ICIEC held its 15th Board of Governors (BOG) annual meeting in conjunction with 33rd Islamic Development Bank Annual Meeting. The opening session of the Annual Meeting was chaired by the Custodian of the Two Holy Mosques, King Abdullah bin Abdul Aziz, at Hilton Hotel in Jeddah.

During the Annual Meeting, the BOG approved a resolution increasing the capital of ICIEC by fifty million Islamic Dinars (ID 50,000,000) to be subscribed entirely by the Islamic Development Bank. Based on the resolution of the Board of Governors, the authorized capital of ICIEC ID 50,000,000 (approximately US$ 240 million).

During the event, (IDB’s Group Technical Assistance Program (ITAP), which is managed by ICIEC, organized a seminar on “Promoting IDB Member Countries as an FDI Destination”. The seminar was attended by high level experts from various member countries and related international organizations.

Dr. Abdel Rahman Taha, the General Manager of ICIEC, took the opportunity to hold meetings with high level representatives of IDB member countries. He extended invitations to OIC member countries who are not currently members of ICIEC, to join the Corporation in order to benefit from ICIEC services. Several countries expressed their interest to join ICIEC such as Sultanate of Oman and Republic of Kyrgyz. He emphasized to them the benefits of membership which include expanding their exports from and attracting foreign investment. The General Manager, also held a press conference, attended by local and international media in which he explained ICIEC’s mission and its strategy for meeting the increasing demand by member countries for its services.

“The Kingdom of Saudi Arabia is boosting Islamic cooperation”
Dr. Ahmad Mohammed Ali
IDB Group President
ICIEC and the Jordan Loan Guarantee Corporation (JLGC) co-hosted the bi-annual meeting of the Prague Club (an association of export credit agencies in developing and emerging economies under the umbrella of the Berne Union), between the 9th and 2nd of May, in Amman, Jordan. The keynote speech was presented by the president of the Berne Union, Mr Konno-san, Chairman and the CEO of NEXI, Japan. During the meeting, various issues of interest to export credit and investment insurance agencies were discussed by the participants.

ICIEC was represented at the meeting by its General Manager, Dr Abdel Rahman Taha, who gave a welcome speech during the lunch sponsored by the Corporation. Dr Taha also gave a brief presentation about ICIEC and its achievements during 2007. Achievements such as the opening of the Dubai office, the Aa3 rating assigned by Moody’s and the financial results for 1428H (2007-2008) were highlighted.

New insurance commitments for the first half of 1429H reached US$1,130 million, compared to US$796 million during the same period in 1428H, an increase of 42%. Total current commitments at the end of the first half 1429H stood at US$785 million. The total exposure for the same period reached US$461 million. It should be noted that ICIEC has adopted the Berne Union’s formula for calculation exposure from 1429H.

The business insured (total utilization of the commitments) during the first half of 1429H was US$697 million. The total premium and fee income generated during the first half of 1429H, reached US$7,275 million compared to US$3,954 million for first half of 1429H, an increase of around 84%.
**ICIEC-NEXI Joint Cooperation in Africa**

Dr. Abdel Rahman Taha, General Manager of ICIEC and Mr. Hidehiro Konno, Chairman and CEO of Nippon Export and Investment Insurance (NEXI), the Japanese export credit and investment insurance company, signed an MOU on May 29, 2008, in Yokohama. The MOU represents a cooperation framework for co-insurance, reinsurance, and exchange of views in order to encourage Japanese companies’ trade and investment in ICIEC’s African Member Countries. It is hoped that the MOU is the first step in increasing cooperation between the two institutions, and will eventually lead to further Japanese investments in ICIEC’s African member countries, enabling economic and social development in the said countries.

The signing ceremony was carried out under the auspices of H.E Mr. Akira Amari, the Japanese Minister of Economy, Trade and Industry. The Minister mentioned the MOU with ICIEC in his speech at the 4th Tokyo International Conference on African Development (TICAD), a meeting of the African heads of state, African Ministers of Finance and Agriculture, the heads of MDBs and UN agencies.

“The Japanese see the relationship with ICIEC as an important element in their strategy to invest in Africa” commented Dr. Taha

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**ICIEC Sponsors 2008 London Sukuk Summit**

ICIEC could play a role in the development of Sukuk industry, by minimizing the risks and enhancing the quality of the assets backing Sukuk.

