



ROUNDTABLE ON FINANCING WATER PROJECTS IN ARAB COUNTRIES

FEBRUARY 9-10, 2026

Kuwait City, Kuwait



الصندوق العربي للإغناء والتنمية الاقتصادية والاجتماعية
ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT



THE WORLD BANK



Financing Structures for Water PPPs

February 9th & 10th 2026

EMPOWERING PEOPLE FOR
A SUSTAINABLE FUTURE



- IsDB & the Group
- IsDB Water Sector Portfolio
- Role of Public Private Partnerships (PPP)
- Financing Structures
 - Installment Sale
 - Ijara



The Evolution

The institution has evolved from a single entity to a group comprising of 5 members



- 1 IsDB - 1975**

 - The Islamic Development Bank is a multilateral development bank that works to improve the lives of people by promoting social and economic development.
- 2 IsDBI - 1981**

 - The Islamic Development Bank Institute is responsible for knowledge creation and dissemination in Islamic Economics and Finance.
- 3 ICIEC - 1994**

 - The Islamic Corporation for the Insurance of Investment and Export Credit provides investment and export credit insurance for Islamic Countries.
- 4 ICD - 1999**

 - The Islamic Corporation for the Development of the Private Sector supports the economic development of its member countries via engagement in the private sector.
- 5 ITFC - 2008**

 - The International Islamic Trade Finance Corporation is a catalyst for trade development among OIC Member Countries.

