THE POWER OF PARTNERSHIPS

The ICIEC-Turkey Story
The ICIEC-Turkey Story

Throughout ICIEC’s 25-year history, our partnership with Turkey has been one of the most vital and enduring relationships which has only got stronger over the years. Our relationship with Turkey is multi-faceted as a member country with shareholding, as a client, and as a partner.

As a trade credit and investment insurer, ICIEC is committed to the economic development of our member countries. To effectively fulfill our mandate, our corporation has prioritized the building of meaningful relationships with corporations, financial institutions, and other export credit agencies in member countries. Turkey’s exports and investments have become such an important feature of ICIEC’s operations that the country now ranks amongst the top 5 recipients of ICIEC’s support for both inbound and outbound FDI facilitated among its member countries.

The deepening of ICIEC’s relationship with Turkey also derived from ICIEC’s ever-increasing cooperation with its prized partner, Turk Eximbank, Turkey’s official export credit agency. Turk Eximbank was one of the first ECAs established in the member countries of the OIC, and while 7 years our senior, together we have both grown as organizations alongside one another. Since the formal outset of our partnership in 1997, the relationship between the organizations has only continued to mature. The mutually beneficial relationship between our organizations is evident through the various notable projects we have been involved with as partners in recent years. While we enhance Turk Eximbank’s confidence with providing financing for projects, Turk Eximbank enhances our corporation’s presence in the Turkish economic landscape.

As Turkey’s economic ambitions have become increasingly more international in focus, ICIEC has made sure to extend its services to Turkish businesses, so that they feel confident when transacting across the globe. In recent decades, as Turkey’s economic interests have turned towards Africa, our corporation has worked hard to support Turkey in its attempts to deepen and further improve Turkey-Africa relations. The interest Turkey has taken in Africa is a welcome development from the perspective of our corporation as 24 of our member countries are from the African continent and many of the Turkish projects in Africa that we have supported have taken place in those countries. Some of these projects have truly been landmark projects for all parties involved.

Support of such Turkey-Africa transactions has been in complete accordance with our corporation’s 10-year Strategic Plan, which establishes that one of our key objectives is to increase the volume of intra-trade and intra-investment between countries which are Organization of Islamic Cooperation (OIC) members. Supporting Turkey’s economic ambitions in Africa have both been beneficial for our member countries and instrumental for our corporation attaining its objectives.

ICIEC looks forward to continuing in its mission of expanding the volume of trade and investment that Turkey is engaged in. I trust that this special publication will provide an insightful view of the developments in the economic relationship between ICIEC and Turkey and will offer ways in which it can further be strengthened.
A partnership for a prosperous Turkey

Turkey has achieved impressive economic progress since the early 2000s. The country’s growing economy, expanding middle class and dynamic entrepreneurial environment have made Turkey a center of global trade and an exciting investment destination. The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), a member of the Islamic Development Bank Group (IsDBG), has contributed to this impressive economic trajectory.

Increasing international trade and investment is central to Turkey’s economic development agenda and ICIEC has demonstrated significant impact in this regard. ICIEC was established to provide investment and export credit insurance solutions compliant with Shariah principles and to strengthen the economic relations between member countries of the Organization of the Islamic Cooperation (OIC). In 2018 alone, ICIEC facilitated USD 9 billion in trade transactions and Foreign Direct Investments (FDI).

For many years, ICIEC has realized the potential of Turkey as a global commercial center. In 2015, ICIEC established an office in Istanbul, part of the Turkey Country Gateway Office of the IDBG. The office has a mandate to serve the Turkish market in promoting trade and FDI into and out of Turkey. This partnership has blossomed, and Turkey now ranks first for both inbound and outbound FDI facilitated by ICIEC in member countries.

As the fourth-largest beneficiary of IsDBG finance, Turkey and the Islamic Development Bank (IsDB) enjoy a very strong partnership. The IsDB has invested a total of USD 11.6 billion in various development projects in Turkey, 45 percent of which was invested over the past five years. The Bank supports a variety of sectors in Turkey, including infrastructure, health, education, urban development and energy.

