

EDITORIAL

ICIEC Strengthens Its Credit & PRI Industry Relations



Dr. Abdel Rahman Taha
General Manager, ICIEC

Export credit insurance as a risk mitigation and credit enhancement tool is rapidly gaining recognition and utility in our member countries. This is reflected in the high rate of growth of ICIEC's insurance business, fuelled by robust demand from major exporters such as SABIC of Saudi Arabia and El-Sewedy Group of Egypt. During the last five years ICIEC's "Insurance Commitments" grew by an average annual rate of more than 60%, to reach US\$1.4 billion in 1427H (2006/2007).

ICIEC's success is attributable not only to strong market demand and an aggressive marketing program, but also to a business strategy focused on developing strong business relations with prominent players in the international credit and political risk insurance industry. The launching of the joint Globe Alliance Insurance Policy with COFACE of France and the admission of ICIEC to the Berne Union, the international association of elite of international credit insurers, reported in this issue are significant cases in point.

ITFC Commences Its Operations

On January 9, 2008, the President of IDB, Dr. Ahmed Mohamed Ali, announced the commencement of formal operations by the International Islamic Trade Finance Corporation (ITFC). The new corporation opened its doors the next day and assumed all the trade-related activities of the IDB Group, putting the various trade windows and funds under a single roof.

On this occasion Dr. Abdel-Rahman Taha, the General Manager, and the staff of ICIEC would like to welcome ITFC and to express their eager desire to work with it in order to provide the best trade-related services to the Group's member countries and clients.



Dr. Ahmed Mohamed Ali
President, IDB Group

ICIEC Joins Berne Union



ICIEC joined the International Union of Credit and Investment Insurers (Berne Union) as observer for a period of 2 years, after which the Union will consider its full membership. The resolution for admitting ICIEC was approved by the 43 voting members of the Berne Union during its General Meeting held in New Delhi, India, on October 13-19, 2007.

The London-based Berne Union, established in 1934, is the leading international organization for the export credit and investment insurance industry. It actively facilitates cross-border trade by supporting international acceptance of sound practices in export credits and foreign investments while providing a forum

for professional information and experience exchanges among the members.

The Berne Union membership will enable ICIEC to benefit from the experience of other Union members and place it among the world's top export credit and investment insurers. Moreover, it will facilitate marketing of ICIEC's insurance services. Finally, ICIEC will have access to a wealth of information and technical experience from other Union members, such as (among others) Euler Hermes, Atradius, Coface, ECGD of UK, US Eximbank, EDC of Canada, Sinosure of China and EKF of Denmark, which are key players in the export credit and investment insurance industry.

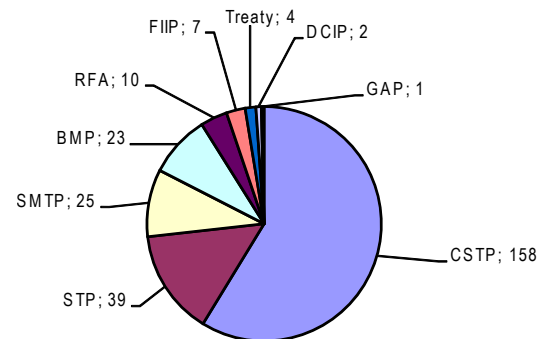
Business Highlights

New insurance commitments for the first 9 months of 1428H currently stand at \$1.08 billion, compared to \$932 million during the comparable period in 1427H, an increase of 17 percent.

Total current commitments for the 9 months of 1428H increased by a remarkable 54 percent to reach \$1.92 billion, as compared to the \$1.26 billion for the first 9 months of 1427H. The total exposure for the same period reached \$1.01 billion compared to \$598 million in the first 9 months of last year,

marking an increase of 69 percent.

