

Integrating Green Economy Principles into Islamic Economic Policy: A Systematic Review of Evidence from Indonesia (2015–2025)

Mengintegrasikan Prinsip Ekonomi Hijau ke dalam Kebijakan Ekonomi Islam: Suatu Tinjauan Sistematis atas Bukti dari Indonesia (2015–2025)

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Abstract: This study conducts a systematic literature review of 142 Scopus-indexed publications (2015–2025) to examine the integration of green economy principles into Islamic economic development policies in Indonesia. The objective is to map conceptual and empirical evidence, identify thematic patterns, and highlight policy implications. Following PRISMA 2020 guidelines, the review employed structured search strings, inclusion–exclusion criteria, and thematic synthesis. The findings reveal that green sukuk has emerged as a key instrument for financing renewable energy, low-emission transportation, and waste management projects, while regulators such as the Ministry of Finance, OJK, and Bank Indonesia have introduced roadmaps, green taxonomies, and impact reporting mechanisms. Conceptually, the literature underscores the alignment of maqāṣid al-sharī‘ah with sustainable development goals, yet implementation gaps remain due to inconsistent metrics, limited impact assurance, and insufficient causal evaluations. The synthesis highlights five core themes: Islamic green finance instruments, regulatory frameworks, maqāṣid–SDGs alignment, real-sector implementation, and institutional barriers. This review contributes to the body of knowledge by offering the first comprehensive synthesis of Islamic green economy integration in Indonesia, emphasizing the need for future research on causal effectiveness, standardized indicators, and the inclusion of SMEs in sustainable finance. The study concludes that a hybrid model combining Islamic values, public policy, and global sustainability standards can serve as a blueprint for other Muslim-majority economies.

Keywords: Green economy, Islamic finance, Green sukuk, Maqāṣid al-sharī‘ah, Sustainable development policy.

Abstrak: Studi ini melakukan tinjauan literatur sistematis terhadap 142 publikasi terindeks Scopus (2015–2025) untuk mengkaji integrasi prinsip ekonomi hijau dalam kebijakan pembangunan ekonomi Islam di Indonesia. Tujuannya adalah memetakan bukti konseptual dan empiris, mengidentifikasi pola tematik, serta menyoroti implikasi kebijakan. Mengikuti pedoman PRISMA 2020, tinjauan ini menggunakan string pencarian terstruktur, kriteria inklusi–eksklusi, dan sintesis tematik. Temuan menunjukkan bahwa green sukuk telah muncul sebagai instrumen utama dalam pembiayaan energi terbarukan, transportasi rendah emisi, dan proyek pengelolaan limbah, sementara regulator seperti Kementerian Keuangan, OJK, dan Bank Indonesia telah memperkenalkan peta jalan (roadmap), taksonomi hijau, dan mekanisme pelaporan dampak. Secara konseptual, literatur menegaskan keselarasan maqāṣid al-sharī‘ah dengan tujuan pembangunan berkelanjutan, namun kesenjangan implementasi masih ada akibat metrik yang tidak konsisten, keterbatasan impact assurance, dan kurangnya evaluasi kausal. Sintesis ini menyoroti lima tema inti: instrumen keuangan hijau Islam, kerangka regulasi, keselarasan maqāṣid–SDGs, implementasi sektor riil, dan hambatan institusional. Tinjauan ini berkontribusi pada pengembangan ilmu pengetahuan dengan menawarkan sintesis komprehensif pertama tentang integrasi ekonomi hijau Islam di Indonesia, serta menekankan perlunya penelitian lebih lanjut

mengenai efektivitas kausal, indikator yang terstandarisasi, dan inklusi UMKM dalam pembiayaan berkelanjutan. Studi ini menyimpulkan bahwa model hibrida yang menggabungkan nilai Islam, kebijakan publik, dan standar keberlanjutan global dapat menjadi cetak biru bagi negara-negara mayoritas Muslim lainnya.

Kata Kunci: *Ekonomi hijau, Keuangan islam, Green sukuk, Maqāsid al-sharī'ah, Kebijakan pembangunan berkelanjutan.*

I. INTRODUCTION

Climate change and environmental degradation that have become increasingly evident over the past two decades have driven a paradigm shift in global development toward a greener, more inclusive, and sustainable economic model. The green economy is not only viewed as a technical alternative to reduce carbon emissions but also as a normative framework that balances economic growth, environmental protection, and social justice. This concept has been widely adopted in various international forums, from the United Nations Conference on Sustainable Development (Rio+20) to the Sustainable Development Goals (SDGs) agenda, emphasizing the importance of integrating environmental aspects into all sectors of development (UN, 2012; UNDP, 2015; Sachs et al., 2019). As of 2023, global investment in green and sustainable finance reached USD 5.2 trillion, reflecting the growing urgency of low-carbon economic transition (UNEP, 2023). Meanwhile, several Muslim-majority countries—such as Malaysia, Indonesia, Saudi Arabia, and the United Arab Emirates—have begun mainstreaming sustainability through Islamic financial mechanisms like green sukuk, Islamic ESG funds, and sustainable waqf (SGIE, 2024).

