

Evaluating the Contribution of Sukuk to Sustainable Infrastructure Financing in Indonesia

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Abstract

Infrastructure development plays a vital role in a country's overall progress and competitiveness. According to the 2019 Global Competitiveness Report, Indonesia ranks 50th out of 141 countries, with infrastructure remaining one of its weakest indicators. This highlights the urgent need to accelerate infrastructure improvements. However, such development requires substantial financial resources that exceed the capacity of the state budget. To address this challenge, the Indonesian government has adopted sukuk (State Sharia Securities) as an alternative financing instrument. Since their initial issuance in 2008 through January 2020, sukuk issuances have reached IDR 1,230.44 trillion, with an outstanding value of IDR 738.37 trillion, financing 2,939 infrastructure projects across 34 provinces. These achievements demonstrate the significant and growing role of sukuk as a strategic instrument in supporting sustainable infrastructure development in Indonesia.

Keywords: *Sukuk, Financing, Infrastructure, Projects, Investment*

INTRODUCTION

Infrastructure is a crucial aspect in supporting a country's economic growth. The Global Competitiveness Report summarizes 12 indicators that determine a country's productivity: institutions, infrastructure, IT adoption, macroeconomic stability, health, skills, product markets, labor markets, financial systems, market size, business dynamism, and innovation capacity. According to the 2019 Global Competitiveness Report, Indonesia ranked 50th out of 141 countries, but its infrastructure ranked second to the bottom among other indicators. This demonstrates that Indonesia's infrastructure still lags behind other countries (Coordinating Ministry for Economic Affairs, 2020).

INDIKATOR INFRASTRUKTUR YANG PERLU DITINGKATKAN

Indikator	Skor Indonesia	Median	Jarak Skor Indonesia Terhadap Median
Pilar 2: Infrastruktur	66,83	66,91	-0,08
Indeks konektivitas jalan	34,57	65,99	-31,41
Kepadatan jalur kereta api	48,10	48,69	-0,59
Efisiensi layanan kereta api	61,40	35,97	+25,43
Konektivitas bandara	100	43,95	+56,05
Efisiensi layanan transportasi bandara	66,75	58,33	+8,42
Indeks konektivitas pengiriman melalui kapal laut	40,85	30,61	+10,24
Efisiensi layanan pelabuhan	54,08	51,19	+2,89
Tingkat elektrifikasi	91,20	86,30	+4,90
Kerugian transmisi dan distribusi tenaga listrik	94,35	92,66	+1,69
Terpapar air minum yang tidak aman	82,47	87,09	-4,62
Pemenuhan suplai air	60,65	62,75	-2,10

Source: Coordinating Ministry for Economic Affairs

Therefore, the government is currently intensifying national infrastructure development, as much of Indonesia's infrastructure still needs improvement. However, the government will also require significant funding to finance this infrastructure development. Thus, the state must explore all potential alternative sources of financing to meet the needs of large-scale infrastructure investment.

One such source of infrastructure financing in Indonesia is sukuk. According to the National Daily (2019), the value of sukuk has reached IDR 1,221 trillion since its first issuance in 2008. Since 2013, sukuk have financed various infrastructure projects, totaling IDR 90.9 trillion. The government believes that sukuk will become a primary source of national infrastructure financing due to its significant potential. Sukuk investors have consistently increased year after year, indicating that sukuk instruments are increasingly attractive. The Directorate General of Financing and Risk Management at the Ministry of Finance also reported that the value of project financing through sukuk continues to rise, enabling this instrument to support an ever-greater number of infrastructure projects.

Over the past few years, empirical research has increasingly documented the growing importance of green sukuk and ESG-linked sukuk as instruments for financing sustainable infrastructure in Indonesia. Studies between 2018 and 2024 show that green sukuk have been utilized to finance renewable energy, energy efficiency, and environmentally friendly transportation projects. However, challenges remain related to regulatory clarity, investor literacy, and transparency in project reporting (Tsarwatica Journal, 2024).

In terms of macroeconomic impact, quantitative studies demonstrate that Sukuk Negara (sovereign sukuk) issuance has a positive and significant effect on reducing state budget deficits while promoting economic growth. Research published in the Indonesian Treasury Review (2024) finds that market liquidity strengthens this effect—meaning that the more liquid the sukuk market, the more effectively it supports fiscal stability and infrastructure financing (Kemenkeu, 2024).

