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ANALYSIS OF GREEN ECONOMY VARIABLES ON INDONESIA'S NATIONAL INCOME IN 2018-2023 FROM AN ISLAMIC ECONOMIC PERSPECTIVE

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ABSTRACTS

Sustainable economic development through the green economy is a crucial solution for Indonesia to balance economic growth with environmental conservation. This study aims to analyze the relationship of green economy variables which include carbon (CO₂) emissions, green investment, and renewable energy to Indonesia's national income in the 2018-2023 period from an Islamic economic perspective. The research method used is a quantitative approach with multiple linear regression analysis techniques to objectively measure the relationships between variables through numerical data. Secondary data were obtained from the World Bank, the Central Statistics Agency, and the Ministry of Environment and Forestry. The results showed that simultaneously, the variables of carbon emissions, green investment, and renewable energy had an effect on national income at a significance level of 10%, with a determination coefficient value (R-squared) of 0.9541. However, partially, these three variables do not have a significant effect on Indonesia's national income at the standard level of 5%. This insignificance is suspected to be influenced by the limited number of observations (n=6) as well as the initial transition phase of the green economy in Indonesia. In conclusion, national economic management must remain based on the principles of *maslahah*, trust, and balance (*tawāzun*) to achieve long-term prosperity. The recommendation of this study is to strengthen the integration of Islamic social financial instruments such as Green Sukuk and ZISWAF to encourage sustainable renewable energy projects.

A. INTRODUCTION

Economic development is one of the top priorities for developing countries such as Indonesia in an effort to improve people's welfare, reduce poverty rates, and strengthen bargaining positions in the global arena. However, the history of development shows that development directions that focus only on conventional economic growth without considering carrying capacity and environmental impacts have been proven to cause significant ecological damage as well as worrying degradation of natural resources (UNEP, 2015). Too narrow a focus on increasing the Gross Domestic Product (GDP) figure often ignores the cost of environmental externalities that society must pay. In the context of sustainable development that has become a global discourse today, the green economy has emerged as an alternative solution that balances economic growth with environmental conservation. This concept seeks to answer the challenge of how humans can remain economically productive without having to sacrifice the quality of nature for future generations. This is in line with the Sustainable Development Goals (SDGs) targets, especially goal 8 on decent work and economic growth and goal 13 on handling climate change (climate action), which emphatically emphasizes the importance of inclusive, equitable, and environmentally friendly economic growth (UNEP 2015).

The issue of climate change and environmental degradation is no longer just a scientific prediction in the future, but has become an urgent global concern, including in Indonesia. The real impact of this crisis, such as the increase in average temperature, the phenomenon of extreme floods that hit various cities, prolonged droughts, and annual forest fires, show the existence of massive ecological damage due to unsustainable economic activities and overexploitation of nature (Ministry of Environment and Forestry of the Republic of Indonesia 2022). According to data released by the Ministry of Environment and Forestry, Indonesia's carbon emissions have continued to experience an increasing trend in the last five years, with the fossil-based energy sector and land conversion being the main contributors (Ministry of Environment and Forestry, 2022). If this condition is not anticipated through systematic decarbonization policies, the environmental damage will not only reduce the quality of life of the people in general, but will also worsen socio-economic inequality which ultimately affects national productivity and national income stability in the long term (Triansyah, Gunawan, and Ramadhaniyati 2023).

In this context, the green economy approach is very relevant as an economic model that aims to create sustainable growth by reducing environmental risks and preventing permanent resource scarcity (OECD 2020). Green economy indicators are not only limited to one sector, but cover a wide range of aspects, ranging from the massive use of renewable energy, increased green investment, efficient use of natural resources, to efforts to significantly reduce carbon emissions through environmentally friendly technology (OECD, 2020). The Indonesian government itself has begun to show its political commitment through the adoption of green development strategies in national planning documents, such as the implementation of the National Energy General Plan (RUEN) and the establishment of green funding instruments through the Environmental Fund Management Agency (BPDLH) (Wahida and Uyun 2023). However, although policy and institutional tools have become available, further

scientific evaluation is needed on the extent to which these green economy indicators actually make a measurable contribution to increasing national income (Wahida & Uyun, 2023).

