

## President of IDB Group Receives Awards from the 2009 London Sukuk Summit

### EDITORIAL

#### ECAs in OIC Member Countries to Meet in Beirut

ICIIEC's mandate, as stipulated in its Articles of Agreement, encourages it to cooperate and work in close partnership with its member country Export Credit Insurance Agencies (ECAs), both for the purposes of risk sharing and technical assistance.



In this context ICIIEC and Dhaman, (The Arab Investment & Export Credit Guarantee Corporation) are planning to organize the 1<sup>st</sup> Joint ECAs meeting in Beirut. The purpose of the meeting is to enhance cooperation between the two multilateral credit and political risk insurers. In addition it will witness insha'Allah the launching of the Joint Islamic and Arab ECAs union "Aman Union". Also following the ECAs meeting, the two institutions will co-organize a regional seminar for banks in collaboration with the Union of Arab Banks, to create awareness about the importance of export credit insurance as a tool for credit risk mitigation.

ICIIEC believes that cooperation among ECAs in member countries is extremely important in order to face the challenges and minimize the negative impact of the financial crisis, as well as to promote awareness of the role Export Credit Insurance plays in enhancing trade and exports of member countries.

**Dr. Abdel-Rahman Taha,**  
ICIIEC's General Manager



*H.E. Dr. Ahmad Mohamed Ali,  
IDB Group President*

**D**r. Ahmad Mohammad Ali, President of Islamic Development Bank (IDB) Group was recognized for his 'Outstanding Leadership in Islamic Finance' at the 2009 London Sukuk Summit held on 2nd July. The event awarded a host of regulators and bankers who have contributed significantly to the Islamic banking and finance growth.

Under the leadership of Dr. Ahmad Mohammad Ali, the IDB has become

one of the leading multilateral development banks fostering the development of member countries economies through promoting policies aimed at poverty alleviation, private sector development, the promotion of Islamic finance globally, and promoting intra-Islamic trade and investment.

The IDB also won the 'Most Innovative Sukuk Structure/Deal Award' for its US\$ 370 million Medium Term Notes facility issued in Malaysia.

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## Business Highlights

### ICIIEC Issues its Mid-Year Report

New insurance commitments for the first half of 1430H reached US\$ 1,1 billion, compared to US\$ 1.13 billion for the same period in 1429H. This means that 44% of the target (US\$ 2.5 billion) in terms of new commitments has been achieved. As a result, the current commitments at the end of second quarter reached US\$ 1,304 million.

The business insured (total utilization of the commitments) during the first half of has reached US\$ 697 million of business, registering a decrease of 37% from the comparable period of 1429H. This is mainly due to the slowdown in international trade caused by the current global recession. Thus, large credit limits which were provided to clients remain unutilized and are expected to be used in the coming months.

The total premium and fee income generated during the first half of 1430 was US\$ 6 million compared to US\$ 7.2 million during the same period of 1429H, an 18% decrease.

Despite the financial crises ICIIEC has successfully managed its underwriting portfolio and its worth mentioning that no claims were received during this period. As a result the Corporation financial results registered a surplus of US\$ 3.39 million.

### 2009 London Sukuk Summit Awards ICIIEC for its operation in Djibouti

At the 2009 London Sukuk Summit Awards, ICIIEC was honored for the 'Most Innovative Islamic Financing Transaction' for the Djibouti Container Terminal country risk insurance transaction.

In this operation, ICIIEC participated in the provision of political risk insurance cover for the project in Djibouti. The political risk insurance cover was led by the Multilateral Investment Guarantee Agency (MIGA) of the World Bank.



transaction was financed under an Islamic facility with various Islamic modes of financing, whereby the project brought in over US\$ 427 million in investment. It is expected that the project will triple the current capacity of Djibouti Port and will have a tremendous positive impact on the Djiboutian economy as the amount involved in the project is more than half the country's GDP.



ICIIEC participation in protecting the subject investment is in the form of providing reinsurance for US\$ 50 million to MIGA, against the risks of expropriation, transfer restrictions and inconvertibility, war and civil disturbance and breach of contract.

