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ICIEC ON TRACK TO REACH NEW HEIGHTS

I am pleased to report that Moody's has reaffirmed ICIEC's credit rating at Aa3, with a stable outlook. This is against the backdrop of heightened economic and political stress in a number of key markets and sectors that the Corporation operates in. During the course of this year, demand for ICIEC's products has increased steadily. This has brought on an attendant set of challenges – namely ensuring that the risks ICIEC is underwriting are of acceptable quality, and have the appropriate developmental impact on ICIEC's member states. New partnerships and reinsurance agreements have been signed during the year, enhancing the reach of the Corporation in supporting trade and investment needs of our member countries.

During the course of this year, ICIEC has been instrumental in ensuring a number of high-development impact projects got off the ground. Examples include the installation of a fiber-optic backbone in Niger, and investments in the upgrade of the Egyptian petroleum product infrastructure. Various other initiatives have also been undertaken, like an agreement with the Arab Tourism Organization for the promotion of tourism and commercial investment policies in Arab Countries, and a partnership with the World Association of Investment Promotion Agencies to accelerate foreign direct investment for sustainable development.

As part of its industry development initiatives, ICIEC has continued to actively engage Aman Union members. During the recently concluded annual meeting of the Union in Lebanon, there was a consensus that the members need to continue to raise their technical performance, knowledge, and capacities to ensure sustainable support for the mandates that the organizations have been entrusted with.

I would like to conclude by congratulating ICIEC's staff for the accomplishments of the Corporation in the preceding quarter. However, it is equally important to emphasize that we cannot rest

on our laurels and become complacent. The operating environment is becoming increasingly uncertain, and what is going to ensure we build a sustainable organization is ensuring that risk awareness is front and center of all of our thinking, and any transactions we enter into are grounded in this philosophy. It is understood that the ultimate objective of everything we do has to be ensuring that we are meeting the developmental targets of our member countries. Looking forward, I count on the continued support of all ICIEC stakeholders in building on successes.

Oussama A. Kaissi

Chief Executive Officer



A VISIONARY OF THE HIGHEST ORDER

To a visionary leader whose extraordinary dedication and governance as the President of the Islamic Development Bank (IDB), no words would ever be enough to express our sincere appreciation for the unequivocal assistance and guidance that brought us to where we are now.



Having served in his capacity as President, IDB Group, and Chairman of its Board of Executive Directors since its founding in 1975, Dr. Ahmad Mohamed Ali devoted his entire career for the development of the people, community, and society, with a vision to promoting socio-economic development in member countries and Muslim communities in non-member countries in conformity with Shariah.

Dr. Ali steered the Group firmly, at times against all the odds, in its commitment to alleviating poverty; promoting human development; science and technology; Islamic economics; banking and finance; and enhancing cooperation among member countries, in collaboration with the Group's development partners.

ICIEC has a first-hand account of the sterling leadership that Dr. Ali has demonstrated, which is reflected in the esteemed status that ICIEC now enjoys as a facilitator of trade and investment between member countries and the world through Shariah-Compliant risk mitigation tools and on track as a preferred enabler of trade and investment for sustainable economic development.

ICIEC will carry on this beacon to achieve the global development and sustained growth.

ICIEC FACILITATES DEVELOPMENT OF RENEWABLE ENERGY PROJECT IN TURKEY



Wind farm projects in Turkey get a boost after ICIEC reinsured Eksport Kredit Fonden (EKF) – the leading Danish ECA – for USD80 million to support the construction of four wind farm projects to generate electricity with a total capacity of 316 MW.

Irfan Bukhari, Director, Sales and Distribution Department at ICIEC, said, “We are very proud to start the cooperation with EKF, which is one of the most experienced ECAs in wind energy. We believe such

cooperation will be very much beneficial to ICIEC member countries.”

The wind farm projects will contribute in reducing Turkey’s electricity imports and lessen dependency on fossil fuels. The projects also help to create jobs, support the local economy via local procurement of services and equipment, foster technology transfer, empower local with new knowledge about renewable energy and improve the local infrastructure via road construction and transmission line improvements.

