



THE ISLAMIC CORPORATION FOR
THE INSURANCE OF INVESTMENT
AND EXPORT CREDIT



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newsletter



Quarterly Publication

January/March 2021-Quarter 1

Partnerships for OIC Development: Collaborations Between ICIEC and the IsDB Group



**A New Year:
The 2021
Insurance Market**



**Sharing the Risk:
The Benefits of
Reinsurance**



**ICIEC's focus on growing
intra-OIC trade and
investment**

" ICIEC hopes to provide these quarterly updates to engage our valued partners, clients, and stakeholders in open communication. Is there something you'd like to hear from ICIEC? Let us know!" Oussama Abdul Rahman KAISSI, CEO, ICIEC



MESSAGE FROM THE CEO

The first quarter of 2021 was one riddled with uncertainty and hope. Uncertainty surrounding the duration of the pandemic and its long-term effects on the global economy and hope for a better and brighter future as the rollout of vaccines began to pick up the pace.

Throughout Q1 2021, ICIEC continued to mitigate risks and prioritize transactions for Member Country recovery. I am delighted to present the fourth edition of the Corporation's quarterly newsletter, including summaries of ICIEC's news, events, and project undertaken in the first quarter, in addition to a collection of highly informative insight articles that touch on some of ICIEC's main priorities for 2021. One such article addresses the uncertainty felt in Q1, delivering an insurance market overview and highlighting where ICIEC and the insurance industry have shifted focus for the new year. Other articles

included in this edition address ICIEC's hope for the future, reporting on the importance of strengthening intra-OIC trade, the benefits of ICIEC's reinsurance, and highlighting ICIEC's role in the IsDB Group – introducing each peer organization and summarizing their relationship with the Corporation. ICIEC hopes to provide these quarterly updates to engage our valued partners, clients, and stakeholders in open communication. Is there something you'd like to hear from ICIEC? Let us know!

Oussama Abdul Rahman KAISSI
Chief Executive Officer, ICIEC



NEWS & EVENTS

ICIEC signed a Memorandum of Understanding with BANK OF AFRICA BMCE Group



Monday, 25 January 2021

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), a member of the Islamic Development Bank Group and BANK OF AFRICA BMCE Group signed on January 25th, 2021 a Memorandum of Understanding (MoU) to support trade and investment in member countries.

This Memorandum of Understanding was signed by Mr. Brahim BENJELLOUN TOUIMI, Administrator Managing Director of BANK OF AFRICA BMCE Group, and Mr. Mohammed AGOUMI, Managing Director, in charge of International Division of BANK OF AFRICA BMCE Group and Mr. Oussama KAISSI, Chief Executive Officer of ICIEC.

In the pursuit of BANK OF AFRICA's pan-African vision and ICIEC's mission as a Multilateral Institution to facilitate trade and investments between member countries and the world, the two parties have decided to join their efforts, through this agreement, to extend collaboration in facilitating trade transactions and financing sustainable and social infrastructure projects

throughout Africa. Moreover, this agreement offers a solid base of collaboration in the private and public sector related projects, to consolidate the Moroccan based bank's positioning as a key player of trade and investment in AFRICA.

The CEO of ICIEC, Mr. Oussama KAISSI states "This partnership comes at a time where the relationship between both institutions started to expand after concluding interesting deals in different western African countries where BANK OF AFRICA BMCE Group has a strong footprint. Morocco is one of the Corporation's valued member countries, and ICIEC has been working jointly with the BANK OF AFRICA BMCE Group to support strategic trade transactions and infrastructure projects, helping to support our member countries in response to COVID-19. This Memorandum of Understanding between the two institutions serves to strengthen this partnership and highlights the focus both organizations have on expanding the level of cooperation targeting the joint member countries".

Mr. Brahim BENJELLOUN TOUIMI, Administrator Managing Director of BANK OF AFRICA BMCE Group said "the sealing of this partnership underlines the strategy of BANK OF AFRICA BMCE Group, under the aegis of Chairman Othman BENJELLOUN, to play an increasing role in Africa by facilitating trade transactions and providing sustainable financing to its customers. This partnership with ICIEC will enhance the capacity of the Group to consolidate its leading position. Compelling deals have already been finalized with the support of ICIEC and more are to come through mutual innovation"

"With this Memorandum of Understanding and thanks to its new openings in Dubai and Shanghai, BANK OF AFRICA BMCE Group will benefit from the experience of ICIEC, to enlarge its customer base in the Gulf and Southeast Asia regions by facilitating trade flows and enhancing mutual investments", added Mr Mohammed AGOUMI, Managing Director in Charge of the International Division.



"This partnership with ICIEC will enhance the capacity of the Group to consolidate its leading position. Compelling deals have already been finalized with the support of ICIEC and more are to come through mutual innovation"

Mr. Brahim BENJELLOUN TOUIMI, Administrator Managing Director of BANK OF AFRICA BMCE Group

ICIEC signed a Memorandum of Understanding with Poland's national Export Credit Agency (ECA), KUKE



Thursday, 28 January 2021

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) and KUKE, the national Export Credit Agency (ECA) of Poland, have signed a cooperative Memorandum of Understanding (MoU).

The signing of this MoU signifies the growing interest of Polish exporters and investors to conduct business in the OIC region, and vice-versa. Due to the implications of the COVID-19 pandemic, demand is growing for insurance guarantees in markets where credit and political risks pose a greater challenge. Through the signed MoU, ICIEC and KUKE will work together to provide risk mitigation solutions for businesses and investors.

The MoU is designed to strengthen the existing collaborative efforts between the two insurance providers, enhancing their capacity to support trade and investment between Poland and ICIEC's 47 member countries. In addition, the MoU encourages further forms of cooperation, including technical assistance and capacity building.

"The signing of this Memorandum of Understanding serves to reinforce the opportunities for trade and investment between Polish companies in OIC countries and to deepen the partnership ICIEC has forged with KUKE," says ICIEC CEO Mr. Oussama Kaissi. "We hope that this partnership serves as an example to more western countries by demonstrating the dynamic and growing market potential that exists in OIC countries and to consider the region's foreign direct investment potential."

"ICIEC is an experienced partner with whom cooperation will help KUKE strengthen the presence of Polish exporters and investors from many industries on very promising markets" says KUKE CEO Janusz Władczak. "While the uncertainty related to the pandemic has suspended some projects, we are already looking together to the future when the world will overcome the effects of the virus. Polish companies with an attractive combination of high quality products and services and competitive pricing are increasingly boldly looking for markets with a potential for growth outside of Europe. With the support of ICIEC and KUKE Polish exporters have a chance for a dynamic expansion on four continents."

ICIEC jointly hosted a webinar for the Arab-Africa Trade Bridges Program titled “Building Investment Bridges Between Arab and African Countries”



INTRODUCING AATB'S INVESTMENT PILLAR TO FINANCIAL INSTITUTIONS AND PARTNERS

BUILDING INVESTMENT BRIDGES BETWEEN ARAB AND AFRICAN COUNTRIES



Wednesday, 3 February 2021

Initiative showcased key investment, trade and insurance pillars designed to improve trade between Arab and African countries, targeted at key sectors including agro-food, health, and pharmaceuticals amongst others

Jeddah – Under the umbrella of the Arab-Africa Trade Bridges (AATB) Program, three IsDB Group Private Sector Entities hosted a webinar on key trade finance and investment components aimed at fostering regional trade. The entities included the International Islamic Trade Finance Corporation (ITFC), the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) and the Islamic Corporation for the Development of the Private Sector (ICD) in collaboration with IsDB Group Business Forum “THIQAH”. Over 1,000 development institutions, sovereign funds, banks, investment and private equity companies, and key government and corporate sector representatives were in attendance.

The event, which focused on the investment, trade and insurance pillars of the AATB program showcased potential business opportunities existing between the two regions particularly in key industries such as agro-food, health and pharmaceutical, building and construction materials and equipment, as well as machinery and electrical equipment. Projects and activities involving the growth of trade related investment

and knowledge and technology transfer between the Arab and African countries were explored with the aim of growing AATB member base.

The webinar was inaugurated with keynote speeches from Mr. Oussama Kaissi, Chief Executive Officer of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), Mr. Ayman Sejiny, Chief Executive Officer of the Islamic Corporation for the Development of the Private Sector (ICD) and Eng. Hani Salem Sonbol, Chief Executive Officer of International Islamic Trade Finance Corporation (ITFC).