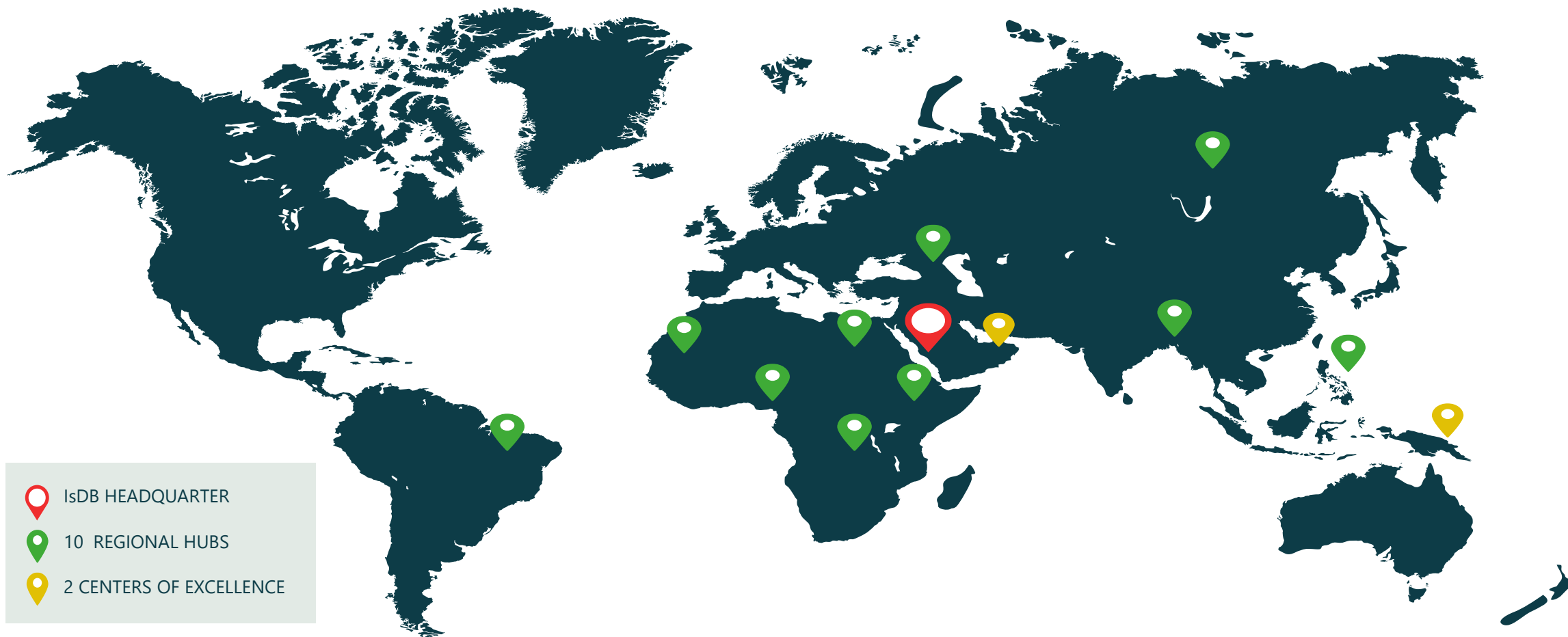
IsDB

We have our footprint across four continents

Mission



To promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people



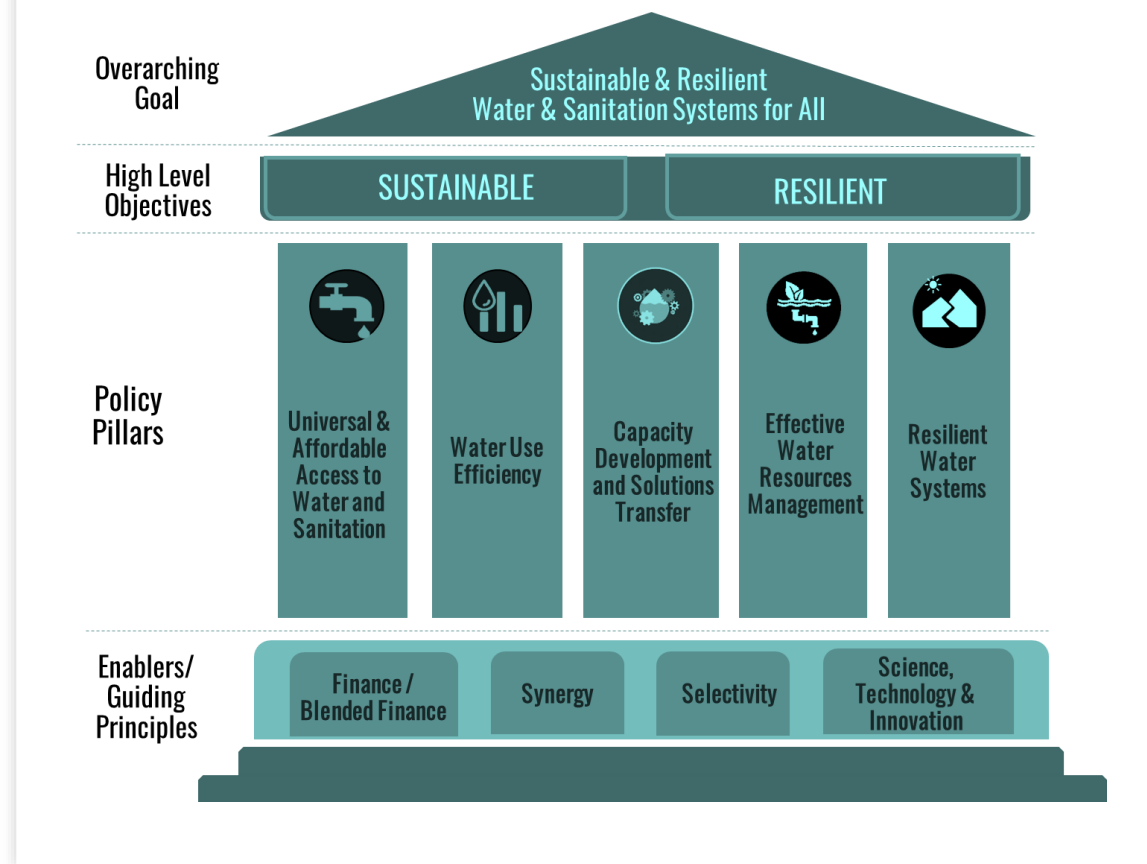
IsDB Water Sector Policy

Why Water, Why Now?

- Water underpins stability, health, food security, and growth in OIC Member Countries.
- Demand is rising while renewable availability declines; climate extremes increase volatility.
- Equity imperative: closing service gaps while building climate resilience and affordability.



IsDB Water Sector Policy



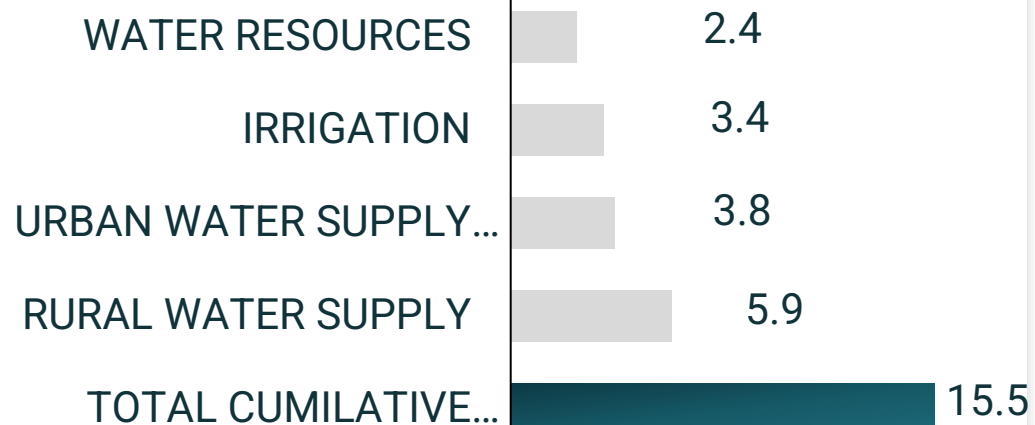
IsDB Water Sector Financing

Water Sector Financing could be seen in the following Sub-Sectors:

- Water Resources Management, Hydropower, and Flood protection Dams
- Irrigation
- Water and Sanitation - Urban
- Water and Sanitation – Rural Development

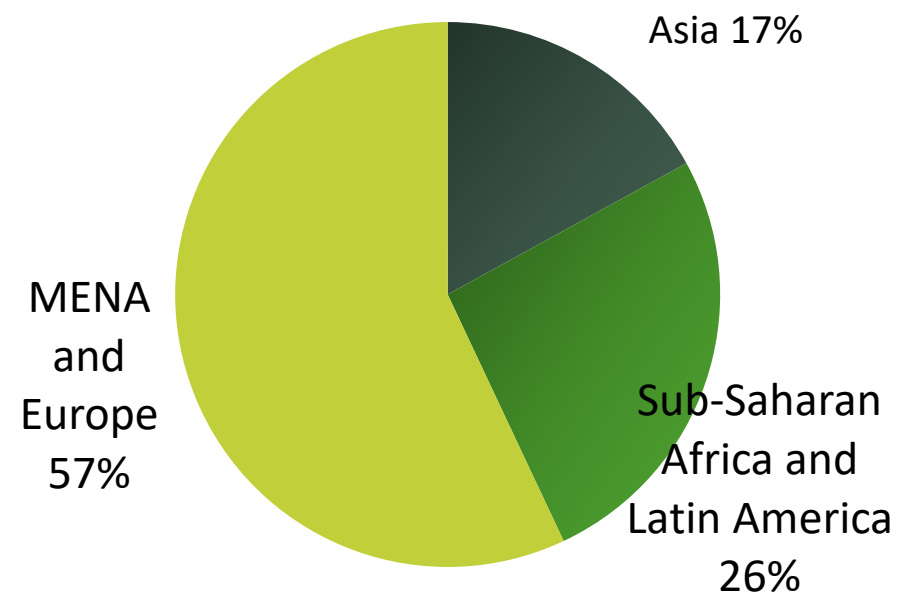
IsDB Water Sector Financing (1976 – 2024)

Sub-sector Distribution USD 15.5 Billion



IsDB Water Sector Financing, Since Inception

Regional Distribution



Public Private Partnerships (Non–Sovereign focus)

Public Private Partnership (PPP)

