

Decolonizing Global Carbon Trade: Reorienting Islamic Economic Systems for Malay World Ecological Justice

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Abstract: The global climate crisis has necessitated rapid interventions, culminating in the popularization of net-zero emissions targets and carbon neutrality frameworks on a worldwide scale. However, the expansion of global carbon markets, heavily driven by the Paris Agreement, relies on carbon credits and voluntary offsets that disproportionately commodify the natural resources of the Global South. The Malay World, encompassing vital tropical forests in Indonesia, Malaysia, Brunei, Southern Thailand, and the Southern Philippines, functions as a critical global carbon sink but faces exploitative pressures from these neoliberal mechanisms. This article critiques contemporary carbon trading as a reproduction of green colonialism, which extracts the ecological capacities of the Malay World to sustain high-emission industrial practices elsewhere. To address this epistemic and ecological injustice, the study introduces *fiqh al-bi'ah* (Islamic environmental jurisprudence) as a robust decolonial paradigm. Furthermore, it proposes a fundamental reorientation of Islamic public finance and economic systems, presenting instruments such as *waqf* and *zakat* as equitable alternatives to carbon offsets. The theoretical contribution lies in synthesizing decolonial political economy with Islamic environmental ethics to formulate a just ecological framework.

Keywords: Carbon colonialism; decoloniality; ecological justice; *fiqh al-bi'ah*; Islamic public finance.

Introduction

The escalation of the global climate crisis has established environmental degradation as the most pressing existential threat to contemporary human civilization, demanding comprehensive structural transformations. International organizations and global governance bodies have predominantly responded by championing concepts such as carbon neutrality and net-zero emissions as the primary pathways to ecological stabilization (Intergovernmental Panel on Climate Change [IPCC], 2022). These overarching goals are theoretically designed to halt the rapid accumulation of greenhouse gases in the atmosphere, thereby mitigating catastrophic global warming scenarios. Consequently, the pursuit of these targets has radically reshaped international environmental policy, elevating carbon reduction to a supreme economic and political imperative. However, the dominant methodologies deployed to achieve these emissions targets remain deeply entrenched in neoliberal economic paradigms that prioritize market-based solutions over systemic behavioral changes (Arturo Escobar 2011). The international community, led heavily by industrialized nations, has increasingly relied on the commodification of nature to balance the carbon ledger, rather than enforcing absolute reductions at the source. This market-centric approach risks oversimplifying complex ecological dynamics into quantifiable financial assets that can be traded across global jurisdictions. By transforming carbon dioxide into a fungible commodity, the global economic architecture attempts to internalize environmental externalities without fundamentally disrupting the industrial processes that generate them (Böhm & Dabhi, (eds) 2009). As a result, the structural inequalities historically embedded in the global economy are continuously reproduced under the guise of environmental sustainability.

Within this paradigm, the expansion of global carbon markets has emerged as the most prominent mechanism endorsed by the United Nations Framework Convention on Climate Change (UNFCCC 2015). The ratification of the Paris Agreement significantly accelerated the institutionalization of both compliance markets and the voluntary carbon market, creating a massive influx of private and sovereign capital into carbon crediting schemes. Carbon credits function as tradable certificates representing the removal or avoidance of atmospheric carbon, theoretically incentivizing green investments (World Bank 2022). While compliance markets are heavily regulated by regional cap-and-trade systems, voluntary markets allow corporations to purchase offsets to meet self-imposed environmental, social, and governance (ESG) criteria. This bifurcated system has catalyzed a rapidly expanding financial sector dedicated entirely to the brokerage, verification, and trading of carbon offsets across international borders (Stephan and Lane 2015). Proponents argue that this financialization directs essential funding to conservation projects in developing nations that would otherwise lack the resources for environmental protection. Nevertheless, this expansion often bypasses rigorous ecological scrutiny, allowing systemic polluters to maintain business-as-usual operations by simply purchasing the right to emit (Boaventurade Sousa Santos 2016). The architecture of these markets inherently favors entities with substantial capital accumulation, granting them disproportionate control over global mitigation strategies. Ultimately, the rapid proliferation of carbon trading mechanisms reveals a systemic preference for financializing the climate crisis rather than addressing the root causes of ecological overshoot.

