ICIEC THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT

2017 ANNUAL DEVELOPMENT EFFECTIVENESS REPORT

Member of Islamic Development Bank Group

ABBREVIATIONS

ADER	Annual Development Effectiveness Report
BMP	Bank Master Policy
CSTP	Comprehensive Short-Term Policy
DCP	Documentary Credit Policy
ECA	Export Credit Agency
FDI	Foreign Direct Investment
FIIP	Foreign Investment Insurance Policy
ICIEC	Islamic Corporation for the Insurance of Investment and Export Credit
IDB	Islamic Development Bank
IDBG	Islamic Development Bank Group
LC	Letter of Credit
LDC	Least Developed Country
LIC	Low Income Country
MC	Member Country
NHSO	Non-Honouring of Sovereign Obligation
OIC	Organisation of Islamic Cooperation
RMG	Ready-Made-Garments
SME	Small and Medium Enterprise
STP	Single Transaction Policy

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MESSAGE FROM THE CEO

We live in exciting times, whereby each year we witness new advances in technology and innovation. We get to be part of our leaders' efforts to accelerate OIC countries towards greater connectivity and growth. At the same time, both new and age-old development barriers invariably present themselves as we conduct our business. I am, therefore, pleased to lead an organization which focuses on overcoming development challenges to generate development returns, rather than mere financial ones.

This is no straightforward task. Our Member Countries are as diverse in social-economic circumstances as they are distant and unique in geography. They range from fragile countries, to countries that are facing adverse effects of climate change, to countries seeking to diversify and industrialize their economies, to countries combating high youth-unemployment and inequalities, and countries that are at the lower end of the development simply aiming to provide citizens with basic social services. Hence, the development priorities of our constituencies vary considerably; so too do their challenges.

In the face of these numerous hurdles, there is reason to remain hopeful as there is also another side to the story. Every day, our clients and project partners tell us about their plans and achievements, about growth at a company and country level, about the positive effects that their projects have not only for the respective shareholders but also for their employees, beneficiaries and countries.

ICIEC offers services that can provide solutions to a broad variety of developmental challenges. Trade and investment are at the core of our

Member Countries' development agenda. As an important means to an end, namely inclusive economic growth, both trade and investment foster competitive industries, sustain and create employment and facilitate access to much needed basic resources. Import of capital goods is needed to improve competitiveness of national industries and investments are required to upgrade a country's infrastructure and ensure sufficient supply of energy to its citizens and industries.

In the past 20 plus years since ICIEC's inception, we have gathered many stories about the development impact we are having and development has been a key driver of the institution—featuring prominently in its vision. By presenting this first Annual Development Effectiveness Report, we are delighted to have a platform that will allow us to tell and share these stories with a broader audience, as well as track and evaluate our progress towards the ultimate achievement of the Sustainable Development Goals.

Our aim is to contribute to our Member Countries' development while integrating our efforts with the broader development goals and activities of the IDBG. Therefore, we have developed a results framework focusing on four key areas: 1) Export Sector Development in Member Countries; 2) Shariah-compliant Financial Sector Development in Member Countries; 3) Member Country Development (via strategic projects and improving investment attractiveness) as well as 4) Human Development.

ICIEC did not come where it is today, without forming partnerships and leveraging knowledge, networks, capacities and risks. Our business model is built on partnerships and risk sharing. There is no single transaction that ICIEC does on its own, it will always partner with the transaction parties to ultimately make trade and investments happen. We seek to attract investors into our Member Countries and share risks with various parties in order to generate as much private sector participation as possible.

Apart from the core nature of our business, ICIEC has also co-founded the Aman Union, and has formed trustful and lasting partnerships with National Export Credit Agencies from our Member Countries.

We are dedicated to development and want to be vocal about it, actively learning and improving and engaging in a dialogue on development with our stakeholders. Therefore, the purpose of this report is to highlight ICIEC's development effectiveness throughout its Member Countries.

This is the first ADER of many more to come. We are still in the early phases of establishing a full framework to systematically capture data that is relevant for signifying that a development effect has taken place. This inaugural Annual Development Effectiveness Report begins to present this evidence. Subsequent reports will over time provide more evidence as ICIEC institutes new systems for data collection, monitoring and evaluation and collects more long-term data. Hence, though there is still some work to be done to hunt down and broadcast our development stories, we can be proud of our achievements so far, and excited about the ongoing and improved impact that ICIEC will have in the years to come.

Oussama Kaissi
CEO
Islamic Corporation for the Insurance of Investment and Export Credit

ICIEC'S DEVELOPMENT FOOTPRINT

Total amount of trade facilitated (2015–2017)	→	USD 9,666,003,249
Total amount of trade facilitated in low income and least developed Member Countries since inception	→	USD 1,337,640,181
Total number of export transactions facilitated (2015–2017)	→	12,954
Number of countries with access to Islamic Finance	→	4
Intra-OIC trade insured (2015–2017)	→	USD 7,225,892,852
Intra-OIC investment insured (2015–2017)	→	USD 1,569,253,583
Paid claims in USD (2015–2017)	→	USD 16,838,518
Agricultural support provided (2015–2017)	→	USD 468,462,347
Energy support provided (2015–2017)	→	USD 8,674,385,843
Manufacturing support provided (2015–2017)	→	USD 3,977,289,707
Health sector infrastructure support provided (2015–2017)	→	USD 357,179,239

ICIEC'S PRODUCTS FOR DEVELOPMENT

Facilitating intra-OIC trade

DOCUMENTARY CREDIT INSURANCE POLICY

With its Documentary Credit Insurance Policy, ICIEC directly supports the international correspondence network of its Member Country banks. Importers and exporters in ICIEC's Member Countries require their banks to have international banking networks to facilitate their trade transactions in terms of payment modalities and meeting short-term financing needs on the side of the importer. ICIEC's insurance mitigates the commercial and political risks involved in said bank-to-bank transactions, thereby making it attractive for banks to grow their trade finance related business for the benefit of local importing and exporting industries.

DEVELOPMENT CONTRIBUTION

ICIEC mitigates commercial and political risks of Issuing Banks ➔ Member Country banks grow their international banking networks and improve access to trade finance services for local businesses ➔ Local businesses increasingly engage in cross-border transactions ➔ Access to new markets helps grow their businesses, ideally safeguarding and growing local jobs

Enhancing access to markets and finance

CREDIT INSURANCE PRODUCTS

By offering credit insurance products, ICIEC mitigates the commercial and political risks involved in open-account transactions between importers and exporters. By protecting sales returns, ICIEC's insurance safeguards business continuance for exporters engaging in new as well as existing business relationships with foreign buyers. At the same time, exporters feel more comfortable negotiating larger contracts and entering new potentially riskier markets. ICIEC's credit insurance also eases exporters' access to working capital finance, as it represents an attractive insurance to exporters' banks.

ICIEC's credit insurance solutions also support access to long- and medium-term finance for local buyers. On the basis of ICIEC's insurance, banks are willing to finance buyers' capital investments, thereby not only supporting the foreign supplier (either from a Member or non-Member Country) to sell its capital goods but at the same time facilitating local manufacturing or capital investments of local businesses and governments.

DEVELOPMENT CONTRIBUTION

ICIEC mitigates commercial and political risks of buyers ➔ banks are willing to provide buyers with financing ➔ exporters continue to be able to sell their goods on attractive payment terms and buyers can pursue their business growth strategies

Improving access to Islamic Finance services

BANK MASTER POLICY

ICIEC's Bank Master Policy allows an exporter to obtain Islamic working capital financing from its bank on the basis of a purchase contract. ICIEC's insurance does not only mitigate the underlying commercial and political risks for the bank, but also helps the bank structure the Islamic financing. The working capital facility is especially beneficial for SMEs who often struggle to implement larger contracts due to working capital restrictions and lack of access to (Islamic) finance.

DEVELOPMENT CONTRIBUTION

ICIEC mitigates commercial and political risks of banks involved in Islamic working capital financing ➔ banks are increasingly able to develop the Murabah structure in trade finance and can increasingly provide Islamic financing as well as working capital financing to its predominately SME clients ➔ SMEs are able to obtain larger or more contracts—a necessary prerequisite to growing their businesses

Facilitating investments into and among OIC

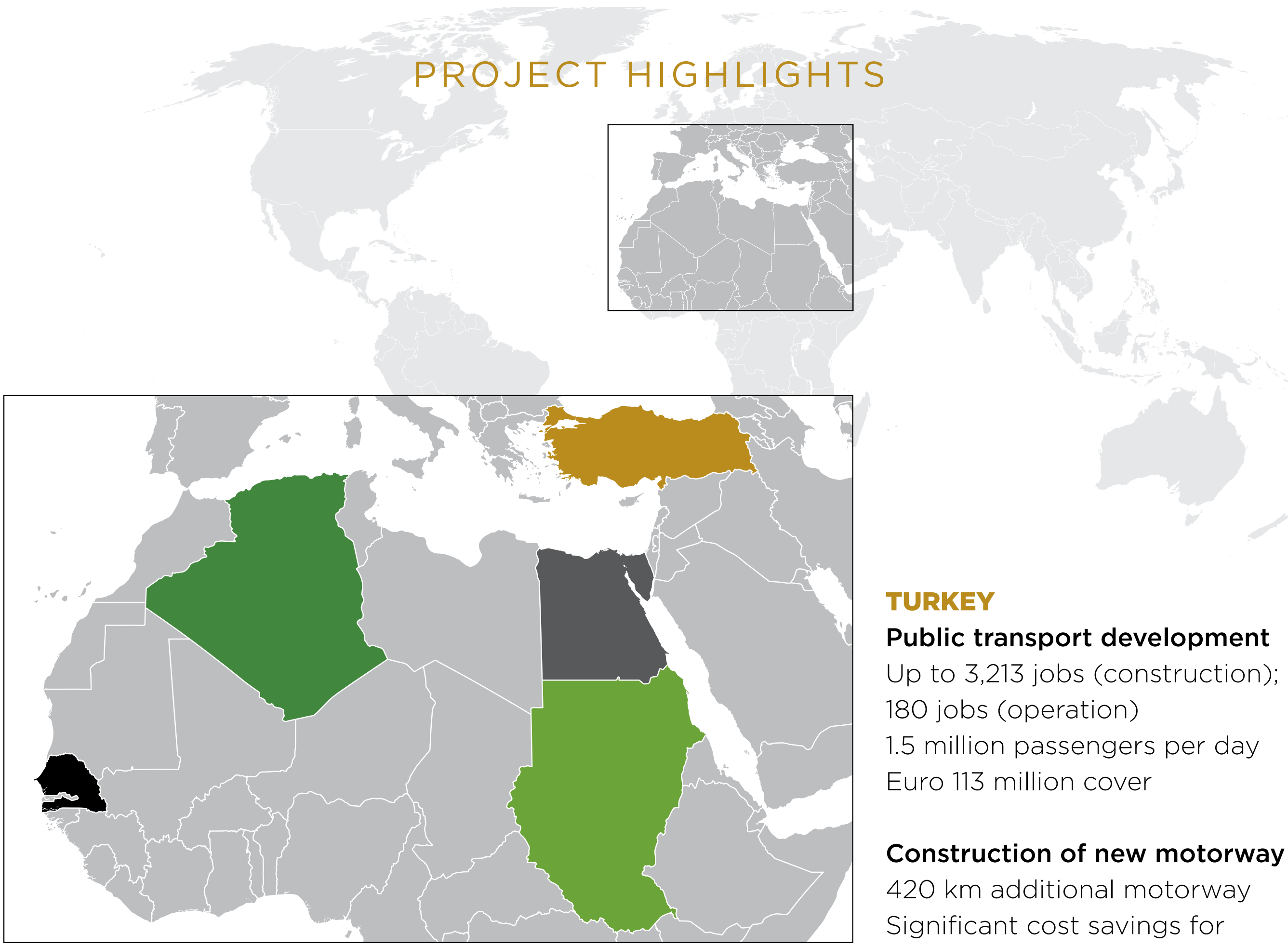
INVESTMENT INSURANCE PRODUCTS

ICIEC's investment insurance products mitigate non-commercial risks with regard to investments in its Member Countries. Thereby ICIEC supports the flow of investments into markets perceived as higher-risk, attracts additional project capital and improves the overall risk perception of the respective country and market.

DEVELOPMENT CONTRIBUTION

ICIEC mitigates political risks of investors and stakeholders ➔ ICIEC's participation significantly contributes to the feasibility of (strategic) investment projects and mobilizes additional resources ➔ investments often target strategic development sectors like infrastructure and energy and contribute to knowledge transfer, job creation and integration of value chains benefiting also local SMEs

PROJECT HIGHLIGHTS



SENEGAL

Infrastructure development: New Airport

2,034 jobs (construction);
427 jobs (operation)
EUR 50 million cover

SUDAN

Increasing the productivity of agriculture

<1 Million small scale farmers supported
EUR 199.5 million cover

ALGERIA

Construction and expansion of steel manufacturing company

13,000 more jobs
EUR 75 million + USD 450 million cover

EGYPT

Energy sector development

Construction of power plants
2,672 MW additional capacity
USD 35 million cover

Improving financial services for SME sector

50,000 new SME clients
USD 150 million cover

TURKEY

Public transport development

Up to 3,213 jobs (construction);
180 jobs (operation)
1.5 million passengers per day
Euro 113 million cover

Construction of new motorway

420 km additional motorway
Significant cost savings for traffic
USD 50 million cover

Health sector development

4 additional hospitals
+3,000 hospital beds
10 million more people reached

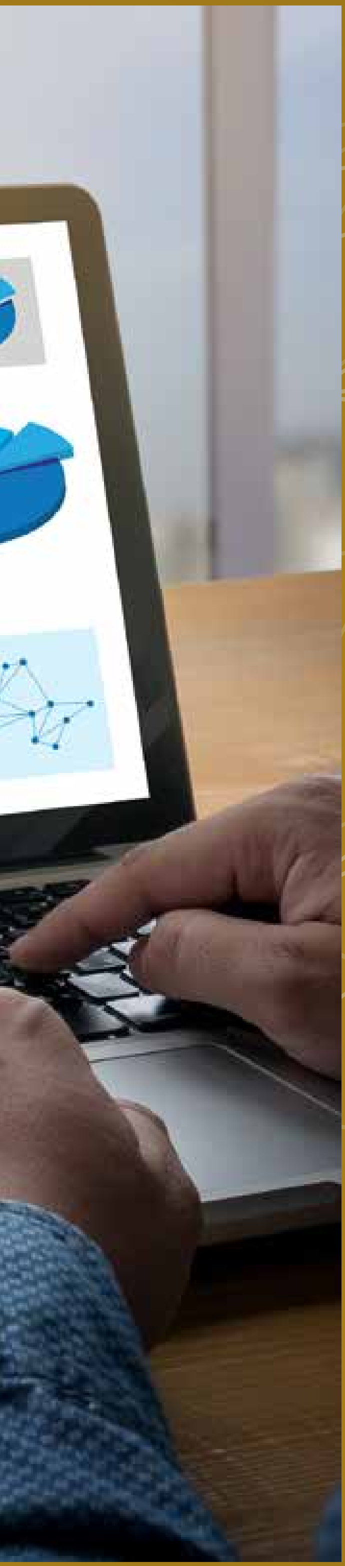
Wind farm construction

316 MW additional clean energy
USD 80 million cover

Improving SME exporters access to finance

Increased market access
EUR 107.4 million cover

INTRODUCTION



As part of IDBG's shift towards result orientation and ICIEC's own strategic focus on development results, the Corporation has embarked on a journey to measure and evaluate its impact on Member Countries, clients and beneficiaries that will be outlined more in-depth in this report. With view to the economic downturn in OIC markets during recent years, ICIEC has already proven to be a counter-cyclical instrument, as demand for risk mitigation generally spikes in times of increased uncertainties and economic downturns. This chapter provides background information on the strategic and economic context of this report.

