

Juridical Analysis of Joint Liability Guarantees on Group-Based Revolving Fund Loans (Case Study in the Mutiara Abadi Community Empowerment Trust Fund Activity Management Unit, Boyolali Regency)

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Abstract

The purpose of this research is to determine the legal strength of joint liability guarantees applied to group-based revolving fund loans in the Mutiara Abadi Community Empowerment Trust Fund Activity Management Unit, Boyolali Regency and to determine the legal consequences for groups of revolving fund beneficiaries with the existence of managed joint liability guarantees. by the Mutiara Abadi Community Empowerment Trust Fund Activity Management Unit, Boyolali Regency. This research uses a normative juridical and empirical juridical approach method with a quantitative research type. The sampling technique uses a simple random sampling technique. Joint responsibility as a guarantee is very relevant to the vision, mission and objectives of the institution's existence, namely an empowerment institution based on a people's economy. The guarantee of the joint responsibility system implemented by UPK DAPM Mutiara Abadi has the force of law, because apart from not being in conflict with higher regulations, it is also supported by a mutually agreed mechanism. The beneficiary group as a partner of the UPK DAPM Mutiara Abadi Boyolali Regency institution plays a very important role in the management of revolving funds, especially those related to the implementation of joint liability system guarantees, so this directly becomes the law for the groups concerned.

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Abstract

Tujuan dari penelitian ini adalah untuk mengetahui kekuatan hukum jaminan tanggung renteng yang diterapkan pada pinjaman dana bergulir yang berbasis kelompok Di Unit Pengelola Kegiatan Dana Amanah Pemberdayaan Masyarakat Mutiara Abadi Kabupaten Boyolali dan untuk mengetahui akibat hukum bagi kelompok pemanfaat dana bergulir dengan adanya jaminan tanggung renteng yang dikelola oleh Unit Pengelola Kegiatan Dana Amanah Pemberdayaan Masyarakat Mutiara Abadi Kabupaten Boyolali. Penelitian ini menggunakan metode pendekatan yuridis normatif dan yuridis empiris dengan jenis penelitian kuantitatif. Teknik pengambilan sampel menggunakan teknik simple random sampling, Tanggung renteng sebagai jaminan sangat relevan dengan visi, misi dan tujuan keberadaan lembaga tersebut, yaitu lembaga pemberdayaan yang berbasis ekonomi kerakyatan. Jaminan sistim tanggung renteng yang diterapkan oleh UPK DAPM Mutiara Abadi mempunyai kekuatan hukum, karena disamping tidak bertentangan dengan peraturan yang lebih tinggi juga didukung oleh mekanisme yang disepakati bersama. Kelompok pemanfaat sebagai mitra lembaga UPK DAPM Mutiara Abadi Kabupaten Boyolali sangat berperan penting dalam pengelolaan dana bergulir terutama yang berkaitan dengan penerapan jaminan sistim tanggung renteng, maka secara langsung menjadi hukum bagi kelompok terkait

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1. INTRODUCTION

Embryo Community Empowerment Trust Fund Activity Management Unit (UPK DAPM) is an Activity Management Unit (UPK) which is formed at the sub-district level if the relevant sub-district receives a poverty alleviation program in the form of the Sub-district Development Program (PPK). Ampel District received this program on September 20 2003, so that the Activity Management Unit (UPK) in Ampel District also received the program on the same date through the Inter-Village Deliberation (MAD).

The District Development Program (PPK) began in 1998 with the publication of Presidential Decree of the Republic of Indonesia Number 190 of 1998 concerning the Establishment of a Task Force for Improving Social Safety Nets. This program ran until 2005.