Viewed from the perspective of Islamic economics, environmental conservation and social justice are not just additional issues, but integral parts of an ideal economic ethical system. The principles of *maslahah* (public good), *al-adl* (justice), and *amanah* (human responsibility as the manager of the earth) require that all economic activities are not only oriented towards the pursuit of profit, but also must consider the balance of the ecosystem and the sustainability of future generations (Ayub, Hassan, and Saba 2024). In the Qur'an, the prohibition against all forms of destruction of the earth is explicitly affirmed in QS. Al-A'raf verse 56 which commands humans not to do damage to the earth after Allah repairs it (Chapra, 2018). Therefore, the green economy has a fundamental value conformity with Islamic teachings in realizing sustainable development. Economic development from an Islamic perspective should bring blessings (*barakah*), not just the growth of numerical numbers that ignore moral, spiritual, and environmental aspects (Chapra 2018).

The Islamic approach to development does not dichotomically separate the material and spiritual aspects. This makes the study of the relationship between green economic variables and national income from an Islamic perspective very important in order to provide a normative and ethical basis for public policy. This is also in line with the concept of *tawazun* or balance that emphasizes harmony between economic, social, and environmental aspects in every decision-making (Chapra, 2018). As global awareness increases, various studies have been conducted to test the correlation between green indicators and economic growth, where the results show that green investment and energy efficiency have a positive influence on GDP in many developing countries (Fitriani et al. 2021). In Indonesia itself, other empirical studies confirm that the use of renewable energy is significantly able to encourage sustainable national economic growth (Saputra, Fahmi, and Akmal 2023). However, research that specifically examines this aspect in the most recent period (2018-2023) by integrating macroeconomic data and the philosophical foundation of Islamic Economics is still very limited, so it is an urgent research gap to be filled by this research.

Based on Indonesia's carbon emission data for the period 2018 to 2023, there is a fluctuating trend that reflects the dynamics of economic activities and national environmental policies in real terms. Carbon emissions were recorded at 597.48 million tons in 2018 and experienced a significant increase to reach 637.31 million tons in 2019, or an increase of around 6.67% (Report et al. 2023). Although in 2020 there was a sharp decrease of -6.76% due to the COVID-19 pandemic, data shows that emissions increased moderately again from 2021 to 2023 (Triansyah et al., 2023). This phenomenon of increasing emissions post-pandemic reflects that Indonesia's energy structure and industry are still very dominant in fossil energy sources (Triansyah et al., 2023). This emission data is a very important independent variable as the basis for evaluating the effectiveness of environmental policies in the perspective of Islamic economics which emphasizes the principle of balance (*mīzān*) and *hifz Al-Bi'ah* (Triansyah, Gunawan, and Ramadhaniyati 2023).

The green investment sector also shows similar dynamics in the national financial structure. Based on official data, green investment in Indonesia shows a fluctuating trend in line with the government's progressive steps in issuing green sukuk worth Rp 5.4 trillion in 2019, which reflects the beginning of the acceptance of green financing in the country's fiscal policy (Bank 2021). The peak of green investment was recorded in 2021 with a value of USD 5.8 billion in the renewable energy sector, but the decline in investment in 2022 and 2023 indicates structural challenges in terms of regulation (Aviyanti 2022). From an Islamic economic perspective, green financing such as green sukuk is not only a financial instrument, but an important tool to realize development that is in line with *maqāṣid al-Syarī'ah*, especially in the aspect of public benefit (*maṣlaḥah 'São Paulo*) (Fitrah and Soemitra 2022).