STRATEGIC CONTEXT

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) has the vision of being recognized as "the preferred enabler of trade and investment for sustainable economic development in its Member Countries". As an Islamic Development Bank Group (IDBG) member, and therefore part of the broader Group's strategic objectives, namely Inclusiveness; Connectivity; and Islamic Finance Sector Growth, ICIEC is committed to catalyzing development across the Organisation of Islamic Cooperation (OIC) states and generating a development impact at the individual, Member Country as well as global level.

> ***Vision:*** *"To be recognized as the preferred enabler of trade and investment for sustainable economic development in Member Countries"*
>
> ***Mission:*** *"To facilitate trade and investment between Member Countries and the world through Shariah-compliant risk mitigation tools"*

A group-wide strategy process in 2014 led IDBG to finalize its 10-Year Strategy. Along with the strategic objectives referenced earlier, the Group identified five Strategic Pillars or priority areas, and one cross-cutting theme. It also established seven guiding principles for effective and efficient implementation. One of the Group's guiding principles is to systematically manage external and internal operations towards achieving greater development results. Seeking alignment with IDBG, ICIEC has embarked on improving its monitoring and evaluation of its development impact and started to enhance its processes to better collect data and information which demonstrates its development results in a comprehensible manner. In doing so, the Corporation is subscribing itself to IDBG's cultural model of transitioning from an approval culture to a 'development impact culture'.

Additionally, as part of its own 10-Year Strategy, ICIEC has sought to reposition itself to increase its development impact and market access while maintaining a sustainable business model. These two key pillars of its strategy have led the Corporation to refine its approach and service offering so as to play a greater role in the takaful credit insurance and the halal industries. In addition, it has sought to facilitate the achievement of Member Countries' key developmental priorities. Therefore, ICIEC endeavours to expand its visibility, partnerships and impact in Member Countries while remaining within the framework of IDBG and in compliance with the Islamic Shariah.

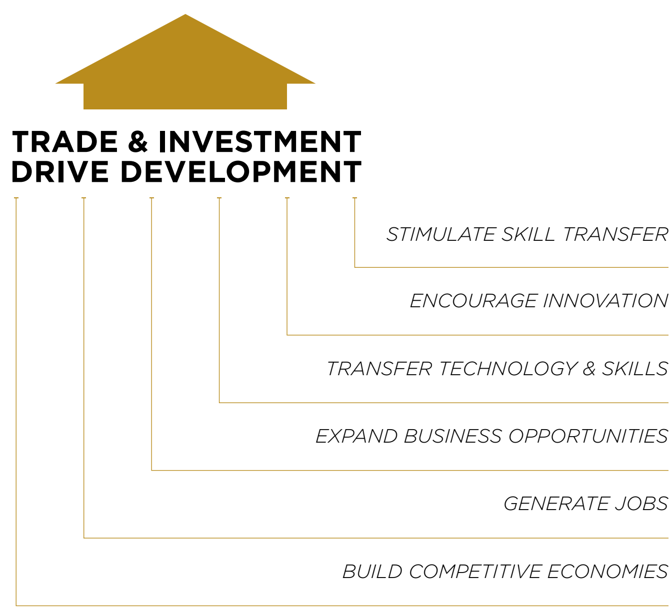
TRADE AND INVESTMENT AS DRIVERS FOR DEVELOPMENT

When embedded in a comprehensive strategy by respective countries, trade and investment generate considerable benefits for countries, companies and, ultimately, individuals. They are well recognized as key drivers for economic development and improvement of social outcomes.

Firstly, they contribute to building more competitive economies, more jobs and better-quality jobs, and ultimately better living conditions and poverty alleviation. Both trade and foreign direct investment encourage innovation, enhance competitiveness, transfer technology and expand business opportunities for companies, as well as choices for consumers.

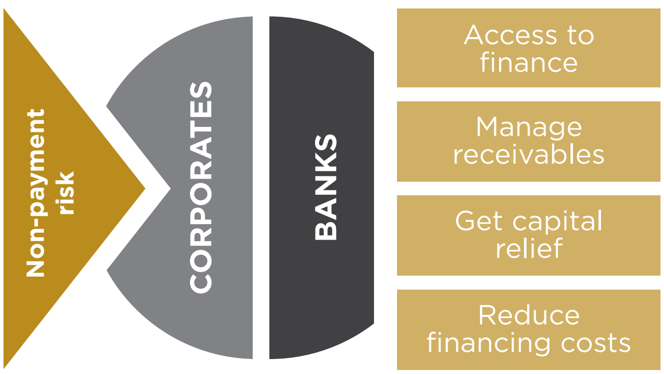
Secondly, they sustain and create new jobs. International trade allows firms, particularly small and medium-sized enterprises (SMEs), to integrate into the world economy which generally increases their productivity and profitability allowing them to expand their operations and employee base. Similarly, foreign investment tends to generate employment and helps to stimulate knowledge and skill transfer to local workers.

Therefore, fostering trade and investment is a public policy goal in advanced and developing economies alike. Similarly, growth through trade and investment is a central pillar in the strategy of many multilateral development banks.



Depending on the nature and sector of the respective transactions, a variety of positive development effects can be derived at ICIEC's product-level. These are as follows:

- ICIEC is crucial to mobilizing funding for strategic infrastructure projects in its Member Countries in the transport as well as energy sectors
- ICIEC facilitates access to finance to SMEs by providing necessary risk mitigation to local banks
- ICIEC supports the export of agricultural products, directly benefitting concerned sectors in its Member Countries



TRADE AND INVESTMENT TRENDS IN OIC MARKETS

Exporters and investors operate in a global environment characterized by heterogeneous political and legal systems, economic conditions and cultural behavior. Therefore, internationally-inclined firms need to navigate through several dimensions of risk when they export their products and services or make foreign investments. Insurance cover for political and commercial risks linked to export and investment transactions often provides a catalyzing solution for managing or mitigating these risks.

Companies, financial institutions, and investors typically face a variety of commercial and political risks in engaging in trade and cross-border transactions. Without access to the right mix of risk mitigation tools, these risks can lead to a severe decline in companies' output on a micro level, deter investors, and cause a contraction in trade and FDI. Credit insurance is essential for exporters to cover the risk of non-payment by their buyers. Moreover, factors such as transaction volumes and longer credit periods can considerably increase costs of financing or even make it difficult to obtain funding at all. Trading companies often need credit insurance to access credit facilities and manage their receivables risk. This applies, in particular, for large transactions with longer maturities.

Meanwhile, the current political and economic environment is also driving demand for political risk insurance. Perceived and real threats of growing political disruption is a major area of concern in many regions and, although there is a consensus on the importance of attracting FDI to foster economic growth and diversification, sudden enactment of policies that have negative effects on the profitability of multinational companies is not uncommon. Investment disputes are relevant even in countries with positive records of contract enforcements. As a consequence, political risk insurance remains an important service to help investors and mitigate against losses relating to war and civil disturbance, expropriation or currency inconvertibility and transfer restriction.

In short, without trade and investment insurance, financial institutions and exporters alike may be reluctant to pursue trade and investment in certain markets or enter new ones.

Recent years have been characterized by low commodity prices (especially record low oil) and have created a challenging environment for economic growth—this is particularly relevant to many OIC countries which are significantly concentrated in commodities. Simultaneously, low inflation and low to zero-interest environments have accompanied weak investment and productivity growth in both advanced and developing economies alike.

This in turn has had an impact on global trade and investment. Indeed, global trade recorded its lowest volume growth rate in the last decade (just 1.3% in 2016). At the same time, total FDI inflows globally underwent a contraction in 2016, reducing slightly to USD 1.75tn from USD 1.77tn in 2015. It was the first time in 5 years the volume of global FDI inflows had weakened. Notably, however, investment in developing countries declined by 14%.

Trends impacting trade and investment at a global level are mirrored among OIC countries. Just as global trade flows regressed in 2016, total exports of OIC countries reached a low of USD 1.9tn in 2016—down from a USD 2.8tn peak in 2012. At the same time, after an 8.8% decrease from the previous year, OIC countries' collective share in total world merchandise exports in 2016 was the lowest ratio observed since 2005 (table 2).

TABLE 1: TOTAL OIC EXPORTS AND TOTAL IMPORTS (USD TN)

	2009	2010	2011	2012	2013	2014	2015	2016
Exports of Goods and Services	1.672	2.048	2.631	2.834	2.762	2.645	2.015	1.908
Imports of Goods and Services	1.511	1.732	2.048	2.223	2.310	2.323	2.058	1.963

Source: SESRIC

TABLE 2: SHARE OF OIC EXPORTS AND IMPORTS

	2009	2010	2011	2012	2013	2014	2015	2016
Value of World Exports (USD tn)	12.368	15.118	18.121	18.262	18.655	18.757	16.360	15.806
OIC share of World Exports	13.52%	13.55%	14.52%	15.52%	14.81%	14.10%	12.32%	12.07%
Value of World Imports (USD tn)	12.674	15.397	18.326	18.536	18.809	18.922	16.579	16.167
OIC share of World Imports	11.93%	11.25%	11.18%	12.00%	12.28%	12.28%	12.42%	12.14%

Source: SESRIC and IMF DOTS

TABLE 3: INTRA-OIC TRADE

	2009	2010	2011	2012	2013	2014	2015	2016
Intra-OIC Merchandise Exports (USD tn)	0.214	0.278	0.338	0.384	0.383	0.380	0.294	0.267
Intra-OIC share of Merchandise Exports	24.12%	23.47%	24.36%	25.94%	26.43%	25.65%	26.54%	28.56%
Intra-OIC Merchandise Imports (USD tn)	0.199	0.258	0.310	0.343	0.353	0.352	0.289	0.277
Intra-OIC share of Merchandise Imports	22.28%	23.95	25.51%	24.71%	25.19%	24.90%	24.04%	24.69%

Source: SESRIC

The story for imports is similar. Total merchandise imports have trended downwards in recent years (reaching USD 1.6tn in 2016 compared to USD 1.9tn in 2014). However, despite this fall in imports, the share of OIC countries in global merchandise imports reached 10% in 2016—an expansion from 7.3% since 2007.

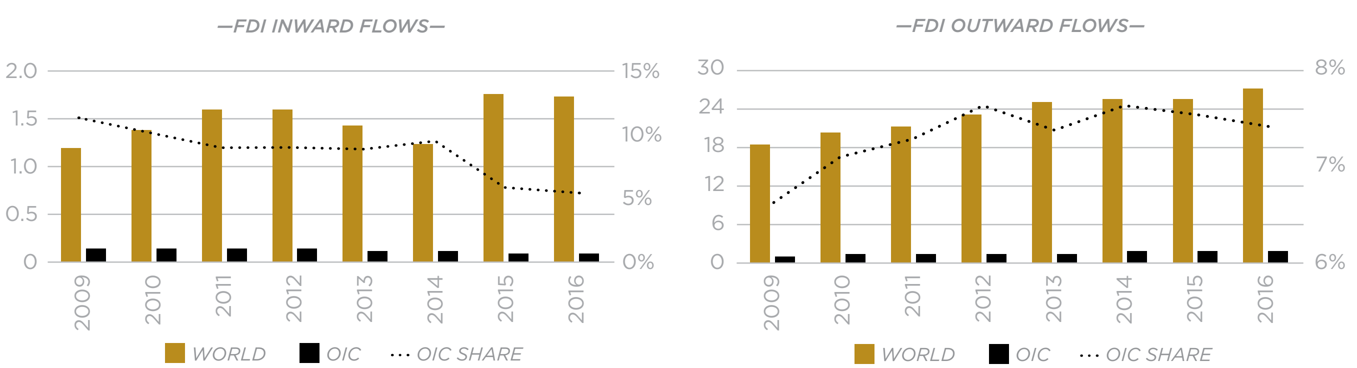
Meanwhile, despite a challenging trade and investment environment globally, intra-OIC trade has strengthened in recent years with the share of intra-OIC exports increasing to 20% in 2016 compared to 18.9% in 2015. At the same time the share of intra-OIC imports also increased from 18.5% in 2015 to 19.0% in 2016. The OIC Ten-Year Programme of Action (OIC-2025) sets a target of 25% for intra-OIC trade. As can be seen in figure 3, trends over recent years suggest this within reach with sustained efforts and support from stakeholders including ICIEC.

Just as trade volumes among OIC countries fell in 2016, so too did the total value of FDI flows to OIC countries. This was the fourth consecutive year FDI flows had trended downwards, and the first year it had dropped below USD 100bn (falling to USD 96.3bn) in over a decade. Consequently, the share of the OIC group in global FDI flows was the lowest level seen since 2005. FDI flows to OIC countries also exhibited a high level of concentration, with 49.9% of total FDI flows being directed to the top 5 OIC countries.

Nevertheless, downward trends recorded among OIC countries in these key macroeconomic trade indicators underscore the role and importance of trade and investment promotion institutions like ICIEC and its partner ECAs. Indeed, in the midst of difficult economic and political environments, between 2015 and 2016 as trade indicators were in decline, ICIEC's counter-cyclical role came into play and insurance commitments witnessed an overall increase of 28% and the value of its total business insured increased 59%. In 2017 ICIEC changed the composition of its portfolio which led to a slight reduction in both Business Insured and Exposure (-6% and -4% respectively) and a significant increase in Gross Written Premium (GWP) (15%). In addition, ICIEC increased its business in foreign investment insurance by 28%. Since its inception 17% of ICIEC's coverage has been related to foreign investment insurance, amounting to USD 7.8bn out of a total business insured of USD 45bn since 1995.

