



Islamic Infrastructure Finance Conference

Islamic Infrastructure Finance Structures & experiences in GCC

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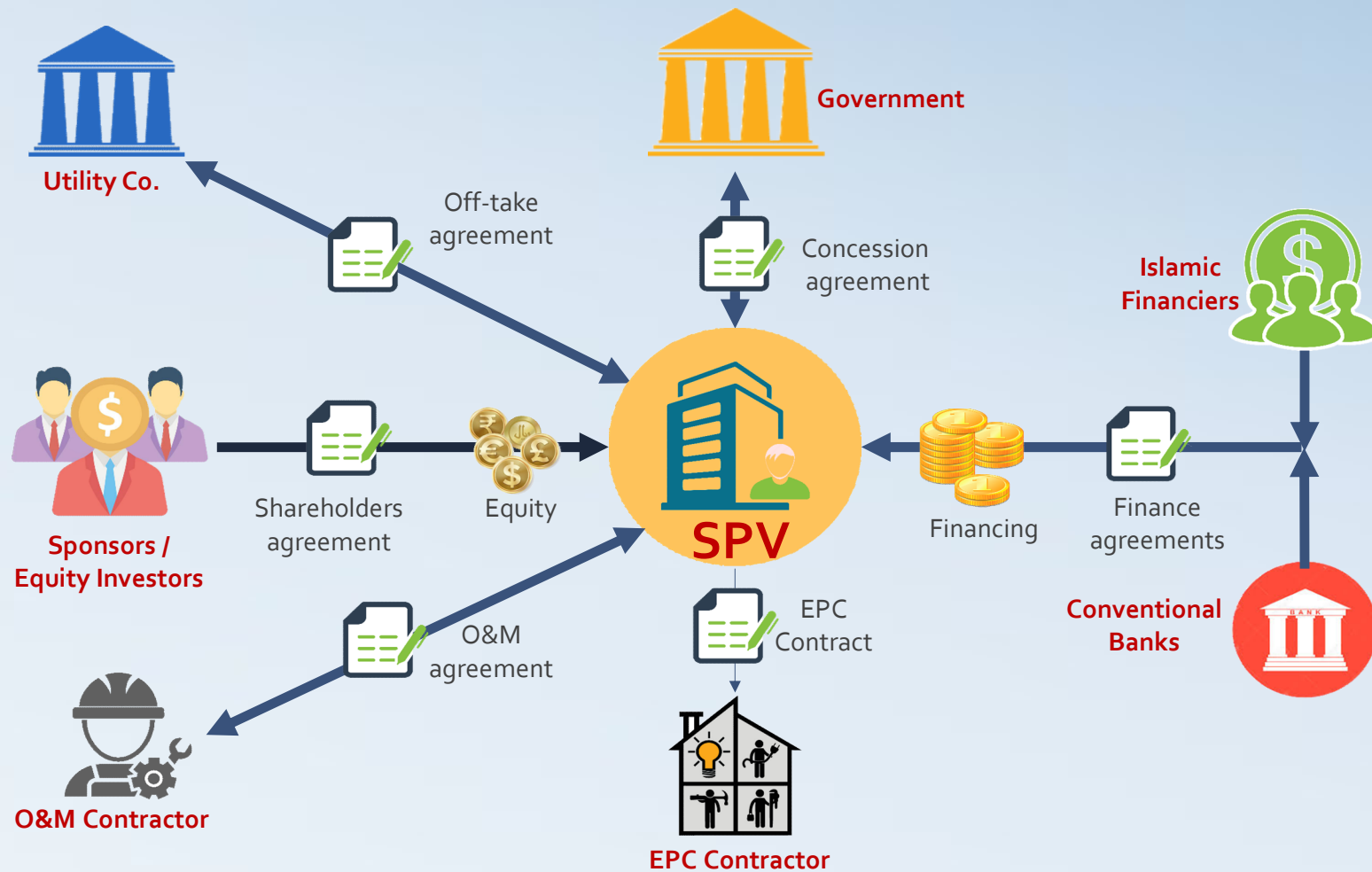
Order of Presentation

- ❑ Types of Infrastructure PPP Projects
- ❑ Typical structure of a Infrastructure PPP Projects
- ❑ Characteristics of Infrastructure PPP Projects
- ❑ Sources of Financing Infrastructure PPP Projects
- ❑ Alignment of Infrastructure PPP Projects with the Principles of Islamic Finance
- ❑ Building blocks for Islamic Infrastructure Financing Structures
- ❑ Islamic Project Finance Structures for PPP Projects : Case Studies
- ❑ Experiences of Islamic Infrastructure Financing in GCC

Types of Infrastructure PPP Projects

- ❑ Build – Operate – Transfer (BOT)
- ❑ Build – Own – Operate (BOO)
- ❑ Build – Own – Operate – Transfer (BOOT)
- ❑ Design – Build – Finance – Operate (DBFO)
 - Sectors
 - Power
 - Water
 - Toll Roads
 - Airports
 - Railways
 - Telecom

Typical Structure of an Infrastructure PPP Project



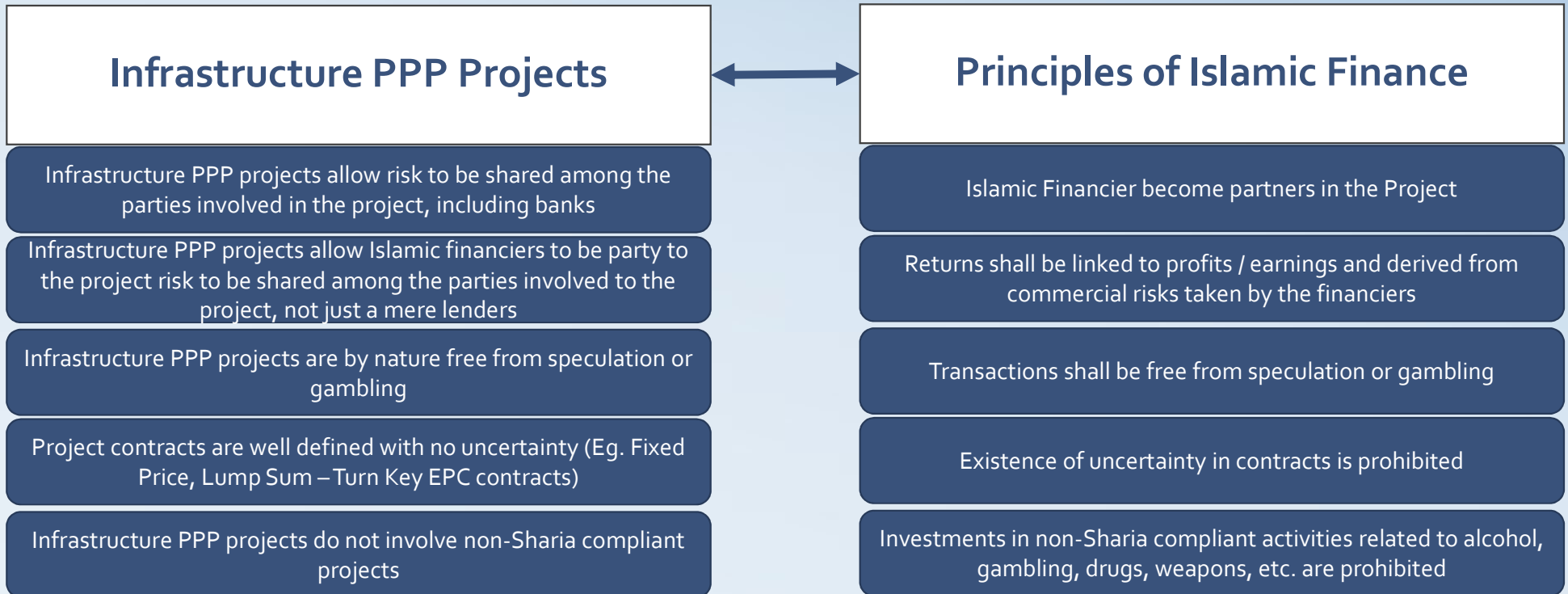
Characteristics of Infrastructure PPP Projects