SUPPORTING THE MINING INDUSTRY IN KAZAKHSTAN



ICIEC supported SSGPO (Sokolov Sarbai Mining Production Association) – a mining company in Kazakhstan – purchase of 32 pieces of Hitachi dump trucks worth USD20 million from Mitsubishi Corporation, Japan. With the new dump trucks, SSGPO can replace its aging trucks, resulting in more efficient and accelerated business operations.

Mining is one of the most important sectors supported by the government of Kazakhstan. In 2010, the mining sector was included in the State Program of Accelerated Industrial Innovation and Development, which envisages the creation of additional 16,000 jobs and inflows of foreign direct investments of approximately USD\$13 billion into the sector.

SSGPO is the biggest iron ore mining company in Kazakhstan exporting to Russia and China as well as selling domestically.

EGYPT PETROLEUM NEEDS SUPPORTED BY ICIEC

ICIEC insured USD 100 million of the agreement entered into between Egyptian General Petroleum Company (EGPC) and the International Islamic Trade Finance Corporation (ITFC) for crude oil import into Egypt for the production of petroleum products.

ICIEC’s credit insurance helped to support the intra-trade between OIC countries and had a positive impact on securing Egypt’s electricity needs.



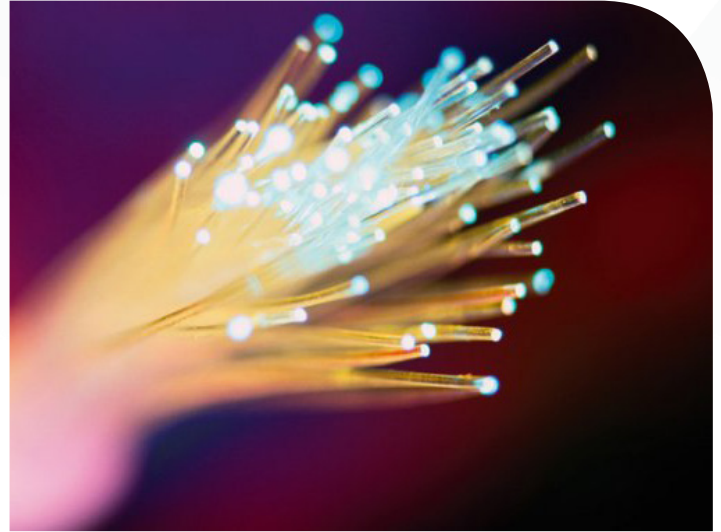
04 | OPERATIONS HIGHLIGHTS

SUPPORTING THE INSTALLATION OF FIBER OPTIC CABLES IN NIGER

ICIEC guaranteed the Letters of Credit (LC) issued by ECOBANK for the imports of fiber optic cables from El-Sewedy Electric. The reinsurance cover is for 7.1 million euros. This transaction demonstrated ICIEC's role as an enabler of trade and investment for sustainable economic development in member countries.

ECOBANK Niger is the biggest commercial bank in Niger and is a part of the leading pan-African ECOBANK Group that has operations in 33 countries across the continent. 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.

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).



ICIEC WINS 'GLOBAL ISLAMIC EXPORT CREDIT AND POLITICAL INSURANCE AWARD'



ICIEC was conferred the acclaimed "Global Islamic Export Credit and Political Insurance Award 2016" in the annual Global Islamic Finance Awards (GIFA) ceremony held in Jakarta on Sept. 29, 2016, under the auspices of Otoritas Jasa Keuangan (OJK) or the Financial Services Authority of Indonesia.

Commenting on the award, Mr. Oussama Abdel Rahman Kaissi, the Chief Executive Officer of ICIEC, "since ICIEC's establishment in 1994 as a Shariah-compliant multilateral investment and export credit insurance institution with full juridical personality, has metamorphosed into a highly-innovative institution providing diverse solutions that cater to manifold needs of customers in its 44 member countries and around the globe".

