



**Note:** This report is the first of two volumes that constitute the Annual Report of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC).

The second volume contains the audited financial statements and is published in a separate report of the Financial Statements.

Both volumes are available online at <https://iciec.isdb.org>

سورة الاحقاف



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# Partnerships for Recovery & Impact



# Message from the Chairman

In the name of allah, the beneficent, the most merciful

Date: 28 / 02 / 2021

H. E. The Chairman,

Board of Governors of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)

Dear Mr. Chairman,

**Assalaamu alaikum warahmatullahi wabarakatuhu**

In accordance with Articles 27 and 44 (2) of the Articles of Agreement of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), I have the honor to submit for the kind attention of the esteemed Board of Governors, on behalf of the Board of Directors, the Annual Report of ICIEC on the activities, achievements and audited financial statements in the Year 2020.

Please accept, Mr. Chairman, the assurances of my highest consideration.



**Dr. Bandar M. H. Hajjar**  
Chairman of the Board of Directors



# Board of Directors

**H.E. DR. BANDAR M. H. HAJJAR**  
Chairman



**HON. ABDULGAFFAR AL-AWADHI**  
Kuwait



**HON. ABDOULIE JALLOW**  
Senegal, Burkina Faso,  
Niger, Mali, Gambia, Togo



**HON. ABBAS MEMAR NEJAD**  
Iran



**HON. AHMAD JEFRI ABD RAHMAN**  
Indonesia, Malaysia, Brunei  
Darussalam, Suriname,  
Guyana



**HON. ABDUL GHANI AHMAD MOHAMED LEFTESI**  
Libya



**HON. KHALAF SULTAN AL DHAHERI**  
United Arab Emirates





**HON. BADER AHMAD  
AL-EMADI**

Qatar



**HON. BAKHODIR ALIKHANOV**

Azerbaijan, Albania,  
Uzbekistan, Turkmenistan,  
Tajikistan, Kazakhstan,  
Kyrgyz Republic



**HON. BÜLENT AKSU**

Turkey



**HON. PÉMA GUILAVOGUI**

Benin, Guinea, Guinea Bissau,  
Sierra Leone, Cameroon,  
Cote d'Ivoire



**HON. FAOUZIA ZAABOUL**

Algeria, Morocco, Mauritania,  
Tunisia



**HON. FREDRICK TWESIIME**

Uganda, Chad, Gabon,  
Djibouti, Comoros,  
Mozambique, Somalia



**H.E. DR. HAMAD SULEIMAN  
AL BAZAI**

Saudi Arabia



**HON. FATIMA YASMIN**

Afghanistan, Pakistan,  
Bangladesh, Maldives



**HON. MOHAMMED  
GAMBO SHUAIBU**

Nigeria



**HON. SAMI  
MOHAMED HAMEED**

Yemen, Sudan, Oman,  
Bahrain



**HON. DR. NADA MASSOUD**

Egypt



**HON. ZEINA TOUKAN**

Jordan, Syria, Iraq,  
Palestine, Lebanon



# Message from the CEO



It is with great pleasure that I present the 2020 Annual Report of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), the export credit and investment insurance arm of the Islamic Development Bank (IsDB) Group.

ICIEC's role to support its Member Countries (MCs) during difficult times has never been as essential as it was in 2020 to keep trade and investment open especially in high-risk environments it operates. While the COVID-19 global pandemic commenced in 2020, it will continue to re-shape reality for future generations. The concept of normalcy has been challenged and it has become clear that there is no turning back. The pandemic has shaken the modern world to reveal our strengths, weaknesses, and the exigencies of a resilient and sustainable future.

Awakened with a better understanding and respect for the interconnectedness of our globalized world and how that translates into risks and benefits, we are presented with an opportunity to influence positive change. While there exists no panacea for the challenges we face today, we must draw inspiration from our faith and recognize that partnerships and collaboration are our most powerful tools to overcome challenges.

OIC countries faced economic, humanitarian, health, political, and environmental crises, and the global economy and world trade suffered unprecedented disruptions and uncertainties in 2020. ICIEC, as per its mandate, continued to be a strong and reliant partner to its MCs. Through the provision of export credit and investment insurance services, ICIEC supported companies navigating these challenging times by continuing to mitigate risks and facilitating the ongoing flow of trade and investment, particularly for essential products and services.

In this most exceptional and incomparable year, and despite the global economic impact of the pandemic, ICIEC was able to insure USD9.9 billion of business in 2020. Our 2020 business results show a year of unprecedented risks, shifting priorities, and the Islamic Development Bank (IsDB) Group COVID-19 response. ICIEC is an integral part of the Islamic Development Bank Group's special "Strategic Preparedness and Response Facility," deploying USD150 million for export credit and investment insurance to our clients. In addition, ICIEC and IsDB have jointly launched the COVID-19 Guarantee Facility (CGF), an innovative program providing USD2 billion in support of the private sector. The facility is designed to support COVID-19 hit industries in OIC Member Countries and to attract cross-border investments.

ICIEC has for the 13<sup>th</sup> consecutive year successfully earned an "Aa3" insurance financial strength credit rating from Moody's, ranking the Corporation among the top of the Credit and Political Risk Insurance (CPRI) Industry

The effects of the coronavirus pandemic on trade and investments are of particular concern to ICIEC. Harsh conditions for global trade are exacerbated by the tightening of the trade credit insurance market – leaving many Member Countries' businesses highly exposed. Now more than ever, international partners must come together in solidarity to support countries as they face this once-in-a-generation crisis. ICIEC has an essential role in providing support to stabilize the trade and investment ecosystem while also planning for recovery across our 47 MCs. The Corporation is playing a critical role by addressing market gaps and targeting immediate needs for priority sectors such as pharmaceuticals, healthcare supplies and agricultural commodities.

Despite the twin downward pressures of the COVID-19 pandemic on Insurance operations and steep decline in market rates on Investments operations, Corporate Net Results for 2020 came in strong at USD8.6 million surplus equating to 95% achievement of the Business Plan target for the year.

ICIEC has for the 13<sup>th</sup> consecutive year successfully earned an "Aa3" insurance financial strength credit rating from Moody's, ranking the Corporation among the top of the Credit and Political Risk Insurance (CPRI) Industry. Our strong credit rating reflects our resilience, stand-alone fundamentals, as well as the strong ability and potentially high willingness of our main shareholders, including the IsDB (AAA stable) and our MCs, to support the Corporation in times of financial distress. Moody's acknowledged ICIEC's low accumulation of claims, despite the negative impacts from the coronavirus pandemic, was a strength when comparing to other global credit insurers that experienced a notable weakening in claims performance.

For the fourth time, ICIEC was awarded the Global Islamic Finance Award (GIFA) for the "Global Islamic Export Credit and Political Risk Insurance 2020". ICIEC has been the sole winner of this award since its inception – testament to our competence and competitiveness in the global arena.

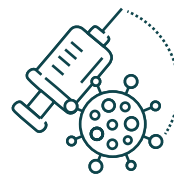
During this time of economic uncertainty, ICIEC has placed high importance on building relationships with peer Export Credit Agencies (ECAs) and development finance institutions. By working jointly, the Corporation and its partners can increase the reach and depth of service offerings, therefore enabling both parties to



ICIEC was able to insure **USD9.9 billion** of business in 2020



Deploying **USD150 million** for export credit and investment insurance to our clients under the IsDB Group's SPRF



ICIEC and IsDB jointly provide **USD2 billion** to support the COVID-19 hit industries

provide the best support possible to our MCs. In 2020 ICIEC has forged new partnerships with Member Country ECAs, such as Uzbekinvest, and non-Member Country ECAs such as U.K. Export Finance and Austrian ECA, OeKB. ICIEC has also worked to strengthen existing partnerships, particularly with its IsDB peers, launching new initiatives with IsDB and Islamic Solidarity Fund for Development (ISFD) in 2020.

We remain committed to the UN's Sustainable Development Goals (SDGs) and helping our MCs achieve these goals. We actively seek out and develop synergies between all our work and the SDGs, as evidenced by the projects we insure.

I would like to take the opportunity to thank the dedicated team, whose hard work has been the backbone of the Corporation's continued success. I would also like to thank H.E the Chairman along with the Honorable Boards of Governors and Directors. They have been integral in providing the Corporation with guidance through their unparalleled wisdom and experience, helping it navigate through the most challenging year for the Corporation. Their dedication to our success and to the development of our MCs inspires us and our decision-making in pursuit of delivering the best possible services.

In times of difficulty and change, we stand firmly behind our MCs and the Ummah around the globe as the only Shari'ah-compliant multilateral export credit and investment insurance provider in the world. In this report, we are proud to share how we supported the communities we serve through the ongoing COVID-19 global pandemic, and most devastating economic recession in nearly a century.

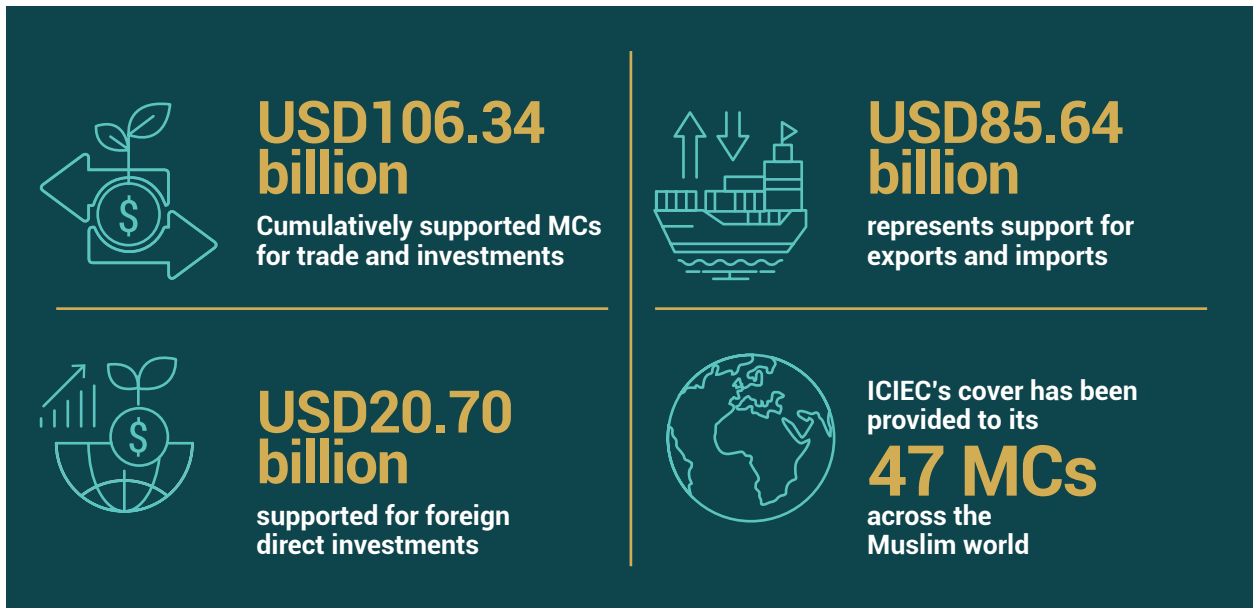
**Oussama Abdul Rahman KAISSI**  
Chief Executive Officer

# 2020 Annual Highlights

01







## Introduction

As a leading multilateral institution, ICIEC provides Shari'ah-compliant export credit and investment insurance across its 47 Member Countries. Since its inception in 1994, ICIEC has been committed to supporting the development of its Member Countries. As the official export credit and investment insurance arm of the Islamic Development Bank Group (IsDBG), ICIEC has strived to reduce the risk of doing business for prospective trade partners, businesses and investors looking to expand into its Member Countries. ICIEC brings the exports of its Member Countries to the world and brings leading international companies to its Member Countries by having an unparalleled understanding of the risks of doing business in them.

ICIEC serves as a transformative catalyst for the promotion of trade with and investment into its Member Countries. Since its establishment in 1994, ICIEC has supported member countries' exports, imports and foreign direct investments with a cumulative amount of more than USD106 billion. Of this figure, USD85.64 billion represents support for trade, while USD20.70 billion for foreign direct investments. ICIEC's cover has been provided to its 47 Member Countries across the Muslim world, assisting in their economic prosperity, development and diversification.

In 2020, ICIEC has worked to navigate the largest economic crisis of the century so far – the COVID-19 pandemic. ICIEC has not only continued supporting trade and investment in OIC countries through the implications of the crisis, but it has also stepped up its capacity and responded to critical demands from Member Countries. Through synergistic efforts amongst member institutions, IsDB Group has been able to leverage each other's complementary strengths and enhance the impact of the Group's response in Member Countries.

Through ICIEC's support for trade and investment, it works to help Member Countries in achieving long-

term sustainable development. ICIEC catalyzes impact by supporting transactions and projects that contribute to the United Nations (UN) Sustainable Development Goals (SDGs). The SDGs are a collection of 17 goals that the UN has set out to achieve by 2030. Through these goals, a call to action has been established to eradicate poverty, protect the environment, and to improve the lives of everyone on Earth. Of the 17 goals, ICIEC is most prominently committed to 6 goals that are most related to its mandate.

As the trusted partner of numerous international exporters, financial institutions and investors, ICIEC's history and reputation have afforded those in its Member Countries the opportunity to work with partners that they otherwise may not have been able to do business with. ICIEC supports transactions ranging from large infrastructure projects, such as covering investments for solar energy fields to create renewable energy in Member Countries, to the import of essential products, helping to avail necessary pharmaceuticals as well as shore up the food security of ICIEC Member Countries that desperately need it in this challenging time. Despite the wide range of transactions and projects that ICIEC supports, what remains consistent is the Corporation's desire to produce development impact through its Takaful services.

ICIEC has made significant strides since its establishment 26 years ago. Its number of Member Countries, partners and the volume of business insured per year has expanded significantly during the last decade. The Corporation's performance remains strong despite the challenges posed by the pandemic. The success that ICIEC has enjoyed is in no small part due to its team of committed professionals, the network of organizations within the Islamic Development Bank Group, and the hardworking businesspeople in its Member Countries with ambitions that do not stop at their respective country's borders, and that have continued to provide the Corporation with insight as to what it is that they need to prosper.

# Key Results



Aa3 Insurance  
Financial  
Strength  
Credit Rating

MOODY'S

USD9.86  
billion

Business Insured in 2020

## Business Insured by Sector



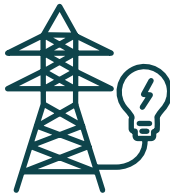
Agricultural

USD42  
million



Health

USD370  
million



Energy

USD5,396 million



Infrastructure

USD586  
million



Manufacturing

USD2,103  
million



Services

USD861  
million



Other

USD504  
million



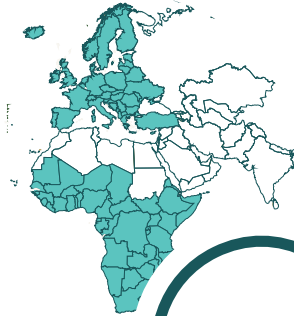
## Business Insured by Region



61.28%

MENA Region

**USD6,043 million**



35.31%

SSAE Region

**USD3,482 million**



3.40%

ASIA Region

**USD336 million**

## Financial Performance



Corporate Net Result

**USD8.57 million**

2020



Technical Result

**USD5.24 million**

# Shareholding



# ► Key Results

(Cumulative)



