

Analysis of potential issuance of Islamic Municipal Bonds (Sukuk) by the government district and city in Indonesia based capital expenditure factors, third party fund and labor force participation rate

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Abstrak

Regional development is an integral part of national development and in line with the principles of fiscal decentralization and regional autonomy. Regional autonomy and fiscal decentralization is a process that is dynamic. In practice, implementation of regional autonomy and fiscal decentralization meant that the region can manage its own finances effectively, efficiently and accountably in order to fund their duties of government, provide better public services and creating public decision-making process more democratic. In order to accelerate regional development funds which are not needed less. In the state of region income and Balance Fund as a major source of local revenue is limited, local government is required to explore other revenue sources so as not to hamper the development process, one of which is through the issuance of Islamic Municipal Bonds (Sukuk). To be able to use the Sukuk as an instrument of regional development financing, local government must follow the statutory regulations applicable, comply with Sharia compliance and consider the factors that influence the ability of the region, namely capital spending, third party funds and labor force participation rate.

Regional groups that have low capital budget, the position of the banking deposits in low and low labor force participation rate has a probability can be issued Sukuk amounting to 39.35%. Factors affecting the ability of regions to issue Sukuk is a factor in third party funds in the high category. While both categories of factors are capital expenditures and higher categories, third party funding and the medium category of labor force participation rate of both categories of medium and high categories showed no statistically significant effect.