THE EFFECT OF PROJECT-BASED SUKUK ISSUANCE ON THE HUMAN DEVELOPMENT INDEX IN INDONESIA

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ABSTRAK

Penelitian ini bertujuan untuk mengidentifikasi perkembangan pembiayaan infrastruktur melalui *project based sukuk (PBS)* dan dampaknya terhadap indikator pembangunan manusia di Indonesia. Efektivitas belanja pemerintah dan pembiayaan pembangunan merupakan aspek penting untuk dikaji karena pemerintah secara konstitusional bertanggung jawab untuk meningkatkan kesejahteraan masyarakat. Analisis yang dilakukan meliputi pendekatan kuantitatif dengan memanfaatkan data sekunder yang dikumpulkan dari sumber-sumber relevan. Analisis kuantitatif dimulai dari statistik deskriptif dan dilanjutkan dengan perhitungan elastisitas dan estimasi regresi. Hasilnya menunjukkan bahwa pembiayaan infrastruktur melalui *project base sukuk (PBS)* meningkat pada periode 2015-2024. Hal serupa juga terjadi pada perkembangan Indeks Pembangunan Manusia (IPM). Regresi data *time series* membuktikan bahwa pengeluaran pemerintah mempunyai dampak yang signifikan dan positif terhadap peningkatan IPM dan kesejahteraan ekonomi masyarakat. IPM dan belanja riil per kapita bersifat inelastis terhadap pembiayaan infrastruktur melalui project base sukuk (PBS).
Kata Kunci: Sukuk; IPM; Kesejahteraan; Daya Beli.

ABSTRACT

This study aims to identify the development of infrastructure financing through project based sukuk (PBS) and its impact on human development indicators in Indonesia. The effectiveness of government spending and development financing is an important aspect to study because the government is constitutionally responsible for improving people's welfare. The analysis carried out includes a quantitative approach by utilizing secondary data collected from relevant sources. Quantitative analysis starts from descriptive statistics and continues with elasticity calculations and regression estimation. The results show that infrastructure financing through project base sukuk (PBS) increased in the 2015-2024 period. The same thing also happened in the development of the Human Development Index (HDI). Time series data regression proves that government spending has a significant and positive impact on increasing HDI and people's economic welfare. HDI and real expenditure per capita are inelastic to infrastructure financing through project base sukuk (PBS).
Keywords: Sukuk; IPM; Well-Being; Purchasing Power.

A. INTRODUCTION

National development aims to improve people's welfare evenly, which is no longer only measured by economic growth, but also by the quality of life of the community as reflected in the Human Development Index (HDI) (Heliarta, 2020; UNDP, 1990). HDI includes three main dimensions: health, education, and purchasing power, making it an important indicator of the success of inclusive development (Simarmata & Iskandar, 2022; Ersad et al., 2022). Although Indonesia's HDI shows a positive trend, the gap between regions is still high, especially in disadvantaged and border areas (BPS, 2025; Wylde, 2017). Geographical factors, limited infrastructure, and inequality in budget allocation exacerbate this disparity (Directorate of Sharia Financing, 2023).

The State Revenue and Expenditure Budget (APBN) as the main fiscal instrument has limitations in funding development evenly. To address this, the government is developing alternative financing through State Sharia Securities (SBSN) or sukuk, specifically Project Based Sukuk (PBS), which is allocated for strategic infrastructure projects such as roads, bridges, hospitals, and schools (Kurniawan & Rahman, 2021). Sukuk can support inclusive economic growth and poverty reduction through the financing of physical and social projects (Islam., et al. 2023; Metoui & Ghorbel, 2023).

The largest contribution to GDP until now is still concentrated in certain regions, especially Java Island with an average of almost 60%. To reduce this gap, it is necessary to accelerate development in areas outside Java, including in the 3T (Disadvantaged, Frontier and Outermost) areas. On the other hand, there are state financial limitations, so alternative sources of financing are needed for the need for funding for infrastructure development (Directorate General of Financing and Risk Management, 2023).

Infrastructure development in Indonesia is financed by internal sources through the pure rupiah (APBN) and also through large external sources of loans/grants and Sukuk. Sukuk is better when compared to direct debt. This can be seen from the perspective of the relationship of equality between nations and state sovereignty. If it is through direct debt, it is likely that donor countries require various provisions that may be detrimental to Indonesia. In contrast to sukuk, where

the relationship of equality between Indonesia and investors is more visible (Beik, 2011).

