

# **GUIDELINE FOR RECEIVING GRANT FROM CENTRAL GOVERNMENT BY REGIONAL GOVERNMENT, AND CAPITAL PARTICIPATION OF REGIONAL GOVERNMENT IN POT WATER REGIONAL-OWNED COMPANY FOR DEBT PAYMENT SETTLEMENT TO CENTRAL GOVERNMENT BY NON-CASH**

## **(Regulation of Minister of Home Affairs of R.I Number 48 Year 2016, dated July 20, 2016)**

WITH THE BLESSING OF THE ONE AND ONLY GOD  
MINISTER OF HOME AFFAIRS OF  
THE REPUBLIC OF INDONESIA,

Considering:

a. whereas, to implement the resolution of Meeting of Vice President of the Republic of Indonesia dated January 12, 2016, concerning Regional-owned Potable Company, which among other things, discussed the process of elimination of debt of Regional-owned Potable Company, that mandates the Minister of Home Affairs to formulate regulation on receipt of non-cash grant from Central Government to Regional Administration and non-cash capital participation of Regional Administration in Regional-owned Potable Company;

b. whereas, pertaining to discipline on administration, transparency dan discipline on principle of

law on debt settlement of Regional-owned Potable Company to the Central Government a guideline shall be required;

c. whereas, based on the consideration referred to in letter a and letter b, it is necessary to stipulate Regulation of Minister Home Affairs on Guideline for receiving Grant from the Central Government to Regional Administration, and Capital Participation of Regional Administration in Regional-owned Potable Company, in the context of Settlement of Debt of Regional-owned Potable Company to the Central Government in Non-Cash.

In view of:

1. Law Number 39 Year 2008, concerning State Ministry (Statute Book of the Republic Indonesia Year 2008 Number 166, Supplement to Statute

Book Republic Indonesia Number 4916);

2. Law Number 23 Year 2014, concerning Regional Administration (Statute Book of the Republic Indonesia Year 2014 Number 244, Supplement to Statute Book of the Republic Indonesia Number 5587) as amended several times and lately amended by Law Number 9 Year 2015, concerning Second Amendment to Law Number 23 Year 2014, concerning Regional Administration (Statute Book of the Republic Indonesia Year 2015 Number 58, Supplement to Statute Book Republic Indonesia Number 5679);
3. Government Regulation of the Republic Indonesia Number 2 Year 2012, concerning Regional Grant ( Statute Book of the Republic Indonesia Year 2012 Number 5, Supplement to Statute Book Republic Indonesia Number 5272);
4. Presidential Regulation Number 11 Year 2015, concerning Ministry of Home Affairs (Statute Book of the Republic Indonesia Year 2015 Number 12);
5. Regulation of Minister of Home Affairs Number 43 Year 2015, concerning Organization and Work Procedure of the Ministry of Home Affairs (State Gazette of the Republic of Indonesia Year 2015 Number 564) as amended by Regulation of the Minister of Home Affairs am Negeri Number 69 Year 2015 tentang Amendment to Regulation of Minister Home Affairs Number 43 Year 2015 tentang Organization and Work Procedure of Ministry of Home Affairs (State Gazette Republic Indonesia Year 2015 Number 1667);
6. Regulation of the Minister of Finance of the Republic of Indonesia Number 31/PMK.05/2016 Year 2016, concerning Procedure for Settlement of State Receivable originating from Extension of Overseas Loan, Investment Fund Account, and Regional Development Account at PDAM (State Gazette of the Republic Indonesia Year 2016 Number 280);

#### DECIDED :

To stipulate:

REGULATION OF THE MINISTER OF HOME AFFAIRS ON GUIDELINE FOR RECEIVING GRANT FROM CENTRAL GOVERNMENT TO REGIONAL ADMINISTRATION, AND CAPITAL PARTICIPATION BY REGIONAL

ADMINISTRATION IN REGIONAL-OWNED POTABLE COMPANY, FOR DEBT SETTLEMENT OF REGIONAL-OWNED POTABLE COMPANY TO CENTRAL GOVERNMENT IN NON-CASH.

