

Regulatory Framework for Blue Sukuk: Enhancing Blue Economy by Reinforcing Shariah Investment

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| Article | Abstract |
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| <p>Keywords: Regulatory Framework; Blue Sukuk; Blue Economy.</p> <p>Article History Received: Mar 13, 2025; Reviewed: Apr 12, 2025; Accepted: Apr 21, 2025; Published: Apr 22, 2024.</p> | <p>The emergence of Blue Sukuk presents a strategic opportunity to mobilize capital for sustainable development in Indonesia's blue economy. This research delves into the regulatory framework necessary to support the implementation of Blue Sukuk, a financial instrument rooted in Islamic finance principles and designed to fund projects promoting oceanic sustainability. Indonesia's rich marine biodiversity and extensive coastline underscore the potential of Blue Sukuk to attract diverse investors and strengthen capital markets. Effective regulatory measures are pivotal in ensuring compliance, transparency, and investor confidence. The method of this research is normative-juridical methods. This research is statute and conceptual approach. This paper examines Indonesia-specific regulatory considerations and proposes strategies to optimize the role of Blue Sukuk in fostering economic resilience and environmental stewardship in the archipelago nation. Meanwhile, the Sukuk is based on sustainability development on Indonesian Financial Services Authority (OJK) Regulation's Number 18 Year 2023. It is a big opportunity for Shariah investment in Indonesia where Islam is the biggest Islamic religion in this country.</p> |



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Introduction

The ocean and its ecosystems are vital to the world economy because they support many vital activities that are necessary for economic growth, including energy production, marine transportation, ports, coastal tourism, and coastal preservation. They also supply significant commodities and services. Together, these industries support the ocean economy, which is thought to produce market commodities worth US\$2.3 trillion annually.¹ Moreover, Indonesia as a maritime state with about two thirds of the total area of Indonesia or 8.3 million square kilometers is a water area. Indonesia also has the second longest coastline in the world after Canada with a length of 108,000 kilometers.²

According to Indonesia, it is estimated that the sea supports more than 180 billion US dollars in economic activities each year. The sectors related to the sea consist of fisheries, marine activities, coastal tourism, sea-based transportation, energy and minerals, marine manufacturing (such as shipbuilding and salt production), marine and coastal construction, as well as government expenditures related to the sea.³ Therefore, the potential and opportunities of Indonesia's oceans need to be optimized as much as possible. In this case, the exploitation and exploration of the deep sea for economic interests must not overlook the long-term goal, which is to leave no one behind. In this regard, a development that utilizes marine objects must refer to Sustainable Development Goals (SDG) point 14 about life below water, which emphasizes conserving and sustainably using the oceans, seas, and marine resources for sustainable development.

Referring to the philosophy of point 14 in the SDGs, this is then manifested in the concept of the blue economy. The blue economy has become an important issue lately because healthy oceans provide jobs and food, support economic growth, regulate the climate, and enhance

¹ Bappenas and OECD, *Blue Economy: Development Framework for Indonesia's Economic Transformation* (Jakarta: Ministry of National Development Planning/National Development Planning Agency, 2021), <https://faolex.fao.org/docs/pdf/ins211206.pdf>.

² Riza Damanik et al., *Proyek Strategis Ekonomi Biru Menuju Negara Maju 2045* (Laboratorium Indonesia, 2023), <https://www.lab45.id/detail/262/proyek-strategis-ekonomi-biru-menuju-negara-maju-2045>.

³ Marihot Nasution, "Potensi Dan Tantangan Blue Economy Dalam Mendukung Pertumbuhan Ekonomi Di Indoensia: Kajian Literatur," *Jurnal Budget:Isu Dan Masalah Keuangan Negara* 7, no. 2 (2022): 340-363, <http://dx.doi.org/10.22212/jbudget.v7i2.136>.

the well-being of coastal communities. Billions of people around the world—especially the poorest—rely on healthy oceans as a source of livelihood and food, highlighting the urgent need to utilize, manage, and protect these natural resources sustainably.⁴ United Nations Development Programme (UNDP) defines the blue economy as the sustainable use of ocean resources for economic growth, jobs, and social and financial inclusion, with a focus on the preservation as well as restoration of the health of ocean ecosystems.

The essence of the Blue Economy concept emulates the workings of nature (ecosystems), operating in harmony with what nature provides efficiently and not depleting it, but rather enriching it. Furthermore, as water flows from the mountains carrying nutrients and energy to meet the basic needs of all living beings and plants, waste from one becomes food/energy sources for another, thus creating a balanced life system within the ecosystem. Only with gravity is energy distributed efficiently and evenly without external energy extraction. To support the system of life, sunlight serves as the energy for photosynthesis for all contributors that need it.