The operationalization of these global carbon markets relies disproportionately on the ecological capacities of the Global South, positioning the Malay World as a primary provider of essential ecosystem services. The geographical expanse encompassing Indonesia, Malaysia, Brunei, Southern Thailand, and the Southern Philippines contains some of the most extensive and biodiverse tropical rainforests on the planet, functioning as the vital lungs of the world (Richard T. Corlett 2011). These regions act as massive natural carbon sinks, sequestering billions of tons of carbon dioxide and playing an indispensable role in stabilizing the global climate system. Consequently, the forests and peatlands of the Malay World have become prime targets for international carbon offset projects, including numerous Reducing Emissions from Deforestation and Forest Degradation (REDD+) initiatives (World Bank 2021). Foreign corporations and international non-governmental organizations frequently secure vast tracts of land in these regions to generate carbon credits that are subsequently sold on Western financial markets. This dynamic transforms the sovereign ecological assets of the Malay World into financialized commodities controlled by external actors, often without equitable benefit-sharing mechanisms for local populations (Walter D. Mignolo 2011). Furthermore, the designation of these territories as global carbon sinks frequently marginalizes indigenous communities and local land tenure systems, prioritizing international carbon accounting over customary rights. Thus, the geopolitical ecology of the Malay World is increasingly dictated by the compliance needs of industrialized nations, reflecting a stark asymmetry in global environmental governance.

Despite the proliferation of literature on climate economics, a significant research gap persists regarding the socio-political implications of carbon markets from decolonial and non-Western epistemological perspectives. Existing literature has extensively analyzed the technical efficacy of carbon pricing, the economic viability of carbon taxes, and the regulatory frameworks governing carbon trading across various jurisdictions (Peter Newell 2013). Scholars have robustly debated the optimal pricing models required to incentivize low-carbon transitions and the statistical impact of cap-and-trade systems on regional industrial outputs. However, very few academic inquiries critically examine these mechanisms through the lens of carbon colonialism, a framework that exposes the neo-imperial dimensions of global offset markets. Moreover, the integration of Islamic environmental ethics, specifically the perspective of *fiqh al-bi'ah*, remains underexplored in mainstream critiques of global climate finance (Al-Jayyousi, 2012, p. 88). Similarly, the potential for Islamic public finance to offer a structural, macroeconomic alternative to the neoliberal commodification of nature is rarely articulated in contemporary literature concerning economic systems. The discourse is overwhelmingly dominated by Western theoretical constructs, neglecting the profound conceptual resources available within Islamic thought that are highly relevant to the demographic and cultural realities of the Malay World. Therefore, a critical examination that synthesizes decolonial political economy with Islamic jurisprudence is urgently required to challenge the hegemonic narrative of carbon marketization.

To address these empirical and theoretical deficiencies, this study critically interrogates the structural foundations of global climate finance by exploring how carbon trading reproduces new forms of colonialism within the environmental domain. It seeks to unpack the extractive dynamics inherent in global offset markets, particularly examining how *fiqh al-bi'ah* critiques this mechanism of marketizing the natural world. Furthermore, the analysis endeavors to articulate how Islamic public finance can serve as a viable alternative model, reorienting economic systems toward genuine ecological justice. By navigating these interconnected inquiries, the research aims to provide a robust conceptual alternative to neoliberal climate strategies, specifically tailored to the socio-cultural context of the Malay World. The significance of this study lies in its capacity to decenter Western financial hegemony over environmental governance, empowering local epistemologies to dictate sustainable economic paradigms. Ultimately, this research aspires to contribute fundamentally to the formulation of an Islamic decolonial political economy that prioritizes ecological integrity and social equity over capital accumulation.

Methods

This study employs a conceptual qualitative research design, focusing entirely on textual and document-based data to formulate a comprehensive theoretical critique. The nature of the data utilized is strictly qualitative, encompassing foundational theological texts, historical jurisprudential treatises, and contemporary institutional policy documents (John W. Creswell 2014). By prioritizing textual analysis, the research avoids the limitations of empirical quantification, allowing for a deeper exploration of philosophical paradigms, ethical frameworks, and political-economic structures. This qualitative orientation is essential for engaging with the normative dimensions of environmental justice and the epistemological critiques embedded in decolonial theory. The conceptual approach facilitates the synthesis of disparate disciplines, including decolonial political economy, Islamic jurisprudence, and climate policy, into a unified analytical framework. Such a methodological design is highly appropriate for interrogating abstract mechanisms like carbon financialization and proposing theoretical alternatives grounded in historical and religious paradigms (David Silverman 2017). Consequently, the data serves not to test statistical hypotheses, but to construct a robust, logically coherent argument regarding the colonality of current environmental mechanisms. The data sources are deliberately diverse, capturing both the normative foundations of Islamic thought and the contemporary realities of global climate governance. Primary Islamic