- Implemented by setting up an SPV
 - Off-balance sheet
- Long term concession contract with government
- Risk sharing
 - Government off-take
 - No market risk
 - Performance risk
 - No Government off-take
 - Market risk
 - Performance risk
- Capital intensive
- Long pay back period (20-30 years)
- Long term financing (15-25 years)

Sources of Financing Infrastructure PPP Projects

- Equity
 - Sponsors
 - Private Equity
 - Equity Funds
- Financing from Commercial Banks
 - Conventional Banks
 - Islamic Financial Institutions
- Debt Capital Market
 - Bonds
 - Sukuk

Alignment of Infrastructure PPP Projects with the Principles of Islamic Finance

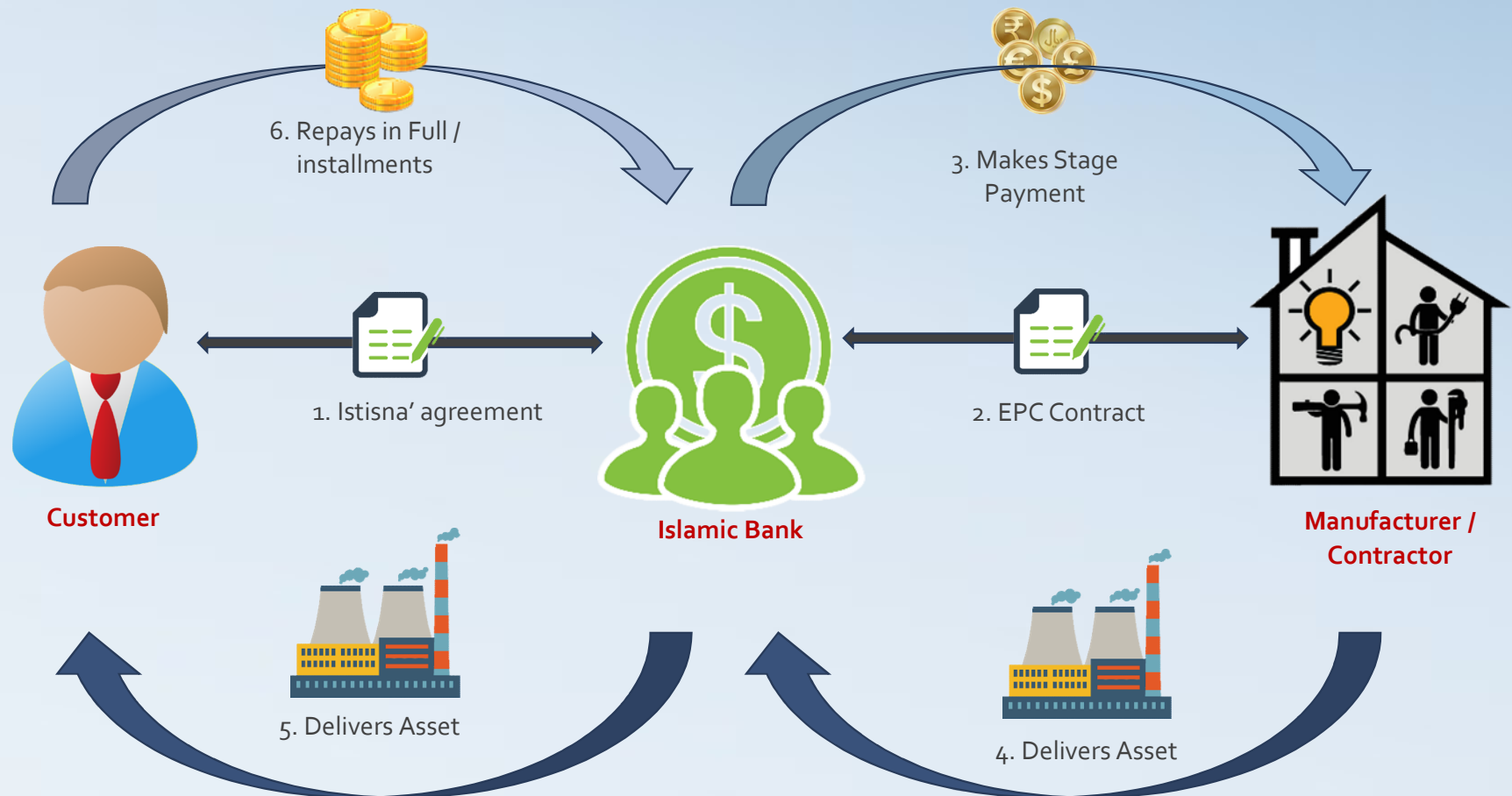


Source: World Bank Publication

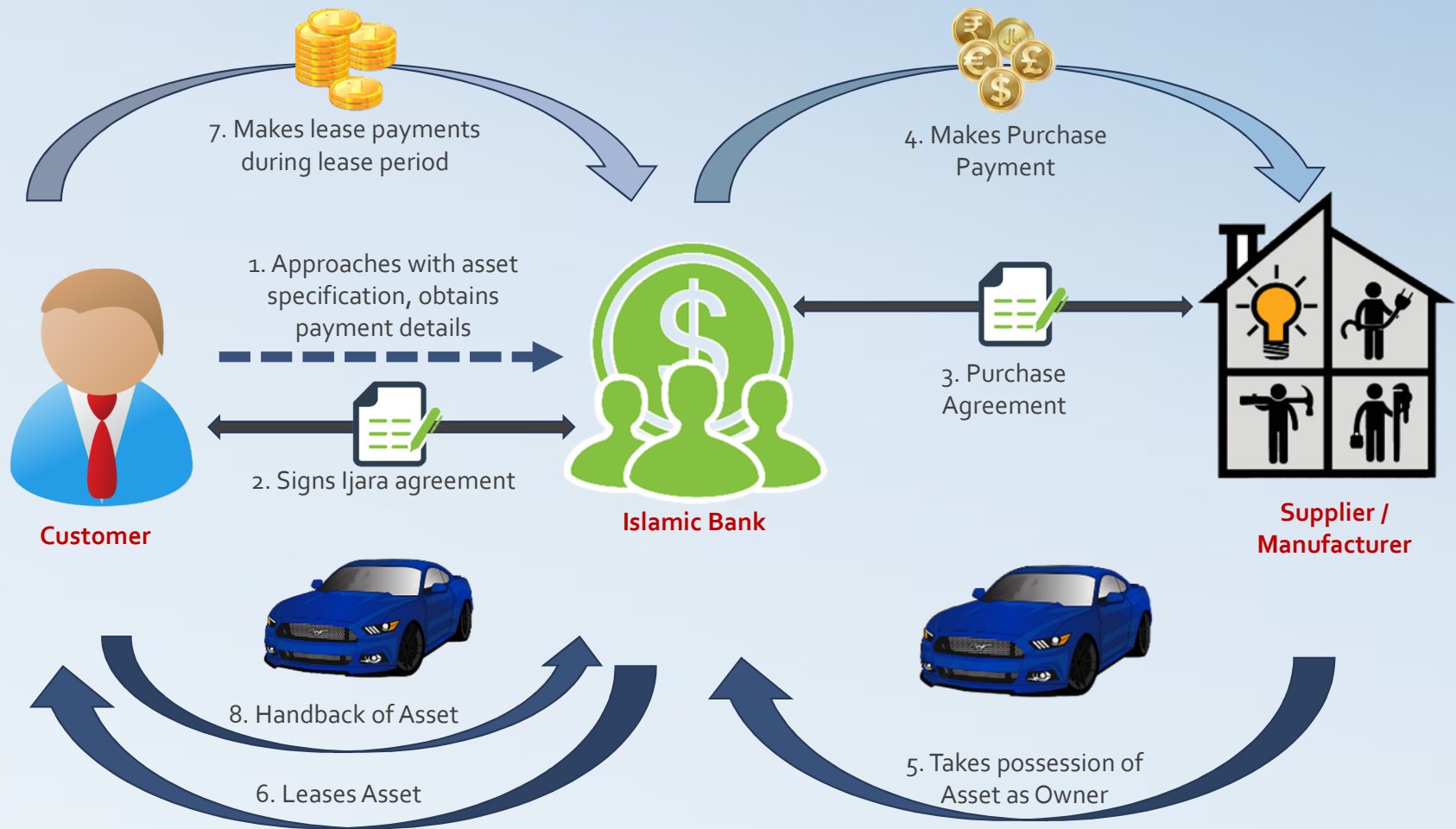
Building blocks for Islamic Infrastructure Financing Structures

- Istisna' – Contract to Manufacture
- Ijara – Leasing Contract
- Musharaka – Partnership / Joint Venture

