CRACKING THE CODE TO ANTICIPATING POST-SDGs 2030: ISLAMIC FINANCE PERSPECTIVE

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ABSTRACT

Background: Islamic finance’s focus on social inclusion and development makes it ideal for achieving the 2030 agenda. The purpose of this study is to explore how Islamic finance, specifically Sukuk (Islamic Bond), anticipates post-SDGs 2030 in its own way. The systematic literature review is employed in this study to discover, assess, and analyze every relevant piece of research that has been published yet in order to provide answers to the research questions. We selected articles from the Scopus and Google Scholar databases that met standard eligibility criteria. To analyze the data, researchers used Covidence as a tool to accelerate this systematic review. Our analysis revealed that, to anticipate post-SDGs, Sukuk as one of the Islamic finance products contributes to increased economic and business activity that has an impact on climate change, reducing extreme poverty and inequality. In addition, Islamic finance is also capable of ensuring financial and social stability as well as promoting better and equal human development. The Shariah principles inherent in it have an important contribution to sustainable and equitable development. Thus, development is expected to be more inclusive and sustainable like SDGs’ ambition of “no one left behind”.

Objective: To explore how Islamic finance, specifically Sukuk, anticipates post-SDGs 2030 in its own way.

Method: This research uses qualitative methods. The systematic literature review is employed in this study to discover, assess, and analyze every relevant piece of research that has been published yet in order to provide answers to the research questions.

Results and Discussion: The results revealed that, to anticipate post-SDGs, Sukuk as one of the Islamic finance products contributes to increased economic and business activity that has an impact on climate change, reducing extreme poverty and inequality.

Research Implications: The implication of this research is as follows: Islamic finance is capable of ensuring financial and social stability as well as promoting better and equal human development. The Shariah principles inherent in it make an important contribution to sustainable and equitable development. Thus, development is expected to be more inclusive and sustainable, in line with the SDGs’.

Keywords: Post SDGs 2030, Sharia Bond, Development Economic, Islamic Finance, Systematic Literature Review.

QUEBRANDO O CÓDIGO PARA ANTECIPAR OS ODS PÓS-ODS 2030: PERSPECTIVA FINANCEIRA ISLÂMICA

RESUMO

Histórico: o foco das finanças islâmicas em inclusão social e desenvolvimento o torna ideal para alcançar a agenda de 2030. O objetivo deste estudo é explorar como o financiamento islâmico, especificamente o Sukuk (título islâmico), antecipa os ODS pós-2030 à sua própria maneira. A revisão sistemática da literatura é empregada neste estudo para descobrir, avaliar e analisar todas as pesquisas relevantes que foram publicadas ainda, a fim de fornecer respostas às questões de pesquisa. Nós selecionamos artigos dos bancos de dados Scopus e Google Scholar que atendiam aos critérios de elegibilidade padrão. Para analisar os dados, os pesquisadores usaram o Covidence como
uma ferramenta para acelerar essa revisão sistemática. A nossa análise revelou que, para antecipar os PÓS-ODS, Sukuk como um dos produtos financeiros islâmicos contribui para o aumento da atividade econômica e empresarial que tem um impacto nas alterações climáticas, reduzindo a pobreza extrema e a desigualdade. Além disso, o financiamento islâmico é igualmente capaz de assegurar a estabilidade financeira e social, bem como de promover um desenvolvimento humano melhor e equitativo. Os princípios da Shariah que lhe são inerentes têm um importante contributo para o desenvolvimento sustentável e equitativo. Assim, espera-se que o desenvolvimento seja mais inclusivo e sustentável, tal como a ambição dos ODS de "ninguém ficar para trás".

**Objetivo:** Explorar como o financiamento islâmico, especificamente o Sukuk, antecipa os ODS pós-2030 à sua própria maneira.

**Método:** Esta pesquisa utiliza métodos qualitativos. A revisão sistemática da literatura é empregada neste estudo para descobrir, avaliar e analisar todas as pesquisas relevantes que foram publicadas ainda, a fim de fornecer respostas às questões de pesquisa.

**Resultados e Discussão:** Os resultados revelaram que, para antecipar os pós-ODS, Sukuk como um dos produtos financeiros islâmicos contribui para o aumento da atividade econômica e empresarial que tem um impacto sobre as mudanças climáticas, reduzindo a extrema pobreza e desigualdade.

**Implicações da investigação:** A implicação desta investigação é a seguinte: O financiamento islâmico é capaz de assegurar a estabilidade financeira e social, bem como de promover um desenvolvimento humano melhor e igual. Os princípios da Shariah nela inerentes contribuem de forma importante para o desenvolvimento sustentável e equitativo. Assim, espera-se que o desenvolvimento seja mais inclusivo e sustentável, em consonância com os ODS”.

