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ADVANTAGES OF IMBT CONTRACTS IN FINANCING THE SUMATRA JALINTIM PROJECT THROUGH THE PPP SCHEME

Keuntungan Penggunaan Kontrak IMBT Dalam Pembiayaan Proyek Jalintim Sumatra Dengan Skema KPBU

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Abstract

This article discusses the government's efforts to innovate infrastructure financing due to limited budget funds. One key approach is the collaboration between the government and business entities, known as KPBU. As the Islamic financial industry grows, Islamic banking can play a significant role in KPBU financing through Sharia-based schemes. The article highlights a successful case of KPBU financing utilizing the Islamic banking scheme Ijarah Mumtahiya Bit Tamlik (IMBT), specifically the preservation of the Jalintim Sumatra Road. The goal is to explore the benefits of using Sharia-based KPBU models for other regional infrastructure projects. Using qualitative research through focus group discussions (FGD), the author examines the KPBU model with the IMBT scheme to identify its advantages. IMBT offers several benefits: it is an operational lease and classified as off-balance sheet, meaning it does not increase leverage. Additionally, investment return installments are recorded as rental expenses, with principal payments remaining flat in line with the project's depreciation. IMBT differs from the Musyarakah Mutanaqisah (MMQ) contract, which is recorded as debt (on-balance-sheet) and increases the leverage of the BUP. IMBT financing presents an opportunity to accelerate infrastructure development in the regions.

Keywords : *KPBU Sharia, Financing, IMBT, PPP*

Abstrak

Artikel ini membahas upaya pemerintah untuk melakukan inovasi pembiayaan infrastruktur karena keterbatasan dana anggaran. Salah satu pendekatan utamanya adalah kolaborasi antara pemerintah dan badan usaha, yang dikenal sebagai KPBU. Seiring dengan berkembangnya industri keuangan Islam, perbankan Islam dapat memainkan peran penting dalam pembiayaan KPBU melalui skema berbasis Syariah. Artikel ini menyoroti kasus keberhasilan pembiayaan KPBU dengan memanfaatkan skema perbankan Islam Ijarah Mumtahiya Bit Tamlik (IMBT), khususnya pelestarian Jalan Jalintim Sumatera. Tujuannya adalah untuk mengeksplorasi manfaat penggunaan model KPBU berbasis Syariah untuk proyek infrastruktur daerah lainnya. Dengan menggunakan penelitian kualitatif melalui diskusi kelompok terfokus (FGD), penulis mengkaji model KPBU dengan skema IMBT untuk mengidentifikasi kelebihannya. IMBT menawarkan beberapa manfaat: bersifat sewa operasi dan diklasifikasikan sebagai off-balance sheet, artinya tidak meningkatkan leverage. Selain itu, angsuran pengembalian investasi dicatat sebagai biaya sewa, dengan pembayaran pokok tetap sesuai dengan penyusutan proyek. IMBT berbeda dengan akad Musyarakah Mutanaqisah (MMQ) yang dicatat sebagai utang di neraca dan meningkatkan leverage BUP. Pembiayaan IMBT dapat menjadi peluang percepatan pembangunan infrastruktur di daerah.

Kata kunci: KPBU Syariah, pembiayaan, IMBT, KPBU

1. INTRODUCTION

Infrastructure development in Indonesia has actually demonstrated a positive impact on economic growth. Malaver’s (2021) research shows that infrastructure investment, by boosting labor productivity and enhancing market integration, remains central to growth in endogenous growth models. Data from the Central Statistics Agency (BPS, 2024) shows that between 2013 and 2022, the Indonesian economy grew at an average of 5% per year. Indonesia experienced a slowdown during the COVID-19 pandemic in 2020, with the economy contracting by 2.07%. However, the following year, Indonesia's economic growth rebounded to a positive rate. Among G-20 countries, this is the third-highest growth rate after India and China. From a value perspective, Indonesia's Gross Domestic Product (GDP) also shows significant growth. Data from BPS indicates that GDP at current prices was IDR 19,588.4 trillion in 2023 and increased to IDR 20,892.4 trillion in 2023.

Based on data from the World Economic Forum, which published the global competitiveness index in 2023, Indonesia's competitiveness is ranked 34th. In general, Indonesia's infrastructure is ranked 51st out of 138 countries assessed. Indonesia's competitiveness is still below ASEAN countries such as Singapore (ranked 4), Malaysia (ranked 27), and Thailand (position 30). Indonesia's position is still better when compared to the Philippines (position 52). Several notes have been submitted by rating agencies to optimize Indonesia's economic growth, including improving the country's infrastructure conditions (IMD, 2023). Haris (2012) stated that in macroeconomics, the availability of infrastructure services affects the marginal productivity of private capital, while in the context of microeconomics, the availability of infrastructure services also has an important influence on reducing production costs.

