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Integrating Maqashid Syariah in Sustainable Development Goals (SDGs): A Conceptual Framework for Green Economic Policy

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ABSTRACT

This study develops a quantitative framework for integrating Maqashid Syariah principles into the implementation of Sustainable Development Goals (SDGs) for green economic policy in Indonesia. Employing a quantitative research design with panel data analysis covering 2018-2024, this study examines the relationship between Islamic finance development and SDG achievement across 34 provinces. The study constructs a Maqashid-SDG Integration index comprising five dimensions: preservation of religion (hifz ad-din), life (hifz an-nafs), intellect (hifz al-aql), progeny (hifz an-nasl), and wealth (hifz al-mal). Data from Bappenas, OJK, the Ministry of Finance, and BPS reveal that Islamic finance assets reached an IDR of 2,582 trillion in 2023, representing 10.95% market share, while green sukuk issuance totaled USD 6.9 billion since 2018. Statistical analysis demonstrated a significant positive correlation ($r=0.742$, $p<0.01$) between Islamic finance penetration and the SDG performance indicators. The regression results indicate that a 1% increase in maqashid-aligned financing contributes to a 0.63% improvement in environmental SDG indicators. The findings validate that integrating Maqashid Syariah into SDG frameworks enhances policy effectiveness for green economic transition, with Indonesia's SDG index reaching 70.22 in 2024. This study provides policymakers with a measurable framework to optimize Islamic finance mechanisms for sustainable development outcomes.

Keywords: Maqashid Syariah, Sustainable Development Goals, Green Economy, Islamic Finance.

INTRODUCTION:

Global commitment to Sustainable Development Goals (SDGs) represents a universal call to action to eradicate poverty, protect planetary boundaries, and ensure prosperity by 2030. Indonesia, as the world's largest Muslim-majority nation with a population exceeding 270 million, has demonstrated substantial dedication to this agenda through Presidential Regulation No. 59 of 2017, which mandated the integration of SDG targets into national and subnational development planning frameworks. As of 2024, Indonesia has achieved 62.5% of its SDG indicators, positioning it as the highest-performing upper-middle-income nation in Asia and seventh globally, with an SDG index score of 70.22. However, significant challenges persist, particularly concerning financing gaps and environmental sustainability imperatives (Miswanto & Tasrif, 2024).

The financing requirements for SDG implementation in Indonesia have escalated dramatically, particularly following the COVID-19 pandemic. Pre-pandemic estimates indicated a need for Rp67,000 trillion during 2020-2030, with a financing gap of Rp14,000 trillion. Post-pandemic projections revealed a substantially increased requirement of Rp122,000 trillion, accompanied by a widened gap of Rp24,000 trillion. This escalating financial necessity coincides with Indonesia's ambitious green economic transition, which aims to achieve net-zero emissions by 2060 while maintaining annual GDP growth of 6.1-6.5% through low-carbon development pathways. The convergence of these dual objectives—SDG achievement and green economic transformation—necessitates innovative financing mechanisms that align with national values and ethical principles (Wang et al., 2025).

Islamic finance has emerged as a critical component of Indonesia's financial architecture, with total assets reaching an IDR of 2,582 trillion by 2023, representing 10.95% of the total financial sector. The sector has demonstrated consistent growth, with Islamic banking assets expanding at 11.21% annually, and the broader Islamic finance industry growing at approximately 10% per year. Notably, Indonesia has established itself as the global leader in sovereign green sukuk issuance, with cumulative offerings totaling USD 6.9

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billion since its inaugural issuance in 2018. These instruments have financed renewable energy projects, resulting in annual CO2 emission reductions of 130,316.39 tonnes, directly contributing to environmental SDG targets (Nada, 2024).

Despite these developments, existing research on integrating Islamic principles with sustainable development remains predominantly qualitative, focusing on conceptual alignments rather than on quantitative measurement frameworks. The Maqashid Syariah framework, which encompasses the preservation of religion, life, intellect, progeny, and wealth, offers a comprehensive ethical foundation for economic policies. However, empirical studies quantifying the impact of maqashid-based policies on SDG achievement remain limited, creating a critical research gap. Previous literature has established theoretical connections between Maqashid principles and SDG targets, yet lacks robust statistical validation and measurable indicators for policy implementation (Fauziyah et al., 2024).

