

FOREWORD

Dr. Ahmad Mohammed Ali
President, ICIEC



It is my pleasure to bring to you the first issue of "ICIEC Newsletter", which will be published twice a year. Since its establishment in 1994, the Islamic Corporation for Insurance of Investment and Export Credit (ICIEC) has grown to be one of the most important arms of the Islamic Development Bank (IDB) Group. With exceptional growth and a strong commitment to service, ICIEC has made significant contributions to the development of trade and investment of its member countries. This newsletter is aimed at giving the reader a snapshot of ICIEC's many activities, ranging from credit and country risk insurance to investment promotion.

I hope that you will find this newsletter both interesting and useful, and I look forward to your comments and suggestions to make the newsletter a more effective communication tool between ICIEC and its customers and stakeholders.

I would also like to take the opportunity, through this newsletter, to extend a warm greetings to our brothers in the Islamic Development Bank Group and our clients member countries and our partners who help and cooperate with us.

Dr. Abdel Rahman Taha
General Manager
Editor-in-chief

Editors

Eng. Yasser Alaki
Jamel Eddine Naga

ICIEC to Set Up Office in Dubai



Dr. Ahmad Mohammad Ali, President of ICIEC, 2nd left, poses with H.E. Sheikh Hamdan Bin Rashed Al-Maktum, Deputy Ruler of Dubai, Minister of Finance and Industry, 2nd right, H.E. Dr. Mohammed Khalfan Bin Khirbash, UAE Minister of State for Finance and Industry, right, and Dr. Abdel-Rahman Taha, General Manager of ICIEC, left.

The Islamic Corporation for Insurance of Investment and Export Credit (ICIEC), a member of the Islamic Development Bank (IDB) Group, signed an agreement with the UAE government recently. The UAE government agreed to host the first foreign representative office for ICIEC in the Emirate of Dubai.

The agreement was signed on behalf of the UAE government by H.E. Sheikh Hamdan Bin Rashid Al-Maktoum, Deputy Ruler of Dubai, Minister of Finance and Industry and IDB Group Governor, and on behalf of the IDB Group by Dr. Ahmad Mohammad Ali, President of the IDB Group and ICIEC. The agreement, which came in the context of continuous support given to the Corporation by the UAE, enables ICIEC to open and operate an office in Dubai, and accords it and its staff all the privileges and immunities given to an international financial institution.

The office would enable ICIEC to promote and market its services, which include insurance of export credit, and assist in foreign investment of companies, banks, businessmen and

other member countries of ICIEC in the region, such as Kuwait, Qatar, Iran and Pakistan.

The office would also facilitate follow-ups on ICIEC operations, particularly those related to subscription, claims, recuperation and re-insurance. ICIEC aims to use the office in promoting the IDB Group program for technical cooperation in the field of promoting investments among member countries. The cooperation is facilitated by ICIEC on behalf of the IDB Group by organizing conferences, seminars and training programs to familiarize participants with the objectives of the Corporation and the Takaful insurance industry. The Corporation is hopeful that the choice of Dubai, an international commercial and financial center, would help the ICIEC representative office achieve its desired objectives. The Board of Directors of ICIEC approved last January the setting up of the first foreign representative office for the Corporation and picked Dubai as the most promising location for the office, as Dubai has become one of the most important financial, commercial and investment centers of the world.

Business Highlights

During the 1st half of 1428H, ICIEC issued 18 new policies bringing the number of total policies in force at the end of the 1st half of 1428H to 70 compared to 75 policies in 1427H.

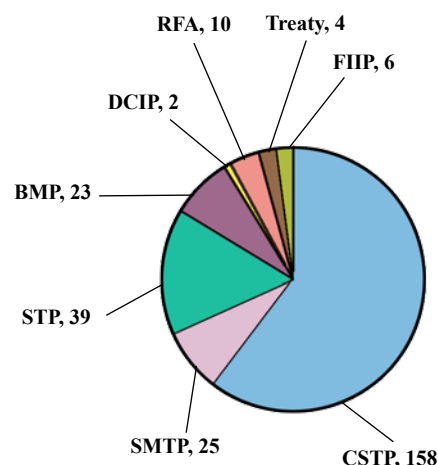
New insurance commitments for the first-half of 1428H reached US\$718 million compared to US\$734 million for the corresponding period last year. The total current commitments in mid-year 1428H stood at US\$1,556 million compared to US\$781 million as at the end of first-half of 1427H, registering

an increase of 99%. The total exposure for the same period reached US\$1,053 million compared to US\$518 million in the 1st half of last year, marking an increase of 103%.

