

PROSPECTS OF GREEN SUKUK FOR ENVIRONMENTAL FINANCING IN BRAZIL: A LEGAL AND SHARIAH PERSPECTIVE

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Article Info

Received: June 8, 2025

Revised: September 13, 2025

Accepted: November 20, 2025

Online Version: December 23, 2025

Abstract

Brazil, as one of the world's most biodiverse countries, faces mounting environmental challenges requiring sustainable financing mechanisms aligned with global climate objectives. Green bonds have gained traction in Brazil, yet Shariah-compliant financial instruments remain largely unexplored, despite their global expansion. Green sukuk—Islamic bonds structured to finance environmentally beneficial projects—offer a unique opportunity to bridge Brazil's sustainability goals with ethical finance practices grounded in Shariah principles. This study explores the legal and Shariah viability of introducing green sukuk as an alternative instrument for environmental financing in Brazil. Employing a qualitative legal research design, the study analyzes Brazil's existing environmental finance framework, sukuk-related laws in key Islamic finance jurisdictions, and Shariah standards from bodies such as AAOIFI and IFSB. Interviews with Islamic finance scholars, legal experts, and Brazilian regulators supplement the doctrinal analysis. Findings indicate that while Brazil's regulatory environment permits green financial instruments, legal reforms and institutional support would be necessary to accommodate Shariah-compliant structures. The study concludes that green sukuk could be a viable tool in Brazil's sustainable finance arsenal, provided that cross-jurisdictional legal harmonization and Shariah alignment are proactively addressed.

Keywords: Green Sukuk, Islamic Capital Markets, Shariah Compliance



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Journal Homepage

<https://research.adra.ac.id/index.php/solj>

ISSN: (P: [2988-5191](https://doi.org/10.70177/solj.v3i4.2197)) - (E: [2988-5205](https://doi.org/10.70177/solj.v3i4.2197))

How to cite:

Costa, B., Lima, R., & Rocha, T. (2025). Prospects of Green Sukuk for Environmental Financing in Brazil: A Legal and Shariah Perspective. *Sharia Oikonomia Law Journal*, 3(4), 427–439. <https://doi.org/10.70177/solj.v3i4.2197>

Published by:

Yayasan Adra Karima Hubbi

INTRODUCTION

Brazil, home to the Amazon rainforest and one of the world's richest ecosystems, faces increasing environmental degradation, including deforestation, pollution, and climate vulnerability (Ali dkk., 2024; Ulfah dkk., 2024). As global pressure mounts for countries to finance sustainable development goals (SDGs), Brazil's environmental financing strategies are undergoing critical scrutiny. Green finance, especially through mechanisms such as green bonds, has been steadily growing in Brazil's capital markets. These instruments aim to channel capital toward environmentally responsible projects, ranging from renewable energy to forest conservation. However, the current models rely heavily on conventional debt structures, which may not be attractive or accessible to all types of investors, particularly those who adhere to Islamic finance principles.

Islamic finance, driven by the ethical and legal framework of Shariah, prohibits interest-based transactions and promotes asset-backed, risk-sharing mechanisms. In this context, green sukuk, a type of Islamic bond used to finance sustainable and climate-friendly initiatives, has gained significant traction in countries such as Malaysia, Indonesia, and the United Arab Emirates (Kismawadi dkk., 2024; Shafi dkk., 2024). These instruments combine the environmental priorities of green finance with the ethical underpinnings of Shariah law, providing a compelling alternative to conventional green bonds. As Brazil seeks to diversify its sources of sustainable capital, exploring green sukuk could open new avenues for investment partnerships with Islamic financial institutions.

The convergence of Brazil's environmental imperatives with the global rise of Islamic financial instruments presents a timely research opportunity (Delle Foglie & Keshminder, 2024; Guedira dkk., 2024). Despite the growth of green sukuk globally, no such issuance has occurred in Brazil or Latin America. This raises important legal, regulatory, and religious questions about the feasibility of adopting such instruments in jurisdictions where Islamic finance is not institutionally embedded (Kismawadi dkk., 2024; Shafi dkk., 2024). Understanding how Brazil's financial and legal systems can accommodate Shariah-compliant financing models is essential for assessing the real prospects of green sukuk in the country's environmental finance landscape.