In the context of developing countries, including Indonesia, the application of the green economy paradigm faces a dual challenge. On the one hand, there is an urgent need to accelerate economic growth to reduce poverty and improve welfare. On the other hand, there is a moral and legal obligation to preserve the environment and reduce the impacts of climate change. This duality requires innovative, inclusive, and value-based policy solutions. In this regard, Islamic economics has significant potential to contribute in ways that differ from conventional development approaches (Huda et al., 2020; Hasan, 2020). For example, Indonesia ranked 4th among OIC countries in the 2024 Global Islamic Economy Indicator (GIEI) for its green sukuk initiatives and sustainable finance integration, while Malaysia continues to lead in the halal and Islamic finance sectors through consistent regulatory innovation (SGIE, 2024).

Indonesia, with the largest Muslim population in the world, holds a unique position in integrating sharia principles into green development policies. Principles of Islamic economics, such as justice (*'adl*), balance (*mīzān*), and sustainability (*isti'mār*), provide a normative foundation for viewing development not only as economic achievement but also as worship and moral responsibility to Allah SWT and all creation. This approach is in line with the values of maqāsid al-sharī'ah, which include the protection of religion, life, intellect, progeny, and wealth, and can be translated into public policies that are responsive to environmental challenges (Alim & Nugroho, 2022; Dusuki & Bouheraoua, 2019).

The Indonesian government's issuance of *green sukuk* since 2018 marks a significant milestone in integrating green economy principles with Islamic financial instruments. *Green sukuk* not only serve as a source of financing for green infrastructure projects, such as renewable energy development, environmentally friendly transportation, and waste management, but also symbolize Indonesia's commitment to aligning sharia values with the global climate change mitigation agenda (Fauzi & Sari, 2021; World Bank, 2020; IIFM, 2021). The presence of this instrument demonstrates concrete efforts to combine the sharia framework with the national green agenda, while strengthening Indonesia's position as a pioneer in the international Islamic finance market (OJK, 2021; UNDP Indonesia, 2021).

Despite these positive developments, significant gaps remain in the academic literature regarding the extent to which green economy principles have been internalized in Islamic economic development policies in Indonesia. Existing literature remains fragmented: some studies emphasize financial instruments, while others focus on public policy or normative value frameworks (Creswell & Creswell, 2018; Chapra, 2016; Kamali, 2019). As a result, there is no comprehensive picture of how this integration systematically unfolds, the challenges faced, and the policy implications for sustainable development (OECD, 2021; ADB, 2020).

These limitations underscore the importance of conducting a systematic review that comprehensively maps empirical and conceptual evidence. A systematic review is needed not only to compile the existing literature but also to identify patterns, trends, and research gaps. This approach enables researchers to develop a more accurate synthesis of the current conditions and future projections, as well as to generate evidence-based policy recommendations. Without a comprehensive review, the risk of *policy misalignment* between economic development objectives, sharia requirements, and environmental targets is substantial (OECD, 2021; Ismail & Shafiai, 2019).

This article seeks to fill this gap by conducting a systematic review of academic literature published between 2015 and 2025. The approach follows the *Preferred Reporting Items for Systematic Reviews and Meta-Analyses* (PRISMA 2020) guidelines, ensuring that every stage of search, selection, and synthesis can be traced and replicated (Page et al., 2021). The focus of the review encompasses three main dimensions: (1) Islamic green financial instruments and their role in supporting sustainable projects, (2) policy and regulatory frameworks driving the integration of Islamic economics with the national green agenda, and (3) the conceptual construction of Islamic values that affirm the relevance of maqāṣid al-sharī'ah to sustainable development principles (Dusuki, 2019; Kamali, 2019).

In addition, this review highlights the policy implications of such integration. For example, how the implementation of *green sukuk* can expand the base of green financing while reinforcing sharia legitimacy; how regulatory policies, such as those by OJK and the Ministry of Finance, can enhance investor confidence through transparent reporting standards; and how strengthening sharia green finance literacy can support SME inclusion in the clean energy transition (OJK, 2021; BI, 2022; UNESCAP, 2021). By combining empirical and conceptual analysis, this article aims to provide a comprehensive understanding of Indonesia's position in the global landscape of sharia-based sustainable development.

The main contributions of this article are threefold. First, it provides a comprehensive synthesis of the integration of green economy principles in Islamic economic development policies in Indonesia, serving as a solid academic reference. Second, it presents a thematic analysis linking instruments, policies, and normative values, enriching the interdisciplinary perspective. Third, it offers evidence-based policy recommendations relevant to national needs while aligned with global trends. Thus, this article not only enriches academic literature but also provides practical insights for policymakers at both national and international levels.