The role of state sukuk or known as State Sharia Securities (SBSN) as one of the financing instruments of the State Budget is increasing from time to time in accordance with the purpose of issuing SBSN in Law Number 19 of 2008. The implementation of an expansive budget policy carried out by the government to encourage economic growth by increasing state expenditure where the budget is not only supported by tax revenues but must also be supported by other instruments, namely SBSN.

SBSN *Project Based Sukuk (PBS)* is a type of SBSN or State Sukuk issued by the Government since 2012. The difference between the Non-PBS SBSN series and PBS SBSN is the use of funds or the use of funds from the issuance of SBSN. The results of the issuance of Non-PBS SBSN are used for *general financing*, especially to close the budget deficit while the results of the issuance of PBS SBSN are used to finance certain activities or projects implemented by Ministries/Institutions.

The increasingly strong role of SBSN *Project Based Sukuk* (PBS) in financing infrastructure development can be seen from the increasing number of PBS issuances from year to year. Based on data from the Ministry of Finance (2024), the realization of PBS issuance has increased significantly from year to year, starting at the beginning of its issuance in 2013, the realization of issuance worth 777 billion increased to 17.03 trillion in 2017 and currently the realization of issuance at the end of 2023 has reached 34.28 trillion.

The use and results of the issuance of SBSN from 2013 until now are used for infrastructure projects that have a major impact on improving the economy through increased connectivity between regions, mainly used as logistics, tourism, and access roads to ports and airports.

B.   THEORETICAL OVERVIEW

Literature that contains the results of theoretical and empirical research on government financing and expenditure shows that these variables have an influence on economic and social development indicators. Indicators of economic

development that are observed are generally national income or per capita income as indicated by GDP or GDP per capita. The indicators of social development can be monodisciplinary, such as education, health, and income, or multidisciplinary, such as poverty or community welfare in aggregate as described by HDI. In addition, there are also researchers who analyze the relationship between human development and the size of government represented by GDP growth.

The orientation of SBSN issuance should be directed as a source of investment funds for infrastructure development, such as transportation, telecommunications, energy, and others. This is very important considering that infrastructure in Indonesia is still lagging behind other countries such as Malaysia and Thailand. Economically, *the multiplier effect* that can be produced from this infrastructure development will be very large. For example, the issuance of SBSN for port development, especially in Eastern Indonesia and other strategic areas, is believed to have a significant impact on the development of domestic industry. Domestic trade traffic and import exports will continue to increase. Similarly, airport infrastructure, interprovincial toll roads, especially on large islands such as Sumatra, Kalimantan and Sulawesi, as well as other projects are a list of needs that can be realized through state sukuk (Beik, 2011).

107

If examined based on the substance studied, previous studies have sought to analyze the impact of government spending and financing on the welfare of the community from a social and economic perspective. The effort to connect government spending with the condition of public welfare is basically based on the argument that spending and financing are public policy instruments used by the government in order to fulfill its responsibilities, namely carrying out development for the improvement of people's welfare. The same argument was also used in this study, albeit using different indicators of community welfare.

The ideas, concepts, and arguments built in this study are in line with research conducted by Mohammed Ayoub Ledhem (Ledhem, 2022) which succeeded in proving that empirically Sukuk financing increases economic growth in Southeast Asia (Malaysia, Indonesia and Brunei Darussalam) in a new theoretical investigation under the endogenous growth model. The findings show that Sukuk financing has a significant influence on economic growth in Southeast Asia. The

empirical results of this paper according to the endogenous growth model are reliable with the findings of Yıldırım et al., (2020); Al-Raeai et al., (2018); Sari et al., (2018); Malikov (2017); Mitsaliyandito et al., (2017); Smaoui & Nechi, (2017); and Khoutem (2014) where Sukuk financing or the development of the Sukuk market has a positive effect on the economy.

Another similar study was conducted by Junaidi et al. to analyze the combined influence of sukuk and other financial instruments (stocks and bonds) as well as human resources and technology on economic growth in Indonesia. Concluding that only sukuk and bonds have a positive and significant effect on economic growth (Junaidi et al., 2019).