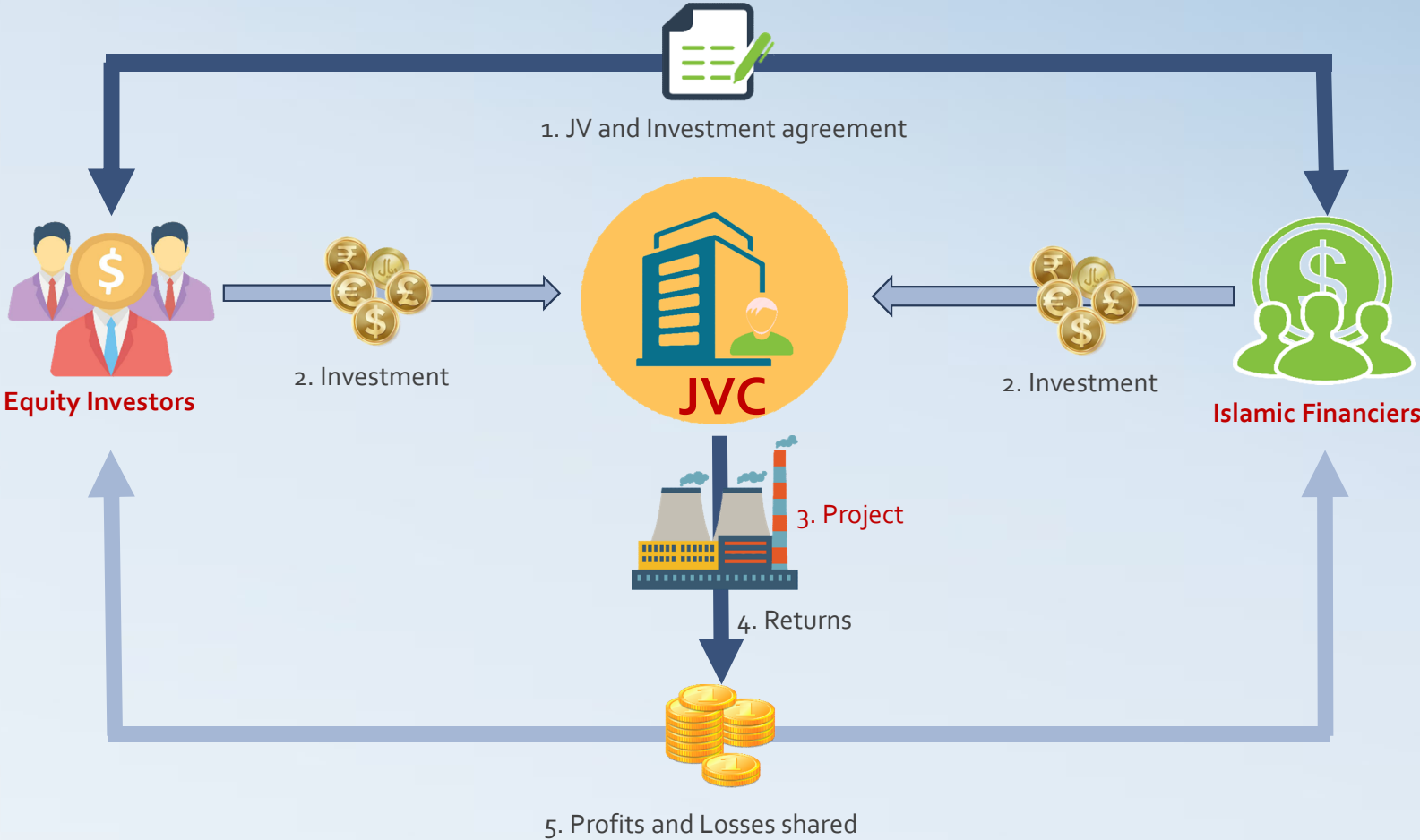
Istisna' Structure



Ijara Structure



Musharaka Structure



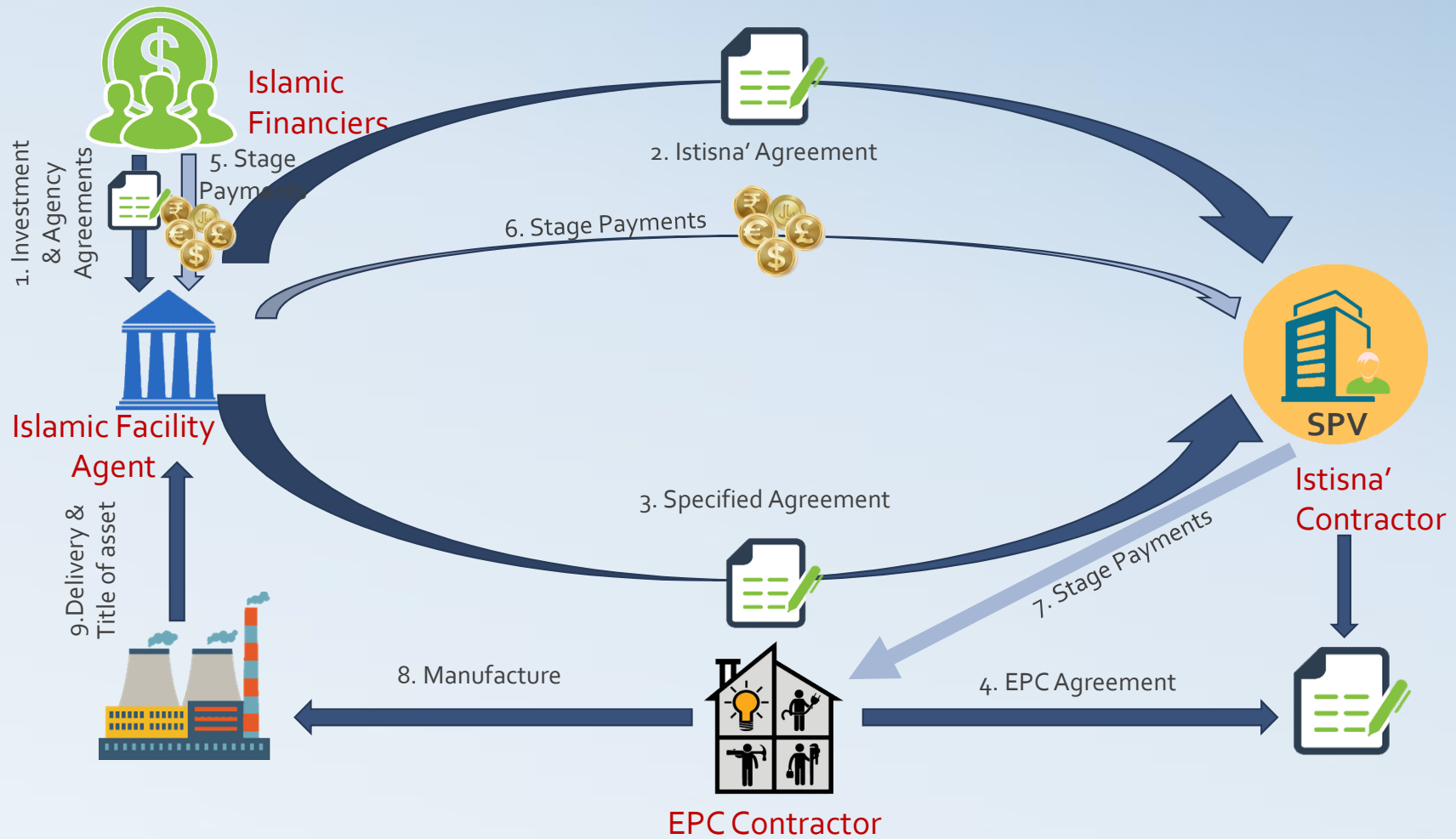
Islamic Project Finance Structures for PPP Projects : Case Studies

Case Study – 1

