

REGULATION OF THE REGENCY OF TEGAL
NUMBER 1 OF 2022
ON
EMPOWERMENT AND DEVELOPMENT OF MICRO ENTERPRISES

BY THE GRACE OF ALMIGHTY GOD

THE REGENT OF TEGAL,

Considering : a. that a just and prosperous society based on Pancasila and the 1945 Constitution of the Republic of Indonesia must be realized through economic development based on economic democracy;

b. that in order to improve the position, role and potential of micro enterprises in realizing economic growth, equitable distribution and increase of community income, job creation, and poverty alleviation in the Region, efforts are needed to empower and develop in a comprehensive, optimal, and sustainable manner;

c. that in order to exercise the authority of the Local Government in empowerment and micro enterprises development as referred to in Law Number 23 of 2014 on Local Government as repeatedly amended and most recently amended by Law Number 11 of 2020 on Job Creation, it needs to be regulated in Regional Regulations;

d. that based on the considerations referred to in paragraphs a, b, and c, it is necessary to formulate a Regional Regulation on Empowerment and Development of Micro Enterprises;

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

2. Law Number 13 of 1950 on the Establishment of Regencies within the Central Java Province (State Gazette of the Republic of Indonesia Year 1950 Number 42);

3. Law Number 20 of 2008 on Micro, Small, and Medium Enterprises (State Gazette of the Republic of Indonesia Year 2008 Number 93, Supplement to the State Gazette of the Republic of Indonesia Number 4866) as amended by Law Number 11 of 2020 on Job Creation (State Gazette of the Republic of Indonesia Year 2020 Number

- 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573);
4. Law Number 12 of 2011 on the Making of Laws and Regulations (State Gazette of the Republic of Indonesia Year 2011 Number 82, Supplement to the State Gazette of the Republic of Indonesia Number 5234) as amended by Law Number 15 of 2019 on Amendment to Law Number 12 of 2011 on the Making of Laws and Regulations (State Gazette of the Republic of Indonesia Year 2019 Number 183, Supplement to the State Gazette of the Republic of Indonesia Number 6398);
 5. Law Number 23 of 2014 on Local Administration (State Gazette of the Republic of Indonesia Year 2014 Number 244, Supplement to the State Gazette of the Republic of Indonesia Number 5587) as repeatedly amended and most recently amended by Law Number 11 of 2020 on Job Creation (State Gazette of the Republic of Indonesia Year 2020 Number 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573);
 6. Government Regulation Number 7 of 2021 on Ease, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises (State Gazette of the Republic of Indonesia Year 2021 Number 17, Supplement to State Gazette of the Republic of Indonesia Number 6619).

With the Joint Approval of
THE REGIONAL HOUSE OF REPRESENTATIVE OF THE REGENCY OF TEGAL
and
THE REGENT OF TEGAL

HEREBY DECIDES:

To enact : LOCAL REGULATION ON EMPOWERMENT AND DEVELOPMENT OF MICRO ENTERPRISES.

CHAPTER I GENERAL PROVISIONS

Article 1

In this Regional Regulation:

1. Local Administration means the administration of government affairs by the Local Government and the Regional House of Representative in accordance with the principles autonomy and assistance tasks with the principle of maximum autonomy within 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.
2. Local Government means the Regent as the administering element of Local Government who leads the implementation of government affairs that are under the authority of the Region.
3. Region means the Regency of Tegal.
4. Regent means the Regent of Tegal.
5. Regional House of Representatives of the Regency of Tegal (*Dewan Perwakilan Rakyat Daerah Kabupaten Tegal*),

hereinafter abbreviated to DPRD, means a regional representative body that serves as an element of Local Administration.

6. Regional Apparatus means the element that assists the Regent and Regional House of Representatives in administering government affairs that are under the authority of the Region.
7. Office means a Regional Apparatus that administers Local Administration affairs in the field of Micro Enterprises.
8. Local Budget (*Anggaran Pendapatan dan Belanja Daerah*), hereinafter abbreviated to APBD, means the annual financial plan of the Region as determined by Regional Regulations.
9. Micro Enterprise means a productive business owned by individuals and/or individual business entities that meet the criteria for Micro Enterprise.
10. Business Sector means micro, small, medium, and large enterprises that conduct economic activities in Indonesia and are domiciled in Indonesia.
11. Business Actor means any individual and/or business entity, whether corporated or incorporated, established and domiciled within the Region or conducting activities within the Region, either individually or jointly by agreement, carrying out business activities in various economic sector.
12. Empowerment means efforts undertaken synergistically in the form of fostering a conducive business climate and business development for Micro Enterprises, so as to enable them to grow and develop into resilient and self-reliant enterprises.
13. Development means efforts undertaken by the Local Government, the Business Sector, and the community to empower Micro Enterprises through the provision of facilities, guidance, mentoring, and strengthening assistance in order to foster and enhance the capacity and competitiveness of Micro Enterprises.
14. Financing means the provision of funds by the Local Government, Business Sector, and the community through banks, cooperatives, and non-bank financial institutions, for the purpose of developing and strengthening the capital of Micro Enterprises.
15. Collateral means the provision of collateral for Micro Enterprises loans by credit collateral institutions as support to increase the opportunity to obtain loans in order to strengthen their capital.
16. Business Licensing means the legality granted to Business Actors to start and run a business and/or its activities.
17. Partnership means a collaboration in business relations, either directly or indirectly, based on the principles of mutual need, trust, strengthening, and benefit involving Business Actors.
18. Partnerships with Supply Chain Patterns means collaborations between micro, small, medium, and large enterprises that are dependent on the flow of goods and services that transform raw materials into products in an efficient and economical manner, covering various

processes from production, product and service development, information systems, and product packaging or service delivery to consumers.

19. Incubation means a process of guidance, mentoring, and development provided by an incubator institution to incubation participants (tenants).

Article 2

Micro Enterprises are based on:

- a. kinship;
- b. economic democracy;
- c. togetherness;
- d. equitable efficiency;
- e. sustainability;
- f. environmental awareness;
- g. self-reliance;
- h. balanced progress; and
- i. regional economic unity.

Article 3

Micro Enterprises aim to grow and develop their businesses in order to build the regional economy based on equitable of the economic democracy.

CHAPTER II AUTHORITY, DUTIES, AND RESPONSIBILITIES

Article 4

- (1) The Local Government provides ease, protection, and empowerment for Micro Enterprises.
- (2) The ease, protection, and empowerment for Micro Enterprises as referred to in paragraph (1) is conducted through:
 - a. guidance; and
 - b. provision of facilities.

Article 5

- (1) In conducting Empowerment and development of Micro Enterprises, the Local Government has the authority to:
 - a. empower Micro Enterprises through data collection, partnerships, ease of licensing, institutional strengthening, and coordination with stakeholders;
 - b. develop Micro Enterprises with a view to scaling them up to small enterprises; and
 - c. protect the sustainability of Micro Enterprises through easy access to capital, marketing, and promotion.
- (2) To carry out the authority referred to in paragraph (1), the Local Government has the following duties and responsibilities:
 - a. preparing the Local Government's work plan;
 - b. formulating policies on Empowerment, Development, and Protection of Businesses;
 - c. formulating criteria, standards, and procedures for Empowerment, Development, and Protection of Businesses; and

- d. inventorying and analyzing data collected by the Sub-district.
- (3) The duties and responsibilities as referred to in paragraph (2) are conducted by the Office.

CHAPTER III MICRO BUSINESS CRITERIA

Article 6

- (1) Micro Enterprises are classified based on business capital or annual sales criteria.
- (2) The business capital criteria as referred to in paragraph (1) are used for the establishment or registration of business activities.
- (3) The Micro Enterprises capital criteria as referred to in paragraph (2) include businesses that have business capital of up to a maximum of IDR 1,000,000,000.00 (one billion rupiah), excluding land and business premises.
- (4) For the provision of ease, protection, and empowerment of Micro Enterprises in addition to the business capital criteria as referred to in paragraph (2), annual sales revenue criteria are used.
- (5) The annual sales revenue criteria for Micro Enterprises as referred to in paragraph (4) include businesses with annual sales revenue of up to a maximum of IDR 2,000,000,000.00 (two billion rupiah).
- (6) Where a Business Actor has carried out business activities prior to this Regional Regulation enters into effect, the provision of ease, protection, and empowerment is granted to Micro Businesses that meet the criteria for annual sales revenue as referred to in paragraph (5).
- (7) The nominal value of the criteria referred to in paragraphs (3) and (5) may be changed in accordance with economic developments, based on the provisions of laws and regulations.
- (8) In addition to the criteria of business capital and annual sales referred to in paragraph (1), the criteria of revenue, net assets, investment value, number of employees, incentives and disincentives, local content, and/or the application of environmentally friendly technology may be used in accordance with the criteria of each business sector.
- (9) The criteria as referred to in paragraph (8) are implemented in accordance with the provisions of laws and regulations.

