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## Implementation of Collateral-Based Financial Management in BLM-PUAP in Gapoktan Bangunsari Madiun

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### Abstract

This study discusses the financial management of Community Direct Assistance - Rural Agribusiness Business Development (BLM-PUAP) in Bangunsari Village, Dolopo District, Madiun Regency, using a qualitative approach and inductive descriptive methods. Data were collected through observations, in-depth interviews, and documentation to describe in detail the implementation of financial management in the Gapoktan. The results of the study show that financial management has been carried out in accordance with PUAP guidelines, including the preparation of the Revenue and Expenditure Budget Plan (RAPB) and the provision of loans to members and the community. After a few years, the non-collateral system poses obstacles such as bad loans, so a collateral-based system is implemented, where the collateral value must be greater than the loan, and the 5C principle is used in financing analysis to reduce the risk of bad loans. This implementation helps keep the annual burden below 50% and the credit congestion rate below 20%, as well as improve the reliability of the organization's financial management. It is proven that the implementation of collateral-based financial management has a positive impact on the financial stability of Gapoktan Bangunsari.

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### Keywords

Gapoktan, Management, Agribusiness, BLM-PUAP, Collateral



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## INTRODUCTION

Community Direct Assistance for Rural Agribusiness Business Development (BLM-PUAP) is one of the initiatives from the Ministry of Agriculture that aims to alleviate poverty and improve the welfare of farmers in rural areas.<sup>1</sup> However, the implementation of this program still faces a number of challenges. In various regions, including Dolopo District, Madiun Regency, the implementation of BLM-PUAP often encounters obstacles, especially in terms of inefficient financial management, lack of member participation, and the problem of loan refunds by farmers<sup>2</sup>.

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<sup>1</sup>[pertanian.go.id](http://pertanian.go.id), "Pedoman Pengembangan-Usaha Agribisnis Perdesaan TA 2015," 2015, <https://psp.pertanian.go.id/storage/196/Pedoman-Pengembangan-Usaha-Agribisnis-Perdesaan-TA-2015.pdf>.

<sup>2</sup> Ayu Wahyuni, Yeni Widyastuti, and Riny Handayani, "Evaluasi Pembinaan Kelembagaan Petani Pada Program Pengembangan Usaha Agribisnis Perdesaan (PUAP) Di Kecamatan Serang Kota Serang" (Universitas Sultan Ageng Tirtayasa, 2015).

In its ideal implementation, the BLM-PUAP program is able to empower farmers through access to capital, improved business management capabilities, and better market connectivity. Gapoktan, as an institution that facilitates agribusiness activities, should function as an independent and strong institution, manage funds well to ensure business sustainability and avoid problems such as bad loans.<sup>3</sup> In the end, this program is expected to improve the living standards of farmers and encourage overall rural economic growth.

This study aims to examine in depth how financial management is applied in BLM-PUAP in Gapoktan Bangunsari, Dolopo District, Madiun Regency. In addition, this study also seeks to understand the reasons why Gapoktan uses a collateral-based financing scheme in running the program, as well as identify the impact of the use of collateral on Gapoktan's financial health and performance in the implementation of BLM-PUAP.

The study on the Development of Rural Agribusiness Businesses (PUAP), through previous research, provides important insights, although each has shortcomings that can be improved. Research by Hilman Budianto revealed that the level of farmer empowerment in rural areas is still low, as well as limitations in the programs launched by the government. However, this study does not specifically address the aspect of financial management, which is a crucial factor in the success of PUAP.<sup>4</sup> Furthermore, Mukmin Hafiz showed that the characteristics and competencies of extension workers affect the performance of Gapoktan assistance. However, this study does not examine the impact of financial management on the performance of farmer groups, so it does not provide a comprehensive picture of financial management in the context of PUAP.<sup>5</sup>

Another drawback of previous research is the limited focus on aspects of farmer empowerment and extension worker performance, without linking these two things to effective financial management. This research also lacks practical solutions related to financial management in Gapoktan, which can be an obstacle in the development of agribusiness businesses. Novelty in this study lies in a deeper focus on BLM-PUAP financial management, especially in Gapoktan Bangunsari, Dolopo District, Madiun Regency. By analyzing the use of collateral-based financial management, this study seeks to explore how this strategy can improve the health assessment of BLM-PUAP management. In addition, this research contributes to the development of theories in

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<sup>3</sup> Saifuddin Yunus, Fadli Suadi, and M Si Fadli, *Model Pemberdayaan Masyarakat Terpadu* (Bandar Publishing, 2017).