Indonesia's renewable energy sector is showing consistent growth, with the proportion in the national primary energy mix increasing from 8.64% in 2018 to 13.29% in 2023 (Indonesia Climate Change Report, 2023). Although installed capacity continues to rise, this achievement is still below the government's ambitious target of 23% by 2025 (Triansyah et al., 2023). On the other hand, Indonesia's National Revenue (GDP) showed post-pandemic recovery with growth reaching 5.05% in 2023 (Ramadhani 2023). However, recent data shows that such growth has not fully integrated the principles of the green economy in depth (Sabirin et al. 2022). Through a quantitative approach with data for the period 2018–2023, this study intends to analyze the relationship between carbon emission variables, renewable energy, and green investment to national income. The results are expected to provide policy input that is in line with the principles of Islamic Economics that prioritize distribution justice, environmental sustainability, and life balance (Fattach 2018); Sabirin et al., 2022).

TABLE 1.1 Indonesia's National Revenue Data for 2018 - 2023 (in Million Dollars)

Year	Nominal GDP (USD billion)	GDP Growth (%)	GDP per Capita (USD)	Growth per Capita (%)
2018	1 042,3	5,17 %	3 701	-
2019	1 119,1	5,02 %	3 851	+4,08 %
2020	1 059,1	-2,07 %	3 739	-2,97 %
2021	1 186,5	3,70 %	4 287	+14,67 %
2022	1 319,1	5,31 %	4 731	+10,35 %
2023	1 371,2	5,05 %	4 876	+3,08 %

Source: Data from the World Bank (GDP and per capita)

Based on data collected from the World Bank and official macroeconomic sources, Indonesia's national income as measured through Gross Domestic Product

(GDP) shows fluctuating growth but generally experienced a positive recovery during the 2018–2023 period. In 2018, Indonesia's nominal GDP reached USD 1,042.3 billion with a GDP per capita of USD 3,701, marking the economic foundation before the pandemic. In 2019, it showed moderate growth of 5.02%, but in 2020 the national economy contracted by -2.07% due to the impact of the COVID-19 pandemic, so that GDP per capita also fell to USD 3,739. Nevertheless, Indonesia managed to recover with a growth of 3.70% in 2021, which continued to 5.31% in 2022 and 5.05% in 2023, showing a stable growth trend. GDP per capita also increased significantly to USD 4,876 in 2023, reflecting an increase in people's purchasing power and economic efficiency. This increase was driven by the recovery of the industrial sector, household consumption, and the role of investment, including those that are environmentally friendly.

Hypotheses in quantitative research are formulated as temporary answers to research problems tested through statistical analysis. In the context of this study, hypotheses were developed based on green economic theory and previous literature showing the relationship between sustainable development and economic growth. The green economy is believed to be able to contribute to increasing national income through resource efficiency, environmentally sound investment, and reducing carbon emissions that have an impact on long-term productivity (Barber 2020).

The use of numbers is crucial in quantitative research, from data collection to the presentation of results. The following are the hypotheses proposed in this study:

1. Partial Test Hypothesis

A partial hypothesis is used to find out whether each independent variable has a significant influence on Indonesia's national income separately:

a) Carbon Emissions (X_1)

With: Carbon emissions have no significant effect on income Indonesia.
H1: Carbon emissions have a significant impact on national income Indonesia.

b) Green Investments (X_2)

With: Green investment has no significant effect on income Indonesia.
H1: Green investment has a significant impact on national income Indonesia.

c) Renewable Energy (X_3)

With: Renewable energy has no significant effect on income Indonesia.
H1: Renewable energy has a significant impact on income Indonesia.

2. **Simultaneous Test Hypothesis**

This hypothesis is used to find out whether all green economic indicators together affect Indonesia's national income.

With: There was no simultaneous significant effect between emissions carbon, green investment and renewable energy to income Indonesia.

H1: There is a significant simultaneous influence between emissions carbon, green investment and renewable energy to income Indonesia.

B. METHOD

This study was designed with a strict methodological structure to analyze the causal relationship between macroeconomic variables in the framework of sustainable development. The main focus of this study is to analyze the influence of green economy variables presented through carbon (CO₂) emissions, green investment, and renewable energy as independent variables, on Indonesia's national income as a dependent variable. To achieve this goal, this study uses a quantitative approach, which is a method that aims to objectively measure the relationships between variables through numerical data and statistical techniques (Stuart 2013) by using the Eviews 12 data processing application. The quantitative approach was chosen because of its ability to explain the influence of green economy variables on Indonesia's national income in a measurable, systematic, and free from the subjectivity bias of researchers.

