



ICIEC

THE ISLAMIC CORPORATION FOR
THE INSURANCE OF INVESTMENT
AND EXPORT CREDIT



INSURING
DEVELOPMENT
THROUGH THE
COVID-19
CRISIS

ANNUAL DEVELOPMENT EFFECTIVENESS REPORT



مجموعة البنك الإسلامي للتنمية
Islamic Development Bank Group

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List of Acronyms

AATB	Arab-Africa Trade Bridges Program
BMP	Bank Master Policy
CSTP	Comprehensive Short-Term Insurance Policy
DCIP	Documentary Credit Insurance Policy
ECA	Export Credit Agency
FDI	Foreign Direct Investment
ICERI	ICIEC-ISFD COVID-19 Emergency Response and Resilience Initiative
ICIEC	Islamic Corporation for the Insurance of Investment and Export Credit
IEA	International Energy Agency
IFN	Islamic Finance News
IMF	International Monetary Fund
IsDB	Islamic Development Bank
ITFC	Islamic Trade Finance Corporation
LC	Letters of Credit
LDC	Least Developed Countries
LDMC	Least Developed Member Countries
LIC	Low Income Country
NHSFO	Non-Honoring of Sovereign Financial Obligation
OIC	Organisation of Islamic Cooperation
SBI	State Bank of India
SDG	Sustainable Development Goal
SMBC	Sumitomo Mitsui Banking Corporation
SME	Small and Medium Enterprise
SPRF	Strategic Preparedness and Response Facility
STEG	Société Tunisienne de l'Electricite et du Gaz
STP	Specific Transaction Policy
UN DESA	United Nations Department of Economic and Social Affairs
WHO	World Health Organisation
WTO	World Trade Organization



ABOUT THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT



ICIEC was established in 1994 as a multilateral institution and member of the Islamic Development Bank Group (IsDB Group) with the mandate to promote cross-border trade and foreign direct investments (FDI) in its Member Countries.

ICIEC's mission is to increase the security of trade and investment between Member Countries and the world through Shari'ah compliant risk mitigation tools. Its vision is to be recognized as the preferred enabler of trade and investment for sustainable economic development in Member Countries. Globally, ICIEC is the only multilateral export credit and investment insurance corporation that provides Shari'ah compliant insurance and reinsurance solutions. Today, ICIEC supports trade and investment flows in 47 Member Countries spanning across Europe, Asia, the Middle East, South America, and Africa.

ICIEC provides solutions to Member Country exporters that protect them from the commercial and political risks that are associated with doing business in foreign markets. These risk mitigation solutions enable exporters to enter and expand into new markets across the world with increased confidence and provide risk protection to investors seeking to invest in ICIEC's Member Countries. ICIEC also supports the importation of strategic commodities that help foster sustainable development in Member Countries.

ICIEC also offers non-financial support to Member Countries' Export Credit Agencies (ECAs) in the form of technical assistance. Building the capacity of national ECAs enables these institutions to provide adequate support for exporting firms in Member Countries.

Message of Chairperson

2020 was one of the most challenging years in recent history. The COVID-19 pandemic spread across the world, sparing no country or society and threatening decades of development progress made by our Member Countries. The pandemic continues to disrupt the livelihoods of millions, causing major setbacks for small and large businesses across the world and resulting in unprecedented impacts on the global economy. COVID-19 also disrupts many development strategies, as the focus for Member Countries shifted from long-term development goals toward more immediate demands, including emergency relief measures to address rising unemployment and overwhelmed healthcare systems.



It is no surprise that the central theme of this year's Annual Development Effectiveness Report is the global COVID-19 pandemic, as ICIEC has kept this at the center of our strategy – helping Member Countries navigate through the crisis. We hope this report will help inform Member Countries and other stakeholders of ICIEC's work in combatting the negative impacts of the pandemic and its ongoing commitment to furthering human development and well-being within our Member Countries.

‘ During this unprecedented year, ICIEC never lost sight of its responsibility to facilitate Member Countries’ development agendas and support their path towards sustainable development

ICIEC has been working with its partners – both within the Islamic Development Bank Group (IsDB Group) and beyond – to develop and implement innovative and effective solutions to offset the negative impacts resulting from the pandemic on multiple fronts. From the onset of the pandemic, IsDB Group took broad and decisive action to combat the health and socio-economic effects of COVID-19 by committing a total of more than USD 2.4 billion of aid to Member Countries and to Muslim communities in non-Member Countries.

While 2020 presented major setbacks, it also offered new opportunities for progress, partnerships, and development. ICIEC continued to protect businesses, particularly SMEs, through offering a range of insurance solutions that ensured ongoing access to finance and protected cross-border supply chains. ICIEC also continued its commitment to facilitate the development and growth of the Islamic finance sector in Member Countries, which is crucial for economic development. ICIEC’s activities in 2020 were focused on ensuring that supply chains remained intact, investments were protected, and the health and livelihoods of citizens could be prioritized.

ICIEC also retained its commitment to the UN’s Sustainable Development Goals (SDGs) throughout the year, focusing specifically on SDG 3 (Good health and wellbeing), SDG 9 (Industry, innovation, and infrastructure), and SDG 17 (Partnerships for the goals). In 2020, ICIEC facilitated USD 370 million into various health care initiatives, over USD 586 million into

infrastructure projects, and established multiple new partnerships. The SDGs remain signposts for ICIEC’s continuing development journey, and they play an important role in shaping ICIEC’s strategy and development outcomes.

During this unprecedented year, ICIEC never lost sight of its responsibility to facilitate Member Countries’ development agendas and support their path towards sustainable development. ICIEC is determined to meet the challenges of this moment and help set Member Countries firmly back on their development paths, creating a better world for the next generation.



Dr. Bandar M. H. Hajjar

Chairman of the Board of Directors

Message of CEO

The impacts of the global COVID-19 pandemic have dramatically altered many facets of everyday life for millions of people across the globe, including the citizens of our Member Countries and their businesses. The impacts of the COVID-19 crisis will be lasting and likely be felt for years to come. In the midst of economic slowdowns, border closures, and trade restrictions, ICIEC has remained committed to supporting both our clients and partners in overcoming the negative implications of the pandemic, ensuring that the health of every citizen is protected and that the economies and trade transactions of our Member Countries remain robust and resilient.



During times of extreme volatility, ICIEC has proven to be a reliable partner by turning uncertainties into manageable risks. In a year that was defined by devastating social and economic disruptions, ICIEC continued to protect trade and facilitate investment opportunities in its Member Countries, supporting exporters to keep trade flowing and enabling large-scale infrastructure projects to address critical health care initiatives. In 2020, ICIEC facilitated over USD 9.86 billion in business insured, including USD 370 million in healthcare support that has

“ The pandemic is not yet over but one thing we are certain of ICIEC will continue supporting its Member Countries, clients and partners to overcome this crisis together and adjust to the new collective reality, stronger and more resilient than before

been critical in responding to the COVID-19 crisis.

One such deal of which we are particularly proud is the Corporation's EUR 143 million cover in support of essential healthcare infrastructure in Côte d'Ivoire, which won the Islamic Finance News' Sovereign and Multilateral Deal of the Year 2020. The deal resulted in the construction of two new hospitals in the towns of Adzope and Aboisso, the construction of five additional new medical units in existing hospitals across Côte d'Ivoire, and the employment of around 600 local people. The deal also assisted the government of Côte d'Ivoire in achieving its National Development Plan targets for 2016-2020, which further highlights that ICIEC's development role is to support the implementation of our Member Countries' development agendas.

To effectively combat the global impacts of the COVID-19 pandemic requires governments, financial institutions, businesses, and other strategic partners across the world to work together collaboratively to find solutions. ICIEC is leveraging its partnerships to support its Member Countries and promote intra-OIC investments. Promoting intra-OIC investment is a central part of ICIEC's mandate and an effective way to mitigate the impacts of the pandemic as it promotes unity, opens doors to larger global markets, and strengthens the Islamic economic base. In 2020 we continued to promote intra-OIC investments by enhancing partnerships with our Member Countries and their national Export Credit Agencies (ECAs) to diversify and grow their respective export sectors. As a result,

we were able to insure USD 7.88 billion worth of exports. ICIEC also leveraged its partnerships within the IsDB Group to develop strategies for minimizing the socio-economic impacts of the pandemic and to help Member Countries build resilience in responding to outbreaks, including the collaboration with IsDB on the 'Strategic Preparedness and Response Facility', where ICIEC provided USD 150 million in credit and political risk insurance to sustain the imports of strategic commodities and protect investments.

The pandemic is not yet over but one thing we are certain of: ICIEC will continue supporting its Member Countries, clients and partners to overcome this crisis together and adjust to the new collective reality, stronger and more resilient than before. Moving forward, ICIEC is renewing its focus on recovering from the effects of the pandemic and rebuilding Member Countries with sustainability as a priority.



Oussama Abdul Rahman KAISSI
Chief Executive Officer

Executive Summary

ICIEC's Development Footprint

Total amount of business facilitated



2020

USD9,860 million

Since Inception

USD73,512 million

Total amount of export transactions facilitated

2020

USD7,884 million

Since Inception

USD58,577 million



Total amount of investments facilitated



2020

USD1,977 million

Since Inception

USD14,935 million

Intra-OIC trade and investment

Intra-OIC export insured



2020

**USD4,468
million**

Since Inception

**USD28,519
million**

Intra-OIC investment insured

2020

**USD588
million**

Since Inception

**USD5,771
million**



Least Developed Member Countries

Investments insured in Least Developed MC's



2020

**USD511
million**

Since Inception

**USD3,392
million**

Exports insured in Least Developed MC's

2020

**USD14,940
million**

Since Inception

**USD288
million**



Sectors

Agricultural support provided



2020
**USD42
million**

Since Inception
**USD1,383
million**

Energy support provided



2020
**USD5,395
million**

Since Inception
**USD27,332
million**

Infrastructure support provided



2020
**USD586
million**

Since Inception
**USD4,711
million**

Manufacturing support provided



2020
**USD2,103
million**

Since Inception
**USD22,552
million**

Health sector support provided



2020
**USD370
million**

Since Inception
**USD1,797
million**

Services sector support provided



2020
**USD861
million**

Since Inception
**USD6,396
million**

ICIEC's Products for Development

Facilitating intra-OIC trade

Documentary Credit Insurance Policy

With its Documentary Credit Insurance Policy, ICIEC directly supports the international correspondence network of its Member Country banks. Importers and exporters in ICIEC's Member Countries require their banks to support transactions in markets in which their banks might not have a correspondent banking relationship in place. ICIEC's insurance allows banks to take counterparty bank risk with financial institutions with whom they do not have a correspondent relationship. This is critical to facilitate payment modalities and in meeting short-term financing needs on the side of the importer. ICIEC's insurance mitigates the commercial and political risks involved in these bank-to-bank transactions, thereby making it attractive for banks to grow their trade finance-related business for the benefit of local importing and exporting industries.

Enhancing access to markets and finance

Credit Insurance Products

By offering credit insurance products, ICIEC mitigates the commercial and political risks involved in open-account transactions between importers and exporters. By protecting against non-payment, ICIEC's insurance safeguards business continuance for exporters engaging in new, as well as existing, business relationships with foreign buyers. At the same time, exporters feel more comfortable negotiating larger contracts and entering new and potentially higher risk markets. ICIEC's credit insurance also eases exporter's access to working capital finance, as it can represent an attractive type of collateral to exporters' banks.

ICIEC's credit insurance solutions also support access to long- and medium-term finance for local buyers. On the basis of ICIEC's insurance, banks are willing to finance buyers' capital investments, thereby not only supporting the foreign supplier (either from a Member or non-



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Member Country) to sell its capital goods to a Member Country buyer but at the same time facilitating local manufacturing or capital investments of local businesses and governments.

Improving access to Islamic Finance services

Bank Master Policy

ICIEC's Bank Master Policy allows an exporter to obtain Islamic working capital financing from its bank on the basis of a purchase contract. ICIEC's insurance does not only mitigate the underlying commercial and political risks for the bank, but also helps the bank structure its Islamic financing. The working capital facility is especially beneficial for SMEs who often struggle to implement larger contracts due to working capital restrictions and lack of access to (Islamic) finance.

Non-Honoring of Sovereign Financial Obligations Policy

Based on the Non-Honoring of Sovereign Financial Obligations policy, ICIEC may facilitate Islamic financing structures of infrastructure projects in its Member Countries. In these cases of Shari'ah-compliant project finance, ICIEC can provide a comprehensive cover to the financiers, including their principal and their profit amounts.

Sovereign Sukuk Insurance Policy

Mobilizing Shari'ah-compliant finance for infrastructure and other large-scale projects aimed at driving economic growth can be challenging for Member Countries, especially for developing economies. To address this shortcoming in the Islamic capital markets, ICIEC has developed a Sovereign Sukuk Insurance Policy. The policy provides a strong credit enhancement by insuring the investor against default on Sukuk issued by sovereign entities of Member Countries. ICIEC's Sukuk policy broadens the prospective pool of investors in order to crowd-in more private sector capital to development-inducing projects in its Member Countries.

