

Maqashid Sharia Perspective and the Opportunity of Blue Sukuk for Sustainable Development Goals in Indonesia

Dina Diana^{1*}

¹Tazkia Islamic University College, Indonesia

*Corresponding author: dinadiana@tazkia.ac.id

Abstract

This study aims to examining how Islam can contribute to the protection of the environment by exploring the maqashid sharia approach. It also investigates the potential of using blue sukuk investments in managing marine ecosystems to attain sustainable development goals in Indonesia. The concept of hifdh al-'alam or environmental protection is an integral part of maqashid al-sharia, which aims to safeguard all living creatures. This aligns with sustainable development goals number 14, which focuses on preserving the ocean ecosystem. The management of marine fishing in Indonesia poses several challenges that jeopardize the sustainability of fish resources, livelihoods, food security, and economic growth. To address these issues, there is a significant need for financing instruments to develop the marine sector. Blue sukuk provides an opportunity to finance this sector. The development of regulatory aspects, feasible underlying projects, investors, and inter-institutional coordination are critical for the successful implementation of blue sukuk. Key stakeholders with interests in blue sukuk are the government, investors, and fishery communities. Islamic financial institutions and mechanisms may play a significant role in the issuance and development of blue sukuk in Indonesia in the future.

Keywords: *Maqashid Sharia, Blue Sukuk, SDGs*

Introduction

Issues regarding environmental sustainability and environmental health are currently trending topics in international meetings between countries, so the presence of environmentally friendly institutions in their operations is highly expected and even necessary. Massive exploitation in various lines, from industrial sectors to natural resources, leads to a condition that makes the future more difficult. Limited resources, with uncontrolled and unplanned usage, will lead to increasingly difficult lives in the future. This situation will continue to pressure future generations, where a decent quality of life will no longer be easily attainable.

The phenomenon of declining quality of natural resources, massive environmental damage, pollution, floods and the expanding of critical land is evidence of the impact of economic development that is not in line with nature and environmental conservation (Soemarwoto, 1997). Islam has provided rules and obligations for every person to always maintain nature. Allah SWT said in the Qur'an, which means: "He (Allah) has created you from the earth (soil) and commanded you to cultivate it" (Q.S. Hud: 61). The verse above explains that the function of human beings as God's vicegerent to cultivate the earth (the closest environment to humans) with the best act or creative work (Utama et al, 2019).

In response to various demands to maintain the sustainability of the future, on January 1, 2016, Sustainable Development Goals (SDGs) scheduled to be achieved in 2030 began to be adopted by various world leaders (Ministry of National Development Planning/Bappenas, 2020). In Indonesia, the Sustainable Development Goals are commanded by the Ministry of National Development Planning/Bappenas. The seventeen goals to be achieved are: no

poverty, zero hunger, good health and well-being, quality education, gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry, innovation, and infrastructure, reduced inequalities, sustainable cities and communities, responsible consumption and production, climate action, life below water, life on land, peace, justice, and strong institutions, and partnership for the goals (Ministry of National Development Planning/Bappenas, 2020). All the goals can be seen in figure 1.

Based on the Sustainable Development Goals, the point closest to Indonesia is the fourteenth goal, which is the ocean ecosystem. This ocean ecosystem focuses on the sustainable preservation and utilization of the resources controlled by the state in the maritime and marine sector for sustainable development. The Sustainable Development Goals utilizing the ocean ecosystem is a source of the Blue Economy initiative. The Blue Economy is a developing country initiative led by Small Island Developing States and volunteers for all coastal countries and countries relying on waters beyond their national jurisdiction. The core of the blue economy concept is to decouple social-economic development from environmental degradation. To achieve this, the blue economy approach is based on the assessment and integration of the actual value of the environment (blue) as capital into all economic activities.



Source: <https://sdgs.bappenas.go.id/>

Figure 1. Sustainable Development Goals

Specifically, Indonesia is interested in the 14th Sustainable Development Goal as Indonesia is the country with the largest number of islands in the world (archipelago state). Almost 75% of Indonesia's total area of 5.8 million square kilometers, making Indonesia the country with the largest maritime area in the world and the second country with the longest coastline at 99,093 km. These various maritime resources are highly potential for creating prosperity for all Indonesian people, especially those living in coastal areas. Ironically, the poverty level of the Indonesian coastal population is still very concerning with a Poverty Headcount Index (PHI) of 32.4% (Dahuri, 2010).

