

Formulation of the Ex-PNPM-MPd Activity Management Units (UPKs) Institutional Model in East Java

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Abstract

This study aimed to compile the Formulation of the Ex-PNPM-MPd Activity Management Units (UPKs) Institutional Model in East Java. The descriptive research method was applied. The research subjects were the ex-PNPM-MPd UPK institutions in East Java. This research produced the best formulation of the Ex PNPd-MPd UPK institutional model, where the institution must remain 1) prioritizing community's needs- and conditions-based empowerment activities and community's needs in its working area, 2) seeking legality for institutions and business units, 3) having an institutional structure that can cover all institutional activities, 4) implementing a merit system, namely HR policies and management based on qualifications, competencies, and performance fairly, 5) compiling and publishing regular financial reports based on financial standards in a transparent and accountable manner, 6) striving for development revolving fund activities (savings and loans unit) by increasing profit targets (surplus/SHU), increasing the number of beneficiaries (Poor Households (RTM)/non-RTM groups) and innovating savings and loans product services, and 7) developing non-revolving fund business units by expanding the market, introducing the brand (trademark) and applying a sound business management system.

Keywords: Institutional Model, Ex-PNPM-MPd UPKs

INTRODUCTION*

PNPM Mandiri Perdesaan (PNPM-MPd) serves as a mechanism for accelerating poverty reduction through empowerment programs that assist the strengthening of communities and institutions based on participatory local village development (development from, by, and for the community). It provides financial resources through revolving fund activities and microcredit (Women's Savings and Loans and Productive Economic Enterprises) to develop special economic activities for the poor with various facilities provided. The revolving fund and microcredit activities are managed by the Financial Management Units (UPKs as PNPM-MPd institutions at the District level) [1].

In the development of revolving funds managed by UPKs in East Java Province at the time of the termination of PNPM-MPd, it was recorded that the productive assets reached Rp1,632 T managed by 522 Activity Management Units (UPKs). The revolving fund is classified into two categories: Productive Economic Business (UEP) and Women's Savings and Loans (SPP), with 72,582 community groups as beneficiaries. [2].

The termination of the program as a public policy, referring to Nugroho's (2011) statement, was based on decisions made by the state, as a

strategy to realize the goals of the state. Public policy is a strategy to lead society at an early stage to enter a transitional period towards the desired society [3]. In line with this statement, during the early termination of PNPM-MPd, there were at least 3 ministries that directly gave instructions regarding the direction of transformation of UPKs and management of revolving funds with different options: 1) Letter of the Ministry of Villages, Development of Disadvantaged Areas, and Transmigration Number 134/DPPMD/VII/2015 dated 13 July 2015 regarding Guidelines for Terminating & Structuring the Results of PNPM-MPd Activities, 2) Letter of the Coordinating Minister for People's Welfare No. B-27/MENKO/KESRA/I/2014 dated January 31, 2014, concerning Selection of Legal Entity Forms for Community Empowerment Trust Fund Management PNPM Mandiri directing to 3 choices of forms of Legal Entity Managing DAPM following applicable laws and regulations, namely cooperatives, associations with legal entities (PBH), and Limited Liability Companies (PT), and 3) Establishment, Management, and Dismissal of Village-Owned Enterprises, Regulation No. 4 of 2015 of the Minister of Villages, Development of Disadvantaged Areas, and Transmigration of the Republic of Indonesia, which directs the

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transformation of UPKs and Revolving Fund Management with 4 options: BUMDes Bersama, Legal Entity Association (PBH), Limited Liability Company (PT), and Cooperative [4].

In East Java Province, there were three institutional models for UPK transformation after the program termination (Ex-PNPM-MPd UPKs), namely the original UPK, BUMDesma, and Legal Entity Association (PBH). The transformation of the UPK institutional model has implications for the implementation of the basic principles of the institution, organizational structure and institutional management, and the revolving fund management mechanism for the community.