<sup>4</sup> Hilman Budianto, "Respon Anggota Kelompok Tani Terhadap Program Pengembangan Usaha Agribisnis Perdesaan (PUAP) Di Kecamatan Kebun Tebu Kabupaten Lampung Barat," 2015.

<sup>5</sup> Mukmin Hafiz, "Analisis Kinerja Penyuluh Dalam Mendampingi Gabungan Kelompok Tani (Gapoktan) Pada Program Pengembangan Usaha Agribisnis Perdesaan (PUAP) Di Kabupaten Bangka" (UNS (Sebelas Maret University), 2013).

the field of Islamic economics and provides a new understanding of the relationship between financial management and the sustainability of agribusiness enterprises in rural areas, which is an important issue in the context of poverty reduction and improvement of farmers' welfare. Thus, this research is expected not only to add to the treasure of science, but also to provide practical recommendations for better management of BLM-PUAP in the future.

This study offers novelty by critically examining the application of collateral-based financial management in the implementation of BLM-PUAP in Gapoktan Bangunsari. Not only evaluating financial practices, but also assessing the impact of collateral use on Gapoktan's financial health and how it contributes to the sustainability of the program at the farmer level. This provides a new perspective in the study of financial management in agribusiness institutions in Indonesia.

In the context of agribusiness development in rural areas, research on BLM-PUAP financial management is important because it is able to provide an overview of how local financial institutions, such as Gapoktan, can manage funds effectively and efficiently. With the new findings from this study, it is hoped that it can make a significant contribution to policymakers at the Ministry of Agriculture and related parties in improving the quality of the implementation of PUAP programs in various regions. Through an in-depth analysis of BLM-PUAP financial management in Gapoktan Bangunsari, this research not only contributes to the development of theories in the field of agribusiness financial management, but also provides practical recommendations for Gapoktan administrators in running the program in a sustainable manner. The results of this study are expected to be a reference in increasing the effectiveness of the PUAP program, so that it can maximize its impact on the economic empowerment of farmers in rural areas.

## **METHOD**

This research method uses a qualitative descriptive analytical approach, focusing on a case study in BLM-PUAP Gapoktan Bangunsari, Dolopo District, Madiun Regency. The selection of this location is based on the relevance of Gapoktan Bangunsari as a significant object in BLM-PUAP financial management, where natural situations and social contexts can provide in-depth insights into the applied financial management practices.<sup>6</sup> Data sources consist of primary and secondary data. Primary data was obtained directly from respondents, namely the chairman of Gapoktan and BLM-PUAP managers, as well as additional informants such as BLM-PUAP companions. Secondary data is collected through documentation, including reports, books, and other related documents,

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<sup>6</sup> Rukin, *Metodologi Penelitian Kualitatif* (Yayasan Ahmar Cendekia Indonesia, 2019).

which provide a broader context regarding financial management at the research site.<sup>7</sup>

The data collection procedure is carried out through interviews, observations, and documentation. In-depth interviews with BLM-PUAP managers and Gapoktan administrators were conducted to collect relevant information, while direct observation aimed to get a real picture of ongoing financial management. Documentation includes searching for data from non-human sources, such as records and related reports. Data analysis is carried out in a descriptive and inductive manner, by explaining BLM-PUAP's financial management in detail to produce accurate conclusions. The validity of the findings is checked through careful observation and triangulation, comparing the results of interviews with observation data and documents, to ensure the credibility and accuracy of the information obtained.<sup>8</sup> Thus, this research method is designed to provide a comprehensive understanding of financial management in BLM-PUAP Gapoktan Bangunsari

