

The Role of Islamic Economics in Promoting a Green and Sustainable Economy

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<i>Info Articles</i>			
<i>Received:</i> <i>January 17, 2025</i>	<i>Revised:</i> <i>March 24, 2025</i>	<i>Accepted:</i> <i>May 23, 2025</i>	<i>Published:</i> <i>June 27, 2025</i>

Abstract: The purpose of this study is to comprehensively explain how Islamic economics can play a role in promoting a green economy and sustainable development. The focus will be on the basic principles of Islamic economics, best practices that have been implemented in various countries, and the challenges that must be overcome to integrate these two approaches harmoniously. This study uses a qualitative research method based on library research. The results of this study are that Islamic economics has a strategic role in promoting the realization of a green and sustainable economy through the principles of ethics, justice, and social responsibility that are in line with the goals of environmental conservation and community welfare. Instruments such as zakat, waqf, green sukuk, and profit-sharing financing can be optimized to finance environmentally friendly projects and empower communities inclusively.

Abstrak: Tujuan dari penelitian ini adalah untuk menjelaskan secara komprehensif bagaimana ekonomi syariah dapat berperan dalam mendorong ekonomi hijau dan pembangunan berkelanjutan. Fokus akan diarahkan pada prinsip-prinsip dasar ekonomi syariah, praktik terbaik yang telah diterapkan di berbagai negara, serta tantangan yang harus diatasi untuk mengintegrasikan kedua pendekatan ini secara harmonis. Penelitian ini menggunakan metode penelitian kualitatif berdasarkan penelitian kepustakaan. Hasil dari penelitian ini adalah bahwa ekonomi syariah memiliki peran strategis dalam mendorong terwujudnya ekonomi hijau dan berkelanjutan melalui prinsip-prinsip etika, keadilan, dan tanggung jawab sosial yang sejalan dengan tujuan pelestarian lingkungan dan kesejahteraan masyarakat. Instrumen-instrumen seperti zakat, wakaf, sukuk hijau, serta pembiayaan berbasis bagi hasil, dapat dioptimalkan untuk membiayai proyek-proyek ramah lingkungan dan memberdayakan komunitas secara inklusif.

Keywords: Islamic Economics; Green Economy; Development.

Kata Kunci : Ekonomi Syariah; Ekonomi Hijau; Pembangunan.

A. Introduction

The phenomenon of negative economic growth impacts on the environment and scarcity of natural resources has become a global issue. Topics that are often discussed and associated with sustainable development include high carbon emissions from environmental pollution, exploitation of natural resources and a lack of social justice.

The global environmental crisis characterized by climate change, environmental degradation, and declining quality of human life has become a major concern for the international community. Economic development that has so far emphasized growth and capital accumulation without considering environmental carrying capacity has caused various negative impacts, such as ecosystem damage, ecological disasters, and social inequality. This reality shows that the conventional development paradigm needs to be reviewed and directed towards a more holistic and sustainable approach. (Malihah, Global, and Sustainable 2022)

In this context, the green economy is present as an alternative development approach that integrates environmental and social aspects in economic activities. The green economy emphasizes the importance of resource efficiency, carbon emission reduction, biodiversity conservation, and the creation of environmentally friendly jobs. This model also encourages inclusiveness and intergenerational justice in the distribution of development benefits. However, to achieve these goals effectively, a strong framework of values and ethics is needed as a basis for economic policies and practices.

One of the economic approaches that offers ethical and spiritual values that are in line with the principles of sustainable development is sharia economics. Sharia economics, which is based on Islamic teachings, has basic principles that include justice, balance, and responsibility as a caliph on earth. This concept does not only

focus on the material aspect, but also emphasizes the moral, social, and environmental dimensions in all economic activities.