sources include the *Qur'an* and verified collections of *Hadith*, which establish the fundamental theological principles governing human-nature interactions (Yusuf Al-Qaradawi, 2001). These are supplemented by classical and contemporary *Kitab Fiqh* (books of jurisprudence), which provide detailed legal interpretations of resource management and public finance. On the side of global climate policy, official institutional documents form a critical data stratum, including the text of the Paris Agreement, reports from the UNFCCC, and comprehensive assessments by the IPCC (Intergovernmental Panel on Climate Change (IPCC) 2022). To bridge the financial and Islamic domains, the study also references governance standards published by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board (IFSB). Finally, reputable Scopus-indexed journal articles and authoritative international books are extensively utilized to map the current academic discourse on carbon markets and decoloniality (Anibal Quijano, 2000). This triangulated source base ensures that the theological arguments are firmly grounded, while the critique of carbon markets remains empirically informed by official policy trajectories. The data sources are deliberately diverse, capturing both the normative foundations of Islamic thought and the contemporary realities of global climate governance. Primary Islamic sources include the *Qur'an* and verified collections of *Hadith*, which establish the fundamental theological principles governing human-nature interactions (Yusuf Al-Qaradawi, 2001). These are supplemented by classical and contemporary *Kitab Fiqh* (books of jurisprudence), which provide detailed legal interpretations of resource management and public finance. On the side of global climate policy, official institutional documents form a critical data stratum, including the text of the Paris Agreement, reports from the UNFCCC, and comprehensive assessments by the IPCC (Intergovernmental Panel on Climate Change (IPCC) 2022). To bridge the financial and Islamic domains, the study also references governance standards published by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board (IFSB). Finally, reputable Scopus-indexed journal articles and authoritative international books are extensively utilized to map the current academic discourse on carbon markets and decoloniality (Anibal Quijano, 2000). This triangulated source base ensures that the theological arguments are firmly grounded, while the critique of carbon markets remains empirically informed by official policy trajectories.

Data collection was executed through an exhaustive and systematic literature review and targeted document retrieval processes. The collection technique involved identifying key thematic nodes—such as green colonialism, *fiqh al-bi'ah*, and Islamic fiscal instruments—and utilizing academic databases to gather pertinent peer-reviewed literature (Lawrence A. Machi & Brenda T. McEvoy 2024). Foundational texts in Islamic jurisprudence were accessed through authoritative digital libraries and established print editions to ensure textual accuracy and contextual integrity. Policy documents from international bodies like the UN and the World Bank were retrieved directly from official institutional repositories to guarantee the authenticity of the climate governance frameworks being analyzed (World Bank, 2021). The selection of contemporary academic articles was strictly limited to high-impact international journals and SINTA 1-2 national journals, ensuring a rigorous baseline of scholarly quality. During the collection phase, data was systematically categorized based on its relevance to the distinct theoretical pillars of the research: decolonial critique, environmental jurisprudence, and economic systems (Booth et al., 2016, p. 110). This highly structured collection methodology prevented informational overload and ensured that all gathered texts directly contributed to answering the formulated research questions. During the collection phase, data was systematically categorized based on its relevance to the distinct theoretical pillars of the research: decolonial critique, environmental jurisprudence, and economic systems (Andrew Booth and Papaioannou, 2016). This highly structured collection methodology prevented informational overload and ensured that all gathered texts directly contributed to answering the formulated research questions.

The interpretation of the gathered texts was conducted utilizing a combination of Critical Discourse Analysis (CDA) and a normative legal approach grounded in Islamic jurisprudence. Critical Discourse Analysis was specifically applied to international climate policies and carbon market literature to unearth the underlying power dynamics, extractive ideologies, and epistemic biases embedded in neoliberal environmentalism (Norman Fairclough 2013). This technique allowed the research to move beyond the surface-level rhetoric of sustainability and expose the systemic inequalities perpetuated by global carbon trading. Conversely, the normative legal approach was utilized to analyze Islamic texts, focusing on extracting immutable ethical principles and evaluating their applicability to modern macroeconomic structures (Kamali 2008). By juxtaposing these two analytical frameworks, the study effectively deconstructed the dominant Western paradigms while simultaneously constructing a coherent, alternative paradigm based on Islamic law. The integration of political economy perspectives further enriched the analysis, ensuring that the critique remained grounded in the material realities of wealth distribution and resource extraction. This multifaceted analytical technique guarantees a rigorous, theoretically profound interpretation of the complex intersection between climate change, finance, and religion.

The process of conclusion drawing involved a systematic synthesis of the analytical findings to construct a cohesive, alternative framework for ecological governance. This stage required mapping the critical insights derived from CDA regarding carbon colonialism directly onto the restorative principles extracted from *fiqh al-bi'ah* (Eny Latifah, 2024). By aligning the identified systemic failures of neoliberal carbon markets with the distributive mechanisms of Islamic public finance, the research extrapolated actionable and theoretically sound alternatives.