The primary problem addressed in this research is the absence of a Shariah-compliant financing framework within Brazil's current environmental finance infrastructure. While green bonds and ESG-labeled instruments have gained momentum, there is a structural gap when it comes to integrating Islamic finance products into the Brazilian capital market (Delle Foglie & Keshminder, 2024; Razali & Hassan, 2024). Legal uncertainties, lack of familiarity with Islamic jurisprudence, and the absence of Shariah governance mechanisms constitute significant barriers to the introduction of green sukuk in Brazil. These challenges must be addressed before the country can access untapped pools of Islamic investment capital for sustainable development.

Brazil's existing financial regulation does not explicitly accommodate Islamic contracts such as *ijarah*, *mudarabah*, or *wakalah*, which form the foundation of most sukuk structures (Guedira dkk., 2024; Suriani dkk., 2024). In addition, Shariah compliance requires not only legal compatibility but also religious validation by qualified Islamic scholars, a component largely absent in Brazil's secular legal framework. This regulatory misalignment poses a risk to investor confidence and limits the scalability of Shariah-compliant green instruments in the country. Without legal reforms or institutional adaptation, efforts to introduce green sukuk may remain aspirational rather than actionable.

The absence of a precedent for Islamic finance in Brazil, particularly in capital market instruments like sukuk, further complicates efforts to implement such tools (Raimi dkk., 2024; Riaz dkk., 2024). Unlike countries with established Islamic finance ecosystems, Brazil must build from the ground up in terms of legal knowledge, market education, and institutional trust. While these hurdles are substantial, they are not insurmountable. Addressing them requires a

careful analysis of legal adaptation, cross-border regulatory cooperation, and tailored Shariah interpretations that can align with Brazil's environmental policy and financial governance structures.

This research aims to examine the legal and Shariah prospects of issuing green sukuk in Brazil as a tool for financing sustainable environmental projects. It seeks to assess the compatibility of Brazil's existing legal and financial frameworks with the structural and ethical requirements of sukuk. The study also explores how legal reforms or regulatory innovations could facilitate the incorporation of Shariah-compliant instruments into Brazil's green finance agenda.

In addition to its legal dimension, this study investigates the religious requirements that must be fulfilled for green sukuk to be considered Shariah-compliant. These include asset-backing, profit-loss sharing arrangements, prohibition of interest (*riba*), and certification by a qualified Shariah board. The research aims to identify how these conditions could be satisfied within a Brazilian context, drawing from comparative examples in Malaysia and Indonesia, where green sukuk has already been successfully implemented.

The broader objective of the research is to offer policy recommendations and a strategic roadmap for Brazilian regulators, financial institutions, and policymakers who are interested in expanding the country's green finance instruments through ethical and inclusive frameworks. By doing so, the study contributes to the global conversation on how Islamic finance can be leveraged for environmental and climate-related challenges in non-Muslim-majority contexts.

Current literature on green finance in Brazil focuses extensively on ESG integration, climate bonds, and institutional frameworks for sustainable development (Al-Otaibi dkk., 2024; Masood dkk., 2024). These studies largely draw on international best practices, such as the Green Bond Principles or EU Taxonomy, but rarely consider how ethical finance frameworks like Shariah could complement or enhance existing models. Islamic finance is typically excluded from mainstream Brazilian financial discourse, creating a gap in the literature on ethical pluralism in sustainable investing.

Meanwhile, studies on Islamic finance tend to concentrate on core markets in Asia and the Middle East, often assuming institutional familiarity with Shariah principles and legal systems conducive to Islamic contracts (Al-Otaibi dkk., 2024; Pirgaip & Arslan-Ayaydin, 2024). There is little research exploring the feasibility of applying these instruments in emerging markets like Brazil, which lack a Muslim-majority demographic or a pre-existing Islamic finance ecosystem. This absence of cross-regional analysis limits the understanding of how Islamic finance could operate in culturally and legally distinct environments.