The District Development Program (PPK) is the government's effort to empower poor rural communities in an integrated and sustainable manner. The difference between PPK and previous poverty reduction programs such as IDT and P3DT is related to the implementation mechanism, where previous programs were generally centralized, while PPK in its implementation was participatory, namely by directly involving the program object, in this case the rural poor at all stages. The vision of PPK is the emergence of an independent and prosperous society. To realize this vision, the mission of the District Development Program (PPK) is: (1) increasing the capacity of the community and its institutions; (2) institutionalization of a participatory development system; (3) optimizing the functions and roles of local government; (4) improving the quality and quantity of basic community facilities and infrastructure; (5) development of partnerships in development. (PPK Operational Technical Instructions, 2005)

In 2007, a similar program was launched in the form of the National Rural Independent Community Empowerment Program (PNPM MPd) by President Susilo Bambang Yudhoyono on April 30 2007 in Palu City, Central Sulawesi. This program runs until 2014. The implementation mechanism of the National Independent Rural Community Empowerment Program (PNPM MPd) is exactly the same as the District Development Program (PPK). (PMD, 2014)

The task and authority of the Activity Management Unit (UPK) during the program period is to implement the program at the sub-district level which implements all decisions of the Inter-Village Deliberation (MAD). After the program ends in 2014 or in the post-program period, the duties and obligations of the Activity Management Unit (UPK) are to preserve all program assets funded by PPK and PNPM MPd, especially preserving revolving fund assets. In carrying out its duties and authority, the Activity Management Unit (UPK) also requires a guarantee as stated in Article 8 of Law Number 10 of 1998 amending Law Number 7 of 1992 concerning Banking to guarantee the smooth repayment of group-based loans, but because the loan is group based, the collateral is in the form of a joint liability guarantee.

The joint liability guarantee implemented in the Mutiara Abadi Community Empowerment Trust Fund Activity Management Unit (UPK-DAPM) Boyolali Regency is interesting to study, because the growth of economic assets in this institution is quite rapid, namely the initial capital of the program is IDR. 4,307,415,400 (four billion three hundred seven million four hundred fifteen thousand four hundred rupiah), then in the December 31 2022 report it had grown to Rp. 12,080,984,826 (twelve billion eighty million nine hundred eighty four thousand eight hundred and twenty six rupiah) or grew by 280.5%, (UDM Abadi, 2023) This shows that the joint liability guarantee is effective and able to reduce the problem of loan arrears. Based on this, researchers conducted research related to joint liability guarantees from a legal perspective.

2. FORMULATION OF THE PROBLEM

Based on this background, there are several problem formulations that can be studied, including:

- a. What is the legal force of joint liability guarantees applied to group-based revolving fund loans in the Mutiara Abadi Community Empowerment Trust Fund Activity Management Unit, Boyolali Regency?
- b. What are the legal consequences for the group of beneficiaries of revolving funds with a joint liability guarantee managed by the Mutiara Abadi Community Empowerment Trust Fund Activity Management Unit, Boyolali Regency?

3. RESEARCH METHODS

Research approaches can be divided into three types based on the focus of the study, including: normative juridical approach, namely an approach that only focuses on written regulations, so that it is more often related to libraries to obtain secondary data in libraries. Then the second type is the empirical juridical approach, namely a legal research method that functions to be able to see the law in a real sense and examine the law at work in society. The normative

juridical approach is also called sociological legal research, because it examines people in their living relationships in society. The third type is the normative empirical juridical approach. Apart from researching based on written law as secondary data, this type of approach also examines the workings of law and legal events in society.(Setiawan, 2021)

The author uses an empirical juridical and normative juridical research approach with the intention that the author will utilize positive (written) law, library data, and also utilize legal events that occur in society to obtain research results.

4. RESULTS AND DISCUSSION

The data obtained related to financial management based on the closed book report on the management of revolving funds of the Mutiara Abadi Community Empowerment Trust Fund Activity Management Unit (UPK-DAPM) Boyolali Regency as of 31 December 2022 is as follows:

a. Growth of economic assets

The growth in economic assets from 2003 to 2022 is with initial capital from revolving funds originating from Direct Community Assistance (BLM) from 2003 to 2014 amounting to Rp. 4,317,136,100 (four billion three hundred seventeen million one hundred thirty-six thousand one hundred rupiah), as of December 31 2022, total economic assets have grown to Rp. 12,080,984,826,- (twelve billion eighty million nine hundred eighty four thousand eight hundred twenty six rupiah) or an increase of 280.5%.(UDM Abadi, 2023)

b. Income planning and realization

The income plan agreed upon at the 2021 Inter-Village Accountability Conference and 2022 Planning is IDR. 2,332,385,000 (two billion three hundred thirty-two million three hundred eighty-five thousand rupiah) then realized income as of 31 December 2022 was IDR. 2,580,430,303 (two billion five hundred eighty million four hundred thirty thousand three hundred three rupiah) so there is a difference of more than Rp. 248,045,303,- (two hundred forty eight million forty five thousand three hundred three rupiah).(UDM Abadi, 2023)