The synthesis process was inherently iterative, continuously refining the conceptual linkages between decolonial theory and Islamic economic systems to ensure logical consistency and academic rigor. Conclusions were drawn not merely as a summary of historical texts or policy critiques, but as a forward-looking, systemic reimagining of how environmental justice can be operationalized in the Malay World (Boaventurade Sousa Santos, 2016). The final conceptual framework represents the culmination of this synthesis, offering a theoretically robust and practically relevant model that directly addresses the research gap identified in the introduction.

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Results and Discussion

The intersection of global climate governance and local ecological realities necessitates a rigorous theoretical dialogue to expose the underlying power asymmetries defining contemporary environmentalism. By engaging with decolonial political economy, particularly the concepts of coloniality and extractivism posited by scholars like Mignolo and Quijano, this analysis systematically deconstructs the facade of market-based sustainability (Walter D. Mignolo 2011). Previous research has largely concentrated on the logistical refinement of carbon trading, treating market inefficiencies as technical errors rather than structural features of a neo-imperial economic architecture. However, emerging expert perspectives in political ecology argue that the commodification of ecosystem services inherently relies on epistemic colonialism, where Western financial models are imposed globally as universal truths (Escobar, 2020, p. 89). This study bridges these critical theories with the underexplored domain of Islamic environmental ethics, presenting *fiqh al-bi'ah* not merely as a theological doctrine, but as a potent framework for resisting epistemic marginalization. By bringing decolonial critique into conversation with Islamic jurisprudence, this narrative disrupts the hegemony of neoliberal climate economics and creates intellectual space for indigenous and religiously grounded alternatives, (Arturo Escobar 2011). This study bridges these critical theories with the underexplored domain of Islamic environmental ethics, presenting *fiqh al-bi'ah* not merely as a theological doctrine, but as a potent framework for resisting epistemic marginalization. By bringing decolonial critique into conversation with Islamic jurisprudence, this narrative disrupts the hegemony of neoliberal climate economics and creates intellectual space for indigenous and religiously grounded alternatives.

This conceptual transition facilitates a direct response to the glaring research gaps identified earlier, particularly the absence of robust, systemic alternatives to carbon marketization in the Malay World. Integrating the macroeconomic instruments of Islamic public finance provides a structural solution that moves beyond mere ethical critique, offering practical mechanisms for wealth redistribution and ecological preservation (Umar Chapra 2000). The ensuing thematic sections are meticulously designed to unfold this argument logically, beginning with a critical diagnosis of carbon colonialism before establishing the normative environmental boundaries of Islam. Finally, the analysis culminates in the reorientation of economic systems, demonstrating how traditional fiscal tools can be repurposed for modern environmental governance. This progression ensures that the systemic failures of global carbon trading are directly addressed by the proposed Islamic framework, offering a cohesive theoretical contribution (Dilek Cil, Mehmet Asutay, et.,al, 2026). Through this structured discourse, the research systematically answers the fundamental questions of how colonialism mutates through climate policy, how Islamic jurisprudence counters this, and how public finance can manifest true ecological justice. This progression ensures that the systemic failures of global carbon trading are directly addressed by the proposed Islamic framework, offering a cohesive theoretical contribution (Aam Slamet Rusydiana, 2020) Through this structured discourse, the research systematically answers the fundamental questions of how colonialism mutates through climate policy, how Islamic jurisprudence counters this, and how public finance can manifest true ecological justice.

1. The Coloniality of Global Carbon Markets in the Malay World

The fundamental inquiry regarding how carbon trading reproduces new forms of colonialism requires an in-depth examination of the power dynamics governing global environmental finance. The architecture of the global carbon market is inherently predicated on a mechanism of spatial fixity, wherein industrialized nations of the Global North outsource their emission reduction obligations to the Global South (David Harvey, 2003). In the Malay World, this dynamic manifests through the aggressive acquisition of tropical forests and peatlands by

foreign entities to generate lucrative carbon offsets. The architecture of the global carbon market is inherently predicated on a mechanism of spatial fixity, wherein industrialized nations of the Global North outsource their emission reduction obligations to the Global South (David Harvey, 2003). In the Malay World, this dynamic manifests through the aggressive acquisition of tropical forests and peatlands by foreign entities to generate lucrative carbon offsets. This process mirrors historical colonial resource extraction, where the ecological wealth of the periphery is harnessed exclusively to sustain the core's economic growth and high-consumption lifestyles (Böhm & Dabhi (eds) 2009). By allowing corporations to purchase the right to pollute through offsets, the fundamental structure of global inequality remains unchallenged, creating a system accurately described by critical scholars as green colonialism. The sovereignty of nations like Indonesia and Malaysia over their natural resources is increasingly compromised as international carbon accounting standards dictate local land-use policies (Renard Siew, 2025). Consequently, carbon trading does not solve the climate crisis; it merely financializes it, transferring the ecological burden onto the populations least responsible for historical emissions.