More specifically, the type of research applied includes both descriptive and inferential dimensions. Descriptive research is used to provide a comprehensive overview of the characteristics of green economy data and fluctuations in national income during the period 2018–2023. On the other hand, inferential research is applied to test the hypothesis regarding the influence between independent and dependent variables in the population through in-depth statistical analysis (Sugiyono, 2013). In addition, this study has causal associative properties that aim to identify the relationship between two or more variables that are causal in nature. This approach is specifically aimed at finding out the extent to which the independent variable, namely the Green Economy variable, has a real impact on the bound variable, namely Indonesia's Income, in a dynamic macroeconomic corridor.

The data used in this study is entirely sourced from secondary data, namely data that is not collected directly by the researcher but obtained from third parties or authority institutions. According to Martono (2014), secondary data is data obtained through literature studies, including official documents, books, research reports, and other sources. The researcher collected data through a document search on the official World Bank website, (Income and Indonesia 2023), and the Ministry of Environment and Forestry (KLHK). To strengthen the philosophical foundation, the researcher also integrates information published through the Library of the Faculty of Economics, the

Library of the Raden Intan Lampung Islamic University, scientific journals, articles, and references to sacred texts in the form of the Qur'an and Al-Hadith to align the analysis with the perspective of sharia economics.

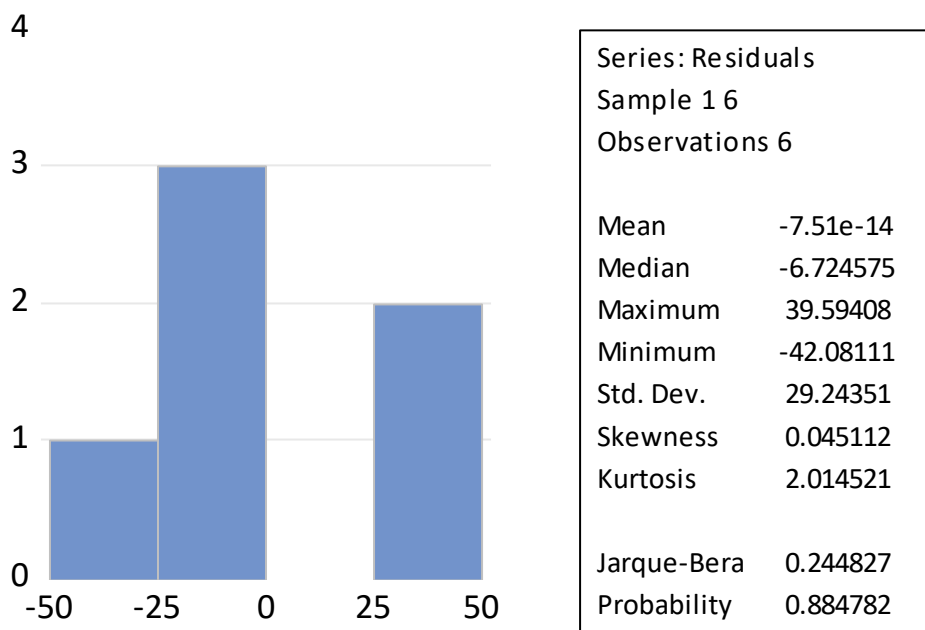
The population in this study covers the entire Indonesian environment which is closely related to the green economy variable and the aggregate of Indonesia's national income in the period from 2018 to 2023. Given that this study is macro and longitudinal, the population of data taken is on a national scale and covers a time span that is considered representative of the dynamics of the green economy in Indonesia. From this population, sampling was carried out using purposive sampling techniques, where Indonesia's annual data from 2018 to 2023 was chosen because this period reflects a crucial green policy transition period for the country.