CHAPTER IV EASE OF DOING BUSINESS

Division One Risk-Based Business Licensing

Article 7

- (1) Micro Enterprises must have a Business License to conduct their business activities.
- (2) Business Licenses for Micro Enterprises are granted based on the level of business activity risk in the form of:

- a. business registration number, for low-risk business activities;
 - b. business registration number and standard certificate, for business activities with low-medium and medium-high risk; and
 - c. business registration number and license, for high-risk business activities.
- (3) Where the business activities carried out by Micro Enterprises are included in business activities with medium or high-risk levels, in addition to being required to have a Business License as referred to in paragraph (2), Business Actors are required to have product standard certificates and/or business standards in accordance with the provisions of laws and regulations.

Article 8

- (1) Business Licensing for Micro Enterprises is conducted through an integrated electronic Business Licensing system, in accordance with the provisions of laws and regulations.
- (2) The fulfillment of requirements and procedures to apply for a Business License is conducted in accordance with the norms, standards, procedures, and criteria regulated in the provisions of laws and regulations on the implementation of risk-based Business Licensing.

Article 9

- (1) The Local Government provides guidance and registration for Micro Enterprises to ease Business Licensing.
- (2) In implementing the guidance and registration as referred to in paragraph (1), the Local Government:
 - a. identifies and maps Micro Enterprises based on low, medium, and high-risk levels; and
 - b. register Micro Entrepreneurs through an integrated electronic business licensing system to obtain a business identification number.

Article 10

Where Micro Entrepreneurs are unable to access Business Licensing online, the relevant Office, apparatus in the sub-district, and/or urban village/village level facilitate the registration of Business Licensing by taking into account the characteristics of the region.

Article 11

- (1) The Local Government provides assistance to Micro Enterprises that have obtained a business registration number.
- (2) The assistance as referred to in paragraph (1) is conducted to:
 - a. increase knowledge of the application of Indonesian national standards and halal product assurance certification for Micro Enterprises that have just obtained a business registration number; and/or
 - b. fulfill the requirements for obtaining standard certificates and/or licenses.

- (3) The assistance as referred to in paragraph (1) is at least conducted through the facilitation of technical guidance, consultation, and/or training.

Article 12

Newly-established Micro Entreprises may immediately submit for an application for a business registration number, standard certificate, and/or license through the electronically integrated Business Licensing system.

Division Two

Single Licensing and Facilitation of Standard Certification and/or Licenses

Article 13

- (2) Single licensing includes Business Licensing, Indonesian national standards, and halal product assurance certification.
- (3) Single licensing as referred to in paragraph (1) is implemented in accordance with the provisions of laws and regulations.
- (4) Where business activities carried out by Micro Enterprises that have low-risk, a business registration number is issued which also serves as a single licensing.
- (5) The business Identification number for Micro Enterprises as referred to in paragraph (1) serves as an identity and legal basis for carrying out business activities.

Article 14

- (1) Single licensing, standard certificates and/or licenses for Micro Enterprises are valid for as long as the business activities continue.
- (2) The provisions on validity periods as referred to in paragraph (1) are excluded to halal certificates in accordance with the provisions of laws and regulations on halal product assurances.
- (3) The Local Government provides guidance on the fulfillment of single licensing, standard certificates and/or licenses for Micro Enterprises as referred to in paragraph (1).

Article 15

Single licensing registration, fulfillment of standard certificate ownership and/or licenses, and extension of halal product assurance certificates for Micro Enterprises in accordance with the provisions of laws and regulations.

CHAPTER V PROTECTION

Division One

Provision of Legal Aid and Assistance Services

Article 16

- (1) Local governments shall provide assistance and legal aid services to Micro Entrepreneurs.

- (2) Assistance and legal aid services to Micro Entrepreneurs as referred to in paragraph (1) are free of charge.
- (3) The legal assistance and support services as referred to in paragraph (1) include:
 - a. legal counseling;
 - b. legal consultation;
 - c. mediation;
 - d. preparation of legal documents; and/or
 - e. out-of-court legal assistance.
- (4) To obtain the legal assistance and support services as referred to in paragraph (1), Micro Enterprises must meet the following requirements:
 - a. submit a written application to the Local Government;
 - b. have a business registration number; and
 - c. submit documents related to the case.

Article 17

- (1) Local Government may provide financial assistance to Micro-Enterprises requesting legal aid and assistance services provided by other parties.
- (2) Other parties as referred to in paragraph (1) include:
 - a. individuals licensed to practice as advocates;
 - b. legal aid institutions; or
 - c. higher-education institutions.
- (3) Legal aid and assistance services provided by other parties as referred to in paragraph (2) include:
 - a. legal consultation;
 - b. mediation;
 - c. preparation of legal documents;
 - d. out-of-court legal assistance; and/or
 - e. in-court legal assistance.
- (4) The procedures and amount of financial assistance for legal aid and assistance services are in accordance with the provisions of laws and regulations.

Article 18

In providing legal aid and assistance services to Micro Enterprises, Local Government at least:

- a. identifies legal issues faced by Micro Entrepreneurs;
- b. provides information to Micro Entrepreneurs on the forms and methods of accessing legal aid and assistance services;
- c. improves legal literacy;
- d. allocates budgets for the implementation of programs and activities related to legal aid and assistance services; and
- e. collaborates with relevant agencies, higher-education institutions and/or legal professional organizations.

Article 19

- (1) The provision of legal aid and assistance services is conducted by Regional Apparatus that empower Micro Enterprises in accordance with their authority.
- (2) The results of the provision of legal aid and assistance services for Micro Enterprises as referred to in paragraph (1) are reported to the relevant ministry in accordance with the provisions of laws and regulations.

Division Two
Recovery

Article 20

- (1) In case of certain emergency, the Local Government endeavor to restore Micro Enterprises, including:
 - a. credit restructuring;
 - b. business reconstruction;
 - c. capital assistance; and/or
 - d. other forms of assistance.
- (2) Business recovery as referred to in paragraph (1) is prioritized for Micro Enterprises affected by the economic recovery of the community.

Article 21

The Local Government is actively provides protection and security to maintain the competitiveness of Micro Enterprises products in the domestic market.

CHAPTER VI
EMPOWERMENT

Division One
Principles of Empowerment

Article 22

Principles of Micro Enterprises Empowerment:

- a. fostering self-reliances, togetherness, and entrepreneurship in Micro Enterprises to work independently;
- b. implementing transparent, accountable, and fair public policies;
- c. developing businesses based on Regional potential and market orientation in accordance with the competencies of Micro Enterprises;
- d. enhancing the competitiveness of Micro Enterprises;
- e. conducting integrated planning, implementation, and control; and
- f. effectiveness, efficiency, integration, continuity, professionalism, and environmental awareness.

Division Two
Empowerment Objectives

Article 23

Objectives of Micro Enterprises Empowerment:

- a. realizing a balanced, developing, and equitable economic structure;
- b. fostering and developing the capabilities of Micro Enterprises to become resilient and self-reliance businesses;
- c. enhancing the role of Micro Enterprises in Regional development, job creation, income distribution, economic growth, and poverty alleviation;
- d. increasing the productivity, competitiveness, and market share of Micro Enterprises;

- e. increasing community and business participation in growing and developing Micro Enterprises;
- f. fostering and developing an entrepreneurial spirit; and
- g. developing Regional featured products based on local resources.

Division Three
Data Collection

Article 24

- (1) The Local Government collects data on Micro Enterprises.
- (2) The data collection as referred to in paragraph (1) is be carried out on Micro Entrepreneurs in the Region through:
 - a. inventory of Micro Enterprises; and
 - b. identification of business potential.
- (3) The data collection as referred to in paragraph (1) at least includes:
 - a. business identity; and
 - b. business actor identity;
- (4) The data collection as referred to in paragraph (1) refers to the standards Micro Enterprises data in accordance with the provisions of laws and regulations.

Article 25

- (1) Local Governments must submit Micro Enterprise the data to the relevant ministries in accordance with data standards and interoperability rules.
- (2) Local Governments submits the data referred to in paragraph (1) periodically once a year, no later than the first semester of the current budget year.
- (3) The collection, compilation, and/or processing of Micro Enterprises data may involve the Business Sector, higher-education institutions, community organizations, and other relevant stakeholders.