To overcome these conditions, the government has mainstreamed infrastructure development in budget spending. The government's commitment to infrastructure development is reflected in (1) increasing budget allocations to support infrastructure development; (2) accelerating infrastructure development through accelerating auction mechanisms and providing funding; and (3) deregulation through the preparation of economic policy packages to increase the role of the private sector and investment in infrastructure development. The allocation of infrastructure spending in at least the last five years has continued to experience an increasing trend, as presented in the picture below.

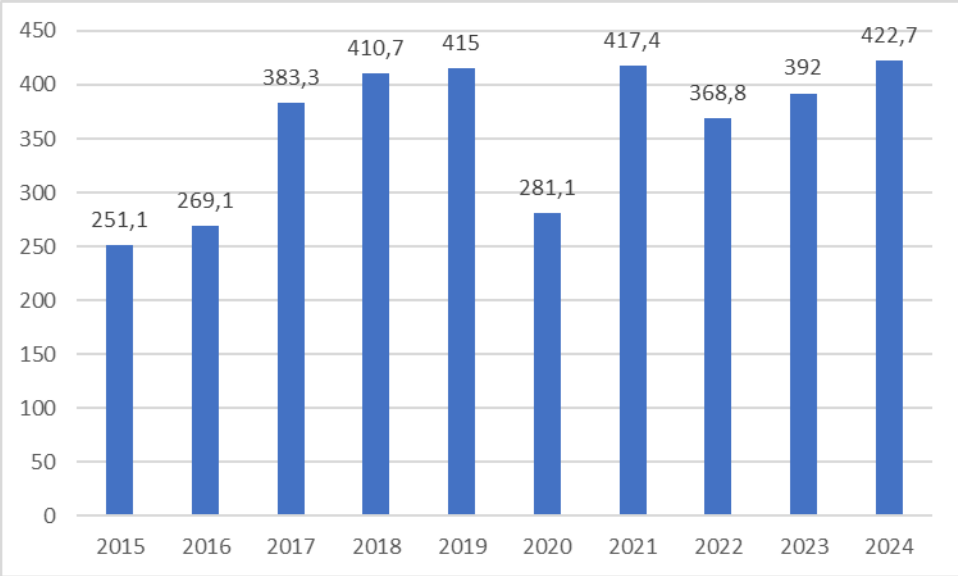


Figure 1
Budget Spending for Infrastructure 2015-2024 (trillion Rp)

Infrastructure financing in the State Budget remains significantly below the national infrastructure financing requirements. Several strategic issues related to infrastructure—such as the expansion of basic infrastructure, the enhancement of water, food, and energy security, the strengthening of national connectivity, and the development of urban mass transportation—require substantial funding. The Ministry of National Development Planning (Bappenas) estimates that by the end of 2024, at least IDR 6,445 trillion will be needed to meet the country's infrastructure development needs. Such substantial financing requirements clearly cannot be met by the government alone and necessitate the involvement of other parties.

The government has also made various efforts to fill the financing gap. Some policies that have been implemented include increasing cooperation with the private sector (Public Private Partnership/PPP) or cooperation between the government and business entities (KPBU). In addition to filling the financing gap in infrastructure development, financing through the KPBU scheme is expected to have an impact on achieving higher national income and support for sustainable development. In the Macroeconomic Framework and Fiscal Policy Principles 2025, KPBU is encouraged to become a sustainable and massive financing scheme (MoF, 2024).

In line with the development of the Sharia economy in Indonesia, the Sharia financial industry has also shown significant development. Indonesia's total Sharia financial assets (excluding Sharia Stocks) reached IDR2,375.84 trillion. Meanwhile, Sharia banking recorded assets reaching IDR802.02 trillion (OJK, 2023). The development of Sharia banking certainly encourages these institutions to develop their businesses with various profitable investments.

Efforts to fill the infrastructure financing gap, especially through the KPBU scheme, actually open up opportunities for the Islamic banking sector to participate in it. However, the private sector with a profit orientation certainly requires certain conditions in order to synergize in KPBU financing.

In 2024, there are several KPBU projects where Islamic banking has participated in financing shown in the table below.

Table 1
Participation Islamic Banks on KPBU Projects

No.	Name of Projects	Akad/Contract	Financing Resources
1	Tol Road Cileunyi-Sumedang-Dawuan	MMQ	BSI and PT SMI
2.	Tol Road Semanan-Sunter-Pulogebang	Syndication	Islamic and conventional banks
3.	Tol Road Jakarta-Cikampek Elevated	Syndication	Islamic and conventional banks
4.	Tol Road Serang Panimbang	MMQ	Islamic banks
5.	Tol Road Semarang Demak	MMQ	Islamic banks
6.	Makassar Parepare Train	MMQ	Islamic banks
7.	Street Lighting Equipment Pemkab Madiun	-	NTB Syariah
8.	Road Preservation Jalintim Sumatera Selatan	IMBT	BSI and other Islamic banks
9.	Road Preservasition Jalintim Riau	IMBT	BSI and other Islamic banks

Source: KNEKS, 2024

Islamic banking in KPBU financing usually uses Mudharabah Mutanaqisah (MMQ) contracts. The use of IMBT contracts has only been used in the Jalintim preservation project for the South Sumatra and Riau sections.