The most recent (October 2017) IMF World Economic Outlook projects global growth to rise to 3.7% in 2018 (an increase from 3.1% in 2016 and 3.5% in 2017). Just as ICIEC reduces the risks associated with trade and investment and keeps markets open and connected during periods where growth and trade are sluggish, so too can it be expected to support OIC countries reach their development goals during periods of global growth.

FIGURE 4: OIC FDI FLOWS (USD TN)



Source: UNCTAD STAT

ICIEC'S UNIQUE DEVELOPMENT ROLE

As the only multilateral Export Credit Agency that provides Shariah-compatible trade credit and investment insurance, and as a member of the IDBG, ICIEC plays a critical role in catalyzing trade and investment throughout its Member Countries. Indeed, ICIEC has a number of unique features which enables it to contribute to the overarching development objectives of Member Countries and key results areas as outlined in the previous chapter. This chapter explains how ICIEC's different qualities position it to uniquely act as catalyzer for development for its Member Countries.

CATALYZING TRADE AND INVESTMENT

ICIEC plays a critical role in building trust throughout supply chains and enabling companies to export with confidence. It also provides solutions that catalyze financers (such as banks, insurers and national ECAs), and help investors address hesitations that may affect their decision to move forward with an investment, particularly in countries perceived as 'high-risk'. Several unique and complementary features enable ICIEC to achieve this:

- it is the only Islamic multilateral trade insurer
- it is Aa3 rated by Moody's, and is backed by strong international partners
- it has trustworthy and extensive due-diligence process, long-standing credit knowledge and is well positioned to understand each party's risk
- it has direct shareholding from Member Countries and ties to international networks

THE ONLY ISLAMIC TRADE AND INVESTMENT INSURER

ICIEC has 44 Member Countries and supports trade and investment transactions that connect its Member Countries with one another as well as markets all over the world. As the only Islamic trade insurer, ICIEC plays a crucial role in supporting the growth of the Islamic Financial Sector. It uses several main mechanisms to promote this kind of financing: Shariah-compliant accounting in its internal operations, the provision of Shariah-compliant insurance for Islamic banks and ECAs, and an offering of Shariah-compliant insurance products for exporters, banks and investors.

This ultimately has helped to strengthen the Islamic banking sector and demonstrated to a range of governments and major financial institution actors that Islamic financing instruments and mechanisms are successful conduits for private sector development and growth. Indeed, ICIEC has provided exporters and investors seeking Shariah-compliant coverage to expand their operations and reach new markets.

In 2017 ICIEC has facilitated USD 11.27bn in trade transactions and foreign direct investments. This has helped exporters and investors from 44 Member Countries carry out their activities and, at times, gain access to new markets through the provision of Shariah-compliant insurance.

ICIEC also provides Shariah-compliant reinsurance to the national ECAs of its Member Countries (and others) through an inward quota share treaty, thus leveraging the insurance capacity of the national institution and enabling the ECA to expand its financing capacity. ECAs play an important role in the social and economic development of their countries by supporting their own national exporters to ship aboard with confidence and access additional working capital from banks. Recognizing this, ICIEC offers technical assistance in the establishment of new ECAs in Member Countries. It also provides credit information services, joint marketing, capacity building and technical assistance to existing Member Country ECAs.

AA3 RATED BY MOODY'S AND BACKED BY STRONG INTERNATIONAL PARTNERS

ICIEC's stable Aa3 rating for insurance by Moody's combined with its preferred creditor status makes it an attractive partner and the trade credit and investment insurer of choice for commercial banks and other financial institutions. This rating is ICIEC's main advantage in mobilizing and pooling in resources to its Member Countries as they work towards the achievement of their respective development agendas.

It reflects the Corporation's sound financial and operational structures but also the strength and diversity of its shareholders. ICIEC also co-insures or re-insures with other multilaterals such as Multilateral Investment Guarantee Agency (MIGA), the African Trade Insurance Agency (ATI) and Arab Investment and Export Credit Guarantee Corporation (Dhaman) giving it depth of support and a network of powerful partnerships.

Related to this, ICIEC's global partnerships allow it to further leverage available capacity to maximize its support towards Member Countries' development goals. Its outward re-insurance with other multilaterals as well as global insurance firms further allows it to leverage its own insurance capacity. This enables ICIEC to avoid calling for additional capital from the Corporation's shareholders while serving the trade and investments needs of clients. It not only gives ICIEC greater headroom to carry more insurance risk, it mobilizes these various international private sector actors and gives them access to a range of investments or transactions in its Member Countries. It also has the potential to demonstrate the viability of these markets and policyholders to the private sector in the future. Based on its rating and wide network of international partners, ICIEC is able to mobilize additional and much needed resources to contribute to the advancement of its Member Countries development agendas.

CREDIT KNOWLEDGE AND RISK SHARING

ICIEC is a trusted partner for ECAs, financial institutions and exporters because it has long-standing access to credit information. ICIEC is the custodian of a well-kept history of credit information on Member County companies, allowing it to make informed credit risk decisions and financial analysis. In addition, it has access to world-wide credit databases through its partner-networks such as COFACE. Therefore, international banks and financial institutions are mobilized to participate in transactions alongside ICIEC in market segments they might otherwise deem too risky, because they can trust that the Corporation has undertaken rigorous due-diligence and complies with international regulatory standards.

Moreover, one of ICIEC's unique selling points is that it shares risk with each of its policyholders; be they corporates, financial institutions or ECAs. By nature ICIEC pursues efficient risk sharing. That is, risks in the context of international trade and investment are distributed and carried by the party most appropriately positioned to bear them. Whether it is political risk and commercial risk coverage combined, or only one of these, ICIEC's involvement allows for minimal intervention and maximum private sector participation. Unlike a development bank which typically might help a project or trade transaction take place through the provision of a certain amount of finance, ICIEC's insurance products 'crowd-in' the private sector, giving them the confidence to finance the investment or transaction alongside ICIEC. In this sense, ICIEC's willingness to share risks with private sector financial institutions and corporates offers it the potential to generate a significant development impact with less resources than other development financing mechanisms.

Furthermore, ICIEC is a powerful and strategic partner with the ability to bridge cultural differences. Its reach into Member Countries gives it expert understanding of each party's project and facilitates alignment of risk to the right party— lender, developer or investor. Equity investors, for example, need to understand which risks are associated with their investments. Yet they may have a different risk appetite compared to the project's original sponsors and may want to protect their investment against political or commercial risk events.

Additionally, where ICIEC's policyholders are successful in entering a new market, it will demonstrate to other exporters or financial institutions that the risk-reward for similar transactions is viable.

MEMBER COUNTRY SHAREHOLDING AND INTERNATIONAL TIES

ICIEC's direct shareholding from Member Countries gives it insight into the diverse economic and political contexts of various markets as well as connection to key market actors and government representatives. This, combined with its strong rating and the implicit support of its parent, Islamic Development Bank, as well as the support of first class global reinsurers, gives credibility to transactions that ICIEC is involved in. Exporters, in this sense, are able to outsource trust to ICIEC. Assured of ICIEC's sound credit knowledge and understanding of local conditions, markets, politics, cultures and connection with stakeholders, exporters can maximize their export business volumes and enter into unknown markets with peace of mind.

The fundamental reason exporters and investors seek commercial and political risk insurance is to engage in trade and investment with confidence knowing that they will be able to make a valid claim and to be indemnified for a loss should it occur. ICIEC's multilateral status provides it access to governments and key decision makers. These same decision-makers have a vested interest in the success of ICIEC intermediated projects. Moreover, under the rights conferred upon the Corporation by participation agreements, ICIEC benefits from advocacy and claims avoidance measures employed by Member Country government actors to resolve non-payment by a Member Country. Therefore, ICIEC is uniquely characterized by a strong track record of recovery, claims avoidance, and 'mediation'.

In addition, ICIEC is involved in several key insurance federations including: the International Federation of Takaful and Islamic Insurance Companies, Khartoum, Sudan; the General Arab Insurance Federation, Cairo, Egypt; and the Federation of Afro-Asian Insurers and Reinsurers, Cairo, Egypt. These federations comprise of insurance companies from ICIEC's Member Countries and help to raise awareness within the insurance sector of Member Countries of the value and benefits of the trade credit and investment insurance to trade and investment. These also provide ICIEC with 'on-the-ground' access to local market conditions and private sector actors.

ICIEC also has strong ties with other international organisations giving it access to details on the conditions and key actors in certain markets and thus, further authority in investment and trade decisions. As a founding member of the Aman Union, ICIEC fosters international cooperation among OIC ECAs. Participation in this trade association allows for the pooling of services mutually needed by the national ECAs including training, credit information sharing, cooperation on transactions and business opportunities, etc.

With access to key stakeholders in Member Countries along with a variety of international connections and association memberships, ICIEC has gained a deep understanding of diverse economic and political contexts. This allows it to attract and catalyze private sector actors, therefore gaining their involvement in projects that otherwise might not have taken place.

ICIEC'S DEVELOPMENT EFFECTIVENESS FRAMEWORK

ICIEC's Development Effectiveness Framework includes a conceptual road map for how ICIEC expects to achieve its intended impacts in the export and financial sector sphere as well as at the beneficiary and overall Member Country level. Thereby, it is closely aligned with IDBG's 10-Year Strategy and the P5P. Reporting on results and indicators is facilitated by the set-up of a Monitoring and Evaluation system, that is taking ICIEC's role as an insurer (versus a financier) into consideration.

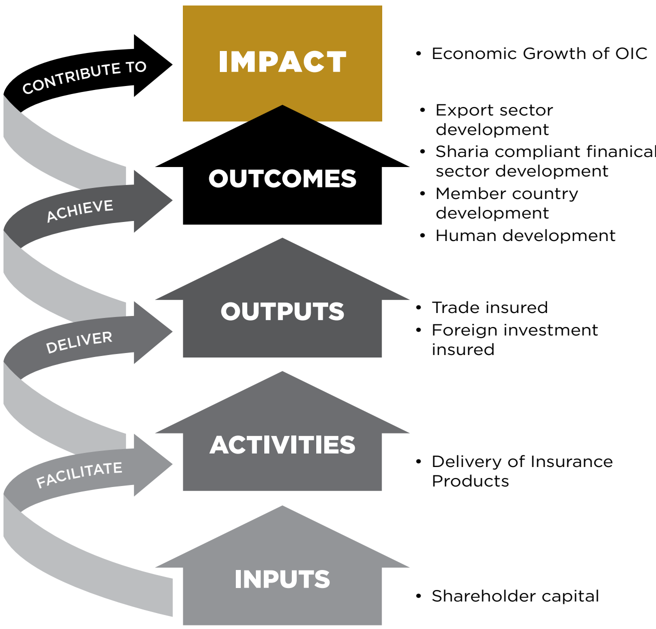
ICIEC'S PATH TO FOSTERING DEVELOPMENT

ICIEC's intended development impact is embedded in its mission and vision. ICIEC strives to be recognized as the preferred enabler of trade and investment for sustainable economic development in Member Countries. Its mission to facilitate trade and investment between Member Countries and the world through Shariah-compliant risk mitigation tools is the means through which this development impact will ultimately be achieved.

ICIEC's developmental focus is underscored by its 10-Year Strategy (2015–2025). It has two primary objectives, the first of which is to achieve a clear and tangible Development Impact in the Corporation's Member Countries. The second objective is to attain and maintain Financial Sustainability. The second objective is a pre-condition for the first. Therefore, there must be a balance between the pursuit of commercial success and a deliberate strategy towards delivering development impact.

The conceptual road map for how ICIEC expects to achieve its intended impact can be illustrated as a sequence of cause-and-effect actions or occurrences by which organizational and financial resources are used to realize ICIEC's development impact. This "results chain" visualizes how ICIEC's capital and activities are converted into the desired development results or impacts.

FIGURE 5: ICIEC'S DEVELOPMENT RESULTS CHAIN



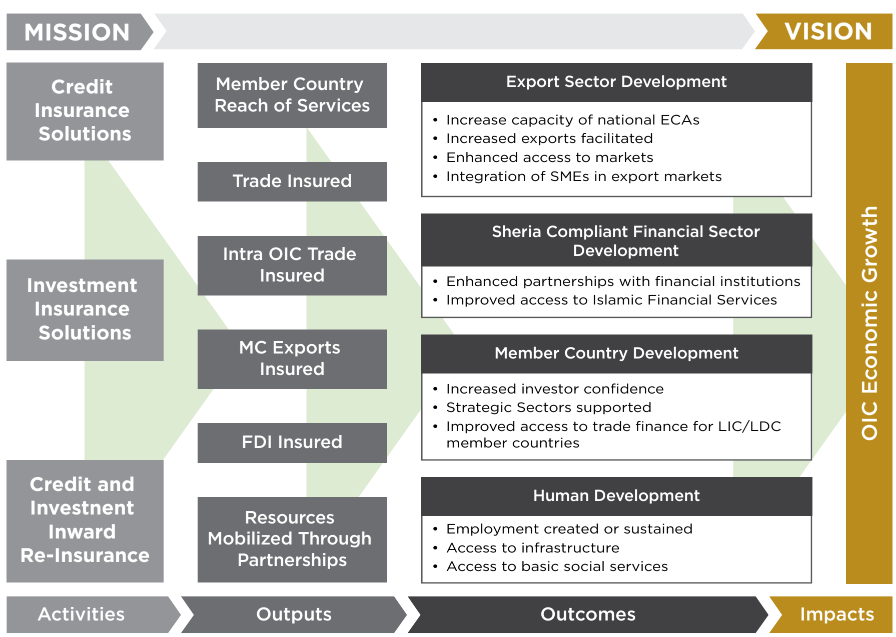
Shareholders' capital provided to ICIEC, when used to finance ICIEC's operations, yields positive results to policyholders and Member Countries, which will cumulatively over time, have an effect on the economy at large within the OIC. Specifically, ICIEC will enable OIC countries to increase exports' contribution to economic growth, and leverage significant financial resources from various sources for investment in OIC countries.

The way in which an organization specifically describes how its operations are intended to help the organization achieve its Vision is often represented as a Theory of Change.

In ICIEC's Theory of Change, the delivery of specific trade and investment insurance products will foster trade and investment both within the OIC, and between the OIC and the world at large. ICIEC's partnerships with financial institutions and national Export Credit Agencies, reduce export risks and provide breathing space to both large firms and SMEs to obtain access to operating capital, while minimizing lending risk. In particular, the financial risk of lending to SMEs is reduced, and their ability to expand and access new markets is enhanced. Thus, firms, through trade insurance, access new markets, grow, sustain or increase employment, and contribute to the development of their countries' economies.