The Corporation has witnessed sustained growth in insurance operations for the year 1436H (2015G) in spite of strenuous worldwide conditions, with business insurance operations registering a 22% increase to reach US\$5.29 billion.

"Our excellent performance did not go unnoticed globally, with no less than the Moody's Investors Service affirming the Aa3 insurance financial strength rating (IFSR) for the ninth year in a row which recognizes our greater financial and operating leverage," he pointed out. "Receiving the Global Islamic Export Credit and Political Insurance Award 2016 will strengthen our resolve to build on this trend in the next year and beyond."

"Receiving the Global Islamic Export Credit and Political Insurance award will strengthen our resolve to build on this trend in the next year and beyond" Mr. Kaissi further said, "this achievement reflects the fruition of our hard work and commitment to excellence in the delivery of our Islamic financial services, and continued the quest for innovation in the promotion of our products despite the challenging global environment. Let us assure you that ICIEC will not rest on its laurels, for we know that this distinction emboldens us further to attain even better performance in meeting new challenges."

"GIFA prides itself on being the most authentic market-led awards in the global Islamic financial services industry," said Professor Humayon Dar, Founding Chairman of GIFA. "Since the first awards ceremony in Oman in 2011, GIFA has become the most prestigious Islamic Finance awards program in the world, respected and sought after by leading political personalities and countries involved in Islamic banking and finance."

Now in its sixth year, GIFA celebrates excellence and outstanding contributions of institutions and individuals towards the development of Islamic banking and finance industry.

ICIEC PARTICIPATES IN COP22, MOROCCO

ICIEC as a multilateral credit and political risk insurance Corporation plays a catalytic role in facilitating Renewable Energy projects in its member countries.

On the margins of COP22, which took place in Marrakech, Morocco, on November 15, 2016, ICIEC organized a high panel discussion (HPD) under the theme “ECA Risk Mitigation in Renewable Energy Investments”. The side event offered a valuable opportunity to showcase the benefits extended by ICIEC in cooperation with its partners to Host Countries, Investors, Lenders and Contractors involved in renewable energy Projects.

“Facilitating the financing of Renewable Energy projects in our member countries will play a major role in mainstreaming climate investments by developing innovative and scalable pilot projects, and investing in renewable energy projects,” said Mr. Irfan Bukhari, Director, Sales and Distribution Dept., ICIEC.

ICIEC has an important role in boosting the flow of such important investments in the Member Countries by offering to the foreign investor’s coverage against the political risks. This coverage is an essential tool for risks mitigation, which encourages equities holders and lenders to participate in the Renewable Energy projects.

The high-level panel discussion focused on the experiences they had while undertaking long-term investments in what are perceived to be



volatile and high-risk markets, yet very profitable markets. They agreed with the fact that their decision to make such long-term commitments were not only based upon financial viability but also the availability of political risk guarantees which safeguard of such financial returns.

Becoming more energy efficient is the first step toward reaching sustainability goals. Renewable Energy initiatives are now attracting the interest of businesses without negatively affecting their bottom line. In fact, going green can positively affect a company’s bottom line through energy efficiency and financially feasible renewable projects.

ATO ACCORD TO REINFORCE REGIONAL INVESTMENT

ICIEC has recently signed an agreement with the Arab Tourism Organization (ATO), an affiliate of Arab League (formerly the League of Arab States), for the promotion of tourism and commercial investment policies in the Arab countries.

ICIEC Chief Executive Officer, Mr. Oussama A. Kaissi and ATO Secretary General Ambassador, Sayed AlMokhtar Alhadrami signed the agreement for a three-year period effective from its signing on October 18, 2016. The new accord also expanded the scope of cooperation to include the commercial sector. The agreement is an extension of the appointment agreement signed on November 15, 2011 at the corporation’s headquarters in Jeddah, which assigned ATO as the agent to promote the services of the ICIEC in foreign investment insurance in Arab countries particularly in the tourism sector.

