

# CONCEPT AND APPLICATION OF SOVEREIGN SUKUK IN STATE BUDGET DEFICIT FINANCING IN INDONESIA

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## Abstrak

Increasing government spending which is not balanced by the increase of country income can cause an increasing state budget deficit, so far the government still fond of closing the budget deficit by foreign debt, while foreign debt itself is never apart from the interest as return arising from the existence of the loan. Whereas Islam expressly forbids usury. Therefore the alternative in accordance with the principles of sharia which can become a source for financing the state budget deficit is needed. One of the source of the payment is the sale of State Islamic Bonds or Sovereign Sukuk that are defined as bonds that is issued based on the principles of sharia as evidence of ownership of the assets in a certain period of time. Based on this, the author want to analyze sovereign sukuk in financing the deficit of the state budget. This research aims to know deeper the concept of the sovereign sukuk issuance in state budget financing and the knowledge position of sovereign sukuk in state budget deficit in Indonesia. In this research the authors use literature study. To discuss deeper and achieve the goal, the author is attempting to collect both primary and secondary data. In the processing of collecting data the authors use the method of observation which is the first step to see and get the necessary data by observing books and other data source intensively. The analysis is done by using the way of thinking of the induction assisted by the wrong deductions method to draw a conclusion. To get deeper analysis, the author continues the analysis by using descriptive analysis techniques. This research results that sovereign sukuk potential to be developed as an alternative in accordance with the principles of sharia which can become a source of financing the deficit by 3 publishing mechanism, namely Private placement, book building and auction. Position of sovereign sukuk in state budget deficit in 2010- 2014 is not clear because the deficit increase from IDR 46.8 Trillion to IDR 241.5 Trillion, but in 2014- 2015, budget deficit decreases from IDR 241.5 Trillion to IDR 222.5 Trillion, while the financing of the state budget deficit sourced from the issuance of the sovereign sukuk on 2014-2015 experiences an increase of IDR 265 Trillion to IDR 298 Trillion, this describes the issuance of sovereign sukuk can become the main instrument in State Budget deficit financing.

Kata kunci : *Sovereign Sukuk, State Budget Deficit.*

## INTRODUCTION

Increasing government spending which is not balanced by the increase of country income can cause an increase of state budget deficit. This can be seen in the increased government spending in the last 5 years which reaches USD 1.042,1 billion in 2010, and gives the consequence to the increase of the deficit of IDR 46,8 trillion to IDR 257,5 trillion in 2015. The big amount increase of state budget deficit needs the availability of sufficient financial resources so that the government is still relying on debt to cover its budget deficit. (Alam Septa Nurfalah, 2014, p.17).

The action from government's policy to increase the income of the state is perform a loan obtained from within the country or outside the country In the of taxation, the

income from the State-Owned Enterprises and the domestic industry, or the Issuance of Government Securities (SBN). Foreign Debt is the most threatening against the existence of state due to foreign debt which is never apart from the return of interest arising from the loans. While Islam expressly forbids usury. In the holy Qur'an, it is explained: (Cecep M. Hakim, 2011, p.38).

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

*'You who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful.'* (Q.S. Ali-Imran, 130)

The higher number of Indonesian debt to foreign countries, also increases the difficulty from the state budget due to foreign debt must be repaid with interest. In an effort to decrease dependence on the government toward foreign debt and to keep sustainability of economic growth, then payment sources that are safe on the risk of foreign loans and relatively productive in supporting the economic growth are needed. One of the source of the payment is the sale of State Islamic Securities (SBSN) commonly called sovereign sukuk. (Cecep M. Hakim, 2011, p.38)

Not only redirect the habit of government foreign debt, any sovereign sukuk is believed to replace State Debt Letter (SUN) as an alternative source of financing of the state because the structure of sovereign sukuk is considered better. (Moch.Azkha Rinaldhy, 20115, p.1) Sukuk can become an instrument of public finance which contributes in keeping the fiscal sustainability of Indonesian economy. Sukuk has been acknowledged as a public financial instruments that is recommended in Islamic economy. The issuance of sukuk is a counterweight to balance the wealth of government's financial, monetary authority, company, banks and financial institutions as well as various other forms of entity that mobilize public funds.(Khairunnisa Musari, 2013, p. 42).

