THE ROLE OF ISLAMIC FINANCE IN PROJECT FINANCING

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Annotation. In the Islamic countries of the East, financial institutions began to use principles that do not contradict the religious teachings of Islam. When assessing the potential and prospects of this market, it is very important to pay attention to the existing relationships within the region, as well as with other developing countries.

Keywords: Islamic finance, MENA, GCC, sukuk, capital, liquidity.

Dramatic political changes in the Middle East and North Africa last year significantly disrupted economic activity, but selectively across the region. For developing oil-importing countries, the initial conditions, including the current period of turmoil, are weak: lack of meaningful financial capacity, fading economic activity, depleting reserves and continued social tensions in several countries. Oil exporting countries (if not in internal conflict) are better prepared to withstand the brunt of the crisis, provided oil prices do not fall significantly in the face of reduced demand.

The Islamic finance market has seen rapid growth in recent years, and although it represents only 1.5% of global banking assets, it remains a highly underserved market in many regions and across asset categories. This has led very large Islamic players in the global market to rethink their strategies to capitalize on the emerging opportunities.

The past 12 months have marked a turning point for the Islamic finance industry as international Shariah-compliant assets have crossed the $1,000 billion mark. USA. For a business less than 40 years old, the global financial crisis represents the first major challenge facing Islamic finance, but there is no doubt that its growth story will be long and lasting. The Islamic finance industry is expected to record a compound annual growth rate (CAGR) of 15% to 20% through 2015, according to a report published in November 2010 by professional services firm PricewaterhouseCoopers (one of the world's largest accounting firms) [3] .

With the deepening debt crisis in the eurozone and financial turmoil in the United States, investors are increasingly looking to move away from the speculative and profit-driven financial system. As part of the new world order of economy and prudence, Islamic finance's fundamental principles of risk sharing, as well as the prohibition of interest, have helped boost its image as a safe haven.

Significant infrastructure developments planned in both Southeast Asia and the Middle East mean that sovereign or parastatal issuers will depend, among other sources of project financing, on Shariah-compliant documents that are tailored to meet different needs. Indeed, project financing needs in the Middle East are estimated at $120 billion. USA over the next decade to provide professional services to KPMG (one of the big four largest international audit firms in the world), and $150 billion. USA for Southeast Asian countries over the next five years [3].

The Islamic debt capital market will play an important role in these long-term projects. Both government and private sector developers can use conventional bank financing, but the liquidity pool is shrinking day by day in light of tightening credit lines and strengthening regulatory requirements. There is a large pool of liquidity for Islamic finance, making project finance sukuk a viable alternative.

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