

## The Benefits Analysis of The Issuance of Sukuk Savings in Road Infrastructure Development in Indonesia

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### Abstract

State Sharia Securities which in technical terms are commonly known as state sukuk, are state securities issued based on sharia principles. One form of state sukuk is a Sukuk Savings. Sukuk Savings is managed based on sharia principles, and has been declared sharia compliance by the National Sharia Council - Indonesian Ulama Council. The proceeds from the issuance will be used for investment activities in the form of purchasing rights to the benefits of State Property to and the procurement of projects to be leased to the Government. Rewards come from the profits from the investment activities. How to regulate the issuance of savings sukuk in the development of road infrastructure in Indonesia and how the potential benefits of its application for economic infrastructure development in Indonesia are the main issues to be analyzed in the paper this. This research uses normative legal research methods. Basically, sukuk is one of the breakthrough sources of funding funds made by the government in implementing its commitment to accelerate infrastructure development and as an alternative investment product with sharia principles for the community.

**Keyword:** financing; infrastructure development; sukuk savings

### Abstrak

*Surat Berharga Syariah Negara yang dalam istilah teknis biasa disebut sukuk negara adalah surat berharga negara yang diterbitkan berdasarkan prinsip syariah. Salah satu bentuk sukuk negara adalah Sukuk Tabungan. Sukuk Tabungan dikelola berdasarkan prinsip syariah, dan telah dinyatakan syariah compliance oleh Dewan Syariah Nasional - Majelis Ulama Indonesia. Dana hasil penerbitan akan digunakan untuk kegiatan investasi berupa pembelian hak atas manfaat Barang Milik Negara dan pengadaan proyek yang akan disewakan kepada Pemerintah. Imbalan berasal dari keuntungan dari kegiatan investasi. Bagaimana pengaturan penerbitan sukuk tabungan dalam pembangunan infrastruktur jalan di Indonesia dan bagaimana potensi manfaat penerapannya bagi pembangunan infrastruktur ekonomi di Indonesia menjadi isu utama yang akan dianalisis dalam tulisan ini. Penelitian ini menggunakan metode penelitian hukum normatif. Pada dasarnya sukuk merupakan salah satu terobosan sumber pendanaan dana yang dilakukan pemerintah dalam melaksanakan komitmennya untuk mempercepat pembangunan infrastruktur dan sebagai produk alternatif investasi dengan prinsip syariah bagi masyarakat.*

**Kata kunci:** pembiayaan; pembangunan infrastruktur; tabungan sukuk

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## Introduction

The existence of infrastructure is the most vital thing for the national economy. The government, as the highest policy holder in a country, must be able to provide the infrastructure that is needed by society, such as energy, communication and transportation. One of the most important infrastructures, namely road transportation

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because it plays an important role in national development and has a very large contribution in supporting community mobility and the distribution of trade and industrial commodities in a country, both developed and developing countries.

Although Indonesia is an archipelago country, the dominant transportation used is road transportation. According to Director General of Highways, road transport modes serve 84% of passengers, while the new trains of 7.3%, 1.5% air, and sea 1.8%. By therefore, road work disruption will cause direct disruption to the wheels of the national economy. Indonesia is one of the developing countries, where the development of existing infrastructure is currently under construction. Weak infrastructure development has been one of the factors causing Indonesia to lag behind in spurring economic development.

The weak condition of infrastructure in Indonesia is stated in the 2009 State Budget Law which states that one of the priorities for national development is infrastructure development, for this we need an appropriate financing structure to overcome the main problems in infrastructure development which have limited access to investment with large amounts of funds (huge invest), long-term (long term) and the type of infrastructure that is truly needed by society to support the improvement of the economy and welfare (infrastructure Friendly).

Based on data from the World Economic Forum on the global competitiveness index, 2004 in Helmi, in general Indonesia's infrastructure is ranked 82 out of the 148 countries assessed. This position is far below ASEAN countries such as Singapore (Rank 5), Malaysia (Rank 25), Thailand (Rank 61). Indonesia's position is much better than the Philippines (Rank 98) and Vietnam (Rank 110).