This KPBU project with the IMBT contract has been successfully implemented and provides services to the community. This study aims to analysis the advantages of using the IMBT contract in KPBU financing with a sharia scheme. There are not many studies that analyze the advantages of IMBT in the KPBU scheme. The researcher hopes that the lessons learned from using this contract can be replicated to accelerate infrastructure development with the KPBU scheme in other regions in Indonesia.

2. LITERATURE REVIEW

2.1. Government and Business Entities Cooperation (KPBU)

The Asian Development Bank (2008) defines the term "public-private partnership" (PPP) as a range of possible relationships between public and private entities in the context of infrastructure and other service provision. Other terms used for this type of activity include private sector participation (PSP) and privatization. While the three terms are often used interchangeably, there are differences.

By Presidential Regulation of the Republic of Indonesia Number 38 of 2015 concerning Government Cooperation with Business Entities in the Provision of Infrastructure, Government and Business Entity Cooperation, hereinafter referred to as KPBU, is cooperation between the government and business entities in the provision of infrastructure for the public interest concerning specifications previously determined by the Minister/Head of Institution/Head of Region/State-Owned Enterprise/Regional-Owned Enterprise, which partly or wholly uses the resources of the Business Entity by considering the distribution of risk between the parties.

PPP is often seen as an alternative to traditional procurement financing. Through PPP contracts, generally design, construction, construction, financing, operation, maintenance, and transfer (DBFOMT) are combined in one contract through a competitive process. This is different from traditional procurement where each element is generally carried out in a separate contract. Through PPP, ownership of fixed assets and determination of the quality of service of fixed assets are maintained by the government.

Through PPPs, the public sector can leverage the management capabilities and expertise of the private sector, while also raising additional funds to support specific services. Depending on the degree of private sector involvement and the utilization of private financing, risk transfer arrangements in PPP projects can vary across the risk-return spectrum.

The KPBU project was initiated to encourage greater private sector participation and initiatives in accelerating infrastructure development in Indonesia. Meanwhile, the funds provided by the State Budget (APBN) are insufficient to cover all the required costs. By involving the private sector in investment, it is expected that these funding needs can be met.

KPBU can be initiated either by the Government (solicited) or by Business Entities (unsolicited). KPBU activities are carried out through several stages: planning, preparation, transactions, and implementation of the KPBU agreement.

The return on investment made by the private sector, based on the mechanism stipulated in Article 11, is determined by the PJPK and includes capital cost recovery, operational costs, and the profit of the Implementing Business Entity.

The return on investment for the Implementing Business Entity in infrastructure provision can be derived from:

1) Payments by users in the form of tariffs;
2) Availability Payments; and/or
3) Other sources, as long as they comply with applicable laws and regulations.

The main difference between Public-Private Partnerships (PPP) in Indonesia and those in other countries lies in their structure, focus, and government support. In Indonesia, PPP places greater emphasis on optimal risk sharing between the government and business entities, as well as on government support in the form of facilities and guarantees to encourage PPP projects. Additionally, PPP in Indonesia focuses not only on the construction of physical assets but also on the provision of sustainable infrastructure services for the public interest.

2.2. KPBU Syariah Scheme

Bappenas (2022) stated that Infrastructure KPBU is fundamentally aligned with Sharia principles, including:

1) The KPBU project investment return schemes (Availability Payment and User Charge) are based on clear risk allocation.
2) The scope of cooperation and risk-sharing arrangements ensure that the KPBU project is free from elements of *maysir* and *gharar*.
3) The KPBU project does not involve any prohibited activities.

Under DSN MUI Fatwa Number 156/DSN-MUI/2023 concerning the Implementation of Sharia Principles in Infrastructure Provision Activities through the Government and Business Entity Cooperation Scheme (KPBU) Based on Service Availability (Availability Payment), it is stated that KPBU may be implemented under terms and conditions that comply with Sharia principles as stipulated in the fatwa. KPBU activities must not violate Sharia provisions and must avoid *riba*, *gharar*, *maysir*, *tadlis*, *zhulm*, *risywah*, *dharar*, *haram* objects, and other prohibited elements.

Furthermore, regarding the integration of the Sharia-based KPBU scheme, several considerations or requirements must be fulfilled within the KPBU framework, which also form the basis for the implementation of the Sharia scheme. These include asset ownership status, the use of regional assets, the involvement of third parties, the scope of cooperation, financial flows, project duration, and implementation stages.