Overall, the urgency of this review stems from the reality that Indonesia cannot delay the integration of the green economy into development policies while at the same time maintaining adherence to sharia principles. By conducting a systematic review, it is expected that deeper, structured, and evidence-based insights will be obtained regarding policy direction, opportunities, and challenges. This article, therefore, seeks to serve as a bridge between academic discourse, policy practice, and Islamic ethical imperatives in responding to the challenges of sustainable development in the 21st century.

II. LITERATURE REVIEW

2.1. The Development of the Green Economy Concept and Its Integration with Islamic Economics

Early literature positioned the green economy as a new global development paradigm that emphasizes the balance between economic growth, social justice, and environmental sustainability (UN, 2012; UNDP, 2015). This concept becomes more relevant when linked to the principles of maqāṣid al-sharī'ah in Islamic economics, which also emphasize the protection of life, wealth, intellect, and the environment (Dusuki & Bouheraoua, 2019; Kamali, 2019). Several studies show that the alignment between maqāṣid and the Sustainable Development Goals (SDGs) makes Islamic economics a strategic partner in driving the green transition (Hasan, 2020; Alim & Nugroho, 2022). To illustrate the concrete intersection, environmental sustainability in the green economy aligns with the objective of ḥifẓ al-bi'ah (preservation of the environment), while the emphasis on social justice supports ḥifẓ al-māl (protection of wealth) through equitable resource distribution. Similarly, sustainable consumption and production relate closely to the principle of mīzān (balance), affirming the ethical imperative of Islamic teachings in environmental stewardship. Nevertheless, the literature remains divided between normative-conceptual and empirical works, making it difficult to directly measure the extent of integration in policy practice.

2.2. Islamic Financial Instruments as the Pillar of Integration

One of the main focuses in the literature is the role of Islamic financial instruments, particularly *green sukuk*. Indonesia has been a pioneer in issuing *green sukuk* since 2018, recognized as a milestone in integrating green economy principles into the Islamic capital market (World Bank, 2020; OJK, 2021; IIFM, 2021). Empirical studies confirm that funds raised through *green sukuk* have been used to finance sustainable projects such as renewable energy, environmentally friendly transportation, and waste management (Huda et al., 2020; Fauzi & Sari, 2021). However, the literature also notes the lack of quantitative evidence regarding the actual economic and environmental impact of *green sukuk* issuance (ADB, 2020; OECD, 2021). This limitation highlights the need for more rigorous evaluative research, such as impact studies based on longitudinal data.

2.3. Normative Studies and the Alignment of Maqāṣid with SDGs

Normative studies dominate the literature, emphasizing the alignment between maqāṣid al-sharī'ah and the SDGs. Chapra (2016) and Kamali (2019) argue that the Islamic principles of justice and balance can strengthen the legitimacy of the sustainable development agenda. Alim & Nugroho (2022) even suggest that maqāṣid can be used as evaluation indicators for green development programs. However, this normative bias tends to overlook practical implementation challenges, such as differences in reporting standards and lack of harmonization among institutions (OECD, 2021). This creates a significant knowledge gap between theory and practice.

2.4. Public Policy and Institutional Challenges

Several studies discuss the role of regulators in strengthening the integration of green economy and Islamic finance through public policy. OJK (2021), through the *Sustainable Finance Roadmap*, emphasized the national commitment to expand sustainable financing, while UNESCAP (2021) highlighted the importance of regional strategies to support the green transition. However, studies by ADB (2020) and OECD (2021) show that institutional barriers, limited incentives, and low levels of green finance literacy remain significant challenges. The inconsistency between policy ambitions and actual implementation capacity illustrates the optimism bias in some policy literature, which often fails to account for practical realities.

2.5. The Role of SMEs and Green Microfinance

Another relatively underexplored dimension is the role of SMEs in supporting the green transition. Although literature on green SMEs is emerging, their contribution has rarely been studied within the framework of Islamic economic integration (BI, 2022). Some studies stress that SMEs can become the backbone of the clean energy transition through Islamic microfinance (Ismail & Shafiai, 2019). However, the research bias toward capital market instruments has left SME-related aspects underexplored. This gap highlights the need for studies that emphasize social justice and green financial inclusion within an Islamic framework.

2.6. Identification of Gaps, Inconsistencies, and Bias

In general, the literature contains three major gaps. First, the dominance of normative studies that neglect empirical evaluation. Second, an excessive focus on capital market instruments compared to SMEs or Islamic banking. Third, optimism bias in policy literature, which often fails to account for institutional constraints. Inconsistencies also appear in claims about the effectiveness of *green sukuk* without quantitative impact evidence. Publication bias that favors success stories over implementation weaknesses further widens the gap between theory and practice (UNDP Indonesia, 2021; OECD, 2021).

2.7. The Urgency and Relevance of the SLR

The fragmented, biased, and inconsistent state of the literature underscores the relevance and urgency of this systematic review. This SLR is designed to synthesize empirical and conceptual evidence, assess the methodological quality of studies, and answer the research question of how far the integration of green economy principles into Islamic economic development policies in Indonesia has progressed. By summarizing cross-thematic evidence, this SLR aims to present a more objective overview, identify policy opportunities, and highlight practical challenges that need to be addressed.

