

REGULATION OF THE REGENCY OF BANYUWANGI  
NUMBER 1 OF 2019  
ON  
EMPOWERMENT AND PROTECTION OF MICRO ENTERPRISES  
IN BANYUWANGI

BY THE BLESSINGS OF ALMIGHTY GOD

REGENT OF BANYUWANGI,

- Considering :
- a. that Micro Enterprises in Regency of Banyuwangi is an economic activity that has a strategic position, potential, and role in improving the regional economy, supporting community economic resilience and improving people's welfare;
  - b. that Micro Enterprises is a part of business actors that contribute to strengthening the economy in the Region, supporting the rate of growth and reducing unemployment that necessary to empower, develop and protect;
  - c. that Micro Enterprises in Regency of Banyuwangi need to be developed through empowerment, protection and facilitation of Micro Enterprises in taking advantage of business opportunities and responding to the challenges of economic development in the community;
  - d. that in order to develop and improve competitiveness, productivity of Micro Enterprises in Regency of Banyuwangi in order to be strong and independent, it is necessary to optimally play the role of the Regional

Government, the business world and the community, proportionally and mutually beneficial to be efficient and effective;

- e. that based on the considerations referred to in point a, point b, point c, and point d, Government of the Regency of Banyuwangi needs to establish Regional Regulations on Micro Enterprise Empowerment and Protection in Banyuwangi.

- Observing : 1. Article 18 section (6) of the 1945 Constitution of the Republic of Indonesia;
2. Law of the Republic of Indonesia Number 12 of 1950 on Regency Government in East Java;
3. Law Number 3 of 1982 on Mandatory Company Registration (State Gazette of the Republic of Indonesia Number 7 of 1982, Supplement to the State Gazette of the Republic of Indonesia Number 3214);
4. Law Number 25 of 1992 on Cooperatives (State Gazette of the Republic of Indonesia Number 116 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3502);
5. Law Number 5 of 1999 on Prohibition of Monopolistic Practices and Unfair Business Competition (State Gazette of the Republic of Indonesia Number 33 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3817);
6. Law Number 39 of 1999 of the Republic of Indonesia on Human Rights (State Gazette of the Republic of Indonesia Number 165 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3886);
7. Law Number 8 of 1999 of the Republic of Indonesia on Consumer Protection (State Gazette of the Republic of Indonesia Number 42 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3821);
8. Law Number 11 of 2005 of the Republic of Indonesia on the Ratification of the International Covenant On Economic, Social and Cultural Rights (State Gazette of

- the Republic of Indonesia Number 118 of 2005, Supplement to the State Gazette of the Republic of Indonesia Number 4557 of 2005);
9. Law Number 25 of 2007 on Planting Capital (State Gazette of the Republic of Indonesia Number 67 of 2007, Supplement to the State Gazette of the Republic of Indonesia Number 4724);
  10. Law Number 20 of 2008 on Micro, Small and Medium Enterprises (State Gazette of the Republic of Indonesia Number 93 of 2008, Supplement to the State Gazette of the Republic of Indonesia Number 4866);
  11. Law Number 12 of 2011 on Legislation Making (State Gazette of the Republic of Indonesia Number 82 of 2011, Supplement to the State Gazette of the Republic of Indonesia Number 5234);
  12. Law Number 1 of 2013 on Institutions Microfinance (State Gazette of the Republic of Indonesia Number 12 of 2013, Supplement to the State Gazette Republic of Indonesia Number 5394);
  13. Law Number 23 of 2014 on Local Government (State Gazette of the Republic of Indonesia Number 244 of 2014, Supplement to the State Gazette of the Republic of Indonesia Number 5587) as amended the second time, with Law Number 9 of 2015 on the Second Amendment to Law Number 23 of 2014 on Local Government (State Gazette of the Republic of Indonesia Number 58 of 2015, Supplement to the State Gazette of the Republic of Indonesia Number 5679);
  14. Government Regulation Number 17 of 2013 on Implementation of Law Number 20 of 2008 on Micro, Small, and Medium Enterprises (State Gazette of the Republic of Indonesia of 2013 Number 40);
  15. Presidential Regulation Number 87 of 2014 on Implementing Regulation of Law Number 12 of 2011 on Legislation Making (State Gazette of the Republic of Indonesia of 2014 Number 199);

16. Presidential Regulation Number 39 of 2014 on List of Closed Business Fields and Opened Business Fields with Conditions in the Investment Sector;
17. Regulation of the State Minister for Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number 07/Per/M.KUKM/XI/2012 on Guidelines for the Implementation of Social Assistance Programs in the Framework of Developing Cooperatives, Micro and Small Enterprises;
18. Regulation of the Minister of Home Affairs Number 80 of 2015 on Establishment of Regional Legal Products;
19. Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number 24/Per/M.KUKM/IX/2015 on the Norms, Standards, Procedures and Criteria for the Implementation of the Entrepreneurial Incubator;
20. Regulation of the Minister of Cooperatives and Small Enterprises and Medium Business of the Republic of Indonesia Number 18/Per/M.KUKM/IX/2015 on Guidelines for Education and Training for Cooperative Human Resources, Micro, Small, and Medium Entrepreneurs;
21. Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number 10/Per/M.KUKM/Vi/2016 on Data Collection on Cooperatives, Small and Medium Enterprises (State Bulletin of the Republic of Indonesia of 2016 Number 1045);
22. Regulation of the Province of East Java Number 6 of 2011 on Empowerment of Micro, Small and Medium Enterprises ;
23. Regulation of the Regency of Banyuwangi Number 15 of 2011 on Long-Term Regional Development Plan of Banyuwangi Regency for 2005-2025;
24. Regulation of the Regency of Banyuwangi Number 11 of 2013 on Empowerment of Micro, Small, and Medium Enterprises ;

25. Regulation of the Regency of Banyuwangi Number 2 of 2015 on Provision of Incentives and Ease of Investment Provision in Regency of Banyuwangi;

With the joint approval of  
THE REGENCY HOUSE OF REPRESENTATIVES OF BANYUWANGI  
and  
THE REGENT OF BANYUWANGI

HAS DECIDED:

To issue : REGIONAL REGULATION ON EMPOWERMENT AND PROTECTION OF MICRO ENTERPRISES IN BANYUWANGI.