It is known that the maritime economy sector is still relatively lagging in terms of low resource utilization productivity, low technology level, poverty level, environmental friendliness, and relatively less interest from medium and large-scale investors, as well as the large capital needed despite having a high rate of return (Rani & Cahayasari, 2015). The

maritime sector has complex problems due to its interconnection with many sectors and also sensitivity to interactions, especially with environmental aspects.

The high financing needs in the maritime sector provide an opportunity for the development of financing instruments. The Indonesian government is still in the stage of proposals for issuing Blue Sukuk or Blue Islamic Bonds. The issuance of Blue Sukuk is intended to finance the development of the maritime sector. The government needs research support to encourage the implementation of such policy. Currently, Seychelles is the first and only country in the world to issue an environmental-based financing instrument specifically for the maritime sector (Blue Bond) in October 2018 with a value of USD 15 million (World Bank, 2018). There is no country or financial institution in the world that has issued a sharia-based financing instrument (sukuk) specifically for the maritime sector.

The issuance of sovereign sukuk (Indonesian Sovereign Islamic Bond) has shown very good progress. In August 2008, the government began the issuance of sovereign sukuk with a value of IDR 4.8 trillion. The amount of sovereign sukuk issuance from year to year is increasing, as of December 2022, the outstanding sovereign sukuk/SBSN (Indonesian Sovereign Islamic Bond) is IDR 996.41 trillion. The details of the outstanding amount are fixed rate sukuk amounting to IDR 851 trillion, SBSN Retail worth IDR 126.96 trillion, SPN (Sertifikat Perbendaharaan Negara) *Syariah* worth IDR 1.77 trillion and Savings Sukuk worth IDR 16.58 trillion (OJK, 2023). This research will explain how Islam pioneers the concept of sustainable development (SDGs) through the renewal of the *Maqashid Sharia* concept in the era of the Blue Economy, and how the opportunities for developing Blue Sukuk in Indonesia.

Literature Review

Blue Economy

Blue Economy is a new economic concept introduced by Gunter Pauli through his book 'The Blue Economy', with the concept of "The blue economy: 10 years, 100 innovations, and 100 million jobs". The Blue Economy model is intended to show entrepreneurs that the Blue Economy business model offers opportunities to develop more economically, socially, and environmentally friendly investments and businesses because this system uses natural resources more efficiently and does not harm the environment, the production system is more efficient and clean, producing a larger economic product, increasing employment, and providing opportunities to fairly benefit each contributor. According to Gunter Pauli, the Blue Economy means "blue ocean - blue sky", it can be understood that this Blue Economy approach will be able to generate economic growth and well-being for the people, but the ocean and sky remain blue (Cahyasari, 2015).

In the maritime sector, the concept of Blue Economy in the context of sustainable development in Indonesia provides a sustainable working method (sustainability), the work in the maritime sector is done by back to nature. Basically, the Blue Economy is a new economic concept that is a hope for two major problems faced by the world, namely environmental problems and energy crisis (Sitorus, 2018). Some countries in the Asia-Pacific region also have a commitment to implement sustainable maritime and fishery economic development with the Blue Economy model as the basis for ocean-based economic development patterns (Cahyasari, 2015).

APEC defines Blue Economy as a model of economy that encourages the implementation of sustainable development (sustainable). An economic model that develops

maritime and fishery industrialization that emphasizes growth, job creation, and encourages environmentally friendly technological innovation. The Food and Agriculture Organization (FAO) states that the Blue Economy can eliminate dangerous and excessive fishing practices and replace them with incentives that encourage growth, improve protection, and build a sustainable fishery. Inadequate and unsustainable maritime development (unsustainable) is caused by less science-based and technology (IPTEK) development patterns, a lack of integrated supply-chain system approach, less inclusive, and not environmentally friendly (Cahyasari, 2015).