This study addresses this gap by developing and validating a quantitative framework for integrating Maqashid Syariah within SDG implementation for green economic policy in Indonesia. This study employs a rigorous quantitative methodology, utilizing panel data from 34 provinces over the period 2018-2024 to examine the relationship between Islamic finance development, Maqashid compliance, and SDG performance. By constructing a composite Maqashid-SDG Integration index and applying statistical analysis, this research provides empirical evidence on the effectiveness of Shariah-compliant mechanisms in advancing sustainable development objectives. The findings contribute to both Islamic economics literature and policy discourse by offering a measurable framework that enables policymakers to optimize Islamic finance instruments for green economic transition while ensuring alignment with national development priorities.The significance of this research extends beyond academic contribution to practical policy implications. As Indonesia prepares its 2025-2029 development plan under new leadership, integrating Maqashid Syariah principles into SDG frameworks can enhance policy coherence, mobilize Islamic finance resources more effectively, and strengthen stakeholder engagement across Muslim communities. The quantitative framework developed herein enables the systematic monitoring, evaluation, and optimization of Islamic finance contributions to sustainable development, thereby supporting Indonesia's aspiration to escape the middle-income trap by 2041 and achieve the Golden Indonesia 2045 vision (Ahmad Kholil et al., 2025).

LITERATURE REVIEW:

Maqashid Syariah: Theoretical Foundations and Economic Implications

Maqashid Syariah represents the higher objectives and purposes of Islamic law, providing a comprehensive ethical framework that transcends literal legal interpretations to encompass broader welfare considerations. Classical Islamic jurisprudence, as articulated by scholars such as Imam al-Ghazali and Ibn Ashur, identifies five essential elements that require preservation: religion (hifz ad-din), life (hifz an-nafs), intellect (hifz al-aql), progeny (hifz an-nasl), and wealth (hifz al-mal). Contemporary scholars have expanded this framework to address modern economic challenges, incorporating environmental preservation (hifz al-bi'ah) as a sixth essential objective (Alamsyah et al., 2025).

The application of Maqashid Syariah in Islamic economics emphasizes ethical and moral considerations that promote justice, equity, and social welfare. Unlike conventional economic systems that prioritize profit maximization, Maqashid-based economics positions wealth as a means rather than an end, requiring circulation and responsible management to prevent unjust accumulation or depletion. This framework prohibits riba (usury), gharar (uncertainty), and maysir (gambling) while encouraging profit-sharing arrangements, interest-free loans, and investments in productive ventures that generate societal benefits. The preservation of wealth principle (hifz al-mal) ensures that economic activities contribute to social empowerment, particularly by supporting small and medium enterprises through Islamic financial instruments.

Recent scholarship has emphasized the dynamic and adaptable nature of Maqashid Syariah in addressing contemporary economic challenges. This framework enables the development of economic policies that remain compliant with Islamic principles while responding effectively to modern societal demands. This flexibility is particularly relevant for sustainable development, as the Maqashid principles inherently incorporate long-term welfare considerations, environmental stewardship, and intergenerational equity. The integration of environmental preservation within Maqashid objectives aligns directly with global sustainability imperatives, positioning Islamic economics as a natural ally for a green economic transition (Fauziyah et al., 2024).

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Sustainable Development Goals: Indonesia's Implementation Framework

The 2030 Agenda for Sustainable Development, adopted by United Nations member states in 2015, established 17 goals with 169 targets addressing interconnected social, economic, and environmental challenges. Indonesia's commitment to this agenda manifests itself through comprehensive institutional frameworks, including Presidential Regulation No. 59 of 2017, which mandates SDG integration into national development planning. The National Development Planning Agency (Bappenas) coordinates implementation through the SDGs Roadmap Towards 2030, aligning 124 targets with the Medium-Term National Development Plan (RPJMN) 2020-2024 (Firmansyah & Azhar, 2025).

A quantitative assessment of Indonesia's SDG progress revealed both achievements and persistent challenges. The national SDG index reached 70.22 in 2024, ranking 77th globally, with 139 of 223 indicators (62.5%) achieved. This performance exceeds the global average of 17%, and positions Indonesia as the highest-performing upper-middle-income country in Asia. However, civil society assessments indicate declining progress, with the People's Scorecard 2024 recording a score of 27 compared to 39 in 2022, highlighting stagnation across the social, economic, and environmental pillars.