Previous research related to the ex-PNPM-MPd UPK institutional model has been conducted by several researchers at different loci, including Haryadi et al. (2015) in Banyumas Regency [5], Isfahani (2015) in Sleman Regency [6], and Harseno RM et al. (2017) in Kendal Regency [7]. In various regions, several choices of PNPM-MPd UPK transformation institutional models emerged, including PT LKM, original UPK, PBH BKAD, BKAD Permakades, UPK Kelurahan, BUMDesma, Cooperative, and original UPK (legal entity). The above-mentioned transformation institutional models vary according to the considerations of each institutional manager or on the initiative of the Regional Government. Institutional changes can result from changes in constituent demands or changes in the authority of institutions' suppliers, especially government actors. [8].

Based on the description of the conditions above, it was important to study and analyze how the best institutional model formulation for UPK institutions that have been transformed after the end of the program (Ex-PNPM-MPd UPK). In this study, the formulation of the Ex-PNPM-MPd Activity Management Unit (UPK) institutional model was analyzed using the institutional concept proposed by Djogo et al. (2003) [9], Uphoff (1986) [10], Purwaka (2008) [11], and Syahyuti (2006) [12] regarding aspects which are institutional characteristics of the ex-PNPM-MPd UPK. These aspects included 1) program philosophy, namely community empowerment, which is the "spirit" of the PNPM-MPd UPK institutions, 2) legality, related to institutional legal entities, 3) organizational management, related to the Articles of Association/Bylaws, regulations, and institutional structure, 4) Human Resources (HR), related to the capacity of managers and stakeholders, 5) finance, related to services and development of revolving funds, and

6) business development, related to the development of new business units and cooperation with third parties. This study designed a formulation of the best institutional model, not looking for which institutional model is the best, but formulating how to implement possible actions for EX-PNPM-MPd UPKs to meet the best institutional model.

METHOD

In the year 2020, a qualitative descriptive research method was used to perform this study. The data was provided using documentation, observation, interviews, and Focus Group Discussion (FGD) with research informants, namely the Ex-PNPM-MPd UPK institutional managers at 7 Ex-PNPM-MPd UPKs representing 3 Ex-PNPM-Mpd UPK institutional models in East Java Province, including:

1. UPK of Dringu District, Probolinggo Regency;
2. UPK of Maron District, Probolinggo Regency;
3. BUMDesma of Kraton District, Pasuruan Regency;
4. BUMDesma of Singosari District, Malang Regency;
5. BUMDesma of Sumbergempol District, Tulungagung Regency;
6. BUMDesma of Sendang District, Tulungagung Regency; and
7. PBH of Candipuro District, Lumajang Regency.

The formulation of the institutional model was analyzed and studied in depth on important aspects related to institutional aspects, namely philosophy, legality, organizational management, finance, Human Resources (HR), and business development.

Data analysis was carried out using a technique developed by Miles and Hubberman (1984) [13] through several stages, namely:

1. Data collection.
2. Data Reduction.
3. Data Display.
4. Conclusion Drawing or Verification.

Data validation was accomplished by triangulation, or testing by cross-checking information collected from several sources and tools by (1) comparing the observed data with the results of interviews; (2) comparing what people say in public with what they say in private; and (3) comparing the results of the interview with the contents of related documentation [14].

FINDINGS AND DISCUSSION

In East Java Province, the Ex-PNPM-MPd UPKs were transformed into 3 institutional models, namely the original UPKs, BUMDesma, and PBH. The UPKs of Dringu and Maron Districts, in this study, are the original Ex-PNPM-MPd UPK institutional models that still maintain the UPK's initial form before being terminated, including its name, organizational structure, Standard Operating Procedures, and Operational Technical Guidelines. The choice to maintain the original UPK institutional model was based on several things, namely, among others, 1) the absence of policy support and facilitation of institutional arrangement from the Regional Government and related stakeholders after the program, 2) the management could not escape from the big name of the PNPM-MPd program (psychological impact on society), and 3) without any change/institutional arrangement, the savings and loans unit is still running well.