Mr. Kaissi said the “agreement would bring great benefit to the tourism sector because investors would like to see their investments insured, which reflects the value of having investment insurance.” He assured the success of the agreement through the organization’s various offices in Arab countries, in addition to its cooperation with the allied ministries and other tourism bodies in the Arab countries.



Mr. Kaissi further said “ICIEC being an investment and export credit insurance Corporation with a mandate to promote, protect and guarantee investment among member countries of the Organization of the Islamic Cooperation (OIC), would definitely aspire to further improve and grow the investment opportunities and latitude in the Arab countries both in tourism and trade sectors, with the strong support of Arab Tourism Organization.”



IDBG OPENS NEW OFFICE IN ABUJA AS SIGN OF STRONGER PARTNERSHIP WITH NIGERIA

The Islamic Development Bank Group (IDBG) has formally opened its Nigeria Country Gateway Office in Abuja recently with a mission to focus its services on health, agriculture, infrastructure, small and medium-scale enterprise and regional integration. The group said it was also considering the education sector, particularly bilingual education, among its priority service areas in Nigeria.

As one of the goals of IDB’s 10-year strategy is to increase its operations in its member countries, the inauguration of the CGO is a significant milestone in forging a stronger partnership with the government and people of Nigeria.

THE EVOLVING NATURE OF POLITICAL AND CREDIT RISK INSURANCE



By **Mohamud H. Khalif**,
Manager, Structured Finance and
Investment Insurance, ICIEC

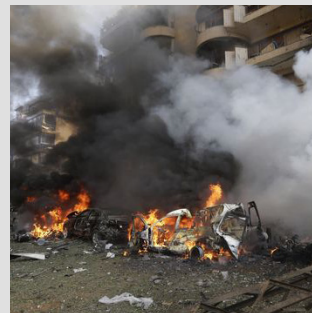
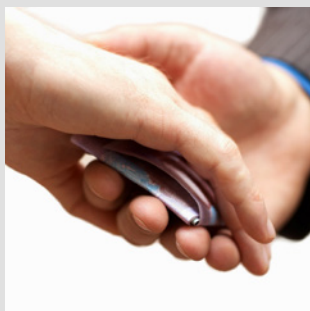
As a result of the recent geopolitical and macroeconomic changes, political risk insurance and credit enhancement products have taken a renewed importance for investors and suppliers of goods and services in the MENA and Sub-Saharan African regions.

Despite the fact that we like to live in a peaceful and worry-free world, the reality is indeed otherwise. There are, unfortunately, wars that erupt between nations as well as within countries every year. There are also economic and financial crises that happen more frequently these days than used to be the case, say a century ago. Other global risks include climate change, terrorism, disputes on maritime boundaries that involve multiple countries and other natural disasters of catastrophic proportions.



All these constitute risks to businesses, with the potential to disrupt the operations of companies. In fact, according to a study conducted by Willis and Oxford Analytica in early 2015, political risk alone could cost businesses that undertake cross-

border investments a third of their investments. In a survey conducted by the Multilateral Investment Guarantee Agency (MIGA) of the World Bank and the Economist Intelligence Unit (EIU) several years ago, political risk was ranked number one among a host of factors that are perceived to be obstacles to multinational companies and other foreign investors. Other constraints identified included macroeconomic instability, access to financing, corruption, access to qualified staff, infrastructure capacity, limited market opportunities and increased government intervention.



In that survey, breach of contract came on top of the list of specific political risks that investors were worried about, followed by transfer restrictions and currency inconvertibility, non-honoring of sovereign financial obligations (NHSO), expropriation and war and civil disturbance, in that order.

However, and in the context of the Middle East and Africa, war and civil disturbance has displaced breach

of contract as the leading cause of concern for foreign investors in these countries. This is the simple result of the political turmoil, which engulfed the region following the Arab Spring uprisings several years ago. Currency inconvertibility and transfer restrictions have also become serious risks due to the impact of the drastic decline in oil prices.

