

REGULATION OF THE MUNICIPALITY OF BUKITTINGGI
NUMBER 5 OF 2021
ON
REVOLVING RETURNING FUND MANAGEMENT

BY THE BLESSINGS OF ALMIGHTY GOD

MAYOR OF BUKITTINGGI,

- Considering :
- a. in the context of advancing the productive business sector, increasing business and employment opportunities as well as helping to reduce unemployment and poverty alleviation, it is necessary to increase access to cooperatives and micro-enterprises through financing sources;
 - b. that the revolving fund which is a program from the government is urgently needed by the people of the Municipality of Bukittinggi to release the bondage of the moneylenders with the acquisition of large interest rates and burdensome for micro-enterprises;
 - c. that to provide legal certainty in the management of revolving funds, it is necessary to regulate it in a Regional Regulation;
 - d. that based on the considerations as referred to in point a, point b, and point c, it is necessary to stipulate a Regional Regulation on the Management of Revolving Funds;

- Observing :
1. Article 18 section (6) of the 1945 Constitution of the Republic of Indonesia;
 2. Law Number 9 of 1956 on the Establishment of

Autonomous Regions for Big Cities within the Province of Central Sumatra (State Gazette of the Republic of Indonesia of 1956 Number 20);

3. Law Number 25 of 1992 on Cooperatives (State Gazette of the Republic of Indonesia of 1992 Number 116, Supplement to the State Gazette of the Republic of Indonesia 3502), as amended by Law Number 11 of 2020 on Job Creation (State Gazette of the Republic of Indonesia of 2020 Number 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573);
4. Law Number 20 of 2008 on Micro, Small and Medium Enterprises (State Gazette of the Republic of Indonesia of 2008 Number 93, Supplement to the State Gazette of the Republic of Indonesia Number 4866), as amended several times, most recently by Law Number 11 of 2020 on Job Creation (State Gazette of the Republic of Indonesia of 2020 Number 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573);
5. Law Number 23 of 2014 on Regional Government (State Gazette of the Republic of Indonesia of 2014 Number 244, Supplement to the State Gazette of the Republic of Indonesia Number 5587) as amended several times, most recently by Law Number 11 of 2020 on Job Creation (State Gazette of the Republic of Indonesia of 2020 Number 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573);
6. Government Regulation Number 12 of 2019 on Regional Financial Management (State Gazette of the Republic of Indonesia of 2019 Number 42, Supplement to the State Gazette of the Republic of Indonesia Number 6322);
7. Regulation of the Minister of Cooperatives and Small and Medium Enterprises Number 4 of 2020 on Loan Distribution or Revolving Fund Financing by Cooperatives and Revolving Businesses Revolving Fund Management Agency (State Gazette of the Republic of Indonesia of 2020 Number 673);

8. Regulation of the Minister of Home Affairs Number 79 of 2018 on Regional Public Service Agencies (State Gazette of the Republic of Indonesia of 2018 Number 1213).
9. Regulation of the Minister of Home Affairs Number 77 of 2020 on Technical Guidelines for Regional Financial Management (State Gazette of the Republic of Indonesia of 2020 Number 1781);

With the Joint Approval of:
THE REGIONAL HOUSE OF REPRESENTATIVES
and
THE MAYOR OF BUKITTINGGI

Has Decided:

To issue : REGIONAL REGULATION ON MANAGEMENT OF REVOLVING FUNDS.

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Regional Regulation:

1. Region means the Municipality of Bukittinggi.
2. Local Government means the Local Government of the Municipality of Bukittinggi.
3. The mayor means the Mayor of Bukittinggi.
4. Regional Apparatus means a regional apparatus that carries out government affairs in the field of cooperatives and micro-enterprises.
5. Regional Technical Implementing Unit, hereinafter abbreviated as UPTD, means an organization that carries out operational technical activities and/or certain technical support activities at the Regional Service or Agency.
6. Revolving Fund means a fund allocated by the Regional Government for business capital strengthening activities for cooperatives and micro businesses, which are under the guidance of the Regional Apparatus that carries out

government affairs in the field of Cooperatives and Micro Enterprises.