**Palavras-chave:** Post SDGs 2030, Sharia Bond, Development Economic, Islamic Finance, Systematic Literature Review.

**DESCIFRANDO EL CÓDIGO PARA ANTICIPARSE A LOS ODS POSTERIORES A LOS ODS 2030: PERSPECTIVA FINANCIERA ISLÁMICA**

**RESUMEN**

**Antecedentes:** El enfoque de las finanzas islámicas en la inclusión social y el desarrollo las hace ideales para lograr la agenda 2030. El propósito de este estudio es explorar cómo las finanzas islámicas, especificamente Sukuk (Bono Islámico), anticipan los ODS posteriores a 2030 a su manera. La revisión sistemática de la literatura se emplea en este estudio para descubrir, evaluar y analizar cada pieza de investigación relevante que se ha publicado con el fin de proporcionar respuestas a las preguntas de investigación. Seleccionamos artículos de las bases de datos Scopus y Google Scholar que cumplían con los criterios de elegibilidad estándar. Para analizar los datos, los investigadores utilizaron la evidencia como una herramienta para acelerar esta revisión sistemática. Nuestro análisis reveló que, para anticipar los ODS posteriores, Sukuk, como uno de los productos financieros islámicos, contribuye al aumento de la actividad económica y empresarial que tiene un impacto en el cambio climático, reduciendo la pobreza extrema y la desigualdad. Además, las finanzas islámicas también son capaces de garantizar la estabilidad financiera y social, así como de promover un desarrollo humano mejor e igualitario. Los principios de la Shariaherentes a ella contribuyen de manera importante al desarrollo sostenible y equitativo. Por lo tanto, se espera que el desarrollo sea más inclusivo y sostenible, como la ambición de los ODS de "nadie se quede atrás".

**Objetivo:** Explorar cómo las finanzas islámicas, específicamente Sukuk, anticipan los ODS posteriores a 2030 a su manera.

**Método:** Esta investigación utiliza métodos cualitativos. La revisión sistemática de la literatura se emplea en este estudio para descubrir, evaluar y analizar cada pieza de investigación relevante que se ha publicado con el fin de proporcionar respuestas a las preguntas de investigación.

**Resultados y discusión:** Los resultados revelaron que, para anticipar los ODS posteriores, Sukuk como uno de los productos financieros islámicos contribuye al aumento de la actividad económica y empresarial que tiene un impacto en el cambio climático, reduciendo la pobreza extrema y la desigualdad.

**Implicaciones de la investigación:** La implicación de esta investigación es la siguiente: las finanzas islámicas son capaces de garantizar la estabilidad financiera y social, así como de promover un desarrollo humano mejor e
The year 2030 marks the culmination of the Sustainable Development Goals (SDGs), a global roadmap for a more sustainable and equitable future. But the journey does not end there. As the world ponders the path forward beyond this horizon, Islamic finance emerges as a potential driver of sustainable development with its unique and innovative financial instruments like Sukuk poised to propel us towards a truly sustainable future. Islamic-based finance and United Nations’ Sustainable Development Goals (SDGs) share the same great goals or values that naturally unite them to create a sustainable world (Adil et al., 2023).

Sukuk, also known as Islamic bonds, offer a shariah-compliant alternative to conventional bonds. Unlike conventional bonds, Sukuk represent ownership of underlying assets, fostering a more ethical and responsible investment approach (Mohamad et al., 2023). This unique structure has the potential to unlock resources and create a financial ecosystem that tackles some of humanity’s most pressing challenges. Hence, this inherent alignment with ethical principles positions Sukuk well to address the sustainability challenges of the post-SDG era.

As can be seen from Islamic Finance Development Report 2023 dan SGIE 2023, global Islamic finance assets are projected to reach US$6,667 billion by 2027. Approximately 25% of the world’s population has financial demands, and the global Islamic finance sector has a total market value of US$2.2 trillion. In 2022, the outstanding value of Sukuk increased thrice over 2012, reaching US$788.39 billion from US$260.03 billion. A total of 1,458 Sukuk were issued in 2022, totaling US$198.82 billion.

Emirate’s is one of the largest centers for Sukuk listings globally. Based on Islamic Finance Outlook 2022, Dubai is a leader in Sukuk innovation, particularly in the Environmental, Social, and Governance (ESG) arena, where it has pioneered green Sukuk offerings. Sukuk is growing rapidly in the GCC countries, the MENA region, South Asia, Southeast Asia, and...
Europe. Not only in Muslim-majority countries, Sukuk also exists in non-Muslim countries, such as the UK.