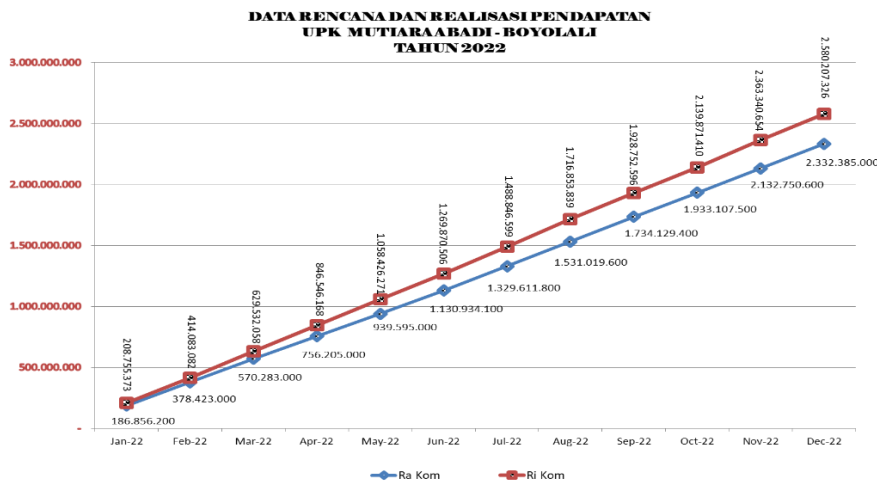
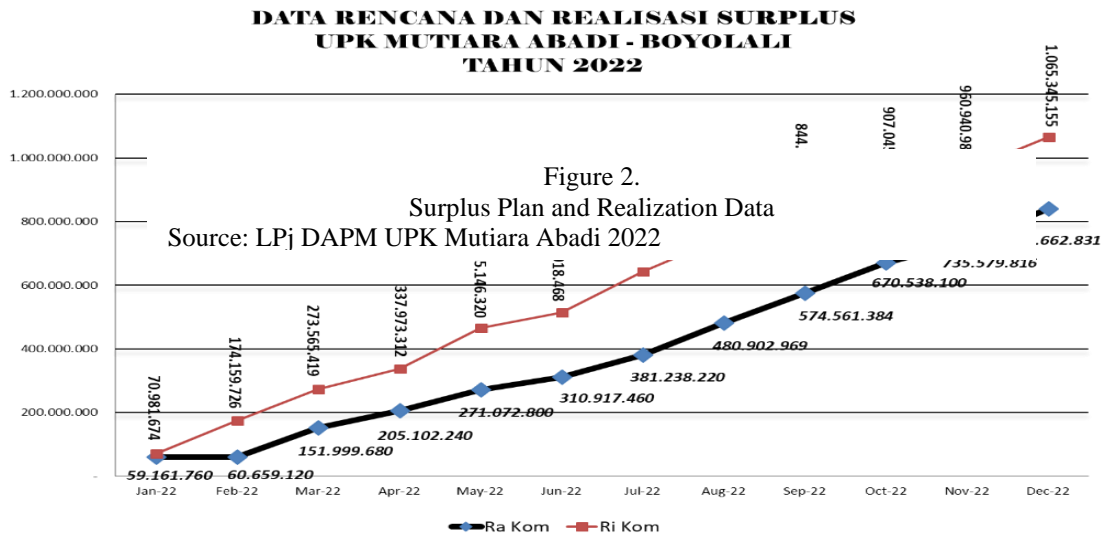


Figure 1.
Income Plan and Realization Data
Source: LPj DAPM UPK Mutiara Abadi 2022

c. Plans and realization of surplus in 2022

The surplus obtained from the management of revolving funds carried out by UPK-DAPM Mutiara Abadi in the 2022 fiscal year is IDR. 1,065,345,155 (one billion sixty-five million three hundred forty-five thousand one hundred and fifty-five rupiah) from the plan of

Rp. 840,662,831 (eight hundred and forty million six hundred and sixty-two thousand eight hundred and thirty-one rupiah).(UDM Abadi, 2023)



Based on the findings in the form of revolving fund management report data from the Mutiara Abadi Community Empowerment Trust Fund Activity Management Unit (UPK-DAPM) above, it can be concluded that the development and preservation of program assets can run well. One of the supporting factors for this success is the existence of a joint liability guarantee system that is implemented.