From the Innovation and Creativity, innovation has been developed and has proven that ecosystems always work towards a higher level of efficiency to flow nutrients and energy without leaving waste, in order to harness the capabilities of all contributors and meet the basic needs of everyone. The Blue Economy will ultimately ensure that the development undertaken will not only generate economic growth but also guarantee ecological and social sustainability. In general, the Blue Economy can be understood as an economic model aimed at promoting sustainable development with a mindset akin to the functioning of ecosystems.⁵

Explanation of Article 14 Paragraph (1) in Law Number 32 of 2014 concerning Marine Affairs. What is meant by "blue economy" is an approach to enhance the sustainable management of marine resources and the conservation of the sea and coastal resources along with their ecosystems to achieve economic growth based on principles including community involvement, resource efficiency, minimizing waste, and creating added value (multiple revenues).

⁴ *Ibid.*

⁵ Eri Hariyanto, "Potensi Dan Strategi Penerbitan Blue Sukuk," *Indonesian Treasury Review: Jurnal Perbendaharaan, Keuangan Negara Dan Kebijakan Publik* 5, no. 2 (2020): 151–70, <https://doi.org/https://doi.org/10.33105/itrev.v5i2.216>.

The growth of Indonesia's blue economy is crucial to the country's economic transition and escape from the middle-income trap. In order to ensure prosperity and social justice for all Indonesians, Indonesia's Vision 2045 asks for economic transformation from a natural resource-dependent economy to a modern, competitive manufacturing- and service-based economy with high value-added. By combining improved ocean resource management to leverage the blue economy development for enhancing environmental sustainability as well as creating competitive, inventive, and sustainable maritime sectors, economic transformation will capitalize on the nation's marine assets. It is anticipated that the economic transition will increase value-added, productivity, and employment.⁶

Indonesia's blue economy development has the potential to contribute to Indonesia's economic transformation agenda, including escaping the middle-income trap. According to Indonesia's 2045 Vision, economic transformation represents transforming from a natural resource-dependent economy to a modern and competitive manufacturing- and service-based economy that has high value-added to ensure prosperity and social justice for all Indonesians. Economic transformation will capitalize on the country's maritime strengths by incorporating better ocean resource management to leverage the blue economy development for increasing environmental sustainability and building competitive, innovative, and sustainable naval sectors. The economic transformation is expected to help boost employment, productivity, and value-added.⁷

In the Blue Economy Policy presented by the Ministry of Marine Affairs and Fisheries of the Republic of Indonesia, it explains five projects, namely: Expansion of marine conservation areas; Quota-based sustainable fishing; Development of sustainable marine, coastal, and inland aquaculture; Monitoring and control of coastal areas and small islands; Cleaning up plastic waste in the ocean.

The policy for this project will certainly require funding, which could be quite promising if financed through the government of

⁶ Bappenas, *Indonesia Blue Economy Roadmap* (Jakarta: Bappenas, 2023), [https://perpustakaan.bappenas.go.id/e-library/file_upload/koleksi/migrasi-data-publikasi/file/Unit_Kerja/Dir_Industri%2CEkonomi_dan_Kreatif/Dummy_Indonesia Blue Economy Roadmap_Ebook.pdf](https://perpustakaan.bappenas.go.id/e-library/file_upload/koleksi/migrasi-data-publikasi/file/Unit_Kerja/Dir_Industri%2CEkonomi_dan_Kreatif/Dummy_Indonesia%20Blue%20Economy%20Roadmap_Ebook.pdf).

⁷ *Ibid.*

Sukuk. Especially if corporations also contribute by issuing securities to fund maritime and ocean-related projects.

It is important to understand that Indonesia, in addition to its maritime potential which can enhance the economy and development of the country, also has potential in the field of Islamic economy. Research by Farras and Darwanto (2021) shows that the development of sharia investment in Indonesia in the last five years has shown positive growth in the Indonesian economy.⁸ The Financial Services Authority in 2020 stated that the total assets of Islamic banking reached Rp608.90 trillion or 6.51% of the total assets of the national banking industry. Meanwhile, the capitalization value of shares classified as sharia securities was recorded at IDR 3,352.26 trillion, or 47.2% of the total capitalization of shares listed on the Indonesia Stock Exchange (IDX). Meanwhile, the outstanding value of the State Sukuk reached Rp971.5 trillion or 18.58% compared to the total outstanding Government Securities.⁹

The Islamic capital market is also an important component in the Islamic financial system, in addition to Islamic banking and Islamic insurance. The Islamic capital market exists to offer investments that are by Sharia principles. Financial instruments traded in the Islamic capital market are required to follow Sharia principles such as eliminating *elements of usury, maisir, gharar*, and not engaging in haram activities such as gambling, arms trading, or activities that damage the environment. The Islamic capital market provides financial access for all levels of society for Islamic investment needs that are not provided by the conventional financial system.¹⁰

Concerning sharia-based financial instruments guided by sustainability, there are green sukuk issued by the government. Green sukuk issued by the government is essentially the same as other types of sukuk issued by the government, where most of the funds obtained from its issuance are used for infrastructure financing. The main

⁸ Naufal Haidar Farras, "Analysis of the Influence of Sharia Financial Sector on Indonesian National Income 2011-2020 Analisis Pengaruh Sektor Keuangan Syariah Pada Pendapatan Nasional Indonesia Tahun 2011-2020," *Jurnal Ekonomi Syariah: Teori Dan Terapan* 8, no. 5 (2021): 630–40, <https://doi.org/10.20473/vol8iss20215pp630-640>.