Sharia economics prohibits destructive, exploitative, and speculative practices, such as usury, maysir, and gharar. Instead, this system encourages partnership, honesty, transparency, and social responsibility. With these characteristics, sharia economics is able to create a stable, inclusive, and long-term oriented economic system, which is very much in line with the principles of green economy and sustainability. (Mariam 2025)

In Islam, humans are seen as caliphs who are entrusted to manage the earth wisely and responsibly. This teaching requires humans to maintain ecological balance and not cause damage. This is stated in many verses of the Qur'an and hadith that emphasize the importance of protecting the environment, avoiding waste, and sharing resources fairly. Therefore, Islamic economics not only has a strong normative basis to support a green economy, but also provides an operational framework through unique financial and social instruments. The following are arguments about emphasizing the importance of protecting the environment, avoiding waste, and sharing resources fairly. As follows:

وَلَا تُفْسِدُوا فِي الْأَرْضِ بَعْدَ إِصْلَاحِهَا وَادْعُوهُ خَوْفًا وَطَمَعًا إِنَّ رَحْمَتَ اللَّهِ قَرِيبٌ مِّنَ الْمُحْسِنِينَ

"And do not cause damage on the face of the earth, after (Allah) has repaired it, and pray to Him with fear and hope. Indeed, Allah's mercy is very close to those who do good." (QS. Al-A'raf: 56).

Islamic financial instruments such as green sukuk have been used in several Muslim countries to fund environmentally friendly projects, such as renewable energy development, sustainable transportation, and waste management. In Indonesia, the issuance of the country's green sukuk is evidence that the Islamic economy is able to

adapt and contribute to addressing environmental challenges through innovative, value-based financing.(Karina 2019)

In addition to green sukuk, the potential of productive waqf is also very large to support green economic initiatives. Waqf funds that are managed professionally can be used to finance conservation programs, community training in sustainable agriculture, ecotourism development, and other green infrastructure. The existence of waqf as a social financial instrument provides a strong dimension of sustainability because it is not solely aimed at seeking profit, but also provides long-term benefits for society and the environment.

Sharia economics also instills the values of responsible and moderate consumption. In Islam, wasteful and excessive behavior (israf and tabdzir) is strongly condemned because it can damage the balance of the environment and create social inequality. On the contrary, halal and thayyib consumption reflects a lifestyle choice that is not only good for oneself, but also for society and the surrounding environment.

In terms of wealth distribution, Islamic economics emphasizes the importance of equality and reducing inequality through mechanisms such as zakat, infaq, and sedekah. These instruments can be used to strengthen the community economy and support the transition of society to more environmentally friendly economic activities. Thus, Islamic economics not only addresses the economic aspect, but also actively empowers society in sustainable development.(Alhasanah et al. 2023)

The principle of social justice in Islamic economics is in line with global goals such as the Sustainable Development Goals (SDGs). Many values in the SDGs directly intersect with Islamic principles, such as poverty alleviation, gender equality, environmental protection, and inclusive development. This makes Islamic economics a strategic partner in achieving sustainable development targets.(Stafford-smith et al. 2017)

 **SUSTAINABLE DEVELOPMENT GOALS**



Figure 1: Sustainable Development Goals

Indonesia has a very strategic position in the development of a green-based sharia economy. As a country with a Muslim majority and a commitment to the SDGs, Indonesia can be a model for implementing a sharia-based green economy at the global level. Policy support, public literacy, and synergy between the government, private sector, and civil society will be the key to the success of this agenda.

However, the challenges in integrating sharia economy and green economy are still quite large. Among them are the lack of cross-sector understanding, the lack of sharia financial products that are specific to green projects, and the limited data and research that discuss the relationship between the two in depth. Therefore, collaborative and cross-disciplinary efforts are needed to develop a more comprehensive and evidence-based approach.

The involvement of academics, Islamic finance practitioners, and environmental activists is essential to bridge the gap between theory and practice. Research and product innovation are crucial to ensure that Islamic economic principles can be effectively operationalized in support of the environmental and sustainability agenda.

This article aims to comprehensively explain how Islamic economics can play a role in promoting green economy and sustainable development. The focus will be on the basic principles of Islamic economics, the best practices that have been implemented in various countries, and the challenges that must be overcome to integrate these two approaches harmoniously.

B. Research Methods

This research uses qualitative descriptive methods to describe and illustrate phenomena, both those that occur naturally and those that are the result of human engineering, with more focus on characteristics, relationships between activities, and their quality.(Subagyo 2023). This study uses a qualitative research method based on library research. This study was conducted by collecting articles and journals with themes that are in accordance with the objectives of the study as a reference, namely Islamic banking in improving national economic stability.

