

**MINISTRY OF FORESTRY REPUBLIC OF INDONESIA DECREE
NUMBER : P. 36/Menhut-II/2009**

REGARDING

**PROCEDURES FOR LICENSING OF COMMERCIAL UTILISATION OF
CARBON SEQUESTRATION AND/OR STORAGE IN PRODUCTION AND
PROTECTED FORESTS.**

**BY THE GRACE OF ALMIGHTY GOD,
THE MINISTER OF FORESTRY REPUBLIC OF INDONESIA,**

Considering:

- a. That based on Article 33 Sub (1) Government Regulation Number 6 Year 2007 *jo* Government Regulation Number 3 Year 2008 regarding Forest Management and Compilation of Forest Management Plan, and Forest Utilisation, it was stated that one form of environmental services utilisation in production and protected forest is sequestration and/or storage of carbon;
- b. That based on Article 19 letter b in Government Regulation Number 6 Year 2007 *jo* Government Regulation Number 3 Year 2008, environmental services utilisation in production and protected forest is given in a form of Licence to Exploit Environmental Services *Izin Usaha Pemanfaatan Jasa Lingkungan (IUPJL)*;
- c. That related to point a, and b, there is a need to establish a Procedure for Licensing of Commercial Utilisation of Sequestration and/or Storage of carbon in Production Forest and Protected Forest by a Decree of the Minister of Forestry.

Recognising :

1. Law Number 5 Year 1990 regarding Conservation of Biological Resources and its Ecosystems (Republic of Indonesia Gazette Year 1990 Number 49; Supplement to Republic of Indonesia Gazette Number 3419);
2. Law Number 23 Year 1997 regarding Environmental Management (Republic of Indonesia Gazette Year 2007 Number 68; Supplement to Republic of Indonesia Gazette Number 3699);
3. Law Number 41 Year 1999 regarding Forestry (Republic of Indonesia Gazette Year 1999 Number 167, Supplement to Republic of Indonesia Gazette Number 3888) as changed by Law Number 19 Year 2004 regarding The establishment of Government Decree Substituting a Law Number 1 Year 2004 regarding Changes in Law Number 41 Year 1999 regarding Forestry as a Law (Republic of Indonesia Gazette Year 2004 Number 86, Supplement to Republic of Indonesia Gazette Number 4412);
4. Law Number 17 Year 2004 regarding Ratification of the Kyoto Protocol to The United Nations Framework Convention On Climate Change (Republic of Indonesia Gazette Year 2004 Number 72, Supplement to Republic of Indonesia Gazette Number 4403);
5. Law Number 32 Year 2004 regarding Local Government (Republic of Indonesia Gazette Year 2004 Number 125, Republic of Indonesia Gazette Number 4437) which has been amended several times most recently with Law Number 12 Year

2008 regarding The Second Amendment of Law Number 32 Year 2004 regarding Local Government (Republic of Indonesia Gazette Year 2008 Number 59, Supplement to Republic of Indonesia Gazette Number 4844);

6. Government Decree Number 27 Year 1999 regarding Environmental Impact Analysis (Republic of Indonesia Gazette Year 1999 Number 59, Supplement to Republic of Indonesia Gazette Number 3838);
7. Government Decree Number 6 Year 2007 regarding Forest Management and Compilation of Forest Management Plan (Republic of Indonesia Gazette Year 2007 Number 22, Supplement to Republic of Indonesia Gazette Number 4696) as amended by Government Decree Number 3 Year 2008 (Republic of Indonesia Gazette Year 2008 Number 16, Supplement to Republic of Indonesia Gazette Number 4814);
8. Government Regulation Number 38 Year 2007 regarding Division of Governance Roles between Government, Provincial Government, and District/City Government (Republic of Indonesia Gazette Year 2007 Number 82, Supplement to Republic of Indonesia Gazette Number 4737);
9. Presidential Decree Number 187/M Year 2004 as amended several times most recently as amended by Presidential Decree Number 31/P Year 2007;
10. Decree of the President of Republic of Indonesia Number 9 Year 2005 regarding the location, tasks, function, organizational structure, and working procedures of State Ministries of the Republic of Indonesia as amended several times most recently by Number 20 Year 2008;
11. Presidential Decree Number 10 Year 2005 regarding Organizational Units and Tasks of Echelon I of the State Ministries of the Republic of Indonesia as amended several times most recently by Number 50 Year 2008;
12. Forestry Minister's Decree Number P.13/Menhut-II/2005 regarding Organizational Structure and Working Procedures of the Ministry of Forestry, as amended several time most recently by Number P.64/Menhut-II/2008;