Infrastructure in Indonesia is budgeted in the State Expenditure Budget, taking into account the amount of funds to be used for infrastructure development. However, currently infrastructure development in Indonesia is experiencing various problems including unclear sources of financing (funding gap) in order to cover the shortage of existing funds, therefore the Indonesian government must seek alternative sources of funding, namely by issuing Government Securities (SUN) and external loans. The country in the form of debt or loans from international financial institutions (World Bank, IMF, ADB, IDB and others). By issuing Sovereign Debt Instruments, it will never be separated from the burden of the amount of interest offered to investors and becomes a burden on the state in the APBD to pay the interest expense.

According to Standard & Poor's, 2008, on the other hand, the Islamic financing system model is currently experiencing a fairly high development and has its own attractiveness for investors. This fee/margin/profit-sharing based system model has proven its reliability in dealing with the crisis that occurred around the beginning of 2009. The sharia system can avoid crises that occur, among others, because there are principles that are held consistently, namely by avoiding *gharar* (speculation), *maisyir* (uncertainty) and usury (interest).

Sukuk is not a new term in Islamic history. This term has been known since medieval times, where Muslims use it in the context of international trade. At that time the sukuk

is used by traders as a document that shows the financial obligations arising from trade and activity as other commercial.

As one investment, many countries issuing sukuk, not only Muslim country, countries - countries of Western and Asian population of the Muslim minority also take advantage of this opportunity. There are seven countries that have issued sukuk and have become regular issuers, namely Malaysia, Bahrain, Brunei Darussalam, United Arab Emirates, Pakistan, Qatar and Indonesia. And there are other countries that have also issued sukuk, namely Germany, England, Canada, Dubai, Kuwait, Singapore, Japan, Korea, China and India.

Based on a secondary market study conducted by the Ministry of Finance of the Republic of Indonesia (2012), since it was first issued in 2002, the development of corporate sukuk issuance in Indonesia has increased quite well every year, although the portion is still relatively small compared to conventional markets. For the purposes of developing the basis for the source of funding for the state budget and in the context of developing the domestic Islamic financial market, the government has passed the Bill on State Sharia Securities (SBSN). The SBSN Law will become the legal basis for issuing and managing state sukuk. The passing of the SBSN Law is an opportunity for Islamic financial institutions to develop more serious Islamic financial instruments, especially sukuk.

Moreover, the concept of Islamic finance that has been accepted in Indonesia has made sukuk experience rapid development. Sukuk is a lawful investment in accordance with Islamic sharia so that it is free from *riba*, *maysir* and *gharar*. In accordance with what is described in the Qur'an, Surat Al Maidah verse 1: "O you who believe, fulfill these covenants ..." and the Qur'an Surah Al Baqarah verse 275:

People who eat (take) usury cannot stand but are like the founding of someone who has been possessed by evil due to (pressure) of insane disease. Their condition is like that, is because they say (opinion), In fact buying and selling is the same as usury, even though Allah has made buying and selling legal and forbidden usury. people who have come to him the prohibition of his Lord, then continue to stop (from taking usury), So for him what he had taken first (before the prohibition came); and matters (up to) to Allah. people who return (take usury), Then that person is the inhabitants of hell; they are eternal in it.

This proves that sukuk has become an important instrument in the Islamic financial system. Not only as an instrument of the Islamic capital market, but also as a liquidity instrument and domestic Islamic financial market. The issuance of Sukuk means that the government does not need to carry out foreign debt because the funds obtained come from Indonesian citizen (WNI) investors who buy the sukuk.

Sukuk issuance by the Government of Indonesia since 2008, or after the passing of Law Number 19 of 2008 concerning State Sharia Securities. State Sharia Securities or so-called Sukuk Negara are: Government securities issued based on sharia principles, as evidence of the share of the State Sharia Securities (SBSN), both in rupiah and foreign currencies (Law Number 19 of 2008 concerning SBSN).

SBSNs that are issued by the state and involve investors from the individual community are retail sukuk and savings sukuk which were published on August 19, 2016. Savings sukuk that involve individual communities as investors enable the community to directly assist the sustainability of the country's development.