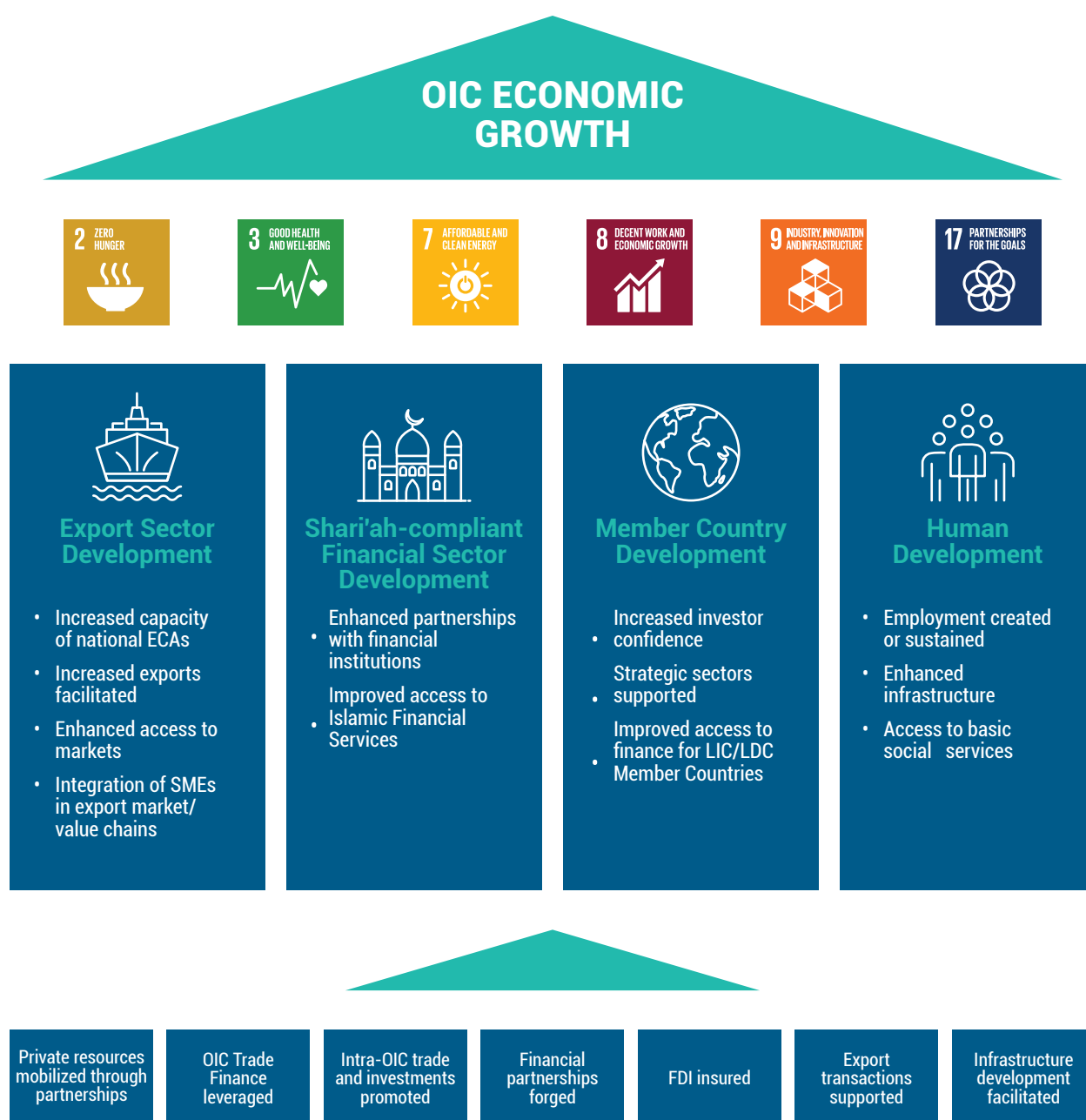
Facilitating investments into and among OIC

Investment Insurance Products

ICIEC's investment insurance products mitigate both commercial and non-commercial risks with regard to investments in its Member Countries. Thus, ICIEC supports the flow of investments into markets perceived as higher risk, mobilizes additional capacity and attracts additional project capital for Member Countries, and improves the overall risk perception of the respective markets.

ICIEC's Development Effectiveness Framework

ICIEC's Development Effectiveness Framework is closely aligned with IsDB Group's 10-Year Strategy, the President's 5 Year Program (P5P) and the Group's commitment to the SDGs. Its development impact contribution, particularly at the beneficiary and overall Member Country level, is derived from a conceptual road map, called Theory of Change, which links the Corporation's services to intended outcomes in the export, investment, and financial sectors. ICIEC's Development Effectiveness Framework is underpinned by a Monitoring and Evaluation system, that takes ICIEC's role as an insurer (versus a financier) into consideration.



ICIEC's Contribution to the Sustainable Development Goals



Zero Hunger (SDG 2)

SDG Target

2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.

2.a: Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries.

ICIEC's Contribution

Enhances agricultural productivity through the facilitated import of agricultural machinery and access to financial services



In Numbers

Total Agricultural business insured:
USD42.1 million
 LDMC agricultural imports insured:
USD518.7 million



Good Health and Well-Being (SDG 3)

SDG Target

3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

ICIEC's Contribution

Improves access to quality essential health care services through insuring foreign investments in health infrastructure, otherwise deemed too risky



In Numbers

Health sector business insured:
USD369.6 million



Affordable and Clean Energy (SDG 7)

SDG Target

7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least developed countries, small island developing States, and land-locked developing countries, in accordance with their respective programmes of support

ICIEC's Contribution

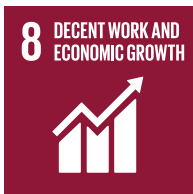
Expands upgraded infrastructure for modern and sustainable energy services through mitigating political and commercial risks associated with required investments and exports



In Numbers

Energy sector business insured:

USD5.4 billion



Decent Work and Economic Growth (SDG 8)

SDG Target

8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries

8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

ICIEC's Contribution

Increases economic productivity, growth and employment creation by facilitating strategic investments in LDMC and promoting export businesses to grow internationally



In Numbers

Business insured in labour-intensive sector:

USD58 million

Total business insured in LDMC:

USD525.6 million



Industry, Innovation and Infrastructure (SDG 9)

SDG Target

9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

9.a: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States 18

ICIEC's Contribution

Participates and partners with banks, investors, corporates, and national ECAs in export transactions with, and investments in, risky markets



In Numbers

BMP and DCIP business insured:

USD3.2 billion

Manufacturing business insured:

USD2.1 billion

Infrastructure business insured:

USD585.6 million



Partnerships for the Goals (SDG 17)

SDG Target

17.3: Mobilize additional financial resources for developing countries from multiple sources

17.11: Significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports by 2020

ICIEC's Contribution

Improves access to finance for SMEs and infrastructure investments through risk mitigation instruments for banks and medium/long-term finance



In Numbers

Business insured of national ECAs:

USD3.4 billion

Total Export business insured:

USD7.9 billion

Exports from LDMC insured:

USD15 million

INTRODUCTION



“ This year’s ADER reflects an unprecedented period of ICIEC’s operations in the context of the global COVID-19 pandemic. The ongoing pandemic has had significant development impacts in the OIC region and throughout the rest of the world, causing multiple socio-economic disruptions that threaten to undo decades of development progress. Against this backdrop, it is no surprise that COVID-19 is the central theme of this year’s edition.

Each year, the Annual Development Effectiveness Report (ADER) provides an overview of ICIEC's Member Country development and assesses the contribution that ICIEC has made to that progress. The ADER is an important tool that helps ICIEC understand where it is performing well from a development impact perspective and helps reflect where it can do better. The ADER is also intended to offer stakeholders and partners a good understanding of ICIEC's objectives, its portfolio, and its performance.

ICIEC's Annual Development Effectiveness Report (ADER) analyzes the Corporation's business performances through a developmental lens. Given ICIEC's twin strategic objectives – to ensure financial sustainability and create development impact – the ADER serves to reflect on the latter and to showcase how the Corporation pursues its developmental mandate.

This year's ADER reflects an unprecedented period of ICIEC's operations in the context of the global COVID-19 pandemic. The ongoing pandemic has had significant development impacts in the OIC region and throughout the rest of the world, causing multiple socio-economic

disruptions that threaten to undo decades of development progress. Against this backdrop, it is no surprise that COVID-19 is the central theme of this year's edition.

Similar to previous editions, this year's ADER is structured around ICIEC's four development outcome pillars of Export Sector Development, Shari'ah Compliant Financial Sector Development, Member Country Development, and Human Development, but within the context of the COVID-19 pandemic. This year's edition is also intended to highlight the important partnerships and initiatives developed by ICIEC to support its Member Countries through this volatile and unpredictable time.

ICIEC's Theory of Change

ICIEC's development impact is depicted through the Theory of Change (see Figure 1). The Theory of Change links the Corporation's services to intended outcomes in the export and financial sectors and the indirect implications across Member Countries more broadly.

Figure 1: ICIEC's Theory of Change



ICIEC's Development Contribution

Towards Export Sector Development in Member Countries

Export sector development is vital for a country to grow its economy and to fully participate in global trade. The export sector acts as a base for foreign exchange generation and it is also a source for job creation, which generates more income for citizens and creates higher GDP growth. As the export sector grows more income is generated for governments through taxation, and this income can be used to finance public projects that foster economic and human development in the country.

However, growing the export sector can be difficult for countries that face high political and economic risks as investors and businesses tend to be risk averse. These risks cause market failures in the export sector, hampering economic productivity and lowering income generation for governments. Given this, ICIEC has placed high priority in facilitating the development of the export sector in Member Countries by bridging these market failures.

To overcome market failures, ICIEC provides risk mitigation instruments and facilitates access to trade finance, supporting small to large exporters to grow their businesses and, ultimately, countries to prosper

economically. ICIEC mitigates the commercial and political risks of buyers, allowing businesses to enter new markets and provide competitive payment terms. ICIEC also provides capacity building and financial services support to national Export Credit Agencies (ECAs).

ICIEC's strategy for Export Sector Development helps its Member Countries meet the goals of their national development plans, as well as contributes to the achievement of the Sustainable Development Goals.

Towards Shari'ah-compliant financial sector development in Member Countries

Financial sector development is important for trade facilitation and economic development. Countries with mature financial sectors are able to engage in complex and high-volume trade transactions, enabling them to fully participate in global trade. Developed financial sectors also enable the full economic participation of consumers, creating dynamic markets which attract foreign direct investments.

Given the importance of financial sector development, OIC Member Countries have made it a priority to pursue Shari'ah-compliant financial sector development in their



“ ICIEC's strategy for Export Sector Development helps its Member Countries meet the goals of their national development plans, as well as contributes to the achievement of the Sustainable Development Goals



“ The effect of ICIEC’s presence as investment partner provides a measure of reassurance and encouragement to other potential investors seeking opportunities in countries with higher risk. The investment projects often provide employment, modern and efficient infrastructure, and a better quality of life for citizens

countries. Shari’ah-compliant finance consists of banking practices where financial institutions share in the profit or loss stake of the enterprises they underwrite. This compliance also emphasizes *gharar*, which is the sale of items with high uncertainty, such as insurance purchases for expected or unexpected risks.

As the only multilateral Takaful credit risk insurer, ICIEC plays an important role in developing the Shari’ah-compliant financial sector in OIC Member Countries. ICIEC’s market presence increases the capacity of its partner financial institutions in OIC countries to offer Shari’ah-compliant insurance services and access to finance. The Corporation also encourages banks to develop Islamic trade and project finance structures in order to benefit from ICIEC’s services. By creating enhanced partnerships with financial institutions, ICIEC helps improve access to Islamic Financial Services in OIC countries.

Towards Member Country Development

Strategic economic development is another key priority for OIC Member Countries amidst the growing number of challenges which include growing populations, climate change, and the ongoing COVID-19 pandemic. Given the great economic diversity among Member Countries, each country needs to pursue their own unique development agenda – in line with their specific needs and capacity. Some Member Countries are fostering economic diversification to lessen their dependence on single resource exports; others are engaging in activities to increase economic productivity and grow their economies. Despite their differences, all OIC Member Countries have an objective to pursue their development agendas in a strategic and sustainable way.

Through its mandate and a variety of insurance instruments, ICIEC supports the development agendas of its Member Countries by underwriting investments in strategic sectors. The effect of ICIEC’s presence as investment partner provides a measure of reassurance and encouragement to other potential investors seeking opportunities in countries with higher risk. The investment projects often provide employment, modern and efficient infrastructure, and a better quality of life for citizens. ICIEC also improves access to trade finance for Least Developed Member Countries who may be represent a higher risk and are not as attractive to other market players but require exports and investments to grow.

Towards Human Development

As ICIEC’s ultimate beneficiaries, the Corporation’s trade and investment support considers the citizens living in OIC Member Countries. ICIEC’s development goal is to ensure the well-being and economic prosperity of all citizens.

ICIEC’s human development efforts include improving access to basic infrastructure and services, such as education, health, nutrition, and sanitation. Agriculture is vital for bolstering food security and employment in many countries, while improvement in and access to health care is a cornerstone of human well-being and development. Promoting access to these services improves the overall well-being of populations. In turn, healthier populations are more productive and can contribute to the overall economic growth of a country.

ICIEC also supports firms through its political and commercial risk mitigation solutions, which help them access new markets, increase employment, and contribute to the human development of their countries.

SAFEGUARDING DEVELOPMENT DURING THE PANDEMIC



“ The COVID-19 pandemic has caused multiple challenges and disruptions in the development plans of OIC Member Countries, threatening to set back decades of development progress.

As a member of the IsDB Group, ICIEC's role is to foster development. The Corporation does so by catalyzing trade and investment within and between OIC countries and the world. Through Shari'ah-compliant risk mitigation tools, ICIEC acts as the bridge to facilitate trade transactions where they would normally not materialize due to political, economic, or social risks. This role is especially important during times of high volatility and crisis, such as the global COVID-19 pandemic.

The COVID-19 pandemic has caused multiple challenges and disruptions in the development plans of OIC Member Countries, threatening to set back decades of development progress. To support Member Countries during this unprecedented time, ICIEC has developed and enhanced both new and existing products to combat the pandemic and ensure that Member Countries continue to meet their national development goals.

COVID-19 Development Challenge

Since the first case of COVID-19 was identified in December 2019, it has spread rapidly across the globe, including throughout all 57 OIC Member Countries. The devastating health, economic, and social impacts of the COVID-19 pandemic came as a shock to many OIC Member Countries, who were largely unprepared and under-resourced to deal with a public health crisis on this scale.

To contain the spread of infections, OIC Member Countries have put in place various public health and safety measures to restrict movement, including social distancing, lockdowns, and border closures. While these measures have helped contain the spread of COVID-19, they have also had significant socio-economic implications, with entire healthcare systems on the brink of collapse and economies falling into recessions. These impacts are disproportionately felt by developing countries with already high levels of poverty and low social security

coverage, which is especially concerning for OIC countries as most are categorized as 'developing countries', with 21 of them being categorized as 'least developed countries'¹.