DECIDES :

Decides: **FORESTRY MINISTER'S DECREE ON PROCEDURES FOR LICENSING OF COMMERCIAL UTILISATION OF CARBON SEQUESTRATION AND/OR STORAGE IN PRODUCTION AND PROTECTED FORESTS.**

CHAPTER I GENERAL DECISIONS

Article 1

In this Forestry Minister's Decree the meaning of :

1. Licence for utilisation of environmental services (*Izin Usaha Pemanfaatan Jasa Lingkungan pada forest produksi, IUPJL-HP*) is a business licence issued for utilisation of environmental services in production forest that has existing permit/rights and that has not had permit/right
2. licence for utilization of timber in natural forest (*Izin Usaha Pemanfaatan Hasil Hutan Kayu dalam Hutan Alam, IUPHHK-HA*) previously is called Forest

Business Right (*Hak Pengusahaan Hutan, HPH*) is a licence to utilize production forest covering activities connected with cutting, transporting, planting, maintaining, securing, processing and marketing forest products

3. Licence for utilisation of Timber from Plantation Forest (*Izin Usaha Pemanfaatan Hasil Hutan Kayu dalam Hutan tanaman, IUPHHK-HT*) covers business activities in production forest areas, including planting single or mixed species stands, primarily to produce wood, where the activities include land preparation, nursery, planting, maintenance, harvesting or cutting, processing and marketing.
4. IUPHHK Restoration Ecosystem within natural forest (IUPHHK-RE) is a licence for business given to develop an area of natural forest in production forest that has important ecosystems so that its functions and representativeness can be maintained through maintenance, protection and forest ecosystem recovery including planting, enrichment, thinning, wildlife breeding, release of flora and fauna to restore the biological (flora and fauna) and non biological elements (soil, climate and topography) in a particular forest area to their natural state, so that biological and ecosystem balance is achieved.
5. licence for utilization of timber from Community Plantation Forest within Plantation Forest (*Izin Usaha Pemanfaatan Hasil Hutan Kayu Pada Hutan Tanaman Rakyat dalam Hutan Tanaman - IUPHHK-HTR*) is licence for business given to utilize forest timber products in plantation forest in production forest which was developed by individuals or cooperatives to increase the resource and quality of production by implementing silviculture practices to ensure sustainability of forest resources management.
6. Minister is the Minister entrusted with duties and responsibilities in the field of Forestry.
7. Director General is the Director General entrusted with duties and responsibilities in the field of Forest Production Development (*Bina Produksi Kehutanan*).
8. Provincial offices (*Dinas Provinsi*) are the offices entrusted with duties and responsibilities in the field of Forestry in the area of a Province.
9. District/City Offices (*Dinas Kabupaten/Kota*) are the offices entrusted with duties and responsibilities in the field of Forestry in the area of a District/City

CHAPTER II

COMMERCIAL UTILIZATION OF SEQUESTRATION AND/OR STORAGE OF CARBON

Section One Type of Business

Paragraph 2

Business of carbon sequestration and/or carbon storage (UP RAP- KARBON and/or UP PAN-KARBON) is one form of commercial utilisation of environmental services in production and protected forests.

Section Two

Business activities of RAP-KARBON and/or PAN-KARBON

Paragraph 3

- (1) Business activity of RAP-KARBON related to Sustainable Production Forest Management includes:
 - a. Planting and maintenance as part of IUPHHK-HT activities or IUPHHK-HTR activities, which are land preparation, nursery development, planting, maintenance, harvesting and marketing in accordance with the designated silviculture system for the whole or part of the forest area or forest block;
 - b. Planting or maintenance until the period of rotation of the trees [*sampai daur tanaman*] in the whole or part of the forest area or forest block for IUPHHK-HA and IUPHHK-RE;
 - c. Enrichment in the logged-over areas in the whole or part of the forest area or forest block in the areas of IUPHHK-HA or IUPHHK-RE or IUPHHK-HT or IUPHHK-HTR;
 - d. Planting in a planting line in IUPHHK-HA or IUPHHK-RE or IUPHHK-HT that use the selective logging with line planting (*tebang pilih tanam jalur*) silviculture method, or the selective logging with intensive planting (*tebang pilih tanam intensif*) silvacultural method;
 - e. increase productivity to increase standing stocks (*riap tegakan*) by implementing silviculture techniques