Transactions between the Project Cooperation Manager (PJPK) and the Implementing Business Entity (BUP), as well as BUP's financing transactions within the Sharia KPBU framework, are carried out using contracts and schemes that refer to various Fatwas of the National Sharia Council (DSN), namely:

a. **KPBU Sharia Availability Payment (AP) Scheme**
   The contract used in this scheme is *Ijarah Muntahiya Bit Tamlik* (IMBT). IMBT is a lease-purchase agreement where the BUP, as the project owner, leases its project to the PJPK. The PJPK subsequently pays rental fees under the availability payment scheme. At the end of the lease period, ownership may be transferred from the BUP to the PJPK through either a grant (*hibah*) or a sale and purchase agreement.
b. **KPBU Sharia AP Take-or-Pay Scheme**
   This scheme uses a sale-purchase and grant contract. The PJPK orders the project construction from the BUP through a sale and purchase agreement. This agreement does not require disclosure of the capital/principal price and margin, and there are no provisions regarding the amount of a reasonable margin, as long as both parties agree. The PJPK then pays the BUP for the services provided based on the minimum agreed volume or value. Asset transfer by grant occurs at the end of the KPBU agreement.
c. **KPBU Sharia User Charge Scheme**
   This scheme uses a grant contract. The asset transfer by grant also takes place at the end of the KPBU agreement.
d. **KPBU Sharia User Charge Revenue Sharing Scheme**
   This scheme uses a *Musyarakah* contract. The *Musyarakah* contract is a common form of profit-sharing agreement in which two or more parties contribute assets and/or capital to conduct a business. The profit-sharing ratio can be adjusted according to each party's capital contribution.

Based on the general KPBU structure, BUPs are required to contribute capital to cover a portion of the total capital expenditure (Capex) and operational expenditure (Opex). Typically, the BUP's contribution ranges from 30% of the total Capex and Opex requirements, with the remaining portion fulfilled through various financing sources. In the Sharia KPBU scheme, the financing obtained by the BUP must comply with Sharia principles and prudential standards. According to DSN MUI Fatwa Number 156/DSN-MUI/2023, KPBU financing may be provided by investors or Sharia financial institutions through IMBT contracts or other Sharia-compliant contracts.

In terms of financing from Islamic banks, BUPs may apply for financing from Islamic banking institutions to meet project requirements. Islamic banks can provide financing to BUPs after the BUP is declared the auction winner and has signed the KPBU agreement.

The bank financing is provided to the BUP only during the construction and management periods. Islamic banks may offer financing through various contracts, including *Istishna*, *Ijarah Muntahiya Bit Tamlik* (IMBT), *Musyarakah Mutanaqisah* (MMQ), *Musyarakah*, *Murabahah*, or other appropriate contracts approved by the bank's Sharia Supervisory Board. Financing may also involve a combination of these contracts, particularly if the financing structure provided to the BUP consists of multiple facilities.

2.3. Financing Contract with IMBT

Ijarah Muntahiya Bit Tamlik (financial leasing with a purchase option) is a contemporary contract that combines two contracts in a single transaction (hybrid). *Muntahiya Bit Tamlik* encompasses both the *al-Bai'* (sale and purchase) contract and the *Ijarah Muntahiya Bit Tamlik* (lease) contract. IMBT is a lease agreement in which, at the end of the rental period, the leased asset may either be purchased by the customer or granted by the bank to the customer (Lian and Faiz, 2018).

According to Article 19, Paragraph (1) of the Islamic Banking Law, the *Ijarah Muntahiya Bittamlik* contract is a financing arrangement that provides funds to transfer the right to use or benefit from an asset or service based on a rental transaction, with the option to transfer ownership of the asset. IMBT financing is one form of Islamic banking business activity carried out in accordance with Sharia principles (Wangsawidjaja, 2012).

Based on the National Sharia Council Fatwa No. 27/DSN-MUI/III/2002 concerning *Al-Ijarah Al-Muntahiyya Bi Al-Tamlik*, this contract is defined as a lease agreement accompanied by the option to transfer ownership of the leased object to the lessee after the lease period ends.

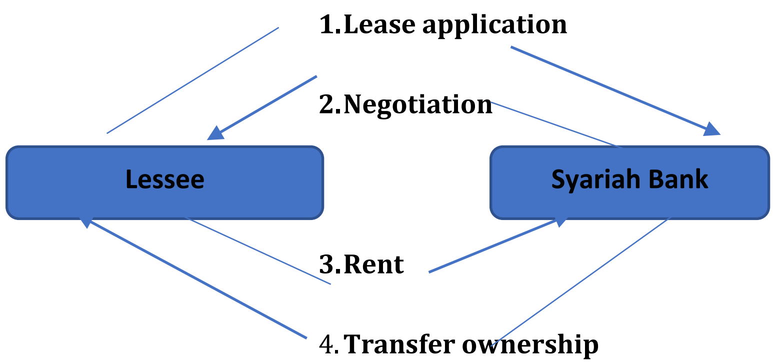


Figure 2
IMBT financing procedures

Hidayat (2024) explains the IMBT financing steps as follows.

