



THE ISLAMIC CORPORATION FOR  
THE INSURANCE OF INVESTMENT  
AND EXPORT CREDIT



مجموعة البنك الإسلامي للتنمية  
Islamic Development Bank Group

# Inclusive, Responsive, and Resilient Development



**2022 ICIEC Annual Development  
Effectiveness Report**



سورة الاحقاف  
الاحقاف  
الاحقاف

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# Acronyms and Abbreviations

ADER	Annual Development Effectiveness Report
BMP	Bank Master Policy
CPRI	Credit and Political Risk Insurance
DCIP	Documentary Credit Insurance Policy
DFI	Development Financial Institution
ECA	Export Credit Agency
EMDEs	Emerging Markets and Developing Economies
ERM	Enterprise Risk Management
FAIR	Federation of Afro-Asian Insurers and Reinsurers
FDI	Foreign Direct Investment
FEI	Federation of Egyptian Industries
FII	Foreign Investment Insurance
FSRP	Food Security Response Program
GSIP	Green Sukuk Insurance Policy
ICCIA	Islamic Chamber of Commerce, Industry, and Agriculture
ICD	Islamic Corporation for the Development of the Private Sector
ICIEC	The Islamic Corporation for the Insurance of Investment and Export Credit
ID	Islamic Dinar
IFRP	Inward Facultative Reinsurance
IFSR	Insurance Financial Strength Rating
IGP	InsuResilience Global Partnership
IPGR	Insurance Portfolio General Reserve
IsDB	Islamic Development Bank
IsDBG	Islamic Development Bank Group
IsDBi	Islamic Development Bank Institute
ISFD	Islamic Solidarity Fund for Development
ITFC	International Islamic Trade Finance Corporation

LC	Letter of Credit
LDMSs	Least-Developed Member States
LIMS	Low-Income Member States
MENA	Middle East and North Africa
MoU	Memorandum of Understanding
MSs	Member States
MT	Medium-Term
NEXI	Nippon Export and Investment Insurance
NHSFO	Non-Honouring of Sovereign Financial Obligations
NMMC	Navoi Mining and Metallurgical Company
OIC	Organization of Islamic Cooperation
PHF	Policyholders' Fund
PRI	Political Risk Insurance
RA	Reinsurance Agreement
RAII	Al-Rajhi International Investment Company
RAS	Risk Appetite Statement
RMP	Risk Management Perception
SDG	Sustainable Development Goal
SHF	Shareholders' Fund
SME	Small and Medium Sized Enterprise
SMI	Specialized Multilateral Insurer
SPRP	Strategic Preparedness and Response Program
SSA	Sub-Saharan Africa
SSAE	Sub-Saharan Africa and Europe
ST	Short-Term
STP	Specific Transaction Policy
TFEB	The State Bank for Foreign Economic Affairs - Turkmenistan

# Foreword by the CEO

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“

We remain committed to advancing our mission and expanding our impact in the years to come. We will continue to work closely with our member states, partners, and stakeholders to identify emerging challenges and develop tailored insurance solutions that address their unique needs. Through collaboration and innovation, we will strive to create an environment conducive to sustainable economic growth, trade facilitation, and the attraction of FDIs. ”

I am delighted to reflect upon the remarkable achievements and development effectiveness of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) throughout 2022.

Over the past year, ICIEC has made significant strides in utilizing its insurance solutions to support trade and facilitate the inflow of FDIs into our Member States. We firmly believe that effective risk mitigation through insurance and guarantees plays a pivotal role in boosting investor confidence and fostering economic growth. By providing comprehensive coverage against political and commercial risks, we have enabled businesses to engage in cross-border trade and Investment with greater assurance, thus promoting economic stability and prosperity.

The 'Development Effectiveness Framework' is underpinned by ICIEC's 'Theory of Change', developed to show how methodically ICIEC works to achieve its targeted impacts in the key developmental categories while coordinating our results with the Member States. The 'Theory of Change' is founded on the premise that ICIEC's influence needs to fit into a bigger picture that aligns with the national development plans of the MSs and the IsDB Group Strategy. The mission and programs of ICIEC promote inclusive, responsive, and resilient development in the Member States and directly support the expansion of the Islamic finance industry.

To increase the economic prosperity, development, and resilience of ICIEC's 48 MSs, we act as a transformative catalyst for trade and investment promotion. In the 2022 Annual Development Effectiveness Report (ADER), we will reflect on the impact of developments reaching back to the establishment of ICIEC in 1994. Since its establishment, ICIEC has contributed US\$95 billion toward exports, imports, and foreign direct investments. Of this total, US\$19.2 billion is coverage of foreign direct investments and US\$75.8 billion for trade.

Our insurance solutions have supported various sectors, including energy, infrastructure, agriculture, manufacturing, and many more. By safeguarding investments and export transactions, we have created an enabling environment that encourages both local and international investors to explore new opportunities and expand their presence in our member states. Our involvement contributed directly to the diversification of economies, resulting in job creation and the transfer of valuable knowledge and technology.

We also prioritized capacity-building and knowledge-sharing initiatives to empower local institutions and professionals. Through targeted training programs, workshops, and knowledge exchange platforms, we have enhanced the capabilities of our member states to manage risks and seize opportunities effectively. By equipping our partners with the necessary tools and expertise, we strive to foster self-reliance and empower them to navigate the ever-changing landscape of international trade and Investment.

ICIEC put much work into helping MSs during a crisis and later as they gradually but unevenly recover from its aftereffects. Post Pandemic, the war in Europe loomed just when there was reason for optimism. Russia and Ukraine export the most wheat collectively and provide most of the feedstocks required for fertilizers in the agricultural sector. OIC MSs, significant importers, have been severely impacted by supply chain disruption, particularly those in Africa.

In response, ICIEC has intensified efforts to improve food security as a top priority. In 2022, we contributed US\$824 million to import essential commodities, US\$528 million to the healthcare industry, and US\$62 million for SMEs post-recovery from the adverse financial effects.

We have good reason to be more positive. The significant role that ICIEC played at the 27th UN Climate Change Conference of the Parties, COP27, in Sharm el-Sheikh, Egypt, in November 2022, where our partners from the Egyptian and global public and private sectors made specific contributions to ICIEC's impactful initiatives and climate mitigation. These collaborations gave ICIEC a chance to evaluate the viability of climate adaptation initiatives with a particular emphasis on food security in Africa.

The issues of 2023 are already upon us. The coming years will be crucial for the global economy and the environment, so we should approach our optimism with realism. In the context of ESG-related finance and sustainable Investment, we are confident that our business model, based explicitly on Shariah principles and Islamic financing, will play a critical role in fostering the expansion of the global economy, particularly the OIC countries.

We remain committed to advancing our mission and expanding our impact in the years to come. We will continue to work closely with our member states, partners, and stakeholders to identify emerging challenges and develop tailored insurance solutions that address their unique needs. Through collaboration and innovation, we will strive to create an environment conducive to sustainable economic growth, trade facilitation, and the attraction of FDIs.

Finally, I'd like to use this chance to express my appreciation to the hardworking members of the ICIEC team, whose efforts have been the foundation of the Corporation's ongoing success. My gratitude is extended to the Honorable Members of the Board of Governors, His Excellency, the Chairman of the ICIEC Board of Directors, and the Honorable Board of Directors.

As we look ahead with assurance and optimism in our hearts and thoughts, those qualities will continue to be essential.