The implementation of the joint liability guarantee system is carried out by the UPK DAPM Mutiara Abadi Boyolali Regency based on the Articles of Association and Bylaws of the Mutiara Abadi Community Empowerment Trust Fund (DAPM) Boyolali Regency which are described in the Rolling Standard Operating Procedures (SOP) agreed upon in the Inter-Village Deliberation on Accountability and Inter-Village Planning Deliberation held at the beginning of every year.

The Standard Operating Procedure (SOP) for the implementation of the Mutiara Abadi Community Empowerment Trust Fund Activity Management Unit (UPK-DAPM) in Boyolali Regency, one of which contains a Debt and Receivable Agreement Letter (SPUP) in which there is a letter of agreement/statement of responsibility signed by all prospective beneficiaries and group administrator who said:

"WILLING TO DO JOINT RESPONSIBILITY if any of us are unable to pay off the obligations according to the agreed installment schedule, so that the group/village installment obligations can be carried out on time."

Then in the article3 paragraph 2 of the Debt and Receivable Agreement Letter (SPUP) which was signed by the manager of the Community Empowerment Trust Fund Activity Management Unit (UPK-DAPM) Mutiara Abadi Boyolali Regency as the capital (loan) provider and the head of the group representing all the beneficiary members also states that: "The second party and the principal are aware and understand that repaying the loan smoothly according to the agreed schedule is a legal obligation and at the same time shows good character to develop a spirit of mutual help with fellow villagers. "Repayment of loans smoothly will expand opportunities to obtain the next loan and open up opportunities for other people to get their turn at service."

so that the loan provider, in this case the Community Empowerment Trust Fund Activity Management Unit (UPK-DAPM) Mutiara Abadi, Boyolali Regency, has the right to claim all the rights that have been mutually agreed upon in the Debt and Receivable Agreement (SPUP).(DM Abadi, 2022)

In the Debt and Receivable Agreement Letter (SPUP), one of the obligations of the beneficiary is to carry out installment obligations according to the amount and date agreed in the Debt and Receivable Agreement Letter (SPUP). Because this loan is group based and uses joint liability as collateral, the group is declared in arrears if the group does not fulfill its installment obligations according to the amount and date stated in the agreement letter, for example there are 10 (ten) group members who utilize the revolving funds, at the maturity date. If there is still 1 (one) group member who has not or is lacking in fulfilling his installment obligations, then in the UPK in its report this group is included in the category of group in arrears. (DM Abadi, 2022)

The implementation of the joint responsibility system at the group level has also been regulated in the Standard Operating Procedures (SOP) for the Revolving Community Empowerment Trust Fund Activity Management Unit (UPK-DAPM) Mutiara Abadi Boyolali Regency, including a series of group-based loan applications starting with Group Deliberation (Muskel). In the group deliberation, what must be agreed upon by all group members and stated in the Group Deliberation Minutes are:

- a. Names of group members who will apply for a loan along with the loan amount.
- b. Group level rules relating to the joint responsibility system.
- c. Use of Incentive Returns on Time (IPTW).
- d. Group level sanctions.

The Minutes serve as guidelines for managing revolving funds at the group level, so that if a member of the group is in arrears in installments, the handling of the member's arrears problem is adjusted to the agreement. There are several forms of handling group arrears that the author has found, including:

- a. Members' arrears are covered by group cash.
- b. Member arrears are covered by membership fees.
- c. Group members replaced the burned IPTW.