7. Cooperative means a business entity consisting of individuals or cooperative legal entities based on their activities based on the cooperative principle as well as a people's economic movement based on the principle of kinship.
8. Micro Enterprises mean productive businesses owned by individuals and/or individual business entities that meet the criteria for micro-enterprises as referred to in the legislation
9. Regional Public Service Agency, hereinafter abbreviated as BLUD, mean a system implemented by the technical implementing unit of the regional service/agency in providing services to the community that has flexibility in the pattern of financial management as an exception to the provisions of regional management in general.

Article 2

Revolving Fund Management aims to realize and improve the regional economy and the welfare of the community through the provision of financing for Cooperatives and Micro Enterprises.

Article 3

Revolving Funds are managed based on the following principles:

- a. kinship;
- b. economic democracy;
- c. togetherness;
- d. fair efficiency;
- e. sustainable;
- f. insightful;
- g. independence; and
- h. national economic unit.

CHAPTER II
SOURCES OF REVOLVING RETURNING FUND

Article 4

Revolving funds are funds that meet the characteristics that include:

- a. is part of regional finance;
- b. included in the Regional Revenue and Expenditure Budget and/or financial statements;
- c. owned, controlled, and/or controlled by PA/KPA;
- d. disbursing loans to cooperatives and micro-enterprises;
- e. aimed at strengthening the capital of cooperatives and micro-enterprises; and
- f. can be withdrawn at any time.

Article 5

Revolving Fund sources can come from:

- a. Regional Revenue and Expenditure Budget; and
- b. legitimate revolving fund management income in accordance with statutory provisions.

Article 6

- (1) The amount of the Revolving Fund budget allocation as referred to in Article 5 point a is determined based on the regional financial capacity.
- (2) The revolving fund budget allocation as referred to in section (1) is stipulated in a Regional Regulation on Regional Revenue and Expenditure Budgets.

CHAPTER III
Revolving Fund Manager

Article 7

Management of Revolving Funds is carried out by UPTD on Regional Apparatuses that have implemented the BLUD pattern.

Article 8

UPTD on Regional Apparatus that has implemented the BLUD Pattern as referred to in Article 7 is stipulated by a Mayor Regulation.

Article 9

UPTD on Regional Apparatus that has implemented the BLUD Pattern as referred to in Article 7 must meet the substantive, technical, and administrative requirements in accordance with the provisions of the legislation.

CHAPTER IV
RETURNING FUND RECIPIENT

Article 10

Revolving Fund Recipients consist of:

- a. cooperative; and
- b. Micro business.

Article 11

- (1) Cooperatives receiving Revolving Funds must meet the following criteria:
 - a. incorporated;
 - b. conduct annual member meetings for at least 2 (two) consecutive years;
 - c. have clear office status;
 - d. have positive business results; and
 - e. have a Cooperative Identification Number.
- (2) Cooperatives that have met the criteria as referred to in section (1) may apply for a loan/financing by attaching the following documents:
 - a. letter of application and proposal;
 - b. deed of establishment and ratification thereof;
 - c. financial statements;
 - d. member meeting report;

- e. legality of cooperatives, administrators, supervisors and managers; and
- f. business legality.

Article 12

- (1) Micro Businesses receiving Revolving Funds must meet the following criteria:
 - a. registered as a resident of the Region;
 - b. have a business registration number and a micro and small business license;
 - c. willing to comply with the provisions issued by the UPTD on Regional Apparatuses that have implemented the BLUD Pattern; and
 - d. have a positive operating profit last year.
- (2) Micro Enterprises that have met the criteria as referred to in section (1) may apply for a loan/financing by attaching the following documents:
 - a. letter of application and proposal;
 - b. identity card;
 - c. a statement letter signed on a seal that the person concerned does not have legal problems with other financial institutions;
 - d. business registration number and micro and small business license; and
 - e. financial statements.