Turkey has become a strategic economy on the global stage in recent years and ICIEC is proud to be a partner in this journey. In 2018, Turkey was the most significant market for us in terms of our business activity and volumes, as we supported record levels of both inward and outward investments. The projects supported by ICIEC - which include the flagship Canakkale Bridge - will bring immense benefits for Turkey and its people, in areas ranging from healthcare to transport. We are also helping Turkish exporters make their mark overseas, which will further raise the country’s international profile. We are honored to have played a part in this ongoing success story and look forward to working together in the future, developing new partnerships and exploring further opportunities for collaboration.

Oussama Kaissi, CEO
ICIEC
Enjoying the benefits of partnership

Since becoming an ICIEC member country in 1418H (1997), Turkey and ICIEC have partnered on many ambitious and ground-breaking projects and transactions.

When exporting, it is not always easy to predict from where risks will arise. Insurance coverage therefore gives companies a peace of mind and confidence, allowing them to maximize their export business volumes and to invest in new markets. In addition, the coverage is crucial for access to financing. ICIEC offers a full product suite, including short-term whole turnover insurance (up to one year) which covers an exporter’s whole book of buyers, and specific risk insurance which covers individual buyers. This is done through ICIEC’s Comprehensive Short-term Policy (CSTP) and Specific Transaction Policy (STP). ICIEC can also provide a medium-term insurance facility (2-7 years) for clients involved in longer-term, capital-intensive projects.

As the only multilateral Export Credit Agency that provides Shariah-compatible export credit insurance, ICIEC is uniquely positioned to partner with Islamic financial institutions. The Corporation has specific policies to address the various needs of Islamic Banks, such as the Bank Master Policy, which is designed for both conventional banks and Islamic Banks involved in financing export operations. ICIEC also provides a Documentary Credit Insurance Policy (DCIP) where banks of exporting countries, such as Turkey, are covered against the risk of non-payment by host country banks for commercial or political reasons.

ICIEC’s Product Portfolio

- **Trade Credit Insurance Products - Corporates**
  - **Comprehensive Short-Term Policy (CSTP):**
    Covers the exporter against the risk of non-payment by its multiple buyers due to commercial or political reasons (Short-term only).
  - **Specific Transaction Policy (STP):**
    Covers the exporter against the risk of non-payment by its single buyer due to commercial or political reasons (Short & Medium term).
  - **Contract Frustration (STP-CF):**
    Covers the contractor against the risk of non-payment by the project owner due to commercial or political reasons (Medium term).

- **Trade Credit Insurance Products - Banks**
  - **Bank Master Policy (BMP):**
    Provides insurance of bank’s export-related financing to its customers against both commercial and political risks.
  - **Documentary Credit Insurance Policy (DCIP):**
    Protects the commercial bank against the risk of non-payment of an Import Letter of Credit issued by an importer’s bank and confirmed by the policyholder on behalf of its exporting customer.

- **Foreign Investment Insurance Products - Banks**
  - **Financing Facility Insurance Policy (FFIP):**
    Provides insurance coverage for cross border financing by banks and financial institutions against transfer & convertibility, expropriation and war and civil disturbance.
  - **Non-Honoring of Sovereign Financial Obligations (NHSO):**
    Provides insurance coverage against the default of governments and government-owned entities in meeting their sovereign obligations.
  - **Loan Guarantee Investment Insurance:**
    Provides insurance coverage for cross border loan guarantees extended by banks and financial institutions against political risks or Non-Honoring of Sovereign Obligations.

- **Foreign Investment Insurance Products - Investors**
  - **Foreign Investment Insurance Policy (FIIP) for Equity:**
    The policy provides insurance coverage for cross border equity investments by any individual or company against transfer & convertibility, expropriation, war & civil disturbance and breach of contract.
Making History, Together: ICIEC’s Strategic Cooperation with Turk Eximbank

Turk Eximbank, Turkey’s official export credit agency, has maintained a flourishing cooperation with ICIEC since 1997. Throughout this strong and lasting partnership, business promotional activities and joint seminars were hosted by both parties. Over time, Turk Eximbank and ICIEC’s working relationship has gained momentum and broadened their scope of offerings to help increase Turk Eximbank’s capacity to support exports and investment between Turkey and countries globally.

To boost the capacity of lending for Turk Eximbank, ICIEC provides reinsurance to provide cover against the non-payment of importers all over the world. The insurance duration lasts one year with a 90% cover. This allows Turk Eximbank to support its economy by helping Turkish exporters in expanding their businesses abroad.