CHAPTER 1  
GENERAL PROVISIONS

Article 1

In this Regional Regulation:

1. Region means the Regency of Banyuwangi;
2. Local Government means the Government of the Regency of Banyuwangi ;
3. Regional Government means the administration of government affairs by the Regional Government and the Regional House of Representatives according to the principle of autonomy and assistance tasks with the principle of autonomy as wide as possible in the system and principles of the Unitary State of the Republic of Indonesia as referred to in the 1945 Constitution of the Republic of Indonesia;
4. Regent means the Regent of Banyuwangi;
5. Regional Regulations mean the Regulations of the Regency of Banyuwangi;
6. Regional Apparatus means the supporting element of the Regent and the Regional House of Representative in administration of Government Affairs under the authority of the Region;

7. The Regional House of Representatives, hereinafter abbreviated as DPRD means a house of representative institution of the Regency of Banyuwangi as an element of regional government administration;
8. Office means the Department of Cooperatives and Micro Enterprises of the Regency of Banyuwangi;
9. Micro Enterprises means productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in the Law on Micro, Small and Medium Enterprises ;
10. Business Actor means individual or business entity, in the form of a legal entity or not which established and domiciled in the region or carrying out activities within the region, either alone or jointly through an agreement to organize of Micro Enterprise activities in various fields of the people's economy;
11. Business World means Micro, Small, Medium and Large Enterprises conducting economic activities in Indonesia and domiciled in Indonesia;
12. Empowerment means an effort made by the Government, Local Government, the Business World, and the community synergistically in the form of climate growth and business development of Micro Enterprises , to be able to grow and develop into strong and independent businesses;
13. Micro Enterprises Empowerment means an effort made in the form of business climate growth, business coaching and development, that can strengthen into a strong, tough and independent business to compete with other business actors;
14. Business Climate means a condition that is pursued by the Government and Local Governments to empower Micro Enterprises synergistically through the establishment of various legislation and policies in some aspects of economic life that Micro Enterprises obtain the siding, certainty, opportunity, protection, and broadest business support;

15. Business License means written evidence provided by the authorized official based on the provisions of the legislation as evidence of legality stating that micro-business have met the requirements and allowed to carry out certain business activities;
16. Business Network means a group of business actors who are in the chain the production of the same or different goods/services and have one each other and have the same interests.
17. Protection of Micro Enterprises means all efforts that guarantee legal certainty to provide protection to businesses and to avoid monopolistic practices and concentration of economic power by business actors for the sustainability of Micro Enterprises ;
18. Development means an effort made by the Government, Local Government, the Business World, and the community to empower Micro Enterprises through the provision of facilities, guidance, assistance, and strengthening assistance to grow and improve the capabilities and competitiveness of micro enterprises ;
19. Financing means the provision of funds by the Government, Local Governments, Business World, and the public through banks, cooperatives, and non-bank financial institutions, to develop and strengthen Micro Enterprises capital;
20. Microfinance Institution, hereinafter abbreviated as LKM means a financial institution specifically established to provide business development services and community empowerment, either through loans or financing in micro-scale businesses to members and public, managing deposits, as well as providing business development consulting services that are not only for profit.
21. Guarantee means the provision of guarantees for Micro Enterprise Enterprises loans by credit guarantee institutions as support to increase the opportunity to obtain loans in order to strengthen their capital;

22. Data Collection means the process of collecting, processing, storing and publishing data on an ongoing basis by utilizing Information and Communication Technology, either directly or indirectly through central and regional institution and/or interested parties.
23. Time period means the condition of the level of length of business development given to Micro Enterprises ;
24. Partnership means business cooperation between micro-Enterprises and small, medium and/or large Enterprises accompanied by guidance and development by small, medium- and/or large Enterprises by the principle of mutual need, strengthening and benefit;
25. Education and Training means an effort made in a targeted manner and continuously to improve quality and capacity in order to improve the competence of human resources of Micro Enterprises actors;
26. Curriculum means a set of plans and materials for education and training as well as methods used as a reference for organizing activities to achieve the objectives of education and training;
27. Competence means the knowledge, skills and attitudes possessed to perform physical and mental actions;
28. Education and Training Providers mean institutions that actually carry out education and training for the human resources of Micro Enterprises actors;
29. Monitoring means observation activities carried out on implementation of ongoing education and training for knowing the success, and the possibility of obstacles, deviations, weaknesses, or deficiencies that occur during education and training;
30. Evaluation means assessment activities on an educational implementation and training after all activities are completed, so that the benefits and impacts are known.



CHAPTER II  
PRINCIPLE

Article 2

Micro Enterprise is based on:

- a. kinship;
- b. economic democracy;
- c. cooperation;
- d. fair efficiency;
- e. sustainable;
- f. environmentally friendly;
- g. independence;
- h. balance of progress; and
- i. regional economic unit.

CHAPTER III  
PRIORITIES AND OBJECTIVES

Part One

Priority

Article 3

- (1) The Regent carries out empowerment and protection as well as formulate priorities for the business fields that can be carried out by Micro EnterpriseEnterprise.
- (2) The priority of the business sector as referred to in section (1) includes the determination of the business sector designated for Micro Enterprise.

Part Two

Objectives

Article 4

The objectives of the Empowerment and Protection of Micro Enterprise are:

- a. Realizing a balanced regional economic structure, developing, and fair;

- b. Grow and develop the ability of Micro Enterprise to become a strong and independent business;
- c. Increasing the role of Micro Enterprise in regional development, job creation, income distribution, economic growth, and alleviating people from poverty;
- d. Increasing public and business participation to grow micro-enterprise;
- e. Increasing productivity, competitiveness, and market share of micro enterprise;
- f. Fostering an entrepreneurial spirit;
- g. Increasing access to productive resources and wider markets;
- h. Developing regional superior products based on local resources.

