

Exploring A Preliminary Conceptual Framework for Integrating Sharia Compliance into Public-Private Partnership (PPP) in Indonesia

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ABSTRACT

Public-Private Partnership (PPP) is a collaborative mechanism between the government and the private sector for delivering public infrastructure over the long term. In Indonesia, PPP plays a critical role in addressing the infrastructure investment gap, which is estimated at IDR 6,445 trillion for the 2020–2024 period. In response, there is growing interest in Sharia-compliant PPP schemes to attract investment from Sharia-conscious stakeholders. This study proposes a preliminary conceptual framework for integrating Sharia compliance into PPP in Indonesia. A two-step approach is employed: (1) a document review of Indonesian PPP regulations to establish a foundational understanding of the PPP stages and a co-occurrence analysis to identify key intersections between Sharia principles across the PPP stages. This approach helps identify key topics essential for developing the preliminary conceptual framework. The findings indicate that existing studies do not explicitly address the integration of Sharia compliance across all PPP stages. However, Sharia-compliant financing is frequently discussed in the transaction stage, while certain principles could be preliminarily integrated into the planning, preparation, and management stages. These findings form the basis for integrating Sharia compliance into PPP in Indonesia, which could serve as a foundation for further research on Sharia-based PPP policies and practice implementation in the country. In addition to proposing a preliminary conceptual framework, the study underscores the need for empirical testing and validation. Expert opinions from Sharia scholars and infrastructure specialists are crucial for refining the framework and ensuring its broader applicability across various infrastructure sectors.

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1. Introduction

There is consensus among governments, the private sector, and society that high-quality infrastructure is crucial for promoting economic growth and advancing poverty reduction efforts. Public-Private Partnerships (PPP) offer a valuable approach to

bridging the infrastructure gap in numerous countries (Asian Development Bank, 2018). Public-Private Partnerships (PPP) are long-term contractual agreements for infrastructure development or service provision in which the private sector takes on a share of risk and management responsibilities deemed appropriate to the

partnership (Sunandar et al., 2024; Yescombe & Farquharson, 2018).

The functions and objectives of PPP in Indonesia are contained in Article 3 of Regulation of Presidential Number 38 (2015); some of them are for meeting funding needs sustainably in infrastructure provision through the mobilization of private funds, this is the same as several researchers' findings that PPP reduces fiscal pressure on the state budget (Giorgiantonio, 2019; Mai & Casady, 2023; Mause, 2019). In addition, PPP also functions to achieve high-quality, effective, efficient, targeted, and timely infrastructure provision, the same as the findings of researchers related to PPPs such as increased transparency procurement (Casady & Baxter, 2022; Giorgiantonio, 2019; Jayasena et al., 2022) and maintaining a high-performance level (Lozano & Sánchez-Silva, 2019).

PPP can be categorized into two main types: solicited and unsolicited proposals, depending on the party initiating the project (Castelblanco et al., 2020; Diaz, 2024; Martek et al., 2019). A solicited proposal refers to a PPP scheme in which the government initiates the project through strategic planning and a competitive bidding process. In this scheme, the government identifies infrastructure needs, conducts feasibility studies, and invites the private sector to participate in project procurement through a transparent tender mechanism (Nahdi et al., 2024; Sunandar & Indiyati, 2023). Meanwhile, an unsolicited proposal is a PPP scheme in which the private sector proposes a project without a direct request from the government. The government then evaluates the proposal based on its benefits, financial feasibility, and impact on public interest before granting approval (Casady & Baxter, 2022; Zapatrina, 2019).

Indonesia requires PPP Sharia to enhance infrastructure investment from investors who prioritize sharia compliance. This need has become increasingly relevant for various government institutions, including the Ministry of Public Works, the Ministry of Transportation, and regional governments in provinces such as Aceh and West Sumatra, which implement Islamic economic policies (KNEKS and IIGF, 2020; Ministry of National Development Plan, 2023a). One of the primary objectives of PPP Sharia is to address the infrastructure investment gap, as recent data indicates that Indonesia's infrastructure investment needs amount to IDR 6,445 trillion for the 2020–2024 period, while government funding covers only approximately 30% of this total requirement (Ministry of National Development Plan, 2024; Sunandar & Indiyati, 2023). On the other hand, Indonesia's Masterplan for Sharia Economic Development 2019–2024 states that one of the strategies for strengthening Islamic banking financing is the expansion of productive Islamic financing in the infrastructure sectors. In 2019, the National Committee for Islamic Economy and Finance (KNEKS), in collaboration with PT PII and the Indonesian Ulama Council (MUI), published a concept note on PPP to explore the implementation of PPP under Sharia principles (KNEKS and IIGF, 2020). In 2023, MUI issued Fatwa No. 156/DSN-MUI/V/2023 on the application of Sharia principles in infrastructure provision through the PPP Availability Payment scheme (KNEKS, 2024). However, there is still no national regulatory framework for PPP Sharia in Indonesia.

