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Green Policy Frameworks: Fostering Growth through Government Interventions

Islamic Green Finance: Towards Ethical and Environmentally Responsible Investing • Book Chapter • 2025 • DOI: 10.4324/9781003540403-8

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Abstract

This qualitative work aims to explore Malaysian and Indonesian governments' implementation of a green policy framework to catalyze their nations' sustainable growth via doctrinal legal analysis. Despite the significance of promoting and expanding sustainable practices across industries, government policies are integral for up-scaling green policy practices. Accelerating the transition to a green economy in both the countries play a vital role in mitigating market barriers via subsidies, tax incentives, and regulatory guidelines. In this vein, environmental, social, and governance (ESG) initiatives have been adopted as a key intervention to promote sustainable growth, apply viable solutions, and solidify the impacts on their corporate sectors. Islamic banking and capital market (IBCM) in Malaysia and Indonesia, which constitute a Muslim-dominant population, are key to promoting green economy in both countries. Sukuk, a popular IBCM product, is a primary catalyst

for market shifts. Despite the lack of standardized green policies in both the countries, their green policy frameworks can be identified based on to their approaches to encouraging a green economy and sustainable business practices. Increased investments in green sukuk, job creation via green-based development projects, changes in societal behaviours towards green initiatives, and a steady transition towards green technologies are the socio-economic benefits gained from green policy framework implementation in Malaysia and Indonesia. In contrast, the local attachment to conventional business activities, costs, unanticipated geographical disasters, changes in governments, traditional lifestyles, and slow adaption to green policies hamper the framework implementation.. © 2026 selection and editorial matter, Edib Smolo and Muhammad Omer Rafique.

Indexed keywords

Engineering controlled terms

Green development; Green economy; Investments; Public policy; Sustainable development; Taxation

Engineering uncontrolled terms

Catalyse; Government intervention; Green economies; Indonesia; Industry government; Malaysia; Malaysians; Policy framework; Sustainable growth; Sustainable practices

Engineering main heading

Commerce

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Abstract

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