This commodification of the atmosphere and local ecosystems constitutes a profound expansion of coloniality into the very biology of the planet. Decolonial scholars argue that extractivism is not limited to mining or logging, but now encompasses the extraction of carbon sequestration capacities from tropical regions (Alberto Acosta, 2013). When a multinational corporation invests in a REDD+ project in Borneo, the primary objective is rarely local socio-ecological well-being; it is the generation of a tradable financial asset to satisfy compliance or ESG mandates in Western markets (Stephan and Lane 2015). Decolonial scholars argue that extractivism is not limited to mining or logging, but now encompasses the extraction of carbon sequestration capacities from tropical regions (Alberto Acosta, 2013). When a multinational corporation invests in a REDD+ project in Borneo, the primary objective is rarely local socio-ecological well-being; it is the generation of a tradable financial asset to satisfy compliance or ESG mandates in Western markets (Stephan and Lane 2015). This creates a dangerous paradox where the financial value of a forest is entirely uncoupled from its intrinsic ecological value or its spiritual and material significance to indigenous communities. Furthermore, the stringent, highly technical verification processes required to issue carbon credits create an epistemic barrier, ensuring that only large, well-capitalized Western auditing firms can participate in and validate environmental conservation (Nur Maisarah Shahril Khuzairi, Zaihisma Che Cob, 2025). This epistemic colonialism marginalizes local traditional knowledge, forcing Malay world conservation efforts to conform to foreign, market-driven metrics. The result is a system of environmental governance that structurally excludes the most vulnerable while enriching a new class of global carbon brokers.

The displacement of local communities and the erosion of indigenous land tenure systems represent the most violent material impacts of this green colonialism. In the pursuit of generating verified carbon credits, vast tracts of forest in the Malay World are frequently enclosed and militarized, preventing local populations from accessing the resources they have sustainably managed for centuries (Fairhead and Scoones, 2012). This phenomenon, often termed "green grabbing," fundamentally reallocates land rights from traditional stewards to international financial entities under the guise of climate mitigation (Cavanagh and Benjaminsen, 2014). The local populations are forced to bear the socio-economic costs of conservation, while the financial benefits and the license to continue emitting are exported to the Global North. Moreover, the volatility of voluntary carbon markets exposes these critical conservation projects to the boom-and-bust cycles of global finance, destabilizing long-term ecological planning (Battocletti, Enriques, and Romano, 2023). This precariousness demonstrates that carbon markets are designed primarily for capital accumulation rather than genuine ecological restoration or climate justice. Therefore, the implementation of carbon trading in the Malay World acts as a neo-imperial mechanism that perpetuates systemic inequalities and entrenches environmental degradation.

Critiquing this system requires moving beyond mainstream environmental economics and engaging with the structural violence embedded in neoliberal climate policies. International financial institutions, including the World Bank and the IMF, continually promote carbon pricing and trading as the most efficient pathways to net-zero emissions, heavily influencing policy frameworks in developing nations (World Bank, 2021). However, this supposed efficiency is achieved entirely by externalizing the social and ecological costs onto marginalized communities in the Global South. The discourse surrounding ESG finance often obfuscates these realities, presenting corporate offsetting as a moral imperative while ignoring the extractive nature of the supply chain generating those offsets (Agbakwuru, Onyenahazi, and Oyewale 2024). The reliance on market mechanisms fundamentally assumes that nature possesses no inherent value outside of its utility as a carbon sink or a tradable credit. This perspective violently clashes with non-Western epistemologies that view the environment as an integrated, sacred system demanding stewardship rather than exploitation. Exposing these ideological underpinnings is crucial for dismantling the hegemony of carbon markets and paving the way for more equitable, locally grounded environmental strategies.