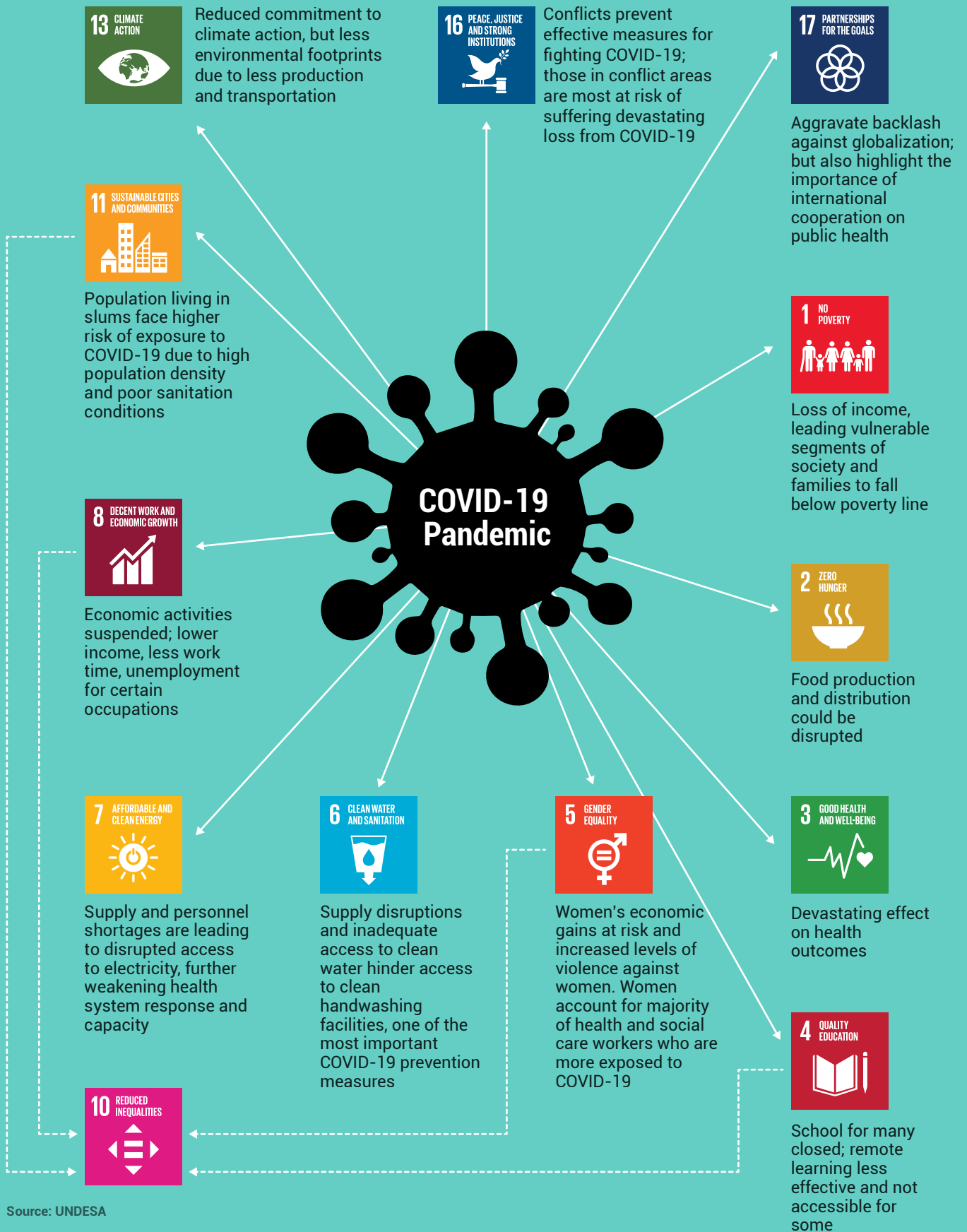
The COVID-19 pandemic and its impacts on health, economies, and societies has also caused significant disruptions in the implementation of national development plans, which in turn impacts the global efforts towards the achievement of the Sustainable Development Goals. Without immediate intervention, the pandemic threatens to undo decades of development progress.

The COVID-19 pandemic and its impacts on health, economies, and societies has also caused significant disruptions in the implementation of national development plans, which in turn impacts the global efforts towards the achievement of the Sustainable Development Goals



¹ <https://www.sesric.org/files/article/724.pdf>

Figure 2: Impact of COVID-19 pandemic on the Sustainable Development Goals



Health Impacts

Most healthcare systems were not designed to deal with the COVID-19 pandemic, with hospitals admitting record numbers of patients while struggling with shortages of essential resources and staff. This is especially true for OIC Member Countries, where healthcare systems are already weak and have existing shortages of physicians and nursing staff, with at least 38 OIC countries facing critical shortages of health workers². These overburdened healthcare systems are struggling to trace, test, and treat infected people, which has led to devastating consequences. Perhaps the most devastating impact of the pandemic has been the tragic loss of human life. To date, more than 10 million cases have been reported in OIC Member Countries, including over 210,000 deaths³.

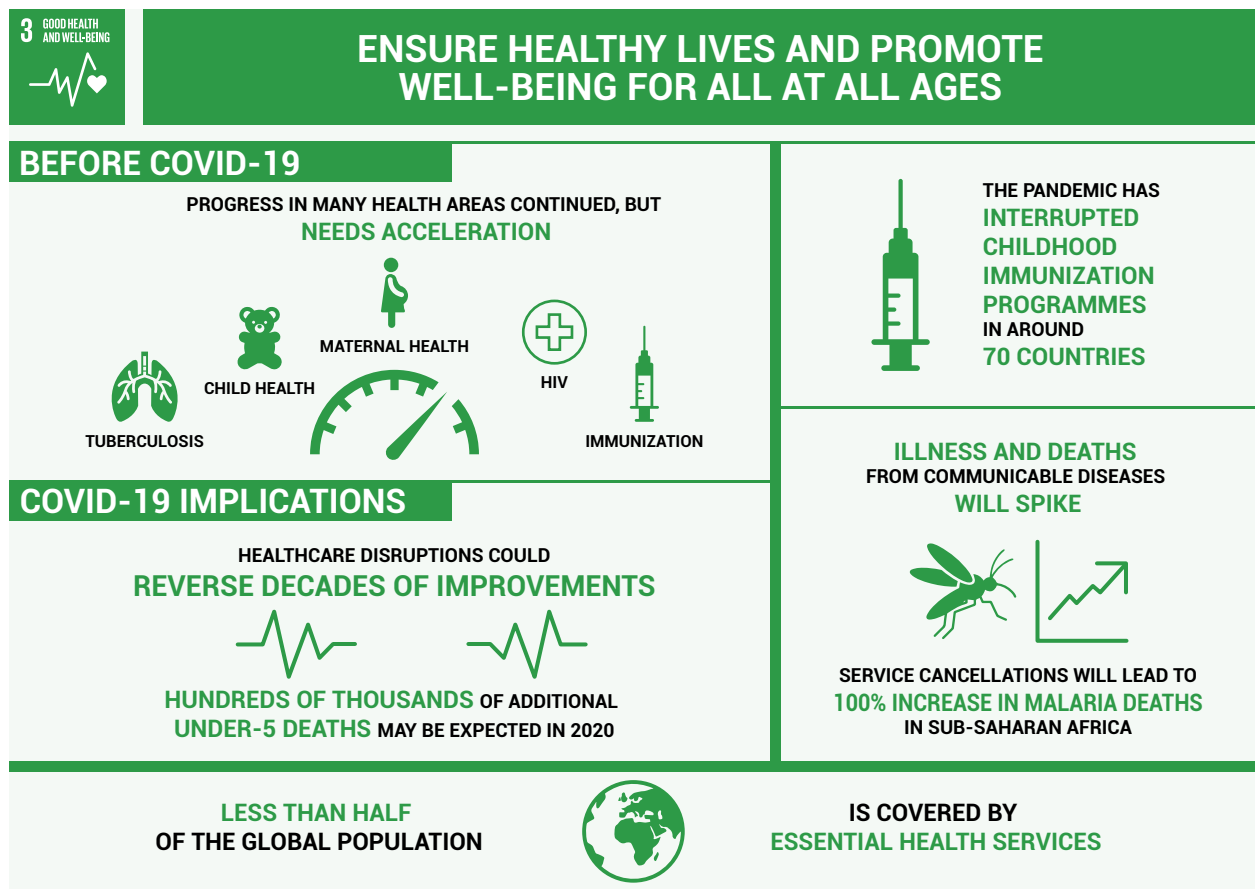
Healthcare systems are dually tasked with rapidly mobilizing and organizing resources to provide effective COVID-19 care, while simultaneously making sure non-COVID-19 care is safe and efficient. This dual responsibility has pushed healthcare systems in some countries close

to the brink of collapse as the virus spread out of control hospital beds continued to fill up. Healthcare workers have been especially impacted by COVID-19, risking their lives working extended hours with minimal resources for weeks on end.

The rapid and record-breaking development of multiple COVID-19 vaccines has been a positive breakthrough in the global effort to combat the virus. The hope is that some of the pressures put on healthcare systems by COVID-19 will be released as more of the population gets vaccinated.

It is essential that every country has an adequately resourced health care system, even in countries that have now passed peaks in infection. Additional resources are still needed for virus and antibody testing, acquiring more personal protective equipment, hiring contact tracers, purchasing and distributing vaccines, and for essential health care infrastructure such as spending for emergency rooms, intensive care units, and isolation wards. It is important to contain the health shock to minimize the damage to the economy.

Figure 3: The impact of the COVID-19 pandemic on SDG 3



Source: UNDESA

² <https://www.sesric.org/files/article/724.pdf>

³ <https://www.oic-oci.org/covid-19/?lan=en>

Economic Impacts

To protect the lives of their citizens, many countries have had to restrict mobility and even close their borders to slow the spread of COVID-19, a highly transmissible and dangerous virus. These measures included varying degrees of lockdowns, with businesses and public spaces closing down to keep people at home and safe. Businesses in contact-intensive sectors, such as those in hospitality or tourism, have been the hardest hit by the various COVID-19 restrictions, facing the mass closure of businesses and growing unemployment, both temporarily and permanently.

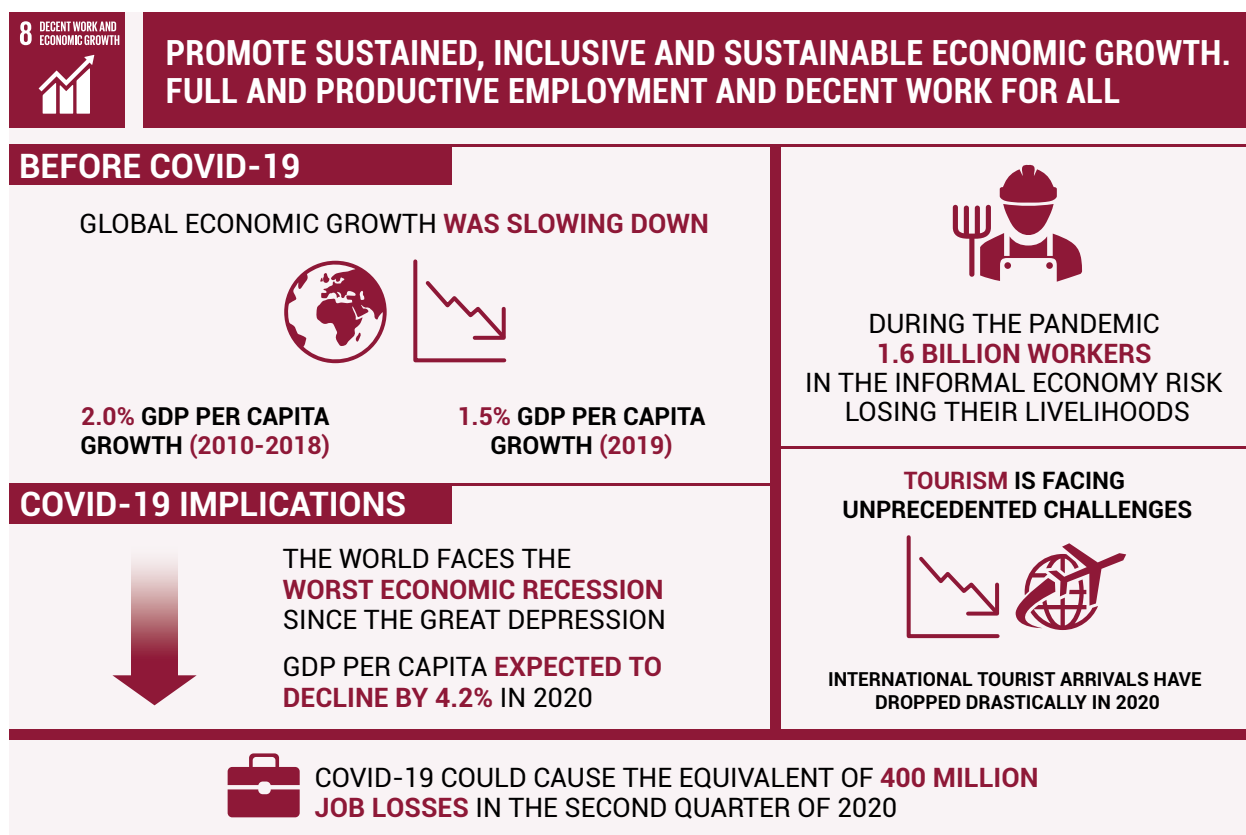
Many countries have introduced targeted measures to respond to mass business closures and growing unemployment, including temporary tax breaks for affected businesses and wage subsidies for workers who lost their jobs. However, despite the measures being taken to cushion income loss, the prolonged shutdown of multiple economic sectors has resulted in a deep economic downturn globally as well as elevated levels of debt, posing long-term development challenges for developing countries especially.

The International Monetary Fund (IMF) estimates that the global economy shrunk by 4.4% in 2020, with emerging markets and developing economies seeing a decrease of 3.3%⁴. The World Bank also estimates that 2020 saw a 5.2% contraction global GDP, with a historic number of countries facing recessions⁵.

Similarly, the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) estimates that economies in the OIC region contracted by 2% in 2020, including a 3.4% decline in average per capita income⁶. This is in part due to the global oil market facing its largest demand drop in decades, which has left oil exporting OIC countries especially vulnerable to the economic impacts of the pandemic.

While the projections for 2021 seem more promising, with SESRIC estimating OIC economies are expected to grow at a rate of 5.4%⁷, it will take global coordination and cooperation to enable a robust global recovery. Economic recovery from the pandemic will likely be long and slow, but actions must be taken to ensure that development progress and economic activities continue to contribute to the achievement of the Sustainable Development Goals.

Figure 4: The impact of COVID-19 pandemic on SDG 8



Source: UNDESA

4 <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>

5 <https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>

6 <https://www.sesric.org/files/article/724.pdf>

7 <https://www.sesric.org/files/article/724.pdf>



Despite every community being affected by the social impacts of the pandemic, it is the most vulnerable people and communities in our societies that face the most risks, particularly those in the emerging and developing world.