The BUMDesma institutional model was chosen because of its main foundation, which is Law No. 6 of 2014 Concerning Villages, especially Articles 91 and 92, which empower villages to collaborate by forming BUMDes that are held by two or more villages (BUMDes Bersama). In this study, the Ex-PNPM-MPd UPK BUMDesma institutional model was represented by BUMDesma of Singosari District, BUMDesma of Kraton District, BUMDesma of Sumbergempol District, and BUMDesma of Sendang District. Changes in the institutional model from UPK to BUMDesma in Singosari and Kraton Districts were determined independently by the managers. Whereas, in Sumbergempol and Sendang Districts, changes to the institutional model were facilitated by the local government with the issuance of the Tulungagung Regency Regional Regulation Number 9 of 2015 concerning Procedures for the Establishment and Management of Village-Owned Enterprises. BUMDesma (as an institution) is a forum for business activities. The position of BUMDesma is placed as a Business Entity, not a Legal Entity, but can form a legal entity business unit as in Article 7 of the Village Law which states that BUMDes can consist of business units that are legal entities, as what is done by BUMDesmas of Singosari, Kraton, Sumbergempol, and Sendang Districts by forming Trading Business Units (Shops and Wholesalers), Services (Pos and BNI46 agents), cooperation with social institutions (catfish livestock), and even Holding with other BUMDes.

The institutional model in the form of a Legal Entity Association (PBH) was chosen based on the Coordinating Minister for People's Welfare Letter No. B-27/MENKO/KESRA/I/2014 dated January 31, 2014, concerning Selection of Legal Entity Form (Bahu) of Community Empowerment Trust Fund Manager PNPM-MPd. DAPM was a community-owned fund originating from the National Program for Community Empowerment (PNPM) managed by the community empowerment-based poverty alleviation. DAPM, as a form of PNPM-MPd revolving fund, was managed by UPKs during the program period. The UPK of Candipuro District in this study was an institutional model of the Ex-PNPM-MPd UPKs which already had the legality of the Inter-Village Cooperation Agency (BKAD) in the form of a Legal Entity Association (PBH). This institutional model was also based on normative references related to Legal Entity Associations, namely Regulation of the Minister of Law and Human Rights number 3 of 2016 concerning Procedures for Submitting Applications for Legal Entity Ratification and Approval for Amendments to the Association's Articles of Association defining that the Association is a legal entity which is a group of people established to realize the common goals and objectives in the social, religious, and humanitarian fields and not to share profits with their members. The agreement to provide a legal umbrella for BKAD to become PBH BKAD was initially decided through MAD and ratified in the Permakades. After that, BKAD made a deed of association containing the Articles of Association/Bylaws legalized by a notary; this process could be continued until approved by the Minister of Law and Human Rights.

The formulation of the Ex PNPM-MPd Activity Management Unit (UPK) model analyzed based on several aspects, namely philosophy, legality, organizational management, Human Resources (HR), finance, and business development can be described as follows:

A. Philosophy

This aspect was studied based on community empowerment activities carried out by the Ex-PNPM-MPd UPKs. It was considered important and needed to be continued because it was a legacy of community empowerment activities previously carried out by PNPM-MPd. The impact of community empowerment by the program had been perceived by the community, especially in rural areas of East Java. Therefore, this community empowerment activity also needed to

be preserved along with the preservation of the Ex-PNPM-MPd UPKs. Community empowerment activities studied based on the philosophical aspects of this study were the distribution of revolving funds, group coaching, and the implementation of social funds.

Revolving funds, as one of the program activities, were distributed to Poor Households (RTM) to provide easy access to business capital through community groups. The findings of the study showed that the distribution of revolving funds managed by the Ex-PNPM MPd UPKs was no longer focused only on the RTM group. In other words, people from the non-RTM group could access revolving fund loans as well. This was done to expand the target utilization and achieve higher profit targets.