Sukuk also contribute directly to Indonesia's progress toward the Sustainable Development Goals (SDGs), particularly SDG 9 (Industry, Innovation, and Infrastructure). According to IJIF UIN Sunan Kalijaga (2024), Indonesia's infrastructure financing needs for 2020–2024 are estimated at IDR 6,421 trillion (around 6.08% of GDP), while realized spending remains around 3.46% of GDP. This financing gap highlights the essential role of sukuk as a complementary tool for meeting national development targets.

Nevertheless, several structural and institutional constraints continue to limit the growth of the sukuk market. Key challenges include low issuance limits for project-based sukuk, limited monitoring and evaluation mechanisms, low private and foreign investor participation, and limited awareness among retail investors. These barriers must be addressed to enhance sukuk's scalability and efficiency as an infrastructure financing instrument (EUDL, 2020).

Another emerging trend is the exploration of local or regional sukuk (sukuk daerah) as an alternative financing instrument for subnational infrastructure. Recent studies suggest that these instruments have strong potential for green and social infrastructure projects at the regional level. However, local governments often face legal, fiscal, and technical capacity constraints, preventing widespread adoption (JSEI, 2023).

Between 2014 and 2024, sovereign sukuk have financed infrastructure projects worth IDR 241.94 trillion, including in road construction, airports, seaports, education, and healthcare sectors. These achievements underscore the tangible contribution of sukuk in expanding Indonesia's infrastructure network and supporting equitable regional development (The Jakarta Post, 2024).

Moreover, Indonesia has strengthened its international presence through global sukuk issuance, which has attracted strong foreign investor confidence. In late 2024, the Indonesian

government issued global sukuk valued at USD 2.75 billion (approximately IDR 42.9 trillion), the largest issuance in Southeast Asia. This reflects the country's credibility in the Islamic capital market and demonstrates sukuk's potential as a sustainable and globally competitive source of infrastructure financing (IAEI, 2024).

LITERATURE REVIEW

Sukuk, or Islamic bonds, are sharia-compliant financial instruments representing ownership in underlying assets, projects, or services. Unlike conventional bonds that generate interest-based returns, sukuk derive income from profit-sharing, leasing, or asset-backed arrangements (Dusuki, 2020). The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) defines sukuk as certificates of equal value representing undivided shares in the ownership of tangible assets, usufructs, or services. Globally, sukuk have become a vital component of Islamic capital markets. Between 2018 and 2023, global sukuk issuances averaged USD 180 billion annually, with sovereign sukuk making up nearly 60 percent of the total (IIFM, 2023). The growing demand for ethical and asset-backed investments has propelled sukuk to prominence, particularly in regions such as the Gulf Cooperation Council and Southeast Asia, where Malaysia and Indonesia are dominant issuers.

Indonesia formally introduced Sukuk Negara or State Sharia Securities through Law No. 19 of 2008, establishing sukuk as a legitimate sovereign financing tool. Since the inaugural issuance in 2008, sukuk have become an essential instrument in the government's fiscal strategy. According to the Ministry of Finance (2024), total sukuk issuance reached IDR 1,380 trillion by early 2024, with an outstanding value of over IDR 750 trillion. Indonesia's sukuk portfolio includes retail sukuk, project-based sukuk, green sukuk, and global sukuk. Retail sukuk enhance financial inclusion by encouraging citizen participation, while project-based sukuk directly fund infrastructure such as roads, bridges, ports, and educational facilities. The introduction of green sukuk in 2018 positioned Indonesia as a global pioneer in sustainable Islamic finance (Tsarwatica Journal, 2024).

Infrastructure development in emerging economies often exceeds the fiscal capacity of the state, prompting governments to seek alternative funding models. The World Bank (2023) emphasizes that sukuk's asset-based structure aligns naturally with infrastructure financing, as physical projects can serve as underlying assets. In Indonesia, sukuk have significantly supported national infrastructure programs by financing transportation, energy, education, and health projects (The Jakarta Post, 2024). From 2014 to 2024, project-based sukuk financed 2,939 infrastructure projects across 34 provinces, with a total value of IDR 241.94 trillion, demonstrating their strategic contribution to national development.

The economic implications of sukuk issuance extend beyond infrastructure. Empirical evidence from the Indonesian Treasury Review (2024) indicates that sukuk issuance positively affects GDP growth, fiscal balance, and macroeconomic stability. Sukuk not only diversify public debt instruments but also reduce dependence on conventional financing. Complementary research from the Indonesian Journal of Islamic Finance (IJIF) (2024) finds that sukuk contribute to the achievement of Sustainable Development Goal 9 (Industry, Innovation, and Infrastructure) by fostering inclusive and sustainable industrialization. These findings highlight sukuk's long-term multiplier effects on employment, productivity, and regional economic development.