1) Musta'jir (lessee) submits a lease application to a Sharia bank with an Ijarah Muntahiyah Bit Tamlik contract

2) The lessee and the Sharia bank negotiate the price, term, etc.
3) After an agreement is reached, the lessee pays the rental fee for the agreed term
4) The Sharia bank grants the leased goods and transfers ownership to the lessee after the lease period ends

According to Sutedi (2009), the transfer of ownership from Islamic banks to tenants can be done by: granting (hibah), selling IMBT objects before the end of the contract with the remaining rental installments or agreed price, selling at the end of the lease period is carried out with a reference to a certain price agreed in the contract, selling IMBT objects in stages according to the price agreed in the contract.

2.4. Financing With MMQ Contract

Musyarakah Mutanaqisah (MMQ) is a development of musyarakah-based contracts. Musyarakah Mutanaqisah is applied to Sharia banking financing products based on the principle of syirkah 'inan. The capital portion (hishhah) of one of the syarik (partners), namely the bank, is reduced by the buyer or commercial transfer gradually to another, namely the customer (Siregar & Buchori, 2016: 134). Syarik is a partner in carrying out a syirkah contract. Hishhah is the portion or part of the syarik in the wealth of musyarakah which is musya'. Musya' is a portion or part of the wealth of musyarakah (jointly owned) in terms of value and its limits cannot be determined physically. The combination of diminishing musyarakah and ijarah contracts becomes a basis for financing home purchases (Algaoud & Lewis, 2001: 89).

Previous studies, including Fakhri (2021), stated that Islamic financing has great potential in financing toll road infrastructure. It is necessary to develop policies that specifically regulate Islamic financing of infrastructure, especially those concerning financing of Government-Business Cooperation (KPBU) in accordance with Islamic law. Meanwhile, Wening and Gultom (2024) stated that Islamic financial instruments to meet KPBU needs can expand finance in terms of the Islamic market and increase the liquidity of Islamic financial instruments in Indonesia. According to Sulistyowarno et al. (2024), principled engagement, motivation, and capacity for collective action characterize the dynamics of collaboration, leading to detailed collaborative actions that are essential for implementing IMBT as a financing scheme.

Table 2 Comparing IMBT and MMQ Financing KPBU Scheme

	Risk level	Leverage	Ownership	Accounting treatment
IMBT	Lower, using AP scheme	Has no impact on leverage	The capital portion will gradually decrease as rental and installment payments are made	Off-balance-sheet
MMQ	Higher, using user charge scheme	Increase the leverage	The capital portion will gradually decrease as installment payments are made	On-banlance-sheet

3. METHODOLOGY

This study uses a qualitative descriptive method, to look at the processes that occur in financing one of the KPBU projects, namely the Preservation of the East Sumatra Cross-Island Road. Researchers are directly involved in gathering information from sources. The use of qualitative research is expected to answer and explain research questions. Quantitative data obtained by researchers is considered less supportive in explaining research problems, without a qualitative, in-depth study. The stages of research carried out are the pre-survey stage in the form of research preparation to mature the concept and prepare a survey plan. This stage is the preparation of data needs and their sources, determining sources, and interview questions.

The next stage is data collection in the form of primary data and secondary data. Secondary data is taken from publications of government institutions related to KPBU such as the Directorate General of Financing and Risk Management (DJPPR) of the Ministry of Finance, the Ministry of Public Works and Housing (Ministry PUPR), the National Committee for Sharia Economics and Finance (KNEKS), and PT Bank Syariah Indonesia (BSI). While primary data is obtained from the results of Focus Group Discussions (FGD) between sources from the Ministry of Finance, the Ministry of PUPR, and PT BSI. FGD was conducted on May 29, 2024, involving four participants.

The next stage is the analysis of the data that has been collected and verified. Qualitative interpretative analysis is used to interpret data obtained from the field (Sugiyono, 2019). This analysis aims to examine the results of the FGD and secondary data collection to obtain a comprehensive understanding of the Trans-East Sumatra Highway Preservation Project, including its sharia financing mechanism. The verified data are then interpreted to formulate concepts or draw conclusions from the research findings. The results of this analysis are expected to support the presentation of systematic information that is easy to understand.

4. RESULT AND DISCUSSION

4.1. Profile of KPBU Project

The Sumatra Jalintim Preservation Project currently consists of the South Sumatra and Riau Sections. This project is a KPBU project in the non-toll road sector in Indonesia, whose handling is a priority of the PUPR Ministry. The Jalintim project is part of the National Road in the East Sumatra Crossroad which supports economic activities in Sumatra and is classified as a national road, which is the backbone of national economic growth. The Jalintim project is expected to have a major impact on increasing the economy through better connectivity between regions, especially for tourist routes, logistics, access to ports and airports, as well as reducing travel time and vehicle operating costs (Tempo online, 2021).