The stages of the engagement between UPK DAPM Mutiara Abadi and the beneficiary groups as per the findings have fulfilled the applicable legal rules and norms and have fulfilled the requirements relating to the validity of an agreement, namely regarding:

- a. Guarantee

Collateral is a translation of the words *zekerheid* or *cautie*, namely the ability of the debtor or debtor to pay off his debt to the debtor or creditor by means of the debtor holding certain objects of economic value as collateral for the debtor's loan. Meanwhile, in Indonesian, the word "guarantee" comes from the word "jamin" which means "to bear", so that guarantee can be interpreted as a guarantee. According to Article 2 paragraph (1) of the Decree of the Directors of Bank Indonesia No. 23/69/KEP/DIR dated 28 February 1991 concerning Credit Guarantees stated that:

"Guarantee is a bank's belief in the debtor's ability to repay the credit in accordance with the agreement."

Law number 14 of 1967 guarantees are called "collateral" or "dependants", then guarantees in Law number 7 of 1992 which was amended by Law number 10 of 1998 concerning Banking, are defined as "belief in faith in ability and the debtor's ability to settle the debt or return the financing in accordance with the agreement." The term collateral is also translated as collateral, which means collateral or collateral that exists in a credit transaction. The term collateral is something related to valuable assets owned by the borrower to be handed over to the loan provider as collateral. (Ernawati, 2021) Meanwhile, experts have opinions about the meaning of guarantee, including:

- 1) Mariam Darus Badruzaman defines a guarantee as a guarantee given by a debtor and/or third party to a creditor to guarantee their obligations in an agreement.
- 2) Hartono Hadisoeperto, believes that a guarantee is something given to a creditor to create confidence that the debtor will fulfill obligations that can be valued in money arising from an obligation.

- 3) Bahsan believes that collateral is anything that a creditor receives and hands over to a debtor to guarantee a debt and receivable in society. (Understanding of Guarantee Law, Laws, and Their Types, 2021)

Thus, it can be concluded that collateral is a form of guarantee that has economic value or certain material which is then given to the debtor or creditor as guarantor of a debt and receivable agreement or other agreement.

Guarantees can be divided into 2 (two) types, namely general guarantees and special guarantees. The meaning of each type of guarantee is:

- 1) General guarantee.

General guarantee is a guarantee from the debtor that occurs because of the existence of law, that every movable or immovable property belonging to the debtor becomes the responsibility of the debt to the debtor or creditor. So if the debtor denies his obligation to perform, the creditor can ask the court to confiscate and auction off all of the debtor's assets.

- 2) Special guarantee.

Special collateral is any debt guarantee that has a contractual nature, that is, it exists because of a certain agreement, either specifically aimed at certain objects or certain people. Then the special guarantee can be divided into 2 (two), namely:

- a) Material guarantee

Material collateral is a guarantee in the form of absolute rights over an object, has a direct relationship to a particular object, can be defended against anyone, and has "material" characteristics in the sense of giving pre-emptive rights over certain objects and has the nature of being attached to and accompanying the object concerned.

- b) Individual guarantee

Article 1820 of the Civil Code, an individual guarantee is an agreement in which a third party, in the interest of the creditor, also binds himself to fulfill the debtor's obligations, if the debtor does not fulfill his obligations. Those included in the individual guarantee category are:

- (1) Guarantee agreement (borg)
- (2) Responsibility (joint responsibility)
- (3) Warranty agreement.

- b. Joint responsibility

The term joint liability (*hoofdelijkheid*) was used by traders which was subsequently adopted in the codification of the Commercial Law Law (*Wet Boek van Koophandel*) which was included in the discussion of *Commanditaire Venootschap (CV)*. (Ramdani, 2018) According to the Big Indonesian Dictionary (1991), the term joint responsibility is a combination of the words responsibility and joint venture. Responsibility means being willing to act as collateral for another person if the other person breaks a promise or defaults, while jointly means jointly in something. (Kamalin, 2017)

The joint responsibility group system emerged from the application of cooperative principles, namely the principle of mutual cooperation and the principle of kinship, so that the application of cooperative principles is just a simple motto. Since its inception, the system of joint responsibility groups has undergone changes which have resulted in the evolution of the system over time. (Makki & Romla, 2021)

The definition of joint responsibility according to Supriyanto, that joint responsibility is a joint responsibility based on the values of togetherness, honesty, mutual agreement and the value of wisdom. (Faidah & Dewi, 2014) So, according to this opinion, it can be concluded that joint responsibility has existed and developed in Indonesia for a long time, this is in accordance with the character and nature of the Indonesian nation, namely mutual cooperation, helping each other.