**Oussama Abdul Rahman Kaissi**  
Chief Executive Officer

## CHAPTER 01

# Executive Summary





## ADER 2022: Inclusive, Responsive, and Resilient Development

Development goals and impact finance continued to be paramount on ICIEC's agenda in 2022, with a stronger focus on the energy transition, food security, and responsible and resilient development in the wake of the pandemic and war in Ukraine. Partnerships have been another watchword for development support. Increasing cooperation between ICIEC and DFIs has been vital in promoting a more holistic approach to project finance across Member States (MSs) and, in turn, succeed in the global race to net-zero emissions by 2050.

### FOOD SECURITY:

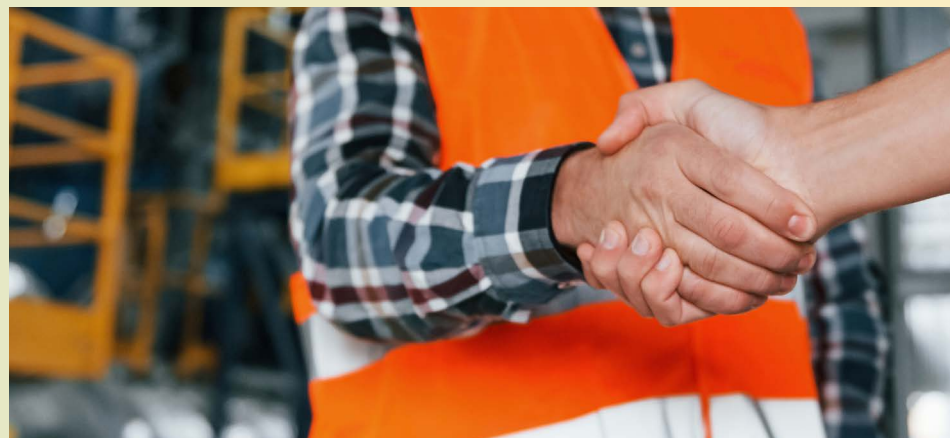
In 2022, the IsDB Group launched its US\$10.54 billion comprehensive Food Security Response Program (FSRP). This initiative aims at supporting 57 MSs, including the 27 MSs in the African continent, in addressing the ongoing food crisis and scaling up the Group's continued efforts to contribute to strengthening its members' resilience to food security shocks in the future.

ICIEC's contribution to the FSRP has taken the form of an allocation of US\$500 million in political risk (PRI) and credit insurance, providing its unique Shariah-compliant credit enhancement tools against commercial and non-commercial risks.

### PARTNERSHIPS:

COP27 was also the venue for a high-level forum hosted by ICIEC and the Bonn-based InsuResilience Global Partnership (IGP). ICIEC became a member of IGP in September 2022. This meeting highlighted the importance of partnerships in Climate and Disaster Risk Finance and Insurance (CDRFI), bringing together many of ICIEC's MSs.

ICIEC also signed an agreement with 'Aware for Projects', a landmark online climate risk screening software solution. This new tool will help ICIEC identify potential climate change risks and develop a consistent approach to assessing them.



## 2022 MEMBER STATE DEVELOPMENTS:

ICIEC's MSs include many countries rich in natural resources. Future-facing commodities have been driving a raft of new ESG-related ICIEC-supported projects. Investment is needed to make cleaner use of these resources and move away from dependence on traditional resources toward exploiting alternative technologies such as solar and water. For instance, in terms of ICIEC support by sectors:



**Energy**  
totalled **US\$6.6 million** in 2022 (Cumulative US\$38.3 billion)



**Agriculture**  
**US\$51 million** in 2022 (Cumulative US\$1.5 billion)



**Manufacturing**  
**US\$2.5 million** in 2022 (Cumulative US\$26.8 billion)



**Mining and quarrying**  
totalled **US\$95 million** in 2022 (Cumulative US\$4 billion)



**Distribution and Retail**  
**US\$361 million** in 2022 (Cumulative US\$1.6 billion)



**Infrastructure** **US\$427 million** in 2022 (Cumulative US\$6.5 billion)

Much of the infrastructure in ICIEC's MSs requires refurbishment, renewal, or Investment from scratch. In addition, there is a pipeline of new projects to further Sustainable Development Goals (SDGs).



**Health**  
**US\$264 million** in 2022 (Cumulative US\$2.4 billion)

Investment in health has become even more critical due to the COVID-19 pandemic, but ICIEC's commitment is to support strategic investments to address issues beyond the emergency measures.

## PROJECTS:

In 2022, ICIEC supported a variety of projects with SDG-aligned goals at their core, from a clean water and sanitation scheme in Egypt, a water supply facility for the city of Abidjan in Côte d'Ivoire to an agriculture machinery deal in Turkmenistan, and we spotlight a clean water project undertaken in Senegal. We also look at our support for constructing a green office in Abidjan.

## INNOVATION:

As the only Shariah-compliant multilateral credit and investment insurer worldwide and a member of the IsDB Group, ICIEC plays a crucial role in Islamic Impact Finance. For instance, Green Finance and Green Bonds/Sukuk are vital. ICIEC's Green Sukuk Insurance Policy (GSIP) helps issuers attract capital for 'green' projects. The GSIP is valuable for issuers in low-income and developing MSs, which are below investment grade rated and attract less private capital for climate action. Islamic finance will be paramount to promoting and realizing the SDGs across MSs as Shariah-compliant facilities become critical tools in corporate exporters' and importers' financial toolkits.

## SURVEY:

The ICIEC Annual Development Effectiveness Report (ADER) Survey – comprising corporates, banks, DFIs, ECAs, and brokers – worked with stakeholders to enhance and realize a future strategy based on cooperation. The survey garnered an overwhelmingly positive sentiment around the business and product offerings of ICIEC. For example, most respondents strongly agreed that ICIEC products and services helped their institution meet its broad development goals and agenda.



“ICIEC’s insurance made it possible to deliver the world’s most technologically advanced equipment to a large mine development, with metals being key to accelerating the energy transition. This also resulted in economic development and job creation for the country,” **said one ADER survey respondent.**

“ICIEC has a very comprehensive insurance product set, which can accommodate the commercial requirements of the insured,” **added another respondent.**



**The majority of respondents (60%) said that ICIEC’s products and services had helped their respective institutions to contribute to the UN’s SDGs.**

SDG 9: Industry, Innovation, and Infrastructure achieved the highest number of votes by respondents polled as the goal ICIEC had contributed most to via its product offering. SDG 8: Decent Work and Economic Growth, achieved second position.

What would respondents most like to see ICIEC do to boost its impact in their region? Several said that they would like to see new products to meet their requirements and address the challenges in the MSs.

## CHAPTER 02

# INTRODUCTION TO ICIEC AND ITS ALIGNMENT TO DEVELOPMENT



ICIEC is the only multilateral insurer to provide Shariah-compliant export credit and investment insurance to reduce the risk of doing business for prospective trade partners, commercial entities, and investors across its 48 Member States (MSs). Founded in 1994 as a member of the Islamic Development Bank Group (IsDBG), ICIEC is committed to supporting the development of its MSs by enlarging the scope of trade transactions and the flow of investments among MSs of the Organization of the Islamic Cooperation (OIC) and facilitating the exports of its MSs to the rest of the world. That puts ICIEC in a unique position to help support strategic and robust sustainable development.

ICIEC uses its deep understanding of doing business in these countries to support existing ventures and to promote new opportunities. That means ICIEC serves as a transformative catalyst for supporting trade and promoting Investment into its MSs and has so far supported exports, imports, and foreign direct investments to the tune of a cumulative total of US\$95 billion. Of this figure, US\$75.8 billion represents support for trade, while US\$19.2 billion of foreign direct investments was insured. ICIEC cover has been provided to the benefit of its 48 MSs, enhancing their economic prosperity, development, and diversification.