Article 26

- (1) In providing affirmation to Micro Enterprises, the Local Government must refer to a single database.
- (2) Micro Enterprises data are published in an information system that is accessible to the public in accordance with the provisions of laws and regulations.

Division Four
Provision of Micro Enterprises Promotion and Development
Areas in Public Infrastructure

Article 27

- (1) Local Government, local-owned enterprises, and/or private business entities are required to provide areas for the promotion and development of Micro Enterprises covering at least 30% (thirty percent) of the total area of commercial land, shopping areas, and/or strategic promotional places in public infrastructure.
- (2) Public infrastructure as referred to in paragraph (1) includes:
 - a. terminals;

- b. ports;
 - c. railway stations;
 - d. rest areas and toll road service areas; and
 - e. other public infrastructure designated by the Local Government.
- (3) The provision of promotional and development areas for Micro Enterprises is carried out with due regard to safety and security aspects and maintaining order in the provision of public infrastructure services.

Article 28

- (1) The Local Government may provide appreciation in the form of incentives to business entities that provide areas for the promotion and development of Micro Enterprises in accordance with the allocation as referred to in Article 27 paragraph (1).
- (2) The incentives as referred to in paragraph (1) may take the form of subsidies, reductions in local levies, facilities, and/or other awards in accordance with the provisions of laws and regulations.

Article 29

- (1) The allocation of the amount of areas for the promotion and development of Micro Enterprises as referred to in Article 27 paragraph (1) shall be stated in the cooperation contract between the public infrastructure operator and the public infrastructure manager.
- (2) The cooperation contract as referred to in paragraph (1) at least contains:
- a. the identities of the parties;
 - b. the rights and obligations of the parties;
 - c. sanctions; and
 - d. dispute resolution.
- (3) The provision on the fulfillment of the 30% (thirty percent) allocation as referred to in Article 27 paragraph (1) applies to the operation of public infrastructure that:
- a. has signed a public infrastructure management contract but has not yet commenced the construction process; or
 - b. is currently in the construction process.

Article 30

- (1) The provision of promotional areas for Micro Enterprises as referred to in Article 27 paragraph (1) at least consists of:
- a. outdoor media; and
 - b. exhibition spaces.
- (2) The provision of business development facilities for Micro Enterprises as referred to in Article 27 paragraph (1) at least consists of:
- a. marketplaces;
 - b. workplaces or accommodation; and
 - c. warehouses.
- (3) The areas for the promotion and development of Micro Enterprises is in a strategic location on public infrastructure.

Article 31

- (1) The management of areas for the promotion and development of Micro Enterprises in public infrastructure is carried out by each Local Government, local-owned enterprises, or private business entities as operators of public infrastructure.
- (2) In managing the promotion and development areas of Micro Enterprises as referred to in paragraph (1), public infrastructure operators may delegate the management and development to cooperatives.
- (3) Cooperatives as referred to in paragraph (2) are given priority as managers of the promotion and development areas of Micro Enterprises in public infrastructure.
- (4) Cooperatives as referred to in paragraph (2) are granted the right to manage the promotion and development areas of Micro Enterprises after being selected by the Office.

Article 32

- (1) Public infrastructure operators managing Micro Enterprises promotion and development areas must:
 - a. implement recommendations from the relevant Office regarding the management of Micro Enterprises promotion and development areas;
 - b. register Micro Enterprises that receive promotion and business development areas facilitation in the integrated electronic business licensing system;
 - c. select Micro Enterprises and curate Micro Enterprise products that will conduct business at public infrastructure locations;
 - d. facilitating training and mentoring for Micro Enterprises to develop their businesses; and
 - e. managing the promotion and development of Micro Enterprises in a professional and accountable manner.
- (2) Cooperatives that obtain the right to manage Micro Enterprises promotion and development areas must:
 - a. prioritize providing business promotion and development areas to Cooperative members;
 - b. select Micro Enterprises and curate products from Micro Enterprises that will conduct business in public infrastructure locations;
 - c. register Micro Enterprises that obtain facilitation of business promotion and development areas in the integrated electronic Business Licensing system;
 - d. facilitate training and business development assistance for Micro Enterprises operating in public infrastructure locations; and
 - e. manage the promotion and development areas for Micro Enterprises professionally and accountably.

Article 33

The Office supervise the implementation of areas for the promotion and development of Micro Enterprises by public infrastructure operators in accordance with the provisions of laws and regulations in the field of public infrastructure management.

Article 34

The operator of public infrastructure determines the rental fee for Micro Enterprises promotion and development areas at a maximum of 30% (thirty percent) of the commercial rental price.

Division Five
Integrated Management

Article 35

Integrated management of Micro Enterprises is implemented synergistically by Local Government and relevant stakeholders through cluster arrangements.

Article 36

- (1) Integrated Micro Enterprises Management is a group of Micro Enterprises that are related in:
 - a. common product chain;
 - b. dependence on similar labor skills; or
 - c. the use of similar and complementary technologies in an integrated manner.
- (2) Members of the Micro Enterprises group as referred to in paragraph (1) form a cooperative to facilitate integrated management activities.
- (3) Integrated management of Micro Enterprises as referred to in paragraph (1) is carried out through:
 - a. establishment/legalization;
 - b. financing;
 - c. provision of raw materials;
 - d. production processes;
 - e. curation; and
 - f. marketing of Micro Enterprises products through electronic/non-electronic commerce.
- (4) The integrated management of Micro Enterprises as referred to in paragraphs (1) and (2) is carried out in an integrated, systematic, accountable, and sustainable manner.

Article 37

The determination of the location for the integrated management of Micro Enterprises takes into account at least:

- a. mapping of potential based on the availability of raw materials, availability labor, distribution access, financing access, use of similar and complementary technologies, and economic impact on the community;
- b. Regional advantages based on leading commodities and market potential;
- c. location determination strategies based on land availability, infrastructure, community environment, distribution access, spatial planning;
and/or
- d. location of areas in accordance with the provisions of laws and regulations.

Article 38

- (5) Integrated management of Micro Enterprises is formulated in a regional action plan for integrated management of Micro Enterprises.
- (6) The Regional action plan for the integrated management of Micro Enterprises as referred to in paragraph (1) is guided by the national action plan for integrated management.
- (7) The Regional action plan as referred to in paragraph (1) is an integral part of the Regional medium-term development plan.

Article 39

The Business Sector and the community play an active role in the formulation of policies, implementation, monitoring, and evaluation of the integrated management of Micro Enterprises in the structuring of clusters in the Region.

Article 40

Coordination and control of integrated management of Micro Enterprises in cluster arrangements are carried out in the Regions in accordance with the provisions of laws and regulations.

Article 41

Financing for the integrated management of Micro Enterprises comes from:

- a. the Local Budget; and/or
- b. other legitimate sources in accordance with the provisions of laws and regulations.

Division Six

Program Credit Collateral

Article 42

- (1) Micro Enterprises activities may be used as collateral for program credit.
- (2) Program credit collateral as referred to in paragraph (1) may take the form of:
 - a. work orders;
 - b. invoices;
 - c. purchase orders;
 - d. intellectual property rights;
 - e. accounts receivable;
 - f. keeping/barcode (chip/barcode) as proof of ownership of movable objects; and/or
 - g. work agreement contracts.

Division Seven

Government Procurement of Goods/Services

Article 43

- (1) Regional Apparatus shall use goods/services from Micro Enterprises that are the result of domestic production in the procurement of goods/services for the Local Government.

- (2) The Regional Apparatus as referred to in paragraph (1) shall allocate at least 40% (forty percent) of the value of the Local Government's goods/services expenditure budget.
- (3) The allocation as referred to in paragraph (2) is carried out through the government procurement of goods/services in accordance with the provisions of laws and regulations on government procurement of goods/services.
- (4) Large, medium, and small entrepreneurs that carry out work must engage in business cooperation in the form of partnerships with Micro Enterprises that have capabilities in the relevant field.
- (5) Regional Apparatus that violate the provisions as referred to in paragraphs (1) and (2) is subject to administrative sanctions in accordance with the provisions of laws and regulations.

Article 44

The Local Government encourages local-owned enterprises to prioritize the use of Micro Enterprises products in the procurement of goods/services.

Article 45

- (1) Regional Apparatus shall enter the goods/services expenditure plan as referred to in Article 43 paragraph (2) into the general procurement plan information system not later than November of the current year for the upcoming year's expenditure plan.
- (2) The procurement plan for the following year as referred to in paragraph (1) is integrated with the single data information system.
- (3) Regional apparatus that violate the provisions as referred in paragraph (1) is subject to administrative sanctions in accordance with the provisions of laws and regulations.