By looking at the prospect of rapid development of sukuk in the global and domestic markets and on the other hand, the government has a problem of lack of funds for infrastructure financing including transportation infrastructure financing, it is an interesting matter to examine the possibility of implementing state sukuk (SBSN) as an alternative financing. transportation infrastructure. Based on the above background, that is what motivates the author to be interested in compiling this paper, thus giving the title "Analysis of the Benefits of Issuance of Savings Sukuk in Road Infrastructure Development in Indonesia".

## Research Problems

Based on the description above, several basic problems can be formulated, namely: 1) how is the development of the state sukuk in supporting infrastructure in Indonesia? 2) what are the opportunities for financing infrastructure development through state sukuk in Indonesia? and 3) what are the potential benefits of its application for road infrastructure development in Aceh?

## Research Method

The research methodology that is apply in this Journal writing is the normative judicially research method, which is a concept that uses principles and norms as a main basis to determine the appropriateness of human behavior (Soekanto, 1986). In addition, the concept of this research methodology is supported with descriptive qualitative analysis approach that illustrate and describe analysis that are taken from the normative source (previously mentioned) substantially.

The research is directed to obtain data and facts related to infrastructure financing through state sukuk or State Sharia Securities (SBSN) and their contribution to development in Aceh. The application of a qualitative approach by considering the possibility of data obtained in the field in the form of written data and interviews that require in-depth analysis. Then the qualitative approach will further encourage the achievement of more in-depth data, especially with the involvement of the researchers themselves in the field. In qualitative research, the researcher becomes the main instrument in collecting data that can be directly related to the research instrument or object (Sugiyono, 2005).

The data are collected from a list of primary law sources such as: Laws/ Regulation of the Indonesian Capital Market No. 8 year 1995; and Fatwa DSN-MUI related to the Mutual Fund Transaction. Other various secondary law sources such as books with doctrines and or data inside that are related to the discussion in regards to the perception

of general people about hybrid contract. Finally, other tertiary law sources such as data that are taken from relevant journals and websites that are used as a reference.

## Discussion

### Sukuk Development Types of Projects Financed by Project Based Sukuk (PBS)

Project Based Sukuk (PBS) are divided into two, namely Project Underlying Sukuk (PUS) and Project Financing Sukuk (PFS). But in practice, only the Sukuk Project Financing (PFS) contributes to infrastructure financing or is included in the State Budget (APBN). In line with the increasing understanding of stakeholders including Ministries and Government Agencies, the issuance of Project Financing Sukuk (PFS) from time to time shows progress, as listed in the table below:

**Table 1.** Projects financed by Project Financing Sukuk (PFS)

Year	Budget Allocation	Project Type
2013	Rp. 800 million	- Development of double track railway tracks from Cirebon-Kroya under the Ministry of Transportation
2014	Rp. 1.5 trillion	- Development of double track railway tracks from Cirebon-Kroya under the Ministry of Transportation - Construction of a double track railway tracks d ari Manggarai-Jatineara under the Ministry of Transport - Construction of Hajj Dormitories in several provinces
2015	Rp. 7.1 trillion	- Development of elevated tracks for the Jakarta, Central Java and Sumatra Railways under the Ministry of Transportation - Construction of roads and bridges in several provinces under the Ministry of Public Works - Development of infrastructure for campuses (higher education) and the Office of Religious Affairs under the Ministry of Religion
2016	Rp. 13.67 trillion	- Development of elevated tracks for the Jakarta, Central Java and Sumatra Railways under the Ministry of Transportation - Construction of roads and bridges in several provinces under the Ministry of Public Works - Construction of double track and elevated railroad tracks under the Ministry of Transportation, - Construction of roads and flyovers across Sumatra, - Development of infrastructure for campuses (higher education), Hajj dormitories and the Office of Religious Affairs under the Ministry of Religion
2017	Rp. 16.76 trillion	- Construction of an elevated track and a double track railway from Jabodetabeek, Central Java, East Java, Sumatra and Sulawesi - Construction of roads, flyovers / underpasses / tunnels and bridges for Sumatra, Java, NTB, Borneo, Sulawesi, Maluku and Papua - Development of flood control, lava, urban drainage management and coastal safety, management of dams, reservoirs and other water storage structures, as well as water supply management - Construction of buildings, educational facilities and facilities - Construction of revitalization and development of Hajj dormitories, construction / rehabilitation centers for weddings and Hajj