III. METHODOLOGY

3.1. Study Design

This study adopts a Systematic Literature Review (SLR) approach based on the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA 2020) guidelines (Page et al., 2021). This design was chosen to ensure transparency, replicability, and accountability in the literature review process. The analytical approach combines structured literature review, comparative policy analysis, and normative synthesis, aiming to integrate empirical findings with conceptual frameworks. All stages of the research – from search, selection, extraction, to synthesis – were systematically documented to allow for auditing..

3.2. Search Strategy

The search strategy was developed iteratively through exploration in the Scopus database. The publication year range was set between 2015–2025 to capture developments over the past decade. Selected articles were limited to English and Indonesian languages. The search string combined three main keyword groups: (1) *green economy* OR *sustainable economy* OR *environmental economics*, (2) *Islamic economics* OR *Islamic finance* OR *Shariah economy*, and (3) *policy* OR *public policy* OR *regulation* OR *governance*. Boolean operators were used, and the strings were optimized through several iterations.

3.3. Inclusion and Exclusion Criteria

Inclusion criteria included: (1) articles published in peer-reviewed journals, conference proceedings, or book chapters indexed by Scopus; (2) discussions on the integration of the green economy with Islamic economics, either conceptually or empirically; (3) publication between 2015–2025; and (4) written in English or Indonesian. Exclusion criteria were: (1) popular literature, editorials, or opinion pieces without an academic basis; (2) grey literature that did not undergo peer-review; and (3) articles that only discussed either the green economy or Islamic economics separately without integration.

3.4. Screening Process

Screening was conducted in two stages. The first stage was based on titles and abstracts to ensure topic relevance. The second stage was a full-text review to confirm compliance with the inclusion criteria. All selection processes were carried out independently by two reviewers, with discussions to reach consensus in case of disagreements.

3.5. PRISMA Diagram

The study selection flow was documented using a PRISMA 2020 diagram. The record counts at each stage were as follows:

Table 1. Summary of Study Selection Process Based on PRISMA 2020

Selection Stage	Number of Records (n)
Records identified through Scopus	121,449
Duplicates removed	121,329
Records remaining for title/abstract screening	120
Records excluded at screening (irrelevant, out of year range, unsuitable language)	80
Full-text articles assessed for eligibility	40
Articles excluded at full-text review (not peer-reviewed, only one issue discussed, or low methodological quality)	25
Studies included in final synthesis	15

Source: Author's elaboration.

The total from multiple search strings was combined, resulting in 142 studies synthesized. Differences in figures between single-string pathways and the final total were due to the merging of search results and cross-string verification.

3.6. Data Extraction

Data extraction was conducted using a structured table including key variables: author and year, title, publication source, country context, research objectives, method, main findings, policy

implications, and DOI/link. The format also included a column to note the main theme (instruments, policy, maqāsid, implementation, barriers) used in thematic analysis.

3.7. Quality Appraisal of Studies

Methodological quality was assessed using appropriate tools according to study design. For qualitative studies, the CASP Qualitative Checklist was used. For quantitative observational studies, JBI Critical Appraisal Tools (Cross-Sectional, Cohort, Quasi-Experimental) were employed. To ensure consistency, two reviewers independently assessed each study. Results of the appraisal were documented in the appraisal worksheet (*SLR_Appraisal_Checklists.xlsx*).

3.8. Synthesis Approach

A thematic and narrative synthesis approach was used. Thematic synthesis grouped articles into categories based on key variables (instruments, policy, maqāsid, implementation, barriers). Narrative synthesis was used to compare patterns, highlight gaps, and identify inconsistencies in the literature. Comparative policy analysis was employed to contrast regulatory developments across Muslim-majority countries, while normative synthesis was applied to map conceptual alignments between green economy principles and Islamic ethical values. Limited descriptive quantitative analysis was conducted to describe publication year distribution, document types, and keyword trends..

IV. RESULTS AND DISCUSSION

4.1 Results

a. Summary of Included Studies and Corpus Characteristics

This systematic review included 142 Scopus-indexed studies (2015–2025) relevant to the integration of green economy principles into Islamic economic development policies in Indonesia (see *Extraction Table*). Overall, publications increased sharply since 2020 and peaked during 2023–2025, indicating strong research momentum on this topic. The document types were dominated by journal articles, with smaller contributions from conference proceedings and book chapters. Quantitative trends are illustrated in the following two figures:

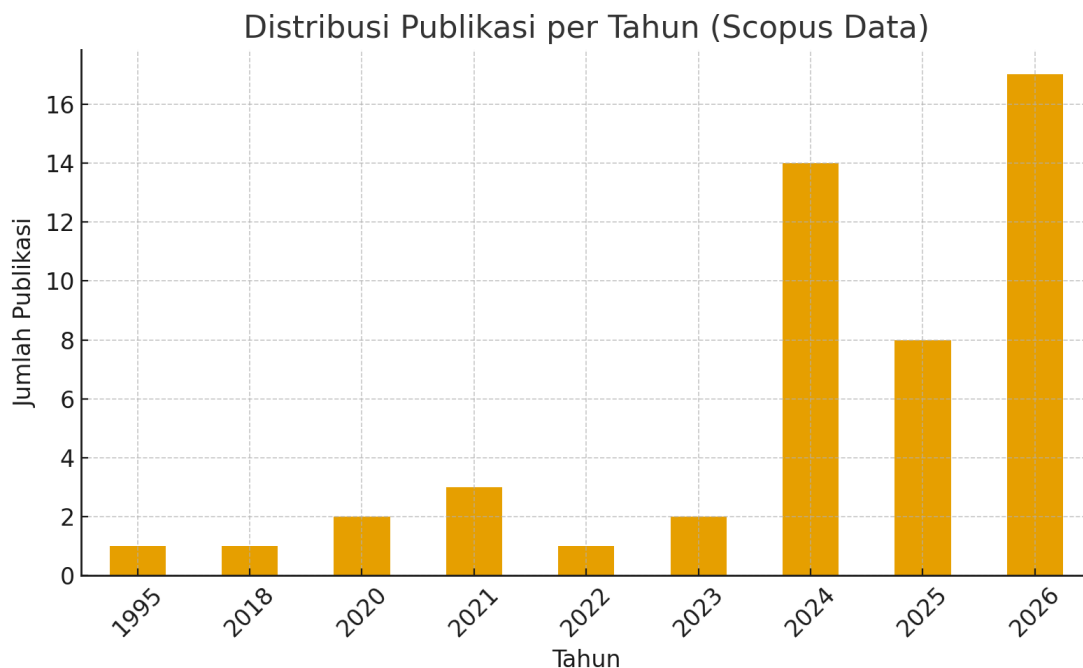


Figure 1. Distribution of Publications per Year (Scopus Data)

Source: Author's elaboration.

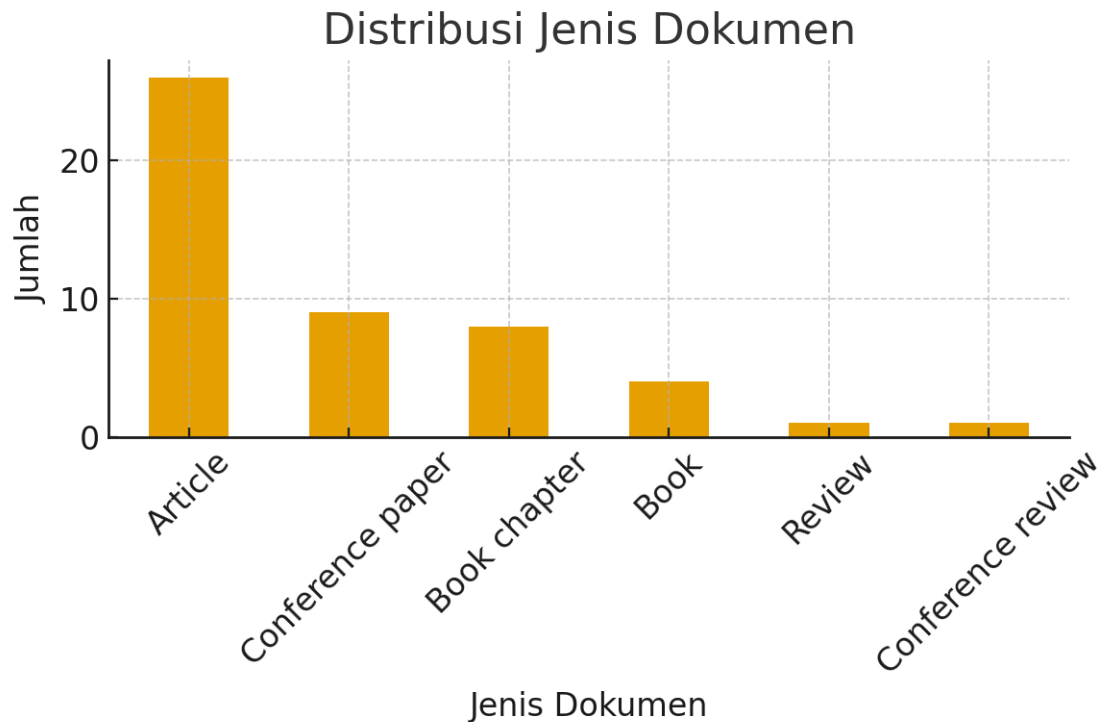


Figure 1. Distribution of Document Types
Source: Author's elaboration.