ICIEC's presence in the market also increases the capacity of its partner financial institutions in OIC countries to offer Shariah-compliant insurance services and access to finance. The effect of ICIEC's presence as an investment partner, while facilitating foreign investment, also provides a measure of reassurance and encouragement to other potential investors seeking opportunities in countries with higher risk. The investment projects themselves, often in strategic sectors

FIGURE 6: ICIEC'S THEORY OF CHANGE



of Member Countries, provide employment and access to infrastructure that improves economic productivity, competitiveness and quality of life. These effects over time, contribute to economic growth in Member Countries.

CONTRIBUTION TO IDBG 10-YEAR STRATEGY

ICIEC's strategy and development contribution aligns with IDBG's long-term priority to promote progress and prosperity in Member Countries. Specifically, to support OIC countries' growth and broader development in ways that are inclusive, responsive and resilient to changes in their external environment, and to improve their connectivity both among themselves and with the world.

IDB, with active contribution from ICIEC and its other subsidiaries, has developed a strategy map depicting its strategic framework as a series of inter-related initiatives that are expected to lead to the achievement of group-wide strategic results and contribute to the Bank's strategic goals. There are several IDBG development targets that ICIEC directly feeds into.

GOALS

Connectivity	2014	2025
Intra-OIC Trade	19.3%	25%
Share of OIC in Global FDI	9.4%	11%

Global Islamic Finance Sector Growth	2014	2025
Share of Islamic Finance clients (as % of world population with formal accounts)	–	25%

RESULTS

Comprehensive Human Development	2014 (mill)	2025 (mill)
People provided access to infrastructure	27	290
People reached with basic social services	3	44
Jobs Created	0.05	1

Cooperating among MCs	2014 ($ B)	2025 ($ B)
Intra-OIC trade & investment insured	–	28

Islamic Finance Sector Development	2014	2025
Countries whose populations have access to IFS	–	2 countries

IDBG's high-level 'goals' correspond to desired 'impacts'. ICIEC contributes primarily to two of IDBG's goals: increasing connectivity; and global Islamic finance sector growth. With respect to IDBG's targets under connectivity, its **foreign direct investment insurance directly facilitates global FDI growth in the OIC.** Meanwhile, ICIEC's growing **support of Shariah-compliant financial institutions facilitates the expansion of Islamic Finance.**

The targets outlined at the 'results'-level of IDBG's strategy map are 'outcome' targets. At this level ICIEC makes a number of contributions:

- Firstly, in terms of *human development*, ICIEC is a **sought-after risk insurer in infrastructure projects** throughout the region. In addition, **facilitating trade ensures and creates jobs—**both in the exporting as well as importing countries.

> **Between 2015–2017, USD 9.354,592,217.55** *business insured in infrastructure projects in Member Countries;* **USD 9,666,003,249** *trade insured*

- Secondly, ICIEC enables *cooperation among Member Countries* as **its mandate and product portfolio is geared towards facilitating intra-OIC trade and investment.**

> **Between 2015–2017, USD 7,225,892,852** *intra-OIC trade insured and* **USD 1,569,253,583** *intra-OIC investment insured*

- Finally, **ICIEC has launched innovative products that improve access to IFS** thereby contributing to *Islamic Finance sector development.*

IDBG'S P5P AND THE ROLE OF PARTNERSHIPS

To ensure delivery on the strategy's ambitious goals, IDBG's President has launched a five-year plan (P5P) that aims to track the strategy progress in a more granular manner. The set-up of

ICIEC's M&E framework comes therefore at a right time to feed into the overall shift towards more evidence driven operations.

The P5P further emphasizes partnerships as the preferred modus operandi towards achieving IDBG's ambitious goals. It has been well recognized that to achieve the Sustainable Development Goals (SDGs) and, indeed, any sort of long-lasting development impact, financial instruments that leverage public sector resources to strategically mobilize other sources of finance are necessary. The interventions of development agencies should have a catalytic effect by supporting investments and financing structures that maximize private sector participation and reserve scarce public financing for those areas where private sector engagement is not optimal or available. In line with this understanding and the Addis Ababa Action Agenda (AAAA) that outlines a new global framework for financing development towards the achievement of the SDGs, P5P highlights the importance of partnerships to leverage the Bank's resources.

ICIEC's business is to provide insurance against commercial and political risks in trade and investment transactions within Member Countries. Partnerships are therefore at the core of ICIEC's business model. Whether an exporter, bank, investor or national ECA, all seek partnerships with ICIEC to distribute and share the risks of certain transactions. Without ICIEC, these transactions would normally not materialize.

It is for these reasons that ICIEC spearheads IDBG's partnership theme. ICIEC's capital paired with its development-driven risk appetite has since the Corporation's inception directly mobilized USD 43.76bn private sector capital towards the achievement of its development themes, namely export sector development, Islamic financial sector development, Member Country economic development and human development. This number does not include the additional finance that projects were able to attract through ICIEC's engagement in a transaction. By further partnering with private sector insurers like Coface, ICIEC is able to achieve additional leverage on its capital and further extend its reach and capacity. Private insurers and reinsurers are willing to participate indirectly in the transactions as ICIEC's multilateral and preferred creditor status provides them with sufficient comfort. ICIEC's engagement in a transaction also demonstrates its commercial viability, therefore mobilizing investors and insurers to support similar transactions in the future.

MONITORING AND EVALUATING DEVELOPMENT RESULTS

In keeping with ICIEC's 10-Year Strategy to achieve clear development impact on Member Countries, the Corporation seeks to provide evidence of its impact—to prove that it has achieved this objective. Consequently, ICIEC embarked on strengthening its capacity to measure and report on its development impact, and is putting in place requisite resources and a structured and systematic approach to identifying, measuring, monitoring, evaluating and reporting development impact.

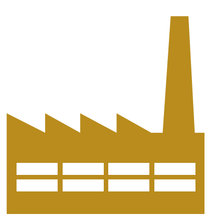
ICIEC's new structured and systematic approach is underpinned by a monitoring and evaluation framework, including processes and tools to be integrated and applied within ICIEC's operations. This framework identifies the key result areas to which ICIEC's operations are expected to contribute; the indicators that will be measured to demonstrate ICIEC's contribution to these key result areas, how these will be measured and who will be responsible for measurement and reporting. ICIEC's M&E tools include the Theory of Change, a corporate Logical Framework with a monitoring plan, Key Evaluation Questions and integration of development impact data collection into the underwriting process, through ICIEC's Integrated Management System. A dedicated, soon to be established, Monitoring and Evaluation Unit will be responsible for ensuring these tools are used and results reported. Where necessary, external expertise will be brought in to assist.

ICIEC's financial performance has always been reported on an annual basis. The ADER will expand this reporting to cover a wider range of indicators. Observed trends about performance over time and the effects that ICIEC's insurance products have on policyholders, Export Credit Agencies, investors, Member Countries and their citizens will be publicized. To fully capture the Development Impact of ICIEC's operations, it will also be necessary to undertake specific evaluation activities which seek to analyze whether, and to what extent ICIEC is delivering on its specific development outcomes—whether at a policyholder, country, sector or thematic level. These evaluations will be undertaken on a periodic basis when there is sufficient data to undertake a thorough analysis.

The magnitude of ICIEC's development impact is measured by tracking a series of indicators or metrics which provide quantitative evidence of ICIEC's results. These metrics go beyond indicators of ICIEC's financial performance—they show how and the extent to which its policyholders, partner financial institutions, investors and Member Countries benefit in tangible ways. ICIEC through export and foreign investment insurance provides a number of clear benefits. These can be categorized into four distinct yet interlinked key result areas:

EXPORT SECTOR DEVELOPMENT IN MEMBER COUNTRIES:

ICIEC bridges market failures. *By providing risk mitigation instruments and facilitating access to trade finance it supports small to large sized exporters to grow their businesses and ultimately countries to prosper economically.*



SHARIAH-COMPLIANT FINANCIAL SECTOR DEVELOPMENT IN MEMBER COUNTRIES

ICIEC enhances access to Islamic finance. *ICIEC encourages the Takaful insurance industry being the only multilateral providing its products in compliance with Sharia. It also encourages banks to develop Islamic trade and project finance structures in order to benefit from ICIEC's services.*

Through ICIEC's support to local banks, exporters are able to obtain much needed working capital. *Local banks are also able to provide their clients with a broad network of international correspondent banks, thereby facilitating cross-border transactions.*

MEMBER COUNTRY DEVELOPMENT

ICIEC enables strategic projects and improves investment attractiveness. *Through its mandate, ICIEC promotes the development agendas of its Member Countries. Attracting foreign direct investment is often crucial to their plans.*

HUMAN DEVELOPMENT

ICIEC improves people's life. *Projects in basic social services and infrastructure that have a direct impact on Member Countries' citizens are of strategic importance to ICIEC.*

DEMONSTRATING DEVELOPMENT EFFECTIVENESS

ICIEC's products are designed to facilitate trade and investment throughout Member Countries through the provision of Shariah-compliant risk mitigation tools. As an insurance provider, ICIEC's business model is such that it has an 'arms-length' relationship with the ultimate transaction or project for which it provides risk coverage. It needs to be taken into account, when assembling development impact data, that access to project information is not automatic as it is for financing transactions.

As an insurer, ICIEC's involvement in the transaction comes before the actual trade or investment takes place. This is part of its catalyzing role, as many transactions would not take place without ICIEC's commitment to support a certain deal. Due to the nature of insurance, the risk assessment of the importer or of an investment project, for which ICIEC's clients (namely the exporters, investors or banks) seek insurance and for which ICIEC issues its policies, is done prior to issuing the insurance policy, and if all goes well from a risk perspective, the insurer never hears from this project again. This aspect of the credit insurance business model and the fact that ICIEC does not have any contractual relationship with the ultimate risk entities (i.e. importers, investment projects) is different from banks that by law have to actively manage and monitor its portfolio during the lifetime of their risk engagement.

Hence, gathering data on ICIEC's development impact during the course of its risk exposure or ex-post is not as straightforward as it is for banks. As a development finance institution and member of the IDBG, ICIEC is nevertheless committed to measuring and steering its development contribution and supporting the strategy of the Group. ICIEC is dedicated to identifying smart ways to obtain the required data and information that are acceptable to the parties involved and allow ICIEC to monitor, assess and report on its specific development impact.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ICIEC'S DEVELOPMENT CONTRIBUTION

The following chapter focusses on ICIEC's contributions to its key development result areas, namely Export Sector Development, Shariah-Compliant Financial Sector Development, Member Country Development and last but not least Human Development. On the one hand ICIEC focuses on facilitating exports from its Member Countries as well as bridging the persisting trade finance gap. On the other hand, ICIEC is valued by its clients and stakeholders for its multilateral and preferred creditor status making the Corporation a sought-after partner in long-term investment projects. By fostering investments of strategic importance into its Member Countries ICIEC pursues a demonstration effect for other stakeholders to follow suit. Many of the investments in ICIEC's portfolio have since contributed to the overall theme of human development in the respective Member Countries—by creating job opportunities, access to infrastructure as well as health and social services.

EXPORT SECTOR DEVELOPMENT

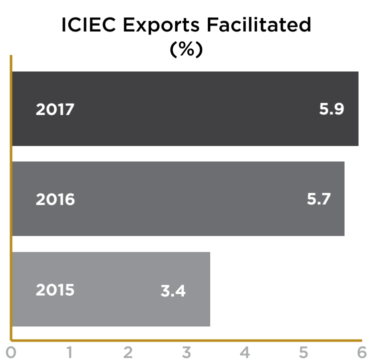
Trade finance, and more specifically export finance, constitutes an important stepping stone towards creating a broad and successful exporter base. By protecting countries' important export industries against external failures in liquidity and confidence, trade finance further strengthens a country's macroeconomic resilience. This is particularly important where the commodity being exported is a major or primary source of earnings for a country, or where overseas equipment is needed for industrial expansion and job creation. Trade finance also supports enterprises to meet their investment and working capital needs and to prevent supply shortages. By giving security of operation to companies especially in developing countries, interventions in trade finance help to convince enterprises to invest in their operations and their workforces, thereby sustaining and creating jobs. This is specifically true for small and medium-sized companies. The latter have proven to record higher growth rates when engaged in the export economy and are overall considered main drivers for successful economies.

Export facilitation

Supporting the development of the export sector in its Member Countries is part of ICIEC's DNA and its most obvious development outcome. Through the provision of its various export insurance products, ICIEC minimizes commercial and political risks involved in cross-border trade. ICIEC's support to exporters and banks allows trade between its Member Countries and with the rest of the world to thrive.

Between 2015 and 2017, ICIEC acquired 124 new policyholders and facilitated 12,954 export transactions in 21 countries. The number of transactions doubled in the past three years from 3,055 in 2015 to 6,041 in 2017. This represents exports valued at USD 3.4bn (2015) and USD 5.7bn (2016) compared with total OIC merchandize exports valued at USD 1.6tn in 2015 and US$ 1.5tn in 2016. Although exports from OIC Member Countries have decreased, ICIEC's share of insured exports from OIC countries has increased in total as well as relatively.

FIGURE 7: ICIEC SHARE OF OIC TRADE



Source: SESRIC and ICIEC

The value of exports facilitated by ICIEC in the past three years demonstrates a high degree of variation from one year to the other. This is mainly due to the impact of individual transactions and the lumpy nature of medium- and long-term export finance.

Between 2015 and 2017, ICIEC has insured exports in pharmaceuticals, textiles, chemicals, capital goods and equipment, energy and telecommunications, aluminium and agricultural commodities. Exporter countries mainly comprised Bahrain, Bangladesh, Egypt, Jordan, Kingdom of Saudi Arabia, Pakistan, Turkey, United Arab Emirates as well as Syria, Lebanon and Malaysia.

In addition, results from this year's ICIEC development effectiveness survey revealed that 75% of BMP and DCIP respondents have found that their ability to facilitate client exports to higher risk countries is *significant* to *very significantly* improved as a result of their relationship with ICIEC. Moreover, several DCIP respondents from Turkey indicated that their relationship with ICIEC *very significantly* improved their capacity to facilitate client exports in new sectors. Similarly, nearly 70% of STP policyholder respondents stated that their relationship with ICIEC gave them significantly more confidence to negotiate larger contracts with existing buyers and increase their sales in existing exports markets.

Enhanced access to markets

Doing business in unknown markets and with first-time clients bears risks for exporters and can have an adverse effect on the company's growth prospects. Exporter's might not be familiar with the respective country risk environment and have no track-record on the payment behavior of their new clients. At the same time open-account transactions might be required to remain competitive. Hence, ICIEC's insurance provides exporters with a solution and comfort to enter new, potentially riskier markets.