Project-Based Sukuk not only supports physical development, but is also expected to contribute to the increase in HDI. However, empirical studies linking project-based sukuk issuance with HDI improvements are still limited. Most previous studies have only highlighted the impact of sukuk on economic growth, not on welfare indicators Mahfuzh, 2021; Yusuf et al., 2025).

The urgency of this research lies in the effort to fill the gap in the literature and provide evidence-based inputs for more inclusive and sustainable fiscal policies (Taleb & Khater, 2024). By analyzing the influence of PBS on HDI and its components, this study is expected to be able to answer whether sukuk is really an effective instrument in improving the quality of life of the community.

Most previous research has focused on the impact of sukuk on macroeconomic growth (Farikhi et al., 2025; Adil et al., 2023), while this study offers novelty by: (a) Examining the influence of PBS on HDI and its components (education, health, purchasing power); (b) Use provincial panel data for spatial and temporal analysis, not just national aggregate data; (c) Calculating the elasticity of HDI to PBS, which has not been widely done in the previous literature; (d) Integrating sharia economic perspectives with human development indicators, so as to provide a more inclusive policy dimension (UNDP, 2025). The advantage of this approach is that it provides evidence-based recommendations for the optimization of sharia fiscal policies in supporting the equitable distribution of human development.

C.   RESEARCH METHODS

This research is multidisciplinary, so that the theoretical foundation and analysis and discussion cover across fields of science. The fields of science in question include macroeconomics, development economics, public economics, state finance, and public policy. The synthesis of these fields of social sciences is aimed at comprehensively answering research problems.

If viewed based on its substance, this research can be categorized as an evaluation research. Evaluation research aimed at analyzing the impact of an intervention on the public or society. The intervention in this study is government financing as one of the public policy instruments. The impact that was evaluated was the improvement of HDI and people's purchasing power.

1.   Research Data

a.   SBSN *Project Based Sukuk (PBS)*

Based on data from the Ministry of Finance (2024), during the period from 2013 to 2023, PBS issuance has increased significantly from year to year, starting at the beginning of its issuance in 2013, the realization of issuance worth 777 billion increased to 17.03 trillion in 2017 and currently the realization of issuance at the end of 2024 reaches 32.89 trillion. In 2013, the Ministry of State/Institutions that received the largest allocation of SBSN funds were the
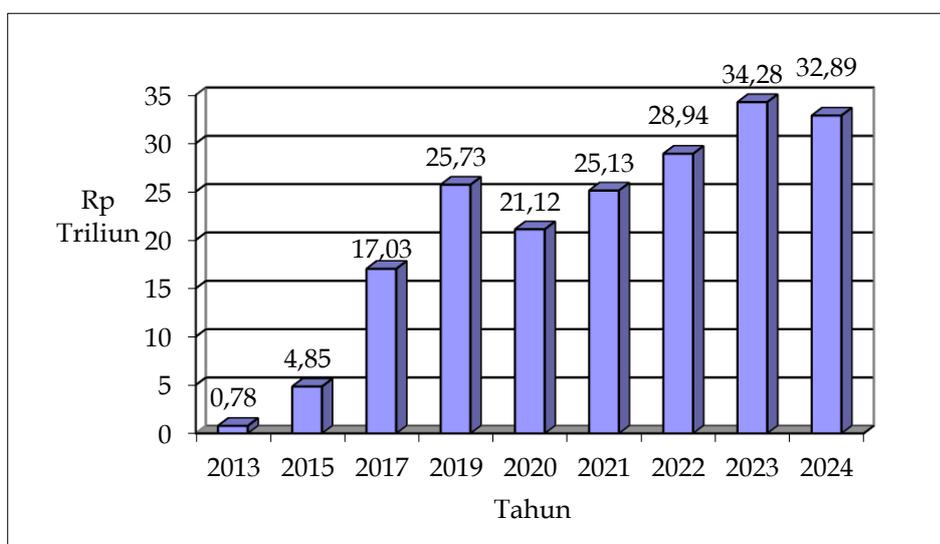
Figure 1. Development of SBSN PBS 2013-2023
(Source: Ministry of Finance**)**

Ministry of Public Works and Public Housing with an accumulated value of the DIPA ceiling of Rp112.43 trillion, the Ministry of Transportation

with an accumulated value of the DIPA ceiling of Rp70.18 trillion, the Ministry of Religion with an accumulated value of the DIPA ceiling amounting to IDR 22.37 trillion. Meanwhile, the State Ministries/Institutions that received the smallest allocation were Bakamla with an accumulated DIPA ceiling value of IDR 155.74 billion.