Furthermore, no PPP project has been fully implemented in compliance with Sharia principles at all stages (Ministry of National Development Plan, 2023a). The only existing example is a PPP project with Islamic bank financing, such as the PPP street lighting project in Madiun City, East Java (Sunandar & Indiyati, 2023), funded by NTB Sharia Bank.

Sharia is an Islamic legal system that regulates various aspects of life based on the teachings of the Qur'an, Hadith, and *ijtihad* (independent reasoning by Islamic scholars), encompassing spiritual, social, and legal dimensions (Can, 2020; Sholihin et al., 2021). In practice, sharia compliance refers to adherence to Islamic principles in different aspects of life, ensuring that actions, decisions, and policies align with Islamic values (Chen & Yu, 2023). The principles of sharia compliance serve as guidelines for the consistent application of Islamic law, covering aspects such as justice, ethics, and societal well-being (Guizani, 2019; Guizani & Abdalkrim, 2022). Through the integration of *ijtihad*, scholars interpret and adapt Islamic principles to contemporary contexts while maintaining their foundational values (Triyanto, 2022). By understanding this concept, individuals and institutions can align their activities with Islamic teachings, fostering a harmonious social order based on Sharia compliance.

The concept of PPP Sharia remains relatively new in Indonesia and several other countries worldwide and has not yet been fully implemented across all stages of PPP projects, with PPP financing from Sharia banks being limited to the transaction stage. This is also in Muslim-majority countries such as Malaysia (PPP Unit Malaysia, 2023), Bangladesh (ADB and PPP Office Bangladesh, 2012) and Saudi Arabia (PPP, 2023), as well as in non-Muslim-majority countries such as South Korea (Asian Development Bank, 2018) and the Philippines (PPP Center of the Philippines, 2024). The lack of Sharia compliance in PPP projects could negatively impact Indonesia's economy and development. It may limit investment from Sharia Investors, reducing the available funding for infrastructure projects. Additionally, ignoring Sharia principles can erode public trust, particularly in certain areas of Indonesia, in the fairness of PPP agreements, hindering sustainable infrastructure development. This could worsen the existing investment gap and delay key national development objectives, particularly in regions where Sharia-compliant financing is essential.

Therefore, it is crucial to explore a preliminary conceptual framework for integrating Sharia compliance into PPP in Indonesia to address existing research gaps and serve as an initial reference or foundation for the integration of Sharia compliance at all stages of PPP in Indonesia. Furthermore, the framework could also serve as a basis for further research on Sharia-based PPP policies and the implementation of related practices in Indonesia. The implementation of PPP Sharia is expected to attract greater private sector investment in adherence to Sharia principles, thereby accelerating infrastructure development while ensuring alignment with Islamic economic values (KNEKS and IIGF, 2020; Ministry of National Development Plan, 2023a).

2. Methodology

This study employed a two-stage methodological approach to explore the integration of Sharia compliance within the framework of Public-Private Partnerships (PPP) in Indonesia. This methodology was designed to provide a comprehensive understanding of the existing stages of PPP in Indonesia while also exploring the integration of Sharia compliance. The first stage involved a document review of PPP regulations in Indonesia to establish a foundational understanding of the existing PPP stages, particularly in government-initiated (solicited) projects. The second stage entailed a co-occurrence analysis to explore key topics and/or theories related to the integration of Sharia compliance principles across various stages of PPP implementation in Indonesia.

2.1 Document Review of Indonesian PPP Regulation

This study stage employs a document review approach, focusing on the primary regulatory framework governing the solicited PPP scheme. Several studies have employed document review methodologies to examine PPP frameworks in Indonesia. For instance, Mandasari and Wahyuni (2019) conducted a systematic review of PPP-related publications in Indonesia, while Siagian et al. (2023) examined the legal implementation of PPP procurement processes. Padjar et al. (2020) used normative legal analysis to assess project screening regulations, and Zitri et al. (2024) combined document review with qualitative interviews to analyze PPP implementation in the Mandalika project. Rohman (2022) conducted a literature review focusing on governance in toll road PPPs. Unlike these studies, which often adopt a broader or project-specific focus, this research specifically reviews central-level regulations on solicited PPPs. This targeted approach ensures clarity in identifying legal stages where Sharia principles may be integrated.