Based on the explanation that the researcher presented above, researcher seeks data to research a comprehensive and in depth discussion about how the concept of sovereign sukuk issuance, and how the application of sovereign sukuk in Indonesia, so that the researcher writes this paper entitled: concept and application of sovereign sukuk in state budget deficit financing in Indonesia.

## **RESEARCH METHOD**

### **The Research Method**

The method of research that is used in this study is a library or literature research which belongs to qualitative research

### **Data Sources**

- a. Primary Data Sources  
The Data obtained in the form of sukuk issuance data in Indonesia.
- b. Secondary Data Source  
The data gained from searching particular documents published by the Ministry of Finance as an institution that issues SBSN, the mass media (newspapers, magazines, journals, and internet) and books that discuss related issues.

### **The Method Of Data Collection**

The method of data collection used by researcher is documentary method, that the process of obtaining information for research purposes is derived from the data in the form of archives (documents) owned by the Directorate of Sharia financing, books, magazines, and records that have been provided by BPS either through electronic media or other media. Data obtained in the form of an e-book, resume training, soft copy, Regulation of the Minister of Finance, and the articles posted on the internet. Study of documentation is complementary to the use of methods of observation and interviews in qualitative research.

### Data Analysis Methods

The method used in this research is a descriptive analysis. Descriptive means explaining and describing how sukuk management mechanism, ranging from publishing mechanism, the using of the benefit, and the developing of sukuk in Indonesia. Furthermore from the reflection which the author takes, the conclusion adjusted with the problems are examined in this research.

## RESULT AND DISCUSSION

### Definition of Sovereign Sukuk

In terms of language, Sukuk is the plural of the word shakk, (Luis Ma'luf, 1986, p. 430) and shakk in the mawrid dictionary has same meaning with obligation (Munir Ba'albaki, 1967, p. 624). In brief sukuk has been defined by the Accounting and Auditing Organization For Islamic Financial Institutions "AAOIFI" as a certificates of equal value representing undivided shares in ownership of tangible assets, usufruct, and services or in the ownership of the assets or particular projects or special investment activity (M Saeed Alsheyab, 2014, p. 1562).

Meanwhile, Fatwas National Sharia Council (DSN) defines sukuk as a long-term bonds based on the principles of shari'a issued by the issuer to pay earnings to shareholders in the form of sukuk for the results, margin and fee, and pay back the sukuk fund at maturity date. (Veithzal Rivai, 2012, p. 394).

According to the act of Sharia Bonds (state) SBSN sovereign sukuk issuance is based on the principles of sharia, as evidence for the inclusion of both sovereign sukuk assets in IDR or foreign currency. The party published sovereign sukuk is the body of law that is established based on the terms of the legislation to publish the sukuk. Assets are the properties of the state having economic value that is made as the issuance of sovereign sukuk (DPS 2008).

### Legal Basis of Sovereign Sukuk Issuance

#### 1. Al Maidah: 1

يَا أَيُّهَا الَّذِينَ آمَنُوا أَوْفُوا بِالْعُقُودِ أُحِلَّتْ لَكُمْ بَهِيمَةُ الْأَنْعَامِ إِلَّا مَا يُتَى عَلَيْكُمْ غَيْرَ مُجَلِّي الصَّيْدِ  
وَأَنْتُمْ حُرْمٌ إِنَّ اللَّهَ يَحْكُمُ مَا يُرِيدُ

*'O you who have believed, fulfill [all] contracts. Lawful for you are the animals of grazing livestock except for that which is recited to you [in this Qur'an] - hunting not being permitted while you are in the state of ibram. Indeed, Allah ordains what He intends.'*

#### 2. Al Baqarah: 282

يَا أَيُّهَا الَّذِينَ آمَنُوا إِذَا تَدَايَنْتُمْ بِدَيْنٍ إِلَى أَجَلٍ مُّسَمًّى فَاكْتُبُوهُ وَلْيَكْتُب بَيْنَكُمْ كَاتِبٌ بِالْعَدْلِ وَلَا يَأْبَ  
كَاتِبٌ أَنْ يَكْتُبَ كَمَا عَلَّمَهُ اللَّهُ

*'O you who have believed, when you contract a debt for a specified term, write it down. And let a scribe write [it] between you in justice. Let no scribe refuse to write as Allah has taught him.'*

### **The Purpose of Sovereign Sukuk Issuance**

Basically, the purpose of sovereign sukuk issuance is to finance the state budget including finance development projects such as the state infrastructure in the energy sector, telecommunications, transportation, agriculture, industrial manufacturing and housing. In line with the main purpose of sukuk issuance by the government, it is required to (Langgeng Basuki, 2015, p. 17):