⁹ *Ibid.*

¹⁰ Fasya Kamila Muftia et al., "The Role Of The Sharia Capital Market In Indonesia ' S Economic Growth In 2011 – 2021," *Eksposisi: Jurnal Ekonomi, Keuangan, Perbankan Dan Akuntansi* 15, no. 1 (2023): 54–67, <https://doi.org/10.35313/eksposisi.v15i1.4684>.

difference is that in the issuance of green sukuk, the infrastructure used as its underlying asset must also be categorized as green infrastructure. Referring to ocean-based management, it is also necessary to issue blue sukuk in this regard. The concept of blue sukuk is not much different from green sukuk. The difference is that this sukuk is more focused on financing the maritime economic sector. It is hoped that a specific study regarding the potential issuance of Blue sukuk can serve as an innovative alternative source of funding for the maritime sector in Indonesia.¹¹

Some of the research about blue sukuk are Muhammad Noor, 2022, *Blue Sukuk: Strategi dan Konsep Pembiayaan* with the conclusion that focused on Funding through blue Sukuk aligns with the Sustainable Development Goals focused on ocean ecosystems. Key initiatives include providing facilities for small-scale fishermen, building cold storage, expanding fish markets, tracking fish movements, and boosting fish conservation areas. To gain broader acceptance, the Indonesian government needs to adapt the blue Sukuk scheme by transferring underlying assets and projects to a Special Purpose Vehicle (SPV). Fakhry Barly Ramdhani, et.al, 2022, *The Opportunity of Sovereign Blue Sukuk Issuance in Maritime Sectors: Case Study of Indonesia*, the sovereign blue Sukuk plan for Indonesia's maritime sector offers benefits such as diversifying financing instruments, boosting Islamic finance, and improving community welfare.¹² It also presents opportunities like expanding Sharia investment options, promoting marine economic sustainability, and diversifying assets. However, costs and risks include inter-institutional coordination costs, increased state budget burden, and operational, technical, and moral hazard risks. According to respondents' priorities, the key benefits are enhancing community welfare and Islamic finance, while the main opportunities involve adding Sharia investments and marine sustainability.

Mohammad Iqbal Irfany, et.al, 2022, *Potensi Pengembangan Blue Sukuk Sebagai Pembiayaan Inovatif bagi Sektor Kelautan Indonesia*, the

¹¹ Mohammad Iqbal Irfany, Aam Slamet Rusydiana, and Asep Nurhalim, "Potensi Pengembangan Blue Sukuk Sebagai Pembiayaan Inovatif Bagi Sektor Kelautan Indonesia," *Policy Brief: Pertanian, Kelautan, Dan Biosains Tropika* 4, no. 3 (2022): 296–302, <https://doi.org/https://doi.org/10.29244/agro-maritim.0403.296-301>.

¹² Fakhry Barly Ramdhani, Mohmed Firdaus, and M Y Ibrahim, "The Opportunity of Sovereign Blue Sukuk Issuance in Maritime Sectors : Case Study of Indonesia," *Al Tasyree: Jurnal Bisnis, Keuangan Dan Ekonomi Syariah* 14, no. 02 (2022): 123–34, <https://doi.org/https://doi.org/10.59833/altasyree.v14i02.987>.

analysis of blue sukuk is one of the innovative, sustainable, and potential sharia instruments for the maritime sector.¹³ In this case, strengthening regulations is the most important foundation for the development of blue sukuk in Indonesia. The underlying asset, investor, and coordination among stakeholders are also important foundations in the issuance of blue sukuk.

It can be concluded that from previous research there is no specific research for the regulatory framework for blue sukuk. Meanwhile, the investors' interest in sukuk as the choice of sharia investment is increasing slowly. This research aims to discuss the reason blue sukuk as a choice and a part of the blue economy that support the economy development. It is also related to the urgency of the regulatory framework for the state and corporation of blue sukuk that can be implemented in Indonesia.

Method

This research is normative juridical legal research, using a statutory and conceptual approach. The statutory approach explains the law under the authority of the Finance Services Regulation and the fatwa MUI. Fatwa MUI philosophical reference for the basis of Sharia law, particularly in finance. Moreover, Law Number 10 of 2008 concerning State Sharia Securities (SBSN) is a fundamental law to support all activities in Islamic securities. Meanwhile, the conceptual approach discusses the urgency of blue sukuk related to the blue economy and the regulatory framework according to the state and enterprise regulations.

