the loan fund for HTR development.
- (3) The Village Chief shall supervise implementation of the HTR development activities.
- (4) The cost for management, control and supervision shall be charged to the Government.

CHAPTER IX

REVOKED LICENSE

Article 23

Business License for Utilization of Timber Forest Crop in People's Cultivated Forest in cultivated forest shall revoke on the ground that:

- a. It is returned back by the to license holder;
- b. It is revoked by the license grantor;
- c. Its validity expires;
- d. The individual holder of HTR dies.

Article 24

The revocation of IUPHHK-HTR referred to in Article 23 letter b shall take place if:

1. the IUPHHK-HTR is assigned without written approval from the grantor of license;
2. fails to carryout activities in the field within one (1) year as of the date it is granted;
3. fails to implement silviculture system in accordance with the condition of the location;
4. fails to compile long-term RKUPHHK within one (1) year as of the grant thereof;
5. fails to prepare RKT within two (2) months before the RKT current year;
6. leaving the work area;
7. is charged criminal penalty as referred to in Article 78 of Law No. 41 Year 1999 concerning Forestry or is declared bankrupt by the District Court.

Article 25

Revocation of license referred to in Article 23, shall not revoke the obligation to settle the loan of the license holder.

CHAPTER X

CLOSING PROVISION

Article 26

This Regulation takes effect on the date it is stipulated.

Stipulated in Jakarta

On June 25, 2007

MINISTER OF FORESTRY

Sgd.

H.M.S. KABAN

====(MA)====