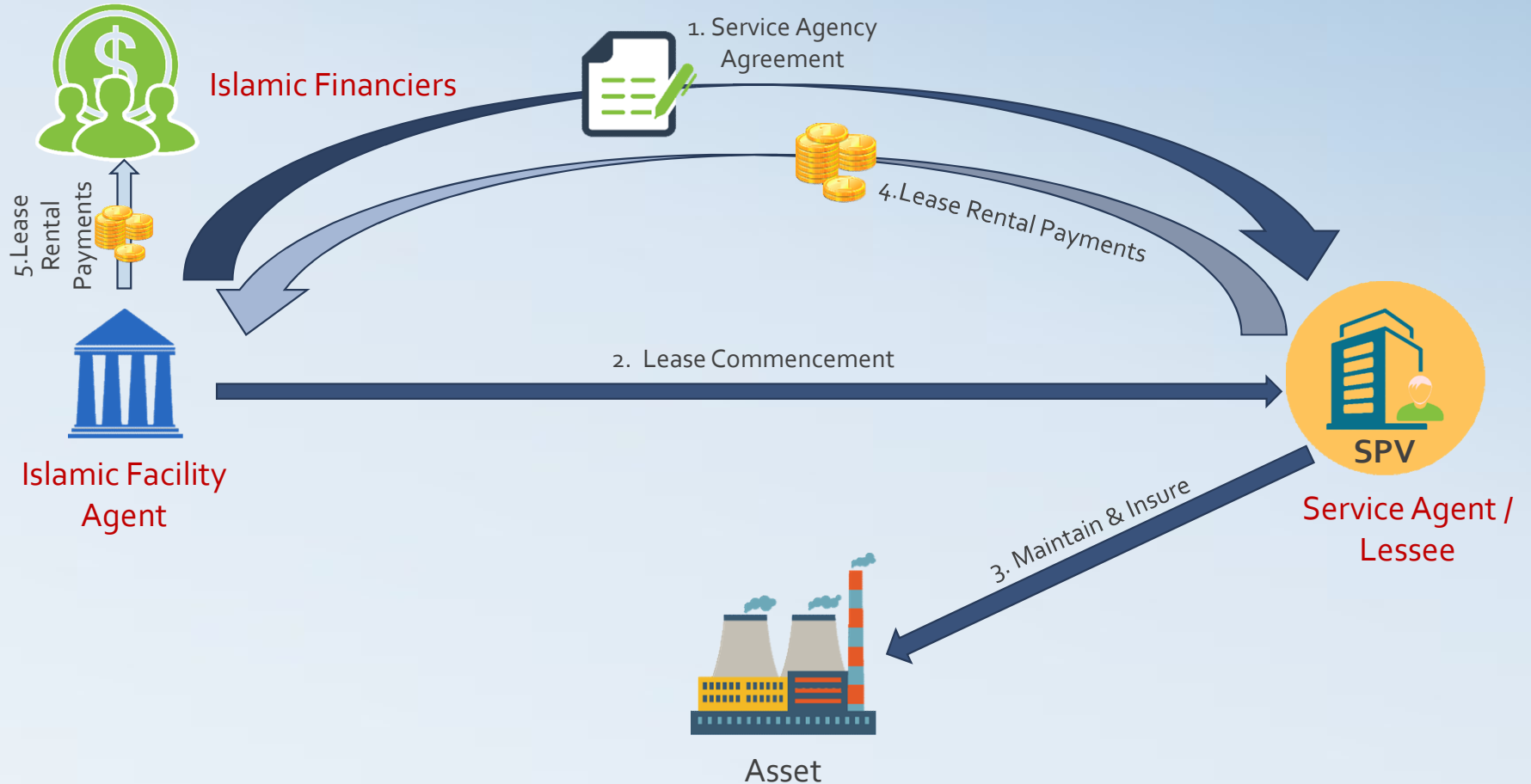
Istisna' – Ijara Structure

- Al Dur Independent Water and Power Project, Bahrain
- BOO / 3 years construction / 20 years PPA
- Istisna' – Ijara (Ijara Mawsufah Fi Ad Dhimmah)
(Procurement – Specified Lease Structure)