Energy

**USD27.33  
billion**



Manufacturing

**USD22.56  
billion**



Other

**USD15.73  
billion**



Infrastructure

**USD4.71  
billion**



Health

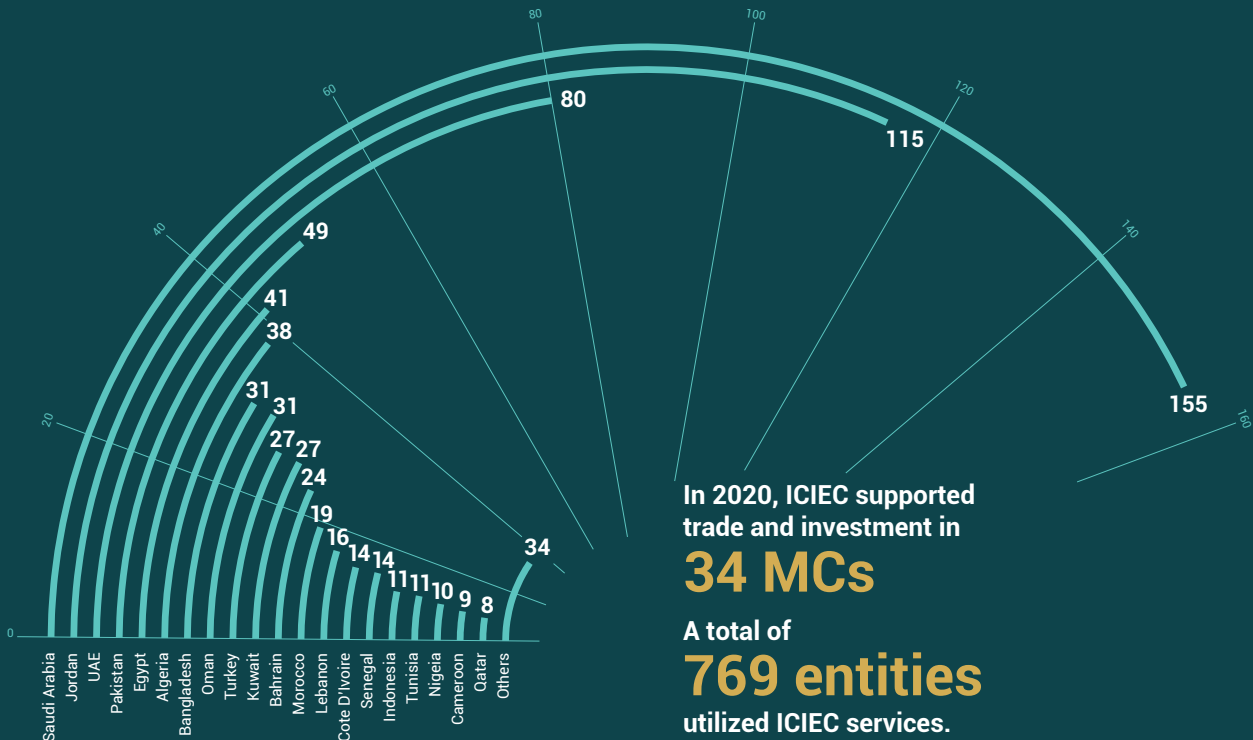
**USD1.80  
billion**



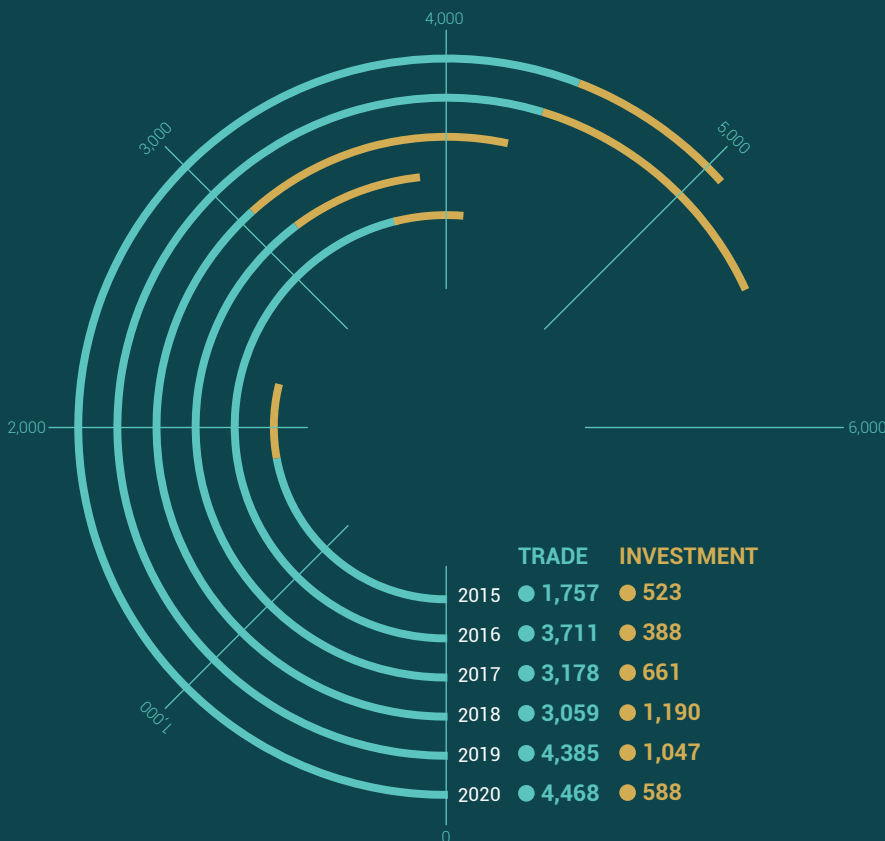
Agricultural

**USD1.38  
billion**

## Number of Entities utilizing ICIEC Services

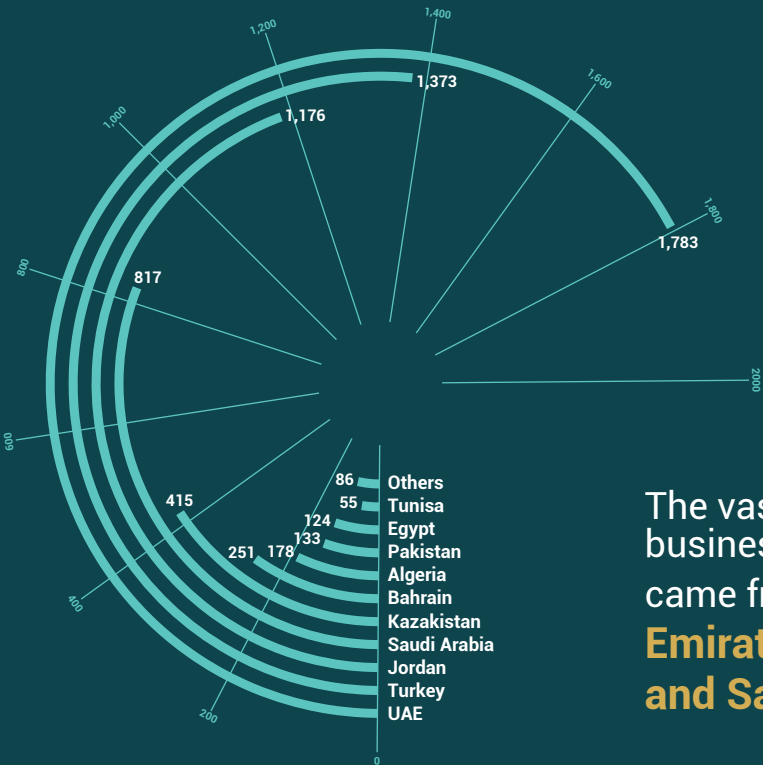


## Intra-Trade & Intra-Investment Facilitated (USD Million)



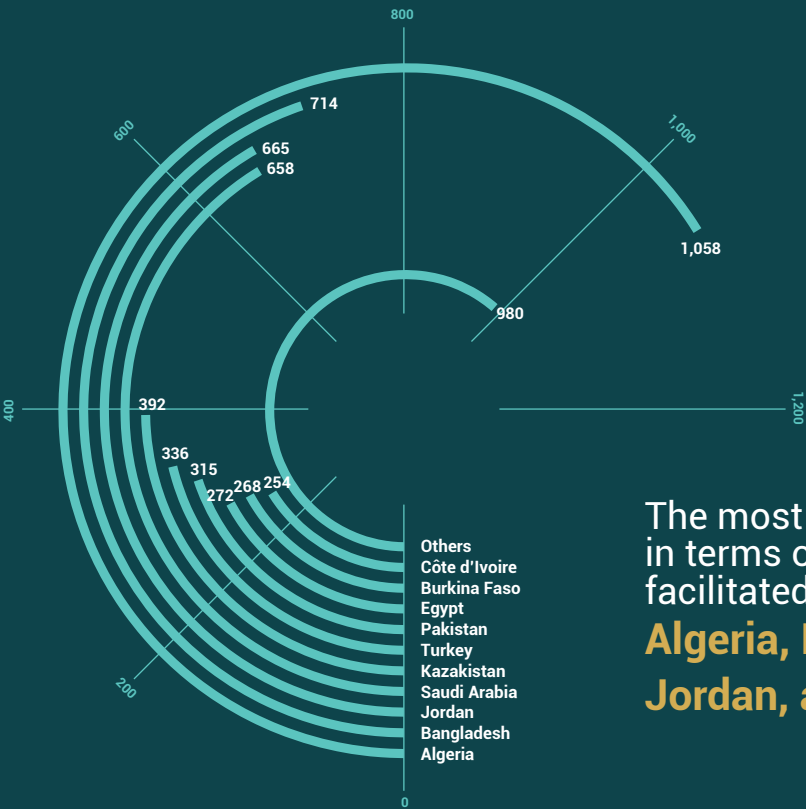
A key priority of ICIEC is supporting intra-trade and intra-investment among OIC MCs. In 2020, ICIEC supported a combined **USD5.1 billion of intra-trade and intra-investment** among OIC countries which represents a modest **7% decrease** as compared to the previous year. Of that **USD5.1 billion, USD4.5 billion supported intra-trade** among OIC countries and **USD0.59 billion supported intra-investment** among OIC countries.

Export Business Facilitated in each member country (USD Million)



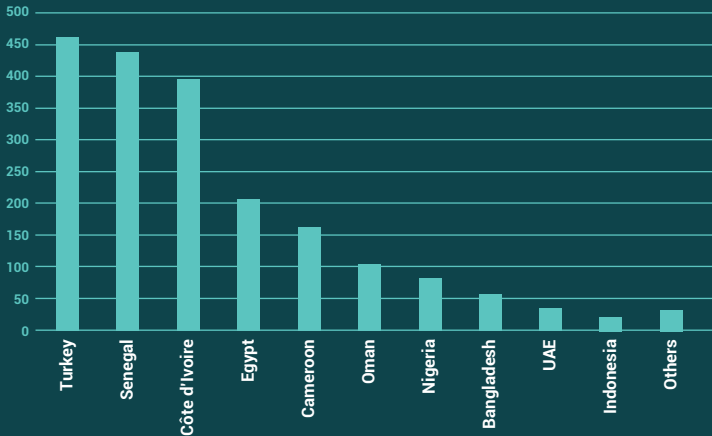
The vast majority of export business facilitated in 2020 came from the **United Arab Emirates, Turkey, Jordan and Saudi Arabia**

Import Business Facilitated in each member country (USD Million)



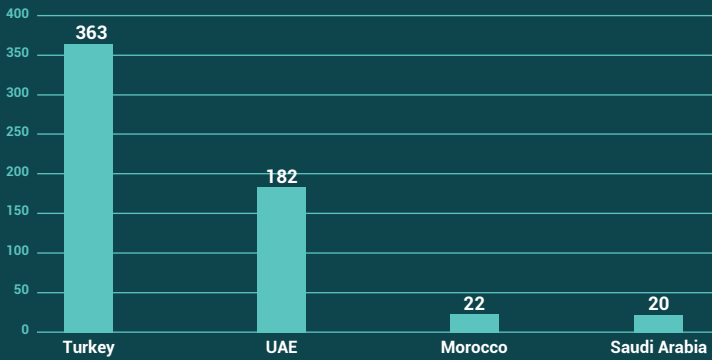
The most prominent countries in terms of import business facilitated in 2020 were **Algeria, Bangladesh, Jordan, and Saudi Arabia**

### Inward Investment facilitated in each member country (USD Million)



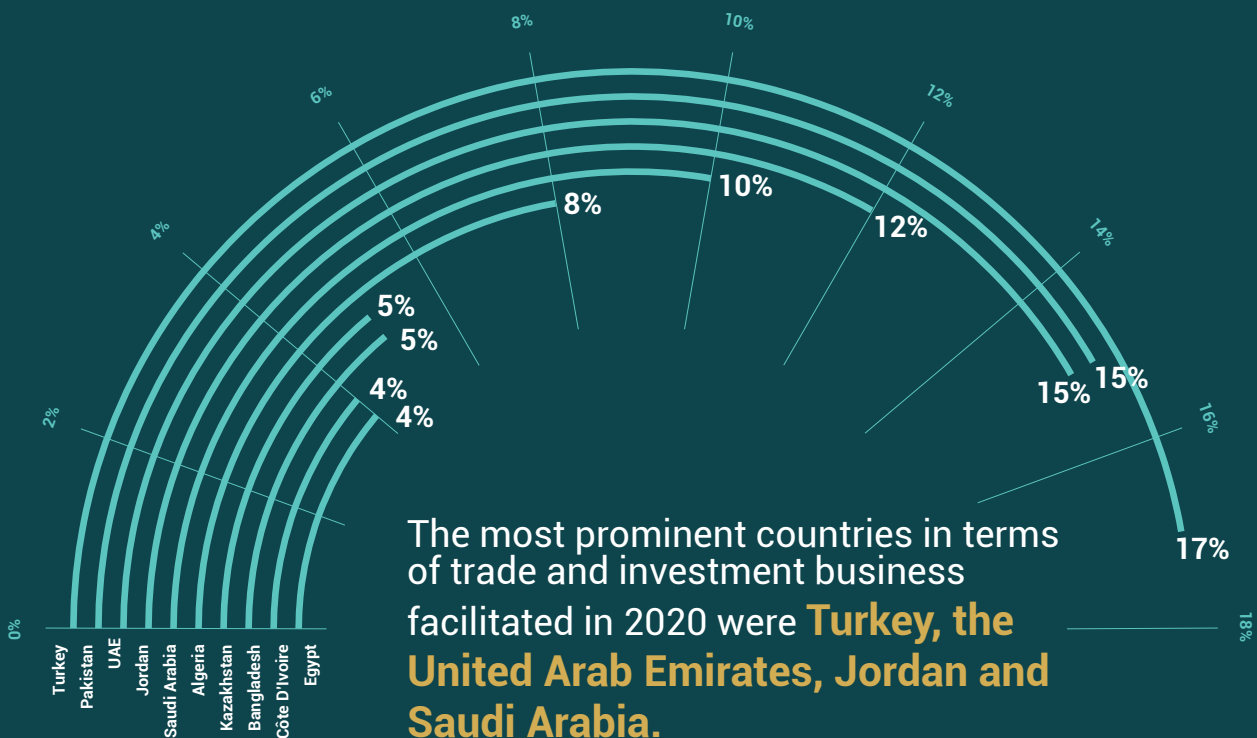
The majority of support for inward investment was provided to **Turkey, Senegal and Côte d'Ivoire** in 2020

### Outward Investment facilitated by each member country (USD Million)



ICIEC supported outward investments predominately to **Turkey, United Arab Emirates, Morocco and Saudi Arabia**

### Top 10 Countries for Trade and Investment Business Facilitated in 2020



The most prominent countries in terms of trade and investment business facilitated in 2020 were **Turkey, the United Arab Emirates, Jordan and Saudi Arabia.**



## ICIEC's COVID-19 Response

The COVID-19 pandemic has created a devastating global health crisis, leaving no country or citizen spared from the ensuing economic and social repercussions. The need to implement lockdown procedures in many countries has resulted in supply chain and trade flow disruptions, further exacerbated by many countries responding to the pandemic with a more protectionist approach to trade. As a result, the risks associated with trade and investment have also increased. Due to the speed and severity of the pandemic, what would typically have unfolded over many years for some risk categories is instead taking place at advanced speed.

Since the WHO declared COVID-19 a global pandemic in March 2020, ICIEC has supported low-income Member Countries' recoveries through its COVID-19 emergency response support, including **USD190 million** toward the healthcare sector and **USD306 million** toward supporting imports of essential commodities.

Against the backdrop of socio-economic impacts coupled with the uncertainty surrounding the timeline for a cure, and threats of second and even third waves, the appetite for risk across almost every industry is low. This volatile risk environment has increased the demand for commercial and political risk insurance.

In response to the pandemic and to mitigate its impact in Member Countries, ICIEC has taken and continues to take a balanced approach, supporting Member Countries to combat COVID-19 while safeguarding a sustainable portfolio. Special interim underwriting guidelines have been dedicated to this purpose. ICIEC has taken immediate measures to mitigate risks and minimize losses.

IsDB and its Group members have implemented several initiatives to support Member Countries' national responses and maintain trade and investment flows. The overall COVID-19 response program for IsDB Group is composed of three stages, Respond, Restore, and Restart,

(known as 3Rs) covering Member Countries' needs in the short, medium and long-term respectively.

'Respond' proposes immediate disbursing actions to assist Member Countries in acting quickly to mitigate the adverse impact of COVID-19. 'Restore' addresses medium-term actions to strengthen health infrastructure and economic systems to overcome the pandemic's peak. 'Restart' supports long-term actions to kick-start the economy on a solid and resilient foundation and to catalyze private investment.

As an initial response effort, IsDB Group committed USD2.3 billion in funding to the Strategic Response Preparedness Facility (SRPF), including USD150 million for ICIEC insurance coverage. The facility has been essential to OIC efforts in fighting the pandemic and addressing the negative effects on economies. Since its launch, the facility has secured urgent medical supplies and essential imports for Member Countries.

ICIEC is also using its leading role in industry associations, existing partnerships and networks to support Member Countries during the global pandemic. For example, as a founding member of the Co-Guarantee Platform for Africa, ICIEC seeks to leverage its influence on that platform to coordinate joint proposals in response to the COVID-19 pandemic.

IsDB and ICIEC have also jointly launched a USD2 billion COVID-19 Guarantee Facility, which is an innovative program designed to support the private sector in the medium term. The majority of ICIEC's COVID-19 specific interventions are carried out through special initiatives the Corporation has developed in partnership with IsDBG, in full compliance with its underwriting policies, platforms, capacity and reinsurance market support.

Looking toward long-term recovery, IsDB is calling for enhanced south-south cooperation and is highlighting the benefits of sustainable Islamic finance solutions. ICIEC seeks to play a significant part in the long-term recovery, supporting the increased demand for risk mitigation solutions.

### Action Plan: Strategic Preparedness and Response Program (SPRP)

- The aim of the program is to support the MCs in preventing, containing, mitigating and recovering from the impact of the COVID-19 pandemic.
- The Program adopts a holistic approach of providing emergency assistance to support health systems and economy as well as more medium-term support to rehabilitate livelihoods, build resilience and kick-start economic growth.



#### Respond

Immediate and Fast Disbursing Actions to Assist MCs Response to the Health and Social Emergency



#### Restore / Sustain

Medium Term Actions to overcome the Pandemic's peak effects on Health & Economy with a focus on strengthening response preparedness, trade finance, SMEs operations, continued provision of social services.



#### Restart

Long Term Actions to Build Preparedness for Future; support revival of industries, and economic recovery through project financing



# Major Transactions



## ICIEC Insurance Expands Côte d'Ivoire's Health Sector amid the Global Pandemic

1

**Project:** Health Infrastructure in Côte d'Ivoire



**Country**  
Republic of  
Côte d'Ivoire



**Volume**  
EUR142  
million



**Tenor**  
10  
Years



**Product**  
Non-Honoring of Sovereign  
Financial Obligation (NHSFO)



**Client**  
Deutsche Bank



**ICIEC's Role**  
ICIEC's support enables the Ivorian population to access a better healthcare service, thereby helping Côte d'Ivoire achieve its National Development Plan targets.



**Development Impact**  
**SDG 3: Good Health and Wellbeing; and SDG 9: Industry, Innovation, and Infrastructure** - The development impact of this project is bolstering the development of Côte d'Ivoire's health infrastructure, providing the citizens of the region with better access to quality healthcare.



The Republic of Côte d'Ivoire is determined to improve access to healthcare to its population as part of its National Development Plan for 2016-2020, supported by the WHO and IMF, and is committed to bolstering its capacity to respond to and contain the COVID-19 pandemic.

ICIEC supported Côte d'Ivoire in the development of its healthcare infrastructure by covering EUR 142 million for a Deutsche Bank financing of a major healthcare project. Two new hospitals with a collective capacity of 400 beds will be built in the south-eastern towns of Adzope and Aboisso, bringing state-of-the-art equipment and facilities to this 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 will finance five new medical units in existing hospitals across the country. The project's EPC contract will be conducted 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 Côte d'Ivoire and Morocco.

The development impact of this project is the bolstering of Côte d'Ivoire's health infrastructure, providing the citizens of the served regions access to quality healthcare and furthering progress towards SDGs 3 and 9.



**IFN**  
*Awards*  
DEALS OF THE YEAR  
2020

ICIEC received the IFN Deal of the Year Award, Sovereign & Multilateral Deal of the Year 2020 for its support in this essential infrastructure and healthcare project.



## ICIEC Insurance Drives 4G Expansion Across Indonesia

2

**Project:** 4G Expansion Across Indonesia



**Country**  
**Indonesia**



**Volume**  
**EUR 50 million**  
(ICIEC's line size)



**Tenor**  
**3 Years**



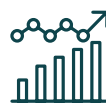
**Product**  
**Specific Transaction Policy (STP) (Comprehensive Non-Payment Insurance Policy)**



**Client**  
**Financing arm of China's largest telecommunication equipment manufacturer**



**ICIEC's Role**  
Providing the largest amount of insurance capacity amongst the other co-insurers, which was pivotal for the client to proceed with their supply contract with one of the major Indonesian telecom operators. ICIEC's cover together with the other co-insurers, indirectly supported the Member Country to obtain the telecom latest equipment and technology that is vital in connecting the people and fostering the country's digital economy.



**Development Impact**  
**SDG 9: Industry, Innovation, and Infrastructure** - The investments will be directed towards Indonesia's underserved rural areas, ensuring broader participation in the nation's economic growth and prosperity.



There are gaps in Indonesia's 4G network coverage, particularly in less developed and rural areas. Rural populations without access to fast and reliable voice and data coverage are excluded from digital marketplaces, online financial services, and information.

To address Indonesia's 4G network coverage gaps ICIEC has insured EUR 50 million in guarantee coverage for a transformational telecommunications project. The Specific Transaction Policy (STP) (Comprehensive Non-Payment Insurance Policy) provides financial security for a significant transaction between China's largest telecommunications equipment manufacturer and Indonesia's second largest telecommunications operator. The project eases the telecommunications operator's three-year business strategy to accelerate the already rapidly growing digital economy in ICIEC's Member Country, Indonesia. By investing approximately USD2 billion to expand and strengthen its 4G network, the telecommunications operator enables 90% of Indonesia's 267 million people access to reliable voice and data coverage. The investments will be directed towards Indonesia's underserved rural areas, ensuring broader participation in the nation's economic growth and prosperity. ICIEC's leading role in this transaction reflects the Corporation's strategy to support Member Countries in preparation for the future and embrace the opportunities provided by the digital economy.