The structural reliance on carbon offsets fundamentally delays the necessary systemic transition away from fossil fuel-based economies, thereby exacerbating the global climate crisis. By providing a cheap and easily accessible mechanism to achieve "carbon neutrality" on paper, carbon markets disincentivize actual emission reductions at the source within industrialized nations (Regina Betz, Axel Michaelowa, et., al., 2022). This

phenomenon, often referred to as a "mitigation deterrent," ensures that the root causes of climate change—overproduction and overconsumption—are never adequately addressed. In the context of the Malay World, this means that the region's forests will face perpetual pressure to absorb the continued excesses of global capitalism, an ecologically impossible task given the escalating rate of emissions (Azlan A. Tajuddin 2002). The carbon market architecture therefore locks the Global South into a perpetual state of ecological servitude, managing the waste of the North. Breaking this cycle requires a radical rejection of the commodification of nature and the adoption of paradigms that enforce absolute emission limits and mandate genuine ecological restoration. Ultimately, the reproduction of colonialism through carbon trading demands a robust, structurally opposed alternative that prioritizes justice over market efficiency.

2. Deconstructing Carbon Commodification through Fiqh al-Bi'ah

To formulate a comprehensive critique of this neoliberal mechanism, the analysis must address how *fiqh al-bi'ah* serves as a profound epistemological counter-narrative to carbon commodification. Within Islamic environmental jurisprudence, the natural world is unequivocally recognized as a sacred trust (*amanah*) bestowed upon humanity, fundamentally rejecting the Western capitalist notion of nature as a mere reservoir of tradable resources (Yusuf Al-Qaradawi 2001). The paradigm of *fiqh al-bi'ah* insists that the environment possesses intrinsic value because it is a manifestation of divine creation, constantly praising the Creator in ways beyond human comprehension. Therefore, reducing a complex, living ecosystem like a tropical rainforest in the Malay World to a fungible unit of carbon dioxide for financial speculation constitutes a severe violation of Islamic ethical boundaries (Kamali 2008). This jurisprudential framework fundamentally deconstructs the logic of carbon trading by asserting that the right to pollute cannot be bought or sold, as atmospheric purity is a universal right shared by all creation. The commodification of the environment is thus viewed not as an economic innovation, but as a form of corruption (*fasad*) that destabilizes the divine balance. By asserting the sacredness of nature, *fiqh al-bi'ah* provides a robust moral foundation for resisting green colonialism.

Central to the Islamic critique of environmental exploitation is the concept of *mizan*, or the divine cosmic balance, which humanity is explicitly commanded not to transgress. Global climate change is inherently a severe disruption of this *mizan*, driven by the unchecked industrial excess and overconsumption characteristics of modern capitalist economies (Seyyed Hossein Nasr 1996). Carbon markets attempt to artificially recalibrate this balance through financial engineering, allowing excessive emissions in one geographic location to be theoretically offset by conservation in another. However, *fiqh al-bi'ah* emphasizes local accountability and the direct, non-transferable responsibility of the polluter, encapsulated in the legal maxim *la dharar wa la dhirar* (do no harm, nor accept harm) (Nur Rudin Ali Jumuah 2009). This principle dictates that harm caused by industrial emissions in the Global North cannot be morally or legally nullified by purchasing the preservation of forests in the Malay World. The harm must be stopped at its source, and the structural causes of the imbalance must be rectified through *islah* (restoration and reform). Consequently, the offset logic of global carbon markets is fundamentally incompatible with the stringent, non-fungible nature of Islamic environmental ethics.

Furthermore, the concept of *khilafah* (vicegerency) fundamentally redefines the relationship between humanity and the environment, demanding active stewardship rather than extractive dominance. As vicegerents, human beings are tasked with the equitable management of Earth's resources, ensuring that development does not compromise the ecological rights of future generations or other species (M. Quraish Shihab 2007). The capitalist model of carbon trading, which consolidates control of global ecosystems in the hands of wealthy corporations and financial institutions, directly contravenes this distributive mandate of *khilafah*. True vicegerency requires that the benefits of natural resources, such as the expansive forests of Indonesia and Malaysia, remain firmly within the public domain, serving the *maslahah* (public interest) of the local populations. The enclosure and financialization of these forests for international carbon credits effectively rob the local communities of their divine right to manage and benefit from their surroundings (Wael Hallaq 2009). *Fiqh al-bi'ah* thus empowers marginalized communities by providing a theological justification for reclaiming sovereign control over their ecological assets. It transforms environmental conservation from a market-driven transaction into an obligatory act of religious devotion and social justice.

