



The Role of the "Green Economy" In Ensuring Sustainable Development

Yormatov Sharofiddin

Doctor of Philosophy in Economics, Associate Professor, Uzbekistan

Nozima Normurodova

2nd year student of Termez University of Economy and Service, Termez, Uzbekistan

OPEN ACCESS

SUBMITTED 25 October 2024
ACCEPTED 19 December 2024
PUBLISHED 09 January 2025
VOLUME Vol.05 Issue01 2025

COPYRIGHT

© 2025 Original content from this work may be used under the terms of the creative commons attributes 4.0 License.

Abstract: Over the past few years, the concept of a green economy has been recognized as a vital mechanism for achieving economic progress in both developed and emerging nations. This study aims to analyze the role of the green economy in Indonesia's economic expansion based on an Islamic economic perspective. The research methodology employs library analysis and content assessment. The data sources utilized in this study were gathered from previous research, articles, regulations, and reference literature pertaining to green economics, economic growth, and Islamic economics. The results denote that the green economy bears tremendous potential to support economic advancement in Indonesia under an Islamic economic lens. By applying key tenets such as the obligation to safeguard nature and the judicious utilization of resources, Indonesia can cultivate a development paradigm that is sustainable and beneficial across all societal strata. This research recommends that private and public sector entities continue endorsing and integrating green economy principles moving forward. Specifically, Islamic financial instruments can be directed toward eco-friendly investments like renewable energy, sustainable agriculture, green technologies, and environmentally-conscious infrastructure. Such participations from Islamic economics in "greening" the economy signify promising trajectories aligning ethical and sustainable finance. As the world grapples with urgent ecological crises, policy frameworks in Indonesia should incentivize collective societal and commercial transitions toward greener fiscal practices. Islamic finance with its underlying moral philosophy can potentially transform finance itself into an apparatus upholding both economic and environmental welfare.

Keywords: Green Economy; Economic Growth; Islamic Economics.

Introduction: The detrimental impacts of negative economic expansion on the natural environment and scarce natural resources have emerged as a global concern. Frequent topics of discussion related to sustainable development include the high carbon emissions produced by pollution, overutilization of natural resources, and social inequity (Soehardi, 2022). In recent years, the concept of a "Green Economy" has gained traction across various forums. Some may assume a Green Economy is one where the economy itself becomes environmentally friendly. However, a Green Economy is specifically one that does not ecologically damage the environment (Iskandar & Aqbar, 2019). There are three key principles: low emissions, inclusive society, and efficient resource use. Essentially, a Green Economy seeks to eliminate the harmful effects of economic growth on environmental sustainability and natural resource availability. Succinctly put, a Green Economy has low carbon emissions, preserves natural resources, and promotes social justice (Iskandar et al., 2021). This green economy concept arises because human behaviour tends to be profit-oriented compared to sustainable-oriented. Economy by following the current situation that is demanded fast-paced. Of course, this will make humans have the urge to use all means without having concern for environmental sustainability, of course, to get big profits (Alatas et al., 2023). In most of the production activities in the current industry, many need to use natural resources more wisely. This is not balanced with a form of conservation. If this happens continuously, it will undoubtedly threaten the sustainability of the natural environment and humans (Houssam et al., 2023). Maintaining a sustainable economic environment that ensures the well-being of current and future generations of Indonesians should be a key priority for policymakers, with a focus on economic activities that generate products and jobs. Thus, the notion of a "green economy" is imperative to support the welfare and equity of domestic market participants so they can develop the national economy. The purpose of a green economy is to balance improving people's prosperity with sustaining the economy. Therefore, any micro and macroeconomic development pursued by the government must integrate the tenets of a green economy (Anwar, 2022). There are five main principles of green economy-oriented economic growth. First, it must enrich the whole community. Second, it must promote equality across generations. Third, it must maintain, regenerate, and invest in natural resource-

based activities. Fourth, it should support sustainable levels of consumption and production. Fifth, it requires a robust, integrated, and accountable system (Chaaben et al., 2022). A green economy needs to tackle the overall issue of economies of scale by considering materials and energy. GDP can continue growing if production is limited to green products. The "green economy" concept is valuable insofar as it spurs policymakers, economists, and industry players into critical discourse with other stakeholders, comparing alternative developmental paths. Such comparisons should evaluate economic criteria along with social, political, cultural, and ecological sustainability metrics. Economic policies and practices steer sustainable growth models since they drive the key problems of overproducing waste and overexploiting natural resources, as well as the primary determinants of prosperity in jobs, education, and health. Creating an ecologically sustainable future necessitates a collective societal pledge toward greener employment, production, consumption, energy, transportation, agriculture, waste management, water supply and sanitation, and disease prevention and healthcare. Not just one area but all are explicitly interrelated as dynamic socioeconomic and ecological frameworks. Authentic and innovative green economy perspectives and actions could form a new conceptualization of "economy" that is essentially centered on sustainability and social equity (Anwar, 2022). Economic growth is a crucial strategic domain that must be continuously cultivated and expanded since it impacts many people's livelihoods. However, the rising demand for economic development today poses quite a dilemma regarding the discord between economic progress on one hand and preserving nature and the environment on the other. Deteriorating natural resource quality, extensive environmental destruction, pollution, flooding, and expanding critical land are evidence of the consequences of economic expansion that does not align with nature and environmental conservation (Suhada & Setyawan, 2016). If viewed from an Islamic point of view, protecting nature (environment) so that it is maintained is a must for every human being. Humans as caliphs (representatives of God) on earth should preserve and develop nature (earth) which is the dwelling place of humanity, says Allah in the Qur'an, which means... He has created you from earth (soil) and made you his prosperity (QS Hud: 61). The verse above explains that the function of humans as God's caliph is to prosper the earth (nature closest to humans) using the best charity or creative work. Empirical evidence shows that a green economy can influence economic growth, employment, and poverty rates in countries of similar economic and social standing based on the different economic policies and structural adjustments

