
GREEN SUKUK:

**INDONESIAN YOUTH INVESTMENT PROSPECTS FOR ENVIRONMENTAL
SUSTAINABILITY**

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Abstract

GreenSukuk is an environmentally investment instrument launched in November 2019. Many people do not know about the existence of GreenSukuk, because investors are rarely interested in it. This study aims to investigate the prospects for GreenSukuk Investment in Indonesia for the Young Generation. The hope is that young people care more about environmental welfare through investing. The role of youth is very important to create a better Indonesia in the future. One of them is by investing through GreenSukuk. Because with this investment, the opportunity to participate in environmentally sound development will open up. Investment activities through green sukuk are not only for profit, but also to help conserve nature. This research used a qualitative descriptive approach, where the researchers used explanatory method to capture the way green sukuk promote sustainable development, and how the Indonesian Youth investment prospects for environmental sustainability. Data collection techniques was carried out through secondary data collection at the Directorate General of Financing and Risk Management, Ministry of Finance, the United Nations Development Program and Central Statistic Agency. The results of this study provide recommendations that the role of Green Sukuk is very important in realizing Indonesian youth who care about the environment.

Keywords: *Green Sukuk, Investment, Environmental Sustainability.*

1. INTRODUCTION

Sukuk according to Arabic is defined as Sakk which means bond or certificate. In everyday life, sukuk are known as sharia bonds which are related to investment (Lestari, 2020). According to Ronstein-Rodan, investment needs to be made on a large scale in order to boost the country's economy. Recently, an investment instrument has become a hot topic that is always being discussed. The investment instrument is a green sukuk. Green Sukuk is an investment instrument that was first issued by Indonesia with the theme of the environment. This environment is a place for everything that is around humans, both living and dead. The environment becomes a series of places for interaction that will have an impact on each other (Lestari, 2020).

Green Sukuk is a form of effort to fix climate change and environmental sustainability in Indonesia. The presence of green sukuk has the potential to be implemented in Indonesia, because Indonesia is a country that is vulnerable to climate change (Anggraini, 2018). Actually, the issuance of green sukuk is almost the same as other instruments, what distinguishes it is that green sukuk is more focused on environmental sustainability while others are not. Green sukuk has the potential to be utilized in environmental improvement which refers to sustainable development so that it can increase non-fossil energy (Hariyanto, 2017). Green sukuk is one of Indonesia's goals to achieve sustainable development goals (SDGs).

Sustainable development (SDGs) is carried out to help preserve the environment in order to protect the wealth of natural resources that exist in Indonesia. Therefore, when the government wants to realize its commitment to sustainable development (SDGs), the government always makes innovations. One of the innovations made by the government is in the form of green sukuk. Where the existence of this green sukuk will be a good signal to expand the green sukuk market both nationally and internationally (Anggreini, 2018). Green sukuk needs to be studied continuously because it has enormous potential for the country. This potential is interesting to study in depth considering that the existence of green sukuk is still relatively new (Suherman, 2019). The study of green sukuk has an important role to continue to be developed because the presence of green sukuk is able to realize Indonesia's ideals of realizing sustainable development goals (SDGs).

What is important about the presence of green sukuk is the prospect of young people to participate in environmental sustainability through green sukuk investments. Data from the Ministry of Finance, 44.51% of investors are aged 20-40 years. This shows that millennials contribute the most to this green sukuk investment (Ministry of Finance of the Republic of

Indonesia, 2020). Millennials who become the pillars of the country in the future who are more familiar with technology have their own strength in building environmental insight. It is young people who have more potential to support environmentally sound development. Therefore, through this study the author seeks to investigate the "Prospects of Green Sukuk for Indonesian Youth in Preserving the Environment". The results of this study are expected to help provide insight and show opportunities for youth to participate in sustainable development by participating in green sukuk.

2. RESEARCH METHOD

This research uses explanatory method to capture the way green sukuk promote sustainable development, and how the Indonesian Youth investment prospects for environmental sustainability. Data collection techniques are carried out through secondary data collection at the Directorate General of Financing and Risk Management, Ministry of Finance, the United Nations Development Program and Central Statistic Agency.