The system of joint responsibility has become a culture in society, especially with regard to debts and receivables. This system is utilized by the National Program for Empowerment of Independent Rural Communities (PNPM-MP for Women's Group Savings and Loans (SPKP)).(Septalinda & Ningrum, 2021)

The Civil Code (KUHPerdata) has explained regarding joint liability in several articles, including:

- 1) Section 8 of article 1278 reads: "A responsibility agreement or joint responsibility agreement occurs between several creditors, if in proof of agreement expressly given to each of them is the right to demand fulfillment of the entire debt, while payment is made to one of them, release the debtor, even though the obligation by its nature can be split and divided between the creditors."
- 2) Article 1280 reads: "On the part of the debtors there is an agreement of responsibility, when they are all obliged to carry out the same thing, in such a way that one of them can be sued for the whole, and repayment by one can free the other debtor from the creditor."

If According to this article, the definition of joint liability is an agreement between 2 (two) or more people together as the party who owes the debt and the party who owes the debt, where the parameters of performance and/or default are not individual, but together or in a group, for example in a group there are 10 (ten) creditors who agree to use joint liability collateral, of these 10 (ten) people there is 1 (one) who does not fulfill their installment obligations, then the group is declared as a group that is in arrears on installments.

The definition of joint liability in the Bank Indonesia dictionary is joint and several liability, namely the responsibility of the debtors, whether jointly, individually or specifically for one of them, to bear the payment of all debts; payment by one debtor results in the other debtor being free from the obligation to pay the debt. In Wiktionary, joint responsibility means bearing costs together. Therefore, joint liability is useful for easing the burden on one of the borrowers. If one member cannot make credit payments, then the other members are obliged to take responsibility jointly or jointly.”(Amanda, 2021)

A liability agreement is called an active liability agreement if more than one or several people are the loan provider or creditor, while a passive liability agreement is where the debt recipient or debtor is more than one or several people. The provisions of Article 1479 BW state that if more than one or several people jointly receive an item as a loan, then each of them is fully responsible for the person. Creditors or loan providers can demand performance fulfillment from each debtor or loan recipient. Repayment made by a debtor or debt recipient releases other debtors (article 1280 BW). Creditors have the right to choose one of several debtors to fulfill their achievements (article 1283 BW) but creditors are not permitted to refuse payments from other creditors.(Civil Code Book III, nd)

Joint responsibility is part of the rich tradition of the Indonesian nation which shows the nature of mutual cooperation of the Indonesian nation which has noble values in it, including:

- 1) Family and mutual cooperation.
- 2) Openness in expressing opinions.
- 3) Building discipline, a sense of responsibility and self-confidence in its members.
- 4) Creation of leadership cadres among group members.(Makki & Romla, 2021)

The implementation of a joint liability guarantee system in groups can also be used to select members, generate member solidarity and responsibility, and control the risk of receivables.(Wahyudi & Rustantia, 2017)

Groups that implement a joint responsibility system must fulfill the elements of a joint responsibility system in order to provide better benefits so that the system can run as it should. The elements of joint responsibility are as follows:

- 1) Group Establishment. In its establishment, it must truly be the wishes of prospective members (the prospective member's initiative).
- 2) Obligation. Group members must fulfill agreed obligations
- 3) Regulation. Rules must be made that are obeyed by members, if a member violates them there will be agreed sanctions.(Makki & Romla, 2021)
- 4) Legal certainty of the joint responsibility system

An agreement is a legal relationship between two people or two parties, based on which one party has the right to demand something from another party, and the other party is obliged to fulfill that demand.(Subekti, 2005). The party making the claim is called the creditor, then the party who is obliged to fulfill the claim is called the debtor, and in an agreement the thing being demanded is called performance as stated in article 1234 of the Civil Code, namely:

- 1) Handing over something/giving something, for example a debtor hands over a sum of money to a creditor to pay off a debt.
- 2) Doing something/doing something, for example someone who rents a shop or other goods is treated as it should be, such as maintenance and keeping it clean
- 3) Not doing something, for example the tenant does not transfer the rented item to another party for re-renting without the owner's knowledge and consent.