The active restoration of degraded environments, conceptualized in Islamic jurisprudence as *ihya' al-mawat* (revivification of dead lands), offers a radically different incentive structure than contemporary carbon offset markets. In the dominant neoliberal paradigm, conservation is only undertaken if it can generate a profitable yield of carbon credits to be sold on international exchanges (Stephan and Lane 2015). In contrast, *ihya' al-mawat* frames ecological restoration as a meritorious act that inherently grants usufruct rights to the restorer, prioritizing tangible socio-ecological benefits over abstract financial returns (Mushthafa Ahmad Az-Zarqa 1980). This principle encourages local communities in the Malay World to rehabilitate peatlands and reforest degraded areas not for foreign corporate compliance, but for local agricultural sustainability, water security, and biodiversity enhancement. By decoupling environmental restoration from global financial markets, *fiqh al-bi'ah* shields local ecosystems from the volatility and extractive logic of green capitalism. It fosters a localized, self-sustaining model of ecological management that is deeply embedded in the cultural and religious fabric of the society. This

localized approach is essential for achieving genuine ecological justice and dismantling the neo-imperial structures of global climate governance.

Ultimately, *fiqh al-bi'ah* demands a profound epistemological shift, moving away from anthropocentric exploitation toward a theocentric model of ecological harmony. The current global carbon market is built upon an epistemic colonialism that forces non-Western societies to adopt Western financial metrics to value their own natural heritage (Arturo Escobar, 2011). By asserting the primacy of Islamic environmental jurisprudence, scholars and policymakers in the Malay World can actively resist this intellectual subjugation and formulate climate policies that resonate with their indigenous values. The critique provided by *fiqh al-bi'ah* exposes the fundamental inadequacy of treating symptoms (emissions) through market mechanisms while ignoring the underlying disease (overconsumption and greed). It calls for a holistic transformation of economic behaviors, advocating for moderation (*iqtisad*) and the systemic eradication of wasteful practices (*israf* and *tabdhir*) (Yusuf Al-Qaradawi 2001). This comprehensive, ethics-driven approach ensures that environmental justice is not merely an incidental byproduct of market efficiency, but the foundational goal of all economic and political endeavors. Through this paradigm, the Malay World can lead a truly decolonial response to the global climate crisis.

3. Reorienting Economic Systems: Islamic Public Finance as an Ecological Alternative

To complete this critical framework, it is imperative to address how Islamic public finance can serve as an alternative model, effectively reorienting the macroeconomic structures that drive environmental degradation. Traditional Islamic economic systems are structurally designed to prevent the extreme accumulation of wealth and ensure the equitable distribution of resources, addressing the very root causes of extractivism (Umar Chapra 2000). In the context of the climate crisis, the instruments of Islamic public finance, managed historically by institutions like the *Baitul Mal* (state treasury), offer powerful mechanisms for funding ecological restoration without resorting to the commodification of nature. Rather than relying on the sale of carbon offsets to foreign entities, the Malay World can mobilize endogenous financial tools to support comprehensive conservation strategies. Instruments such as *zakat* (obligatory almsgiving), *waqf* (endowment), *kharaj* (land tax), and *ushr* (agricultural tax) represent a highly sophisticated fiscal architecture capable of financing large-scale environmental public works. By revitalizing these instruments, states can reclaim financial sovereignty over their climate mitigation efforts, entirely bypassing the exploitative dynamics

of global carbon markets (Abdul Azim Islahi 2014). This reorientation constitutes a tangible application of decolonial economics, grounding climate finance in indigenous legal and religious traditions.

The institution of *waqf* holds unprecedented potential as a structural alternative to the privatization and financialization of forests in the Malay World. Historically utilized to fund social infrastructure such as hospitals and universities, the concept of environmental *waqf* can be deployed to permanently designate tropical rainforests and peatlands as inalienable public trusts (Kahf, 2003). Unlike a carbon offset project, which is subject to the expiration of contracts and the fluctuations of market prices, a *waqf* irreversibly dedicates the land to the preservation of the *maslahah* (public interest). The ecological services provided by the forest—carbon sequestration, biodiversity maintenance, and water regulation—are legally protected from commercial exploitation or corporate enclosure. Furthermore, the management of a *waqf* is inherently decentralized and community-focused, ensuring that indigenous populations retain their customary rights and are actively involved in stewardship (Çizakça, 2000). This model starkly contrasts with "green grabbing," fundamentally re-establishing local sovereignty over natural resources while fulfilling global ecological imperatives. The widespread implementation of environmental *waqf* across Indonesia and Malaysia could effectively secure the region's carbon sinks against neo-imperial market forces.