Result and Discussion

A. The Urgency of Blue Sukuk: Why it's important as A Part of the Blue Economy?

One of the regulations that relates to supporting the Ocean Economy Concept is the Sharia economy, specifically in the Islamic Capital Market. Sukuk, which is one of the capital market instruments in the form of Islamic bonds issued by corporations, has also experienced a sharp increase in the number. The increase and growth in the number of investment instruments in the Islamic capital market from year to year indicate the enthusiasm of the Muslim-majority

¹³ Mohammad Iqbal Irfany, Aam Slamet Rusydiana, and Asep Nurhalim, *Loc.Cit.*.

Indonesian people to participate in investments following Sharia principles. In addition, this is also an indication of a considerable economic turnover in the Indonesian Sharia capital market. For this reason, the presence of investment instruments in the Islamic capital market is thought to have contributed to Indonesia's economic growth.¹⁴

Based on Bappenas and OECD (2021) There are regulations on the blue economy in Indonesia consisting of:

1. Regulation to support the Ocean Economy Concept
2. Regulation to support Implementation of Business Processes in the maritime and Fisheries Sector (job creation, Exclusive Economic Zone (ZEE), conservation of fish resources stocks, Business processes in the Maritime and Fisheries Sector.
3. Regulation for Ocean Spatial Planning (Ocean Protection and Waste Management)
4. Regulation to Support Implementation (Shipping, Rights and Responsibilities of Foreign Ships and Aircraft and Implementation of Shipping Sector).
5. Regulation to Protect Energy and Mineral Resources As Well As Non-Conventional Natural Resources Based On Blue Economy (The Implementation Of The Energy Resources and Mineral Resources Sector)
6. Regulation to Manage Sea Construction, Sea Industrial, and Biotechnology (Spatial Planning, Water Resources, Business Process in the Maritime and Fisheries Sector)
7. Regulation to Support Sea Usage for Marine Tourism and Business Activities in Coastal Areas and Isles.

Sukuk is an alternative that can be used as a source of funding for both the government and corporate entities.¹⁵ Law Number 10 of 2008 concerning State Sharia Securities (SBSN) states that sukuk are issued by the government with the aim of financing the state budget (APBN), which includes funding national projects such as infrastructure. Generally, these funds are used to enhance public services to help the community meet basic needs, such as the

¹⁴ Muftia et al., "The Role Of The Sharia Capital Market In Indonesia ' S Economic Growth In 2011 – 2021."

¹⁵ Rani Mulyani and Iwan Setiawan, "Sukuk Ritel Negara, Instrumen Investasi Halal Untuk Membangun Negeri," *Iqtisadiya: Jurnal Ilmu Ekonomi Islam* 7, no. 14 (n.d.): 75–92, <https://journal.uinsgd.ac.id/index.php/iqtisadiya/article/viewFile/10170/4911>.

construction of roads, ports, railways, etc. Fulfilling the basic needs of the community, it is expected to boost the economy, as the equitable distribution of infrastructure supports the community in conducting economic transactions, thereby creating a balanced distribution from the center to the cities and vice versa.¹⁶

The government has once again issued Global Sukuk amounting to US\$ 2.35 billion, consisting of US\$ 750 million with a 5-year tenor, US\$ 1 billion with a 10-year tenor, and US\$ 600 million with a 30-year tenor in the 144A / Reg S Trust Certificate format, maturing in 2029, 2034, and 2054, respectively ("Global Sukuk"). The 30-year tenor is specifically issued in the form of green sukuk. The transaction successfully attracted significant interest from various types of investors and different regions, demonstrating market confidence in Indonesia's fundamentals and economic prospects. The final order book amount recorded is US\$4.5 billion, representing an oversubscription of 1.9 times, with the peak order book having reached US\$8.2 billion before the final price guidance.¹⁷

ST011 is the fourth series of Retail Sukuk issued in 2023 in dual tranches, namely series ST011T2 (2-Year Tenor) and Green Retail Sukuk - Savings Sukuk series ST011T4 (4-Year Tenor). The total issuance for ST011 amounts to IDR 20 trillion from 68,284 investors, with details showing total sales of ST011T2 at IDR 14.5 trillion and ST011T4 at IDR 5.5 trillion. The quota for series ST011T4 was fully subscribed T-3 days before the offering period ended, indicating strong investor interest in the 4-year tenor Sukuk (Ministry of Finance, 2023). Meanwhile, in mid-2024, ST012 in two series, namely ST012-T2 (2-year tenor) and Green Retail Sukuk ST012-T4 (4-year tenor), was purchased by investors for around IDR 19.05 trillion from both series. The 4-year tenor ST012, which is the ST012T4 series, is a Green Retail Sukuk that utilizes the SDGs framework, thereby encouraging interest from investors who are concerned about environmental preservation efforts. The community that has already invested in ST012 has reached

¹⁶ *Ibid.*

¹⁷ Ministry of Finance, "Menutup Tahun 2023 Hasil Penerbitan Sukuk Tabungan Seri ST011 Mencapai 20 T," 2023, <https://www.djppr.kemenkeu.go.id/hasilpenjualanst011>.