#### CHAPTER IV

#### EMPOWERMENT AND PROTECTION PRINCIPLES

##### Article 5

The Principles of Empowerment and Protection of Micro Enterprise are:

- a. growing independence, togetherness, and entrepreneurship of Micro Enterprise to work on their own initiative;
- b. realizing transparent, accountable, and fair public policies;
- c. developing business based on regional potential and market oriented in accordance with the competence of Micro Enterprise;
- d. increasing the competitiveness of Micro Enterprise;
- e. implementation of planning, conducting, and control in an integrated manner.

CHAPTER V  
IMPLEMENTATION OF EMPOWERMENT AND PROTECTION

Part One

Criteria

Article 6

The criteria for Micro Enterprise are as follows:

- a. Have a net worth of at most Rp. 50,000,000.00 (fifty million rupiah) excluding land and buildings for business premises; or
- b. Have annual sales of at most Rp. 300,000,000.00 (three hundred million rupiah).

Part Two

Forms of Micro Enterprise Empowerment

Article 7

- (1) Micro Enterprise Empowerment is carried out in the form of:
  - a. Providing development, guidance, education, training, counseling, and consultation to Micro Enterprise on a regular and continuous basis;
  - b. Providing funds from the Regional Budget in each fiscal year. Providing assistance and advocacy assistance;
  - c. Providing capital strengthening through the distribution of revolving funds;
  - d. Providing facilitation of access to capital to banking and non-banking financial institutions;
  - e. Creating and developing a climate and conditions that encourage the growth and socialization of Micro Enterprise;
  - f. Striving for mutually beneficial business relationships between Micro enterprises and other business entities;

- g. Local Governments can provide incentives to Micro Enterprise;
- (2) The form of Empowerment as referred to in section (1) is carried out by the official by involving the relevant agencies.
  - (3) The incentives as referred to in section (1) point h are in the form of facilities for:
    - a. Business license and place of business easily, cheaply, quickly, and transparently;
    - b. Appropriate and fast information services to gain access to financing, capital, technology and markets for Micro Enterprise;
    - c. Education facilitation assistance, and training for Micro Enterpriseactors to improvethe competence of human resources;
    - d. Management consulting services in the field of institutional and micro-business thatare precise, fast and accurate.
  - (4) State/Regional/Private Owned Business domiciled in the territory of the Regional Government may provide financing from the allowance for annual profit in the form of loans, guarantees, other financing and grants.

#### Article 8

- (1) Empowerment in the form of strengthening Micro Enterprisecapital provided by the Regional Government, can be channeled through banks, or non-bank financial institutions appointed by the Regional Government.
- (2) The Regional Government through the Office in charge of Cooperatives and Micro Enterprisecan facilitate Micro Enterprise to obtain financing facilities from the Revolving Fund Management Agency of the Ministry of Cooperatives and Small and Medium Enterprise.

Part Three  
Forms of Micro Enterprise Protection

Article 9

Business protection is carried out by involving elements of the community and paying attention to elements of healthy business competition.

Article 10

- (1) The Local Government provides protection to Micro Enterprisethrough the determination of activities that stand of Micro Enterprise in the form of priority business activities in the economic sector that are reserved for Micro Enterprise.
- (2) The form of the policy referred to in section (1) above is in the form of:
  - a. determination of the economic sector designated for members originating from micro-enterprises;
  - b. determination of the field of economic membership in an area that has been successfully managed micro-enterprises can only be granted a management permit for micro enterprises; and
  - c. determination of economic fields/sectors that can be managed by micro-business through a partnership pattern.

Article 11

- (1) In order to encourage and promote Micro Enterprise in capturing business opportunities, the Local Government provide information on the determination of the economic sectors prioritized which may only be operated by Micro Enterprise with easily accessible requirements.
- (2) Facilitating access for Micro Enterprise to take advantage of business opportunities through the determination of appropriate requirements to obtain priority is the management of the economic sector that is managed for micro-enterprises.

- (3) The priority in the economic sector as referred to in section (1) and section (2) is determined by a Regent Regulation.

#### Part Four

#### Data Collection and Registration of Micro Enterprise

#### Article 12

- (1) The Regional Government collect data and register Micro Enterprise in accordance with the criteria.
- (2) The data collection as referred to in section (1) is carried out continuously.
- (3) Further provisions regarding to data collection and registration of micro-enterprises are regulated in the Regent Regulation.

### CHAPTER VI

#### MICRO ENTERPRISE DEVELOPMENT

#### Part One

#### General

#### Article 13

- (1) Business development is carried out on Micro Enterprise.
- (2) Micro Enterprise Development as referred to in section (1) includes:
  - a. Facilitation of business development; and
  - b. Implementation of business development.

#### Part Two

#### Development of Facilitation

#### Article 14

- (1) Business development as referred to in Article 13 is carried out actively by Micro Enterprise Actors, Non-Governmental Organizations, Educational Institutions and the community as well as Local Governments.

- (2) Facilitation of business development as referred to in Article 13 section (2) point a in the context of increasing productivity, product quality, and competitiveness, covering the following areas:
- a. raw material;
  - b. production technology;
  - c. product and packaging design development;
  - d. marketing; and
  - e. human Resources.

#### Article 15

Development in the field of raw materials as referred to in Article 14 section (2) point a is carried out by:

- a. provide convenience in the procurement of raw materials, production facilities and infrastructure, and auxiliary materials for business processing;
- b. optimizing the utilization of the potential of regional resources to be used as raw materials for processing business products;
- c. develop inter-regional cooperation through the pooling of resources owned by several regions and optimally utilize them as raw materials for processing business products;
- d. encourage the use of renewable sources of raw materials to better ensure the lives of future generations independently.

#### Article 16

Development in the field of production technology as referred to in Article 14 section (2) point b is carried out by:

- a. enhance cooperation and transfer of technology;
- b. improve capabilities in the field of research to develop new designs and technologies;
- c. provide incentives aimed at developing technology and preserving the environment; and
- d. facilitate and encourage Micro Enterprises to obtain permits.