The business insured (total utilization of the commitments) during the first 9 months of 1428H was \$996 million, compared to \$441 million for the same period last year. This reflects an increase of 126 percent in the business insured during the first 9 months of 1427H. The total premium and fee income generated during the first 9 months 1428H, reached \$6.796 million compared to \$4.330 million for first 9 months of 1427H, an increase of around 58 percent.



Brainstorming Session Sets ICIEC's 1429H Plan

ICIEC organized its 1429H Business Plan Brainstorming Session at the IDB's headquarters. The session was chaired by Dr. Abdel Rahman Taha, the General Manager of ICIEC, and facilitated by Muhammad Azam, Director of Accounts & Finance Department. Guest speaker Siddig Abdel Majeed, Deputy Director, Strategic planning office made a presentation on the compatibilities between the IDB Group strategic framework and ICIEC's Strategy.

The implicit message in convening the session was that SWOT analysis is an important part of the Corporation's annual planning exercise. ICIEC's business planning is carried out in a comprehensive manner, and is initiated from the existing 5-Year Strategic Plan for the corporation. The session concluded with the list of most important Strengths, Weakness, Opportunities and Threats, which were made the basis for identifying the strategic focus items for 1429H.

ICIEC adopts a three-step approach in its annual business planning process. The first step is an assessment of last year's Strategic Focus and Business



ICIEC staff participate in the brainstorming session at the IDB's headquarters in Jeddah.

Targets, in order to gauge actual progress in accordance with the plan. The next step is a SWOT Analysis of ICIEC, covering the macro and micro business environment in which the Corporation operates. Finally, based upon the assessment and analysis and coupled with ICIEC's vision and related mission statement, the next year's Business Plan is set.

In the past, the SWOT analysis was based on the comparison drawn with the ECAs of member countries.

Now, the Corporation believes that it has come a long way in developing its business, and feels it is appropriate to benchmark itself with the international credit and investment insurers. This will enable the Corporation to position itself as the leading Shariah Compatible ECA in the world. This view is supported by ICIEC's recent inclusion as a member in the Berne Union (the elite union of export credit and political risk insurers of the world).



ICIEC Congratulates IDB



Fitch Ratings upgraded the Islamic Development Bank's (IDB) long-term issuer of default rating (IDR) to 'AAA' from 'AA+', and the outlook for the long-term IDR to stable from positive. Fitch cited improvements made in the credit standing of

the Bank's main shareholders, their ongoing subscription to the capital increase initiated in May 2006 and the progress in the establishment of its concessional fund - the Islamic Solidarity Fund for Development (ISFD). It is worth mentioning that IDB is already rated AAA by

Moody's and S&P.

On this occasion ICIEC staff and the General Manager, Dr. Taha, extend their sincere congratulations to IDB and the President, H.E. Dr. Ahmed Mohamed Ali, for this important achievement.

ICIEC, Coface 1st Globalliance Policy for Ciba Subsidiary

ICIEC has entered into a fronting agreement with Coface (France), one of the world's largest credit insurers. Under the terms of this agreement, ICIEC will provide insurance to exporters from member countries under a new product, the Globalliance policy, with Coface handling the business development and risk management aspects of the policy.

The first Globalliance policy has been issued to Ciba Specialty Chemicals Middle East, a wholly-owned subsidiary of Ciba SC, Switzerland. Under this policy, ICIEC will insure exports of Ciba to various countries like Belgium, Egypt, France, Germany and Saudi Arabia.



Prague Club Holds Meeting in Kenya

The autumn session of the Prague Club meeting took place in Nairobi, Kenya, for four days in early November 2007. The meeting, which was hosted by the African Trade Insurance (ATI), discussed many issues of interest to export credit and investment insurance agencies. Mohamud Khalif represented ICIEC. He gave a brief presentation on ICIEC's initiative to create the Daman

Union, which will bring together the ECAs of the Corporation's member states. The Union is set to be launched next year. It was also announced at the meeting that ICIEC had been admitted into the Berne Union. The next Prague Club meeting will be held in the spring of 2008 in Amman, Jordan, under the joint sponsorship of the Jordanian Loan Guarantees Corporation (JLGC) and ICIEC.