The business insured (total utilization of the commitments) during the first-half of 1428H was US\$781 million, compared to US\$305 million for the same period last year. This reflects an increase of 156%.

The total premium and fee income generated during the first-half of 1428H, reached US\$3.76 million compared to US\$2.78 million for mid-year 1427H, registering a rise of around 35%.

Total Policies Issued Since Inception



ICIEC and SABIC: Partners in Progress

Saudi Basic Industries Corporation (SABIC) is one of ICIEC's most prestigious customers.

Founded in 1976, SABIC is the largest and most profitable non-oil company in the Middle East, and one of the world's 10 largest petrochemicals manufacturers. It is a publicly listed company with 30% of its shares held by private investors, and the balance 70% held by the government of Saudi Arabia.

For the first 6 months of 1428H, ICIEC insured over 378 million US\$ worth of exports by the company. The total active limits approved by ICIEC for SABIC buyers in the same period was 244 million US\$.

ICIEC is proud to be partner in SABIC's dynamic progress toward becoming one of the world's leading petrochemical companies.



ICIEC, El-Sewedy Group Bid to Boost Trade

Based in Egypt, the El-Sewedy Group is the largest manufacturer of electrical cables in the Middle-East. It has total equity of over 400 million US\$, and in 2006, had sales of over 1 billion US\$.

El-Sewedy is a fully integrated, pure-play power cable producer. It has interests in the fields of copper and plastics, which are the main raw materials in the manufacture of cables. This backward integration allows the company to achieve significant cost-synergies, while at the same time maintaining the quality of its products.

ICIEC has insured El-Sewedy transactions in a number of countries like Sudan, the United Kingdom, Japan etc, under the Specific Transaction Policy. As the portfolio of El-Sewedy evolves, ICIEC remains an essential partner in the growth of the group's business, enabling its exports and managing its risks.



ICIEC Offers Foreign Investment Reinsurance Cover to OPIC of US for Project in Pakistan

During the first half of 1428H, ICIEC provided the Overseas Private Investment Corporation (OPIC) with a Foreign Investment Reinsurance Cover totaling US\$14.91 million to support a lease by the General Electric (GE) to the Water and Power Development Authority (WAPDA), for a period of three years. This transaction was brokered by MARSH, one of the world's leading insurance broker and strategic risk advisor.

The leased project is located in Sheikhpura, Punjab, Pakistan.

The cover was offered against the risks of expropriation and political violence for a period of three years.

OPIC was established as a US government agency in 1971 to help US businesses invest overseas, foster economic development in new and emerging markets, complement the private sector in managing risks associated with foreign direct investment, and support US foreign policy.

ICIEC considers the contract as an important step in facilitating the flows of foreign direct investments into its member countries.

ICIEC Approves New Export Credit Insurance Policy to Al-Da'about Group of Syria

ICIEC approved a new Export Credit Insurance Policy presented by Da'about Industrial Group. Da'about Group is one of the largest industrial companies in Syria that specializes in aluminum manufacturing. The group is based in Damascus with a total workforce of 1,500 employees and operates 13 plants in Syria.



Mohammed Da'about
Chairman of Da'about Group

Having the Export Credit Insurance Policy will enable the group to insure its export credit receivables worldwide. Moreover, it will help them expand into new markets and maximize the volume of business with existing customers by providing them with flexible credit payment terms.

250 Delegates Attend Broader MENA Investment Summit

About 250 delegates comprising top-level business executives and financiers from the Middle East, North Africa, Turkey and Pakistan attended the Broader MENA Investment Summit in the United Arab Emirates, which was held on February 20-21, 2007, at the Dubai International Financial Center.

The event was held under the patronage of His Excellency Sheikh Hamdan bin Rashid Al-Maktoum, Deputy Ruler of Dubai, Minister of Finance and Industry of the United Arab Emirates, and was opened by HE Dr. Mohamed Khalfan bin Kharbash, the UAE Minister of State for Finance and Industry.

The summit was jointly sponsored by ICIEC and the World Bank Group's Multilateral Investment Guarantee Agency (MIGA), in association with Dubai International Financial Center. Topics related to investment challenges in the Broader MENA Region, investing in infrastructure and basic industries were discussed.



High ranking officials at the MENA Investment Summit in Dubai, which was organized by the ICIEC/ITAP.

Dr. Abdel-Rahman Taha, General Manager of ICIEC, spoke at the Broader MENA Investment summit. He explained how cross-border investment could be a gamble unless the political risks are expertly covered, especially the four main areas of vulnerability – confiscation, nationalization, foreign exchange transfer and breach of contract.