The development impact in extending 4G network coverage is significant; it provides rural populations with unprecedented access to online resources and services while helping drive the country shift to a more digital economy.





## ICIEC Provides Insurance for a Shari'ah Compliant Facility to Fund Mining Transactions



**Project:** Shari'ah compliant Facility by Sidra Capital, KSA, to PT MCT (Asia Trading), Indonesia, for the purpose of funding Transactions involving suppliers/operators in the mining sector



**Country**  
Indonesia



**Volume**  
USD20 million



**Tenor**  
15 Months



**Product**  
Foreign Investment Insurance Policy (FIIP) for Financing Facility



**Client**  
Sidra capital, a Saudi Arabia-based Shari'ah compliant asset manager



**ICIEC's Role**  
ICIEC provided Political Risk Insurance (PRI) cover to Sidra Capital of Saudi Arabia for their USD20 million financing to PT MCT Asia Trading of Indonesia. The cover is being made against the risks of Transfer Restrictions, Expropriation and War & Civil Disturbance.



**Development Impact**  
**SDG 8: Decent Work and Economic Growth** – This project's development impact is in supporting economic activity and mining jobs for Indonesian citizens in some of the country's most remote locations.



ICIEC provided USD20 million insurance cover for Sidra capital, a Saudi Arabia-based Shari'ah compliant asset manager to facilitate its loan to an Indonesian trader in the mining sector. The transaction will ensure Indonesian mining companies have access to much needed capital to continue to expand operations. The development of this sector provides economic opportunities to vulnerable populations in some of Indonesia's most remote regions.







## ICIEC Cover Enables the Construction and Rehabilitation of Côte d'Ivoire Schools

4

**Project:** Construction and Rehabilitation of Schools in Côte d'Ivoire



**Country**  
**Republic of Côte d'Ivoire**



**Volume**  
**EUR20 million**



**Tenor**  
**6 Years**



**Product**  
**Non-Honoring of Sovereign Financial Obligation (NHSFO)**



**Client**  
**Bank of Africa Morocco (formerly BMCE Bank Offshore, Morocco)**



**ICIEC's Role**  
 Provide NHSFO cover against the non-payment of a loan facility provided to the Government of Côte d'Ivoire



**Development Impact**  
**SDG 4: Quality Education** – The development impact of this project is increasing access to schools and education, thereby mitigating poverty and illiteracy for citizens of Côte d'Ivoire.



The Government of Côte d'Ivoire is implementing a general social programme that includes the upgrading of education infrastructure. The program aims to mitigate poverty and illiteracy by enabling as many children as possible to have access to quality education.

ICIEC is supporting Côte d'Ivoire by providing EUR 20 million in Non-Honoring of Sovereign Financial Obligation cover against the non-payment of a loan facility provided to the Government of Côte d'Ivoire. ICIEC's cover enables the government to move forward with the renovation of the Scientific High School of Yamoussoukro in addition to advancing the construction of 22 new classrooms.

The development impact of this project is increasing access to schools and education, removing children from the streets, thereby improving their prospects. The project directly furthers progress on achieving SDG 4.





# ICIEC cover supports the construction of a state-of-the-art Olympic stadium in Senegal

5

**Project:** Football Stadium and Other Sports Facilities in Senegal



**Country**  
Republic of Senegal



**Volume**  
EUR143 million



**Tenor**  
10 Years



**Product**  
Non-Honoring of Sovereign Financial Obligation (NHSFO)



**Client**  
1) Standard Chartered Bank  
2) AKA Ausfuhrkredit-Gesellschaft mbH



**ICIEC's Role**  
ICIEC's insurance provided credit enhancement to the financing banks that increased private sector capacity. Also, the Shari'ah compliant facility created an alternative to conventional facilities which dominate the market.



**Development Impact**  
**SDG 7: Affordable and Clean Energy; and SDG 8: Decent Work and Economic Growth** – the development impact of this project lies in the creation of 400 jobs and the implementation of a solar energy system to sustainably power the stadium.



With its "Plan Senegal Emergent" (PSE), the Government of Senegal aims to become an emerging market economy by 2035. One of the plan's flagship projects is the creation of the Diamniadio Urban Pole.

ICIEC is supporting the PSE by extending over EUR 143 million in cover toward infrastructure developments in Diamniadio, Senegal. ICIEC's cover contributes to the construction of a 50,000-seater capacity Olympic football stadium, two training grounds and a system to produce and store the solar energy that will power the stadium.

The development impact of the project is contributing to the PSE and the development of Senegal, creating nearly 400 jobs and implementing solar technology to sustainably power the stadium.







## ICIEC provides cover for financing of essential imports to Nigeria in response to COVID-19

6

**Project:** COVID-19 Response: Supply of strategic commodities to Nigeria



**Country**  
**Nigeria**



**Volume**  
**USD12.5 million**  
(ICIEC's line limit)



**Tenor**  
**6 Months**



**Product**  
**Bank Master Policy (BMP) Murabaha**



**Client**  
**Bank of Africa Morocco (formerly BMCE Morocco)**



**ICIEC's Role**  
ICIEC has played a crucial role in facilitating trade flows and reinforcing trust, especially during the pandemic outbreak. ICIEC covered 50% of the syndicated trade financing, contributing to the success of the syndication, thanks to its de-risking mechanism.



**Development Impact**  
**SDG 9: Industry, Innovation, and Infrastructure** – The development impact of this project is in maintaining the flow of vital fuel imports to Nigeria, ensuring transportation and industrial activity can continue unabated during the COVID-19 crisis.



The COVID-19 pandemic has negatively affected national economies worldwide, in some cases with catastrophic effect. The pandemic put Nigeria in a precarious situation and in need of urgent financing to secure essential imports.

ICIEC supported Nigeria by providing USD12.5 million in cover, issuing the Corporation's first-ever BMP Murabaha to Bank of Africa (formerly BMCE Morocco) in support of its financing for a Nigerian bank. ICIEC's support allowed for the urgent financing needed to secure essential imports of food and refined oil to Nigeria, helping to offset the social and economic distress caused by the COVID-19 pandemic. ICIEC has played a crucial role in facilitating trade and reinforcing trust, directly supporting banks and private sector resilience through the crisis.

This project ensured Nigerians access to essential goods in time of a global health and economic crisis.





## ICIEC insurance supports financing for Senegal's urgent strategic commodities

7

**Project:** COVID-19 and Flood Response: Supply of strategic commodities to Senegal (oil and wheat)



**Country**  
**Republic of Senegal**



**Volume**  
**USD9 million**  
 (ICIEC's line limit)



**Tenor**  
**6 Months**



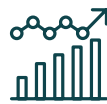
**Product**  
**Documentary Credit Insurance Policy (DCIP)**



**Client**  
**Bank of Africa Morocco (formerly BMCE Morocco)**



**ICIEC's Role**  
 ICIEC has partnered with ISFD in responding to the emergency by structuring a concessional all-in-pricing through the ICIEC-ISFD COVID-19 Emergency Response Initiative (ICERI) mechanism. Thus, easing the financial burden on the country and ensuring an urgent response.



**Development Impact**  
**SDG 2: Zero Hunger** – The development impact of this project contributes to the reduction of hunger by facilitating essential wheat imports to Senegal



The COVID-19 pandemic combined with massive floods has posed economic challenges and a serious supply chain disturbance in Senegal.

ICIEC supported Senegal by extending USD9 million in Letter of Credit confirmation insurance to Bank of Africa Morocco to secure urgent imports of strategic commodities, such as oil and wheat. The 'ICIEC ISFD COVID-19 Emergency Response Initiative' has eased the financial burden on the transaction by structuring a concessional all-in pricing mechanism, helping Senegal to preserve the flow of essential imports.





# ICIEC reinsurance supports increased insurance capacity for Indonesian ECA

8

**Project:** Inward Quota Share Treaty Program to PT Asuransi Asei Indonesia



**Country**  
Indonesia



**Volume**  
**USD574.6 million**  
(Business insured up to Q3 2020)



**Tenor**  
**1 Year**



**Product**  
Inward Quota Share Treaty Program (IQTP)



**Client**  
PT Asuransi Asei Indonesia



**ICIEC's Role**  
ICIEC provided reinsurance capacity to support PT Asuransi Asei Indonesia's short-term trade credit insurance program.



**Development Impact**  
**SDG 8: Decent Work and Economic Growth** – The development impact stems from ICIEC's support for trade and exports in Indonesia, indirectly supporting jobs and economic growth



By increasing Member Countries' ECA's insurance capacity, ICIEC indirectly supports the ECA's policyholders' exports. ICIEC provided reinsurance capacity to support USD129 millions of trade insured under PT Asuransi Asei Indonesia's short-term trade credit insurance program. The reinsurance treaty program was signed in January 2020 and is the 2nd reinsurance program ICIEC has concluded with an ECA in Indonesia. This is a clear indication that ICIEC's presence in this region is well received by Member Country ECAs. ICIEC's presence not only increases local insurance capacity, but also expands access for local ECAs to the extended IsDB Group. The development impact of this project is in providing support to trade and exports, thereby indirectly fostering employment and economic development in Indonesia.







## ICIEC covers SMBC financing to Egyptian Ministry of Finance

9

**Project:** COVID-19 Response: Financing additional spending in combatting the COVID-19 Pandemic



**Country**  
Egypt



**Volume**  
USD135 million



**Tenor**  
12 Months



**Product**  
Non-Honoring of Sovereign Financial Obligations (NHSFO)



**Client**  
Sumitomo Mitsui Banking Corporation (SMBC), London Branch



**ICIEC's Role**  
ICIEC's contribution is essential as the syndicated facility has been allocated to the Government of Egypt's efforts to fight the economic and social impact of the COVID-19 pandemic. Since the outbreak of the pandemic in early 2020, ICIEC has prioritized transactions mitigating the impact of the pandemic on its Member Countries.



**Development Impact**  
**SDG 8: Decent Work and Economic Growth** – The development impact of this transaction is that it is contributing to the Egyptian Government's economic management capacity, allowing them to better support citizens needs.



As part of the Government of Egypt's strategy to fight against the economic and social impact of the COVID-19 pandemic, the Egyptian Ministry of Finance appointed international banks to arrange a syndicated facility of USD1.5 billion. The facility is intended to serve the government's general budgetary requirements and to bridge the financing deficit for the current fiscal year 2020/2021 resulting from the COVID-19 outbreak.

ICIEC supported Egypt in its COVID-19 response by providing USD135 million in NHSO policy for Sumitomo Mitsui Banking Corporation's (SMBC) London Branch, covering its participation in the syndicated facility. The transaction serves SDG 8 by contributing to the Government of Egypt's financing for COVID-19 response efforts, maintaining economic activity in the country.





## ICIEC Supports import of Mining heavy machineries to Kazakhstan

10

### Project: Import of Hitachi Excavators



**Country**  
Republic of  
Kazakhstan



**Volume**  
USD9.5  
million



**Tenor**  
3  
Year



**Product**  
Specific Transaction Policy (STP)

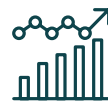


**Client**  
Eurasian Machinery B.V. (The  
Netherlands) – Official distributor  
of Hitachi Construction Machinery



#### ICIEC's Role

ICIEC's insurance supported the local mining company to purchase 4 units of excavators from a well-known Japanese supplier (Hitachi) on a 3-year semi-annual installment basis. Hence, ICIEC's cover helps the country to import capital goods in support of boosting the mining sector which is one of the priority sectors for Kazakhstan.



#### Development Impact

**SDG 9: Industry, Innovation, and Infrastructure** – The development impact of this project is in supporting the import of goods for the development of Kazakhstan's mining sector.



ICIEC has extended USD9.5 million in Specific Transaction Policy to Eurasian Machinery, the official distributor of Hitachi Construction Machinery (HCM) in Kazakhstan and Central Asia, covering 80% of the total sales contract. The cover has allowed Eurasian Machinery to provide 4 excavators to the Kazakhstan mining sector, a priority industry for the country.

The development impact of this project stems from ICIEC's support for Kazakhstan's mining industry, supporting the import of capital goods to boost the sector.



# ICIEC at a Glance

02





## About ICIEC



Established in 1994 in Jeddah - Saudi Arabia as a multilateral institution and member of the Islamic Development Bank Group



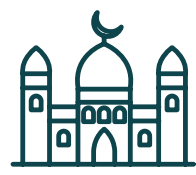
Owned by  
**AAA rated**  
Islamic Development Bank and  
**47 countries**  
which are members of the  
Organization of Islamic  
Cooperation (OIC)



Authorized Capital  
Islamic Dinar  
**ID 400  
million**  
(equivalent to USD576  
million) (1 ID=USD1.44)



Rated Aa3 by  
**Moody's**  
with a  
**Stable  
Outlook**



Pioneer of  
**Shari'ah  
compliant**  
export credit and investment  
insurance and reinsurance  
solutions.

### Our Vision

To be recognized  
as the preferred  
enabler of trade  
and investment for  
sustainable economic  
development in  
Member Countries



### Our Mission

To facilitate trade  
and investment  
between member  
countries and  
the world through  
Shari'ah compliant  
risk mitigation tools



## Mandate



ICIEC's mandate is to promote cross-border trade and foreign direct investment (FDI) in its member countries

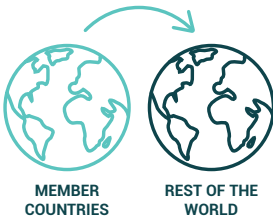


ICIEC serves its mandate by providing risk mitigation & credit enhancement solutions to Member Countries' exporters selling to buyers across the world, and to investors from across the world investing in Member Countries

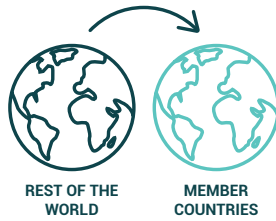


ICIEC also supports international exporters selling to Member Countries, if the transactions are for capital goods or strategic commodities

### Credit Insurance

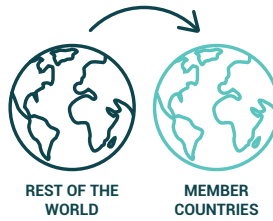


Facilitates member countries' exports to the rest of the world.



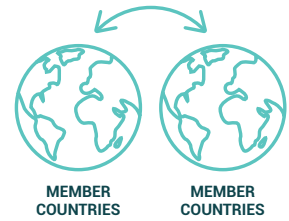
Facilitates import of strategic and capital goods by Member Countries from non-Member Countries.

### Investment Insurance



Facilitates the flow of foreign direct investment into Member Countries.

### Intra-OIC Cooperation

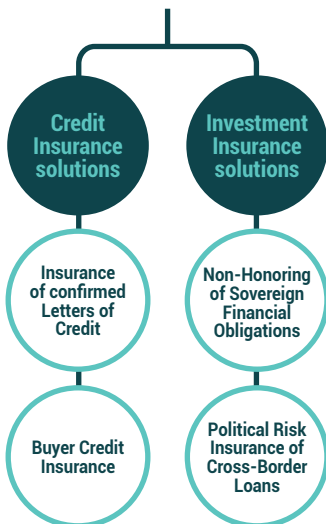


Facilitate trade, investment and information sharing between OIC Member Countries.

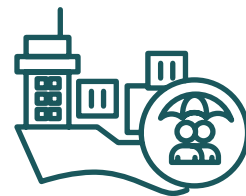
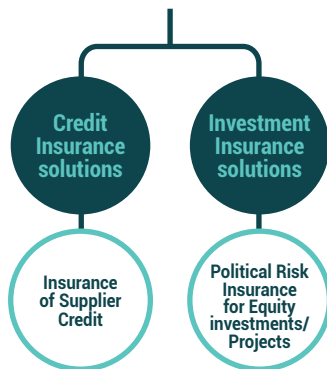
## Trade & Investment Insurance Solutions



### Banks & Financial Institutions



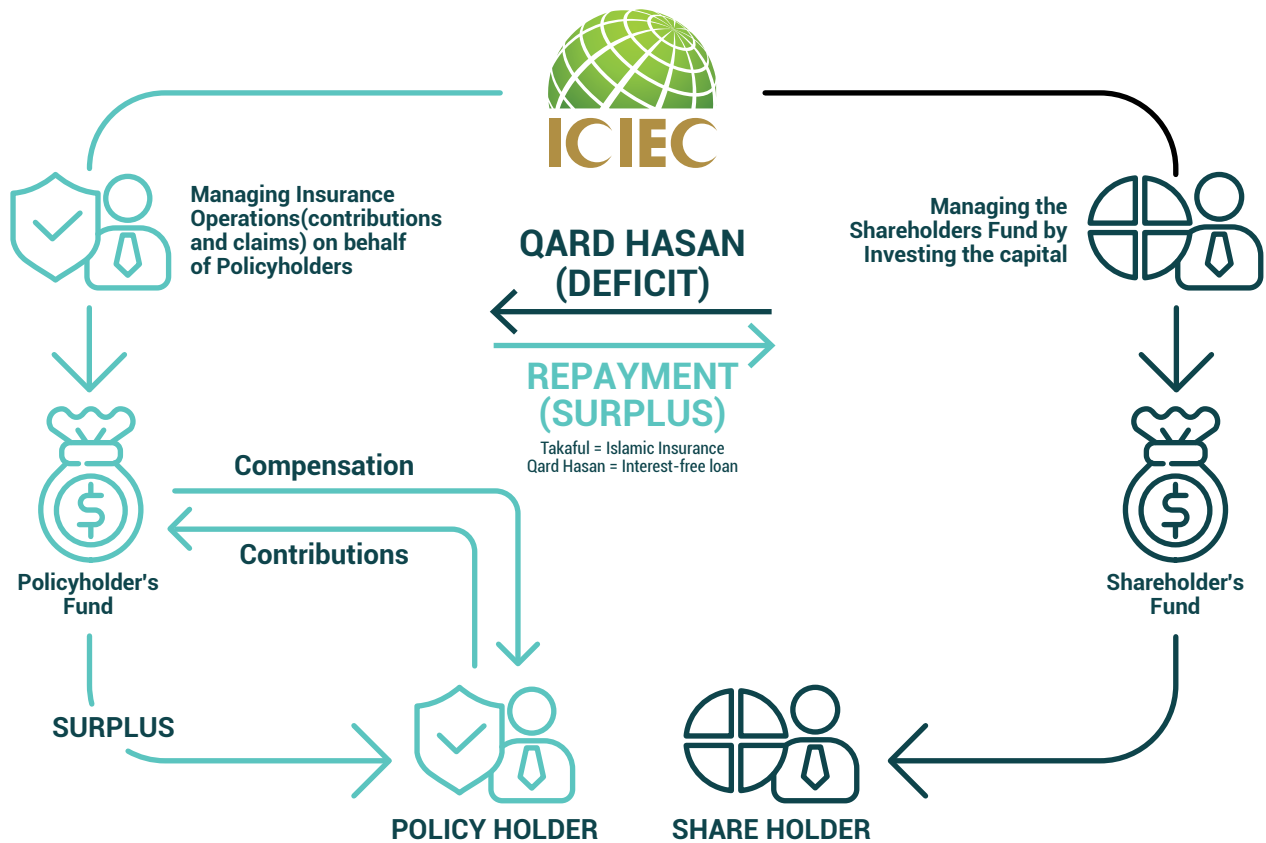
### Corporates







### Export Credit Agencies / Insurers



## Takaful Business Model



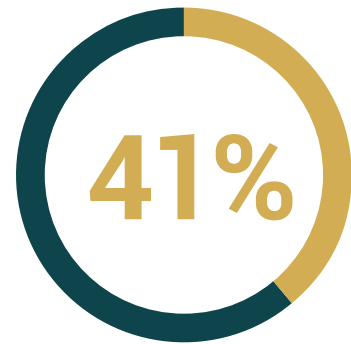
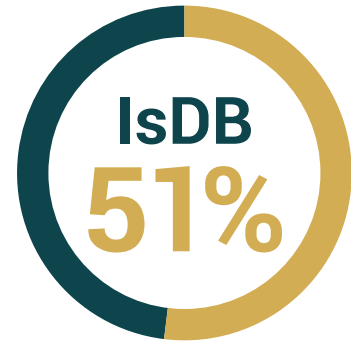
## Members Countries Utilization of ICIEC's Services

