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# The Contribution of Islamic Development Bank (IDB) in Improving Educational Infrastructures in Indonesia: A Sustainable Development Goals (SDGs) Perspective

Mulawarman Hannase<sup>1</sup>, Fatwa Arifah<sup>2</sup>, and Suwardi Annas<sup>2</sup>

<sup>1</sup>Universitas Indonesia, Indonesia

<sup>2</sup>Univesitas Negeri Jakarta, Indonesia

<sup>3</sup>Universitas Negeri Makassar, Indonesia

Email: mulawarmanhannase@ui.ac.id

**Abstract:** Islamic Development Bank (IDB) was largely known but in the context of its role in infrastructure development in Indonesia it has not been comprehensively socialized in various elements of Indonesian society. This article aims to explore the IDB contribution to the development of Educational infrastructures and its impact to the quality of human resources in Indonesia. This research is based on the fact that for a long time, IDB has provided a huge contribution to the various educational institutions in Indonesia, especially the university campuses. Sustainable Development Goals (SDGs) theories approach is adopted to explore more deeply the extent to which educational infrastructure plays a role in social and environmental life in Indonesia. This research is a qualitative study and the data used are field data obtained from infrastructure projects that have been built by IDB in Indonesia. The findings of this study are that the role of IDB is significant in improving Indonesia's infrastructure and sustainable development. This significant role should be understood to the extent of its effectiveness and how it can contribute to the sustainable development of Indonesia.

**Keywords:** IDB, SGDs, Educational Infrastructure.

## 1. Introduction

WW. Rostow (1916) in his work, the Stages of Economic Growth, revealed that a developing country will not experience progress without doing development, including the construction of state facilities. As a developing country, Indonesia is a country that is in dire need of infrastructure to drive various other sectors of life. Infrastructure development should not only be in the field of transportation and health facilities, but the development in the field of education is also highly needed to support national development. This is in line with the SDGs program that has been launched by the Indonesian government.

In financing infrastructure development, the state has limitations in fulfilling it. Therefore, Indonesia needs cooperation and assistance from other countries. IDB is a multilateral financial institution established by the Organization of the Islamic Conference (OIC) to improve the quality of socio-economic life of member countries and Muslim communities in non-member countries based on Sharia principles. So, the purpose of the IDB itself is to encourage economic development and social progress of member countries and Muslim communities both individually and jointly in accordance with Islamic principles. Nowadays, IDB has two regional offices in Morocco and Malaysia. By tracing the history of the formation of the IDB, Indonesia is one of the pioneers of its founding. Indonesia has joined in IDB since 1978 and has deposited A capital of 2.32% IDB. This capital can then place Indonesia in the top 10 IDB capital depositing countries, and Indonesia will become a member of the Board Executive Director (BED) at IDB.

Ulfa Jamilatul Farida (1980) in the article discussing IDB system explains that the financing mechanism of the IDB adopts the sharia system. Loan fees only apply to funds that have been



used, there is no front-end fee and commitment fee, and there is a rebate (discount) if the loan is pay on time. Now the number of members of IDB is 59 countries and not all Islamic countries can become members of IDB. The basic terms and conditions for becoming a member of the IDB are that the prospective member country has to be a member of the Organization of the Islamic Conference (OIC), pays contributions to bank capital and be willing to accept the terms and conditions as may be decided by the IDB Board of Governors.

The relationship between IDB and Indonesia is needed to be explained. Which is, Indonesia already has bargaining positions in IDB, and it is caused by several factors, one of which is that Indonesia has always been actively involved in IDB activities, both in terms of providing moral support, financial support, as well as those related to increasing human resources, making Indonesia to have an interest so that IDB can contribute more to development. This also made Indonesia join the Board Executive Director (BED) and helped build the Country Gateway Office (CGO) in Indonesia.

As reported by *Republika News of Indonesia*, on June 27, 2014, IDB officially opened a Country Gateway Office (CGO) office in Jakarta, Indonesia, to strengthen relations with Indonesia and other OIC members in the Asian region. This representative office is expected to play an effective role in supporting development priorities for the government as well as liaising for IDB with Indonesia's national private sector. With the existence of this CGO, it is expected to work not only in the government sector but can work together with the public-private sector as well.