ICIEC's business model, like the other constituents of the IsDB Group, is firmly aligned with the Sustainable Development Goals (SDGs) formulated in 2015 by the General Assembly of the United Nations as part of its Post-2015 Development Agenda. The SDGs are a collection of 17 interlinked objectives designed to serve as a 'shared blueprint for peace and prosperity for people and the planet now and into the future'.

The COVID-19 pandemic, which began in 2020, caused a contraction of 3.1% in the global economy, and its effects continue to be felt despite a general, patchy recovery. Throughout the crisis, ICIEC continued supporting trade and Investment in the OIC countries, stepped up its capacity, and responded to the more recent and urgent demands from its MSs. Through collaborative efforts among member institutions, the IsDB Group has also been able to leverage complementary strengths and enhance the impact of the Group's response to the crisis. In this way, ICIEC support for trade and Investment has continued to help MSs to achieve their long-term sustainable development objectives.

ICIEC catalyzes impact by supporting transactions and projects that contribute to the SDGs. Through these SDGs, a call to action has

been established to eradicate poverty, protect the environment, and improve the lives of everyone on Earth. As the trusted partner of many international exporters, financial institutions, and investors, ICIEC's history and reputation have allowed those in its MSs to work with partners that otherwise may not have been available to them for business. It is a vehicle for driving deals through the challenging terrain of today's business environment. ICIEC supports transactions ranging from covering investments in large infrastructure projects (in traditional energy or renewable energy, transport, and healthcare industries), imports of essential products, pharmaceutical supplies, and enhancing food security of its MSs.

ICIEC has made significant strides since its establishment 29 years ago. Its number of MSs, partners, and the volume of business insured per year has expanded significantly during the past decade. ICIEC's performance remained strong through the challenges of the pandemic. The success that ICIEC has enjoyed is mainly due to its team of committed professionals, the network of organizations within the Islamic Development Bank Group, and the hardworking businesses in its MSs that continue pushing impact boundaries beyond their respective borders and that have continued to provide ICIEC with insightful market needs analysis.



**Throughout the crisis, ICIEC continued supporting trade and Investment in the OIC countries, stepped up its capacity, and responded to the more recent and urgent demands from its member States.**

## CHAPTER 03

# ICIEC Impact in Numbers



The case studies best demonstrate ICIEC's impact and partnerships described in this report, bringing the organization's mandate to life. The report serves as a flash picture of the sectors supported by ICIEC in 2022 and the cumulative totals achieved.

ICIEC's MSs include many countries which are rich in natural resources. Investment is needed to make cleaner use of these resources and to move away from dependence on them to exploit alternative technologies such as solar and water.

- Energy US\$6.6 million in 2022 (cumulative US\$38.3 billion)
- Mining and quarrying US\$95 million in 2022 (cumulative US\$4 billion)

Manufacturing was also vital to driving a more significant impact across MS - particularly with Small- and Medium-sized Enterprises (SMEs). The manufacturing industry requires local and sector knowledge and ICIEC partners with organizations that know their economies and brings their risk and developmental expertise to support them. Their products then need wholesale and retail distribution for local consumption or export.

- Manufacturing US\$2.5 million in 2022 (cumulative US\$26.8 billion)
- Distribution and retail US\$361 million in 2022 (cumulative US\$1.6 billion)

### Promoting resilient infrastructure

Much of the infrastructure in ICIEC's MSs needs refurbishment, renewal, or fresh investment. In addition, there is a pipeline of new projects to further SDGs.

- Infrastructure US\$427 million in 2022 (cumulative US\$6.5 billion)

### Mitigating emerging health risks

Investment in health has become even more critical due to the COVID-19 pandemic, but ICIEC's commitment is to reinforce strategic investments to address issues beyond those emergency measures.

- Health US\$264 million in 2022 (cumulative US\$2.4 billion)

### Securing food supplies

The conflict in Ukraine and disruption to the world's food supply chains have disproportionately affected many of ICIEC's MSs. ICIEC provides support for emergency food imports and developing local agriculture through insurance and guarantees for importing agricultural machinery.

- Agriculture US\$51 million in 2022 (cumulative US\$1.5 billion)



In 2022, ICIEC provided US\$51 million support for emergency food imports and developing local agriculture in its Member states.

	<b>Energy</b> <b>US\$6.6 million</b>
	<b>Agriculture</b> <b>US\$51 million</b>
	<b>Manufacturing</b> <b>US\$2.5 million</b>
	<b>Mining and quarrying</b> <b>US\$95 million</b>
	<b>Distribution and Retail</b> <b>US\$361 million</b>
	<b>Infrastructure</b> <b>US\$427 million</b>
	<b>Health</b> <b>US\$264 million</b>

## 2022 EXPORT SECTOR DEVELOPMENT IMPACT

**US\$8,223 million**

Member State Exports Supported

**US\$64 million**

Total Export Insured from Least-Developed Member States (LDMSs)

**Member States Benefited**



**SDGs Supported**



*50 – 80 of Uzbekistan's SMEs will have greater access to trade financing, thanks to ICIEC's US\$46.5 million insurance coverage through Bank Master Policy (BMP).*

## 2022 MEMBER STATE DEVELOPMENT IMPACT

**US\$2,026 million**

Member State Inward Investment Supported

**US\$12,217 million**

Total Member State Intra-OIC Trade & Investment Supported

**US\$685 million**

Investment Supported in LDMSs

**US\$8,057 million**

Total Insured in Member State Strategic Sectors

**Member States Benefited**



**SDGs Supported**



*A facility with significant developmental impact in Uganda will immediately improve the lives of millions of people, thanks to ICIEC's €196 million insurance cover supporting living conditions, increased access to safe drinking water to 95%, increasing life expectancy and health-adjusted life expectancy, improving food security conditions, increasing agriculture productivity, and the promotion of the green economy.*