The determination of this sample is based on the consideration that the 2018-2023 period is the post-ratification period of the Paris Agreement and is very relevant to the government's efforts to realize sharia-based sustainable development. This sample includes six observation points (time series) that record the dynamics of the national economy starting from the pre-pandemic period, when the economic shocks due to COVID-19 occurred, to the economic recovery period that began to integrate the principles of environmentally friendly development. With this number of observations, this study is expected to be able to provide an accurate interpretation of the direction of Indonesia's green development from the perspective of Islamic Economics.

C. RESULTS AND DISCUSSION

a) Normality Test

Figure 1.1 Normality Test Results



Source: *output evIEWS 12*

Based on the presented statistical output, residue normality testing is performed using the Jarque-Bera (JB) approach to ensure that the regression model meets classical assumptions. The results of the analysis showed that the statistical value of Jarque-Bera was 0.2448 with a probability level (p-value) of 0.8847. Given that the probability value far exceeds the significance threshold of $\alpha = 0.05$, it was statistically decided to accept the null hypothesis (H_0), which means that the residual data is normally distributed. Descriptively, this normality is supported by a Skewness value of 0.0451 which indicates a symmetrical distribution, as well as a mean value close to zero (-7.51×10^{-14}), consistent with the ideal error term characteristics. Although the Kurtosis value of 2.0145 is slightly lower than the standard normal distribution value, the deviation is not significant enough to abort the normality assumption in this model. Thus, although the number of observations is very limited ($n = 6$), the residues in this model are still considered feasible for use in further statistical inference testing.

b) Multicollinearity Test

Figure 1.2 Multicollinearity Test Results

Variance Inflation Factors
 Date: 12/25/25 Time: 14:32
 Sample: 1 6
 Included observations: 6

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	282902.6	793.9429	NA
X1	8.64E-06	1280.463	2.788171
X2	136.3877	2.666305	1.377464
X3	413.1182	126.7591	2.962866

Source: output evIEWS 12

Based on the results of classical assumption testing through Variance Inflation Factors (VIF) analysis, this regression model was declared to contain no serious symptoms of multicollinearity. This is evidenced by the Centered VIF values for the three independent variables, namely X1 of 2.7881, X2 of 1.3774, and X3 of 2.9628, all of which are well below the cutoff of 10. This low VIF value indicates that there is no strong linear correlation between the free variables in the model, so that the variance of the regression coefficient does not experience inflation (inflation). Thus, the resulting parameter estimation can be categorized as the Best Linear Unbiased

Estimator (BLUE) and has high reliability to be used in statistical decision-making.

c) Heteroscedasticity Test

Figure 1.3 Heteroscedasticity Test Results

Heteroskedasticity Test: Breusch-Pagan-Godfrey
Null hypothesis: Homoskedasticity

F-statistic	3.374806	Prob. F(3,2)	0.2369
Obs*R-squared	5.010262	Prob. Chi-Square(3)	0.1710
Scaled explained SS	0.282390	Prob. Chi-Square(3)	0.9633

Test Equation:
Dependent Variable: RESID^2
Method: Least Squares
Date: 12/25/25 Time: 14:35
Sample: 1 6
Included observations: 6

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-12879.97	5808.613	-2.217392	0.1569
X1	0.087625	0.032094	2.730272	0.1120
X2	80.11632	127.5386	0.628173	0.5941
X3	-645.7558	221.9684	-2.909224	0.1006

R-squared	0.835044	Mean dependent var	712.6523
Adjusted R-squared	0.587609	S.D. dependent var	786.3192
S.E. of regression	504.9559	Akaike info criterion	15.52154
Sum squared resid	509960.9	Schwarz criterion	15.38271
Log likelihood	-42.56462	Hannan-Quinn criter.	14.96580
F-statistic	3.374806	Durbin-Watson stat	2.743527
Prob(F-statistic)	0.236931		