## CHAPTER I

### GENERAL PROVISION

#### Article 1

What is meant in this Regulation of Minister by:

1. Central Government shall be President of the Republic of Indonesia holding the power on administration of the State of the Republic of Indonesia assisted by Vice President and Ministers as referred to in the 1945 Constitution of the Republic Indonesia.
2. Regional Administration hereinafter referred to as Governor, Regent, Mayor, and Regional instruments as operating elements Regional Administration.
3. Regional Revenue and Expenditure Budget hereinafter referred to as APBD shall be Annual Financial Program of Regional Administration that has been mutually discussed and approved by Regional Administration and the DPRD, and stipulated under Regional Regulation.
4. Regional-owned Potable Company hereinafter referred to as PDAM shall be Regional-owned Business Entity constituting Operator of Potable Supply System.
5. Regional Capital Participation shall be type of investment of Regional Administration in PDAM.
6. Settlement of PDAM Debt shall be settlement of debt conducted by Central Government by means of Grant by the Central Government to Regional Administration as capital participation to in PDAM in Non-Cash to pay off PDAM's debt.

## CHAPTER II

### SCOPE

#### Article 2

The scope of this Regulation of the Minister covers:

- a. budgeting revenue for grant and capital participation;
- b. implementation and accountability of revenue for grant and capital participation;
- c. settlement of debt; and
- d. management and supervision.

### CHAPTER III

#### BUDGETING REVENUE FOR GRANT AND CAPITAL PARTICIPATION

##### Part One

##### Regional Regulation (Perda) on Capital Participation

##### Article 3

- (1) Central Government shall formulate budget for grant in non-cash for Regional Administration for settlement of PDAM's debt to Central Government.
- (2) For settlement of PDAM's debt to Central Government in non-cash as referred to in paragraph (1), Regional Administration shall stipulate Regional Regulation on capital participation.
- (3) As soon as Regional Administration has stipulated Regional Regulation on capital participation as referred to in paragraph (2), Regional Administration shall stipulate Regional Regulation for amendment of Regional Regulation on capital participation in the PDAM concerned.
- (4) Regional Regulation concerning capital participation as referred to in paragraph (3) in the context of additional ceiling to capital participation of the Region based on the amount of grant by Central Government to Regional Administration as referred to in paragraph (1).

##### Article 4

- (1) Stipulation of Regional Regulation on capital participation as referred to in Article 3 paragraph (2) and Regional Regulation concerning amendment to Regional Regulation on capital participation in PDAM as referred to in Article 3 paragraph (3) without going through Investment Analysis process.
- (2) Regional Regulation as referred to in paragraph (1) shall be stipulated within one (1) month at the latest after the grant is granted by Central Government to Regional Administration.

## Part Two

## Budgeting Revenue in Non-Cash

## Article 5

- (1) Regional Administration shall exercise budgeting of revenue for grant in non-cash in APBDF Annual Budget 2016 based on Regional Regulation on capital participation as referred to in Article 3.
- (2) To exercise budgeting of revenue for non-cash grant in APBD as referred to in paragraph (1) Regional Administration shall make adjustment to the targeted revenue for grant by first make amendment to Regulation of the Head of Region on application of APBD Annual Budget 2016 by notification to the Chairman of DPRD, to further accommodate it in Regional Regulation on APBD Annual Budget 2016 or as set forth in LRA for Regional Administration that refrains from making amendment to APBD Annual Budget 2016, by first make amendment to Regulation of the Head of Region on application of APBD Annual Budget 2016 with notification to the Chairman of DPRD.
- (3) The revenue for grant in non-cash as referred to in paragraph (2), shall be budgeted in the Budget Account, Other Groups of Regional Budget that are lawful, type of revenue for grant, object revenue for grant from the Government, details of the object of grant in non-cash from the Central Government, according to the code of account pertaining to SKPKD.