Similarly, the strategic mobilization of *zakat* can revolutionize the funding paradigms for climate adaptation and ecological justice among marginalized communities. The global carbon market structurally ignores the immediate adaptation needs of the most vulnerable populations, focusing exclusively on mitigation metrics that generate tradable credits (Böhm & Dabhi (eds) 2009). However, the principles of Islamic public finance dictate that *zakat* must be distributed to specific categories of beneficiaries (*asnaf*), which contemporary scholars argue heavily includes those displaced or impoverished by climate-induced disasters and environmental degradation (Fitriani Fitriani, Sri Herianingrum 2025). Utilizing *zakat* funds to build climate-resilient infrastructure, support sustainable agriculture, and compensate for loss and damage provides a direct, non-extractive mechanism for ecological welfare. This approach guarantees that climate finance is driven by moral obligation and social equity rather than the pursuit of financial yield by corporate investors. By embedding climate justice within the obligatory pillars of the faith, Islamic economic systems ensure a continuous, resilient flow of capital to where it is most critically required. It represents a profound shift from a profit-driven environmentalism to a socially mandated ecological responsibility.

The application of classical Islamic fiscal instruments like *kharaj* and *ushr* offers further avenues for internalizing environmental costs without commodifying the atmosphere. *Kharaj*, historically a tax on productive land, can be re-conceptualized in the modern era as an ecological tax levied against extractive industries and significant corporate polluters within the jurisdiction of the state (Abu Yusuf, 1979). Unlike a carbon trading scheme

that allows polluters to offset their emissions externally, a stringent *kharaj* system would penalize environmental degradation at the source, directly funding state-led restoration initiatives. This ensures that the financial burden of the climate crisis is borne by the primary emitters, aligning perfectly with the jurisprudential maxim of preventing harm (*la dharar*). Furthermore, the revenue generated through such taxation is managed by the *Baitul Mal* and strictly allocated for public welfare, eliminating the speculative brokerage fees that drain resources in global carbon markets (Imam Al Mawardi 1996). This state-centric, tax-based approach reasserts the authority of the public sector over environmental governance, challenging the neoliberal hegemony that prioritizes market deregulation and private sector dominance.

Ultimately, proposing Islamic public finance as an alternative requires a visionary reconstruction of macroeconomic policy in the Malay World, heavily influenced by the holistic theories of scholars like Ibn Khaldun. Ibn Khaldun's cyclical theory of civilization emphasizes that economic prosperity is inextricably linked to justice, social cohesion (*asabiyyah*), and the sustainable management of resources (Ibn Khaldun, 2015). If the states of the Malay World continue to subordinate their ecological assets to the volatile and extractive logic of global carbon markets, they risk severe social fragmentation and environmental collapse. Reorienting economic systems toward Islamic public finance is not a mere nostalgic return to the past, but a progressive, decolonial strategy to build resilience against neo-imperial global frameworks (Mirakhor, A., & Askari 2010). It demands the cultivation of robust institutional frameworks capable of administering *waqf* and *zakat* with high transparency and modern efficiency. By integrating *fiqh al-bi'ah* with dynamic fiscal instruments, the Malay World can pioneer a paradigm of ecological justice that protects its vital carbon sinks while uplifting its most vulnerable populations, offering a profound counter-model to the global climate crisis.

Conclusion

The contemporary global response to the climate crisis, heavily reliant on the expansion of carbon markets and the financialization of nature, represents a systemic failure to address the root causes of ecological degradation. This study has synthesized a critical examination of

these mechanisms, revealing that carbon trading effectively operates as a conduit for green colonialism, disproportionately exploiting the tropical ecosystems of the Malay World. By analyzing the intersection of decolonial political economy and Islamic jurisprudence, the research confirms that the commodification of environmental assets fundamentally violates the sacred trust and cosmic balance inherent in Islamic theology. The findings solidify the theoretical alignment between decolonial resistance and the principles of *fiqh al-bi'ah*, contributing a vital non-Western perspective to the global discourse on climate justice. Furthermore, the articulation of Islamic public finance as a structural alternative successfully demonstrates that equitable, non-extractive economic models exist and are highly applicable to modern environmental governance.

To operationalize these findings, it is highly recommended that policymakers in the Malay World actively initiate the legal and institutional frameworks necessary to establish large-scale environmental endowments based on the *waqf* model, permanently securing critical forests from corporate enclosure. Governments should also systematically integrate climate resilience into national *zakat* distribution strategies, ensuring that adaptation funding directly reaches the most vulnerable communities without the intermediation of global financial brokers. Future research should prioritize the empirical modeling of localized environmental *kharaj* systems to replace traditional carbon taxes, alongside intensive case studies of community-led *ihya' al-mawat* projects. By actively divesting from neoliberal carbon offset schemes and robustly reorienting their economic systems toward these Islamic fiscal instruments, nations in the Malay World can champion a truly just and sustainable paradigm for global ecological governance.

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