Recent studies also highlight the growing prominence of green and ESG-linked sukuk. Indonesia's green sukuk, introduced in 2018, have funded environmentally responsible projects, including renewable energy, energy efficiency, and waste management. By 2024, total

green sukuk issuance reached USD 6.05 billion, positioning Indonesia as one of the largest green sukuk issuers globally (BloombergNEF, 2024). Nonetheless, the sector faces several challenges, such as the need for clearer regulatory frameworks, standardized impact reporting, and enhanced transparency to attract global ESG investors (Tsarwatica Journal, 2024). Integrating environmental and social governance principles into sukuk structures remains a key focus for sustainable finance policymakers.

Despite its progress, the sukuk market in Indonesia continues to face structural constraints. Research by EUDL (2020) and OJK (2023) notes issues such as limited project evaluation capacity, insufficient investor education, and low participation from private and foreign investors. The secondary market also lacks sufficient liquidity, which affects pricing transparency and investor confidence. Addressing these barriers requires coordinated policy reform, stronger market infrastructure, and deeper engagement from institutional investors. Additionally, sukuk daerah or regional sukuk present an underutilized opportunity for financing local infrastructure. Studies indicate significant potential for local green and social infrastructure projects, but legal, fiscal, and administrative limitations have slowed progress (JSEI, 2023).

Comparative studies suggest that Indonesia could learn from Malaysia's comprehensive sukuk ecosystem, which benefits from tax incentives, standardized documentation, and an active secondary market (IIFM, 2023). Such best practices could strengthen Indonesia's sukuk market and enhance its competitiveness in the global Islamic capital market. Looking ahead, Indonesia's 2025–2029 National Medium-Term Development Plan (RPJMN) envisions an expanded role for Islamic finance in achieving sustainable infrastructure development. The combination of sovereign, retail, and green sukuk is expected to mobilize domestic and international capital efficiently, ensuring that infrastructure financing aligns with both fiscal sustainability and sharia principles.

THEORETICAL FRAMEWORK

The theoretical foundation of this study is rooted in both Islamic finance theory and public finance theory, particularly in the context of infrastructure development. In Islamic finance, sukuk represent an asset-backed instrument structured in compliance with Sharia principles, emphasizing risk sharing, transparency, and the prohibition of interest (riba). Sukuk are designed to provide investors with ownership in tangible assets or usufructs rather than debt obligations. This fundamental characteristic differentiates sukuk from conventional bonds, as they link returns to real economic activities and productive investments (Dusuki, 2020).

From the perspective of public finance, infrastructure is a form of capital expenditure that contributes to long-term economic productivity. The government's role in mobilizing resources to fund such projects often requires innovative financing mechanisms, especially when fiscal space is constrained. Sukuk, as a government financial instrument, aligns with the concept of sustainable financing—allowing the state to mobilize funds without increasing reliance on conventional debt markets (World Bank, 2023). This approach supports the diversification of the government's funding portfolio while maintaining fiscal stability.

The issuance of sukuk for infrastructure financing in Indonesia is supported by the theory of fiscal sustainability, which emphasizes maintaining a balance between debt accumulation and productive asset creation. When sukuk proceeds are directed toward infrastructure that generates economic returns, they contribute to enhancing future government revenues through increased productivity and tax capacity. Hence, sukuk issuance can be considered a form of productive debt aligned with the principles of intergenerational equity (Indonesian

Treasury Review, 2024).

In addition, the concept of Maqasid al-Shariah provides a broader ethical framework that justifies the use of sukuk in public financing. According to Maqasid al-Shariah, economic activities should promote social welfare (maslahah) and prevent harm (mafsadah). Financing infrastructure through sukuk fulfills these objectives by facilitating equitable development, improving public welfare, and encouraging responsible investment behavior (Dusuki, 2020). Sukuk projects such as roads, schools, and hospitals directly enhance the quality of life and reduce socioeconomic disparities.

The theoretical link between sukuk and economic growth is also supported by the endogenous growth theory, which posits that investment in infrastructure has a multiplier effect on economic output. Infrastructure facilitates trade, reduces production costs, and enhances connectivity, which in turn stimulates private investment and employment. By providing a Sharia-compliant financing channel, sukuk enable wider participation from both domestic and international Islamic investors, contributing to greater financial inclusion (JSEI, 2023).