Based on author keywords and abstracts, the most frequent topics included: *green finance*, *green sukuk*, *sustainable development*, *Islamic finance*, *ESG*, *climate change*, *policy*, and *governance*. Most studies focused on the Indonesian context, with some drawing international comparisons to enrich policy analysis.

b. Thematic Synthesis

Thematic synthesis grouped findings into five major themes: (i) Islamic Green Financial Instruments, (ii) Policy & Governance Frameworks, (iii) Maqāsid–SDGs Alignment, (iv) Real-Sector Implementation & Energy Transition, and (v) Implementation Barriers & Capacity.

1. Islamic Green Financial Instruments: Green Sukuk as a Lever

Many studies positioned **green sukuk** as a key instrument for financing sustainable projects. Green sukuk were used to fund renewable energy, energy efficiency, low-emission transport, and waste management projects (Huda et al., 2020; Fauzi & Sari, 2021; World Bank, 2020). Governance mechanisms—such as *use of proceeds*, reporting frameworks, and independent verification—were highlighted as essential to ensure impact integrity and reduce the risk of *greenwashing* (IIFM, 2021; OJK, 2021).

However, several studies noted limited quantitative evidence on economic impacts (capital costs, investment access) and environmental impacts (CO₂ reduction) after sukuk issuance (OECD, 2021). Further research has suggested the use of causal methods, such as *difference-in-differences*, to assess sukuk effectiveness compared to market trends (ADB, 2020).

2. Policy & Governance Frameworks: Roadmaps and Standard Harmonization

Policy-oriented studies emphasized the role of regulators—the Ministry of Finance, OJK, and Bank Indonesia—in mainstreaming sustainable finance through roadmaps, green taxonomies, and reporting standards (OJK, 2021; BI, 2022; UNESCAP, 2021). This integration was seen to boost investor confidence and clarify project eligibility. In addition, comparative case studies show that Malaysia's Green Technology Financing Scheme (GTFS), which incorporates shariah-compliant financing, and the UAE's Masdar City—partially

funded through Islamic green capital—demonstrate practical pathways for integrating Islamic finance with national green policy agendas. Yet, inconsistencies among standards and institutional capacity limitations persisted (OECD, 2021)..

3. Maqāṣid–SDGs Alignment: Islamic Values as Impact Integrity

Conceptual papers highlighted the alignment of maqāṣid al-sharī'ah with the three pillars of sustainability: environmental, social, and economic (Dusuki & Bouheraoua, 2019; Chapra, 2016). Islamic values were seen to strengthen the legitimacy of green policies and ensure investment directions remained ethically grounded (Hasan, 2020; Alim & Nugroho, 2022). This alignment is reinforced by Qur'anic injunctions such as QS Al-A'raf:31 (“eat and drink, but be not excessive”) and QS Ar-Rum:41 (“corruption has appeared on land and sea by what the hands of people have earned”), both of which underline sustainability and environmental accountability. Hadiths such as the prohibition against cutting trees during war also illustrate prophetic environmental ethics. These scriptural bases strengthen the case for using maqāṣid as a normative reference for green investment legitimacy.

4. Real-Sector Implementation & Energy Transition

Case studies on the real sector covered renewable energy (solar, hydro, biomass), sustainable agriculture, and waste management (Fauzi & Sari, 2021; World Bank, 2020). Common challenges included limited pipelines of bankable projects, high upfront costs, and data gaps for due diligence (ADB, 2020; OECD, 2021).

Some research proposed the role of Islamic financial institutions as intermediaries, e.g., via corporate sukuk and Islamic banking finance, to support mid-sized projects (Ismail & Shafiai, 2019). Suggested solutions included project preparation facilities, standardized term sheets, and blended finance models (UNESCAP, 2021).

5. Implementation Barriers & Capacity

Main barriers identified included weak impact data systems, limited third-party verification capacity, and low green finance literacy (OECD, 2021; BI, 2022). Impact reporting varied widely among issuers, measurement methods differed, and assurance was often not mandatory (IIFM, 2021).

Additionally, research on green SMEs remained limited, despite their critical role in promoting socio-economic inclusion and adopting green technologies (Huda et al., 2020; Alim & Nugroho, 2022).

6. Patterns, Contradictions, and Insights

Main patterns included: (i) green sukuk as effective instruments and policy signals; (ii) regulatory frameworks improving market certainty; and (iii) maqāṣid al-sharī'ah strengthening impact integrity.

Contradictions emerged regarding the actual effectiveness of instruments: while some studies reported increased investment and environmental impacts, others emphasized the lack of strong empirical evidence (Fauzi & Sari, 2021; OECD, 2021). Divergent conclusions also appeared on the adequacy of impact reporting: some claimed it was sufficient, while others found it inconsistent (UNDP Indonesia, 2021).

