

An LSEG Business

**ICD-REFINITIV
OIC INFRASTRUCTURE OUTLOOK 2023**

**CREATING OPPORTUNITIES,
ENHANCING LINKAGES**



Overview

This report takes stock of the OIC infrastructure sector and provides helpful data on funding gaps and key insights

Presentation Outline

- **Context: OIC Infrastructure Landscape**
- **Size of OIC Infrastructure Gap**
- **Analysis: Sector and regional gaps**
- **Key challenges & opportunities**
- **The role Islamic finance can play**
- **Strategic Considerations & Policy Recommendations**











Context: OIC Infrastructure Landscape

OIC infrastructure is a topic of key importance today & OIC governments realise this

Several major OIC markets are prioritizing infrastructure development...

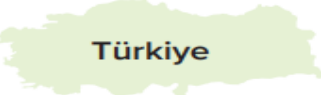





National plans with infrastructure development as a priority

 <p>Malaysia</p> <p>The country's infrastructure policy is guided by the 12th Malaysia Plan (12MP) for 2021-2025, for which the government has allocated RM400 billion (\$88.9 billion) towards new and existing infrastructure projects.²</p>	 <p>Indonesia</p> <p>The National Medium-Term Development Plan (RPJMN) 2020-2024 outlines the government's priorities for infrastructure development, with several strategic priority projects in place across different sectors.³</p>	 <p>United Arab Emirates</p> <p>There are ambitious targets for sustainable and resilient infrastructure development under the Abu Dhabi Economic Vision 2030. Other supporting plans and programmes include the UAE Railway Programme, Dubai 2040 Urban Master Plan, Surface Transport Master Plan (Abu Dhabi), Fujairah 2040 Plan, and Dubai Autonomous Transportation Strategy.⁴</p>
 <p>Türkiye</p> <p>Policy is guided by the 11th Development Plan (2019-2023), which outlines the government's priorities for infrastructure development.⁵</p>	 <p>Egypt</p> <p>Under the urban development programmes outlined in Egypt Vision 2030, the country aims to upgrade infrastructure and expand the provision of utilities, while several economic development programmes and projects are outlined, including promoting PPPs and developing transport networks.⁶</p>	 <p>Saudi Arabia</p> <p>The National Transformation Program intends to build the infrastructure and create the environment that will enable the public, commercial and non-profit sectors to achieve the country's Vision 2030.⁷</p>
 <p>Kuwait</p> <p>The main goals of Kuwait Vision 2035 include providing new infrastructure and creating a business environment that is conducive to development.⁸</p>	 <p>Morocco</p> <p>The government has prioritized road-building and modern infrastructure development, and has set a \$4.16 billion annual infrastructure budget through the current decade. It has also announced numerous sector-specific infrastructure plans including its 2040 Rail Strategy, Vision 2020 tourism plan, 2030 National Port Strategy, and Noor Ouarzazate solar plant.¹⁰</p>	

Context: OIC Infrastructure Landscape

OIC infrastructure is a topic of key importance today & OIC governments realise this

... and have enacted supportive laws & policies

Selected Privatization and PPP Laws in OIC Countries	
 <p>Türkiye</p>	<ul style="list-style-type: none">- Law No 3096 on the Generation, Transmission, Distribution and Trade of Electricity by entities other than the Turkish Electricity Agency, enacted in 1984, was an early example of PPP.- Law No. 4046 regulating the principles for privatization, enacted 1994.- Law No. 3996 on the Realization of Certain Projects under the Build-Operate-Transfer (BOT) Model, enacted 1994.¹³
 <p>Saudi Arabia</p>	<ul style="list-style-type: none">- Private Sector Participation Law (PSP Law) for public utilities or assets that directly or indirectly provide public services, enacted 2021.¹⁴
 <p>Qatar</p>	<ul style="list-style-type: none">- Law No. (12) of 2020 Regulating Public Private Partnerships.¹⁵
 <p>Jordan</p>	<ul style="list-style-type: none">- A new PPP Law was approved in 2020, amending the Public-Private Partnership Law No. 31 of 2014.¹⁶
 <p>Benin</p>	<ul style="list-style-type: none">- A new PPP Law was approved in 2020, amending the Public-Private Partnership Law No. 31 of 2014.¹⁷
 <p>Egypt</p>	<ul style="list-style-type: none">- The Public Partnership Law of 2010 (Law 67), with later amendments. The PPP Executive Regulation of Law No. 67 is the main legal framework for procuring PPPs in Egypt.¹⁸