Article 46

- (1) Payment for government procurement contracts for goods/services for Micro Enterprises with a budget ceiling/contract value of less than IDR 50,000,000.00 (fifty million rupiah) is paid directly.
- (2) Payment for government procurement contracts for goods/services for Micro Enterprises with a budget ceiling/contract value between IDR 50,000,000.00 (fifty million rupiah) and IDR 200,000,000.00 (two hundred million rupiah) is paid with an advance payment of at least 50% (fifty percent).
- (3) Payment for government procurement contracts for goods/services for Micro Enterprises with a budget ceiling/contract value between more than IDR 200,000,000.00 (two hundred million rupiah) up to a value of IDR 2,500,000,000.00 (two billion five hundred million rupiah) is paid with an advance payment of at least 30% (thirty percent).

Article 47

- (1) The Regent shall supervise the allocation and implementation of procurement of goods/services for Micro

Enterprises through the internal supervisory apparatus of the Local Government.

- (2) The supervision as referred to in paragraph (1) includes the following activities:
 - a. audit;
 - b. review;
 - c. monitoring;
 - d. evaluation; and/or
 - e. implementation of a complaint mechanism (whistleblowing system)
- (3) The implementation of a complaint mechanism (whistleblowing system) as referred to in paragraph (2) subparagraph e may use an existing complaint mechanism (whistleblowing system).
- (4) The scope of supervision of the involvement of Micro Enterprises in the procurement of goods/services includes:
 - a. fulfillment of the obligation to allocate 40% (forty percent) for Micro Enterprises goods and services; and
 - b. realization of spending on Micro Enterprises goods and services.
- (5) The results of supervision are used to control the implementation of the procurement of goods/services.
- (6) Sanctions is imposed on violations against the provisions in paragraph (1), in accordance with the provisions of laws and regulations.

Article 48

The realization of implementation of the allocation of 40% (forty percent) of the procurement of goods/services for Micro Enterprises carried out by Regional Apparatus is published transparently to the public.

Division Eight

Financial Accounting of the Financial Statement Application System

Article 49

- (1) The Local Government facilitates training and assistance in the use of the financial accounting application system for Micro Enterprises.
- (2) The financial accounting application system for Micro Enterprises as referred to in paragraph (1) is based on accounting standards applicable to Micro Enterprises.
- (3) The accounting standards as referred to in paragraph (2) takes into account simplicity and convenience for Micro Enterprises.
- (4) The facilitation of the provision of a simple financial accounting application system for Micro Businesses is free of charge.
- (5) Local Government, in providing training and assistance facilities for financial accounting for Micro Businesses, may collaborate with universities and associations.

Division Nine

Terminal Maintenance

Article 50

- (1) Maintenance of main facilities and supporting facilities at terminals must be carried out in cooperation with Micro Enterprises.
- (2) Maintenance that must be carried out in cooperation as referred to in paragraph (1) is in the form of:
 - a. routine maintenance;
 - b. restoration;
 - c. replacement; and/or
 - d. supplementary maintenance.
- (3) Maintenance as referred to in paragraph (1) is carried out in accordance with the provisions of laws and regulations in the field of transportation.

CHAPTER VII
DEVELOPMENT OF ENTERPRISES

Article 51

- (1) The Local Government carry out Development of Micro Enterprises.
- (2) Development of Micro Enterprises as referred to in paragraph (1) is carried out through:
 - a. data collection and identification of the potential and problems faced by Micro Enterprises;
 - b. preparation of guidance and development programs in accordance with the potential and problems faced;
 - c. implementation of guidance and development programs; and
 - d. monitoring and control of program implementation.
- (3) The Development of Micro Enterprises as referred to in paragraph (1) is carried out through the following approaches:
 - a. cooperatives;
 - b. centers;
 - c. clusters; and
 - d. groups.

Article 52

- (1) The development of Micro Enterprises as referred to in Article 51 is carried out based on intensity and duration.
- (2) The intensity and duration as referred to in paragraph (1) are determined based on the classification and level of development of Micro Enterprises in accordance with the provisions of laws and regulations.

CHAPTER VIII
COORDINATION AND CONTROL

Division One
Scope of Coordination

Article 53

Coordination and control of Micro Enterprises Empowerment includes the preparation and integration, implementation, as well as monitoring and evaluation of:

- a. laws and regulations and policies on climate growth and Development of Enterprises established by Local Government;
- b. programs on climate growth and Development of Enterprises organized by Local Government, Business Sector, and the community.

Division Two
Coordinating and Controlling

Article 54

Ease, Protection, and Empowerment of Micro Enterprises are coordinated and controlled in an integrated manner by Regent, Business Sector, and the community.

Article 55

- (1) In providing ease, Protection, and Empowerment for Micro Enterprises, Regent has duties to:
 - a. formulate, prepare, establish, and/or implement general policies in the Region on ease, protection, and Empowerment of Micro Enterprises;
 - b. synergize Regional planning as the basis for formulating policies and strategies for Empowerment as outlined in Regional programs;
 - c. resolve issues arising in the implementation of ease, protection, and Empowerment in the Region;
 - d. synergize the formulation and implementation of regulations in the Region with higher laws and regulations;
 - e. implement policies and programs for Development of Enterprises, Financing and Collaterals, and Partnerships in the Region;
 - f. coordinate the development of institutions and human resources for Micro Enterprises in the Region; and
 - g. monitor and evaluate the implementation of the ease, Protection, and Empowerment program for Micro Enterprises.
- (2) The ease, Protection, and Empowerment policy/program for Micro Enterprises are implemented in accordance with the division of authority as regulated in the provisions of laws and regulations on Local Government.

Article 56

- (1) The Regent or appointed official reports periodically the results of the implementation of the policies/programs on ease, Protection, and Empowerment of Micro Enterprises as referred to in Article 55 paragraph (1) to the Minister and Governor.
- (2) The Regent or appointed official submits reports periodically to the Minister and Governor as referred to in paragraph (1) twice a year in June and December.

Article 57

- (1) The Business Sector and the community actively participate in the formulation of policies, implementation,

monitoring, and evaluation of ease, Protection, and Empowerment of Micro Enterprises in the Region.

- (2) The Business Sector and the public who carry out programs for Development of Enterprises, Financing and Collaterals, and Partnerships inform and submit plans, implementation, and results of the implementation of programs in accordance with the provisions of laws and regulations.

Article 58

Coordination and control of ease, protection, and empowerment of Micro Enterprises are carried out in the Region.

Division Three

Wages in Micro Enterprises

Article 59

- (1) The provisions on the regency minimum wage are excluded to Micro Enterprises.
- (2) The provisions on the regency minimum wage as referred to in paragraph (1) are based on the provisions of laws and regulations on wages.

CHAPTER IX PARTNERSHIPS

Division One

Partnership Incentives

Article 60

- (1) Local Government provides incentives and ease of doing business in the context of partnerships between medium and large enterprises and Micro Enterprises in accordance with the provisions of laws and regulations.
- (2) The incentives as referred to in paragraph (1) are provided to Micro Enterprises in the form of:
 - a. reduction or relief of Local taxes;
 - b. reduction or relief of Local levies;
 - c. provision of capital assistance to Micro Enterprises;
 - d. assistance for research and development for Micro Enterprises;
 - e. vocational training facilities for Micro Enterprises; and/or
 - f. loan interest subsidies on credit program.
- (3) The incentives as referred to in paragraph (1) are provided to medium-sized and large enterprises in the form of:
 - a. reduction or exemption of local taxes; and/or
 - b. reduction or exemption of local levies.
- (4) Incentives for medium-sized and large enterprises as referred to in paragraph (3), is awarded by the following conditions:
 - a. conducting innovation and development of export-oriented products;
 - b. absorbing local labor;
 - c. using appropriate and environmentally friendly technology;

- d. organizing education and training for Micro Enterprises;
 - e. providing assistance to Micro Enterprises; and
 - f. involving Micro Enterprises in expanding market access.
- (5) Ease of doing business in the context of Partnership as referred to in paragraph (1) takes the form of:
- a. fast, accurate, inexpensive, and non-discriminatory funding;
 - b. procurement of means and infrastructures, production and processing, raw materials, auxiliary materials, and packaging;
 - c. licensing and tariff relief for means and infrastructures;
 - d. facilitation in meeting the requirements for obtaining financing; and/or
 - e. obtaining funds, business places, business fields and activities, or government procurement of goods and services.

