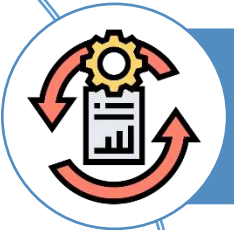




# DIFFERENT MODES OF FINANCING FOR PRIVATE SECTOR PROJECTS

IsDB 47<sup>th</sup> Annual Meeting  
Egypt, 2 June 2022

**Perry Warjiyo**  
Governor of Bank Indonesia



The momentum of global economic recovery requires support from financial sector for faster recovery. The Islamic financing provides opportunity to grow.



There are a number of different modes of Islamic financing, however most of it are still concentrated on Islamic banking industry, especially on Murabahah aqd.



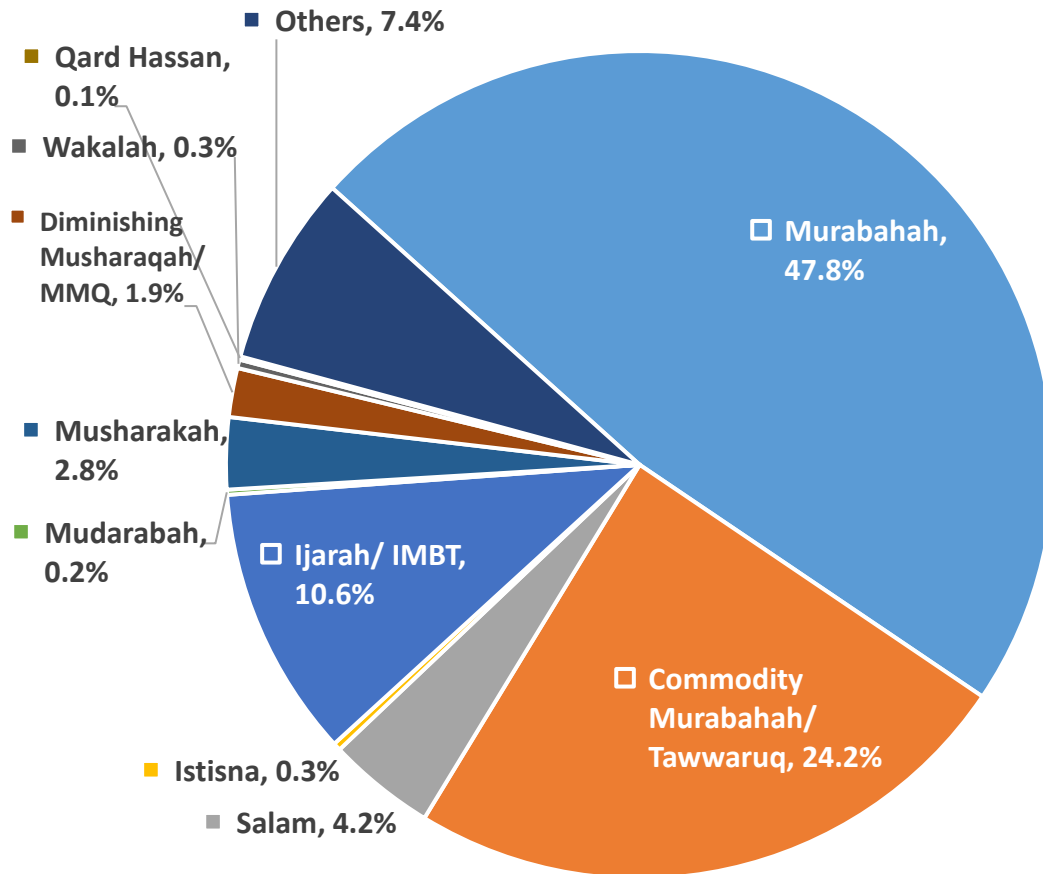
In the case of Indonesia, the innovation takes place in the form of integration of social and commercial financing as well as providing fund for financial inclusion (SMEs) and food security program.