“As some governments have been known to block transfer of profits by imposing foreign exchange restrictions, or failing to arbitration agreements reached

to settle disputes” Dr. Taha said, “For a premium as low as one to three per cent of the sum insured, investors can guard against political risks to their assets and returns. The mere fact of having ICIEC or MIGA backing is in itself a deterrent to unscrupulous governments that might otherwise be prepared to exploit foreign investors.”

Etisalat Chairman Mohammad Hasan Omran, Sheikh Mohammad Ali Reza, chairman of the Xenel Group and Hussain Al-Qemzi, a DIFX member, also spoke at the summit.

ICIEC Participates in 32nd IDB Meeting in Dakar



Courtesy: Business life magazine

H.E. Dr. Ibrahim Al-Assaf, Minister of Finance & National Economy poses with high ranking officials during 32nd annual meeting of the IDB Group in Dakar, Senegal.

The ICIEC delegation, led by Dr. Abdel Rahman Taha, General Manager, attended the 32nd Annual meeting of the Islamic Development Bank (IDB) Board of Governors in Dakar, Senegal, recently.

Dr. Kandeh K. Yumkella, Director-General of UNIDO, Mr. Abdelaziz Khalef, Director-General of the Arab Bank for Economic Development in Africa (BADEA), discussed prospective cooperation among the three institutions in supporting investment promotion in Africa.

These discussions will likely lead to a MoU between BADEA and ICIEC/ITAP with regards to co-financing of selected technical assistance (TA) projects. ICIEC has already signed a MoU with pertaining to its investment promotion activities. The agreement spells out cooperation with ICIEC and the United Nations body, especially in the areas of technical assistance to countries, which are member countries of both institutions. The two groups would also work in facilitating investments and providing cover to the inherent risks these investments may entail.

At the same time, H.E. Ousmane Matar Breme, the Chadian

Minister of Economy and Planning, and IDB Governor, held discussion with Dr. Abdel Rahman Taha, ICIEC General Manager, and Mr. Torek Farhadi, Head of ITAP Unit, regarding potential support for ITAP in helping the Chadian authorities jump start investment promotion initiatives.

During the events, the Afreximbank delegation met with the ICIEC team on the sidelines of the IDB's meeting in Dakar. The talks centered on mutual interest, including promoting trade in the African continent. In this respect, ICIEC offered its insurance and reinsurance services to Afreximbank.

ICIEC General Manager also participated in IDB's 18th Annual Symposium on the subject of Capacity Building and Promoting Trade and Investment in Africa.

Dr. Taha presented the main lines of IDB Group's Investment Promotion Technical Assistance Program (ITAP), which builds capacity of Member Countries' Investment Promotion Agencies. ITAP also foster knowledge transfer between member countries, as well as disseminates information about investment opportunities in member countries.

As an IDB Group Technical Assistance facility, ITAP draws on the



ICIEC Signs MoU With SONAC

A Memorandum of Understanding (MoU) was signed between SONAC Insurance Credit Agency of Senegal, represented by Mr. Amadou Saloum Sow, Director General, and ICIEC represented by Dr. Abdel-Rahman Taha, the General Manager, whereby ICIEC will be providing coinsurance/reinsurance facilities to SONAC. The ICIEC will also provide reinsurance guarantee issued by SONAC to foreign exporters. The two parties agreed to exchange information in order to upgrade knowledge and expertise in the field of export credit and investment insurance.

They will also render necessary assistance in organizing seminars and workshops.



institutional experience of different windows of the Group. (Operation Complex, ICD, ITFC, IRTI). In the process, ITAP also draws on the experiences of outside partners such as MIGA, FIAS (World Bank), UNIDO and the OECD. ITAP also sponsors staff exchange programs between Investment Promotion Agencies.

ICIEC Organizes the 5th Export Credit Agencies Meeting



Participants of the 5th Export Credit Agencies meeting, held in Jeddah

ICIEC organized the 5th Export Credit Agencies (ECAs) meeting on January 30, 2007 in Jeddah. This ECAs group belongs from the Organization of Islamic Conference (OIC) member countries.

Thirty-four delegates representing 22 institutions from various member countries and guests from the Asian Development Bank (ADB), COFACE, African Trade Insurance Agency, Afreximbank, MIGA, International Trade Center, ECGC of India, International Financial Consulting, First City, Société Générale and the Islamic Development Bank (IDB) participated in the meeting. They discussed several areas of cooperation in the fields of business development, reinsurance facilities, credit information and technical assistance.