Partnership between a public authority and the private sector for achieving jointly set goals through a long-term partnership contract regarding development, operations and maintenance of a public asset and/or public service, which involves a risk-sharing approach and a performance-based payment to the private sector (either by the user or public authority)

Success Factors – PPP Projects

- ✓ Enabling environment for private sector inclusiveness
- ✓ Creditworthiness of the public sector, contractor(s)
- ✓ Stability of the legal framework for PPPs
- ✓ Enforceability of the PPP contract and related agreements
- ✓ Confidence in the policies and regulatory regime
- ✓ Controllable and appropriately allocated risks
- ✓ Incentives for private sector to deliver projects on time and within budget
- ✓ Sufficient and sustainable returns
- ✓ Acceptability of the termination regime, force majeure events
- ✓ Reputation impact of the project (environmental and social)
- ✓ Availability and effectiveness of insurance coverage

Benefits of PPP

- Increasing transparency
- Improving service delivery
- Reducing construction time & costs
- Ensuring regular maintenance
- Providing better value for money
- Bridging the gap to finance SDGs
- Greater access to finance
- Long lasting monetary reward for well executed projects

IsDB - PPP Project Participation Criteria

LOCATION	IsDB Member Countries
TYPE OF PROJECTS	Project Finance (PPPs and strategically important private projects)
PRIORITY SECTORS	Energy, Utilities, Water , Transport, ICT, and Social Infrastructure
FINANCING AMOUNT	Up to 35% of Project Cost; Subject to specific country ceiling
TENOR	Up to 20 years
STAKEHOLDERS	Experience - Financial strength - Commitment
VALUE ADDITION	Bridge the Sustainable Development Goals financing gap

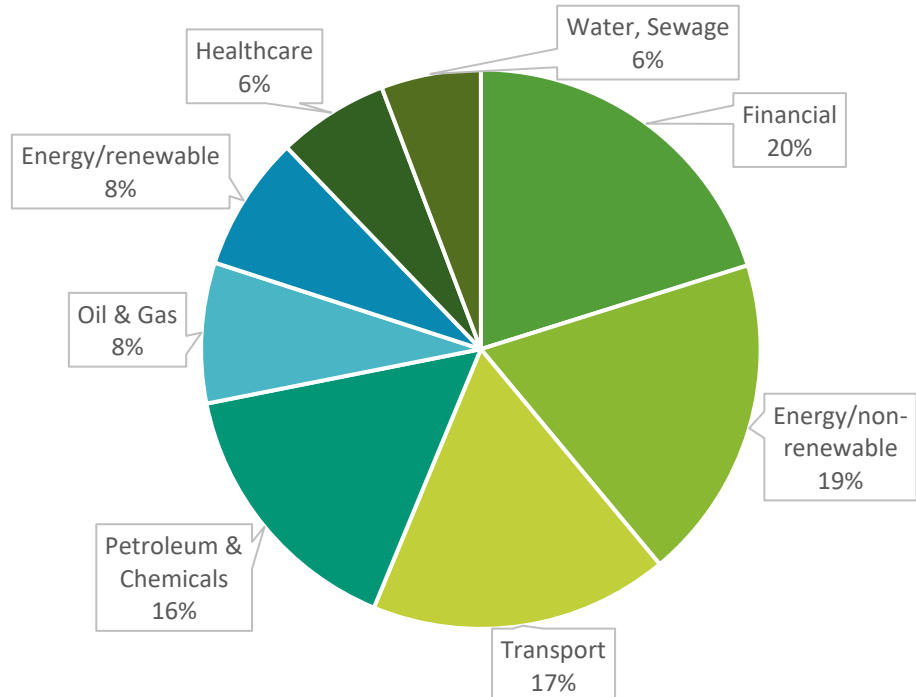
Intervention motivated by Developmental Impact through Infrastructure

PPP Division's Portfolio

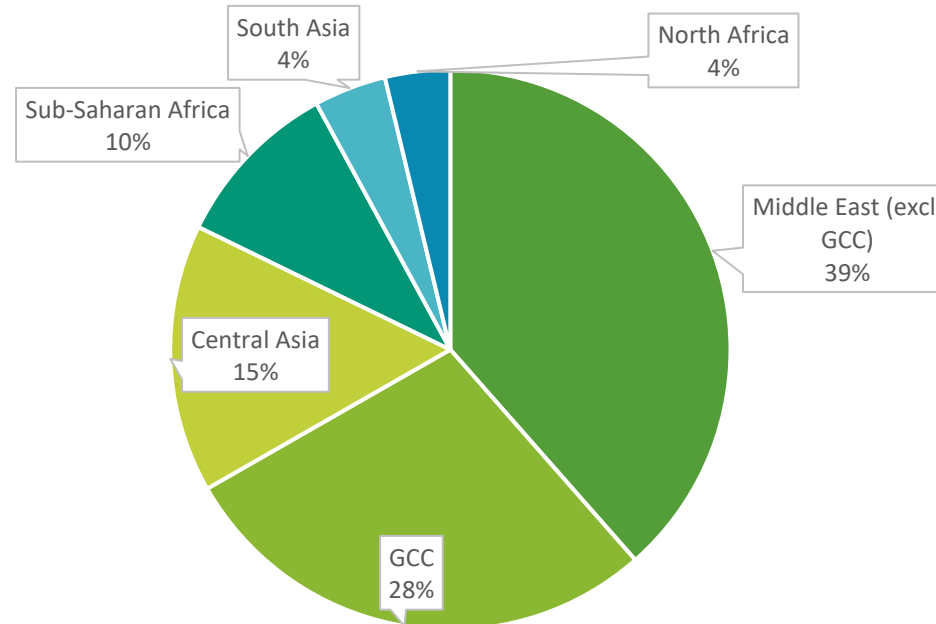
Overview

- Since establishment of the PPP Division in 2007, IsDB invested in >70 NSO projects with IsDB participation of > USD 5bn
- Current portfolio size USD 1.23bn from 25 live projects
- Balanced sectoral exposure
- New water project in 2026 pipeline

