



**MAYOR OF SURAKARTA
CENTRAL JAVA PROVINCE
REGIONAL REGULATION OF SURAKARTA CITY
NUMBER 5 OF 2014**

ABOUT

EMPOWERMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES

BY THE GRACE OF GOD ALMIGHTY

MAYOR OF SURAKARTA,

Considering: a. that in order to grow the business climate and develop Micro, Small and Medium Enterprises to be resilient and independent, empowerment efforts are needed from the Regional Government;

- b. that the empowerment of Micro, Small and Medium Enterprises is carried out by providing business opportunities, support, protection and business development as widely as possible to improve their position, role and potential so that they can create jobs, increase income and reduce poverty;
- c. that in order to overcome problems and guarantee legal certainty in the field of Micro, Small and Medium Enterprises and implement the provisions of Article 7, Article 16, Article 21, and Article 25 of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, it is necessary to compile it in the form of a Regional Regulation;
- d. that based on the considerations as referred to in letter a, letter b, and letter c, it is necessary to stipulate Regional Regulations concerning the Empowerment of Micro, Small, and Medium Enterprises.

Remember : 1. Article 18 paragraph (6) of the 1945 Constitution of the Republic of Indonesia;

- 2. Law Number 16 of 1950 concerning the Establishment of Large City Areas within the Provinces of East Java, Central Java, West Java and the Special Region of Yogyakarta (State Gazette of the Republic of Indonesia 1945 Number 50);

3. Invite...

3. Law Number 32 of 2004 concerning Regional Government (State Gazette of the Republic of Indonesia of 2004 Number 125, Supplement to the State Gazette of the Republic of Indonesia Number 4437) as amended several times, most recently by Law Number 12 of 2008 concerning the Second Amendment to Law Number 32 of 2004 concerning Regional Government (State Gazette of the Republic of Indonesia of 2008 Number 59, Supplement to the State Gazette of the Republic of Indonesia Number 4844);
4. Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (State Gazette of the Republic of Indonesia 2008 Number 93, Supplement to the State Gazette of the Republic of Indonesia Number 4866);
5. Law Number 12 of 2011 concerning the Formation of Legislation (State Gazette of the Republic of Indonesia 2011 Number 82 Supplement to the State Gazette of the Republic of Indonesia Number 5234);
6. Government Regulation Number 17 of 2013 concerning the Implementation of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (State Gazette of the Republic of Indonesia 2013 Number 40, Supplement to the State Gazette of the Republic of Indonesia Number 5404);

By Mutual Consent

REGIONAL PEOPLE'S REPRESENTATIVE ASSEMBLY

AND

MAYOR OF SURAKARTA

DECIDE:

Set:
REGIONAL REGULATION ON BUSINESS EMPOWERMENT
MICRO, SMALL, AND MEDIUM.

PIG
GENERAL REQUIREMENTS

article 1

In this Regional Regulation, the following is meant:

1. Government...

1. The Central Government, hereinafter referred to as the Government, is the President of the Republic of Indonesia who holds the power of government of the Republic of Indonesia as referred to in the 1945 Constitution.
2. The Mayor is the Mayor of Surakarta.
3. The area is Surakarta City.
4. The Regional Government is the Mayor and Regional Apparatus as elements of the regional government administration.
5. Empowerment is an effort carried out by the Regional Government, the business world and the community synergistically in the form of developing a climate and business development for micro, small and medium enterprises so that they are able to grow and develop into strong and independent businesses.
6. Micro, Small and Medium Enterprises, hereinafter abbreviated as UMKM, are productive economic enterprises as referred to in Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises.
7. Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for micro enterprises as regulated in Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises.
8. Small Business is a stand-alone productive economic enterprise, carried out by an individual or business entity that is not a subsidiary or branch of a company owned, controlled, or is part of either directly or indirectly a medium-sized business or large business that meets the criteria of a Small Business as referred to in Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises;
9. Medium Enterprises are independent productive economic enterprises, carried out by individuals or business entities that are not subsidiaries or branches of companies owned, controlled, or are part of either directly or indirectly with small businesses or large businesses with the amount of net assets or annual sales results as regulated in Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises;
10. A Business License is written evidence provided by an authorized official based on statutory provisions as proof of legality stating that an MSME has met the requirements and is permitted to carry out a particular business activity.
11. Large Enterprises are productive economic enterprises carried out by business entities with net assets or annual sales results greater than Medium Enterprises, which include state-owned or private national enterprises, joint ventures, and foreign enterprises carrying out economic activities in Indonesia.
12. The Business World is MSMEs and Large Businesses that carry out economic activities in Indonesia and are domiciled in Indonesia.
13. Business Climate is a condition attempted by the Regional Government to empower MSMEs synergistically through the establishment of regional laws and regulations in various aspects of economic life so that MSMEs obtain the broadest possible support, certainty, opportunity, protection and business support.

14. Development...

14. Development is an effort made by the Regional Government, Business World and the community to empower MSMEs by providing guidance, mentoring and strengthening assistance to grow and improve the capabilities and competitiveness of MSMEs.
15. Financing is provision funds by the Regional Government, Business World and the community through banks, cooperatives and non-bank financial institutions, to develop and strengthen MSME capital.
16. Guarantee is the provision of loan guarantees to MSMEs by credit guarantee institutions as support to increase the opportunity to obtain loans in order to strengthen their capital.
17. Officials are officials who have the authority to issue business permits in accordance with their duties and functions based on the provisions of laws and regulations.
18. Partnership is cooperation in business relations, either directly or indirectly, based on the principles of mutual need, trust, strengthening and benefit involving MSMEs and large businesses.
19. The Service is a Regional Work Unit that has duties and responsibilities in the field of Micro, Small and Medium Enterprises.
20. Investigators are certain Civil Servant Officials who are given special authority by law to conduct investigations or are Indonesian National Police Investigators.
21. Investigation is a series of actions by investigators in matters and according to the methods regulated in Law Number 8 of 1981 concerning Criminal Procedure Law to seek and collect evidence with which to shed light on the crime that occurred and to find the suspect.