1. Expand the base of the state budget financing source
2. Enrich the fiscal financing instrument
3. Expand and diversify the investor based SBN
4. Encourage the growth and development of the Islamic finance market in the land
5. Develop an alternative investment instrument
6. Create benchmark in sharia financial markets
7. Optimize the utilization of the state and encourage the orderly administration of the management of the state
8. To support the financing of the development of infrastructure projects and improve public services
9. Take advantage of the community funds that have not yet been slimmer by bond system and conventional banks.

### **The Types of Sovereign Sukuk**

The various types of sukuk structure is internationally known and has received endorsement from The Accounting and Auditing Organization For Islamic Financial Institutions (AAOIFI) and is adopted in Act No. 19 year 2008 about SBSN, as follows (Andri Soemitra, 2010, p. 143-144):

1. *Ijarah Sukuk*  
Ijarah sukuk is published based on agreement or regulating Ijarah where one party act itself or through its representatives to sell or rent the rights of the benefits of an asset to another party based on the price and the agreed period, without followed by the transfer of ownership of the asset itself.
2. *Mudharabah Sukuk*  
Mudharabah Sukuk is sukuks issued based on agreement or regulating Mudharabah where one party provides capital (rab al-maal) and other parties provide energy and expertise (mudharib), benefits from cooperation will be divided based on comparisons that have been approved previously. Losses arising will be covered entirely by the party that became the capital provider.
3. *Musyarakah Sukuk*  
Musyarakah Sukuk is sukuks issued based on agreement or regulating Musyarakah where two or more parties are working together to combine capital for building new projects to develop projects that have been there, or financing business activities. The benefits and losses arising are covered together in accordance with the number of capital participation of each party.
4. *Istisna Sukuk*  
Istisna Sukuk is published based on agreement or regulating Istisna' where the parties agree on selling in order to finance a project/goods. The price, delivery

- times, and specifications of goods/projects are determined in advance based on the agreement.
5. Based Sukuk regulating others throughout does not conflict with the principles of Islam.
  6. The Sukuk is issued based on a combination of two or more types of contract.

### **The Other Parties Involved In Sovereign Sukuk Issuance**

To facilitate the process of sukuk issuance to be good and not out of the principles of sharia specified, there are several parties involved in the sukuk issuance (DPS, 2008, p.2) :

- a. Obligor  
Obligor is the party responsible for the payment of nominal point and return the results of the sukuk published until maturity sukuk. In this country, The sukuk obligor is the government.
- b. SPV (Special Purpose Vehicle)  
Special Purpose Vehicle is the body of law that is established specifically to publish the sukuk function as:
  - 1) Sukuk Issuer
  - 2) The trust agent that represents the interests of investors
  - 3) Government counterpart in the discounted rates transfer of assets. In the case of state sukuk, SPV is htheis company of sukuk issuer countries.
- c. Investors  
Investors are the sukuk holders that have the right interests on the reward, margins and nominal value of sukuk based on their respective participation
- d. Sharia Advisor  
Sharia Advisor is individuals who are widely acknowledged their knowledge in the field of syariah or institution that provides the fatwas or statement of compliance with the principles of shari'a based sukuk published
- e. The Trust Agent/ Trustee  
The trust agent is a person who represents the interests of the sukuk holders in accordance with the promise.

### **The Definition of the State Budget Deficit**

Based on the Government Regulation (PP) of the Republic of Indonesia Number 23 Year 2003, government budget deficit is the difference less between state revenues and expenditures in the same budget year. David N. Hyman defines the government budget deficit as the excess government spending from the acceptance of the government in the form of tax fee, and the levies acquired by the government.

Counting the state budget deficit tend not to measure the absolute numbers, but measure the ratio of the state budget deficit of gross domestic product (GDP). When we count the state budget deficit as a percentage of GDP, then the picture of how many percent of a country can gather funds to cover the deficit will be obtained (David N. Hyman, 2014, p. 490).

### **The Causes of the Budget Deficit**

General reasons of the state budget deficit are: (Kunarjo, 2001, p 2-4).