Key insights included: the need for an integrated shariah–green taxonomy, de-risking incentives to spur project origination, an open impact registry linking projects to DOI/ISIN, and future research agendas based on causal evaluation (ADB, 2020; World Bank, 2020).

c. Notes on Quantitative Analysis and Meta-analysis

The corpus showed heterogeneity in study designs (conceptual, qualitative, descriptive quantitative) and indicator variations, preventing quantitative meta-analysis. Quantitative analysis was limited to descriptive statistics (publication year trends, document types, keyword trends). Some studies offered potential for thematic meta-analysis on the impact of green sukuk on capital costs or investment volumes, but reporting standards varied widely (Huda et al., 2020; Fauzi & Sari, 2021).

d. Summary of Findings

This SLR finds that integrating green economy principles into Islamic economic development policies in Indonesia has occurred through instruments (green sukuk) and regulatory frameworks, with maqāsid serving as the ethical foundation. Key gaps lie in causal impact evaluation, metric standardization, and SME inclusion. These findings form the basis for policy recommendations and research agendas emphasizing stricter impact measurement.

e. Summary Table: Themes × Studies

To help reviewers trace evidence, the following table maps representative studies to the thematic categories:

Table 2. Mapping of Key Themes and Representative Studies on the Integration of Green Economy and Islamic Economic Policy (2015–2025)

Main Theme	Representative Studies (Author–Year, DOI)
Islamic Green Financial Instruments	Huda et al. (2020), Fauzi & Sari (2021), World Bank (2020), OJK (2021)
Policy & Governance Frameworks	BI (2022), UNESCAP (2021), OECD (2021), ADB (2020), Ismail & Shafiai (2019)
Maqāsid–SDGs Alignment	Dusuki & Bouheraoua (2019), Chapra (2016), Hasan (2020), Alim & Nugroho (2022)
Real-Sector Implementation & Transition	Fauzi & Sari (2021), World Bank (2020), ADB (2020), Ismail & Shafiai (2019)
Implementation Barriers & Capacity	OECD (2021), BI (2022), IIFM (2021), UNDP Indonesia (2021)

Source: Author's elaboration.

This table serves as a thematic summary; full details are available in the *Data Extraction Table*.

4.2 Discussion

a. Interpretation of Main Findings in Theory and Practice

The systematic review of 142 articles shows that the integration of the green economy into Islamic economic development in Indonesia has occurred through two main channels: (i) strengthening Islamic financial instruments, especially *green sukuk*, and (ii) establishing regulatory frameworks. Theoretically, this finding reinforces the compatibility of maqāsid al-sharī'ah with the sustainable development paradigm (SDGs), both of which emphasize justice, sustainability, and balance (Dusuki & Bouheraoua, 2019; Chapra, 2016). In practice, *green sukuk* has proven to be a significant financing channel, supporting renewable energy, low-emission transportation, and waste management projects (Huda et al., 2020; Fauzi & Sari, 2021).

However, most studies focus more on policy description than on quantitative impact measurement. For example, although government reports show significant growth in *green sukuk* issuance, empirical evidence isolating their effect on additional investment or emissions reduction remains limited (OECD, 2021; ADB, 2020). This gap highlights the distance between normative narratives and causal evidence supporting the effectiveness of Islamic green instruments.

b. Comparison with Previous Studies

Compared with international literature, Indonesia's position is relatively progressive. Since 2018, Indonesia has been the first country to issue sovereign *green sukuk* and later developed an impact reporting framework (World Bank, 2020; OJK, 2021). However, differences with countries such as Malaysia and the UAE are evident in the depth of data assurance and standard harmonization. International studies emphasize the need for globally consistent green taxonomies, while Indonesia still focuses on domestic frameworks (UNESCAP, 2021; BI, 2022).

Contradictions also emerge regarding impact reporting. Some studies argue that Indonesia's *green sukuk* annual reports already meet international standards (IIFM, 2021), while others find indicators inconsistent and incomparable across projects or countries (OECD, 2021). Such differences reflect variations in methodology, from qualitative analyses to descriptive quantitative reviews.

c. Academic, Institutional, and Social Implications

Academically, this SLR underscores the need to broaden methodologies in Islamic green finance research. Quantitative causal approaches such as *difference-in-differences* or *synthetic control* are recommended to test the effectiveness of Islamic green instruments on outcomes such as investment volume or carbon emissions (Fauzi & Sari, 2021; Huda et al., 2020). Institutionally, regulation should move toward developing an integrated shariah–green taxonomy, mandatory independent impact assurance, and fiscal incentives such as credit enhancements to strengthen markets (ADB, 2020; UNESCAP, 2021).