## 2022 SHARIAH-COMPLIANT FINANCIAL SECTOR DEVELOPMENT IMPACT



**US\$587 million**

Business Insured in the Member States via BMP Product

**US\$2,200 million**

Business insured in the Member States via DCIP Product

**SDGs Supported**

**US\$45 million**

Business Insured in the Member States via Joint Business with ITFC



## 2022 HUMAN DEVELOPMENT IMPACT



**US\$33 million**

Total business Insured in Member State labor-intensive sectors

**US\$23 million**

Total Agricultural support provided in the Member States

**US\$264 million**

Total Health Sector support provided in the Member States

**US\$427 million**

Total Infrastructure support provided in the Member States

**Member States Benefited**



**SDGs Supported**

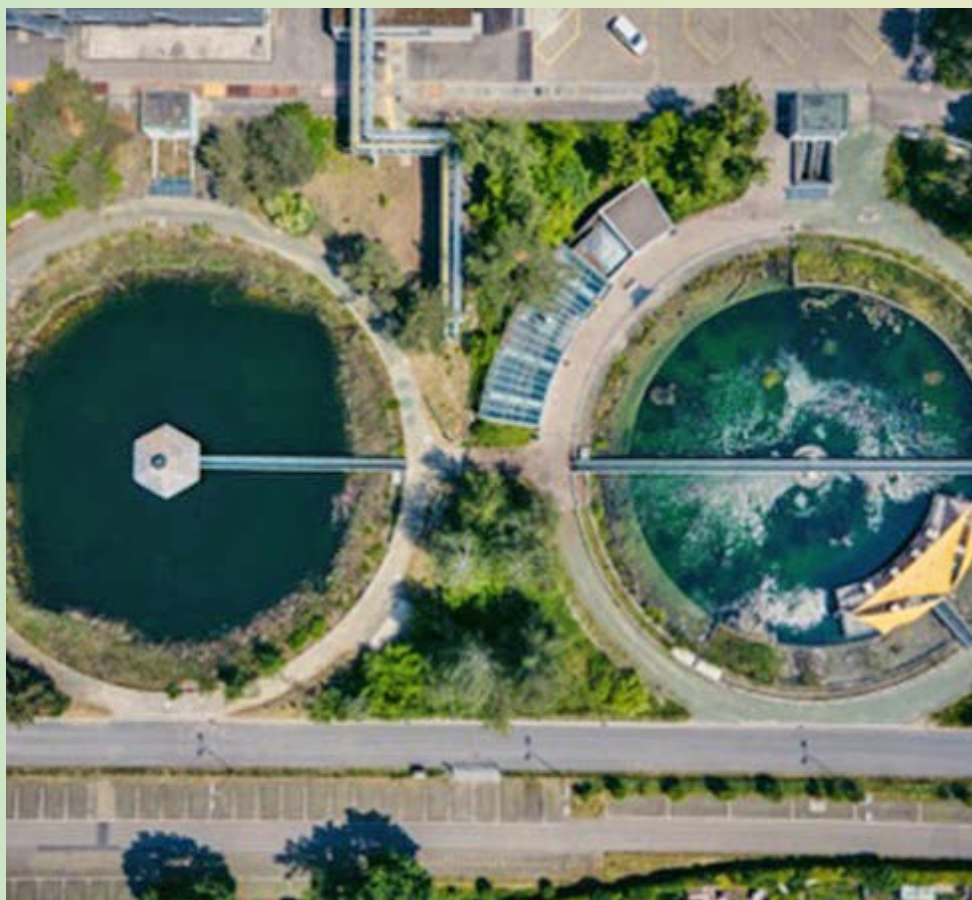


## CHAPTER 04

# Project Profiles: Notable ICIEC-Supported Projects



ICIEC supported several projects in 2022, having a significant impact aligned with the UNSDGs. In particular, we would like to highlight several projects whose critical alignments will help improve SDG 6 (on clean water and sanitation). We feature these projects in Egypt, Côte d'Ivoire, and Senegal (spotlighted later in the ADER), several projects aligned to food security and agriculture (in Turkmenistan and elsewhere in OIC MS), supporting multiple SDGs, including SDG 2 (zero hunger), and construction of a green office building in Abidjan.



## Clean Water in Egypt

Clean water and sanitation are the subject of SDG 6 and are fundamental for health and development. Many ICIEC countries lack easy access to fresh water, inadequate distribution infrastructure, and aging or obsolete sanitation and sewage systems. In addition, climate change means that they are particularly susceptible to future shortages.

The Arab Republic of Egypt has ambitious plans to confront the challenges of water poverty, and ICIEC has provided insurance support to green projects, which are expected to impact the country's environmental and social programs significantly. Plans include funding the construction of seawater desalination plants with energy-efficient technologies to reduce water consumption and improve the efficiency of resources. In four Egyptian administrative divisions, as many as 1.2 million people will have access to better and cleaner water treatment upon completing the Sanitation and Sewerage Infrastructure Project. In addition, these will have considerable and immediate tangible economic benefits by stimulating local industry involvement and employment creation in construction and ongoing maintenance.

ICIEC's insurance coverage is US\$56 million over three years in the form of a Non-Honoring of a Sovereign Financial Obligation (NHSO) policy issued to Sumitomo Mitsui Banking Corporation (SMBC). The policy covers SMBC's participation in a US\$3 billion syndication facility to Egypt's Ministry of Finance (MoF). Emirates NBD Capital Limited and First Abu Dhabi Bank PJSC arranged the term loan.

## Water Supply Facility in Côte d'Ivoire

Water supply is paramount to promoting excellent sanitation in Côte d'Ivoire's capital Abidjan, especially in the deprived districts of the city. Over eight million people lack access to sanitation facilities, with over four million still lacking access to safe drinking water. The 260,000 cubic meters per day water project involves extracting untreated water from a river called 'la Me', purifying it until it is drinkable, and then distributing it to the neighborhoods of Abidjan experiencing water deficits. The capacity of the water scheme will represent 30% of the total water output of Abidjan, enabling 2,000,000 people to benefit from drinkable water. This facility will be the largest drinkable water plant in West Africa.

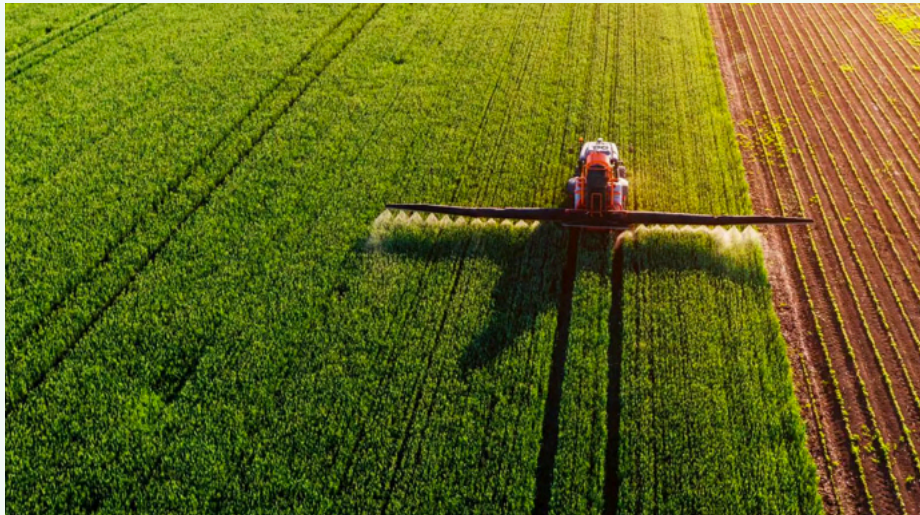
ICIEC has provided €107 million in non-payment cover against the default of financial obligations (Non-Honoring of Sovereign Financial Obligation) for a loan from Société Générale to Côte d'Ivoire's Ministry of Finance and local engineering firm Pierre Fakhoury Operator Africa. The facility comprises a seven-year €38.5 million commercial tranche and a 10-year €68.5 million DFI tranche put up by BOAD (the West African Development Bank).



## Green Office Building in Côte d'Ivoire

Abidjan is the largest city and is the economic capital of Côte d'Ivoire. It also hosts and serves as the headquarters of the African Development Bank. It has a population of some 6.3 million people, or a fifth of the country's population. It is one of the most industrialized and urbanized cities in Africa. The city's development blueprint outlines a plan for six public office towers to house all the institutions and public authorities of the State of Côte d'Ivoire.

ICIEC has provided a seven-year €50 million in non-payment cover against the default of financial obligations (Non-Honoring of Sovereign Financial Obligation) for a loan from Société Générale to Côte d'Ivoire's Ministry of Finance. The funding is being used to construct Tower F, an energy-efficient public office building that will host more than 3,500 people and 750 vehicles. ICIEC is thus contributing to developing basic infrastructure, enhancing energy efficiency, and empowering communities in Côte d'Ivoire.