Article 61

- (1) Local Government, in accordance with their authority, supervises and evaluates the implementation of Partnerships.
- (2) In conducting the supervision as referred to in paragraph (1), the Local Government may coordinate with ministries/non-ministerial government agencies.
- (3) The results of the supervision and evaluation of the Partnership as referred to in paragraph (1) are used at least for:
 - a. cooperation in planning the Partnership program; and/or
 - b. advocacy for Business Actors in the implementation of Partnerships.

Division Two Partnership Model

Subdivision 1 General

Article 62

- (1) Partnerships between Micro Enterprises and medium and large enterprises are carried out with taking in to account the principles of Partnership and upholding sound business ethics.
- (2) The principles of Partnership as referred to in paragraph (1) include the principles of mutual:
 - a. need;
 - b. trust;
 - c. strengthening; and
 - d. benefit.
- (3) In implementing Partnership, the parties have equal legal standing and comply with the Indonesian law.

- (4) Partnerships between Micro Enterprises and medium and large enterprises are implemented with the assistance and reinforcement of large enterprises.

Article 63

- (1) Partnerships include the transfer of skills in the areas of production and processing, marketing, capital, human resources, and technology in accordance with the Partnership model.
- (2) The transfer of skills as referred to in paragraph (1) is provided through training, capacity building, apprenticeships, and mentoring for Micro Enterprises.

Subdivision 2 Partnership Model

Article 64

- (1) The Partnerships as referred to in Article 63 are implemented through the following models:
 - a. core-plasma;
 - b. subcontracting;
 - c. franchising;
 - d. general trading;
 - e. distribution and agency;
 - f. supply chain; and
 - g. other forms of Partnership.
- (2) Other forms of Partnership as referred to in paragraph (1) subparagraph g are at least include:
 - a. profit sharing;
 - b. operational cooperation;
 - c. joint venture; and
 - d. outsourcing.
- (3) In conducting Partnerships as referred to in paragraph (1), Business Actors are assisted by an advisor in accordance with the provisions of laws and regulations.

Article 65

In the core-plasma Partnership model as referred to in Article 64 paragraph (1) subparagraph a:

- a. large enterprises are positioned as the core and Micro Enterprises are positioned as the plasma; or
- b. medium enterprises are positioned as the core and Micro Enterprises are positioned as the plasma.

Article 66

- (1) In the subcontracting Partnership model as referred to in Article 64 paragraph (1) subparagraph b:
 - a. large enterprises acting as contractors and Micro Enterprises acting as a subcontractor; or
 - b. medium enterprises acting as contractors and Micro Enterprises acting as subcontractors.
- (2) In implementing the subcontracting Partnership model, large enterprises as contractors provide support in the form of:
 - a. assistance in carrying out part of the production and/or components;

- b. assistance in obtaining raw materials;
- c. improvement of technical knowledge of production;
- d. technology;
- e. financing; and
- f. payment systems.

Article 67

- (1) In the franchise Partnership model as referred to in Article 64 paragraph (1) subparagraph c:
 - a. large enterprises act as franchisors and Micro Enterprises act as franchisees; or
 - b. medium enterprises act as franchisors and Micro Enterprises act as franchisees.
- (2) Large enterprises that expand their business through franchising provide opportunities and give priority to Micro Enterprises that have the capacity and business feasibility.
- (3) Micro Enterprises may enter into Partnerships under a franchise arrangement as franchisors.
- (4) Provisions on the franchising are regulated in accordance with the provisions of laws and regulations.

Article 68

- (1) Business Partnerships with a general trading model as referred to in Article 64 paragraph (1) subparagraph d may be carried out in the form of marketing cooperation and the provision of business locations from Micro Enterprises by large enterprises carried out openly.
- (2) The arrangement of the payment system in the form of a general trade partnership as referred to in paragraph (1) are carried out without causing harm to either party.

Article 69

- In the distribution and agency partnership model as referred to in Article 64 paragraph (1) subparagraph e:
- a. large enterprises grant special rights to market goods and services to Micro Enterprises; or
 - b. medium enterprises grant special rights to market goods and services to Micro Enterprises.

Article 70

- (1) The implementation of Partnerships with Supply Chain Model as referred to in Article 64 paragraph (1) subparagraph f, may be carried out in a series of activities involving Micro Enterprises, medium enterprises, and large enterprises, at least:
 - a. management of product transfers carried out by companies with raw material suppliers;
 - b. distribution of products from the company to consumers; and/or
 - c. management of raw material availability, raw material supply, and fabrication processes.
- (2) In the supply chain Partnership model as referred to in paragraph (1):
 - a. large enterprises act as recipients of goods and Micro Enterprises act as suppliers of goods; or

- b. medium enterprises act as recipients of goods and Micro Enterprises act as suppliers of goods.
- (3) The fulfillment of goods and services required by large or medium enterprises is carried out through a supply chain partnership model that prioritizes the procurement of Micro Enterprise products as long as they meet the required quality standards for goods and services.
- (4) Micro Enterprises located in the vicinity of economic zones shall be prioritized as supporting businesses in economic zones in accordance with the provisions of laws and regulations.

Article 71

- (1) In a profit-sharing Partnership model as referred to in Article 64 paragraph (2) subparagraph a:
 - a. Micro Enterprises act as implementers that run businesses financed or owned by large enterprises; or
 - b. Micro Enterprises act as implementers that run businesses financed or owned by medium enterprises.
- (2) The parties partnering under a profit-sharing scheme contribute in accordance with their capabilities and resources and as agreed by both parties.
- (3) The amount of profit sharing received or losses borne by the parties partnering under a profit-sharing scheme is based on the agreed agreement.

Article 72

The operational cooperation Partnership model as referred to in Article 64 paragraph (2) subparagraph b includes:

- a. Micro Enterprises with large enterprises carrying out temporary businesses until the work is completed; or
- b. Micro Enterprises with medium enterprises carrying out temporary businesses until the work is completed.

Article 73

- (1) In the joint venture partnership model as referred to in Article 64 paragraph (2) subparagraph c:
 - a. local Micro Enterprises may enter into business partnerships with foreign large enterprises; and
 - b. local Micro Enterprises may enter into business partnerships with foreign medium enterprises, by carrying out Joint economic activities with establishing a new business entity in the form of an incorporated business in accordance with the provisions of laws and regulations.
- (2) In carrying out joint economic activities, the parties share proportionally in the ownership of shares, profits, risks, and management of the company.

Article 74

- (1) In the outsourcing Partnership model as referred to in Article 64 paragraph (2) subparagraph d:
 - a. Micro Enterprises may partner with large enterprises to carry out work or parts of work outside the main work of the large enterprises;

- b. Micro Enterprises may partner with medium enterprises to perform work or parts of work outside the main business of the medium enterprise.
- (2) Outsourcing Partnerships model is carried out in sectors and types of business that are not core activities and/or core components.
- (3) In the outsourcing Partnership model:
 - a. large enterprises act as the owners of the work and Micro Enterprises act as the providers and implementers of the work services; or
 - b. medium enterprises act as the owners of the work and Micro Enterprises act as the providers and implementers of the work services.
- (4) The implementation of the outsourcing Partnership model as referred to in paragraphs (1) to (3) is carried out in accordance with the provisions of laws and regulations.

Division Three Partnership Agreement

Article 75

- (1) Every form of Partnership undertaken by a Micro Enterprise is set forth 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 individual 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. the identities of the parties;
 - b. business activities;
 - c. the rights and obligations of the parties;
 - d. the form of development;
 - e. the term of the Partnership;
 - f. the term and mechanism of payment; and
 - g. dispute resolution.

Division Four The Role of Local Government in Partnerships

Article 76

- (1) The Local Government regulates:
 - a. large enterprises to establish Partnerships with Micro Enterprises; or
 - b. medium enterprises to establish Partnerships with Micro Enterprises.
- (2) To carry out the role of the Local Government as referred to in paragraph (1), the Local Government:
 - a. provide data and information on a Micro Entrepreneur who are ready to be a partner;
 - b. develop partnership pilot projects;
 - c. facilitate policy support; and
 - d. coordinate the formulation of policies and programs for implementation, monitoring, evaluation, and general control of the implementation of Partnerships.