Societal Impacts

In addition to the impacts that the COVID-19 pandemic has had on the health sectors and economies of countries all over the world, it has also caused massive social disruptions for communities everywhere. From the closures of schools and businesses to the challenges that come with social distancing and wearing masks, every community has been affected by the pandemic in some way. However, despite every community being affected by the social impacts of the pandemic, it is the most vulnerable people and communities in our societies that face the most risks, particularly those in the emerging and developing world.

The World Bank estimates that the COVID-19 pandemic could push an additional 88 to 115 million people into extreme poverty, rising to a total of 150 million extreme poor by 2021⁸. This represents the sharpest rise in poverty

in over two decades, which raises concerns about the potential loss of already achieved development gains and the potential escalation into a protracted humanitarian crisis. This is especially concerning for OIC Member Countries, some of which are already disproportionately affected by poverty, conflict, and internal displacement. The limited social safety nets in the lower income OIC countries may threaten to further push millions of people into poverty and extreme poverty categories, which will have severe social implications.

To protect the most vulnerable communities and to help developing countries and emerging economies resume growth and developmental progress, it is important that measures are put into place to ensure a sustainable and inclusive recovery from the impacts of the pandemic. It will take a collective global effort to make sure that the social impacts of the virus are not being disproportionately borne by the poorest and most vulnerable people.

⁸ <https://www.worldbank.org/en/news/press-release/2020/10/07/covid-19-to-add-as-many-as-150-million-extreme-poor-by-2021>

COVID-19 Impacts on ICIEC's Stakeholders

From the outset of the pandemic, ICIEC was in immediate contact with its clients, partners, and Member Countries to offer its support in combatting the virus. As COVID-19 continued to spread, more individuals and institutions were negatively impacted in some way, including exporters, investors, banks, national ECAs, international financial institutions, and Member Country governments.

In a recent customer satisfaction survey sent to existing ICIEC clients, all respondents stated that COVID-19 had a negative impact on their business in 2020, listing a number of challenges they faced due to the global pandemic. Some of the challenges identified included travel restrictions, cancelled or delayed business, reduced customer demand, cash flow problems, and employee layoffs.

Exporters

The COVID-19 pandemic has disrupted international trade. Border closures, the disruption of global supply chains, and increasingly protectionist trade policies have contributed to the slowing down of international trade in 2020. The World Trade Organization (WTO) estimates there was a 9.2% decline in the volume of world merchandise trade for 2020, and an estimated 23% percent decline in global services trade⁹. It is no surprise that this plunge in international trade has had a detrimental impact on many exporters in 2020. During the past year, ICIEC has closely accompanied its Member Country exporters to manage the heightened risks and to fast-track new solutions required to keep trade flowing.

Investors

Investors saw 2020 as a year categorized by volatility, uncertainty, and risk. Due to massive socio-economic disruptions caused by the COVID-19 pandemic, it is no surprise that investors were cautious and conservative in their investment decisions, which saw investment numbers decrease.

Foreign direct investment (FDI) saw a particularly sharp decline in 2020. According to the most recent 'Investment Trends Monitor' report by UNCTAD, FDI flows were down 42% in 2020, only generating USD 859 billion compared to USD 1.5 trillion in 2019¹⁰. There was also a decrease in FDI flows towards developing countries, which is a growing concern. Developing countries and emerging economies have increasingly relied on FDI as a source of economic development, income growth, and employment over the past decades, and this sharp decrease could set back crucial development goals and sustainable development. In these uncertain times, which saw most countries' economic risks increasing – particularly in developing and emerging countries, ICIEC relied on its close relationships with Member Country governments and remained a reliable partner to investors.

“ During the past year, ICIEC has closely accompanied its Member Country exporters to manage the heightened risks and to fast-track new solutions required to keep trade flowing



9 https://www.wto.org/english/news_e/pres20_e/pr862_e.htm

10 https://unctad.org/system/files/official-document/diaeiainf2021d1_en.pdf

11 <https://www.imf.org/en/Publications/GFSR/Issues/2020/10/13/global-financial-stability-report-october-2020#ExecSum>

12 <https://www.ifsb.org/sec03.php>

Banks

Amid growing economic uncertainties caused by COVID-19, banks play an important role in ensuring liquidity and access to capital. However, due to the pandemic, this becomes more of a challenge as banks may face increased credit risks and raising loan defaults, affecting their own financial position and portfolios. If banks continue to face raising loan losses and a worsening in asset quality, they may have to tighten credit standards further, which could exacerbate the economic slowdown and negatively impact the broader economic recovery.

However, despite the negative impacts that the COVID-19 pandemic has had on the global economy during recent quarters, banking systems have largely remained resilient throughout thanks to aggressive policy support. IMF's October 2020 Global Financial Stability Report analyzed the impact of COVID-19 on bank solvency in 29 countries and concluded that most banks should be able to absorb losses and maintain capital above minimum requirements as the pandemic continues¹¹. This remains consistent with findings from a working paper published by the Islamic Financial Stability Board, which showed that, despite Islamic Banks facing a decline in liquidity during the pandemic, they have been able to maintain stability by implementing effective policies¹². Banks were able to use the flexibility embedded in the global regulatory framework to mitigate the immediate consequences and shocks of the pandemic, which in turn minimized a detrimental credit crunch for its clients.

To best maintain the financial stability of both the bank and its clients, banks have adopted new measures and devoted additional resources to meet the growing demand for liquidity during times of crises. These measures include offering deferred loan repayments and interest payments, as well as tailored financial planning services for individuals and businesses that have been financially impacted by the pandemic. By offering direct support to borrowers, including both businesses and households, the banks have been able to ease the economic challenges of the pandemic. Banks will also have to play a necessary role in shaping the economic recovery of the pandemic by rebuilding financial security and business health with new products and exemptions. ICIEC will continue to be an important partner for financial institutions to mitigate the heightened credit risks and to catalyze the required private capital for the restart of its Member Country economies.

National ECAs

The main priority of national ECAs is to facilitate international trade for national companies through trade and export finance and other services and products. The steep decline in international trade due to the COVID-19 pandemic has hindered exports and constrained economic



Banks were able to use the flexibility embedded in the global regulatory framework to mitigate the immediate consequences and shocks of the pandemic, which in turn minimized a detrimental credit crunch for its clients

recovery. To support national exporters, ECAs have had to offer tailored support to their local exporters with both existing transactions and new potential transactions.

Different measures have been adopted by ECAs to further support exporters during the COVID-19 pandemic, including introducing more flexibilities around claim policies, repayments, and down payments, as well as offering increased cover. ECAs need to be particularly mindful of supporting SME exporters and exporters in those sectors where operations require higher levels of physical contact, as both groups have been especially vulnerable to the economic impacts of the pandemic.

International Finance Institutions

International financial institutions (IFIs) play a major role in the economic and social development programs of developing countries and emerging markets, and this role is even more critical during times of instability such as the COVID-19 pandemic. The economic fallout created by the global pandemic has triggered massive financing demands for IFIs as countries all over the world look to

secure financing for healthcare initiatives and economic recovery. As national governments face unprecedented levels of spending to combat the pandemic, they are increasingly looking to IFIs for financial support in their initiatives.

ICIEC has worked closely with other IFIs during the pandemic to respond to the increased need for financial assistance by collaborating on various COVID-19 initiatives, including emergency financing programs and facilities. This collaborative response also includes support for countries seeking policy advice and capacity development to address urgent issues related to the pandemic. The alignment of various IFI's in their COVID-19 responses, including ICIEC's strategic partnerships and collaborative initiatives, have offered critical support to governments by minimizing volatility and building resilience during the pandemic.

Member Country Governments

The role of national governments has expanded during the COVID-19 crisis, from having to make tough political decisions to order lockdowns and stay-at-home-orders, to intervening in the market with wage subsidies and

corporate support mechanisms. ICIEC's Member Country governments are no exception; they face the difficult challenge of having to act rapidly across a wide range of policy areas to address the immediate concerns of the pandemic in the short-term, while also having to think ahead and plan for the longer-term at the same time. Member Country governments have to address the pandemic on all fronts, from rising unemployment to challenged health care systems, while still maintaining economic stability and security for future generations.

Many of ICIEC's Member Country governments announced large recovery packages at the onset of the pandemic, focusing on public investment in health care systems and economic support for businesses and individuals negatively impacted by the pandemic. The measures put in place by ICIEC's Member Countries have been designed to shield their citizens from the worst health and socio-economic impacts of the pandemic by keeping them safe and healthy, all while considering and planning for future social and economic development. ICIEC has remained a strong and reliable partner to its Member Countries by supporting them with their initiatives to combat the negative impacts of the pandemic and helping them plan for long-term growth and development.

ICIEC's COVID-19 Response

As COVID-19 continued to spread across the world and cases continued to rise, the full impacts of the pandemic became clearer. Economic activity and international trade slowed down, businesses closed, unemployment increased, and millions of people got sick, nearly collapsing entire healthcare systems. ICIEC prepared for these impacts early on by regularly communicating with its Member Countries and clients and partnering up with other organizations to find solutions for addressing the impacts of the pandemic.

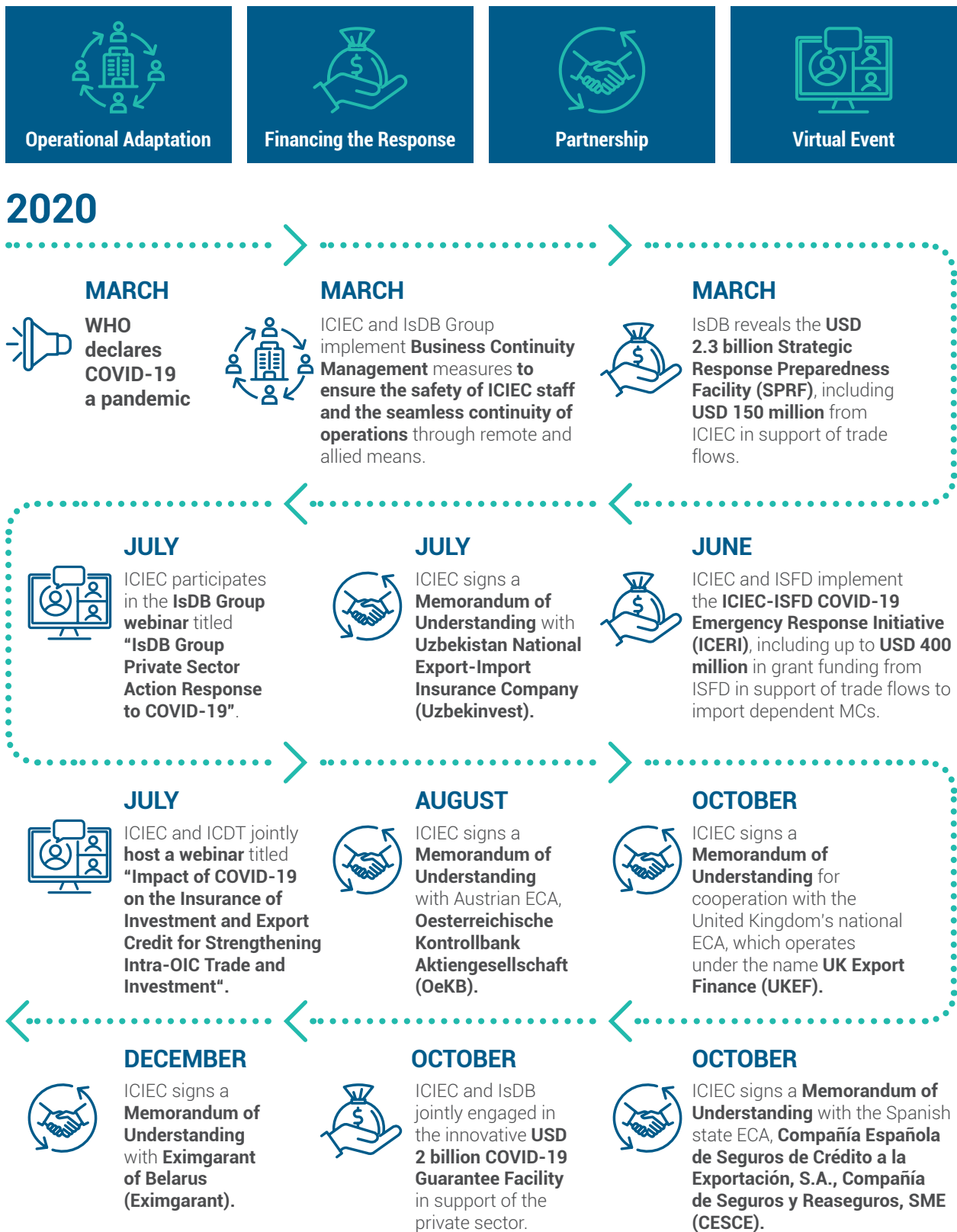
ICIEC began working with its partners at both the IsDB Group and beyond to develop and implement innovative and effective solutions to fight the virus on multiple fronts. For example, ICIEC is an integral part of the Islamic Development Bank Group's special "Strategic Preparedness and Response Program," deploying USD 150 million for export credit and investment insurance to its clients.

ICIEC has also provided support to healthcare projects in its Member Countries, ensuring that their systems are better able to absorb the negative effects of health crises like COVID-19, saving lives in the process. In prioritizing the urgent needs of its Member Countries, ICIEC also assisted with facilitating the trade of pharmaceuticals,

healthcare supplies, agricultural commodities, and other essential products during the pandemic.

As the timeline of the pandemic continues to extend, ICIEC continues to work with its partners throughout the IsDB Group, OIC Member Countries, ICIEC Member Countries, and non-Member Countries to find new ways to respond to the pandemic (see Figure 5). ICIEC has offered support through capacity building, insurance coverage, grants, and MoU's, which have ensured that supply chains remain intact, investments are protected, volatility is minimized, and that the health and livelihoods of citizens are protected. These measures help build Member Countries' resilience to outbreaks and minimize the negative health and socio-economic impacts of the pandemic, especially on the most vulnerable populations.

Figure 5: The timeline of ICIEC's COVID-19 Response



ICIEC prioritizes projects that contribute to COVID-19 recovery (facilitating the import pharmaceuticals, bolstering the expansion of healthcare infrastructure, supporting the imports of critical foodstuffs, etc.).