## Support to the Agriculture Sector: A Focus on Member States' Portfolio Enhancement

ICIEC has pioneered using its Bank Master Policy - Loan Facility Agreement (BMP) to support various MSs. The BMP is a single/multiple (portfolio) risk non-payment policy which provides credit enhancement to banks or financial institutions. Through the BMP, we have provided US\$50 million in one-year support for the mobilization of short-term trade credit facilities used by MSs for their exporters and imports of strategic goods such as fertilizer, petrochemicals, steel, and agricultural commodities. The facility was first offered in 2019 to FIM Bank, Malta, and Incomlend, Singapore. It helps to stimulate economic growth by increasing trade flows, creating jobs, and providing access to new markets. Additionally, it helps to ensure food security for countries. Ultimately, this support can reduce poverty by boosting incomes from agricultural production while improving nutrition levels through increased availability of foodstuffs.

## Agricultural Machinery in Turkmenistan

Turkmenistan was particularly affected by the COVID-19 pandemic, and its agriculture sector, which contributed 11.7% of GDP in 2019 and accounted for 40% of the total workforce, was severely hit. Turkmenistan is largely desert, and only 4% of the total land area is cultivated due to the environmental difficulties of irrigation. It was formerly the world's 10th largest cotton producer, but exports had plunged as cultivation requires a large amount of water diverted from the Amu Darya River, and fertilizer had contaminated the river. Animal husbandry is also essential, and livestock feed production suffered.

ICIEC provided US\$40 million in insurance coverage for seven years to ING Bank (Tokyo Branch) to support its extended financing facility to Turkmenistan's State Bank for Foreign Economic Affairs (TFEB). The loan was to buy Komatsu machinery from Japan to develop the country's agriculture sector, and the insurance policy covers the mitigation of non-payment risk under ICIEC's Non-Honoring of Sovereign Financial Obligation Policy. The facility will help local farmers increase their production and income while leading to more sustainable livelihoods.

Essential inputs in the form of the latest technology in irrigation equipment will also help improve the efficiency of the agriculture sector. The project helps provide clean water, improve socioeconomic development by creating new farms, and increase yields.



## CHAPTER 05

# ICIEC Development Effectiveness Framework

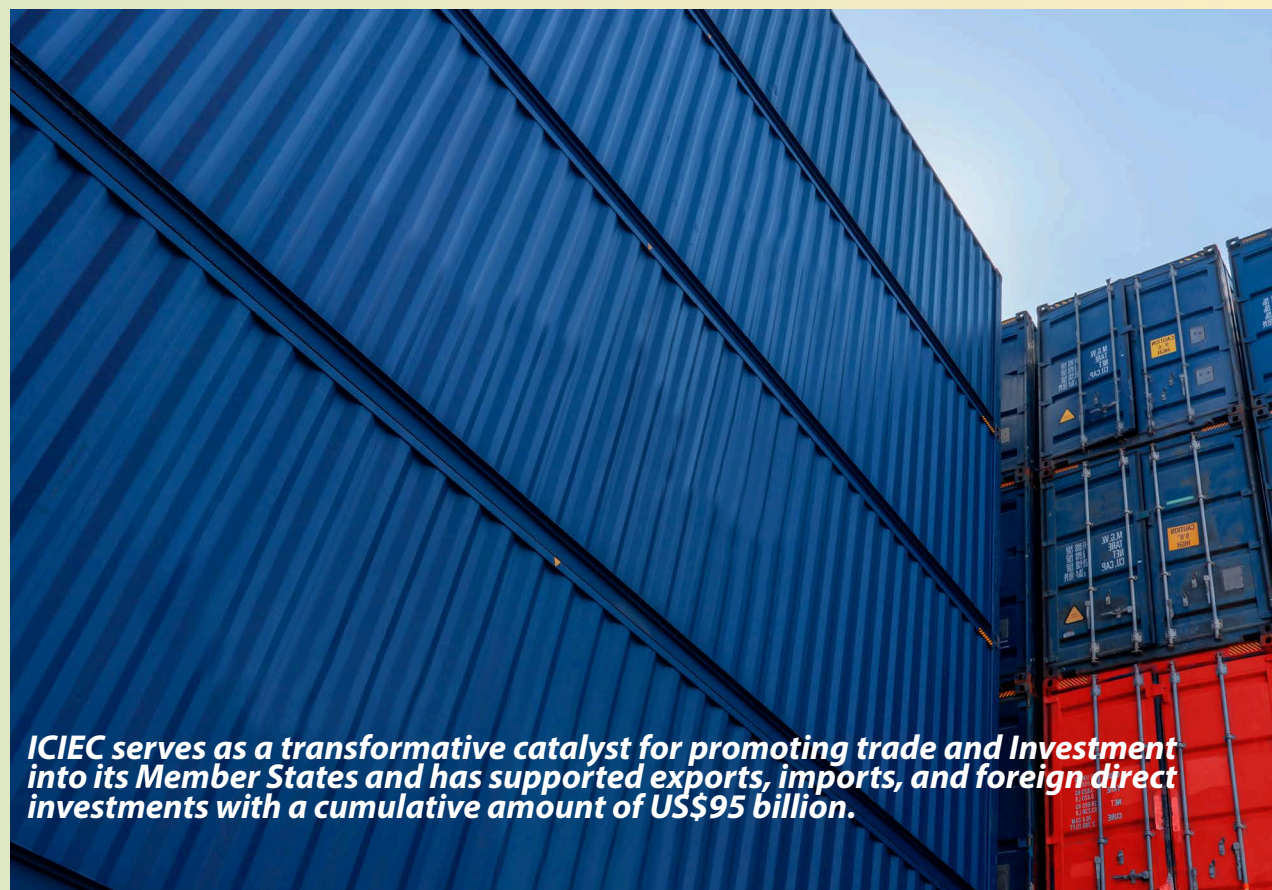


ICIEC's created the Development Effectiveness Framework to present an impact-based structured approach to assessing its objectives and results. This seminal framework sets out how ICIEC expects to achieve its intended impacts in all developmental aspects and evaluates ICIEC's outcomes concerning UN SDGs. The framework is aligned with the IsDB Group's 10-year Strategy and the Group's commitment to SDGs.

ICIEC serves as a transformative catalyst for promoting trade and Investment into its MSs and has supported exports, imports, and foreign direct investments with a cumulative amount of US\$95 billion. Of this figure, US\$75.8 billion represents support for trade, while US\$19.2 billion is for foreign direct investments. ICIEC cover has been provided to the benefit of its 48 MSs, enhancing their economic prosperity, development, and diversification. ICIEC's support for intra-OIC trade and Investment was highlighted in the OIC/COMCEC's implementation strategy in 2022 in its bid to build an interdependent Islamic world.