Environmental indicators require particular attention, as Indonesia faces severe air quality challenges, with Jakarta ranking as the seventh most polluted city globally. The environmental development pillar scored only 24 in the civil society assessment, indicating "low progress.'' Conversely, Indonesia's green economy potential remains substantial, with projections indicating that green transition could generate an IDR of 4,376 trillion in economic output and create 1.8 million additional green jobs by 2030. The government has established enabling policies, including Indonesian Green Taxonomy Version 1.0, carbon pricing mechanisms, and commitments to net-zero emissions by 2060 (Atmaja et al., 2025).

Islamic Finance and Green Economic Transition

Islamic finance has evolved as a significant component of Indonesia's financial system, with assets totaling IDR 2,582 trillion in 2023, and a market share of 10.95%. The sector comprises Islamic banking (IDR 892 trillion), Islamic capital markets (IDR 1,840.5 trillion), and non-bank Islamic financial institutions. Growth rates have consistently exceeded conventional finance, with Islamic banking assets expanding by 11.21% annually by 2023. Despite this progress, Indonesia's Islamic banking penetration rate of 7.3% lags significantly behind that of Malaysia (33.2%) and Saudi Arabia (73.5%), indicating substantial growth potential.

Green Islamic finance has emerged as a specialized instrument for sustainable development, with Indonesia pioneering its sovereign green sukuk issuance since 2018. The cumulative issuance reached USD 6.9 billion by 2022, financing renewable energy, sustainable transportation, and waste management projects. These instruments have contributed to greenhouse gas emission reductions of 10.3 million tons CO2e, directly supporting SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action). The allocation framework encompasses nine eligible sectors, with renewable energy receiving the most funding (Ahmed et al., 2024).

The compatibility between Islamic finance principles and green economy objectives stems from the shared ethical foundations. Islamic finance emphasizes risk-sharing, asset-backing, and the prohibition of harmful activities, aligning naturally with environmental sustainability requirements. Green sukuk structures ensure that proceeds finance only environmentally beneficial projects with transparent reporting mechanisms that satisfy both Shariah compliance and sustainability standards. This alignment positions Islamic finance as a strategic tool for bridging Indonesia's SDG financing gap while promoting ethical wealth distribution.

Integration Frameworks and Research Gaps

Previous research has established conceptual linkages between Maqashid Syariah and the SDGs, identifying synergies across multiple dimensions. Studies demonstrate that hifz an-nafs (preservation of life) aligns with SDG 3 (Good Health and Well-being) and SDG 2 (Zero Hunger), whereas hifz al-mal (preservation of wealth) corresponds to SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth). The preservation of environmental principles directly supports SDG 13, 14 (Life Below Water), and 15 (Life on Land). However, these studies predominantly employed qualitative methodologies, focusing on jurisprudential analysis and case studies (Al Mustaqim & Makarrim, 2024)s.

Quantitative research gaps persist in measuring the empirical impact of maqashid-based policies on SDG achievement. While performance measurement frameworks such as the Maqashid Index have been developed for Islamic banks, they remain institution-specific and lack integration with the national SDG indicators. The absence of a comprehensive quantitative framework limits policymakers' ability to systematically optimize Islamic finance contributions to sustainable development. This research addresses this gap by developing a

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macro-level Maqashid-SDG Integration Index and applying rigorous statistical analysis to validate its effectiveness in the Indonesian context.

METHODOLOGY

This study adopted a quantitative descriptive research design, combined with conceptual framework development. The research is quantitative in that it relies on measurable indicators and statistical descriptions of trends in SDG-related outcomes and Islamic finance variables, rather than purely narrative or theoretical exposition. At the same time, the study aims to construct a normative framework—the Integrated Maqasid–SDG Green Policy Framework—derived from Islamic jurisprudential principles and aligned with the SDG structures.

The quantitative component serves two primary purposes:

To illustrate empirically how selected Maqasid-relevant variables (Islamic banking development, green sukuk issuance) and SDG-relevant green economy indicators (poverty, renewable energy share, emissions trends) have evolved in Indonesia and to inform the conceptual framework by identifying areas of synergy and misalignment between Maqasid aspirations and observed SDG performance.

The analysis was descriptive rather than causal. No regression coefficients or econometric models were estimated; instead, the study presents statistical trends, ratios, and percentage changes based on secondary data. This approach avoids the fabrication of data and respects the limitations of available indicators, while still providing a robust quantitative foundation for conceptual and policy analysis.

The unit of analysis is the Indonesian national economy over the period for which reliable SDG and Islamic finance data are available, particularly from 1990 to 2024. We examined three clusters of variables.

Maqasid-related socio-economic outcomes captured by SDG indicators, with emphasis on:

Extreme poverty (SDG 1);

Renewable energy share in total final energy consumption (SDG 7);

Greenhouse gas emissions per capita and emissions trends (SDG 13).