SUPPORTING THE EXPORT SECTOR IN NAVIGATING COVID-19 RELATED RISKS



“ On the supply side, health restrictions implemented by countries to reduce the spread of the COVID-19 virus greatly reduced production levels and disrupted supply chains.

Key Highlights



In 2020 ICIEC facilitated exports totaling **USD7.9 billion**



Exports insured from LIC/LDC Member Countries totaled **USD14 million**



ICIEC supported up to **USD28.5 billion** intra-OIC exports



National ECAs received **USD1 billion** through the Inward Quota Share Treaty Program

COVID-19 Impact on Export Development

In 2020 there was a slump in global trade caused by both supply and demand side factors which were influenced by the 2019 trade tensions and exacerbated by the COVID-19 pandemic. On the supply side, health restrictions implemented by countries to reduce the spread of the COVID-19 virus greatly reduced production levels and disrupted supply chains. Health restrictions either forced firms in essential industries to operate at limited capacity or those in non-essential industries to close down operations until lockdown measures were lifted. This meant that aggregate production also decreased as firms were operating at a limited capacity. Demand was affected by reduced income and employment uncertainties, which encouraged households to save rather than spend. The World Bank forecasted the largest global per capita income contraction since 1870 with per capita income in advanced economies projected to shrink by 7%, and in emerging markets and developing economies forecasted to contract by 2.5%¹³. A decline in per capita income means that aggregate household expenditure is greatly reduced translating to a decrease in demand for non-essential goods and services.

These supply and demand factors exposed firms to reduced production capacity, revenue losses and reduced investments, which in turn led to workers layoffs and bankruptcies in some instances. As a result, exports were low in 2020 with the World Trade Organization (WTO) expecting post-COVID-19 crisis growth to be much lower than pre-COVID forecasts. Furthermore, the massive decrease in oil prices greatly impacted the export performance of OIC Member Country economies that heavily rely on oil exports. This significantly affected export revenue of oil exporting countries – a majority of which are ICIEC Member Countries. The International Energy Agency (IEA) estimated a 50 to 80% decline in revenues in 2020 compared to 2019 for key oil exporters¹⁴. The aggregate impact of these supply and demand shocks led to the decrease in economic growth in OIC Member Countries.

Pre-COVID the IMF projected a 3.7% economic growth in OIC Member Countries but is not estimated to have been a contraction of 2% after the onset of the pandemic.

Low Income Countries (LICs) and Least Developed Countries (LDCs) were adversely affected as these countries are traditionally dependent on commodities exports for revenue. According to the United Nations Department of Economic and Social Affairs (UN DESA), commodities such as oil, minerals, food and other products account for more than 70% of LDCs' merchandise exports¹⁵. This means these economies are highly susceptible to global shocks including the pandemic which induced world demand for minerals and metals to shrink during the first half of 2020 due to plummeting manufacturing and building activity across

¹³ <https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlook-during-the-covid-19-pandemic-a-changed-world>

¹⁴ <https://www.iea.org/articles/energy-market-turmoil-deepens-challenges-for-many-major-oil-and-gas-exporters>

¹⁵ <https://www.un.org/development/desa/dpad/publication/un-desa-policy-brief-71-covid-19-pandemic-deals-a-huge-blow-to-the-manufacturing-exports-from-ldcs/>

These economies are highly susceptible to global shocks including the pandemic which induced world demand for minerals and metals to shrink during the first half of 2020 due to plummeting manufacturing and building activity across the world



the world¹⁶. Manufacturing, especially in the garments industry, in LICs/LDCs was just as affected as demand for garments slumped worldwide. According to UN DESA orders from developed countries to LDC producers were cut back sharply and LDC exports of garments were expected to shrink by 20% in 2020¹⁷. Services were just as heavily impacted especially in the tourism industry which for some LICs/LDCs accounts for more than half of gross domestic product (GDP). The aggregate impact of the pandemic's impact on LDCs led to a revision of LICs/LDCs' economic growth forecast downwards from 5 to -0.4% and this revision was expected to lead to a 2.6% reduction in per capita income in LDCs.

The trade uncertainties brought on by the COVID-19 pandemic reinforced the importance of trade insurance in supporting Member Countries during the COVID-19 pandemic. This chapter outlines ICIEC's contribution to specific areas supporting exports, market access and SMEs as well as enhancing the insurance capacity of national ECAs.

ICIEC Response

Facilitating exports and market access during the COVID-19 pandemic

Export facilitation through insurance products in Member Countries is part of ICIEC's mandate. Trade insurance has become particularly essential during the pandemic as trade has been disrupted by both supply and demand shocks. The COVID-19 pandemic is increasing the commercial risks in cross-border trade, making trade insurance a

necessity to facilitate trade during the pandemic. The COVID-19 pandemic is disrupting market access as both supply and demand side shocks make exports riskier. ICIEC's clients face numerous challenges to their business operations due to the pandemic, particularly SMEs. ICIEC's insurance solutions provided exporters with the assurance to continue exports in existing markets, and in some instances entering new markets. The insurance ICIEC provides gives beneficiary firms the protection they need to export during the pandemic. In the recent customer satisfaction survey sent to ICIEC's clients 66% of respondents agreed that ICIEC's Comprehensive Short-Term Insurance Policy (CSTP) facilitated actual entry of their firms into new markets in 2020.

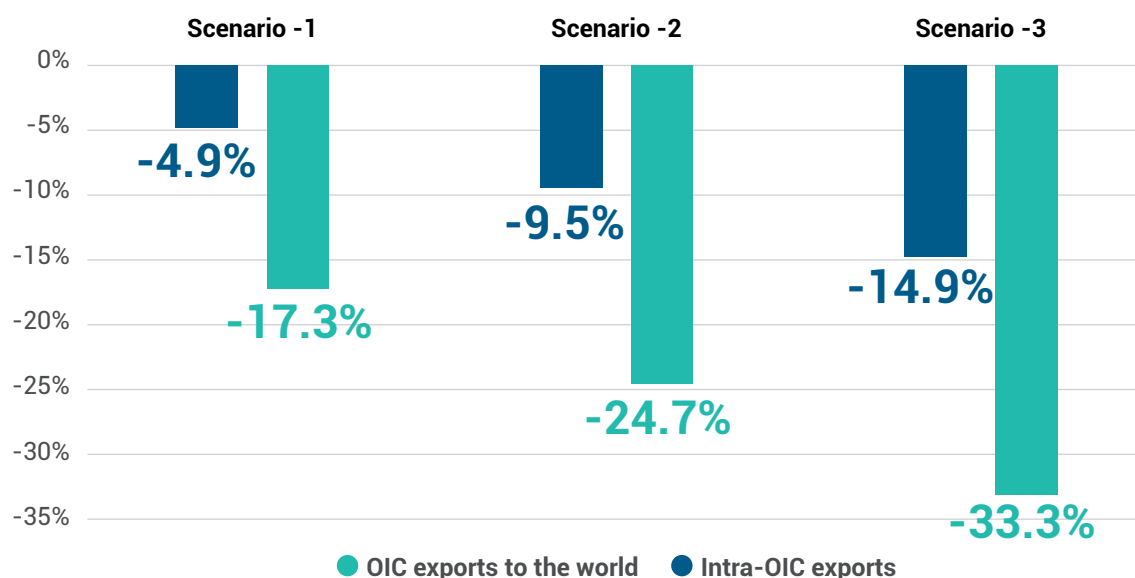
Market access has traditionally been a challenge for many exporters due to economic, political and social risks. The risks were even higher in 2020 due to the COVID-19 pandemic which caused temporary border closures and decline in demand in some industries. The OIC declared three potential economic scenarios for the impact of the pandemic and the decline in oil prices on exports from OIC Member Countries. In the first scenario, where oil prices are around 42% below their five-year average level and other commodities are around 1-5% below their average levels, intra-OIC exports would fall by 4.9% and their exports to the world would fall by around 17%. In the second scenario an additional decline in oil prices by 55% below their five-year average level and 5-10% in other commodities would result in a 9.5% decline in intra-OIC trade and 24.7% decline in OIC to the rest of the world. Under the third scenario where oil prices are 70% below their five-year average level and 10-15% in other commodities) would bring additional losses in export volumes, but they would imply greater share for intra-OIC trade¹⁸.

16 https://unctad.org/system/files/official-document/ldcr2020_ch1_en.pdf

17 https://unctad.org/system/files/official-document/ldcr2020_ch1_en.pdf

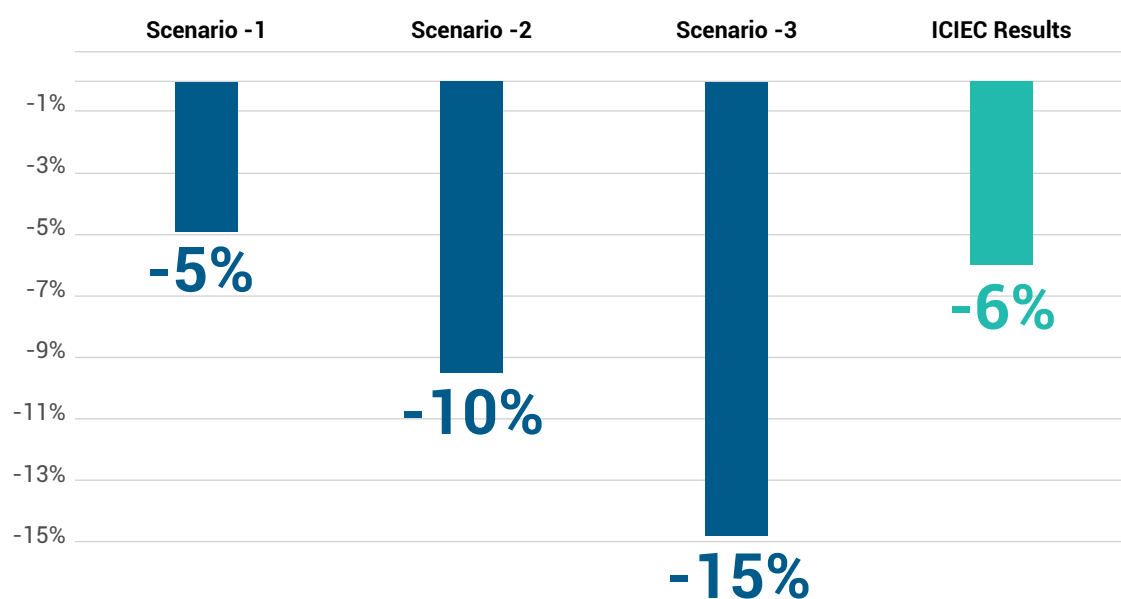
18 <https://www.sesric.org/files/article/724.pdf>

Figure 6: Possible Scenarios of Reduction in Export Flows from OIC Countries (% between 2019 and 2020)



ICIEC's insurance products helped to provide exporters with the confidence they needed to continue exporting where they could. In 2020 ICIEC insured a total of USD 7.9 million exports from Member Countries. As expected, this number was lower in 2020 compared to 2019 given the COVID-19 induced trade restrictions but well within the Scenario 1 range, falling by some 6%.

Figure 7: ICIEC's Reduction in Exports Facilitated between 2019 and 2020 Compared to Possible Scenarios

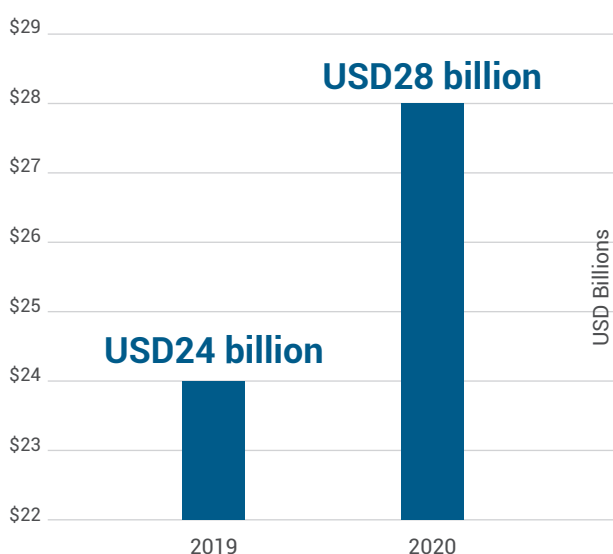


Source: SESRIC calculations based on ITC Trade Map, IMF Commodity Prices and IMF DOTS statistics

Supporting intra-OIC trade is a priority for ICIEC. Since inception, ICIEC has supported a total of USD 28 billion in intra-OIC exports (up to December 31, 2020), up from USD 24 billion as of the end of 2019 (see figure 8). These intra-OIC transactions were supported across Arab Asia, Central Asia, South East Asia, North Africa, West Africa and Central Africa. A majority of these exports were originating from Arab Asia, Europe and Central Asia while Africa and South East Asia were the main destinations for intra-OIC imports. ICIEC recognizes the importance of supporting exports from Africa and South Asia and thus increase the share of intra-OIC exports from these countries.

During the pandemic exports from ICIEC's consider Least Developed Member Countries (LDMC) were heavily impacted as demand for their exports decreased. However, ICIEC stepped in to provide the much-needed export insurance to these Member Countries totaling USD 14.9 million. ICIEC recognizes the importance of supporting exports from LDMCs as exports are vital in generating revenue and fostering economic growth in these countries. ICIEC has traditionally insured exports from LDMCs and the amount of insurance has increased from USD 4 million in 2016 to USD 23.5 million in 2019. In 2020 this amount was less than 2018 due to the COVID-19 induced trade restrictions.

Figure 8: Amount of intra-OIC exports insured since inception to the end of 2019 and 2020

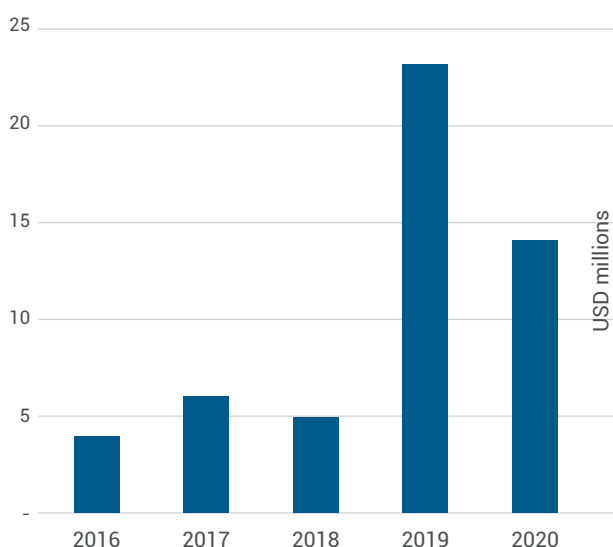


Enhanced insurance capacity of National Export Credit Agencies during the pandemic

National ECAs play a crucial role in supporting exports during the pandemic. As private insurers reduced credit limits for buyers, this left a significant number of credit insurance clients much more exposed to risk. This meant that government-mandated institutions had to step up not only to fill in the credit insurance gap left by private insurers but to also stabilize the trade ecosystem during the pandemic. The credit risk insurance provided by national ECAs is crucial in supporting trade by managing risk and liquidity constraints. However, as the adverse effects of the pandemic on exports continued to grow, ECAs became overwhelmed with demand for support.