Key outcomes from this session noted considerable progress in terms of launching and implementing the projects involving the growth of trade investment and technology transfer between Arab and African countries. The session also addressed the key challenges limiting the business community and concerned trade and

investment authorities of the countries in both regions by nurturing an environment where the parties can benefit from the opportunities that exist.

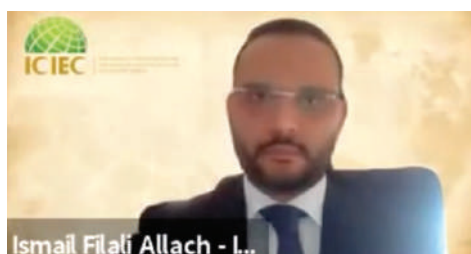
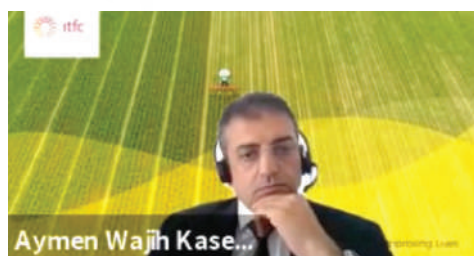
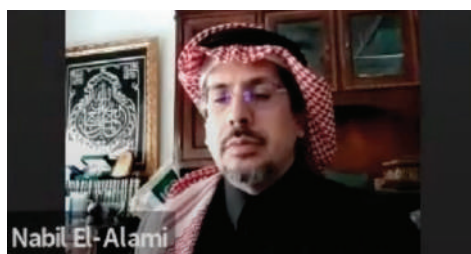
In his opening address, Mr. Oussama Kaissi, said: “Despite the tragedy presented by the pandemic, these unprecedented times have brought development institutions together to seek solutions and encourage innovation, teaching us that the best way forward is together. ICIEC believes that through the AATB program, our multilateral efforts can enhance pandemic responses, capacity building efforts, and economic security, providing the citizens of Arab and African countries the knowledge and materials to build a better future.”

Eng. Hani Salem Sonbol, corroborated the sentiment, saying: “Since its launch in 2017, AATB has become the foremost platform in driving trade between the Arab and African regions, with



“ICIEC believes that through the AATB program, our multilateral efforts can enhance pandemic responses, capacity building efforts, and economic security, providing the citizens of Arab and African countries the knowledge and materials to build a better future”

Mr. Oussama Abdul Rahman KAISSI
Chief Executive Officer, ICIEC



“ICD will lead the Investment Pillar of the AATB Program, which aims to mobilize and allocate resources to impactful investments in Arab and African countries including recovery packages to overcome the adverse impacts of Covid-19. In line with our global approach, we aim to expand existing and build new partnerships with financial institutions to design and launch special financial packages for the benefit of member countries under the umbrella of the AATB Program.” said Mr. Ayman Sejiny.

Moderated by Mr. Nasser M. Al-Thekair, General Manager, Trade & Business Development, ITFC, the first session presented by Mr. Syed Quadri, Acting Director, Resilience and Social Development Department in IsDB discussed key features and benefits of the AATB investment pillar to financial institutions and key partner networks. A panel discussion on the benefits and features of AATB’s trade, investment and

insurance pillars featured key speakers including Mr. Aymen Kasem, Division Manager, Trade Development, Trade & Business Development of ITFC, Mr. Essaied Ben Ahmed, Principle, Infrastructure & Corporate Finance Global Markets & Fixed Income of ICD, and Mr. Ismail Filali Allach, Country Manager, Morocco, Middle East & North Africa Region Division, ICIEC.

AATB is a multi-donor, country and organization program designed to leverage new trade partnerships, strengthen existing ones, and increase trade and investment flows between the Arab and African regions. At present, its partners and members include IsDB, ITFC, ICIEC, Afreximbank, Arab Bank for Economic Development (BADEA), and OPEC Fund with member country representation consisting of Benin, Cameroon, Egypt, Morocco, Senegal, Togo, and Tunisia.

“The program facilitates financial and technical support for trade and investment-related activities aimed at promoting intra-trade between the regions through specific interventions and dedicated trade finance and investment components”

Eng. Hani Salem Sonbol
Chief Executive Officer, ITFC

important initiatives that strengthen growth and prosperity in beneficiary countries. The program facilitates financial and technical support for trade and investment-related activities aimed at promoting intra-trade between the regions through specific interventions and dedicated trade finance and investment components”.



“In line with our global approach, we aim to expand existing and build new partnerships with financial institutions to design and launch special financial packages for the benefit of member countries under the umbrella of the AATB Program.”

Mr. Ayman Sejiny
Chief Executive Officer, ICD

ICIEC was announced as the recipient of two Islamic Finance News Deal of the Year Awards 2020



Tuesday, 9 February 2021

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) was the recipient of two major recognition's in the Islamic Finance News Deals of the Year Report for 2020.

The Corporation received the award for IFN Africa Deal of the Year 2020 for ICIEC's EUR 20 million cover toward the reconstruction of Scientific High School in Yamoussoukro, Côte d'Ivoire in partnership with Bank of Africa, BMCE Group Morocco. Bank of Africa BMCE Group leveraged on ICIEC support to successfully mobilize a total of EUR 54 Million for the project.

The project addresses one of the key impediments to education in Côte d'Ivoire, lack of infrastructure and adequate facilities. ICIEC's support for the project advanced the construction of 22 new classrooms and contributed to the Government of Côte d'Ivoire's ten-year Education and Training Sector Plan (Plan Sectorial Education/Formation 2016–2025). The program aims to mitigate poverty and illiteracy by enabling as many children as possible to have access to quality education.

ICIEC was also the recipient of the IFN Sovereign & Multilateral Deal of the Year 2020 for its EUR 143 million cover of the financing for the construction of two new hospitals with a collective capacity of 400 beds in the south-eastern towns of Adzope and Aboisso in Côte d'Ivoire in partnership with Deutsche Bank. These hospitals bring state-of-the-art equipment and facilities into the typically underserved region. The two hospitals will employ around 600 local people and foster the development of a micro-economy in the areas surrounding them. Additionally, the project financed five new medical units in existing hospitals across Côte d'Ivoire. The EPC contract is undertaken by a Moroccan contractor, supporting the export of services from another ICIEC member country and facilitating intra-OIC trade of services and human capital between Cote d'Ivoire and Morocco. The support from ICIEC is helping Côte d'Ivoire achieve its National Development Plan targets for 2016–2020 while also improving the Republic's ability to contain the COVID-19 pandemic.

"ICIEC is honoured to receive such important recognition for both of these seminal projects in 2020," says ICIEC CEO, Mr. Oussama Kaissi. "With the COVID-19 pandemic bringing such a tumultuous year for countries across the globe, we are proud of the significant positive impact these projects have on development and we are even more delighted with the education, healthcare, and employment opportunities they have provided to citizens of Côte d'Ivoire. ICIEC will continue to support member countries and the achievement of the Sustainable Development Goals through the provision of shariah compliant insurance solutions."

ICIEC releases promising data for the Corporation's 2020 business performance

Saturday, 27 February 2021

2020 presented the world with an unprecedented onslaught of challenges which impacted governments, businesses and citizens across the globe. These challenges span from the fallout of devastating natural disasters to the implications of a global health crisis with the COVID-19 pandemic. Throughout these tests and economic implications, ICIEC has been there to support its 47 member countries and their businesses.

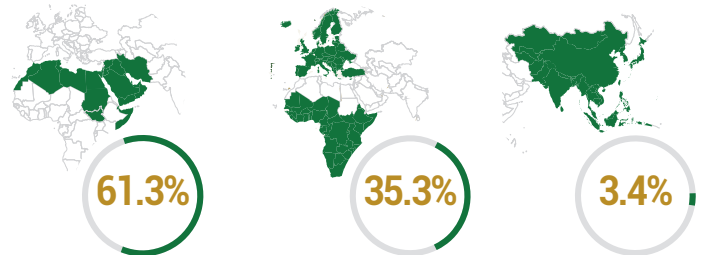
Business Insured

The Corporation has been active in mitigating risks to keep trade and investment flowing through the provision of Shariah-compliant insurance solutions. While the economic outlook is not necessarily promising as the COVID-19 pandemic continues into 2021, the Corporation insured USD 9.86 billion in 2020.