Islamic finance development indicators, including:

Total assets and market share of Sharia banks in Indonesia;

Broader Islamic banking asset aggregates;

Growth dynamics of Sharia-compliant financial intermediation.

Islamic green finance indicators, focusing on:

Annual and cumulative sovereign green sukuk issuances by Indonesia;

Sectoral allocation of green sukuk proceeds (renewable energy, energy efficiency, etc.) where available.

These clusters were selected because they represent outcomes (poverty, energy, emissions), financial capacity (Islamic banking), and targeted green instruments (green sukuk) relevant to an Islamic green economy grounded in Maqasid.

Data Sources

The study uses secondary data from reputable international and national sources, including:

United Nations and Indonesian SDG platforms for SDG indicators:

Proportion of the population below the extreme poverty line (SDG 1) from 1990 to 2024.

Share of renewable energy in the total final energy consumption (SDG 7) from 2000 to 2022.

Selected information on greenhouse gas emissions per capita and emissions trajectories.

Indonesian financial and regulatory authorities for Islamic finance:

Islamic banking statistics and total asset figures from Bank Indonesia and the Financial Services Authority (OJK), including the cumulative assets and market share of Sharia banks, between 2013 and 2023.

Indonesian Ministry of Finance and related reports for green sukuk:

Annual and cumulative sovereign green sukuk issuances from 2018 onward, as reported in Indonesia's Green Sukuk Allocation and Impact Reports and related analyses.

Data were obtained as reported without extrapolation; percentage changes were computed only when both endpoints were explicitly provided in the sources.

Operational Definitions of Key Variables

To maintain clarity and facilitate integration with the Maqasid and SDGs, the key variables are defined as follows:

Extreme Poverty Rate (SDG 1): The proportion of the population living below the international extreme poverty line, expressed as a percentage of the total population. This indicator reflects ḥifẓ al-māl (protection

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of wealth) and, indirectly, ḥifẓ al-nafs (protection of life) indirectly through access to basic needs.
Renewable Energy Share (SDG 7): The share of renewable energy in total final energy consumption, expressed as a percentage. This indicator relates to ḥifẓ al-nafs and ḥifẓ al-bīʾah (environment), reflecting the sustainability of the energy system.
Greenhouse Gas Emissions per Capita (SDG 13): Total greenhouse gas emissions per capita (tCO_2e per person) and associated percentage changes over time, reflecting national contributions to climate change and environmental degradation, thus closely linked to ḥifẓ al-nafs and ḥifẓ al-bīʾah.
Islamic Banking Assets: Total assets of Sharia-compliant banks in Indonesia (in IDR trillion) and their market share relative to the national financial sector, capturing the depth and systemic significance of Islamic finance as an implementation channel for Maqasid.
Sovereign Green Sukuk Issuances: Annual and cumulative volumes of sovereign green sukuk issued by the Republic of Indonesia (in USD billion), representing Shariah-compliant green finance instruments directly linked to climate and environmental projects and thus to ḥifẓ al-nafs, ḥifẓ al-māl, and ḥifẓ al-bīʾah.

Data Analysis Techniques
The analysis proceeds through three main stages:
Descriptive Statistical Analysis: For each indicator, the study presents observed values at two or more time points (baseline and most recent available year) and computes simple percentage changes, where appropriate. This provides an overview of Indonesia's progress (or regression) in key Maqasid-relevant SDG outcomes and Islamic finance development.
Comparative Trend Interpretation: The evolution of Islamic finance and green sukuk indicators is compared qualitatively with the SDG outcomes to detect patterns of co-movement. For example, rapid growth in green sukuk is juxtaposed with trends in renewable energy share and emissions to identify whether financial expansion aligns with environmental performance.
Conceptual Integration: Using insights from the literature review and descriptive findings, this study constructs an Integrated Maqasid–SDG Green Policy Framework. This framework maps Maqasid dimensions onto selected SDGs and associates each mapping with concrete policy instruments (Islamic banking, green sukuk, zakat, and waqf) and quantitative indicators observable in national statistics.
No inferential statistics or regression models were estimated, both to avoid reliance on synthetic data and to keep the analysis focused on policy-relevant descriptive insights.

RESEARCH RESULTS AND DISCUSSION:

Islamic Finance Development in Indonesia

Indonesia's Islamic finance sector has expanded significantly over the past decade, reflecting growing public demand for Shariah-compliant services and supportive regulatory frameworks. Table 1 summarizes the growth of Sharia banking assets and market share between 2013 and 2023 based on the reported figures.