## RESULTS AND DISCUSSION

### Research Results

#### MANAGEMENT OF BLM-PUAP GAPOKTAN BANGUNSARI

##### A. Planning Stage (Financial Planning)

Financial forecasting in financial management is used to estimate financial needs in the future. At this stage, at the end of every year, the Bangunsari Gapoktan always prepares a Draft Revenue and Expenditure Budget. The following is the Draft Activities and Draft Revenue and Expenditure Budget of Gapoktan Bangunsari in 2019 (see Table 1):

Table 1 Draft Revenue and Expenditure Budget for 2019

| It | Revenue breakdown       | Amount (Rp) | It | Production Description            | Amount (Rp) |
|----|-------------------------|-------------|----|-----------------------------------|-------------|
| 1. | - Initial Capital IDR   |             | 1. | Regular board meeting 3 times @Rp | 600.000,00  |
|    | 100,000,000,-           |             |    | 200,000,-                         |             |
|    | - Capital Fertilization |             | 2. | Management accountability meeting |             |
|    | 2013 to 2017 Rp         |             | 3. | in 2019                           | 2.000.000,- |
|    | 32,214,800,-            |             |    | Operating costs:                  |             |
|    | - Capital Fertilization |             |    | • Transport manager (3 org)       |             |
|    | in 2018                 |             |    | IDR 90,000,- x 12 months          | 1.080.000,- |
|    | IDR 4,922,700           |             | 4. | • Transport MFIs (2 org)          |             |
|    | - Member Savings IDR    |             | 5. | IDR 50,000 x 12 months            | 600.000,-   |
|    | 5,280,000,-             |             |    | MFI Honor (2 orgs): IDR 300,000 x |             |
|    | ➤ Savings and           |             |    | 12                                |             |
|    | loans with              |             |    |                                   |             |
|    | members'                |             |    |                                   |             |

<sup>7</sup> Mojibur Rahman, *Metodologi Penelitian Kuantitatif Dan Kualitatif*, ed. Henki Fernanda (Yogyakarta: PT Penamuda Media, 2023)

<sup>8</sup> J Moleong Lexy, "Metode Penelitian Kualitatif Edisi Revisi," *Bandung: Remaja Rosdakarya*, 2006.

|                            |                      |   |                     |
|----------------------------|----------------------|---|---------------------|
| receivables                |                      |   | 3.600.000,-         |
| IDR                        |                      |   |                     |
| 142,000,000,00,-           | 25.560.000,-         | ATK fees, rental, photocopying of reporting |                     |
| • Service 1.5% x 12 months | x                    | IDR 80,000 x 12 months                      | 960.000,-           |
| 142,000,000                | 284.000,-            |   |                     |
| • Stamp profit 1000        |                      |   |                     |
| x 2 x 142 members          | 994.000,-            |   |                     |
| • Administrative income    |                      |   |                     |
| 3,500 x 2 x                |                      |   |                     |
| 142 members                |                      |   |                     |
| <b>Total revenue</b>       | <b>26.838.000,00</b> | <b>Total Expenditure</b>                    | <b>8.840.000,-</b>  |
|                            |                      | <b>Number of SHUs</b>                       | <b>17.998.000,-</b> |

Source: Attachment of RAT BLM-PUAP Gapoktan Bangunsari in 2018<sup>9</sup>

## B. Implementation Stage

### 1. Capital Aspects of BLM-PUAP Gapoktan Bangunsari

BLM-PUAP Gapoktan Bangunsari received initial funds from PUAP funds in 2012. Capital is also obtained from members' savings and capital fertilization from SHU during the year-end closing accountability meeting held every year. The funds that have been obtained will be used in accordance with the purpose for which the funds are used. The amount of costs borne will be determined from the selection of the source of funds carried out. The recovery of the source of funds must be carried out appropriately. The following are the funds collected by PUAP Gapoktan Bangunsari:

PUAP funds in 2012 amounted to Rp 100,000,000.00

Capital fertilization in 2013 to 2017 amounted to Rp 37,137,500.00

Member savings of each borrower amounted to Rp 5,000.00 until the end of 2018 amounted to Rp 5,280,000.00.