A proposal to establish an association of ECAs in OIC member countries, called "Daman Union", was also discussed. Following the discussion the delegates adopted the charter of Daman Union. The final draft will be sent to delegates for approval. After the approval, the document will be forwarded for final signature. The ICIEC, Malaysian Eximbank, Turkish Eximbank, and Cotunace of Tunisia were the ECAs involved in shaping the

Daman Union.

Dr. Ahmad Mohamed Ali, ICIEC President, highlighted the obstacles and challenges facing export credit insurance agencies in the Islamic world. "Despite current achievements, the industry is

facing a number of challenges from low capital base, low capacity, lack of awareness of credit insurance, lack of reliable credit information, lack of trained technical staff, among others," Dr. Ahmad Mohamed Ali said.

Dr. Ahmad Mohamed Ali Chairs 48th Session of ICIEC Board of Directors

Dr. Ahmad Mohamed Ali, ICIEC President, chaired the 48th session of the Board of Directors at the IDB headquarters in Jeddah, on July 9, 2007.

Based on the recommendation of its Audit Committee, the Board approved the increase in ICIEC's capital by ID50 million through the Waqf Fund in order to secure the short-term needs of the Corporation. The Board also urged the Management of ICIEC to make extra efforts to encourage the rest of the IDB member countries, which are yet to join ICIEC to do so.

Moreover, the Corporation should develop new structures of insurance to be supported by the member countries concerned and the private sector to fulfill its medium- and long-term requirements for a larger insurance capacity after 1429H.





IDB Group's Investment Promotions and Technical Assistance Program



Torek Farhadi
Head of ITAP Unit, ICIEC

ICIEC is mandated to facilitate the flows of investments to IDB member countries, especially those that have not been successful in

attracting Foreign Direct Investment flows due to unfavorable investment environment, lack of investment promotion capacity, inability to articulate their competitive sectors and investment opportunities.

In order to address these critical issues, an IDB Technical Assistance Program in the field of investment promotion was designed by ICIEC and was launched during the beginning of 1426H.

Supported by IDB, ICD and

ICIEC, the objective of the program is to assist member countries in identifying and promoting promising investment opportunities that would encourage foreign investment flows. This activity is undertaken in partnership with relevant specialized multilateral agencies such as MIGA, UNIDO, UNCTAD, MIDA, and more importantly, by leveraging IDB's own knowledge base and expertise in project development and finance in member countries.

ITAP & MIDA Host Training Program on 'Using ICT & Websites for Investment Promotion'

The Malaysia Industrial Development Authority (MIDA) and the Islamic Development Bank IDB Group Capacity Building Program in Investment Promotion host an annual program in Kuala Lumpur.

The program aims to transfer industry best practices and exchange ideas among IDB member countries, as well as to identify and learn lessons from Malaysia's successful experience in the field of investment promotion.

The 2007 program was held in Kuala Lumpur from June 6-15 and its main theme was "Using Information Communication Technology and Websites in Enhancing Effective Investment Promotion". It was attended by 23 senior IT and marketing officials from Investment Promotion Agencies and relevant government departments of 22 member countries of the IDB.



Photo shows participants of the ITAP, MIDA training program.

The program also introduced the participants to the overall Investment Promotion Framework of Malaysia, as well as some of the trade, technology and SMEs financing initiatives of the

Malaysian government. Site visits were made to Cyberjaya – the Internet and shared services hub of Malaysia – where participants interacted with entrepreneurs from Malaysia's ICT sector.



Perception of Country Risk



Hussein Jama,
Head of Country Risk Unit, ICIEC

The concept of country risk is sometimes misunderstood, especially when you hear people saying, there is no country risk in this or that country. In fact, each country has a certain degree of risk, including those in the developed world. Perhaps, it is low country risk that people understand when they say there is no country risk.

In any nation, the level of country risk can change quickly, even if it is low. For example, the United States' country risk rose drastically on September 11, 2001. Similarly, a deep economic recession can also shoot up the risk of an otherwise low-risk country.

Other measurements of country risk include medium risk and high risk. A high-risk country can sometimes be called a basket case. At the extreme case, we can talk about a prohibitive country risk, where the risk is too excessive to do business. Export Credit Agencies are normally off-cover in the latter case, and they seek an off-shore guarantee to do business in that kind of market.

Member Country Snapshot - KSA

In the 1970s and 1980s, Saudi Arabia's exports consisted almost entirely of oil. However, toward the end of the 1980s, the government introduced a plan to diversify its economy -- away from total dependence on oil exports, foreign workers, and government spending.