ICIEC to Provide Services in Dubai

A delegation, led by ICIEC General Manager Dr. Abdel Rahman Taha, visited Dubai to finalize the registration of the newly established ICIEC Representation Office in Dubai.

During the visit, the delegation held talks with the officials at the Dubai International Financial Center (DIFC) and discussed the registration issues as well as the benefit to be gained by ICIEC. Dr. Taha said that establishing an ICIEC office in the UAE is expected to promote and increase the market and awareness of the corporation's services in export credit insurance and foreign

investments, particularly among other ICIEC member countries.

Meanwhile, the delegation also met Khaled Albostani, Acting Secretary of Resources and Finance in Ministry of Finance and Industry of the UAE in the presence of Majed Ali Omran, Director of Investment Department. Khaled expressed the readiness of the Ministry to give full support to ICIEC in all logistical matters concerning the opening of the office and the smooth implementation of the related Agreement signed between the Government of UAE and ICIEC.

ICIEC, Shiekan Sign Quota-Share Treaty

The ICIEC signed a quota-share treaty with Shiekan Insurance and Reinsurance Company on September 9, 2007 in Jeddah at ICIEC headquarters. The treaty covers Shiekan's direct business portfolio that it may write-off from its customers in Sudan, while also covering Shiekan's short-term portfolio with ICIEC.

The treaty was inked by Dr. Abdel-Rahaman Eltayeb Ali Taha, General Manager of ICIEC, and the Managing Director of Shiekan, Mr. Osman Elhadi Ibrahim. The ceremony was attended by the Consul General of Sudan and other high ranking officials. The main objective of ICIEC was to share part of Shiekan risk portfolio and boost its underwriting capacity. Shiekan is playing a major role in providing



Dr. Abdel Rahman Eltayeb Ali Taha, General Manager of ICIEC, left, signs a Quota-Share Treaty agreement with the Managing Director of Shiekan, Mr. Osman Elhadi Ibrahim, Jeddah.

cover to major sectors. The signing of this treaty is an important step as it

will facilitate Shiekan in promotion of the vital export sector.

ICIEC, Bank of Sudan to Facilitate Sudan Exports

During the occasion of the special day on IDB Group achievements in Sudan, held on 29 and 30 October 2007 at Al Salam Rotana Hotel, Khartoum, ICIEC was represented by its General Manager,

Dr. Abdel Rahman Eltayeb Ali Taha, who delivered a presentation on ICIEC services highlighting its achievement in Sudan.

During the event Dr. Sabir Mohamed Hassan, Governor of the Central

Bank of Sudan (CBS), and Dr. Abdel Rahman Eltayeb Ali Taha, ICIEC GM signed an MOU, to cooperate on promoting the flow of investment and trade. The agreement calls for ICIEC to support the exports of the Republic of Sudan and encourage the flow of investment and trade to Sudan by providing credit and political risk insurance.

The CBS, as per its policy regarding foreign investment, will assure the smooth transfer of profits, dividends, proceeds of liquidation of foreign investment effected in Sudan which ICIEC agreed to insure. CBS, in its capacity as a regulator of commercial banks in Sudan and within the framework of its prevailing policy, will oversee the working of commercial banks and see that they fulfill their obligations under letters of credit or bank guarantees issued by them and ensured by ICIEC on due date.



ICIEC's General Manager and Dr. Sabir Mohamed Hassan, Governor of the Central Bank of Sudan sign MOU agreement in the presence of IDB Group President Dr. Ahmed Mohamed Ali & Sudan's Ministry of Finance and National Economic H.E. El Zubair Ahmed Hassan.