The beneficiaries of revolving funds were the Women's Savings and Loans (SPP) and the Productive Economic Business group (UEP). Through these groups, the institutional financial cycle continued and generated profits that were used to support the financing of institutional activities. The study found that the group coaching by the Ex-PNPM-MPd UPKs was carried out at the time of disbursement and in the event of loan problems occurred. The revolving fund managers also monitored and provided consulting services for users in need by utilizing online communication technology through a smartphone application. In BUMDesma Singosari District, community empowerment activities in the form of training were still being carried out. This training activity was programmed and carried out every year with the target of the local community who want to increase their capacity.

Social funds were a surplus allocation used to help non-productive poor people. Based on the research results, all Ex-PNPM-MPd UPK institutions allocated social funds regularly annually. The assistance provided was in the form of groceries, livestock, scholarships, and business capital assistance.

Based on the description above, the researchers required at least several things to be implemented in the Ex-PNPM-MPd UPK institutions to formulate the best institution based on the aspect philosophy/community empowerment, namely:

1. Ex-PNPM-MPd UPKs were expected to continue to prioritize community empowerment activities, both for RTM and non-RTM, according to the needs and conditions of the community in their working area. Provision of social funds in

the form of business packages for non-productive communities, coaching and monitoring of group businesses, and increasing community capacity in the form of training were included in community empowerment activities that needed to be strived to become a scheduled and routinely implemented program.

2. Ex-PNPM-MPd UPKs were expected to continue to accommodate the RTM group in distributing revolving funds (savings and loans unit).

B. Legality

Legality is a basic guarantee for individual freedom that limits what activities are prohibited. This research emphasized on the legal status of institutions and revolving fund management business units. For Ex-PNPM-MPd UPKs, legality functions, among others, as a legal umbrella for institutional and business activities, regulatory references in internal and external institutional supervision, a guarantee of ownership of PNPM-MPd legacy revolving fund assets, and legal standing for cooperation with third parties or access to other sources of financing. One of the formal requirements that must be met by an agency to be called a legal entity is the existence of the state's recognition [11].

The legality of the Ex-PNPM-MPd UPKs can be stated in the following way, based on the findings of the research.

1. Institutional legality
 - The legal umbrella for institutional and revolving fund management at the original UPK was the Joint Village Head Regulation (Permakades) so that it needed to be upgraded to a Legal Entity that was formally recognized by the state.
 - BUMDesma was established in accordance with Law No. 6 of 2014 on Villages. Bumdesma was designated as a Business Entity rather than a Legal Entity, but it might construct a legal entity business unit under the provisions of Article 7 of the Village Law.
 - PBH guaranteed legal certainty for the institution and ownership of PNPM-MPd legacy revolving fund assets because this form of legal entity was formally recognized by the state.

However, for revolving fund management and other businesses, they must organize a separate business entity from PBH because PBH must be purely social and could not manage the revolving fund asset loan inherited by PNPM-MPd.

2. Business unit legality

Several Ex-PNPM-MPd UPKs that had become BUMDesma at the research location had sought the legality of their business units as Limited Liability Companies (PT). This kind of business, in the form of Limited Liability Companies, had been developed by BUMDesma, in the form of shops or wholesalers. However, the management of the revolving fund (savings and loans business) had not been found in the Ex-PNPM-MPd UPKs which had obtained business legality.

Based on the description above, the researchers required at least several things that must be implemented in the ex PNPM-MPd UPK institutions in order to formulate the best institution based on legality, namely:

1. Ex PNPM-MPd UPKs which were still original were expected to determine the choice of transformation of their institutional models so that the certainty of the implementation of their legal entity can be determined. In this case, the role of local government and stakeholders involved in the initiation, facilitation, protection, supervision, and fostering of the process of institutional transformation was needed.
2. Revolving fund activities (savings and loans unit) and other business units at the Ex PNPM-MPd UPKs were expected to have legality to guarantee legal certainty for their implementation.