It is worth mentioning that the



## Cooperation with Partners in Member Countries

### ICIIEC, Shiekan and the Chamber of Sudanese Livestock Exporters Sign an MOU

In the presence of H.E Dr. Ahmad Mohamed Ali, IDB Group president, Ambassador Mohamed Fadl, The Consul General of Sudan in Jeddah, and Abdelaziz Abu Talib, the Economic Advisor at the Consulate of Sudan in Jeddah, ICIIEC, Shiekan Insurance and Reinsurance Co., the Export Credit Agency of Sudan, and The Chamber of Sudanese Livestock Exporters, signed on the 22nd of July 2009 a Memorandum of Understanding (MOU) at IDB headquarters in Jeddah. The MOU aims to set the appropriate legal framework of the promotion of the exports of livestock from Sudan to Saudi Arabia.

The MOU was signed by Dr. Abdel Rahman El-Tayeb Taha, the General Manager of ICIIEC, and Mr. Osman Elhedi Ibrahim, the Managing Director of Shiekan, and Mr Siddig Mohamed Hadoub, the President of the counsel of Sudanese Livestock Exporters.

According to the terms of the MOU, ICIIEC will reinsure all Shiekan livestock insurance business to Saudi Arabia.



*H.E. Dr. Ahmad Mohamed Ali, IDB Group President witnesses the signing ceremony*

**ICIEC Products in Focus**

## The Cover of Non-Honoring of Sovereign Financial Obligation

ICIEC released its new product the “Non-Honoring of Sovereign Financial Obligation” (NHSO) as an endorsement to its “Financing Facility Policy”. This new product will cover “the failure or inability of a sovereign, sub-sovereign or state-owned enterprise, whether as a prime obligor or guarantor, to pay in whole or in part a Scheduled Payment, in the Policy Currency, on the due date of Scheduled Payment.”

Historically, sovereign financial obligations have been insured by ICIEC under two types of insurance products, Contract Frustration (STP-type program insuring sales contracts to government buyers) and Breach of Contract (Non-honoring of arbitration awards under investment insurance program). In each case, the payment obligation has been directly linked to an underlying sales contract or project enterprise. Needless to say that ICIEC’s existing breach of contract cover will remain an important insurance product for transactions that do not benefit from government financial guarantees.

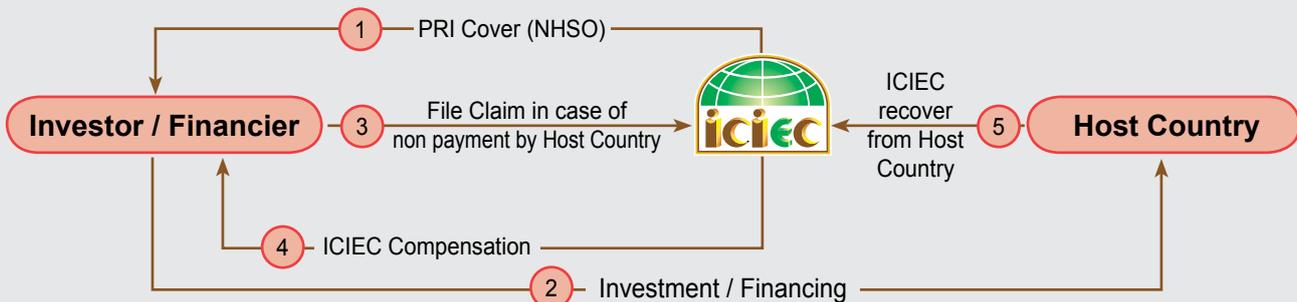
What is different in this new product is that there is no explicit linkage or requirement for an underlying sales contract or project enterprise. In fact the absence of an underlying contract of sale removes the issue of disputes over performance. Under the new Non-Honoring of Sovereign Financial Obligation (NHSO) cover, the policyholder will be compensated if the host government fails to pay within the specified waiting period, eliminating the need for an arbitration award.