ICIEC's Specific Transaction Policy

The Specific Transaction Policy (STP) is a relatively new product introduced by ICIEC, to replace the Supplemental Medium Term Policy (SMTP). The STP is designed to cover single non-recurring transactions. The transactions in question can be either simple export transactions or turnkey projects, with tenors of up to 7 years (there is no minimum tenor).

To avail of an STP, an exporter/bank simply needs to fill out a simple application form, mentioning relevant details like payment terms, past experience etc. A small application fee, which varies depending on the size of the transaction, also has to be paid along with the application form. Once ICIEC receives the application form, the Underwriting Department assesses the case, and submits a recommendation to management about whether to accept or decline cover.

Depending on the outcome of the assessment, additional securities like promissory notes can be requested from the buyer. Once management



accepts the recommendation of the Underwriting Department to offer cover for the transaction to the exporter/bank, a policy offer is sent to the client. This offer contains all relevant terms and conditions of the policy, the premium rates applicable etc. Once the client accepts the policy offer, ICIEC issues a policy in favor of the client. Once the policy is given to the client, he can

commence shipments under the contract to his buyers.

ICIEC recently issued an STP for 7.1 million USD to one of its clients in Egypt, covering non-payment risk of a Japanese Corporate. The policy covers ICIEC's client against the non-payment risk of the Japanese company. The transaction was on Open Account, with a 45 day credit period involving the export of cables. The policy was utilized in full by the client and the transaction successfully matured.

Another STP issued to one of ICIEC's clients in Egypt involved insurance against the non-payment risk of a Sudanese public utility. The transaction involved the sale of electric transmission equipment worth 20 million USD, and repayment terms called for a one year grace period followed by quarterly installments over 2 years. ICIEC approached the London-based Lloyd's market syndicate in order to seek reinsurance support for this deal, and was successfully able to cede close to 50% of the total limit written. This transaction is currently ongoing.



ICIEC, BNM Organize a Specialised Workshop on Takaful & Retakaful



Bank Negara Malaysia (BNM), in collaboration with ICIEC, organised the inaugural Specialised Workshop on Takaful and Retakaful (the Workshop) which was held at the Four Seasons Hotel, Cairo, Egypt on 28 November 2007. The Workshop was organised in conjunction with the Islamic Financial Services Board (IFSB) Third Seminar on the Regulation of Takaful. It is one of the key initiatives held under the auspices of the Memorandum of Understanding signed between the Government of Malaysia and the Islamic Development Bank (IDB) to promote the development of takaful and retakaful businesses in the OIC member countries.

The Workshop comprised of 2 parallel sessions - one was targeted at the takaful financial regulators and policy makers aiming to provide knowledge on how to establish takaful business and building the capacity and synergy among regulators in the takaful sector, while the other session was specially designed for takaful operators providing an avenue for thoughtful discussion on the issues and viable solutions for the implementation of an international retakaful syndicate. A highlight of the Workshop was the showcase on the establishment of different takaful modalities from the selected jurisdictions around the world.

ICIEC was represented by its General Manager, Dr. Abdel Rahman El Tayeb Taha, and ICIEC's Accounts and

Finance Director Muhammad Azam. During the Seminar Dr. Taha delivered a keynote address entitled "Challenges, Opportunities, and the Road Ahead". In his speech Dr. Taha focused on the more important challenges facing the industry, the opportunities before it, and offered some thoughts on what needs to be done if the industry is to successfully meet the challenges and exploit the opportunities that the new business environment is offering. He also focused on the critical challenges facing the Takaful Industry, which were identified in "The Islamic Financial Services Industry Development, ten-year framework and strategy" a joint IDB-IFSB study.

IDB Group's Investment Promotion & Technical Assistance Program



ITAP has seen considerable developments and achievements for the program. Comprehensive investment promotion programs are being launched in 2 countries (Sudan and Uganda), with ITAP signing Memorandum of Understanding (MOU) with both countries for the implementation of the project. An assessment mission that has been completed in Chad and an Investment Climate Assessment (ICA) has been accomplished in Comoros. In addition, ITAP has assisted in the production of 30 investment project sheets for private sector investment in Comoros.