PPP Portfolio by Sectoral Distribution as of 2025YE



PPP Portfolio by Geographic Distribution as of 2025YE



Installment Sale Financing Structure

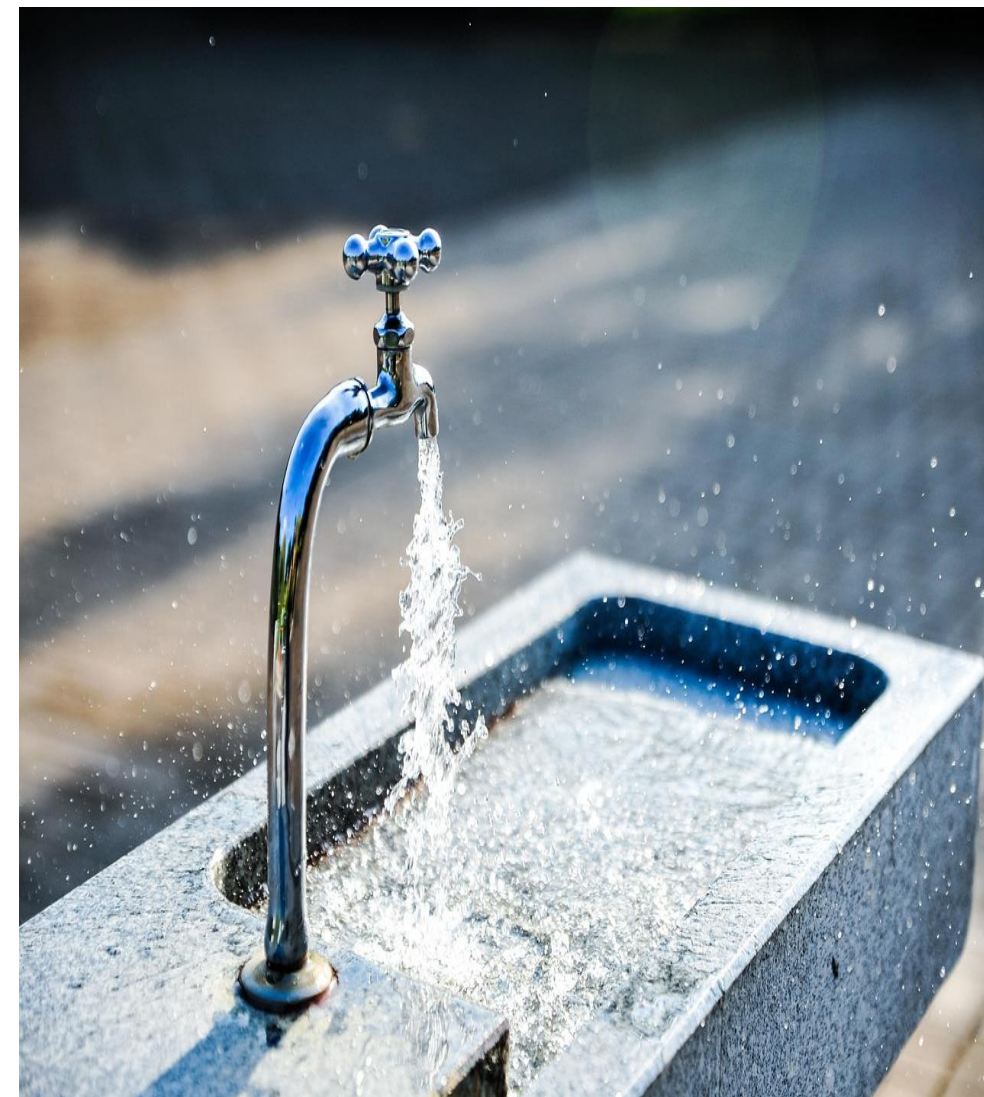
What is Installment Sale Financing?

A financing transaction where an Asset is transacted before it comes into existence. The Borrower orders a manufacturer (EPC Contractor) to manufacture/construct a specific Asset according to the Borrower's specifications and deliver it at a pre-agreed delivery date for a pre-agreed price funded by the Islamic Financier.