Indonesia defines Blue Economy as an ocean-based economy characterized by optimized social capital, minimized waste, and innovative development aimed at improving people's welfare, economic growth, and ecosystem sustainability. The government has been focusing on this concept since the era of President SBY, and in 2017, it started to develop the concept more actively due to the government's recognition of the large potential of the maritime sector. The maritime sector currently contributes 20% to the country's GDP, and this figure is expected to increase if it is managed optimally. Understanding and applying Blue Economy throughout Indonesia is expected to help alleviate poverty and improve the welfare of coastal communities. In implementing the Blue Economy concept in the ocean ecosystem, there are at least three main approaches: healthy ocean conditions, people-centered economic activities, and good ocean governance (Hariyanto, 2020).

Blue Sukuk

According to the Fatwa of the National *Shariah* Board No. 32/DSN-MUI/IX/2002, *Shariah* bonds are long-term securities based on *Shariah* principles issued by the issuer to the bondholders, which obligates the issuer to pay income to the bondholders in the form of profit-sharing/margin/fee, and to repay the bond principal at maturity. *Shariah* bonds are also known as Sukuk. According to the Decision of the Head of the Capital Market and Financial Institution Supervisory Agency (BAPEPAM) No. KEP-130/BL/2006 in Regulation No. IX.A.13, Sukuk is a *Shariah* security in the form of a certificate or evidence of ownership that has the same value and represents an indivisible or non-divisible share of ownership of a certain tangible assets; the value of benefits from a certain tangible assets, both existing and future; existing and future services; a certain project assets; and/or a predetermined investment activity (OJK, 2023).

There are 9 types of Sukuk based on the AAOIFI (The Accounting and Auditing Organization for Islamic Financial Institutions) Standard No. 17 on Investment Sukuk, including *ijarah sukuk*, *mudharabah sukuk*, *musyarakah sukuk* and *istishna sukuk* (OJK, 2023). Law Number 19 of 2008 defines State Sukuk as a state security issued based on *Shariah* principles in Indonesian rupiah or foreign currency. The issuance of State Sukuk is aimed at financing the state budget deficit and also financing government activities or priority project (Hariyanto, 2020). State Sukuk represents an important breakthrough and opens up many new opportunities in the financial and banking *Shariah* sector.

The issuance of State Sukuk for financing the state budget is intended to secure the financing needs of the state budget at a minimum cost with controlled risk, thus maintaining fiscal sustainability. The financing of projects refers to financing government development projects allocated in the state budget, such as energy sector infrastructure,

telecommunications, transportation, agriculture, manufacturing industries, and affordable housing projects (Directorate of Shariah Financing, 2011).

Projects funded by state sukuk must meet *Shariah* criteria. The following is an explanation in the DSN-MUI Regulation No. 01/DSN-MUI/III/2012: 1. The project has clear planning, implementation and completion, at least covering the aspects: (a) Utilization plan, (b) Project development plan in terms of benefits and harms; 2. The utilization of the project is not for purposes related to: (a) The provision and/or contribution of conventional financial services (*ribawi*), (b) The provision and/or contribution of activities that contain elements of gambling (*maysir*), (c) The provision and/or contribution of the production, distribution, trade, and/or supply of prohibited goods/services (haram), (d) The provision and/or contribution of the exploitation or exploitation of natural resources that harm the environment and community.

The adoption of the sovereign blue bond, a blue bond issued by the state, by Seychelles focuses on the sustainability of resources and illustrates the options available for island states to use their maritime resources for future needs (Christ *et al.*, 2020). Like the blue bond, the blue sukuk also aims to provide funding for the sustainability of marine ecosystems. The advantage of the blue sukuk is the presence of underlying assets or projects as a basis for funding the financial instrument. The financing of the state's projects with sovereign sukuk has been increasing every year. Projects funded include transportation infrastructure such as bridges, roads, and railway tracks (Hariyanto, 2020). Given that the blue sukuk was created based on the blue economy concept, the funds collected from investors will be used to finance various projects related to the marine ecosystem, including coastal areas. In general, it can be said that the blue sukuk is a sharia-compliant financial instrument that aims to provide funding for the sustainability of marine ecosystems and increase the significance of the water area in economic growth (Noor, 2022).

Previous Studies

Several studies on the development of blue sukuk and blue economy (marine economy) have been conducted. For example, Ismatullah (2011) in his research explains that Indonesia must have the courage to direct its development orientat towards marine-based economy. In this context, the author finds that the fiqh (Islamic law) heritage has also intensively highlighted the issues of marine economics.