It is to be noted that, historically, penetration of political and credit risk insurance has been low in this part of the world. One (ironically positive) result of the uptick in geopolitical and macroeconomic upheavals in the region is the increase in demand for risk mitigation products. Nevertheless, the incidence of claims is to be expected to increase concurrently as well. The corollary of all this is that providers of political and credit insurance institutions, like ICIEC, need to tread carefully, while at the same time taking advantage of the increased demand for their products. In other words, selectivity and a more nuanced approach to risk management are going to be critical for the success (or lack thereof) of trade credit and foreign investment insurers in the future.





AMAN UNION HOLDS THE 7TH ANNUAL MEETING IN BEIRUT



AMAN Union Annual Meeting, a yearly gathering, which assembles Commercial, and Non-Commercial credit and political Risks Insurers and Reinsurers from member countries of the Organization of the Islamic Cooperation (OIC), and also a groundbreaking event for the global Islamic business community to meet, interact and transact business.

ICIEC CEO, Mr. Oussama Abdel Rahman Kaissi, as the Secretary General of Aman Union, delivered the welcome address at the 7th Annual Meeting of Aman Union held in Beirut, Lebanon on November 13- to 15, 2016 hosted by the Lebanese Credit Insurer (LCI).

Expressing his appreciation to all union members and stakeholders for showing their commitment to promoting and developing the commercial and non-commercial risks insurance industry among members and strengthening their mutual relationships through a range of allied activities, Mr. Kaissi said "the challenges that beset the world at present should not at all diminish our fervor as a collective body to endeavor to raise the technical performance, knowledge, and capacities of every union member to the highest advanced levels of commercial and non-commercial insurance practices in the world as enshrined in the union's vision." He added, "This positive disposition of the union, both as a group and as an individual member, will have a positive impact on the development of the economies of member countries."

Mr. Kaissi noted that "there has been much greater exchange of business among industry stakeholders and practitioners, with much room

for further deepening of the business exchange since the launch of database mechanism during the 4th annual meeting of the Union held in Qatar in December 2013 for the benefit of national export credit insurance agencies in the region which enables the subscribers in the Database to share and purchase credit information reports, credit opinions on entities worldwide and exchange their underwriting experience on buyer and banks.

He further said the ongoing thrust of the mechanism on the quality of discussions would not only fulfill this mission, but also serve as a springboard on outlining the best strategies for optimal performance in the next decade.

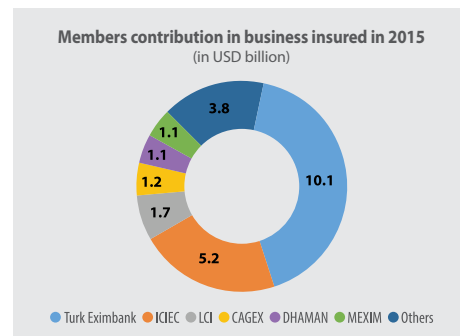
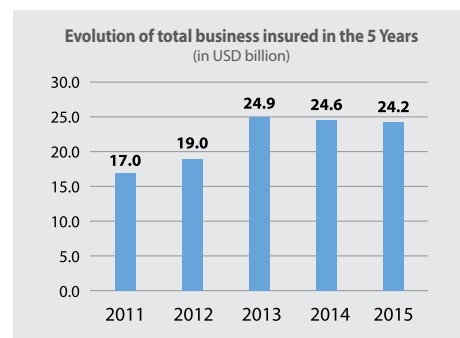
The Forum brings together over 70 participants who took part in tackling important issues in the insurance and reinsurance sectors, export credit, trade and structured finance. A number of special invitees and speakers/panelists including Karim Nasrallah, General Manager of LCI; Nabil Itani, Chairman of the Investment Development Authority of Lebanon (IDAL); Max Zaccar, President of Association des Compagnies d'Assurances au Liban (ACAL); and Dr. Andreas Klasen from PwC were among the other keynote speakers.