Comoros

Recent Activities: Country/Sector Assessment Studies

Sudan

A detailed project was identified for Sudan and UNIDO was selected as the project partner for implementation of the project, and the Ministry of Investment in Sudan as the local agency. On the back of 2 preparation missions by ITAP and UNIDO, an MoU was signed between ITAP and the Government of Sudan related to the project. The first stage of consultancy work in identification has already started in late October, 2007.

Uganda

A detailed project document was drafted. UNIDO was identified as the project partner. An MOU and Letter of Agreement regarding the implementation of the project are to be signed between the Government and ITAP. The first phase Terms of Reference for the Consultant has been drafted and initial consultancy work is scheduled to begin early 2008.

Syria

Syria has been identified for investment assistance programs. With the advent of 2008, ITAP will start assisting in setting up comprehensive investment promotion materials in Syria. Syria has witnessed many positive economical developments.

A number of reforms have already been initiated to encourage private entrepreneurship, promote market mechanisms, open the economy to the rest of the world, and liberalize the financial system.

Maldives

An ITAP mission was conducted in the Maldives and the a number of activities were identified for implementation with the Foreign Investment Services Bureau of the Maldives.

A Maldives Investment Forum is expected to take place in 2008.

Mauritania

As part of its initial program, ITAP was approached by Mauritania to support its newly created Investment Promotion agency (DGPIP) and outline a program for attracting investment into Mauritania through promotional strategy and capacity building. An Investors' Guide was requested by the Mauritanian authorities as such a document does not exist about the country. ITAP is working closely with Mauritanian competent authorities to get the Guide done as soon as possible.

Upcoming Meeting

In June, 2008, on the margin of the IDB Annual Meeting, ITAP will organize a specific meeting on enhancing trade and investment opportunities among IDB member countries. All Windows of the IDB Group will be represented at the conference and will contribute to crafting new solutions towards this objective

ITAP Organizes Training Session in Jordan

The Islamic Development Bank's ITAP, in association with the UNCTAD Secretariat, and in partnership with the Jordan Investment Board, organized a regional training session on international investment agreements and investment disputes for the Member Countries of the Islamic Development Bank. The session

was held between 22 - 31 October 2007 in Amman, Jordan.

The training session was organized in the framework of the UNCTAD Work Program on International Investment Agreements (IIAs), as well as within the general framework of ITAP.



PRI Key to Boosting Investments

Political upheavals in the world have long affected negatively overseas business deals, particularly investment projects in developing countries. As the nature of these political risks evolved and became more pronounced, political risk insurance has become an essential component of sound strategies of doing business in many parts of the world.

Investment insurance, also known as political risk insurance (PRI), is a risk mitigation tool that protects the foreign investor from the risks that are outside his control. More specifically, PRI aims to shield the investor from the losses that arise from the politically motivated-actions (or inactions) of the host government and other political actors in the host country. The key risks that are covered under a political risk

insurance policy include transfer restrictions and inconvertibility; expropriation, confiscation or nationalization; war and civil disturbance; and breach of contract.

From the investor's point of view, the principal benefits of investment insurance include peace of mind through the full protection of the investor's assets, increasing the tenor of financing, serving as a deterrent against adverse acts from government agencies, access to funding, lowering the cost of financing projects, and knowledge of host countries. On the other hand, the benefits of PRI from the host country's point of view are ensuring a steady flow of foreign direct investment (FDI), reassuring bankers and other financiers in their lending decisions and attracting additional investments beyond what would have been realized without political risk insurance.



Mohamud H. Khalif
Acting Head, Investment & Medium Term, Insurance Division

Investment insurance is an important facet of ICIEC products. PRI is the mechanism through which the Corporation seeks to achieve one of its most important goals, notably the objective of increasing investment flows among OIC member states. So far, \$110 million worth of investments have been covered and close to \$1 billion in investment projects are in the pipeline.