*Khalid Kbalafalla  
Underwriter  
Investment Insurance  
Division*

It is expected that NHSO will be a suitable product for investments into projects that benefit from unconditional financial payment obligations or guarantees from host governments and it will allow ICIEC to respond to the development financing need of its member countries.

### NHSO Structure



### Focus on ICIEC Partner

## Hikma Pharmaceuticals of Jordan



Hikma Pharmaceuticals of Jordan is a multinational pharmaceutical group dedicated to improving the health and wellbeing of people in the markets it serves through the development, manufacture and marketing of a broad range of solid, liquid and injectable generic and in-licensed pharmaceutical products.

Hikma is a leading generic pharmaceutical company with a significant presence in the Middle East and North Africa (“MENA”) region, the United States and Europe.

Currently, it sells 369 pharmaceutical products in 767 dosage strengths and forms in 49 countries.

ICIEC-Hikma business relationship started in the year 2003, under the Foreign Investment Insurance program when ICIEC covered the country risk related to Hikma project in Algeria, where a pharmaceutical plant “Trust Pharma” was established. This plant manufactures products to be sold, first, in the Algerian market, and then exported to North African and European markets. The plant employs about 300 Algerian employees.

In 2006, ICIEC started covering Hikma exports to the worldwide. After the continued growth in the business insured by ICIEC, Hikma became among the most important customer of ICIEC.

ICIEC’s country risk insurance coverage of Trust Pharma, is a good example of how ICIEC foreign investment insurance services meet the dual goals of facilitating sustainable economic development of ICIEC/IDB Member States and serving the business needs of its policyholders.



## Conferences & Events

# ICIEC Participates in Al Baraka 30<sup>th</sup> Symposium

ICIEC recently participated in Al-Baraka Banking Group (ABG) 30th Symposium on Islamic Economics which was held on 5-6 Ramadan corresponding to 26-27 August 2009 in Jeddah.

Dr. Abdel Rahman Taha, the General Manager of ICIEC participated in the 3rd session which was devoted to bonds and credit insurance as commentator. He highlighted the various problems and issues faced by the Takaful industry including applying the Islamic Insurance Sharia model and called upon the Sharia scholars to resolve some of the outstanding issues. Also, Dr. Taha took the opportunity to present ICIEC experience in providing Sharia compliant credit and political risk insurance.

The symposium, which celebrated its 30th anniversary, is organized annually by Al-Baraka Group, championed by Sheikh



*From left to right: Prof. Anas Zarka, Dr. Abdul Sattar Abu Ghuddah, Mr. Osman Elhedi Ibrahim, Mr. Mahmood Jameel Hassouba, Dr Sh. Ali Mohieddine Al Quradaghi and Dr. Abdel-Rahman Taha*

Salik Kamel. Renowned Shariah scholars, bankers and experts discuss issues related to the application of Sharia rulings

to enhancement of Islamic banking and takaful insurance and propose recommendation to resolve these issues.



## ICIEC Participates in a Seminar on Financing for Trade in OIC Markets – Kuala Lumpur



ICIEC participated in a seminar on Financing for Trade in OIC Markets which was jointly organized by the Malaysian Exim Bank and ITFC of the IDB Group in Kuala Lumpur, on July 2009.

About 500 participants, representing the exporters' community, banks, and the press attended the seminar. Presentations were made by Malaysian Exim, TFC and ICIEC on financing and risk mitigation products offered by various entities.

ICIEC's delegation, led by its General Manager, Dr. Abdel-Rahman Taha who was one of the panel speakers on stage together with other distinguished members representing Malaysia Eximbank, ITFC, MATRADE, and Government of Malaysia representatives.



Prior to the seminar, ICIEC members met various potential and existing clients in Kuala Lumpur. In general, the mission was successful in raising ICIEC's profile and awareness amongst the business community in Kuala Lumpur.