In civil law countries such as Indonesia, PPP frameworks are typically established through legal statutes (The World Bank Group, 2016). This approach aligns with the civil law tradition, which mandates that government agencies act only within the scope of explicitly granted authority (The World Bank Group, 2016). The legal framework for solicited PPPs in Indonesia, as referenced in this study, is based on Ministry of National Development Plan (2023a), included:

- Presidential Regulations (2 documents)
- Ministerial Regulations (7 documents)
- Regulations from the National Public Procurement Agency (2 documents).

The screening process involved the systematic selection of regulatory documents related to government-initiated (solicited) PPPs in Indonesia. Initially, relevant regulations were identified from official sources, including Presidential Regulations, Ministerial Regulations, and those issued by the National Public Procurement Agency (NPPA). These documents were then categorized into three types: one Presidential Regulation, two Ministerial Regulations, and one NPPA Regulation. To maintain focus, the study specifically reviewed regulations governing

solicited PPPs at the central government level. This targeted approach ensured that only the most relevant regulations were included in the analysis, providing a solid foundation for integrating Sharia compliance principles. This screening process ensured that the analysis remained relevant to government-initiated projects, wherein the existing PPP stages in Indonesia served as the foundation for integration with Sharia compliance principles. To maintain a focused scope, this study specifically reviewed regulations pertaining to solicited PPPs at the central government level. The total regulations reviewed included:

- One Presidential Regulation
- Two Ministerial Regulations
- One National Public Procurement Agency Regulation

2.2 A Co-Occurrence Analysis

A co-occurrence analysis with systematic review (Hijriyah et al., 2024; Sunandar et al., 2024) was conducted to collect relevant academic sources on Sharia compliance and PPP infrastructure. The search strategy was implemented through the Scopus database using two main queries: "Sharia Compliance" and "PPP Infrastructure." The search results yielded 322 entries related to Sharia compliance and 2,502 entries related to PPP infrastructure.

To enhance the quality and relevance of the literature, a screening process was conducted. Publications that were not in English, as well as non-article document types (such as conference proceedings, book chapters, and reports), were excluded. Furthermore, this study only considered publications from 2019 to 2023 to ensure that the analysis reflected the most recent developments in the field. After the screening process, a total of 147 articles related to Sharia compliance and 602 articles on PPP infrastructure were retained for further analysis.

2.3 Review and Analysis

This study adopted a systematic methodological approach by integrating two primary analytical techniques: document review and co-occurrence analysis (Hijriyah et al., 2024; Sunandar et al., 2024). The document review method was employed to extract and synthesize the stages of PPP implemented in Indonesia, particularly in the context of structuring PPP schemes initiated by the central government. The findings from this review served as the basis for developing an integration conceptual framework with Sharia compliance principles. Meanwhile, co-occurrence analysis was applied to selected academic literature to explore the key topics between Sharia compliance principles and various stages in the development of PPP schemes in Indonesia.

Relevant regulatory documents and academic literature were systematically reviewed to gain in-depth insights into regulatory aspects and prevailing PPP practices. The analytical process began with the identification and categorization of existing PPP implementation stages, followed by the synthesis of key elements that supported the integration of Sharia compliance principles. In parallel, the co-occurrence analysis identified the alignment between Sharia compliance principles and PPP stages, thereby enabling a more comprehensive exploration of the potential

adaptation and implementation of these principles within the PPP framework in Indonesia.

This methodological approach (see Figure 1) ensured that the study was conducted in a structured and evidence-based manner, providing a profound understanding of the integration of Sharia compliance principles within the PPP framework in Indonesia. By

combining regulatory analysis, systematic literature review, and co-existence analysis, this study aimed to develop a Preliminary Conceptual Framework for the Integration of Sharia Compliance in Public-Private Partnership (PPP) in Indonesia, which could serve as a foundation for further research on Sharia-based PPP policy and practice implementation in Indonesia.