*Source: institution, year Ministry of Finance (2018)*

In line with the Government's policy to increase infrastructure development throughout the country, the role of the State Sharia Securities (SBSN) Project Based Sukuk (PBS) in the future will continue to increase, as will the percentage in the APBN. From the table above, it can be seen that projects financed by the State Sharia Securities continue to increase every year. In 2014, the percentage in the APBN reached 0.72% and continues to increase every year. Until 2017, the percentage of infrastructure financing in the APBN reached 4.83%. State Sharia Securities (SBSN) Project Based Sukuk (PBS) is actually very potential to finance large scale infrastructure projects. The ability of Project Based Sukuk (PBS) State Sharia Securities (SBSN) to finance large-scale projects can be seen from the results of the issuance of State Sharia Securities (SBSN) with the Project Based Sukuk (PBS) series per year.

The role of the state sukuk in financing infrastructure development also continues to increase. Since the issuance of Government Regulation Number 56 of 2011 concerning Project Financing through the Issuance of State Sharia Securities (SBSN), the government has developed infrastructure financing through the issuance of State Sukuk. The implementation of this is by issuing project -based State Sukuk or State Sukuk with the PBS (Project Based Sukuk) series in 2012. In addition to the Project Based Sukuk (PBS) series, Retail State Sukuk (SR) issued since 2012 are also used for financing infrastructure projects (Ramadanyanti, Mainata, and Angrum, 2017).

Infrastructure financing through the issuance of State Sukuk has actually been implemented since 2010, namely since the issuance of the State Sukuk with the Project Based Sukuk (PBS) series. The first mechanism to be used is to use government projects listed in the State Revenue and Expenditure Budget (APBN) as the underlying assets of the State Sukuk. The second mechanism promoted by the government is the initiation of Ministries/Institutions to request infrastructure financing through the issuance of State Sukuk since it was proposed to the National Development Planning Agency (Bappenas).

This mechanism can ultimately be an impetus for Ministries/Agencies to complete infrastructure work in a transparent and accountable manner. The government believes that the issuance of State Sukuk will be one of the main sources for infrastructure financing in the future because of the enormous opportunities, namely (Hariyanto (a), 2017):

1. Policy support

Full support for infrastructure financing through the issuance of State Sukuk is reflected in the passing of Law Number 19 of 2008 concerning Government Securities (SBN) or State Sukuk. The existence of this law is the main legal basis for the government to issue Sukuk Negara. In addition, this regulation gives the government authority to use State Property (BMN) as the underlying asset and finance infrastructure development through the issuance of State Sukuk. Through this regulation, the government can regulate the composition of the issuance of State Sukuk for project financing, so that the results of the issuance of State Sukuk can be directed to accelerate infrastructure development (Hariyanto (b), 2017).

2. Very large financing needs

In order to accelerate the pace of infrastructure development, the Government has set infrastructure development priorities as outlined in the Master Plan for the Acceleration and Expansion of Indonesian Economic Development (MP3EI). From MP3EI data for 2011 to 2012, the total funding requirement for infrastructure development is IDR 603.1 trillion, which consists of building roads, ports, airports, railways, water utilities, telematics, tourism projects and other infrastructure (Kharismawati, 2014). The huge need for funds is an opportunity for the State Sukuk to play a more role in encouraging infrastructure development. In addition, the Sukuk also can provide a wider fiscal space for the government to allocate the sources of state revenue other for funding infrastructure.