## Article 6

- (1) Revenue for grant in non-cash referred to in Article 5 paragraph (1) will be used for capital participation of the Region in PDAM and budgeted in APBD Annual Budget 2016.
- (2) Budgeting of capital participation of the Region in PDAM as referred to in paragraph (1) based on Regional Regulation on capital participation as referred to in Article 3 paragraph (2) and paragraph (3).
- (3) Capital participation of the Region in PDAM as referred to in paragraph (2) will be budgeted in financment account, group of Regional financment, group of expenditure for regional financment, type of capital participation/investment of Regional Administration, object of capital participation and object of capital participation in PDAM.

## CHAPTER IV

## IMPLEMENTATION OF ACCOUNTABILITY ON REVENUE FOR GRANT AND CAPITAL PARTICIPATION

## Part One

## Implementation of Revenue for Non-Cash Grant

## Article 7

Based on Regulation of the Head of Region on application of amendment to APBD Annual Budget 2016, PPKD shall compile document on implementation of Revenue Budget (DPA) as referred to in Article 5 paragraph (3) and document on Budget Implementation (DPA) for financement as referred to in Article 6 paragraph (3).

## Article 8

Regional Administration mengakui pendapatan grant non kas dari Central Government setelah diterimanya SP2D Non Kas yang diterima Regional Administration dari KeMinisteran Keuangan.

## Part Two

## Implementation of Capital Participation

## Article 9

(1) Based on DPA the paymkent referred to in Article 7 and SP2D non-cash grant as referred to in Article 8, Treasurer of Expenditure of PPKD shall submit Application Letter for Payment of (SPP).

(2) Based on the Application Letter for Payment (SPP) as referred to in paragraph (1), Treasurer of Expenditure PPKD shall issue Instruction Letter for Payment (SPM).

(3) Based on the Instruction Letter for Payment (SPM) referred to in paragraph (2) General Treasurer (BUD) shall issue SP2D on capital participation of Region in PDAM.

## Part Three

## Accountability

## Article 10

(1) Based on SP2D non-cash grant received by Regional Administration from the Ministry of Finance and SP2D on capital participation of Regional Administration to PDAM, PPKD shall compile report on realization of revenue for grant and expenditure for PPKD financement.



- (2) The report on realization of revenue for grant and expenditure for financement of PPKD as referred to in paragraph (1) shall be consolidated in Financial Report of Regional Administration based on the provisions in the statutory regulation on management of Regional finance.

## CHAPTER V

### DEBT SETTLEMENT

#### Article 11

- (1) Based on SP2D on capital participation by Region as referred to in Article 9 paragraph (3), PDAM shall register it as addition to capital participation from the Regional Administration.
- (2) The recording referred to in paragraph (1) shall be recorded at the same time as settlement of PDAM's debt to the Central Government.

## CHAPTER VI

### MONITORING AND EVALUATION

#### Article 12

- (1) To ensure settlement of PDAM's debt to the Central Government in non-cash, the Minister through the Director General of Regional Financial Management shall exercise monitoring and assessment.
- (2) The result of monitoring and assessment referred to in paragraph (1), shall constitute reference to policy by the Minister pertaining to management and supervision of the PDAM.
- (3) The result of monitoring and assessment referred to in paragraph (1) must be submitted to the relevant Ministry.

## CHAPTER VII

### CLOSING PROVISION

#### Article 13

This Regulation of the Minister comes to force on the date it is enacted.

For public cognizance, this Regulation of Home Affairs shall be announced by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta

Dated July 20, 2016

MINISTER OF HOME AFFAIRS  
OF THE REPUBLIC OF INDONESIA,

sgd.

TJAHJO KUMOLO

Enacted in Jakarta

Dated July 29, 2016

DIRECTOR GENERAL OF STATUTORY REGULATION  
OF MINISTRY OF LAW AND HUMAN RIGHTS  
OF THE REPUBLIC OF INDONESIA,

sgd.

WIDODO EKATJAHJANA

STATE GAZETTE OF THE REPUBLIC OF INDONESIA  
YEAR 2016 NUMBER 1101

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