#### Article 17

Development in the field of product and packaging design as referred to in Article 14 section (2) point c is carried out by:

- a. improve capabilities in the field of product design and packaging;
- b. provide consulting services, training, guidance, and direct assistance to Micro Enterprise to increase knowledge and capabilities in the field of product and packaging design; and
- c. pay attention and develop the cultural diversity of the community through a creative process to enrich the variety of product designs.

#### Article 18

Development in the field of marketing, as referred to in Article 14 section (2) point d, is carried out by:

- a. disseminate market information;
- b. improve management skills and marketing techniques;
- c. provide product promotion, marketing, and distribution network support; and
- d. provide professional consultants in the field of marketing.

#### Article 19

Development in the field of human resources as referred to in Article 14 section (2) point e is carried out by:

- a. promote and cultivate entrepreneurship;
- b. improve technical and managerial skills; and
- c. cooperating with educational and training institutions to conduct education, training, counseling, motivation and business creativity, and the creation of new entrepreneurs.

### Part Three

#### Development Activities

#### Article 20

- (1) Micro Enterprise Development as referred to in Article 13 is carried out through:



- a. data collection, identification of potentials, and problems encountered;
  - b. preparation of coaching and development programs according to the potential and problems encountered;
  - c. implementation of coaching and development programs; and
  - d. monitoring and controlling program implementation.
- (2) The development of Micro Enterprise as referred to in section (1) is carried out through the following approaches:
- a. Cooperative;
  - b. Center;
  - c. Cluster; and
  - d. Group.

#### Part Four

#### Priority, Intensity, and Timeframe

#### Article 21

- (1) Regional Governments prioritize the development of Micro Enterprise through:
- a. providing opportunities to participate in the procurement of local government goods and services;
  - b. ease of licensing;
  - c. provision of financing in accordance with the provisions of laws and regulations; or
  - d. technology and information facilitation.
- (2) The provision of opportunities to participate in the procurement of goods and services of the Regional Government as referred to in section (1) point a is carried out in accordance with the provisions of the legislation.

#### Article 22

- (1) The facilitation of business development as referred to in Article 13 is carried out based on intensity and time period.

- (2) The intensity and time period as referred to in section (1) are determined based on the classification and development level of Micro Enterprise.
- (3) The classification referred to in section (2) is determined based on the prevailing legislation.

#### Part Five

#### Development Implementation

#### Article 23

- (1) The implementation of business development is carried out by the business world and the community.
- (2) Micro Enterprise conduct business development through:
  - a. developing business networks and partnerships;
  - b. conducting business efficiently;
  - c. developing innovation and market opportunities;
  - d. expanding access to marketing;
  - e. utilizing technology;
  - f. improving product quality; and
  - g. finding wider sources of business fund.
- (3) Business development by the community as referred to in section (1) at least be carried out by:
  - a. prioritizing the use of the resulting product;
  - b. creating new entrepreneurs;
  - c. technical and managerial guidance; and/or
  - d. providing consultation and assistance.

### CHAPTER VII

### HUMAN RESOURCE DEVELOPMENT

#### Part One

#### Entrepreneur

#### Article 24

In order to developing human resources, the Regional Government make some efforts including:

- a. build an entrepreneurial culture;
- b. foster business motivation and creativity; and
- c. improve technical skills and entrepreneurial management.

## Part Two

### Education and Training

#### Article 25

- (1) Efforts to develop human resources as referred to in Article 24 are carried out through education and training organized by the Regional Government, the business entrepreneur, and the community.
- (2) Education and training as referred to in section (1) covers the field of education and training according to the needs of micro-business.
- (3) The education and training as referred to in section (1) can be carried out by:
  - a. individuals as experts/consultants/assistant personnel of Micro Enterprise;
  - b. educational and training institutions include foundations, private legal entities, state-owned business, regional-owned business, cooperatives, universities and community organizations;
  - c. the education and training institution as referred to in section (3) point b must have competence in accordance with the provisions of the legislation.

## Part Three

### Competence

#### Article 26

- (1) The development of human resources for Micro Enterprise Actors is aimed at increasing the ability in accordance with their field of business and/or having competence in certain business fields.

- (2) To improve competence in certain business fields as referred to in section (1), educational and training institutions provide competency-based education and training.

## CHAPTER VIII COORDINATION

### Article 27

- (1) Coordination is carried out at the planning, implementation, monitoring, and reporting stages.
- (2) In the implementation of empowerment and protection of Micro Enterprise, coordination must be carried out between the official in charge of Cooperatives and Micro Enterprise with other related official.
- (3) The Regent coordinate with government and non-government institutions in implementing the empowerment and protection of Micro Enterprise and determining the field of economic activity that is devoted to Micro Enterprise.
- (4) Planning and implementation of programs in the field of empowerment and protection of Micro Enterprise as referred to in section (2) is integrated with the policies of the Provincial Government and the Central Government.
- (5) The coordination as referred to in section (1) and section (2) includes coordination between the Service and the related official within the Regency/City and/or Provincial Government.
- (6) The coordination as referred to in section (3) is carried out in the framework of the integrated formulation of policies for the implementation of the program of empowerment, protection, development, monitoring, and evaluation activities.

CHAPTER IX  
BUSINESS CLIMATE

Part One  
General

Article 28

- (1) The Regional Government facilitate the creation of a conducive business climate for Micro Enterprise through the application of regulatory provisions covering the following aspects:
  - a. Funding;
  - b. Facilities and infrastructure;
  - c. Business Information;
  - d. Partnership;
  - e. Business license;
  - f. Business opportunity;
  - g. Trade promotion;
  - h. Institutional support.
- (2) Micro Enterprise that market their business products must be able to provide product quality assurance.
- (3) The business world and society must play an active role in fostering a conducive business climate.

Part Two  
Funding

Article 29

Funding as referred to in Article 28 section (1) point a, is implemented to facilitate Micro Enterprise actors in the regions to obtain financing and other financial services/products provided by banks and non-bank financial institutions.