Mourad Mizouri on behalf of ICIEC discussed a report, which disclosed that Union members supported in 2015 an unprecedented US\$24.2 billion of trade and paid 57.7 million claims.

On the second day, a presentation on the Takaful Credit Insurance: 'Unleashing Potential and Obstacles' was presented by Alaa Mustapha of ICIEC. Other topics discussed on the second

day were 'The Insolvency Law Systems in Aman Union member countries' presented by Ahmed Medkour of Recovery Advisors and 'The Importance of the Compliance and Due Diligence Function in Export Credit Insurance' presented by Mrs. Wafa Khalaf, General Manager, Helix Dynamics Advisors Group.

In the closing statement issued by the Executive Council of the Union which chaired by Mr. Fahd Ibrahim, General Manager of DHAMAN, in his capacity as Chairman of the Executive Council of AMAN UNION (AU), adopted the application of membership for IGK AG (Germany), Arch Re (Ireland), Clyde & Co (UAE) and Lockton (UAE). The Executive Council also adopted the request of Turk Eximbank to host the 8th Annual Meeting in Turkey during the last quarter of 2017.



New Observer Members of AMAN UNION





ICIEC ENTERS INTO A PARTNERSHIP WITH WAIPA TO FOSTER INVESTMENT



ICIEC and the World Association of Investment Promotion Agencies (WAIPA) have agreed to form a partnership based on the shared belief that foreign direct investment has always been the key driver of economic growth and can play a pivotal role in a multi-stakeholder approach towards promoting inclusive and sustainable development.

A memorandum of understanding to this effect was signed by Mr. Oussama A. Kaissi, Chief Executive Officer of ICIEC, and Mr. Bostjan Skalar, the Chief Executive Officer of WAIPA, in the presence of Mr. Mehmet Simsek, Deputy Prime Minister of Turkey, and Mr. Arda Ermut, President of the Investment Support and Promotion of Turkey (ISPAT) in Istanbul last October 14, 2016 on the second day of the two-day 21st WAIPA World Investment Conference (WIC'16). The partnership will boost not just investments but achieve sustainable investments in support of decent jobs and the wellbeing of people.

Under the agreement, the parties will cooperate to encourage an increased flow of investment (foreign and domestic) to the countries

participating in the regions.

They will strengthen WAIPA Member Investment Promotion Agencies in the implementation of investment policy as well as institutional capacity building and training. They will also exchange regularly information about ongoing investment climate reform activities in the regions covered by this understanding.

ICIEC and WAIPA are mandated to exchange further information on instruments, standards, and documents developed by both organizations and used in their programs; and develop the capacity of WAIPA/ITAP staff through the implementation of training, staff exchange/secondment programs.

The conference brought together Investment Promotion Agencies (IPAs) from all around the world, international organization's leaders, heads of financial institutions, leading political figures, private sector representatives, prominent economists, and researchers.

ITAP ACTIVELY PARTICIPATES IN THE WORLD INVESTMENT FORUM (WIF) 2016



The United Nations Conference on Trade and Development (UNCTAD) invited ICIEC to participate as a partner in the World Investment Forum (WIF) 2016 organized as part of UNCTAD's 14th Ministerial Conference held in Nairobi from the 17th to 22nd July 2016. The Forum took place under the theme "From the Decision to Action: Moving towards an Inclusive and Equitable Global Economic Environment for Trade and Development". ITAP team actively participated in the event speaking at Discussion Panel on High-level Tripartite Conference on Investment Promotion in SDGs and High-Level International Investment Agreements Conference. Furthermore, ITAP jointly with the Islamic Center for the Development of Trade (ICDT) organizes a sideline seminar on Latest developments in OIC Regional Integration Efforts and Implications for FDI.

WIF 2016 was well attended by ministers, senior government & international organizations officials, senior executives from the private



sector and representatives of civil society from all over the world. The event was also well covered by local and international media.

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