CHAPTER X INCENTIVES

Article 77

- (1) Micro Enterprises are provided with incentives in the form of reductions, relief, or exemptions from local taxes and/or local levies in accordance with the provisions of laws and regulations.
- (2) Micro Enterprises granted incentives as referred to in paragraph (1) must meet the following criteria:
 - a. have just started production or operations;
 - b. have a maximum annual turnover of IDR 7,500,000.00 (seven billion five hundred million rupiah);
 - c. operate in the agriculture, plantation, livestock, industry, services, transportation, 1-star hotels/jasmine hotels/hostels/homestays/guest houses, boarding houses, campgrounds/other short-term accommodation providers, restaurants/cafes/stalls; and/or
 - d. participate in electronic government procurement of goods/services.
- (3) The incentives as referred to in paragraph (1) include:
 - a. land and building tax for the rural and urban sectors;
 - b. land and building acquisition fees; and
 - c. Local levies.

Article 78

- (1) The Local Government provides capital assistance to Micro Enterprises.
- (2) The Local Government provides assistance for research and development of Micro Enterprises.
- (3) The Local Government provides vocational training facilities for Micro Enterprises.

CHAPTER XI FINANCING PROVISION

Article 79

- (1) The Local Government provides cheap and easy financing for Micro Enterprises in the form of subsidies, Guarantees, and loans or other Financing sourced from the Local Budget.
- (2) Affordable financing is provided through subsidies based on the difference between market interest/margins and the interest rate in accordance with the provisions of laws and regulations.
- (3) Easy loans or Financing as referred to in paragraph (1) are provided in the following forms:
 - a. Micro Enterprises activities may be used as collateral relief as referred to in Article 42;
 - b. relief or ease of creditworthiness assessment based on ratings, scoring, or digital analysis;
 - c. lower loan or Financing installments, the amount of which is adjusted to capacity or turnover;

- d. reduced fines for late installments or payments and/or reduced fines; and
 - e. longer repayment periods adjusted to the characteristics of the business.
- (4) The Local Government provides grants and/or assistance in the form of at least:
- a. capital for start-up Micro Enterprises with innovative products that have market potential, commercial value, or are technology-based, to develop their businesses and/or organize Incubation;
 - b. The Local Government provides Financing in the form of Guarantees in the form of service payments to guarantee institutions to guarantee a maximum of 80% (eighty percent) of loans or Financing provided by banking and non-banking financial institutions.
- (5) The Local Government implements financial literacy improvements and provides assistance in accessing Financing to Micro Enterprises.

Article 80

- (1) The Local Government may provide incentives and ease for large enterprises that provide Financing for Micro Enterprises in the form of loans, Guarantees, grants, and/or other Financing through Partnerships.
- (2) The large enterprises that provide Financing for Micro Enterprises as referred to in paragraph (1) in the form of:
- a. easy and affordable loans and Financing that are not burdensome for the business activities carried out by the Micro Enterprises;
 - b. financing for down payments for work partnered with Micro Enterprises; or
 - c. grants for start-up Micro Enterprises with innovative products that have market potential, commercial value, or are technology-based.

CHAPTER XII INCUBATION PROVISION

Article 81

- (1) The purpose of Incubation is to:
- a. create new businesses;
 - b. strengthen and develop the quality of Micro Enterprises that have economic value and are highly competitive; and
 - c. optimize the use of educated human resources to drive the economy by utilizing science and technology.
- (2) The Incubation is carried out by Local Governments, educational institutions, legal entities and non-legal entities, and/or the community.
- (3) The Incubation as referred to in paragraph (2) is carried out by an incubator institution for a maximum period of three (3) years.
- (4) The incubator institution as referred to in paragraph (3):
- a. provides guidance, training, and mentoring to prospective Business Actors; and/or

- b. develops innovative and productive start-up Business Actors.
- (5) In providing Incubation, the incubator institution provides services in the following aspects:
 - a. production;
 - b. marketing;
 - c. human resources and management;
 - d. Financing; and/or
 - e. technology and design.
- (6) The incubator provider may collaborate with other parties, both domestically and/or internationally, in providing Incubation.

Article 82

- (1) The incubator institution as referred to in Article 81 paragraph (3) conducts activities including:
 - a. pre-Incubation;
 - b. Incubation; and
 - c. post-Incubation.
- (2) The pre-Incubation stages as referred to in paragraph (1) subparagraph a consist of at least:
 - a. offering the Incubation program;
 - b. selection of Incubation participants (tenants); and
 - c. written contracts with Incubation participants (tenants).
- (3) The Incubation stages as referred to in paragraph (1) subparagraph b consists of at least:
 - a. formulating business ideas;
 - b. training on business ideas for incubation participants;
 - c. providing guidance and consultation on business development;
 - d. mentoring; and
 - e. business partner meetings (business matching).
- (4) The post-Incubation stages as referred to in paragraph (1) subparagraph c consist of at least:
 - a. providing networking among Incubation participants (tenants);
 - b. provide opportunities for ownership participation to participating companies in the Incubation (tenants);
 - c. monitoring and evaluating the business development of Incubation participants (tenants) for a minimum of two (2) years;
 - d. facilitating access to Financing sources; and
 - e. guiding incubator alumni to establish a legal entity for business Development.

Article 83

- (1) Incubation is carried out by an incubator institution.
- (2) The incubator institution as referred to in paragraph (1) is organized by educational institutions, business entities, and/or the community.
- (3) The incubator institution as referred to in paragraph (2) is a legal entity or non-legal entity registered in the registration, information, and evaluation system in accordance with the provisions of laws and regulations.

- (4) The incubator institution as referred to in paragraphs (2) and (3) is guided by norms, standards, procedures, and criteria for Incubation provision in accordance with the provisions of laws and regulations.
- (5) The incubator institution is required to report its incubator implementation through the registration, information, and evaluation system in accordance with the provisions of laws and regulations.
- (6) The indicator institution that commits violations as referred to in paragraphs (4) and (5) shall be subject to administrative sanctions in accordance with the provisions of laws and regulations.

Article 84

- (1) Local Governments develop Incubation in an integrated and tiered manner.
- (2) In carrying out tiered incubation development as referred to in paragraph (1), Local Governments are required to:
 - a. implement established norms, standards, procedures, and criteria for incubation implementation in accordance with the provisions of laws and regulations;
 - b. record and develop incubator institutions according to their authority and jurisdiction;
 - c. establishment and development of at least one (1) incubator institution;
 - d. Incubation facilitation for aspiring start-up entrepreneurs of at least twenty (20) Incubation participants (tenants) in one (1) year;
 - e. reporting on Incubation provision at least one (1) time in a year in accordance with the provisions of laws and regulations.

Article 85

- (1) The Local Government provides Incubation facilitation to prospective entrepreneurs and/or novice entrepreneurs participating in the Incubation program by covering the Incubation costs for a maximum of twelve (12) months.
- (2) The Incubation facilitation as referred to in paragraph (1) are provided to Incubation participants meeting the following criteria:
 - a. technology-based and/or environmentally conscious;
 - b. export-oriented; or
 - c. innovative and creative industry-based.

Article 86

Funding sources for incubator improvement and development may include loans or grants from:

- a. the APBD;
- b. corporate social and environmental responsibility funds;
- c. domestic and international non-governmental organizations; and/or
- d. other legitimate sources based on the provisions of laws and regulations.

CHAPTER XIII
RIGHTS, OBLIGATIONS, AND PROHIBITIONS

Article 87

Micro Entrepreneurs have the following rights to:

- a. obtain certainty in running their businesses;
- b. receive services, ease, Protection, Empowerment, and Development from the Local Government;
- c. conduct business activities;
- d. receive information and outreach or notifications related to business activities;
- e. receive guidance and ease in Empowerment from the Local Government and/or other institutions; and/or
- f. obtain ease of access in financing from financial institutions, both banks and non-banks.

Article 88

- (1) Micro Enterprises have obligations, including:
 - a. complying with the provisions of laws and regulations;
 - b. carrying out business activities in accordance with Business Licensing;
 - c. submitting reports on Business Licensing received to the local village head and/or relevant Regional Apparatus.
- (2) Micro Enterprises who violate the provisions referred to in paragraph (1) shall be subject to administrative sanctions in the form of:
 - a. verbal warning;
 - b. written warning;
 - c. license suspension; or
 - d. license revocation.

Article 89

- (1) Micro Enterprises are prohibited from engaging in the following activities:
 - a. trading illegal goods and/or services;
 - b. conducting business activities that violate the provisions of laws and regulations.
- (2) Micro Enterprises that violate the provisions as referred to in paragraph (1) shall be subject to administrative sanctions in the form of:
 - a. business closure;
 - b. license suspension; or
 - c. license revocation.