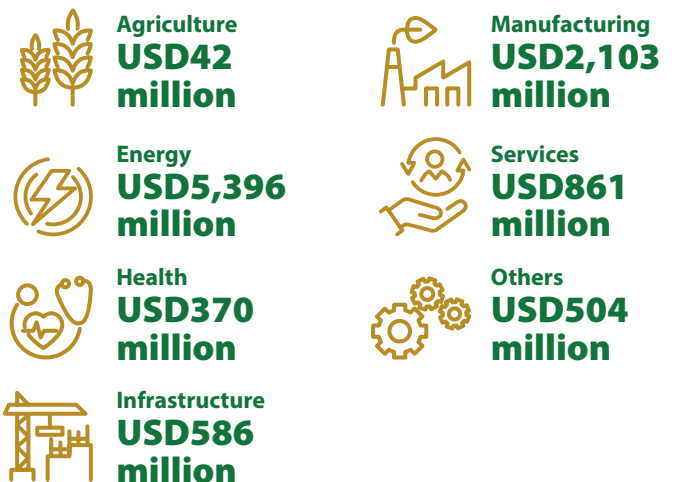
Business Insured by Region

Business distribution remained relatively consistent in the Asia region throughout 2020, while it shifted by 6.9% from the Sub-Saharan Africa and Europe (SSAE) region to the Middle East and Northern Africa (MENA) region.



Business Insured by Sector

In response to the COVID-19 pandemic, ICIEC shifted its focus to helping member countries respond to and recover from the devastating impact of the pandemic, accounting for the increase in health support and infrastructure support.



A New Year: The 2021 Insurance Market



2020 Recap

The year 2020 will always be associated with the global COVID-19 pandemic and the resulting socio-economic fallout worldwide. Like other industries, the trade credit and political risk insurance industry experienced broad and deep impacts financially, operationally, and strategically. Trade credit and political risk insurers had to adapt quickly to mobilize tools and develop policies that would maintain essential trade flows of goods and services and help alleviate the economic impacts of the pandemic. The OECD estimates that 2020 saw a reduction of global GDP by 3.4% and a global trade contraction by 10.9%¹. Such negative economic outlooks remain concerning for many governments and businesses.

Aside from the pandemic, other factors were at play in 2020, including macroeconomic conditions, geopolitical developments, and technological advancements, which also affected trends in the insurance industry and forced insurers to rethink their core strategies, including which products they offer, which markets they serve, and how they operate.

Challenges and Risks

It comes as no surprise that 2020 ranked pandemics and infectious diseases as the top perceived risk in the insurance market worldwide. The pandemic also accelerated the perception of other existing risks, such as public debt, cybersecurity, geopolitical tensions, unemployment, and inequality. Due to the speed and severity of the pandemic, scenarios that would typically have unfolded over many years instead took place over just a few months. These jolts increase the potential for risks to influence each other in unpredictable ways.

The pandemic's initial shock in early 2020 saw a sharp increase in the number of insolvencies and the number of claims reported by credit insurers, but this decreased later in the year, thanks to the support that governments, and importantly, the coordinated nature of the responses, across the

world offered to businesses². Swift government assistance helped credit insurers improve their resilience to shocks and withstand most of the negative impacts on their business. However, there are concerns that a future reduction in government support could trigger economic instability and a spike in claims.

Overall, in 2020 the insurance industry had to develop innovative ways to mitigate the risks caused and accelerated by the pandemic. Trade credit insurance remained essential in 2020 for supporting trade flows and supply chains that are crucial for economic recovery, providing security to businesses and investors. However, the long-term implications of the pandemic are still ultimately unknown, and caution is still highly warranted going forward.

ICIEC's Response to the Challenges and Risks

In the face of the global pandemic, ICIEC was fast to respond, forging strategic partnerships, ensuring the continuance of critical trade flows, and creating innovative solutions to help mitigate the fallout in Member Countries. ICIEC had to adapt quickly to the challenges of the COVID-19 pandemic to ensure the economic and social stability of its Member Countries by introducing several measures and initiatives to combat the negative impact of the pandemic on the economies of the member countries. These measures included introducing new products and insurance capacity. ICIEC's total amount of business insured for 2020 amounted to USD 9.86 billion.

As part of the Islamic Development Bank Group's 'Strategic Preparedness and Response Facility' (SPRF), ICIEC's COVID-19 response to date reached USD 450 million in insurance, helping to minimize the adverse health and socio-economic impacts of the pandemic in Member Countries, especially for the most vulnerable populations. In addition to the SPRF, ICIEC also collaborated with IsDB on the innovative USD 2 billion COVID-19 Guarantee Facility designed

“The pandemic also accelerated the perception of other existing risks, such as public debt, cybersecurity, geopolitical tensions, unemployment, and inequality. Due to the speed and severity of the pandemic, scenarios that would typically have unfolded over many years instead took place over just a few months”.

to support the private sector and the Islamic Solidarity Fund for Development (ISFD) to create the ICIEC-ISFD COVID-19 Emergency Response Initiative' (ICERI). The ICERI is a rapid COVID-19 response and resilience initiative with USD 400 million in funding, supporting import-dependent and developing Member Countries. These collaborative efforts continue to help Member Countries meet their essential import needs of pharmaceuticals, healthcare equipment, agricultural commodities, energy commodities, and other crucial materials and resources necessary to combat the negative impacts of the pandemic.

Successes and Opportunities

The disruptions caused by the COVID-19 pandemic in 2020 also presented opportunities for the export credit insurance industry to position itself in line with new societal realities and market needs. One of the most significant opportunities to arise from the pandemic is the digital transformation's acceleration in the insurance market that started over the past two decades. At the onset of the pandemic, the industry underwent rapid virtualization of operations to meet employee and client needs. This progression will enable data-driven transformation across the industry and cost-efficient organizational models in the future.

Besides implementing technology for ICIEC's Business Continuity Management throughout 2020, ICIEC worked on implementing a new IT System to improve institutional performance, capacity, and responsiveness by digitizing its business processes. This new system will play a crucial role in increasing the volume of intra-OIC trade and the inflow of investment into Member Countries, in line with ICIEC's 10-Year Strategic

1 <https://www.oecd.org/coronavirus/policy-responses/trade-finance-in-the-covid-era-current-and-future-challenges-79daca94/>

2 https://www.moody's.com/research/Moodys-affirms-the-ratings-of-five-trade-credit-insurers-with-PR_1000004086

Plan. Additionally, the IT System will ensure that Takaful products are easier to access and easier to use. The system will improve ICIEC's customer service experience through shorter processing times and improved information availability, making ICIEC's products more attractive to prospective customers.

The increased digitization will bring about transformational changes to the industry by reducing operating expenses, automating internal processes, and boosting revenues. While the effects of the pandemic will be felt for years to come, and considerable uncertainty remains, including lingering obstacles to growth and profitability, there are still reasons to be cautiously optimistic for the future of the insurance market.

Early 2021

The 2021 overall outlook for the trade credit and political risk insurance market remains unclear as the effects of the pandemic still need to materialize fully. However, many of the trends witnessed in 2020 are continuing into the new year, presenting continued challenges and abundant growth opportunities. There is a lot of hopefulness worldwide as vaccines and control measures are slowly starting to have positive effects in some regions.

The uncertainty and protectionism in global trade sparked by the pandemic are poised to continue increasing the demand for trade credit products. The rise in focus toward protecting and mitigating risk from non-payment risks and expanding trade into different regions are becoming major growth factors in the market³.

In a survey conducted by Trade Finance Global of trade credit members of the International Credit Insurance & Surety Association (ICISA), most respondents anticipate an increase in demand for credit insurance cover in 2021, and growth is expected for political risk underwriters in OECD countries. This survey also saw the majority of underwriters expecting an increase in claims paid, as well as the expectation that payment defaults will rise sharply this year⁴. Pricing is also likely to be affected by the COVID-19 pandemic. New types of covers will likely be developed this year in response to the pandemic, such as the launch of more parametric policies.

