



Settlement Procedures for Tenure of Land Located in Forest Areas

by Athalia Devina

The government has enacted Joint Regulation of Minister of Home Affairs, Minister of Forestry, Minister of Public Works, and Head of National Land Agency Number 79, 2014, Number PB.3/Menhut-11/2014, Number 17/PRT/M/2014, and Number 8/SKB/X/2014, entitled Settlement Procedures for Tenure of Land Located in Forest Areas (“**Joint Regulation**”). This Joint Regulation became effective on 17 October 2014.

In order to settle the 'ulayat' rights and tenure of land which is located in forest areas in the regency/city, the regent/mayor will form an IP4T team.¹ The IP4T team will consist of (a) Head of Regency/City Land Agency as head and member of the IP4T team; (b) Element of the regency/city which handles affairs in the field of forestry as secretary and member of the IP4T team; (c) Element of Stabilization Center for Forest Areas as member of the IP4T team; (d) Element of the regency/city which handles affairs in the field of layout of the regency/city as member of the IP4T team; (e) Head of local sub-district or appointed officer as a member of the IP4T team; and (f) Local headman as member of the IP4T team.

In order to settle the 'ulayat' rights and tenure of land which is located in forest areas that cross the regency/city, the governor will form an IP4T team. The IP4T team will consist of (a) Head of District of National Land Agency as head and member of the IP4T team; (b) Element of the provincial agency which handles affairs in the field of forestry as secretary and member of the IP4T team; (c) Element of Stabilization Center for Forest Areas as member of the IP4T team; (d) Element of the regency/city which handles affairs in the field of layout of the regency/city as member of the IP4T team; (e) Head of Regency/City Land Agency as member of the IP4T team; (f) Head of local sub-district or appointed officer as member of the IP4T team; and (g) Local headman as member of the IP4T team.

The IP4T team has the following obligations:

- To receive an application for registration of an IP4T;
- To verify the application;
- To conduct field collection;
- To conduct the analysis of juridical and physical data of land plots that are located in forest areas;



- To publish the results of the analysis in the form of a recommendation with attachments of a land registry map of the IP4T and a Statement Letter supporting the Physical Tenure of Land Area (“SP2FBT”);
- To submit a report of the results as mentioned in point e to the Head of District of the National Land Agency/ Head of Regency/City Land Agency.

The Directorate General of Planology will review the results of the analysis report and order the implementation of forest boundaries within a period of 14 (fourteen) working days from the receipt of the results of the analysis. The Directorate General of Planology, based on the forest boundaries result, will enact a Decree of Changes in the Forest Area Boundary along with the attachment of the map as the basis of issuing certificates of land rights. The changes in designation and functions of forests and forest usage can be conducted before the enactment of the revised spatial plan.

¹An IP4T team is a team that will conduct the activity of collecting data of IP4T, which is an inventory of tenure, ownership, usage, utilization of land.



A special greeting at Christmas time to express to you our sincere appreciation for your confidence and loyalty.

We are deeply thankful and extend to you our best wishes for a happy and healthy holiday season.



OJK Regulation of Financial Companies

by Ignatia Oktavia



Since the issuance of Law No 11, 2004 on the Financial Service Authority (“**OJK**”), control and supervision of financial service activities are being conducted by the OJK. One financial service sector which has evolved rapidly in Indonesia is financial institutions. The OJK as the competent authority has recently, officially enacted OJK Regulation No. 29/POJK.05/2014, regarding the Business Implementation of Financial Companies (“**OJK Regulation No. 29/POJK.05/2014**”) which came into force on November 19th, 2014. Simultaneously OJK also enacted Regulation No. 28/POJK.05/2014 on the Business Licensing and Institutionalizing of Financial Companies, OJK Regulation No. 30/POJK.05/2014 on Good Corporate Governance of Financial Companies, and OJK Regulation No.31/POJK.05/2014 on the Business Implementation of Islamic Financing.

Referring to OJK Regulation No. 29/POJK.05/2014, financial business companies were classified into four sectors, namely, investment financing, working capital financing, multipurpose financing, and other financing businesses under approval of the OJK. In addition, financial companies may undertake operating lease and or fee-based activities insofar as these are in conformity with financial service regulations.

By issuing this new regulation, the OJK is increasingly establishing rules to consolidate consumer protection in the financial service sector. The OJK provides that all financing agreements between a financial company and a debtor must be made in written form and the provisions of the agreement must be complied with as stipulated in the

OJK regulations regarding consumer protection in the financial services sector. For consumer protection, financial companies are obligated not only to guarantee the total down payment or security deposit but also to apply provisions for a minimum percentage of down payment to its debtor. Moreover, the OJK also introduces financing risk mitigation which can be conducted by: i) transferring financing risk by way of a credit insurance mechanism or credit guarantee, ii) transferring risk of the financed or collateralized object by way of an insurance mechanism, and or iii) exercising fiduciary assignment of the financed or collateralized object.

To maintain the integrity and stability of the financial institution, the OJK obligates financial companies to fulfill the requirement of financial soundness, to be measured by capital ratio, quality of financing receivables, profitability, and liquidity. Furthermore, the OJK specifies a minimum amount of equity of a financial company, namely, Rp100.000.000.000,- (one hundred billion Rupiah) for a limited liability company, and Rp50.000.000.000,- (fifty billion Rupiah) for a cooperative. In the case of a financial company having had a business license before the enforcement of this regulation, and its equity is under the minimum now required a financial company in the form of limited liability company must adjust its equity to at least the amount of Rp40.000.000.000,- (forty billion Rupiah) no later than December 31st, 2016, and Rp100.000.000.000,- (one hundred billion Rupiah) no later than December 31st, 2019. For a financial company in the form of a cooperative, its equity must be adjusted to at least the amount of Rp30.000.000.000,- (thirty billion Rupiah) no later than December 31st, 2016, and Rp50.000.000.000,- (fifty billion Rupiah) no later than December 31st, 2019. Further, the total equity of a financial company will be a standard in determining the maximum limit of total financing given by a financial company to related parties and/or debtors.

In parallel with the prevailing laws on financial institutions, the OJK still allows opportunities to the financial companies to cooperate with other parties by way of channeling or joint financing. These other parties may be banks, secondary financial companies for housing, micro financial institutions, and or financial companies.