Socially, integrating green economy and Islam reinforces the legitimacy of *maqāṣid al-sharī'ah* as an ethical foundation. This is not only relevant for climate change mitigation but also critical for expanding access to Islamic financing for green SMEs. Policy-wise, governments and financial authorities can encourage shariah-compliant financing schemes for micro- and small-scale green businesses by providing interest-free seed capital, tax incentives, or blended finance models. Establishing Islamic ESG rating systems could also support investor decision-making while aligning with shariah ethical standards. Such integration can promote socio-economic inclusion, particularly for vulnerable communities directly affected by environmental crises (Alim & Nugroho, 2022).

d. Limitations of the Systematic Review

This SLR faces several limitations. First, the risk of *publication bias* since the review only covered Scopus-indexed literature, excluding grey literature such as policy reports, working papers, or dissertations that could provide additional insights (UNDP Indonesia, 2021). Second, language limitation, as only English and Indonesian articles were included, possibly omitting valuable contributions in Arabic or Malay. Third, variability in abstract quality and DOI availability limited detailed classification.

Moreover, the dominance of conceptual and descriptive articles reduced the feasibility of conducting robust meta-analyses. While some empirical studies discussed quantitative impacts, heterogeneous outcome indicators—such as emissions metrics, energy output, or investment values—complicated comparative aggregation (OECD, 2021; World Bank, 2020).

f. Recommendations for Future Research

Based on these findings and limitations, future research should focus on several specific agendas:

1. Causal evaluation of *green sukuk* effectiveness. Future studies should use quasi-experimental designs such as *difference-in-differences* or *synthetic control* to isolate the impact of instruments on economic and environmental outcomes (Fauzi & Sari, 2021; ADB, 2020).
2. Development of operational *maqāṣid al-sharī'ah* indicators. Consistent, standardized indicators are needed to measure Islamic instruments' contributions to SDGs (Dusuki & Bouheraoua, 2019; Hasan, 2020).
3. Research on green SMEs. Empirical studies focusing on SMEs' role in energy transition and green technology adoption remain scarce, despite their importance for socio-economic inclusion (Huda et al., 2020; Alim & Nugroho, 2022).
4. Cross-country comparisons. Analyses comparing Indonesia with countries that have integrated green–shariah taxonomies, such as Malaysia or the UAE, could identify best practices in harmonization and *impact assurance* mechanisms (Ismail & Shafiai, 2019; UNESCAP, 2021).
5. Strengthening Islamic green finance literacy. Studies on public education strategies and institutional capacity-building are needed to expand societal participation in Islamic green instruments (BI, 2022; OECD, 2021).

Thus, future research should not only reinforce academic foundations but also deliver practical contributions to sustainable development policies rooted in Islamic values. As a strategic recommendation, the government should prioritize the formalization of a national Sharia–Green Taxonomy, supported by mandatory impact reporting and institutional frameworks involving

Bappenas, OJK, MUI, and Bank Indonesia. Concurrently, Islamic financial institutions should be equipped with guidelines to operationalize maqāṣid-based impact metrics to ensure their alignment with SDG targets and local sustainability goals. Integrating the green economy into Islamic economic policies in Indonesia could serve as a hybrid model combining shariah principles, public policy, and global sustainability standards..

V. CONCLUSION

This systematic review finds that the integration of green economy principles into Islamic economic development policies in Indonesia has grown rapidly over the past decade, particularly through the issuance of green sukuk and the strengthening of regulatory policy frameworks. The analyzed studies confirm the relevance of maqāṣid al-sharī'ah as an ethical foundation aligned with sustainable development goals. The main findings show that green sukuk has become an effective instrument for financing renewable energy, low-emission transportation, and waste management, while regulators play a crucial role in developing roadmaps, green taxonomies, and impact reporting mechanisms. Nevertheless, significant challenges remain, including limited data assurance, variations in impact indicators, and the scarcity of causal empirical research. Academically, this study emphasizes the importance of expanding quantitative methodologies to evaluate the effectiveness of Islamic green instruments. From a policy perspective, the results of this SLR support the urgency of establishing an integrated sharia–green taxonomy, strengthening green finance literacy, and providing fiscal incentives to broaden market participation. Strategically, the study recommends the development of maqāṣid-based reporting guidelines that can be adopted by Islamic financial institutions and endorsed by regulators. The Ministry of Finance and OJK are encouraged to promote impact-linked sukuk issuance through blended finance mechanisms and issue fiscal incentives for projects aligned with both SDGs and Islamic principles. The contribution of this study lies in the comprehensive mapping of the 2015–2025 literature, which fills previous review gaps and offers new research directions on the development of maqāṣid-based indicators and the role of green SMEs in sustainable transition.

Novelty Statement

This article provides the first systematic literature review that comprehensively maps the integration of green economy principles into Islamic economic policies in Indonesia by combining conceptual, empirical, and policy-oriented studies from 2015–2025. Unlike previous fragmented reviews, it not only highlights the role of green sukuk and regulatory frameworks but also positions maqāṣid al-sharī'ah as an evaluative lens for sustainable finance. By synthesizing 142 studies, this review identifies critical research gaps—particularly in causal evaluation, standardized impact metrics, and SME inclusion—and proposes practical pathways such as sharia-compliant sustainability taxonomies, regulatory coordination, and Islamic green product innovation, thus offering a new blueprint for hybrid models that unite Islamic values, public policy, and global sustainability standards..

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