Table 3 Profile of Jalintim Sumatra

Project Information	Jalintim Sumsel Section	Jalintim Riau Section
Project type	Highway Non-toll	Highway Non-toll
KPBU scheme	Solicited- AP	Solicited- AP

Cooperation scheme	DBFOMT	DBFOMT
PJPK	Ministry of Public Work and Housing (PUPR)	Ministry of Public Work and Housing (PUPR)
BUP	PT Jalintim Adi Abipraya (JAA)	PT Jalintim Adi Abipraya JAA
Investment value	Rp 982,4 bio	Rp 525,5 bio
Financing terms (investor/lender: BUP portion)	70:30	80:20
AP payment annually	Rp260,86 bio	Rp147 bio
Cooperation period	15 years (3 years construction period and 12 years services period)	15 years (3 years construction period and 12 years services period)
Total length of road	29,87 km	43 km
Total Bridges	14	4
Weighbridge facilities	2	1

Source: Ministry of Public Work and Housing and BSI, 2024

The Jalintim project is a **solicited** KPBU, meaning it was initiated by the Government and offered to the Managing Business Entity (BUP) for cooperation. The form of cooperation follows the DBOFMT (Design-Build-Finance-Operate-Maintain-Transfer) scheme. The Government provides investment return support to the BUP through a payment mechanism based on service availability, known as Availability Payment (AP).

AP represents the Government's support and is designed to maintain a balance between consumer affordability and the financial feasibility for investors and lenders. AP provides certainty regarding the revenue stream, ensuring the project can meet its debt service obligations, deliver sponsor profitability, and maintain service affordability (Anugerah, 2024).

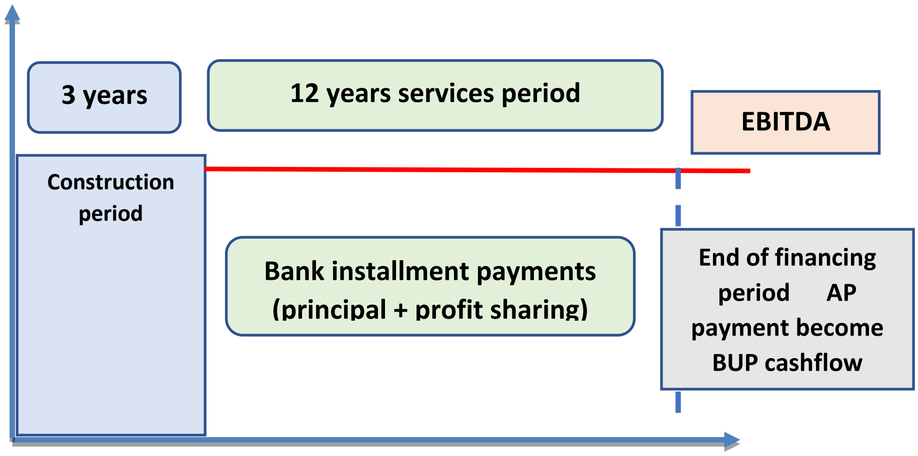
The KPBU-AP model was selected because the project being financed is not a revenue-generating project, but rather a pure public service. Without government support in the form of Availability Payments (AP), the private sector would be reluctant to participate in financing pure public service projects. This is in accordance with PMK 260/PMK.08/2016, which defines AP as a periodic payment made by the PJPK to the Implementing Business Entity for the availability of infrastructure services that comply with the quality and/or criteria specified in the KPBU Agreement during the operational period.

The AP investment return scheme is particularly suitable for projects that are service-oriented and do not generate direct revenue from users. Such infrastructure projects generally belong to the economic or social sectors and provide significant public benefits, but the return on investment does not rely on user tariffs. Even if the project generates revenue from user tariffs, these revenues are not considered by the PJPK in determining payments to the BUP.

From the BUP's perspective, projects financed under the AP scheme offer revenue stream stability and are not subject to demand fluctuation risks. From the Government's perspective, the AP scheme provides several advantages, including: no need to allocate a budget for contractors during the construction period, no exposure to construction risks, and no cost overruns affecting the State Budget (APBN). The Government will make payments for service availability during the project's operational period, which also serve as instalments for the return on investment (Hasrul, 2024).

From the investor's perspective, AP-based projects typically demonstrate economic feasibility but may lack financial viability. Therefore, these projects require financial support from the Government. Public service projects usually have low repayment capacity and thus require availability payment support. This Government backing increases banks' confidence in providing financing by strengthening the project's repayment capacity (Hidayat, 2024).

KPBU projects under the AP scheme typically consist of only two phases: the construction phase and the service phase, as illustrated in the figure below.