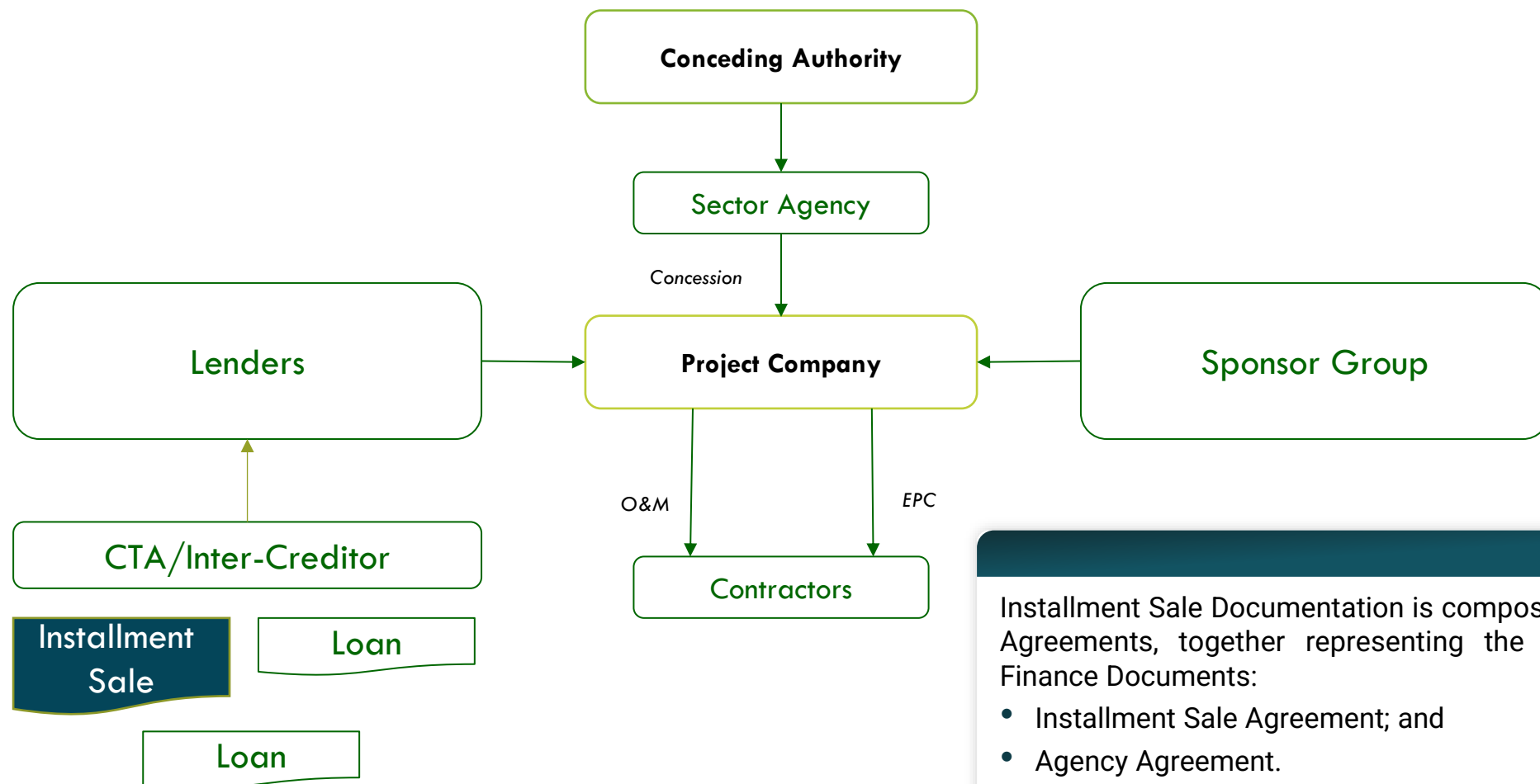
Parties to the Structure

EPC Contractor or
Supplier

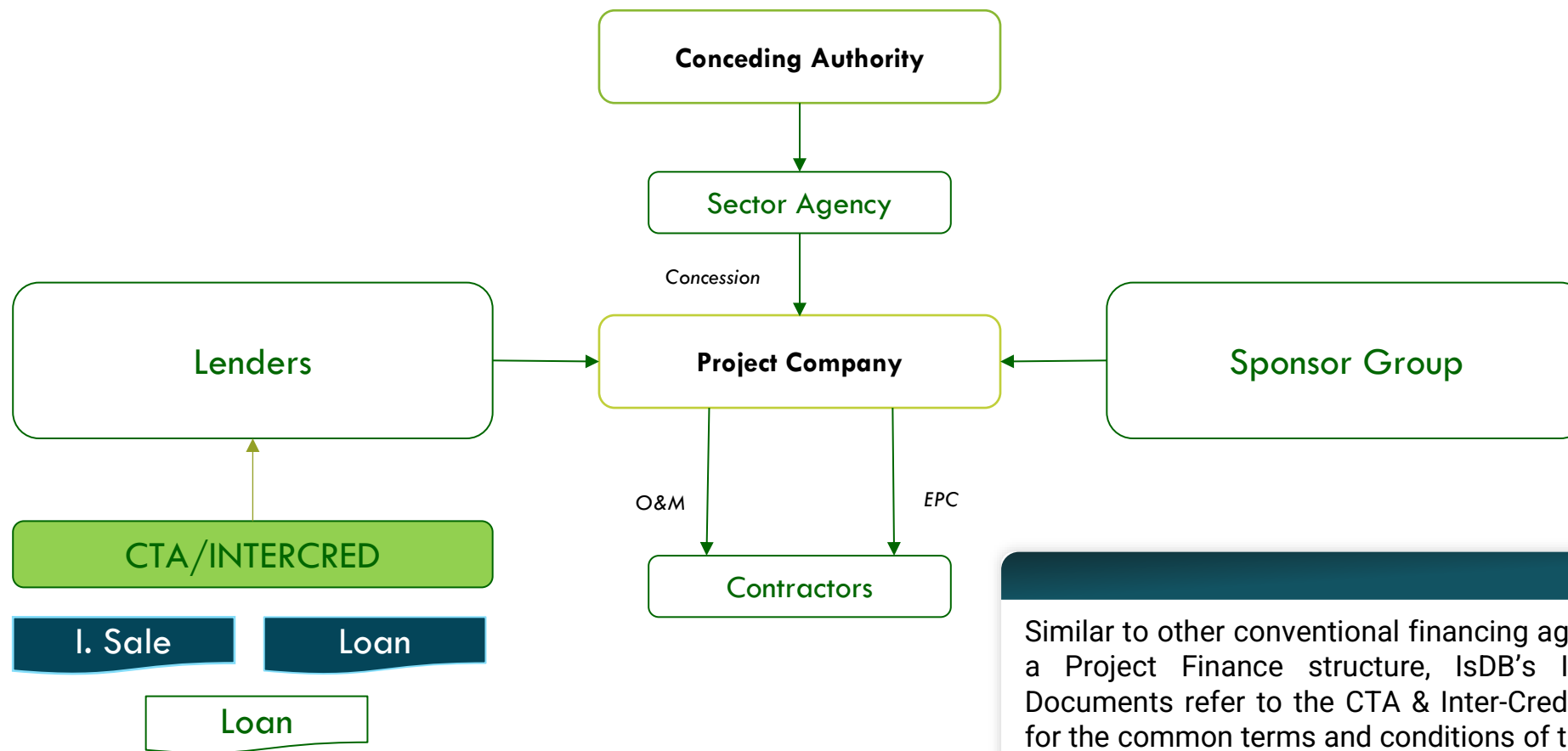
Project Company as
Borrower and Agent of
the Islamic Financier



Installment Sale & Project's Financing Agreements



Installment Sale & Project's Financing Agreements



Similar to other conventional financing agreements, under a Project Finance structure, IsDB's Islamic Finance Documents refer to the CTA & Inter-Creditor Agreements for the common terms and conditions of the funding

Ijara & Project's Financing Agreements

What is Ijara Financing?