Turk Eximbank and ICIEC signed a reinsurance agreement in 2010, with an increasing share of ICIEC in Turk Eximbank’s Quota Share Reinsurance Panel. Turk Eximbank is also cooperating with ICIEC on the facultative basis reinsurance treaties for strategic projects in the region. Additionally, Turk Eximbank and ICIEC have an agency agreement for the investment insurance field since 2012. These agreements and areas of cooperation have strengthened the relationship between the two institutions and have set the stage for future collaborations. The deepening of cooperation between these two institutions is only expected to increase.

An example of a strategic initiative to support Turkish exporters is ICIEC’s issuance of “Non-Honoring of Sovereign Financial Obligation by a State-Owned Enterprise” (NHFO-SOE) cover to ING-DiBa AG, for a 10-year loan facility of EUR 107.4 million extended to Turk Eximbank. The facility finances short and medium-term exports of SMEs and large corporations as well as long-term contracting services undertaken by Turkish contractors in ICIEC’s member countries. The partnership between ICIEC and Turk Eximbank was further strengthened through another financing facility which helped Turk Eximbank promote the exports of Turkey’s SME sector. Specifically, ICIEC insured the 180 million EUR Club Loan Facility of ING and SocieteGenerale to Turk Eximbank against the Non-Honoring of Sovereign Financial Obligation by a State-Owned Enterprise” (NHFO-SOE) in 2019. The tenor of the 180 million EUR covered loan is 5 years. The cover that ICIEC provided was crucial in allowing the lenders secure the financing as it covered 95% of the loan from the two institutions. The financing was instrumental in allowing Turk Eximbank to further its support of the country’s SME sector, which critically important for the sustained growth of Turkey’s economy.

ICIEC services in Turkey have been bolstered by its close cooperation with Turk Eximbank. In 2016, Turk Eximbank and ICIEC began implementing the Buyer’s Credit Program, whereby ICIEC provides political risk insurance to Turk Eximbank. As the relationship between ICIEC and Turk Eximbank becomes deeper, the benefits for Turkey’s exporters and economy become even more profound.
The fruits of ICIEC’s partnership with Turk Eximbank were seen almost immediately when ICIEC provided cover for 12 years to Turk Eximbank against the risk of Non-Honoring of Sovereign Financial Obligations (NHSO) related to their financing of Doala-Japoma Stadium project in Cameroon.

As a result of this arrangement, Yenigun İnşaat, one of the leading construction companies in Turkey is currently building a sports complex, Cameroon’s largest. The project, financed by Turk Eximbank, will include a 50,000-seat stadium, a sports hall, an Olympic-sized swimming pool and tennis courts. The project has created many jobs for Cameroonian citizens, as 30% of labor is employed locally.

The technology and know-how transfer as an outcome of this project will benefit Cameroon and its citizens. It will inevitably promote Turkey’s export of goods and services. Additionally, the project will have a significant development impact as it will employ many local Cameroonian citizens, and will also attract numerous sporting events to the region, thus bolstering the local economy due to the influx of people to the area.

Diamniadio Sports Arena and Cicad Business Hotel and Exhibition Center: Building a Hub for Business and Sports

ICIEC provided an insurance cover to Turk Eximbank for a 12-year financing facility to the Ministry of Economy, Finance and Planning in Senegal for a NHSO. The contractor Summa İnşaat facilitated the design and construction work for the Cicad Business Hotel, Cicad Exhibition Center and Diamniadio Sports Arena in Senegal. The project aims to promote business, and expo-tourism, in addition to creating job opportunities during and after the construction period, where 700 workers have been employed. The improvement of Senegal’s economic infrastructure is in line with its development efforts and the sports infrastructure is a favorable initiative for the country’s youth which makes up around 67% of population.

Dakar Market and Truck Station: Improving Distribution and Supporting Local Vendors