*Expert Contribution*

## Financial Crisis: an Important Challenge for Multilateral Development Banks

During the past few months it has become clear that the credit crisis in the banking sector has an important negative impact on the global economy. Many countries have run into a recession and international trade and private sector investments have slowed down substantially.

Thus far many governments have made substantial investments in the financial sector to prevent a complete meltdown of the international financial system. Now these same governments face the challenge to take adequate measures to combat the economic downturn in their own countries. Although the current crisis originated from the developed world, it is very likely that the impact of the crisis on developing countries will be dramatic. This topic has thus far received limited attention by the international community.

I would advocate that the bilateral official Export Credit Agencies (ECAs) and the multilateral credit and investment insurers, such as ICIEC, could play a leading role in assisting governments to overcome the current crisis. Through their credit guarantees these public sector insurers can provide the necessary support for international trade and investments. Important is as well that official guarantees can help commercial banks to continue to provide finance while at the same time they can improve their current worrying solvency positions.

It is, however, a fact that the current dominant financial product for most multilateral development banks is direct lending to governments in developing countries (i.e. sovereign loans). Many multilateral development banks have a trade facilitation program, but the amounts involved are relatively small. In my view it would be of interest to these multilateral development institutions and their shareholders (i.e. governments) to use part of the funds for these sovereign loans for trade and investment guarantees to facilitate and support international trade and investments. These guarantees could be provided to commercial banks, exporters and investors that finance eligible public and private sector projects and trade. The commercial banks would then become a strategic partner (e.g. distribution channel) in fulfilling the mandate and objectives of the development banks. At the same time the guarantees could assist in solving the solvency constraints of the commercial banks. Through a substantial increase of multilateral guarantees the shareholders of the development banks (i.e. governments) would be able to create a win-win situation for all their main stakeholders (e.g. the development bank, (exporters and importers in) the member countries and the (inter)national banking sector).

**Paul Mudde**  
Sustainable Finance & Insurance  
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Paul Mudde is a consultant working for financial sector clients, with a focus on the credit insurance industry and sustainable development. In addition to his work as a consultant Mr. Mudde is chairman of Partos, which is the Dutch association of private development aid agencies. His extensive experience in the financial sector includes a stint with the Dutch ECA Atradius, where he was responsible for international relations. While with Atradius, he participated in various international groups, including the OECD Knaepen working group that developed minimum premia for political risks.

Mr. Mudde has also worked with ABN Amro Bank, where he was last responsible for the formulation and implementation of the bank's strategy on sustainable development.

### What do our Partners Say About ICIEC?

“As Lead Treaty Reinsurer Atradius Reinsurance Ltd is supporting ICIEC from the beginning of their adventure in Short Term Credit business. We are proud to see their Treaty premium growing nicely and healthy and their regional presence strengthen during the years.

The underwriting expertise of ICIEC combined with its superlative local knowledge enables us, in partnership with ICIEC, to offer terms and tenors on risks that we might otherwise reconsider.”



## IDB Group Investment Promotion Technical Assistance Program



### ITAP News and Activities

#### Needs Assessment for Guinea



Upon the request of the Ministry of Planning and Promotion of the Private Sector, a fact finding and needs assessment mission composed of ITAP and a delegation from ICIEC and IDB travelled to Guinea Conakry in July upon the request of the Ministry of Planning and Promotion of the Private Sector to help organize a workshop on private sector development.

The mission worked on identifying the needs of the country for developing the private sector and relevant government institutions. An action plan is under progress to organize a workshop that will enable the country to diagnose and identify factors which will contribute to the development of the private sector and enhance the country's ranking in the Doing Business Report.

#### Investment Guide for Djibouti



As part of Djibouti country program that has been developed for Djibouti for this year, a third mission to Djibouti took place at the end of July in which a consultant accompanied ITAP in order to follow up with the capacity building program and to collect further necessary information to complete the investment guide and project profiles. The consultant has submitted the first draft of an investment guide which is currently being reviewed by ITAP and he will be submitting the project profiles mid August.