The existence of this CGO is expected to have a strategic impact, because Indonesia will easily get additional investment funds in the fields of infrastructure, education, and health, and can also advance sharia finance and business in Indonesia. No less important is the cooperation to advance Islamic finance. Many benefits will be obtained by Indonesia with the presence of IDB in Jakarta.

By using a qualitative approach, this study analyzes the IDB's contribution to the development of educational infrastructures in Indonesia. The data used was obtained from the IDB office in Indonesia (CGO) and interviews with officials in the Ministry of Religion Affairs of Republic of Indonesia who deal with issues of education and infrastructure development. The scope of this research has focused on the Ministry of Religion Affairs of Republic of Indonesia. It was due to this institution that Indonesia received the most funding from IDB. Furthermore, the data collected was analyzed by data reduction methods by Miles and Huberman (1983).

## **2. Understanding of sustainable developments goals**

Duncan French and Louis J. Kotze (2018) in their work entitled *Sustainable Development Goals Law, Theory and Implementation* stated that the Global Community is currently trying to create a world environment in all regions and countries to be comfortable and equitable. Therefore, the international community has formulated the SDGS Sustainable Development Goals program. As written by Monkelbaan and Joachim, in *Governance for the Sustainable Development Goals*, there are 17 Global Goals from the SDGs so that development is sustainable and modern for everyone to have economic Growth and Decent Work. The programs are also in the framework of supporting sustainable and inclusive economic development and full and productive employment.

The SDGs program includes 1) There is no poverty in any form in all corners of the world. 2) No more hunger, achievement of food security, improved nutrition, and encouragement of sustainable agricultural cultivation. 3) Good health and well-being. Ensure a healthy life and encourage the welfare of life for all people of all ages. 4) Quality Education. Ensuring equitable quality education and increasing learning opportunities for everyone, guaranteeing an inclusive and equitable education and encouraging lifelong learning opportunities for everyone. 5) Gender Equality. Achieve a decent job for everyone. 6) Clean Water and Sanitation. Ensuring the availability of clean water and sustainable sanitation for everyone. 7) Clean and Affordable Energy. Ensure access to affordable and reliable energy sources, consumption and production

patterns. 9) Industry, Innovation, and Infrastructure. Build quality infrastructure; encourage an inclusive and sustainable industry and encourage innovation.

The 10th point of the program is reducing inequality. Reducing inequality both within a country and among countries in the world. 11) Urban and Community Sustainability. Building cities and settlements that are inclusive, quality, safe, resilient and sustainable. 12) Responsible Consumption and Production. Ensure the continuity of gender equality and empower mothers and women. 13) Action Against Climate. Act quickly to combat climate change and its effects. 14) Underwater Life. Preserve and maintain the sustainability of the sea and the life of marine resources for the development of sustainable development. 15) Protect, restore, and improve the sustainability of the use of terrestrial ecosystems, managing forests sustainably, reducing the barren land and land swap. 16) Strong Justice and peace institution. 17) Strengthen the means of implementation and revitalize the global partnership for sustainable development.

In Indonesia, the SDGs programs got a big concern for the government. Not only in the central government, but in all provinces and districts, and this program continues to be socialized. As illustrated in the book *Toward SDGs: Regional Readiness in Indonesia*, SDGs which are international programs should be the Indonesian government attention. The reason of government is strong enough, because the SDGs are actually very beneficial to the ongoing development, and to maintain the ecosystem of life (Alisjahbana (Ed.), 2018).

### **3. The sustainable developments goals implementation in infrastructure development**

Today, SDGs and infrastructural development programs are certainly becoming a world trend. Therefore, a lot of literatures presented scientifically the concepts of these two issues. In this case, the author will present a review of the literatures on SDGs and infrastructural development.