- (2) Business activity of PAN-KARBON related to Sustainable Production Forest Management includes:
 - a. Lengthening cycle of cutting or delaying cutting in specific areas in the work areas of IUPHHK-HA areas.
 - b. Lengthening the cutting rotation or delaying cutting in part of forest or block in a IUPHHK-HTI or IUPHHK-HTR area.
 - c. Implementation of environmentally friendly cutting in part of forest or block in the IUPHHK-HA area.
 - d. Maintenance and security in the intermediate lines in an IUPHHK that uses the felling – line planting method or the selective logging - intensive planting silviculture technique.
 - e. Increasing of protection and conservation areas in IUPHHK-HA and IUPHHK-HT areas.
 - f. Protection and security in an area with protection functions in all or part of a forest or forest block in the area of a IUPHHK-HA or IUPHHK- RE or IUPHHK-HT or IUPHHK-HTR or IUPHHBK.
 - g. Protection and security in the protection area in all or part of a forest or forest block in IUPHHK-HA or IUPHHK-RE areas.

- (3) RAP-KARBON business activities in protected forest cover:
 - a. Planting or maintenance as part of the activities under a forest reserve commercial business licence or forest areas utilisation licence, or community forest utilisation licence, and village forest which includes land preparation, nursery, planting, maintenance, harvesting, and marketing in accordance to the designated silviculture system for the whole or part of a forest or forest block;
 - b. Planting or maintenance until the period of rotation of the trees [*sampai daur tanaman*] in the whole or part of the forest area or forest block for commercial forest utilisation licence, or community forest utilisation licence, and village forest;
 - c. Increasing productivity though increasing standing stock by implementing silviculture techniques.

- (4) PAN-KARBON activities in protected forest include:
 - a. Planting or maintenance in the areas that have a forest utilisation licence, or community forest utilisation licence, and village forest
 - b. Increasing the protection and conservation areas in the forest area utilisation licence, or community forest utilisation licence, and village forest areas
 - c. Protection and security in the areas which function as protection areas in the whole or part of a forest or forest block of a forest area utilisation licence, or community forest utilisation licence, and village forest
 - d. Protection and security in the whole or part of forest or forest block in the areas of forest area utilisation licence, or community forest utilisation licence, and village forest

Paragraph 4

Implementation of commercial activities for carbon storage within the reduced emissions from deforestation and forest degradation (REDD) scheme and carbon sequestration within the framework of the clean development mechanism is regulated in a separate Ministerial Decree

CHAPTER III

REQUEST FOR BUSINESS LICENCE

Section One

Request and requirements for areas that have pre-existing licences

Paragraph 5

- (1) Holder of IUPHHK-HA, IUPHHK-RE, IUPHHK-HTI, or IUPHHK-HTR, Licence for utilisation of Protected Forest, Licence for Utilisation of Community Forest, and Manager of Village Forest can apply for IUP RAP-KARBON and/or IUP PAN-KARBON as stated in Paragraph 3
- (2) Request for IUP RAP-KARBON and/or IUP PAN-KARBON as meant by sub (1) is proposed to the Minister with the following requirement:
 - a. Copy of IUPHHK-HA decision or IUPHHK-RE or IUPHHK-HTI or Licence

- for utilisation of Protected Forest, Licence for Utilisation of Community Forest, and Village Forest Management right;
- b. Proposal for business of carbon sequestration and/or storage (Proposal UP RAP-KARBON and/or UP PAN-KARBON) following format 1 attached to this decree
- (3) For holder of IUPHHK–HTR requesting IUPJL, request of IUPJL for holder of IUPHHK-HTR is proposed to the Head of District complete with the following requirements:
 - a. Copy of IUPHHK–HTR decision;
 - b. Proposal for business of carbon sequestration and/or storage (Proposal UP RAP-KARBON and/or UP PAN-KARBON) following format 1 attached to this decree
 - (4) The finalization of request as meant in sub (3) follows the regulation in Section 10.
 - (5) For holders of IUPHHK–HA, IUPHHK–HTI, IUPHHK–RE, who do not send a PAN – KARBON or RAP – KARBON proposal but propose project development for PAN–KARBON or RAP–KARBON, the request is regulated in Section 11.
 - (6) PAN – KARBON or RAP – KARBON project developers as meant by sub (5) will not issue IUP PAN – KARBON or RAP – KARBON.