CHAPTER II

PRINCIPLES, PRINCIPLES AND OBJECTIVES OF EMPOWERMENT

Article 2

MSMEs are based on:

- a. family;
- b. economic democracy;
- c. togetherness;
- d. equitable efficiency;
- e. sustainable;
- f. environmentally aware;
- g. independence;
- h. balance of progress; and
- i. national economic unity.

Article 3

Principles of MSME Empowerment:

- a. developing independence, togetherness, and entrepreneurship of MSMEs to work on their own initiative;
- b. the realization of transparent, accountable and equitable public policies;
- c. development...

- c. development of regional potential-based and market-oriented businesses in accordance with MS ME competencies;
- d. increasing the competitiveness of MSMEs; and
- e. organizing planning, implementation and control in an integrated manner.

Article 4

Objectives of Empowering MSMEs:

- a. realizing a balanced, developing and equitable regional economic structure;
- b. growing and developing the capabilities of MSMEs to become strong and independent businesses;
- c. Increasing the role of MSMEs in regional development, job creation, income equality, economic growth, and poverty alleviation.

CHAPTER III

CRITERIA

Article 5

(1) The criteria for Micro Businesses are as follows:

- a. Have a maximum net worth of IDR 50,000,000.00 (fifty million rupiah) excluding land and buildings for business premises; or
- b. Have annual sales results of no more than IDR 300,000,000.00 (three hundred million rupiah).

(2) The criteria for small businesses are as follows:

- a. Have net assets of more than IDR 50,000,000.00 (fifty million rupiah) up to a maximum of IDR 500,000,000.00 (five hundred million rupiah) excluding land and buildings for business premises; or
- b. Have annual sales results of more than IDR 300,000,000.00 (three hundred million rupiah) up to a maximum of IDR 2,500,000,000.00 (two billion five hundred million rupiah).

(3) The criteria for Medium Enterprises are as follows:

- a. Have net assets of more than IDR 500,000,000.00 (five hundred million rupiah) up to a maximum of IDR 10,000,000,000.00 (ten billion rupiah) excluding land and buildings where the business is located; or
- b. Have annual sales results of more than IDR 2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of IDR 50,000,000,000.00 (fifty billion rupiah).

CHAPTER IV

SCOPE.

Article 6

(1) The scope of this Regional Regulation includes:

- a. Development of Business Climate;
- b. Business Development;
- c. Coordination...

- c. Coordination and Control;
- d. Administrative Sanctions;
- e. Investigation;
- f. Criminal Provisions;
- g. Transitional Provisions; and
- h. Closing Provisions.

(2) The development of a business climate as referred to in paragraph (1) letter a includes:

- a. funding;
- b. facilities and infrastructure;
- c. business information;
- d. Partnership;
- e. Business licensing;
- f. business opportunities;
- g. trade promotion; and
- h. institutional support.

(3) Business development as referred to in paragraph (1) letter b includes facilitation:

- a. development of production and processing;
- b. marketing;
- c. human resources; and
- d. design and technology.

BABV

BUSINESS CLIMATE GROWTH

Part One Funding

Article 7

(1) The development of the regional business climate in terms of funding is aimed at:

- a. expanding funding sources and facilitating MSMEs to access credit from banks and non-bank financial institutions;
- b. increasing the number of financing institutions and expanding their networks so that they can be accessed by MSMEs;
- c. provide convenience in obtaining funding quickly, accurately, cheaply and without discrimination in services;
- d. assisting Micro and Small Business actors to obtain financing and other financial services/products provided by banks and non-bank financial institutions, both those using conventional systems and sharia systems with guarantees provided by the Government.

(2) In order to realize the objectives as referred to in paragraph (1), the Regional Government:

- a. provide revolving funds for Micro Enterprises as capital loans and productive business funding;

b. do...

- b. provide assistance to Micro and Small Business actors in obtaining capital from the Government, Bank and non-Bank financial institutions in order to increase productivity, business volume, added value and workforce absorption.

(3) The revolving fund as referred to in paragraph (2) letter a is managed in accordance with applicable laws and regulations.

(4) Every person is prohibited from carrying out acts that could benefit themselves or others by claiming or using the name of an MSME so as to make it easier to obtain funds, business premises and business activities intended for MSMEs.

(5) Further provisions regarding the requirements for borrowing, disbursement, repayment and management of revolving funds as referred to in paragraph (2) letter a are regulated by the Mayor's Regulation.

Part Two
Facilities and infrastructure

Article 8

(1) The development of the regional business climate in terms of facilities and infrastructure is aimed at:

- a. provide infrastructure general which can encourage and develop the growth of Micro and Small Enterprises;
- b. provide certain infrastructure tariff relief for Micro and Small Enterprises.

(2) In order to realize the objectives as referred to in paragraph (1), the Regional Government:

- a. provide and/or improve production and trade center facilities for creative industry products from Micro and Small Enterprises;
- b. provide and/or help to obtain the opportunity to utilize part of the place or space for the sale or exhibition of creative industry products of Micro and Small Enterprises built for trade and tourism;
- c. determine the minimum area policy for premises or rooms as referred to in paragraph (2) letter b, and tariff relief for Micro and Small Businesses.

(3) Implementation of the provision and/or improvement of facilities for production centers and trade in creative industry products, provision and/or assistance in obtaining the opportunity to utilize part of the place or space for the sale or exhibition of creative industry products for Micro and Small Enterprises is carried out by the Service.

Part Three
Business Information

Article 9

(1) The development of the regional business climate in terms of business information is aimed at:

- a. forming and facilitating the use of data banks and business information networks;

b.holding...

- b. conducting and disseminating information regarding markets, sources of financing, commodities, guarantees, design and technology, and quality; and
- c. provide guarantees of transparency and equal access for all MSME actors to all business information.

(2) In order to realize the objectives as referred to in paragraph (1), the Regional Government provides a market data and information center that can be easily and quickly accessed by MSME actors.

(3) The provision of market data and information at the market data and information center as referred to in paragraph (2) is carried out by the Service.

(4) The market data and information center is established by the Mayor and is responsible to the Mayor or an appointed official.

(5) Further provisions regarding data centers and Market Information are regulated by the Mayor's Regulation.