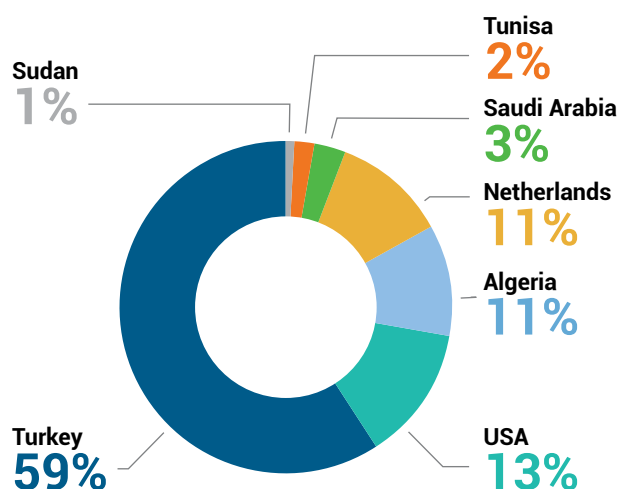
ICIEC stepped in to provide these institutions with much needed reinsurance support. For example, ICIEC supported Indonesia's ECA PT Asuransi Asei through the Eximbank's reinsurance treaty program. The reinsurance provided bolstered PT Asuransi Asei's short-term trade credit insurance program. With this reinsurance PT Asuransi Asei will be able to support exporting firms in Indonesia. ICIEC through this financing contributed to SDG 17 on partnerships for the SDGs.

Figure 9: Total amount of exports insured from LDMCs, 2016 - 2020



In response to the detrimental effects of the pandemic on trade, government and development finance institutions made it a priority to assist firms to continue engaging in trade through national ECAs. However, as the crisis continued these ECAs became increasingly overwhelmed with demand for capacity, especially in developing countries, as the number of firms affected by the pandemic increased. As part of its mandate ICIEC supported Member Country ECAs in various countries as they assisted firms in their efforts to continue trade amid the pandemic. In addition, ICIEC's agreements with a number of OECD ECAs allowed trade to continue throughout 2020. ICIEC closely worked with these national ECAs by providing additional insurance capacity through the facultative and treaty re-insurance mechanisms. Through these two re-insurance mechanisms, ICIEC provided up to USD 1.7 billion, to 13 national ECAs.

Figure 10: Share of business insured with national ECAs, 2020



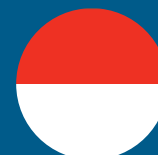
Supporting SMEs in export markets and value chains

The pandemic has had a particularly devastating impact on SMEs, especially in the industries hardest hit such as tourism and travel, among others. The adverse impacts on SMEs not only impacted productivity in these firms but employment as well due to production shutdowns and lay-offs. The impact of COVID-19 on SMEs is particularly detrimental given that SMEs generate a significant portion of employment. Particularly affected were SMEs in the informal economy in LICs/LDCs which is the largest employment sectors in these countries. Operating outside the formal economy meant that they were limited in the amount of government assistance. ICIEC provided much needed support to SMEs through underwriting SME loan facilities and insuring Letters of Credit which ensured that these firms could continue exporting. In the recent customer satisfaction survey 100% of respondents somewhat agreed or agreed that ICIEC's Documentary Credit Insurance Policy (DCIP) improved their firm's ability to serve SME clients.

Project highlight

Inward Quota Share Treaty Program to PT Asuransi Asei Indonesia

Member Country	Indonesia
Product	IQTP
Client	PT Asuransi Asei Indonesia
Volume	USD 129 Million (Business insured up to Q2 2020)
Tenor	Annual (1 January 2020 - 31 December 2020)



ICIEC's Role

This Quota Share reinsurance treaty program with PT Asuransi Asei Indonesia is the 2nd program ICIEC has signed with an ECA from the Asia Region. Indonesia Eximbank's reinsurance treaty program was signed in 2018 and has been successfully renewed until now. This is an indication that ICIEC's presence in this region has been well received by the member country ECAs as they are expecting ICIEC, not just to increase their insurance capacity, but to get familiarized with ICIEC's services particularly its medium-term programs/policies as well as expanding their access and network through ICIEC to the IsDB group including its entities such as ITFC and ICD who may potentially support their policyholders with financing.

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

SDG Contribution(s)

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



PROVIDING SHARI'AH COMPLIANT FINANCE TO SUPPORT COVID-19 RELIEF EFFORTS



“ Islamic finance offers two lines of defense against crises. The first line of defense against endogenous risk is the tight integration of finance with real economic activities and risk sharing. The second and main line of defense against exogenous risk is a strong social safety net.

Key Highlights



Total value of business insured under BMP policies:

USD297 million



Total value of business insured under DCIP policies:

USD2.9 billion



Number of banks that partnered with ICIEC:

23

COVID-19 Impact

Islamic finance is responsible, ethical, and sustainable, and has played a critical role in mitigating the effects in OIC economies of endogenously-generated crises, like the Global Financial Crisis, and provided a strong safety net against shocks like the COVID-19 crisis. Islamic finance offers two lines of defense against crises. The first line of defense against endogenous risk is the tight integration of finance with real economic activities and risk sharing. The second and main line of defense against exogenous risk is a strong social safety net. This defense system helps well-developed Islamic Financial systems maintain positive economic performance during the cyclical economic downturns.

The COVID-19 pandemic has posed challenges for liquidity, resilience, and capital for the Islamic banking sector, the largest component of the Islamic financial industry¹⁹. However, IsDB expects the impact of the crisis on Islamic banks to be comparable to that on conventional banks given the similarity of their business model²⁰. The Islamic capital market Sukuk was also affected by the COVID-19 pandemic resulting in credit rating downgrades which will in turn limit funds availability to high-quality issuers. One of the major concerns in the fixed-asset markets is the ability of existing issuers to service outstanding debt due to lockdown measures taken to limit the spread of the virus. Deteriorating economic conditions, collapse in oil prices, or a likely long-term change in consumer behavior are expected to further add to deteriorating credit fundamentals.

“Deteriorating economic conditions, collapse in oil prices, or a likely long-term change in consumer behavior are expected to further add to deteriorating credit fundamentals”



¹⁹ https://www.isdb.org/sites/default/files/media/documents/2020-10/1.%20IsDB%20Group%20Report%20on%20Covid-19%20and%20Islamic%20Finance_FINAL.pdf

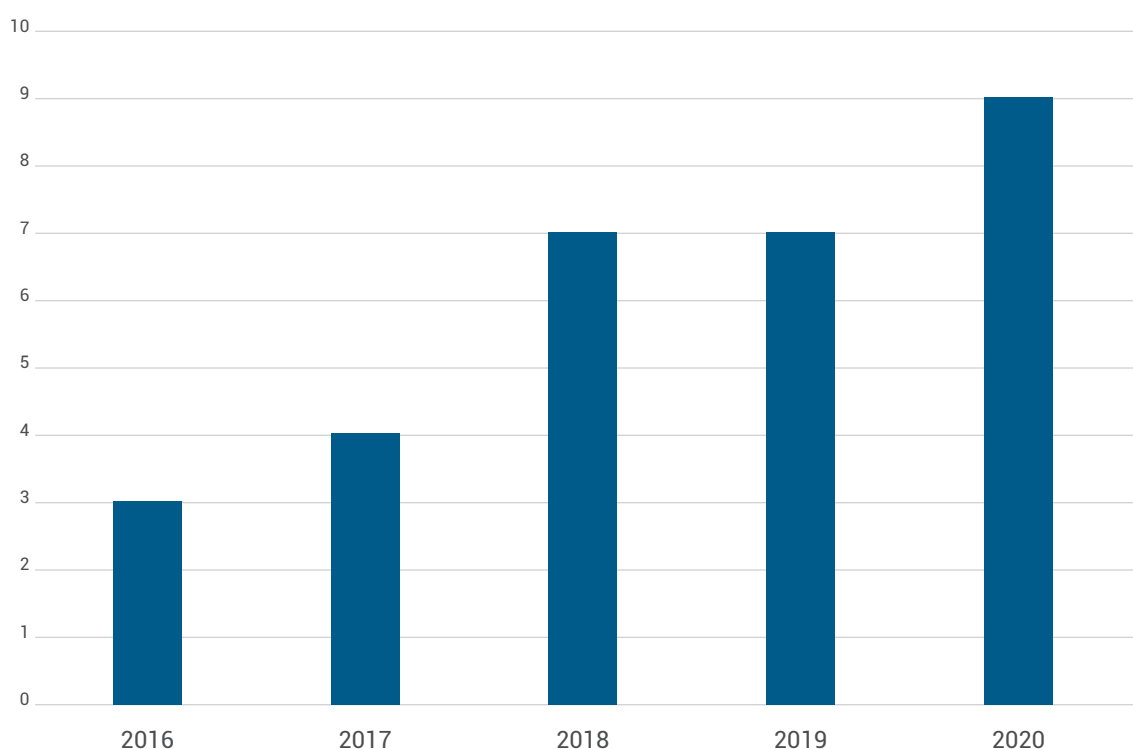
²⁰ https://www.isdb.org/sites/default/files/media/documents/2020-10/1.%20IsDB%20Group%20Report%20on%20Covid-19%20and%20Islamic%20Finance_FINAL.pdf

ICIEC Response

Improved access to Islamic finance

Despite the adverse effects of the pandemic, ICIEC has been active in mitigating risks to keep trade and investment flowing through the provision of multilateral Shari'ah compliant risk insurance solutions. ICIEC has partnered with numerous financial institutions under its Bank Master Policy (BMP) which helps banks to recover up to 90% of their losses in case on non-payment. Through the BMP instrument, ICIEC facilitates the provision of Islamic Finance to exporters facing difficulties in obtaining much needed working capital in a Shari'ah-compliant way. In 2020 ICIEC had five new BMP, DCIP and STP policy holders increasing the total number of these policy holders in 2020 to 23 and the number of holders since inception to 54. In supporting 23 financial institutions through its BMP, DCIP, STP ICIEC covered a total of USD 3.81 billion under these policies. ICIEC's Shari'ah compliant credit insurance products such as BMP and DCIP are integral in supporting Islamic financial institutions in their provision of Shari'ah-compliant trade finance solutions. At the same time in partnering with these financial institutions ICEIC also directly contributed to SDG 17 on partnerships for the SDGs. Figure 11 shows the number of countries with active BMP policies between 2016 and 2020.

Figure 11: Number of Countries with Active BMP Policies



Even though 2020 had its challenges, there were some opportunities for growing Shari'ah compliant financing. 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 the Lloyd's market with regard to introducing Takaful insurance and reinsurance products and facilitate access to Shari'ah compliant financing.

21 <https://www.islamicfinancenews.com/about-us>

Partnerships to promote Islamic finance

ICIEC also helped 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. IFN is a digital, subscription-based publication providing exclusive and comprehensive coverage of the global Islamic financial markets. IFN has an unrivalled network of connections that provide insight in various issues affecting Shari'ah compliant markets²¹.

For its critical role in advancing Shari'ah compliant financing ICIEC was awarded "The Global Islamic Export Credit and Political Risk Insurance Award for 2020" at the 10th annual Global Islamic Finance Awards (GIFA). This marks the fourth time ICIEC has received this accolade since its introduction in 2016 - previous awards occurring in 2016, 2017, and 2018 respectively.

Project highlight

Financing of Essential Imports to Nigeria

Member Country	Nigeria
Product	BMP Murabaha
Client	BMCE BANK OF AFRICA MOROCCO
Volume	USD 12.5 million (ICIEC's line limit)
Tenor	6 months



ICIEC's Role

The transaction consists of ICIEC issuing a first ever BMP Murabaha in favor of a Moroccan bank, BMCE Bank of Africa Morocco. BMCE Morocco was the mandated Lead Arranger, to provide USD 25 million in favor of a Nigerian bank. The financing was urgently needed to secure imports of food and refined oil, to offset the social and economic distress caused by the COVID-19 pandemic. Similar to other developing countries, Nigeria is facing the detrimental health and socio-economic impacts of the Covid-19 pandemic and is in dire need of strategic imports. ICIEC through this transaction played a crucial role in facilitating trade flow and reinforced trust among Member Countries, especially during the economic crisis. ICIEC covered 50% of the syndicated trade financing, contributing to the success of the syndication, thanks to its de-risking mechanism.

SDG Contribution(s)

SDG 10: Reduced Inequalities – Member Country development was achieved through the support for intra-OIC trade flow of essential commodities during the COVID-19 crisis. ICIEC's involvement in the transaction, enabled direct support to the Nigerian bank and enhanced private sector resilience.



CONTRIBUTING TO MEMBER COUNTRY DEVELOPMENT AMID COVID-19



“ The IMF projected global economic contraction of 4.9% which was 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The pandemic is also projected to leave the 2021 GDP some 6.5 percentage points lower than in the pre-COVID-19 projections of January 2020.

Key Highlights



USD1.9 billion
of total investment facilitated into Member Countries



USD587 million
intra-OIC investment supported in 2020



USD14 million
exports from LDMCs supported in 2020



USD5.4 billion
business insured in energy sector

COVID-19 Impact

The COVID-19 pandemic has had a devastating impact on the development gains made worldwide. Many countries who already struggle with competing basic needs have faced further deterioration in their ability to cope with development measures. The challenges of economic development have increased, creating a dent in countries' GDPs and adverse impact on long-term investments due to shifting priorities. The IMF projected global economic contraction of 4.9% which was 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The pandemic is also projected to leave the 2021 GDP some 6.5 percentage points lower than in the pre-COVID-19 projections of January 2020. The impact of the pandemic on countries' growth has reversed some of the gains made towards economic growth particularly in LICs/LDCs.