Source: BSI, 2024

Figure 3
Construction and service period in KPBU AP

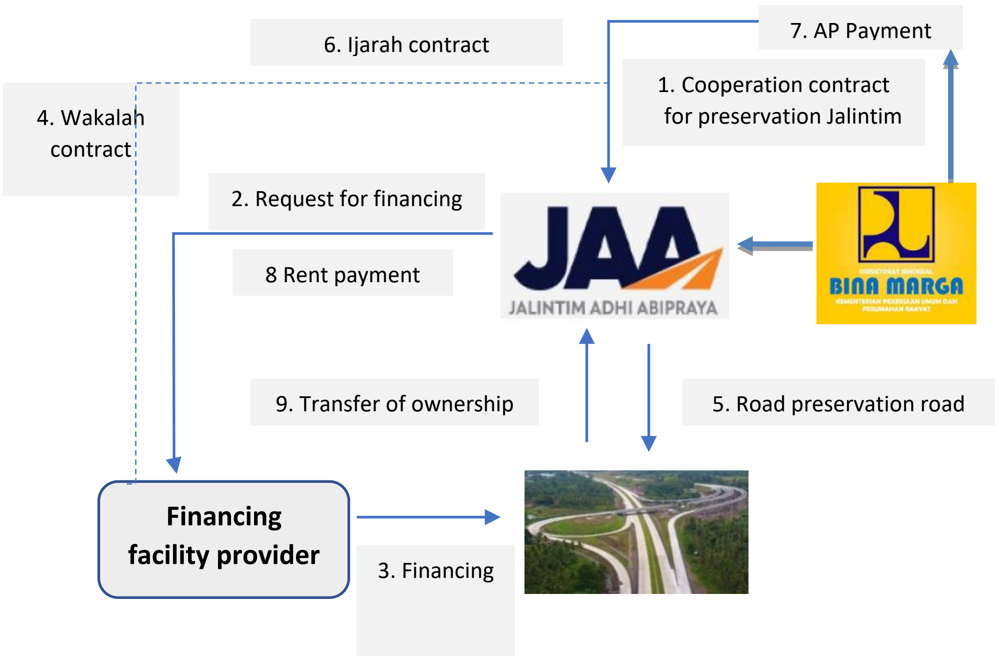
During the construction phase, investors will closely examine the condition of the BUP, particularly regarding its financial strength and construction capabilities. The BUP is required to provide a portion of the financing as stipulated in the agreement. In the case of the Sumatra Jalintim project, the BUP is responsible for financing 30% of the South Sumatra section and 20% of the Riau section, as shown in Table 1. Investors will disburse funds during the construction period according to the agreed disbursement stages (drawdown).

During the service phase, the BUP will receive AP payments from the PJPK (Government). These AP payments are fixed, provided that the BUP consistently delivers the minimum quality of service required by the PJPK. If the BUP fails to meet the agreed service standards, AP payments may be reduced or withheld, and the BUP may even be subject to penalties (Anugerah, 2024).

AP payments represent earnings before interest, tax, depreciation, and amortization (EBITDA). AP payments made by the Government serve both as rental payments for services and as installments for the repayment of investment to investors (financing facility providers) and to the BUP (Hidayat, 2024).

4.2. IMBT Financing Scheme

The sharia financing scheme for the Jalintim Sumatra project is as shown in the image below.



Source: PUPR, 2024

Figure 4
Sharia Financing Scheme

First, the financing scheme begins when the BUP (namely PT JAA in the Jalintim Sumatra Preservation Project) is designated as the auction winner or appointed as the project manager. The Directorate General of Highway Construction (*Ditjen Bina Marga*) acts as the PJPK and enters into a cooperation agreement with PT JAA.

Second, the cooperation agreement serves as the underlying asset for PT JAA to submit a Sharia financing application to the financing facility provider (in this case, a banking syndicate). The financing facility provider will conduct an assessment, including the fulfillment of administrative requirements. Once the requirements are deemed to have been met, the bank will enter into a financing agreement with the BUP. The agreement includes provisions for the sale of assets completed by PT JAA to the bank under an IMBT contract, and for the grant of assets from the bank to PT JAA upon the completion of the service period (Salendu, 2024).

Third, the financing disbursement from the bank to the BUP is realized. The disbursement takes place during the construction period and may occur in several stages.

Fourth, the bank enters into a *wakalah* agreement (power of attorney contract) with the BUP, authorizing the BUP to carry out road preservation activities in accordance with the established contract.

Fifth, PT JAA, as the BUP, carries out the road preservation project during the construction phase. Upon completion, PT JAA sells the constructed road to the bank under the IMBT contract.

Sixth, during the service period, the bank and PT JAA enter into a lease agreement (ijarah contract) for the road that has been constructed.

Seventh, the PJPK, in this case the Directorate General of Highways, makes Availability Payments (AP) to PT JAA.

Eighth, PT JAA pays the asset lease to the bank based on the portion of the project financing.