Istisna' – Ijara Structure: Construction Phase



Istisna' – Ijara Structure: Operations Phase

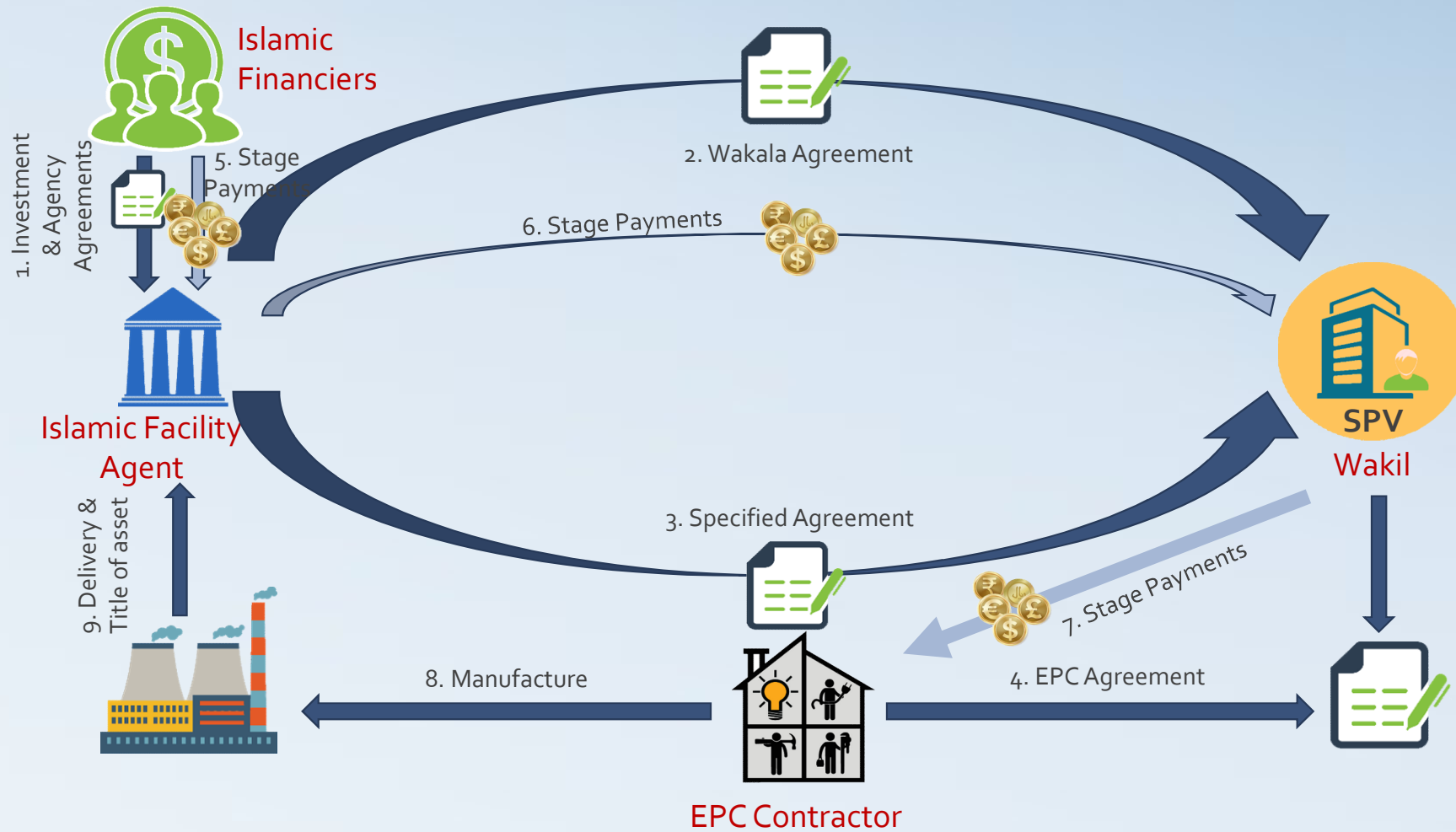


Case Study – 2

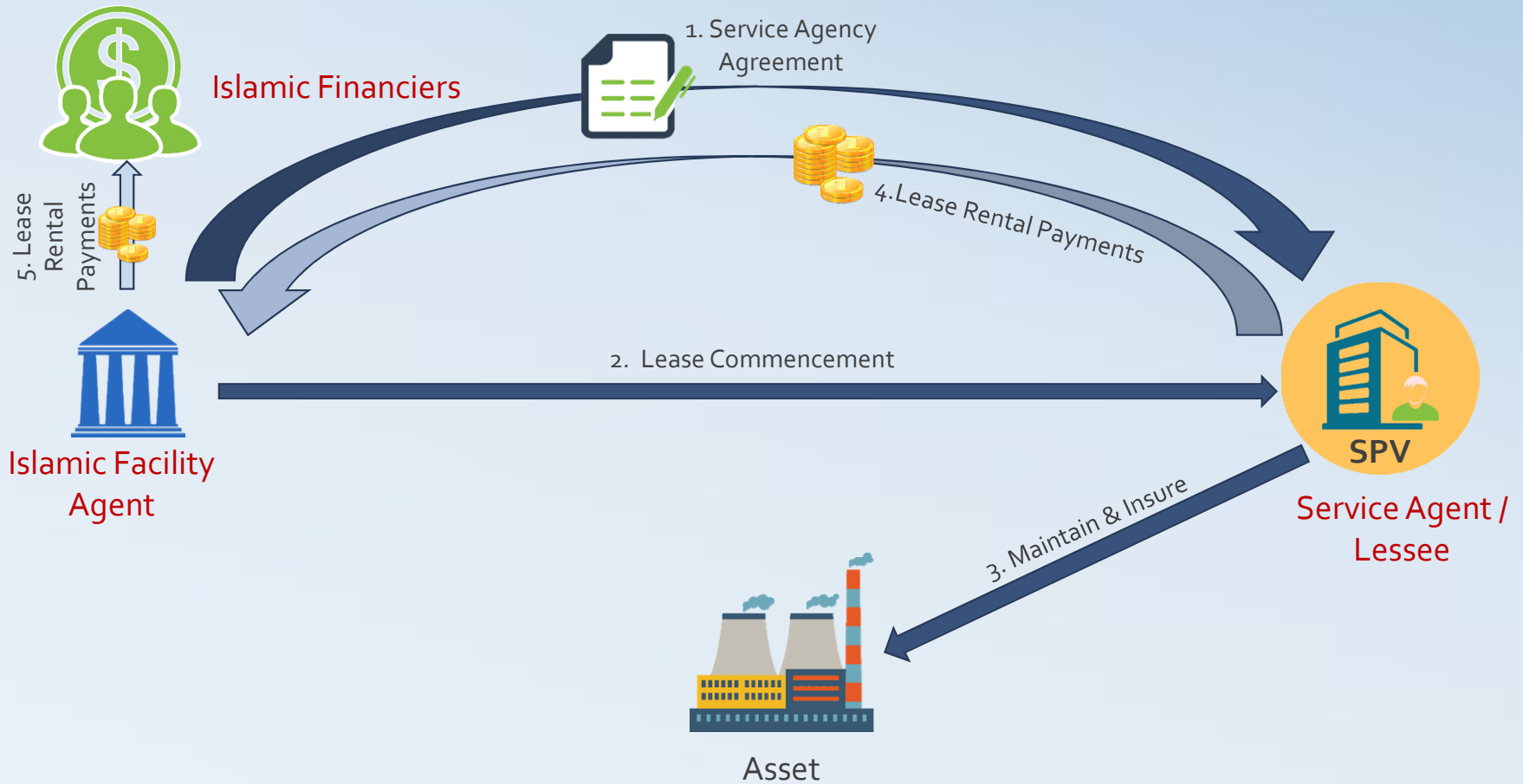
Wakala – Ijara Structure

- Shuaibah Independent Water and Power Project, Saudi Arabia
- BOO / 3 years construction / 20 years PPA
- Wakala – Ijara (Ijara Mawsufah Fi Ad Dhimmah)
(Agency – Specified Lease Structure)