Table 1. Growth in Sharia Banking Assets and Market Share in Indonesia (2013–2023)

Indicator	2013	2023	Change 2013–2023
Total assets of Sharia banks (IDR)	214 trillion	606 trillion	+183.6% (approx.)
Market share of Sharia banks (%)	4.9%	7.6%	+2.7 percentage points

The data indicate that between 2013 and 2023, the total assets of Sharia banks almost tripled, rising from about IDR 214 trillion to IDR 606 trillion, while market share increased from 4.9% to 7.6% in the national banking sector. These trends are corroborated by broader Islamic banking statistics, which show that total Islamic banking assets (including various segments) reached approximately IDR 2,450.55 trillion by June 2023, accounting for 10.94% of the total national financial industry assets.
This quantitative expansion suggests that Islamic finance has become an increasingly significant component of Indonesia's financial system and is therefore a potentially powerful channel for operationalizing Maqasid-driven and SDG-aligned green economic policies. Nonetheless, existing MSI studies caution that the degree to which Islamic banks prioritize Maqasid objectives such as education, social welfare, and environmental sustainability varies considerably across institutions.

Trends in Selected SDG-Related Indicators

To assess Indonesia's progress on key Maqasid-relevant SDG outcomes, this study focuses on three indicators: extreme poverty, renewable energy share, and greenhouse gas emission trends. Table 2

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summarizes the available data.

Table 2. Trends in Selected SDG Indicators in Indonesia

Indicator	Base Year (Value)	Recent Year (Value)	Approximate Change
Extreme poverty rate (% of population, SDG 1)	78.6% in 1990indonesia.un+1	5.4% in 2024indonesia.un+1	−93.1% (approx.)
Renewable energy share in final energy consumption (%)	26.1% in 2000indonesia.un+1	15.7% in 2022indonesia.un+1	−39.8% (approx.)
GHG emissions per capita (tCO_2e per person)	2014 baselineclimate-transparency	2019: 29.7% lower vs 2014climate-transparency	−29.7% over 2014–2019

The data reveal three important patterns:
First, Indonesia achieved a dramatic reduction in extreme poverty, with the share of the population below the extreme poverty line falling from 78.6% in 1990 to 5.4% in 2024. This reflects substantial improvements in material well-being, income generation, and social protection that are closely linked to ḥifẓ al-māl and ḥifẓ al-nafs.
Second, the share of renewable energy in the total final energy consumption has declined from 26.1% in 2000 to 15.7% in 2022, despite policy targets to increase renewables to 23% by 2025 and 31% by 2050. This suggests that economic growth has been accompanied by increasing reliance on fossil fuels, complicating efforts to align development with ḥifẓ al-bīʾah and SDG 7.
Third, greenhouse gas emissions per capita decreased by about 29.7% between 2014 and 2019, although current policy trajectories still fall short of pathways compatible with the 1.5°C target. The temporary dip in emissions during the COVID-19 period and subsequent rebound highlight the structural challenges of decarbonizing an economy heavily dependent on coal and land-use changes.
Taken together, these trends show that, while Indonesia has made strong progress in poverty reduction, it continues to face systemic energy and climate challenges. From a Maqasid perspective, ḥifẓ al-māl is being increasingly realized, but ḥifẓ al-nafs and ḥifẓ al-bīʾah remain under strain, underscoring the need for more robust green economic policies.

Growth of Sovereign Green Sukuk Issuance
Indonesia has emerged as a pioneer and global leader in sovereign green sukuk using Shariah-compliant instruments to finance climate and environmental projects. Table 3 summarizes the annual global green sukuk issuances by the Republic of Indonesia between 2018 and 2023 based on the reported figures.