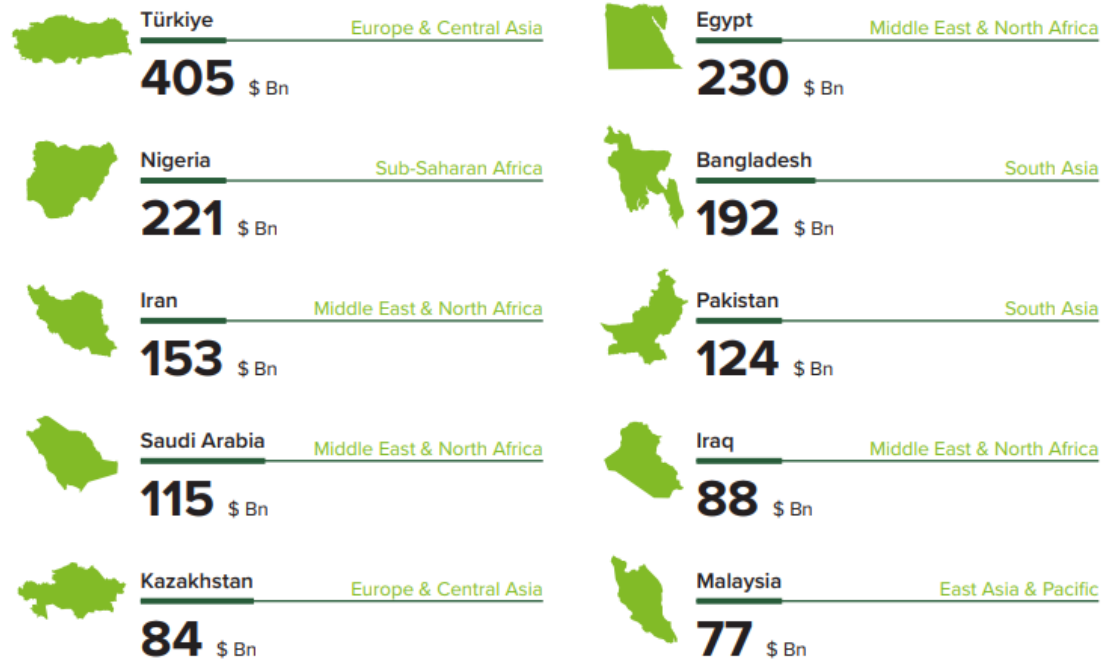
Size of OIC Infrastructure Gap

However, the OIC infrastructure gap until 2040 remains large: it is projected to reach **\$2.7 trillion**

\$2.7
trillion

Top 10 OIC countries make up 62% of the overall gap

Top 10 OIC countries, by projected infrastructure funding gap (2016-2040)



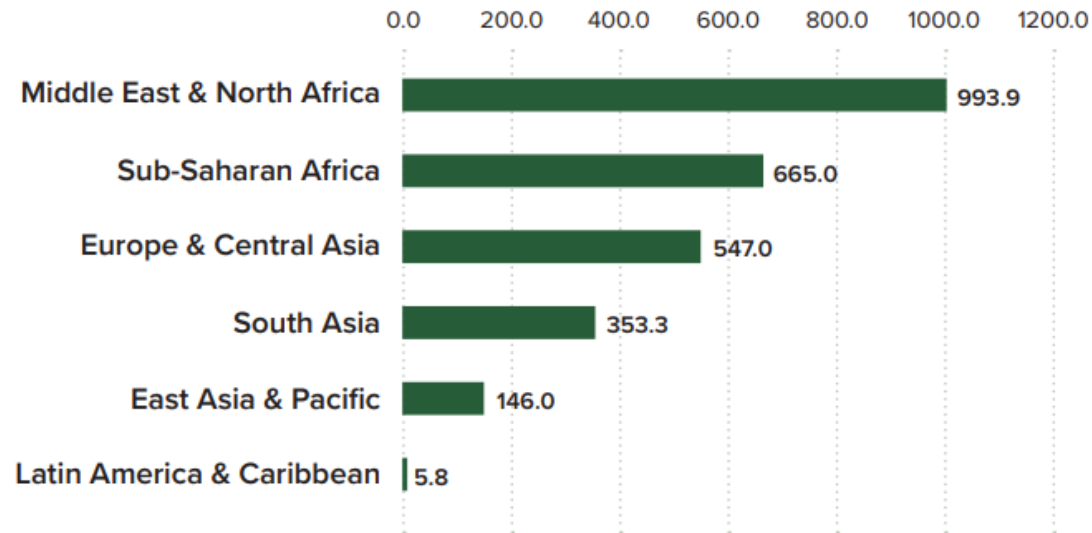
Source: ICD-Refinitiv OIC Infrastructure Outlook 2023

Note: Overall OIC infrastructure gap is estimated for all 57 OIC nations, combined across seven sectors, over a 25-year period (2016-2040)