C. Organizational Management

An institution is a form of organization that is most efficient and rational. To achieve organizational goals, a proper management system is needed. Management itself means programming, methods, or planning for something. The aspect studied in this study included organizational instruments that must be present in Ex-PNPM-MPd UPKs, namely: Inter-Village Deliberation (MAD), institutional structure, Articles of Association/Bylaws, and

operational references/guidelines for institutional activities.

The Inter-Village Deliberation (MAD) Forum is a decision-making forum and the highest authority in the ex-PNPM-MPd UPK institutions. The MAD Forum had been formed during the program period and was still maintained as the best participatory policy-making system for decision-making in inter-village cooperation. At the time of the termination of PNPM-MPd, the program-implementing institution held a MAD, one of the results of which was a Joint Village Head Regulation (Permakades) concerning Arrangement of Revolving Fund Management Institutions. Permakades was the first to regulate the revolving fund institution after PNPM-MPd. Until now, it is still used in the original UPK. The Inter-Village Deliberation Forum (MAD) also plays an important role in deciding the choice of institutional model transformation. In the transformation of the former PNPM-MPd UPK into BUMDesma, MAD serves to validate the Permakades for the formation of BUMDesma. In the transformation of the Ex-PNPM-MPd UPKs into Legal Entity Associations, the role of MAD was to decide the BKAD legal entity through the BKAD Permakades Formation which was subsequently ratified by a Notary Deed/Decree of the Ministry of Law and Human Rights.

The institutional structure at the original UPK did not change much, compared to the institutional structure during the program period. It consisted of the Inter-Village Cooperation Agency (BKAD), the Financial Management Unit (UPK), the UPK Supervisory Agency (BP-UPK), the Verification Team, and the Funding Team; there was only a reduction in personnel in the Funding Team and additional billing staff, all of which were still running according to the 2014 PNPM-MPD PTO. In the Ex-PNPM-MPd UPKs which had transformed into BUMDesma, the institutional structure referred to Regulation No. 4 of 2015 concerning the Establishment, Management, and Dissolution of village-owned enterprises. BUMDesma institutional management consisted of Advisors, Supervisors, and Operational Implementers. Operational executors are in charge of directly managing assets and all BUMDesma business units. Operational implementers were stipulated by a Joint Village Head Regulation (Permakades) through the Inter-Village Deliberation (MAD). Under the operational executor, there were sections that each handle the business units. The institutional structure of the ex-PNPM-MPd UPKs which had transformed

into the form of PBH consisted of association managers, supervisors, and administrators of business units. The Inter-Village Cooperation Agency (BKAD) was the administrator of the Legal Entity Association. BKAD was at the same time the highest institution in making decisions on revolving fund management through the Inter-Village Deliberation (MAD). Under BKAD, there was a Financial Management Unit (UPK) and other supporting institutions, namely the UPK Supervisory Body (BP-UPK), the verification team, and the funding team.

The Articles of Association/Bylaws or commonly known as AD/ART is a document that becomes the operational basis for an organization. The Articles of Association (AD) contain general articles governing the organization. Bylaws (ART) are more directed or become technical guidelines for the organization. In UPKs, the institutional operational base was controlled in the Articles of Association/Bylaws of BKAD, the operational basis for the BUMDesma institutional was regulated in the Articles of Association/Bylaws of Joint Village-Owned Enterprises, and in PBH, the institutional operational basis is delimited in the Association's Articles of Association/Bylaws (in this case BKAD) which are legalized by a Notary,

Under the Articles of Association/Bylaws, there were Standard Operating Procedures (SOPs), which regulated the technical operations of each work unit within the institution. SOPs are documentary procedures for completing a job with measurable results. The SOPs were adjusted based on the work unit within the institution. For example, in the original UPK institutions, the SOPs consisted of UPK SOPs, BP-UPK SOPs, TV SOPs, Revolving SOPs, and Funding SOPs. In BUMDesma institutions, SOPs consisted of Operational Implementation SOPs, Supervisory SOPs, Business Unit SOPs, Revolving SOPs, and so on. In PBH, the SOP consisted of Supervisory SOPs, Business Unit Management SOPs, Business Unit SOPs, Revolving SOPs.