During the journey towards achieving the 2030 agenda, Sukuk has funded a wide range of social projects. Not only mitigating climate change, but several social goals. Sukuk has the potential to become an effective tool for reducing poverty and inequality by empowering those with low incomes, opening up economic opportunities, and easing access to basic necessities (Fauziah et al., 2021).

Looking beyond SDGs 2030, this paper will explore how Islamic finance, specifically Sukuk, can serve as a catalyst for lasting positive change. We will discuss the exciting possibilities for Islamic finance to contribute to a post-SDGs world, emphasizing its role in mobilizing resources, fostering innovation, and promoting long-term sustainability. By harnessing the power of Islamic finance, we can pave the way for a future where social and environmental well-being go hand in hand.

2 LITERATURE REVIEW

Sukuk, also known as Islamic bonds, have garnered significant attention within the financial market as a sharia-compliant instrument (Uddin et al., 2022). The global interest in Sukuk has grown especially after the 2008 financial crisis, due to its distinct features and investment quality. Originally launched in Malaysia, Sukuk is now available in various global markets, including non-Muslim countries such as the United Kingdom, the United States, and a number of Asian financial centers.

Unlike conventional bonds, Sukuk represent ownership of underlying assets, fostering a more ethical and responsible investment approach (Mohamad et al., 2023). Instruments containing interest are clearly no longer part of a legal investment because interest is considered riba. Therefore, Sukuk is presented as an alternative solution for those who want to invest in bonds with Islamic principles.

The uniqueness of Sukuk lies in their structure, which is inherently different from traditional bonds and equity due to the peculiarities of the contract involved in Islamic finance. This difference calls for a distinct pricing model and has spurred recent studies to develop methods better suited for evaluating Sukuk performance (Uddin et al., 2022). Sukuk supports long-term economic development and is crucial for both corporate and state financing needs while adhering to sharia standards. Its diverse applications make it a versatile financing option.
that can underpin various sectors of the economy, ranging from infrastructure projects to environmental sustainability (Abrorov, 2020).

Sustainable Development Goals (SDGs) is the global and national commitment in the endeavor to raise society includes 17 global goals and targets by 2030 declared by both developed and developing countries at the United Nations General Assembly in September 2015. These goals aim to address various economic, social, and environmental issues that exist worldwide and promote the concept of sustainability. The adoption of SDGs reflects a growing recognition of the need for comprehensive and holistic approaches to global challenges. Over the years, sustainable development has become an integral part of the global agenda. The 17 objectives are: (1) No Poverty, (2) Zero Hunger, (3) Good Health and Well-being, (4) Quality Education, (5) Gender Equality, (6) Clean Water and Sanitation, (7) Affordable and Clean Energy, (8) Decent Work and Economic Growth, (9) Industry, Innovation, and Infrastructure, (10) Reduced Inequalities, (11) Sustainable Cities and Communities, (12) Responsible Consumption and Production, (13) Climate Action, (14) Life Below Water, (15) Life on Land, (16) Peace, Justice, and Strong Institutions, (17) Partnerships for the Goals.

Sukuk has shown promising linkage with Sustainable Development Goals (SDGs). Sukuk instruments have evolved to encompass a broad range of structure, paralleling everything from fixed income to equity options. In recent times, there has been a particular emphasis on “sustainability Sukuk”, which are issued with an explicit purpose of financing projects that support environmental and social sustainability (directly aligning the SDGs). Numerous studies have shown that a well-functioning and efficient financial sector can significantly contribute to economic growth and development. As one of the financial sector, Sukuk play crucial role in mobilizing savings and channeling them towards productive investment opportunities (Ryan Rahmah Maulayati & Sri Iswati, 2023).

3 METHODOLOGY

To achieve the aim of this paper, a systematic literature review (SLR) has been performed through the Scopus and Google Scholar databases, using PRISMA guidelines (see Figure 1). SLR is employed in this study to discover, assess, and analyze every relevant piece of research that has been published yet in order to provide answers to the research questions. This method delivers extensive and accurate summaries of research on a certain issue by including a rigorous and comprehensive plan and search method, with the purpose of decreasing bias by locating, assessing, and synthesizing all relevant papers on that topic. SLR is regarded
as the most reliable criteria for summarizing findings available in the literature (Priyadarsini & Ravindran, 2023).