Analysis: By region and sector

OIC infrastructure gap largest in MENA & Sub-Saharan Africa

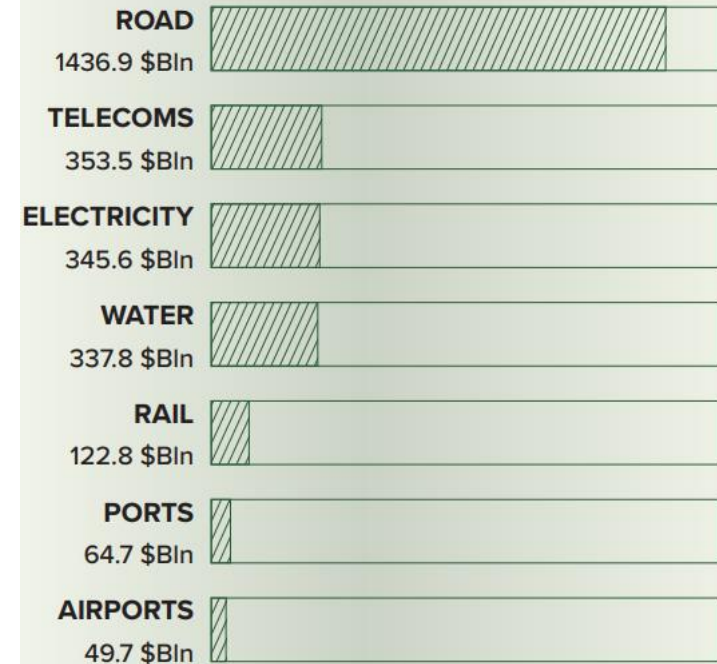
OIC Infrastructure Gap, by region, 2016-2040 (\$Bln)



Source: ICD-Refinitiv OIC Infrastructure Outlook 2023

Roads has the largest funding gap

OIC Infrastructure Funding Gap, by sector, 2016-2040 (\$Bln)










Source: ICD-Refinitiv OIC Infrastructure Outlook 2023

Analysis: Heatmap

The report helps pinpoint what the infrastructure needs are for each major OIC region

Regional OIC infrastructure gaps by sector, 2016-2040 (\$ Bn)

								
Region	Roads	Telecoms	Electricity	Water	Rail	Ports	Airports	Regional Totals
Middle East & North Africa	684.9	65.2	27.4	110.8	47.3	33.6	24.7	993.9
Sub-Saharan Africa	211.5	178.6	126.3	80.3	42.5	15.4	10.4	665.0
Europe & Central Asia	414.0	16.4	79.4	7.8	20.8	1.2	7.4	547.0
South Asia	56.1	89.2	111.6	73.9	10.0	7.7	4.8	353.3
East Asia & Pacific	70.0	3.0	0.0	65.0	0.0	6.0	2.0	146.0
Latin America & Caribbean	0.4	1.1	0.9	0.0	2.2	0.8	0.4	5.8
Grand Totals	1436.9	353.5	345.6	337.8	122.8	64.7	49.7	2711.0

 Largest  Smallest

Source: ICD-Refinitiv OIC Infrastructure Outlook 2023

Key funding gaps

- **Overall:** Roads, Telecoms, Electricity & Water
- **MENA:** Highest regional gaps in Roads, Water, Rail, Ports and Airports
- **Sub-Saharan Africa:** Highest regional gaps in Telecoms and Electricity; also large gap in Rail
- **Central Asia:** Roads and Electricity; **South Asia:** Electricity and Telecoms

Key challenges

Key challenges include lack of capital & institutional factors and risks

Key Challenges



Lack of funding



Limited institutional capacity



Vulnerability to political risks



Weak legal and regulatory frameworks



Environmental and social implications



Key opportunities

However, abundant opportunities also exist to grow, increase trade, and benefit OIC societies

Key Opportunities



Supporting economic growth and raising prosperity



Increasing trade



Enhancing social welfare



Improving energy security and climate resilience



Furthering regional integration



The role Islamic finance can play

Several key drivers bode well for the growth of Islamic infrastructure finance – major OIC PPP projects exist now too

Key drivers

- **Ongoing Need:** The ongoing OIC need for Islamic infrastructure finance
- **Structural Shift:** Islamic finance's structural move towards infrastructure finance
- **Legal improvements:** Improvements in legal frameworks for Islamic infrastructure finance transactions
- **Rising Investments:** The rise of Islamic sustainable finance and impact investing

Examples of PPP projects in the OIC



Malaysia

- The North-South Expressway
- The Light Rail Transit (LRT)
- Kuala Lumpur International Airport



Bangladesh

- Dhaka Bypass Expressway
- Mongla Economic Zone
- Mirsarai Economic Zone



United Arab Emirates

- Mohammed bin Rashid Al Maktoum Solar Park Phase 4
- Dubai Waste Treatment Centre
- Mirfa Seawater Treatment & Transportation Facility



Morocco

- Jorf Lasfar Coal Fired Power Plant



Türkiye

- Marmaray Tunnel
- Zafer Airport
- Istanbul-Izmir Motorway
- Göcek Tunnel motorway service stations
- Yamula hydro power project in Kayseri