(USD Billion since inception)	 Import	 Export	 Investment Outward	 Investment Inward
Central Asia & Europe	2.75	6.95	2.72	2.91
South East Asia	7.68	1.21	0.44	1.66
Arab Asian	15.14	34.44	2.20	1.45
East & Central Africa	0.65	0.21	-	1.19
North Africa	8.84	4.95	0.41	3.75
West Africa	2.80	0.02	-	3.97
	<b>37.86</b>	<b>47.78</b>	<b>5.77</b>	<b>14.93</b>

Gross utilization of ICIEC support since inception reached **USD147 billion** from **132 countries**; of which ICIEC MCs reached **USD106.34 billion**

# Shareholding

## Top 10 shareholders



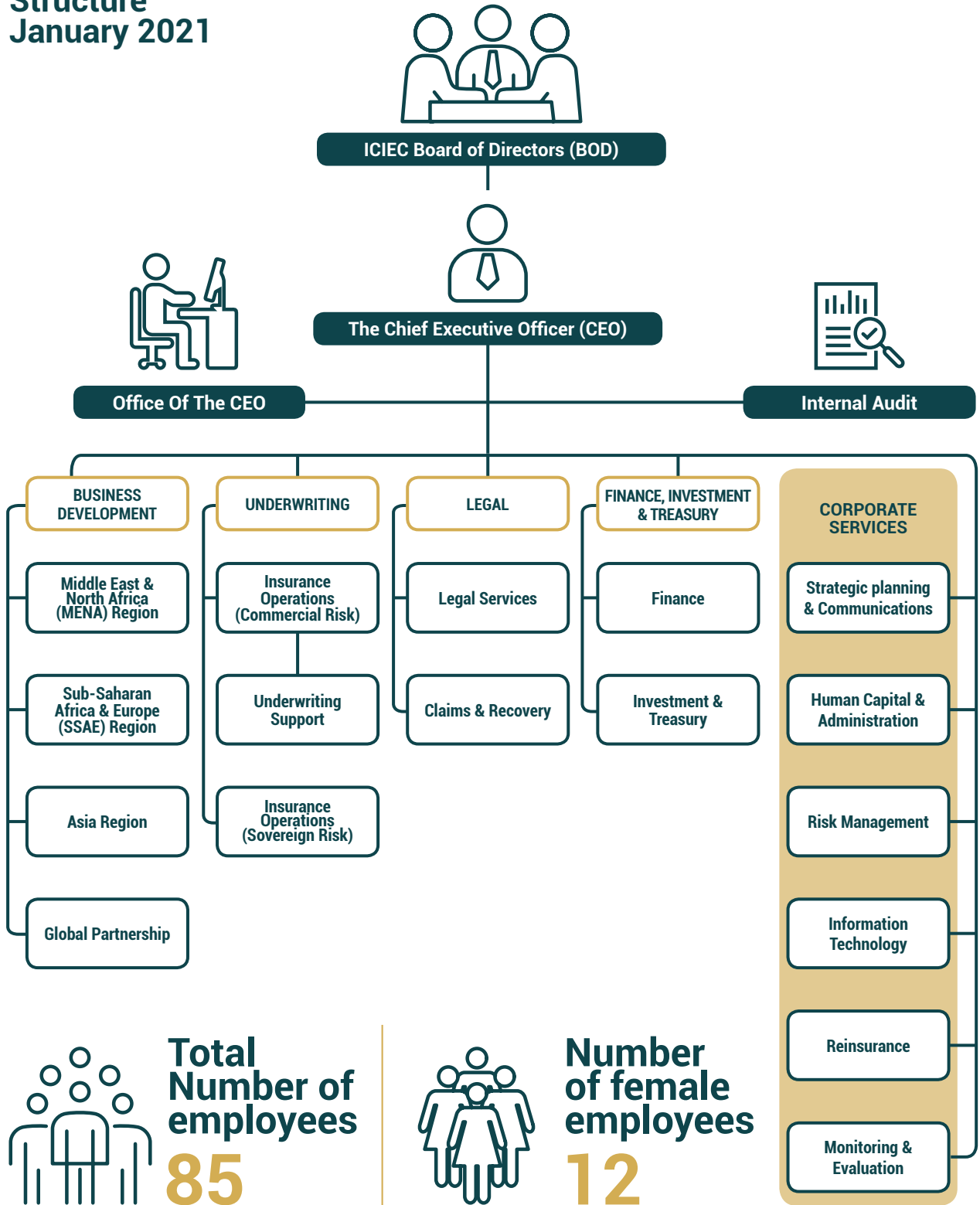
## Other shareholders

Bahrain	1.22%	Iraq	0.17%	Mauritania	0.08%
Malaysia	0.93%	Jordan	0.17%	Mozambique	0.08%
Pakistan	0.85%	Lebanon	0.17%	Niger	0.08%
Nigeria	0.74%	Oman	0.17%	Palestine	0.08%
Libya	0.51%	Albania	0.08%	Senegal	0.08%
Algeria	0.34%	Benin	0.08%	Suriname	0.08%
Tunisia	0.34%	Brunei	0.08%	Syria	0.08%
Yemen	0.34%	Cameroon	0.08%	Uganda	0.08%
Sudan	0.25%	Chad	0.08%	Côte D'Ivoire	0.08%
Burkina Faso	0.23%	Comoros	0.08%	Uzbekistan	0.08%
Bangladesh	0.17%	Djibouti	0.08%		
Indonesia	0.17%	Gabon	0.08%		
Gambia	0.17%	Guinea	0.08%		
Turkmenistan	0.17%	Mali	0.08%		



# Organizational Structure

## ICIEC Functional Structure January 2021



 **Total Number of employees**  
**85**

 **Number of female employees**  
**12**

## Governance

Strong and reliable governance is a crucial factor during times of crisis, as is the case during the COVID-19 pandemic. ICIEC's Corporate Governance ensures that the Corporation's operations are continuing to perform properly. ICIEC's corporate governance structure is comprised of a Board of Governors (BoG), a Board of Directors (BoD) and the Audit Committee (AC), all of which play a complementary role in providing corporate oversight. In addition to this oversight structure, ICIEC has a strong executive management team, with its committed CEO at the helm leading its operations. At ICIEC, corporate governance is multifaceted as it includes ICIEC's internal policies, structures, systems and procedures, risk appetite, culture, compliance monitoring, risk management, as well as of course, its Board and external stakeholder oversight.

Through the uncertainty of the pandemic, ICIEC has drawn on its Board's support and kept them informed of the Corporation's mitigation strategies as well as the special support facilities for Member Countries. Risk Management reports were prepared periodically and submitted to the BoD on the impacts of COVID-19 on ICIEC operations and measures taken. The AC and the BoD provided necessary advice and guidance to strengthen portfolio monitoring and to ensure that proper mitigation plans are in place. In addition, the AC of the BoD and the BoD reviewed and approved four policies and frameworks. The policies and frameworks submitted

were Risk Management Framework, ICIEC Risk Capital Model, ICIEC Exposure Management Framework and the Portfolio Reserving Model.

The Board is deeply committed to supporting ICIEC's mission and vision, as it consistently underscored the adoption of best practices, the presence of strong internal controls and the maintenance of effective corporate governance. This comprises robust due diligence by the underwriting and investment functions as the 'first line of defense', supported by strong risk management and compliance as the 'second line of defense', and audit acting as the 'third line of defense'.





## Risk Management

Over the past year, ICIEC has undertaken efforts to strengthen its risk management, which is timely given the uncertain risk environment posed by the onset of the COVID-19 pandemic in March of this year. In accordance with a plan for strengthening the risk management function, which was approved by the Board, ICIEC's risk management division undertook various initiatives to further strengthen its practices. These included enhancing its Incurred but not Reported (IBNR) claim reserving model to align with best practices and developments in international financial reporting standards. Additionally, the Corporation developed and commenced the implementation of a Risk Capital Model and Exposure Management Framework, which will allow for better management of financial risk, allocation of capital, and loss absorption capacity.

The Risk Management Plan includes the setting up of robust risk management aimed at achieving a controlled risk-taking environment, supported by well-defined risk parameters. This shall be complemented by an extensive risk reporting and increased use of quantitative modelling for portfolio monitoring. The Risk Management Division shall be guided by a strategy to safeguard business continuity, achieving sustainability, optimizing the utilization of capital with a forward-looking risk-based capital planning while enhancing the overall performance of the Corporation through an automated and tailored ERM architecture.

13<sup>th</sup> consecutive year with specific acknowledgement by Moody's of the progressive initiatives to strengthen risk management overall. The rating reflects ICIEC's stand-alone fundamentals as well as the significant support stemming from its shareholders. The stand-alone credit quality of ICIEC is supported by its role as the leading multilateral export credit and investment insurance corporation in the world that provides Shari'ah compliant insurance and reinsurance products. The rating also reflects ICIEC's improved profitability, lower claims, better expense management and strong capital credentials. In addition, the Corporation has mandated the Islamic International Rating Agency (IIRA) to undertake a Fiduciary Rating review of the Corporation in 2020. The IIRA commenced their first time Fiduciary Rating Review of the Corporation in July 2020 and are expected to finalize their report in Q1-2021.

ICIEC's deep commitment to effective corporate governance and risk management best practices is attested to by the Corporation maintaining the 'Aa3' insurance financial strength rating by Moody's for the



The focus that ICIEC places on **effective corporate governance** is crucial in its attempt to achieve its **vision and mission**



# Operating Environment 03



## Global Economic Outlook and Key Trends

The operational context for ICIEC, as with many other financial institutions, has been sharply impacted by the COVID-19 pandemic. The shutdown in many countries meant a sharp immediate drop in global GDP, followed by a quick but uneven rebound. Global growth is projected by the IMF at 5.2% in 2021, after contracting by 4.4% for 2020.

This outlook is based on expectations of vaccine development and distribution, persistent social distancing, continued policy intervention, and other measures to contain the pandemic and address its public health consequences. As several vaccines have passed their final phase of trials, and will ramp up distribution in 2021, the recovery prospects across the globe have improved markedly.

This projected recovery would be much weaker, and more delayed, if not for sizable, swift, and unprecedented fiscal, monetary, and other policy responses, including from financial institutions like ICIEC. This action has prevented a recurrence of the financial crisis of 2008-09. However, the COVID-19 pandemic is not well contained in many locations; finding the right balance between containment and recovery has been and will continue to be challenging.

In advanced economies, growth is projected to strengthen in 2021 to 3.9%, but the 2021 year-end level of GDP will still be some 2% below year-end 2019. The US economy is projected to grow at 3.1% in 2021 after contracting by 4.2% in 2020. A much deeper contraction of 8.3% is projected for the euro area in 2020, reflecting a sharper downturn in the first half of the year, with a 2021 growth bounce-back of 5.2%. Asian advanced economies are projected to have somewhat less pronounced recoveries than Europe due to a more contained pandemic, which led to less intense economic contractions.

In emerging market and developing economies, collective growth of 6.0% in 2021 is projected, after contracting by 3.3% in 2020. Many emerging markets and developing economies face difficult prospects, due to a combination of factors: the continuing spread of the pandemic, and pressures on health care systems; the impact in severely affected sectors, such as tourism and oil production; and dependence on external finance, notably remittances. The projected rebound in emerging market and developing economies will not be sufficient to regain the end-2019 level of activity by the end of 2021. Efficient distribution of vaccines in 2021 may improve the growth prospects of emerging markets, but the effects of vaccine distribution have yet to be seen and present some challenges.

Regional differences are pronounced among developing countries. Large output declines are projected for many in the Middle East and Central Asia region and oil-exporting countries in sub-Saharan Africa affected by low oil prices and a drop in global demand. Many countries have been hit hard in the tourism sector.

China's recovery is much stronger than for most other countries, with projected growth of about 10% over 2020–21 (1.9% this year and 8.2% next year). China was the first economy to see a (regional) shutdown and it rebounded faster than expected, on the back of strong policy support and resilient exports. In contrast, India's GDP contracted much more severely. The Indian economy is projected to contract by 10.3% in 2020, before rebounding by 8.8% in 2021.

Inflation is expected to be relatively low. Inflation in advanced economies is projected by the IMF at only 0.8% in 2020, rising to 1.6% in 2021 as the recovery gains hold. In emerging markets and developing economies, inflation is projected at 5% this year, declining to 4.7% in 2021, and moderating thereafter to 4% or below the historical average. There are, however, significant differences in inflation among developing countries.

Global trade is expected by the WTO to contract by 9.2% this year—a decline similar to during the global financial crisis in 2008-09. Trade volumes are projected to grow by 7.2% in 2021 and by slightly more than 4% on average in subsequent years.

The pandemic has led to calls for debt service suspension for low-income countries and new funding to developing countries at unprecedented speed. Sovereign debt levels are set to increase significantly. Sovereign debt to GDP in emerging market and developing economies is projected to rise by more than 10% points, to about 65% of GDP by the end of 2021, although low interest rates are expected to contain debt service. Yield curves (which show interest rates across different maturities) have dropped and flattened in most currencies and are expected to increase only modestly at longer maturities in 2021.



**For emerging market and developing economies, recovery and collective growth of 5% is projected in 2021. Differences are pronounced among developing regions and countries. However, the projected rebound in 2021 will not be sufficient to regain the end-2019 level of economic activity. Trade is also projected to have a strong recovery in 2021**

## Regional Economic Outlook

The regions and countries covered by ICIEC's business facilitation activities are generally expected to see a recovery in their economic performance in 2021 after a difficult and painful 2020, but with significant differences by region.

Economies in the Middle East and Central Asia are expected by the IMF to recover and grow by 3.0% in 2021, after contracting by 5% in 2020. The region is of course highly sensitive to developments in the oil sector, which has been hit hard by a steep drop in oil prices and a decline in global demand due to the pandemic shutdown and extended recovery. Diversification of the economic base remains a priority for many oil-producing countries. Fragility with regards to the political situation in several countries in the MENA region continues to be a significant risk factor going forward. The civil strife present in Syria, Yemen and Libya, as well as in Iraq, Sudan and Lebanon to a lesser degree, remains an important regional and global risk factor that could stymie trade and development in the MENA region, affecting the ability to sustain economic growth.

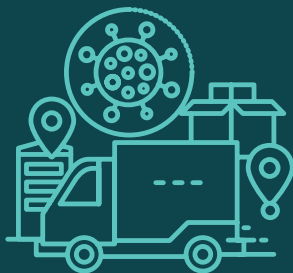
Sub-Saharan Africa is expected to recover by 3.1% in 2021 after contracting by 3.0% in 2020. A major economy like Nigeria was hit hard by the pandemic and negative developments in oil markets, with a projected contraction of 4.3% in 2020 and then only a modest recovery of 1.7% in 2021. Other African economies have also been deeply affected by the pandemic, but those with more diversified economies can position themselves for a stronger rebound in 2021. The risk of civil strife remains a concern in some areas, and the ongoing need to invest in education and support formal employment has been reinforced.

Among ASEAN members, a robust recovery of 6.2% is projected in 2021, after contracting by 3.4% in 2020. ASEAN economies are closely integrated into Chinese manufacturing supply chains and their performance

will be closely affected by developments in China. Like other oil producers, Indonesia is exposed to oil market developments.

The high and rising national debt in emerging markets was noted earlier. Most of the recent debt accumulation has taken place in the East Asia and the Pacific region, where national debt is now reaching 200% of GDP in some cases.

The distribution of vaccines will bode well for the recoveries of ICIEC's Member Country economies in the Middle Eastern and North African, Central Asian, South-East Asian, and Sub-Saharan African regions. However, these nations face various challenges in performing an effective vaccine rollout. Specifically, several new vaccines must be stored and transported at very cold temperatures, in special containers with dry ice. Such storage and transportation may not be feasible for many of ICIEC's developing member countries, due to the high associated costs and necessary infrastructure. The number of refrigerating cabinets capable of the kinds of low temperatures necessary to store and transport the vaccines is limited even in many developed countries, with the situation being starkly worse in developing countries. As such, these nations may need to use the vaccines which simply require refrigerator temperatures, or they may need to build out their storage and transportation infrastructure prior to any effective distribution of the vaccine. Also, as the medical infrastructure in many of ICIEC's Member Countries is already lacking, this represents additional challenges to their distribution of the vaccine.



**The distribution of vaccines will bode well for the recoveries of ICIEC's Member Country economies in the Middle Eastern and North African, Central Asian, South-East Asian, and Sub-Saharan African regions. However, these nations face various challenges in performing an effective vaccine rollout**



## Implications for Trade and Investment

Global trade used to be the cutting edge of the global economy, but things have changed since the 2008-09 global financial crisis. Trade is now the lagging edge, with trend trade growth of only 2% since 2010. Modest global trade growth was initially projected for 2020, but due to the pandemic shutdown global trade volumes are now projected by the WTO to contract by 9.2% this year—a decline similar to that during the global financial crisis.

Trade volumes are projected by the WTO to recover and grow by 7.2% in 2021. The 2021 export volume growth recovery by region is projected by the WTO to be 5.4% for South America; 5.7% for Asia; 6.1% for Africa, the Middle East and CIS Member Countries; 8.2% for Europe; and 10.7% for North America. The IMF projects trade volumes to grow by around 4% on average in subsequent years.

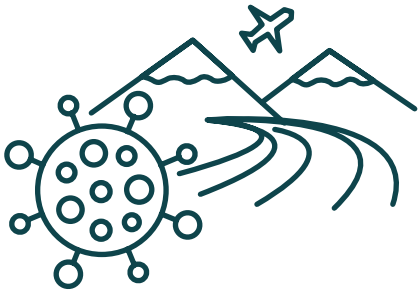
The trade outlook is particularly bleak for tourism-dependent economies and it is highly uncertain for oil exporting nations. Tourism is unlikely to see a robust recovery until an effective COVID-19 vaccine is widely available.