ICIEC insured Turk Eximbank for over 11 years on its two-part project to help implement the Dakar Market of National Interest and a truck station. The Ministry of Economy and Finance in Senegal was the borrower and SOGIP, a state-owned enterprise was the employer in this project. The key contractor tasked with constructing the project was Doganlar Holding, a well-known Turkish company. This project aims to benefit the Senegalese economy, particularly the development of the agricultural sector by improving infrastructure, transportation and efficiency in farming and distribution. The project has significant sustainable development implications, as it will help deconcentrate the capital city that is suffering from overpopulation and limited availability of land. It connects producers of agricultural products and livestock farming to the distribution markets. Job creation during, and after the construction period will be significant, with approximately 200 workers employed already.
Whether real or perceived, foreign investors see an array of risks when it comes to investing in ICIEC member countries. To address this, ICIEC has the necessary tools to insure standard political risks, and non-honoring of sovereign guarantees and breach of contract in these markets. Here, it is not only ICIEC’s insurance capacity that benefits the client, but the implicit support of the parent bank, the Islamic Development Bank Group, through its preferred creditor status, as well as the support of first-class global reinsurers in Europe and around the globe.
A notable example of an infrastructure project built through a public-private partnership is the Gebze Orhangazi Izmir Highway Project. This vital new motorway will shorten the travel distance by more than 140km, reduce transit time and relieve the traffic load on the existing route by more than 30%. It also allows for fuel savings, noise and environmental pollution reductions. The project will provide a faster and more reliable link between the Marmara and the Aegean regions of Turkey that together account for 60% of national GDP, 38% of freight transport and 41% of passenger transport in Turkey. This encouraged the development of industrial capacity around the main highway and allowed for some 8,000 workers to be employed.

In 2017, ICIEC provided insurance cover to a second major infrastructure project - the Üsküdar-Ümraniye-Çekmeköy M5 Metro line, which is the first driverless subway line in Turkey with a passenger capacity of 64K in one direction. By extending coverage to Istanbul’s metro system, urban mobility will improve, vehicle emissions and pollution will be reduced, as will travel times and traffic congestion. The project employed 139 permanent workers during construction.

In 2016, ICIEC provided EUR 40 million insurance to Sumitomo Mitsui Banking Corporation (SMBC), a leading Japanese bank, covering their participation in the financing of the construction of a health campus facility in Bursa, Turkey. The cover was provided against the risk of Non-Honoring of Sovereign Financial Obligation for 18 years. On completion, the Bursa Integrated Healthcare Campus will have a total of 1,355 beds and will serve the city of Bursa, which has a population of 2.8 million, as well as the surrounding areas. This project is slated to have a significant development impact for the citizens of Bursa as they will have a new medical facility, thus shortening the wait times they must endure to get medical attention. Also, the quality of medical services will be improved.
ICIEC additionally has provided insurance cover for SMBC’s EUR 35 million financing for the construction of a health care facility in Adana. This cover was provided against the risk of Non-Honoring of Sovereign Financial Obligation for 15 years. This healthcare facility has a capacity of 1,550 beds and is integral to increasing the hospital bed to person ratio in Turkey, which the Turkish government is determined to improve.

ICIEC also provided insurance for Siemens Bank AG’s EUR 29.5 million loan for the construction of Konya Karatay Integrated Health Campus. The cover provided against the risk of Non-Honoring of Sovereign Financial Obligation. The health campus is slated to have a capacity of 838 beds, which is soon to be increased to 1,250. This project will go a long way in improving the medical services provided to the people of Konya.

ICIEC has insured more than USD 500 million in trade and investment in the healthcare industry to date, supporting the import of medical supplies, the construction of hospitals, and a wide range of other projects that help member countries strengthen their capacity to provide health-care for all. In Turkey, ICIEC has supported several prominent projects within the healthcare sector.

Oussama Kaissi, CEO
ICIEC

Taken together, these projects have a significant impact on Turkish citizens’ quality of life through the provision of improved medical services and increasing employment opportunities.
Award-winning Projects in Turkey

ICIEC was the recipient of several awards for its exceptional multi-level insurance coverage in partnership with other export credit agencies for the landmark 1915 Canakkale Bridge and Malkara-Canakkale Motorway Project. The Canakkale project, located in Turkey, comprises an 88km three-lane motorway, 48km of connection roads, and a €1.68bn bridge spanning 2,023m. The construction of the bridge, which is set to be the longest suspension bridge in the world, began in March 2017 and is expected to be completed in 2022. The project sponsors include YapıMerkezi, SK Engineering, Daelim and Limak, prominent Turkish construction companies with significant national and global footprints.

The project has been recognized internationally and is the recipient of 11 global finance awards from respected institutions, such as IJGlobal, Project Finance International, Islamic Finance News and Bonds & Loans. ICIEC was pleased to be recognized with two awards, including the IFN Deal of the Year for its role in providing 100 Million Euros of “Non-Honoring of Sovereign Financial Obligation (NHSO)” insurance to ING bank.