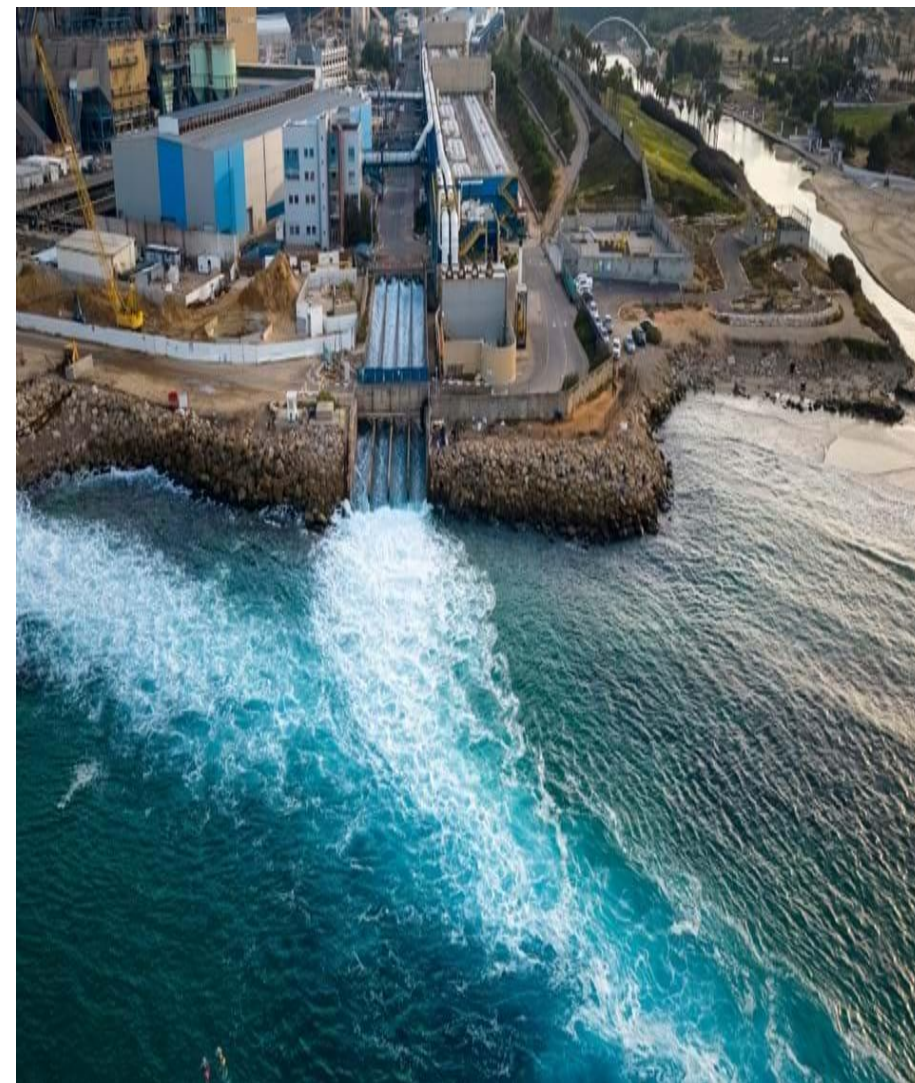
- An Ijara structure incorporates a Procurement contract for manufacture/procurement that applies to the construction phase of a project, and an Ijara contract (forward lease) is put in place for the operations phase.
- The structure facilitates the financing of assets that are not yet in existence by receiving rental payments during construction and utilizing a variable rate.
- Ijara structure is the most common form of Islamic project finance structures for large, longer-term financings (e.g. infrastructure, power projects, transport equipment and ..etc)