75,000 investors. Sales of ST012 have already far exceeded the government's target.¹⁸



Figure 1 Development of Sukuk Through Public Offerings, Source : ojk.go.id

In terms of the issuance and demand for sukuk issued by the private sector, specifically Corporate Sukuk through the capital market, there is a trend of increase, albeit slow. This indicates that investment through Sukuk remains optimistic about continuing to grow and experiencing an increase as part of the diversification of investment products for investors and financing instruments for corporations.

The issue of Sukuk, also known as an Islamic bond, is another way that Islamic financing advances economic development. Proportionate ownership rights to the underlying asset and/or the revenue derived from it are represented by this instrument. Because they share many of the same risk and return characteristics as bonds, sukuk are frequently referred to as bonds. Sukuk sometimes resembles the cash flow structure of bonds by providing a final payment that is comparable to the principal amount and by periodically distributing

¹⁸ Kontan, "Penawaran ST012 Resmi Berakhir Hari Ini (29/5), Penjualan Tembus Rp 19,05 Triliun," 2024, https://investasi.kontan.co.id/news/penawaran-st012-resmi-berakhir-hari-ini-295-penjualan-tembus-rp-1905-triliun#google_vignette.

predetermined amounts of profit. The entrepreneur will receive any surplus as a reward for maximizing the company's earnings.¹⁹

An alternate kind of long-term funding for important industries like infrastructure is offered by sukuk. This Sharia-compliant tool has become a crucial part of government project funding in recent years. In many cases, the infrastructural requirements for Islamic economies are approaching their historical and practical peak. Infrastructure demands encompass both new project development and ongoing upkeep of pre-existing infrastructure. Based on information gathered by Thomson Reuters for their "Islamic Finance Development" annual report for 2014, the total value of Sukuk issued in 2013 was \$116.9 billion, of which 85% went to the issuer's home market. In 2013, countries issued 66% of all sukuk, with corporate and quasi-sovereign issuers issuing the remaining 34%.²⁰

The advantage of sukuk lies in its structure based on tangible assets, which means that the value of sukuk will always be linked to the value of the underlying assets. Another characteristic of sukuk is that the holders are entitled to a share of the income generated from the Sukuk assets, in addition to the rights from the sale of the Sukuk assets. Furthermore, if the certificates reflect an obligation to their holders, then the sukuk cannot be traded in the secondary market, making it a long-term instrument held until maturity or sold at face value.²¹

Marjan Muhammad as Head of the Research Quality Assurance Office, delineated the following 6 key stakeholders in developing a sukuk market as the government, regulators, exchanges, service providers, NBFIs, and financial institutions are all involved in promoting the efficient use of domestic wealth, attracting foreign investors, generating confidence, stimulating activity, and promoting value creation through capital-market activities.²²

¹⁹ Nora Khan, "The Role of Islamic Finance in Economic Development," *Lingnan Journal of Banking, Finance and Economics* 6, no. December 2016 (2017): 79–83, <https://commons.ln.edu.hk/ljbfe/vol6/iss1/6/>.

²⁰ *Ibid.*

²¹ Chandra Satria and Suandi, "Faktor Minat Dan Peran Perkembangan Sukuk Berdasarkan Data Ditjen Pengelolaan Pembiayaan Dan Risiko Kementerian Keuangan," *Jurnal Ekonomika Sharia: Jurnal Pemikiran Dan Pengembangan Ekonomi Syariah* 6, no. 1 (2020): 77–96, <https://doi.org/https://doi.org/10.36908/esha.v6i1.142>.

²² COMCEC Coordination Office, "The Role of Sukuk in Islamic Capital Markets," in *Proceedings Of The 10th Meeting Of The Comcec Financial Cooperation Working Group On "The Role Of Sukuk In Islamic Capital Markets"* (Ankara: COMCEC Coordination

On Sustainable Finance Roadmap Phase II (2021-2025) by Authority Finance Services, also demonstrates seriousness in addressing climate issues through the economy based on sustainability, with the issuance of the first Green Bond/Sukuk by the Government and financial institutions in 2018. In addition, until now, the State Sukuk, specifically the Savings Sukuk series, is still based on the concept of Retail Green Sukuk, which is part of the government's commitment to help reduce the impact of climate change, as the proceeds from its issuance will be used to finance environmentally friendly projects in the state budget.²³ However, the roadmap has not specifically examined blue finance as part of sustainable finance. This roadmap does not include the concepts of blue economy or blue finance, so products like blue sukuk are not reflected in it.²⁴