In June 2008, ICIEC participated in the London Sukuk Summit which was organized by Islamic Conference Group (ICG). ICIEC was represented at the conference by Dr. Taha, The General Manager and Adel Babiker, the Head of the Legal Affairs Unit. The conference involved discussions and exchange of views on several aspects of Sukuk including regulatory, tradability, risk management and Shariah aspects. The attendees of the conference included issuers, arrangers and other players in Sukuk industry from the Middle East, South East Asia and Europe.

The theme of the summit was “Gearing up for UK Sukuk Originations”. Among others, the summit was supported by the UK treasury, the Financial Services Authority (FSA), the City of London Corporate and the Islamic Financial Services Board (IFSB). It was also endorsed by UK Trade and Investment (UKTI), the Trade promotion arm of the UK.

Dr. Taha participated in this conference as a keynote speaker. During his speech, he introduced the possibility of establishing a Sukuk Takaful Fund to guarantee the repayment of Sukuk. Dr. Taha also elaborated on the role ICIEC could play in the development of Sukuk industry, by minimizing the risks and enhancing the quality of the assets backing Sukuk.

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**ICIEC attends OIC Business Forum in Uganda**

ICIEC, represented by Dr. Khalid Khalafalla, participated in the IDB Group delegation to the OIC Business Forum - the 12th Private Sector Meeting for the Promotion of Trade and Joint Venture Investment among Islamic Countries held in Kampala during June 16-18, 2008. The Business Forum, addressed by the Uganda President, the OIC General Secretary and Sheikh Saleh Kamel, was a gathering of businessmen from Uganda and some OIC countries. ITAP, represented by Sis. Rasha El-Habashy, followed up on ITAP Uganda project, which is a comprehensive investment promotion program in collaboration with UNIDO; containing sector and project identification, marketing campaign and capacity building.
ICIEC Organizes Promotional Seminar in Tunis

The General Manager of ICIEC led a mission to Tunisia from June 8-12, 2008. The purpose of the mission was to organize a seminar for exporters in the country, and to meet with banks and exporters in order to market ICIEC services.

The seminar was co-organized by ICIEC and Compagnie Tunisienne pour l’Assurance du Commerce Extérieur (COTUNACE), in collaboration with the Tunisian Professional Association of Banks and Financial Institutions (APBT). The objective of the seminar was to promote ICIEC’s insurance services and present the financing tools offered by other entities of IDB Group.

H.E Mr Taoufik Baccar, the Governor of the Central Bank of Tunisia (BCT), opened the seminar and highlighted the achievements of the Tunisian economy as well as the challenges faced by the financial institutions and their role in supporting the economy.

The following organizations gave presentations: ICIEC, COTUNACE, International Islamic Trade Finance Corporation (ITFC), Islamic Corporation for the Development of the Private Sector (ICD) and the Tunisian Professional Association of Banks and Financial Institutions.

The seminar presented a good opportunity for ICIEC to market its services that can be offered to banks, exporters and investors and the different ways of cooperation between ICIEC and COTUNACE.

It should be noted in this respect that this seminar was attended by more than 150 professionals from banks, exporting companies and other governmental organizations.

During the seminar, an addendum of the Agreement of Cooperation was signed between ICIEC and COTUNACE. This addendum was signed in order to enlarge the areas of partnership between both corporations and strengthen their mutual relationship. Also, it was agreed that ICIEC and COTUNACE will organize a workshop for banks before the end of the current year to explain in detail the process of Documentary Credit Insurance Policy (DCIP) to the concerned banks’ professional staff.

Dr. Taha took the opportunity to pay a courtesy visit to Minister of Finance of Tunisia and the Secretary of State of the Ministry of Development and Technical Cooperation.

Following the mission to Tunisia, the ICIEC’s Director of Short Term Insurance Department led a two days mission to Algeria. ICIEC delegation met with the top Management of Compagnie Algérienne d’Assurance et de Garantie des Exportations (CAGEX) and presented ICIEC activities and services and discussed areas of cooperation between ICIEC and CAGEX.

During the mission, the CEO of CAGEX and ICIEC delegation met with the top management of some of the major banks in Algeria which are Banque Extérieure d’Algérie “BEA”, Banque de l’Agriculture et de Développement Rural “BADR” de l’Habitat and Banque Nationale d’Algérie. ICIEC services were presented during these meetings as well as the role CAGEX will be playing in fronting the Documentary Credit Insurance Policy and Investment Insurance Policies for ICIEC.

ICIEC delegation also met with Al Baraka Bank of Algeria, a member of Al Baraka Group. The discussion focused mainly on the Bank Master Policy which can be used by this bank as a risk mitigation tool.