The growing market for green and sustainable sukuk further strengthens the theoretical relevance of sukuk as instruments of sustainable development. Green sukuk financing, aligned with environmental and social governance (ESG) principles, integrates Islamic finance ethics with sustainability objectives. This linkage demonstrates that Islamic financial instruments can serve as effective tools for achieving the United Nations Sustainable Development Goals (SDGs) (Tsarwatica Journal, 2024). In Indonesia, green sukuk have been used to finance renewable energy and climate-resilient infrastructure, reinforcing the notion that Islamic finance can address both economic and environmental imperatives.

Overall, the theoretical framework positions sukuk not only as a Sharia-compliant alternative to conventional bonds but also as a strategic fiscal tool for sustainable infrastructure financing. This dual role—combining religious compliance with economic efficiency—illustrates how Islamic finance instruments can contribute to inclusive development, macroeconomic stability, and long-term fiscal resilience.

PREVIOUS RESEARCH

A growing body of research has explored the role of sukuk in supporting infrastructure financing and sustainable economic growth in Indonesia. Early studies identified sukuk as an effective financial instrument for mobilizing domestic and international investment in infrastructure projects, particularly when traditional fiscal resources are limited. Empirical findings consistently show that sukuk issuance contributes to the diversification of government funding sources, enhances fiscal sustainability, and stimulates macroeconomic stability through productive spending (World Bank, 2023).

Recent research by the Indonesian Treasury Review (2024) highlights that sukuk financing has become an integral part of Indonesia's fiscal framework. The study found that the expansion of sukuk issuance correlates positively with improvements in infrastructure quality, while maintaining fiscal prudence. By channeling funds directly to capital expenditure rather than consumptive spending, sukuk strengthen the state's capacity to support long-term economic development. This evidence reinforces the theoretical argument that sukuk function as productive debt instruments that generate future economic returns.

The Journal of Sharia Economics and Industry (2023) examined regional sukuk initiatives and concluded that local governments in Indonesia increasingly view sukuk as a viable alternative

to conventional municipal bonds. The study noted that regional sukuk provide a sustainable financing mechanism for local infrastructure, including roads, water supply, and educational facilities. These findings indicate the potential for sukuk to extend beyond national-level financing and support decentralized development.

A complementary study published in the *Tsarwatica Journal* (2024) focused on the rise of green sukuk in Indonesia and its contribution to environmental sustainability. The research showed that green sukuk have financed renewable energy, waste management, and climate-resilient infrastructure projects, aligning financial objectives with environmental goals. The integration of ESG (Environmental, Social, and Governance) principles into sukuk structures demonstrates the adaptability of Islamic finance instruments to global sustainability frameworks.

The International Islamic Financial Market (IIFM) Annual Sukuk Report 2023 also supports the increasing role of sukuk as a key global financing tool. The report indicates that Indonesia remains one of the largest sovereign sukuk issuers worldwide, particularly in the green sukuk segment. It highlights Indonesia's success in attracting international investors by maintaining transparency, Sharia compliance, and strong project monitoring mechanisms. This global recognition enhances Indonesia's credibility in the Islamic capital market and contributes to cross-border capital flows.

BloombergNEF (2024) provides further evidence that Indonesia leads Southeast Asia in sustainable sukuk issuance, noting that investor demand for Sharia-compliant and environmentally responsible securities continues to rise. The report emphasizes that sukuk not only finance physical infrastructure but also play a vital role in achieving national development and climate goals.

Collectively, these studies demonstrate that sukuk have evolved from a niche financial instrument into a cornerstone of Indonesia's infrastructure financing strategy. The growing empirical evidence confirms that sukuk issuance enhances fiscal resilience, supports equitable development, and integrates ethical finance with national policy objectives. The convergence of economic, social, and environmental outcomes underscores the transformative potential of sukuk in advancing sustainable infrastructure development.

METHOD

This study employs a qualitative descriptive approach to analyze the role of sukuk in financing infrastructure development in Indonesia. The qualitative method is appropriate for exploring economic phenomena that involve policy interpretation, institutional dynamics, and developmental outcomes. It allows for comprehensive insights into the mechanisms and implications of sukuk issuance without the constraints of quantitative modeling (Creswell & Poth, 2023). The descriptive design enables the researcher to synthesize diverse forms of evidence and identify key trends in sukuk financing performance.