The researchers formulate several research questions as follows: (1) What projects are potentially funded by Sukuk? (2) How does Sukuk anticipate post-SDGs 2030? The researchers also set certain limit regarding eligibility criteria for article to be used, including:

Table 1

<table>
<thead>
<tr>
<th>No.</th>
<th>Criteria</th>
<th>Remarks</th>
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<tr>
<td>1.</td>
<td>Database</td>
<td>Scopus, Google Scholar</td>
</tr>
<tr>
<td>2.</td>
<td>Year</td>
<td>2020 – 2024</td>
</tr>
<tr>
<td>3.</td>
<td>Keywords String</td>
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<td>“Sukuk OR Islamic Finance AND After* SDGs”</td>
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<tr>
<td></td>
<td></td>
<td>“Sukuk OR Islamic Bonds OR Sharia Bonds AND After* SDGs”</td>
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<tr>
<td></td>
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<td>“Sukuk AND SDGs NOT Bank”</td>
</tr>
</tbody>
</table>

Source: Prepared by Authors
**Figure 1**

*PRISMA Guidelines*

- Studies from database Scopus (n = 18)
- References from Google Scholar (n = 683)

- References removed (n = 465)
  - Duplicates identified manually (n = 0)
  - Duplicates identified by Covidence (n = 365)
  - Marked as ineligible by automation tools (n = 0)
  - Other reasons (n =)

- Studies screened (n = 236)
  - Studies excluded (n = 105)

- Studies sought for retrieval (n = 131)
  - Studies not retrieved (n = 0)

- Studies assessed for eligibility (n = 131)
  - Studies excluded (n = 53)
    - Wrong context (n = 30)
    - Wrong outcomes (n = 15)
    - Wrong perspective (n = 3)
    - Wrong study design (n = 6)
    - Wrong patient population (n = 1)

- Studies included in review (n = 23)

Source: Covidence Output
4 RESULT AND DISCUSSION

We summarize each primary studies based on year, publishers, and publication type (See Figure 2 and Figure 3).

Figure 2

Number of Studies by Year

Figure 3

Publication Type
### Table 2

**Summary of Primary Studies**

<table>
<thead>
<tr>
<th>Code</th>
<th>Author(s)</th>
<th>Article Title</th>
<th>Type of Publication</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>(Masood &amp; Rahim, 2024)</td>
<td>Empowering Green Sukuk Through IoE Towards SDGs Attainment</td>
<td>Journal</td>
</tr>
<tr>
<td>A2</td>
<td>(Suriani et al., 2024)</td>
<td>Do Global Green Sukuk affect on Climate Change? Evidence in Issuing Countries</td>
<td>Journal</td>
</tr>
<tr>
<td>A3</td>
<td>(Faizi et al., 2024)</td>
<td>Islamic Green Finance: Mapping The Climate Funding Landscape in Indonesia</td>
<td>Journal</td>
</tr>
<tr>
<td>A4</td>
<td>(Romadhon &amp; Mutmainah Siti, 2023)</td>
<td>Harnessing Green Sukuk for Sustainable Development in Indonesia</td>
<td>Journal</td>
</tr>
<tr>
<td>A6</td>
<td>(Ulfah et al., 2023)</td>
<td>A Structured Literature Review on Green Sukuk (Islamic Bonds): Implications for Government Policy and Future Studies</td>
<td>Journal</td>
</tr>
<tr>
<td>A7</td>
<td>(Yulitasari et al., 2023)</td>
<td>Development of State Green Sukuk as A Government Effort to Realize Green Environment</td>
<td>Journal</td>
</tr>
<tr>
<td>A8</td>
<td>(Duku, 2023)</td>
<td>Green Sukuk: As an Alternative Mechanism for Financing Infrastructural Development in Nigerian Power Sector</td>
<td>Journal</td>
</tr>
<tr>
<td>A9</td>
<td>(Siregar et al., 2023)</td>
<td>2023 Green Economy and Islamic Finance Crossing a Sustainability Path in Economic Development</td>
<td>Journal</td>
</tr>
<tr>
<td>A10</td>
<td>(Mustapha et al., 2023)</td>
<td>Social Sukuk for Sustainable Development Review of Sukuk Prihatin, Ihsan Sukuk (Malaysia), and Cash Waqf Linked Sukuk (Indonesia)</td>
<td>Conference</td>
</tr>
<tr>
<td>A12</td>
<td>(Sadat et al., 2023)</td>
<td>Islamic Finance on Investment in Green Energy Projects: A Comprehensive Study of UAE</td>
<td>Journal</td>
</tr>
<tr>
<td>A13</td>
<td>(Fitrah &amp; Soemitra, 2022)</td>
<td>Green Sukuk for Sustainable Development Goals in Indonesia: A Literature Study</td>
<td>Journal</td>
</tr>
<tr>
<td>A14</td>
<td>(Musari, 2022)</td>
<td>Integrating Green Sukuk and Cash Waqf Linked Sukuk, the Blended Islamic Finance of Fiscal Instrument in Indonesia: A Proposed Model for Fighting Climate Change</td>
<td>Journal</td>
</tr>
<tr>
<td>A15</td>
<td>(Araminta et al., 2022)</td>
<td>The Role of Green Sukuk in Realizing The Sustainable Development Goals 2030 Agenda</td>
<td>Journal</td>
</tr>
<tr>
<td>A16</td>
<td>(Rahman et al., 2022)</td>
<td>The Challenges of Green Sukuk Policy Implementation for Achieving Sustainable Environment</td>
<td>Journal</td>
</tr>
<tr>
<td>A17</td>
<td>(Rosman et al., 2022)</td>
<td>Islamic Social Finance and Sustainable Development Goals: Issue and Challenges</td>
<td>Journal</td>
</tr>
<tr>
<td>A19</td>
<td>(Ebrahim et al., 2021)</td>
<td>Islamic Finance and Sustainable Development Goals in Bahrain</td>
<td>Conference</td>
</tr>
<tr>
<td>A20</td>
<td>(Izhar &amp; Munkin, 2021)</td>
<td>Islamic Finance and SDG 10: Evidence from Selected OIC Countries</td>
<td>Book Section</td>
</tr>
<tr>
<td>A22</td>
<td>(Richardson, 2020)</td>
<td>The UAE and Responsible Finance Can Responsible Finance Sukuk Help the UAE in Fulfilling Its Sustainability Ambitions?</td>
<td>Journal</td>
</tr>
</tbody>
</table>
Out of a total of 23 articles analyzed, most of the research on Sukuk discusses the role of Green Sukuk in climate funding. The rest is about Sukuk’s role in realizing sustainable finance and development. All discussion, of course, lead to sustainable development goal (SDGs). Popular themes that are widely discussed, especially the role of Sukuk or Green Sukuk on SDG 1, 2, 3, 8, 10, and 13. The countries with the most publications are Malaysia, Indonesia, the UAE, Bahrain, and Nigeria. In 2023, most of the publications discussed Green Sukuk and sustainability ambitions. From the data, we could see that 89% of publications are journals.