Article 6

- (1) Based on the request as meant in Article 5 sub (2), the Director General will check that the request is in compliance with requirements within 10 (ten) working days from when the request is received.
- (2) If the request does not comply with the requirements, the Director General on behalf of the Minister will issue a rejection letter.
- (3) When the request complies with the requirements, the Director General will form a Proposal Evaluator Team to judge the technical aspects of forest management, type of forest environmental services business, cash flow projection, and social economy activities related to the local community in 15 (fifteen) working days
- (4) If the proposal passes the technical evaluation, the Director General will report the result to the Minister.
- (5) Based on the report from the Director General, as meant in Sub (4), the Minister will instruct:
 - a. the Director General of Forest Spatial Planning (*Planology*) to prepare a Map of the Working Area.
 - b. the Director General to prepare concept of decision for granting IUP RAP-KARBON and/or IUP PAN-KARBON.
- (6) Based on the Working Area Map and decision concept IUP RAP-KARBON and/or IUP PAN-KARBON as meant in Sub (5), the Minister through implementation by the Director General, will issue to the applicant an Instruction to Pay Letter (*Surat Perintah Pembayaran, SPP*) for the IUP RAP-KARBON and/or IUP PAN-KARBON levy based on the tariff as determined Ministerial Decree.
- (7) After SPP IUP RAP-KARBON and/or IUP PAN-KARBON is paid, the Minister will issue a decree for releasing IUP RAP-KARBON and/or IUP PAN-KARBON to the applicant.

Section two

Request and requirements for areas that do not have a pre-existing licence

Article 7

- (1) Request for IUP RAP-KARBON and/or IUP PAN-KARBON as meant in Article 3 for areas that do not have a pre-existing licence can be proposed by:
 - a. Individual;
 - b. Cooperative;
 - c. State Own Company *Badan Usaha Milik Negara (BUMN)* or Local Government Own Company *Badan Usaha Milik Daerah (BUMD)*;
 - d. Indonesian Company *Badan Usaha Milik Swasta Indonesia (PT, CV, Firma)*
- (2) The requirements for the request as meant by Sub (1) are :
 - a. Copy of ID card for individual or Deeds of Establishment for Cooperation/Company for PT, CV or Firma and its amendments and priority will be given to those who are working in the areas of forestry/agriculture/plantation;
 - b. Business Permits from authorized institutions;
 - c. Tax Number (*Nomor Pokok Wajib Pajak, NPWP*);
 - d. A statement letter stating willingness to open a branch office in the Province and or District/City
 - e. Proposal for Environment Services Business in Production Forest (Proposal UPJL) will follow the format in Attachment 1 of this decree
- (3) Request as mentioned in Sub (1) can be submitted for one or more activities of carbon sequestration and/or storage utilisation as meant in Article 3.

Article 8

- (1) Permit issuance for IUP RAP – KARBON and/or IUP PAN – KARBON in areas that do not have licence for utilisation of timber forest products is done by the Minister
- (2) In the case that areas that have a licence for utilisation of timber forest products will conduct IUP RAP – KARBON and/or IUP PAN – KARBON, it is obligatory to get approval from the Minister
- (3) Procedure for approval of IUP RAP – KARBON and/or IUP PAN – KARBON in the areas that has licence for utilisation of timber forest products, will be regulated by a separate Ministerial Decree
- (4) Request for IUP RAP – KARBON or IUP PAN – KARBON as meant in sub (1) is proposed to the Minister complete with the requirements as meant in Article 7 sub (2).
- (5) Request as Project Developer of IUP RAP – KARBON and/or IUP PAN – KARBON is proposed to the Minister as regulated in Chapter 11.