This technique goes through stages by reducing data, such as articles and journals will be summarized and selected the main points, focused on important things and then arranged systematically so that they are easy to understand. Then display the previous data that has been reduced to draw conclusions, and researchers seek the meaning of the data collected and draw more fundamental conclusions in accordance with the objectives of the study.

C. Results and Discussion

1. Integration of Sharia Economic Principles in Encouraging a Green and Sustainable Economy

The increasingly real environmental crisis and climate change demand a fundamental transformation in the global economic system. The green economy approach has emerged as a solution that emphasizes environmental sustainability and social welfare in a sustainable manner. In this context, the principles of Islamic

economics offer a strong ethical foundation to strengthen and guide the development of a sustainable green economy, especially in countries with a Muslim majority population.

Sharia economy is rooted in the values of justice, blessings, and human responsibility as a caliph on earth who is obliged to maintain the balance of nature. These principles are very relevant to the goals of a green economy that prioritizes the preservation of natural resources and equal distribution of welfare. Thus, the integration between sharia economy and green economy is not only technical, but also a blend of deep spiritual and ethical values.(Permata et al. 2024)

The prohibition of usury in the Islamic economy is one of the important instruments in creating a fair financial system. By avoiding exploitative interest, profit-sharing financing and real activities become the basis for investment, including in green projects. This approach allows the development of renewable energy, sustainable agriculture, and environmentally friendly technologies with a fair pattern of risk and profit sharing. In addition, the principle of prohibition of gharar and maisir which rejects speculation and uncertainty supports long-term investment stability in sectors that require ongoing commitment, such as natural resource management and green infrastructure development. Transparency and clarity in sharia economic contracts provide trust for all parties, thus encouraging stable and sustainable economic growth.(Miswari, Rahayu, and Siregar 2025)

The concept of israf or waste is also very important in supporting the sustainability of resources. Islam teaches wise and moderate use of energy, water, and raw materials, in line with the principles of a green economy that emphasizes efficiency and waste reduction. Awareness of this value is expected to foster more environmentally friendly consumption and production patterns.

The principles of halal and thayyib in Islamic economics lead to the production and consumption of goods and services that are not only legally halal, but also healthy,

ethical, and environmentally friendly. This concept is the basis for the development of green products that meet quality standards while preserving the environment, so that consumers can choose products that contribute to sustainable development. (Rohim and Priyatno 2021)

Islamic philanthropic instruments such as zakat, infak, sedekah, and waqf have a strategic role in supporting green economy financing. These social funds can be directed to fund environmental conservation projects, community empowerment in the green economy sector, and sustainable infrastructure development, strengthening aspects of social justice and equitable distribution of benefits.

The development of sharia financial instruments such as green sukuk increasingly demonstrates the synergy between sharia principles and the need for environmentally friendly financing. Green sukuk is an innovative financing alternative for clean energy, reforestation, and waste management projects, which at the same time fulfills sharia principles without violating the prohibition of usury and uncertainty.

Islamic financial institutions such as Islamic banks and takaful insurance have great potential to strengthen green economic financing by providing financial products that are in accordance with Islamic values and green market needs. This inclusive and equitable capital support is expected to encourage the growth of the green business sector, especially among MSMEs that require flexible and ethical financing access.

Overall, the integration of sharia economic principles in promoting a green and sustainable economy offers a holistic approach that combines moral, social, and environmental dimensions. Through the synergy of existing values and instruments, sharia economics can become a main pillar in building an economic system that not only grows economically, but is also ecologically and socially responsible, thus bringing benefits to humanity and the planet at large.

Utilization of Sharia Economic Instruments to Realize Sustainable Development

Sustainable development demands an economic paradigm that is able to integrate social, economic, and environmental aspects in a balanced manner. In this context, sharia economic instruments have great potential to support sustainable development goals because they contain deep values of justice, blessings, and social responsibility. With this approach, sharia economic instruments not only function as financial tools, but also as a medium that strengthens the balance between humans and the environment.

How humans increasingly become humans with a sense of humanity (human being). Empowering humans so that human values, do not do greedy acts. It can be concluded, in the perspective of Islamic economics has 4 components:

1. Tawhid

Realizing that this earth belongs to God. The right of ownership is God. All creatures have the right to enjoy nature. Humans are only cultivators of nature, not owners. Besides that, it is about Justice. Where humans are not excessive, there is no greed and human greed in consumption. Especially the consumption of non-renewable energy.