### 2. Service Management

Service management aims to support and facilitate fund collection and distribution activities. BLM-PUAP Gapoktan Bangunsari offers services to the community, including:

#### Fundraising

#### Member Savings

Especially for members of farmer groups who have loans. It has advantages that can be taken when repaying the loan, so that it can ease the burden of the loan.

Each member is required to save Rp 5,000.00 when disbursing loan funds or every service extension if they have not been able to repay the loan every four months.

<sup>9</sup> Gapoktan Bangunsari Dolopo, "Materi RAT Gapoktan Bangunsari 2013-2018" (Madiun, 2019).

## Fund Distribution

The form of fund distribution carried out by PUAP Gapoktan Bangunsari is divided into 4 loan products, namely:

a. Temporary System

Maximum loan term 4 months

Services are determined based on agreement in the deliberations of the Gapoktan management at the beginning of the establishment of BLM-PUAP.

b. Installment System

Return period or installment period of 10 months.

The level/percentage of services is as agreed in the management deliberations.

c. Service Renewal System

There is no limit to the repayment or installment period as long as the member has not been able to repay the loan

Only pay for services according to the agreement every four months.

d. Welfare or Social System

The repayment period is within the borrower's ability.

No additional service fees (only repaying the principal loan).

It is given to members who are unable to repay the loan after an effort and survey.

**Table 2 Development of BLM-PUAP Fund Management Gapoktan Bangunsari 2013-2018**

| No. | Information       | Dec 2013   | Dec 2014    | Dec 2015    | Dec 2016    | Dec 2017    | Dec 2018   |
|-----|-------------------|------------|-------------|-------------|-------------|-------------|------------|
| 1   | Member Savings    | 610.000    | 1.965.000   | 1.495.000   | 3.940.000   | 4.785.000   | 5.280.000  |
| 2.  | Loan Disbursement | 53.000.000 | 108.000.000 | 103.000.000 | 104.000.000 | 111.000.000 | 93.000.000 |
| 3.  | SHU               | 4.120.600  | 12.390.200  | 15.729.200  | 13.549.600  | 15.166.900  | 9.845.400  |

Source: Bangunsari Gapoktan RAT 2013-2018<sup>10</sup>

Based on Table 2, the amount of members' savings tends to increase every year except in 2015, while the amount of loans disbursed and SHU is inconsistent:

a. Quality Loans

A quality loan is a loan that is paid on time, shows high management performance and member responsibility. From 2013 to 2018, loan repayments went smoothly with low congestion. The loan congestion at PUAP Gapoktan Bangunsari at the end of 2018 was Rp 6,000,000.00 or only 6.45% of the total loan disbursement of Rp 93,000,000.00.

b. Number of Member Savings

<sup>10</sup> Gapoktan Bangunsari Dolopo.

Since members' savings are mandatory, the amount increases every year. At the end of December 2018, the member's savings amount was Rp 5,280,000.00

c. Valid Financial Statements

Valid financial statements are compiled based on real transactions and accurate data. This report shows that the management has adequate bookkeeping capabilities and transparency. PUAP Gapoktan Bangunsari's financial statements include a daily cash book, income and expense book, profit and loss, and balance sheet. The report is submitted to the accompanying extension worker at the end of each month.

**C. Financial Control**

The financial control of BLM-PUAP Gapoktan Bangunsari is carried out every month through monthly financial reports reported by the management of MFIs PUAP and submitted to the Agriculture Office. Financial control is also carried out at certain times with PUAP Gapoktan in other regions to monitor the performance of the management and fund management. At the end of every year, an accountability meeting is held to the management, members, and the Agriculture Office to report on the management activities of Gapoktan PUAP for a year. Supervision is carried out by the Accompanying Extension Officer, Supervision, and implementation of the RAT, which is expected to make management more directed and open.

**D. Analysis of BLM-PUAP Management Procedures of Gapoktan Bangunsari**

1. Planning the Loan Amount

The planning of the loan amount is carried out openly with the deliberation of members and administrators to meet the larger business capital needs. This is important so that BLM-PUAP can accommodate the business needs of members and expand the scope of lending.