1. The government policy to speed up Economic Development
2. The low Purchasing Power

3. The even distribution of the earnings of society
4. The weakening
5. The expenses due to the economic crisis
6. The realization that deviate from the Plan
7. Expenses Since Inflation

### The Steps in Maintaining Fiscal Sustainability

The steps in maintaining fiscal sustainability are (Alam septa, 2014, p.10) :

1. Controlling the deficit within safe limits, through optimization of revenue by maintaining the investment climate and maintain environmental conservation, improve the quality of spending and improve the structure of the shopping
2. Controlling the debt ratio of the GDP through the control of the financing sourced from the debt in safe limits and maintaining (manageable, negative net flow), and directing the utilization of debt to productive activities
3. Controlling the Risk of fiscal in safe limits, taken among others through the control of the debt ratio to earn in the land, the number of main installments and debt interest earnings in the land of the debt ratio of the GDP, and keep the composition of debt in safe limits and guarantors of the measure.

### The Difference of State Obligation (SUN) and Sovereign Sukuk (SBSN)

Description	Conventional Bonds	Sukuk
Asset Ownership	Bonds don't give the investor a share of ownership in the asset, project, business, or joint venture they support. They're a debt obligation from the issuer to the bond holder	Sukuk give the investor partial ownership in the asset on which the sukuk are based.
Investment Criteria	Generally, bonds can be used to finance any asset, project, business, or joint venture that complies with local legislation.	The asset on which sukuk are based must be sharia-compliant.
Issue Unit	Each bond represents a share of debt	Each sukuk represents a share of the underlying asset.
Issue Price	The face value of a bond price is based on the issuer's credit worthiness (including its rating).	The face value of sukuk is based on the market value of sukuk is based on the market value of the underlying asset

Investment Rewards and Risk	Bond holders receive regularly scheduled (and often fixed rate) interest payments for the life of the bond, and their principal is guaranteed to be returned at the bond's maturity date	Sukuk holders receive a share of profits from the underlying asset (and accept a share of any loss incurred).
Effects of Cost	Bond holders generally aren't affected by costs related to the asset, project, business, or joint venture they support. The performance of the underlying asset doesn't affect investor rewards.	Sukuk holders are affected by cost related to the underlying asset. Higher costs may translate to lower investor profits and vice versa.
Underlying asset	Not Required	Required

### Mechanism of Sovereign Sukuk Issuance

Sovereign sukuk must be based on this concept that only provides income to the bondholders in the form of profit sharing or revenue sharing and payment obligations at maturity. 3 mechanism concept that is already running in the state budget of Indonesian is:

1. The Private Placement

The placement of the directly (private placement) publishing activities or sukuk sales country that is done by the government to the third parties with the terms and conditions of sovereign sukuk based on agreement (Dahlan Siamat, 2010, p25) Further provisions regarding the issuance and Sales SBSN with how the Placement directly (Private Placement) is set in the Regulation of the Minister of Finance No. 75/PMK.08/2009.

2. The Auction

Auction of sovereign sukuk is the sovereign sukuk sales done through auction agent which investors convey the offer to buy either competitively or uncompetitively through auction participants with the time that has been determined and announced earlier. To ensure the fulfillment of aspects of shari'a in sovereign sukuk issuance, then the implementation of the auction including the determination of the price of the sovereign sukuk must be in accordance with the principles of shari'a. Further provisions regarding the issuance of sovereign sukuk sales in the prime market in the land with the way the auction is contained in the Regulation of the Minister of Finance No. 11/MK.08/2009 (Burhanuddin S, 2011, p. 73).

3. Bookbuilding

Bookbuilding is sovereign sukuk sales activity to investors through resellers where seller agents gather purchase order in the period of the offer that has been determined to ensure the fulfillment of sharia aspects in the sukuk issuance, then the implementation of bookbuilding countries including the determination of the

price of the sovereign sukuk must be in accordance with the principles of shari'a. Provisions regarding the issuance and sale of the country with how to bookbuilding sukuk in the market prime in the land there is on the Regulation of the Minister of Finance of The Republic of Indonesia No. 118/PMK.08/2008.

### **The Structure of Sovereign Sukuk**

The election of sovereign sukuk structure is very important for sukuk issuance process because countries have different implications for investors, particularly in the event of the default. Now the new type of sukuk structure of the state according to the Policy Directorate of financing used in Indonesia is a country with ijarah sukuk regulation, which includes: (Dahlan Siamat, 2010, p. 24).