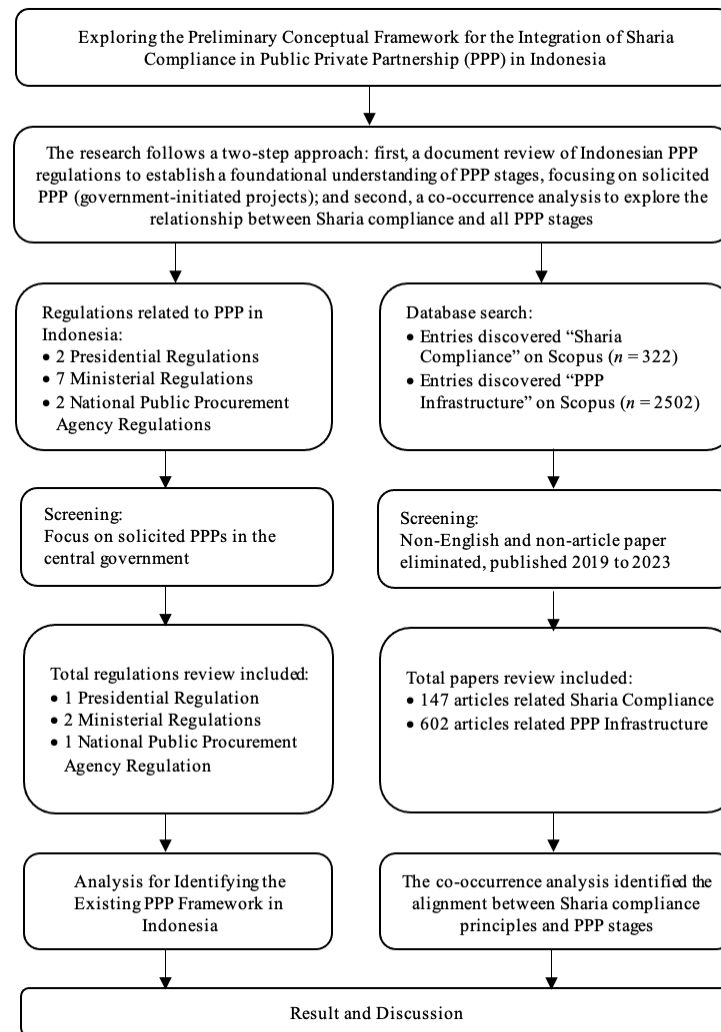


Figure 1 Methodology approach

3. Results and Discussion

3.1 Regulatory Review Stages of PPP in Indonesia

This stage undertakes a document analysis of four key regulations issued by relevant government agencies. These documents form the legal and procedural foundation for solicited PPP projects and include:

1. Presidential Regulation (PR) No. 38/2015
2. National Development Planning Minister Regulation (NDPM) No. 7/2023
3. Finance Minister Regulation (Page et al.) No. 260/2016
4. National Public Procurement Agency (NPPA) Regulation No. 29/2018

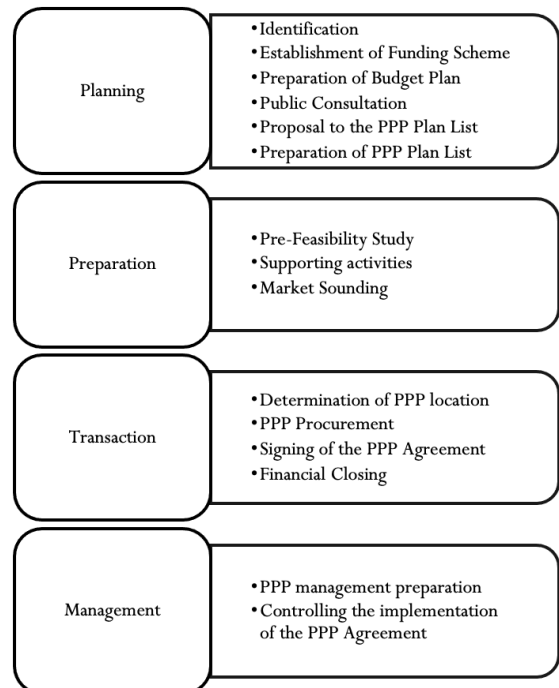
This stage presents a structured analysis of the content of each regulation to extract critical elements, compare regulatory functions, and identify institutional and procedural gaps, particularly in the context of Sharia-compliant PPP implementation. Table 1 below provides a matrix summarizing the key aspects regulated by each document in terms of the four main PPP lifecycle stages: planning, preparation, transaction, and management. It also identifies regulatory overlaps, complementary roles, and institutional responsibilities.

Table 1. Matrix of Document Analysis of PPP Regulatory Framework in Indonesia

Regulation	Planning	Preparation	Transaction	Management	Key Institutional Roles
PR No. 38/2015	Defines strategic planning and identification of PPP projects	Provides general guidance on project readiness criteria	Mandates transparent procurement process	Emphasizes post-contract supervision and performance	National and sub-national governments
NDPM No. 7/2023	Offers methodologies for needs assessment and strategic project list	Details feasibility study requirements and value-for-money analysis	Supports early market sounding and project promotion	Monitoring during implementation	NDPM and Contracting Agencies
FM260/2016	Not applicable	Regulates Viability Gap Fund (VGF) and government guarantees	Defines financial structure requirements	Limited focus on financial monitoring	Ministry of Finance, Risk Management Unit
NPPA 29/2018	Not applicable	Not applicable	Standardizes procurement process and evaluation methods	Sets performance monitoring indicators	NPPA, Procurement Committees