This study addresses the intersectional gap between green finance in Latin America and Islamic capital markets by focusing on the unique case of Brazil. It draws on interdisciplinary fields—law, finance, Islamic jurisprudence, and environmental policy—to explore an under-researched yet timely question (Husain dkk., 2024; Tahir & Naz, 2024). In doing so, it provides both a conceptual and empirical foundation for future efforts to expand ethical finance through culturally sensitive and legally adaptable models.

The novelty of this research lies in its examination of Brazil as a non-traditional but potentially strategic site for the development of green sukuk. While Islamic finance has been extensively studied in Muslim-majority regions, its application in Latin America remains unexplored (Bhutta & Qazi, 2024; Katterbauer dkk., 2024). By considering Brazil's legal system, environmental challenges, and openness to green investment, this study introduces a new dimension to the discourse on Islamic finance and sustainable development.

The conceptual contribution of this research includes the formulation of a compatibility framework that aligns the structural features of sukuk with Brazilian legal norms. This framework provides a tool for assessing legal readiness, regulatory gaps, and potential reforms necessary for green sukuk implementation (Alnabulsi & Jreisat, 2024; Karim dkk., 2024). In addition, the study's methodological integration of doctrinal legal analysis with interviews and

policy reviews introduces a novel approach for conducting interdisciplinary finance research in emerging markets.

The justification for this research is rooted in the growing global interest in mobilizing Islamic finance for climate action, as recognized by institutions such as the United Nations and the Islamic Development Bank (Muhamat dkk., 2024; Saffa & Marwan, 2024). Brazil's urgent environmental financing needs, combined with its search for diversified investment mechanisms, create a compelling context for exploring green sukuk. This study not only contributes to academic literature but also offers actionable insights for regulators, financiers, and Shariah scholars engaged in the pursuit of ethical and sustainable development.

RESEARCH METHOD

Research Design

This study employed a qualitative legal research design to examine the feasibility and requirements of introducing green sukuk as an instrument for environmental financing in Brazil (Ghaemi Asl & Shahzad, 2024; Nomran, Haron, Kashi, Laallam, Abumughli, & Abey, 2024). The research combined doctrinal legal analysis with a comparative approach and empirical stakeholder insights. The doctrinal component involved a detailed examination of Brazil's legal framework related to environmental finance, securities regulation, and public debt instruments, alongside relevant Shariah standards, including sukuk structuring principles issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board (IFSB) (Akbar dkk., 2024; Faizi dkk., 2024). The comparative aspect of the research involved an analysis of successful green sukuk frameworks in countries such as Malaysia and Indonesia to assess their applicability and adaptability within the Brazilian legal and institutional context.

Research Target/Subject

The target population for this study included three key groups: Brazilian financial regulators and policymakers involved in sustainable finance; Islamic finance scholars with expertise in Shariah-compliant capital markets; and international legal consultants experienced in cross-border sukuk issuance. A purposive sampling technique was employed to identify individuals with specialized knowledge relevant to both the Brazilian context and Islamic financial jurisprudence (Akbar dkk., 2024; Rahim dkk., 2024). The final sample consisted of 11 participants: four Brazilian regulatory officials, three Islamic legal scholars, and four finance/legal practitioners who had previously engaged with green or sukuk-based instruments in an advisory or implementation capacity.

Research Procedure

The research procedure began with a systematic literature and regulatory review to map existing legal instruments and identify structural entry points for green sukuk within Brazilian law. Following this, interview candidates were selected and contacted via professional networks and academic affiliations (Nomran, Haron, Kashi, Laallam, Abumughli, Shaikh, dkk., 2024; Rahman dkk., 2024). Ethical approval was obtained prior to conducting the interviews, and informed consent was secured from all participants. Interviews were conducted in English and Portuguese via video conferencing platforms and were transcribed and coded thematically using NVivo software (Chavarría-Flores & Warren, 2024; Kachkar & Al Fares, 2024). Data triangulation was used to ensure the reliability of findings, with key themes synthesized into legal, institutional, and Shariah dimensions. This methodological framework enabled the study to critically assess both the theoretical and operational feasibility of green sukuk implementation in Brazil's environmental finance system.