2. Mizan (Balance)

Discussing Ecological efficiency. Opportunity to become a better human being. Maintaining lust to be more peaceful and calm with Matsul mu'mainah (spiritual). Hablumminallah and habblumminannas. Humans also maintain relationships with nature.

3. Caliphate

In the human resource management economy there is leadership. Man as a leader should have protection and care for the environment.

4. Trust

Nature is entrusted by God to humans to be ready to be responsible. Human

credibility and good governance that have the characteristics of life characterized by rahmatan lil'alam. (Vita and Soehardi 2022)

One of the main instruments in Islamic economics is zakat, which in addition to functioning as a social obligation for Muslims, is also an effective tool for wealth redistribution. Zakat can be used to finance various social and environmental programs that support sustainable development, such as poverty alleviation, community empowerment, and natural resource conservation. With good management, zakat becomes a significant source of funds for inclusive and environmentally friendly development activities.

Waqf instruments also have great potential in financing sustainable projects. Productive waqf, which invests waqf assets in businesses that provide long-term benefits, can be used to build green infrastructure, environmentally friendly educational facilities, and sustainable health services. Optimal utilization of waqf allows for economic development that is not only profit-oriented, but also for the welfare of the community and environmental preservation.

The principles of sharia financing based on profit sharing and partnership, such as mudharabah and musyarakah, offer a fairer and more sustainable investment model than conventional interest-based financing. This model allows risks and profits to be shared proportionally between investors and business actors, thus minimizing speculation and maximizing the use of capital for projects that provide social and environmental benefits.

The prohibition of usury, gharar, and maisir in the Islamic economy encourages the creation of transparent and ethical economic transactions. This is very important for sustainable development because it prevents practices that are detrimental to society and the environment, such as excessive exploitation of resources or irresponsible business activities. Thus, Islamic instruments can be a strong foundation for building a just and environmentally friendly economic

system.

Takaful insurance instruments also have a strategic role in supporting sustainable development. This sharia insurance system emphasizes the principle of mutual assistance and shared risk, thus providing more inclusive and equitable social protection. Takaful can be optimized to cover risks related to natural disasters and environmental damage, thus helping communities and businesses adapt to environmental changes.

The development of green sukuk as a sharia financing instrument specifically directed at environmental projects is a clear proof of the integration of sharia values with sustainable development goals. Green sukuk provides an alternative financing that is in accordance with Islamic principles to finance renewable energy projects, conservation, and green infrastructure development, thus attracting investors who prioritize ethical values and sustainability.

Islamic financial institutions play a central role in developing financial products and services that support sustainable development. With product innovations such as Islamic microfinance, clean energy financing, and social investment, these institutions can drive inclusive economic growth, create jobs, and reduce social inequality while maintaining environmental sustainability. (Abdul et al. 2024)

In addition, Islamic financial education and literacy are very important to strengthen public understanding of the role of Islamic instruments in sustainable development. Comprehensive education can increase public awareness of the importance of the values of justice, social responsibility, and environmental preservation contained in the Islamic economy, thereby encouraging active participation in sustainable development.

The use of sharia economic instruments in realizing sustainable development offers a comprehensive and holistic approach. Through instruments such as zakat, waqf, profit-sharing financing, takaful insurance, and green sukuk, sharia economics is able to answer economic, social, and environmental challenges simultaneously. Thus, these instruments

not only strengthen the financial aspect, but also prioritize humanitarian values and sustainability as the foundation for future development.

D. Conclusion

Sharia economy has a strategic role in encouraging the realization of a green and sustainable economy through the principles of ethics, justice, and social responsibility that are in line with the goals of environmental conservation and community welfare. Instruments such as zakat, waqf, green sukuk, and profit-sharing financing can be optimized to finance environmentally friendly projects and empower communities inclusively. By prioritizing the prohibition of excessive exploitation, excessive consumption, and economic practices that are detrimental to the environment, sharia economy offers a holistic approach that unites spiritual values and ecological sustainability in one unified system. Therefore, the integration of sharia economy in green development policies can be an important foundation for the creation of a just, inclusive, and sustainable economic future..

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