Article 13

- (1) In the context of implementing the distribution of Revolving Fund loans/financing, Regional Apparatuses are required to assess the feasibility of the Revolving Fund recipient candidates.
- (2) Eligibility assessment of prospective Revolving Fund recipients is carried out by prioritizing the principle of prudence in lending/financing.
- (3) In assessing the feasibility of the prospective Revolving Fund recipient as referred to in section (1) UPTD on Regional Apparatuses that have implemented the BLUD

Pattern may use the services of a third party.

- (4) The third party services as referred to in section (3) may come from:
 - a. independent consultant;
 - b. guarantee agency;
 - c. insurance;
 - d. banking;
 - e. practitioners; and/or
 - f. academics.
- (5) Determination of the decision of the recipient of the Revolving Fund is the authority of the UPTD leadership in the Regional Apparatus that has implemented the BLUD Pattern.
- (6) Further provisions regarding the procedure for evaluating the eligibility of candidates for Revolving Fund recipients as referred to in section (1) is regulated by a Mayor Regulation.

CHAPTER V

RETURNING DISTRIBUTION AND RETURN

Part One

Revolving Fund Distribution

Article 14

- (1) Revolving Funds are disbursed under the following conditions:
 - a. used for productive business; and
 - b. the recipient of the revolving fund is able to return the Revolving Fund Loan/Financing with a maximum period of 3 (three) years.
- (2) UPTD on Regional Apparatuses that have implemented the BLUD Pattern distributes Revolving Funds to Revolving Fund recipients based on the decision of the UPTD leadership on Regional Apparatuses that have implemented the BLUD Pattern on the results of the feasibility assessment as referred to in Article 13.
- (3) The distribution of Revolving Funds as referred to in section

- (1) is carried out simultaneously.
- (4) The distribution of Revolving Funds as referred to in section (3) is carried out through Banking transactions.
- (5) Further provisions regarding the procedure for distributing Revolving Funds as referred to in section (1) is regulated by a Mayor Regulation.

Article 15

- (1) In distributing Revolving Funds, UPTD in Regional Apparatuses that have implemented the BLUD Pattern may ask for guarantees from Revolving Fund recipients.
- (2) The guarantee as referred to in section (1) may be in the form of:
 - a. moving objects;
 - b. immovable object; and/or
 - c. securities.

Article 16

UPTD on Regional Apparatuses that have implemented the BLUD Pattern may charge services to Revolving Fund recipients in accordance with the provisions of legislation.

Article 17

- (1) The distribution of revolving funds to recipients of revolving funds is stated in an agreement text.
- (2) The agreement as referred to in section (1) at least contains:
 - a. identity of the parties;
 - b. amount of loan/financing;
 - c. aim;
 - d. rights and obligations;
 - e. time period;
 - f. monitoring and evaluation;
 - g. force majeure ; and
 - h. penalty.

Part Two
Revolving Fund Refund

Article 18

- (1) Recipients of Revolving Funds are required to return Revolving Funds in accordance with the agreement as referred to in Article 17.
- (2) Revolving Funds Refund is done through banking transactions.
- (3) Bank appointments are made by UPTD on Regional Apparatuses that have implemented the BLUD Pattern based on the principles of efficiency and economy, in accordance with sound business practices.
- (4) In the event that the Revolving Fund recipient is negligent/late in returning the Revolving Fund, a fine will be imposed.
- (5) In the event that the recipient of the Revolving Fund is negligent/late in returning the Revolving Fund, the UPTD on the Regional Apparatus that has implemented the BLUD Pattern collects it by:
 - a. billing by telephone and messaging services;
 - b. billing through notification of late payment and/or warning letter;
 - c. billing through field visits;
 - d. collection by calling to Revolving Fund recipients;
 - e. subpoena; and/or
 - f. delegation to the State unit/institution that handles the collection of receivables to the State.
- (6) In the event that the recipient of the revolving fund experiences financial difficulties and/or dies, restructuring of the revolving fund can be carried out based on the decision of the UPTD leadership in the Regional Apparatus that has implemented the BLUD Pattern.
- (7) Further provisions as referred to in section (4), section (5), and section (6) are regulated by a Mayor Regulation.