However, legal relations between the parties do not immediately occur. Legal relations can occur if there is an agreement between the parties, if there is no agreement, then no legal relations will occur. The conditions for a valid agreement are explained in article 1320 of the Civil Code, namely:

- 1) They agreed to bind themselves

An agreement is a manifestation of the agreement between the parties' statements. The agreement occurs before an offer and acceptance are made. The definition of an offer here is the submission of a proposal(Fatimah Mediawati & Budi Purwaningsih, 2018)

- 2) Able to create an engagement

The provisions of Article 1329 of the Civil Code indicate that every person is basically competent to make an agreement, unless by law he is declared incompetent, as stated in Article 1330 of the Civil Code, which reads:

"Incompetence in making an agreement is:

- 1) People who are not yet adults;
- 2) Those who are placed under pardon;
- 3) Women, in cases stipulated by the Law, and in general all persons with whom the Law has prohibited the making of certain agreements."

Then it is also regulated in Article 47 of Law Number 1 of 1974 concerning Marriage (Marriage Law), which states that:

"Children who have not reached the age of 18 (eighteen) years or have never been married are under the authority of their parents as long as they are not removed from their authority."

Article 433 of the Civil Code states that:

"Every adult, who is always in a state of stupidity, brain disease, or dark eyes must be placed under guardianship, even if he is sometimes able to use his mind. An adult may also be placed under pardon for his extravagance."(Sari, 2019)

- 3) A certain thing

Regarding the object of the agreement in the Civil Code, there is a lot of literature which states that the object of the agreement is achievement (the principal of the

agreement). Achievement is something that is the obligation of the debtor and something that is the right of the creditor (Yahya Harahap, 1986: 10; Sudikno Mertokusumo, 1987: 36). The achievements consist of:

- a) Give something away;
- b) Do something; And
- c) Not doing anything (Article 1 1234 of the Civil Code).

Achievement must be determinable, permitted, possible, and can be valued with money. Determinable means, in entering into an agreement, the contents of the agreement must be certain in the sense that it can be determined sufficiently (Salim HS, 2003: 24)(Novi Ratna Sari, 2017).

- 4) A legitimate cause.

Article 1337 of the Civil Code mentions prohibited causes. That a cause is declared prohibited if it violates and/or contradicts the provisions of law, morality and public order Ahmad Arif Fadilah Endi Suhadi, "Settlement of Compensation Due to Default on Online Sales and Purchase Agreements Is Linked to Article 19 of Law Number 8 of 1999 concerning Consumer Protection," *Research Innovation 2* (2021).

There are 5 (five) legal principles of engagement, namely:

- 1) Principle of consensualism

The principle of consensualism is based on Article 1320 paragraph (1) of the Civil Code which states that one of the conditions in an agreement is that there is an "agreement between the parties". In this case, even though an agreement has been reached, the element of "will" must still be taken into account in making the agreement.

This principle contains the will of the parties to bind themselves to each other and creates trust (*vertrouwen*) between the parties regarding the fulfillment of the agreement. Trust is closely related to honesty. Honesty is the basic principle of the principle of good faith in contracts/agreements. (Siti Nurwulan & Hendrik Fasco Siregar, 2019)

- 2) The principle of freedom of contract

Principle Freedom of contract is found in Article 1338 of the Civil Code which states that all agreements (agreements) made in accordance with legislation are valid and then become law for those who make them. This consent cannot be withdrawn if there is no agreement between the parties, or for reasons determined by law. Agreements must be carried out in good faith.

- 3) The principle of *pacta sunt servanda*

The term *pacta sunt servanda* means that a promise must be kept, meaning that denying the obligations contained in the agreement is an act of breaking a promise or breach of contract.

- 4) The principle of good faith

Faith good means carrying out the agreement well, good faith can be interpreted as: 1) honesty when making a contract, 2) at the making stage emphasized, that if the contract is made in the presence of an official, the parties are considered to be in good faith, 3) as appropriate in the implementation stage, namely related to an assessment of the behavior of the parties in implementing the agreement in the contract; or simply to prevent inappropriate behavior in the implementation of the contract

- 5) Personality principles

Principle Personality is the principle that determines that a person will carry out or make a contract only for personal or individual interests. In the Civil Code, this principle of civil law is implied in Article 1315 of the Civil Code explained that in general a person cannot enter into an agreement or agreement other than for himself and article 1340 states that an agreement is only valid between the parties who make

it. Consent cannot harm third parties; the agreement cannot provide benefits to third parties other than in the specified cases.