The document analysis reveals a high degree of complementarity among the four regulations, with each playing a distinct role within the PPP project cycle. Presidential Regulation No. 38/2015 serves as the overarching legal framework, establishing the foundational structure of PPP stages. National Development Planning Minister Regulation No. 7/2023 focuses on the planning and preparation phases, enhancing the technical and strategic assessments necessary for project feasibility. Finance Minister Regulation No. 260/2016 provides critical support mechanisms in the form of fiscal incentives and risk-sharing instruments. Finally, NPPA Regulation No. 29/2018 institutionalizes procurement best practices and contractual governance. However, despite this interconnected regulatory architecture, the analysis finds no specific provision or institutional framework for Sharia-compliant PPP implementation in any of the four regulations. None of the documents reviewed addresses Islamic finance instruments, Sharia-based principles of risk-sharing, or the role of Islamic financial institutions in PPP financing. Moreover, there is no mention of an overseeing authority or regulatory body responsible for ensuring Sharia compliance in infrastructure delivery.

By encompassing these four stages, this study synthesizes the implementation of Public-Private Partnership (PPP) stages in Indonesia, particularly in the context of structuring PPP schemes initiated by the central government. The findings from this synthesis serve as the foundation for developing a conceptual framework integrated with Sharia compliance principles. The synthesis of the four documents is further illustrated in Figure 2, which maps the PPP stages in Indonesia.

**Figure 2** Stages of PPP implemented in Indonesia

3.2 Co-occurrence Analysis

3.2.1 PPP Infrastructure

A co-occurrence analysis was conducted using all keywords from 602 articles related to PPP infrastructure research, processed through VOSviewer software. This analysis aimed to uncover key themes reflecting evolving scholarly interests and the intellectual structure of the field (see Figure 3). Based on the theoretical premise that keywords indicate a publication's focus,

the co-occurrence of specific terms reveals central areas of concentration and their interrelations over time.

The resulting keyword network (Figure 3) indicates that, from 2019 to 2020, research primarily concentrated on foundational aspects of PPP, such as risk factors, infrastructure development, governance, privatization, and institutional frameworks. The dominance of these keywords suggests a focus on establishing and analyzing the enabling environment and regulatory mechanisms critical for successful PPP implementation, particularly in the context of the developing world.

During 2021 and 2022, the focus shifted toward more diversified and operational aspects of PPPs. Prominent keywords such as life cycle, costs, decision-making, health care, sustainable development, critical success factors, and waste management reflect a growing maturity in the field. Scholars began to address not only the feasibility and governance structures but also performance metrics, sector-specific implementations, and sustainability considerations. This shift indicates an evolution toward applied research and evaluation frameworks for PPP projects.

Since 2023, new themes have emerged, illustrating a response to global and regional socio-economic challenges. Keywords

such as COVID-19, economic and social effects, budget control, and performance reveal a deepening concern with resilience, accountability, and the broader impacts of PPP initiatives. Moreover, the emergence of terms such as Europe, toll highways, and partnership schemes suggests a geographical and structural expansion of PPP models, with researchers exploring diverse contexts and implementation approaches.

Overall, the observed trajectory from 2019 to 2023 highlights a significant growth in knowledge—from theoretical and regulatory foundations toward sectoral application, performance evaluation, and impact analysis. This progression signals a maturing field that is increasingly focused on real-world applicability, multi-stakeholder dynamics, and long-term value creation.

Notably, the co-occurrence analysis also reveals a persistent gap: keywords related to Sharia compliance are largely absent from mainstream PPP infrastructure literature. This suggests that ethical and religious dimensions—particularly those relevant to Islamic finance—remain underexplored in relation to the stages of PPP schemes. To address this gap, a supplementary co-occurrence analysis was conducted specifically on the keyword “Sharia compliance,” which is discussed in the following section.