Hariyanto (2020) examined the opportunity for the issuance of Blue Sukuk by using two methods, Regulatory Impact Analysis (RIA) and Strength Weakness Opportunity and Threat (SWOT) Analysis. The comparison of benefits and costs in the RIA method showed that the issuance of Blue Sukuk is feasible. While the SWOT analysis shows that the strengths and opportunities are more dominant than other factors. Based on this, the strategy to be implemented is to identify the absorption capacity of domestic and global financial markets to find out the potential of Blue Sukuk investors.

Ramdhani, *et al* (2022) tries to provide alternative financing by using Sovereign Blue Sukuk and further analyzes the benefits and opportunities if implemented. The method used is ANP with Benefit, Opportunity, Cost, and Risk (BOCR) network approach. The biggest weight in the benefit is improving people's welfare. As for the opportunity, the biggest weight is adding Sharia investment instruments.

Irfany, *et al* (2022) identifies some priority factors in the issuance and development of Blue Sukuk (blue sukuk), as one of the innovative and sustainable Sharia financial instruments. This research uses the Interpretive Structural Model (ISM) approach, which is a decision-making technique from several complex conditions. In addition, Rusydiana and Irfany (2022) identifies the priority factors that are barriers to the issuance and development of Islamic blue sukuk in Indonesia. Using the Interpretive Structural Modeling (ISM) method, it also offers several solutions for the identified problems.

Noor (2022) explains alternative projects that can be financed using the instrument and strategy to make blue sukuk globally accepted. This study finds that financing concepts with blue sukuk can be implemented to all projects in ocean ecosystem SDGs. Furthermore, a modified *ijarah* structure in blue sukuk and a fully independent SPV is a strategy to make this instrument acceptable for all schools of thought.

Research Method

This research is qualitative research and uses a data collection method of library study research, which is by studying, deepening, and quoting theories or concepts from a number of literature. Meanwhile, the data analysis used is content analysis to obtain an accurate understanding and interpretation. The type of data used by the researcher is secondary data. Secondary data is obtained from various sources such as the Central Bureau of Statistics (BPS), Financial Services Authority (OJK), journals, books, and other references.

Result and Discussion

Hifdh Al-'Alam in Maqashid Sharia

According to al-Syatibi (Suryani and Chasan, 2017), the essence of the implementation of the syari'ah is to realize and preserve five things, namely religion (*al-din*), soul (*al-nafs*), family (*al-nasl*), mind (*al-aql*), and wealth (*al-mal*). Although al-Syatibi did not mention *hifdh al-'alam* (conserving the environment) as part of the *maqāshid al-sharī'ah*, environmental conservation becomes part of the protection of the soul dimension in the *maqāshid*. This is due to the urgency of environmental issues today, and also because without *hifdh al-'alam*, the implementation of the five things in *maqashid syariah* generally cannot be achieved perfectly. As is known, syari'at basically refers to human welfare. The main purpose of Islamic law (*maqāshid al-sharī'ah*) is to realize the welfare of the human community, both in this world and in the hereafter. Al-Syatibi in *al-Muwafaqat* emphasizes: "*The invitation of Islamic law is to realize the absolute welfare of creatures.*" So, how can human welfare be achieved if the earth and environment, which is the home of humans, have been damaged?

Starting from the dynamic concept of *maqāshid al-sharī'ah*, Ali Yafie proposes that environmental preservation (*hifdh al-bī'ah/al-'alam*) should also be part of the *maqāshid al-sharī'ah*. This is considering the problem of environmental degradation is a major issue faced by the Muslim community today. So, if in the rules it is said that there is a obligation to preserve life and religion, then now it should also be said that *hifdh al-bī'ah/al-'alam* (preserving the environment) is a religious obligation, considering the lives of human beings are greatly dependent on the sustainability and safety of the environment. Therefore, concern for the environment must be evident in the daily routines of Muslims.