Source: output views 12

Based on the results of the classical assumption test using the Breusch-Pagan-Godfrey method, this regression model is stated to meet the assumption of homoscedasticity or does not contain significant heteroscedasticity symptoms. This is proven by the Obs*R-squared value of 5.0102 with a Chi-Square probability value of 0.1710, which is above the significance level of $\alpha = 0.05$. This result is also supported by the value of Prob. The F-statistic of 0.2369 exceeds the critical threshold, so that the null hypothesis that states the existence of homokedacitytcity fails to be rejected. Thus, it can be concluded that the variance of the residue is constant for all observations, so that the resulting estimation model remains efficient and unbiased in explaining the relationships between variables.

d) Autocorrelation Test

Figure 1.4 Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test:

Null hypothesis: No serial correlation at up to 1 lag

F-statistic	0.300571	Prob. F(1,1)	0.6807
Obs*R-squared	1.386643	Prob. Chi-Square(1)	0.2390

Test Equation:

Dependent Variable: RESID

Method: Least Squares

Date: 12/25/25 Time: 14:39

Sample: 1 6

Included observations: 6

Presample missing value lagged residuals set to zero.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-439.1387	1037.608	-0.423222	0.7451
X1	0.002211	0.005436	0.406801	0.7540
X2	-1.975538	14.92379	-0.132375	0.9162
X3	-6.186577	27.61565	-0.224024	0.8597
RESID(-1)	-0.871328	1.589307	-0.548244	0.6807
R-squared	0.231107	Mean dependent var	-7.51E-14	
Adjusted R-squared	-2.844464	S.D. dependent var	29.24351	
S.E. of regression	57.33864	Akaike info criterion	10.81073	
Sum squared resid	3287.720	Schwarz criterion	10.63720	
Log likelihood	-27.43220	Hannan-Quinn criter.	10.11606	
F-statistic	0.075143	Durbin-Watson stat	1.867039	
Prob(F-statistic)	0.978190			

Source: output evIEWS 12

Based on the results of the classical assumption test using the Breusch-Godfrey Serial Correlation LM Test method, this regression model is declared to meet the assumption of non-autocorrelation or there is no serial correlation between residues. This is evidenced by the Obs*R-squared value of 1.386643 with a Chi-Square probability value of 0.2390, which is above the significance level of $\alpha = 0.05$. These results are strengthened by the value of Prob. The F-statistic of 0.6807 exceeds the critical threshold, so the null hypothesis stating the absence of serial correlation at lag 1 fails to be rejected. In addition, the Durbin-Watson stat value of 1.867039 is also in the range indicating the absence of strong autocorrelation indications. Thus, it can be concluded that the disturbances in certain observing periods are not related to disturbances in other periods, so this model has good reliability for inferential analysis.

e) Multiple Regression Test

Figure 1.5 Multiple Regression Test Results

Dependent Variable: Y
 Method: Least Squares
 Date: 12/25/25 Time: 14:53
 Sample: 1 6
 Included observations: 6

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-923.2079	531.8859	-1.735725	0.2247
X1	0.007872	0.002939	2.678757	0.1157
X2	5.362695	11.67851	0.459193	0.6912
X3	27.92707	20.32531	1.374005	0.3032
R-squared	0.954122	Mean dependent var		1182.667
Adjusted R-squared	0.885304	S.D. dependent var		136.5294
S.E. of regression	46.23805	Akaike info criterion		10.74020
Sum squared resid	4275.914	Schwarz criterion		10.60138
Log likelihood	-28.22061	Hannan-Quinn criter.		10.18447
F-statistic	13.86455	Durbin-Watson stat		2.348741
Prob(F-statistic)	0.068022			

Source: output eviews 12

Based on the results of multiple linear regression analysis, this model shows a very high explanatory ability with an R-squared value of 0.9541. This indicates that about 95.41% of the variation in the dependent variable (Y) can be explained by independent variables in the model (X1, X2, X3), while the rest is influenced by other factors outside the model. However, simultaneously through the F Test, a probability value of 0.0680 shows that the combined influence of independent variables is only significant at the level of 10% and fails to achieve significance at the standard level of 5%. Partially, the three independent variables had no significant influence on Y at $\alpha = 0.05$, with probability values of 0.1157 for X1, 0.6912 for X2, and 0.3032 for X3, respectively. Phenomena in which the value of the coefficient of determination is very high but not accompanied by strong partial significance is often a consequence of a very small sample size ($n = 6$), which limits the degree of freedom and the power of statistical tests in the model.