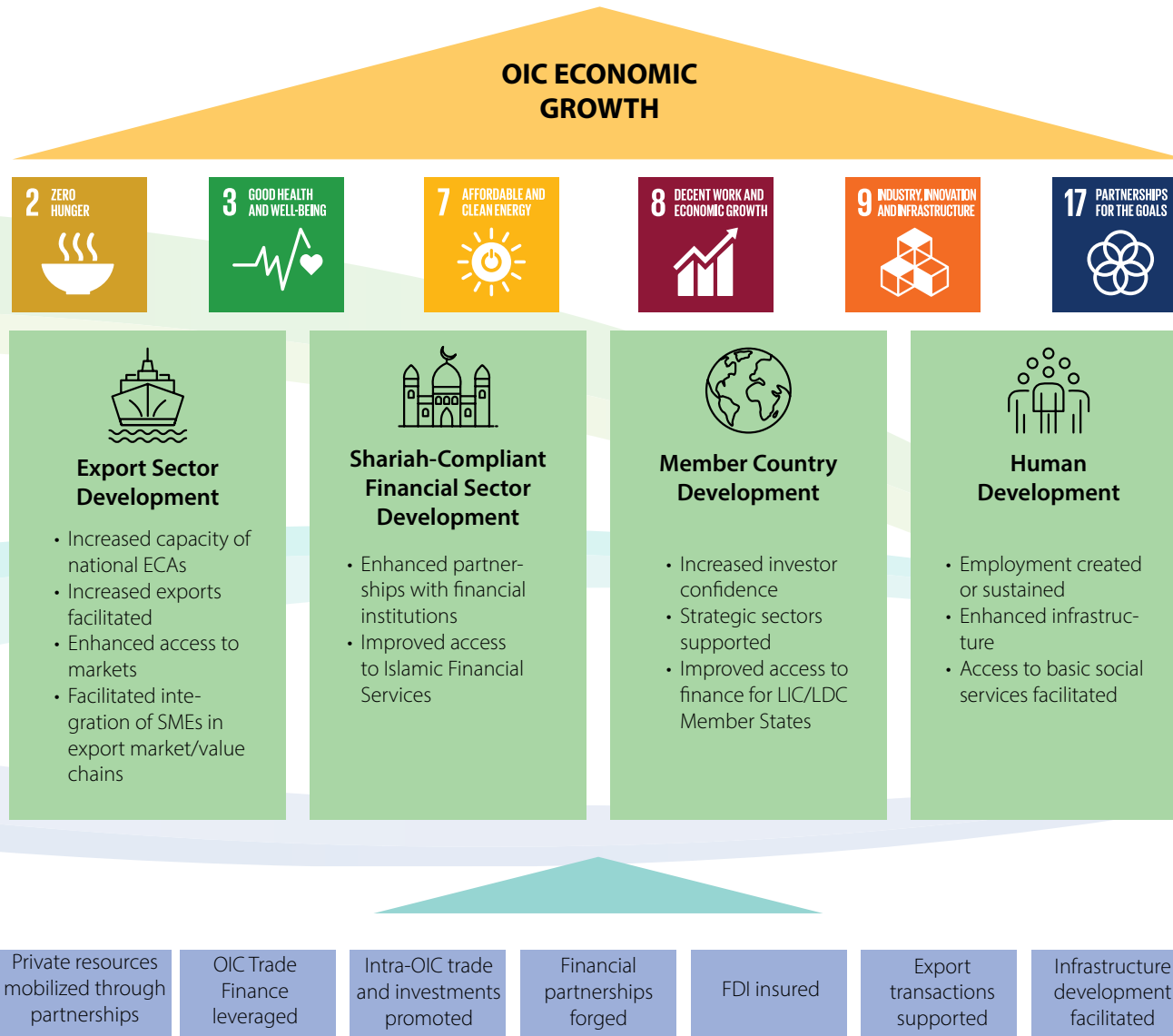
ICIEC's impact in supporting key sectors to realize the SDGs and ESG compliance can be seen through its scale and range of cover to the business community in its member states.

The total business insured in trade and Investment in 2022 reached US\$11.64 billion, a year-on-year increase of 19% compared to 2021, with new commitments at US\$4.01 billion compared to US\$3.14 billion in 2021. In 2022, ICIEC supported agriculture to the tune of US\$0.05 billion; distribution and retail with US\$0.36 billion; energy with US\$6.64 billion, health with US\$0.26 billion; infrastructure with US\$0.43 billion; manufacturing with US\$2.47 billion; mining and quarrying with US\$0.1 billion; Services with US\$0.9 billion; and others with US\$0.4 billion.



***ICIEC serves as a transformative catalyst for promoting trade and Investment into its Member States and has supported exports, imports, and foreign direct investments with a cumulative amount of US\$95 billion.***

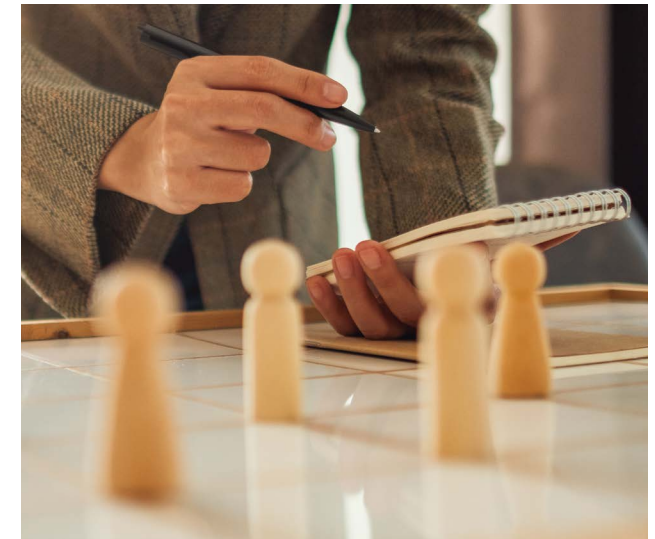
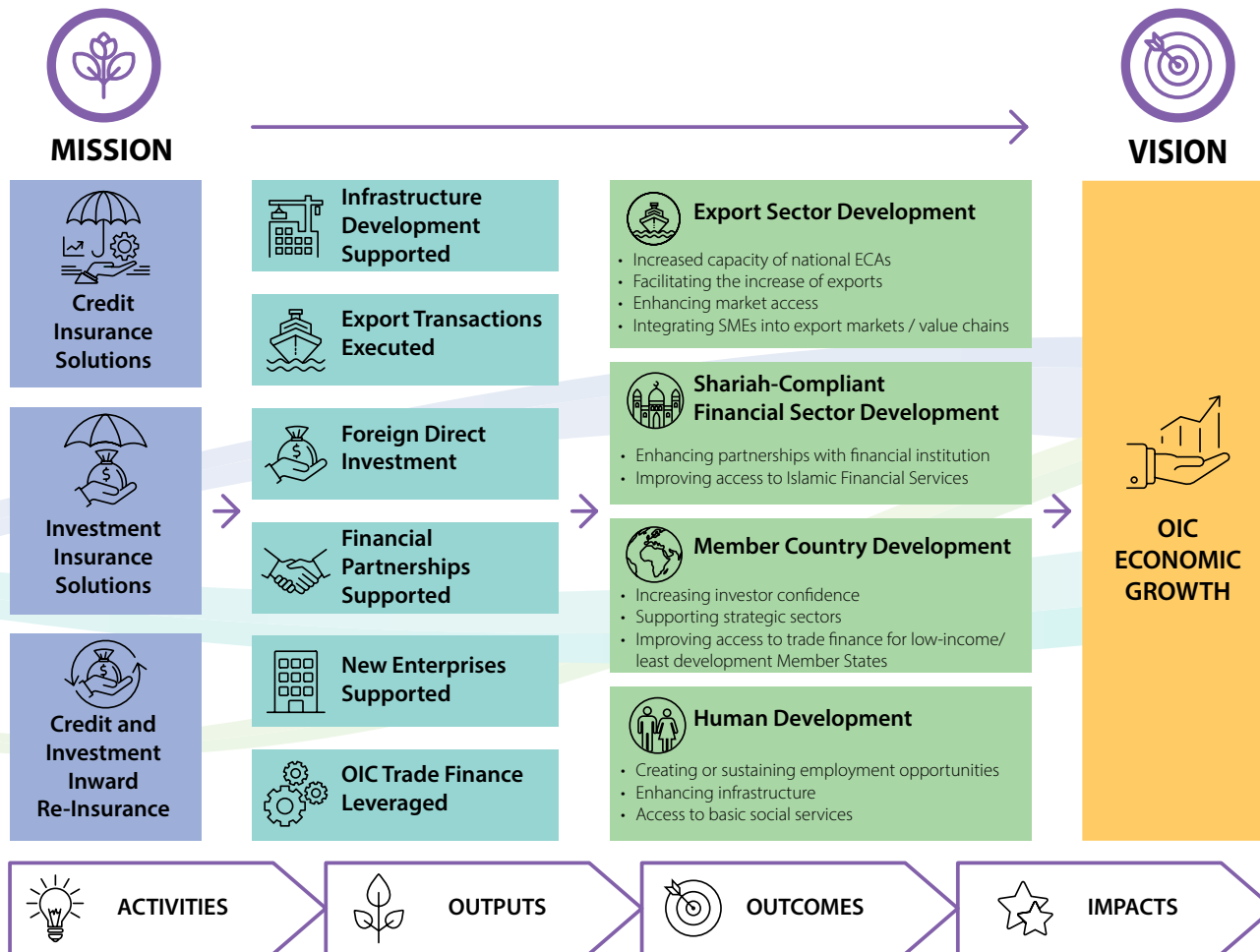
## ICIEC Development Effectiveness Framework