Section Three

Licensing issued by the Head of District/City

Article 9

- (1) Head of District/City Office will check that applicants meet the requirement as meant by Article 10 sub (2) in 10 (ten) working days from when the request is received.
- (2) If the request is not complete as required, the Head of District/City office on behalf of the Head of District/City will issue a rejection letter.
- (3) When the request has fulfilled the requirements, as meant by sub (1) and the areas requested IUP RAP-KARBON and/or IUP PAN-KARBON are outside of areas with a pre-existing licence the Head of District/City Offices will form a Proposal Evaluator Team UPJL-HP consist of *UPT Ditjen BPK, UPT Ditjen PHKA, UPT Directorate General Forest Spatial Planning (Planologi)* from the local province and in the district/city to judge the technical aspects of the proposal in 12 (twelve) working days
- (4) The Proposal Evaluator Team as meant by sub (3) does not need to be repeatedly formed for every request
- (5) When the result of the evaluation is that the proposal has passed the requirements as meant by sub (3), the Head of District/City Offices will report the result to the Head of District/City
- (6) Based on the report from the Head of District/City offices as meant by sub (5), the Head of District/City will instruct the Head of District/City offices to prepare the working areas map and concept for decision of IUP RAP-KARBON and/or IUP PAN-KARBON
- (7) Based on the Working Area Map and decision concept IUP RAP-KARBON and/or IUP PAN-KARBON as meant in Sub (6), the Head of District/City, through the Head of District/City office, will issue to the applicant a Instruction for Payment Letter (*Surat Perintah Pembayaran, SPP*) IUP RAP-KARBON and/or IUP PAN-KARBON levy based on the tariff as determined by a Ministerial Decree.
- (8) After SPP IUP RAP-KARBON and/or IUP PAN-KARBON is paid, the Head of District/City will issue a decree for releasing IUP RAP-KARBON and/or IUP PAN-KARBON to the applicant.

Section four

Licensing issued by the Governor

Chapter 10

- (1) The Head of the Provincial office will check that applicants meet the requirements as meant by Article 7 sub (2), in 10 (ten) working days from when the request is received
- (2) If the request does not fulfil the administration requirements as meant by Article 7 sub (2), the Head of the Provincial office on behalf of the Governor will issue a rejection letter.
- (3) When the request has fulfilled the requirements, as meant by sub (1), and the areas requested for IUP RAP-KARBON and/or IUP PAN-KARBON is outside of areas with a pre-existing permit the Head of Provincial Offices will form a Proposal Evaluator Team UPJL-HP consist of *UPT Ditjen BPK, UPT Ditjen*

- PHKA, UPT Directorate General Forest Spatial Planning (Planologi)* from the local province and in the related district offices to judge the technical aspects of the proposal in 12 (twelve) working days
- (4) The Proposal Evaluator Team as meant by sub (3) does not need to be repeatedly formed for every request
 - (5) When the evaluation result pass the technical requirement as meant by sub (3) the Head of the Provincial Office will report the result to the Governor
 - (6) Based on the report from the Head of Provincial offices as meant by sub (5), the Governor will instruct the Head of Provincial offices to prepare the working area map and concept for decesion of IUP RAP-KARBON and/or IUP PAN-KARBON
 - (7) Based on the Working Area Map and decision concept IUP RAP-KARBON and/or IUP PAN-KARBON as meant in Sub (6), the Governor through the Head of Provincial office, will issue a Payment Instruction Letter (*Surat Perintah Pembayaran, SPP*) IUP RAP-KARBON and/or IUP PAN-KARBON levy based on the tariff as determined by Ministerial Decree to the applicant.
 - (8) After SPP IUP RAP-KARBON and/or IUP PAN-KARBON is paid, the Governor will issue a decree for releasing IUP RAP-KARBON and/or IUP PAN-KARBON to the applicant.

Section five
Licensing issued by the Minister

Article 11

- (1) Director General will check that applicants meet the requirements as meant by Article 7 sub (2) in 10 (ten) working days from when the request was received
- (2) If the request does not fulfil the administration requirements as meant by Article 7 sub (2), the Director General on behalf of the Minister will issue a rejection letter.
- (3) When the request has fulfilled the requirement, as meant by sub (1) and the areas requested IUP RAP-KARBON and/or IUP PAN-KARBON is outside of areas with pre-existing licence the Director General will form a Proposal Evaluator Team UPJL-HP consisting of Director General BPK, Director General PHKA, Director General Forest Spatial Planning (*Planologi*) and Technical Implementation Unit from related provinces and in the related district offices to judge the technical aspects of the proposal in 12 (twelve) working days
- (4) The Proposal Evaluator Team as meant by sub (3) does not need to be repeatedly formed for every request
- (5) When the evaluation result passes the technical requirement as meant by sub (3) the Director General will report the result to the Minister
- (6) Based on the report from the Director General as meant by sub (5), the Minister will instruct:
 - a. Director General Forest Special Planning (*Planologi*) to prepare the working areas map
 - b. Director General to prepare concept for decision IUP RAP-KARBON and/or IUP PAN-KARBON.
- (7) Based on the Working Area Map and decision concept IUP RAP-KARBON and/or IUP PAN-KARBON as meant in Sub (6), the Minister, will issue IUP RAP-KARBON and/or IUP PAN-KARBON decree.
- (8) Based on the Minister Decree as meant in sub (7), Director General will issue a