As of December 31, 2023, outstanding Project Based Sukuk was 12.4% or equivalent to IDR 890.69 trillion of the total State Sharia Securities which amounted to IDR 1,446.04 trillion. Meanwhile, outstanding Government Bonds amounted to IDR 5,734.68 (79.9%) and Non-PBS SBSN amounted to IDR 555.34 (7.7%). So that the total outstanding value of Government Securities is IDR 7,180.71 trillion.

Table 1. Composition of Project Based Sukuk in SBN in 2023

Composition Government Securities (SBN)	Nilai Outstanding (in trillions of Rupiah)	Percentage
State Sharia Securities (SBSN)	5,734.68	79,9%
State Sharia Securities (SBSN)	1,446.04	21,1%
Project Based SUKUK (PBS)	890.69	12,4%
SBSN Non PBS	555.34	7,7%
Total SBN	7,180.71	100%

(Source: Ministry of Finance)

b.   Indeks Pembangunan Manusia

During the period 1996-2024, Indonesia's HDI generally increased, although in the period 1996-1999 it decreased as a consequence of the multidimensional crisis that occurred in 1997. Before the crisis, namely in 1996, Indonesia's HDI was 67.7. This figure is higher when compared to Asian countries, such as Vietnam, Cambodia, and Myanmar. However, since the multidimensional crisis, Indonesia's ranking in 1999 was 110th out of 177 countries with an HDI of 64.3. With the recovery of social and economic conditions, Indonesia's HDI improved to 65.8 in 2002, 68.70 in 2010, 70.10 in 2020, and 75.02 in 2024 (Figure 2).
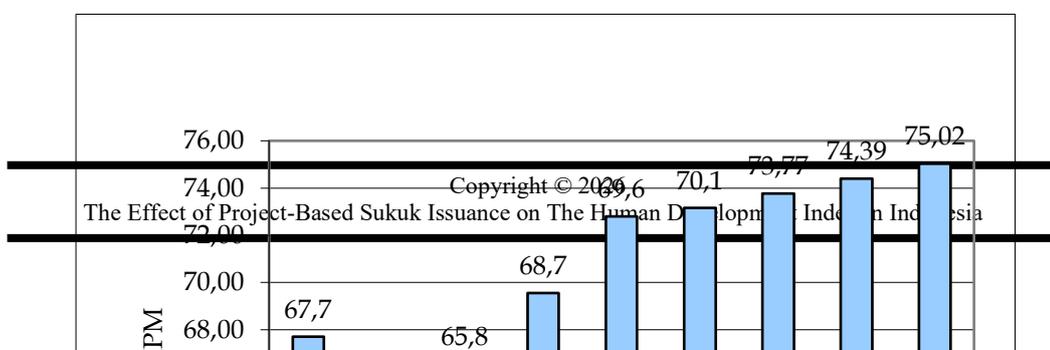
Figure 2. Indonesia's Human Development Index (HDI) 1996-2023
(Source: Central Statistics Agency)

2.   **Analysis Tools**

   a.   **Elasticity**

   The elasticity calculation was used to determine the sensitivity of the improvement in HDI figures and its components to changes in the realization of the issuance of Sukuk based projects. The assumption is that increasing the realization of PBS will increase the HDI and real per capita income at the national level. The formulas used to calculate the elasticity value refer to Awh (1976: 123), Henderson and Quandt (1980: 22), Hirshleifer and Glazer (1992: 118), Jehle (1991: 181), Luenberger (1995: 27), Variant (1992: 235), and Variant (1993: 266). The elasticity calculations carried out include:

   (1)   Elasitisitas perubahan IPM terhadap perubahan realisasi PBS

$$\varepsilon_{IPM/B} = \frac{\Delta IPM_t}{\Delta PBS_t} \, x \, \frac{PBS}{IPM}$$

$$\Delta IPM_t = IPM_{t+1} - IPM_t$$

$$\Delta PBS_t = PBS_{t+1} - PBS_t$$

di mana

$\varepsilon_{IPM/PBS}$ = the elasticity of changes in HDI numbers to changes in PBS realization, in percentage units;

ΔIPM_t = changes in HDI numbers;

ΔPBS_t = changes in the realization of PBS, in units of Rp;

IPM = average HDI from *year t* to *t+1*; and

PBS = The average PBS realization from year *t* to *t+1*, in units of Rp.