Part Four Partnership

Paragraph 1 Objective

Article 10

The development of the Regional Business Climate in the Partnership aspect is aimed at:

- a. realizing partnerships between micro, small and medium enterprises;
- b. realizing partnerships between MSMEs and large businesses;
- c. encourage mutually beneficial relationships in the implementation of business transactions between MSMEs;
- d. encourage mutually beneficial relationships in the implementation of business transactions between MSMEs and Large Businesses;
- e. develop cooperation to improve the bargaining position of MSMEs;
- f. encourage the formation of a market structure that guarantees the growth of healthy business competition and protects consumers; and
- g. preventing market control and business concentration by individuals or certain groups that are detrimental to MSMEs.

Paragraph 2 General

Article 11

- (1) Partnerships between MSMEs and large businesses are implemented by upholding healthy business ethics and partnership principles.
- (2) The Partnership Principles as referred to in paragraph (1) include:
 - a.need each other;
 - b. trust each other;
 - c. mutually reinforcing; and
 - d. mutually beneficial.
- (3) Partnerships include the process of transferring skills in the fields of production and processing, marketing, capital, human resources and technology.
- (4) The legal position of the parties in implementing the Partnership is equal and Indonesian law applies.

Paragraph...

Paragraph 3
Partnership Pattern

Article 12

The Partnership Pattern as referred to in Article 11 paragraph (3) includes:

- a. core-plasma;
- b. subcontract;
- c. franchise;
- d. general trade;
- e. distribution and agency;
- f. profit sharing;
- g. operational cooperation;
- h. joint venture;
- i. outsourcing, and
- j. other forms of partnership.

Article 13

In the core-plasma partnership pattern as referred to in Article 12 letter a:

- a. Large businesses are in the core position, MSMEs are in the plasma position; or
- b. Medium Enterprises are positioned as the core, Micro Enterprises and Small Enterprises are positioned as plasma.

Article 14

In the subcontract partnership pattern as referred to in Article 12 letter b:

- a. Large businesses are in the position of contractors, Micro Businesses, Small Businesses and Medium Businesses are in the position of subcontractors; or
- b. Medium Enterprises are positioned as contractors, Micro Enterprises and Small Enterprises are positioned as subcontractors.

Article 15

In the franchise partnership pattern as referred to in Article 12 letter c:

- a. Large businesses act as franchisors, SMEs act as franchise recipients; or
- b. Medium Enterprises are positioned as franchisors, Micro Enterprises and Small Enterprises are positioned as franchise recipients.

Article 16

In the franchise partnership pattern as referred to in Article 12 letter c:

- (1) Large businesses that expand their businesses through franchising provide opportunities and prioritize MSMEs that have the ability.

(2) MSMEs..

(2) MSMEs that will develop their business by implementing a business system through marketing goods and/or services that have been proven successful and can be utilized and/or used by other parties, can enter into a partnership with a franchise pattern as a franchisor.

Article 17

(1) In the general trade partnership pattern as referred to in Article 12 letter d:

- Large businesses are positioned as recipients of goods, MSMEs are positioned as suppliers of goods; or
- Medium Enterprises act as recipients of goods, Micro Enterprises and Small Enterprises act as suppliers of goods.

(2) MSMEs as suppliers of goods produce goods or services for their trading partners.

(3) Business partnerships with general trade patterns can be carried out in the form of marketing cooperation, providing business locations, or receiving supplies from MSMEs by Large Businesses which are carried out openly.

(4) Fulfillment of the need for goods and services required by Large Businesses or Medium Businesses is carried out by prioritizing the procurement of production results from Small Businesses or Micro Businesses as long as they meet the quality standards of the goods and services required.

(5) The arrangement of the payment system in the form of general trade partnership cooperation as referred to in paragraph (1) is carried out without harming either party.

Article 18

In the distribution and agency partnership pattern as referred to in Article 12 letter e:

- Large businesses provide special rights to market goods and services to MSMEs; or
- Medium Enterprises provide special rights to market goods and services to Micro Enterprises and Small Enterprises.

Article 19

(1) In the profit sharing partnership pattern as referred to in Article 12 letter:

- MSMEs are positioned as implementers who run businesses that are financed or owned by Large Businesses; or
- Micro and Small Businesses are positioned as implementers who run businesses financed or owned by Medium Businesses.

(2) Each party in a profit-sharing partnership contributes according to their capabilities and resources and as agreed by both parties in the partnership.

(3) The amount of profit sharing received or losses borne by each partner in a profit sharing scheme is based on the agreed agreement.

Article 20

In the operational cooperation partnership pattern as referred to in Article 12 letter g:

- a. between MSMEs and Large Enterprises running a business that is temporary in nature until the work is completed; or
- b. between MSMEs running a business that is temporary in nature until the work is completed.

Article 21

In the joint venture partnership pattern as referred to in Article 12 letter h:

- (1) Local MSMEs in carrying out their business activities can enter into business partnerships with foreign large businesses through a joint venture model by carrying out economic activities together by establishing a new company.
- (2) Local Micro and Small Enterprises in carrying out their business activities can enter into business partnerships with foreign Medium Enterprises through a joint venture model by carrying out economic activities together by establishing a new company.
- (3) The establishment of a new company as referred to in paragraph (1) and paragraph (2) shall be carried out in accordance with the provisions of statutory regulations.
- (4) In carrying out economic activities together, the parties share proportionally in share ownership, profits, risks and company management.

Article 22

In the Partnership pattern, the source of output as referred to in Article 12 letter f:

- (1) MSMEs can partner with large businesses through a partnership model of outsourcing, to carry out work or parts of work outside the main work of the large business.
- (2) Micro Enterprises or Small Enterprises can partner with Medium Enterprises with a partnership model of outsourcing, to carry out work or parts of work outside the main work of the Medium Enterprise.
- (3) The partnership in the form of external resources is carried out in fields and types of business which are not the main job and/or are not the main components.
- (4) In the Partnership pattern, the sources of output:
 - a. Large businesses are positioned as work owners, SMEs are positioned as providers and implementers of work services; or
 - b. Medium Enterprises are positioned as job owners, Micro Enterprises and Small Enterprises are positioned as providers and implementers of job services.
- (5) Implementation of the Partnership pattern for source output as referred to in paragraphs (1) to (4) is carried out in accordance with the provisions of statutory regulations.