3. RESULT AND DISCUSSION

3.1. Green Sukuk in Indonesia

Sustainable development has been a central issue for a long time in development in Indonesia. Indonesia is serious about realizing sustainable and environmentally sound development. This seriousness in sustainable and environmentally sound economic development is manifested in the development program "Green Growth Program" initiated by the Ministry of National Development Planning (BAPPENAS), The Organization for Economic Co-operation and Development (OECD), and the Ministry of Environment and Forestry (KLHK).). (Ministry of Finance of the Republic of Indonesia, 2019; Global Green Growth Institute, n.d, 2015 .; Makmun, 2016; Zaini & Darmawanto, 2015, Yusuf, 2019).

The spirit of sustainable development was further expressed by the Minister of Finance of the Republic of Indonesia Sri Mulyani that Indonesia has involvement in sustainable development, where Indonesia has prepared various targets to realize sustainable development, one of which is by realizing the sustainability of Indonesia's environment (Ministry of Finance of the Republic of Indonesia, 2018) This form of sustainability is implemented through the presence of Green Sukuk. Green sukuk is an instrument issued by the government to finance various projects related to the Eligible sector (Suherman, 2019).

The government always has the initiative in empowering the community to participate in sustainable development. There are new innovations so that people like to invest (Ministry of

Finance of the Republic of Indonesia, 2020). Green Sukuk was launched by the government to support green environmental development in Indonesia. This is proven by the data used for green projects in 5 renewable energy sectors, namely climate defense for vulnerable areas, renewable energy, disaster risk reduction, sustainable transportation and agriculture as well as waste-to-energy management (Suherman, et al. 2019).

There are several terms of 'green' which are used for environmental investment in Indonesia (Kemenkeu RI, 2020), namely: 1) Dark Green: dark green color, used to realize projects on renewable energy and climate change resilience in disaster-prone areas / sectors; 2) Medium to Dark Green: Medium green, used to realize sustainable transportation, waste management / management; 3) Waste, and environmentally friendly tourism; 4) Light to Medium Green: medium light green, used to realize energy efficiency projects and sustainable natural resources; 5) Light green: bright green, used to realize environmentally friendly building projects

The above categories are allocations of the green sukuk investment return. The investment returns are used to realize projects as mentioned in points 1-5. The investment yield obtained this year has increased because the number of investors has also increased, so it is very helpful to realize green projects. As mentioned by the Indonesian Ministry of Finance (2020), the opening of green sukuk this year has increased more than the previous year. The participation of domestic and international investors should be appreciated. This appreciation can be realized by re-issuing green sukuk the following year to increase the participation of green sukuk investors and to become incentives for reissuing in the following years. Indonesia has received several awards as the first country to issue green sukuk, this green sukuk issuance provides a good opportunity for investors. This good opportunity should not be missed by all elements of society. Indonesia is the first country to issue investment instruments with a “green” theme. Investments on green themes make money more useful to invest in participating in sustainable development. Sustainable development, of course, always follows the times that are increasingly sophisticated and this increasingly sophisticated era has created convenience for life. This ease is shown by the presence of Green sukuk which provides an opportunity to participate in sustainable development (SDGs).

3.2. The Role of Youth in Greensukuk Investing

Indonesia is one of the developing countries which is slowly starting to move towards a developed country. One of the efforts to achieve this is by continuing to improve the management of state finances, in order to contribute to increasing economic growth. from a saving society to an investing society, as applied in developed countries. Investment has become a target and is a topic of discussion that never ends up being discussed by all Indonesian people in general and the younger generation in particular. This investment topic has attracted young people to invest. Interest is a person's tendency or interest to follow, so that there is an urge to learn in order to achieve his desires (Tumewu, 2019). This desire can fulfill the learning needs of the younger generation to prepare themselves as contributors to the nation's future.