Part Three  
Facilities and Infrastructure

Article 30

The facilities and infrastructure as referred to in Article 28 section (1) point b, are implemented for:

- a. coordinate with partners to provide public infrastructure that can encourage and develop the growth of Micro Enterprise; and
- b. coordinate with work partners to provide discounted prices for certain infrastructure for Micro Enterprise.

#### Part Four

#### Business Information

#### Article 31

Business information as referred to in Article 28 section (1) point c, is implemented for:

- a. establishing and facilitating the utilization of data banks and business information networks for Micro Enterprises in the regions, which are integrated with data and business networks at local, regional, national, and international levels;
- b. arranging and disseminating information on markets, sources of financing, commodities, guarantees, design and technology, as well as the quality of products/services of Micro-business in the regions; and
- c. providing guarantees of transparency and equal access for micro-business in the regions.

#### Part Five

#### Partnership

#### Article 32

- (1) Micro Enterprise can cooperate with other parties in the form of a fair and equal partnership.
- (2) The partnership as referred to in Article 28 section (1) point d, is implemented for:
  - a. realizing partnerships between Micro Enterprise in the regions;
  - b. realizing partnerships between Micro, Small, Medium and Large Business in the regions;

- c. encouraging the occurrence of mutually beneficial business partnerships in the implementation of business transactions between Micro Enterprise in the regions;
- d. encouraging mutually beneficial relationships in the implementation of transactions between Micro Enterprise with Small, Medium and Large Business in the regions;
- e. developing cooperation to improve the bargaining position of Micro Enterprise in the regions;
- f. encouraging the formation of a market structure that ensures the growth of fair business competition and protects consumers; and
- g. preventing the occurrence of market domination and concentration of business by certain individuals or groups that harm Micro Enterprise in the region.

### Article 33

- (1) The Regent facilitates partnership relations between Micro Enterprise in various forms and fields of business with various business entities.
- (2) The partnership as referred to in section (1) can be carried out with the following pattern:
  - a. plasma core;
  - b. sub-contracts;
  - c. franchise;
  - d. general trading;
  - e. distribution and agency;
  - f. profit sharing;
  - g. operational cooperation;
  - h. outsourcing; and
  - i. other forms of partnership.
- (3) The partnership as referred to in section (2) includes the process of transferring skills in the fields of production and processing, marketing, capital, human resources, technology in accordance with the partnership pattern.

Part Six  
Business License

Article 34

- (1) The business license as referred to in Article 28 section (1) point e, is implemented for:
  - a. simplify procedures and types of business licensing with a one-stop integrated service system; and
  - b. discharge of licensing fees for Micro Enterprise.
- (2) The type of business license as referred to in section (1) is adjusted to the authority of the Regency/City.
- (3) Further provisions regarding the requirements and procedures for applying a Micro Enterprise permit is the authority of the Regent that be stipulated by a Regent Regulation.

Part Seven  
Business Opportunity

Article 35

Business opportunities as referred to in Article 28 section (1) point f, are implemented for:

- a. determining the designation of the place of business in accordance with the Regulation of Regency of Banyuwangi on Spatial Planning;
- b. determining the time allocation for doing business in the retail trade sub-sector;
- c. coordinating the large businesses provide space for business premises at least 20% (twenty percent) of all business premises built for Micro Enterprise;
- d. coordinating with the business world for the protection and development of traditional markets;
- e. reserving for fields and types of business activities that have specific processes, labor intensive, and special cultural heritage that can be passed down to next generation;



- f. determining the business fields for Micro Enterprise as well as business fields opened to Small, Medium, and Large Business, on condition they cooperate with Micro Enterprise;
- g. protecting certain strategic businesses;
- h. prioritizing the use of products produced by Micro Enterprise through direct procurement; and

Part Eight  
Trade Promotion

Article 36

Trade promotion as referred to in Article 28 section (1) point g, is implemented for:

- a. increasing the promotion of Micro Enterprise products in the regions for regional, national, and international levels;
- b. facilitating the promotion of Micro Enterprise products in the regions;
- c. providing facilitation of licensing and product design to improve the quality of Micro Enterprise products

Part Nine  
Institutional Support

Article 37

Institutional support can be implemented to develop and improve the function of incubators, business development service institutions, and financial consultants for bank partners, Regional Guarantee Institutions, Regional Financing Institutions, and other similar professional institutions as supporting institutions for the development of Micro-business in the regions, in accordance with the provisions of legislation.

CHAPTER X  
BUSINESS NETWORK

Article 38

- (1) Every Micro Enterprise can form a business network both vertically and horizontally.

- (2) The business network as referred to in section (1) covers agreed areas upon by the parties and does not conflict with the provisions of laws and regulations, public order and morality.
- (3) The business network as referred to in section (2) can be carried out in the form of an independent business expansion or a partnership.

#### Article 39

- (1) Micro Enterprise that have obtained capital facilities from the Regional Government for network expansion in the form of independent businesses, can transfer their business networks to other parties after obtaining approval from the Regent.
- (2) Micro enterprises that have obtained capital facilities from the Regional Government as referred to in section (1) are required to report annually to the Regent through the relevant Office.
- (3) The report as referred to in section (2) includes documents and other information will be further regulated in a Regent's regulation.

#### Article 40

The Regional Government in creating a conducive business climate as referred to in Article 9 conducts guidance and development through the preparation of policies.

#### Article 41

- (1) Regional Governments are required to monitor, evaluate, and control the implementation of empowerment and protection programs for Micro Enterprise.
- (2) The monitoring, evaluation, and control as referred to in section (1) are carried out by the relevant Agency.
- (3) Further provisions regarding the procedures and forms of monitoring, evaluation, and control as referred to in section (2) are further regulated by a Regent Regulation.

CHAPTER XI  
FINANCING AND GUARANTEE

Part One  
Financing

Article 42

- (1) The Regional Government is obliged to allocate financing from the Regional Revenue and Expenditure Budget for the empowerment of Micro Enterprise.
- (2) State-Owned Business, Regional-Owned Business and Private-Owned Business are required to provide financing from the allowance for the annual profit share allocated to Micro-Business in accordance with the provisions of legislation.
- (3) Large Business are required to provide financing allocated as a Corporate Social Responsibility budget to Micro Enterprise in accordance with the provisions of legislation.
- (4) The Service/Agency/Office and the business world provide financing to Micro- Business through grants, foreign aid, and other legal and non-binding sources of financing.
- (5) The Regional Government coordinates the implementation of Micro Enterprise financing as referred to in section (2), section (3) and section (4).