Table 3. Indonesia's Global Sovereign Green Sukuk Issuances (2018–2023)

Year	Issuance Volume (USD billion)	Notes
2018	1.25	First sovereign green sukuk, 5-year tenor
2019	0.75	Follow-up global green sukuk
2020	0.75	Continued issuance despite global uncertainty
2021	0.75	Fourth consecutive global green sukuk
2022	1.50	Fifth global green sukuk; cumulative total reached USD 6.9 bn
2023	1.00	Continued issuance; part of cumulative USD 9.6 bn (2018–2023)

By 2022, total global green sukuk issuances by Indonesia amounted to around USD 6.9 billion, and by 2018–2023, cumulative green sukuk (including domestic rupiah-denominated issuances) reached approximately USD 9.6 billion. These instruments have financed projects in renewable energy, energy efficiency, sustainable transport, climate-resilient infrastructure, and other green sectors, thereby contributing to emission reductions and climate adaptation.
The data demonstrate a consistent upward trajectory in green sukuk issuance, both in terms of frequency and

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cumulative volume. From the Maqasid perspective, green sukuk.
Support ḥifẓ al-nafs by mitigating climate-related health and livelihood risks;
Promote ḥifẓ al-māl by creating sustainable assets and green jobs; and
Strengthen ḥifẓ al-bīʾah by financing low-carbon and climate-resilient infrastructure.
However, the observed decline in the renewable energy share of final energy consumption over 2000–2022 indicates that, at the macro level, green sukuk volumes remain insufficient relative to the scale of the energy transition required or that their impact is diluted by continuing fossil-fuel investments.

Synthesis of Descriptive Findings

The quantitative results across Tables 1–3 can be synthesized as follows:
Economic and social Maqasid outcomes (e.g., protection of wealth and basic needs) have improved significantly, as evidenced by the large decline in extreme poverty and the expansion of Sharia-compliant financial assets.
Environmental and energy-related outcomes remain problematic: the share of renewable energy has declined, and emissions trajectories, though improved in some periods, are still misaligned with climate stabilization goals.
Islamic green finance instruments, particularly green sukuk, have grown substantially and are recognized globally as innovative tools for financing SDG-aligned projects. However, their absolute scale relative to overall investment needs and broader energy sector dynamics is still limited.
These findings highlight both the opportunities and limitations of current approaches. Islamic finance, anchored in Maqasid, has the potential to support SDG implementation and green economic transition. However, without an explicit integrated framework that systematically aligns Maqasid objectives, SDG targets, and green policy instruments, progress risks remain fragmented and partial.

DISCUSSION

The descriptive evidence from Indonesia underscores that the Maqasid and SDG agendas are partially, but not fully, aligned in practice. The striking reduction in extreme poverty from 78.6% to 5.4% over three decades reflects a strong alignment between policies promoting economic growth, social protection, and poverty alleviation (SDG 1) and the Maqasid objective of protecting wealth and life (ḥifẓ al-māl and ḥifẓ al-nafs). Zakat, social assistance programs, and broader pro-poor policies have contributed to this outcome, although the specific contribution of Islamic social finance to national poverty reduction remains under-researched.
By contrast, the decline in the renewable energy share of total final consumption, despite the rapid expansion of green sukuk, suggests that environmental Maqasid (ḥifẓ al-bīʾah) have not yet been fully mainstreamed into Indonesia's development model. Environmental objectives appear to be secondary to immediate economic and industrial priorities, especially in sectors reliant on coal and resource extraction. This imbalance is inconsistent with an integrated Maqasid perspective, which requires that the preservation of life and the environment be treated as foundational, not optional, components of development policy (Jaffar et al., 2025).
The growth of Sharia banking assets and the increasing market share of Islamic finance indicate an expanding institutional base through which Maqasid-oriented and SDG-aligned interventions can be implemented. However, MSI studies suggest that Islamic banks often prioritize financial performance over broader social and environmental Maqasid dimensions such as education, justice, and public welfare. Without the explicit integration of SDG indicators and environmental targets into Shariah governance, product design, and performance evaluation, the latent Maqasid potential of Islamic finance remains underutilized (Agung Nugraha et al., 2025).
To address these challenges, this study proposes an Integrated Maqasid–SDG Green Policy Framework that operates at the macro-policy level. This framework is conceptual, but grounded in the empirical realities observed in Indonesia and informed by the literature on Maqasid-based indices and SDG mapping (Anwar et al., 2025).
The framework can be summarized along three interlocking dimensions:
Normative Alignment: Mapping Maqasid dimensions to specific SDG goals and targets to establish a coherent ethical basis for policy priorities.
Institutional Alignment: Embedding Maqasid–SDG considerations into the mandates, governance structures, and performance metrics of key institutions (ministries, central banks, OJK, Islamic banks, zakat, and waqf authorities).

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Instrumental Alignment: Designing and deploying financial instruments, especially Islamic green finance, in ways that explicitly target Maqasid's–SDG outcomes and are monitored through quantitative indicators.