(2) The elasticity of changes in people's purchasing power or *Purchasing Power Parity (PPP)* to changes in the realization of PBS.

$$\varepsilon_{PPP/PBS} = \frac{\Delta PPP_t}{\Delta PBS_t} \, x \, \frac{PBS}{PPP}$$

$$\Delta PPP_t = PPP_{t+1} - PPP_t$$

$$\Delta PBS_t = PBS_{t+1} - BPS_t$$

where

$\varepsilon_{PPP/BPS}$ = elasticity of changes in people's purchasing power to changes in the realization of PBS Sukuk issuance, in percentage units;

ΔPPP_t = change in people's purchasing power, in units of Rp;

ΔPBS_t = change in the realization of PBS Sukuk issuance, in units of Rp;

PPP = average purchasing power of the community as measured by real expenditure per capita from year *t* to *t+1*, in units of Rp; and

PBS = average realization of PBS Sukuk issuance from year *t* to *t+1*, in units of Rp.

b. Regresi Data

The regression equation used in this study is time series data regression using *the least squares method* to determine the level of sensitivity or elasticity of HDI figures and people's purchasing power to the realization of PBS. The regression equation consists of:

(1) The effect of the realization of PBS realization on IPM.

$$IPM_t = \alpha_0 PBS_t^{\alpha_1}$$
$$\log IPM_t = \log \alpha_0 + \alpha_1 \log PBS_t + \varepsilon_t$$
$$ipm_t = \alpha_0 + \alpha_1 PBS_t + \varepsilon_t$$

di mana:

IPM_t = HDI figure in year *t*;

PBS_i = realization of PBS Sukuk in year *t*, in units of Rp;

α_0 = konstanta;

α_1 = elasticity of changes in HDI to the realization of PBS Sukuk; and

ε_t = *error* term used to accommodate other factors that affect HDI figures other than the realization of PBS Sukuk.

(2) The effect of the realization of PBS Sukuk realization on adjusted real income or *Purchasing Power Parity (PPP)* which describes people's purchasing power.

$$PPP_t = \delta_0 PBS_t{}^{\delta_1}$$
$$\log PPP_t = \log \delta_0 + \delta_1 \log PBS_t + \sigma_t$$
$$PPP_t = \delta_0 + \delta_1 b_t + \sigma_t$$

di mana:

PPP_t = daya beli masyarakat pada tahun t, dalam satuan Rp;

PBS_t = Realisasi Sukuk PBS pada tahun t, dalam satuan Rp;

δ_0 = konstanta;

δ_1 = elastisitas perubahan daya beli masyarakat terhadap realisasi Sukuk PBS

σ_t = *error term.*

D.   RESULTS AND DISCUSSION

1.   Research Results

Based on the results of the elasticity calculation presented in Table 2, it is known that the Human Development Index in Indonesia is inelastic to the realization of the issuance of SBSN *Project Based Sukuk (PBS)* in 2015-2024. The inelastic properties are indicated by the resulting elasticity number ($\varepsilon_{IPM/PBS}$) of 0.014. The meaning of this figure is that every increase in the total value of infrastructure development financed by SBSN PBS, an average of Rp 1 trillion, will increase the national HDI by an average of 0.014.

Table 2. HDI elasticity to SBSN/PBS Sukuk

IPM 2015	IPM 2024	Δ IPM	PBS 2015	PBS 2024	Δ PBS	Δ IPM / Δ PBS	PBS 2015 / IPM 2015	ε IPM/PBS
69.55	75.02	5.47	4.85	32.90	28.04	0.19505	0.0697	0.0136

In order to provide stronger empirical evidence, an analysis was carried out using an econometric model based on the time series of the value of infrastructure projects financed by SBSN, PBS and HDI in the 2015-2024 period. The estimated econometric model is constructed following a single regression equation. As the dependent variable is the HDI logarithm, while the independent variable is SBSN

PBS. Based on the results of the estimation, the following econometric equation can be obtained.