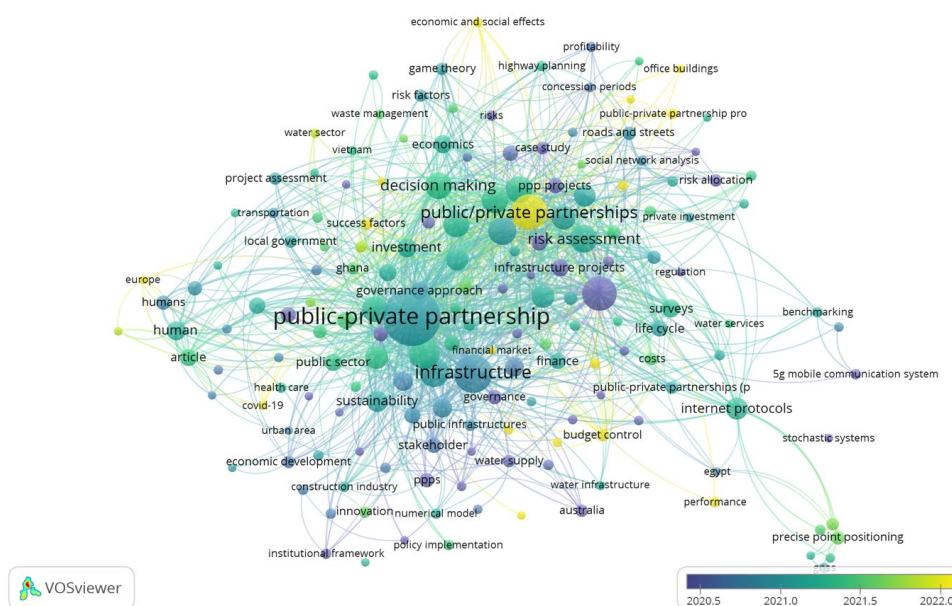


Figure 3 Keywords or topics over 5 years PPP Infrastructure

3.2.2 Sharia Compliance

Subsequently, a co-occurrence analysis was conducted using keywords from 147 articles in VOSviewer software to identify key topics reflecting the primary research interests in Sharia compliance (see Figure 4). The theoretical foundation of this study posits that keywords signify an article's central focus. Notably, the co-occurrence of these terms contributes to the intellectual foundation of this field, elucidating core topics within the structure of Sharia compliance research through a

systematic analytical perspective. The keyword co-occurrence network (see Figure 4) reveals several key themes. Research on Sharia compliance between 2019 and 2020 primarily focused on Sharia compliance, Maqasid sharia, good corporate governance, financing, capital structure, takaful, and fairness. Between 2021 and 2022, the next wave of research centered on Sharia compliance, Islamic banks, Sharia supervisory boards, Islamic finance, Islamic fintech, Sharia principles, assets, service quality, religion, and risk. Since 2023, research has expanded to encompass Sharia compliance, Ijarah, Murabaha, gambling,

masiyar, bank performance, financial reporting, management functions, data privacy, machine learning models, and sustainability. Beyond these primary keywords, additional terms are distributed across 34 clusters in the keyword analysis. The subsequent section examines selected Sharia compliance principles within these clusters, particularly those applicable to

the stages of PPP schemes in Indonesia. This discussion is further substantiated by an in-depth review of relevant journal articles related to these keywords, following the co-occurrence analysis conducted in this study.

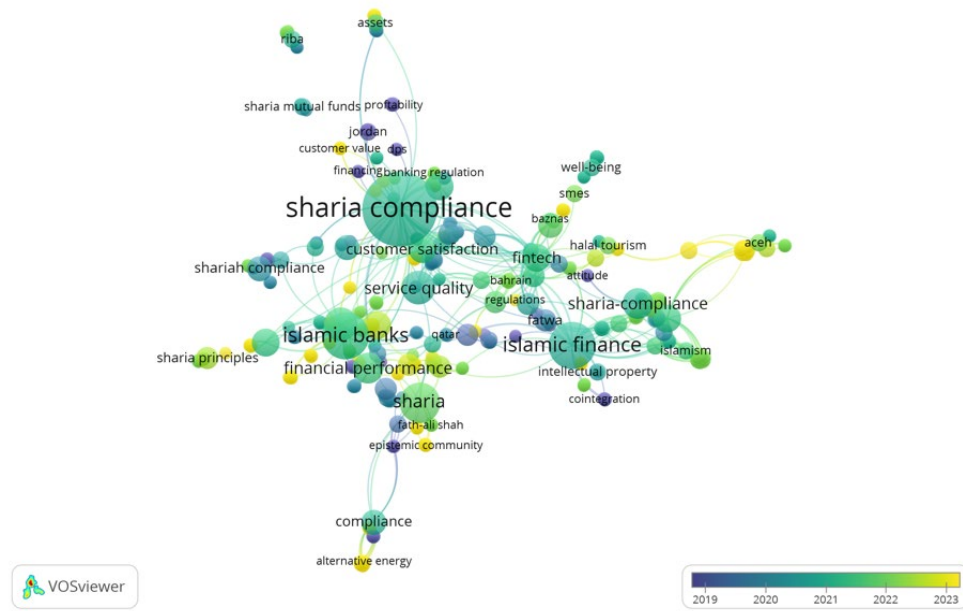


Figure 4 Keywords or topics over 5 years of Sharia Compliance

4. Results and Discussion: A Preliminary Conceptual Framework for Integrating Sharia Compliance into the Stages of PPP in Indonesia