The awards illustrate ICIEC’s capacity to support large-scale and impactful development projects. To quantify the development impact of this immense project, one needs to look no further than the economic activity and employment it will create. The project is expected to generate EUR 14.5 billion in total economic activity and is slated to create 285,000 jobs. Its impact is not only limited to economic improvement, as it will also have a positive environmental impact through creating shorter travel times, which will in turn lead to lower greenhouse gas emissions and air pollution.

ICIEC’s Sustainable Economic Development Agenda in Turkey

ICIEC is committed to playing its part in the international effort to reach the United Nations Sustainable Development Goals (SDGs). Specifically, ICIEC has committed to promoting SDGs 2, 3, 7, 8, 9 and 17. Through the projects that ICIEC has helped facilitate in Turkey, it has attempted to engender sustainable development in the country and bring it closer to the SDGs that it aspires to achieve.

For example, both SDGs 8 and 9 were directly promoted through the facilitation of the Gebze Orhangazi Izmir Highway project, and the Canakkale 1915 Bridge and Motorway project. These landmark infrastructure projects had a variety of important positive effects on the economy, most notably in terms of the numerous jobs created and the subsequent increase in economic activity due to improved connectivity.

Through facilitating the construction of hospitals in Bursa, Adana, Konya and Yozgat, ICIEC supported both SDGs 3 and 8. In addition to creating many permanent high-quality jobs, the improvement of medical facilities in these cities promotes good health and well-being for Turkish citizens.

ICIEC has also supported SDG 7 in Turkey through its facilitation of renewable energy projects. Specifically, ICIEC provided reinsurance to Eksport Kredit Fonden (EKF), for their insurance of the four wind farm projects in Turkey. These wind farm projects contribute to decreasing Turkey’s reliance on electricity imports and fossil fuels, providing more of the population with clean and affordable energy.

In addition, ICIEC’s firm commitment to supporting SDG 17 is clear, as is evidenced by its strong relationship with Turk Eximbank. Both institutions consider development impact to be a key priority and have a strong interest in bringing about sustainable development in Turkey through the growth of Turkish exports. Both ICIEC and Turk Eximbank are acutely aware that cooperation is required to make significant inroads for the global achievement of the SDGs. Both institutions understand that forming strong partnerships across the globe and leveraging the combined strength and capacity of those partnerships, is of the utmost importance to achieving SDG 17.
Bringing Turkey to the World

ICIEC’s insurance products support Turkey’s exporters to do business in new and sometimes challenging markets, including in other OIC countries.

A notable example is the leasing of five power ships by Karpowership, a Turkish company, which is a subsidiary of Karadeniz Holding A.S., to the state utility PT PLN (Persero) to supply electricity in five different islands on the Indonesian Archipelago for five years. This was Karpowership’s first project in South East Asia. ICIEC played a central role through their Specific Transaction Policy (STP) product, to cover 90% of USD 100 million contract against non-payment. This project expanded Karpowership’s international footprint, and this expansion was in part possible because ICIEC de-risked Karpowership’s transaction in an unfamiliar area. This project also contributed a significant developmental impact by helping provide energy security to those that need it in Indonesia.

ICIEC also insured another USD 50 million to cover the service of two Karpowership vessels for the Lebanese Ministry of Energy and Water against the risk of expropriation for five years with its FIIP cover. The total investment amounts to USD 225 million with the Electricite du Liban. This project closes the power supply gap by providing 370 MW of energy supply to meet the energy need of Lebanon and increased job creation in the country.

Cooperation with ICIEC has created both customer satisfaction and business value with efficient risk management policy. Additionally, this collaboration enhanced our trade finance penetration worldwide. ICIEC enables the institutions to manage the requirements of trade finance customers with secured solutions. ICIEC as a catalyst generates important value for the interaction of international markets.
Growing Trade and Economic Cooperation between … Turkey and Africa

The economic growth of the African continent in recent years has been impressive despite the difficulties that African nations can face when trying to engage in trade or attract investment. Gross domestic product (GDP) growth in Africa has been 3.5% for the previous two years on average, with the next two years looking even more promising. While its growth rate is outpacing many other regions of emerging and developed markets, it is still insufficient to address some of the continent’s structural challenges, such as persistent fiscal deficits and unsustainable debt. Looking forward, Africa’s regional integration is an important strategic step that would further enhance its growth and competitiveness in global trade and value chains.