# Islamic Finance Contracts Landscape

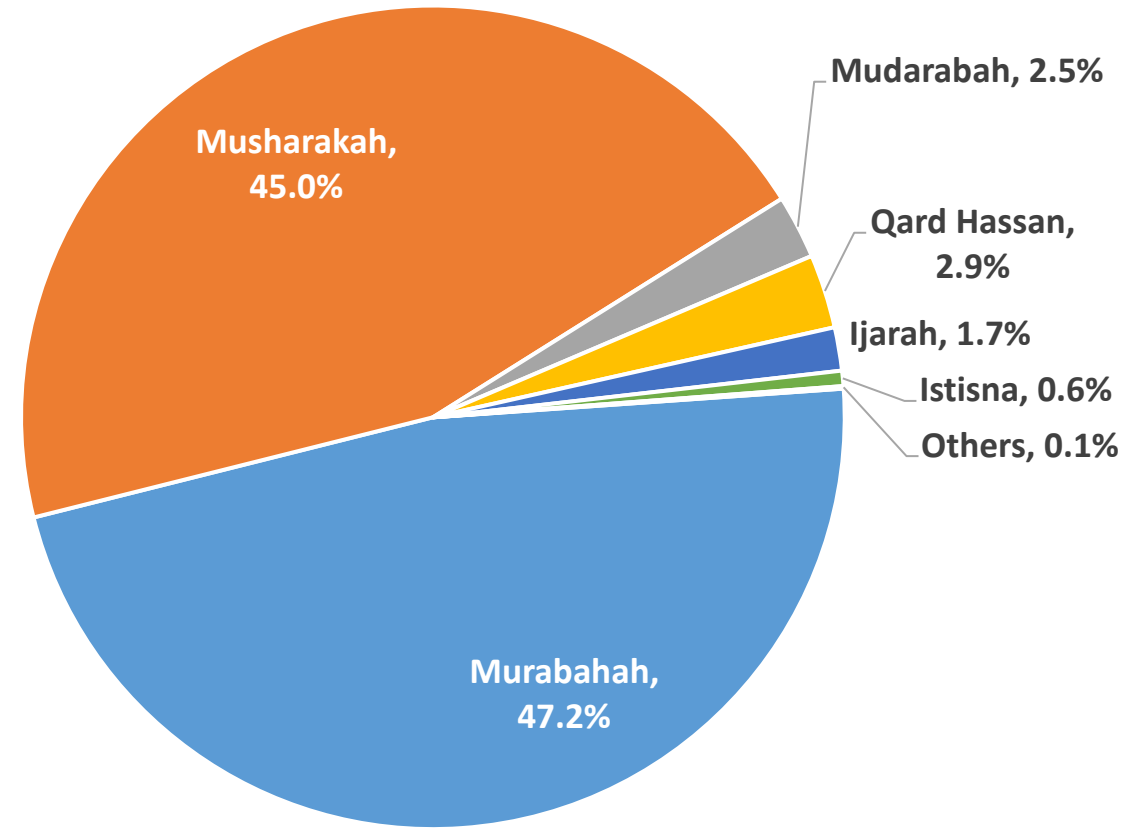


*Islamic financing are still concentrated on fixed return contracts in the form of Murabahah contracts*