Research on PPP infrastructure primarily aims to address long-term infrastructure development financing by engaging private sector participation and investment, given constraints on government funding (Gharaee et al., 2023; Tran & Nguyen, 2023). In Indonesia, the PPP lifecycle consists of four key stages: planning, preparation, transaction, and management (Ministry of National Development Plan, 2023b). By encompassing these four stages, this study synthesizes the PPP implementation process in Indonesia, particularly in the context of structuring PPP schemes initiated by the central government (solicited). The findings of this synthesis serve as a foundation for developing a conceptual framework that integrates Sharia compliance principles in Indonesia. Furthermore, the concept of PPP Sharia has not yet been fully implemented across all stages of PPP projects worldwide, with PPP financing from Sharia banks being limited to the transaction stage. This is also in Muslim-majority countries such as Malaysia (PPP Unit Malaysia, 2023), Bangladesh (ADB and PPP Office Bangladesh, 2012) and Saudi Arabia (PPP, 2023), as well as in non-Muslim-majority countries such as South Korea (Asian Development Bank, 2018) and the Philippines (PPP Center of the Philippines, 2024).

Sharia compliance research ensures that every aspect of life and human activity aligns with Sharia law (Triyanto, 2022; Widyastuti et al., 2020). The sources of Sharia compliance are derived from the Holy Quran, the Sunnah, and Ijtihad. Several aspects of modern life, which continue to evolve, are guided by the outcomes of Ijtihad conducted by Ulama (Muslim scholars) (Ribadu et al., 2020). Critical aspects of conducting a study on Sharia compliance include avoiding maysir (speculation) and gharar (excessive uncertainty), ensuring the absence of riba (interest) and haram elements, and emphasizing transactions based on tangible goods rather than monetary exchanges (Maksum & Hidayah, 2023; Widyastuti et al., 2020). The parties involved in collaborations must not engage in business activities or affiliations that are impermissible under Sharia law (Elnahas et al., 2021). Furthermore, it is essential to prioritize the availability of halal food and beverages in operations, adhere to Sharia-compliant dress codes, and uphold ethical and respectful behavior (Jalil & Qamar, 2019). When construction or design adheres to Sharia compliance, various aspects such as materials, room layout, interior design, and the positioning of windows and doors must be carefully considered to ensure efficiency and avoid wastefulness (Aris et al., 2020). To ensure the consistent application of Sharia compliance, the Sharia Supervisory Board plays a crucial role in evaluating and overseeing adherence to established Sharia compliance standards (Marwa et al., 2023; Muslihun, 2023).

The integration of Sharia compliance into the stages of PPP in Indonesia follows a structured approach that aligns key Islamic principles with each stage of project execution. The proposed framework incorporates Maqasid Sharia (the objectives of Islamic law) into the PPP planning stage to ensure that infrastructure projects fundamentally adhere to Sharia compliance guidelines. During the planning phase, the identification process of PPP projects embeds Maqasid Sharia, emphasizing five fundamental protections: religion (Hifz al-Din), life (Hifz al-Nafs), intellect (Hifz al-Aql), lineage (Hifz al-Nasl), and property (Hifz al-Mal). These principles serve as the foundation for developing projects that uphold Islamic values while promoting social welfare and economic sustainability.

In the preparation stage, particularly during the feasibility study, projects must ensure that transactions involve tangible goods rather than mere monetary exchanges, thereby promoting asset-backed financing instead of speculative financial instruments. Additionally, projects must prohibit haram elements, ensuring that investments do not engage in unethical or impermissible activities. To mitigate risks, the financial structure must also avoid maysir (speculation) and gharar (excessive uncertainty) while integrating a Sharia indicator approach to assess compliance with Islamic financial principles. The transaction

stage, which includes procurement and financial closure, further reinforces Sharia-compliant financial structures by ensuring that both the subject and object of the project adhere to Islamic ethical standards. The financial model must explicitly prohibit riba (interest-based transactions) and instead support Islamic banking, Sukuk, profit-sharing mechanisms, or other Sharia-compliant financing models.

In the management stage, encompassing the construction and operational phases, compliance with Sharia principles is upheld through practical implementation. Infrastructure design and facilities must comply with Sharia principles, ensuring that the built environment reflects both the aesthetics and functionality aligned with Islamic principles. Furthermore, service providers involved in the project are expected to adhere to Islamic dress codes and provide halal-certified food, particularly in sectors such as hospitality, healthcare, and public services. To ensure continuous compliance, a Sharia Compliance Monitoring Unit is established, responsible for overseeing and evaluating adherence to Islamic principles throughout the operational period until the end of the concession. All these are summarized in Figure 5: A Preliminary Conceptual Framework for Integrating Sharia Compliance into PPP in Indonesia.