3. The market potential for State Sukuk is very wide

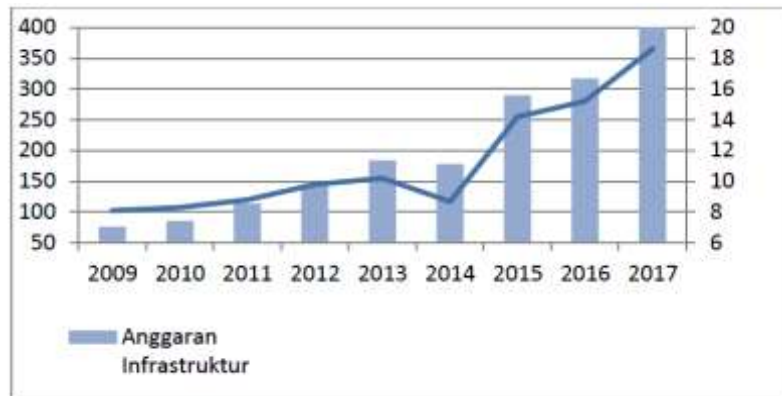
Along with the fantastic development of the Islamic economy, there is also growing awareness to choose investment instruments that are compatible with sharia. This awareness has created investors who are 'sharia minded' or only invest in sharia instruments. On the other hand, Islamic investment instruments usually provide more attractive returns than conventional investment instruments. This is an attraction for conventional investors to invest in Islamic instruments. This condition is certainly the cause of the wider potential for the Islamic instrument market. Likewise with the State Sukuk as one of the sharia-based investment instruments, this investment instrument can certainly be owned by all groups in all regions so that the market potential is very wide. If the conditions can be used, then the chances for financing infrastructure through the issuance of Sukuk will be very large (Hariyanto (c), 2017).

Sukuk investment, apart from being an investment instrument that complies with Islamic sharia, is also a relatively safe investment because it has a relatively low level of risk. This is because sukuk is an asset-based investment, where each sukuk issuer must have assets that can be used as underlying assets. Therefore, sukuk are ideal tools for liquidity management because besides facilitating the arrival of funds from investors, sukuk are relatively safe investment instruments because sukuk are asset-based investments.

The liquidity of the sukuk is not only an alternative financial instrument for Muslim investors, but has also attracted the interest of non-Muslim investors. For Muslim investors, sukuk is a liquidity booster. The funds that have been stored up until now, with the existence of sukuk as a sharia investment instrument, can now be mobilized. Meanwhile, for conventional and non-Muslim investors, a sukuk certificate is an advantage of investment diversification. Funding from sukuk investment should be aimed at productive activities (project funding) and not for speculative activities. So that the risks that occur, because of the project and not because of speculative activities that do not have real economic benefits.

### Graphics 1

Development of the Infrastructure Budget for 2009-2017



Source: institution, year Ministry of Finance (2017)

From the graph above, it can be seen that the allocation of infrastructure budget in the State Revenue and Expenditure Budget (APBN) continues to increase from year to year. Not only in terms of value, the percentage in the State Revenue and Expenditure Budget (APBN) was also increased. This is because the State Revenue and Expenditure Budget (APBN) to carry out infrastructure development in Indonesia certainly requires a lot of funds. Although the share of infrastructure spending experienced a decline in 2014, it reached 8.7%, namely Rp.178 trillion, but returned to normal even soaring in the following year. It can be seen from 2015 that the portion of infrastructure spending reached 14.2% of the total state expenditure, namely Rp.290 trillion. In 2016, it increased to 15.2%, namely Rp. 317 trillion and reached 18.6% in 2017, namely Rp.400.9 trillion. This is one of the new policies mandated by the 2017 State Budget (APBN) Law. The government has allocated a large amount of funds for infrastructure development in the last two years. In 2017 the government has also increased the budget allocation for this sector by Rp. 70.2% of the 2016 budget. In the 2017 State Budget (APBN), the government allocated Rp.387.3 trillion for the infrastructure budget. The Ministry of Finance stated that there are six main infrastructure targets that will be built from the 2017 budget, the six infrastructures are:

1. Construction of 836 kilometers of roads,
2. Construction of a 10,198-meter bridge,
3. Construction of 13 new and advanced airports,
4. Construction and development of sea port facilities in 61 locations throughout Indonesia,
5. Construction of stage I and continued railway lines along the 710-kilometer spoor,
6. Construction of advanced passenger terminals at 3 locations.

Part of the state budget for infrastructure development is spread over the spending of ministries and institutions. Some of the largest are the Ministry of Public Works and Public Housing, the Ministry of Transportation, the Ministry of Agriculture, and the Ministry of Energy and Mineral Resources. Then through institutions that can increase the



ability of the private sector to participate in building infrastructure. One of the funds used for infrastructure is from the State Sharia Securities (SBSN).

