



Infrastructure Financing through Islamic Finance

MINISTRY OF TRANSPORT, WORKS AND INFRASTRUCTURE

MINISTRY OF FINANCE & ECONOMIC AFFAIRS

THE GAMBIA

OUTLINE

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- The National Transport Policy in the Gambia in context
- Strides taken by The Gambia to promote Islamic Finance
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Our Belief

- Given the scale of resources needed to address the infrastructure investment gap in The Gambia, we believe that mobilizing the private sector for this goal has become imperative.
- In addition, Investment in quality and sustainable infrastructure helps finance the transition towards a low carbon and low emission transport sectors
- The project-specific nature of Islamic finance structures and their emphasis on sharing risks make them a natural fit for Public-Private Partnerships in Infrastructural development.
- Therefore the conventions of Islamic Finance are particularly suitable for Infrastructural development

Financing Options of The National Transport Policy of The Gambia for Infrastructural Development

The National Transport Policy articulates that:

- “Government will continue leveraging private investments through the development and use of innovative financial instruments”.
- We therefore believe that Islamic Finance is one of the Innovative Financial instruments The Gambia can utilize for Infrastructural Development
- We are also cognizant of the fact that Islamic finance investors (banks, sovereign wealth funds, and other asset managers) have large pools of liquidity that can be channeled to these Islamic Infrastructure investments with low risks.

Strides The Gambia has taken in promoting Islamic Finance for Infrastructural Development

- The Gambia, through the auspices of the Ministry of Finance and Economic Affairs (MOFEA) secured funding from COMCEC to implement a project geared towards enhancing greater literacy and awareness about Islamic Financial Instruments.

The project had 3 main deliverables:

- The preparation of a baseline survey to gauge the current levels of literacy and awareness on Islamic Financial Instruments
- A joint study tour to Malaysia was conducted by a team of Banking Supervisors drawn from the Central Bank of The Gambia in partnership with the Central Bank of Nigeria and Sierra Leone
- A Regional Workshop themed “Building Islamic Finance in The Gambia, Nigeria and Sierra Leone was conducted to analyse Islamic Finance governance in OIC Countries

Challenges of Islamic Finance for Infrastructural Development in The Gambia

- Scaling up Islamic Finance in The Gambia requires overcoming important legal, regulatory, and institutional challenges.
- Capacity challenges.
- Inadequate viable Islamic Finance-compliant liquidity management instruments

Recommendations

- The Gambia will consider Sukuk financing of Infrastructure to promote Islamic finance instruments.
- The fact that Sukuk issuance has recently been considered as one of the potential solutions to mobilize financial resources from the private sector to invest in Public Infrastructure Development, the Gambia should learn the best practices and build more capacities about sukuk frameworks
- As a form of Public Private Partnership (PPP), Sukuk Issuance requires the establishment of a legal and regulatory framework adapted to Islamic Finance principles. Therefore the Gambia should review laws to accommodate appropriate provisions for Sukuk.
- Set up an Islamic Finance Committee with the remit to discuss issues affecting the Islamic Finance sector
- Set up Shariah Supervisory Council at Central Bank Level

THE END