Article 43

In order to increase the sources of financing for Micro Enterprise, the Regional Government seeks to:

- a. developing financing sources from bank credit and non-bank financial institutions;
- b. developing venture capital institutions;
- c. institutionalization of factoring transactions;
- d. increasing cooperation between micro-business and conventional and sharia savings and loan cooperatives;

- e. provision and distribution of revolving funds;
- f. developing other sources of financing in accordance with the provisions of the legislation.

#### Article 44

The implementation of coordination of Micro Enterprise financing as referred to in Article 42 and efforts to increase Micro Enterprise financing sources as referred to in Article 43 by the relevant Office.

#### Article 45

- (1) The Regional Government provides facilities for Micro-Business in obtaining financing quickly, accurately, cheaply, and non-discriminatory.
- (2) Local Governments increase access of Micro Enterprise to sources of financing by:
  - a. developing and expanding the network of non-bank financial institutions;
  - b. developing and expanding the reach of credit guarantee institutions;
  - c. providing convenience and facilitation for Micro Enterprise in fulfilling the requirements to obtain financing; and
  - d. improving the function and role of Bank Partner Financial Consultants in mentoring and advocating for Micro Enterprise.
- (3) The Business World and the community actively participate in increasing the access of Micro Enterprise to loans or credit as referred to in section (1) by:
  - a. improving the ability to prepare business feasibility studies;
  - b. increasing knowledge of credit or loan application procedures; and
  - c. improving technical understanding and skills as well as business management.

Part Two  
Financing

Article 46

- (1) Micro Enterprise Financing can come from National state Budget, Provincial regional Budget, Local Budget of Regency of Banyuwangi and legal and non-binding third party donations;
- (2) Financing from the Local Budget of Regency of Banyuwangi as referred to in section (1) can be provided in accordance with the regional financial capacity;
- (3) The provision of financing to micro-business originating from the Local Budget of Regency of Banyuwangi as referred to in section (2) is further regulated by a Regent Regulation.

CHAPTER XII  
PUBLIC PARTICIPATION

Article 47

The public can participate in the empowerment and protection of Micro Enterprise.

CHAPTER XIII  
GUIDANCE AND SUPERVISION

Article 48

- (1) Guidance and supervision of the empowerment of Micro Enterprise is carried out by the Regent.
- (2) The guidance and supervision as referred to in section (1) includes:
  - a. formulate, prepare, stipulate and/or implement general policies in the regions regarding business climate growth, business development, financing and guarantees, and partnerships;
  - b. harmonizing regional planning, as the basis for formulating policies and empowerment strategies outlined in regional programs;

- c. facilitating the resolution of problems that arise in the implementation of empowerment in the regions;
- d. implementing policies and programs for business development, financing and guarantees, and partnerships in the regions;
- e. coordinating the development of institutions and human resources of Micro Enterprise in the regions;
- f. monitoring and evaluating the implementation of Micro Enterprise empowerment.

#### CHAPTER XIV ADMINISTRATIVE SANCTIONS

##### Article 49

- (1) Violation of the provisions of article 39 and article 42 section (3) of this regional regulation, will be subjected to administrative sanctions.
- (2) The administrative sanctions as referred to in section (1) are in the form of:
  - a. verbal warning;
  - b. written warning;
  - c. Temporary cessation of activities;
  - d. Permanent cessation of activities;
  - e. Temporary revocation of permits;
  - f. Permanent revocation of permits; and
  - g. Other administrative sanctions in accordance with the laws and regulations.
- (3) The procedure for administering administrative sanctions is regulated in the Regent Regulation

#### CHAPTER XV INVESTIGATION

##### Article 50

- (1) Civil Servant Investigators within the Regional Government are given special authority by law and have the right to conduct investigations into violations of the provisions of this Regional Regulation.

- (2) The powers of Civil Servant Investigators as referred to in section (1) are:
- a. conducting an examination of the veracity of reports or information relating to criminal acts in the field of empowerment and protection of Micro Enterprise;
  - b. conducting an examination of every person suspected of committing a crime in the field of Micro Enterprise empowerment;
  - c. requesting information and evidence from everyone regarding criminal acts in the field of empowerment of Micro Enterprise;
  - d. conducting examination of books, records, and other documents relating to criminal acts in the field of empowerment of Micro Enterprise;
  - e. conducting inspections at certain places where evidence, books, records and other documents are suspected;
  - f. confiscating materials and goods resulting from violations that can be used as evidence in criminal cases in the field of Micro Enterprise empowerment;
  - g. requesting the assistance of experts in the context of carrying out the task of investigating criminal acts in the field of empowerment of Micro Enterprise;
  - h. stopping the investigation;
  - i. entering certain places, take pictures, and/or make audio-visual recordings;
  - j. conducting a search of the body, clothing, room, and/or other places suspected of being the place where the crime was committed.

## CHAPTER XVI CRIMINAL PROVISIONS

### Article 51

- (1) Everyone who benefits himself, other people and/or corporations by claiming or using the name of Micro Enterprise so as to obtain convenience to participate in

the procurement of goods/services carried out by government agencies, obtain permits, raw materials, funds, place of business, line of business and business activities designated for Micro Enterprise as referred to in Article 7 section (1) point c, section (3) point a, Article 11 section (2) and Article 21 section (1) point a will be punished with imprisonment for a maximum of 3 ( three) months or a maximum fine of Rp. 50,000,000.00 (fifty million rupiah).

- (2) Any person who benefits himself or herself or others by claiming and/or using the name of a Micro Enterprise so as to cause regional/state financial losses, the person concerned will be subjected to sanctions in accordance with the provisions of the applicable legislation.