### **The Strategic Role of State Sukuk**

The issuance of State Sharia Securities (SBSN) or State Sukuk has entered its eight- or one-year anniversary. The implementation of the Government Sukuk issuance policy as an instrument for the deficit financing of the State Budget (APBN) occurred for the first time on August 26, 2008 with the issuance of the Series Ijarah Fixed Rate (IFR) 001 series worth Rp2.71 trillion and the Ijarah Fixed Rate series IFR 002. worth Rp1,98 trillion. The issuance of State Sukuk from year to year continues to increase, in accordance with the developments and strategies applied in the State Revenue and Expenditure Budget (APBN). In line with the task of meeting the increasing deficit financing of the State Budget (APBN), the Government continues to develop the instrument of State Sharia Securities (SBSN).

Today, the issuance of Government Sharia Securities (SBSN) has become the main financing instrument, in addition to the existing financing instruments, namely Government Securities (SUN) and direct loans. Although it is a new instrument, the existence of State Sharia Securities (SBSN) does not overlap with other financing instruments. In fact, the State Sharia Securities (SBSN) further strengthen the Government's ability to finance its budget deficit. The government has many choices in determining the combination of its financing instruments so that the Government can keep debt costs to a minimum. With regard to the above explanation, it can be concluded that the State Sharia Securities (SBSN) has been implemented in accordance with the existing objectives as stated in the State Sharia Securities (SBSN) Law.

In practice, after a series of State Sukuk issuances, the impact of the issuance of State Sukuk is not only on meeting the deficit financing target of the State Budget (APBN). However, the issuance of State Sukuk also has other strategic functions or a positive impact from the issuance of State Sukuk. Within the span of eight years of the implementation of the issuance of the State Sharia Securities (SBSN), there are several strategic impacts which are:

Encouraging the growth of the national Islamic finance industry

Several researchers have suggested the relevance of issuing State Sharia Securities (SBSN) to the development of the Islamic financial industry. Azwar (2014) argues that the ownership of domestic state sukuk in Islamic banking as part of the provision of safe assets for Islamic banking has a positive and significant effect on the ratio of the total value of Islamic banking financing to GDP which measures the development of Islamic banking. The availability of State Sharia Securities (SBSN) is currently an investment alternative for the sharia financial industry that experiences excess liquidity or wants to develop its assets through State Sharia Securities (SBSN). In addition, for the purpose of regulating the liquidity of the sharia financial industry, they can trade State Sharia Securities (SBSN) according to their needs. Currently, there are various tenors of State Sharia Securities

(SBSN), both short term (tenor 6 months) to long tenor (over 10 years). The availability of tenor diversification makes it easier for the industry to manage its investment portfolio.

Increase the portion of infrastructure financing in the State Budget (APBN)

The issuance of the State Sukuk series using the underlying asset in the form of infrastructure projects has increased the fiscal space for the State Budget (APBN). Funding for infrastructure development that should have been in the state expenditure post was partly withdrawn to the financing post. This increases the space in the state spending post to be used in financing other infrastructure. That way, in one fiscal year there will be more government projects that can be financed either from expenditure or financing. In the future, the government plans to focus more on the issuance of State Sharia Securities (SBSN) for infrastructure development. Along with the economic progress of society, the ability of the community to absorb the issuance of State Sharia Securities (SBSN) will also increase. Utilization of the issuance of State Sharia Securities (SBSN) for infrastructure development also means providing broad opportunities for the community to help build the nation.

The need to provide underlying assets in the issuance of State Sharia Securities (SBSN) in the form of State Property (Barang Milik Negara/BMN) has encouraged an orderly administration of State Property Management. Underlying assets in the form of State Property (BMN) to be used in the issuance of State Sharia Securities (SBSN) are required to be clean from ownership disputes (clean) and to have complete supporting documents (clear) such as proof of ownership, and others. This requirement has encouraged Ministries/Agencies to provide administrative completeness, so that State Property (BMN) has a clean and clear status. Use of State Property (BMN) for the underlying asset when moved the government agencies to conduct orderly administration and management of assets owned. At the macro level, this will strengthen the accountability position of assets owned by the state. Utilization of State Property (BMN) also encourages the Ministry of Finance to re-evaluate state assets, so that the real price of the country's assets is known. The existence of asset revaluation is proven to increase the value of assets owned by the government.