LOG(IPM) = 4.171 + 0.037*LOG(PBS)
di mana:
Log (IPM)   =   National HDI growth in year *t*;
Log (PBS)   =   SBSN PBS Growth

Table 3. HDI regression to SBSN/Sukuk PBS

Dependent Variable: LOG(IPM)
Method: Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.171209	0.020973	198.8851	0.0000*
LOG(PBS)	0.036913	0.006952	5.310034	0.0007*
R-squared	0.778984			
	0.751357			
Adjusted R-squared				
Prob(F-statistic)	0.000720			

*Significant at the 0.01 level

This equation is said to be significant at the level of 1 percent or 0.01 based on the probability value indicator of 0.0020. This means that the *resulting t-statistic value* , i.e. 5.310034, is greater than the *t-table value*.

The meaning of the results of the estimation is that SBSN PBS has a significant and positive effect on HDI. An independent variable coefficient of less than one, which is 0.037, indicates that the change in HDI is inelastic to PBS. It can be interpreted that if the LOG(PBS) increases by 1 unit, then the LOG(HDI) will increase by 0.037 units or it can be interpreted that if the realization of the issuance of SBSN Project Based Sukuk increases by 1%, then the Human Development Index (HDI) in Indonesia will increase by 0.037%

In addition to being effective in improving the HDI figure, SBSN PBS has also proven to be effective in increasing the HDI component of people's purchasing power or *Purchasing Power Parity (PPP)* which is depicted from adjusted real per

capita expenditure. The results of the elasticity calculation as shown in the Table show an elasticity number of 0.037 which means it is classified as inelastic.

Table 4. Elastisitas PPP terhadap SBSN/Sukuk PBS

PPP 2015	PPP 2024	Δ PPP	PBS 2015	PBS 2024	Δ PBS	Δ PPP / Δ PBS	PPP 2015 / IPM 2015	ε IPM/PBS
10.15	12.34	2.19	4.85	32.90	28.04	0.07809	0.4779	0.0373

In order to provide stronger empirical evidence, an analysis was carried out using an econometric model based on the time series of the value of infrastructure projects financed by SBSN PBS and the purchasing *power parity* (PPP) of the community in the 2015-2023 period. The estimated econometric model is constructed following a single regression equation. As a dependent variable is the PPP logarithm, while the independent variable is SBSN PBS. Based on the results of the estimation, the following econometric equation can be obtained.

LOG(PPP) = 2.153 + 0.087*LOG(PBS)
di mana:
Log (PPP)   =   Pertumbuhan PPP nasional pada tahun *t*;
Log (PBS)   =   Pertumbuhan SBSN PBS

Table 5. Regresi PPP terhadap SBSN/Sukuk PBS
Dependent Variable: LOG(PPP)
Method: Least Squares

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.153031	0.046795	46.00960	0.0000*
LOG(PBS)	0.086660	0.015510	5.587233	0.0002*

R-squared	0.796008
Adjusted R-squared	0.770509
Prob(F-statistic)	0.000518

*Significant at the 0,01 level

This equation is said to be significant at the level of 1 percent or 0.01 based on the probability value indicator of 0.0002. This means that *the resulting t-statistic* value , i.e. 5.587233, is greater than the *t-table value*.

The meaning of the results of the estimate is that SBSN PBS has a significant and positive effect on PPP. An independent variable coefficient of less than one,

which is 0.087, indicates that the change in HDI is inelastic to PPP. It can be interpreted that if the LOG (PBS) increases by 1 unit, then the LOG (PPP) will increase by 0.087 units or it can be interpreted that if the realization of SBSN Project Based Sukuk issuance increases by 1%, then *the purchasing power parity* (PPP) or purchasing power of the people in Indonesia will increase by 0.087%.

2.   Discussion

The Effect of SBSN Project Based Sukuk (PBS) on the Human Development Index (HDI)

The results of the study show that the realization of the issuance of SBSN Project Based Sukuk (PBS) has a positive and significant influence on the Human Development Index (HDI) in Indonesia, both based on the elasticity approach and time-series-based econometric estimation for the 2015–2024 period. However, the influence is inelastic, indicating that the increase in the value of infrastructure projects financed through SBSN PBS has not been fully able to encourage a proportionate increase in HDI.