ANALYSIS AND DISCUSSION

This study analyzes the influence of green economy variables including carbon (CO2) emissions, green investment, and renewable energy on Indonesia's national income in the period 2018-2023. Based on the results of

multiple linear regression tests, this model has a determination coefficient value (R-squared) of 0.9541, which means that 95.41% of the variation in national income can be explained by the green economic variables studied. Although there was simultaneously an effect at the level of significance of 10%, partially the three variables did not show a significant influence on national income at the standard level of 5%.

1. The Effect of Carbon Emissions (CO₂) on National Income

The results show that carbon emissions have a coefficient of 0.0087 with a probability value of 0.1157, which means that it does not have a significant effect on Indonesia's national income partially. The trend of carbon emissions in Indonesia shows sharp fluctuations, especially when it decreased by -6.76% in 2020 due to the COVID-19 pandemic, followed by a moderate increase until 2023 as the economy recovers. This insignificance indicates that the increase in Indonesia's economic output in the short term is still highly dependent on the fossil energy sector and land conversion. From the perspective of Islamic Economics, this phenomenon shows the challenge of maintaining a balance (*Mīzān*) between material growth and natural sustainability (*hifz Al-Bi'ah*). Development that only pursues growth rates without reducing emissions risks causing damage (*Fasād*) on earth which is prohibited in QS. Al-A'raf verse 56.

2. The Role of Green Investment in the National Income Structure

The green investment variable yielded a coefficient value of 5.3626 with a probability of 0.6912, which confirmed the absence of a significant influence on national income during the observation period. Although the government has started a progressive step through the issuance of *Green Sukuk* Worth Rp 5.4 trillion in 2019, the realization of green investment as a whole is still experiencing structural and regulatory constraints. Green investment has not yet become a dominant factor in determining national income because its scale is still limited compared to conventional investment. From a sharia point of view, green investments such as *Green Sukuk* is seen not just as a financial instrument, but as a tool to achieve *maqāṣid al-syarī'ah* through the public benefit (*maṣlahah 'āmmah*). The insignificance of this variable indicates the need for stronger integration between Islamic social finance instruments (ZISWAF) and sustainable projects to drive broader economic impact.

3. Contribution of Renewable Energy to Economic Growth

Renewable energy shows a coefficient of 27.927 with a probability of 0.3032, which is also categorized as not statistically significant. Although the proportion of renewable energy in the national energy mix increased from 8.64% in 2018 to 13.29% in 2023, this achievement is still below the

government's ambitious target of 23% by 2025. Theoretically, renewable energy has great potential to drive long-term growth, but in the study period, its contribution has not been seen in the national GDP figures. This demands the acceleration of the energy transition as a form of human responsibility as a *Khilafah Fil Argh* to manage energy in a trustworthy and sustainable manner.

4. Discussion of Islamic Economic Perspectives and Research Limitations

Collectively, the results of this study reflect that green economic development in Indonesia is still in the early transition stage. In Islamic economics, development should not separate the material and spiritual aspects (not dichotomous). An increase in national income should bring blessings (*Sāo Paulo*) and based on the principles of *Maslahah*, trust, and balance (*Tawazun*). The partial insignificance of the results in this study was strongly influenced by the limited number of observations (n=6), which led to a low degree of freedom and statistical test power. Therefore, strengthening regulations to reduce fossil emissions without sacrificing the economies of small people, as well as the use of more massive Islamic financial instruments, are important prerequisites for green economic indicators to contribute significantly to the nation's welfare in a sustainable manner.

D. CONCLUSION

Based on the results of data analysis and discussion on the influence of green economy variables on Indonesia's National Income for the 2018–2023 period from the perspective of Islamic Economics, it can be concluded that partially the Green Economy variable does not have a significant effect on Indonesia's national income. This is shown by the value of the coefficient of 0.0087 with a probability of 0.1157 which is greater than the significance level of 5%. These findings indicate that the increase in economic output has not been fully able to drive a significant increase in national income in the short term, especially in the context of sustainable development.