- Payment Instruction Letter (*Surat Perintah Pembayaran, SPP*) IUP RAP-KARBON and/or IUP PAN-KARBON levy based on the tariff as determined by the applicable laws and regulations
- (9) the Director General will give the Ministerial decree as meant by sub (7) to the applicant after the applicant has paid SPP IUP RAP-KARBON and/or IUP PAN-KARBON
 - (10) Related to requests for permit for utilisation and/or carbon storage in the community forest, and village forest, checking for requirement as meant by Article 7 sub (2), and sub (1), sub (3), sub (5), and sub (6) letter b, sub 8 and sub 9 is implemented by the Director General of Land Rehabilitation and Social Forestry.

Article 12

In making the working areas map for permit which will be issued by the Head of District/Head of City or Governor, Head of District office/City or Head of Province office will ask for assistance from local office of the Forestry Boundaries Agency (*Balai Pemantapan Kawasan Hutan, BPKH*)

Article 13

- (1) If the permit holder does not pay the forest levy in 1 (one) Year, Head of District office/City or Governor or Ministry will annul the decision granting IUP RAP-KARBON and/or IUP PAN-KARBON.
- (2) Payment of levy IUP RAP-KARBON and/or IUP PAN-KARBON is made to the State revenue (*kas negara*) through Treasurer of Non-tax State Income Forestry (*Penerimaan Negara Bukan Pajak, PNBP*).

CHAPTER IV PROJECT DEVELOPMENT AND MARKETING OF CARBON

Article 14

- (1) The Manager of Production Forest (BUMN) or holder of IUPHHK–HA, or IUPHHK-RE or IUPHHK–HTI can be the Project Developer for RAP and/or PAN KARBON activities.
- (2) When the Management of Production Forest (BUMN) or holder of IUPHHK as meant by Sub (1) is working together with an investor for Operational Collaboration as Project Developer, and submitted to the Minister c.c. Director General for approval
- (3) Collaboration as meant by Sub (2), at least consists of rights and responsibilities between the Management of Forest Production or permit holder with the investor related to selling and payment, maintenance and development of forest resources, capacity development of local community and project development/replication for the surrounding areas.
- (4) Result of Project development activity as meant by Sub (1) are carbon commodity, which can be marketed in the national or international voluntary carbon market
- (5) If the national carbon voluntary market is not established, the Project Developer can market it in international carbon voluntary market

- (6) When the Project Developer as meant in Sub (1) will market internationally, the Project Developer, based standards in the international market, will conduct:
 - a. Develop project design and may use a consultant's services
 - b. propose valuation and verification using existing independent valuator institutions
- (7) In developing project design or valuation and verification of DP/PD RAP KARBON or PAN-KARBON as meant by Sub (6) by international consultant or independent international valuator, the international consultant independent international valuator has to work in collaboration with national consultant or national independent valuator institutions.
- (8) In developing project design as meant in Sub (6) letter a, Project Developer can work with local government, National independent BUMN/BUMD/BUM, national Non Governmental Organization.
- (9) The standard for project development and carbon marketing in international market as meant by Sub (6) is in Attachment II of this decree.

Article 15

- (1) Based on verification as meant in Article 14 Sub (7), Project Developer register to the National Registration Body (*Badan Registrasi Nasional*) or those which are in the International PKS (VCM) to get certificate of Verified Emission Reduction (VER).
- (2) If a National Registration Body has not yet been established, registration as meant by Sub (1) is sent to the Director General.
- (3) Certificate of VER as meant by Sub (1) can be sold directly between Project Developer with buyer or through Carbon Stock Exchange market nationally or internationally as approved by the Minister
- (4) Result of sales as meant by Sub (1) as carbon credit obtained by the Project Developer RAP-KARBON and/or PAN-KARBON can be transferred or given to a third party with Ministry approval

Article 16

A RAP-KARBON and/or PAN-KARBON project that has a VER certificate, credit and storage has to be real/ to have become permanent, registered, verified by national independent institutions or in voluntary carbon market national or international