# ICIEC 'THEORY OF CHANGE'

ICIEC has developed a conceptual roadmap to connect the corporate vision and mission with its products and solutions. This 'Theory of Change' summarizes ICIEC's impact strategy and establishes the logical connection between what ICIEC does, why it does it, and how it contributes to the defined development outcomes.



ICIEC's Development Effectiveness Framework is developed based on ICIEC's 'Theory of Change' (see Figure 2). This links services to intended outcomes in the international trade, foreign Investment, and financial sectors.

ICIEC's 'Theory of Change' (Figure 2) is based on the principle that ICIEC's impact must be part of a larger vision aligned with member states' development plans and IsDB Group's 10-Year Strategy. ICIEC's mandate and activities support inclusive, responsive, and resilient development in the OIC MSs and contribute directly to increasing connectivity and growth of the Islamic finance sector.

Figure 2 shows how ICIEC maps its products and solutions to the desired outcomes for stakeholders and the MSs. The Development Effectiveness Framework communicates a structured approach to how ICIEC expects to achieve its intended impacts in the four key developmental categories while aligning ICIEC's outcomes with SDGs.

The ICIEC Development Effectiveness Framework is underpinned by a monitoring and evaluation system that substantiates the impact of the framework's contribution, in line with ICIEC's mandate as a multilateral development institution and as a dependable catalyst for international trade and foreign Investment in MSs.

## ICIEC's Products Supporting Development

**ICIEC is the only multilateral export credit and corporation globally providing Shariah-compliant insurance and reinsurance solutions and services to support the development of its member states.** Here we highlight the products ICIEC offers that help support its vision for change and that help facilitate its support of risk mitigation products to enhance development, underpin its Development Effectiveness Framework, and align its outcomes with UN SDGs.

### Facilitating intra-OIC trade

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

With its Documentary Credit Insurance Policy (DCIP), ICIEC directly supports the international correspondent network for banks of its MSs. The MSs' importers and exporters require their banks to support their transactions in markets where the banks may not have a correspondent banking relationship. ICIEC's insurance solutions allow banks to take the risks of correspondent banks with those financial institutions that do not have an international banking network. This solution is critical to facilitate different payment methods and meet importers' financing needs. ICIEC's insurance mitigates the commercial and political risks involved in these bank-to-bank transactions, making it attractive for banks to grow their trade finance-related businesses to benefit local importing and exporting industries.

### Enhancing Access to Markets and Finance

#### **Credit Insurance Products**

ICIEC's credit insurance products mitigate the commercial and political risks of open account transactions between importers and exporters. By protecting against non-payment, ICIEC's insurance helps ensure business continuity for exporters engaging in new and existing business relationships with foreign buyers. At the same time, exporters feel more comfortable negotiating larger contracts and entering new, potentially riskier markets. ICIEC's credit insurance also eases exporters' access to working capital finance, as it can represent an attractive type of collateral for exporters' banks. ICIEC's credit insurance solutions also support access to long- and medium-term finance for local buyers. Banks are willing to finance buyers' capital investments based on ICIEC cover, which means they can support foreign suppliers (either from a Member or non-Member State) selling capital goods to an MS's buyer and facilitating local manufacturing or capital investments by local businesses and governments.

### Improving Access to Islamic Finance Services

#### **Bank Master Policy (BMP)**

ICIEC's Bank Master Policy (BMP) allows an exporter to obtain Shariah-compliant working capital financing from its bank based on a purchase contract. ICIEC's BMP mitigates the bank's underlying commercial and political risks and helps the bank structure (Islamic) financing solutions. 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. Given that SMEs form the backbone of many economies in MSs, this working capital tool is critical to safeguarding the flow of critical supply chains.

### Facilitating Investments into and among OICs

#### **Investment Insurance Products**

ICIEC's investment insurance products mitigate the political risks of investments in its MSs. In this way, ICIEC supports the flow of investments into markets perceived as higher risk, attracts additional project capital, and improves the overall risk perception of countries and markets.





## Banks and Financial Institutions

### Credit Insurance Solutions



- **Bank Master Policy (BMP)**  
Provides financial institutions with the confidence and ability to offer Islamic financing for exports with up to 90% of potential losses covered.
- **Documentary Credit Insurance Policy (DCIP)**  
Helps protect balance sheet against non-payment of Letters of Credit, ensuring the institution can safely and securely grow its Letter of Credit confirmation business.

### Investment Insurance Solutions



- **Non-Honoring of Sovereign Financial Obligation (NHSO)**  
Protects against country risk.
- **Foreign Investment Insurance Policy (FIIP) for Financing Facility**  
Helps mitigate country risks by providing coverage against project financing abroad and attracting capital for projects.



## Corporates

### Credit Insurance Solutions



- **Comprehensive Short-Term Policy (CSTP)**  
Protects balance sheet and insures export sales against risks ranging from non-payment to expropriation.
- **Specific Transaction Policy (STP)**  
Provides coverage against certain risks.
- **Specific Transaction Policy (Contract Frustration)**  
Provides coverage against contract frustration risks, and unfair cancellation of contracts.

### Investment Insurance Solutions



- **Foreign Investment Insurance Policy (FIIP) for Equity**  
Mitigates country risks when expanding business abroad.



## Export Credit Agencies and Insurers

### Export Credit and Investment Reinsurance



- **Quota Sharing Treaty**  
Protects portfolio against commercial and political risks.
- **Reinsurance Facultative Agreement**  
Offers reinsurance of Foreign Investment Insurance.
- **Excess of Loss**  
Protects portfolio and limits losses.

## CHAPTER 06

# Collaborating for Sustainable Growth



## The world economy continued its recovery through 2022 due to largely successful vaccination programs and the gradual relaxation in many nations of the strict lockdown measures imposed to combat the effects of the COVID-19 pandemic in 2020-2021.

There was a certain degree of optimism at the beginning of the year, even if the generally positive outlook was marked by imbalances between higher-income and lower-income countries and within these broader categories.

However, the underlying fragility in the global economy was made more evident by the immediate effects and uncertainty caused by the Russian invasion of Ukraine in February 2022. This event compounded the damage already inflicted by the pandemic, exacerbating supply-side shocks, and disrupting international commodity markets, most notably in supplies and prices of energy products and cereals. This contributed to the already resurgent inflation trends following the unprecedented expansions in government spending aimed at alleviating the short-term pandemic disruption. In addition, continuing climate change is one of the main factors exacerbating food insecurity through low productivity and crop failures.