Oil exporters were hit by the double shock of a collapse in oil prices in early 2020 and a shock to demand during the shutdown. Oil prices have since recovered from their lows but may not reach USD50 a barrel in a realistic planning period. Global oil demand has also picked up but is projected by the International Energy Agency to be 3% lower than end-2019 by the end of 2020. There is little consensus within the industry on the future pathway for global oil demand. Some analysts see oil demand continuing to grow modestly into 2030; the International



**Amid the current trade and investment environment with rebuilding growth but heightened risk, the demand for both credit and political risk insurance cover, for equity as well as medium-term debt, can be expected to increase.**





The trade outlook is particularly bleak for **tourism-dependent economies** and it is highly uncertain for oil exporting nations. **Tourism** is unlikely to see a robust recovery until an **effective COVID-19 vaccine** is widely available

Energy Agency is projecting a plateauing in demand; and some major producers are projecting that global demand has peaked and will decline in the years ahead.

Shifts in global supply chains should be anticipated as firms re-shore production and shorten supply chains to reduce perceived vulnerabilities. Trade relationships and global value and supply chains are being re-examined and restructured, which will ultimately affect the competitiveness of many firms and countries.

Foreign direct investment (FDI) drives the formation and expansion of global value chains. Foreign direct investment flows are expected by the IMF to remain well below their levels of the pre-pandemic decade. While FDI has flowed increasingly to emerging markets, most of the benefits of global value chains – notably profitability – continue to be captured by firms from advanced economies.

The pandemic had an immediate impact on the ability of heavily indebted countries to service their external debt. The G20 requested MDBs to consider their role and explore the options for assisting heavily indebted countries. MDBs have indicated a preferred option to provide positive net flows to countries in need. In that regard, it is expected that the IsDB Group will continue to pursue the goal of providing affordable access to financing and risk management for its members, while ensuring its own financial foundation remains strong.

Climate change and environmental risk have become a more prominent risk management issue for credit and risk management institutions, encompassing both the risk of a changing climate itself and the challenge of transforming to an economy with much lower GHG emissions. The COVID-19 pandemic revealed how unprepared most nations and institutions were to manage







system-wide risks, and climate change poses a similar risk management challenge over the long term.

There are obvious implications for export credit agencies in general, and ICIEC in particular, from this more difficult and turbulent operating environment. In a world with heightened risks and an uneven recovery, gaps in financial markets are likely to widen, not shrink.

The credit and political risk insurance (CPRI) industry experienced stifled growth in new business in 2019, echoing the overall weak growth in trade and investment. The pandemic recovery has now created a very different operating environment, with projections of strong trade growth but in an environment with heightened risks. ICIEC will be expected to use its capacity for risk management and innovation to support its Member Countries' recoveries and assist diversification.

Demand for CPRI in 2021 will be determined by a combination of overall trade and economic conditions; the pace of economic and trade recovery in key regions and Member Countries; conditions in specific trade

sectors and market segments; and regional conflicts and social unrest. Amid the current trade and investment environment with rebuilding growth but heightened risk, the demand for both credit and political risk insurance cover, for both equity and medium-term debt, can be expected to increase.

Indeed, the recent stock-take report on PRI and resource mobilization, led by ICIEC, provides an outlook on how Multilateral Development Banks (MDBs) and Specialized Multilateral Insurers (SMIs) such as ICIEC could expand their offerings and deepen their complementary role.

There will thus be a continuing need for institutions such as ICIEC that unlock credit and investment through providing risk management services to exporters, growth businesses and projects. In uncertain times like these, ICIEC can use its full potential to stand by and support businesses and investors by shielding them from commercial and political risks.



**The pandemic had an immediate impact on the ability of heavily indebted countries to service their external debt. The G20 requested MDBs to consider their role and explore the options for assisting heavily indebted countries.**

# Strategic Priorities

04



## Enhancing Impact

ICIEC appreciates that not all development is equal, and that not all growth is sustainable. This is why the Corporation is dedicated to scaling up its impact for clients and Member Countries. Perhaps the most notable way that ICIEC enhances its impact is through prioritizing support for projects and transactions that foster sustainable development in its Member Countries. Since their introduction in 2015, the United Nations Sustainable Development Goals (SDGs) have been a central tenet of ICIEC's operations. ICIEC firmly believes that the achievement of the SDGs is catalyzed by the facilitation of trade and investment.

## Aligning Insurance Support with the Sustainable Development Goals

The Corporation's dedication to supporting sustainable development is shown through the projects and transactions ICIEC chooses to insure, the events the Corporation participates in, the corporate initiatives it pursues, and the products and services it provides. ICIEC ensures that its commitment to reaching the SDGs is thoroughly embedded in everything it does, both internally and externally.

### ICIEC's Contribution



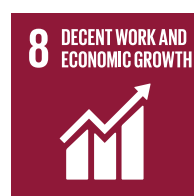
**2 ZERO HUNGER**  
Supporting the import of essential agricultural commodities throughout the supply chain disruptions and protectionism resulting from the COVID-19 pandemic. Enhancing agricultural productivity through the facilitated import of agricultural machinery and access to financial services.



**3 GOOD HEALTH AND WELL-BEING**  
Responding to urgent healthcare needs exacerbated by the global pandemic through insuring foreign investments in health infrastructure and providing cover for the import of strategic health commodities, otherwise deemed too risky.



**7 AFFORDABLE AND CLEAN ENERGY**  
Expanding insurance support for the development of modern and sustainable energy services through mitigating political and commercial risks associated with required infrastructure investments and exports.



**8 DECENT WORK AND ECONOMIC GROWTH**  
Advancing economic growth, increased economic productivity and employment creation by facilitating strategic investments in Least Developed Member Countries (LDMCs) and promoting export businesses to grow internationally.



**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**  
Improving access to finance for SMEs and encouraging infrastructure investments through risk mitigation instruments for banks and medium/long-term financing.



**17 PARTNERSHIPS FOR THE GOALS**  
Collaborating with MCs, banks, investors, corporates, national ECAs, and other development finance institutions. Transactions that would otherwise be deemed too risky are realized through ICIEC's strong network of partners.

## Reporting on Impact: ICIEC's Annual Development Effectiveness Report

ICIEC published the third edition of the Annual Development Effectiveness Report (ADER) in 2020. The ADER records and displays the developmental impact of the Corporation's activities. The report highlights ICIEC's contribution to the SDGs, presents key projects in the Corporation's history, outlines its commitment to its least developed Member Countries (LDMCs) and provides a cumulative overview of the Corporation's development results since inception.



## Growing Membership – Expanding Market Frontiers for Development

ICIEC's Membership has grown significantly across the years. Beginning with 13 countries in the Corporation's founding year, to the 47 Member Countries that ICIEC serves today. ICIEC's Membership represents a diverse range of economic backgrounds scaling from high income economies to least developed economies. 16 Member Countries are currently classified as low-income countries (LICs) and least developed countries (LDCs). This makes ICIEC's support for trade and investment essential to Member Country development. Broadening the membership of ICIEC is directly linked to expanding

the market frontiers of its developmental interventions. ICIEC aims to achieve membership volumes in parallel to IsDB, totalling 57 countries.

## Partnering for Impact

Understanding the value and impact of partnerships in expanding trade, strengthening coverage, and growing economies, ICIEC has made efforts to forge new partnerships, in addition to strengthening existing ones. In mitigating the effects of the pandemic, ICIEC recognizes that partnerships enhance capacity for financing recovery and is using this to the benefit of its Member Countries. ICIEC maintains relationships with all the Corporation's key stakeholders, namely all 47 Member Countries. In addition, demand is growing for guarantees in OIC markets where credit and political risks pose a greater challenge. By working jointly with ECAs, banks and the reinsurance market, the Corporation and its partners can increase the reach and depth of service offerings, therefore enabling all parties to provide the best support possible to our Member Countries.

## Signing MoUs for Cooperative Engagements

In 2020, ICIEC has signed five Memorandum of Understandings (MoU), providing various benefits to the agreeing entities such as the opportunity to enter co-insurance, reinsurance, or cooperation agreements, to engage in strategic joint projects that support exports and investment, and to participate in capacity building and technical assistance programs. Recent MoUs signed have been with Eximgarant of Belarus, U.K. Export Finance and Spanish ECA, Compañía Española de Seguros de Crédito a la Exportación, S.A., Compañía de Seguros Reaseguros, SME (CESCE).

## ICIEC's Key Role in AMAN UNION

In 2009, ICIEC and the Arab Investment and Export Credit Guarantee Corporation (Dhaman) jointly established AMAN UNION, a professional forum of commercial and non-commercial risk insurers and reinsurers in OIC Member Countries. ICIEC serves as the Chairman of the Executive Council and the Structured Finance Committee and is a Member of the Short-Term Insurance Committee and the Data Committee. ICIEC is also represented in the Technical Team of the AMAN UNION Database Centre.

In 2020, ICIEC and other Members of the AMAN UNION benefitted from the online courses delivered through the AMAN UNION Academy, a program conducted in collaboration with Offenburg University in Germany. ICIEC also virtually attended the AMAN UNION's 11th Annual General Assembly Meeting on 16 December 2020.





The demand is rapidly growing for Shari'ah-compliant insurance from both private insurance firms and brokers, as well as public sector actors. Firms including Lloyd's of London have experienced growing demand for specialist Shari'ah-compliant insurance in the Middle East and elsewhere. To penetrate these markets, ICIEC has worked with firms like Lloyd's with regards to introducing Takaful insurance and reinsurance products.

### Advancing the Impact of Islamic Finance

ICIEC is the only multilateral export credit agency (ECA) offering and promoting Shari'ah compliant export credit and investment insurance solutions in the world. As the export credit and investment insurance arm of the IsDB, one of the world's leading Islamic financial institutions, ICIEC continues to deliver on Member Country expectations in conformance with Shari'ah. ICIEC remains dedicated to growing the Islamic finance industry through its product offerings, partnerships and participation in international events aimed at deepening the awareness for Islamic finance and its benefits. As one of the pioneers

in providing Takaful insurance, ICIEC's commitment to Islamic finance is central to both its operations and the mandate of the Corporation.

ICIEC helps to promote awareness of Islamic Finance internationally through its partnership with Islamic Finance News (IFN), where ICIEC serves as a Multilateral Strategic Partner for IFN's numerous conferences. These IFN events are integral to the proliferation of Islamic Finance globally as they stretch across many continents, bringing together thought leaders, Islamic Finance professionals, and parties who are interested in entering the market.



ICIEC's Shari'ah-compliant credit insurance products have been integral in supporting Islamic financial institutions in their provision of Shari'ah-compliant trade finance solutions. In 2020, the Islamic banks that ICIEC supported were in Bahrain, Kuwait, Saudi Arabia and the UAE. ICIEC expects that the geographic presence of Islamic banks providing Shari'ah-compliant trade finance products, and needing cover for such products, is slated to increase across the MENA and in much of Asia. ICIEC, which supported Islamic banks with almost USD300 million during 2020, will ensure that it continues to support the Islamic banking sector in its expansion.



At the 10th annual Global Islamic Finance Awards (GIFA) that took place on September 14, 2020, ICIEC was awarded "The Global Islamic Export Credit and Political Risk Insurance Award for 2020". This marks the fourth time ICIEC has received this accolade since its introduction in 2016 - previous awards occurring in 2016, 2017, and 2018 respectively.





## ICIEC is the leading Insurance Pillar for the Arab-Africa Trade Bridges Program (AATB)

The Arab and Africa regions are experiencing significant economic growth. However, there remains an untapped potential to further develop intra-regional trade, which can produce continuous economic growth and employment.

As such, the “Arab Africa Trade Bridges” (AATB) Program was developed by the Islamic Trade Finance Corporation (ITFC) to address some of the challenges faced in promoting trade and investment between the two regions and developing inter-regional business partnerships. ICIEC’s role in the AATB is to be a leading insurance provider for trade transactions under the program.

### Environmental Sustainability – a Growing Priority for ICIEC

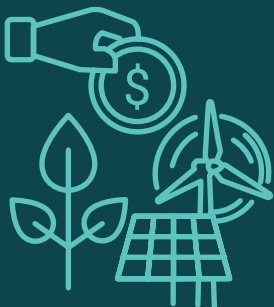
Climate change is considered one of the top risks by both the public and governments alike, and stakeholders are becoming increasingly interested in how organizations are making efforts to monitor, evaluate, and address sustainability. Considering the geographical coverage of ICIEC’s Membership spans from South America to Asia and from Eurasia to Sub-Saharan Africa, Member Countries are in some of the world’s most climate vulnerable regions.

ICIEC is in a unique position to assist in closing the financing gap for climate-related projects and investments in its Member Countries, especially considering that many of the Member Countries struggle to attract capital for such investments on their own. The Corporation has proven it has the capacity to de-risk and crowd-in additional investment for climate-resilient projects and is

working consistently to improve its capacity as a climate finance enabler. ICIEC has increasingly provided support for projects that strengthen its Member Countries against the threat of global warming, helping them both prepare for and adapt to the many challenges of a warming planet, as well as to reduce vulnerability and the costs resulting from the impacts of climate change.

### ICIEC’s COVID-19 Response

Since COVID-19 was declared a global pandemic by the WHO on March 11<sup>th</sup> of this year, ICIEC has been deeply concerned about the tragic human losses, the socio-economic disruptions and the strain on Member Countries. ICIEC has responded in solidarity with its 47 Member Countries and has been working to mitigate the challenges presented by the pandemic by supporting the urgent importation of strategic healthcare and agricultural commodities, in addition to supporting investments for the fast-tracked development of healthcare infrastructure.



## Green Sukuk to Support Sustainability

ICIEC intends to start offering a Green Sukuk Insurance Policy, aimed at allowing sovereign Sukuk issuers to better attract capital for “green” projects. The product will be crucial for sovereign issuers in ICIEC’s vulnerable developing countries which may struggle to generate medium/long-term funds due to poor credit ratings

## ICIEC Reinsurance Secures Continued Investment in Côte d'Ivoire Power Industry

ICIEC is providing cover of USD20.4 million on a power generation project increasing access to affordable and reliable electricity in ICIEC Member Country, Côte d'Ivoire. The Reinsurance - Breach of Contract guarantee ensures continued security of investment for Multilateral Investment Guarantee Agency (MIGA) in the Azito Thermal Power Plant, located 6 km west of Abidjan, Côte d'Ivoire. The Azito project is designed to generate clean, low cost power for both household and commercial consumption, enabling greater participation in the economy and creating a 10% increase in energy generation capacity.



## ICIEC Hosts Collaborative Webinar in Response to COVID-19



On July 13<sup>th</sup>, 2020, ICIEC and the Islamic Centre for Development of Trade (ICDT) held a joint webinar titled "Impact of COVID-19 on the Insurance of Investment and Export Credit for Strengthening Intra-OIC Trade and Investment". The webinar discussed the role and experiences of insurance and export credit agencies (ECAs) in OIC countries along with the insurance sector response to the COVID-19 pandemic, while highlighting the importance of the investment and export credit insurance sector in covering risks for countries, local companies, and international trade partnerships.

## Enhancing Efficiency

Enhancing ICIEC's efficiency is an important corner stone to maximizing the Corporation's development impact. As this year has posed unprecedented threats and the 2030 goal of achieving the SDGs draws nearer, the need for efficiency has increased in order to ensure the goals can be achieved within the remaining timeline and that Member Countries can be supported in their recovery from the pandemic. By enhancing the efficiency of ICIEC's structure, operational processes and staff capabilities, the Corporation is also maximizing resources and increasing capacity to meet the rest of ICIEC's strategic priorities.

### Growing ICIEC's Local Presence to Meet Real Needs

ICIEC is forging a more visible market presence through the development of regional offices. So far, the decentralization has mainly focused on Business Development activities, proving to be effective for business growth and enhancing cooperation with local partners. ICIEC is increasing awareness and building closer relationships with Member Countries to diversify and grow the Corporation's customer base of Member Country policyholders. While ICIEC's expansion has brought along growth and awareness to the institution, it has also helped to improve the market understanding of the various jurisdictions in which ICIEC operates.

### Benchmarking for Excellence

Benchmarking against peer institutions helps ICIEC to improve performance. It can provide new perspectives about how the business is performing in comparison to others across the industry. Benchmarking also provides ICIEC with valuable data on the latest industry technology and process trends. As ICIEC strives for continuous improvement, it utilises benchmarking to identify areas where gaps exist between the Corporation and industry best practices, helping to prioritize areas where the Corporation may need to focus on – to increase productivity while reducing costs.

ICIEC opened a new regional office in Riyadh, KSA in 2020. The Corporation has established 5 additional offices across the OIC region since 2015. Member Country-based business development officers were recruited at each hub. ICIEC pursues the strategy of increasing its local staff members. Through their local knowledge, ICIEC seeks to develop solutions targeted at the specific needs, requirements and circumstances of host and neighbouring MCs.

ICIEC's office expansion has increased the number of staff at its regional hubs, with 52% of business development staff and 32% of all insurance operations staff now working outside of ICIEC's Headquarters.





**ICIEC conducted an efficiency benchmarking exercise in 2020, to determine how efficient ICIEC's operation is in terms of expenses, net income, and combined ratios when compared to the Corporation's multilateral peers. The exercise highlighted areas of success as well as areas in need of improvement. The Corporation is working to implement the recommendations resulting from the exercise**

### **Enhancing Efficiency Through Advancements in Technology**

Trends in technology continue to be highly positive for ICIEC's growth outlook, as technological innovation and implementation have the potential to vastly improve ICIEC's reach and operations. The adoption of certain technologies such as the increased automation of business processes from end-to-end lowers the cost of business transactions while increasing efficiency and effectiveness, particularly in the underwriting process and claims management. ICIEC has been exploring ways to implement the latest industry technology to enhance operational efficiency.

### **ICIEC Employs Measures to Maintain Business Activities Through the Pandemic**



In response to the COVID-19 pandemic, IsDB Group has implemented measures through Business Continuity Management to ensure the safety of ICIEC staff and the seamless continuity of the Corporation's operations through remote and allied means.

### **Business Process Optimization and Automation**



In 2020 the Corporation undertook a comprehensive update of its Operations Manual and is currently in the process of automating and streamlining its end-to-end business solution. The system is supposed to go live in early 2021.

From an operational perspective, ICIEC is exploring opportunities to integrate InsurTech with ITS as well as its scope, coverage, cost and benefits to deliver more value in the areas of business development, customer relations management, underwriting and reinsurance, claims management, exposure management and pricing.



## Enhancing Resilience

Delivering on mandates while preserving financial sustainability and ensuring long-term resilience is a fundamental principle underpinning the activities of all multilateral development financial institutions. In the case of ICIEC, this is driven by efficient use of capital in the risks assumed, ensuring consistent positive technical results and enhanced profitability supported through strong enterprise risk management processes. ICIEC is continuing to strengthen the Corporation's resilience by enhancing risk and capital management, to safeguard financial sustainability.

### Strengthening ICIEC's foundation – Advancements in Risk Management and Reinsurance

The need to mitigate risks in international trade and foreign investment is the reason for trade credit and political risk insurance to exist. While offering solutions to mitigate these risks for MCs, it is crucial to ICIEC's resilience that a comprehensive risk management framework is in place, with a clear strategy, governance, target risk profile, adequate processes and infrastructure. Enhancing reinsurance as an important risk mitigation tool is critical to diversify risks and ensure financial sustainability and resilience for the Corporation. ICIEC has undertaken several important initiatives to bolster risk management practices throughout 2020.