While the pandemic continues to dominate the policies and strategies of the insurance market in 2021, we can expect related and unrelated trends to make an impact. Environmental, social, and governance (ESG) concerns will likely take centre stage, focusing on promoting sustainability and the continuing digitization of the industry.

Looking Ahead

The long shadow cast by the pandemic will impact the assessment of future risks and opportunities when looking forward to the rest of 2021 and beyond. For the coming year,

political decisions on COVID-19 and climate change will significantly impact risk. The biggest challenge is the ability to prepare for many unknowns as economies struggle to recover and the distribution of vaccines continue across the globe. Even as world economies recover their footing, it is unlikely that the market will go back to the previous 'normal' with the end of the global outbreak.

Due to the challenging economic conditions ahead, insurers should adopt strategies and policies to accelerate long-term recovery and growth. How insurers' respond not just to the impacts of COVID-19 but the longer-term shifts in technology, the economy, and consumer preferences will be critical. Generating continuous innovation in insurance policies, strategies, operations, products, and customer experience could turn out to be the biggest differentiator in 2021 and beyond.

Despite all the uncertainties, the outlook for the years to come still shows growth opportunities. According to the Global Opportunity Analysis and Industry Forecast, 2020–2027, the compound annual growth rate (CAGR) of the trade credit insurance market estimated to grow at 8.6% from 2020 to 2027, and the market value of the trade credit insurance market projected to reach USD 18.14 billion by 2027⁵.

The Islamic Finance Market

The COVID-19 pandemic caused many challenges for the Islamic finance market, especially with the current volatility in oil prices and the uncertain macroeconomic environment. Islamic finance also has a much larger exposure to SMEs, microfinance, and retail lending, exposing it to a greater risk of client default or increased claims entering 2021. However, the outlook for Islamic finance remains promising in the new year, as it has proven to be resilient to previous crises due to the nature of its offerings and instruments.

Islamic banks encourage transparency between institutions and their customers, and they continue to provide interest-free services and prohibit unethical and high-risk transactions. In addition, all cash flows are tangible assets in the economy, which makes it very difficult to create unsustainable levels of debt, unlike conventional banking, where debt is created without much of a limit. These principles will likely insulate Islamic finance institutions from the risk of bankruptcy in the coming year, even in the face of so much economic uncertainty.

The impacts of COVID-19 are also creating new opportunities by forcing the Islamic finance industry to adapt to rapidly evolving market conditions and speeding up the pace of emerging trends in socially responsible investing, sustainability, and digitalization to mitigate the impact of the outbreak. There is ample room for Islamic banking solutions to become critical in aiding the recovery following

the crisis, aiding in the industry's growth. The ultimate outlook will depend on the longevity and severity of the COVID-19 pandemic and its effects – particularly in OIC countries.

ICIEC's Focus for the Year

As a leader in multilateral Shariah-compliant insurance solutions, ICIEC has been working to mitigate the effects of COVID-19 in Member Countries. The Corporation stands ready to unite with relevant partners and continue to grow the Islamic finance industry throughout 2021.

ICIEC continues to serve its mandate of promoting cross-border trade and support foreign direct investment (FDI) by providing risk mitigation and credit enhancement solutions to Member Country exporters selling to buyers across the world, to investors from around the globe investing in Member Countries, and to international exporters selling to Member Countries in transactions for capital goods and strategic commodities.

ICIEC's promotion of intra-OIC relationships will remain essential in the year to combat the rise of protectionism as a trend in global trade. Many nations turned inward and implemented protectionist policies throughout the pandemic, especially regarding medical supplies and essential commodities. Several ICIEC's Member Countries, classified as Low-Income Countries (LICs), has been hit the hardest by these protectionist policies. ICIEC will continue to address the effects of protectionism throughout 2021 by facilitating trade among businesses in the OIC and beyond. One such example is ICIEC's support of the Arab-Africa Trade Bridges (AATB) Program. AATB is a multi-donor, multi-country, and multi-organizations program designed to leverage new trade partnerships, strengthen existing ones, and increase trade and investment flow between the Arab and African regions. ICIEC supports the AATB Program with investment and export credit insurance for Islamic Countries to strengthen the economic relations between OIC member countries.

ICIEC will also continue to support its Member Countries by continuing its COVID-19 funds and initiatives, aiming to mitigate challenges while also delivering development impact. One of ICIEC's key strategic priorities is to support Member Countries in achieving their development agendas. ICIEC continues as well to support the achievement of the UN's Sustainable Development Goals (SDGs). ICIEC continues to act as a catalyst for private sector capital to be mobilized and directed towards the achievement of the SDGs, which will have profound positive impacts in the OIC region and the rest of the world as they recover from the fallout of the pandemic. The pandemic provides an opportunity to recover more sustainably by growing economies, job creation, combating climate change, reducing inequality, and improving public health. ICIEC remains committed to prioritizing projects in Member Countries to build a more vital, resilient and inclusive ecosystem.

3 <https://www.alliedmarketresearch.com/trade-credit-insurance-market-A08305>

4 <https://www.tradefinanceglobal.com/posts/what-does-2021-hold-in-store-for-credit-insurance/>

5 <https://www.alliedmarketresearch.com/trade-credit-insurance-market-A08305>

Sharing the Risk: The Benefits of Reinsurance

An interview with ICIEC's Head of Reinsurance, Rahmatnor bin Mohamed

ICIEC was established in 1994 under the Islamic Development Bank Group to promote international trade and facilitate foreign direct investment in OIC countries through the provision of Shari'ah-compliant trade credit and investment insurance. For over 27 years, ICIEC has built its trusted reputation as a leading multilateral insurer, catalyzing trade and investments in its Member Countries. ICIEC aims to bridge market gaps and step in where the private market capacity and risk appetite has limitations. In addition to serving corporates and banks across ICIEC's Member Countries, the Corporation also works with national, regional, and multilateral Credit and Political Risk insurers to create additional insurance capacity for mega and higher-risk projects through active use of reinsurance.

Reinsurance has become one of ICIEC's staple products. Through its reinsurance solutions, the Corporation offers risk-sharing support to Member Country ECAs and enhances their capacity to catalyze development. To provide deeper insight into the Corporation's reinsurance activities, ICIEC's Head of Reinsurance, Mr Rahmatnor bin Mohamed, responded to some questions regarding the use and provision of reinsurance and the future of the reinsurance market.

Since taking on the role in 2008, Mr Rahmatnor bin Mohamad has led ICIEC's reinsurance team and is responsible for overseeing all reinsurance activities.

What is reinsurance, and why is it used?

Rahmatnor: Essentially, reinsurance is insurance for direct insurers. It is an enabling partnership with the Reinsurers allowing Insurers to share risk and increase capacity. Reinsurance is a tool used by insurance companies providing them with financial flexibility. Reinsurance, therefore, can be seen as "shadow capital", extending an insurer's risk appetite and capacity.



What is the importance of reinsurance for ICIEC, and how do ICIEC's clients and partners benefit from it?

Rahmatnor: ICIEC is in the business of providing Trade Credit and Political Risk Insurance (TC&PRI). For businesses conducting trade and making investments in an uncertain economic and political environment can be challenging.

To manage these risks, companies around the world rely on TC&PRI. Credit Insurance provides coverage for a range of commercial and political risks that might lead to non-payment risk. In contrast, Political Risk Insurance covers political violence, Breach of Contract, War, expropriation, and currency inconvertibility, as well as Non-honoring of Sovereign Financial Obligation. It helps mitigate the financial blow from the loss or damage of commercial assets, income or property due to political events. While commercial and political risks are often difficult to predict, TC&PRI can provide peace of mind for policyholders.

Due to the current global political and economic environment and the higher-risk nature of some of ICIEC's Member Countries, insurers providing cover for commercial and political risks may be hesitant to cover risks in certain instances.