Parties to the Structure

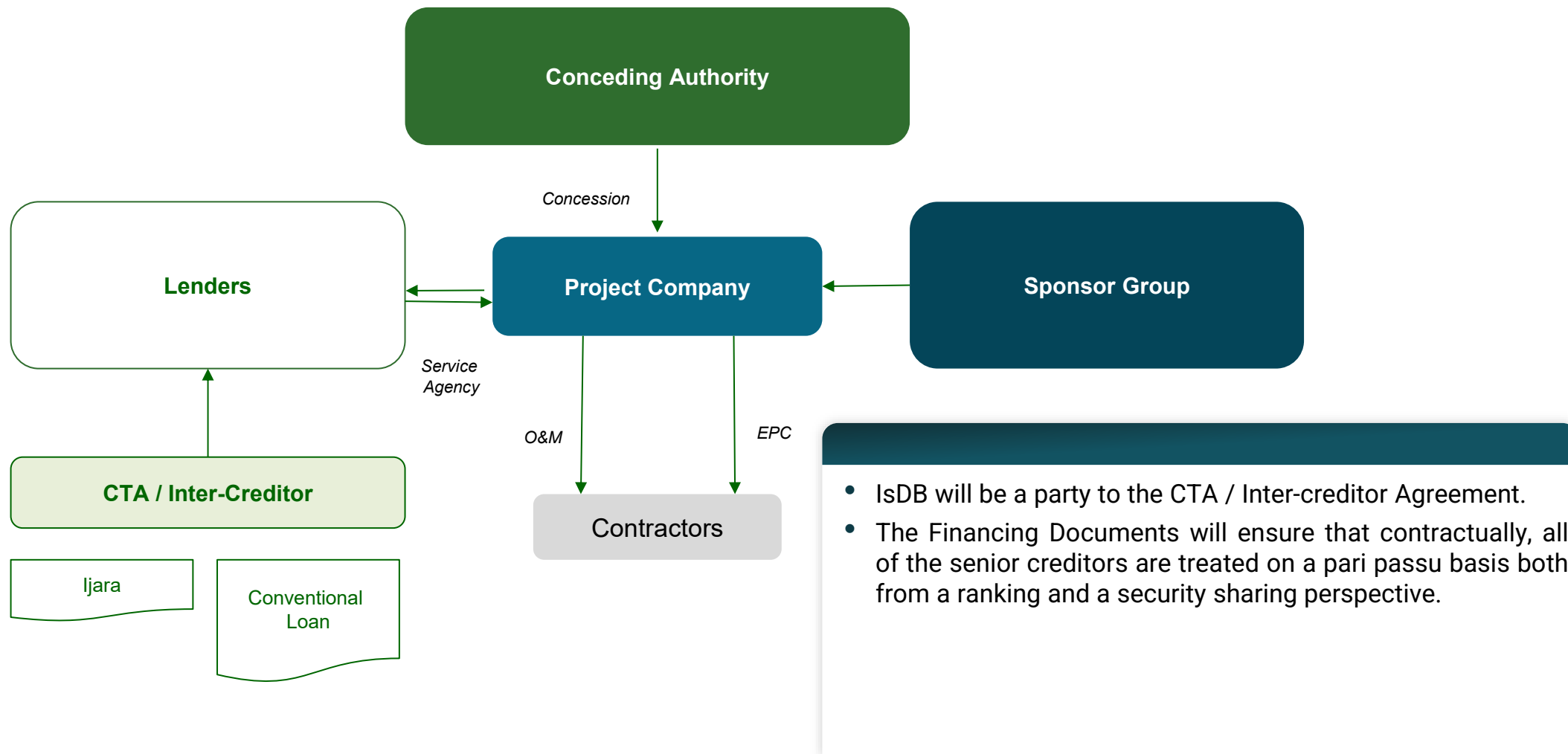


Project Company as
Borrower and Agent of
the Islamic Financier

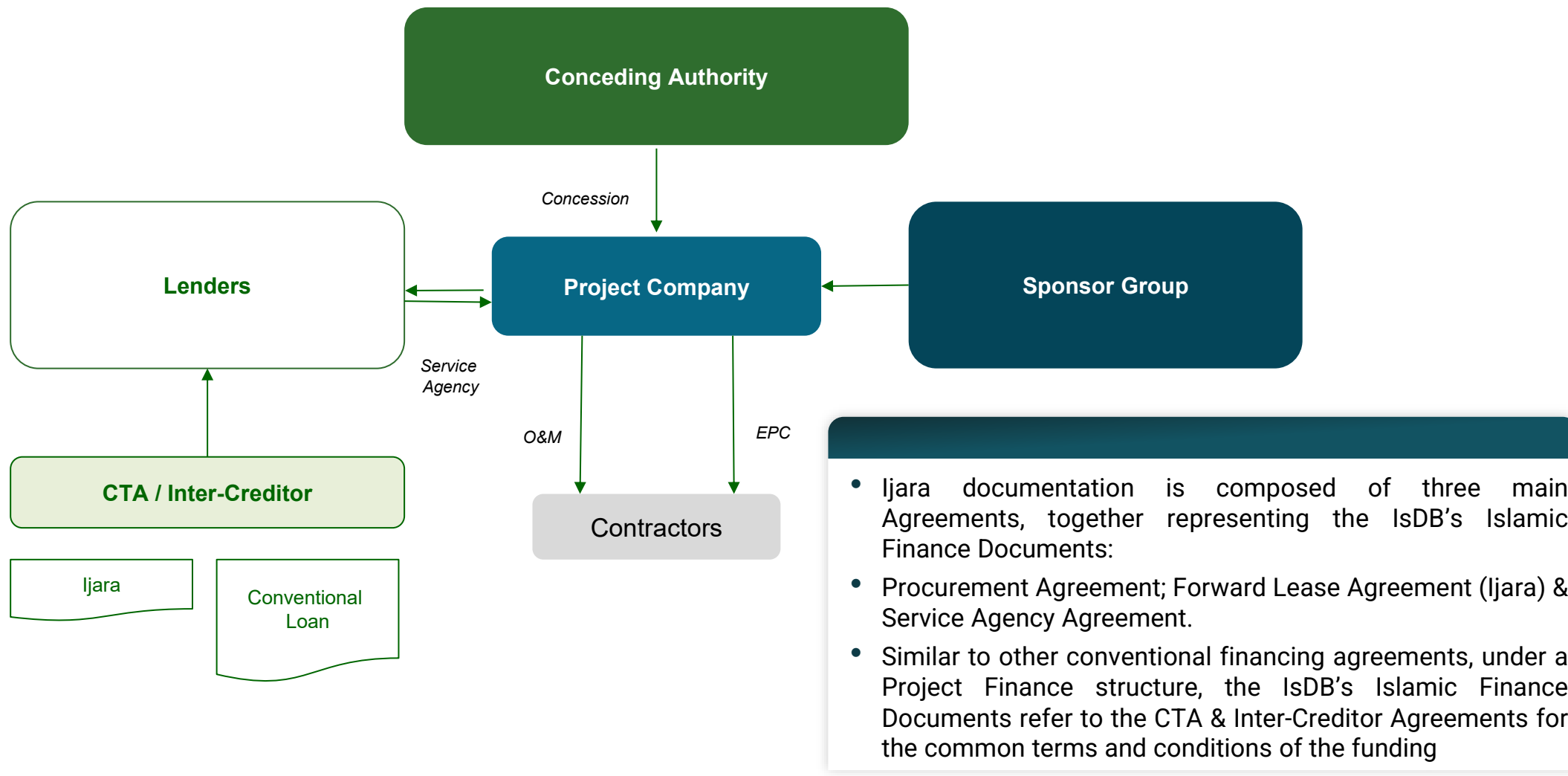
EPC Contractor or
Supplier



How does the structure fit into the overall financing scheme...