At present the Kingdom emphasizes the role of the private sector, local workforce development, and non-oil resource development. Fiscal policy continues to focus on a stable riyal-dollar exchange rate and low inflation environment. Developing the financial sector to attract investment forms the cornerstone of the plan.

Increasing the efficiency of local financial institutions to unlock private sector capital would alleviate pressure on the government budget.



Saudi Export Program in Focus

The Saudi Export Program (SEP) of the Saudi Fund for Development (SFD) was established in 1420(H)/1999(G) as the official Export Credit Agency (ECA) of Saudi Arabia.

The objectives of the SEP are to develop and diversify Saudi non-oil exports; maximize the competitiveness of Saudi exports by providing credits to foreign buyers and/or institutions, motivate Saudi exporters to discover and enter new markets by mitigating risks associated with non-payment, enhance the facilities offered by the program and mitigate associated risk through technical cooperation, joint financing and reinsurance arrangements with the international and regional institutions involved in this business.

ICIEC Welcomes ITFC

The International Islamic Trade Finance Corporation (ITFC) aims to increase trade volume among OIC member countries; develop and finance such trade in accordance with the principles and provisions of Islamic law; and upgrade the OIC countries' export capacity. As an independent organization, the ITFC will also monitor market trends, launch specialized funds in its effort to improve economic performance in Islamic world and support IDB investment and initiatives. The ITFC has an initial capital of USD 300 million.



Dr. Al-Wohaib
CEO of ITFC

In its first General Assembly Meeting in Jeddah, the ITFC's Board of Governors appointed Dr. Al-Wohaib as Chief Executive Officer of ITFC. Dr. Waleed was a former Deputy Minister of Commerce and Industry in Kuwait. Dr. Waleed completed his Phd in Public Administration from University of California in 1989.

ICIEC welcomes ITFC and Dr. Waleed and expresses its readiness to work together with the new sister corporation of IDB Group.

Four Managers Given New Positions



Rahimi A. Rahimi



Irfan Bukhari



Khemais El-Gazze



Muhammad Azam

director and the following directors have been given new positions: Mr. Khemais El-Gazze, Director of Underwriting Department, Mr. Irfan Bukhari, Director of Marketing Department, Mr. Rahimi A. Rahimi, Director of HRM and Services Department, Mr. Muhammad Azam, Director of Accounts & Finance Department.

Dr. Abdel-Rahman Taha, General Manager of ICIEC, and staff members wished them success in their new careers with the corporation. They also praised the services rendered by them to ICIEC.

With the expansion in its business volume, the President of ICIEC has approved the promotion of department managers to

enhance its organization structure and support the growth. Accordingly, the managers of the four main departments have been upgraded to the rank of

New Appointment

Mifzal, Khalid & Rahmatnor Join ICIEC Team

Mr. Mifzal Ahmed is from Maldives, and joined ICIEC as Investment Promotion Technical Assistance Program (ITAP) 31/03/2007. His educational profile includes a Master Degree in Development Economics from the London School of Economics and a Bachelor Degree in Politics, Philosophy and Economics from the University of Oxford. Before joining ICIEC, Mr. Mifzal did economic research on trade and investment in China's University.



Mr. Khalid Y. Khalafalla, Sudanese national, a former YP, joined ICIEC on June 14, 2007 as an Investment Insurance Underwriter. He has a B.Sc in Agriculture, a Master degree in Economics and a Ph.D. Before joining the IDB Group, he worked for one year as a researcher at the University of Bonn, Germany.



Mr. Rahmatnor Mohamad, Singapore National, joined ICIEC on May 12, 2007 as a Marketing Specialist. A graduate of Murdoch University in Australia, he has 14 years experience in Underwriting and Business Development roles in blue-chip organizations. He works directly with the Marketing Director in developing new business opportunities and converting it into real business for the ICIEC.



Community News

As part of ICIEC's social activities, the Corporation held a gathering in one of the hotels at Corniche in Jeddah. In addition to ICIEC's management, the event was attended by a significant number of staff, some of whom were from ICIEC's parent group - IDB. During the gathering,

Dr. Taha presented certificates to staff members following their graduations.



ICIEC staff members and other guests during a get together event at Corniche.

Dr. Abdel-Rahman Taha, General Manager of ICIEC, thanked all ICIEC staff and colleagues in the IDB Group who participated in this happy gathering. He thanked Allah Almighty for all the success so far and prayed for Allah's guidance and good health and happiness for all colleagues.