Multilateral Insurance Institutions like ICIEC can be better suited than private insurers or ECAs to issue an insurance policy covering high-risk investment and trade destinations due to our mandate, political leverage, financial capacity, and ownership structure. As such, ICIEC and other multilateral insurance providers can expand the total market capacity for these destinations by seeking outward reinsurance or providing inward reinsurance to private

insurers and ECAs, helping to boost investment and trade in high-risk states and regions. Inward reinsurance for ICIEC refers to when an insurance provider or national ECA seek ICIEC's support to reinsure a risk they have covered, thus sharing the risk between the insurer and ICIEC as a Reinsurer. Usually, ICIEC shares the risk on inward reinsurance arrangements based on a predetermined agreement in these cases. Outward reinsurance is when the Corporation seeks to share risk or expand its insuring capacity for a particular project or portfolio. When ICIEC pursues outward reinsurance, it then looks for partners from the larger reinsurance market, such as the Lloyd's of London. With outward reinsurance, we can enhance our capacity to take on additional risk and increase our capacity to insuring significant investments volumes and trade transactions.

When does ICIEC seek outward reinsurance?

Rahmatnor: ICIEC reinsures all its transactions via a treaty program and facultative arrangement or both. ICIEC seeks outward facultative reinsurance for megaprojects and trade transactions considered too large for ICIEC to undertake alone. This determination is based on actuarial assessment and risk profiling. ICIEC seeks to support these large-scale projects expressly if they deliver significant development impact, enabling the Corporation to fulfil its mandate. ICIEC's main partners for outward reinsurance are from the European continent and Bermuda. However, ICIEC constantly explores the availability of rated security in non-traditional markets. These non-traditional reinsurance markets provide needed capacity for specific risks that otherwise cannot be insured on the continent and UK. ICIEC enjoys strong partnerships with other multilaterals who share similar mandates with ICIEC and, as such, often share risks. Our Strategy is to pursue all avenues that may secure additional risk capacity for ICIEC and make sure we have several options.

How is ICIEC benefiting from reinsurance treaties?

Rahmatnor: ICIEC has several treaty programmes covering all lines of business underwritten by the Corporation. Highly rated Reinsurance companies back these treaty programmes. Products included in the treaty programmes are – amongst others – STP, BMP, and FIIP. These treaty reinsurance programmes have provided ICIEC with automatic facilities and additional capacity, reducing the rising transaction costs of setting up facultative reinsurance.

In what cases does ICIEC use facultative reinsurance?

Rahmatnor: While ICIEC typically works with reinsurers on a treaty basis, we remain open to the reinsurance market on a facultative basis. The facultative market helps us stay in touch with the market to understand the current status of risk appetite and pricing. Facultative reinsurance is often used for transactions that do not meet treaty terms and conditions and typically reserved for large-scale transactions with profound development impact. Thanks to ICIEC's outward facultative partnerships, investors, traders, and banks receive much-needed insurance cover, enabling the execution of trade transaction and inflow of investment to our member countries.

Can you speak more on ICIEC's role in providing inward reinsurance?

Rahmatnor: Certainly. ICIEC serves as an essential reinsurance partner for the national ECAs of Member Countries in terms of inward reinsurance. These ECAs are often relatively small and are in need not only of financial capacity but also require technical support. These ECAs reach out to ICIEC for reinsurance to support their countries' export activities and project financing. For these ECAs, ICIEC provides inward reinsurance agreements through facultative and treaty arrangements covering development impact-oriented projects that might not materialize otherwise.

2020 has been a challenging year for everyone. Besides the widespread hardships COVID-19 created in various capacities, how did the pandemic impact the reinsurance market and ICIEC?

Rahmatnor: 2020 was a challenging year in general for the reinsurance market, with significant concerns and outcomes of non-payment. With such uncertainty in the market for political and commercial risk, underwriters mainly focused on their existing portfolios. They did not have an appetite for underwriting new business. In 2020, ICIEC insured USD 9.9 billion worth of business and secured a reinsurance capacity totalling USD 6.081 billion through our treaties, the facultative reinsurance market and other insurance partners. In terms of inward reinsurance, ICIEC participated as a reinsurer for the Inward Quota Share Treaty programs with Turk Eximbank (Turkey), CAGEX (Algeria), COTUNACE (Tunisia), NAIFE (Sudan), Indonesia Eximbank (Indonesia), EGE (Egypt), JLGJ (Jordan) and ASEI (Indonesia). In December 2020, ICIEC notably renewed its outward Quota Share Treaties based on expiring terms and conditions

despite the world's challenging pandemic period. ICIEC is particularly proud of this achievement, as we believe it shows how valued ICIEC is as an insurance partner.

Putting 2020 into the rear-view mirror, what is your outlook on the market for reinsurance entering 2021?

Rahmatnor: In 2021, the political risk landscape is particularly tumultuous. The COVID-19 pandemic continues to wreak havoc across the globe, killing and infecting millions, stressing healthcare systems, straining supply chains, troubling economies, and exposing deficiencies in all levels of government worldwide. Various geopolitical conflicts are causing significant risks, while the deterioration of US-Sino relations is providing concerning risk implications for global security and trade. Meanwhile, domestic forms of political strife are exceptionally high, with large protests and unrest occurring in various states worldwide. Despite the conditions in 2021 being somewhat unpredictable, we expect more reinsurance capacity to be released as vaccines reach those in need and governments slowly open their countries from extended lockdowns. These actions will help boost business going forward and encourage investment and trade in the post-COVID-19 world.

Lastly, what should ICIEC's stakeholders expect from the Corporation's reinsurance team in the future?

Rahmatnor: As we continue to deal with the ramifications of the pandemic, the reinsurance team at ICIEC is working diligently to strengthen our existing reinsurance partnerships and seek new opportunities to enhance ICIEC's capacity in support of our Member Countries achieving their development vision and programmes. Despite the current difficulties, we are excited and prepared to help enable an insurance market that can assume more risk, further enhance trade and investment, and support life-altering projects for those most in need. We will continue strengthening ICIEC's reinsurance capacity as we come out of this challenging period, and I am excited for the potential I see in the world post-COVID. Thank you.

Partnerships for OIC Development: Collaborations Between ICIEC and the IsDB Group



Introduction

Collaboration and partnerships are potent enablers of economic development. One inherent and highly influential collaboration for ICIEC stems from being a member of the Islamic Development Bank Group (IsDB Group). All the IsDB Group member institutions work together towards the same goal – delivering economic prosperity across the OIC by supporting sustainable development through Shari’ah-compliant solutions. Enhancing synergies between ICIEC and the IsDB Group is a strategic priority for the Corporation. It allows ICIEC and its group entities to deliver on both their shared and individual goals more effectively. Partners in the IsDB Group are integral to ensuring ICIEC’s success as the Corporation works to deliver on its mandate to support trade and development throughout the OIC.

The Islamic Development Bank (IsDB) and the IsDB Group:

The Islamic Development Bank (IsDB) established in December 1973 as a Multilateral Development Bank (MDB) under the auspices of the Organisation of Islamic Cooperation (OIC). The Bank commenced business activities in October 1975 with the key objective of facilitating the economic development and social progress of its Member Countries and Muslim communities across the world more broadly. The Bank currently serves 56 Member

Countries and is continuously looking to grow its membership.

Since IsDB’s inception, several entities have been launched by the Bank, including ICIEC, the International Islamic Trade Finance Corporation (ITFC), the Islamic Research and Training Institute (IRTI), the Islamic Corporation for the Development of the Private Sector (ICD) and the World WAQF Foundation (WWF). Together with the Bank, these sister institutions make up the IsDB Group and work together to serve OIC member states.

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC):

The Islamic Development Bank Group established ICIEC in 1994 as the trade credit and investment insurance arm of the IsDB Group. ICIEC is mandated to expand the scope of trade transactions and increase investment flows among OIC Member Countries by providing takaful solutions for cross-border transactions. Specifically, ICIEC provide exporters, investors, and financial institutions with the following services: i) export credit insurance to cover the risk of non-payment in relation to cross border trade and trade finance transactions, ii) investment insurance to cover country risk in relation to foreign investments among Member Countries, iii) reinsurance of operations covered by export credit agencies (ECAs) in Member Countries, and iv) promotion of Islamic Finance and Takaful.

These services enable exporters, importers, investors, financial institutions and ECAs to transact and conduct business with ICIEC Member Countries by limiting their potential loss. ICIEC’s takaful solutions limit the potential losses that policyholders can incur by mitigating against certain risks, including the risk of expropriation, non-payment, and many others.