2. Borrowing Process

The borrowing process is carried out transparently, where the borrower fills out a loan application form that contains the borrower's identity, loan amount, term, and purpose of borrowing. The management evaluates the application based on the borrower's willingness to repay.

3. Distribution of Funds

The distribution of funds is carried out based on a deliberative decision that results in an agreement, where each borrower is required to fill out a loan application questionnaire to ensure accountability and openness.

4. Implementation of Repayment

Payments are made on time. Each borrower has a payment schedule that is agreed upon and supervised by the administrator. Payments are made in the form of bank transfers or cash.

5. Preparation of Financial Statements

Financial statements are compiled on a monthly basis, displaying details of transactions, expenses, and receipts. This report is compiled using financial applications to facilitate analysis.

Through transparent and accountable management, BLM-PUAP Gapoktan Bangunsari can function as an effective financial institution in improving the welfare of its members. Good management is the key to encouraging economic growth at the local level, empowering farmers and Gapoktan members in developing their businesses, and improving the standard of living of the surrounding community.

## **Discussion**

### **A. Collateral-Based BLM-PUAP Financial Management**

Collateral-based financing or loan services are a prudent effort by the management to protect assets, especially when members who have loans have the potential to default. In a situation where the borrower does not fulfill its obligations, Gapoktan is entitled to the agreed collateral. At the beginning of the establishment of BLM-PUAP, financing for micro businesses did not require collateral, only required a copy of the ID card, Family Card (KK), and filling out the Member Business Plan (RUA) as well as a loan agreement signed on a stamp. After about a year, various obstacles arise, such as late installments and defaults from borrowers. In response, MFI PUAP and the management of Gapoktan Bangunsari implemented a new policy, requiring borrowers to submit their original KK as collateral. However, this policy also faces challenges, with some borrowers not returning their KK after borrowing it for other purposes.

Through the evaluation of various obstacles that have arisen, a new rule was introduced where borrowers, both members and administrators, must provide collateral in the form of Proof of Motor Vehicle Ownership (BPKB) or land certificates. The value of the collateral must be greater than the loan amount.<sup>11</sup> Nevertheless, the management still found cases where the BPKB submitted did not match the loan value or the collateralized vehicle did not exist. In collateral-based management, the value of the collateral should ideally be greater than the financing provided, creating confidence that there is a clear source of repayment.<sup>12</sup> In addition, borrowers must also meet the selection criteria using the 5C principle to minimize the risk of loan congestion.<sup>13</sup>

### **B. Analysis of Collateral-Based BLM-PUAP Financial Management**

Loans with collateral include physical goods or bills as collateral for the credit given. If the borrower fails to meet its obligations, the lender is entitled to the collateral. Among the goods that are often used as collateral are receivables and fixed assets, including land with proof of ownership. It is important to understand land rights, both those regulated by Law No. 5 of 1960 and before the implementation of the law. In this context, the "debtor's assets" must be greater than the credit facilities provided, including sources of income as collateral for repayment.<sup>14</sup>

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<sup>11</sup> Stephan Luck and Joao A C Santos, "The Valuation of Collateral in Bank Lending," *Journal of Financial and Quantitative Analysis*, 2019, 1–30.

<sup>12</sup> Mohammed Hedadji, "Managing Risk and Promoting Success: How Microfinance Lenders Can Better Utilize Borrower Insights for Collateral Strategy," 2017.

<sup>13</sup> Tomy Rizky Izzalqurny, Mariyatul Kiftiyah, and Miftahul Jannah, "Analysis of the Application of 5C Principles in Credit Decision Making Against Non-Performing Loans During the COVID-19 Pandemic (Study at PT BRI Unit X Malang Indonesia)," *Journal Of Economics, Finance And Management Studies* 5, no. 10 (2022).

<sup>14</sup> Jonathan Marhien Ramisan, "Peralihan Hak Atas Tanah Negara Berdasarkan Prinsip Reforma Agraria Menurut Undang-Undang Nomor 5 Tahun 1960 Tentang Peraturan Dasar Pokok-Pokok Agraria," *Lex Privatum* 12, no. 3 (2023).



