

Environmental Protection and Economic Growth of OIC Member Countries

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ABSTRACT

Environmental degradation continues to threaten the existence of humans, biodiversity, businesses and national economies. This is evident in the dedication of four out of the seventeen Sustainable Development Goals for tackling environmental issues. Islamic Worldview provides principles and rules for protecting the environment against all vices. Islamic tenets call on humans to protect the environment as part of their religious obligations, and show of benevolence to all creatures of Allah. However, previous studies on the impact of environmental protection on economic growth seem to have ignored the experience in Islamic countries. This study aims to estimate the impact of environmental protection on economic growth of OIC countries, and analyze how government effectiveness affects this relationship. Employing data from 14 OIC countries over the period 2016-2020, augmented Cobb-Douglas production function, and System General Method of Moments technique, the results show the existence of a negative impact of environmental protection on economic growth. However, the moderating effect of government effectiveness in the aforementioned relationship is not significant. Governments of OIC countries are advised to draw appropriate policies for improving government effectiveness in agencies of state associated with environmental protection.

Keywords: Environmental protection, Economic growth, Islamic Worldview, OIC, GMM, Augmented Cobb-Douglas production function.

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