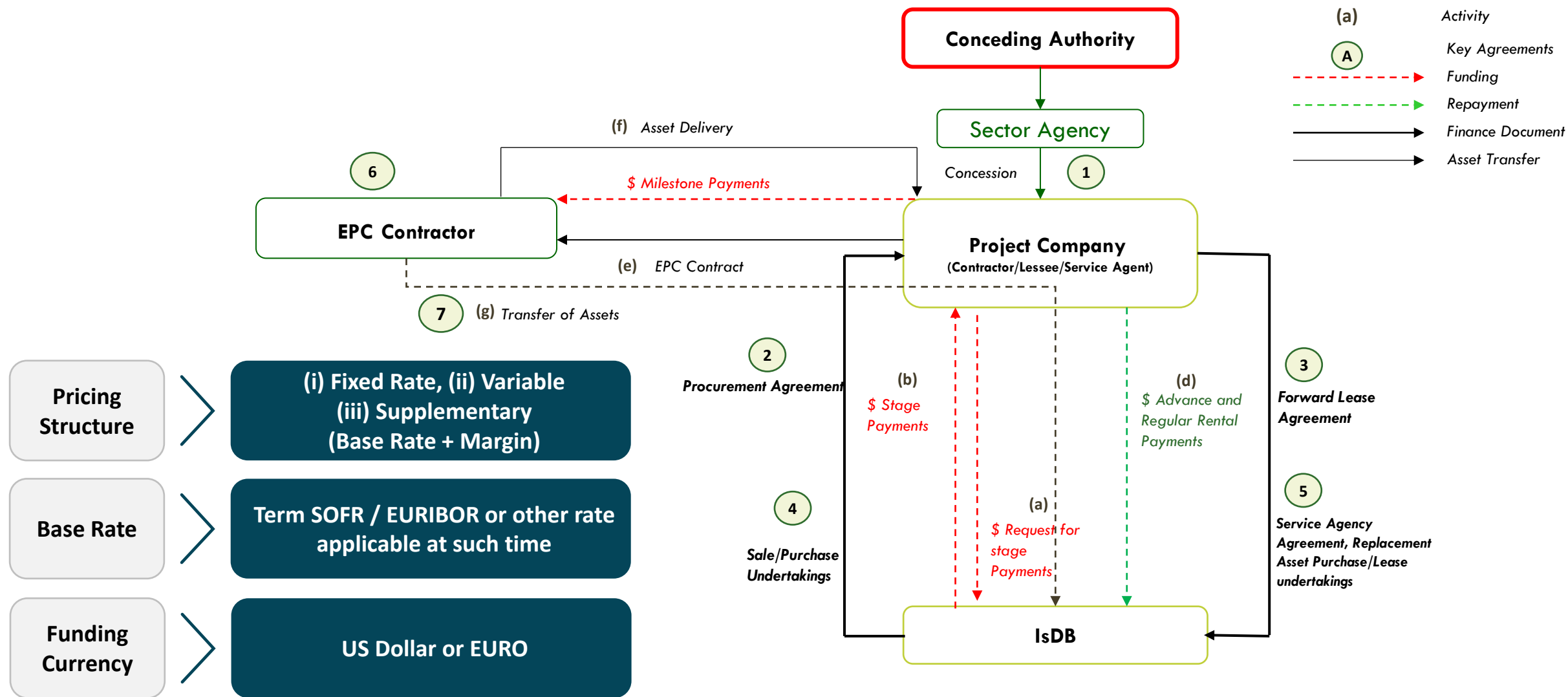


How does the structure fit into the overall financing scheme...



- Ijara documentation is composed of three main Agreements, together representing the IsDB's Islamic Finance Documents:
- Procurement Agreement; Forward Lease Agreement (Ijara) & Service Agency Agreement.
- Similar to other conventional financing agreements, under a Project Finance structure, the IsDB's Islamic Finance Documents refer to the CTA & Inter-Creditor Agreements for the common terms and conditions of the funding

Ijara Facility Diagram



Case Study: Ras Abu Fontas Water Desalination Project, Qatar

Transaction Highlights

- Ras Abu Fontas Water Desalination Project is an expansion of water production capacity at the Ras Abu Fontas (IWPP) site. The project involves the development, finance and construction of a 45 MGD water desalination facility on a build-own-operate (BOO) basis.



Summary Terms

Sponsor	<i>Qatar Electricity and Water Company (QEWC)</i>
Project Cost	<i>USD 601 million</i>
Year	<i>2008</i>
Role	<i>Co-Financier</i>

Ras Abu Fontas Water Desalination

- Ras Abu Fontas Water Desalination
- Qatar
- Completion 2011
- USD 75 million
- Contract for works (Istisna'a) and Forward Lease (Ijara)



Case Study: Ras Laffan-C Independent Water and Power Project, Qatar

Transaction Highlights

- The project involves the development, construction and operation of a 2,730 MW power and 63 MGD water desalination project in the Ras Laffan Industrial City in Qatar on a build, own, operate and transfer (BOOT) basis.



Summary Terms

Sponsor	Qatar Electricity and Water Company (QEWC) Qatar Energy (QE)
Project Cost	USD 3,709 million
Year	2008

Ras Laffan-C Independent Water and Power

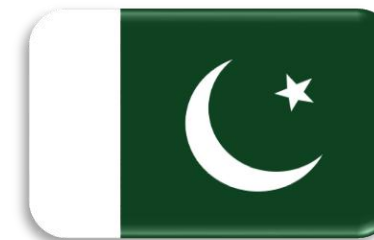
- Ras Laffan-C Independent Water and Power
- Qatar
- Completion 2011
- USD 150 million
- Contract for works (Istisna'a) and Forward Lease (Ijara)



Case Study: Hydro Power Project in River Patrind, Pakistan

Transaction Highlights

- 147MW run of river Patrind Hydro power project in the Azad Jammu & Kashmir (AJK) and Khyber Pakhtunkhwa (KP), Pakistan. The co-financiers in the project were Asian Development Bank (ADB), International Finance Corporation (IFC), and Korea Exim Bank (Kexim). The Project was the first hydro-electric project under Pakistan's Power Policy 2002.



Summary Terms

Sponsor	<i>K-Water and Daewoo E&C</i>
Project Cost	<i>USD 436 Million</i>
Year	<i>2012</i>
Role	<i>Co-Financier</i>

Star Hydro Power Limited (SHPL)

- **Star Hydro Power Limited (SHPL)**
- Pakistan
- Co-Financer
- **USD 60 Million**
- Islamic Finance Ijara Facility **2012**





IsDB



البنك الإسلامي للتنمية
Islamic Development Bank

*Thank you for Your
Attention*

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