12 countries



Indonesia

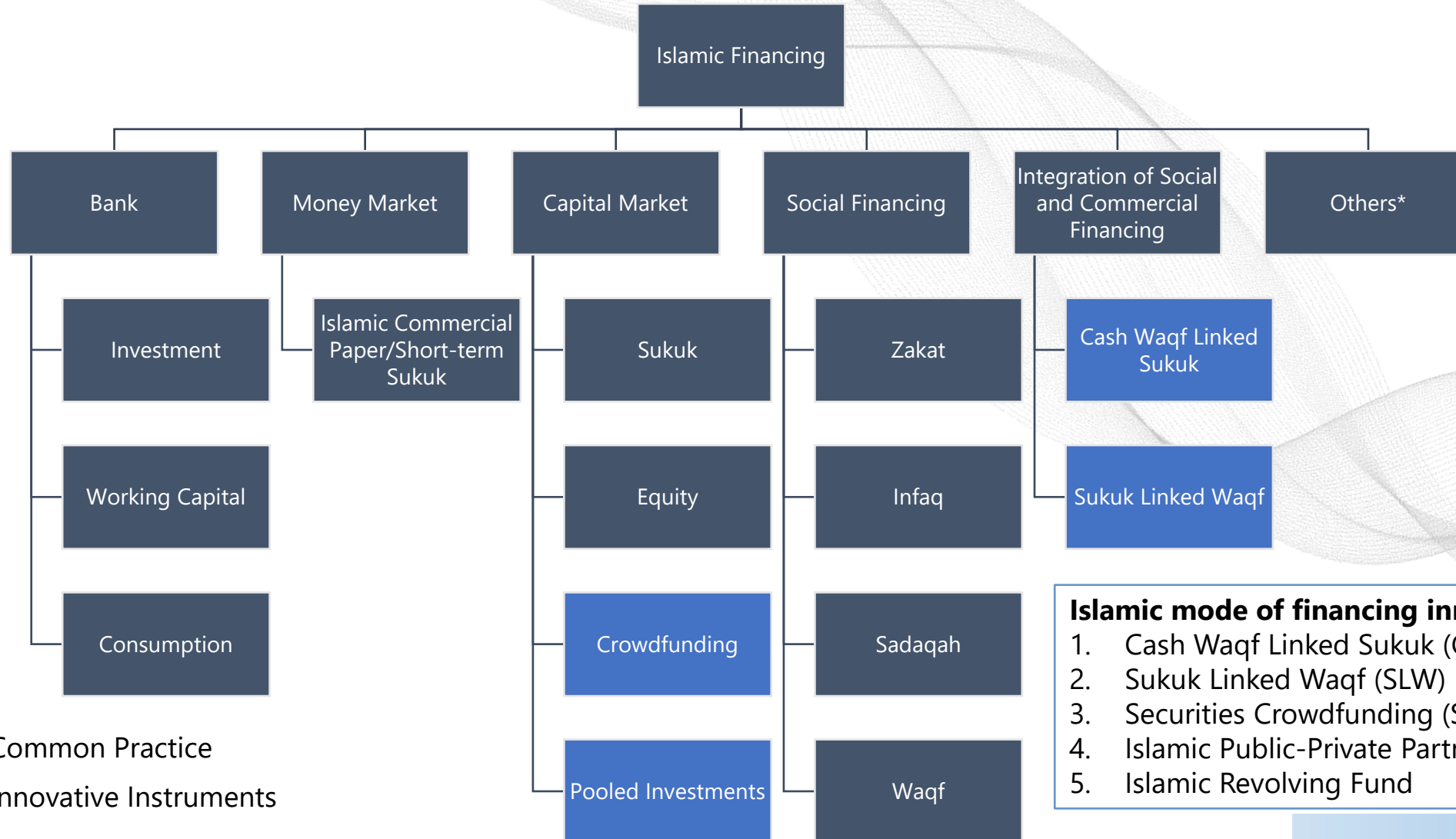




# Islamic Modes of Financing



*Room for Innovation in Islamic financing remains open for filling the financing gap*