In his book *Maqāshid al-Sharī'ah bi-'Ab'ad al-Jadīdah*, 'Abd al-Majid al-Najjār included *hifdh al-bī'ah* as part of the *maqāshid al-sharī'ah* (Suryani and Chasan, 2017). In addition, he

explains the verses that describe the obligation to protect the environment and the threat to those who destroy it. According to him, Islamic concern for the environment can be divided into four parts, the obligation to protect the environment from destructive actions, protect the environment from all forms of pollution and contamination, protect the environment from excessive consumptive behavior, protect the environment through revitalization. Here's his explanation:

1. Protecting the Environment from Destruction and Extinction

The Qur'an explains that the creation of human beings was initially criticized by the angels. The angels were concerned that humans would not be able to live in harmony with nature, causing conflict and bloodshed. But Allah SWT, as the all-knowing being, still created humans as a caliph who was tasked to manage this earth.

2. Protecting the Environment from Pollution and Contamination

In addition to preserving the environment from destruction, Islam also prohibits people from polluting or contaminating it. The meaning of environmental pollution (*talawwuth al-bi'ah*) is actions that can lead to a decline in environmental quality. In modern times, environmental pollution is more often caused by excessive use of technology, greenhouse gas emissions, factory waste disposal into rivers and seas, and others. In addition, Islam educates its people to always live cleanly. There are many evidences, both from the Qur'an and Hadith, that command people to live cleanly. The teachings about cleanliness can be found in the books of fiqh, especially in the section of *tahārah*. As emphasized by Ali Yafie, cleanliness is not only for the purpose of prayer. Further from that, cleanliness teaches to always be clean and to clean the environment from dirt.

3. Protecting the Environment from Excessive Consumptive Behavior

As previously emphasized, people are allowed to exploit nature for their survival. However, in doing so, people are forbidden from destroying nature itself. In the exploitation, people are discouraged from excessive behavior. The excessive exploitation of natural resources will have an impact on the decline of natural resources and the imbalance of the environment.

4. Protecting the Environment through Revitalization

Environmental revitalization is a series of activities to preserve the environment and restore the balance of the environment. This can be done by planting trees, preserving endangered species, and so on. This shows that not only preserving but also revitalizing the environment is also a form of worship.

Given the urgency of environmental preservation, it is only right that all individuals have a legal obligation to preserve the environment, where the government bears a greater responsibility, as the government is responsible for caring for the needs of the people, including conservation of the environment, and the government is also equipped with a set of powers to prevent and impose sanctions on those who destroy the environment. Sanctions are the most important part of the law in creating the consistency of law enforcement. The sanctions are intended so that the law is obeyed by all parties, so that the law can run as desired, which is to create order, certainty and justice.

The Opportunity of Blue Sukuk in Indonesia

The Sustainable Development Goals in the marine ecosystem have not been running optimally. To accelerate the progress, the Indonesian government can use a number of financing instruments. These instruments play a critical role in providing development funds for coastal areas and improving the well-being of coastal residents. One financing instrument that can be optimized by the government is government bonds. The use of government bonds specifically to finance activities in the maritime sector is called blue bonds. The activities or projects that can be funded by blue bonds include all the activities targeted in the Sustainable Development Goals. Projects that need to be prioritized by the government include providing access and fishing gear for small-scale fishermen, building cold storage to store the catch of fishermen, expanding markets for fishermen to sell their catch, procuring fish tracking technology, and improving fishing conservation areas (Noor, 2022).

According to Irfany *et al* (2022), there are three criteria for the development of blue bonds in Indonesia, namely: (a) the aspect or basis in the framework of its development; (b) the infrastructure that will be used as the basis for its issuance (underlying project); and (3) the stakeholders involved. Its research recommends the most important order of basis in the development of blue bonds is: strengthening regulation, eligible underlying assets, investors, and coordination among institutions. Meanwhile, the infrastructure that has potential to be the underlying issuance of Blue Bonds includes the development of integrated fishing villages and the procurement of large environmentally friendly fishing vessels.

The results of the study by Rusydiana and Irfany (2021) indicate that the most important aspect in issuing blue bonds in Indonesia is regulation. The results of this case study of blue bonds are in line with Jarkasih and Rusydiana (2010) in the case of corporate bond issuance, and Altaieb and Alkhatib (2016) in the case of the Jordanian government sovereign bond issuance. Both found that regulation is the most important aspect in the issuance and development of bonds in each case. The second most important aspect is the underlying asset. This aspect is also critical because once the blue bond is issued, there must be eligible projects to be funded. The underlying projects of the bond can also be the development of integrated fishing villages. This can even support the "sea toll road" infrastructure that the government has announced. Another important aspect is related to investors. Similar to the success story of green bond issuance, the issuance of blue bonds allows all public investors, both domestic and international (such as from Arab countries, Europe and other countries), to participate. Interestingly, blue bonds in Indonesia even have the opportunity to become the first and only blue bonds in the world, where there has been no similar financing instrument in any other country before.