Article 23

- (1) In addition to the Partnerships as referred to in Articles 13 to 22, MSMEs may enter into other Partnerships.
- (2) The partnership as referred to in paragraph (1) is implemented in accordance with the provisions as referred to in Article 11 paragraph (1), paragraph (2) and paragraph (3).

Paragraph 4 Agreement

Article 24

- (1) Every form of partnership carried out by MSMEs is stated in a partnership agreement.
- (2) The Partnership Agreement as referred to in paragraph (1) is made in writing in Indonesian.
- (3) If one of the parties is a foreign person or legal entity, the Partnership agreement as referred to in paragraph (1) is made in Indonesian and a foreign language.
- (4) The Partnership Agreement as referred to in paragraph (2) contains at least:
 - a. business activities;
 - b. the rights and obligations of each party;
 - c. form of development;
 - d. time period; and
 - e. dispute resolution.

Paragraph 5 Prohibition

Article 25

- (1) Prohibitions on the implementation of the Partnership pattern as referred to in Article 12 are as follows:
 - a. MSMEs or large businesses are prohibited from unilaterally terminating legal relations;
 - b. Large businesses are prohibited from owning and/or controlling their business partners' Micro Businesses, Small Businesses, Medium Businesses;
 - c. Medium Enterprises are prohibited from owning and/or controlling Micro Enterprises and/or Small Enterprises that are their business partners.
- (2) Large businesses that violate the prohibitions as referred to in paragraph (1) letter b and/or medium-sized businesses that violate the prohibitions as referred to in paragraph (1) letter c shall be subject to administrative sanctions based on the Decision of the Business Competition Supervisory Commission.
- (3) Further provisions regarding the procedures for imposing sanctions as referred to in paragraph (1) and paragraph (2) are regulated by the Mayor's Regulation.

Paragraph...

Paragraph 6
Role of Local Government

Article 26

- (1) In Partnership, the role of the Regional Government is to regulate:
 - a. Large Enterprises to build Partnerships with MSMEs; or
 - b. Medium Enterprises to build Partnerships with Micro and Small Enterprises.
- (2) To carry out the role as referred to in paragraph (1), the Regional Government is obliged to:
 - a. provide data and information on MSME actors who are ready to partner;
 - b. develop Partnership pilot projects;
 - c. facilitate policy support; and
 - d. coordinating the preparation of policies and implementation programs, monitoring, evaluation and general control of the implementation of the Partnership.

Paragraph 7
Partnership Supervision

Article 27

- (1) Partnership supervision is carried out by the Business Competition Supervisory Commission as referred to in Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unhealthy Business Competition.
- (2) Further provisions regarding supervision procedures, forms of administrative sanctions, and handling of cases of alleged violations are subject to the Regulations of the Business Competition Supervisory Commission.

Part Five
Business Licensing

Article 28

- (1) The development of the regional business climate in terms of business licensing is aimed at:
 - a. simplifying the procedures and types of business licensing with a one-stop integrated service system.
 - b. exempting licensing fees for Micro Businesses and providing licensing fee relief for Small Businesses.
- (2) In order to realize the objectives as referred to in paragraph (1), the Regional Government shall determine:
 - a. form of UMKM licensing;
 - b. requirements for submitting an UMKM permit;
 - c. time for completion of MSME licensing;
 - d. MSME licensing fees;
 - e. one-stop integrated licensing services.

(3) Form...

(3) The form of licensing as referred to in paragraph (2) letter a is as follows:

- a. proof of data collection for Micro Enterprises;
- b. proof of registration for Small Businesses in the form of sole proprietorships;
- c. Business License for Small Businesses with a business entity form other than a sole proprietorship and Medium Businesses, both sole proprietorship and legal entity.

(4) The requirements for submitting a permit as referred to in paragraph (2) letter b are as follows:

- a. The requirement for Micro Enterprises is to have a business.
- b. Requirements for Small Businesses in the form of a partnership:
 1. have a place of business;
 2. have proof of ownership/use of business premises;
 3. have a Taxpayer Registration Number (NPWP).
 4. have HO permit
- c. Requirements for Small Businesses with a business entity form other than a sole proprietorship and Medium Businesses, both sole proprietorship and legal entity forms:
 1. have a place of business;
 2. have proof of ownership/use of business premises;
 3. Have a Taxpayer Registration Number (NPWP)
 4. have HO permit
 5. Deed of establishment of the business entity.

(5) The time for completing the permits as referred to in paragraph (2) letter c is as follows:

- a. maximum 3 (three) days for Micro Businesses;
- b. a maximum of 7 (seven) days for Small Businesses in the form of sole proprietorships;
- c. a maximum of 14 (fourteen) days for Small Businesses with a business entity form other than a sole proprietorship and Medium Businesses, both sole proprietorships and legal entities.

(6) The UMKM licensing fees as referred to in paragraph (2) letter d are as follows:

- a. free of charge for Micro Businesses;
- b. the tariff provisions as stipulated in the Regional Regulations governing Regional Taxes and Regional Levies for Small and Medium Enterprises apply.

(7) Further provisions regarding the form, procedures for applying for and issuing permits, obligations, guidance and supervision of permit holders are regulated by the Mayor's Regulation.

Part Six

Business Opportunities

Article 29

(1) Development of Business Climate in Regions in terms of business opportunities it is aimed at:

- a. determining the allocation of business premises which includes providing locations in markets, shop spaces, industrial center locations, people's agricultural locations, appropriate locations for street vendors, and other locations;

b.determine...

- b. determining the allocation of business time for Micro and Small Enterprises in the retail trade sub-sector;
- c. reserve fields and types of business activities that have specific processes, are labor intensive, and have a special and hereditary cultural heritage;
- d. determine business sectors that are reserved for MSMEs and business sectors that are open to Large Businesses on the condition that they must cooperate with MSMEs;
- e. protect certain strategic businesses for MSMEs;
- f. prioritizing the use of products produced by Micro and Small Enterprises through direct procurement;
- g. prioritizing procurement of goods or services and contracting out work to the Regional Government; and
- h. provide legal consultation and defense assistance.