The Islamic Research and Training Institute (IRTI):

IRTI was established in 1981 to ensure that the IsDB could perform its intended functions in conducting research and providing training. IRTI’s core objective is to undertake research and provide training and information services in Member Countries and Muslim communities in non-Member Countries around the topic of Shari’ah-compliant finance. The intention behind this research and the training is to help bring these target communities’ economic, financial and banking activities into conformity with Shari’ah and further accelerate economic development and enhance cooperation amongst them. IRTI’s current activities include producing publications, conducting research projects relevant to Islamic Finance, providing capacity development services, and online training courses.



ICIEC is mandated to expand the scope of trade transactions and increase investment flows among OIC Member Countries by providing takaful solutions for cross-border transactions.

The Islamic Corporation for the Development of the Private Sector (ICD):

ICD established in 1999 to complement the IsDB through the development and promotion of the private sector as a vehicle for economic growth and development in Member Countries. The ICD delivers on this mission by providing finance for private sector projects, promoting competition and entrepreneurship, providing advisory services to governments and private companies and encouraging cross border investments.

The ICD's primary aims are: i) to identify and support investment opportunities in the private sector in Member Countries, ii) to provide a broad range of Shari'ah-compliant financial products and services and iii) to improve the access that private companies have to Islamic capital markets.

The ICD's activities are wide-ranging, including the provision of lines of finance to financial institutions in member states to promote the provision of Shari'ah-compliant finance, investment into the equity of Islamic Banks, advisory services to financial institutions, asset management services and investing in projects and corporates.

The Islamic Trade Finance Corporation (ITFC):

The International Islamic Trade Finance Corporation (ITFC) established in 2005 with the mandate to promote trade of the Member Countries of the Islamic Development Bank through providing trade finance and engaging in activities that facilitate intra-trade and international trade. ITFC's trade finance division provides Shari'ah-compliant trade financing for OIC Member Countries, emphasizing financing intra-OIC trade. ITFC considers providing all Shari'ah-compliant modes of trade financing. The three main financing methods under which it currently provides trade financing include: i) Murabaha, ii) Installment Sale, and iii) Istisna'a. In addition to providing trade financing, the ITFC also provides trade promotion and

trade facilitation services. Its trade promotion activities include enabling businesses to attend trade fairs, identifying new markets and business opportunities, and establishing trade partnerships with new contacts and financial institutions. Its trade facilitation services include working with international partners to eliminate regulatory and procedural barriers to trade and facilitate knowledge sharing between Member Countries in trade and transport facilitation. Overall, apart from its trade financing activities, the ITFC aims to provide capacity-building tools to Member Countries and their corporates so that they can effectively trade beyond their domestic borders.

World Waqf Fund (WWF):

Considering the need for a global Waqf entity that can collaborate with and connect governments, organizations, NGOs, philanthropists and corporates alike, the WWF was established by IsDB 2001. The WWF has a host of objectives, including i) the promotion of Awqaf for sustainable development, ii) supporting organizations, programs and projects in the areas of education, health, culture and social life, iii) providing support for research conducted in the area of Waqf, and iv) assisting countries and organizations in drafting legislation regarding Waqf.

ICIEC and the IsDB Group

ICIEC's relationship with the IsDB Group is vital, as ICIEC and the various members of the Group work together to achieve more significant trade and investment volumes into and between OIC countries. As part of the IsDB Group, ICIEC's mission, vision, and core values were all created to align amongst members. Enhancing synergies between ICIEC and its partners in the IsDB Group is a crucial priority for the Corporation. Synergies cut across the three strategic objectives of ICIEC's 10-Year Strategy - enhancing impact, efficiency, and resilience.

ICIEC is working with its sister institutions to support initiatives they are pursuing and is exploring cross-marketing, staff rotation, and undertaking upstream and downstream programs.

Collaboration between ICIEC and IsDB

ICIEC works in the closest collaboration with the IsDB. The Bank and ICIEC have a long history of working together to support strategic transactions and undertake joint initiatives that support Member Countries both in good times and in times of crisis.

An example of this partnership in times of crisis includes the response to the adverse effects of the COVID-19 pandemic. ICIEC is collaborating with the IsDB in several ways. First, ICIEC provided USD 450 million as part of IsDB's 'Strategic Preparedness and Response Facility' to ensure the continuous flow of strategic imports, protect investments, and minimize economic volatility. Later, the two entities established a collaborative USD 2 billion credit guarantee facility known as the COVID-19 Guarantee Facility (CGF). ICIEC serves as the administrator of this facility by deploying its standard credit and political risk insurance solutions through the fund to sustain the import of strategic commodities and protect investments in its Member Countries.

ICIEC has worked particularly closely with the Islamic Solidarity Fund for Development (ISFD) during the crisis. The ISFD sits within the IsDB and works to reduce poverty, build productive capacities of Member Countries, reduce illiteracy, and eradicate diseases and epidemics. ICIEC has formed a bespoke partnership with ISFD known as the ICIEC-ISFD COVID-19 Emergency Response Initiative (ICERI) throughout the pandemic. ISFD has allocated a funding grant of USD 400 million to ICIEC, used to subsidize the premium charged on the insurance cover ICIEC provides to facilitate the procurement of medicine, medical equipment and other essential commodities to eligible countries. In addition to its collaboration through ICERI, ICIEC is exploring the option of using its insurance/guarantee mechanisms as a tool to mobilize resources for financing ISFD's One Wash Program to address cholera and sanitation issues in OIC MCs.

Building on the success of the ICERI, further collaborations between ICIEC and ISFD are underway. Through such partnerships, the institutions can catalyze support to LDMCs in strategic sectors, including education, health systems, youth empowerment, and economic recovery initiatives of fragile and conflict-affected. This approach is aligned with ISFD's mission and will enable ICIEC to boost trade and investment flow in LDMCs of OIC Member States.

During the COVID-19 crisis, ICIEC also hosted and participated in knowledge-sharing events with the IsDB and sister entities. As an example of this, ICIEC participated in the "IsDB Group Private Sector Action Response to COVID-19 Webinar, Launching New Online Initiatives". The webinar hosted many participants from various industries and discussed challenges facing both the private sector and the global economy more broadly during the COVID-19 outbreak.

All IsDB Group members participated and used the platform to discuss investment and trade opportunities in IsDB member countries and outlined various pursued initiatives to withstand the economic effects of the pandemic better.

Beyond the crisis, the ICIEC and IsDB entities have collaborated for the mobilize-to-channel line of financing designed to mobilize private capital and deliver much-needed funding to SMEs in ICIEC's Low Income Member Countries (LIC). The mobilization of this funding is to be done with minimal utilization of ordinary capital resources through partnerships with regional DFIs.

ICIEC and the IsDB are also exploring further partnership in several vital areas, including increased access to finance for women-owned enterprises and infrastructure project risk mitigation. IsDB and ICIEC are currently considering a partnership on Affirmative Finance Action for Women in Africa (AFAWA), a women enterprises and women-friendly SMEs support program designed by AfDB and funded partly by the G-7 States. Additionally, there is a proposal by ICIEC to launch the Infrastructure Investment Fund Pool (IIFP) alongside the IsDB. This proposal by ICIEC aims to increase non-funded project support mechanisms such as credit and political risk insurance instruments.

ICIEC is also working towards integrating the IsDB's policy framework into its mainstream activities. The integrated policies include the IsDB's sector policies and other policies related to compliance, anti-corruption, integrity and ethics. By doing so, ICIEC will foster greater alignment with the IsDB.

Collaboration between ICIEC and IRTI

ICIEC regularly works with - and benefits from the services of - IRTI. ICIEC has taken part in seminars and events organized by IRTI to improve the understanding of its personnel related to various topics within the sphere of Islamic Finance. ICIEC also uses IRTI's courses to build the capacity of its people, as ICIEC offers staff the option to participate in the many Islamic Finance courses offered by IRTI. Additionally, ICIEC personnel often uses IRTI's research and publications

to inform its decision-making related to its products, transactions and other components of its operations.

ICIEC has also contributed to IRTI as well. Specifically, senior personnel from ICIEC have acted as trainers for courses offered by IRTI in the past. As such, the relationship between ICIEC and IRTI is one characterized by knowledge-sharing and collaboration.

There is room to expand the relationship, primarily in jointly producing learning material on investment and trade credit takaful, often not well understood across the OIC.

