

The role of sharia economics in supporting the realization of sustainable development goals and islamic development

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ABSTRACT

Environmentally Friendly Sustainable Development or Sustainable Development Goals is a policy program scheme agreed upon by world leaders to reduce poverty, inequality and end the impact of global climate change. This article discusses how the Sustainable Development Goals go hand in hand with Islamic development. The research method used in this literature review is descriptive qualitative. The study results show that the Islamic concept is in line/sustainable with the SDGs goals. Islam also has a way to fight poverty with zakat, fasting, and a simple lifestyle, providing equal rights between women and men and emphasizing that there is no equal position between the two; and orders humans to manage the environment wisely and maintain natural balance. Mobilizing the Islamic masses to help in achieving the SDGs as a form of their devotion to Allah SWT is a challenge for the government, community organizations and academics in socializing the SDGs and Sustainable Science to society and to higher education, especially Islamic religious universities (PTKI).

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1. INTRODUCTION

The idea of sustainable development (Sustainable Development Goals) is actually an old concept (Gore, 2015). The problem of pollution caused by industrial development in the 1970s was one of the reasons this concept was raised at the 1972 Stockholm Conference in Nairobi. The Stockholm Conference aims to resolve global physical environmental problems in both developed and developing countries. After that, the topic of Sustainable Development was raised as a global issue at the 1992 UN High Level Conference (Summit) in Rio de Janeiro. As a result, almost all countries use the slogan Sustainable Development as development jargon after the end of the Millennium Development Goals (MDGs) concept in 2015. The idea of Sustainable Development is an innovation and breakthrough in development that was initially only short term to become long term development

(Latifah, 2022). The most general definition of sustainable development is development with an orientation towards meeting the needs of the current generation by optimizing the use of natural resources without sacrificing meeting the needs of future generations. The dimensions of sustainable development include three things. Namely: economic, social and environmental.

Sustainable development is not only a development idea pioneered by European and American countries. Islam, as a religion that carries the concept of environmentally friendly development, also has rules regarding the use of the environment in the Qur'an. The Qur'an predicts that every human behavior related to nature is destructive. As Allah says in the Qur'an: "Damage has appeared on land and in the sea caused by the actions of human hands, so that Allah will feel for them some of the (consequences of) their actions, so that they return (to the right path)." Through the concept of sustainable development, the rights of the next generation are guaranteed. However, this development concept has not been able to reduce the number of social disparities in Indonesia. This means that development problems are still focused on one area and benefit only a few people, so that the prosperity that is the goal of development cannot be felt by all elements of society.

2. RESEARCH METHOD

This research uses a qualitative research approach. In this research, the focus is on a qualitative approach which examines in-depth observations in the form of descriptives with analysis of valid data in the form of existing documentation. This research uses the Library Research type of research, namely quoting from several literatures (libraries) in the form of books, notes, and reports of previous research and research results. In this research, the data collection technique was observation and documentation. Observation is the systematic observation and recording of the phenomena being studied. This observation refers to the research objective, namely to find out the implementation of empowerment carried out by the government and what the results are like. Meanwhile, the purpose of documentation is to collect data to support observation data. Documentation study is a way of collecting supporting data which is characterized in the form of all written notes regarding the SDGs and Islamic development.