Based on the description above, the researchers required at least several things that must be implemented in the Ex-PNPM-MPd UPKs to formulate the best institution based on organizational management as follows:

1. Ex-PNPM-MPd UPKs were expected to continue to maintain a participatory policy-making system through the Inter-Village Deliberation (MAD).
2. Ex-PNPM-MPd UPKs were expected to have an institutional structure that can

cover all institutional activities by taking into account the suitability of the institutional model

3. The duties, functions, and responsibilities of each element (unit) of the institution must be clear and stipulated by appropriate Articles of Association and SOPs.

D. Human Resource (HR)

Because humans are in charge of controlling other resource elements, human resources are the most important factor in an organization when compared to other resources such as capital and technology. This study found that most of the human resources/administrators/managers of Ex-PNPM-MPd UPKs were "old actors", namely the UPK's administrators/managers during the program period. On the one hand, the "old actors" have better competencies than organizational skills, experience, coordination, loyalty, and communication, apart from historical factors as founders. However, weaknesses were found, such as the ability in information technology, stagnation of innovation due to the absence of regeneration, and can lead to a culture of subjective relationships in work management. Thus, special treatments must be made for Human Resources in optimizing institutional performance.

Based on the description above, the researcher requires at least several things to be implemented in the Ex PNPM-MPd UPKs to formulate the best institution based on the aspect Human Resources (HR), namely:

1. The Ex-PNPM-MPd UPKs are expected to implement a merit system, i.e. human resource management and policies that are based on credentials, competencies, and performance in a fair way, i.e. independent of political background, race, religion, origin, gender, or other factors. The phases that are carried out in the Ex-PNPM-MPd UPK institutions can be revitalization (upgrading existing human resources) or restructuring (rearranging/changing current HR structures).
2. The Ex-PNPM-MPd UPKs are expected to program an increase in human resource capacity according to service and business segmentation whose budget can be allocated from surplus/SHU. Capacity building can be focused on increasing skills and knowledge in management and operationalization of institutions, finance,

information technology, law, services, and product innovation.

3. The Ex-PNPM-MPd UPKs are expected to hold a Fit and Proper Test to assess new candidates for management/personnel and to hold an On Development Program to strengthen the capacity of the management.

E. Finance

In terms of finance, this research examined transparency and accountability, which are the principles of PNPM-MPd, including the general problem of financial institutions, namely collectability. Transparency and accountability imply that the public has access to all information and decision-making processes, allowing for open management of operations that is morally, technically, legally, and administratively accountable. Transparency and accountability of PNPM-MPd are reflected in the financial reports prepared by the UPKs and reported in the MAD. During the Program period, the UPK's financial reports and activities were informed through an information board in each UPK. This information board functions as a publication media for UPK in implementing the principles of transparency and accountability. However, based on the research results, there was no longer any information about finance and activities displayed on the UPK Eks PNPM-MPd information board. UPK's financial reports and activities were made regularly for internal monitoring purposes and the needs during MAD.

The most commonly used measurement of revolving fund financial performance is collectability. Problems related to collectability occur in almost all financial institutions and can cause a loss of loan capital. In a large amount, it will interfere with the financial turnover of the financial institution. This research found that this problem was still difficult to solve, especially due to the inheritance of collectability at the time of the program which was still being calculated. The Ex-PNPM-MPd UPKs continued to carry out the collection with a special strategy and policy without burdening the users experiencing bad credit.