Collaboration between ICIEC and ICD

ICIEC's relationship with ICD is robust as the institutions share the objective of supporting the private sector in Member Countries by strengthening companies and facilitating infrastructure projects across the OIC through Islamic financing. ICIEC has participated in multiple Sukuk deals led by ICD.

Additionally, ICIEC has participated with ICD in the financing of various projects. For example, ICD and ICIEC supported a power plant project in Mali called the "Albatros Energy Mali (AEM)". ICD financed part of the project, while ICIEC issued a Foreign Investment Insurance Policy (FIIP) to one of the equity participants in the transaction. With their participation and other DFIs, the project was made financially viable and was able to attract the capital needed for construction.

Increasing collaboration with the ICD is an ICIEC aim. Working more closely concerning ICD's syndication mandates, its Line of Financing business, and enhancing ICD's guarantee program for SMEs would prove beneficial for both entities.

Collaboration between ICIEC and ITFC

The visions and missions of ICIEC and ITFC both aim to boost intra-OIC trade through Shari'ah-compliant financial instruments. The institutions have worked together on many initiatives

and transactions in the past. Currently, ICIEC is supporting over USD 484 million of ITFC's finance operations for Member Countries.

The most salient recent initiative that the institutions have worked on is the Arab-Africa Foreign Trade Bridge (AATB) program. The AATB is a regional trade promotion program aimed at addressing some of the challenges of promoting trade between the two regions. The AATB program is essential for ICIEC's mission and values. It allows the Corporation to more effectively encourage intra-OIC trade and Arab and African inter-regional collaboration more specifically. Thus far, the program has seen a high degree of participation by governmental bodies, trade support organizations and private sector organizations alike. ICIEC has seen the significant potential of the AATB program, as the Corporation has closed upwards of USD 5.6 billion worth of transactions through the program over the last ten years. ICIEC aims to work closely with its partner ITFC to contribute to and consistently grow the program.

ICIEC aims to improve synergies with ITFC by collaborating more closely on the AATB Program, LC Products, syndication enhancements, cross-selling, and incentivized business-level agreements for project referrals. With enhanced collaboration across these elements, the business volumes for both entities would expand.

Collaboration between ICIEC and WWF

ICIEC's relationship with the fund remains limited. However, the Corporation foresees potential opportunities to explore in the future where the WWF may be able to utilize ICIEC services to support development in strategic sectors.

Conclusion: Coming Together for Growth and Resilience

ICIEC's partners are critical to the Corporation's ability to facilitate sustainable economic growth for Member Countries. With this in mind, ICIEC has worked hard to foster strong relationships with its IsDB partners and will continue to strengthen IsDB Group synergy going forward. While ICIEC has a longstanding history with most of its IsDB Group peers, the Corporation is still in the process of exploring deeper collaborative options with others. ICIEC acknowledges the importance of all of its partners in the IsDB Group. The difficulties that have come with the COVID-19 pandemic have shown the Corporation that the Group can only withstand and recover from crises if the members join forces and leverage each other's strengths. Enhancing the partnership amongst the IsDB Group is a goal that ICIEC remains committed to ensuring that all members of the IsDB Group and our shareholders can achieve their development goals.

ICIEC is also working towards integrating the IsDB's policy framework into its mainstream activities. The integrated policies include the IsDB's sector policies and other policies related to compliance, anti-corruption, integrity and ethics. By doing so, ICIEC will foster greater alignment with the IsDB



One for All and All for One: ICIEC's focus on growing intra-OIC trade and investment



With OIC membership currently spanning 57 countries across Africa, Asia, Middle East and Latin America, ranging from Indonesia to Suriname, the Organisation of Islamic Cooperation (OIC) is a grouping of countries containing diverse economies in terms of structure and size. Amongst these economies, significant volumes of trade and investment flow, with potential for a substantial increase. The OIC market also provides immense opportunities for trade and investments, given its growing demographics. The current combined population of OIC Member Countries sits at 1.8 billion people. Recent reports suggest that this number will witness population growth across all age groups over the next 30 years, with a crucial increase in the working-age population of 15-64 years (see figure 1).

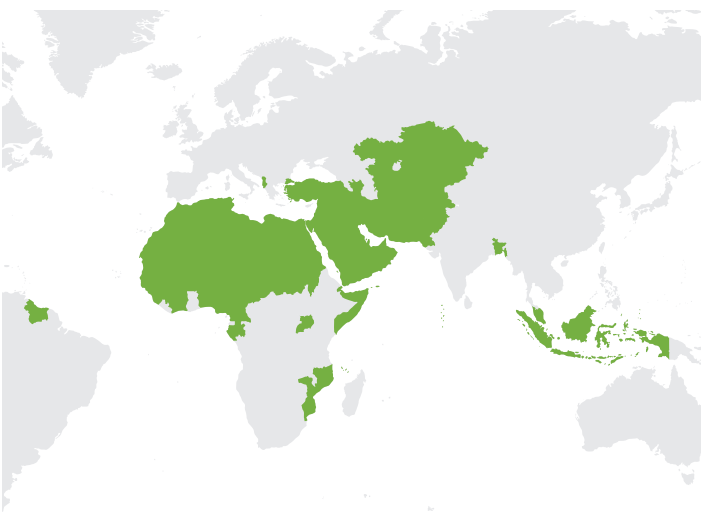
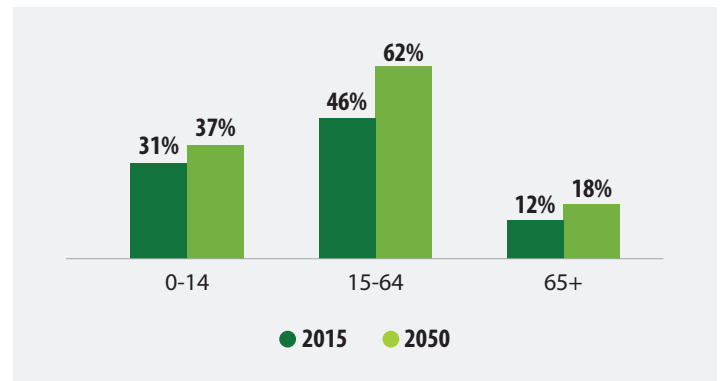


Figure 1: OIC Member Countries Population by Age Group, 2015 & 2050



Source: UN World Populations Prospects

This key demographic age group is expected to constitute more than 50% of OIC's population by 2050. It will allow OIC Member Countries to benefit from what is referred to as "the demographic dividend"⁶. Demographic dividend occurs when a country's population has a low child and old-age dependency ratio and a high working-age population. There is a correlation between creating adequate job opportunities to sustain the working age in countries with a sizeable working-age group and increased income per capita. The increase in income generation would result in increased consumption and higher savings rates, translating into significant economic growth. Alongside a growing population comes the demand for infrastructure development, goods, services and increased food security. This demand presents an opportunity for businesses in OIC Member Countries to grow.

The current snapshot of intra-OIC trade and investments

In alignment with the growing opportunities in the market, the share of intra-OIC trade has also been growing in recent years, from 17.3% in 2011 to 19.6% in 2020 (see figure 2). Intra-OIC export flows have been steadily increasing, from USD 260 billion in 2016 to USD 327 billion in 2019. The top exporters are Malaysia, United Arab Emirates, Saudi Arabia, Turkey, and Indonesia, collectively accounting for 62.7% of all OIC exports⁷.