Blue sukuk in Indonesia generally has significant potential to be issued and developed in the future. Based on the analysis, the important aspects in the development of blue sukuk are: regulatory aspects, viable underlying projects, investors, and inter-agency coordination. The underlying infrastructure likely serving as the basis for the issuance of blue sukuk is the development of integrated fishing villages and the procurement of large, environmentally friendly fishing vessels. Stakeholders interested in blue sukuk include government institutions (Ministry of Finance, Ministry of Maritime Affairs and Fisheries, and Bappenas), investors, and the fishing community.²⁵

The discourse on Blue Sukuk is closely related to the concept of blue bonds. A blue bond is part of a thematic bonds, where the proceeds from the bond are used to finance sustainable development projects. Thematic bonds focus on environmental, social, and governance principles.²⁶ The characteristic of this bond is the requirement for disclosure and reporting on the use of funds by the issuer. The issuance of blue bonds aligns with Sustainable

Office, 2018), <https://www.comcec.org/wp-content/uploads/2021/10/10-FIN-PRO.pdf>.

²³ Ministry of Finance, "Menutup Tahun 2023 Hasil Penerbitan Sukuk Tabungan Seri ST011 Mencapai 20 T."

²⁴ Ilham Dwi Rafiqi & Nikmah Mentari, "Comparison of Carbon Trading in Asean Countries: An Explanation From a Policy Perspective," *Journal of Law and Policy Transformation* 9, no. 1 (2024): 1-18, <https://doi.org/10.37253/jlpt.v9i1.9044>.

²⁵ Mohammad Iqbal Irfany, Aam Slamet Rusydiana, and Asep Nurhalim, *Op.Cit.*

²⁶ Evelyne Julian Halim, "Keberlanjutan Blue Bonds Di Indonesia : Peluang Dan Risiko," *Unes Law Review* 6, no. 2 (2023): 5380-86, <https://doi.org/https://doi.org/10.31933/unesrev.v6i2.1368>.

Development Goal (SDG) 14, "Life Below Water." Indonesia ratified the Sustainable Development Goals with the issuance of Presidential Regulation Number 59 of 2017 concerning the Implementation of the Sustainable Development Goals. To align the Sustainable Development Goals with the national medium-term development plan, the government established Presidential Regulation Number 111 of 2022 concerning the Implementation of Achieving the Sustainable Development Goals.²⁷

Blue sukuk has a promising future in Indonesia as an Islamic financing mechanism, with the potential for further expansion and development. Several factors are critical to its success, including regulatory considerations, feasible projects, investor interest, and interinstitutional coordination. Proposed projects for blue sukuk issuance include the development of integrated fishing villages and procuring environmentally friendly fishing boats. Stakeholders with vested interests in blue sukuk include government bodies such as the Ministry of Finance, the Ministry of Marine Affairs and Fisheries, and the Ministry of Public Works and Housing, as well as investors and fishing communities. If implemented successfully, blue sukuk could serve as an innovative Islamic financing model and establish Indonesia as a leader in this field.²⁸

B. Regulatory Framework for Blue Sukuk: State and Corporation

Through the Coordinating Minister for Maritime Affairs and Investment, Indonesia has also issued a Blue Financing Strategy, demonstrating Indonesia's commitment to preparing for the launch of blue bonds, which are guaranteed by the government and supported by international financial institutions. This offers a means to attract private-sector funding through public-private partnerships. The first bond issuance will be used to fund improvements in the management of Marine Conservation Areas (MCA). This offers the classic 'win-win'

²⁷ *Ibid.*

²⁸ Dina Diana, "Maqashid Sharia Perspective and the Opportunity of Blue Sukuk for Sustainable Development Goals in Indonesia," in *Proceedings of Femfest International Conference on Economics, Management, and Business* (Faculty of Economics and Management centre for Islamic Economics Studies (CIES) University of Darussalam Gontor, 2024), 197–208, <https://ejournal.unida.gontor.ac.id/index.php/FICCOMSS/article/view/11757>.

prospect, paying investors while simultaneously enhancing fishing yields.²⁹

According to the policy brief by Mohammad Iqbal Irfany and colleagues in 2022, the most important foundation in the development of blue sukuk is the strengthening of regulations. In this regard, the regulations concerning sukuk issued by corporations are governed by POJK Number 18 of 2023 on the Issuance and Requirements of Debt Securities and Sustainability-Based Sukuk. The regulation classifies into 6 types, namely Green Sukuk, Social Sukuk, Sustainability Sukuk, Waqf-linked Sukuk, Sustainability-linked Sukuk, and other sustainability-based Sukuk as determined by the OJK. In this regulation, there is no specific discussion regarding blue sukuk or sukuk that extensively covers the blue economy. In Article 8 of POJK 18/2023, letter c, it mentions sustainable business activities related to the conservation of terrestrial and aquatic biodiversity.