- (2) Implementation of the provisions referred to in paragraph (1) is subject to supervision and control by the Regional Government.
- (3) In order to realize the objectives as referred to in paragraph (1), the Regional Government shall determine:
 - a. Business sectors that must be implemented with a partnership pattern between large businesses and MSMEs.
 - b. Business sectors that must be implemented with a partnership pattern between Medium Enterprises and Micro Enterprises and Small Enterprises.
 - c. Certain business fields specifically reserved for Micro and Small Businesses.
 - d. Participation of Small and Medium Enterprises in the procurement of goods and/or work contract services;
- (4) Further provisions regarding business fields and participation as referred to in paragraph (2) are regulated by the Mayor's Regulation.

Part Seven
Trade Promotion

Article 30

- (1) The development of a regional business climate in terms of trade promotion is aimed at:
 - a. increase the promotion of MSME products at home and abroad;
 - b. expanding funding sources for promoting MSME products at home and abroad;
 - c. provide incentives and procedures for providing incentives for MSMEs that are able to provide independent funding for product promotion activities at home and abroad; and
 - d. facilitating ownership of intellectual property rights for MSME products and designs in domestic and export business activities.
- (2) Implementation of the provisions as referred to in paragraph (1) is subject to supervision and control by the Government and Regional Governments.
- (3) In order to realize the objectives as referred to in paragraph (1), the Regional Government:
 - a. organize periodic promotions of Small and Medium Enterprise products both domestically and abroad.
 - b. facilitate...

- b. facilitating the management of Intellectual Property Rights for unique and superior products and designs and other MSME products.
- (4) Implementation of product promotion and facilitation of management of Intellectual Property Rights and other products as referred to in paragraph (2) is coordinated by the Service.

Part Eight
Institutional Support

Article 31

- (1) The development of the regional business climate in terms of institutional support is aimed at developing and improving the function of incubators, business development service institutions, financial consultants, bank partners and other similar professional institutions as supporters of MSME development.
- (2) In order to realize the objectives as referred to in paragraph (1), the Regional Government provides assistance and consulting services for MSME Development with the main tasks:
 - a. provide guidance and business development consulting services;
 - b. provide business assistance;
 - c. facilitating access to capital, markets, information and technology.
 - d. provide short entrepreneurship courses/training services;
 - e. provide business library access services;
- (3) Mentoring and consulting services for MSME development as referred to in paragraph (2) are carried out by the Service.

CHAPTER VI
BUSINESS DEVELOPMENT

Article 32

- (1) Business development is carried out for MSMEs.
- (2) Business development includes:
 - a. facilitating business development; and
 - b. Implementation of business development.

Part One
Facilitating Business Development

Article 33

- (1) Facilitation of business development as referred to in Article 32 paragraph (2) letter a, is carried out by the Regional Government.
- (2) The facilitation as referred to in paragraph (1) is carried out in the following areas:
 - a. production and processing;
 - b. marketing;
 - c. human resources; and
 - d. design and technology.

(3) Facilitation...

(3) Facilitation of business development as referred to in paragraph (1) is carried out by the Regional Government, Business World, Education World and the community through the implementation of:

- business and technology incubator;
- education and training;
- financial consulting services for bank partners.

(4) Further provisions regarding the procedures for the formation, management and working procedures for facilitation as referred to in paragraph (2) are regulated by the Mayor's Regulation.

Article 34

Facilitation of development in the field of production and processing as referred to in Article 33 paragraph (2) letter a is carried out in the following manner:

- improving production and processing techniques and management capabilities for MSMEs;
- provide convenience in the procurement of facilities and infrastructure, production and processing, raw materials, auxiliary materials, and packaging for MSME products;
- encourage the application of standardization in production and processing processes; and
- improving design and engineering capabilities for Medium Enterprises.

Article 35

Development facilitation in the marketing sector, as referred to in Article 33 paragraph (2) letter b, is carried out in the following manner:

- carry out marketing research and studies;
- disseminating market information;
- improve management skills and marketing techniques;
- providing marketing facilities which include conducting market trials, marketing institutions, providing trading houses, and promoting Micro and Small Enterprises;
- provide support for product promotion, marketing networks, and distribution; and
- providing professional consultants in the field of marketing.

Article 36

Development facilitation in the field of human resources as referred to in Article 33 paragraph (2) letter c is carried out in the following manner:

- socialize and cultivate entrepreneurship;
- improve technical and managerial skills; and
- establishing and developing educational and training institutions to provide education, training, counseling, business motivation and creativity, and the creation of new entrepreneurs.

Article 37

Development facilitation in the field of design and technology as referred to in Article 33 paragraph (2) letter d is carried out by:

- improve capabilities in the fields of design and technology as well as quality control;

b.increase...

- b. increasing cooperation and technology transfer;
- c. improving the capabilities of Small and Medium Enterprises in the field of research to develop new designs and technologies.
- d. provide incentives to MSMEs that develop technology and preserve the environment; and
- e. encourage MSMEs to obtain intellectual property rights certificates.

Paragraph 1
Development Activities

Article 38

- (1) Development of MSMEs as referred to in Article 32 is carried out through:
 - a. data collection, identification of potential, and problems faced;
 - b. preparing coaching and development programs according to the potential and problems faced;
 - c. implementation of coaching and development programs; and
 - d. monitoring and controlling program implementation.
- (2) Development of MSMEs as referred to in paragraph (1) is implemented through the following approaches:
 - a. cooperative;
 - b. center;
 - c. cluster; and
 - d. joint business group.
- (3) Further provisions regarding the procedures for developing and implementing the MSME approach as referred to in paragraph (1) and paragraph (2) are regulated by the Mayor's Regulation.

Paragraph 2
Priority, Intensity and Timeframe

Article 39

- (1) The Regional Government prioritizes the development of MSMEs through:
 - a. providing opportunities to participate in the procurement of goods and services by the Regional Government;
 - b. business reserves for MSMEs through restrictions for Large Businesses;
 - c. ease of licensing;
 - d. provision of financing in accordance with the provisions of laws and regulations; or
 - e. technology and information facilitation.
- (2) The provision of opportunities to participate in the procurement of goods and services by the Regional Government as referred to in paragraph (1) letter a is carried out in accordance with the provisions of statutory regulations.
- (3) Business reserves as referred to in paragraph (1) letter b include the following business fields and sectors:
 - a. which may be operated by Micro Enterprises and Small Enterprises;
 - b. which can be carried out by Medium and Large Enterprises through a Partnership pattern with MSMEs;
 - c. which can be carried out by MSMEs which are innovative, creative, and/or specifically prioritized as Regional Government programs; and
 - d. that...

d. which can be carried out by MSMEs located in border areas, natural disasters, and post-disasters.