Another important aspect in the development of blue bonds is inter-agency coordination. In this case, there are several government institutions that are interested in issuing and developing blue bonds in Indonesia, including the Ministry of Finance (as the issuer), the Ministry of Maritime Affairs and Fisheries (in supporting the underlying projects), the National Development Planning Agency or Bappenas (in conducting initial feasibility studies). The Ministry of Public Works and Housing and the Ministry of Transportation may also be interested in developing maritime infrastructure (Hariyanto, 2020).

Based on the research of Ramdhani, *et al* (2022), the priority of alternative strategies are: (1) Institutional coordination; (2) Fishermen empowerment; (3) Identification of marine

projects. This shows that this study is consistent with the results of the BOCR (Benefit, Opportunity, Cost, and Risk) priority, namely the cost of inter-agency coordination. Regarding the elements underlying the issuance of blue bonds in Indonesia, there are several options as follows: (a) integrated fisherman village development, (b) provision of large fishing vessels, (c) conservation of maritime and fishing, marine ecosystem, (d) maritime "toll roads", and (e) dock development, etc. With regards to stakeholders of blue bonds in Indonesia, key actors are as follows: (a) the government or regulator, in this case the Ministry of Finance; and (b) the Ministry of Maritime Affairs and Fisheries. There are other stakeholders involved in Islamic blue bonds in Indonesia as follows: (a) Bappenas, (b) Public investors, (c) Fisherman community, and (d) Islamic financial institutions.

According to the research of Ramdhani *et al* (2022), the sovereign blue sukuk issuance plan for financing the maritime sector in Indonesia has several benefits, including: (1) diversification of APBN financing instruments; (2) increased role of Islamic finance; and (3) improvement of community welfare. The opportunities obtained are: (1) diversification of SBSN underlying assets; (2) marine economic sustainability; and (3) addition of sharia investment instruments. On the other hand, the government must also consider costs and risks, such as: (1) inter-institutional coordination costs; (2) increased burden on the state budget; and (3) implementation costs, as well as operational risk, technical risk, moral hazard and human error.

The priorities, according to the respondents' conclusions, are: (1) the main benefit for the government in financing the maritime sector with "sovereign blue sukuk" is to improve community welfare, followed by increased role of Islamic finance and diversification of APBN financing instruments. (2) The main opportunity for the government is to add sharia investment instruments, followed by marine economic sustainability and diversification of SBSN underlying assets. (3) The main concern in terms of cost is coordination between institutions, followed by increased burden on the state budget and implementation cost. (4) The main risk is operational risk, followed by technical risk and moral hazard and human error.

According to Hariyanto's study (2020), even though the issuance of Blue Sukuk is feasible to be implemented, there are several things that the Government needs to do immediately, including:

- 1) The Ministry of Finance needs to prepare a regulatory framework related to the issuance of Blue Sukuk. Although laws and government regulations have been issued regarding project financing using State Sukuk, the Ministry of Finance needs to prepare rules regarding the Blue Sukuk Framework. In preparing this regulatory framework, the Ministry of Finance can involve other government agencies or domestic and international non-governmental organizations to provide input on the Blue Sukuk Framework. This guideline needs to be prepared to limit the criteria for what can be financed with Blue Sukuk.
- 2) Project selection and evaluation. The Government can select projects that will be financed through the issuance of Blue Sukuk. In the initial stage of implementing Blue Sukuk, the Government can take projects that are already in the current year's State Budget. These projects will then be evaluated for their suitability with the Blue Economy Platform or other international standards for issuing Blue Bonds. Project evaluation, as in the case of

Green Sukuk issuance, can be carried out by parties who can provide guidance and support for project evaluation.