Ninth, upon the completion of the service period, the bank enters into a grant agreement to transfer ownership of the asset to the BUP

4.3. Application of IMBT in Financing Schemes

Financing contracts in Islamic banking typically employ three basic contract types: sale and purchase (*bay'*), participation (*syirkah*), and lease (*ijarah*). The choice of scheme depends on the type of transaction and the asset to be financed.

Bank Syariah Indonesia (BSI), as a financing service provider (investor), generally engages in discussions with the BUP to determine the most appropriate financing scheme. The Sharia-compliant scheme is offered because it aligns with the characteristics of the asset to be financed.

BUPs typically manage a large number of projects and operate on a significant business scale. They are often constrained by their owners regarding financial leverage and the need to maintain acceptable debt-to-equity ratios.

Infrastructure financing is considered a project investment from the perspective of the investor or bank. As a financing service provider, BSI offers two contract options for infrastructure project financing: *Musyarakah Mutanaqisah* (MMQ) and *Ijarah Mumtahiya Bit Tamlik* (IMBT). MMQ is a form of partnership between two parties for joint asset ownership, where the ownership share of one party gradually decreases through scheduled commercial purchases or transfers, while the ownership share of the other party proportionally increases. MMQ is classified as a financial lease and is recorded as debt (on-balance sheet).

BSI typically offers a financing scheme that is tailored to the project type, particularly the IMBT scheme. Conventional banks do not offer products similar to IMBT.

Financing under the IMBT scheme is structured as an operational lease and is classified as off-balance sheet. For BUPs using IMBT financing, the transaction is not recorded as debt but as an operational lease. This transaction is recorded in the income statement, not on the balance sheet as debt. Consequently, the IMBT contract does not increase the BUP's leverage.

Another benefit is that investment return installments are recorded as rental expenses and principal payments, which remain flat in line with the project's depreciation (Hidayat, 2024).

The main challenge in IMBT financing lies in funding large-scale projects that require collaboration between Sharia and conventional banks. IMBT can only be implemented if joint financing is conducted exclusively among Sharia banks.

4.4. Key Success Factors for Jalintim Sumatra KPBU Project Financing

Project development under the KPBU scheme is a lengthy process, starting from project preparation to the delivery of services to the public. The KPBU model also involves long-term contracts between the government and the private sector in the procurement of projects and services for the community. KPBU requires more than just investor commitment. It also demands leadership, technical, legal, institutional, and commercial aspects that must be well-integrated into the project structure. Coordination and synergy between the PJPK, local governments, and local parliaments are crucial during project preparation (Anugerah, 2024).

Achieving high-quality project preparation, structure, and transactions can build confidence among banks to provide financing. This can result in a relatively quick Financial Close, typically within six months (Salendu, 2024).

The KPBU-AP scheme is well-suited for infrastructure projects that provide public services (non-tariff). This scheme is also more attractive to investors due to the certainty of investment returns guaranteed by the government. Financing facility providers (investors) from Sharia institutions tend to encourage the use of IMBT contracts because these contracts offer benefits to both investors and BUPs (Hidayat, 2024).

In the future, KPBU projects are expected to expand further, particularly to promote infrastructure development in the regions. As stipulated in the Law on Financial Relations between the Central and Regional Governments (Law Number 1 of 2022), regional governments are permitted to collaborate with the private sector through KPBU to accelerate infrastructure provision. This will certainly require access to long-term financing in line with the program objectives. Sharia-based financing can serve as a promising alternative (Anugerah, 2024).

5. CONCLUSION

Based on the study, several key lessons can be drawn. First, coordination and synergy between the PJPK, local governments, and local parliaments are essential in project preparation. If local governments aim to develop infrastructure within their regions, a shared understanding among stakeholders is imperative.

Second, the KPBU-AP scheme offers benefits to multiple parties. From the PJPK's perspective, there is no need to allocate construction costs or bear construction risks and potential cost overruns in the state budget. The use of KPBU-AP is also advantageous for the community, as they are not required to pay tariffs for the services provided. Third, from the perspective of business entities and investors, the KPBU-AP scheme ensures stable income streams and eliminates the risk of fluctuating demand. This stability increases investor confidence to provide project financing. Fourth, financing through IMBT offers several benefits for BUPs. IMBT is an operational lease and is recorded off-balance sheet, meaning it does not increase leverage. Additionally, investment return installments are recorded as rental expenses, and principal payments remain flat in line with the project's depreciation.

This study has not yet involved the Managing Business Entity (BUP), which is the party responsible for implementing the KPBU project. The involvement of BUP would provide deeper insights into IMBT financing within the KPBU framework. This is recommended as a direction for future research. As a recommendation, the promotion and dissemination of Sharia-based KPBU schemes should be further strengthened, particularly among local governments, regional parliaments, and business entities managing KPBU projects. The broader adoption of Sharia-based KPBU schemes is expected to contribute to regional development.

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