Normative alignment requires that national development plans explicitly articulate how Maqasid's objectives correspond to SDG targets. Drawing on Isman and Kaltsum (2022) and other mapping studies, the following illustrative alignments are proposed:

ḥifẓ al-dīn (religion): Linked to SDG 16 (peace, justice, strong institutions) and SDG 10 (reduced inequalities), emphasizing religious freedom, ethical governance, and non-discrimination.

ḥifẓ al-nafs (life): Mapped to SDGs 1–3 and 6–7, 11, 13–15, covering poverty reduction, health, water, energy, sustainable cities, and climate action.

ḥifẓ al-ʿaql (intellect): Associated with SDG 4 (quality education) and broader knowledge-related targets in SDG 9 (innovation).

ḥifẓ al-nasl (progeny): Connected to SDGs 5, 11, and 13–15, highlighting gender equity, intergenerational justice, and ecological sustainability.

ḥifẓ al-māl (wealth): Corresponding to SDGs 1, 2, 8, 9, 10, and 12, focusing on inclusive growth, decent work, infrastructure, reduced inequalities, and responsible consumption.

ḥifẓ al-bīʾah (environment): Explicitly tied to SDGs 6, 7, 11, 12, and 13–15, emphasizing environmental integrity as a foundational Maqasid component.

In Indonesia's context, such a mapping should be codified in national planning documents, including medium-term development plans and climate strategies, so that the Maqasid language is not confined to religious discourse but embedded in secular policy vocabulary.

Institutional alignment involves recalibrating the mandates and performance metrics of key institutions to reflect Maqasid–SDG synergies. For example:

The Ministry of Finance could incorporate Maqasid-based criteria into its sustainable finance frameworks, ensuring that budget allocations, tax incentives, and green bonds/sukuk issuance strategies explicitly advance the Maqasid-linked SDG targets.

The Financial Services Authority (OJK) could require Shariah-compliant financial institutions to report on Maqasid–SDG key performance indicators (KPIs) alongside conventional financial metrics, drawing on MSI and I-HDI frameworks.

Zakat and waqf authorities could adopt SDG-linked Maqasid indicators to prioritize programs in poverty reduction, health, education, and environmental sustainability, integrating their efforts more systematically into national SDG architecture (Gultom & Mihajat, 2024).

In Indonesia, existing steps, such as linking SDG indicators to national development plans and recognizing Islamic social finance as complementary to state programs, provide a starting point, but systematic Maqasid–SDG integration at the institutional level remains incomplete.

Instrumental alignment focuses on Islamic green finance as a primary lever for advancing Maqasid–SDG outcomes in a green economy. Key recommendations include the following. Green Sukuk Design and Allocation: Green sukuk frameworks should explicitly reference Maqasid dimensions, particularly ḥifẓ al-nafs, ḥifẓ al-māl, and ḥifẓ al-bīʾah, and prioritize projects that maximize co-benefits across SDG targets (e.g., renewable energy projects that also improve health outcomes and create green jobs).

Impact Measurement and Reporting: Allocation and impact reports for green sukuk should track quantitative indicators aligned with both the SDGs and Maqasid. For instance, indicators could include metrics such as tonnes of CO_2e avoided, number of households gaining access to clean energy, and number of green jobs created in poor communities (Yamkee et al., 2025).

Islamic Banking Products: Islamic banks should be encouraged to develop green financing products (e.g., murabahah or musharakah for renewable energy, energy-efficient housing, and sustainable agriculture) and to link their internal MSI or Maqasid-based performance scorecards with SDG indicators.

Integration with Islamic Social Finance: Zakat and waqf funds can be used to support socially inclusive green projects, such as community-based renewable energy, climate-resilient infrastructure for low-income communities, and ecosystem restoration, thereby combining environmental maqasid with poverty and equity goals.

In Indonesia, the steady rise in green sukuk issuance and the growing scale of Islamic banking assets provide an institutional foundation for such instrumental alignment, but policy guidance and regulatory incentives are needed to ensure that these instruments are deployed in a manner that is genuinely transformative rather than merely symbolic.

When viewed through the proposed framework, the quantitative findings in Section 4 suggest several policy-relevant insights for Indonesia and similar-majority economies (Hassan et al., 2026).

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First, success in poverty reduction indicates that policies targeting ḥifẓ al-māl have been effective, but their sustainability depends increasingly on how well they incorporate environmental Maqasid. Rising incomes and consumption without decarbonization risk reversing welfare gains through climate-related shocks (e.g., floods, heatwaves, and crop failures). Thus, poverty alleviation strategies must be green and climate-resilient, aligning SDG 1 with SDGs 7 and 13 under a unified Maqasid vision.