c. **DAnarolling**

The definition of revolving funds is all program funds and loans from UPK which are used by the community to fund community economic activities which are channeled through community groups.(PMD, 2014)The aim of the PNPM Mandiri Rural revolving fund management activities managed by the Activity Management Unit (UPK) is to provide easy business capital loans to both the community as beneficiaries and business groups, then preserve and develop revolving funds in accordance with the objectives of the empowerment program.(PMD, 2014)

The targets of the revolving funds managed by the Activity Management Unit (UPK) are the Women's Savings and Loans Group (SPP), Joint Business Groups (KUB) and Miscellaneous Business Groups (KAU).(PMD, 2014)

The direction of the revolving fund policy is the preservation and development of revolving funds with the following basic provisions: a) Preservation of Revolving Fund Activities, b) Ease of access to business funding for RTM, c) Preservation of Management Principles, d) Ownership by program recipient communities, e) Institutional preservation , f) Group development, g) Accountability and transparency.(PNPM, 2014)

d. **Group**

Since birth, human instincts have basic desires (basic human needs), including the desire to unite and interact with other humans and the desire to unite with the nature around them. This aims to fulfill his living needs. There has been research concluding that in ancient times humans were tied into groups to gain advantages in survival.(Saleh, 2015)

The opinions of experts related to the meaning of group are as follows:

1) **Republic (Plato).**

This western philosopher succeeded in formulating an organic theory related to society which is shown by the existence of functional interactions between groups which are actually a comprehensive unity.

2) **Aristotle.**

ManIn essence, it is zoon politicon, which means that humans always want to interact socially with other humans, so humans are called social creatures. Humans as individuals cannot live alone and always need the help of other humans in living their lives.

3) **State City (Machiavelli).**

Machiavellibelieves that the beginnings of the Italian state began because of human commitment to live together in a region (city), then in order to protect threats from other parties, boundaries (boundary maintenance) were created for cities where Italian tribes interacted with other tribes. As the tribe continues to develop, boundaries in the form of walls and ditches are deemed insufficient, so it is necessary to create non-physical boundaries in the form of shared identities and interaction patterns.

4) **The Social Contract (Rousseau).**

Rousseau believes that humans have the idea that living in peace and tranquility is better. A peaceful and peaceful life can be achieved if humans enter into a contract or agreement with parties who have authority, namely parties who can maintain peace.(Saleh, 2015)

5) **Soerjono Soekanto.**

Soerjono Soekanto in his book entitled *Sociology An Introduction* (2013) defines that a group is an association or unit of people who live together, which is caused by the existence of a relationship between them which is reciprocal, influences each other and can result in mutual awareness. help.(Princess, 2022)

So based on the definition of group as stated by these experts, the general definition of group is a gathering of two or more people who have the same goal, who then interact

through certain agreed patterns/structures and there is interdependence between these people.

5. CONCLUSION

Based on the results of the research and discussion that the author has carried out, the following conclusions can be drawn up:

- a. The Community Empowerment Trust Fund Activity Management Unit (UPK-DAPM) Mutiara Abadi Boyolali Regency in managing revolving funds is in accordance with the Articles of Association and Bylaws which are then described in the Standard Operating Procedures (SOP) which have been agreed upon at the Inter-Village Deliberation (MAD). Joint liability as collateral is very relevant to the vision, mission and objectives of the institution's existence, namely an empowerment institution based on people's economics. The guarantee of the joint responsibility system implemented by UPK DAPM Mutiara Abadi has the force of law, because apart from not being in conflict with higher regulations, it is also supported by a mutually agreed mechanism.
- b. UPK groups as partners of the UPK DAPM Mutiara Abadi Boyolali Regency institution play a very important role in the management of revolving funds, especially those related to the implementation of the joint liability system guarantee, because without the existence of the UPK DAPM Mutiara Abadi guarantee, it would be impossible for the UPK DAPM Mutiara Abadi Boyolali Regency to implement it. The user group as one of the parties willing to bind themselves as debtors or loan users who use the joint liability guarantee system as collateral, then this directly becomes the law for the groups concerned.

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