Khemais El Gazzah, the Director of Short Term Insurance Department took the opportunity to pay a courtesy visit to the President of the Professional Association of Banks and Financial Institutions who offered to assist ICIEC in the future in arranging seminars or workshops to introduce ICIEC’s products to banks.
The Documentary Credit Insurance Policy (DCIP) is a product offered by ICIEC to financial institutions. The policy holder, i.e., the financial institution, is protected against the risk of non-payment of an import letter of credit issued by an importer’s bank and confirmed by the policy holder (exporter bank) on behalf of the exporter. While the DCIP was launched during the first quarter of 2005. Currently several banks including National Commercial Bank (NCB) in Saudi Arabia are utilizing this product. To date, the product has performed well and we have been able to book business of US$307 million under the DCIP.

It is worth mentioning that, many confirming banks in ICIEC member countries have limited risk appetite for confirmation. This lack of risk appetite of the confirming banks impedes exports and exposes the exporter to the risk of non-payment. The DCIP provides protection against such a risk.

**DCIP Case Study**

1. **Sales Contract**
2. **Opens L/C**
3. **Cedes 50.0m risk to ICIEC**
4. **Add Confirmation to LC**
5. **Payments Settled in 30 days**
6. **Makes Payments**

- **Importer in Ethiopia**
  - Ethiopian Sugar Dev. Agency

- **Exporter in Ethiopia**
  - Egyptian Sugar Co.

- **Importer’s Bank**
  - CBE

- **Confirming Bank**
  - NCB-LC confirming Bank

- **DCIP Policy Holder**
  - NCB-LC confirming Bank

- **Credit Limit Approval for $50m**

**Tombstone**

- Amount: $50 million
- Credit Period: 30 days
- ICIEC cover nonpayment risk (commercial & non-commercial)
- Status - Settled.
Improving Investment Climate in OIC MCs

“Improving the investment climate in OIC MCs is one of the challenges which IDB MCs face”
IDB Group President

Under ICIEC’s supervision, the IDB Group Investment Promotion Technical Assistance Program (ITAP), organized a two-day workshop on “Improving the Investment Climate in OIC Member Countries” in Jeddah on July 22-23, 2008. The main theme of the workshop was how to create an investment-friendly environment in OIC member countries giving greater confidence to local and international investors.

During the inaugural statement, H.E. the President, IDB Group, welcomed all the participants and outlined the current situation of investment in OIC member countries and the challenges faced by IDB countries despite the opportunities they have. The workshop gathered representatives of a number of IDB member countries, relevant international institutions, as well as experts in the field who discussed success stories including challenges facing IDB member countries in attracting Foreign Direct Investment.

In this connection, Dr. Abdel Rahman Taha, General Manager of ICIEC, and the supervisor of ITAP said that the workshop was the result of the resolution of the 23rd session of the Committee for Economic and Commercial Cooperation (COMCEC) of the OIC, which designated “Improving the Investment Climate in OIC member countries” as the theme for the exchange of views at the 24th session of the COMCEC which will be held at the level of Ministers of Commerce in Istanbul on October 21-24, 2008. COMCEC requested the IDB, in collaboration with the Statistical, Economic and Social Research and Training Center for Islamic Countries (SESRIC), to organize a workshop on this topic.

“I am sure this workshop will be able to reach practical and specific recommendations which will benefit IDB member countries,” Dr. Ahmed Mohamed Ali said.

IDB Group MCs as FDI Destination

As part of the activities of the 33rd IDB Group Annual Meeting on June 2, 2008, at Jeddah, ITAP organized a workshop on the topic “Promoting IDB Member Countries as Destination for Foreign Direct Investment (FDI)”. Speakers at the workshop included high level experts from Saudi Arabia General Investment Authority (SAGIA), the World Bank’s FIAS unit, UNIDO and the Head of WAIPA based in Geneva, Switzerland.

The seminar’s presenters were invited on the basis of their personal and institutional expertise and world outlook with reference to the topic at hand. The World Bank’s FIAS specializes in improving the investment climate of its client countries through capacity building, regulatory reform and investment promotion. UNIDO focuses on investment promotion and technology transfer. WAIPA focuses on capacity building and connecting prospective investors with potential investment opportunities in its member countries.