- 3) The Government can issue Blue Sukuk for domestic investors first before global investors. The consideration is the current world economic conditions that are facing recession, which affects investor preferences in investing. In bearish conditions like this, investment risks increase, so there is concern that the requested return on investment will be higher accompanied by other risks such as exchange rate risk. Meanwhile, the benchmark interest rate (BI7-Day Repo Rate) is currently low, which has an impact on the lower yield of State Sukuk returns.

Conclusion

The *Maqashid Sharia* underlying *hifdh al-bi'ah/al-'alam* is the regulation of Islamic legal norms that govern human behavior and actions related to environmental conservation. Similarly, blue economy is a behavior pattern of the economy that must be based on ecology to preserve the life of the marine ecosystem. Economic development and conservation of the environment should continue to progress in parallel so that sustainable development goals can be achieved. Humans as the main actors in economic development and also responsible for environmental conservation must make these two things run in balance. As is known, the ecological crisis is largely driven by the actions of irresponsible humans.

Blue sukuk has a promising future in Indonesia as an Islamic financing mechanism, with the potential for further expansion and development. Several factors are critical to its success, including regulatory considerations, feasible projects, investor interest, and inter-institutional coordination. Proposed projects for blue sukuk issuance include the development of integrated fishing villages and the procurement of environmentally friendly fishing boats. Stakeholders with vested interests in blue sukuk include government bodies such as the Ministry of Finance, Ministry of Marine Affairs and Fisheries, and Ministry of Public Works and Housing, as well as investors and fishing communities. If implemented successfully, blue sukuk could serve as an innovative Islamic financing model and establish Indonesia as a leader in this field.

References

- Adrianto, L. Management of Marine Protected Areas for Sustainable Fisheries in Indonesia. *PKSPL-IPB Publication Series*, 2015.
- Ahmad, A. U. F., & Mobin, M. A. Promoting Maqashid Al-Shari'ah and Achieving Sustainable Economic Development: The Potential of Proposed Two Tier Mudarabah Business Model on Cash Waqf. *Media Syari'ah*, 17(1), 1–36, 2015.
- Al-Raysuni, A. Imam Al-Shatibi's Theory of the Higher Objectives and Intents of Islamic Law (D. A. Al Shaikh-Ali & S. Khan (Eds.)). Herndon, USA: The International Institute of Islamic Thought, 2013.
- Altaleb G.S, Alkhatib A.Y. Sovereign Islamic Sukuk and the Economic Development: A Case Study of Jordan. *European Journal of Business and Management*, 8 (32): 115-118, 2016.
- Cahyasari, Wulandari. Blue Economy Model in the Asia-Pacific Region (Case Study: Application of the Blue Economy Model in Indonesia's Fisheries Industry). *Jurnal Mahasiswa Fisip*, Vol. 2 No. 1 February 2015.