Article 90

- (1) Large enterprises are prohibited from owning and/or controlling Micro Enterprises as their business partners in implementing Partnership relationships as regulated in this Regional Regulation.
- (2) Medium enterprises are prohibited from owning and/or controlling Micro Enterprises as their business partners.
- (3) Large enterprises and medium enterprises that violate the provisions as referred to in paragraphs (1) and (1) shall be subject to administrative sanctions in accordance with the provisions of laws and regulations.

Article 91

The imposition of administrative sanctions as referred to in Article 88 paragraph (2), Article 89 paragraph (2) and Article 90 paragraph (3) does not reduce criminal provisions.

CHAPTER XIV
PROVISIONS OF INVESTIGATION

Article 92

- (1) Investigations into a case is conducted after an incident is discovered that is suspected to be a criminal act in the management of housing and residential areas based on an incident report.
- (2) PPNS (Civil Servant Investigator (*Penyidik Pegawai Negeri Sipil*)) within the Local Government may be given special authority as investigators to conduct investigations into violations of the provisions of this Regional Regulation in accordance with the provisions of laws and regulations.
- (3) Investigations into alleged criminal acts in the management of housing and residential areas as referred to in paragraph (1) are conducted by specific PPNS investigators within the Local Government appointed by authorized officials in accordance with the provisions of laws and regulations.
- (4) The authority of investigators as referred to in paragraph (3) are:
 - a. to receive reports or complaints from individuals regarding the existence of criminal acts in violation of Regional Regulations;
 - b. to take initial action and conduct an inspection at the scene;
 - c. to order a person to stop and check the suspect's identification;
 - d. to conduct a search, inspection, and confiscation of objects or documents;
 - e. to take fingerprints and photograph a person;
 - f. to summon a person to be heard and questioned as a suspect or witness;
 - g. to summon any experts necessary in connection with the case examination;
 - h. to terminate the investigation after receiving a directive from the investigator that there is insufficient evidence or that the incident does not constitute a crime and then, through the Indonesian National Police Investigator, notify the Public Prosecutor, the suspect, or their family; and
 - i. to take other legally accountable actions.
- (5) The investigator as referred to in paragraph (3) notifies 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 of the Laws and Regulations.

CHAPTER XV CRIMINAL PROVISIONS

Article 93

Any person who benefits themselves or others by claiming or using the name of a Micro Enterprise to obtain ease, protection, Empowerment, and Development in obtaining funds, business premises, business fields and activities, or procurement of goods and services for the government intended for Micro Enterprises, shall be punished in accordance with the provisions of laws and regulations.

CHAPTER XVI FUNDING

Article 94

- (1) In implementing Micro Enterprise Empowerment and Development, Local Governments are required to allocate funds sourced from the APBD.
- (2) In addition to funding sourced from the APBD, Micro Enterprise Empowerment and Development may be funded by:
 - a. the State Budget;
 - b. the Provincial Budget; and/or
 - c. other legitimate and non-binding sources.

CHAPTER XVII TRANSITIONAL PROVISIONS

Article 95

Upon the entry into force of this Regional Regulation:

- a. licenses issued before the enactment of this Regional Regulation shall remain valid until their expiration;
- b. applications for Micro Enterprises Licenses submitted before this Regional Regulation enters into force shall continue to be processed in accordance with the provisions of the laws and regulations in force before this Regional Regulation enters into force;
- c. all sectors applying Micro Enterprises criteria adjust to changes in the Micro Enterprises criteria, in accordance with the provisions of this Regional Regulation, not exceeding six (6) months from the date of the promulgation of this Regional Regulation;
- d. provision of promotional and development space for Micro Enterprises in public infrastructure that is already operational and has not yet met the 30% (thirty percent) allocation must meet the 30% (thirty percent) allocation not exceeding one (1) year from the date of the promulgation of this Regional Regulation.

CHAPTER XVIII CLOSING PROVISIONS

Article 96

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

In order to make this Regional Regulation known to the public,
it is hereby ordered that it be promulgated by its publication in
the Regional Gazette of the Regency of Tegal.

Enacted in Slawi
on 7 February 2022

REGENT OF TEGAL,

signed

UMI AZIZAH

Promulgated in Slawi
on 7 February 2022

REGIONAL SECRETARY
OF THE REGENCY OF TEGAL,

signed

WIDODO JOKO MULYONO

REGIONAL GAZETTE OF THE REGENCY OF TEGAL YEAR 2022 NUMBER 1

Prepared and issued as an official translation

Jakarta, 28 September 2026
DIRECTOR GENERAL OF LEGISLATION
FOR THE MINISTER OF LAW OF THE REPUBLIC OF INDONESIA,

DHAHANA PUTRA

Official Translation Notice:

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ELUCIDATION OF
REGULATION OF THE REGENCY OF TEGAL
NUMBER 1 OF 2022
ON
EMPOWERMENT AND DEVELOPMENT OF MICROENTERPRISES

I. GENERAL

Economic growth and development, as well as Regional development, are a shared responsibility between the Central Government, Local Governments and the community. To fulfil this responsibility and in the context of implementing Regional autonomy, the Central Government grants authority to Local Governments to regulate and manage their own affairs, including the economic affairs of their Local communities.

Micro Enterprises, as one of the dominant economic players in the business world, have proven their resilience in the face of economic crises and have even helped the government to revitalize the national economy in the aftermath of such crises. In line with the government's efforts to empower the people's economy, programs to empower Micro Enterprises as business actors must continue to be promoted and enhanced, as this business sector contributes to underpinning the national economy, which holds a position, potential, and role of great importance.

Micro Enterprises are one of the pillars of the people's economic strength, capable of expanding employment opportunities and playing a role in the equitable distribution and increase of community income, driving economic growth, and achieving national and regional stability. Given the importance of Micro Enterprises in the national and regional economies, they must receive economic policy support that provides greater ease, protection and empowerment. The development of Micro Enterprises must be directed so that they play an increasingly significant role in the national and regional economies; their development should be guided so that micro-enterprises genuinely apply the principles and rules of economic enterprise. Thus, the development of a people-centered economy to improve community welfare and empower regions through Micro Enterprises is a concept of empowerment involving all stakeholders, namely: the Government, Local Governments, the community and the private sector; for without involving all stakeholders in the Region, it is impossible for efforts to improve the people-centered economy and empower the Region to achieve the Region's capacity and bargaining position. Consequently, if only some or just one of these components is involved, there is a risk of disparities arising, which could exacerbate the powerlessness of the region or the powerlessness of the community.

In order to promote regional economic growth and enhance the capabilities of Micro Enterprises in the real sector, as well as in line with existing laws and regulations in the field of Micro Enterprises, to further empower Micro Enterprises and accelerate the realization of community welfare through improved empowerment services for micro-enterprises that are capable of

competing whilst upholding the principles of democracy, justice, special status, and distinctiveness, as well as the potential and diversity of the region within the system of the Republic of Indonesia, in accordance with regional authority and based on Regional Autonomy policies, the Local Government is obliged to foster and develop the empowerment of Micro Enterprises as a pillar of economic growth in the region by promoting the strengthening of capital structures, financing, and the empowerment of Micro Enterprises for vulnerable entrepreneurs in order to explore and develop business potential that supports regional development and fosters sustainable and continuous development.

In accordance with the provisions of Law Number 20 of 2008 on Micro, Small and Medium Enterprises (MSMEs) and Law Number 23 of 2014 on Local Government, the obligations of the Local Government of the Regency on Micro Enterprises are:

- a. the Empowerment of micro enterprises through data collection, partnerships, ease of licensing, institutional strengthening and coordination with stakeholders; and
- b. the Development of micro enterprises with a focus on scaling up the business to become a small enterprise.

In light of the above, to achieve the Empowerment and Development of Micro Enterprises in line with developments and changes to policies in laws and regulations, and to foster growth in the real sector as we navigate the era of globalization so that it can become competitive, the Local Government must demonstrate its commitment through policies for the empowerment of micro-enterprises set out in the Regional Regulation on Empowerment and Development of Micro-Enterprises. This Regional Regulation governs the following:

- a. Ease, protection, and empowerment of Micro Enterprises; and
- b. The provision of Incubation.

II. ARTICLE BY ARTICLE

Article 1 :

Self-explanatory

Article 2 :

Subparagraph a

The term "principle of kinship" means the principle underlying efforts to empower Micro Enterprises as part of the national economy, organized based on economic democracy with the principles of togetherness, equitable efficiency, sustainability, environmental awareness, self-reliance, balanced progress, and national economic unity for the welfare of all Indonesian people.

Subparagraph b

The term "principle of economic democracy" means the principle that Micro Enterprise empowerment is implemented as an integral part of national economic development to realize the prosperity of the people.