### Growing Capital – Growing Impact

Timely access to capital is a key determinant of the Corporation's credit rating. This, in turn, is a key enabler for the achievement of its objectives and mandate. Accordingly, ICIEC is obliged to ensure both strong capitalization and efficient use of capital across its various activities. Despite the disruptions posed by the global pandemic, ICIEC has taken a balanced approach and has been able to maintain the Corporation's strong credit rating.

**Aa3 Moody's  
Credit Rating  
for 13<sup>th</sup>  
Consecutive  
Year**



Moody's Investor Services (Moody's) affirmed ICIEC's Aa3 Insurance Financial Strength Rating (IFSR) rating for the 13<sup>th</sup> consecutive year with stable outlook.

The report highlights the significant growth in business during H1-2020 with gross premiums increasing by 21% over H1-2019. Moody's also acknowledged ICIEC's low accumulation of claims, despite the negative impacts from the coronavirus pandemic, was a strength when comparing to other global credit insurers that experienced notable weakening in claims performance.

## Implementing a Risk Capital Model



The Corporation is at an advanced stage of implementing a Risk Capital Model that will improve capital adequacy calculations and strengthen capital planning and optimization. Using this model, the Corporation can better measure diversification benefits, assess the combined risk profile across different types of risks, and apply correlations between the types of risks assumed. This model will help optimize the use of capital to maximize development impact within the existing capital resources and will facilitate the creation of capital buffers to strengthen ICIEC's credit rating. This model will also provide inputs for the Exposure Management Framework, to manage the insurance portfolio and diversify risks more dynamically.



## Safeguarding Financial Sustainability

A positive bottom line on a financial institution's income statement is an indicator that the business can sustain costs and expenses. As a multilateral development financial institution, ICIEC has a responsibility to undertake the delivery of its mandate in an efficient and effective manner while preserving its financial sustainability and ensuring resilience in the long-term. This is a prerequisite to boost shareholder confidence. Given the economic uncertainty in 2020 resulting from the COVID-19 pandemic and the increased demand for commercial and political risk insurance in light of this, ICIEC is working to implement risk-based pricing, improve treasury investment returns, and improve efficiency and rationalization in order to bolster the Corporation's financial performance.

## Diversifying products to address evolving market demands

To optimize capital, ICIEC seeks to maintain a relevant product mix that addresses needs and builds on trends. The success of an organization and its long-term impact on beneficiaries and the economy is shown through how well their products and services are meeting real needs. ICIEC's product offerings aim to serve the needs of a wide range of international clients, including banks and development finance institutions, corporates, peer ECAs, and private insurers. Several innovative products have recently been under development and are currently at various stages of deployment.



## Pricing Competitiveness

To enhance capital for resiliency, the Corporation needs to set the right pricing for the right risks and services in a structured and competitive manner. Currently, ICIEC is at an advanced stage of implementing a Risk Capital model which will serve as the foundation for a dynamic risk-based pricing system.



## Growth in FII

Following the rapid growth of the Investment Insurance business, ICIEC's portfolio composition shifted towards FII. This growth in FII can partially be attributed to a new MT & FII reinsurance treaty that was originally concluded with a panel of international reinsurers in July 2017. The treaty significantly enhanced ICIEC's capacity for MT & FII business, allowing it to grow rapidly over the past few years. Both ST and MT & FII treaties were renewed in 2020 for another year.



## Managing COVID-19 Risk

In the wake of the pandemic, ICIEC immediately implemented a comprehensive suit of risk management measures. ICIEC Management and the Board of Directors are regularly updated with appropriate market intelligence, enabling them to respond in a swift and informed manner to new developments. In order to closely monitor the Corporation's financial soundness and resilience, ICIEC – amongst other measures – introduced regular Member Country vulnerability test as well as portfolio stress tests, closely tracked overdues at the portfolio level, exchanged early-warning exposure experiences amongst IsDB Group entities and adjusted its investment strategy to be more defensive.

## Enhancing IsDB GROUP Synergy

ICIEC is a key player in many IsDB Group initiatives and often partners with peer IsDB Group members for cooperative agreements, and several other strategic initiatives. The Corporation's synergy with the IsDB Group cuts across ICIEC's other three strategic objectives - enhancing impact, efficiency, and resilience. As a member of IsDB Group, ICIEC's mission, vision, and core values were all designed to align with that of IsDB and its related entities. To serve a broad range of needs of OIC countries, ICIEC works in close conjunction with IsDBG counterparts, including the Islamic Research and Training Institute (IRTI), the Islamic Corporation for the Development of the Private Sector (ICD), the International Islamic Trade Finance Corporation (ITFC), and of course IsDB itself. The synergy among the organizations helps to generate new business opportunities and enhance operations amongst the group.

### Forging a new way forward for ISFD

ISFD has been exploring the Corporation's potential as an insurer in 2020. As the poverty alleviation arm of the IsDBG, ISFD and ICIEC are both essential in supporting sustainable long-term development for Member Countries, in addition to responding quickly to urgent demands in the face of crisis. Thematic initiatives on support to LDMCs in the areas of education, health systems, youth empowerment, and economic recovery initiatives of fragile and conflict-affected LDMCs were identified and are being pursued in coordination with ISFD.

## ICIEC-ISFD COVID-19 Emergency Response Initiative (ICERI)

ICIEC and ISFD have collaborated to create a rapid COVID-19 response initiative. ISFD has allocated a grant of USD5 million to ICIEC that can support USD400 million for the procurement of urgent product needs of MCs under the Initiative. The fund has structured a concessional all-in pricing mechanism to help preserve the flow of essential imports to OIC countries, prioritizing support for the import of urgent commodities such as medicine, medical equipment and foodstuffs. In 2020, ICIEC approved USD153 million in COVID related emergency support to MCs under this program.



# COVID-19 Guarantee Facility



ICIEC and IsDB have launched the innovative COVID-19 Guarantee Facility, providing

## USD2 billion

in support of the private sector. The facility will be implemented jointly by the two entities to support essential industries and attract cross-border investments, both foreign and local.

The COVID Guarantee Facility's Framework Agency Agreement was signed by IsDB Group President, H.E. Dr. Bandar Hajjar, and ICIEC CEO, Mr. Oussama Kaissi upon approval from IsDB's Board of Executive Directors in its 336th meeting. The framework provides accountability through assigning clear roles and responsibilities between the institutions based on their specializations. In doing so, it lays the foundation of a new operational model for the systematic partnerships between IsDB and IsDB Group entities. This agreement is expected to set the tone for mainstreaming synergies between ICIEC and peer IsDB Group entities beyond the COVID Guarantee Facility.

## IsDBG COVID-19 Webinar



On July 6th, 2020, ICIEC was a key contributor to the IsDBG webinar titled "IsDB Group Private Sector Action Response to COVID-19" where entities of the group discussed the challenges facing the Private Sector and Global Economy during the pandemic outbreak. The IsDB Group Private Sector entities also presented an immediate joint action response and the future outlook to combat the COVID-19 pandemic, whilst incorporating the new reality.

## G20 Presidency for 2020 in KSA



IsDB was invited to participate in the events surrounding the Kingdom of Saudi Arabia's hosting of the G20. IsDB President, Dr. Bandar Hajar had the distinct honor of being the Chair of the Meetings of the Heads of Multilateral Development Banks for 2020, affording him the opportunity to share the benefits, values, and innovations Islamic finance can bring to a world in need of solutions. IsDB Group was able to share the aspirations and challenges that its 57 MCs face, and the Group's mandate and vision to support them through sustainable development solutions.



# ICIEC delivers Stock-Take study mandated by G20



Recognizing the Corporation's expertise in Political Risk Insurance, the G20 Saudi Presidency mandated ICIEC, in coordination with other Multilateral Development Banks (MDBs), to prepare a Stock Take report on "Best Practices of MDBs and Specialized Multilateral Insurers in Political Risk Insurance for Equity Investments, Medium and Long-Term Debt Investments and other Insurance Solutions" for the G20's International Financial Architecture (IFA) Working Group.

The main objectives of the Stock-Take study were to assess the current state of the political risk and credit insurance market for equity and MLT debt investments, identify best practices and potential gaps in the market, and provide recommendations on how identified gaps could be filled. It also examined possible solutions for encouraging equity investments and MLT debt investments that can scale up capital flows to achieve the UN Sustainable Development Goals.












# Business Performance

05

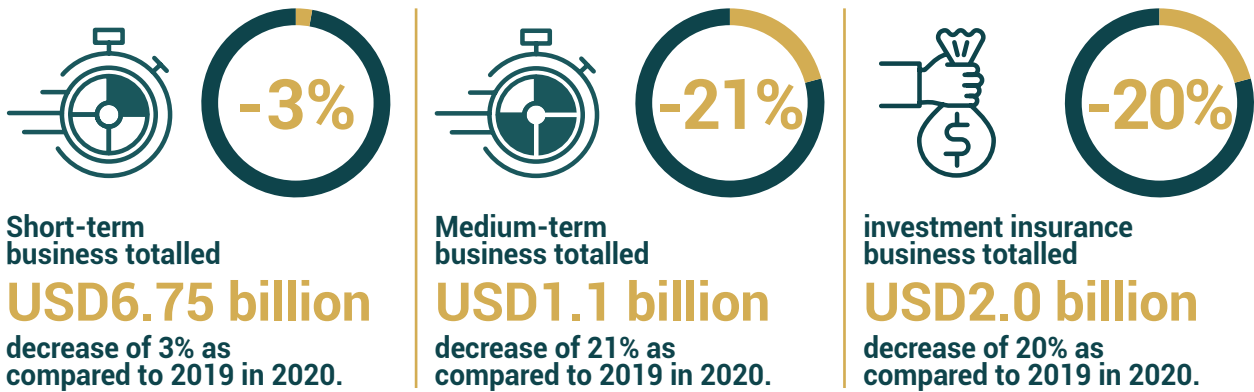


## Summary of Operations

Indicators (USD'000)	2020 Results	2019 Results	Change%
 <b>New Commitments</b>	<b>3,929,844</b>	<b>4,769,549</b>	<b>-18%</b>
 <b>Total Business Insured</b>	<b>9,860,444</b>	<b>10,864,316</b>	<b>-9%</b>
Short Term Medium Term Investments	6,747,337 1,136,398 1,976,710	6,937,485 1,441,779 2,485,052	-3% -21% -20%
 <b>Total Exposure</b>	<b>3,277,465</b>	<b>3,734,534</b>	<b>-12%</b>
Short Term Medium Term Investments	839,656 395,280 2,042,529	1,291,682 400,646 2,042,207	-35% -1% 0%
 <b>Gross Written Premium</b>	<b>82,343</b>	<b>58,440</b>	<b>41%</b>
Short Term Medium Term Investments	18,489 4,244 59,610	16,143 4,882 37,414	15% -13% 59%
 <b>Outstanding NPLs</b>	<b>28,192</b>	<b>60,288</b>	<b>-53%</b>
Gross Claims Paid	6,244	3,707	68%
 <b>Gross Recoveries</b>	<b>2,535</b>	<b>700</b>	<b>262%</b>
 <b>Loss Ratio</b>	<b>7.6%</b>	<b>6.3%</b>	<b>21%</b>

## Business Insured

During 2020, ICIEC insured USD9.9 billion of total business. This figure represents a decrease of 9% as compared to the business insured for 2019. This is due to the negative impact of the COVID-19 pandemic on the global trade and investment flows, especially in ICIEC's member countries.



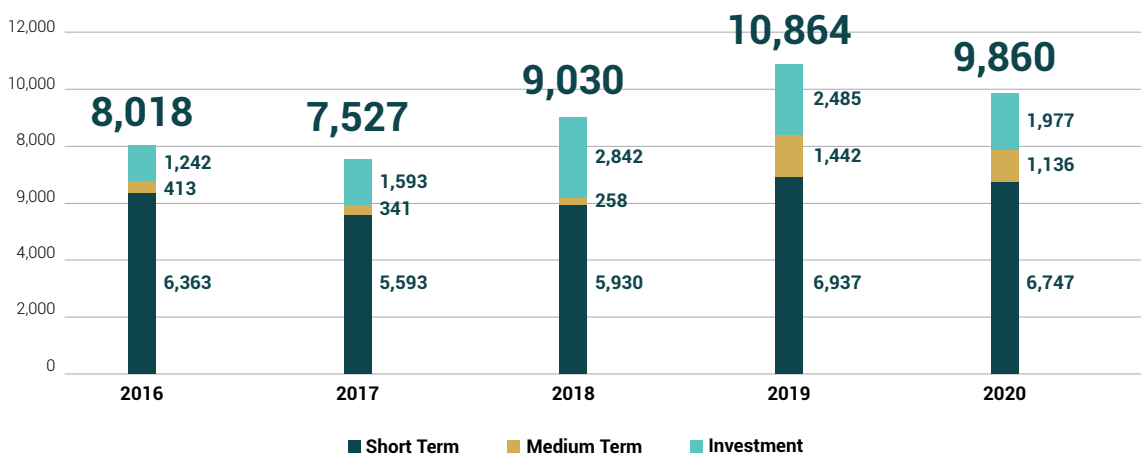
In terms of the individual business lines, the business insured corresponding to short-term business totalled USD6.75 billion in 2020, representing a decrease of 3% as compared to 2019. Business insured under the medium-term category decreased from USD1.4 billion in 2019 to USD1.1 billion in 2020, representing a decrease of 21%. Finally, the volume of business insured with regards to the investment insurance line of business decreased by 20% from USD2.5 billion to USD2.0 billion.

The portfolio mix saw a slight shift in 2020 as the share of business insured through Investment Insurance decreased moderately from 23% in 2019 to 20% in 2020,

and the share of business insured through Medium-Term export credit insurance decreased from 13% in 2019 to 12% in 2020. Conversely, the share of the business insured corresponding to Short-Term Credit Insurance increased from 64% in 2019 to 68% in 2020.

Although ICIEC's volume of business insured in 2020 deviated slightly from its upward trend over the last 5 years, the fact that it has not declined drastically during the COVID-19 crisis is indicative of ICIEC's commitment to excellence under all circumstances. Despite this slowdown, ICIEC's volume of business insured has grown at an average annual growth rate of 6.23% over the last 5 years.

Business Insured Over the Last 5 Years (USDMn)

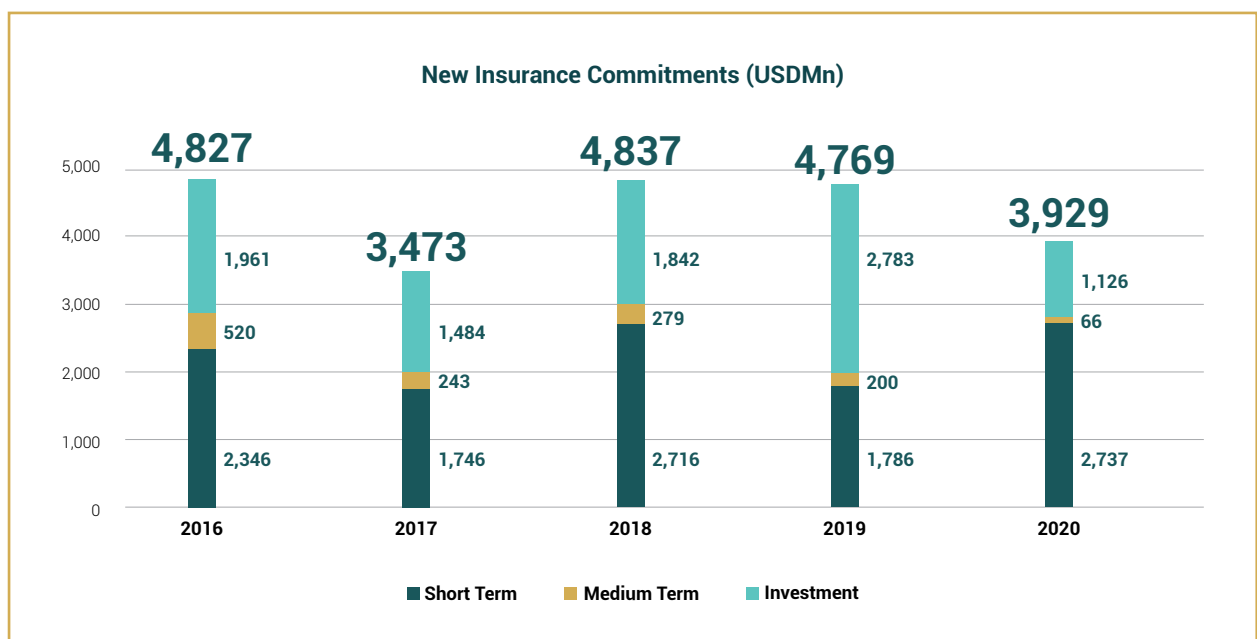
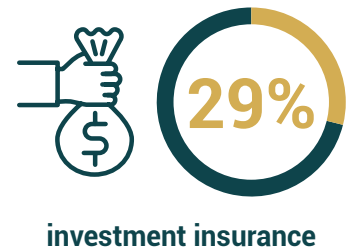
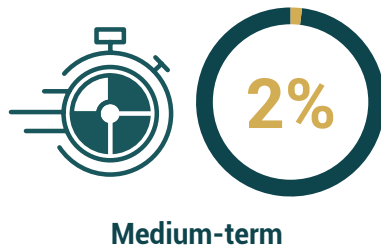
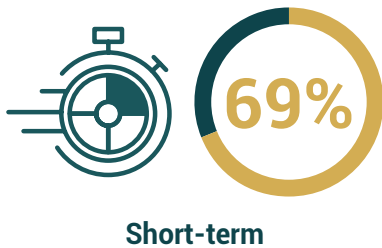
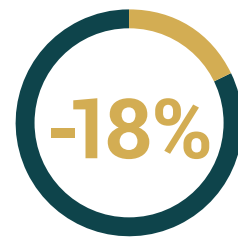


## New Insurance Commitments

New commitments (new insurance approvals) totalled USD3.93 billion in 2020, as opposed to USD4.77 billion in 2019. Although this drop represents a decrease of 18%, it is important to note that this is in line with expectations, given the challenging environment for trade and investment in light of the COVID-19 pandemic. The new commitments are distributed across the three lines of business, with Short Term accounting for 69%, Medium Term for 2% and Foreign Investment Insurance for 29% of the total new commitments.



New commitments (new insurance approvals) totalled **USD3.93 billion** in 2020, as opposed to USD4.77 billion in 2019

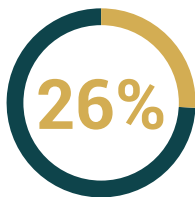


## Gross Exposure and Net Exposure

Total exposure comprises of outstanding business insured, arrears and outstanding claims. It measures ICIEC's portfolio at risk, at a given point in time. At the end of 2020, ICIEC's total exposure decreased to USD3.3 billion from USD3.7 billion at the end of 2019. The distribution of exposure among the Short-Term (ST), Medium-Term (MT), and Foreign Investment Insurance (FII) business lines for 2020 was USD0.8 billion (26%), USD0.4 billion (12%) and USD2.0 billion (62%), respectively. As compared to 2019, the volume of ST exposure decreased significantly in 2020, while the exposure under the FII remained the same but saw a significant increase in its relative weight in the portfolio from 55% in 2019 to 62% in 2020.