Likewise in the management of infrastructure projects by Ministries/Agencies, by being used as the underlying asset, project management is encouraged to be more orderly, especially in terms of project implementation progress and fund withdrawals as planned. Project completion on time is a sharia requirement as stipulated in the contract structure used. Project completion that is not timely causes inconsistencies with the contract that has been regulated, so it must be prevented from causing more complex legal consequences.

Along with the development of the economy, the financial and non-financial industries as well as Indonesian individuals, of course, need investment instruments to increase the value of their assets. With the issuance of State Sharia Securities (SBSN), it will provide additional investment instruments for parties with a surplus of funds. State Sharia Securities (SBSN) are very attractive because the Government guarantees payment

of the principal amount of investment in return, so that it can be said to be a risk-free investment instrument (zero risk). Apart from being risk free, investing in State Sharia Securities (SBSN) is currently considered more profitable when compared to investment instruments that have almost the same features, such as deposits. This is because State Sharia Securities (SBSN) usually provide more profitable returns when compared to deposit instruments issued by State- Owned Enterprises (BUMN). With the issuance of State Sharia Securities (SBSN) for retail or individual investors, this has indirectly supported the development of financial inclusion. The existence of State Sharia Securities (SBSN) for individual investors, such as Retail State Sukuk and State Savings Sukuk, has made it easier for people to invest and develop their assets.

In order to maintain the inflation rate (inflation targeting) the monetary authority (BI) has implemented several policies, including controlling the amount of money circulating in society. Usually BI operations open market (Open Market Operation/OMO) by way reduce or increase the money supply. To carry out the Open Market Operation (OMO), BI requires several instruments that can be used to influence the amount of money in circulation. Currently, with the availability of State Sharia Securities (SBSN) in a short tenor (6 months), BI can utilize these instruments to conduct an Open Market Operation (OMO). BI can obtain short-term State Sharia Securities (SBSN) by purchasing on the primary market when the government holds an auction of short-tenured State Sharia Securities (SBSN) or referred to as the State Sharia Treasury (SPN-S). When the Open Market Operation (OMO) is implemented, BI can use SPN-S to influence the money supply by trading it to the financial industry, especially banking. When BI wants to reduce the money supply, BI can sell SPN-S to banks so that the money in circulation goes to the bank. BI. On the other hand, when BI wants to increase the money supply, BI can buy back SPN-S in the financial industry, so the money will flow to the public. The use of SPN-S is used especially when BI will hold an Open Market Operation (OMO) with Islamic finance industry partners. This is because the Islamic financial industry can only accept Islamic financial instruments as their asset portfolio.

### **Contribution of State Sukuk in Infrastructure Development in Aceh**

Economic growth in Aceh did not experience a significant increase. However, the Aceh government continues to make various efforts to advance Aceh's economic growth. Even though it experienced a very drastic decline in 2015, the following year shows a much better change from the previous years. This is due to several factors, one of which is the development of adequate infrastructure to make it easier for business actors or distributors as well as human resources to work so that it has an impact on economic growth. The following shows data or graphs of economic growth in Aceh from 2010 to 2017.

## Graphics 2

Aceh Economic Growth 2010-2017 in Percent (%)



Source: Central Bureau of Statistics (2017)

Infrastructure development financed by the Sukuk Negara also has a very large contribution to development in Aceh. This is evident from the data on the allocation ceiling and the realization of projects financed by the State Sukuk in the Aceh region from 2015 to May 2018 (Kanwil DJPb Aceh Province). Aceh government will allocate funds project-based sukuk (Project Based Sukuk/PBS) Rp.674,727,113,000,- in the year 2018, but only Rp.97,939,728,547,- which have been realized until May 2018. The issuance of this sukuk is not only to finance infrastructure projects that have been contracted for multiyear, but also to increase the number of investors willing to invest in government securities instruments.