The speakers made presentations on the role of their respective organizations and entertained questions from a specialized audience composed of Heads of IPAs about their perceived challenges and opportunities.
Regional Snapshot:
CFA Franc Zone

The CFA franc (Coopération financière en Afrique) zone, which comprises 16 West/Central African countries and Comoros, was founded in 1945. The members of the zone were former French colonies with the exception of Equatorial Guinea and Guinea Bissau, former Spanish and Portuguese colonies respectively who adopted the CFA franc in 1984. This currency, which was then pegged to the French Franc until 1999 when it was re-pegged to the Euro made the West African countries enjoy financial stability. The two regional banks (BCEAO in Dakar and BEAC in Yaounde) issue separate CFA franc notes but the same exchange rate against the Euro, while Comoros has its issuing authority. The convertibility of the CFA franc is guaranteed by the French Treasury where the member countries deposit a significant part of their foreign reserves. (Both of the regional groupings aspire to attain a common currency not tied to the Euro but that remains to be seen).

The French Treasury in conjunction with BCEAO and BEAC set the CFA franc policy. Therefore, the national authorities have sacrificed their monetary policy tool. It happened that the CFA franc had appreciated with the French Franc in the 1980s until it was devalued in 1994, the second devaluation after that of 1948. This made the external sectors of the member countries more competitive. However, similar pressure now seems to be building up in light of the strong Euro vis-à-vis the US dollar. Nevertheless, the strong commodity prices seem to be reducing the external sector imbalances thus diminishing the calls for devaluation.

Bakary Kolley
Country Risk Analysis Division
Risk Management Department

ICIEC’s Mission to Kazakhstan, Azerbaijan, Uzbekistan & Kyrgyzstan

A delegation from ICIEC, comprising of Eng. Yasser Alaki and Khosro Rashid, recently conducted a business mission to Kazakhstan, Azerbaijan, Uzbekistan, and Kyrgyzstan. The objective of the mission was to promote ICIEC services in Kazakhstan, which is an ICIEC Member Country, and to invite the three other countries to become members of ICIEC.

In cooperation with Kazakhstan State Insurance Corporation for the Insurance of Export Credit and Investment, ICIEC organized a seminar for the private sector aimed at marketing of ICIEC services to banks, exporters and investors. Several side meetings were arranged with major banks and the export development center to discuss ways and means of developing ICIEC business in Kazakhstan.

The second mission was undertaken to Uzbekistan with the objective of inviting the country to join ICIEC. H.E Shavkat A. Tulyaganov, the Deputy Minister of the Republic of Uzbekistan welcomed the delegation and advised that the concerned entities will study ICIEC’s proposal and take a positive decision.

In the Republic of Azerbaijan, the delegation had the opportunity to meet with H.E Mikayil Jabborov, the Deputy Minister of Economic Development, who expressed his country’s satisfaction with IDB operations in Azerbaijan and showed interest to benefit from additional services of the group in insurance field.

Further to discussion started during the 33rd IDB Group Annual Meeting, between the General Manager of ICIEC, Dr. Abdel Rahman Taha and Mr. Murtazalieviev Shamil Murtazalieviev, the Adviser to the President of the Kyrgyz Republic, Governor of IDB, the delegation visited the Kyrgyz Republic and provided a detailed explanation and information on how to join ICIEC. The IDB Governor was keen to expedite the country procedures to finalize the membership agreement.

The ICIEC delegation gave several well-received presentations in all three countries, to representatives from the public and private sector, on the benefits that can be derived from using ICIEC’s export and investment insurance services. It is expected that this mission will serve as the first step in increasing the amount of business ICIEC covers in these four countries.
The Hon. Ismail Omar Al-Dafa has been appointed by the State of Qatar as an Executive Director in the IDB Board of Executive Directors. Hon. Al-Dafa is the Director of Research and Organizations Department, Ministry of Finance State of Qatar. He had a Bachelor of political and economics from University of Central Michigan, USA. Hon. Al-Dafa represents his country in various institutions including OPEC Fund for International Development; where he is as Alternate Governor, and Executive Director of Assistance Fund for People of Afghanistan.

Dr. Abdel Rahman Taha, the General Manager of ICIEC welcomes Hon. Al-Dafa and wishes him success in his mission as IDB Executive Director for the State of Qatar.

Rahimi A. Rahimi, in his capacity as the Acting General Manager at the time, participated with the senior staff of IDB in the farewell party organized for Mohamed Ali Naseer on the occasion of his retirement from IDB where he served as the Head of the Security & Safety office.

On behalf of the ICIEC family, Rahimi presented a plaque and a gift to Naseer in appreciation of his sincerity and dedication during his service period and wished him a healthy and happy retirement.

During the gathering, Mohamed Ali Naseer expressed his happiness for working with colleagues from different countries during his tenure with the bank.