ICIEC found that 80% of CSTP policyholders who responded to its development effectiveness survey entered new export markets between 2015 and 2017. Of those, over two thirds confirmed that their business expansion was facilitated by ICIEC's coverage. Nearly 30% CSTP policyholders that responded also confirmed that ICIEC coverage gave them significantly to very significantly more confidence in exploring market opportunities in higher risk countries. Meanwhile STP policyholders responding to the survey unanimously reported that ICIEC coverage gave them more confidence in exploring market opportunities in higher-risk countries. These new markets included African as well as Asian Member Countries.

> ***"The UAE office has been very engaged with us and we have seen an increase in business..."***
> *— A UAE CSTP policy holder*

POLICYHOLDER PROFILE: EL-SEWEDY

El-Sewedy is one of the biggest cables and electrical products manufacturers in the Middle East and Africa, with more than 30 production facilities in more than 14 countries worldwide. It exports a wide range of high-quality energy solutions to more than 110 countries around the world located in many regions (i.e. Africa, Middle East, Europe and the Far East). The relationship between ICIEC and El-Sewedy started in 2005 when ICIEC helped the latter boost its business, penetrate new markets and secure financing from banks in Egypt. Moreover, ICIEC played a vital role in El-Sewedy's projects in other countries like Sudan and Ethiopia.

Enhanced insurance capacity of National ECAs

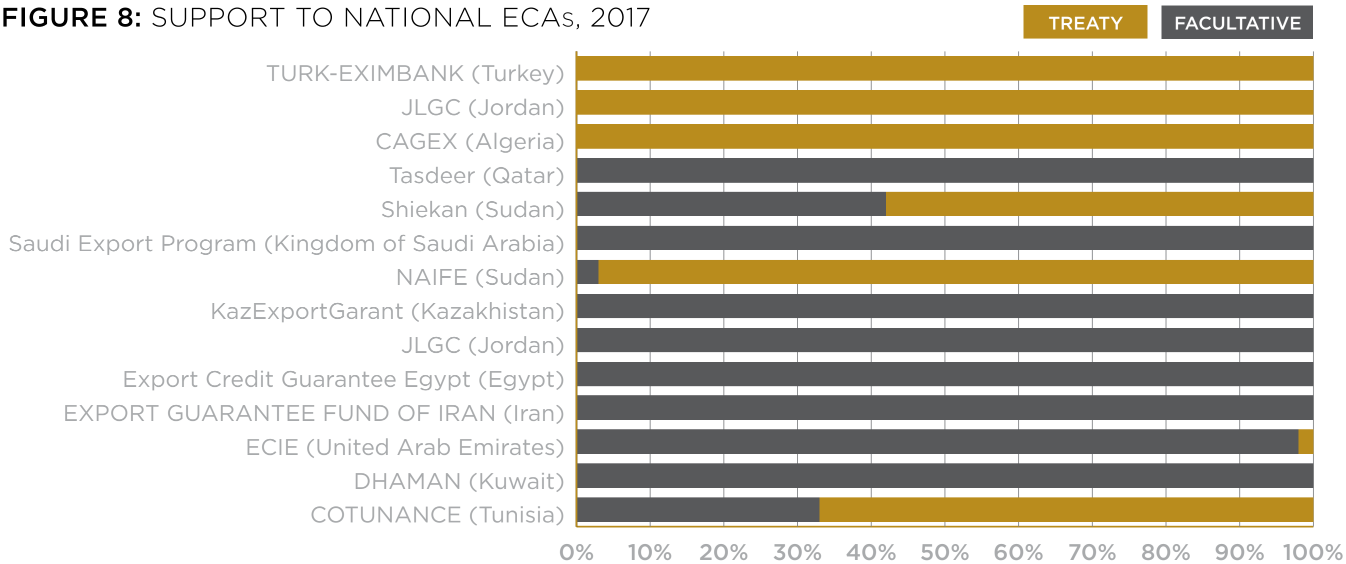
Despite efforts of various development finance institutions to address the persisting trade finance gap, the demand for trade finance and risk mitigation remains significant and is further aggravated by increasing bank regulations. At the same time, governments seek to spur economic growth by fostering a strong exporting industrial base. To do so, many countries have embarked on establishing their own national Export Credit Agencies that help address trade finance market failures. Nevertheless, these national Export Credit Agencies often start off with limited insurance and technical capacities—especially in developing countries.

As part of its mandate, ICIEC supports its Member Countries with fostering a strong and vibrant national export sector and is an important strategic partner of Member Country ECAs. The multilateral insurer closely cooperates with them and provides them with additional insurance capacity through facultative and treaty re-insurance mechanisms. ICIEC also offers technical assistance and supports national ECAs to launch new insurance instruments by providing tailored co- and re-insurance support and facilitating smart partnerships with other development players. Between 2015 and 2017, ICIEC provided reinsurance to national ECAs for exports valued at USD 2,786mn. Demand for ECA insurance appears to be on the rise in ICIEC's Member Countries. In ICIEC's last development effectiveness survey, participating ECAs all reported an increase in exports and policyholders insured for three consecutive years.

Integration of SMEs in export markets

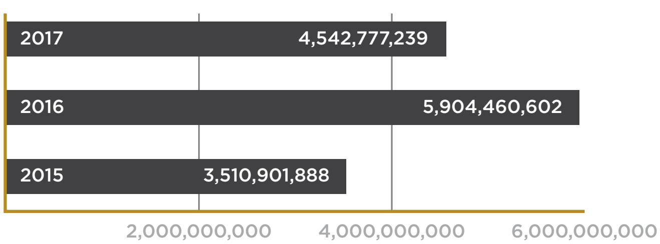
Globally, SMEs represent a large share of registered businesses and contribute between 35%–45% to the global GDP and an estimated 40%–60% of global employment. While within the OIC Member States' SMEs vary considerably in terms of their contribution to GDP, they play

FIGURE 8: SUPPORT TO NATIONAL ECAs, 2017



an important role in the economies of the OIC Member States, contributing to production, job creation and poverty alleviation.

FIGURE 9: $ VOLUME OF EXPORTS INSURED BY NATIONAL ECA WITH SUPPORT OF ICIEC REINSURANCE



Many SMEs however, concentrate on local markets and face difficulties exporting. Better access to global markets can strengthen SMEs' contributions to their economies, but trade and investment barriers undermine SME participation. Despite the role of SMEs in diversifying employment sources and overall economic expansion, in the majority of OIC Member States, SMEs face challenges in such areas as access to finance, training and development, and business support services.

ICIEC has through a number of insurance products, supported the integration of SMEs in export markets in countries such as Saudi Arabia, Bangladesh, Sudan, Turkey and Egypt. This has been done by underwriting SME loan facilities or insuring Letters of Credit for the importation of capital goods by SMEs to become more productive and competitive. In Saudi Arabia, ICIEC has also signed agreements with local banks to specifically promote exports by SMEs.

ICIEC insured letters of credit (LCs) issued by a number of Bangladeshi banks under ICIEC's import of capital goods scheme allowing Bangladeshi SME textile producers to import textile machinery that helped them to improve productivity and competitiveness of the ready-made garments (RMG) sector.

According to ICIEC's recent development effectiveness survey, many of the BMP and DCIP policy holding respondents also indicated that they were able to serve additional SME clients through ICIEC's insurance policy. Several BMP policyholders also stated that they experienced a very significant improvement in their ability to serve SME clients because of their relationship with ICIEC.

SHARIAH-COMPLIANT FINANCIAL SECTOR DEVELOPMENT

International trade is strongly connected and dependent on a well-developed and functioning financial environment. The dynamic growth of world trade over the past decades was only made possible by a rapid expansion in trade finance and the development of countries' respective financial sectors.

The latter are required to mobilize savings, facilitate trade of goods and services, and promote efficient allocation of resources. By physically providing the mechanisms to make and receive payments and by reducing transaction and information costs, financial sectors are core enablers of economic transactions and an important prerequisite to economic growth and poverty reduction in their respective countries.

Trade finance, as a specific service of the financial industry, is crucial for trading partners in order to bridge the time lag between the export order and the payment for goods and services produced. Additionally, factors such as transaction volume and credit period can considerably increase costs of financing or even make it difficult to obtain funding at all.

ICIEC provides risk mitigation and credit information services which are tailored towards the financial industries in its Member Countries. These services address persisting financial and non-financial market failures and support the development and extension of local financial services specifically targeted towards small- and medium-sized exporters.

By covering political and commercial risks, ICIEC further supports local banks who do not have any or many foreign correspondent banks to reach out to the international financial markets and to establish banking relations with leading international banks. These international banking networks are crucial to facilitate export transactions of local producers.

ICIEC's exposure under its BMP and DCIP products has increased significantly over the past three years. While the exposure stood at USD 15.2mn in 2015 it has grown to almost USD 200mn at the end of 2017.

In ICIEC's recent development effectiveness survey, the majority of BMP and DCIP policy holding respondents indicated that ICIEC coverage allowed for an increase in lending capacity between 2015 and 2017.

Partnerships with financial institutions

Apart from its support to national ECAs, ICIEC further seeks to expands its client and beneficiary base with local financial institutions. Since its inception ICIEC has supported numerous financial institutions through the provision of its services. Currently it has 14 active policyholders and insured trade transactions under BMP and DCIP amounting to USD 200mn in 2017.

> ***"We are very happy with the relationship, ICIEC is very quick to respond and we are able to win transactions due to the speed at which ICIEC reacts. We are keen on continuing to develop the relationship and open into new markets."****—A DCIP policy holder*

CASE STUDY: FACILITATING AGRICULTURE FINANCING IN SUDAN THROUGH FINANCIAL SECTOR PARTNERSHIPS

Country	Sudan
Volume	EUR 199.5 million
Tenor	33 months
Product	Political risk insurance (expropriation)
Client	Trade and Development Bank (TDB)
Context	Apart from oil, agriculture and livestock are essential to Sudan's economic diversification and could contribute to medium-term macroeconomic stability. These sectors presently contribute approximately 35%–40% of Gross Domestic Product (GDP), but could contribute significantly more with greater investment amongst others. According to the 2017 "Enabling the Business of Agriculture" Report published by the World Bank, Sudan ranks amongst the countries scoring lowest in access to adequate financing services. Due to the rural nature of farming businesses, access to finance remains a challenge in many countries—even though innovative branch-less banking products are increasingly being launched and implemented.
ICIEC's role	ICIEC issued an insurance policy to the Eastern and Southern African Trade and Development Bank (TDB). The policy covers TDB's EUR 199.5mn Murabaha facility to the Agriculture Bank of Sudan (ABS). The purpose of the facility is to support small scale farmers in Sudan and finance the export of selected commodities. In this transaction, ICIEC is covering the risk of Expropriation resulting from the potential seizure of the insured goods by the Government. The facility is structured with full recourse to the stock of commodities being financed. ICIEC's cover helped meet the funding requirements of the Agricultural Bank of Sudan
Development outcome	TDB facilities have contributed to increasing the productivity of agriculture in Sudan as a result of the availability of adequate supply of seeds and fertilizers. More than one million farmers throughout the country and their families are expected to benefit from the export proceeds, which should trickle down to the poor segments of the Sudanese society. More importantly for the general economy in Sudan, the export of commodities will result in direct injection of foreign exchange reserves into the country and will help Sudan repay its obligations vis-à-vis TDB and other Creditors.
Key result areas	Member Country Development, Export Sector Development, Financial Sector Development

Improved access to Islamic Finance

In line with IDBG's 10-Year Strategy, ICIEC, as a takaful insurance provider, actively promotes access to Islamic Finance in its Member Countries. Its Bank Master Policy instrument is designed to facilitate the provision of Islamic Finance to exporters which otherwise would have difficulties to obtain much needed working capital, furthermore, in a Shariah-compliant way. ICIEC's active BMP policyholders are situated in Kuwait, Malta, Bahrain, France and Kingdom of Saudi Arabia. Demand for this Islamic Finance product has been on the steep rise since 2015. ICIEC's exposure has increased from USD 13.4mn in 2015 to USD 193.2mn in 2017. Since the launch of the product back in 2006, over USD 776mn Islamic Finance transactions have been insured. In ICIEC's most recent development effectiveness survey, multiple BMP policy holders indicated that their ability to structure Sharia-compliant facilities was very significantly improved because of their relationship with ICIEC.

MEMBER COUNTRY DEVELOPMENT

ICIEC's ultimate objective is to support the development and economic growth of its Member Countries, in line with the countries respective strategic priorities and ICIEC's institutional mandate. This approach to development has long been considered most effective as it requires the recipient to take ownership and identify its most crucial building lots.

Apart from aligning itself with the respective Member Countries Development plans, ICIEC as an investment insurer seeks to improve the overall attractiveness of its Member Countries as recipients of FDI. Through the execution of successful investments, ICIEC pursues development objectives like job creation, infrastructure development and the transfer of modern technology. Additionally, it also seeks a demonstration effect for the country. ICIEC's very presence in the respective country should mobilize additional investors and insurers to follow suit.

Increased Foreign Direct Investment and Investor Confidence

Foreign Direct Investment (FDI) is an important source for economic growth, particularly in developing countries. It provides a capital investment injection into the economy not otherwise available from domestic sources. FDI is also source of temporary and permanent job creation.

ICIEC contributes to the overall development of Member Countries by helping to facilitate FDI through its Foreign Investment Insurance Policies. When firms wish to invest overseas, they are often faced with a new, unfamiliar environment with various risks and uncertainties, including political and social risks as well as macro and microeconomic risks. ICIEC insures against these risks, allowing firms to expand internationally in higher-risk countries with otherwise attractive investment opportunities. ICIEC's participation helps not only to mobilize capital, but improves the perception of the investment climate and increases investor confidence in these countries.

Between 2015 and 2017, ICIEC insured USD 238mn worth of FDI, for projects alone or in partnership with other insurers. These investments took place in 11 countries, some of which would be considered as high-risk countries. The majority of the investments were directed towards the energy sector.

In addition, over the past three years Turkeximbank for the first time provided financing to clients in Senegal and Cameroon. ICIEC provided Turkeximbank with political risk insurance. Turkeximbank considered ICIEC's risk mitigation instrumental to the success of the deals that amounted to USD 190mn.

In response to ICEC's recent development effectiveness survey, ICIEC's FIIP policyholders unanimously reported that they have greater confidence to invest in foreign investment opportunities, specifically in higher-risk countries.