## CHAPTER XVII CLOSING PROVISION

### Article 52

The Regent Regulation as the implementation of this Regional Regulation must be issued not later than 6 (six) months from the promulgation of this Regional Regulation.



In order that every person may know hereof, it is ordered to promulgate this Regional Regulation by its placement in the Regency Gazette of Banyuwangi.

Issued in Banyuwangi  
on 23 January 2019

REGENT OF BANYUWANGI,

signed

H. ABDULLAH AZWAR ANAS

Promulgated in Banyuwangi  
on 23 January 2019

REGIONAL SECRETARY OF BANYUWANGI REGENCY

signed

DJADJAT SUDRADJAT

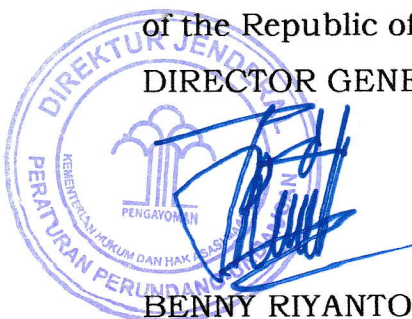
REGENCY GAZETTE OF BANYUWANGI NUMBER 1 OF 2019

NOREG REGIONAL REGULATION OF BANYUWANGI REGENCY NUMBER 6-  
1/2019

Jakarta, 8 November 2021

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

DIRECTOR GENERAL OF LEGISLATION,



BENNY RIYANTO

ELUCIDATION OF  
REGULATION OF THE REGENCY OF BANYUWANGI  
NUMBER 1 OF 2019  
ON  
EMPOWERMENT AND PROTECTION OF MICRO ENTERPRISES  
IN BANYUWANGI

I. GENERAL

Micro enterprises have a strategic role in national economic development, because apart from playing a role in economic growth and employment, they also play a role in the distribution of development results. In the economic crisis that has occurred in our country since a while ago, where many large-scale businesses have stagnated and even stopped their activities, the Micro Enterprise sector has proven to be more resilient in dealing with the crisis.

Micro-business development needs to get great attention from both the government and the community so that they can develop more competitively with other economic actors. Government policies in the future need to be made more conducive to the growth and development of Micro Enterprise. The government needs to increase its role in empowering Micro Enterprise in addition to developing mutually beneficial business partnerships between large entrepreneurs and small entrepreneurs, and improving the quality of their Human Resources.

The implementation of regional autonomy is actually filled with the spirit to realize economic justice for all Indonesian people. With the implementation of regional autonomy, district governments have a greater role in managing resources for the welfare of the people. The Government of Regency of Banyuwangi continues to strive to utilize the potential of abundant local economic resources to realize economic prosperity and

justice, one of which is by empowering and protecting micro-business in Banyuwangi.

Economic growth is the physical development of the production of goods and services that apply in a country, such as the increase and the amount of production of industrial goods, infrastructure development, the increase in the number of schools, the increase in the production of the service sector and the increase in the production of capital goods. One of the factors that influence the economic growth of Regency of Banyuwangi is Micro Enterprise. The role of the government is very much needed to develop micro-business in the Regency of Banyuwangi area, one of which is by providing assistance in the form of additional business capital and making it easier to manage business permits for business actors, as well as improving the quality of Human Resources through trainings, also through the protection of these micro-business. So the Micro Enterprise are expected to be able to make a major contribution in an effort to increase the economic growth of an area, especially in Regency of Banyuwangi.

To respond to the situation and conditions that continue to develop the empowerment of Micro Enterprise requires Regional Regulations that are more focused and able to meet the needs of Micro Enterprise actors. In addition, Regional Regulations must also explicitly state the need for a comprehensive, sustainable, and cross-sectoral program for the empowerment and protection of Micro Enterprise. Related to this, the Government of Regency of Banyuwangi has issued a Regional Regulation on the Empowerment and Protection of Micro Enterprise to become the legal basis for the Micro Enterprise Empowerment and Protection program in Banyuwangi.

## II. ARTICLE BY ARTICLE

### Article 1

Sufficiently clear.

### Article 2

#### Point a

The term "Family" means the principle that underlies efforts to empower and protect Micro Enterprise 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 "Economic Democracy" means the empowerment of Micro Enterprise carried out as an integral part of national economic development to realize the prosperity of the people.

Point c

The term "Cooperation" means the principle that encourages the role of all Micro Enterprise and the Business World together in their activities to realize the welfare of the people.

Point d

The term "fair efficiency" means the principle underlying the implementation of Micro Enterprise empowerment by prioritizing fair efficiency in an effort to create a fair, conducive, and competitive business climate.

Point e

The term "Sustainable" means the principle that in a planned manner strives for the development process to run through the empowerment of Micro Enterprise which is carried out on an ongoing basis so as to form a strong and independent economy.

Point f

The term "environmentally insightful" means the principle of empowerment of Micro Enterprise which is carried out by still paying attention to and prioritizing the protection and maintenance of the environment.

Point g

The term "Independence" means the principle of empowerment of Micro Enterprise which is carried out while maintaining and prioritizing the potential, capability, and independence of Micro, Small, and Medium enterprise.

Point h

The term "Balance of progress" means the principle of empowerment of Micro Enterprise that seeks to maintain a balance of regional economic progress within the national economic unity.

Point i

The term "regional economic unit" means the principle of empowerment of Micro Enterprise which is part of the development of regional economic unity.

Article 3

Sufficiently clear.

Article 4

Sufficiently clear.

Article 5

Sufficiently clear.

Article 6

Point a

The term "net assets" means the result of reducing the total value of business assets (assets) with the total value of liabilities, excluding land and buildings where the business is located.

Point b

Sufficiently clear.

Article 7

Section (1)

Sufficiently clear.

Section (2)

Service means an agency in charge of Micro Enterprise and related agencies that relate/cooperate with the service in charge of Micro Enterprise.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Article 8

Sufficiently clear.

Article 9

Sufficiently clear.

Article 10

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Sufficiently clear.