Data for this study are primarily derived from secondary sources. These include official publications from the Ministry of Finance, the Directorate General of Financing and Risk Management (DJPPR), the Otoritas Jasa Keuangan (OJK), the International Islamic Financial Market (IIFM), and international financial institutions such as the World Bank. Additional data are drawn from peer-reviewed journals, policy reports, and industry studies published between 2020 and 2024 (World Bank, 2023; IIFM, 2023; OJK, 2023). The data collection process focuses on identifying sukuk issuance trends, total value, distribution across infrastructure sectors, and measurable impacts on development outcomes.

The analytical method used is content analysis, which enables systematic interpretation of textual and statistical data to uncover recurring patterns, policy implications, and thematic relationships (Krippendorff, 2022). This analysis is supported by comparative evaluation, contrasting Indonesia's sukuk framework with that of other Islamic finance-leading countries, including Malaysia and Saudi Arabia, to assess structural strengths and policy innovations (IIFM, 2023).

A policy analysis framework is applied to evaluate the government's strategy in optimizing sukuk as a financing tool. This involves examining fiscal regulations, sukuk issuance mechanisms, project evaluation reports, and annual infrastructure financing statements (Ministry of Finance, 2024). The framework allows for the assessment of efficiency, transparency, and accountability in sukuk utilization.

To ensure validity and reliability, triangulation is applied by comparing multiple data sources such as government reports, independent academic studies, and global market data. Triangulation enhances analytical credibility and minimizes bias (Flick, 2018). Only data that are publicly accessible and verifiable are used in this research.

The study period spans from 2008 to 2024, capturing the evolution of sukuk from initial issuance to its expanded role in sustainable infrastructure financing. However, the primary focus is placed on 2020–2024, a period marked by accelerated sukuk issuance and the introduction of green and project-based sukuk (Tsarwatica Journal, 2024; BloombergNEF, 2024).

Ethical research practices are maintained throughout, ensuring that all data sources are cited properly and used solely for academic purposes. This methodology aims to produce an evidence-based understanding of how sukuk contribute to Indonesia's fiscal resilience and infrastructure development, aligning with the principles of Islamic finance and sustainable growth.

RESULTS AND DISCUSSION

The results of this study indicate that sukuk have played an increasingly significant role in financing infrastructure development in Indonesia, particularly over the past decade. Since their introduction in 2008, sukuk have transitioned from a supplementary funding tool to a central pillar of the government's financing strategy. According to the Ministry of Finance of the Republic of Indonesia (2024), the cumulative value of State Sharia Securities (SBSN) issued between 2008 and 2024 has surpassed IDR 1,400 trillion, with an outstanding value exceeding IDR 800 trillion. A substantial portion of this amount has been directed toward infrastructure projects, including roads, bridges, airports, irrigation, and educational facilities.

The findings show that the expansion of sukuk issuance has supported fiscal resilience by diversifying financing sources and reducing dependence on conventional debt instruments. Data from the Indonesian Treasury Review (2024) reveal that sukuk-financed infrastructure projects are increasingly contributing to productive public investment, enhancing government efficiency in capital expenditure. Sukuk financing has also enabled better alignment between project implementation and budget disbursement, minimizing idle funds and optimizing the utilization of public resources.

In terms of project outcomes, sukuk have demonstrated strong performance in supporting regional equity and development inclusivity. By 2024, sukuk proceeds had financed more than 3,200 infrastructure projects across 34 provinces, extending development benefits beyond major urban centers to rural and remote areas (Ministry of Finance, 2024). This geographical diversification illustrates the government's commitment to inclusive growth and balanced regional development. Such outcomes reinforce the theoretical notion that sukuk, as an asset-based financing instrument, can channel funds toward real economic activities that promote long-term growth (Dusuki, 2020).

The growing importance of green sukuk represents another key finding. As noted by BloombergNEF (2024) and the *Tsarwatica Journal* (2024), Indonesia has emerged as a pioneer in the issuance of green sukuk, using the proceeds to fund renewable energy, energy efficiency, and climate-resilient projects. Since 2018, the Indonesian government has issued multiple series of sovereign green sukuk, attracting strong demand from international investors seeking ethical and sustainable investment opportunities. The total value of Indonesia's green sukuk issuance had reached USD 6 billion by 2024, making it the largest sovereign green sukuk issuer globally. This success demonstrates that sukuk can serve as a bridge between Islamic finance and global sustainability goals, particularly the United Nations Sustainable Development Goals (SDGs).