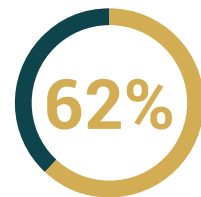
Total exposure decreased to  
**USD3.3 billion**  
from USD3.7 billion at the  
end of 2019



Short-term

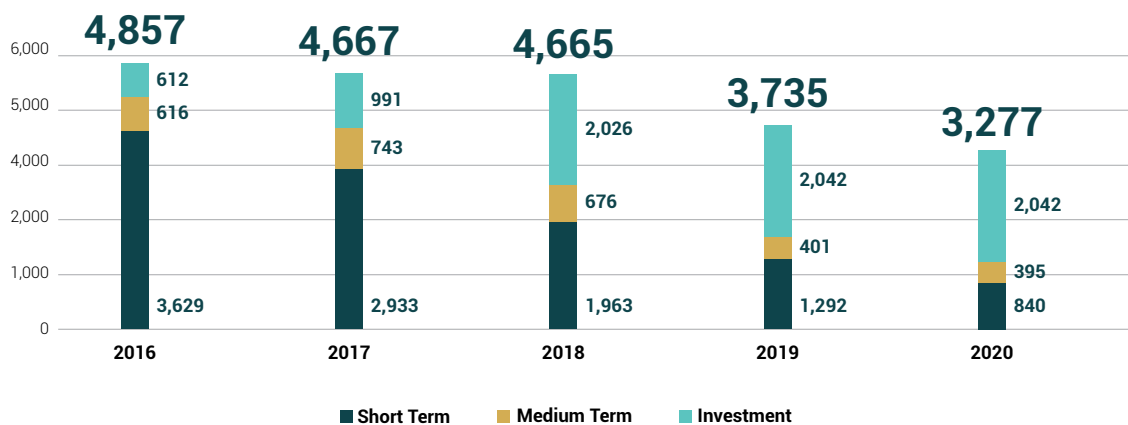


Medium-term



investment insurance




Gross Exposure Over the Last 5 Years (USDMn)





To maximize capacity, and to properly manage risk on its books, ICIEC transfers part of its exposure to the international reinsurance market. At the end of 2020, the Corporation's net exposure stood at USD1.13 billion, which is the same level of net exposure as at the end of the previous year. The volume of exposure ceded to international reinsurers reached USD2.15 billion.

The distribution of ICIEC's gross and net exposure figures across the three lines of business is displayed in the table below.

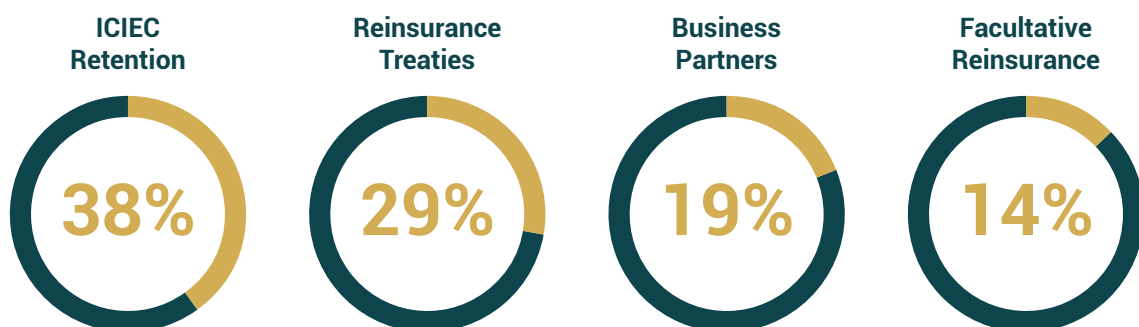
(USD'mn)	Gross Exposure	Reinsurers Exposure	ICIEC Net Exposure	Net/Gross (%)
 <b>Short Term</b>	<b>840</b>	<b>395</b>	<b>445</b>	<b>53%</b>
 <b>Medium Term</b>	<b>395</b>	<b>236</b>	<b>159</b>	<b>40%</b>
 <b>Investments</b>	<b>2,042</b>	<b>1,520</b>	<b>522</b>	<b>26%</b>
<b>Total</b>	<b>3,277</b>	<b>2,151</b>	<b>1,126</b>	<b>34%</b>

For ICIEC to best serve the investment and trade needs of its clients, it is necessary for the Corporation to make use of additional capacity from the international reinsurance market. To mobilize such capacity, ICIEC partners with leading international reinsurers. In this regard, ICIEC renewed its outward Quota Share Treaty for Short-Term and Medium-Term/ Foreign Investment Insurance policies with effect from 1 January 2021 to 31 December 2021.

In 2020, ICIEC insured USD9.9 billion of business. Of that figure, ICIEC secured from the market reinsurance capacity totalling USD6.08 billion through the Treaties, the Facultative Reinsurance market and other Insurance Partners. The distribution of that reinsurance capacity is displayed in the below figure.

ICIEC has not only sought reinsurance, but has also participated as a Reinsurer, in the Inward Quota Share Treaty programs of Turk Eximbank (Turkey), CAGEX (Algeria), COTUNACE (Tunisia), NAIFE (Sudan), Indonesia Eximbank (Indonesia), EGE (Egypt) and ASEI (Indonesia).

#### Source of Insurance Capacity - Business Insured 2020G



## Premium Income

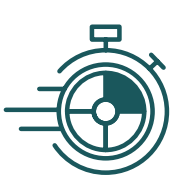
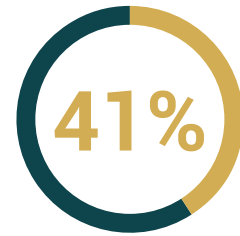
The gross premium income in 2020 was USD82.3 million. This represents an increase of 41% from the previous year, during which the gross premium invoiced was USD58.4 million.

The premium income from the Short-Term insurance was USD18.5 million (23%), from the Medium-Term USD4.2 million (5%), and from the Investment Insurance USD59.6 million (72%). Over the last three years, the volume of premium income emanating from the Investment Insurance has seen significant growth and contributed the most to the gross premium.

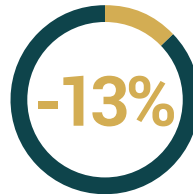
ICIEC's gross premium has been steadily increasing from USD35.4 million in 2016 to USD82.3 million in 2020. This speaks to the Corporation's consistent expansion and revenue generation.



The gross premium income in 2020 reached **USD82.3 million** representing an increase of **41%** from the previous year



Short-term

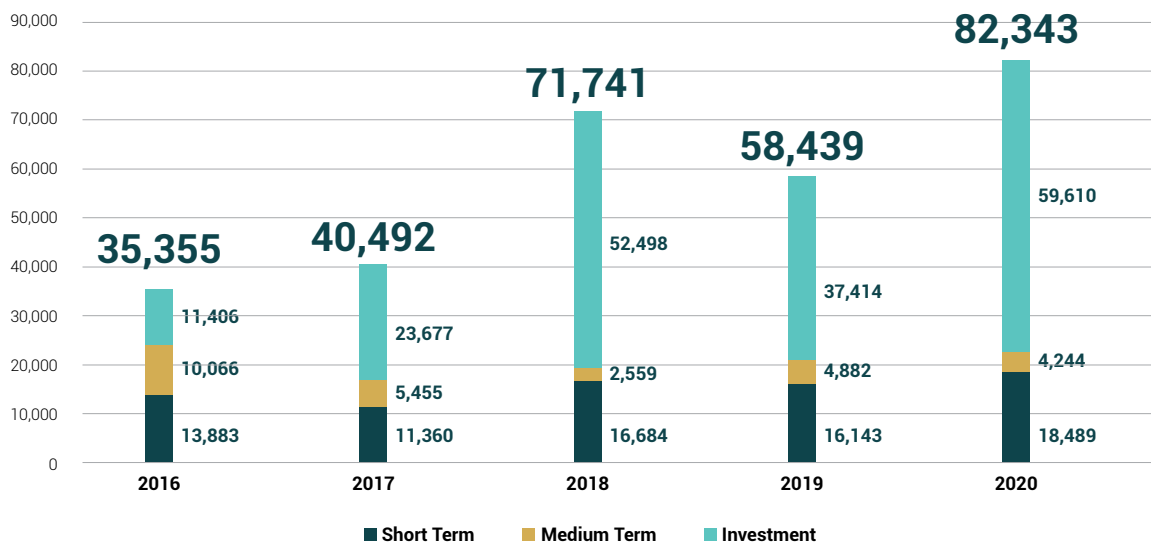


Medium-term



investment insurance

The Gross Premium Income Over the Last 5 Years (USD, 000)






## Claims and Recoveries

### Claims Paid

Total claims paid during the year amounted to USD6.2 million (2019: USD3.7 million) of which ICIEC net share amounted to USD3.6 million (2019: USD1.7 million). This is a major achievement considering the difficulties that COVID-19 posed for exporters, importers and investors alike. This reflects the Corporation's prudence in assessing transactions to insure and effectiveness of loss minimization efforts.

This contributed to an overall loss ratio for the year of 7.6% (2019: 6.3%) as summarized in the table below.

(USD, 000)	2020	2019
 <b>Gross Written Premium</b>	<b>82,343</b>	<b>58,440</b>
 <b>Gross Claims Paid</b>	<b>6,244</b>	<b>3,707</b>
 <b>Loss Ratio</b>	<b>7.6%</b>	<b>6.3%</b>

### Recoveries:

Total Recoveries during 2020 amounted to USD2.5 million (2019: 0.7 million) of which ICIEC's net share amounted to USD0.7 million (2019: 0.3 million). In 2020, the volume of ICIEC's recoveries was 262% of the volume of gross recoveries in 2019.

# Financial Performance

06



## Financial Results

### Audited Financial Statements




The audited financial statements of the Corporation and their related notes form an integral part of the Corporation's Annual Report for the year ended 1442H (2020G). This is published separately as Volume Two on ICIEC's website. An extract comprised of the Audit Report, Balance Sheet and Statement of Income is included in Appendix 3 of this volume.

While the Corporation used Islamic Dinar (ID) as both its functional and reporting currency since inception, a dual currency approach to financial reporting was adopted in 2019 with United States Dollar (USD) as the Reporting Currency and ID as the Functional Currency. The ID is equal to one special drawing right of the IMF and the exchange rate at year end was (ID) 1 = (USD) 1.44.

The analysis of ICIEC's financial performance below is presented in USD for consistency with the rest of the

annual report Volume One and following ICIEC's adoption of the USD as its Functional Currency while retaining the Islamic Dinar (ID) as its Reporting Currency. Furthermore, for ease of reference and since the Corporation adopted a dual currency approach for financial reporting, the audited financial statements (Volume Two) includes the key financial statements in USD at the end as supplementary financial information.

### Corporate Net Results

Income Statement (USD'000)	YE-2020 Actual	FY-2020 Plan	% Achieved	YE-2019 Actual	% Growth
 <b>PHF Result</b>	<b>5,239</b>	<b>3,608</b>	<b>145%</b>	<b>2,729</b>	<b>92%</b>
 <b>SHF Result</b>	<b>3,326</b>	<b>5,436</b>	<b>61%</b>	<b>7,677</b>	<b>-57%</b>
 <b>Corporate Net Result</b>	<b>8,565</b>	<b>9,044</b>	<b>95%</b>	<b>10,406</b>	<b>-18%</b>



The impact of both the COVID-19 pandemic on Insurance operations and the steep decline in market rates on Investments operations caused downward pressure on 2020 Corporate Net Results to USD8.6 million surplus. This reflects a 95% achievement of the business plan target for 2020 and trails 2019 actual which achieved a record high by 18%. It is worth highlighting that 2019 benefited from an exceptional net FX gain of USD4.6 million (2020: USD2.2 million net FX gain).



The positive technical and investment results reflect the agility of ICIEC's Management to proactively respond to global developments and protect the long-term financial sustainability and resilience of the Corporation.

## Policyholders Fund

ICIEC Policyholders' Fund (PHF) achieved 145% of the Plan at a USD5.2 million surplus, which exceeded 2019 achievement by 92%. Sustaining a positive technical result under such challenging economic conditions and for the fourth consecutive year is commendable. Timely loss minimization actions by the Corporation, including implementation of stringent temporary underwriting guidelines, successfully cushioned the insurance operational technical result from the full impact of COVID-19 pandemic. Furthermore, higher claim reserves were taken to preserve its resilience over this challenging period.

Aggressive business development efforts succeeded to achieve gross invoiced premium of USD82.3 million represents 117% of the Plan for the year and an impressive 41% growth over 2019 despite the depressed levels of global trade and foreign investments. On an accrual basis, after adjusting for reinsurers share, the net earned premium for the year amounted to USD28.9 million equating to 105% of the Plan and 14% higher than 2019 actual. This reflects the earning impact adjustment of high-value foreign investment insurance transactions that have long coverage periods.

Additionally, ICIEC's total expenses and claims for 2020 amounted to USD26.2 million, equivalent to 108% of the 2020 Plan and 28% above 2019 actual. This reflects the impact of higher loss reserves in anticipation of increased

claims following the economic fall-out from the COVID-19 global pandemic offset by efficient cost control measures and prudent underwriting and risk management practices.

## Shareholders Fund




ICIEC Shareholder's Fund (SHF) results amounted to USD3.3 million in income, representing 61% of the 2020 Plan. Unlike the prior year where SHF benefited from USD7.2 million foreign currency gain, SHF had a nominal FX gain of USD0.007 million during 2020. This follows ICIEC adoption of USD as the functional currency in 2019 and migration of all SHF investments to USD. This was one of the major contributors to the variance from 2019, with others including the downfall in short and long-term market rates as well as the decision to maintain a highly-liquid investment portfolio during 2020 in response to COVID-19 financial market turmoil.

Investment income for the year amounted to USD4.99 million, achieving 70% of the target and registering a 9% decline over 2019. This was largely attributable to the steep and unprecedented decline in market rates during 2020 coupled with the defensive investment strategy adopted in the face of significant uncertainty following the COVID-19 pandemic and resulting global economic downturn.

The Corporation is planning a significant scale-up in its treasury investments with a new investment strategy planned for 2021 along with investments in new asset classes and use of external fund managers specialized in Shari'ah-compliant investments. Also, during 2020, the Corporation took steps to further diversify its investment portfolio by investing in a Real Estate Fund domiciled in the USA that provides quarterly returns.

## Investment Portfolio

Investment income for the year amounted to USD4.99 million with the 5-year performance summarized in the table below.






	2020	2019	2018	2017	2016*
 <b>Total Investments (USD'mn)</b>	<b>261.1</b>	257.8	238.8	178.2	206.5
 <b>Investment Income (USD'mn)</b>	<b>4.99</b>	5.5	4.0	3.9	4.8
 <b>Investment Returns (%)**</b>	<b>1.91%</b>	2.21%	1.93%	2.08%	2.33%

\* 2016 covers a 15-month period

\*\* Investment Returns are based on average invested assets

## Investment Returns

The breakdown of portfolio investment income is summarized in the table below which shows Sukuk investments and Commodity Placements as the primary contributors to ICIEC investment income with 70% and 23% contribution respectively.

	2020		2019	
	USD, 000	%	USD, 000	%
 <b>Commodity Placements</b>	<b>1,146</b>	<b>23%</b>	<b>2,609</b>	<b>48%</b>
 <b>Sukuk</b>	<b>3,479</b>	<b>70%</b>	<b>2,513</b>	<b>46%</b>
 <b>Murabaha Syndications</b>	<b>235</b>	<b>4%</b>	<b>362</b>	<b>6%</b>
 <b>Real Estate</b>	<b>135</b>	<b>3%</b>	-	-
 <b>Gross Investment Income</b>	<b>4,995</b>	<b>100%</b>	<b>5,484</b>	<b>100%</b>

The Corporation commenced investing in funds in 2020 and is aiming to grow its contribution over the coming years to diversify the sources of income while boosting its investment returns.










## Portfolio Composition

The Investment Portfolio at year end is comprised of 40% short-term Money Market Commodity Murabaha placements, 54% in Sukuk, 2% in cash, 2% in Murabaha Syndications, and the rest in Equity and Funds. This is in stark contrast to 2019 when 69% of ICIEC's portfolio consisted of short-term Commodity Murabaha, 27% in Sukuk, 2% in cash, and the rest in Equity and Funds.

These reflect the adjustment of ICIEC's investment strategy because of the pandemic, where during H2-2020, more funds have been deployed towards conservative yet higher-yielding investments.

## Asset Mix

Asset Class	2020	2019
 <b>Cash</b>	<b>2%</b>	<b>2%</b>
 <b>Commodity Murabaha Placement</b>	<b>40%</b>	<b>69%</b>
 <b>Murabaha Syndication</b>	<b>2%</b>	<b>-</b>
 <b>Sukuk</b>	<b>54%</b>	<b>27%</b>
 <b>Equity &amp; Real Estate</b>	<b>1%</b>	<b>1%</b>
 <b>ICD-Unit Investment Fund (UIF)</b>	<b>1%</b>	<b>1%</b>
 <b>Total</b>	<b>100%</b>	<b>100%</b>

## Impairment

**ICD-UIF:** The Corporation invested in ICD Unit Investment Fund (ICD-UIF) in 2004, which had a consistent and solid performance track record until 2016. The net asset value (NAV) thereafter deteriorated significantly and the fund opted for voluntary wind-up during 2019. Total liquidation distributions received to date amounted to USD6.4 million with USD10.8 million principal remaining outstanding. While the net asset value (NAV) at year end amounted to USD3.8 million, the Corporation adopted a conservative approach and increased its impairment provisions to 83% of the outstanding principal.

ICIEC considers its equity and funds investments as available for sale and the decline in fair value on ICD-UIF was considered prolonged and resulted in a USD0.95 million impairment charge during 2020 (2019: USD4.6 million charge).

**Takaful Re:** The Corporation invested USD2.5 million into Takaful Re: which is currently under liquidation and impairment reserves have been booked leaving a nominal residual book value.

## Investment Strategy and Outlook

The overriding principles guiding ICIEC's investment philosophy is minimizing liquidity risk while prioritizing capital preservation over maximizing of investment returns.

The global economic and financial market downturn caused by COVID-19 pandemic negatively impacted investment performance and forced the adoption of a defensive investment strategy to preserve its capital base in response to these heightened risks. The Corporation

dramatically increased its short-term liquidity buffers and invested in highly liquid instruments. This reduced ICIEC's overall investment and liquidity risk but also decreased investment income due to the current low market rates on short-term instruments.

With the relative improvement in the investment climate during H2-2020, the Corporation ramped up its investments with over USD40 million new Sukuk investments, including the IsDB Sustainability Sukuk, resulting in Sukuk increasing to 54% of the portfolio (from 27% in 2019). Additional investments were also made in Murabaha Trade syndications (originated by ITFC) and in a real estate fund domiciled in North America. These investments have boosted the portfolio returns whilst maintaining a high asset quality portfolio with improved diversification.

Increased efforts are continuously being exerted, in collaboration with other IsDB Group members, to explore alternative investments including Sukuk funds. The Corporation also plans to update its Liquidity & ALM policy, investment strategy and guidelines during 2021.