CASE STUDY: FOSTERING IMPORT-SUBSTITUTING INTRA-OIC INVESTMENT BETWEEN TURKEY AND ALGERIA

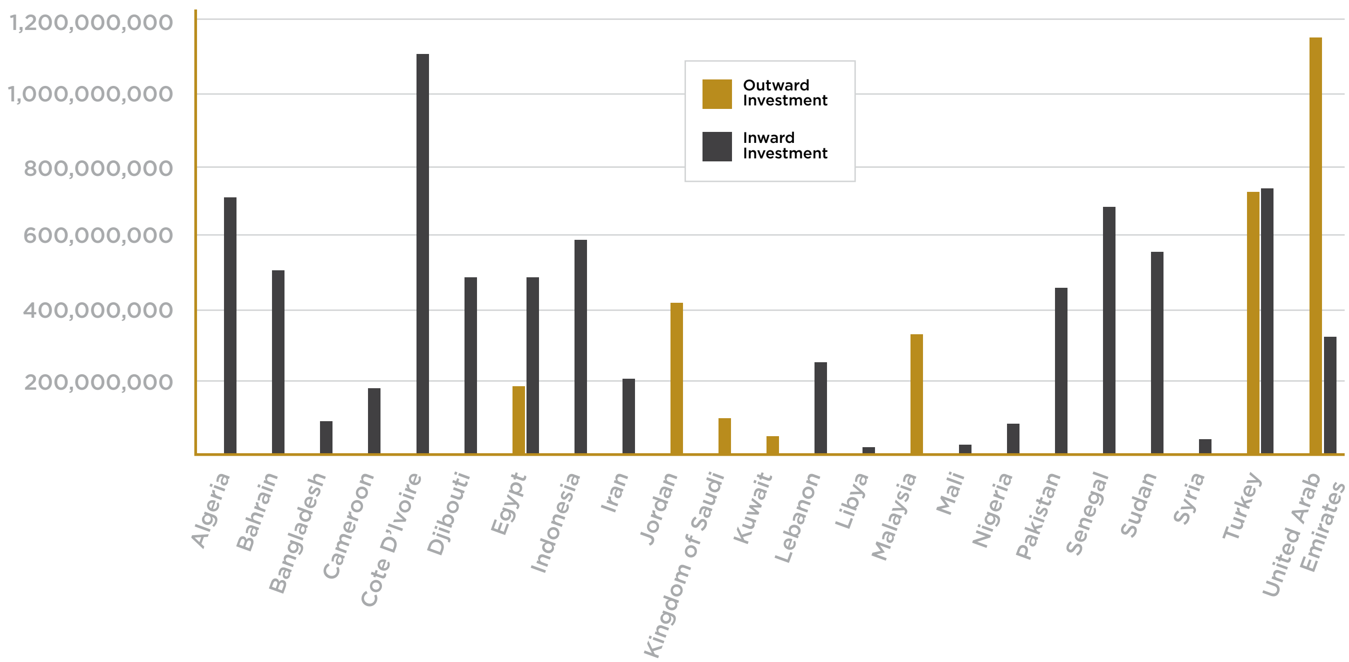
Country	Algeria
Volume	EUR 75 million; USD 450 million project expansion in the pipeline
Tenor	5 years
Product	Foreign Investments Insurance Policy (Equity)
Client	Tosyali Holding as majority shareholder along with 6 other Turkish investors
Context	The global steel sector is going through a soft patch, due to the economic downturn, low commodity prices (especially oil) and most importantly the decline in steel demand in China. The slump in steel demand, however, is mainly in the developed economies, whereas in the developing countries demand is still on the upside though not at the same level as before the financial crisis. Steel demand in developing countries (excluding China) is expected to grow at 4.8% in 2017, with Africa's demand increasing by 6.5%. In North Africa, the demand for steel was 21.7 million tons in 2016 and production stood at 12.8, leaving a gap of 8.9 million tons to be met through imports. The sector benefits from the availability of cheap natural gas, low cost scrap for raw materials and restrictions in imports of steel products.
ICIEC's role	ICIEC insured the initial equity investment of EUR 75mn for the construction of the facility. In 2017 it received a follow-up request to insure equity worth USD 450mn needed for an expansion of the plant.
Development outcome	The project currently employs more than 3,000 workers directly, and approximately 10,000 workers indirectly. With the completion of the projects expansion, the employment figures are expected to treble. Once all four phases of the projects are complete, the facility will have a combined production capacity of 4 million tons per annum, which would make Tosyali Steel Algeria the 4th largest integrated steel plant in Africa. In addition to the creation of new jobs, the project has facilitated the transfer of industrial expertise between two Member Countries. The project is also expected to ease the pressure on the Algeria's treasury as it will help reduce the related import expenditure. Regarding the community effects of the project, the investors have financed the construction of a Mosque at the location of the plant and have supported the renovation of two historical structures in Oran.
Key result areas	Member Country Development, Human Development

Support for Strategic Sectors and Infrastructure Development in Member Countries

ICIEC has supported various infrastructure development projects in the last three years, amongst others in Turkey, Egypt, Pakistan, Bahrain, Algeria, Senegal and Cameroon. These projects covered a variety of sub-sectors including health, social and transportation infrastructure and energy.

In Turkey, renewable energy generation received a boost when ICIEC reinsured an amount of USD 80mn to support the construction of four wind farm projects worth a total of USD 370mn. Upon completion, the four projects will generate an environment-friendly additional electricity capacity of 316 MW. They will contribute to reducing Turkey's electricity imports, lessen dependency on fossil fuels, and will have a positive ecological impact through the reduction of CO_2 emissions. The projects also help create jobs, support the local economy via local procurement of services and equipment, foster technology transfer, and improve the local transmission-line infrastructure.

FIGURE 10: MEMBER COUNTRIES INVESTMENTS INSURED SINCE INCEPTION



ICIEC has also reinsured Atradius Dutch State Business N.V. by covering a medium-term financing provided to the government of Niger to enable the construction of a multifunctional central market in Zinder, Niger. The new market will contain over 200 shops, including public facilities such as first aid, rooms for training, etc. It aims at improving the economic infrastructure, creating jobs, and increasing trade with neighboring countries such as Nigeria and Chad. This project is at the heart to ICIEC mandate to support infrastructure projects in Member Countries and help them attract adequate funding from the international market to support their economic development. ICIEC reinsurance support for this project amounts to EUR 11.6mn.

CASE STUDY: DIVERSIFYING EGYPT'S ENERGY SOURCES IN LINE WITH NATIONAL STRATEGIES

Country	Egypt
Volume	USD 35 million
Tenor	15 years
Product	Non-Honouring of Sovereign Financial Obligation
Client	Afreximbank
Context	Egypt is one of Africa's main oil and gas producers, but it is also the continent's largest consumer of energy. Several factors as rising demand, natural gas supply shortages, aging infrastructure, political instability and inadequate generation and transmission capacity have in recent years resulted in a power crisis for Egypt. To overcome the crisis, the Egypt Government is implementing an integrated strategy to bridge the gap between supply and demand of energy by issuing amongst others a new investment law.
ICIEC's role	The transaction involves the construction of power plants with a total installed capacity 2,672 MW in various locations in Egypt (Assiut, West Damietta Port Said, Hurgada and Sharm El Sheikh). Afreximbank, as the mandated lead arranger and original lender, entered into a USD 525mn facility agreement with the Egyptian Electricity Holding Company (EEHC) aimed at supporting the company to contribute more effectively to the Egyptian energy and power pool. The facility was used by the EEHC to import gas turbines and other related equipment supplied by General Electric and Orascom Construction in the context of Egypt's Emergency Power Plan. ICIEC provided a USD 35mn insurance cover to Afreximbank. Thereby, ICIEC is covering Afreximbank's participation in the financing of the construction of power plants against the risk of Non-Honoring of Sovereign Financial Obligation for 5 years.
Development outcome	ICIEC's support to the transaction is in line with its strategy of supporting Member Countries' energy sector development and increasing the power generation capacity to support the energy needs of the country. This will stabilize the Egyptian grid and secure its base load under the Emergency Power Plan. This increase in electric power will also contribute to the local economy and support private sector development, and specifically to large industries consuming high voltage electricity. Thus, the power plant project will increase Egypt's competitiveness and allow development of industries involving production lines that need continuous power.
Key result areas	Member Country Development

Improved access to trade finance for LIC/LDC Member Countries

ICIEC's risk mitigation services are especially crucial in Low Income and Least Developed Countries where market failures in regard to the adequate provision of trade finance are assumed to be highest. Currently 14 of ICIEC's 44 Member Countries are classified as LIC and/or LDC. In the last three years, ICIEC's exposure in LIC and/or LDC Member Countries has increased significantly—while absolute numbers still remain relatively low. Notably the vast majority of insured transactions represent imports from other OIC Member Countries. At the same time, ICIEC insures 42 Issuing Banks in LIC and/or LDC Member Countries under its DCIP, helping said banks to access international financial markets and build their trade finance practice.

A quarter of corporate STP policyholders, who responded to ICIEC's development effectiveness survey, said that ICIEC helped their firm enter new markets between 2015 and 2017. These markets included African LDC markets. For example, one respondent reported a USD 11mn export to Mali because of ICIEC coverage. Meanwhile, one surveyed CSTP policyholder was able to do USD 153mn worth in exports to new markets—namely LDC African countries and Bangladesh—because of ICIEC's cover. Another CSTP policyholder reported a new market entry intro Niger which was facilitated by ICIEC.

Overall, ICIEC has facilitated a growing volume of trade with Low Income and Least Developed Countries. Currently, exposure in LIC/LDC represents 8% of ICIEC's total exposure.

FIGURE 11: OVERVIEW OF LIC/LDC EXPOSURE IN 2015–2017

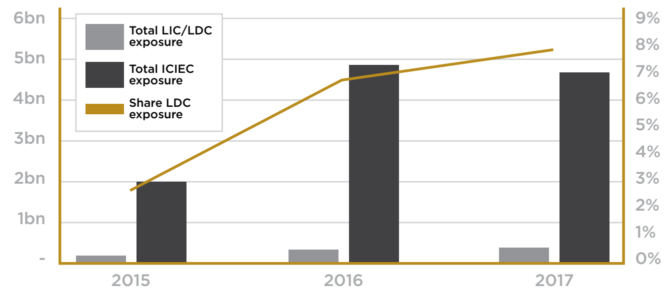


FIGURE 12: LIC/LDC EXPOSURE PER COUNTRY 2015–2017

	2015	2016	2017
Benin	1,871,651	10,449,523	3,525,170
Burkina Faso	4,835,855	444,569	140,059
Chad	3,781,343	13,650,158	3,599,409
Djibouti	8,795,128	5,320,396	0
Gambia	0	0	0
Guinea	722,603	649,792	451,418
Mali	12,546,462	12,518,211	12,138,554
Mauritania	899,834	5,540,797	5,952,822
Mozambique	0	0	102,097
Niger	216,720	21,254,061	56,513,671
Senegal	22,779,892	41,933,809	63,511,522
Sudan	793,057	223,440,260	223,440,273
Uganda	771,788	1,266,300	1,390,804
Yemen	0	260	273

HUMAN DEVELOPMENT

In line with IDBG's 10-Year Strategy and the Sustainable Development Goals, ICIEC has identified Human Development as a key result area and going forward seeks to gather evidence for how it makes a difference in the quality of individual human lives. Thereby Human Development is considered as much an outcome of ICIEC's services as well as a continuous process in the overarching strive for universal and inclusive development that ICIEC is contributing to. While Human Development advancements are also pursued in projects that are captured under ICIEC's previously described key result areas, ICIEC decided to prominently feature Human Development as a stand-alone development theme to underline the importance of considering and measuring the impact of development projects on its ultimate beneficiaries in terms of:

- jobs created or retained,
- access provided to new and improved basic social services, and
- access provided to infrastructure.

Job creation

Through FDI, or by supporting exporters, ICIEC contributes to creating new jobs or sustaining existing jobs in Member Countries. Greenfield investments or expansion of existing foreign-held enterprises often generate significant employment. ICIEC facilitated the creation of 16,770 jobs in 2015 and 22,524 jobs in 2016 an increase of 34% on a year-on-year basis. At the same time, these investments add much needed modern, sustainable and reliable infrastructure to Member Countries, improving the quality of life for their citizens.

Access to new and improved social services

CASE STUDY: UPGRADING TURKEY'S HEALTH SECTOR SYSTEM

Country	Turkey
Volume	EUR 172 million combined
Tenor	Up to 18 years
Product	Non-Honoring of Sovereign Financial Obligations and Breach of Contract
Client	Sumitomo-Mitsui Banking Corporation, Siemens Bank, MIGA
Context	ICIEC is supporting Turkey's comprehensive Healthcare Transformation Program (HTP) which consists of 35 new integrated health campuses, with a total capacity of over 40,000 beds. Turkey's HTP aims to improve its medical education, training and service delivery by creating a new, modern, and efficient public health infrastructure and by providing widespread and higher quality healthcare services to the public. The programme constitutes an important milestone in the major transformation of Turkey's healthcare sector as it aims to facilitate access to healthcare services for a larger part of the population through the use of innovative financing mechanisms.
ICIEC's role	ICIEC alongside other MDBs such as The Islamic Development Bank, European Bank for Reconstruction and Development (EBRD) as well as Black Sea Trade Development Bank (BSTDB) has been supporting Turkey in the implementation of its HTP since 2015 and has provided insurance cover for four hospitals amounting to EUR 142 million and a reinsurance cover to MIGA for the Elazig PPP Hospital amounting to EUR 30 million.
Development outcome	The hospitals supported will provide around 3,000 beds and are expected to serve nearly 10 million people. Yozgat and Adana PPP Hospitals have commenced operations. The construction of the other hospitals is underway creating jobs for local people. When the hospitals are ready there will be enough room for many resident doctors as well as interns and other health personnel.
Key result areas	Member Country Development, Human Development

Access to infrastructure

Improving access to infrastructure is among the top priorities of ICIEC's Member Countries and ICIEC's multilateral and preferred creditor status make it an attractive partner for investors and stakeholders embarking on such projects. It is therefore that ICIEC is involved in many of the major infrastructure projects in its Member Countries from planning stages onwards.

In Turkey, ICIEC provided a "Non-Honouring of Sovereign Financial Obligations" cover for the financing of Istanbul's Uskudar-Umraniye-Cekmekoy metro line amounting to EUR 113 million with 5 years tenor. The driverless metro line will be the first of its kind in Turkey.

Widening the metro-based transportation network is the only option for the City of Istanbul and the region, in order to carry huge number of passengers and decrease the number of vehicles in the road traffic. It will absorb a large part of the road transportation that affect the environment especially in terms of congestion and CO_2 emission.