In this section, we also answer our first research question “What projects are potentially funded by Sukuk?”. Based on the preliminary studies, Sukuk has become a bigger source of funding for social projects that benefit communities. This aligns well with the ethical values of Islamic finance. These projects address important areas like healthcare, education, infrastructure, and affordable housing (Alkosry, 2023; Badeeu et al., 2019). Sukuk was successful in financing the social projects (Islam et al., 2023).

The answer for the second question, Sukuk provides green choice for world sustainability. Green Sukuk has proven to be skilled in funding projects that are not only focused on material value, but also on government program that prioritize environmental authenticity. Green Sukuk can play a crucial role in poverty eradication by directing investments towards projects that have a positive social impact. Based on several studies, these projects can create employment opportunities, improve access to basic services, and enhance the overall well-being of disadvantaged communities.

A number of studies have been conducted to predict the post-SDGs in the Islamic financial perspective through the use of Sukuk instruments. Sukuk investments have been defined as a means of achieving economic growth, either in term of financial stability or country development. Green Sukuk is one of the few instruments that combines Islamic financial principles with environmental sustainability.

5 CONCLUSION

In conclusion, the country that contributes most to Sukuk research is Malaysia, and the most discussed topic is the role of Sukuk or green Sukuk on SDGs, especially SDG 1, 2, 3, 8, 10, and 13. According to a systematic literature review, Sukuk has solidified its role as a crucial...
instruments in the progression towards and beyond the Sustainable Development Goals framework. Acting as a compliant mechanism within Islamic finance, Sukuk facilitates the allocation of capital towards projects with ethical and sustainable frameworks, thus aligning with the multifaceted aims of the SDGs. The financial sphere has witnessed the burgeoning of green Sukuk offerings, designated to finance initiatives in renewable energy and sustainability sectors. The integration of Sukuk within the domain of Islamic financial instruments signals a commitment to sustainable economic development and positions it as a key contributor to the long-term objectives encapsulated by the SDGs. This research has limitations because it only uses the Scopus and Google Scholar databases with undetailed keywords and also with a small amount. For future research, maybe we can discuss and analyze about Blue Sukuk in depth and with focus.

REFERENCES