Article 40

- (1) Business development facilitation as referred to in Article 33 is implemented based on intensity and time period.
- (2) The intensity and time period as referred to in paragraph (1) are applied based on the classification and level of development of MSMEs;
- (3) The Regional Government determines the intensity and time period for facilitating MSME Development in accordance with the classification guidelines and level of MSME development determined by the minister in charge of MSMEs.

Part Two Implementation of Business Development

Article 41

- (1) Implementation of business development as referred to in Article 32 paragraph (2) letter b is carried out by the business world and the community.
- (2) Business development by the Business World as referred to in paragraph (1) is carried out by:
 - a. Large Enterprises;
 - b. The relevant MSME.
- (3) Large businesses as referred to in paragraph (2) letter a, carry out MSME development with the following priorities:
 - a. business relationship;
 - b. potential production of goods and services in the domestic market;
 - c. production and provision of basic necessities;
 - d. products that have export potential;
 - e. products with added value and competitiveness;
 - f. potential to utilize technological development; and/or
 - g. potential for the growth of new entrepreneurs.
- (4) **MSMEs** as referred to in paragraph (2) letter b, carry out business development by:
 - a. develop business networks and partnerships;
 - b. conducting business efficiently;
 - c. develop innovation and market opportunities;
 - d. expanding marketing access;
 - e. utilizing technology;
 - f. improve product quality; and
 - g. seeking wider sources of business funding.
- (5) Business development by the community as referred to in paragraph (1) is carried out at least by:
 - a. prioritize the use of products produced by MSMEs;
 - b. creating new entrepreneurs;
 - c. technical and managerial guidance; and/or
 - d. provide assistance.
- (6) Further provisions regarding the implementation of paragraph (1), paragraph (2), paragraph (3), paragraph (4), and paragraph (5) are regulated by Mayor Regulations.

CHAPTER VII **COORDINATION AND CONTROL**

Part One Coordination Scope

Article 42

Coordination and control of MSME empowerment are carried out systematically, synchronously, integrated, sustainable and accountable to create resilient and independent MSMEs.

Article 43

- (1) Coordination and control of MSME empowerment includes preparation and integration, implementation, monitoring and evaluation.
- (2) Coordination and control of MSME empowerment as referred to in paragraph (1) is carried out for:
 - a. regulations and policies set by the Regional Government in order to foster a Business Climate that can provide certainty and fairness in business in the aspects of funding, facilities and infrastructure, business information, partnerships, business licensing, business opportunities, trade promotion and institutional support;
 - b. Business Development programs organized by the Regional Government, Business World, and the community in the fields of production and processing, marketing, human resources, design and technology;

Article 44

- (1) The business world and society can play an active role in formulating policies, implementing, monitoring and evaluating MSME empowerment.
- (2) Further provisions regarding the procedures for participation as referred to in paragraph (1) are regulated by the Mayor's Regulation.

Article 45

Coordination and control of MSME empowerment includes the preparation and integration, implementation, monitoring and evaluation of:

- a. laws and regulations and policies stipulated by the Regional Government in order to foster a Business Climate that can provide certainty and fairness in business in the aspects of funding, facilities and infrastructure, business information, partnerships, business licensing, business opportunities, trade promotion, and institutional support;
- b. Business development programs organized by the Regional Government, Business World, and the community in the fields of production and processing, marketing, human resources, design and technology;
- c. Development programs in the field of financing and guarantees; and
- d. implementation of business partnerships.

Part...

Part Two
Implementation of Coordination and Control of MSMEs

Chapter46

The Mayor has the following duties in empowering MSMEs:

- a. formulate, prepare, determine, and/or implement general policies in the Region regarding the growth of the Business Climate, Business Development, Financing and Guarantees, and Partnerships;
- b. harmonizing regional planning, as a basis for compiling empowerment policies and strategies outlined in regional programs;
- c. formulate policies for handling and resolving problems that arise in the implementation of Empowerment in the Region;
- d. harmonize the preparation and implementation of regional laws and regulations with the Law;
- e. implementing policies and programs for Business Development, Financing and Guarantees, and Partnerships in the Region;
- f. Coordinating the development of institutional and human resources for MSMEs in the Region;
- g. monitor program implementation:
 1. Business development for MSMEs organized by district/city governments, the business world and the community in the fields of production and processing, marketing, human resources, design and technology;
 2. Development in the field of financing and guarantees for MSMEs;
 3. Development of business partnerships.
- h. conducting evaluation of program implementation:
 1. Business development for MSMEs organized by the Regional Government, Business World and the community in the fields of production and processing, marketing, human resources, design and technology;
 2. Development in the field of financing and guarantees for MSMEs;
 3. Development of business partnerships.
- i. periodically inform and convey the results of MSME empowerment to the Minister and Governor.

Article 47

- (1) The business world and society can play an active role in formulating policies, implementing, monitoring and evaluating MSME empowerment.
- (2) Further provisions regarding the participation as referred to in paragraph (1) are regulated by the Mayor's Regulation.

**CHAPTER VIII
INVESTIGATION**

Article 48

- (1) Civil Servant Officials within the Regional Government are given special authority as investigators to conduct investigations into criminal violations as regulated in this Regional Regulation.
- (2) The authority of the investigator as referred to in paragraph (1) is:
 - a. receive reports, seek, collect and examine information or reports regarding criminal acts in the MSME sector.
 - b. researching...

- b. research, search for and collect information regarding individuals or bodies regarding the truth of acts committed in connection with the crime committed;
- C. requesting information and evidence from individuals or bodies in connection with criminal acts in the MSME sector;
- d. examine books, records and other documents relating to criminal acts in the MSME sector;
- e. conducting searches to obtain evidence of bookkeeping, records and documents, and confiscating said evidence;
- f. request assistance from experts in carrying out the duties of investigating the criminal acts being handled;
- g. ordering someone to stop, prohibiting someone from leaving a room or place while an inspection is taking place and checking the identity of the person and/or documents carried as referred to in letter e;
- h. photographing a person or object related to a criminal act in the MSME sector;
- i. summoning people to give statements and be examined as suspects or witnesses;
- j. stop the investigation;
- k. carry out other actions necessary to ensure the smooth investigation of criminal violations in these regional regulations.

