**Profit Sharing Contracts and Sukuk structures in Islamic Project & Infrastructure Financing**

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Project finance is an increasingly important method of financing large-scale capital-intensive projects, such as power plants, oil pipelines, automated steel mills, roads, ports, tunnels, etc. Islamic financial institutions have so far focused mainly on debt financing rather than equity financing precisely because of concerns over risk. The modern Islamic finance architecture provide for a number of contracts that can be and are successfully implemented in project financing. The models can be used by the governments or relevant institutions to promote projects related to alleviating poverty and economic transformation. This can be done through providing financial guarantees in order to enhance the creditworthiness and increase the mudarabah capital capacity of the project.

One of the alternative to attract financing to the development of infrastructure is the use of certain sukuk structures. The crystallization of the Islamic capital markets (ICM) in the last decade has led to increased acceptance of Islamic financial products in the global market. As part of Islamic finance documentation involved in the process of structuring a Sukuk transaction, one important aspect the parties must get right from the beginning is the governing law clause. With the increasing provision of English law as the governing law, a question that readily comes to one’s mind is whether it is possible to have an alternative governing law while retaining the choice of jurisdiction clause.

The seminar raises several policy implications related to the structuring of Islamic project finance and sukuk and the participation of both government and multilateral public agencies such as the Islamic Development Bank. It provides a unifying framework for the improvement of access to funds for Islamic projects and gives examples of certain sukuk models.

Keywords: Project finance; Islamic finance; Profit sharing contracts; financial guarantees; sukuk

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