Wakala – Ijara Structure: Construction Phase



Wakala – Ijara Structure: Operations Phase

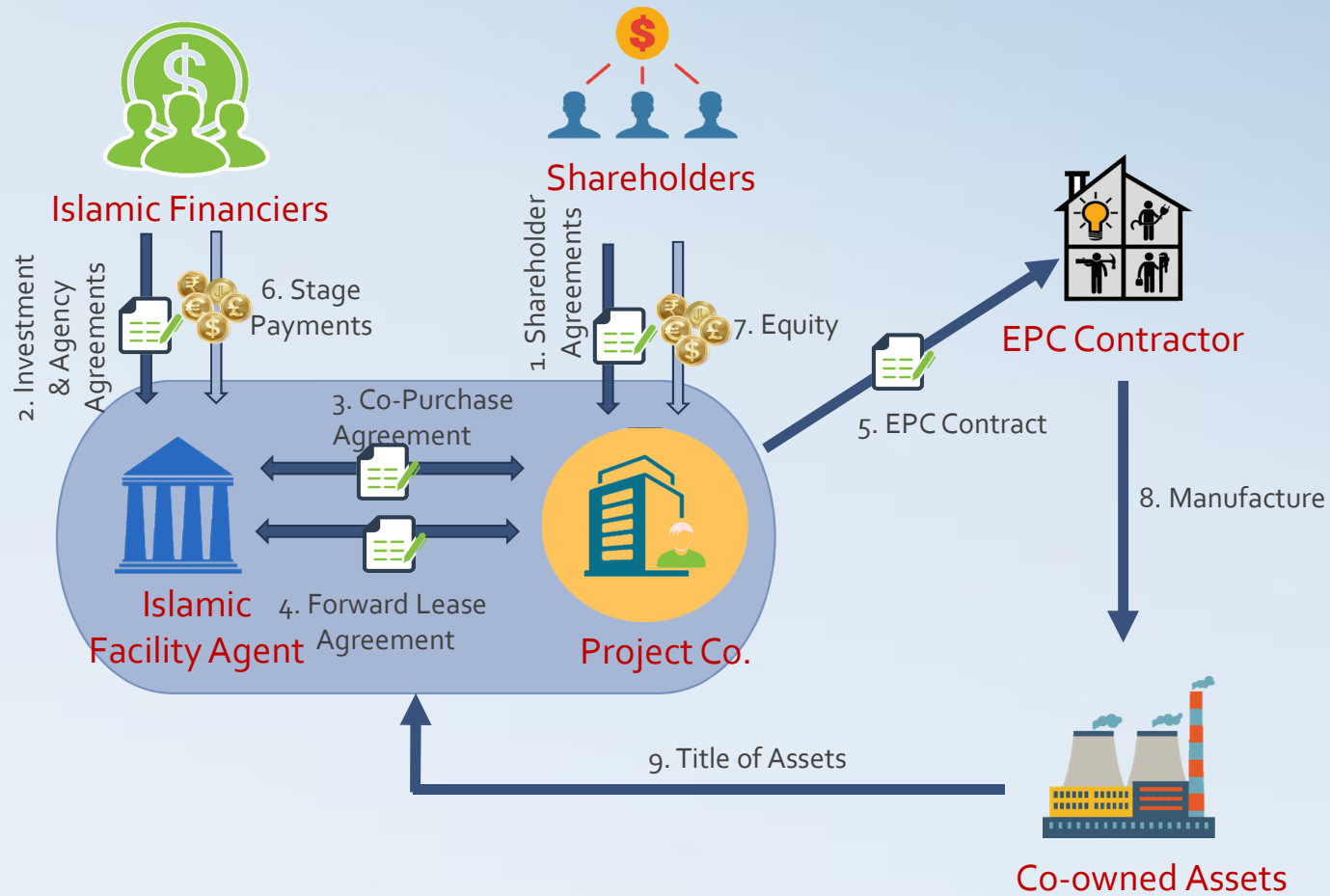


Case Study – 3

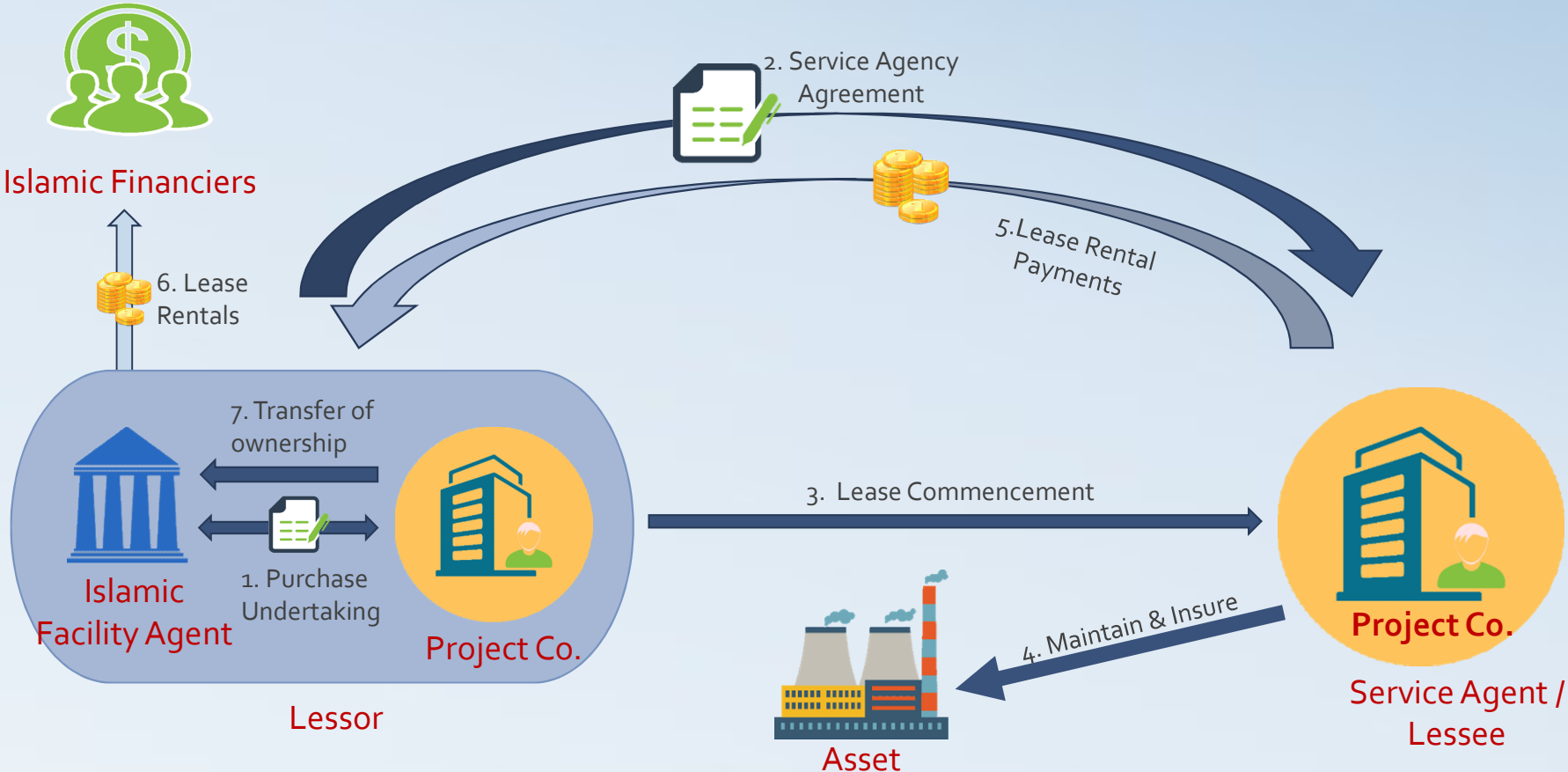
Co-Purchase-Istisna'-Ijara Structure

- Al Waha Petrochemicals Project, Saudi Arabia
- 10 years financing
- Co-Purchase (Musharaka) -Istisna' – Forward Ijara Structure