Considering Africa’s impressive recent growth, along with the continent’s increasing commitment to promoting trade, it comes as no surprise that Turkey’s focus on trading with and investing into African markets has increased. Turkey’s interest in embedding itself into the African economic context is however not a new development. Turkey’s long-standing relationship, both in terms of economic interests and cultural ties with Africa, dates back many centuries. However, it is only in recent decades that Turkey has revived its foreign policy focus on Africa.

In 1998, with its “Africa Action Plan,” Turkey set out the preliminary roadmap for deepening both political and economic ties with Africa. In 2003, Turkey’s efforts were strengthened as a strategy on the Development of Economic Relations with African Countries was prepared which bolstered trade and cooperation. The Turkish Government reinforced its focus on the Continent by claiming that 2005 was the Year of Africa. The same year, Turkey was accorded an observer status to the African Union. Turkey also became a strategic partner of the African Union and became one of the non-regional members of the African Development Bank Group in 2008. Turkey-Africa relations reached a significant milestone with the development of the Turkey-Africa Cooperation Summit in Istanbul which ramped up the importance of the relationship and established it as a mutually reinforcing political and economic partnership. As a result, the following years have seen several Turkey-Africa Summits and High-Level Official Meetings, as well as Economic and Business Forums.

Although the advancement in Turkey-Africa diplomatic relations has been notable, the progress that has been made on the front of economic relation has been even more impressive. Turkey have entered into Trade and Economic Cooperation Agreements with 38 African countries; these sorts of contractual arrangements have set a sound foundation for transacting with the continent, as can be seen by the skyrocketing trade and investment volumes between Turkey and Africa. In 2018, Turkey’s bilateral trade volume with Africa reached 18.8 billion USD, this is more than 3 times the volume of Turkey-Africa trade in 2003. In addition to the significant growth in trade volume, the size of investment flowing from Turkey into African nations is considerable. Turkey’s direct investment in Africa now sits at 6.2 billion USD. To illustrate the economic potency of Turkey on the African continent, one needs to look no further than the presence of Turkish contractors on the continent. The share of African countries in the international business volume of Turkish contractors is roughly 21%, and they have now undertaken over 1,150 projects which are collectively worth almost 60 billion USD. The aforementioned evidence of the strengthening Turkey-Africa relationship has been tracked and provided by the Ministry of Foreign Affairs of the Republic of Turkey and is available on the ministry’s website.

Clearly, building a stronger economic and political partnership with Africa remains a top priority in Turkish foreign policy as it has in fact led to a quantifiable deepening of trade ties and an increase of investment flows from Turkey into numerous African countries. ICIEC will continue to back Turkey in its strategic political and economic cooperation with Africa. The future of the Turkey-Africa trade and investments relations will be fully supported by ICIEC’s insurance products to ensure the continuous growth and prosperity of Turkey and African countries.
As an example of supporting Turkish companies’ investments in Africa, ICIEC issued a Foreign Investment Insurance Policy (FIIP) for the equity investment worth of USD 450 million to cover Tosyali Group for its steel factory expansion in Algeria. The total investment amounts to USD 1.3 billion, which makes it the biggest investment made by a Turkish corporate abroad and is at the same time the biggest investment in Algeria outside of the petrochemical sector. As a result, the project helped Algeria improve its balance of payments not only by substituting rebar etc. imports but also by starting exports. The company secured 1,400 jobs.

When Kinza Yapi won the interior design and refurbishment project of a Sheraton hotel in Bamako, Mali. ICIEC facilitated the successful transaction of this project through issuing an STP, to insure the Turkish company against the risk of non-payment due to commercial or political reasons. African Export-Import Bank was the financier of the project that issued an Agency Agreement and Coris Bank was the agent bank that issued an L/C. As a result, Kinza Yapi was able to increase the export of their top-class services internationally and enhance their business.