CASE STUDY: BOOSTING SENEGAL AS REGIONAL AIRLINE HUB

Country	Senegal
Volume	EUR 50 million
Tenor	15 years
Product	FIIP
Client	Industrial Development Corporation (IDC), South Africa
Context	The new Blaise Diagne International Airport (AIBD) is at the heart of Senegal's President's "Emerging Senegal" plan and is regarded as a test for Senegal's economic prospects. It forms part of a suite of plans to relieve the congested capital with a recently constructed conference centre, housing and planned stadium. The infrastructure project further aligns with the country's plans to invest more heavily in its tourism sector. AIBD is linked to Senegal's toll motorway and it will be connected to the capital by high-speed train in 2019.
ICIEC's role	ICIEC issued an insurance policy to the IDC of South Africa for its EUR 50mn financing. The cover is against Expropriation, War & Civil Disturbance and Breach of Contract. The tenor is for 15 years.
Development outcome	The airport was completed by the Turkish Limak-Summa consortium and inaugurated in December 2017. A joint venture company of Limak, Summa and AIBD SA (LAS) has signed a 25-year concession agreement with the State of Senegal for the operation of the new airport. Limak, a leading airport operator will greatly contribute the know-how transfer from international airport management experts to local management. The airport is expected to host 3 million passengers in the first phase and in 2023 and 2035, the number of passengers is expected to increase to 5 million and 10 million respectively. AIBD has a 5,600 square meter cargo area with 50,000 tons capacity to support the export of goods from Senegal. During the operation phase the airport will employ about 427 full-time employees (of which 197 are expected to be female employees). During construction, 2,034 persons have been employed on site (including sub-contractors), of which 85% are local workers. The Airport apron is 260,000 square meters big and has a parking capacity for 79 airplanes. 80,000 planes are expected to land and take-off annually. The New Airport facilities will include a state of the art passenger terminal designed to accommodate a wide range of aircrafts through 6 aerobridges, 30 aircraft stands, a cargo building compatible with the airport's long term plan, as well as other specialized terminals and facilities. This will advance Senegal as a regional airline hub and boost the tourism industry and air cargo.
Key result areas	Human Development, Member Country Development

ICIEC'S CONTRIBUTIONS TO MEETING THE SDGs

The Sustainable Development Goals (SDG), led by the United Nations, emerged in September 2015 as part of a new global agenda (Agenda 2030) for comprehensive and sustainable human development. These goals encompass social, economic and environment dimensions of development and have played an important role in shaping ICIEC's strategy as well as the development outcomes it seeks to achieve. Hence, this chapter discusses how ICIEC is supporting Member Countries achieve certain sustainable development goals.

ICIEC'S ROLE IN SDGs

ICIEC's pursuit of the SDGs is threefold. Firstly, as part of IDBG it contributes to IDBG's 10-Year Strategy, which is in turn aligned to the SDGs. Secondly, ICIEC's mandate is to support the sustainable economic development of its Member Countries through provision of its services and thereby supports the Member Countries advancements with view to the Goals. Finally, it acts as a catalyst for private sector capital to be mobilized and directed towards the achievement of the SDGs.

ICIEC'S CONTRIBUTION TO SPECIFIC SDGs AND TARGETS

Through its activities and services ICIEC promotes the following 6 SDGs and respective targets. This is depicted below.

SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture

More than 790 million people worldwide still lack regular access to sufficient nutrition. Reducing the proportion of undernourished people worldwide through sustainable food production systems and resilient agricultural practices has been identified by the international community as an important stepping stone. Increased and targeted investments towards systems which enhance capacity for agricultural productivity are therefore required.

Respective targets which are in line with ICIEC's mandate:

> ***TARGET:*** *By 2030,* ***double the agricultural productivity and incomes of small-scale food producers,*** *in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge,* ***financial services, markets and opportunities*** *for value addition and non-farm employment.*

> ***TARGET:*** *Increase* ***investment, including through enhanced international cooperation, in rural infrastructure,*** *agricultural research and extension services, technology development and plant and livestock gene banks in* ***order to enhance agricultural productive capacity in developing countries, in particular least developed countries.***

ICIEC backing allows exporters of agricultural technologies and equipment to realize financial advantages such as more consistent cash flows and gives them confidence to expand their operations into OIC markets otherwise deemed too risky. Similarly, ICIEC provides insurance options to banks in Member Countries with clients seeking to import goods and services linked to the agricultural industry, allowing these importers to increase their access to financial services for their own agricultural activity.

FIGURE 13: BUSINESS INSURED IN AGRICULTURAL SECTORS (ALL ST) (2017)

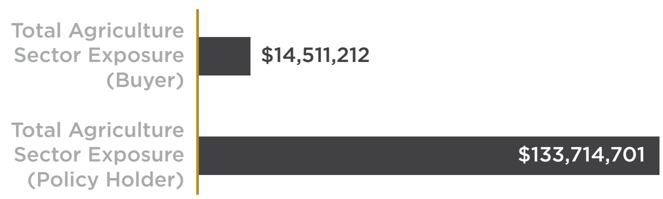


FIGURE 14: BUSINESS INSURED IN AGRICULTURAL SECTORS, BY COUNTRY (2017, BUYER)

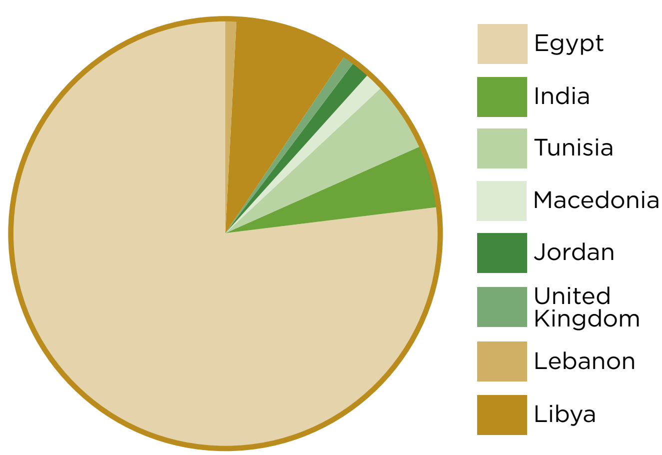
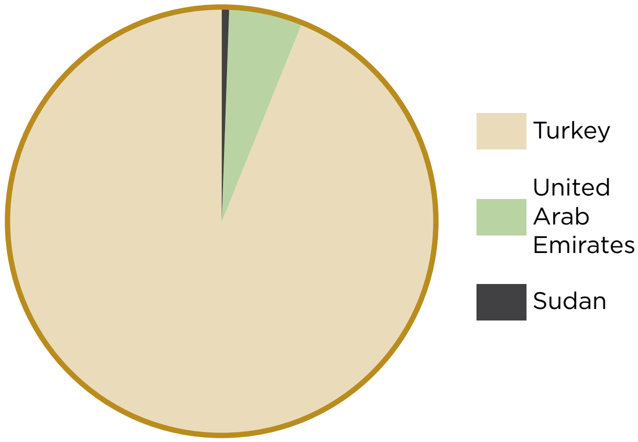


FIGURE 15: BUSINESS INSURED IN AGRICULTURAL SECTORS, BY COUNTRY (2017, POLICY HOLDER)



Additionally, in many LDC OIC economies, farming is the leading source of employment (formal as well as informal) but is not of a scale that lends itself to competitive advantage. Therefore, most LDC OIC economies are net importers of food and agricultural commodities and unable to fully harness the productive potential of arable land. ICIEC's commercial and political risk insurance increases the willingness of agricultural machinery exporters to do business with 'high-risk' OIC markets (usually high risk is associated with LDCs) which, in turn, increases access in those markets to productive assets, and ultimately can improve the agricultural productivity and incomes of small-scale farmers and food producers.

SDG3: Ensure healthy lives and promote well-being for all at all ages

Major health challenges are common to many emerging economies around the world. Many people do not yet have access to proper health facilities, medicines and vaccines, maternal and child health is poor, life expectancy is low, and significantly lower still in the least developed countries. This goal is designed to address various health priorities through increased financing in health sectors and greater investment in research and development. It aims to improve the capacity of all countries to reduce and manage health-related risks and improve access to safe, effective, quality and affordable health care for all.

Respective target which is in line with ICIEC's mandate:

> ***TARGET:*** *Achieve universal health coverage,* ***including financial risk protection, access to quality essential health-care services*** *and access to safe, effective, quality and affordable essential medicines and vaccines for all.*

ICIEC has played an important role in supporting major investors and businesses in the healthcare industry by providing coverage for political and commercial risks. Through its FIIP policy, ICIEC is able to support investments in healthcare projects, for example the construction of hospitals, or expansion of existing medical and medical research facilities, which in turn increases the capacity of the economy where the investment has occurred to provide essential health-care services. ICIEC also supports the activities of exporters, including those which are in the medical supplies and equipment, and pharmaceuticals industries, allowing them to supply markets around the world with necessary medical inputs while maintaining their competitive advantage.

The number of countries in which ICIEC has insured health care infrastructure has increased from 1 in 2015 to 3 in 2016 and then 4 in 2017. Subsequently, the dollar value of health care investments insured by ICIEC has grown from USD 39.5mn in 2015 to USD 244.7mn last year.

FIGURE 16: ICIEC'S HEALTH SECTOR EXPOSURE (2017, BUYER)

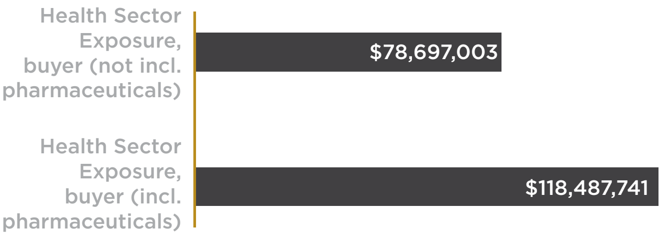
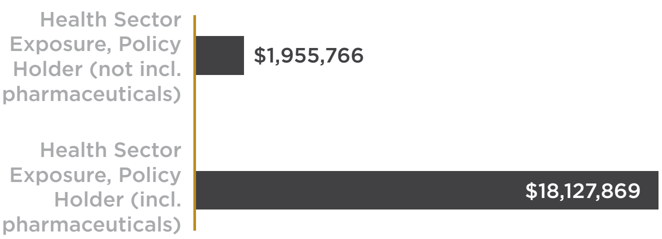


FIGURE 17: ICIEC'S 2017 HEALTH SECTOR EXPOSURE (2017, POLICY HOLDER)



SDG7: Ensure access to affordable, reliable, sustainable and modern energy for all

Affordable and reliable energy is a fundamental input for production and key factor for economic growth and development. A large share of global energy is obtained through fossil fuels, and this benefits various OIC countries that are endowed with natural energy resources to generate energy and export revenues—particularly crude oil and natural gas.

However, low levels of access to affordable and consistent energy supply is a key issue among many OIC countries. The most recent available data shared by SESRIC indicates that in slightly over 30% of OIC countries at least 40% of the population did not have access to electricity. In some countries, access was as low as only 10–20% of the population. In Chad, the latest figures suggested that only 8% had sufficient access. This said, in nearly every OIC country access to energy had improved over subsequent years.

In addition, uptake of renewable energy is varied across OIC countries. The share of renewable energy in total final energy consumption across the OIC was at 33% in 2014. Many lower income economies are net energy importers and reliant on expensive energy sources such as oil and gas which also have detrimental environmental outcomes. Many of these countries are well endowed with renewable energy sources but have not been able to leverage their full potential. Hence, while this goal seeks to expand access to electricity and energy it also aims to do so in a sustainable manner, such as via renewable sources.

Respective target which is in line with ICIEC's mandate:

> ***TARGET:*** *By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support.*

Since its inception, ICIEC has supported numerous power generation projects and has been increasingly instrumental to the introduction of renewable energy technologies in its Member Countries. Recently, ICIEC has been supporting Egypt in solving its power crisis by facilitating numerous power generation projects including small scale solar energy generation projects. In Turkey, ICIEC supported the construction of four Wind Farm projects worth a total of USD 370mn.

FIGURE 18: ICIEC'S ENERGY SECTOR EXPOSURE (2017, BUYER)

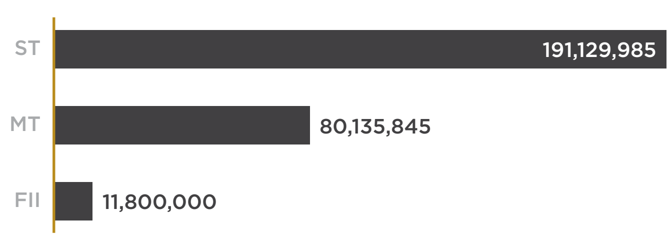
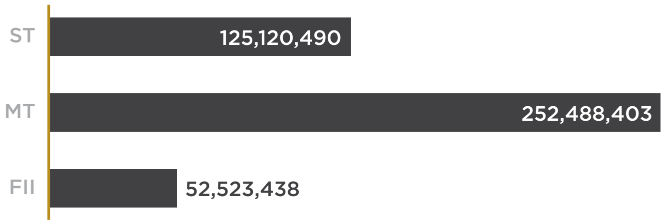


FIGURE 19: ICEIC'S ENERGY SECTOR EXPOSURE (2017, POLICY HOLDER)



SDG 8: Promote inclusive and sustainable economic growth, employment and decent work

The average annual growth rate of real GDP per capita worldwide has decelerated in recent years, with the average annual GDP growth in the least developed countries following suit. Sustainable and inclusive economic growth is fundamental for social and economic livelihoods. Therefore, this goal is about increasing labour productivity and reducing unemployment rates. It also seeks to eradicate child labour. Globally, women and youth (aged 15 to 24) are more likely to face low wages and unemployment than men and adults aged 25 and over.

Respective targets which are in line with ICIEC's mandate:

TARGET: *Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.*

TARGET: *Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors.*

TARGET: *By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.*

Trade and investment directly contribute to economic growth, by supporting growth of businesses and in-country manufacturing capacities, and by increasing the added-value generated on goods and services. Therefore, ICIEC's activities facilitate the achievement of this target among Member Countries. Moreover, ICIEC has a focus on, *inter alia*, improving the economic and social standing of LDC Member Countries. Hence, it supports project investments in LDC Member Countries which improve GDP growth; and provides political and commercial risk insurance to LDC exporters (improving their commercial standing) as well as for imports that represent essential inputs to LDC member country businesses' productivity.

GDP growth rates of OIC countries stayed around 3.3% between 2015–2017. However, the growth prospects for the OIC countries are expected to increase to 3.9 and 4.1 percent during 2018 and 2019 respectively.[1] When OIC labour force data is disaggregated by gender, 66.7% of the total labour force is male (13.2% is youth and 53.5% is adult) and the remaining 33.3% is female (7.2% youth and 26.1% adult).

ICIEC has played an important role in facilitating investments in Member Countries that support more labour intensive sectors such as agriculture and textiles. Moreover, in supporting trade and investment it also helps to create an optimal environment for a technology and knowledge transfer, which can improve productivity and help to up-skill the local workforce.