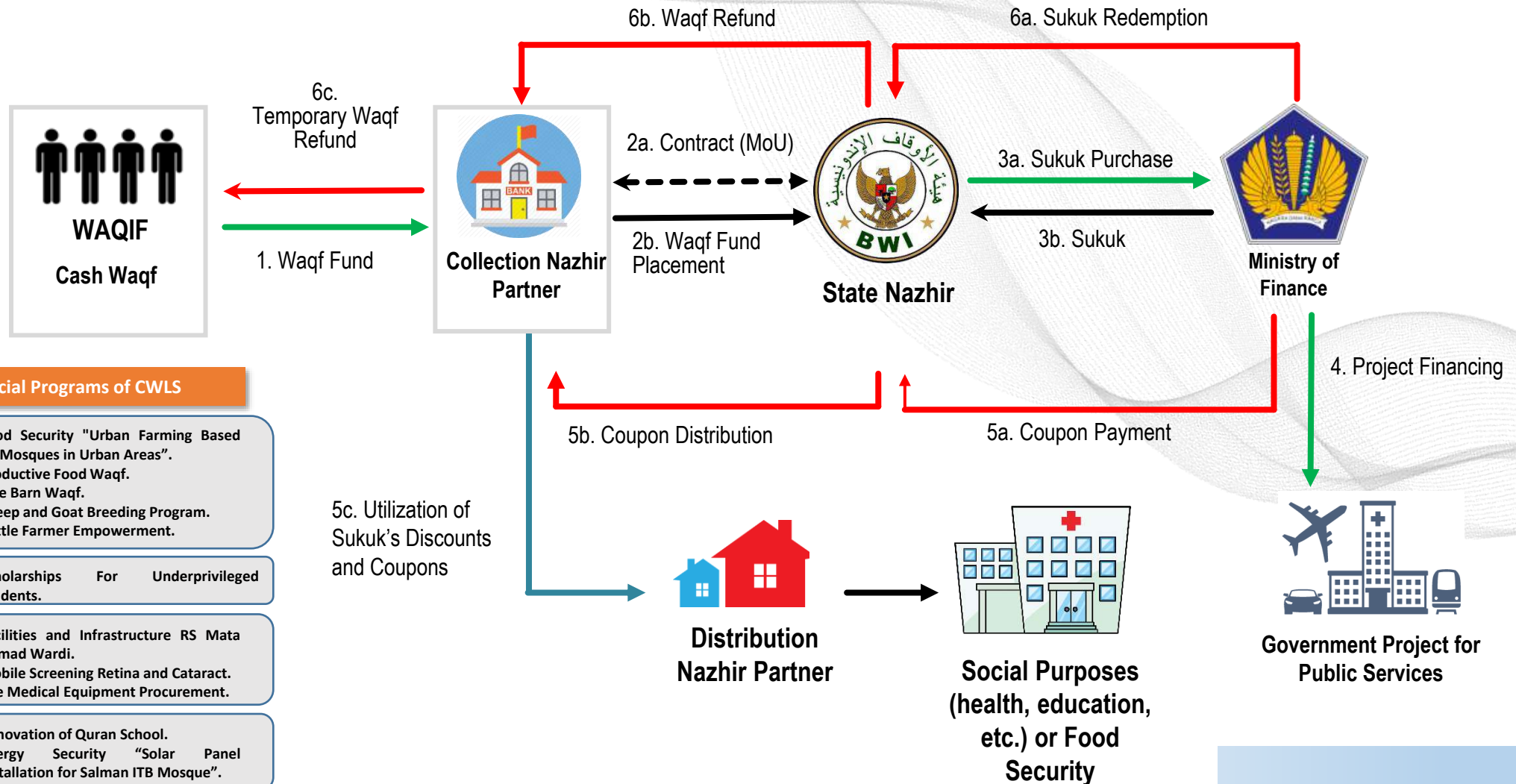
- Islamic mode of financing innovation in Indonesia:**
1. Cash Waqf Linked Sukuk (CWLS)
  2. Sukuk Linked Waqf (SLW)
  3. Securities Crowdfunding (SCF)
  4. Islamic Public-Private Partnership (PPP)
  5. Islamic Revolving Fund

\*e.g. direct investment, revolving fund, etc.