**The Corporation dramatically increased its short-term liquidity buffers and invested in highly liquid instruments. This reduced ICIEC's overall investment and liquidity risk but also decreased investment income due to the current low market rates on short-term instruments.**

# Annexes

07





# ICIEC International Network

## ICIEC Headquarters

IsDB Group HQ Complex,  
King Khalid Road,  
P.O. Box 15722 Jeddah 21454  
Kingdom of Saudi Arabia  
Tel.: (+966) 12 644 5666  
Fax: (+966) 12 637 9755

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10th Floor, Office 1005  
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Kingdom of Saudi Arabia  
Tel: +966 11 211 0072

## Istanbul, Turkey

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No: 1, Kat: 31 Daire: 122 Maslak,  
Sariyer, Istanbul-Turkey  
Tel: (+90) 212 234 8100 - Ext 5556

## Dhaka, Bangladesh

IsDB Group Regional Hub  
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E/8-A, Rokeya Sharani,  
Sher-e-Bangla Nagar,  
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Fax: +880 2 9183463

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Avenue Annakhil ang.  
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Tel.: (+212) 53 754 8800

## Dubai, UAE

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## Jakarta, Indonesia

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Office 35C, Office 8, Jl. Jend Sudirman  
Kav 52/53 Senopati, Jakarta 12190  
Indonesia  
Tel: +62 (21) 2933 3468 - Ext 5625



A future office in Cairo, Egypt

## IsDB Group Information



### Vision



The Islamic Development Bank strives to become a world-class development bank, inspired by Islamic principles, that helps to significantly transform the landscape of comprehensive human development in the Muslim world and to restore its dignity.

### Mission



To promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people.



#### Islamic Development Bank (IsDB)

Provides project financing for infrastructure, and social development and equity participation in strategic corporate and financial institutions.



#### Islamic Research & Training Institute (IRTI)

Provides training, research, advisory and capacity building for development of the Islamic Financial Service Industry.



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

Provides political and commercial risk insurance and reinsurance solutions. ICIEC is rated Aa3 by Moody's.



#### Islamic Corporation for the Development of the Private Sector (ICD)

Provides project finance solutions to develop the private sector in member countries. ICD is rated A+ by Fitch, A2 by Moody's and A- by S&P.



#### International Islamic Trade Finance Corporation (ITFC)

Provides financing and capacity building to encourage intra-trade across OIC member countries. ITFC is rated A1 by Moody's and AA-/A1 by IIRA.



#### Islamic Solidarity Fund for Development (ISFD)

Provides financial support to enhance the productive capacity and sustainable means of income for the poor.

## IsDBG IMPACT



### Approvals

2020

**USD6.80 billion**

Since inception

**USD151.64 billion**



### Disbursements

2020

**USD7.02 billion**

Since inception

**USD87.44 billion**



### No. of Projects

2020

**268**

Since inception

**10,636**

## Acronyms and Abbreviations

<b>3Rs</b>	Respond, Restore, Restart	<b>LDC</b>	Least Developed Country
<b>ADER</b>	Annual Development Effectiveness Report	<b>LIC</b>	Low-Income Country
<b>ASEAN</b>	Association of Southeast Asian Nations	<b>LDMCs</b>	Least Developed Member Countries
<b>BMP</b>	Bank Master Policy	<b>MC</b>	Member Country
<b>BOD</b>	Board of Directors	<b>MENA</b>	Middle East and North Africa
<b>CAGEX</b>	La Compagnie Algérienne d'Assurance et de Garantie des Exportations	<b>MIGA</b>	Multilateral Investment Guarantee Agency
<b>CESCE</b>	Compañía Española de Seguros de Crédito a la Exportación	<b>MOU</b>	Memorandum of Understanding
<b>COTUNACE</b>	Compagnie Tunisienne pour l'Assurance du Commerce Extérieur Tunisienne pour l'Assurance du Commerce Extérieur	<b>MT</b>	Medium Term
<b>CPRI</b>	Credit and Political Risk Insurance Industry	<b>NAIFE</b>	National Agency for Insurance and Finance of Exports (Sudan)
<b>CSTP</b>	Comprehensive Short-Term Policy	<b>NHSFO</b>	Non-Honoring of Sovereign Financial Obligation
<b>DCIP</b>	Documentary Credit Insurance Policy	<b>NPL</b>	Notification of Probable Loss
<b>DHAMAN</b>	Arab Investment and Export Credit Guarantee Corporation	<b>OIC</b>	Organization of Islamic Cooperation
<b>ECA</b>	Export Credit Agency	<b>OBIC</b>	OIC Business Intelligence Centre
<b>FDI</b>	Foreign Direct Investment	<b>PHF</b>	Policyholders' Fund
<b>FII</b>	Foreign Investment Insurance	<b>PRI</b>	Political Risk Insurance
<b>FIIP</b>	Foreign Investment Insurance Policy	<b>PSE</b>	Plan Senegal Emergent
<b>GDP</b>	Gross Domestic Product	<b>SDG</b>	Sustainable Development Goal
<b>GWP</b>	Gross Written Premium	<b>SHF</b>	Shareholders' Fund
<b>ICD</b>	Islamic Corporation for the Development of the Private Sector	<b>SMBC</b>	Sumitomo-Mitsui Banking Corporation
<b>ICDT</b>	Islamic Centre for Development of Trade	<b>SME</b>	Small and Medium Sized Enterprise
<b>ICERI</b>	ICIEC-ISFD COVID19- Emergency Response Initiative	<b>SMI</b>	Specialized Multilateral Insurer
<b>ICIEC</b>	The Islamic Corporation for the Insurance of Investment and Export Credit	<b>SPRF</b>	Strategic Response Preparedness Facility
<b>ID</b>	Islamic Dinar	<b>SPRP</b>	Strategic Preparedness and Response Program
<b>IFA</b>	International Financial Architecture	<b>SSAE</b>	Sub-Saharan Africa and Europe
<b>IFN</b>	Islamic Finance News	<b>ST</b>	Short Term
<b>IIRA</b>	Islamic International Rating Agency	<b>STP</b>	Specific Transaction Policy
<b>IMF</b>	International Monetary Fund	<b>STP-CF</b>	Specific Transaction Policy – Contract Frustration
<b>IRTI</b>	Islamic Research and Training Institute	<b>UAE</b>	United Arab Emirates
<b>IsDB</b>	Islamic Development Bank	<b>UIF</b>	Unit Investment Fund
<b>IsDBG</b>	Islamic Development Bank Group	<b>UN</b>	United Nations
<b>ISFD</b>	Islamic Solidarity Fund for Development		
<b>ITFC</b>	Islamic Trade Finance Corporation		
<b>LC</b>	Letter of Credit		

# Audited Financial Statements



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## INDEPENDENT AUDITOR'S REPORT YOUR EXCELLENCIES, THE CHAIRMAN AND MEMBERS OF THE BOARD OF GOVERNORS THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT

### Opinion

We have audited the financial statements of The Islamic Corporation for the Insurance of Investment and Export Credit ("the Corporation"), which comprise the statement of financial position as at 31 December 2020 (16 Jumada-I 1442H), and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and supplementary financial information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2020 and its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information included in the Corporation's 2020 Annual Report

Other information consists of the information included in the Corporation's 2020 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



**INDEPENDENT AUDITOR'S REPORT  
YOUR EXCELLENCIES THE CHAIRMAN AND MEMBERS OF THE BOARD OF GOVERNORS  
THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT  
(continued)**

**Responsibilities of Management and those charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRSs, and the Corporation's Articles of Agreement and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Corporation's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.





**INDEPENDENT AUDITOR'S REPORT  
YOUR EXCELLENCIES THE CHAIRMAN AND MEMBERS OF THE BOARD OF GOVERNORS  
THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT  
(continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For Ernst & Young

Ahmed I. Reda  
Certified Public Accountant  
License No. 356

03 Sha'ban 1442H  
16 March 2021

Jeddah



## The Islamic Corporation for the Insurance of Investment and Export Credit

### STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 (CORRESPONDING TO 16 JUMAD AL-AWWAL 1442H)

	<i>Notes</i>	<i>2020</i> <i>Islamic Dinars</i> <i>'000</i>	<i>2019</i> <i>Islamic Dinars</i> <i>'000</i>
<b>ASSETS</b>			
Cash and cash equivalents	4	77,228	125,949
Accounts receivable, net	5	4,562	5,168
Prepaid expenses and other assets	6	3,754	3,527
Due from affiliates	7	231	1,067
Available-for-sale investments	8	15,161	15,059
Murabaha commodity placements, net	9	39,470	34,324
Held-to-maturity investments	10	89,833	39,907
Reinsurance share of outstanding claims	11	18,890	25,644
Reinsurance share of unearned premiums	12	39,628	23,916
Property and equipment	13	1,231	818
Due from policyholders	19	41,992	45,756
<b>TOTAL ASSETS</b>		<b>331,980</b>	<b>321,135</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts payable and accruals	14	14,871	16,536
Due to affiliates	7	363	6,006
Claims payable	15	302	261
Pension liability	16	15,740	10,341
Outstanding claims reserves	11	32,766	37,619
Unearned premiums	12	66,908	42,496
<b>TOTAL LIABILITIES</b>		<b>130,950</b>	<b>113,259</b>
<b>EQUITY</b>			
<b>Shareholders' Fund</b>			
Share capital	17	146,917	145,018
Reserves	18	74,574	72,184
Fair value reserve		695	25
Foreign exchange reserve		(10,768)	(2,001)
<b>Total Shareholders' Fund</b>		<b>211,418</b>	<b>215,226</b>
Actuarial loss on pension liability related to Policyholders		(13,031)	(7,948)
Foreign exchange reserve related to Policyholders		2,643	598
<b>TOTAL EQUITY</b>		<b>201,030</b>	<b>207,876</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>331,980</b>	<b>321,135</b>

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 28 February 2021.

The attached notes 1 to 24 and supplementary financial information form part of these financial statements.

## The Islamic Corporation for the Insurance of Investment and Export Credit

### STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020 (CORRESPONDING TO 16 JUMAD AL-AWWAL 1442H)

	<i>Notes</i>	<i>2020</i> <i>Islamic Dinars</i> <i>'000</i>	<i>2019</i> <i>Islamic Dinars</i> <i>'000</i>
<b>SHAREHOLDERS' FUND</b>			
Investment income		3,590	4,015
Investment management fees	7	(166)	(186)
General and administrative expenses		(180)	(128)
Impairment on available-for-sale investment		(859)	(3,330)
Net income from Shareholders' fund before exchange results		2,385	371
Gain on foreign exchange translation		5	4,194
Net income from Shareholders' fund after exchange results		2,390	4,565
<b>POLICYHOLDERS' FUND</b>			
Gross written premiums	12	61,656	43,708
Premiums ceded to reinsurers	12	(44,041)	(34,561)
Net movement in unearned premiums		17,615 (5,917)	9,147 (612)
Net earned premiums		11,698	8,535
Outward reinsurance commission income		9,135	10,219
Policy fees earned & Other		207	214
<b>Total Revenue</b>		<b>21,040</b>	<b>18,968</b>
Gross claims paid	11	(4,486)	(2,716)
Reinsurance share of claims paid	11	1,931	1,474
Net claims paid	11	(2,555)	(1,242)
Change in net outstanding claims and other reserves		(2,054)	(690)
Net claims expense		(4,609)	(1,932)
Policy acquisition cost		(865)	(496)
Employee related costs		(10,799)	(9,340)
Sales and marketing expenses		(410)	(825)
General and administrative expenses		(2,140)	(2,233)
<b>Total Expenses</b>		<b>(18,823)</b>	<b>(14,826)</b>
Net income from Policyholder' fund before exchange results		2,217	4,142
Income / (Loss) on foreign exchange translation		1,547	(2,085)
Net income from Policyholders' fund after exchange results		3,764	2,057
<b>NET CORPORATE GAIN</b>		<b>6,154</b>	<b>6,622</b>

The attached notes 1 to 24 and supplementary financial information form part of these financial statements.

## The Islamic Corporation for the Insurance of Investment and Export Credit

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020 (CORRESPONDING TO 16 JUMAD AL-AWWAL 1442H)

	<b>2020</b>	<b>2019</b>
	<b>Islamic Dinars</b>	<b>Islamic Dinars</b>
	<b>'000</b>	<b>'000</b>
<b>NET CORPORATE GAIN</b>	<b>6,154</b>	6,622
Less: Net income from Policyholders' fund for the year	<b>(3,764)</b>	(2,057)
	<hr/>	<hr/>
Net income from Shareholders' fund	<b>2,390</b>	4,565
<i>Other comprehensive income to be reclassified to statement of income in subsequent periods:</i>		
Unrealized gain on available-for-sale investments	<b>670</b>	206
<i>Other comprehensive income not to be reclassified to statement of income in subsequent periods:</i>		
Actuarial loss on pension liability related to policyholders	<b>(5,083)</b>	(4,828)
Foreign exchange reserves related to:		
- Shareholders' fund	<b>(8,767)</b>	(2,001)
- Policyholders' fund	<b>2,045</b>	598
	<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME</b>	<b>(8,745)</b>	(1,460)
	<hr/> <hr/>	<hr/> <hr/>

The attached notes 1 to 24 and supplementary financial information form part of these financial statements.

## The Islamic Corporation for the Insurance of Investment and Export Credit

### SUPPLEMENTARY FINANCIAL INFORMATION

#### Statement of Financial Position by Fund in Functional Currency (USD)

AS AT 31 DECEMBER 2020 (CORRESPONDING TO 16 JUMAD AL-AWWAL 1442H)

	2020		2019	
	Policyholders' Fund USD'000	Shareholders' Fund USD'000	Policyholders' Fund USD'000	Shareholders' Fund USD'000
<b>ASSETS</b>		<b>Total USD'000</b>		<b>Total USD'000</b>
Cash and cash equivalents	47,196	111,228	34,342	174,164
Accounts receivable, net	6,570	6,570	6,821	6,821
Prepaid expenses and other assets	4,246	5,406	4,257	4,876
Due from affiliates	333	333	1,479	1,479
Available-for-sale investments	-	21,836	-	20,905
Murabaha commodity placements, net	10,626	56,848	-	47,468
Held-to-maturity investments	-	129,386	-	55,184
Reinsurance share of outstanding claims	27,207	27,207	35,462	35,462
Reinsurance share of unearned premiums	57,076	57,076	33,073	33,073
Property and equipment	1,695	1,695	1,130	1,130
Due from policyholders	57,226	57,226	62,465	62,465
<b>TOTAL ASSETS</b>	<b>212,175</b>	<b>474,811</b>	<b>179,029</b>	<b>443,027</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
Accounts payable and accruals	19,292	21,036	20,826	22,098
Due to affiliates	509	523	8,310	8,423
Claims payable	435	435	357	357
Pension liability	22,670	22,670	14,299	14,299
Outstanding claims reserves	47,193	47,193	52,021	52,021
Unearned premiums	96,367	96,367	58,765	58,765
<b>TOTAL LIABILITIES</b>	<b>186,466</b>	<b>188,224</b>	<b>154,578</b>	<b>155,963</b>
		<b>1,758</b>		<b>1,385</b>



The Islamic Corporation for the Insurance of Investment and Export Credit

SUPPLEMENTARY FINANCIAL INFORMATION

Statement of Financial Position by Fund in Functional Currency (USD)

AS AT 31 DECEMBER 2020 (CORRESPONDING TO 16 JUMAD AL-AWWAL 1442H)

	2020		2019	
	Policyholders' Fund USD'000	Shareholders' Fund USD'000	Policyholders' Fund USD'000	Shareholders' Fund USD'000
<b>EQUITY</b>		<b>Total</b>		<b>Total</b>
<b>Shareholders' Fund</b>		<b>USD'000</b>		<b>USD'000</b>
Share capital	-	200,683	-	198,132
Reserves	-	103,183	-	99,857
Fair value reserve	-	1,029	-	62
Loan to Policyholders' Fund		(44,017)		(35,438)
<b>Total Shareholders' Fund</b>		<b>260,878</b>		<b>262,613</b>
Actuarial loss on pension liability related to Policyholders	(18,308)		(10,987)	
Loan from Shareholders' Fund	44,017		35,438	
<b>TOTAL EQUITY</b>	<b>25,709</b>	<b>260,878</b>	<b>24,451</b>	<b>287,064</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>212,175</b>	<b>262,636</b>	<b>179,029</b>	<b>443,027</b>

## The Islamic Corporation for the Insurance of Investment and Export Credit

### SUPPLEMENTARY FINANCIAL INFORMATION

#### Statement of Income by Fund in Functional Currency (USD)

FOR THE YEAR ENDED 31 DECEMBER 2020 (CORRESPONDING TO 16 JUMAD AL-AWWAL 1442H)

	2020		2019	
	Policyholders' Fund	Shareholders' Fund	Policyholders' Fund	Shareholders' Fund
	USD'000	USD'000	USD'000	USD'000
		<b>Total</b>		<b>Total</b>
		<b>USD'000</b>		<b>USD'000</b>
Investment income	-	4,996	-	5,484
Gross written premiums	85,806	-	59,320	-
Premiums ceded to reinsurers	(61,291)	-	(46,906)	-
Net movement in unearned premiums	24,515	4,996	12,414	5,484
	(8,235)	-	(830)	-
<b>Net earned premiums / investment Income</b>	<b>16,280</b>	<b>4,996</b>	<b>11,584</b>	<b>17,068</b>
Outward reinsurance commission	12,713	-	13,869	-
Policy fees earned	288	-	291	-
<b>Total revenue</b>	<b>29,281</b>	<b>4,996</b>	<b>25,744</b>	<b>31,228</b>
Gross claims paid	(6,243)	-	(3,870)	-
Reinsurance share of claims paid	2,687	-	2,100	-
Net claims paid	(3,556)	-	(1,770)	-
Change in net outstanding claims and other reserves	(2,858)	-	(983)	-
<b>Net claims incurred</b>	<b>(6,414)</b>	<b>-</b>	<b>(2,753)</b>	<b>(2,753)</b>

The Islamic Corporation for the Insurance of Investment and Export Credit

SUPPLEMENTARY FINANCIAL INFORMATION

Statement of Income by Fund in Functional Currency (USD)

FOR THE YEAR ENDED 31 DECEMBER 2020 (CORRESPONDING TO 16 JUMAD AL-AWWAL 1442H)

	2020		2019		Total USD'000
	Policyholders' Fund USD'000	Shareholders' Fund USD'000	Policyholders' Fund USD'000	Shareholders' Fund USD'000	
Investment management fees	-	(231)	-	(256)	(256)
Policy acquisition cost	(1,203)	-	(677)	-	(677)
Employee related costs	(15,028)	-	(12,777)	-	(12,777)
Sales and marketing expenses	(571)	-	(1,128)	-	(1,128)
General and administrative expenses	(2,978)	(251)	(3,054)	(174)	(3,228)
Impairment on available-for-sale investments	-	(1,195)	-	(4,555)	(4,555)
<b>Total claims &amp; expenses</b>	<b>(26,194)</b>	<b>(1,677)</b>	<b>(20,389)</b>	<b>(4,985)</b>	<b>(25,374)</b>
<b>Net income before exchange results</b>	<b>3,087</b>	<b>3,319</b>	<b>5,355</b>	<b>499</b>	<b>5,854</b>
Income / (Loss) on foreign exchange translation	2,152	7	(2,626)	7,178	4,552
<b>NET CORPORATE GAIN</b>	<b>5,239</b>	<b>3,326</b>	<b>2,729</b>	<b>7,677</b>	<b>10,406</b>

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