Article 17

- (1) Value of Environmental Service Sale (*Nilai Jual Jasa Lingkungan, NJ2L*) RAP-KARBON and/or PAN-KARBON is income from selling carbon credit that has been certified and paid based on ERPA (Emission Reduction Purchase Agreement).
- (2) Distribution of NJ2L is in Attachment III of this decree.
- (3) Funding received by the government as meant by Sub (2) is *PNBP Kehutanan [forestry Non-tax State revenue]*.
- (4) Funding for local community as meant by Sub (2) is managed by Trust Fund which is managed on good governance principles by the local community together

with the village government and project development is facilitated by local Forestry Extension Officer for security in the area of forest being developed for the project RAP-KARBON and/or PAN-KARBON related to avoiding leakage.

- (5) The Project developer can insure RAP-KARBON and/or PAN-KARBON project with an insurance company in national or international markets

Article 18

Related to REDD or Compliant Market which will start from December Year 2012:

- a. Certificate of VER for PAN-KARBON have to be validated following the compliance mechanism procedure which has been acknowledged and included in the National REDD carbon baseline and registered in the National Registration Body.
- b. Selling and buying of Agreement of PAN-KARBON will be renegotiated

Article 19

- (1) The longest length of RAP-KARBON and/or PAN-KARBON Project is 25 (twenty five) Year and can be extended by the Minister or does not exceed the time of the business permit
- (2) When IUP RAP-KARBON and/or IUP PAN-KARBON time has finished, extension of IUP RAP-KARBON and/or IUP PAN-KARBON can be proposed to the IUP RAP-KARBON and/or IUP PAN-KARBON . licensing authority
- (3) Procedure for extension of RAP-KARBON and/or PAN KARBON project as meant by Sub (1) and Sub (2) is regulated in a separate Ministerial decree.

CHAPTER V FINANCING AND PAYMENT

Article 20

Resources for financing for implementation of RAP-KARBON and/or PAN-KARBON activities can be obtained from:

- a. own funding.
- b. funding from Corporate Social Responsibility (CSR) in country or from overseas
- c. grant from overseas (donor) in bilateral or multilateral framework.

CHAPTER VI OTHERS Article 21

Integrated Management Unit (*Kesatuan pengelolaan Hutan, KPH*) of Production Forest, Integrated Management Unit of Protection Forest, Forest areas for special purposes in Production Forest and/or Protected Forest, Community Forest, *Hutan Kemasyarakatan (HKm)*, Indigenous People's Forest (*Hutan Masyarakat Hukum Adat*), and Village Forest can conduct business of utilisation RAP-KARBON and/or PAN-KARBON in accordance to this regulation.

CHAPTER VII

FINAL ACT
Article 22

This Ministry decree is valid from the date it is issued.
So that every person knows about the decree, the Ministry of Forestry Decree is enacted by placing it in the State Gazette Republic of Indonesia.

Issued in Jakarta
On 22 May 2009
MINISTRY OF FORESTRY
REPUBLIC INDONESIA,
Signed
H.M.S. KABAN

Enacted in Jakarta
On 29 May 2009

MINISTER OF LEGAL AND HUMAN RIGHTS

REPUBLIC INDONESIA,

SIGNED.

ANDI MATTALATTA

BERITA NEGARA REPUBLIC OF INDONESIA YEAR 2009 NUMBER 128

Copies are identical to the original

Head of Legal Department and Organisation
signed.

SUPARNO, SH

NIP. 19500514 198303 1 001

Attachment I MINISTER OF FORESTRY DECREE REPUBLIC OF INDONESIA
Number: P. 36/Menhut-II/2009
Date : 22 May 2009

Proposal for utilisation of environmental services business (Proposal UPJL)

1. Background of IUPJL development
2. Legal base and legality of licensing
3. Aim and Objective
4. Description of areas/location
5. Management Plan and utilisation of IUPJL
 - a. Planning for development of Forest resources
 - b. Planning for community empowerment
 - c. Planning for environmental services utilisation
 - d. management organization
 - e. Planning for protection and security of Forest resources
6. Cash flow projection
7. Attachments