- Chen S., Charlotte de Bruyne, Manassa Bollempali. Blue Economy: Community Case Studies Addressing the Poverty–Environment Nexus in Ocean and Coastal Management. *Journal Sustainability*, 12 (11), 4654, 2020; <https://doi.org/10.3390/su12114654>
- Christ, H. J., White, R., Hood, L., Vianna, G. M. S., & Zeller, D. Baseline for the Blue Economy: Catch and Effort History in the Republic of Seychelles Domestic Fisheries. *Frontiers in Marine Science*, 7(May) 2020, 1–13. <https://doi.org/10.3389/fmars.2020.00269>
- Dahuri, R. New Paradigm of Indonesian Development Based on the Ocean. Scientific speech of the potential and appointment of permanent professors in the field of coastal and marine resource management. Faculty of Fisheries and Marine Science, Bogor Agricultural University, 2010.
- Dermawan, A. KKP Continues to Develop the Management of Small and Outermost Islands as National Sovereignty. <https://kkp.go.id/djprl/artikel/10236-kkpterus-kembangkan-pengelolaan-pulau-pulau-salldan-terluar-As-kedaulatan-bangsa.2019>
- Directorate of Sharia Financing DJPPR Ministry of Finance. State Sukuk Sharia-Based Financial Instruments. Jakarta: Directorate of Sharia Financing DJPPR Ministry of Finance, 2015.
- Hariyanto, Eri. Potential and Strategy of Issuing Blue Sukuk in Indonesia. *Jurnal Treasury Review*. Vol.5, No. 2, (2020), p. 151-170.
- Ibrahim, A., Amelia, E., Akbar, N., Kholis, N., Utami, S. A., & Nofrianto. Introduction to Islamic Economics (1st ed.). Jakarta: Department of Economics and Sharia Finance - Bank Indonesia, 2021.
- Irfany, M. Iqbal, Aam Slamet Rusydiana, and Asep Nurhalim. Potential Development of Blue Sukuk as Innovative Financing for Indonesia's Maritime Sector. Policy Brief. Vol.4 No.3, 2022. Direktorat Publikasi Ilmiah dan Informasi Strategis, IPB University.
- Ismatullah, Rikmat. Paradigm of Marine Economy in the Perspective of Islamic Economics. *Jurnal Ekonomi Syariah Indonesia-JESI*. Vol. 1, No. 2 December 2011/1433H.
- Jarkasih M., Rusydiana A.S. Development of the Sukuk Market: Comparison of Indonesia, Malaysia and the World, *Anticipation: Journal of Business and Economics*. 1(2), 2009.
- Kamali, M. H. Maqāṣid Al-Sharī'ah Made Simple (D. A. S. AL Shaikh Ali & S. Khan (Eds.)). Herndon, USA: The International Institute of Islamic Thought, 2008. <https://doi.org/10.2307/j.ctvkc67vz.4>
- Khalilurrahman & Husni Mubarrak. Retail Green Sukuk in Indonesia: Toward a Maqashid Approach. *SHARE: Journal of Islamic Economics and Finance*. ISSN: 2089-6239 (P); 2549-0648 (E) Vol. 11, No. 1, 2022; pp. 208-228. DOI: 10.22373/share.v11i1.12460
- Maulana, Asep, Firdayanti Zahro, Mar'atus Sholikhah. Blue Sukuk as a Solution to Indonesia's Maritime Economic Crisis due to the Global Covid Pandemic. *Journal of Islamic Finance*, Vol. 10 No. 1 (2021) 36-45 IIUM Institute of Islamic Banking and Finance ISSN 2289-2117 (O) / 2289-2109 (P).
- Noor, Muhammad. Blue Sukuk: Financing Strategy and Concept. *Jurnal Pajak dan Keuangan Negara*. Vol. 4, No. 1, (2022), p. 414-426.
- Rani, F., & Cahayasari, W. Blue Economy Model in the Asia-Pacific Region (Case Study: Application of the Blue Economy Model in Indonesia's Fisheries Industry). *Jurnal Online Mahasiswa Fakultas Ilmu Sosial dan Ilmu Politik Universitas Riau*, 2(1) 1-14, 2015.

- Ramdhani, F.B, Mohmed Firdaus bin Masruhen, M.Y. Ibrahim, Devinna Pramitha, Rusdi Hamka. The Opportunity of Sovereign Blue Sukuk Issuance in Maritime Sectors: Case Study of Indonesia. *Al-Tasyree: Jurnal Bisnis, Keuangan dan Ekonomi Syariah*. Vol. 14, No. 02 December 2022, p. 123-134.
- Soemarwoto, Otto. Ecology, Environment and Development. Jakarta, 1997
- Suryani & Chasan. Mainstreaming Hifdz Al-'Alam as Part of Maqashid Al-Syari'ah. *Al-Tahrir Journal*, Vol. 17, No. 2 November 2017: 353-370.
- Utama, R.W.A, Ridan Muhtadi, Nur Rachmat Arifin, and Imron Mawardi. Overview of Maqashid Sharia and Fiqh Al-Bi'ah in Green Economy. *Journal of Islamic Economics*. Vol 10, No. 2, November 2019. <http://journal.uhamka.ac.id/index.php/jei>
- World Bank. Seychelles launches world's first sovereign blue bond. <https://www.worldbank.org/en/news/pressrelease/2018/10/29/seychelles-launchesworlds-first-sovereign-blue-bond>.
- Yafie, Alie. *Pioneering Environmental Fiqh*. Jakarta, 2006.
- Yunita & Idami, Zahratul. Environmental Management from the Perspective of Fiqh. *Journal of Samudra Keadilan Law*. ISSN: 2615-3416 E-ISSN: 2615-7845 Vol. 15, No. 2, July-December 2020.
- <https://www.ojk.go.id/>
- <https://sdgs.bappenas.go.id/>