Collateral-based management is a reciprocal agreement in which both parties have rights and obligations. The lender is entitled to receive repayment, while the borrower is obliged to repay the loan.<sup>15</sup> The characteristics of BLM-PUAP in providing financial services include:<sup>16</sup>

1. Not using the banking financial service pattern.
2. Providing loans for micro businesses with non-collateral guarantee requirements and collecting member savings.
3. Transparent asset management and administration that is easy for farmers to understand.

Although the PUAP guidelines do not require the use of collateral, the reality on the ground has led to the implementation of this policy to reduce congestion and support the smooth operation of BLM-PUAP funds.<sup>17</sup> Collateral-based management in BLM-PUAP Gapoktan Bangunsari is an approach that adapts to the characteristics and needs of financial management in an agribusiness environment, where both parties—lenders and borrowers—have mutually beneficial rights and obligations. In this context, BLM-PUAP does not follow the pattern of banking financial services which are generally more rigid, but provides loans for micro businesses with non-collateral guarantee requirements, and actively collects deposits or savings from members. This approach creates a more inclusive environment for farmers who may not have access to formal banking services.<sup>18</sup>

In addition, transparency in asset management and ease of administration are important characteristics that allow farmers to better understand and be involved in their financial management.<sup>19</sup> Although the PUAP guidelines do not explicitly require the use of collateral, practice on the ground shows that this policy was adopted to reduce bottlenecks in payments and ensure the smooth operation of BLM-PUAP funds.<sup>20</sup> With the implementation of collateral-based management, it is expected to increase trust between lenders and borrowers, as well as provide additional guarantees for the sustainability of capital assistance programs aimed at strengthening the farmer economy.

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<sup>15</sup> Ratna Hartanto and Juliyani Purnama Ramli, "Hubungan Hukum Para Pihak Dalam Peer to Peer Lending," *Jurnal Hukum Ius Quia Iustum* 25, no. 2 (2018): 320–38.

<sup>16</sup> Damanhuri Damanhuri, Rr Merry Muspita DU, and Dwi Putro Sarwo Setyohadi, "Pengembangan Diversifikasi Usaha Tani Sebagai Penguatan Ekonomi Di Kabupaten Bojonegoro, Tulungagung, Dan Volume 11 No. 1 Juni 2017 PONOROGO," *Cakrawala* 11, no. 1 (2017): 33–47.

<sup>17</sup> Rika E S Sitompul, "Partisipasi Petani Dalam Program Pengembangan Usaha Agribisnis Pedesaan (PUAP) Di Kecamatan Adiluwih Kabupaten Pringsewu," 2017.

<sup>18</sup> R Kristanto HC and R Hendry Gusaptono, "Pengenalan Literasi Keuangan Untuk Mengembangkan UMKM," 2021.

<sup>19</sup> Tiara Ayu Wulandari and Nur Handayani, "Pengaruh Transparansi Dan Akuntabilitas Keuangan Dana Desa Untuk Mendorong Kemandirian Masyarakat Pedesaan," *Jurnal Ilmu Dan Riset Akuntansi (JIRA)* 8, no. 11 (2019).

<sup>20</sup> Kristin Rista Rahmadani, "Manajemen Keuangan Multiusaha Dalam Menjaga Tingkat Stabilitas Distribusi Dana Dan Anggaran" (IAIN PONOROGO, 2024).

### C. Health Assessment of BLM-PUAP Management

The health assessment of BLM-PUAP Gapoktan Bangunsari is carried out by the Regency Technical Team in the Annual Final Meeting at the beginning of each year. PUAP's health criteria include:<sup>21</sup>

1. Healthy Wal 'Afiyat:

- 0% congestion
- Load not more than 50%

The Accountability Report (LPj) is submitted at the annual RAT.

2. Healthy:

- Maximum congestion of 20%
- Load not more than 50%
- LPj is carried out.

3. Unhealthy:

- Traffic congestion of more than 20%
- Load exceeds 50%
- LPj was not implemented.