# Innovation of Business Model for Sharia Financing: Cash Waqf Linked Sukuk (CWLS)



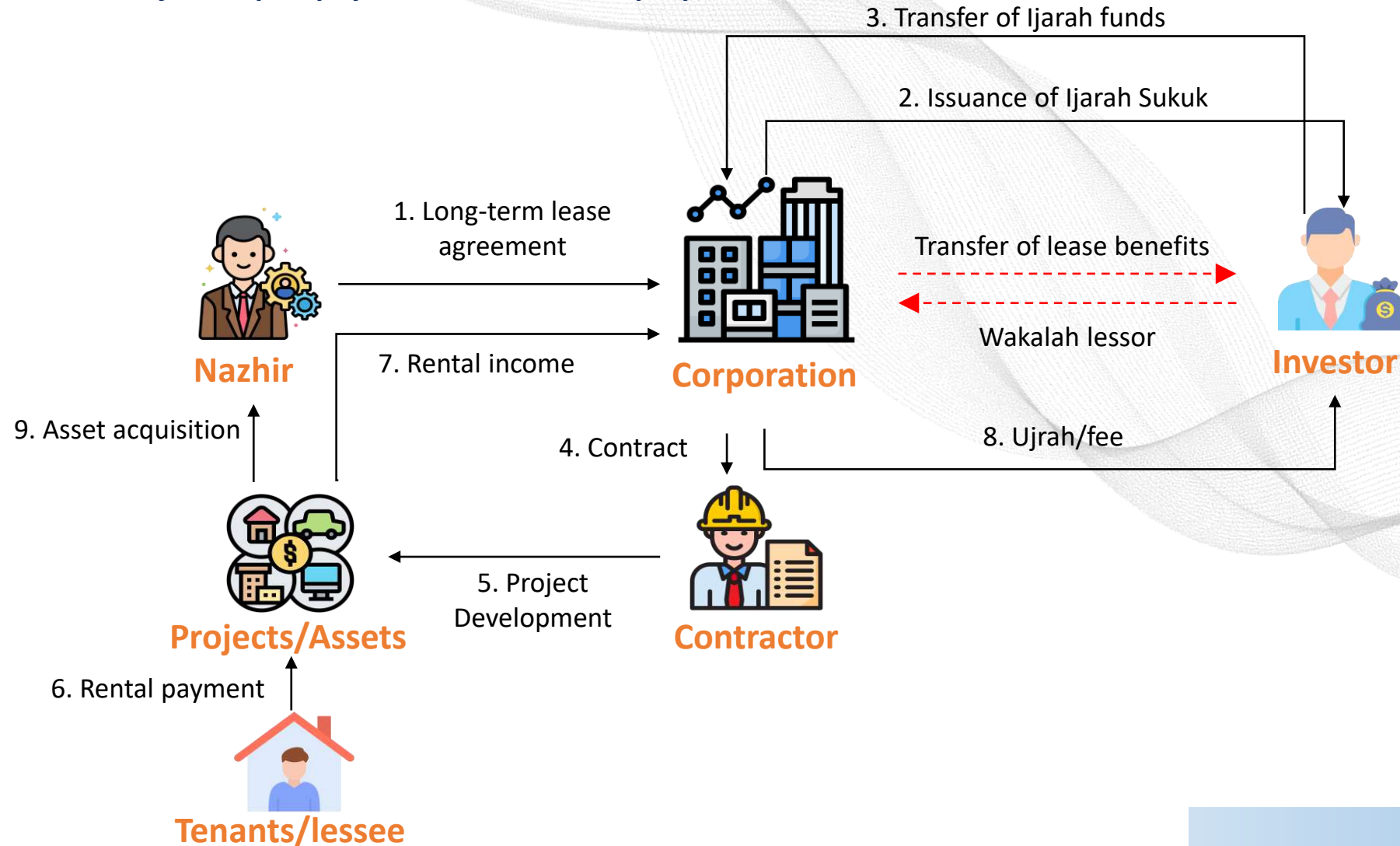
*Waqf proceeds are used for purchasing Sovereign Sukuk to finance government projects, and the coupon payment from the Sukuk investment is treated as Mawquf 'Alaih to be used for social purposes*