Article 19

In the event that the Revolving Fund recipient is negligent/late in returning the Revolving Fund, a fine of 2% (two percent) is imposed for each month of delay of the remaining arrears from the due date.

CHAPTER VI
LOAN AMOUNT

Article 20

- (1) The revolving fund loan ceiling is set as follows:
 - a. Micro Business with a ceiling of up to IDR 50,000,000 (fifty million rupiah); and
 - b. Cooperatives with a ceiling of up to IDR 300,000,000 (three hundred million rupiah).
- (2) The ceiling as referred to in section (1) may be reviewed at least 1 (one) time in 5 (five) years by taking into account the regional financial capacity.

Article 21

- (1) Revolving Funds repayment period is a maximum of 3 (three) years.
- (2) Cooperatives and/or Micro Enterprises that have returned the Revolving Fund and are declared paid off, may reapply for the revolving Fund loan.
- (3) The requirements as referred to in Article 11 and Article 12 are apply mutatis mutandis to Cooperatives and/or Micro Enterprises that will re-apply for a revolving Fund loan.

CHAPTER VII
MONITORING, EVALUATION, AND REPORTING

Article 22

Regional apparatus that carries out government affairs in the field of Cooperatives and Micro Enterprises monitors and evaluates the implementation of Revolving Fund management in the regions at least 2 (two) times a year.

Article 23

Revolving Fund Recipients submit a report on the realization of the use of Revolving Funds to the UPTD on Regional Apparatuses that have implemented the BLUD Pattern in writing at least 1 (one) time a year.

Article 24

UPTD on Regional Apparatuses that have implemented the BLUD Pattern through Regional Apparatuses submit financial reports to the Mayor at least 2 (two) times a year.

CHAPTER VIII

TRANSITIONAL TERMS

Article 25

The implementation of the Revolving Fund which has not been completed at the time this regional regulation comes into effect, is completed based on the provisions contained in the agreement at the time of borrowing.

CHAPTER IX

CLOSING PROVISIONS

Article 26

The UPTD in the Regional Apparatus that has implemented the BLUD Pattern must be formed no later than 1 (one) year from the promulgation of this Regional Regulation.

Article 27

An implementing regulations of this Regional Regulation must be issued not later than 1 (one) year after this Regional Regulation is promulgated

Article 28

This Regional Regulation comes into force on the date of its promulgation.

In order that everyone may know hereof, it is ordered to promulgate this Regional Regulation by its placement in the Regional Gazette of the Municipality of Bukittinggi.

Issued in Bukittinggi
on 15 October 2021

MAYOR OF BUKITTINGGI,

signed

ERMAN SAFAR

Promulgated in Bukittinggi
on 15 October 2021

SECRETARY OF THE MUNICIPALITY
OF BUKITTINGGI,

signed

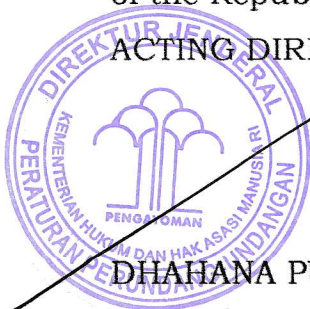
MARTIAS WANTO

REGIONAL GAZETTE OF THE MUNICIPALITY OF BUKITTINGGI OF 2021
NUMBER 5

Jakarta, 6 June 2022

Has been translated as an Official Translation
on behalf of Minister of Law and Human Rights
of the Republic of Indonesia

ACTING DIRECTOR GENERAL OF LEGISLATION,



DHAHANA PUTRA

ELUCIDATION
OF
REGULATION OF THE MUNICIPALITY OF BUKITTINGGI
NUMBER 5 OF 2021
ON
REVOLVING FUND MANAGEMENT

I. GENERAL

The principle of regional autonomy aims to empower and revive local potentials, one of which is economic potential. The Government of the Municipality of Bukittinggi has the duty and obligation to mobilize the economic potentials of the people for the sake of increasing the benefit of people's lives.