Based on the results of the study, the Green Investment variable also did not show a significant influence on Indonesia's national income during the study period. The value of the coefficient of 5.3626 with a probability of 0.6912 indicates that fluctuations in Green Investment have not been the dominant factor in determining Indonesia's national income in a limited observation period. This condition indicates that the stability or change of Green Investment has not been directly reflected in the increase in national income in the 2018–2023 period.

The results of the study also show that Renewable Energy has not had a statistically significant influence on Indonesia's national income. This is shown by the value of the coefficient of 27.927 with a probability of 0.3032 which is greater than the significance level of 5%. Although theoretically Renewable Energy has the potential

to drive long-term economic growth, in the research period its contribution to national income has not been seen significantly.

Simultaneously, the variables Carbon Emissions (CO₂), Green Investment, and Renewable Energy showed an effect on Indonesia's national income at a significance level of 10%, with a Prob(F-statistic) value of 0.068. In addition, the value of the determination coefficient (R-squared) of 0.9541 indicates that 95.41% of the variation in national income can be explained by these three variables, while the rest is influenced by other factors outside the model. The partial insignificance is thought to be influenced by the limited number of observations, thus causing a low degree of freedom and statistical test power.

From the perspective of Islamic Economics, the results of this study reflect that the management of the national economy must be based on the principles of *maslahah*, trust, and balance (*tawāzun*). Increasing national income through economic growth and investment needs to pay attention to environmental preservation (*ḥifz al-bi'ah*) so as not to cause damage (*fasād*) on the earth. Therefore, economic development that is oriented towards sustainability and Islamic values is an important prerequisite for achieving long-term prosperity.

Advice and Recommendations

Based on the findings of the study, the government is expected to continue to integrate green economy policies consistently in national development strategies, especially in encouraging economic growth and attracting environmentally friendly investments. The policy needs to be directed so that the increase in national income is not only oriented to economic growth, but also in line with the principles of justice, people's welfare, and environmental preservation as taught in Islamic economics.

In addition, it is recommended for researchers to use data with higher frequencies, such as quarterly data, or extend the research period to increase the number of observations. This is expected to increase the degree of freedom and strength of statistical tests so that the estimated results obtained become more accurate and significant. The addition of other green economy variables and Islamic economic instruments is also suggested so that the next research is able to provide a more comprehensive picture and also this research is normative-strategic, not based on statistical significance.

1. Based on the findings of this study, the researcher formulated several strategic recommendations for policy makers, economic actors, and future researchers as follows: Strengthening the Integration of Islamic Social Financial Instruments: Considering that green investment shows great potential but is still volatile, the government and Islamic financial authorities are advised to optimize the synergy between Green Sukuk and productive zakat, infaq, and waqf (ZISWAF) instruments. The distribution of ZISWAF funds for community-scale renewable energy projects can be an inclusive solution that is in line with the principle of *maslahah ammah* to boost national income without damaging the ecosystem.

2. Accelerating the Blessing-Based Energy Transition: The government needs to accelerate the achievement of the renewable energy mix target of 23% by 2025 by providing more competitive fiscal incentives for companies that adopt low-emission technologies. From an Islamic economic perspective, this policy is not only an economic step, but also the implementation of the mandate as the caliph fil ardh to prevent damage (façade) on the earth.
3. Development of a Equitable Green Industry Ecosystem: Stricter regulations are needed to reduce CO2 emissions from the fossil industry sector without sacrificing the economic growth of small people. The principle of tawazun (balance) must be the basis in policy formulation, so that the national income generated is really of high quality and brings long-term blessings to the Indonesian people.
4. Advice for Further Researchers: Given the limitations of annual data in this study (n=6), researchers are further advised to use higher-frequency data such as quarterly or monthly data to improve the degree of freedom and sharpness of statistical analysis. In addition, the addition of other variables such as the Environmental Quality Index (IKLH) or the level of literacy of the sharia green economy can provide a broader perspective.

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