The pandemic also decreased investor confidence with the increased uncertainty brought on by the pandemic. At the onset of the pandemic the United Nations Conference on Trade and Development (UNCTAD) forecasted a 5 to 15% decreases in FDI flows²². Investors were uncertain about the performance of some industries and economies during and post the pandemic and thus withheld investments. LICs and LDCs were especially buffeted by economic headwinds from multiple factors including pressure on already fragile health care systems, loss of trade and tourism, dwindling remittances expected to fall to USD 445 billion in 2020 down from USD 554 billion in 2019, subdued capital flows, and tight financial conditions amid mounting debt.

“ At the onset of the pandemic the United Nations Conference on Trade and Development (UNCTAD) forecasted a 5 to 15% decreases in FDI flows



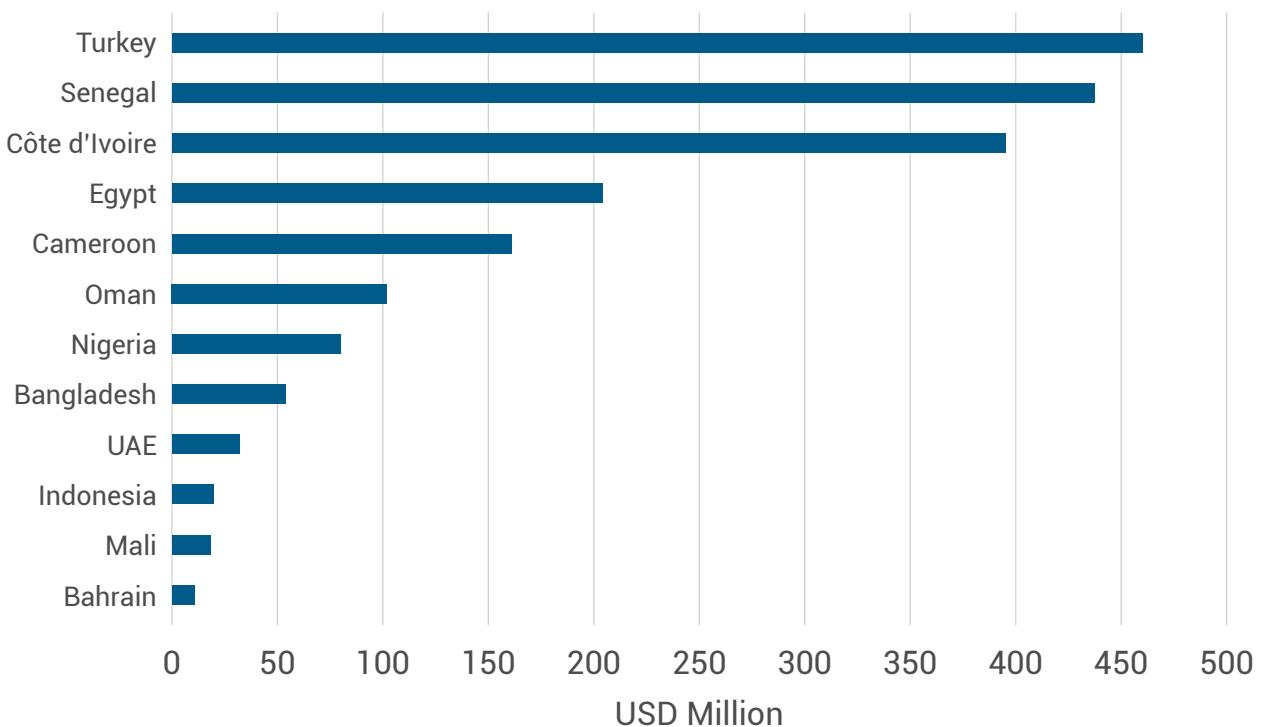
22 <https://unctad.org/press-material/impact-coronavirus-outbreak-global-fdi>

ICIEC Response

Increased investor confidence

Foreign Direct Investment (FDI) is a key source of facilitating economic growth through the provision of capital investments that might not be available through domestic sources. At the same time when foreign companies establish subsidiaries in Member Countries, they provide jobs as well as knowledge transfer which is also crucial in developing the labour skills in Member Countries. ICIEC recognizes the importance of FDIs and mobilizes investments through its Foreign Investment Insurance Policies. These policies provide assurance against political, economic and social risks for foreign investors. These policies were particularly important during the COVID-19 pandemic as foreign investors were faced with the risks imposed by the pandemic. In 2020 ICIEC insured a total of USD 1.98 billion investments in 21 countries bringing the total of investments insured since ICIEC's inception to USD 14.9 billion. A majority of the investments were insured in emerging and developing economies where investments are often riskier (see Figure 12).

Figure 12: Investments insured in Member Countries, 2020



“ ICIEC recognizes the importance of FDIs and mobilizes investments through its Foreign Investment Insurance Policies. These policies provide assurance against political, economic and social risks for foreign investors



Strategic sector support

Figure 13: ICIEC business insured by strategic sector 2020

Agriculture



**USD42.1
million**

Health



**USD369.6
million**

Infrastructure



**USD585.6
million**

Services



**USD860.7
million**

Manufacturing



**USD2.1
billion**

Energy



**USD5.4
billion**

ICIEC plays a key role in mitigating risk and advancing recovery, especially as the pandemic weakens trade and investment activities globally. The IsDB Group has committed USD 2.3 billion in aid to support Member Countries' strategic needs. It has also created a special 'Strategic Preparedness and Response Facility' of USD 730 million to support OIC Member Countries in mitigating the negative health and socio-economic impact of the COVID-19 pandemic. This resource seeks to boost Member Countries' recovery from the pandemic by restoring and rebuilding their economies. ICIEC supported this initiative by providing USD 150 million of insurance coverage. The credit and political risk insurance provided will help to sustain imports of strategic commodities, investment protection, and to minimize volatility.

ICIERI has contributed to a number of strategic projects in Member Countries, which facilitated transactions that provided support for urgent social and economic needs during the pandemic. For example, ICIEC extended USD 9 million in LC confirmation insurance to BMCE Bank of Africa Morocco to secure urgent imports of strategic commodities to Senegal. Another transaction facilitated by the ICIEC-ISFD COVID-19 Emergency Response Initiative involved the extension of USD 5.5 million in coverage to the State Bank of India's (SBI) Singapore branch by ICIEC, for

the critical import of agricultural commodity such as wheat. ICIEC's commitment to this transaction has contributed to food security and achieving SDG 2 zero hunger in India. To address Tunisia's energy security, ICIEC provided insurance coverage, through the Bank Master Policy, worth USD 4.75 million to the Europe-based bank, CHAABI and USD 19 million in coverage to BMCE Bank of Africa Morocco through the ICERI. The ICIEC and ISFD intervention has allowed for the access of energy for the population of Tunisia by facilitating the access of essential energy input for Société Tunisienne de l'Electricite et du Gaz (STEG).

Besides supporting Member Countries to import essential commodities, ICIEC and ISFD's involvement has facilitated the participation of international commercial banks in the syndication by lowering the interest rate of the commercial banks. It also demonstrated a tremendous synergy and partnership between IsDB entities in contribution to development and innovation in addressing social and economic distress within OIC Member Countries. This intervention is in line with the SDG 17 on partnerships for the SDGs. ICIEC's involvement in these transactions was decisive in mobilizing financing from commercial banks in a distressed market conditions caused by the COVID-19 pandemic.

Supporting Member Country Needs through the ICIEC-ISFD COVID-19 Emergency Response Initiative (ICERI)

ICIEC, in partnership with the Islamic Solidarity Fund for Development (ISFD) – the poverty alleviation arm of the IsDB Group, have created a rapid COVID-19 Emergency Response and Resilience Initiative (ICERI) to help Member Countries overcome the challenges of COVID-19. Beneficiary countries were selected based on their eligibility, which was determined by their level of import dependence. Certain IsDB Member Countries were prioritized in order to meet their urgent import needs of medicine, medical equipment, food supplies and other essential commodities. The ISFD has allocated a grant of up to USD 400 million to ICIEC, which is utilized to subsidize the premium on the insurance cover to facilitate the procurement of these food and medical supplies and commodities.

ICIEC is committed to supporting the OIC Member Countries in their recovery from the COVID-19 Pandemic. The Corporation is pleased to collaborate with ISFD, utilizing IsDB Group synergy to enhance both organizations' capacity to support relief efforts. The ICERI is prioritizing transactions for urgent imports, ensuring citizens have access to critical commodities through these challenging times.

Oussama Kaissi, CEO, ICIEC



The ICERI specifically provides insurance support for the procurement of urgent products such as medical equipment, pharmaceutical products and other items related to the combat COVID-19, including but not limited to protective gear, testing kits, sanitizers, ventilators, etc. It also includes support for essential needs such as food supply and energy commodities.

ICIEC and ISFD set up an implementation team to execute the procedures for the ISFD Grant allocation to eligible transactions. ICIEC is responsible for undertaking the operational tasks of insuring and monitoring the transactions within its regular scope of business. The Corporation remains committed to prioritizing COVID-19 related transactions in order to maximize the impact of ISFD's grant as much as possible. Most of the transactions funded through the ICERI are being led by the eligible Member Countries' Governors and Ministries of Health, as they are most knowledgeable on the most urgent local needs for their respective countries.

ICERI aims at targeting two of the IsDB Group's '3 R's':

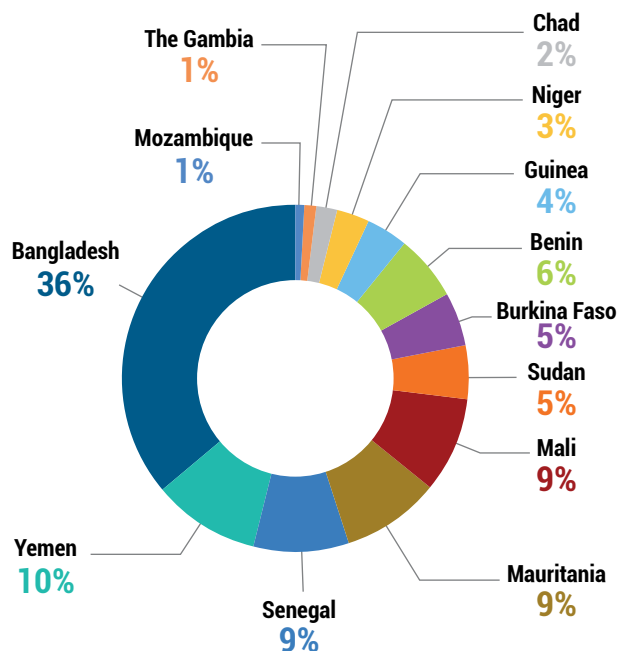
- **R1:** Respond through immediate disbursing actions to assist Member Countries' in acting quickly to mitigate the adverse impact of COVID-19
- **R2:** Restore via medium term actions to strengthen health infrastructure and economic systems to overcome the pandemic's peak.

In the face of the rising protectionism that has been further fueled by the pandemic as well as the associated economic cost for our member countries, IsDB Group recognizes the need to mobilize relief for OIC countries that are heavily reliant on imports, especially for essential commodities such as pharmaceuticals and food supplies. ISFD's contributions to the ICERI are an effort to work jointly with ICIEC to expand capacity for maintaining these vital trade and investment flows.

Improved access to trade finance for LIC/LDC

A total of 16 countries of ICIEC's Member Countries are classified as LDCs and these countries often receive limited trade finance and investments due to the perceived risks in these countries. ICIEC has traditionally provided much needed trade finance to LDCs through insuring various investments, trade transactions and supporting Issuing Banks. During the COVID-19 pandemic ICIEC's support was particularly important in LICs/LDCs given the social and economic impacts of the pandemic. In 2020 ICIEC provided a total of USD 510 million worth of investment insurance to LICs/LDCs in 13 countries. Supporting investments in these countries ensured that jobs were either created or maintained during the pandemic. ICIEC also supported access to trade finance in LICs/LDCs through supporting financial institutions in these countries. In 2020, ICIEC provided support to 32 LICs/LDCs bringing the total of number of banks that ICIEC supported to 92 since its inception (see Figure 14). Supporting investments and access to trade finance in LICs/LDCs is crucial as these are the building blocks of strong and resilient economies that will weather the detrimental socio-economic impacts of the COVID-19 pandemic.

Figure 14: Share of Issuing Banks in LIC/LDC Member Countries supported



Project highlight

Non-Honoring of Sovereign Financial Obligations (NHSO)

Member Country	Egypt
Product	Non-Honoring of Sovereign Financial Obligations (NHSO)
Client	Sumitomo Mitsui Banking Corporation (SMBC), London Branch
Volume	USD 135 million
Tenor	12 months



ICIEC's Role

As part of the Government of Egypt's strategy to diversify funding sources and to assist the Government in meeting significant new expenditures needed for the fight against the economic and social impact of the COVID-19 pandemic, the Ministry of Finance, Egypt appointed international banks to arrange a syndicated facility of USD 1.5 billion. ICIEC issued an NHSO policy in favor of SMBC, London Branch, as the Mandated Lead Arranger for its participation of USD 135 million in the syndicated facility. ICIEC's contribution is essential as the syndicated facility will be allocated to Government of Egypt's efforts to fight against the economic and social impact of the COVID-19 pandemic. Since the outbreak of the pandemic in early 2020, ICIEC has prioritized transactions involving fight against the COVID-19 pandemic.

SDG Contribution(s)

SDG 10: Reduced Inequalities – ICIEC cover helps Egypt to fight against the economic and social impact of the COVID-19 pandemic thereby contributing directly to SDG 10 on reducing inequality amongst countries.

SDG 8: Decent Work and Economic Growth - The cover will also serve SDG 8 and promote inclusive and sustainable growth, employment and decent work.



CONTRIBUTING TO HUMAN DEVELOPMENT DURING COVID-19



“ The pandemic has highlighted the fragility of national and global health care systems. Many medical facilities were overwhelmed given their limited human and material resources leading to some patients being turned away in countries with high cases. The pandemic has also revealed the significance of SDG 3, ensuring health and promoting well-being for all.