#### Capacity Building for SIA of Syria



ITAP organized a familiarization program and study tour to Turkey in July for a delegation of the Syrian Investment Agency (SIA) and was successfully completed in cooperation with TOBB. This is part of the technical assistance project ITAP is implementing to help build the capacity of SIA and improve the investment environment in Syria.

### ITAP Upcoming Events

- ITAP in association with the Union of Chambers and Commodity Exchanges of Turkey (TOBB) will be conducting a Capacity Building Program for Investment Promotion Officials from Member Countries, in Istanbul, Turkey, from the 19th – 23rd of October, 2009 on Private Sector Operated Industrial Zones.
- Also ITAP in association with the Malaysian Industrial Development Authority (MIDA), will be conducting the 4th Capacity Building Program for Investment Promotion Officials of its Member Countries in Kuala Lumpur, Malaysia during the period 8-14 Nov. 2009. The program will be focusing on Investment Aftercare: Post Approval Facilitation of Project Implementation.

### ITAP Partners in Focus

#### The Jordan Investment Board (JIB)



The Jordan Investment Board (JIB) is a government organization dedicated to assistance and guidance whilst investing in our beloved Kingdom. A variety of complimentary services are provided to familiarize investors with the investment environment, potential opportunities, and grant tax exemptions as guaranteed under the Investment Promotion Law. Efficiency and speed of set up is assured through our One Stop Shop staffed by representatives from key ministries of importance to investors.



Established since 1995, as the investment promotional agency of Jordan, the Jordan Investment Board (JIB) provides investors with an array of impeccable services before, during, and after investment, becoming the one window for all investor needs.

JIB provides investment related information, highlight valuable investment opportunities in vibrant sectors and also offer pre-feasibility studies. Additionally, JIB liaises between investors and both the Jordanian public and private sectors to match make potential partnerships.

The Memorandum of Understanding (MoU) signed with JIB has been usefully implemented and resulted in the implementation of the following:

- ITAP, in association with the United Nations Conference for Trade and Development (UNCTAD) and the Jordan Investment Board (JIB) implemented a 10 day training program on International Investment Agreements and Dispute Settlement in Amman, Jordan from October 22nd to 31st, 2007.
- Also during the period 6-19 January 2008, ITAP and JIB have jointly organized a familiarization and training program for 6 investment promotion agency staff hosted by JIB.

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**IDB Group News**

**ICIIEC Welcomes New IDB Executive Director for UAE**



**H**on. Abdul Aziz Abdullah Al Zaabi, has been appointed by the United Arab Emirates (UAE) as an Executive Director in the IDB Board of Executive Directors, and ICIIEC's Board of Directors to replace Hon. Jamal Rashid Lootah. Hon Al Zaabi, is Chief Executive Officer of the UAE Real Estate Bank, he holds a Business Administration degree from San Jose State University, USA. He also serves on the boards of Takaful Re Ltd, National Bank of Ras Al Khaimah, Shaikh Zayed Housing Program, Dubai Civil Aviation Authority, Emirates Real Estate Corporation and other organizations in the UAE.



The General Manager of ICIIEC, welcomes honorable Al Zaabi and wishes him success in his mission as representative of United Arab Emirates.



**ICIIEC's GM Chairs the Task Force on IDB Group Synergy**

**D**r. Ahmad Mohamed Ali, Chairman of IDB Group appointed Dr. Abdel Rahman Taha, ICIIEC General Manager as Chairman of IDB Group Synergy Task Force (GSTF).

The terms of reference of the GSTF are to review the "IDB Group Reform Phase-1 Final Report" (Centennial Report), to study ways, means, mechanisms and strategies required to implement efficiently; functions of IDB department having a Group scope, shared services concept and the concept of group synergy in terms of enabling the IDB Group to act as one entity in delivering the IDB Group 1440 vision.