Member Country Snapshot

Syria Reforms & Challenges



Syria has witnessed fundamental economic reforms in recent years but some key challenges still lie ahead. The economy depends strongly on agriculture, which accounts for about 25% of GDP (2005). It was heavily dependent on oil whose production is dwindling now, but today following diversification Syria is charting a new course with economic growth in the non-oil sector, which has had robust growth for the past several years.

Earlier, oil accounted for more than 22% of GDP and 40%-50% of exports. However, the production of Syrian oil has been declining over the years. Syria is expected to be a net oil

importer soon. Barring new oil or gas discoveries, this will have a significant impact on economic growth and the balance of payment of the country.

The authorities have taken tangible measures to reduce the impact of the oil shortfall. The financial system of the country has been liberalized with the exchange rate system unified and the Pound was recently pegged to a basket of foreign currencies. It has continued to remain stable as foreign reserves are above the level of comfort.

Eight private commercial banks, including two Islamic banks, are operating in Syria. The country had a single commercial bank, which is now going through reorganization

in order to compete with the private sector. Opening up the sector was a necessary step in Syria's bid to boost its economy. The liberalization of foreign investment, through a series of laws giving incentives to foreign investors, has been the strongest reform that Syria has instituted.

A stock market is scheduled to operate soon, and the government will issue treasury bills in the near future to improve its borrowing system. Syria's external debt is low compared to other countries in the region, after Russia cancelled most of its debt.

Hussein K. Jama
Head, Country Risk Analysis Unit



Warm Welcome for New ICD Chief



Khaled Al-Aboodi
Chief Executive Officer of ICD

The Board of Directors of the Islamic Corporation for the Development of the Private Sector (ICD) appointed Mr. Khaled Al-Aboodi as the new Chief Executive Officer (CEO) and General Manager.

On this happy occasion, Dr. Abdel-Rahman Taha, the General Manager of ICIEC and his staff members extend their sincere congratulations to Mr. Al-Aboodi on his appointment as the CEO and GM of ICD and hope that business relations between the two sisterly corporations, ICIEC and ICD, will get a boost.

Al-Aboodi, who began his career with

the Saudi Ministry of Economy and Finance in 1982, is also the chairman of the year-old Islamic International Rating Agency (IIRA). The agency has 14 shareholders including IDB and ICD.

The two corporations, affiliates of the same parent body (i.e. IDB), complement each other. As ICD provides investment opportunities to its clients by supporting startup and existing businesses in member countries, ICIEC provides insurance cover for investments and exports in member countries against a range of political and commercial risks.

New Appointments



Rima Beyh Fakha, a Lebanese national, holds a Master's degree in Business Administration with a finance

concentration from the American University of Beirut, Lebanon. Rima joined ICIEC on August 14, 2007 as Investment Insurance Officer. Prior to that, she worked as an International Relationship Officer, and worked as a lecturer at Effat College in Jeddah. She also worked at the National Commercial Bank.



Bakary Kolley, a Gambian national, joined ICIEC as a Country Risk Analyst on November 19, 2007. His educational qualification

includes Bachelor of Science with Honors in Economics from University of Sierra Leone and Master of Science in Economic Policy Economics from the University of Illinois – Urbana Champaign. Before joining ICIEC, Kolley spent 10 years as an economist at the Central Bank of the Gambia and 3 years at National Investment Promotion Authority.



Bessem Soua, a Tunisian national, joined ICIEC on October 20, 2007 as an Export Credit Insurance Underwriter. He holds a Bachelor degree in Finance and

a Master's degree in Banking. Before joining ICIEC, he worked for 6 years as a credit analyst and controller in the Central Bank of Tunisia (Credit Department).

Dr. Abdel Rahman Taha

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ICIEC - Globally Secure



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