# Innovation of Business Model for Sharia Financing: Sukuk Linked Waqf (SLW)



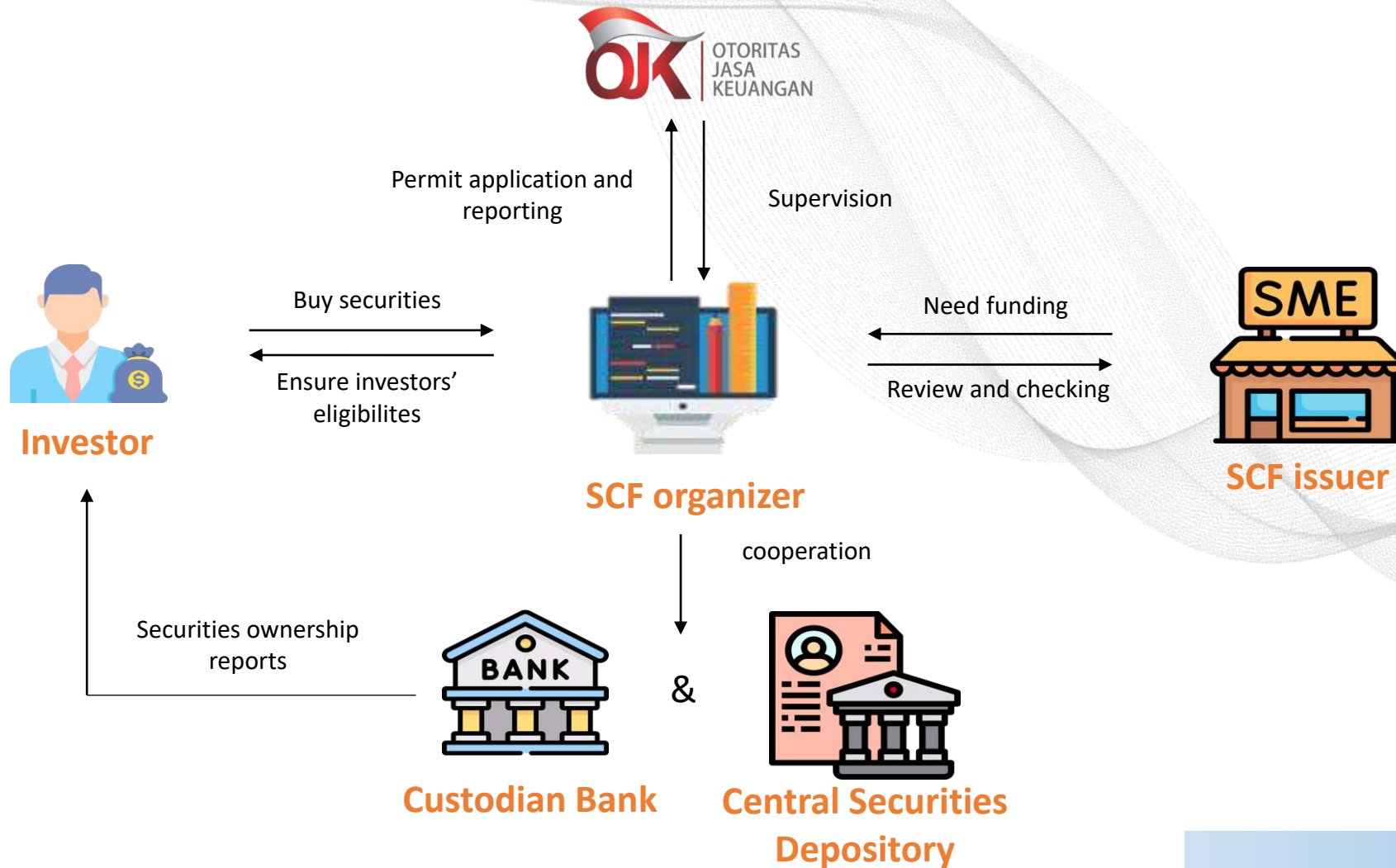
*A corporation (state-owned or private) issued Sukuk to develop a productive asset on a waqf land, and the income from the asset will be used for coupon payment and/or social purposes.*