From a financial market perspective, the sukuk market has shown increasing liquidity and investor confidence. According to OJK (2023), the number of domestic and foreign investors in sukuk has risen steadily, reflecting greater trust in Indonesia's Islamic financial instruments. The IIFM (2023) report also places Indonesia among the top three global sukuk issuers, behind Malaysia and Saudi Arabia. This trend reflects the strength of Indonesia's regulatory framework, project transparency, and consistent adherence to Sharia principles. Increased investor participation has also contributed to market depth, enabling the government to issue sukuk at competitive rates and with longer maturities.

The study also finds that sukuk financing has positive macroeconomic implications. Infrastructure financed through sukuk has boosted national productivity, employment, and connectivity. The World Bank (2023) reports that infrastructure investment contributes directly to GDP growth, with every 1% increase in infrastructure expenditure generating up to 0.7% growth in output. Sukuk thus function as a multiplier mechanism, transforming financial capital into tangible public assets that support economic expansion. Moreover, sukuk's linkage to specific projects enhances accountability and ensures that borrowed funds are used productively, distinguishing them from conventional deficit financing.

However, several challenges remain. The research identifies that the sukuk market still faces constraints related to secondary market liquidity, investor diversification, and project readiness. JSEI (2023) points out that while the demand for sukuk is strong, regional governments still have limited technical capacity to issue and manage sukuk effectively. Strengthening local institutional capabilities and streamlining the issuance process are essential to maximize sukuk's potential for decentralized infrastructure financing.

In summary, the findings demonstrate that sukuk play a dual role in Indonesia's economic development: as a Sharia-compliant instrument promoting ethical finance, and as a practical

fiscal tool supporting sustainable infrastructure. The continued expansion of sukuk issuance—especially in the green and project-based segments—illustrates their strategic value in achieving fiscal resilience, inclusive growth, and environmental sustainability. The Indonesian experience thus provides an important model for other emerging economies seeking to integrate Islamic finance principles with modern development policies.

CONCLUSION

The findings of this study highlight the vital role of sukuk as a strategic and sustainable financing instrument for infrastructure development in Indonesia. Sukuk have evolved beyond their initial purpose as a Sharia-compliant alternative to conventional bonds, becoming a key component of the government's fiscal strategy. Their asset-based structure ensures that financing is directly linked to productive activities, aligning with both public finance efficiency and Islamic ethical principles. The increasing value and scope of sukuk issuance, along with their growing investor base, demonstrate the instrument's success in mobilizing long-term capital for national development.

Empirical evidence shows that sukuk-financed infrastructure projects have contributed significantly to regional development, job creation, and improved public service access. By channeling funds toward tangible assets such as transportation, education, and energy infrastructure, sukuk have enhanced Indonesia's competitiveness and economic resilience. Moreover, the rise of green sukuk marks a pivotal step toward integrating Islamic finance with global sustainability objectives, particularly the United Nations Sustainable Development Goals (SDGs). Indonesia's leadership in this area provides a model for other emerging economies seeking to combine ethical finance with environmental stewardship.

From a policy perspective, several implications arise. First, the government should continue to strengthen the sukuk ecosystem by expanding market infrastructure, improving secondary market liquidity, and enhancing transparency in project reporting. These measures would further attract institutional and international investors, ensuring long-term market depth. Second, regional governments should be empowered through capacity-building programs to issue local sukuk effectively. Decentralized sukuk issuance can accelerate infrastructure development at the subnational level while maintaining fiscal discipline.

Third, policy coordination between the Ministry of Finance, Otoritas Jasa Keuangan (OJK), and Bank Indonesia should be intensified to integrate sukuk into broader fiscal and monetary frameworks. This integration would help optimize liquidity management, stabilize debt portfolios, and support the development of a more robust Islamic capital market. Fourth, expanding the scope of green and sustainable sukuk can reinforce Indonesia's commitment to climate action and low-carbon growth. Clearer environmental impact assessments and reporting standards are essential to maintain investor confidence and align sukuk issuance with ESG principles.

Finally, the continued development of sukuk as a public financing instrument requires consistent regulatory innovation and public awareness. Strengthening collaboration among academia, policymakers, and industry stakeholders can foster evidence-based policy formulation and promote greater understanding of sukuk's economic and social contributions.

In conclusion, sukuk have proven to be a powerful tool in advancing Indonesia's infrastructure agenda while upholding fiscal prudence, social equity, and environmental responsibility. Their successful implementation demonstrates that Islamic finance can serve as both an ethical and practical solution to contemporary development challenges. As Indonesia continues to refine its sukuk framework, the instrument's role in sustainable national development is expected to expand, setting a benchmark for other countries seeking to harmonize economic progress with

Islamic financial principles.

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