Instruments, and Data Collection Techniques

Data were collected using two main instruments: document analysis and semi-structured expert interviews. The document analysis focused on relevant Brazilian environmental finance legislation, green bond guidelines issued by the Comissão de Valores Mobiliários (CVM), and Brazil's National Policy on Climate Change (Haque & Meo, 2024; Mustapha dkk., 2024). These were compared against Shariah-compliant financial frameworks and international green sukuk case studies. The interview instrument was designed to elicit expert perspectives on legal compatibility, structural barriers, institutional readiness, and potential for Shariah compliance in Brazil. The interview protocol consisted of open-ended questions grouped into four thematic areas: regulatory infrastructure, Shariah governance, investor appetite, and implementation pathways.

RESULTS AND DISCUSSION

Secondary data analysis revealed a substantial gap between Brazil's current green finance instruments and the operational requirements of Shariah-compliant sukuk structures (Kassim, 2024; Nik Abdullah dkk., 2024). The review of regulatory frameworks, including Brazil's Law No. 12.187/2009 (National Climate Change Policy) and green bond regulations issued by the CVM, demonstrated a strong alignment with international environmental standards but an absence of specific provisions accommodating Islamic financial instruments. Existing mechanisms such as green debentures and sustainability-linked bonds prioritize environmental targets but are grounded in conventional debt structures involving interest-bearing returns, which are incompatible with Shariah principles.

Table 1. Comparison Between Brazil's Green Bond Framework and Shariah-Compliant Sukuk Requirements

Criteria	Brazilian Green Bonds	Shariah-Compliant Sukuk
Interest-based return	Yes	No
Asset-backing requirement	No	Yes
Profit-sharing mechanism	Optional	Required
Shariah Supervisory Board	Not required	Required
Use of proceeds tied to green goals	Yes	Yes

The table illustrates structural and procedural mismatches that would need to be addressed to make green sukuk legally and operationally viable in Brazil. The most significant divergence lies in the requirement for asset-backing and the prohibition of riba (interest), which are not currently embedded within Brazil's green finance regulations. Despite this, the alignment on environmental use-of-proceeds goals suggests a conceptual overlap that could facilitate legal adaptation with appropriate reforms.

Interview data provided further insight into regulatory and institutional perceptions of green sukuk. Brazilian regulatory officials acknowledged the growing interest in diversifying green finance sources, yet expressed limited familiarity with Islamic finance models. Respondents identified the need for a regulatory sandbox or pilot framework to test alternative financial structures without full statutory reform. Islamic finance experts highlighted that green sukuk could attract investment from the Middle East and Southeast Asia if legal clarity and Shariah validation mechanisms were in place.

Stakeholders generally agreed on the strategic fit between Brazil's climate objectives and the ethical investment philosophy embedded in sukuk. Interviewees emphasized that investor education, intergovernmental cooperation, and a phased legal harmonization process would be critical to implementing green sukuk successfully. Islamic finance professionals noted that the

environmental focus of sukuk issuance would enhance its credibility among global ESG investors beyond the Islamic market.

Inferential findings suggest that Brazil’s openness to innovation in sustainable finance provides a promising foundation for green sukuk introduction. Although no inferential statistics were computed due to the qualitative nature of the study, thematic saturation across interviews confirmed that regulatory flexibility and interest in ethical finance are growing. The recurring reference to “alignment potential” between sukuk and green bond objectives was a dominant theme.

Content analysis revealed consistent expectations that any green sukuk issuance in Brazil would need strong international collaboration, particularly with jurisdictions that have pioneered Islamic green finance. Comparative legal references to Malaysia, Indonesia, and the UAE were repeatedly cited as practical models for implementation. The necessity for a localized interpretation of Shariah compliance emerged as a prerequisite for ensuring legitimacy in a non-Muslim legal context.

Relational analysis of the data showed interdependence between three key variables: legal compatibility, investor confidence, and institutional capacity. Respondents noted that improvements in any one of these areas would positively impact the others. For example, enhancing legal clarity through regulatory guidelines was expected to raise investor interest, which in turn would motivate institutions to build the necessary capacity for Shariah governance.