Based on the results of the elasticity calculation (Table 2), the value of HDI elasticity to PBS was obtained of 0.014. This value shows that every increase in infrastructure financing through SBSN PBS of Rp1 trillion only increases the national HDI by an average of 0.014 points. The elasticity rate that is well below one confirms that HDI is relatively less responsive to changes in the value of PBS financing. This condition is understandable considering that HDI is a composite indicator that reflects long-term achievements in the fields of education, health, and decent living standards, so that the impact of infrastructure development on HDI is not instantaneous.

This finding is strengthened by the results of the log-linear regression model estimation which shows that the PBS SBSN variable has a positive and significant effect on HDI at a significance level of 1 percent. The regression coefficient of 0.037 indicates that any increase in PBS SBSN realization by 1 percent will increase HDI by 0.037 percent. Although statistically significant, a coefficient value smaller than one reaffirms the inelasticity of HDI to PBS.

Substantively, these results show that SBSN PBS plays a role as   an instrument to support human development, especially through the provision of

public infrastructure such as education, health, and regional connectivity. However, the impact on HDI tends to be indirect and requires time lag before it is optimally reflected in improving people's quality of life. Therefore, the effectiveness of SBSN PBS in encouraging HDI is highly dependent on the quality of project planning, equitable distribution of development sites, and its linkage with sectors that directly affect the HDI dimension.

The Effect of SBSN Project Based Sukuk (PBS) on People's Purchasing Power (PPP)

In addition to having an impact on HDI in aggregate, SBSN PBS has also been proven to have a positive and significant influence on people's purchasing power (PPP), both based on elasticity calculations and econometric regression estimates for the 2015–2023 period. These results show that infrastructure development financed through SBSN PBS is able to provide a relatively faster economic effect on improving people's living standards.

Based on the calculation of elasticity (Table 4), the elasticity value of PPP to PBS was obtained of 0.037, which indicates that an increase in the realization of PBS SBSN of Rp1 trillion will increase the average PPP by 0.037. Although it is classified as inelastic, this elasticity value is greater than the elasticity of HDI to PBS, which shows that the purchasing power component of the community is more responsive to infrastructure development than the HDI component as a whole.

The log-linear regression results corroborate the findings with an SBSN PBS regression coefficient of 0.087, which is significant at the level of 1 percent. The interpretation of this result is that any increase in PBS SBSN realization by 1 percent will increase the community's PPP by 0.087 percent. This coefficient shows that infrastructure development financed by SBSN PBS has a real contribution to increasing real income of the community, both through job creation, increased local economic activity, and reduced transaction costs due to improved connectivity and access to public services.

However, the inelastic nature of the relationship indicates that increasing infrastructure financing through SBSN PBS has not been fully able to encourage people's purchasing power optimally. This can be caused by several factors, including the concentration of infrastructure projects in certain areas, the limited

linkage of projects with the productive sector of the community, and the lack of optimal synergy between physical development and policies to increase community income.

E.   CONCLUSION

The issuance of State Sharia Securities (SBSN) is a government financing instrument that aims to support the State Budget in order to realize the welfare and prosperity of the community. One form of SBSN that plays a strategic role is Project Based Sukuk (PBS), which is specifically allocated to finance infrastructure development as stipulated in Government Regulation Number 56 of 2011. Infrastructure development through this scheme is expected to be able to create an economic multiplier effect and encourage sustainable improvement of community welfare. The results of this study show that during the 2015–2023 period, the increase in government project financing through the issuance of PBS SBSN had a positive and significant effect on the Human Development Index (HDI) in Indonesia. In addition, SBSN PBS has also been proven to be able to increase people's purchasing power, which is reflected in the increase in adjusted real expenditure per capita or purchasing power parity (PPP). Nevertheless, both HDI and PPP showed an inelastic response to the increase in PBS SBSN. Quantitatively, every increase in PBS SBSN realization by 1 percent on average increases HDI by 0.037 percent and increases PPP by 0.087 percent. This finding confirms that SBSN PBS is an effective sharia financing instrument in supporting human development and economic welfare, although it is necessary to strengthen the quality and equitable distribution of projects so that the impact is more optimal.

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