3. RESULTS AND DISCUSSIONS

Sustainable Development Goal Program/sustainable program objectives (SDGs), considering that sharia economics as a system can support poverty alleviation. In 2015, 193 countries adopted the Sustainable Development Goals (SDGs) as a guide for development policies until 2030, to create a peaceful and prosperous life now and in the future (Latifah, 2022). The SDGs are based on the idea that to achieve sustainable progress, economic growth must go hand in hand with environmental concern and social justice. Based on the report "The Sustainable Development Goals Report 2018" prepared by the World Bank, much progress has been achieved in the 3 years of implementing the SDGs, such as reducing maternal and infant mortality rates, reducing the number of early marriage, and increasing people's access to electrical energy throughout the world. However, there are still many achievements that are still far from the target, such as in the social, sanitation and environmental fields. The report states that looking at the progress achieved to date, there is concern that many SDGs targets will not be achieved by the 2030 deadline. It is necessary to realize that to achieve the SDGs targets, all parties and all sectors must contribute. This article will specifically discuss the role of the insurance sector in achieving SDGs targets and what things can be utilized from there. In practice, insurance is actually one of the oldest businesses in the world. Based on historical records, the practice of insurance has existed since 3000 BC, namely in China where 118 traders sent their goods by dividing them into several ships, then if one of the ships sank during the journey, the losses would be borne jointly by all the traders, not just by the traders. only those who lost their things

With such a long history, perhaps we can agree that insurance has actually become a part of human life and its existence is very important for society, including that it should also play an important role in achieving SDGs targets. In this regard, according to the author, there are at least four roles that can be utilized from the insurance sector in achieving the SDGs, namely poverty alleviation, disaster risk mitigation, providing guarantee instruments for SDGs projects, and specifically sharia insurance, providing alternatives for those who do not touched by conventional

insurance (inclusion insurance). Insurance can play a role in alleviating poverty by providing alternative mitigation for major risks which, although the probability of occurrence is small, has a very large impact. Examples are life insurance for families where only the father works (single income) or factory fire insurance for entrepreneurs who rely solely on their income from the factory. These two risks are examples of risks where the chance of occurring is very small but the impact is very large, it can even change a person or family from a well-off group to a poor group. In theory, risk mitigation can not only be done through insurance. Another way that can be done is to provide savings, either in the form of bank savings or in the form of other liquid assets, in very large amounts to protect against major risks that could occur (risk retention). However, not everyone has the ability to build up very large savings, especially when they are still in their early days, such as young couples or entrepreneurs who are just starting their business. Apart from that, insurance also has advantages in the form of incentives to be more risk aware. This is because insurance companies usually charge lower premiums to those who are willing to try to reduce risk, for example heads of families who do not smoke, in the case of life insurance or factories that have fire extinguishing facilities in the case of fire insurance (Normasyhuri et al., 2022).

Apart from mitigating risks faced by individuals (particular risks) as previously mentioned, insurance can also be a tool for mitigating risks faced by a large number of people, or what is usually called fundamental risk. One of them is the risk of natural disasters such as earthquakes, floods or volcanic eruptions which have an impact on tens to thousands of people at once. Currently, the government is also paying attention to the formation of a disaster insurance program, for example by implementing disaster insurance for State Property as regulated in Minister of Finance Regulation (PMK) Number 247/PMK.06/2016. Other disaster insurance mechanisms are also being studied for possible implementation. Insurance can also support the achievement of SDGs in the form of providing guarantee instruments for SDGs projects such as the construction of transportation facilities, electricity, sanitation and others. The guarantee in question is in the form of compensation to investors if the promised project fails to be completed. Currently, this guarantee mechanism has also been implemented by the government through the formation of PT Penjaminan Infrastruktur Indonesia (Persero). With the guarantee mechanism, it is hoped that it can further encourage the role of private investors to invest in SDGs projects. Lastly, insurance through sharia insurance can also play a role by targeting those who are not touched by conventional insurance for reasons of faith. With the largest Muslim population in the world at 222 million people, it could be that there are a large number of groups who do not want to accept conventional insurance, and this is where sharia insurance can play a role. With the contribution of all sectors including insurance, hopefully Indonesia can become one of the countries with the highest progress in achieving SDGs targets.