Another project which ICIEC played an integral role in facilitating, and which strengthened ties between Turkish companies and African markets, would be the construction of the Blaise Diagne airport in Dakar, Senegal. ICIEC’s role in the project was that of providing FIIP cover to Industrial Development Corporation of South Africa for its EUR 50 million financing of the project. While ICIEC’s cover was not provided to a Turkish company, this project had a significant Turkish influence as Summa and Limak were two of its project sponsors. These two prominent Turkish contractors were tasked with constructing the airport and a joint venture company of Limak, Summa and AIDB SA signed a 25-year concession agreement with the State of Senegal for the operation of the new airport. This establishes a long-term foothold for these Turkish companies in Senegal.
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The ICIEC-Turkey Story

New Challenges and Opportunities Ahead

For over two decades, ICIEC has supported Turkey as it transformed itself into a leading global economy. Now, as protectionism and geopolitical tensions rise, it is more important than ever that ICIEC and Turkey work together to build linkages around the world. While risk and uncertainty will remain a challenge of global trade, ICIEC is here to support its member countries and help ensure a prosperous future for the generations that follow.

ICIEC At A Glance

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) was established in 1994 as the multilateral export credit and investment insurance arm of the Islamic Development Bank Group. The mandate of the corporation is to promote cross-border trade and foreign direct investment in its Member Countries. ICIEC has made strong progress as evidenced by the 52 billion dollars of trade and investment that the corporation has insured since its inception.

To fulfill its mandate, ICIEC provides risk mitigation solutions to Member Country exporters. By protecting them from commercial and political risks, exporters are enabled to sell their products and services across the world. ICIEC also provides risk protection to investors that seek to invest in its Member Countries.

ICIEC’s presence in the export credit and investment insurance space only continues to grow, as the corporation now supports trade and investment flow in 47 member countries spanning across Europe, Asia, the Middle East, and Africa. In the first nine months of 2019, ICIEC insured a volume of business worth USD 7.49 billion. This figure is 12% higher than the first nine months of 2018. Of this figure, USD 5.74 billion of the insured business came from trade transactions while USD 1.75 billion of the insured business came from investment insurance.

In 2019 to date, Turkey has been a significant partner for ICIEC’s insurance operations. Turkey leads in the overall utilization of ICIEC’s services among member countries and ranks first among member countries in both outward and inward investment facilitated by ICIEC.

ICIEC is also a full member of the Berne Union, the International Association of Credit and Investment Insurance, and a founding member of the Aman Union, which brings together the national export credit agencies (ECAs) of the OIC member countries.
ICIEC Supports Trade & Investment Flows in...

Central Asia & Europe
Albania, Kazakhstan, Uzbekistan, Turkmenistan, Turkey

Southeast Asia
Bangladesh, Brunei Darussalam, Indonesia, Iran, Malaysia, Pakistan

Arab Asian Countries
Bahrain, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Syria, UAE, Yemen

North Africa
Algeria, Egypt, Libya, Mauritania, Morocco, Sudan, Tunisia

East & Central Africa
Cameron, Chad, Comoros, Djibouti, Gabon, Mozambique, Uganda

West Africa
Benin, Burkina Faso, Côte d’Ivoire, Gambia, Guinea, Mali, Niger, Nigeria, Senegal

South America
Suriname

Top 10 shareholders

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Other shareholders

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<tr>
<td>Mauritania</td>
<td>0.08%</td>
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<tr>
<td>Mozambique</td>
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<td>Niger</td>
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<td>Palestine</td>
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<td>Senegal</td>
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<td>Suriname</td>
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<td>Syria</td>
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<td>Uganda</td>
<td>0.08%</td>
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<tr>
<td>Côte d’Ivoire</td>
<td>0.08%</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>0.08%</td>
</tr>
</tbody>
</table>
Utilization of ICIEC Services

(USD Billion – since Inception)

<table>
<thead>
<tr>
<th></th>
<th>All ICIEC Countries</th>
<th>Turkey Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports</td>
<td>49.94</td>
<td>1.86</td>
</tr>
<tr>
<td>Exports</td>
<td>49.94</td>
<td>5.11</td>
</tr>
<tr>
<td>Investment Outward</td>
<td>12.53</td>
<td>2.18</td>
</tr>
<tr>
<td>Investment Inward</td>
<td>12.53</td>
<td>2.42</td>
</tr>
</tbody>
</table>

TRADE & INVESTMENT INSURANCE SOLUTIONS

- **Banks & Financial Institutions**
  - Credit Insurance solutions
    - Insurance of confirmed Letters of Credit
    - Non-Honoring of Sovereign Financial Obligations
    - Buyer Credit Insurance
    - Political Risk Insurance of Cross-Border Loans
  - Investments Insurance solutions