(3) The investigator as referred to in paragraph (1) shall notify the commencement of the investigation and submit the results of the investigation to the public prosecutor through the Indonesian National Police Investigator in accordance with the provisions stipulated in the Criminal Procedure Code.

CHAPTER IX CRIMINAL PROVISIONS

Article 49

- (1) Any person who benefits himself or another person by claiming to be or using the name of a MSME so as to make it easier to obtain funds, business premises and business activities designated for MSMEs, as referred to in Article 7 paragraph (4), shall be punished with imprisonment for a maximum of 6 (six) months and a maximum fine of IDR 50,000,000.00 (fifty million rupiah).
- (2) Actions as regulated in paragraph (1) constitute a violation.

CHAPTER X TRANSITIONAL PROVISIONS

Article 50

With the stipulation of this Regional Regulation, all evidence of business legality related to MSMEs that existed before the stipulation of this Regional Regulation is declared to remain valid until the end of its validity period.

CHAPTER...

CHAPTER XI
CLOSING

Article 51

The Mayor's Regulation as the implementation of this Regional Regulation must be stipulated no later than 1 (one) year from the date this Regional Regulation is enacted.

Article 52

This Regional Regulation shall come into force on the date of promulgation.

In order for everyone to know, it is ordered that this Regional Regulation be promulgated by placing it in the Regional Gazette of Surakarta City.

Set in Surakarta
on July 25, 2014

MAYOR OF SURAKARTA,

質

FX. HADI RUDYATMO

Enacted in Surakarta
on the steps of OT OURAKARTA REGIONAL SECRE

TARY, pheome

GAZETTE OF SURAKARTA CITY 2014 NUMBER 5

NOREG REGIONAL REGULATION OF SURAKARTA CITY, CENTRAL JAVA PROVINCE: (97/2014)

EXPLANATION
ON
REGIONAL REGULATION OF SURAKARTA CITY
NUMBER 5 OF 2014
ABOUT

EMPOWERMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES

I.GENERAL

National development aims to create a just and prosperous society that is evenly distributed materially and spiritually based on Pancasila and the 1945 Constitution of the Republic of Indonesia within the framework of the Unitary State of the Republic of Indonesia which is independent, united, and has the sovereignty of the people in an atmosphere of a safe, orderly, and dynamic national life in an environment that is free, friendly, and peaceful.

National development that covers all aspects of the nation's life is carried out jointly by the community and the government. The community is the main actor in development, and the government is obliged to direct, guide, protect, and foster a supportive atmosphere and climate.

Micro, Small, and Medium Enterprises are business activities that are able to expand employment opportunities and provide economic services widely to the community, and can play a role in the process of equalizing and increasing community income, encouraging economic growth, and playing a role in realizing national stability. In addition, Micro, Small, and Medium Enterprises are one of the main pillars of the national economy that must receive the main opportunity, support, protection and development as widely as possible as a form of firm support for the people's economic business group, without ignoring the role of Large Enterprises and State-Owned Enterprises and Regional-Owned Enterprises.

Although Micro, Small, and Medium Enterprises have shown their role in the national economy, they still face various obstacles and constraints, both internal and external, in terms of production and processing, marketing, human resources, design and technology, capital, and business climate. To increase opportunities, capabilities, and protection for Micro, Small, and Medium Enterprises, various policies have been established regarding the empowerment of Micro, Small, and Medium Enterprises but are not yet optimal. This is because the policy has not been able to provide protection, business certainty, and adequate facilities for the empowerment of Micro, Small, and Medium Enterprises in Surakarta City.

In order to provide legal certainty for interested parties and empower Micro, Small and Medium Enterprises, the Regional Government has adopted a policy to regulate the empowerment of Micro, Small and Medium Enterprises in the City of Surakarta in a Regional Regulation.

II. ARTICLE BY ARTICLE

article 1

Quite clear.

Article 2

Letter a

What is meant by "family principle" is the principle that underlies efforts to empower Micro, Small and Medium Enterprises as part of the national economy which is organized based on economic democracy with the principles of togetherness, fair efficiency, sustainability, environmental awareness, independence, balance of progress and national economic unity for the welfare of all people.

Letter b

What is meant by "the principle of economic democracy" is that the empowerment of Micro, Small and Medium Enterprises is carried out as an integral part of national economic development to realize the prosperity of the people.

Letter c

What is meant by "principle of togetherness" is 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.

Letter d

What is meant by "the principle of fair efficiency" is the principle underlying the implementation of empowerment of Micro, Small and Medium Enterprises by prioritizing fair efficiency in an effort to create a fair, conducive and competitive business climate.

Letter e

What is meant by "sustainable principle" is a principle that is planned trying to get it going development process through empowerment of Micro, Small and Medium Enterprises which is carried out continuously so that a strong and independent economy is formed.

Letter f

What is meant by "environmentally aware principles" is the principle of empowering Micro, Small and Medium Enterprises which

carried out while still paying attention to and prioritizing environmental protection and maintenance.

letter g

What is meant by "principle of independence" is 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.

Letter h

What is meant by "the principle of balanced progress" is the principle of empowering Micro, Small and Medium Enterprises which seeks to maintain the balance of regional economic progress within the national economic unity.

Alphabet

What is meant by "the principle of national economic unity" is the principle of empowering Micro, Small and Medium Enterprises which are part of the development of national economic unity.

Article 3

Quite clear.

Article 4

Quite clear.

Article 5

Quite clear.

Article 6

Quite clear.

Article 7

Quite clear.

Article 8

Verse 1

Quite clear.

Verse 2

Letter a

The creative industry is an industry that originates from the use of creativity, skills and individual talents to create welfare and employment by producing and exploiting the creative power and creativity of the individual and/or industrial groups consisting of various types of industries, each of which is related to the process of exploiting ideas or intellectual property into high economic value that can create welfare and employment.