Edward B. Barbier and Joanne C. Burgess write an article “The Sustainable Development Goals and the systems approach to sustainability (2017)”, exploring the link between the systems approach to sustainability and the 17 Sustainable Development Goals (SDGs), which were formally adopted by the UN in 2015. The systems approach depicts sustainable development as the intersection of the goals attributed to three interlinked systems: environmental (or ecological), economic and social (Yola and Siong, 2018). The authors illustrate how each of the 17 SDGs can be characterized as a goal primarily attributed either to the environmental, economic or social system, and as suggested by the systems approach, there may be important strategy in attempting to attain all these goals simultaneously. By adopting standard methods of the theory of choice and welfare under imposed quantities, the authors show that it is possible to measure the welfare effects of an increase in the indicator level for one SDGs by identifying the issues that occur with achieving another goal.

Concerning infrastructural sustainable projects, Carl D. Martland in his work *Toward More Sustainable Infrastructure: Project Evaluation for Planners and Engineers* (2011) provides readers with a framework for understanding and evaluating infrastructure projects to improve their performance and sustainability, taking into account not only the financial and economic issues, but also the social and environmental impacts that affect the sustainability of infrastructure.

### **4. Aid of Islamic development bank in developing university campus infrastructures**

Indonesia as a country that has the fourth largest population in the world could not progress in several field developments without infrastructure. Therefore, various efforts were made for the physical construction of infrastructure including the construction of higher education facilities in the form of lecture buildings. The state has a limited budget to carry out the construction of these facilities, so it must involve other agencies, especially infrastructure financing institutions. In context, this paper focused on analyze Universities under coordination with Ministry of Religion Affairs of Indonesia.

In this condition, the presence of IDB is needed to help Indonesia for better development. IDB assistance has been successfully put to good use by campuses in Indonesia, especially by Islamic higher institutions such as State Islamic University/Universitas Islam Negeri (UIN) Sunan Kalijaga Yogyakarta, State Islamic University Syarif Hidayatullah, State Islamic University Maulana Malik Ibrahim Malang, State Islamic University Alauddin Makassar, State Islamic University Syarif Khasim Riau, State Islamic University Sunan Gunung Djati Bandung, and more from 5 State Islamic Institutes (IAIN) in Indonesia.

As reported by Mustafa Daud in Islamic Development Bank (IDB), Foreign Aid and the Challenges for Sustainable Development, the role of IDB in reviving Islamic State University in Indonesia can be seen at State Islamic University Sunan Kalijaga Yogyakarta. The agreement between IDB and State Islamic University Sunan Kalijaha Yogyakarta officially began in 2002. At that time, it was agreed to cooperate in the construction of physical facilities, Information Technology, Human Resources, and management. The project began in 2004 and was completed in 2008. The progress of State Islamic University Sunan Kalijaga was greatly helped by the assistance of non-binding IDBs. Besides that, assistance from IDB does not always take the form of physical/infrastructure development, IDB also oversees the transformation process from IAIN to UIN and the opening of two general faculties, namely the Faculty of Science and Social Humanities. With funds from the IDB and the central Ministry of Religion which are very accommodating, and State Islamic University Sunan Kalijaga is also able to balance physical/infrastructure development and academic development, human resources, IT, and management.

Kamaruddin Amin, Director General of Islamic Higher Education, Ministry of Religion Affairs of the Republic of Indonesia stressed that IDB has really helped the country to build high-quality educational infrastructure, and of course, the Islamic universities under the Ministry of Religion Affairs. There are already 12 university campuses supported by IDB with a total fund of around 1.9 Trillion Rupiah. The quality and architecture of the building is of international standard. We are very satisfied with the assistance provided by IDB, the procedures are simple, the process is fast so that the development process runs smoothly and on time. We also pay close attention to the aspect of environmental improvement in infrastructure development. All campus infrastructures built are in a green area, so that the environmental aspect was maintained. (Interview with Kamaruddin Amin, Director General of Islamic Higher Education Ministry of Religion Affairs of the Republic of Indonesia, 5 August 2019).