Based on the General Explanation Section on the POJK 18/2023, considering that debt securities and/or sustainability-based Sukuk, apart from Green Bonds, are new products in the Indonesian Capital Market, the preparation of these Financial Services Authority Regulations refers to the issuance standards of debt securities and/or sustainability-based Sukuk published by The International Capital Market Association (ICMA). In addition, the formulation of these regulations also refers to the standards issued by the ASEAN Capital Markets Forum (ACMF), the SRI Sukuk Framework issued by the Securities Commission Malaysia, and the Fatwa of the National Sharia Board Number 131/DSN-MUI/2019 regarding Wakaf Sukuk. The main points of regulation outlined in this Financial Services Authority Regulation include:

1. The issuance of debt securities and/or Sukuk based on sustainability can only be conducted to finance or refinance KUBL and/or KUBS, projects aimed at optimizing the benefits of Waqf assets, and issuances related to achieving sustainability KPIs;
2. business activities and/or other activities that can be financed by the issuance of debt securities and/or sustainability-based Sukuk;

²⁹ Marves, "Promosikan Ekonomi Biru, Pemerintah Indonesia Kerja Sama Dengan UNDP Luncurkan Dokumen Blue Financing Strategic," Marves, 2022, <https://maritim.go.id/detail/promosikan-ekonomi-biru-pemerintah-indonesia-kerja-sama-dengan-undp-luncurkan-dokumen-blue-financing-strategic>.

3. the obligation of the Issuer or Publisher to obtain a review from an External Review Provider according to their competence on business activities and/or other activities financed by the issuance of debt securities and/or sustainability-based Sukuk;
4. the use of funds from the Public Offering and issuance without going through the Public Offering of debt securities and/or sustainability-based Sukuk;
5. the obligations that must be fulfilled by the Issuer and the Publisher in the case of debt securities and/or sustainability-based Sukuk no longer being debt securities and/or sustainability-based Sukuk; and
6. provisions regarding Sustainability KPIs and Sustainability Performance Targets.

Meanwhile, financing in the blue sector is very broad and complex. Thus, in this case, it still does not meet the regulatory needs related to blue sukuk for corporations where the securities will be issued. In this regard, considering that the POJK also provides other options related to Sukuk based on other sustainability criteria set by the OJK, specific regulations from the OJK can be issued concerning the types of sustainability established. In this case, namely blue sukuk. Considering that the concept of green sukuk has been successfully launched by both the government and corporations, blue sukuk, as part of the National Sharia Securities (SBSN), can also be implemented the same.

Government sukuk can be categorized into three types: retail sukuk, Islamic fixed-rate sukuk, and project-based sukuk. Retail sukuk is a type of sukuk that is available for purchase by the general public. This type of sukuk is divided into two, namely retail sukuk and savings sukuk. The fundamental difference between the two types is in their trade ability function. Retail sukuk can be traded in the secondary market, while savings sukuk does not have that function but offers an early redemption option for investors.³⁰

Meanwhile, IFR Sukuk refers to sukuk that is not marketed widely but is only offered to a limited number of institutional investors through an auction mechanism and private placement. The auction process is conducted by DJPPR every week, whether for government bonds or government sukuk. The issuance of sukuk through a private

³⁰ Mohammad Noor, "Blue Sukuk: Strategi Dan Konsep Pembiayaan," *PKN: Jurnal Pajak Dan Keuangan Negara* 4, no. 1S (2022): 414–26, <https://doi.org/https://doi.org/10.31092/jpkn.v4i1S.1924>.

placement mechanism is used for the Indonesian Hajj Fund Sukuk (SDHI), the placement of hajj funds, and the Community Endowment Fund. The IR sukuk has a maturity of over one year. As the name suggests, the type of coupon on IFR sukuk is fixed with payments made every six months. This IFR sukuk can be traded by investors in the secondary market.³¹

The third sukuk issued by the government is a project financing Sukuk, which is a state sharia bond issued to finance specific activities or projects owned by the government that have been directly allocated to the state budget (APBN). The benefits of project financing sukuk include enhancing independence in national development financing and supporting the acceleration of infrastructure development and other strategic projects.³² Projects that need to be prioritized by the government include providing access and facilities for small-scale fishermen, building cold storage to preserve the catch of fishermen, expanding markets that can be used by fishermen to sell their catch, procuring technology for tracking fish movements, and enhancing fishery conservation areas.³³

The 'sovereign blue Sukuk issuance plan for financing the maritime sector in Indonesia has several benefits, namely (1) diversification of APBN financing instruments; (2) increasing the role of Islamic finance; (3) improving the welfare of the community. The opportunities obtained are (1) diversification of SBSN underlying assets; (2) marine economic sustainability; and (3) adding sharia investment instruments. On the other hand, the government also needs to consider the costs and risks. Some of the costs are (1) inter-institutional coordination costs; (2) an increase in the burden on the state budget; (3) implementation costs. Meanwhile, the risks that must be considered are (1) operational risk; (2) technical risk; (3) moral hazard, and human error.³⁴

In terms of state sukuk, the legal basis that can be used is Government Regulation (PP) Number 16 of 2023 concerning Project Financing Through the Issuance of State Sharia Securities (SBSN).