Sharia entrepreneurs have a role in productivity and marketing patterns related to halal food and drinks and other household products so that they can be consumed by people in Indonesia in particular as well as people from abroad with their export-import activities (Humaida et al., 2020). Entrepreneurs have an important role in providing products that will be produced and become products that are really needed by the community by supervising and controlling basic materials as well as the manufacturing process right through to marketing while maintaining the cleanliness and halalness of the products which will be guaranteed to be consumed by the public in the future. Entrepreneurs also have a role in controlling financial mechanisms in determining the prices of products to be marketed. It is hoped that the prices of goods here will not be too heavy for consumers and will not cause losses for producers. If the product price set is not in accordance with the capabilities of the small class of society then the product that should be sold will not be sold. By conducting a market price survey, you can reduce the inflation rate from prices of goods that are not expected to soar high. This is not easy to do because the Indonesian nation's human resources are still minimal. Apart from the lack of knowledge, the facilities provided by the government are not able to be properly socialized by the government so that the public still has minimal knowledge regarding the instruments and components that exist in the Islamic economy. The role of sharia economics in sharia entrepreneurship will be able to run well if every human resource is able to run it as well as possible and with full support from the government with regulations that make it easier for business actors to move the economy through the business they have been involved in. Islamic economics has a role in supporting the implementation of SDGs in Indonesia with all the existing product

ecosystems. Starting with financial products, various halal foods and drinks, Islamic entrepreneurs and etc (Hakim, 2020).

SDGs have 17 goals, including, no poverty, no hunger, healthy and prosperous life, quality education, gender equality, clean water and adequate sanitation, clean and affordable energy, decent work and economic growth, industry, innovation and infrastructure, reduced inequality, sustainable cities and communities, responsible consumption and production, addressing climate change, marine ecosystems, land ecosystems, peace, justice and resilient institutions, and partnerships to achieve goals. The role of sharia economics in the SDGs in Indonesia is that the characteristics of sharia finance are suitable for achieving the SDGs, such as social funds and their nature which is free from speculation. Apart from that, contracts exist in sharia finance, especially in the agricultural sector such as Mudharabah, Musyarakah, Muzara'ah, Musaqah, Murabahah, Ba'i Salam as well as sharia-based businesses with halal food and drink products and also Islamic entrepreneurs with various Sharia contracts such as Salam and Ijarah in Franchise, Musyarakah, Muzara'ah, Musaqah, Murabahah in animal husbandry and agriculture really support the SDGs (Mustofa, 2021).

The existence of banking and non-bank financial institutions is the main factor in spreading the sharia financial ecosystem which contains the values and principles contained in Islamic economics. Banking and non-bank financial institutions that uphold sharia principles and values are expected to become motivators for the implementation of the SDGs which the Indonesian people hope can be realized as quickly as possible. Because the fulfillment of financial inclusion in the economic sector is believed to be able to accelerate the development of the SDGs and there is high hope that the Indonesian people will be able to get out of the poverty line. Sharia Financial Institutions are a support in fulfilling the funds needed by the community in carrying out all forms of economic activities so that they are expected to be able to eliminate price speculation which will be misused by stakeholders to gain profits which if left unchecked will lead to a system of usury. And Muslims have been prohibited from implementing the usury system in all aspects of life. Because that will make someone far from the grace of Allah SWT.

4. CONCLUSION

To reduce the gap between one region and another, the government in carrying out sustainable development should adhere to the three main principles of Islamic economics, namely ownership belongs only to Allah, freedom to compete and enrich oneself, and balance between the utilization and renewal of natural resources. These three principles are implemented and collaborated with strategic efforts including improving the quality of education in disadvantaged areas, building infrastructure connectivity, providing employment opportunities, and efforts to maintain food and energy security. In Islam, the use of natural resources is based on the principles of efficiency, effectiveness and renewal. This means that the government and society can utilize existing natural resources but must take reformative, conservative actions and look for alternative resources. Islam prohibits excessive exploitation, on the other hand, Islam also does not allow existing natural resources to be neglected without utilization. For this reason, Islamic economics has the principle of a moderate economic system between utilization and renewal.

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