Therefore, the researcher required at least several things that must be implemented in the Ex-PNPM-MPd to formulate the best institution based on financial aspects, namely:

1. Adopting from the Financial Services Authority Regulation Number 29/POJK.04/2016 concerning the Annual

Report of Issuers or Public Companies stating that every public company is required to prepare and publish an annual report, so the Ex PNPM-MPd UPK institutions are expected to publish financial reports regularly based on financial standards in a transparent and accountable manner. This consequence must be fulfilled because the Ex-PNPM-MPd UPK institutions are public institutions/organizations/companies that manage community assets and are engaged in providing services to the community.

2. To suppress collectability, it is hoped that the ex-PNPM-MPd UPKs:
 - a. are obligatory to have a revolving SOP by adopting a management system for bank credit or general financial institutions that emphasizes collectability limits and bad credit below 5% of the amount of funds revolved.
 - b. are necessary to have a strict selection system for potential beneficiaries (borrowers) both in terms of business feasibility and ability to pay installments by adopting a banking credit analysis system or general financial institutions.

F. Business Development

The revolving fund managed by UPKs had been running since the commencement of PNPM-MPd in 2007 until the end of 2015, and has been continued to this day under the auspices of institutions that have adapted to developments, both original and transformed. In the development of revolving funds managed by UPKs in East Java Province at the time of the termination of PNPM-MPd, it was recorded that productive assets reached Rp1,632 T which were managed by 522 Activity Management Units (UPKs). The revolving fund is in the form of Productive Economic Business (UEP) and Women's Savings and Loans (SPP) with a total of 72,582 community groups. Based on the results of the study, the productive assets managed by the Ex-PNPM-MPd UPKs at the research location experienced an increasing trend (data for 2014-2019) [15]. The average number of productive assets has exceeded 2 billion at the time the research was carried out.

In Ex-PNPM-MPd UPKs that had transformed into BUMDesma and PBH, business development

could be seen from the existence of other business units (non-revolving funds) and cooperation with other parties. The average business unit was still new and had been running for less than 2 years. However, based on research, there were those business units that had developed, such as the wholesale business units in BUMDesma of Singosari, Malang, which had developed due to cooperation with third parties who supported capital and business management. The development of this business unit could not be separated from the role of legality and business licenses.

Based on the description above, the researcher required at least several things that must be implemented in the Ex-PNPM-MPd UPKs to formulate the best institution based on business development, namely:

1. Ex-PNPM-MPd UPKs are expected to develop revolving fund activities (savings and loans unit). This development can be done by increasing profit targets (surplus/SHU), increasing the number of users (RTM/non-RTM groups), and innovating savings and loans product services.
2. The development of non-revolving fund business units in the early stages is focused on expanding the market, introducing brands (trademarks), and implementing a good business management system. The next stage is administering legality and permits for business units.

CONCLUSION

This research resulted in the formulation of the best Ex-PNPM-MPd UPK institutional model, namely that the institution must 1) continue to prioritize community empowerment activities, 2) seek legality for institutions and business units, 3) have an institutional structure that can cover all activities, 4) implement merit systems in institutional management, 5) provide financial reports based on financial standards in a transparent and accountable manner, 6) strive for the development of revolving fund activities with profit targets (surplus/SHU), increase the number of users (RTM/non-RTM groups), and innovate savings and loans services, and 7) able to develop non-revolving fund business units by expanding the market, including introducing the brand (trademark).

As mandated by the Cipta Karya Law number 11 of 2020 in Article 117 concerning the legal

entities BUMDes/BUMDesma and Government Regulation No 11 of 2021 article 73 concerning the obligation to transform the Ex-PNPM-MPd UPKs into BUMDes/BUMDesma (which was published at the time this research was conducted), it is recommended that Ex-PNPM-MPd UPK institutions that have not been in the form of BUMDesma so that they can immediately transform following the provisions of the Law and the Government Regulation in question.

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