The distribution of revolving funds has been repeated since 2001 with various programs launched by the Government to the public but have not yielded maximum results due to the perception of the recipients of the funds receiving the funds that are different from those expected or intended to be achieved by the Government. Because in general the public perception of these funds is that the people receiving the funds are not obligated to return them to the Local Government. Meanwhile, on the local government side, there is no regulation in the form of regional regulations in the management of revolving funds. Being experienced from the past and as the basis for the distribution of revolving funds in the future, a Regional Regulation is needed as legal certainty in its implementation.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear

Article 2

Sufficiently clear

Article 3

Point a

The term the principle of kinship means the principle that underlies efforts to empower Micro, Small, and Medium Enterprises as part of the national economy which is carried out on the basis of economic democracy with the principles of togetherness, efficiency with justice, sustainability, environmental insight, independence, balance of progress, and national economic unity for welfare of all Indonesian people.

Point b

The term the principle of economic democracy means the empowerment of Micro, Small, and Medium Enterprises held as a unit of national economic development to realize people's prosperity.

Point c

The term the principle of togetherness means the principle that encourages the role of all Micro, Small and Medium Enterprises and the Business World together in their activities to realize the welfare of the people.

Point d

The term the Principle of Efficiency of Justice is the principle that underlies the implementation of the empowerment of Micro, Small, and Medium Enterprises by prioritizing fair efficiency in an effort to create a fair, conducive and competitive business climate.

Point e

The term the Sustainability Principle means the principle that in a planned manner strives for the development process to run through the empowerment of Micro, Small

and Medium Enterprises which is carried out continuously so that a strong and independent economy is formed.

Point f

The term the principle of environmental insight means the principle of empowerment of Micro, Small, and Medium Enterprises which is carried out while still paying attention to and prioritizing the protection and maintenance of the environment.

Point g

The term the principle of independence means the principle of empowering Micro, Small, and Medium Enterprises which is carried out while maintaining and prioritizing the potential, capabilities, and independence of Micro, Small and Medium Enterprises.

Point h

The term the Principle of National Economic Unity means the principle of empowerment of Micro, Small, and Medium Enterprises which are part of the development of the national economic unity.

Article 4

Sufficiently clear

Article 5

Sufficiently clear

Article 6

Sufficiently clear

Article 7

Sufficiently clear

Article 8

Sufficiently clear

Article 9

Sufficiently clear

Article 10

Sufficiently clear

Article 11

Section (1)

Point a

Sufficiently clear

Point b

Sufficiently clear

Point c

Sufficiently clear

Point d

The term having positive operating results means a cooperative that has a productive business with income earned in 1 (one) financial year after deducting depreciation costs and other liabilities having a positive value for the last financial year.

Point e

Sufficiently clear

Section (2)

Sufficiently clear

Article 12

Sufficiently clear

Article 13

Section (1)

Sufficiently clear

Section (2)

Sufficiently clear

Section (3)

Sufficiently clear

Section (4)

Point a

Sufficiently clear

Point b

Sufficiently clear

Point c

Sufficiently clear

Point d

Sufficiently clear

Point e

The term practitioner means a person who is directly involved and experienced in managing revolving funds both within the government and outside the government.

Point f

Sufficiently clear

Section (5)

Sufficiently clear

Section (6)

Sufficiently clear

Article 14

Sufficiently clear

Article 15

Sufficiently clear

Article 16

Sufficiently clear

Article 17

Sufficiently clear

Article 18

Sufficiently clear

Article 19

Sufficiently clear

Article 20

Sufficiently clear

Article 21

Section (1)

Sufficiently clear

Section (2)

For cooperatives that have a current category of return performance and do not have arrears on loans or previous financing.

Section (3)

Sufficiently clear

Article 22

Sufficiently clear

Article 23

Sufficiently clear

Article 24

Sufficiently clear

Article 25

Sufficiently clear

Article 26

Sufficiently clear

Article 27

Sufficiently clear

Article 28

Sufficiently clear