Copies are identical to the original

Head of Legal Department and Organisation

Signed
SUPARNO, SH
NIP. 19500514 198303 1 001

MINISTRY OF FORESTRY
REPUBLIC OF INDONESIA,

signed
H. M. S. KABAN

ATTACHMENT II MINISTRY OF FORESTRY

Number : P. 36/Menhut-II/2009

Date : 22 May 2009

STANDAR PROJECT DEVELOPMENT AND CARBON MARKETING

NO	Standard	Standard CCB	Standard Carbon Fix	System and Standard Plan Vivo	Voluntary Carbon Standard (AFOLU)
1. Back ground					
1.1	Objective	Positive net benefit related to climate, community and biodiversity	High quality carbon credit from forest which is managed sustainably	Credit carbon supply from village community in developing countries that promote sustainable development	ex-post credible carbon credit created
1.2	Type of Project	All project related to land	Project that convert non forested land to become forested land	Greening/ re-forestation, agro-forestry IFM.REDD	Greening/ re-forestation/ re-vegetation ALM, IFM.REDD
1.3	Type of carbon credit	Not available	Ex-ante	Ex-ante & Ex-post	Ex-post
2. Matters related to requirements (eligibility)					
2.1	Date Project start	No limit	11 December 2007	No limit	No limit
2.2	Project Location	international	international	international	international
3. Additionally					
3.1	Test Method	A/R CDM / acknowledge CCBA Methodology	A/R CDM / finance Analysis	Barrier Analysis / general practice/ A/R CDM	A/R CDM / Acknowledged VCS Methodology

No.	Standard	Standard CCB	Standard Carbon Fix	System and Standard Plan Vivo	Voluntary Carbon Standard
4.1	Baseline, leakage, Fiksasi CO2, Monitoring	A/R CDM / CCBA Acknowledged Methodology	Methodology CFS	Methodology specifically for proyek ttt/ A/R CDM	A/R CDM / VCS acknowledge Methodology
5. Permanency					
5.1	Risk Buffer	30%	Minimal 10%	10-60%	
6. Social economy and environment benefits					
6.1	Social economy benefits	***	**	***	*
6.2	Environmental benefit	***	**	**	*
7. certification					
7.1	Length of verification	5 Year	2-5 Year	recommended 3-5 Year	5 Year financial incentive
7.2	Third party who is accredited	√	√	√ after issue of carbon credits	√
7.3	length of certification	2-6 month	3-6 month	3-18 month	2-4 month
8. cost and salary					
8.1	Validasi		1500 Euro (2050 US\$)	5 000 - 12500 US\$	5 000 - 12500 US\$
8.2	Verification	5000-40000 US\$	8000-15 000 Euro (10900-20 500 US\$) +CCBS 2000-5000 Euro(2700-6800 US\$)	15000 - 30000 US\$	15 000 - 3 000 US\$
8.3	Cost of certificate CO2	0.50 Euro (0,68 US\$) per	VER sold	0.30 US\$ per sold VER	0.04 US\$ per sold VER
9. Offers of Projects Climate Forestation Year 2009					
9.1	projects listed	5	1	3	-
9.2	projects in pipeline	8	5	2	
10. Carbon list and avoiding double counting					
10.1	Carbon registration	-	'online' registration	'online' registration	APX, Caisse des

					Deposits, T21, BNYM
11.	Transparency				
11.1	Project information which is published	**	***	**	*
12.	CO2, certificate price				
12.1	estimate CO2, Price Year 2009	Premium Price	10-20 Euro (14-27 US\$)	8-30 US\$	12-18 US\$

Issued in :	Jakarta
Date :	22 May 2009

Attachment III Forest Ministers Decree, Republic of Indonesia

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Tabel N2JL No.	Permit holder / developer	Distribution			Notes
		Government	Community	developer	
1.	IUPHHK-HA	20%	20%	60%	
2.	IUPHHK-HT	20%	20%	60%	
3.	IUPHHK-RE	20%	20%	60%	
4.	IUPHHK-HTR	20%	50%	30%	
5.	Community Forest	10%	70%	20%	
6.	<i>Hutan Kemasyarakatan</i>	20%	50%	30%	
7.	<i>Adat Forest</i>	10%	70%	20%	
8.	Village Forest	20%	50%	30%	
9.	KPH	30%	20%	50%	
10.	KHDTK	50%	20%	30%	
11.	Protected Forest	50%	20%	30%	

Information:

*) Government's share will be divided proportionately, that is central Government 40%, provincial government 20%, District Government 20%

Copies are identical to the original

Head of the Legal and Organisational department

Minister of Forestry,
Republic of Indonesia

Signed

Signed

Suparno SH

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