adopted during this policy transition process (Houssam et al., 2023).

The integration between green economy principles and Islamic economics in Indonesia has yet to be extensively researched. However, studies mapping the challenges and opportunities of joint implementation are required to formulate well-targeted policies (Kristianto, 2020). Additionally, the strategic role of Sharia financial instruments such as zakat, waqf, and Sukuk to promote green economic growth has yet to be explored. Empirical research on the impact and outcomes of applying these tools can provide valuable insights for policymakers and Islamic finance practitioners in Indonesia (Siri, 2023). On the regulatory side, the design of green financial policies and regulations aligned with Sharia principles is still lacking despite the pressing need to guide sustainable finance transitions domestically. Hence, applied research on formulating green financial policies within a Sharia framework is crucial (Hassan et al., 2020). Based on the description of the problem above, the researcher intends to conduct research titled "The Role of Green Economy in Economic Growth in Indonesia Based on an Islamic Economic Perspective."

Various studies have delved into analyzing policies and metrics to transition toward a greener economy. Utilizing an Islamic economic framework, a "green financial policy model" entailing financial instruments, regulatory reforms, public incentives and investments to drive eco-conscious, shared and inclusive prosperity. Formulated priority areas and performance indicators of a green economy guided by Islamic philosophies of environmental stewardship. On the industry level, The roles of Islamic social finance tools like zakat and waqf in supporting renewable energy and sustainable agriculture - strategic green economy sectors - in Indonesia. Green economy objectives like clean energy targets and GHG emission reductions. Such studies collectively underscore the societal, commercial and governmental efforts required to transition current economic structures into an integrative, equitable and eco-friendly growth paradigm.

Economic growth remains a pivotal research domain assessing national productivity and welfare trajectories. The World Bank (2018) defines it as an upsurge in a country's productive capacity as measured through Gross Domestic Product (GDP) estimates. Recent perspectives posit more multidimensional frameworks, gauging outputs as well as sustainability factors. For instance, the Inclusive Development Index devised by the World Economic Forum (2018) measures economic expansion via not just GDP but also metrics of living standards,

environmental sustainability, and equality. Various studies have scrutinized determinants of equitable and sustained growth models. Utilizing an endogenous growth approach, Adame García et al., (2017) examined the economic and social returns of public infrastructure investments across European countries. Investigated health and demographic dynamics as key inputs driving economic progression in developing economies. On the environmental aspect the role of sustainable utilization of natural assets like forests and aquatic systems in fostering green growth trajectory especially in emerging countries. Such analyses reveal a scope for context-specific and multidimensional policy interventions that calibrate both productivity enhancements and human well-being improvements.

REFERENCES

- Adame García, V., Meseguer, J. A., Ortiz, L. P., & Tuesta, D. (2017). Infrastructure and economic growth from a meta-analysis approach: do all roads lead to Rome? *BBVA Research*, April. www.bbva.com
www.bbva.com
- Alatas, A., Arnanda, R., & Prilijayanti, D. (2023). Green Economy dalam Perspektif Fiqh AlBid'ah dan Maqahid Syari'ah (Hifzal Al-Nasl & Hifz Al-Mal). *Journal of Islamic Economics*, 1(1).
- Anwar, M. (2022). Green Economy Sebagai Strategi Dalam Menangani Masalah Ekonomi Dan Multilateral. *Jurnal Pajak Dan Keuangan Negara (PKN)*, 4(1S), 343–356. <https://doi.org/10.31092/jpkn.v4i1s.1905>
- Azizah, M., & Hariyanto, H. (2021). Implementasi Etika Bisnis Islam terhadap Konsep Green Economics. *Supremasi Hukum: Jurnal Kajian Ilmu Hukum*, 10(2), 237. <https://doi.org/10.14421/sh.v10i2.2392>
- Bahri, E. H. (2022). Green Economy dalam Perspektif Maqashid Syariah. *Jurnal Manajemen Dan Bisnis Islam*, 5(2), 1–19.