Co-Ownership (Musharaka) – Ijara Structure: Operations Phase



Co-Ownership (Musharaka) – Ijara Structure: Operations Phase

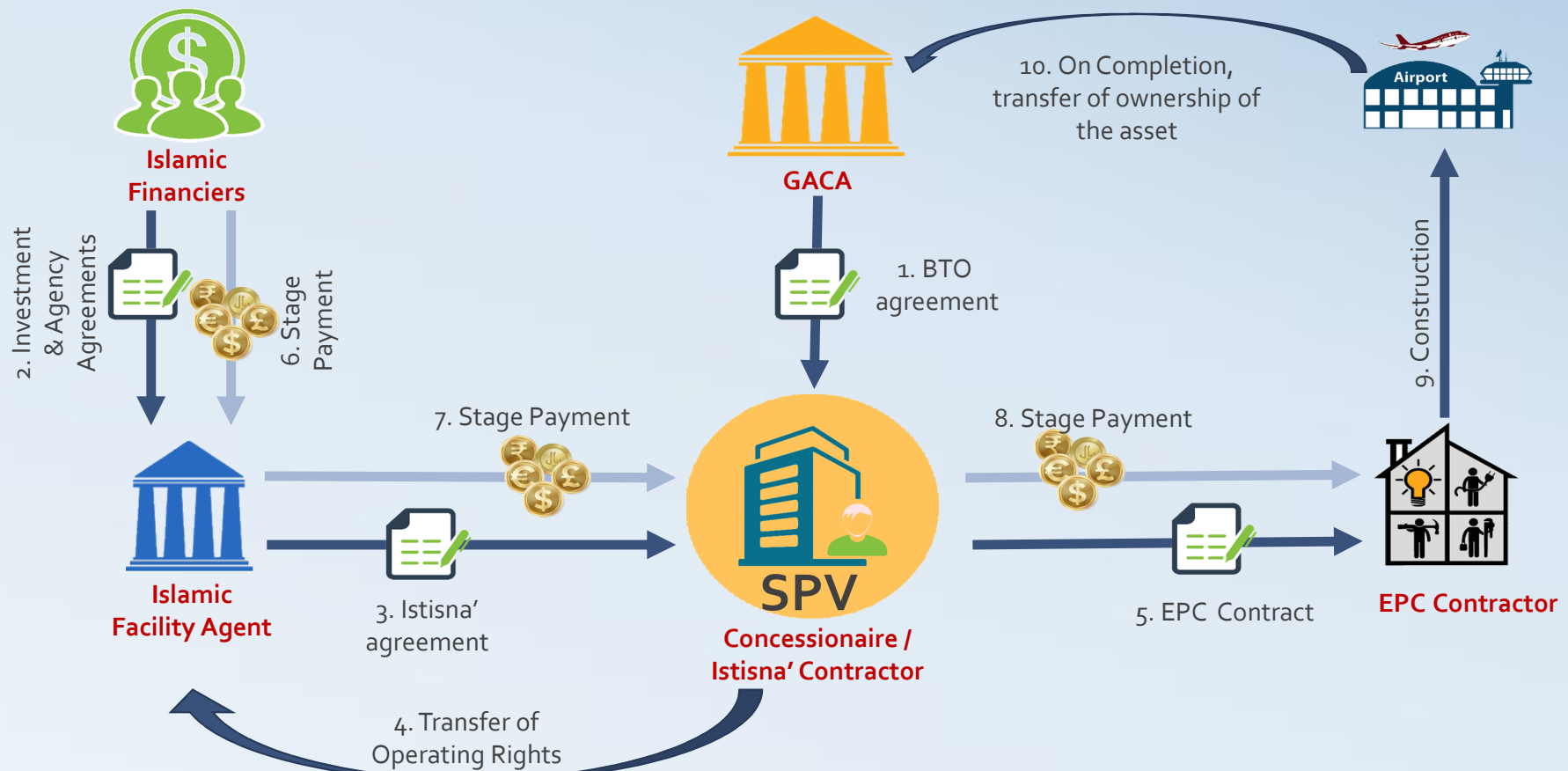


Case Study – 4

Istisna' – Management Contract Structure

- Madinah Airport Project, Saudi Arabia
- BTO / 3 years construction / 25 years Concession
- Istisna' (Procurement)– Management Contract