Subparagraph c

The term "principle of togetherness" means the principle that encourages the role of all Micro Enterprises and the Business World to work together to realize the welfare of the people.

Subparagraph d

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

Subparagraph e

The term " principle of sustainability" means a principle that aims to ensure the development process is carried out in a planned manner through the empowerment of Micro Enterprises, which is carried out in a sustainable manner, thus creating a resilient and independent economy.

Subparagraph f

The term " principle of environmentally awareness" means the principle of empowering Micro Enterprises while still paying attention to and prioritizing environmental protection and maintenance.

Subparagraph g

The term " principle of self-reliance" means the principle of empowering Micro Enterprises while maintaining and prioritizing the potential, capabilities, and independence of Micro Enterprises.

Subparagraph h

The term "principle of balanced progress " means the principle of empowering Micro Enterprises that seeks to maintain the balance of regional economic progress within the national economic unity.

Subparagraph i

The term "principle of national economic unity" means the principle of empowering Micro Enterprises, which is part of the development of the national economic unity.

Article 3 :

Self-explanatory

Article 4 :

Self-explanatory

Article 5 :

Self-explanatory

Article 6 :

Paragraph (1)

Self-explanatory

Paragraph (2)

Business capital consists of equity and borrowed capital to carry out business activities.

Business actors who establish or register business activities consist of:

- a. business entities, whether incorporated or unincorporated; and
- b. individuals.

Business actors, whether incorporated or unincorporated, establish or register through the legal entity administration system at the ministry that administers government affairs in the field of law and human rights.

Individual business actors establish or register through the electronically integrated business licensing system at the non-ministerial government agency that administers government affairs in the field of investment coordination.

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Paragraph (6)
Self-explanatory
Paragraph (7)
Self-explanatory

Article 7 :

Paragraph (1)
Self-explanatory
Paragraph (2)
Self-explanatory
Paragraph (3)

The term "laws and regulations" includes, among other things, laws and regulations concerning the implementation of risk-based Business Licensing and laws and regulations in the field of business activities carried out by Micro Enterprises.

Article 8 :

Self-explanatory

Article 9 :

Self-explanatory

Article 10 :

Self-explanatory

Article 11 :

Self-explanatory

Article 12 :

Self-explanatory

Article 13 :

Paragraph (1)

The term "Indonesian national standards in single licensing" means the application of Indonesian national standards as a requirement for business licensing in accordance with the provisions of laws and regulations.

The term "halal product assurance certification in single licensing" means a business actor's halal declaration of business products in accordance with the provisions of laws and regulations.

Paragraph (2)
Self-explanatory

Paragraph (3)
Self-explanatory

Paragraph (4)

The term "Business Identification Number that serves as legal basis for carrying out business activities" means a guarantee of legal certainty for micro-businesses that pose low risks to health, safety, and the environment in carrying out business activities.

Article 14 :

Self-explanatory

Article 15 :

The term "registration" and submission of administrative requirements for single licensing and certificate extensions.

Article 16 :

Paragraph (1)

Micro Enterprises also include Micro Business-scaled cooperatives

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article 17 :

Paragraph (1)

Self-explanatory

Paragraph (2)

Subparagraph a

Self-explanatory

Subparagraph b

Legal aid institutions may use data from legal aid institutions accredited by the ministry administering government affairs in the field of law and human rights.

Subparagraph c

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article 18 :

Self-explanatory

Article 19 :

Self-explanatory

Article 20 :

Paragraph (1)

Certain emergency conditions include disasters, epidemics, or other conditions determined by authorized officials in accordance with the provisions of laws and regulations.

Subparagraph a

The credit restructuring includes credit relaxation and rescheduling.

Subparagraph b

The business reconstruction includes providing assistance in the form of production facility grants.

Subparagraph c

The capital assistance includes capital assistance distributed in the form of grants or financing.

Subparagraph d

Other forms of assistance include giving priority to Micro Enterprises registered as vendors in traditional markets that experience disasters such as fires, natural disasters, or social conflict, to obtain shops, kiosks, stalls, and/or tents at affordable prices.

Paragraph (2)

Self-explanatory

Article 22 :
Self-explanatory

Article 23 :
Self-explanatory

Article 24 :
Self-explanatory

Article 25 :
Paragraph (1)
The term "interoperability" means data that includes, among other things, consistency in syntax or form, structure or composition of presentation, and semantics or articulation of readability, and storage in an open format that can be read by electronic systems.
Paragraph (2)
Self-explanatory
Paragraph (3)
Self-explanatory

Article 26 :
The single data information system for Micro Enterprises is an information system that utilizes information and communication technology to facilitate the implementation of single data for Micro Enterprises at the Local Government level as a single unit and/or integrated information system.

Article 27 :
Self-explanatory

Article 28 :
Self-explanatory

Article 29 :
Paragraph (1)
The term "public infrastructure operator" means the government office or institution responsible for the provision of public infrastructure.
The term "public infrastructure manager" means the business entity granted the business rights to provide and manage public infrastructure.
Paragraph (2)
Self-explanatory
Paragraph (3)
Self-explanatory

Article 30:
Self-explanatory

Article 31:
Self-explanatory

Article 32:
Self-explanatory

Article 33:
Self-explanatory

Article 34:
Self-explanatory

Article 35:
Self-explanatory

Article 36:
Self-explanatory

Article 37:
Self-explanatory

Article 38:
Self-explanatory

Article 39:
Self-explanatory

Article 40:
Self-explanatory

Article 41:
Self-explanatory

Article 42:
Self-explanatory

Article 43:
Self-explanatory

Article 44 :
Prioritization of production results is also sought for subsidiaries.

Article 45:
Self-explanatory

Article 46:
Self-explanatory

Article 47:
Self-explanatory

Article 48:
Self-explanatory

Article 49:
Self-explanatory

Article 50:
Self-explanatory

Article 51:
Self-explanatory

Article 52:
Self-explanatory

Article 53:

Subparagraph a

Laws and regulations and policies for the growth of a business climate and development provide certainty and fairness in business in terms of funding, means and infrastructure, business information, partnerships, business licensing, business opportunities, business promotion, and institutional support.

Subparagraph b

Self-explanatory

Article 54 :

Self-explanatory

Article 55 :

Paragraph (1)

Subparagraph a

General policies in the Region on the ease, Protection, and Empowerment of Micro Enterprises through, among other things, the development of a business climate, Business Development, Financing and Guarantees, and Partnerships.

Subparagraph b

Self-explanatory

Subparagraph c

Self-explanatory

Subparagraph d

Self-explanatory

Subparagraph e

Self-explanatory

Subparagraph f

Self-explanatory

Subparagraph g

Self-explanatory

Paragraph (2)

Self-explanatory

Article 56:

Self-explanatory

Article 57:

Self-explanatory

Article 58:

Self-explanatory

Article 59:

Self-explanatory

Article 60:

Self-explanatory

Article 61:

Self-explanatory

Article 62:

Self-explanatory

Article 63:
Self-explanatory

Article 64:
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Article 65:
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Article 66:
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Article 67:
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Article 68:
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Article 69:
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Article 70:
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Article 71:
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Article 72:
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Article 73:
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Article 74:
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Article 75:
Self-explanatory

Article 76:
Self-explanatory

Article 77:
Self-explanatory

Article 78:
Self-explanatory

Article 79:
Paragraph (1)
Self-explanatory
Paragraph (2)
Self-explanatory
Paragraph (3)
Self-explanatory

Paragraph (4)

The term "grants" means assistance in the form of capital that is non-binding and non-continuous.

Paragraph (5)

Self-explanatory

Article 80:

Self-explanatory

Article 81:

Paragraph (1)

Subparagraph a

Self-explanatory

Subparagraph b

The term "strengthen and develop the quality of Micro Enterprises" means increasing competitive capacity.

Subparagraph c

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Paragraph (6)

Self-explanatory

Article 82:

Paragraph (1)

Self-explanatory

Paragraph (2)

Subparagraph a

Self-explanatory

Subparagraph b

The term "Incubation participants (tenants)" means new Business Actors.

Subparagraph c

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Article 83:

Self-explanatory

Article 84:

Self-explanatory

Article 85:

Self-explanatory

Article 86:
Self-explanatory

Article 87:
Self-explanatory

Article 88:
Self-explanatory

Article 89:
Self-explanatory

Article 90:
Self-explanatory

Article 91:
Self-explanatory

Article 92:
Self-explanatory

Article 93:
Self-explanatory

Article 94:
Self-explanatory

Article 95:
Self-explanatory

Article 96:
Self-explanatory

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