1. Ijarah Sale and Lease back

The country with the structure of the Ijarah Sukuk Sale and Lease Back is selling an asset that then buyer rent the asset to the seller. Marriage is marriage bai' (selling) and regulating Ijarah (hire) is held separately. Asset sales are basically only rights sales benefit (beneficial title) without accompanied by physical delivery and transfer of ownership rights (legal title). The type of this structure is used on the serial sukuk IFR,SR, SNI and Treasury bills of S.

2. Ijarah Al-Khadamat

Al-Khadamat Ijarah sukuk is published with the aim to provide a specific service and get the fee on the provision of services that is meant, so that the holders of a sukuk services own and are entitled to fee on the provision of such services. The structure of the Ijarah al-Khadamat sukuk is published based on the principles of shari'a, as evidence of ownership on the part of the sukuk assets country that becomes the object of ijarah, that already exists and that there will be regulating ijarah object which is the service that is used as the underlying assets as services providing the pilgrimage that includes the flight services lodging and other types of this structure used on the sukuk issuance SDHI series.

3. Ijarah Asset to be Leased

The sovereign sukuk with the structure of the ijarah Sukuk asset to be Leased has been published since 2012 by the aim of grows in order to fund and accelerate the implementation of government projects, the diversification of the instrument and optimize the potential of the underlying assets in form of government projects that have been allocated in the State Budget, including infrastructure projects which is a book by the government to sovereign sukuk issuer company sovereign sukuk to be rented through marriage ijarah Asset to be Leased. The type of this structure used on the sukuk issuance PBS and SR series.

4. Wakalah

Sukuk wakalah structure countries in principle can be interpreted as the sukuk issued based on syariah principles, as evidence of ownership on the part of assets in investment activities managed by the Company as a representative of the sovereign sukuk Issuer from SBSN holders. Sukuk wakalah itself is a type of cooperation based sukuk and the governors tries early on Standard AAOIFI number 17 called as investment agency sukuk, who presents the project or activity which is managed based on regulating Wakalah through appointing agents/representatives to manage the activities in the name of the project.

### The Use of The State As The Underlying Asset

In line with the principles of sharia, sovereign sukuk issuance must be based on real assets that become the issuance (underlying asset). The underlying asset is the asset that is made as a basic object or discounted rates in relation to the sukuk issuance (Veithzal Rivai, 2012, p. 398). The foundation of assets as the underlying can be a substantial goods and does not exist as the land, building, various types of development projects and other non-physical assets as services (Moch.Azkha Rinaldhy, 20115, p.1)

In accordance with the provisions of the Law Number 19 Year 2008 about sovereign sukuk, sales or car of the state as the underlying asset is in the form of the right of the benefits (beneficial title) where investors have full rights over the utilization of sovereign sukuk assets that have economic value that can be in the form of building or land that in order to sovereign sukuk issuance made the issuance of sovereign sukuk with not followed by the obligation of the physical delivery and transfer of ownership of the Government of the BMN to SPV.

### The Development of Sovereign Sukuk in Indonesia

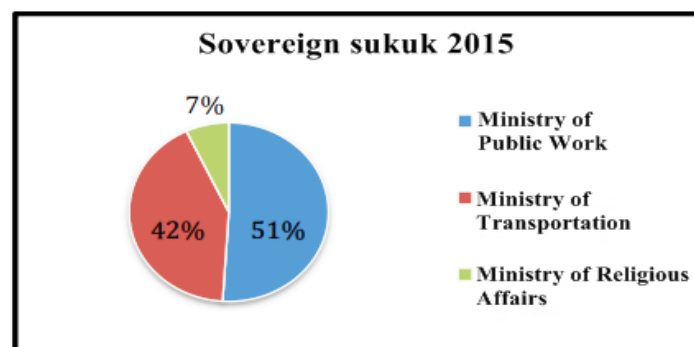
Since its first publication in 2008, sovereign sukuk (SBSN) has been growing rapidly, good sold or not sold, with retail sales and apples in the Indonesian IDR and in foreign currency. The type of the first sukuk issued by the government of Indonesia is based on the structure of the Ijarah Sale and Lease Back (IFR), and take advantage of the state-owned assets as the underlying assets. The following year the government begins issuing retail sukuk (SR) and cross-border global sukuk, take advantage of the same sukuk structure. In the same year, the Government also issues a new type of Sukuk called Pilgrimage Fund (SDHI). Then in 2012, project-based sukuk (PBS) issued by infrastructure projects are unclear, due to the limitation of state-owned assets that are available for the underlying sukuk issuance.