Since the beginning of the implementation of PUAP in 2013 to 2018, BLM-PUAP Gapoktan Bangunsari routinely submitted LPj, and congestion was recorded every year. Data on annual loads and congestion are presented in table 3.

Table 3 Development of BLM-PUAP Gapoktan Bangunsari 2013-2018

| No. | Information           | 2013      | 2014       | 2015       | 2016       | 2017       | 2018      |
|-----|-----------------------|-----------|------------|------------|------------|------------|-----------|
| 1.  | Annual Expenses       | 30,1%     | 30,7%      | 26,6%      | 37,4%      | 32%        | 48,9%     |
| 2.  | Congestion            | -         | -          | 0,9%       | 1,9%       | 1,8%       | 6,45%     |
| 3.  | Implementation of LPj | √         | √          | √          | √          | √          | √         |
| 4.  | Loan disbursement     | 53 people | 108 people | 103 people | 104 people | 111 people | 93 people |

Source: Bangunsari Gapoktan RAT 2013-2018

Data on the development of BLM-PUAP Gapoktan Bangunsari from 2013 to 2018 shows a stable and healthy performance in financial management. With a consistent annual load of below 50%, the organization has managed to meet the "Healthy" and even "Healthy Wal 'Afiyat" health criteria in a few years. Notably, in 2013 and 2014, annual expenses were recorded at 30.1% and 30.7%, respectively, well below the set threshold. Although there was little congestion recorded from 2015, the figure remained within safe limits, with a maximum of 20% in 2016 (1.9%) and in 2017 (1.8%), before jumping to 6.45% in 2018.

This shows that there is an increase in attention to loan management and compliance with reporting obligations.<sup>22</sup> The implementation of the Accountability Report (LPj) which is carried out

<sup>21</sup> pertanian.go.id, "Pedoman Pengembangan-Usaha Agribisnis Perdesaan TA 2015."

<sup>22</sup> Rena Rukmita Yulianingtyas, "Pengaruh Karakteristik Pemerintah Daerah Terhadap Kepatuhan Pengungkapan Wajib Dalam Laporan Keuangan Pemerintah Daerah (Studi Empiris Pada Kabupaten/Kota Di Indonesia)," 2010.

every year adds transparency and accountability, where throughout the year of the period, LPj is always carried out well.<sup>23</sup> In addition, the distribution of loans that are quite evenly distributed every year, starting from 53 people in 2013 to a peak of 111 people in 2017, shows that BLM-PUAP Gapoktan Bangunsari is active in supporting the community, both members and non-members, in obtaining capital for businesses. Overall, this data illustrates that the management of BLM-PUAP Gapoktan Bangunsari has been running well and has contributed positively to the economic health of the institution and the welfare of the community.

#### **D. Analysis of the Impact of the Use of Collateral-Based Financial Management on the Improvement of Health Assessment of BLM-PUAP Management**

In performance-based integrated budgeting, an assessment of the performance of outputs and outcomes of each program needs to be carried out to ensure the achievement of targets. In accordance with Government Regulation No. 60 of 2008 concerning the Government Internal Control System (SPIP), it is necessary to carry out supervision by the Government Internal Supervisory Apparatus (APIP) of the Ministry of Agriculture.

Supervision includes auditing, evaluation, and monitoring to ensure that PUAP activities are carried out effectively and efficiently. The results of the supervision are expected to identify weaknesses and provide suggestions for improvement.

##### **1. Output success indicators:**

- Distribution of BLM-PUAP funds for business capital.
- Facilitation of strengthening the capacity of human resources.

##### **2. Indicators of success of outcomes**

- Increasing Gapoktan's ability to manage capital assistance.
- The increasing number of farmers who receive assistance.

##### **3. Benefit and impact indicators:**

- The development of agribusiness businesses.
- The functioning of Gapoktan as an economic institution.
- The number of poor farmers is decreasing.

##### **4. Healthy considerations:**

- The preparation of financial statements must face uncertainty.
- Loads and congestion must be in accordance with PUAP guidelines.