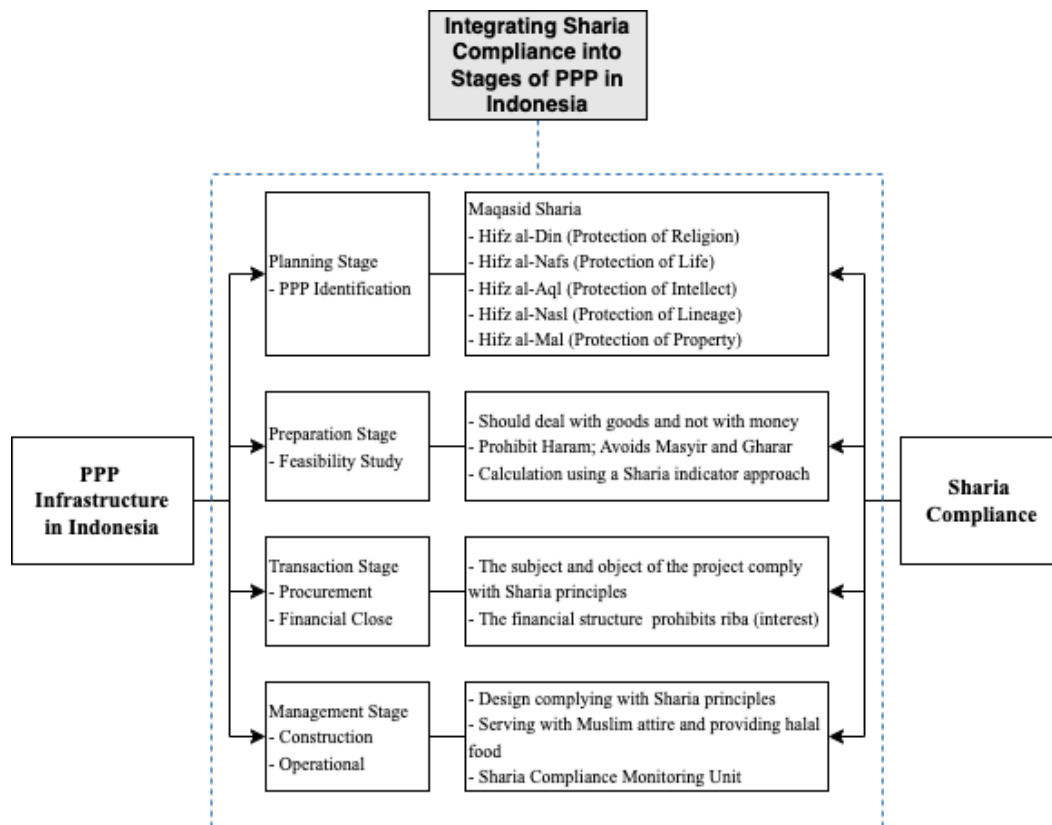


Figure 5 A Preliminary Conceptual Framework for Integrating Sharia Compliance into PPP in Indonesia

5. Conclusion

This study contributes to the growing body of knowledge on Sharia-compliant Public-Private Partnership (PPP) models by not only proposing a preliminary conceptual framework but also revealing several important findings with broad implications. It highlights the intricate interplay between Islamic legal, ethical, and financial principles and the mechanisms of infrastructure development in Indonesia. Key findings include the identification of structural gaps in the current PPP system concerning Sharia compliance, the recognition of critical legal and institutional challenges, and the opportunities presented by integrating Sharia finance instruments into project financing mechanisms. These insights shed light on the potential for enhanced sustainability, ethical governance, and inclusivity in infrastructure development through Sharia-compliant approaches.

The findings of this research are particularly relevant for multiple stakeholders, including policymakers, infrastructure planners, Sharia finance practitioners, Sharia scholars, and private sector investors interested in ethical and faith-based investment models. Government agencies can leverage the insights to refine regulatory frameworks and foster a more conducive environment for Sharia-based PPPs, while financial institutions and developers may explore new financing modalities aligned with Sharia principles.

The preliminary conceptual framework serves as a foundational step toward formalizing Sharia compliance in PPP implementation. However, the study acknowledges that this framework remains preliminary. Further empirical research, case studies, and expert validation—especially from Sharia scholars and infrastructure specialists—are essential to test its feasibility and optimize its application across diverse infrastructure sectors. Ultimately, this study lays the groundwork for more robust Sharia-based PPP policies and practices, contributing to equitable economic growth and ethical development in Indonesia and potentially other Muslim-majority countries.

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Conflicts of Interest

The author(s) declare(s) that there is no conflict of interest regarding the publication of this paper

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