The position of the sovereign sukuk continue to grow in accordance with its publication. In 2013, outstanding government sukuk in the land has reached IDR 118,7 trillion, increases 20,1 % from 2012. This continues to move in the same direction in the year 2014, which is 15,3 % higher than 2013.

In 2015, House of Representatives agrees to the proposal such as to publish the sukuk Rp 6.936 trillion. The Sukuk will be published throughout the year 2015 is a project based sukuk because it will use the infrastructure projects as the underlying assets. Below is a diagram of the sukuk project published in 2015.

Figure 1.1

Sovereign Sukuk 2015



Source: Ministry of Finance of The Republic of Indonesia, 2015

The total number of the value of the project needed by the government worth IDR 6,936 trillion, consists of:

1. The Ministry of Public Works need IDR 2.924 trillion for the development of the road bypass Tegal - Brebes, Manado bypass road, Ringroad Jayapura, the rims Raja Ampat, way Jayapura - Wamena - standards, and some bridges in other provinces.
2. The Ministry of Transportation need IDR 3.535 trillion for the construction of a double track of Manggarai - Bekasi, double track Muara Enim - Lahat, way train Medan - Keualanamu, monoril Surabaya and trem Surabaya.
3. The Ministry of religion need IDR 477 billion for revitalization project six asram pilgrimage. Project based using regulating ijarah sukuk in accordance with fatwas DSN-MUI No. 76 2010.

Regular sovereign sukuk issuance in domestic market has also encouraged the development of sharia financial markets by providing sharia-based financial instruments. In the last ten years the Islamic finance industry experienced significant growth from both managed assets total and number of sharia financial institutions. According to the Financial Services Authority data, in March 2016 sharia financial assets total consisting of the banks and non-bank has reached IDR 359 billion. The report of Indonesia Islamic Finance: Prospects for Exponential Growth published in Reuters on March 2016 reveals that the previous year sharia financial industry grow up to 10%, with the growth of sukuk issuance occupying the highest position 22%.

The government does not forget the individual investor by providing retail sukuk, profitable investment instrument according to the syariah so that Indonesian citizens can participate directly in the development as well as acquire profitable investment reward with a retail Sukuk investors. Retail Sukuk is instrument investment issued by the government in the market prime, specifically for Indonesian citizens.

Retail sukuk issuance always get positive welcome from the community with nominal issuance and the number of investors continues to increase every year. In the retail sukuk issuance prime 2009, the offer SR-001 only attracts 14.295 investors with total issuance of IDR 5,56 trillion.

Publication of SR0-008 on 2016 successfully attracts the interest of 48.444 investors with nominal issuance of IDR 31.5 trillion

Buying of retail sukuk is very easy. Potential investors can buy it through resellers appointed by the government. Almost all the major banks, both national and foreign, credible sharia banks and securities firms, join retail sukuk resellers. Through the resellers, every Indonesian citizens proved by the ownership of ID cards can be purchased retail sukuk.

There are many reasons to invest in retail Sukuk. In addition to secure, because it is guaranteed by the government, retail sukuk is also profitable because they have the level of Competitive salaries higher than the average deposit interest level national general bank. In addition, retail sukuk also based on the syariah, because it is a statement of ownership over the asset Sovereign sukuk issued in accordance with fatwas Ijarah Asset to be Leased and has received the opinion of the shari'a (DSN-MUI).

Enough with an initial investment of IDR 5 million applicable increments with maximum investment of IDR 5 billion, investors will obtain a reward in fixed amount each month until the maturity date. Investment term on its own retail sukuk is for three years, where at the end of the period, investors will return receive point of purchase.