Istisna' – Management Contract Structure : Construction Phase



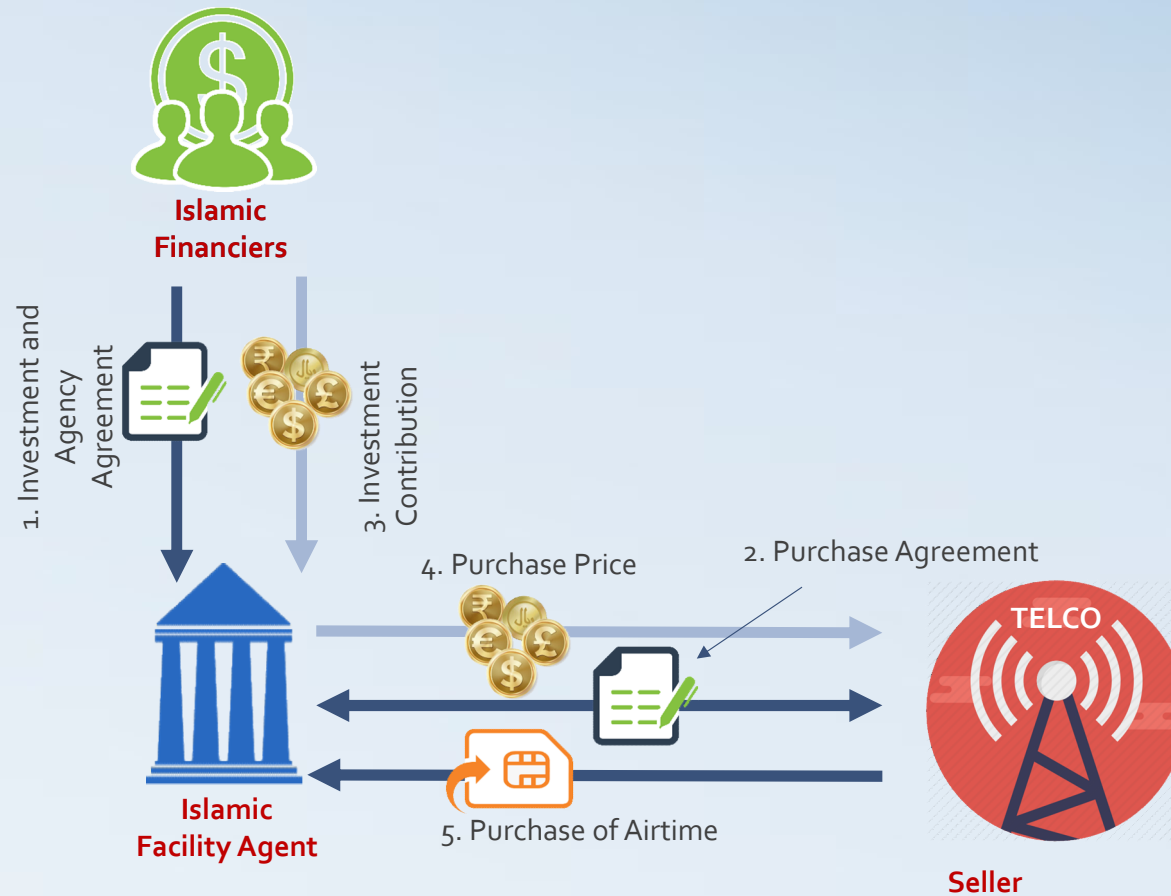
Istisna' – Management Contract Structure : Operations Phase



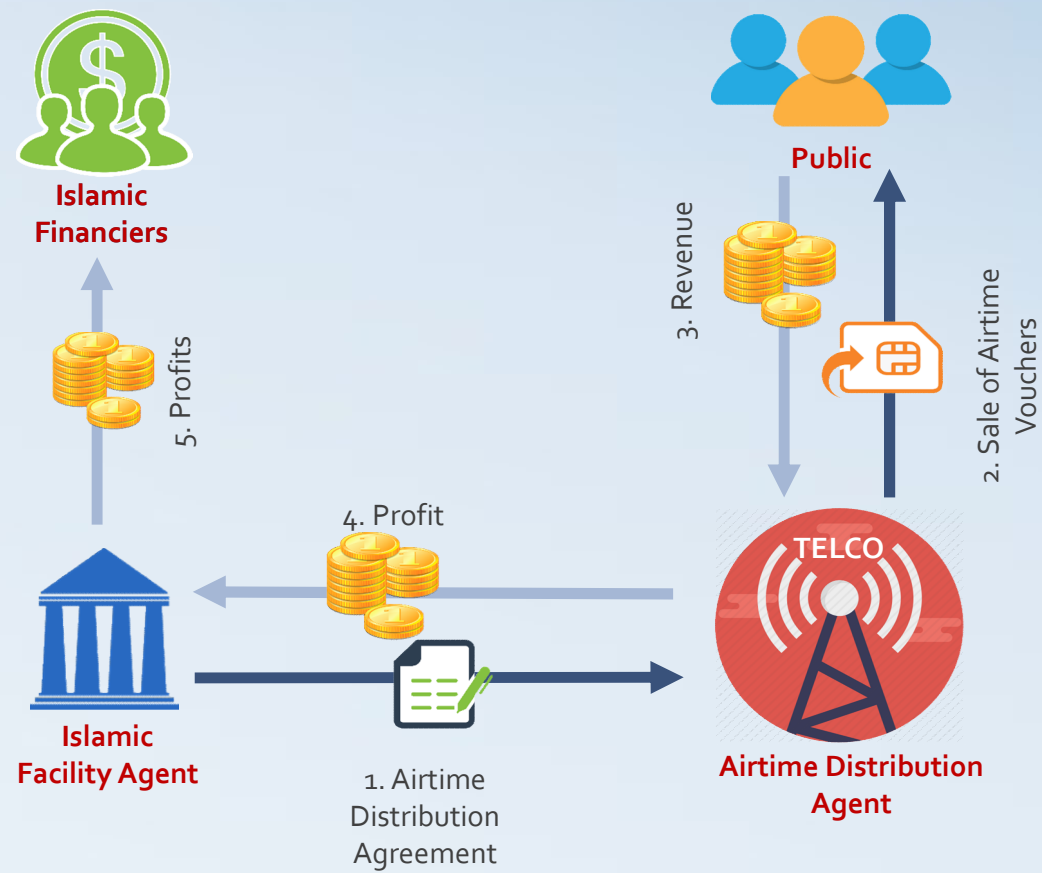
Case Study – 5 Airtime Facility

- Mobily Air Time Facility, Saudi Arabia
- 12 years tenor
- Purchase and Sale of Airtime

Airtime Facility : Purchase Phase



Airtime Facility : Purchase Phase



Experiences of Islamic Infrastructure Financing in GCC

- Medium sized PPP Infrastructure Projects have been financed 100% with Islamic Financing
- Preference in some countries for Islamic financing of PPP Infrastructure Projects; acts as an incentive when the company goes to IPO market
- Several international banks and local / regional conventional banks have participated in Islamic facilities PPP Infrastructure Projects
- Islamic Infrastructure financing structures are very common and the legal documentation is more or less standardized
- Where conventional banks have not been able to participate in Islamic facilities in Infrastructure projects, projects have been co-financed with multiple sources of conventional financing
- Commercial terms of similar Islamic facilities and conventional facilities are same in co-financed transactions

Thank you for your kind attention

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