# Newly Regulated Business Model for Sharia Financing: Securities Crowdfunding (SCF)



*SME as the SCF issuer can raise fund by issuing equity or sukuk through SCF organizer. Investors can purchase the equity and sukuk through SCF organizer's platform.*

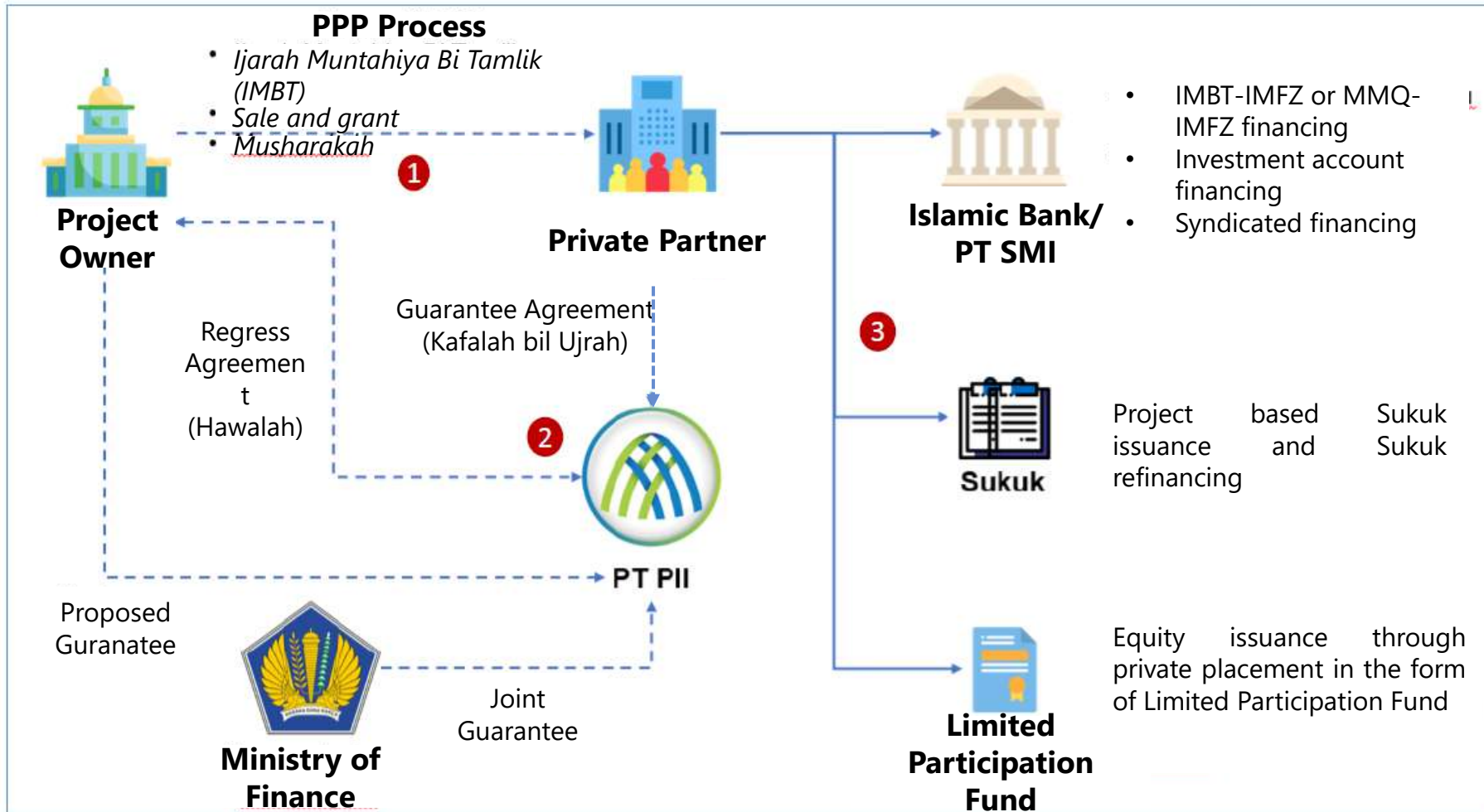




# Islamic Public-Private Partnership (PPP) for Infrastructure Financing: Case of Indonesia



*Islamic PPP scheme can be utilized to finance public infrastructure projects by involving a private or state-owned corporation.*