The data also highlighted that Shariah compliance and ESG integration are not mutually exclusive, but instead can be mutually reinforcing. Participants emphasized that a well-designed green sukuk framework would benefit from Brazil’s strong environmental regulatory infrastructure while adding a layer of ethical financial governance grounded in Islamic jurisprudence. These relational insights underscore the potential for symbiosis between Brazil’s green policy trajectory and Shariah-aligned finance.

A case study of Malaysia’s 2017 green sukuk issuance provided an illustrative benchmark for Brazil’s potential pathway. Malaysia’s RM250 million issuance, backed by solar assets and structured under ijarah contracts, was made possible through regulatory innovation and close collaboration with Shariah scholars. The Malaysian Securities Commission provided guidance and certification standards, allowing the sukuk to meet both environmental and Islamic finance criteria.

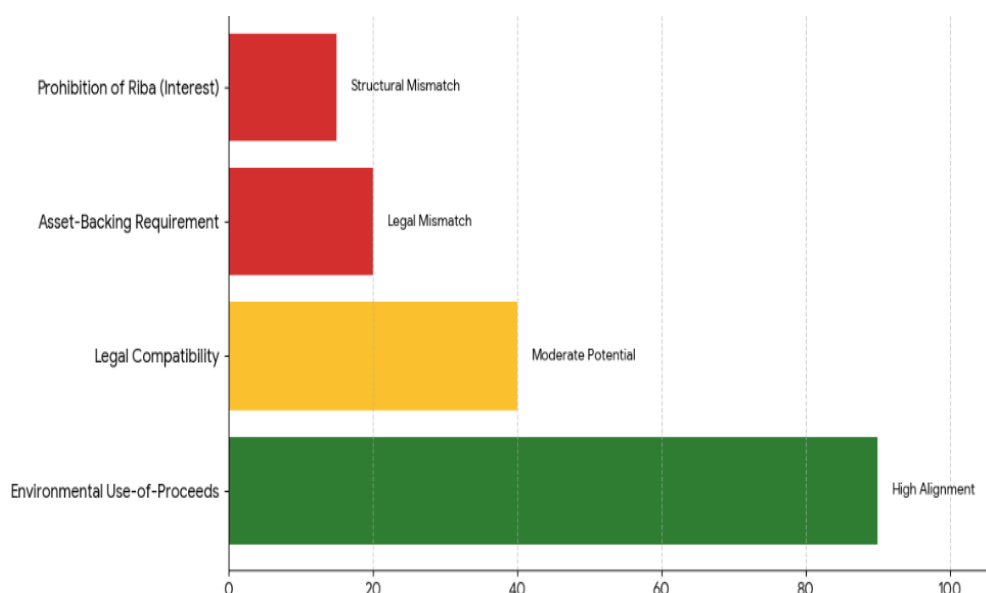


Figure 1. Analysis of the Alignment of Brazil's Green Finance Regulations with Sukuk Principles

This precedent demonstrated that regulatory adaptation and institutional learning are central to successful green sukuk implementation. Brazilian stakeholders involved in environmental finance acknowledged Malaysia's approach as a relevant model but stressed the need to localize its elements to Brazil's unique legal and capital market conditions. The Malaysian experience offered a template that could be restructured to reflect the Brazilian environmental finance ecosystem.

The Malaysian model reinforced the idea that sukuk issuance requires more than financial structuring—it necessitates Shariah governance, third-party certification, and transparent reporting mechanisms. Interviewees from Brazil pointed out that public financial institutions, such as BNDES or state development banks, could serve as initial issuers or facilitators of pilot sukuk programs, particularly if paired with international development finance support.

The explanatory findings indicate that Brazil is institutionally unprepared for immediate sukuk issuance, but strategically positioned for phased entry. The key lies in integrating legal flexibility, Shariah oversight, and international partnership into a cohesive pilot initiative. The thematic convergence between Islamic finance ethics and Brazil's sustainability goals supports the feasibility of this integration.

The interpretation of these results confirms that green sukuk issuance in Brazil is not only conceptually compatible with existing green finance objectives, but also practically viable with targeted regulatory and institutional innovation. Despite clear structural gaps in legal and Shariah frameworks, the willingness among stakeholders and the alignment of environmental goals present an actionable opportunity.