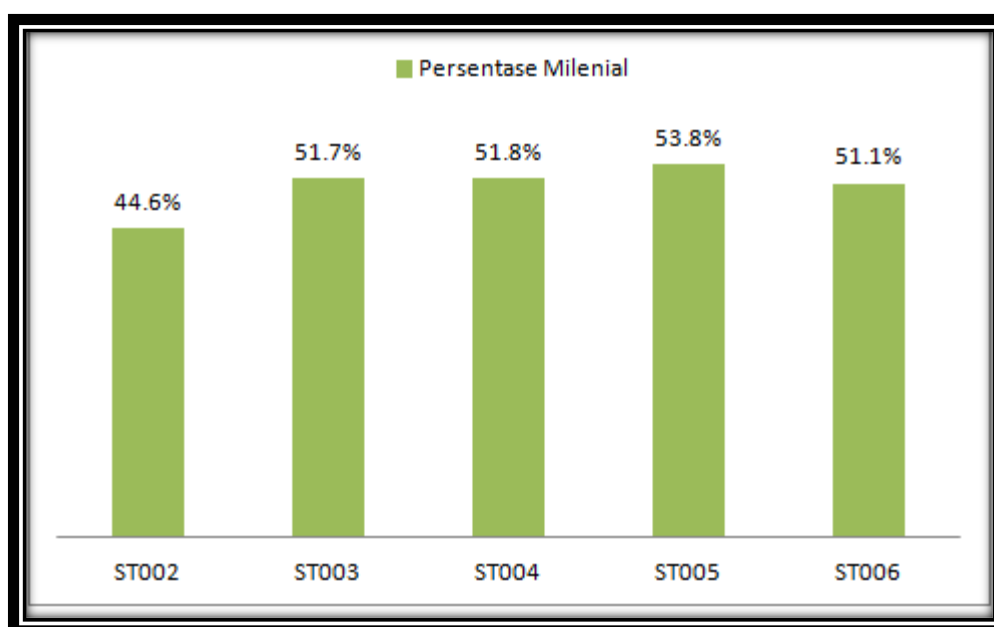
The role of the community is needed to balance the government's efforts to achieve a green environment in Indonesia. In society, youth are the biggest force elements to create a sustainable environment. The contribution of the youth generation is decisive in the progress of a country. The millennial generation has advantages that the previous generation did not have in the form of technology and information responsiveness (Wilya, 2019). This advantage is very useful to be included in environmentally sound investment through Green Sukuk. Investors in Green sukuk are indeed general in nature, but have more opportunities for millennials so that they can be part of sustainable development. The presence of this Green Sukuk has opened up insights and taught the younger generation to like to invest and still care about the environment.

According to the National Development Planning Agency / Bappenas (2019), young people are a reflection of Indonesia's future, the presence of youth who are often touted as the millennial generation is a challenge for Indonesia in the future. However, the millennial generation also provides many opportunities to achieve Indonesia's golden 2045 target in order to achieve a stable economy. The millennial generation is also called the golden generation because they are the only candidates for the nation's successor who have various advantages, are highly intellectual, critical, creative, and innovative so that they are able to compete domestically and internationally. The quality of the millennial generation will be better when young people are given serious attention because of their very influential role in sustainable development (Wibowo, 2019).

In fact, investing in youth makes youth more able to manage the money they have, as long as they have good knowledge to invest. The investment interest of the younger generation will continue to emerge among the youth, increasingly, investment is one of the ways to earn income with good money management (Onasie, & Widodoatmodjo, 2020). Recently, there have

been many investment instruments with their own characteristics. Like the green sukuk ST007 which was a continuation of ST006 in 2019. This investment instrument is a recommendation for young people to participate in sustainable development because this type of investment is realized for the environment. It is an obligation for the nation's future to care about the environment.

This concern certainly opens everyone's horizons to plan for a good future. Through youth, it certainly opens opportunities for Indonesia to be more advanced and provide opportunities for posterity to preserve nature. From the data from the Indonesian Ministry of Finance, investors based on age are generation Z (<20 years) 0.34%, Millennial Generation (20-40 years) 44.51%, Generation X (41-55 Years) 29.40%, Boomers Generation (55 -75 years) 23.21%, Traditionalist Generation (74-91 years) 2.19%. The largest number is shown by the millennial generation, meaning that the millennial generation has high prospects for investment in Indonesia. If these prospects are used for green sukuk, of course there will be a very good chance of achieving sustainable development (SDGs). Young people are the right target to invest in green sukuk because youth are the millennial generation, the golden generation, and the nation's future generation with all their potential. The following graph illustrates the percentage of sales of savings sukuk to millennials.



Source: Directorate General of Financing and Risk Management (DJPPR)

4. CONCLUSION

Green Sukuk is a good reference in investing for all ages. Especially for productive age like millennial generation who have the prospect of being able to make Indonesia a developed

country. Everyone can contribute to sustainable development by investing in green sukuk. Investments in green sukuk will be more meaningful because they are not only profitable but can participate in reducing emissions and fixing climate change and improving facilities related to the environment.

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