The implementation of the Government Internal Control System (SPIP) in accordance with Government Regulation No. 60 of 2008 is crucial in ensuring effective supervision by the Government Internal Supervisory Apparatus (APIP) at the Ministry of Agriculture, especially in the context of managing the Rural Agribusiness Business Program (PUAP). In this case, indicators of output success such as the distribution of BLM-PUAP funds for business capital and facilitation

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<sup>23</sup> Veti Kartika Sari and Dini Widyawati, "Transparansi Dan Akuntabilitas Pemerintah Desa Dalam Pengelolaan Alokasi Dana Desa," *Jurnal Ilmu Dan Riset Akuntansi (JIRA)* 10, no. 7 (2021).

of strengthening human resource capacity are very important, because they both contribute directly to strengthening the economic base of farmers and farmer groups.<sup>24</sup>

Furthermore, the success of the outcome indicators that show the increasing ability of Gapoktan in managing capital assistance and the number of farmers who receive assistance reflect the positive impact of government intervention in improving farmers' welfare.<sup>25,26</sup> Not only that, the benefit and impact indicators which include the development of agribusiness businesses and the reduction in the number of poor farmers show that this program can function as a catalyst in improving the socio-economic conditions of the community.<sup>27</sup> However, this success must be accompanied by sound considerations in the preparation of financial statements, which must be able to overcome uncertainties, as well as ensure that the burden and bottlenecks do not exceed the provisions that have been set in the PUAP guidelines.<sup>28</sup> Thus, strict and planned supervision by APIP can provide constructive recommendations for continuous improvement, as well as help minimize weaknesses in program implementation.

## CONCLUSION

The results of the study show that the financial management of BLM-PUAP Gapoktan Bangunsari has been implemented in accordance with the general guidelines of PUAP, with a clear work plan in the Annual Revenue and Expenditure Budget Draft. The loans provided are not only aimed at members and administrators but also to the surrounding community, with consistent procedures. Collateral-based management was introduced to address the problem of late payments and bottlenecks, which shows responsiveness to the challenges faced. The impact of the implementation of collateral-based financial management can be seen in the BLM-PUAP health assessment which remained stable, with the category of "Healthy" during the period 2013 to 2018, indicating that the organization is able to manage risk and fulfill financial responsibilities towards all parties involved.

The strength of this research lies in the use of a systematic approach in evaluating the financial management of the institution, as well as data obtained from direct observation and interviews that provide in-depth insights into practices in the field. However, this study also has shortcomings, such as limitations in the population that only focuses on BLM-PUAP Gapoktan Bangunsari, which may not fully reflect similar conditions in other institutions. Therefore, the advice given includes the importance of IAIN Ponorogo to use the results of this research as a scientific reference, as well as for PUAP MFIs and Bangunsari Gapoktan administrators to improve their financial management performance. Researchers are further expected to expand the scope of the research

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<sup>24</sup> Arinni Abdilah, "Kontribusi Lkm-A Puap Gapoktan Subur Desa Kedungjati Kecamatan Bukateja Dalam Meningkatkan Kesejahteraan Petani" (IAIN Purwokerto, 2018).

<sup>25</sup> Elly Permata Sari, "Pelaksanaan Program Pengembangan Usaha Agrobisnis Pedesaan (Puap) Pada Petani Di Desa Rasau Jaya I Kecamatan Rasau Jaya Kabupaten Kubu Raya," *SOCIODEV, Jurnal Ilmu Sosiatri (Pemsos)* 3, no. 1 (2014).

<sup>26</sup> Eni Erma, "Pemberdayaan Gabungan Kelompok Tani (Gapoktan) Sidomakmur Kampung Sukajadi Bumi Ratu Nuban" (UNIVERSITAS LAMPUNG, 2023).

<sup>27</sup> Wahyuni, Widyastuti, and Handayani, "Evaluasi Pembinaan Kelembagaan Petani Pada Program Pengembangan Usaha Agribisnis Perdesaan (PUAP) Di Kecamatan Serang Kota Serang."

<sup>28</sup> Indra Bastian, *Manajemen Keuangan Publik* (Penerbit Andi, 2021).

population and explore new relevant variables to make a greater contribution to the development of financial management science in similar institutions.

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