Second, the decline in renewable energy share despite rising green sukuk volumes signals a misalignment between instrumental and macro-level outcomes. Green Sukuk, while innovative and expanding, still fund only a fraction of total energy investments, and fossil-fuel-based infrastructure continues to dominate. From a Maqasid perspective, this suggests that the scale and focus of green sukuk programs must be significantly amplified and better targeted to meaningfully shift national energy trajectories.

Third, the rapid growth of Islamic banking assets underscores the potential of Shariah-compliant financing as a vehicle for Maqasid–SDG integration. However, MSI studies show that the environmental and social Maqasid dimensions are often underweighted relative to profitability. Incorporating Maqasid–SDG KPIs into regulatory and supervisory frameworks, as suggested above, can help reorient Islamic finance toward green and inclusive outcomes without undermining financial stability.

The implementation of an Integrated Maqasid–SDG Green Policy framework faces several challenges and risks.

Conceptual Fragmentation: Different interpretations of Maqasid and varying views on whether environmental protection constitutes a distinct Maqasid can create disagreements over priorities. A broad scholarly and policy consensus is needed to anchor ḥifẓ al-bīʾah firmly within Maqasid.

Regulatory and Institutional Capacity: Effective Maqasid–SDG integration requires regulators and policymakers to understand both Islamic legal theory and SDG frameworks–a skill set that is not yet widespread.

Risk of Symbolic Compliance: There is a danger that references to Maqasid and SDGs in policy documents and financial products remain symbolic, with limited translation into measurable impact, —a phenomenon documented in some Islamic finance ESG disclosures.

Data Limitations: Comprehensive Maqasid-based indices and SDG data disaggregated by religious, geographic, and socio-economic variables are often lacking, complicating evidence-based policy design and evaluation.

Mitigating these risks requires capacity building, improved data systems, and robust accountability mechanisms to ensure that the Maqasid–SDG claims correspond to verifiable outcomes.

The descriptive quantitative approach adopted here, constrained by the available data, provides a foundation for more advanced empirical work. Future research could:

Develop and test integrated Maqasid–SDG indices for green economy performance at national and subnational levels using panel data and econometric methods.

Examine the causal impact of green sukuk and Islamic social finance on specific SDG targets using quasi-experimental designs, where feasible.

Conduct micro-level studies on how households, firms, and communities perceive and benefit from Maqasid—SDG-aligned green projects, thereby enriching macro-level policy frameworks with ground-level insights.

Such research would deepen the understanding of how Maqasid can function not only as a normative compass, but also as a rigorous, quantifiable tool for steering sustainable development.

CONCLUSIONS, PROPOSALS, RECOMMENDATIONS

This article has argued that integrating Maqasid al-Shariah with the Sustainable Development Goals provides a powerful conceptual and practical framework for green economic policy, particularly in Muslim-majority contexts such as Indonesia. Drawing on the literature on Maqasid-based indices, Islamic human development, and Islamic green finance, this study highlights substantial conceptual synergies between Maqasid dimensions and SDG targets. Using a quantitative descriptive method based on secondary data, this study illustrates Indonesia's trajectory in three key domains: substantial reductions in extreme poverty, robust growth in Islamic finance and sovereign green sukuk, and persistent challenges in renewable energy adoption and greenhouse gas emissions. These mixed outcomes show that while the elements of Maqasid and SDG agendas are being realized, especially in economic and social dimensions, environmental Maqasid remains insufficiently embedded in national development strategies. In response, this paper proposes an Integrated Maqasid–SDG Green Policy Framework consisting of normative, institutional, and instrumental alignments. This framework calls for the explicit mapping of Maqasid to SDGs, embedding Maqasid–SDG KPIs into

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institutional mandates and reporting, and scaling up Islamic green finance instruments—particularly green sukuk, Shariah-compliant green banking products, and Islamic social finance—to support transformative green economic transitions. The core implication for policymakers is that Maqasid al-Shariah should not be treated as a purely theological or legal concept but as a practical, measurable framework for achieving just, inclusive, and environmentally sustainable development. For researchers, the findings underscore the need for more comprehensive Maqasid–SDG indices and impact evaluations that can guide evidence-based policies. If effectively operationalized, the integration of Maqasid and SDGs can enable Muslim-majority countries to pursue green economic policies that are both globally relevant and deeply rooted in their own ethical and spiritual traditions.

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