Although intra-OIC trade has been growing in recent years, the current level of trade integration among OIC Member Countries is still lower than is desired. At the 13th Islamic Summit held in April 2016 in Istanbul, the Committee for Economic and Commercial Co-operation of the OIC (COMCEC) adopted a New Ten-Year Plan of Action to achieve a 25% intra-OIC trade share by 2025. Currently, only 28 of the OIC's 57 Member States have attained the target of a 25% intra-OIC trade share. Given that the current figure for the OIC is 5% below the target, there is still much room for improvement. Increasing the share of intra-OIC trade is a strategic

⁶ <https://demographicdividend.org/>

⁷ <https://sesricdiag.blob.core.windows.net/sesric-site-blob/imgs/news/2461-SESRIC-Trade-Goods.pdf>

Figure 2: Top OIC merchandise exporters, 2019

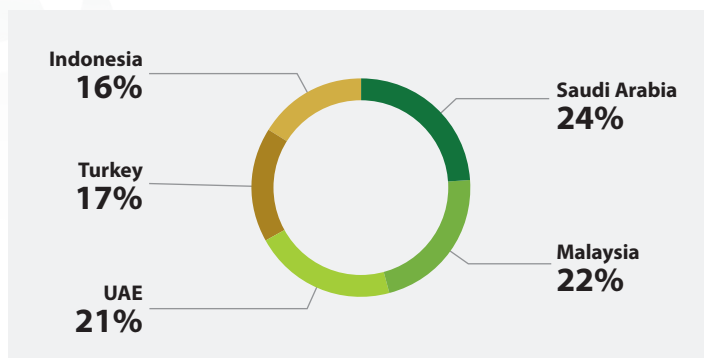
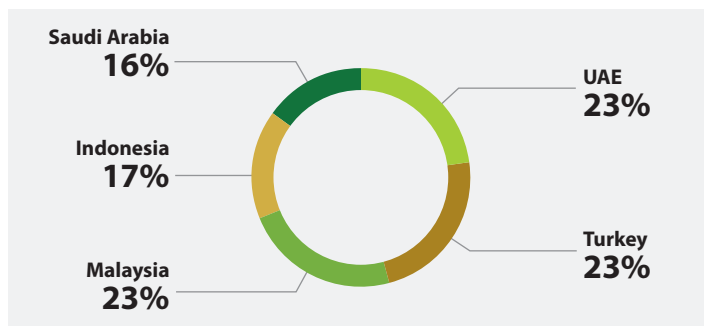
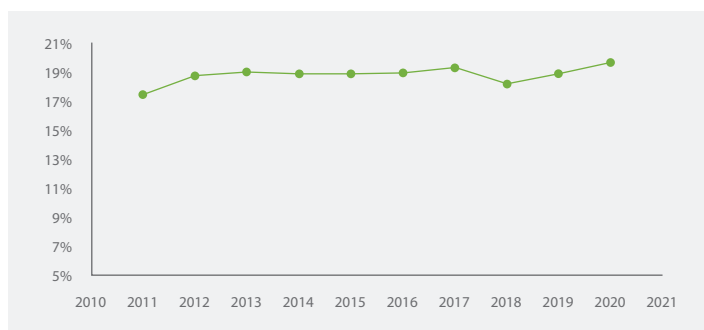


Figure 3: Top OIC merchandise importers, 2019



objective as it allows the region to be more resilient in the face of trade shocks, such as the one engendered by the COVID-19 pandemic. In times of crisis, it is much easier to collaborate with international partners and neighbours committed to your same ideals, customs, economic models and culture. By increasing intra-OIC trade, ICIEC will be able to fortify OIC economies, reduce their exposure to volatility, and better protect the lives and livelihoods of countless people across the Ummah.

Figure 4: Share of intra-OIC trade, 2011 - 2020



Source: Calculated using IMF Directions of Trade Statistics (DOTS)



By increasing intra-OIC trade, ICIEC will be able to fortify OIC economies, reduce their exposure to volatility, and better protect the lives and livelihoods of countless people across the Ummah

OIC's leading exporters and importers are concentrated in these same five countries (see figure 3 and 4). Exports are traditionally concentrated in mineral fuels and non-fuel primary commodities, which tend to involve the least technological intensity. For sustainable and long-term economic development, OIC Member Countries need to diversify exports into other sectors, hedge export revenues against volatile commodity prices.

ICIEC's role in facilitating intra-OIC trade and investments

ICIEC plays a crucial role in promoting intra-OIC trade and investment through the strategic provision of its insurance cover. ICIEC's Documentary Credit Insurance Policy, Credit Insurance Products, Bank Master Policy, and other solutions bridge the market failures that often inhibit intra-OIC trade and investments. These instruments catalyze impact for export sector development, Shari'ah compliant financial sector development, and support member country and human development.

In providing risk mitigation instruments and facilitating access to trade finance, ICIEC supports exporters of all sizes to grow their businesses and ultimately supports Member Countries to prosper economically. ICIEC's presence in the financial market increases the capacity of its partner financial institutions in OIC countries to offer Shari'ah-compliant insurance services and access to finance, further setting an example as the only multilateral Takaful credit insurer. At the same time, ICIEC's Sovereign Sukuk Insurance Policy aims to strengthen Islamic Finance capital markets and mobilize Shari'ah-compliant capital for strategic investment projects in Member Countries. ICIEC also promotes intra-OIC trade and investments by underwriting investments in strategic sectors, particularly in the least Developed Member Countries that are at higher risk and therefore not as attractive to traditional market players. By facilitating trade within OIC, ICIEC strengthens the organization and provides equal opportunities for all OIC Member Countries to trade.

Since its inception, ICIEC has insured USD 68.5 billion in imports and exports. In 2020 alone, the Corporation insured USD 4.47 billion of intra-OIC trade. ICIEC's insurance enables Member Countries to import strategic goods such as food, export products that generate foreign currency revenue for the country and strengthen strategic sectors through infrastructure development. ICIEC's insurance, which helps to catalyze intra-OIC trade, is also critical for assisting Member Countries in reaching the 25% intra-OIC trade target set by COMCEC for 2025, thereby enhancing regional economic integration and resilience.

Looking ahead, ICIEC is continuing to expand its operations in OIC Member Countries to strengthen intra-OIC trade. ICIEC has also instituted several initiatives to support the least developed Member Countries to participate more effectively in trade.

Toward Resilience and Prosperity Across the OIC

Enhancing the quantity of intra-OIC trade has been central to ICIEC's operations since its inception. 2020 has exemplified just how vital this aim is to every Member Country in the OIC. The year showed OIC economies' supply chains and trade partnerships with other actors across the globe are more fragile than once believed. There is a growing need to increase the Intra-OIC trade to bolster the resilience and prosperity of ICIEC's Member Countries' economies. The untapped potential of intra-OIC trade and investment can more easily be achieved through ICIEC's steadfast dedication to ensuring that potential OIC trade partners can engage in trade and investment transactions and by being a powerful risk mitigant. As OIC countries lean on one another to exchange goods and services, the Ummah will be more economically secure, resilient to outside shocks and in harmony with its partners.

ICIEC Supports Uzbekistan Telecommunication Sector

in Expansion and Upgrades of Telecommunication Equipment



ICIEC is insuring a total of USD 50 million in Specific Transaction Policy for transactions between two of China's largest telecommunications equipment manufacturers and Uzbekistan's state-owned telecommunication operator. Combined, the two projects are set to expand the telecommunication network in Uzbekistan.

The first of the two projects involve the USD 30 million modernization of the mobile broadband

access network in Tashkent, the Eastern Region of Uzbekistan. The project includes expanding the data storage and processing centre and developing new technology that will increase bandwidth over existing fibre networks. ICIEC insured USD 40 million for the first program out of the USD 70 million total contract value.

The second project enables telecommunication equipment to expand the broadband network

in Uzbekistan's Western region. The state telco operator is expanding its current networks and building new networks simultaneously. The project totals USD 85 million, divided into three parts. ICIEC is covering USD 10 million out of USD 13 million project value for the initial project stage.

ICIEC's involvement marks one of the Corporation's most significant transactions in Uzbekistan, enabling the member state to facilitate growth in its telecom sector and aligning with the Government's National Development Strategy for 2017-21. By stimulating investment in the telecommunication sector, ICIEC contributes to foreign direct investment and improves Uzbekistan's telecommunications infrastructure. ICIEC support of the Uzbekistan government, which has formulated a telecom sector policy through to 2030, will be critical in developing the country's needed infrastructure.

ICIEC Reinsurance supports the manufacturing sector in Uzbekistan

ICIEC has provided EUR 30 million in reinsurance cover to Russian ECA, EXIAR, for their policy with Russia Exim Bank (Roseximbank) for a loan facility to the Joint Stock Commercial Bank, Sanoat Qurilish Bank (SQB), a state-owned bank in Uzbekistan. The proceeds are used for funding the construction of a Metallurgical Plant in Tashkent to produce cold rolled metal for use in the automotive industry. Therefore, these products will replace the flat steel imports, thus improving the country's Balance of Payments (BoP). The plant will have an annual production capacity of 500 thousand tons and create 672 new jobs. The transaction was executed under the framework of the Reciprocal Reinsurance Agreement signed between ICIEC and EXIAR.