[1] SESRIC

FIGURE 20: LABOUR-INTENSIVE SECTORS EXPOSURE (2017, BUYER)

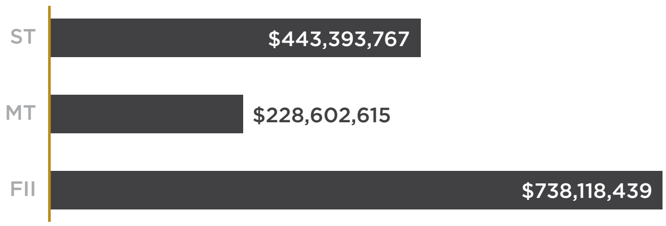


FIGURE 21: 2017 LABOUR-INTENSIVE SECTORS EXPOSURE (2017, POLICY HOLDER)

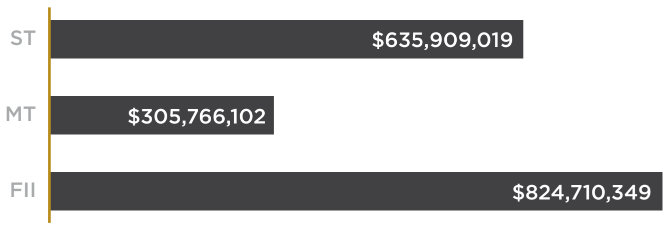


FIGURE 22: ICIEC'S LABOUR-INTENSIVE SECTORS EXPOSURE BY MEMBER COUNTRY, BUYER

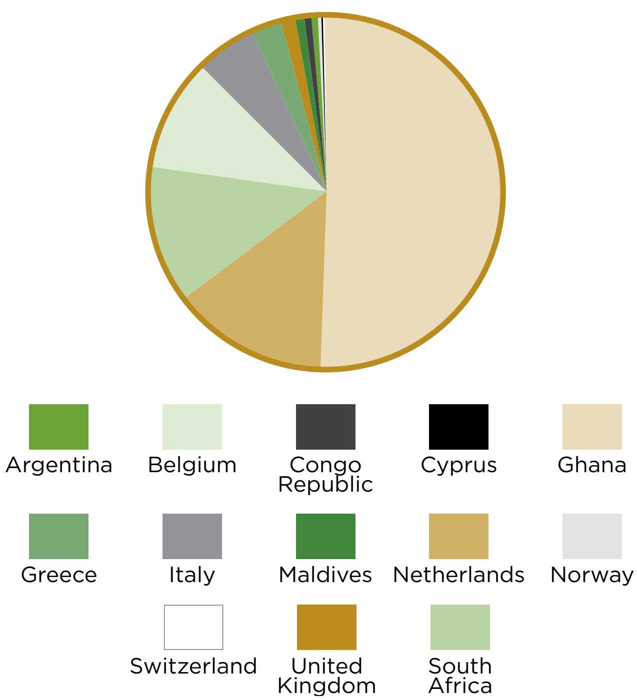
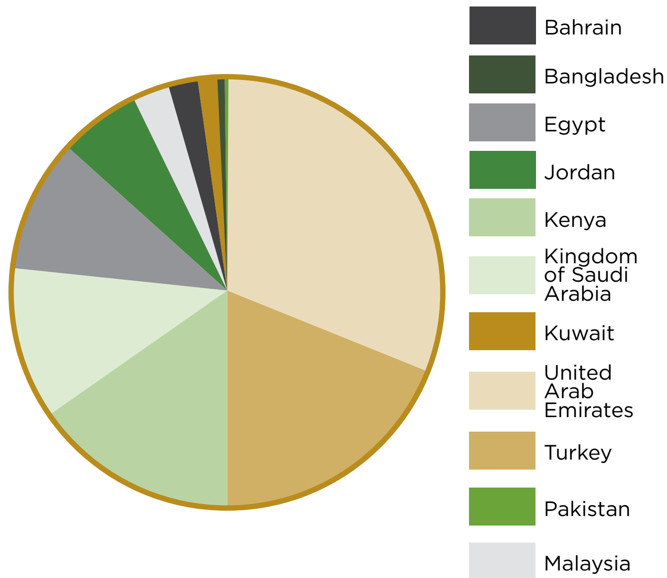


FIGURE 23: ICIEC'S LABOUR-INTENSIVE SECTORS EXPOSURE BY MEMBER COUNTRY (2017, POLICY HOLDER)



Trade and investment have been shown to generate employment and generally enable businesses to expand their operations and productivity. ICIEC's products for corporates, banks and FIs, and ECAs all facilitate greater trade and investment in Member Countries. SMEs employ the majority of the global workforce (the median employment share of SMEs across countries is 67%).

SDG9: Build resilient infrastructure, promote sustainable industrialization and foster innovation

Infrastructure, industrialization and innovation are three fundamental aspects of sustainable development. Infrastructure includes basic physical systems and structures that support the basic operation of a society or enterprise (transportation, water systems, waste management etc.) Industrialization drives economic growth, creates job opportunities and thereby reduces income poverty. Innovation advances the technological capabilities of industrial sectors and prompts the development of new skills.

Respective targets which are in line with ICIEC's mandate:

> ***TARGET:*** *Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.*

> ***TARGET:*** *Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and SIDS.*

ICIEC's BMP and DCIP products promote access to finance, or financial services, for SMEs by protecting banks' balance sheets against commercial and political risks and thus giving them greater confidence to extend their services to SME exporters. This also enables imports and exports between Member Countries and third countries, of which developing countries are included. Furthermore, ICIEC actively promotes value chain integration of local producers as well as penetration of new markets.

This target is at the core ICIEC's mandate, for more than 20 years infrastructure has been one of ICIEC's key focus sectors. ICIEC actively promotes infrastructure development and is uniquely positioned to bridge political risk associated with large-scale infrastructure projects.

FIGURE 24: INFRASTRUCTURE EXPOSURE (2017, BUYER)

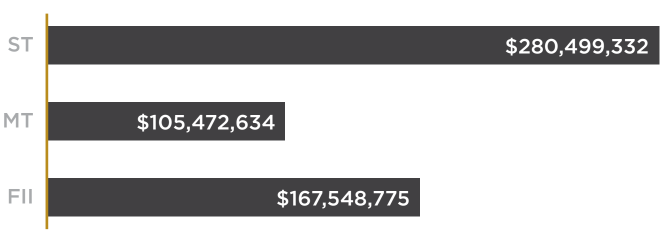


FIGURE 25: INFRASTRUCTURE EXPOSURE (2017, POLICY HOLDER)

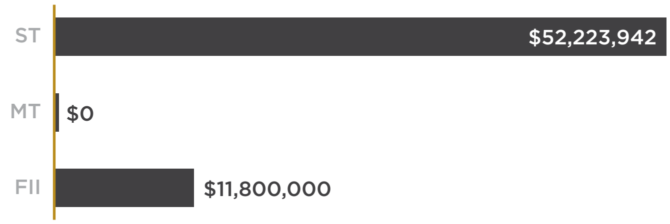


FIGURE 26: INFRASTRUCTURE EXPOSURE BY MEMBER COUNTRY (2017, BUYER)

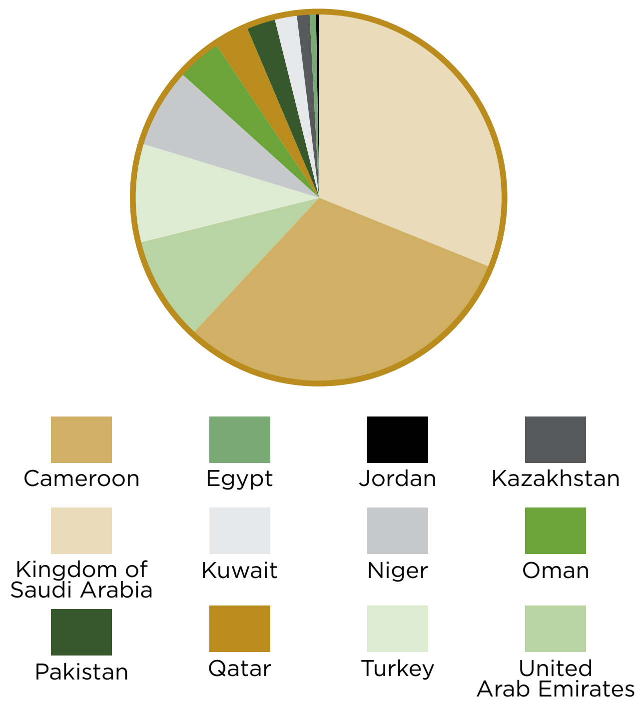
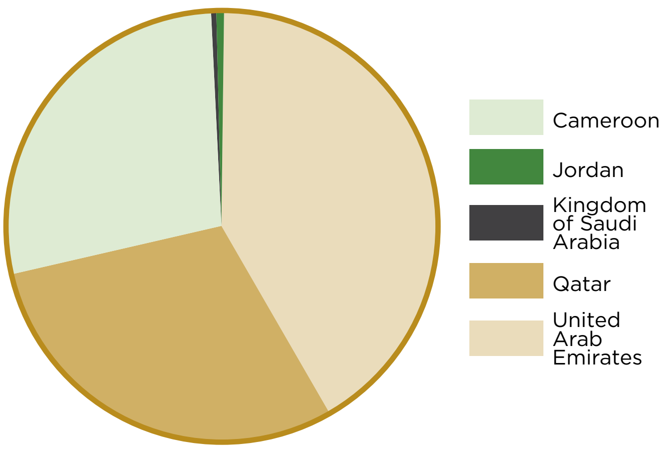


FIGURE 27: INFRASTRUCTURE EXPOSURE BY MEMBER COUNTRY (2017, POLICY HOLDER)



SDG 17: Revitalize the global partnership for sustainable development

Partnership and cooperation is recognized as essential for achieving the SDGs. The 2030 Agenda seeks to bring together Governments, civil society, the private sector, the United Nations system and other actors to mobilize as much resources as possible effectively.

Respective targets which are in line with ICIEC's mandate:

***TARGET:** Mobilize additional financial resources for developing countries from multiple sources.*

***TARGET:** Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020.*

ICIEC is geared to unlock and mobilize additional financial resources that would otherwise—due to the commercial and political risks involved—not flow into and between ICIEC's Member Countries. In particular, ICIEC's support encourages the participation of banks, investors, corporates, and national ECAs in export transactions with, and investments in, risky markets—frequently also involving extended credit periods for capital goods or associated with developing countries.

ICIEC contributes to this target in three significant ways. Namely, it: 1) enables investments into developing countries that build productive capacity and manufacturing base; 2) promotes financial sector development in developing countries with a focus on access to specifically (trade) finance for businesses (especially SMEs) to be able to finance exports; and 3) provides insurance for exporters to mitigate risks associated with exporting and facilitate further access to finance.

COUNTRY	IMPORTS	EXPORTS	"OUTWARD INVESTMENT"	"INWARD INVESTMENT"	TOTAL	%
ALGERIA	1,154,681,858	513,892,107	0	706,495,000	2,375,068,965	3.25
BAHRAIN	157,855,477	4,588,684,566	0	505,547,633	5,252,087,676	7.18
BANGLADESH	1,602,819,713	6,737,473	0	90,003,469	1,699,560,655	2.32
BENIN	51,526,939	0	0	0	51,526,939	0.07
BURKINA FASO	37,645,898	0	0	0	37,645,898	0.05
CAMEROON	285,012,620	54,706,879	0	180,948,695	520,668,194	0.71
CHAD	18,458,716	0	0	0	18,458,716	0.03
COTE D'IVOIRE	227,031,880	0	0	1,106,620,839	1,333,652,719	1.82
DJIBOUTI	14,000	0	0	486,599,985	486,613,985	0.67
EGYPT	1,778,449,859	1,650,000,529	182,941,300	485,075,335	4,096,467,023	5.60
GABON	98,794,518	0	0	0	98,794,518	0.14
GAMBIA	14,385,383	0	0	0	14,385,383	0.02
GUINEA	72,683,049	0	0	0	72,683,049	0.10

COUNTRY	IMPORTS	EXPORTS	"OUTWARD INVESTMENT"	"INWARD INVESTMENT"	TOTAL	%
INDONESIA	191,450,679	0	0	591,596,217	783,046,896	1.07
IRAN	258,409,011	29,760,612	0	202,121,572	490,291,195	0.67
IRAQ	18,898,504	0	0	0	18,898,504	0.03
JORDAN	490,640,034	1,352,726,564	411,100,000	0	2,254,466,598	3.08
KAZAKHSTAN	104,049,089	20,846,670	0	0	124,895,759	0.17
KINGDOM OF SAUDI ARABIA	5,605,262,635	9,342,126,510	99,051,479	0	15,046,440,624	20.57
KUWAIT	357,696,739	100,587,012	47,370,831	0	505,654,582	0.69
LEBANON	659,300,975	43,706,280	0	250,000,000	953,007,255	1.30
LIBYA	91,662,036	0	0	12,061,100	103,723,136	0.14
MALAYSIA	55,393,216	40,394,833	328,798,182	0	424,586,231	0.58
MALI	151,263,418	0	0	20,296,000	171,559,418	0.23
MAURITANIA	208,621,617	0	0	0	208,621,617	0.29

COUNTRY	IMPORTS	EXPORTS	"OUTWARD INVESTMENT"	"INWARD INVESTMENT"	TOTAL	%
MOROCCO	508,991,679	418,811,878	0	0	927,803,557	1.27
MOZAMBIQUE	2,329,429	0	0	0	2,329,429	0.00
NIGER	72,879,604	0	0	0	72,879,604	0.10
NIGERIA	154,132,854	0	0	80,010,722	234,143,576	0.32
OMAN	202,530,410	653,008,732	0	0	855,539,142	1.17
PAKISTAN	2,450,801,331	698,242,126	0	457,709,942	3,606,753,399	4.93
QATAR	168,199,059	1,455,068,089	0	0	1,623,267,148	2.22
SENEGAL	351,834,313	2,534,800	0	684,747,748	1,039,116,861	1.42
SUDAN	348,592,019	219,553,150	0	558,667,268	1,126,812,437	1.54
SYRIA	89,805,822	152,271,138	0	35,309,731	277,386,691	0.38
TUNISIA	227,079,024	884,343,388	0	0	1,111,422,412	1.52
TURKEY	1,196,585,731	2,800,793,594	726,343,695	731,424,142	5,455,147,162	7.46

COUNTRY	IMPORTS	EXPORTS	"OUTWARD INVESTMENT"	"INWARD INVESTMENT"	TOTAL	%
UGANDA	7,405,796	0	0	0	7,405,796	0.01
UNITED ARAB EMIRATES	2,016,591,457	4,966,959,356	1,150,557,402	319,666,660	8,453,774,875	11.56
YEMEN	55,903,585	15,583,999	0	0	71,487,584	0.10

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