The project road infrastructure to be financed by Sukuk of the year , 2015 - 2018 is the construction of :

1. Reconstruction/improvement of the structure of the northern beureunun-bts.aceh (myc 2015-2017)
2. Reconstruction/improvement of the structure of the pumpkin panton/intersection (km.328)-peureulak (km.392) (myc 2015-2017)
3. Construction of flyover sp.surabaya (continued myc 2015-2017)
4. Bridge construction kr. Cut (01.001.003.0) (doubling) (advanced myc 2015-2017)
5. Preservation of bts road reconstruction. North Aceh/East Aceh (Panton Pumpkin) - kota Langsa/pn
6. Road reconstruction bts.pidie jaya/ pidie-meureudu
7. City road reconstruction of Bireuen-BTS.bireuen /Aceh Utara
8. Preservation of the reconstruction of the Lambaro-BTS road. pidie (myc)
9. Preservation of bts road reconstruction. the city of Banda Aceh-BTS Aceh is victorious
10. Preservation of the reconstruction of the BTS.aceh Besar-Calang road

**Table 2.** Projects financed by Project Financing Sukuk (PFS) in Aceh year 2015-2018

Project Type	budget allocation				
	2015	2016	2017	2018	2019
Reconstruction/improvement of North Beureunun-bts.Aceh struc-ture (myc 2015-2017)	-	Rp. 62 million	Rp. 62 million	-	-
Reconstruction/improvement of Pantan Labu/ Simpang (km 328)-Peu-reulak (km.392) (myc 2015-2017)	-	Rp. 57 million	Rp. 57 million	-	-
Development of Flyover Sp. Surabaya (myc advanced 2015-2017)	Rp. 30 million	Rp. 32 million	Rp. 30 million	-	-
Bridge Construction Kr. Cut (01.001.003.0) (double) (myc advanced 2015-2017)	-	-	-	Rp. 49 million	-
Street reconstruction bts. Pidie Jaya/Pidie-Meureudu	-	-	-	Rp. 15 million	-
Road reconstruction bireuen city-bts.Bireuen/ Aceh Utara	-	-	-	Rp. 15 million	-
Preservation of the recons-truction of the Lambaro-Bts Road. Pidie (myc)	-	-	-	Rp. 60 million	Rp. 82 million
Preservation of bts road reconstruction. Aceh Banda city-bts Aceh Jaya	-	-	-	Rp. 50 million	-
Preservation of the recons-truction of the Big-Calang bts.Aceh road	-	-	-	Rp. 57 million	Rp. 76 million

Source: *Perencanaan Balai Aceh Aceh Hall Planning, Ministry of Public Works and Public Housing (2018)*

The total value of projects financed by State Sukuk in 2018 was Rp.674,727,113,000, - but the budget that has been realized is only Rp.97,939,728,547, - This is because the realization of the 2018 budget has not yet reached the end of the year, only as of May 14, 2018. So, there are still many project developments that have not absorbed the allocated funds.

Head of Section for Budget Implementation Guidance I Regional Office of the Directorate General of Treasury of Aceh Province Muhammad Falih Ariyanto said, since 2013 the government has tried to create sukuk issuances that directly finance certain projects (Project Financing Sukuk). A number of projects listed in the APBN are specifically selected (earmarks) to be financed by sukuk. Since its inaugural publication in 2013, it was not until 2015 that its contribution in Aceh began to appear. The number of Project Financing Sukuk issuances has continued to double this year. In 2015, the value of the State Sukuk fund allocation to finance infrastructure in Aceh was Rp.76,258,040,000, - in 2016 amounting to Rp.290,552,817,000, - in 2017 amounting to Rp.455,330,128,000, - and in 2018 it reached Rp.674,727,113,00, -.

## Conclusion

The conclusions of the above description are as follows. The Indonesian government has taken a number of steps in carrying out its commitment to accelerate infrastructure

development and promote cooperation in the infrastructure sector. One source of funding breakthrough is by using bonds sharia, known as sukuk. The development of fund allocation for infrastructure using sukuk or State Sharia Securities (SBSN) has been contained in the State Budget (APBN). Then, the government has passed Law no. 19 of 2008 concerning State Sharia Securities (SBSN). With the existence of a project-based state sukuk (Project Financing Sukuk), people who invest can more clearly know the allocation or allocation of funds to be invested. In addition, State Sukuk also have underlying assets that are used as collateral or objects used as the basis for issuing sukuk.

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