Key Highlights



Businesses insured
in labor intensive
sectors

**USD58
million**

in 2020



**USD4.7
billion**

of infrastructure
support provided to
Member Countries
since inception



Businesses insured
in the health sector

**USD370
million**

in 2020



**USD42
million**

insurance
coverage provided
for the agriculture
sector

COVID-19 Impact

The COVID-19 pandemic has created both health and economic impacts that threaten the human development gains made so far in ICIEC's Member Countries. The pandemic has highlighted the fragility of national and global health care systems. Many medical facilities were overwhelmed given their limited human and material resources leading to some patients being turned away in countries with high cases. The pandemic has also revealed the significance of SDG 3, ensuring health and promoting well-being for all. Similar to the rest of the world, ICIEC's Member Countries were heavily impacted by the pandemic.

The detrimental impact of the pandemic has greatly reversed gains made towards the SDGs. The pandemic had a particularly adverse effect on SDG 3 as COVID-19 not only affected the health of countries' citizens but also resulted in the delay of other health programs. For example, 70 countries having reported moderate-to-severe disruptions or a total suspension of childhood vaccination services during March and April 2020. Developing countries were adversely affected given that a majority already had weak health care systems which were threatening to buckle under the pandemic. These countries are more likely to continue seeing a rise in cases given limited access to the vaccine. According to the World Health Organization (WHO), nearly 40 million doses have been administered across at least 49 higher-income countries, compared to just 25 doses given in just one of the lowest-income countries. Education was also heavily impacted with nearly 370 million children having missed out on school meals in March and April of 2020 alone. The social impacts of the pandemic will have far reaching effects in the development of countries in the future particularly LICs/LDCs.

Economically, the pandemic has resulted in a massive spike in unemployment levels. Pre-COVID-19,

unemployment estimates in OIC Member Countries stood at 47.7 million, but with the onset of the pandemic these estimates increased to between 53.3 to 55.4 million. This 8 million increase in unemployment is a significant setback on the gains that have been made in recent years to reduce unemployment in Member Countries. The high unemployment rates are also correlated to a reduction in income, resulting in lower standards of living. Job creation is therefore a crucial component is helping Member Countries recover from the impact of the COVID-19 pandemic.

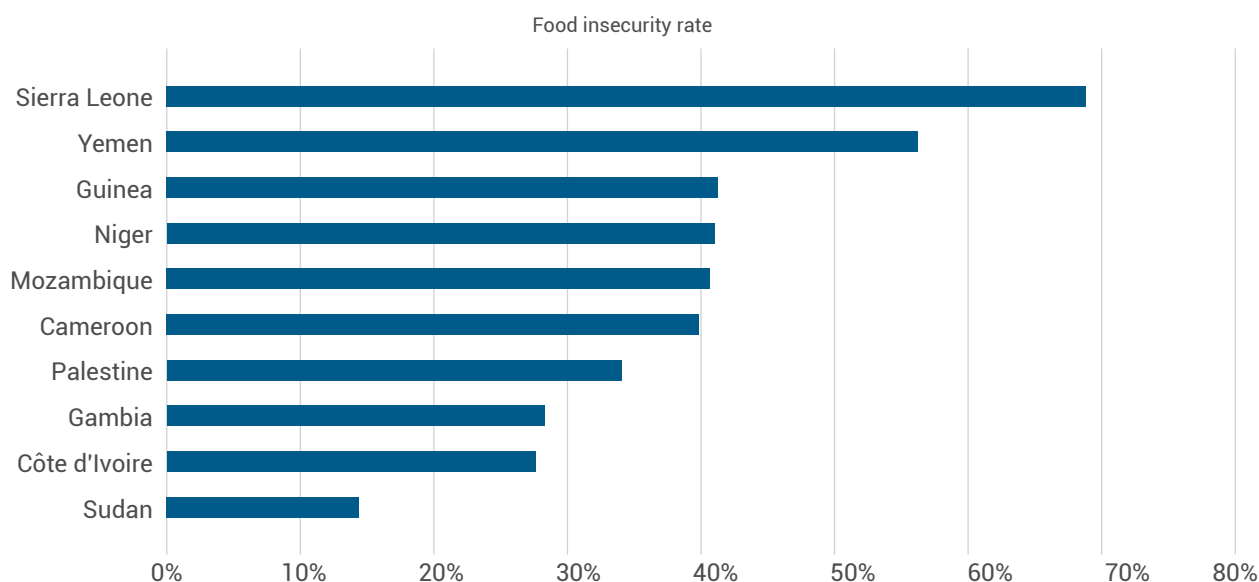
The pandemic has also impacted food security in ICIEC's Member Countries. Increased unemployment has led to large populations being unable to afford food for their daily needs and the increase in food prices due to agriculture supply chain disruptions has only exacerbated the issue. At the same time, countries dependent on food imports were at the greatest risk, due to the international trade disruptions and currency exchange fluctuations. Within ICIEC's Member Countries, developing countries were the hardest hit by the high levels of food insecurity. As the pandemic continues, Member Countries require support to strengthen their food security.



Within ICIEC's Member Countries, developing countries were the hardest hit by the high levels of food insecurity. As the pandemic continues, Member Countries require support to strengthen their food security.



Figure 15: Food insecurity prevalence top 10 OIC Member Countries



Source: ICIEC calculations based on Schmidhuber et al. (2020)

ICIEC Response

In 2020 ICIEC played a critical role in supporting Member Countries, ensuring that they were able to maintain and create jobs, supporting the import of essential food commodities, improving access to healthcare infrastructure, and securing medical supplies needed to fight the spread of COVID-19.

Access to healthcare infrastructure and services

Throughout the COVID-19 pandemic, access to healthcare infrastructure has been a priority for ICIEC's Member Countries. OIC Member States accounted for roughly 11% of global cases and 10% of global fatal cases. Access to quality healthcare infrastructure is not only crucial for citizens to seek treatment but this infrastructure will also be valuable with vaccines roll out. In 2020, Member

Countries prioritized improving access to infrastructure and chose ICIEC as a preferred creditor to embark on healthcare infrastructure projects. Since its inception 27 years ago, ICIEC has insured USD 1.7 billion worth of business in the health sector.

ICIEC's support was particularly impactful in developing countries where healthcare systems are especially fragile. In 2020 ICIEC insured several health-related projects aimed at strengthening health systems in Member Countries. In Côte d'Ivoire, ICIEC provided a Non-Honoring

of Sovereign Financial Obligation to support the construction of the construction of two new regional hospitals as well as five new medical units in five additional hospitals. The project was financed by Deutsche Bank and is supported by the International Monetary Fund (IMF) and World Health Organization (WHO). In supporting this transaction ICIEC contributed to SDG 3 on health and wellbeing for all and to SDG 17 on partnerships for the SDGs.

ICIEC also supported the purchase and installation of critical computed tomography (CT) medical equipment in Pakistan through its Specific Transaction Policy (STP). This transaction greatly improved access to essential medical diagnostic equipment in the province in Punjab, Pakistan's most populous province. By improving access to medical infrastructure ICIEC contributed to SDG 3 on health and wellbeing for all.

Project highlight

Insurance for Non-Honoring of Sovereign Financial Obligation in Côte d'Ivoire

Member Country	Republic of Côte d'Ivoire
Product	Non-Honoring of Sovereign Financial Obligation
Client	Deutsch Bank AG
Volume	EUR 142 million
Tenor	10 years



ICIEC's Role

Following a long period of underinvestment, Côte d'Ivoire was facing significant infrastructure deficiencies in the health sector. Approximately 33% of the population was living more than 5km away from a healthcare facility and approximately 10% more than 15 km away. As part of the improvement of the supply of Healthcare, the government allocated an envelope of EUR 1.27 billion over two years (2018-2020), which includes the construction of various regional hospitals, re-equipment and provision of new equipment and other health facilities across the country. ICIEC support enables the Ivorian population to access a better health system and helping Côte d'Ivoire achieve its National Development Plan targets

SDG Contribution(s)

SDG 3: Good Health and Well-Being – The development impact stems from ICIEC's support of improved access to health care infrastructure leading to improved health and well-being in the Republic of Côte d'Ivoire

3 GOOD HEALTH AND WELL-BEING





Maintaining and creating jobs during the COVID-19 pandemic

ICIEC recognizes the importance of maintaining and creating jobs to offset the impact of the pandemic on employment in Member Countries. Job creation in Member Countries is not only important because of the pandemic but also because the working age (15-64) in Member countries is set to constitute 62% of the total population²³. As a result, Member Countries have made it a priority to create jobs not just to offset the unemployment cause by the pandemic but also to satisfy the growing working age population. If there are enough jobs created to sustain the working age countries with a large working

age group will see an increase in income per capita. This results in increased consumption and higher savings rates, in turn translating into significant economic growth. Therefore, ICIEC, through supporting FDI and trade flows, has contributes to creating new jobs and sustaining existing ones. In 2020, ICIEC emphasized supporting labor-intensive sectors where significant employment opportunities were created. ICIEC provided insurance of up to USD 58 million to labor-intensive sectors bringing the total of ICIEC's insurance to the sector to USD 1.3 billion since its inception. These labor-intensive sectors were predominately in the manufacturing sector accounting for 98% of all businesses insured and also in agriculture which accounted for the remaining 2%.

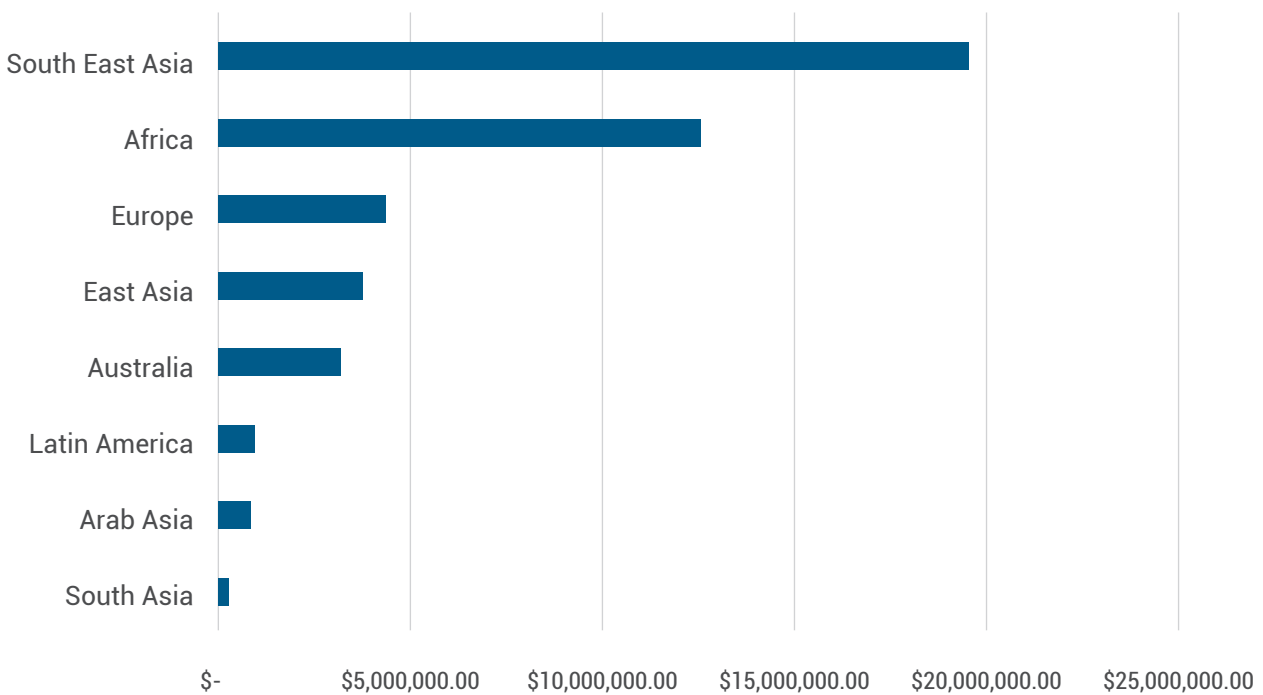
23 UN World Populations Prospects

Improving food security

Food security has always been a priority for ICIEC when supporting Member Countries and became increasingly so during the COVID-19 pandemic when food chains were disrupted due to international trade fluctuations. Although Member Countries had made significant strides in strengthening food security but the pandemic induced setbacks on these gains made. Strengthening food security is crucial as food is one of the basic needs for human survival. For a majority of ICIEC Member Countries

food imports are a crucial strategic sector and growing populations in these countries secure food supply is becoming increasingly important. ICIEC supported Member Countries to maintain and improve food security through providing cover for essential food imports. In 2020 ICIEC provided more than USD 42 million to insure businesses in the agriculture sector. The insurance provided covered all regions of the world (see figure 16). In strengthening food security in Member Countries, ICIEC also contributes to the achievement of SDG 2, zero hunger.

Figure 16: Agriculture business insured by region (exposure)



For a majority of ICIEC Member Countries food imports are a crucial strategic sector and growing populations in these countries secure food supply is becoming increasingly important.



Project highlight

Supporting Strategic Food Imports in Bangladesh

Member Country Bangladesh
Product DCIP
Client State Bank of India
Volume USD 17.1 million (ICIEC's Credit Limit)
Tenor 180 days



ICIEC's Role

The transaction relates to import of agricultural commodity i.e. wheat into Bangladesh, a member country of ICIEC, through letters of credit (LCs) issued by The City Bank, one of the leading local private commercial banks in Bangladesh while confirmation has been added to the LCs by SBI - Singapore branch with ICIEC insurance under the ICIEC - ISFD COVID-19 Emergency Response Initiative (ICERI).

ICIEC facilitated the transactions jointly with ISFD by structuring a subsidized pricing mechanism under ICERI to provide the member country and its importers with the benefit of importing essential food items at a reduced cost during this critical time.



SDG Contribution(s)

SDG 2: Zero Hunger – The development impact stems from ICIEC's support of strategic food imports to help strengthen food security in Bangladesh.



Looking Ahead



“ The pandemic is not yet behind us and ICIEC will continue to play a critical role in assisting Member Countries navigate the health, economic and social impacts of the COVID-19 pandemic. As the vaccine is being rolled out worldwide, ICIEC will play a crucial role in supporting Member Countries purchase and distribution of this much needed commodity in Member Countries. This support will be particularly crucial for LIC/LDCs that are yet to receive the first doses of the vaccine. ICIEC’s Member Countries will still need support to weather the economic and social disruptions left in the wake of the pandemic. As ICIEC Member Countries slowly recover from the impacts of the pandemic, ICIEC will be there to support Member Countries as they rebuild a healthier, inclusive and resilient OIC community.

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