The forms of financing IDB consists of financing loans (Loan financing). Financing loans are a form of granting ordinary licenses and are given to some member countries that are somewhat advanced. This loan is extended mainly to governments or public institutions that have government guarantees and provide long-term funding for basic infrastructural and agricultural development projects.

The changes in facilities are so fast and even radical, even the institutional changes, from STAIN to State Islamic University, and the change is the only thing in Indonesia which makes this institution quickly recognized within the Ministry of Religion in Indonesia. The change is considered fast in all aspects, such as institutional aspects, teaching staff, education system, and others. State Islamic University Malang emerged as a figure of Islamic higher education as if it were new and dynamic, and even the changes were considered radical. Based on that fact, it can be said that IDB became a powerhouse for all parties involved in the development of Islamic higher education. The pride associated with the change was made perfect with the presence of the President of the Republic of Indonesia, Soesilo Bambang Yudhoyono to inaugurate the construction of the State Islamic University Malang campus with the help of IDB, and at the same time, to give the name to become the State University Islamic of Maulana Malik Ibrahim Malang in 2008.

Human resources and a good curriculum do not guarantee the realization of the desired ideal figure. For this reason, a third aspect is needed, and it is the adequate infrastructure. The facilities include various things, such as representatives and being connected to the internet, adequate library equipment, a laboratory with complete equipment, and easy access to the internet. There

is still one more important aspect, although sometimes it is often forgotten, namely the administrative staff aspect. To support the orderly administration, especially academic and financial administration, there is a need for workers who are indeed experts in their fields.



**Figure 1.** State Islamic University Syarif Hidayatullah, Jakarta.

Source: UIN Syarif Hidayatullah, 2019



**Figure 2.** State Islamic University Maulana Malik Ibrahim Malang.

Source: UIN Maulana Malik Ibrahim 2019



**Figure 3.** State Islamic University Sunan Kalijaga, Yogyakarta

Source: UIN Sunan Kalijaga, 2019



**Figure 4.** State Islamic University Alauddin, Makassar

Source: UIN Alauddin, 2019.



**Figure 5.** State Islamic University Sunan Gunung Djati, Bandung.

Source: UIN Sunan Gunung Jati, 2019



**Figure 6.** State Islamic University Syarif Kashim, Riau.

Source: UIN Syarif Kashim, 2019

Dr. Walid Abdelwahab, Director-General Country Relations and Services at Islamic of IDB said, “The IDB Group demonstrated its full commitment to supporting the Government of Indonesia in achieving the SDGs, by co-organizing and participating in the Annual Islamic Finance Conference (AIFC) with the Government of Indonesia. This commitment will focus in the

development of high-quality educational facilities in Indonesia”. (The Annual Islamic Finance Conference (AIFC), 31 July 2019).

Viewed from the perspective of SDGs, the construction of educational facilities in some of the higher education institutions in Indonesia is in accordance with sustainable development endorsed by the UN and the countries that joined in it. The funding program undertaken by IDB is evidence of an effort to equalize access and quality of education throughout the world. Among the objectives of the SDGs is also infrastructure funding that can accelerate equitable development including in developing countries such as Indonesia. In addition, the SDGs is also aimed at the establishment of a partnership between the countries to carry out sustainable development in various countries.

## 5. Conclusion

This study suggested that Indonesia is currently the country that received the largest assistance from IDB in the world, in Asia, Africa and others. The IDB's aid is in the form of funding for educational infrastructure, social activities, and economic empowerment. All reasons above that caused Indonesia obtain a large amount of funds from IDB. At the same time, Indonesia was also one of the big financiers of IDB financial institutions. Meanwhile, from the perspective of the concept SDGs, IDB's assistance to Indonesia, particularly in developing education infrastructure, has fulfilled the three SDGs concepts. First, quality and equitable education and increased learning opportunities. Second, industry, innovation, and infrastructure to support the promotion of quality development. Third, strengthen implementation and revive global partnerships for sustainable development. At the same time, the IDB greatly assisted the Indonesian government in providing very needed educational infrastructures and in the success of the SDGs program promoted by the government.

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