The Task Force started its meetings and formed four teams to focus on the different topics pertaining to IDB Group Synergy: IDB Group Governance, IDB Department having Group Scope, Shared Services, and Business Synergy,

The final report by the task force is expected to be presented to the President of IDB Group by the end of October 2009, and shall include its findings and recommendations, next steps, action plans, responsibilities and deadlines.

**IDB Appoints Rahimi as Director of the Administrative Services**

**U**nder the Management Renewal Exercise of the IDB Group Reform, our colleague Rahimi Ahmed Rahimi who used to head the Human Resources Management & Services Department of ICIIEC, has been appointed as the Director of Administrative Services Department in the IDB.



Rahimi's new position involves overseeing the proper delivery of a number of key services, including the Procurement, General Services, Government Relations, Medical Services, Security and other related services.

Rahimi's departure from ICIIEC will leave a big void in the Corporation. While we are sad to see him go, it does give us great pride to see him heading up such an important function in the IDB Group. All staff at ICIIEC wish Rahimi professional success and personal satisfaction.

**Member Country's ECA in Focus**

**The Export Credit Insurance Company of the Emirates**



**T**he Export Credit Insurance Company of the Emirates (ECIE) was established in 2006 to help companies in UAE make use of opportunities to grow their exports safely.



ECIE was set up primarily to help companies increase their export business by providing them with necessary protection against trade credit risks, thereby allowing them to manage their commercial and political risks better, and helping safeguard their balance sheets and increase profitability.

ECIE offers short-term trade credit insurance policies to companies based in the UAE which are engaged in manufacturing, value added trading and, the export of services, Insurance policies tailored by ECIE cover a Seller against the risk of non-payment by its Customers.

ECIE's partnerships include those with ICIIEC, Coface and the Arab Investment and Export Credit Guarantee Corporation (Dhamam).

**"In the first three months of operations, ECIE attracted a great deal of interest from UAE exporters, and the 1<sup>st</sup> Quarter of 2009 has been even better"**

Eng. Saed Al Awadi, CEO

## New staff Join ICIEC Family

### Muhammad Azzam,

Egyptian National, Joined ICIEC on 26 July 2009 as an Insurance Underwriter in the Short Term Insurance Department. Muhammad is a certified valuation analyst with more than 7 years of experience in corporate banking, structured finance and Investment banking.

Before Joining ICIEC he has served in many reputable organization, credit Analyst in HSBC (Egypt-based Commercial bank) , Financial analyst at Kharafi Group (Kuwait-based Multi-line conglomerate) and his last post was Manager - Principal Investment Group at Global Investment House (Kuwait- based Investment bank).



### Lotfi Zairi,

Tunisian National rejoined ICIEC on 15 August 2009 as Planning & Budget Coordinator in the Accounting and Finance Dept. Lotfi worked for ICIEC as a senior marketing officer during 2002-2006. Lotfi holds a MSc. in Economics from the University of Tunisia and has been working Banking sector for more than 21years. He started his career with B.E.S.T Bank – Tunis (Al Baraka Group) as Head of International Finance. He worked for various national and International institutions such as Qatar Islamic Bank, Islamic Finance Consultants” (Bahrain), Shamil Bank of Bahrain. In 2006, Lotfi joined Qatar International Islamic Bank, as Assistant General Manager, International Investment and Finance, where he spent almost 3years



## ICIEC Community News

### ICIEC Organizes Ramadan Iftar Gathering



*ICIEC's GM recognises the contribution of Rahimi*



On 9 Ramadan 1430H, ICIEC hosted Iftar gathering at Hayett Park, Jeddah Cornish. The function was attended by a significant number of staff and guests from other IDB Group entities, including the VP, Operations, Birama SIDIBE and Ahmad Hariri, Country Division Manager, Waleed Hefni, Compensation & Benefit Management Division Manager, and was honored by the presence of the Malaysian Businessman, Mohamad Radwan Alami, President of ALAMA Group.

During the Gathering Dr. Taha bid a farewell to Rahimi who had joined IDB, and highlighted his achievements at the Corporation and presented him a souvenir of appreciation to Rahimi and wished him a success in his new assignment.

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