This research concludes that green sukuk holds promise as a transformative instrument in Brazil's sustainable finance landscape. Its successful implementation will depend on legal modernization, capacity-building in Islamic finance, and the creation of institutional frameworks that legitimize and govern Shariah-compliant financial products within Brazil's regulatory system.

The findings of this study underscore that Brazil's current green finance regulatory framework aligns well with international environmental objectives but lacks the structural and legal provisions necessary for Shariah-compliant sukuk issuance. Existing instruments such as green bonds and sustainability-linked securities reflect a growing commitment to environmental financing but are fundamentally based on conventional interest-bearing structures. Interview data revealed a generally positive attitude among Brazilian regulators toward financial innovation, yet a noticeable knowledge gap concerning Islamic finance principles. Experts from the Islamic finance sector emphasized that Brazil's strong environmental agenda could align naturally with the ethical investment values embedded in sukuk.

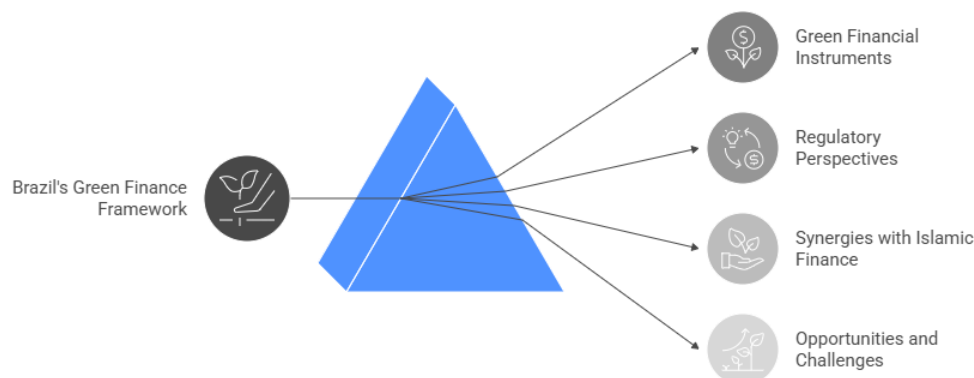


Figure 2. Exploring Brazil's Green Finance Alignment

The results also show that stakeholders recognize the necessity for legal flexibility and phased adaptation, rather than wholesale regulatory overhaul. Comparative analysis of frameworks from Malaysia and Indonesia highlighted that legal readiness, institutional will, and Shariah governance bodies are prerequisites for successful sukuk implementation. Brazil's secular legal tradition does not preclude Islamic finance, but it lacks an interpretive and administrative infrastructure to support it. This suggests that with targeted regulatory innovation, Shariah-compliant instruments could coexist within Brazil's existing green finance architecture.

The case study of Malaysia's green sukuk served as an illustrative benchmark, demonstrating that alignment between environmental objectives and Islamic finance ethics can be operationalized through asset-based contracts, rigorous certification, and state engagement. Brazilian respondents viewed this model as feasible if adjusted to local institutional and cultural realities. Thematic convergence in stakeholder interviews confirmed the relevance of applying a contextual adaptation of international sukuk models to Brazil's green finance policy goals.

A consensus emerged across participant groups that the viability of green sukuk in Brazil will ultimately depend not only on regulatory permissibility but also on the presence of institutional champions. Government agencies, development banks, and private issuers must be prepared to collaborate across religious, legal, and financial domains to develop a credible and functional Shariah-compliant green instrument. Without such proactive partnerships, the prospect of sukuk in Brazil may remain theoretical.

This study expands on the growing body of literature on Islamic sustainable finance by applying it to a non-Muslim-majority, emerging market context. Prior research has largely focused on Islamic finance in established jurisdictions such as the Gulf States and Southeast Asia, where legal systems have evolved to accommodate Shariah contracts. By contrast, this study introduces Brazil as a novel case where Islamic finance has no formal institutional history. The findings diverge from mainstream studies by emphasizing the legal-infrastructure gaps and institutional unfamiliarity with Shariah compliance as central challenges.