³¹ *Ibid.*

³² Nikmah Mentari, Ilham Dwi Rafiqi, and Tiara Zein, "Implementasi Pengaturan Perdagangan Karbon di Indonesia Dalam Perspektif Investasi Hijau Dan Konstitusi Ekonomi". *JATISWARA* 39, no. 3 (2024):283-294. <https://doi.org/10.29303/jtsw.v39i3.710>.

³³ *Ibid.*

³⁴ Fakhry Barly Ramdhani, Mohmed Firdaus, and M Y Ibrahim, *Loc.Cit.*

This regulation stipulates that the issuance of SBSN for project financing can be carried out directly by the Government or through SBSN Issuing Companies. Projects that can be financed through SBSN include infrastructure development, provision of public services, empowerment of domestic industries, and other developments following the government's strategic policies.

Referring back to the concept of sharia, the regulations regarding sukuk cannot be separated from the fatwa of the Indonesian Ulema Council (MUI). In this case, it is MUI Fatwa No. 137/DSN-MUI/IX/2020 concerning Sukuk. The issuance of Sukuk must use contracts that comply with Sharia principles, namely *Mudharabah*, *Ijarah*; *Wakaiah*, *Musyarakah*, *Murabahah*, *Salam*, *Istishna'*; or Other contracts that comply with Sharia principles.

The issuance of Sukuk must be free from elements that contradict Sharia principles, including usury, uncertainty, gambling, deceit, harm (endangering/detrimental), bribery, unlawful oppression, and immorality. The issuance of Sukuk can be linked to waqf by adhering to the provisions of the Fatwa DSN-MUI Number: 131/DSNMUI/VX/2019 concerning Waqf Sukuk. Cash Waqf Linked Retail Sukuk (CWLS Retail) is a cash waqf investment in state sukuk, the returns of which are channeled by the Nazhir (the manager of waqf funds and activities) to finance social programs and empower the economy of the community.

Therefore, the foundation for issuing blue sukuk has actually been accommodated even in the absence of specific legal regulations. Considering that some rules have already been accommodated quite well. However, since the issuance of blue sukuk is also a new object as a financing instrument, at least implementing regulations are needed at the level of the Ministry/Agency, without neglecting the principles and roles of Sharia experts. Blue Sukuk, a marine-based investment, requires specific regulations to align with national and international sustainability goals. It should also align with the Sustainable Development Goals (SDGs) to promote marine conservation and sustainable fishing. Effective issuance and management require coordination among stakeholders. Challenges include regulatory gaps, investor awareness, and project viability. The OJK could introduce guidelines, educate investors, and conduct thorough feasibility studies to ensure the success of Blue Sukuk. These recommendations aim to ensure the financing of projects that promote marine conservation, sustainable fishing, and ecosystem protection.

The mechanisms and institutions of Islamic finance will play a crucial role in the context of the issuance and development of Indonesia's blue sukuk in the future. If everything goes smoothly, the issuance of blue sukuk as an innovative Islamic financing instrument in Indonesia could become the first (and possibly the only) blue sukuk in the world.

Conclusion

The integration of Blue Sukuk into Indonesia's financial ecosystem represents a promising innovation, combining Islamic finance principles with the needs of the maritime sector. This instrument offers a viable funding mechanism for essential marine projects, such as expanding marine conservation areas, sustainable fishing, and tackling ocean plastic pollution. The success of green sukuk in addressing environmental concerns underscores the potential for blue sukuk to attract significant investment, driving both economic and ecological benefits. However, the development of Blue Sukuk is contingent upon establishing a robust regulatory framework. While existing regulations address various sustainability aspects, specific guidelines for blue sukuk remain underdeveloped. Strengthening regulatory support, ensuring alignment with Sharia principles, and enhancing inter-agency coordination are crucial for the effective issuance and management of blue sukuk. Indonesia's Vision 2045 aims to transition from a resource-dependent economy to a modern, competitive, and sustainable economy. Blue sukuk can play a pivotal role in this transformation by fostering innovation, supporting maritime economic sustainability, and enhancing community welfare. The successful implementation of blue sukuk could position Indonesia as a global leader in this emerging sector, setting a benchmark for other nations to follow.

In summary, blue sukuk represents not only a financial instrument but a strategic tool for advancing Indonesia's blue economy goals. By leveraging this innovative financing model, Indonesia has the opportunity to drive sustainable maritime development, contribute to global environmental goals, and enhance its economic resilience and prosperity.

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