Letter b

Quite clear.

Letter c

that the provisions for the minimum area policy for a place or room are regulated in the Surakarta City Regional Regulation

Number 5 of 2011 concerning the Arrangement and Development of Shopping Centers and Modern Stores.

Verse 3

For Micro and Small Enterprises, it is the responsibility of the Cooperatives and UMKM Service and for Medium Enterprises, it is the responsibility of the Surakarta City Industry and Trade Service.

Article 9

Verse 1

Quite clear.

Verse 2

Quite clear.

Verse 3

Data for Micro, Small Enterprises is the responsibility of the Cooperatives & UMKM Service and data for Medium Enterprises is the responsibility of the Industry and Trade Service. The website used is the Website of the Transportation, Communication and Informatics Service.

Verse 4

Quite clear.

Verse 5

Quite clear.

Article 10

Quite clear.

Article 11

Quite clear

Article 12

Letter a

What is meant by "core-plasma" is a Partnership carried out in a way that Large Enterprises as the core play a role in providing input, purchasing plasma production results, and carrying out the production process to produce certain commodities, and Micro Enterprises, Small Enterprises, and Medium Enterprises as plasma suppliers/providing/producing/selling goods or services needed by the core.

Letter b

What is meant by "subcontract" is a partnership carried out between the recipient of the subcontract to produce goods and/or services required by a large business as the main contractor accompanied by support for smooth processing of part of the production and/or components, smooth acquisition of raw materials, technical knowledge of production, technology, financing, and payment systems.

Letter c

What is meant by "franchise" is a special right owned by an individual or business entity to a business system with distinctive business characteristics in order to market goods and/or services that have been proven successful and can be utilized and/or used by other parties based on a franchise agreement.

Letter d

What is meant by "general trade" is a partnership carried out in the form of marketing cooperation, provision of business locations, or acceptance of supplies/provision of goods or services from Micro Enterprises, Small Enterprises, and Medium Enterprises by Large Enterprises, which is carried out openly.

Letter e

What is meant by "distribution and agency" is a partnership carried out by large or medium-sized businesses granting special rights. to market goods and/services to Micro Enterprises and Small Enterprises.

Letter f

What is meant by "profit sharing" is a partnership carried out by large businesses or medium-sized businesses with micro and small businesses, where the profit sharing is calculated from the net business results and if losses occur, they are borne together based on a written agreement.

letter g

What is meant by "operational cooperation" is a partnership carried out by large businesses or medium-sized businesses by collaborating with small businesses and/or micro businesses to carry out a joint business using assets and/or business rights owned and jointly bearing the business risks.

Letter h

What is meant by "joint venture" is a partnership carried out by Indonesian Micro and Small Enterprises working together with foreign Medium and Large Enterprises to carry out joint economic activities, where each party contributes share capital by establishing a limited liability company legal entity and shares fairly in the company's profits and/or risks.

Letter i

What is meant by "outsourcing" is a partnership that is implemented in the procurement/provision of certain work services/parts of work which are not the main work and/or

not a main component in a business sector of Large Enterprises and Medium Enterprises by Micro Enterprises and Small Enterprises.

Letter j

What is meant by "other forms of Partnership" are Partnerships that develop in society and the Business World along with progress and needs, or that have occurred in society.

Article 13

Quite clear.

Article 14

Quite clear

Article 15

Quite clear.

Article 16

Quite clear.

Article 17

Quite clear.

Article 18

Letter a

What is meant by granting special rights is granting rights for distribution or agency to micro and small businesses. For example, in the form of providing training, ease of information and ease of payment systems.

Letter b

Quite clear.

Article 19

Quite clear.

Article 20

Quite clear.

Article 21

Quite clear.

Article 22

Quite clear.

Article 23

Quite clear.

Article 24

Quite clear.

Article 25

Quite clear.

Article 26

Quite clear.

Article 27

Quite clear

Article 28

Quite clear.

Article 29

Quite clear

Article 30

Verse 1

Quite clear.

Verse 2

Quite clear.

Verse 3

Letter a

The exhibitions attended by the Cooperatives & UMKM Service are local exhibitions, regional exhibitions and national exhibitions. For example, INACRAFT Exhibition, SMESCO, Harkopnas, National Batik Exhibition, INDOCRAFT and incidental exhibitions.

Letter b

What is meant by other products, for example, Halal Certificate from MUI, ISO award, Hygienic label from the Ministry of Health.

Verse 4

Quite clear.

Article 31

Quite clear.

Article 32

Quite clear.

Article 33

Quite clear.

Article 34

Quite clear.

Article 35

Quite clear

Article 36

Quite clear.

Article 37

Quite clear.

Article 38

Verse 1

Quite clear.

Verse 2

Letter a

Quite clear.

Letter b

What is meant by "center" is a certain area or location where there are a number of Micro Enterprises, Small Enterprises, and Medium Enterprises that use the same raw materials or facilities, produce the same or similar products, and have the prospect of being a center for the development of Micro Enterprises, Small Enterprises, and Medium Enterprises.

Examples: bamboo weaving centers, furniture centers, shoe industry centers, fisheries centers, natural silk centers, batik weaving centers, songket centers, and ulos centers.

Letter c

What is meant by "cluster" is a group or cluster of businesses that are interrelated and have the potential for synergy between them in the process of mutual learning, utilization of facilities, access to development and utilization of resources (information, technology, raw materials, capital and markets).

Letter d

What is meant by "joint business group" is a group of citizens or socially assisted families formed by citizens or socially assisted families who have been guided through the PROKESOS activity process to carry out social welfare activities and economic efforts in the spirit of togetherness as means to improve the level of social welfare.

Verse 3

Quite clear.

Article 39

Quite clear.

Article 40

Quite clear

Article 41

Quite clear.

Article 42

Quite clear.

Article 43

Quite clear.

Article 44

Quite clear.

Article 45

Quite clear.

Article 46

Quite clear.

Article 47

Quite clear.

Article 48

Quite clear.

Article 49

Quite clear.

Article 50

Quite clear.

Article 51

Quite clear.

Article 52

Quite clear.

SUPPLEMENTARY GAZETTE OF SURAKARTA CITY YEAR

NUMBER 28