Indonesia

- Central Java Power Project
- Umbulan Springs Bulk Water Supply Project
- Jakarta-Cikampek II Elevated Toll Road



Kazakhstan

- Almaty Light Rail Transit project
- Shymkent Bypass Toll Road
- Almaty Ring Road



Egypt

- Suez Canal
- Kom Ombo solar plant
- New Cairo Wastewater Treatment Plant
- The country's first high-speed rail line (the Sokhna-Matrouh connection)



Nigeria

- Ado Ekiti – Grain Storage Facility
- Ajaokuta-Kaduna-Kano (AKK) Gas Pipeline
- Bakalori Dam
- Apapa Container Terminal



Côte d'Ivoire

- The Henri Konan Bédié Bridge
- The construction of the 1,716-MW Vridi Gas-Fired Power Plant
- Abidjan Port expansion

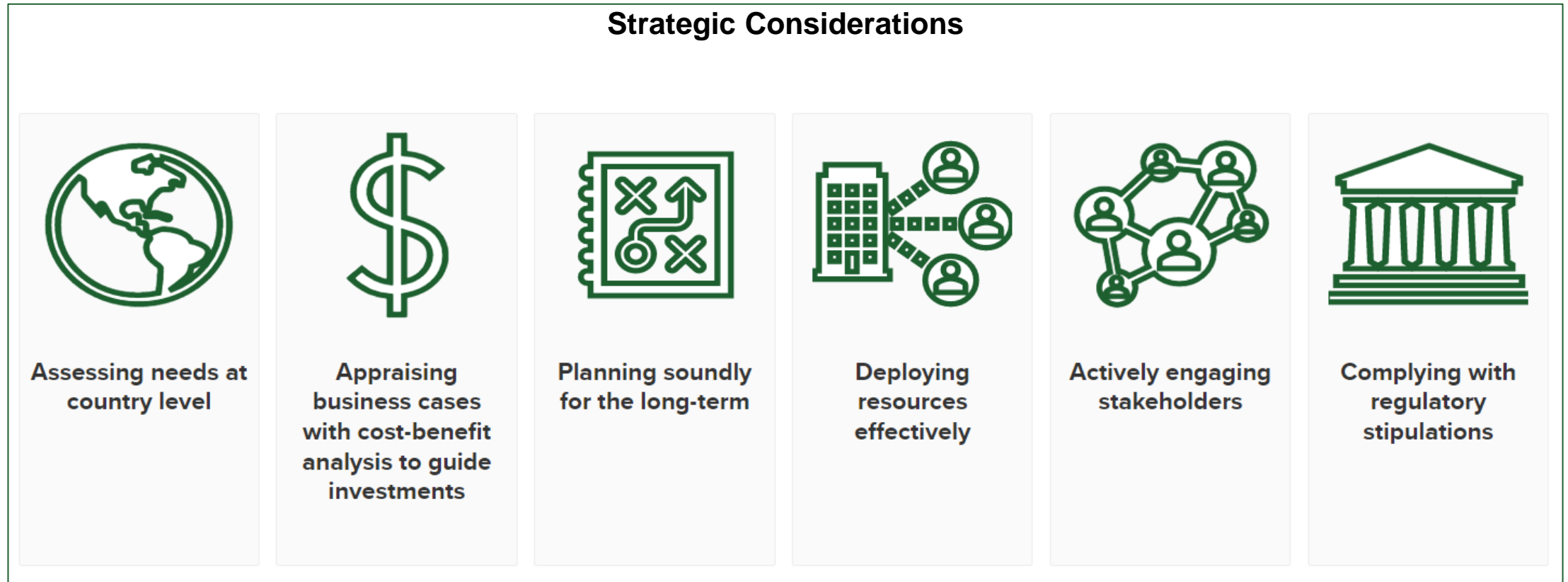


Saudi Arabia

- Prince Mohammad bin Abdulaziz Airport (PMAA) expansion in Madinah

Strategic Considerations

These include assessing country-level needs, planning soundly and deploying resources effectively



Policy Recommendations

Much work remains – capital, institutions, and stakeholder engagement will be key to plugging the gaps

Policy Recommendations



Creating a favourable investment climate - key to ensuring infrastructure investment at the necessary scale



Building institutional capacity - to effectively plan, design, build and manage infrastructure projects



Developing comprehensive plans - More national infrastructure plans needed



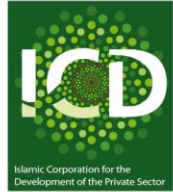
Encouraging PPPs - for further infrastructure development



Promoting effective stakeholder engagement - to ensure systematic and effective stakeholder participation

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For More Information visit <https://www.zawya.com/en/islamic-economy/islamic-finance-reports>



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