## Islamic PPP Key Points

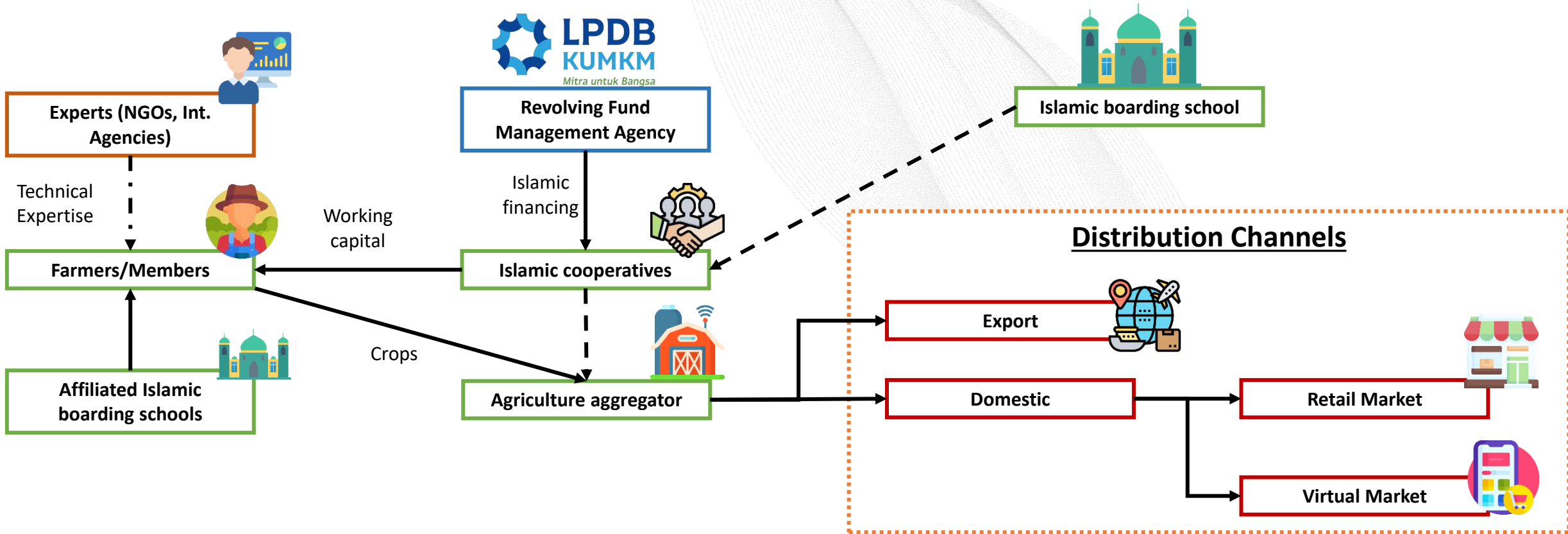
- 1 Aqd between public and private partners
- 2 Islamic guarantee scheme
- 3 Islamic financing



# Islamic Revolving Fund Financing for Agriculture Cooperative: Case of Indonesia



Islamic revolving fund is used to channel state budget to SMEs or Islamic boarding school to support financial inclusion and strengthen food security in rural area.



- - - ► Ownership and Management
- . - ► Assistance and Supervision

1. Innovation and diversification of Islamic finance product through enhancing the uniqueness of Sharia mode of financing
2. Building a strong and extensive Sharia ecosystem through regulation and fatwa harmonization among authorities, institution, private sector, and across countries
3. Enhancing Islamic finance literacy through strong and effective collaboration among central government, local government and other relevant stakeholders





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