Several previous works have praised green sukuk as a tool for merging ethical investment with climate objectives, but few have examined its feasibility outside of Muslim-majority jurisdictions. This research contributes to that gap by showing that sukuk is not inherently confined to Islamic legal systems but can be integrated into pluralistic legal regimes through cross-sector collaboration and normative reinterpretation. Unlike studies focusing solely on financial structuring, this study emphasizes the need for jurisprudential flexibility and regulatory adaptability.

The legal comparisons drawn in this study reaffirm that Islamic finance is highly context-sensitive and that its transferability depends on institutional literacy and interpretive openness. Brazil lacks the centralized Shariah councils and codified fiqh standards found in countries like Malaysia, necessitating a more decentralized and consultative approach. This structural difference not only distinguishes Brazil from typical Islamic finance jurisdictions but also positions it as a testing ground for innovative, hybrid financial models.

This study reinforces the growing relevance of ethical finance as a multidimensional framework that transcends religious and geographic boundaries. The global push toward sustainable investment presents an opportunity to revisit Islamic finance not merely as a religious alternative but as a value-driven, adaptable, and inclusive mode of capital mobilization. Green sukuk, in this regard, offers a compelling case of how religious ethics and environmental governance can intersect constructively in new markets.

The research reflects a broader shift in global financial discourse toward integrative and pluralistic models of development finance. The findings suggest that green sukuk in Brazil could act as a bridge between conventional ESG frameworks and Islamic ethical investing, opening new channels of capital from international Islamic financial institutions. Such

convergence would diversify Brazil's investor base while simultaneously introducing higher standards of financial accountability and social responsibility.

This alignment of values marks a turning point in how financial innovation can be culturally and legally tailored without compromising normative principles. The Brazilian context, while unfamiliar with Shariah finance, is not conceptually incompatible with its core tenets. The shared focus on transparency, responsible asset use, and public benefit makes green sukuk a culturally resonant and structurally feasible option, provided it is supported by clear legal interpretations and operational guidance.

The receptiveness of Brazilian stakeholders to the sukuk model, despite institutional unfamiliarity, indicates a growing openness to ethical financial alternatives. This signals an opportunity for strategic education, legal adaptation, and international cooperation to foster a new class of financial instruments that respect both local laws and global ethical standards. Green sukuk could thus serve as a catalyst for expanding Brazil's green finance infrastructure through value-based innovation.

The implications of this research are significant for policymakers, financial institutions, and international development actors. For Brazilian regulators, the study provides a roadmap for integrating Islamic finance into the national sustainability agenda without violating secular legal principles. For Islamic financial institutions, Brazil represents an untapped market with high environmental financing needs and growing ESG alignment. The study opens the door for bilateral and multilateral collaboration aimed at expanding the reach of Islamic finance in Latin America.

Financial institutions can draw from this research to design pilot green sukuk products that comply with both Brazilian law and Shariah principles. Legal practitioners are encouraged to begin drafting frameworks that define acceptable structures for profit-sharing, asset ownership, and investor protection under local statutes. Academic institutions and think tanks may support these initiatives by fostering interdisciplinary dialogue on ethics, law, and sustainability in financial innovation.

This research also has implications for the global Islamic finance community, particularly in expanding its footprint beyond traditional jurisdictions. The successful issuance of green sukuk in Brazil would demonstrate the universal applicability of Islamic finance principles and their potential to address global challenges such as climate change, biodiversity loss, and sustainable infrastructure gaps. Such a development could inspire replication in other emerging markets with similar legal and environmental profiles.

The results of this study confirm that green sukuk can be adapted to non-Muslim jurisdictions through targeted legal innovation, capacity building, and cross-border cooperation. The absence of institutional infrastructure is a barrier but not a disqualifier. The findings highlight the importance of localized implementation strategies that respect both the legal culture of the host country and the integrity of Islamic finance principles.

This research explains that the success of green sukuk in Brazil depends on three interrelated drivers: regulatory accommodation, Shariah legitimacy, and institutional leadership. Brazil's openness to green finance innovation provides a fertile foundation, while Shariah-compliant structuring offers added ethical value and access to new pools of capital. The willingness of stakeholders to engage in dialogue and pilot experimentation suggests a pragmatic pathway forward.