## The Position of Sovereign Sukuk in Covering The Budget Deficit

National Development that continues to be carried out by the government that aims to the welfare of the people as well as the development of infrastructure provision of education and health facilities, subsidies as well as giving a sense of safe havens requires a great budget, where each year it always gives the significant enhancements, this position which causes the State Budget deficit in addition to the target of state revenue that is not achieved. The state budget posture from year to year can be seen in the figure 3.2:

**Table 1.1**  
**The State Budget Posture 2010-2015**

	IKYP					APBN-P
	2010	2011	2012	2013	2014	2015
<b>A. Pendapatan Negara dan Hibah</b>	<b>995.3</b>	<b>1,210.6</b>	<b>1,338.1</b>	<b>1,438.9</b>	<b>1,635.4</b>	<b>1,761.6</b>
I. Penerimaan Dalam Negeri	992.3	1,205.4	1,332.3	1,432.1	1,633.1	1,758.3
1. Penerimaan Perpajakan	723.3	873.9	980.5	1,077.3	1,246.1	1,489.3
2. Penerimaan Bukan Pajak	268.9	331.5	351.8	354.8	386.9	269.1
II. Hibah	3.0	5.2	5.8	6.8	2.3	3.3
<b>B. Belanja Negara</b>	<b>1,042.1</b>	<b>1,295.0</b>	<b>1,491.4</b>	<b>1,650.6</b>	<b>1,876.9</b>	<b>1,984.1</b>
I. Belanja Pemerintah Pusat	697.4	883.7	1,010.6	1,137.2	1,280.4	1,319.5
a. Bunga Utang	88.4	93.3	100.5	113.0	135.5	155.7
- Dalam Negeri	61.5	66.8	70.2	98.7	120.6	141.2
- Luar Negeri	26.9	26.4	30.3	14.3	14.9	14.5
b. Subsidi	192.7	295.3	346.4	355.0	403.0	212.1
II. Transfer Daerah	344.7	411.3	480.6	513.3	596.5	664.6
III. Suspend / III. Suspend			0.2	0.1	-	-
<b>C. Keseimbangan Primer</b>	<b>41.5</b>	<b>8.9</b>	<b>(52.8)</b>	<b>(98.6)</b>	<b>(106.0)</b>	<b>(66.8)</b>
<b>D. Surplus/ (Defisit) Anggaran (A-B)</b>	<b>(46.8)</b>	<b>(84.4)</b>	<b>(153.3)</b>	<b>(211.7)</b>	<b>(241.5)</b>	<b>(222.5)</b>
<b>E. Pembiayaan</b>	<b>91.6</b>	<b>130.9</b>	<b>175.2</b>	<b>237.4</b>	<b>241.5</b>	<b>222.5</b>
I. Pembiayaan Utang	86.9	102.7	137.0	219.3	253.7	279.4
II. Pembiayaan Non-Utang	4.6	28.3	38.1	18.1	(12.2)	(56.9)
<b>Kelebihan (Kekurangan) Pembiayaan</b>	<b>44.7</b>	<b>46.6</b>	<b>21.9</b>	<b>25.7</b>	<b>0.0</b>	<b>0.0</b>

Source: Ministry of Finance of The Republic of Indonesia, 2015

Table 3.1 shows the budget deficit has increased since the last six years, where in 2010 budget deficit reaches IDR 46.8 Trillion and on 2015 reaches IDR 222.5 Trillion. In other words, the average of the state budget deficit each year is IDR 160 Trillion. While to finance the budget deficit can be seen in the Figure 3.2:

**Figure 1.2**  
**The Source of State Budget Deficit Financing**

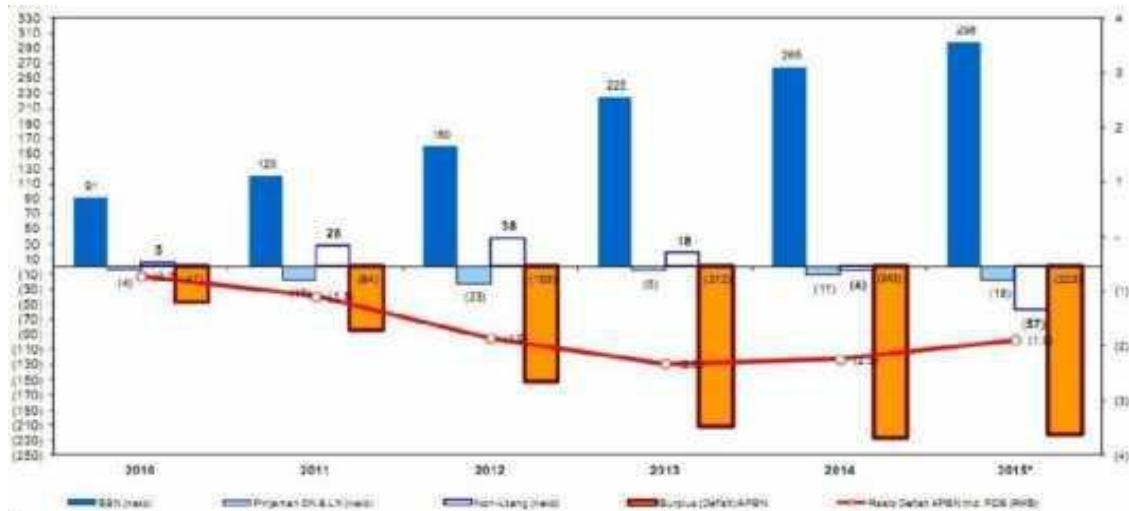


Figure 3.2 shows that (orange line) the budget deficit from 2010 - 2015 (State Budget) is always deficit and to finance the State Budget (blue line) that source from the issuance of sovereign sukuk has increased since the last six years, 2010 financing the budget deficit of IDR 91 Trillion, 2011 IDR 120 Trillion, 2012, 2013, 2014 and 2015 each IDR 160 Trillion, IDR 225 Trillion, IDR 265 and IDR 289 trillion. This illustrates the publication of SBN became the main instrument in State Budget deficit financing.

If refers to the data publication above (Picture 3.2 and 3.3), The posture of Indonesian state budget from 2010- 2014 is lways deficit, so that the position of the sovereign sukuk in state budget deficit financing from 2010- 2014 is not clear, but in 2014-2015 budget deficit decrease from IDR 241.5 Trillion to IDR 222.5 Trillion, while the financing of the state budget deficit source from the issuance of the sovereign sukuk on 2014-2015 experiencing an increase of IDR 265 Trillion to IDR 298 Trillion, this describes the issuance of sovereign sukuk can become the main instrument in State Budget deficit financing.

### **The Use of The Benefits of Sukuk Issuance**

Sukuk issuance of the state which has become an alternative to finance the deficit of the State Budget is of course very good for the economy of the state than the state because debt letter with sovereign sukuk does not give the burden to the state to pay the interest. By the condition, sukuk financing source is very promising. Moreover, Indonesia requires a significant amount of funds to build infrastructure.

But because the sukuk position belongs to the SBN (State Bonds) which in the act on the state budget Article 1 No 32 mentions that the "State Bonds, hereinafter shortened SBN, includes the Debt of the state and the State Islamic Bonds". Then every time the government publication and auctions, all sukuk funds that acquired will enter into a cash account of General State, as a repository of the state money that is regulated by the government in Act No. 39/2007 about State Financial Management/ Districts. Not only sukuk is in a cash account of General countries, but all the state revenue from various sources, either from the loan abroad, State Debt Letter (SUN), bonds of the Republic of Indonesia (ORI), and the acceptance of the other.

Because the government has only one general cash account at the Central Bank, sukuk funds are mixed with other acceptance outside, so that no visible sukuk in detail where the sukuk funds are allocated. This then prompts the community to think that the government use sukuk funds that should be used to cover the State Budget deficit, but the government use it to pay government debt or conventional debt interest, or allocate it to other things that should not be so that pledge is not in accordance with the principles of shari'a, whereas the purpose of sukuk issuance countries are regulated in the act on SBSN Article 4 that the purpose of the state sukuk issuance is to finance the state budget.

## CONCLUSION

1. The concept of sovereign sukuk issued by Indonesian government in order to finance the state budget is defined to 4 different structures, they are Ijarah Sale and Lease Back for issuing IFR sukuk series, SR and SNI, Ijarah Al- Khadamat for issuing SDHI series, Ijarah Asset to be Leased for issuing PBS and SR sukuk series, and the latest is Wakalah for issuing SNI series. In order to issue the sovereign sukuk, the government of Indonesia runs 3 mechanism including private placement, auction, and bookbuilding. All those structures of sovereign sukuk use government properties in assets sukuk as the land, building, some development project as underlying asset of sovereign sukuk.
2. Position of sovereign sukuk in state budget deficit in 2010- 2014 is not clear because the deficit increase from IDR 46.8 Trillion to IDR 241.5 Trillion, but in 2014- 2015 budget deficit decreases from IDR 241.5 Trillion to IDR 222.5 Trillion, while the financing of the state budget deficit sourced from the issuance of the sovereign sukuk in 2014-2015 experiences an increase of IDR 265 Trillion to IDR 298 Trillion, this describes the issuance of sovereign sukuk can become one of the instruments in State Budget deficit financing.

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