- **Corporates**
  - Credit Insurance solutions
    - Insurance of Supplier Credit
  - Investments Insurance solutions
    - Political Risk Insurance for Equity investments/Projects

- **Export Credit Agencies (ECAs)/Insurers**
  - Export Credit and Investment Reinsurance
    - Reinsurance and Co-insurance
The Benefits of ICIEC Solutions

Established in 1994, as a multilateral financial institution, ICIEC was aimed at providing Shariah-compliant investment and export credit insurance and reinsurance services as per the Agreement for the promotion, protection and guarantee of investment among Member Countries of the OIC. The rationale for ICIEC’s involvement in insuring trade is to stimulate exports where there is market failure in commercial lending or private credit insurance coverage, due to high country risks, substantial buyer risks or long financing tenors.

ICIEC provides mitigation against losses resulting from two risk categories to banks and financial institutions through Investment Insurance Solutions. The two categories of risks ICIEC covers are political risk and commercial risk.

The political risk insurance products are designed to help cover non-commercial risks such as country/political risks in the host countries. Guarantees provided by ICIEC cover political risks of cross-border loans such as currency inconvertibility and transfer restrictions, non-payment caused by expropriation, non-payment caused by war and civil disturbance, breach of contract and the non-honoring of Sovereign Financial Obligations by sovereign or sub-sovereign entities.

Cover for commercial risks include protection against losses caused by insolvency of the buyer or LC issuing bank, failure or refusal of the buyer or LC issuing bank to pay, refusal of the buyer to accept goods after shipment and cancellation of the contract arbitrarily by the buyer.

The unique value that ICIEC brings to its clients includes:

- Creating synergy with IsDBG through A and B loan structures, ITFC and ICD to mobilize resources from international lenders.
- Enhancing re-insurance capacity from the private market such as Lloyd’s or other corporate reinsurers.
- Credit enhancement through its 12th consecutive year receiving a Moody’s Aa3 rating which in turn helps Member Countries in reaching a broader base of international finance with longer repayment options of up to 20 years.
- Dispute resolution: ICIEC’s early involvement in a dispute between the investor and the Member Country may prevent it from escalating into a claim situation.

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**Insurance of Confirmed Letters of Credit / Buyer Credit Insurance**

**Value:**
- Protects balance sheet against losses due to commercial and non-commercial risks.
- Reflects capital adequacy. Minimizes non-performing assets.
- Enhances business volume.
- Helps in structuring Shari’ah compliant financial facilities.
- Reflects better Bank of International Settlement (BIS) insolvency ratio.

**Non-Honoring of Sovereign Financial Obligations / PRI of Cross-Border Loans**

**Value:**
- Protects balance sheet against losses due to non-commercial risks.
- Attracts additional project capital.
- Enables policy holders to penetrate high-risk market

---

“the Aa3 rating from Moody’s is indicative of the level of confidence placed in ICIEC risk management environment”
**Insurance of Supplier Credit**

*Value:*
- Protects balance sheet against non-payment of export receivables.
- Enhances the competitiveness.
- Increases international sales by offering flexible payment terms to overseas customers.
- Offers customers open account credit terms while protecting the insured against credit risk.
- Provides access to working capital facilities from banks by assigning the insurance policy to the banks as security.

**Political Risk Insurance for Equity Investments Project Finance**

*Value:*
- Protects balance sheet against losses due to non-commercial risks.
- Attracts additional project capital.
- Enables policy holders to penetrate high-risk markets.

**EXPORT CREDIT AGENCIES**

*Member country ECA’s can:*
- Receive capacity building support
- Utilize joint marketing and technical assistance
- Access to credit information services

**ICIEC additional value**
- Technical assistance for establishing an ECA in Member Countries.
- Help ECAs in non-Member Countries to cover projects in Member Countries.

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**Mitigation of Political & Commercial Risks**

**Creating synergy with IsDB Group:** (A and B loan structures IsDB, ITFC, ICD) to mobilize resources from international lenders

**Creating re-insurance capacity:** from the private market (Lloyd’s market, corporate reinsurers)

**Credit Enhancement:** ICIEC’s Aa3 rating helps Member Countries in reaching a broader base of international finance with longer terms (up to 20 years)

**Dispute resolution:** ICIEC’s early involvement in a dispute between the investor and the Member Country may prevent it to escalate into a claim situation
PARTNERSHIPS FOR DEVELOPMENT