Article 14

Section (1)

The term “Non-Governmental Organization” means Organizations/Institutions that are formed by community members, Citizens of the Republic of Indonesia voluntarily of their own free will and are interested and engaged in certain activities determined by the organization/institution as a form of community participation in an effort to improve the standard of living and welfare of the community, which focuses on self-help service .

Educational institutions include: formal educational institutions consisting of secondary and higher education units, as well as non-formal educational institutions consisting of educational units in the form of course institutions, training institutions, study groups, community learning activity centers and taklim assemblies, as well as similar educational units, as regulated in legislation.

Section (2)

Sufficiently clear.

Article 15

Sufficiently clear.

Article 16

Sufficiently clear.

Article 17

Sufficiently clear.

Article 18

Sufficiently clear.

Article 19

Point a

The term promoting an entrepreneurial culture is a facilitation effort to foster an entrepreneurial spirit, namely:

- a. Ability and courage to make decisions and take risks;
- b. Diligent, thorough and productive;
- c. Creative and innovative;
- d. Cooperation and business ethics; and
- e. A strong will to work with an independent spirit.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Article 20

Sufficiently clear.

Article 21

Sufficiently clear.

Article 22

Sufficiently clear.

Article 23

Sufficiently clear.

Article 24

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Section (1)

The term certain business is an activity of creating, providing and developing a product or service that is useful and aims to gain profit.

Section (2)

Sufficiently clear.

Article 27

Sufficiently clear.

Article 28

Sufficiently clear.

Article 29

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Sufficiently clear.

Article 33

Section (1)

Sufficiently clear.

Section (2)

Point a

The term the "nucleus-plasma" pattern is a partnership carried out by means of a large enterprise as the core providing input, buying plasma production and carrying out



the production process to produce certain commodities and micro, small and medium enterprises as plasma supply/provide/ produce / sell goods or services that are needed by the core.

Point b

The term "sub-contract" pattern is a partnership conducted between the parties receiving the sub-contract to produce goods and/or services needed by the Big Business as the main contractor accompanied by smooth support in working on part of the production and/or components, smooth acquisition of raw materials, technical knowledge of production , technology, Financing and payment systems.

Point c

The term "franchise" pattern is a special right owned by an individual or business entity to a business system with business characteristics in the context of marketing goods and/or services that have been proven successful and can be utilized and/or used by other parties based on a franchise agreement.

Point d

The term "general trade" pattern is Partnership conducted in the form of marketing cooperation, provision of business locations, or acceptance of supply/provision of goods or services from Micro Enterprise by Large enterprise which is conducted openly.

Point e

The term "distribution and agency" pattern is a Partnership carried out by means of a Large enterprise or Medium enterprise granting special rights to market goods and/services to Micro and Small enterprises.

Point f

The term "profit sharing" pattern is a partnership carried out by a large or medium enterprise with a micro and small enterprise, whose profit sharing is calculated from the net result of the business and if it suffers a loss, it is shared based on a written agreement.

Point g

The term "operational cooperation" is a partnership carried out by a large enterprise or medium enterprise by cooperating with a small enterprise and/or Micro Enterprise to conduct a joint business using assets and/or business rights owned and jointly bearing the business risk.

Point h

The term "outsourcing" pattern is a partnership that is carried out in the procurement/providing of certain work services/parts of work which are not the main work and/or are not the main components in a business field of a large and medium-sized enterprise by a micro-business.

Point i

The term "other forms of partnership" is a partnership that develops in the community and the business world in line with progress and needs or what has occurred in the community.

Section (3)

Sufficiently clear.

Article 34

Section (1)

Point a

The term "simplifying the procedures and types of licensing", is to provide facilities for the requirements and procedures for licensing as well as the widest possible information.

The term "one-stop integrated service system" means the process of managing business licenses starting from the application stage to the issuance stage of documents, carried out in one place based on the following service principles:

- a. simplicity in the process;
- b. clarity in service;
- c. certainty of completion time;
- d. certainty of cost;
- e. security of the place of service;
- f. responsibilities of service officers;

- g. completeness of service facilities and infrastructure;
- h. easy access to services; and
- i. discipline, courtesy, and friendliness of service.

Point b

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 35

Sufficiently clear.

Article 36

Sufficiently clear.

Article 37

The term "incubator" is an institution that provides services for the growth of new entrepreneurs and strengthening access to resources for business progress to Micro Enterprise as business partners. The incubators developed include: technology, business and other incubators in accordance with local economic potential and resources. The term "business development services-providers" is an institution that provides consulting and assistance services to develop Micro Enterprise.

The term "financial consultant for bank partners" is a consultant at a business development institution whose task is to provide consultation and assistance to Micro Enterprise in order to be able to access banking credit and/or financing from financial institutions other than banks.

Article 38

Sufficiently clear.

Article 39

Sufficiently clear.

Article 40

Sufficiently clear.

Article 41

Sufficiently clear.

Article 42

Section (1)

Sufficiently clear.

Section (2)

The term State-Owned Enterprises (BUMN) are State Companies, namely business entities or all or part of their capital is owned by the Central Government.

The term Regional Owned Enterprises (BUMD) are companies established and owned by the Regional Government.

The term Private Owned Enterprises (BUMS) are business entities whose capital is owned by private parties.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Article 43

Point a

The term "Non-Bank Financial Institution" is a business entity that carries out activities in the financial sector, directly or indirectly, collecting funds from the public and channeling it back to the community for productive activities in accordance with the legislation.

Point b

The term "Venture Capital Institution" (Venture Capital Company) is a business entity that conducts business financing/investment of capital into a Company that receives financing assistance (Investee Company) for a certain period of time in the form of equity participation, participation through purchase of convertible bonds, and/or financing based on the distribution of operating results.

Point c

The term “Factoring transactions” (Factoring) are financing activities in the form of purchasing short-term trade receivables of a Company and the management of these receivables.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Article 44

Sufficiently clear.

Article 45

Sufficiently clear.

Article 46

Sufficiently clear.

Article 47

Sufficiently clear.

Article 48

Sufficiently clear.

Article 49

Sufficiently clear.

Article 50

Sufficiently clear.

Article 51

Sufficiently clear.

Article 52

Sufficiently clear.