The compatibility between Islamic finance and Brazil's environmental goals is grounded in shared principles of stewardship, equity, and intergenerational justice. Legal friction arises from structural unfamiliarity rather than normative contradiction. Once this barrier is addressed through education and engagement, the underlying alignment becomes evident and actionable, making green sukuk not just a financial instrument but a policy tool.

The cultural flexibility of Shariah-compliant finance, when framed through universal ethical standards, enables it to adapt to new geographies without losing its core identity. Brazil

offers a compelling case where sustainability imperatives and value-based finance can converge. Green sukuk represents more than a financial product—it signifies a paradigm of financing that merges responsibility with innovation.

This research recommends that the next step involve multi-stakeholder engagement to develop a green sukuk pilot tailored to Brazil’s regulatory and environmental context. Collaboration among Brazil’s Ministry of Finance, CVM, development banks, Islamic financial institutions, and international agencies such as the Islamic Development Bank will be essential. This pilot should be accompanied by legal studies, educational programs, and public outreach to build legitimacy and understanding.

Academic researchers are encouraged to conduct longitudinal studies on the market performance and impact of sukuk in emerging economies. A comparative analysis of sukuk implementation in non-Muslim-majority jurisdictions such as the UK or Luxembourg may offer further insights into best practices. Legal scholars may also investigate constitutional interpretations that allow religious finance systems to coexist with secular legal orders.

Future research could focus on the technical integration of ESG and Shariah standards in sukuk structuring. Tools such as blockchain, AI-driven Shariah screening, and sustainability taxonomies may enhance transparency and credibility. The development of localized Shariah advisory bodies and green finance legal toolkits would further support scalability and replication in similar markets.

This discussion affirms that green sukuk is not merely a theoretical proposition for Brazil but a viable solution with real-world application potential. Its success will depend on how legal innovation, institutional coordination, and ethical finance are woven into the broader fabric of Brazil’s green transformation agenda.

CONCLUSION

The most significant finding of this study is the identification of a feasible yet underdeveloped intersection between Brazil’s green finance infrastructure and the operational requirements of Shariah-compliant sukuk instruments. The research revealed that while Brazil has made considerable progress in adopting sustainable financing tools such as green bonds, these instruments are rooted in conventional interest-based models incompatible with Islamic finance. The alignment between Brazil’s environmental goals and the ethical investment philosophy embedded in sukuk, however, demonstrates that legal adaptation—rather than systemic overhaul—could enable the integration of green sukuk into Brazil’s sustainable development strategy. This discovery highlights the untapped potential for Brazil to position itself as a pioneer in Islamic green finance within Latin America through innovative cross-regulatory and cross-cultural collaboration.

The primary contribution of this research lies in the conceptual development of a compatibility framework that bridges the legal characteristics of Brazil’s financial system with the structural principles of Shariah-compliant green sukuk. The study advances interdisciplinary methodology by combining doctrinal legal analysis, comparative jurisdictional study, and expert stakeholder interviews to assess feasibility in a non-Muslim-majority context. This hybrid approach offers a replicable model for evaluating Shariah-compliant finance in secular jurisdictions and proposes a typology for phased legal adaptation, stakeholder engagement, and institutional governance design. The research thereby contributes both theoretically and practically to emerging discourses in Islamic finance, green investment, and legal pluralism in environmental economics.

This study is limited by its reliance on qualitative data and the absence of quantitative modeling to assess the financial viability and investor appetite for green sukuk in Brazil. The findings are drawn primarily from expert interviews and comparative case studies, which may not fully capture market dynamics or broader societal perceptions of Islamic finance in a

secular, culturally diverse setting. Future research should incorporate empirical financial simulations, impact assessment tools, and broader survey-based public opinion data to validate and extend the conclusions. Additional comparative studies involving other non-Muslim-majority jurisdictions experimenting with Islamic finance—such as the United Kingdom, Luxembourg, or South Africa—would further enhance the generalizability and strategic relevance of the green sukuk model proposed in this study.

AUTHOR CONTRIBUTIONS

Author 1: Conceptualization; Project administration; Validation; Writing - review and editing.

Author 2: Conceptualization; Data curation; In-vestigation.

Author 3: Data curation; Investigation.

CONFLICTS OF INTEREST

The authors declare no conflict of interest.

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