Even so, ICIEC believes collaboration and partnership within the Islamic Development Bank (IsDB) Group, exemplified by the 'One Group-One Goal' philosophy, and with external partners from both the public and private sectors will continue to be crucial in achieving ICIEC's objectives. Individual Framework Agreements and Memorandums of Understanding (MoUs) provide the foundations for development in the crucial agricultural and food security and sustainability sectors.

In 2022, the IsDB Group launched its US\$10.54 billion comprehensive Food Security Response Program (FSRP). This initiative was aimed at supporting MSs in addressing the ongoing food crisis and scaling up the Group's continued efforts to contribute to strengthening its members' resilience to food security shocks in the future. Many countries around the world continue to face an unprecedented food crisis. Food prices, particularly for cereal grains, which had been climbing steadily in the past few years, soared in the wake of the Ukrainian crisis.

ICIEC's contribution takes the form of an allocation of US\$500 million in PRI and credit insurance, providing its unique Shariah-compliant credit enhancement tools against commercial and non-commercial risks. ICIEC and IsDB Group have a focused approach to the agricultural and food industry in the MSs, 36 of which are net food importers. Total IsDB Group's financing support for agriculture and food security currently stands at US\$20.6 billion, and ICIEC has supported more than US\$1.5 billion in trade and Investment in the agricultural sector since its inception in support of the UN SDG 2 (zero hunger).



**ICIEC has supported more than US\$1.5 billion in trade and Investment in the agricultural sector since its inception in support of the UN SDG 2 (zero hunger).**



### Exporting Expertise in Agribusiness through Member States

In December 2022, ICIEC signed a cooperation MoU with Al-Rajhi International Investment Company (ARII), a subsidiary of Sulaiman Abdulaziz Al-Rajhi Awqaf Holding (one of the largest business groups in Saudi Arabia, whose core activities include investments in the agricultural and food security sectors and related fields globally), to bring together the company's agrarian investment expertise and ICIEC's risk mitigation and credit enhancement portfolio of financial solutions.

The MoU exploits the synergies available in coordination, business development, and project implementation in the sector. It will contribute to achieving food self-sufficiency in Saudi Arabia and ICIEC MSs in which ARII is already engaged. This will be achieved through exploring new agri-business opportunities together, investments in agricultural and food security projects, enhancing and developing agricultural infrastructure at the advanced SME and rural farming levels, and co-financing and technical consultancy opportunities with ICIEC clients and partners.

The MoU helps boost agricultural production by focusing on developing agriculture technologies and farm management services to maximize productivity. ARII owns the most extensive organic agriculture project, one of the most significant poultry projects in Saudi Arabia, and an integrated poultry project in Egypt. Its products are exported to neighboring GCC markets, Yemen, China, and Vietnam.



### ICIEC Partners with the Islamic Organization for Food Security

The Islamic Organization for Food Security (IOFS), headquartered in Nur Sultan in Kazakhstan, is a specialized new international agency of the Organization of Islamic Cooperation (OIC) with the specific mandate of formulating a food security strategy for its 57 MSs. It also focuses on the UN's second SDG – zero hunger. This chimes with ICIEC's focus on food security, enabling MSs to build resilience in providing and supplying soft commodities and natural resources.

ICIEC and IOFS have agreed on a comprehensive MoU to promote Food Security, Sustainable Agriculture, and Rural Development in OIC MSs. The two organizations will collaborate using their respective strengths. ICIEC will provide its particular expertise in trade facilitation and risk management through insurance in support of trade and Investment towards promoting food security, sustainable agriculture, and rural development, together with its broad private sector network in MSs.

The MoU will provide ICIEC and IOFS with a general framework for collaboration, including attracting and promoting Investment in agribusiness and food security and best practices in food safety and Halal products. The agreement will also help to increase intra-OIC food trade in the private sector, promoting the 'South-South/Triangular Cooperation' initiative and boosting the involvement of SMEs in the agriculture and food businesses.

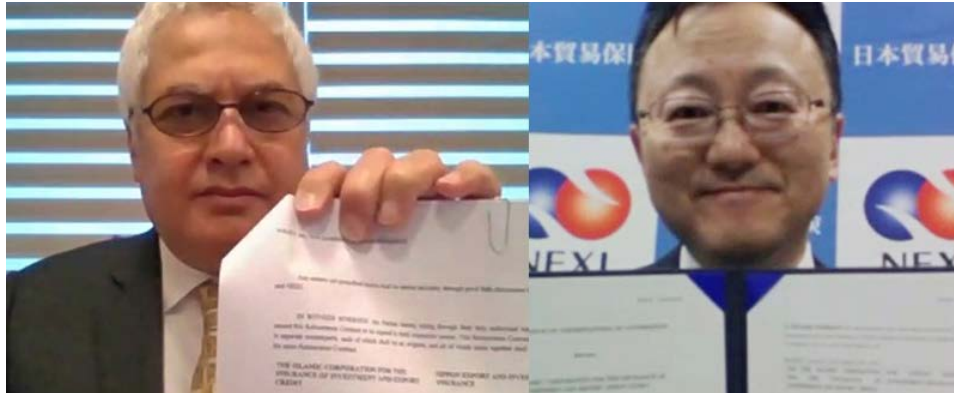
### Strategic Partnership Agreement with the Islamic Food Processing Association

ICIEC and the Islamic Food Processing Association (IFPA) established a Strategic Partnership Agreement (SPA) to boost cooperation between agri-businesses and the private sector in OIC countries to promote agricultural and food projects, trade, and Investment.

IFPA is a subsidiary of the IOFS and a specialized international agency of the OIC. It is also a platform for strengthening intra-OIC trade, enhancing investment activities among OIC countries, developing and implementing large-scale inter-state projects, concluding trade operations, and intensifying trade and commercial outreach.

ICIEC and the IFPA share the goal of fostering commercial contacts and strategic alliances in the wider food supply chain as well as the expansion of export markets. This agreement paved the way for cooperation with ICIEC's role as the multilateral private sector platform for intra-OIC agri-food trade and Investment.

The SPA provided ICIEC and IFPA with a general framework for collaboration, including attracting and promoting Investment in agribusiness and food security, conducting due diligence, KYC and credit search of prospective customers, referring potential clients, promoting joint marketing and promotion activities, and boosting the involvement of SMEs in agricultural and food businesses.



### MoU with Japan's Nippon Export and Investment Insurance to Support Climate Change Cooperation

ICIEC and Nippon Export and Investment Insurance (NEXI), Japan's official export credit agency, signed a MoU in December 2022. The two had already cooperated in the reinsurance of NEXI's underwritten projects in Asia, following the signing of an MoU for Accelerating Trade and Investments Targeting Africa by Japanese companies between the two parties, the IsDB and the African Trade Insurance Agency (ATI) in 2019.

The MoU strengthens cooperation, focusing on prioritizing climate change action transactions and projects. These include new Greenfield Projects in the ICIEC MSs consistent with ICIEC's operational mandate and Japan's development aid strategy. Underwriting Greenfield Projects in Iraq, Turkmenistan, and Sub-Saharan African (SSA) countries promoting ESG and Climate Action development goals will be a priority. They also aim to facilitate the commitments of ICIEC MSs under the United Nations Framework Convention on Climate Change (UNFCCC) and to achieve the target of NEXI's Loan Insurance for Green Innovation and LEAD Initiative (Leading Technologies and Businesses, Environment, and Energy, Alliance, and Development) with a focus on environmental protection, climate prevention and contribution to global carbon neutrality.

Under the MoU, the two parties have also agreed to cooperate in the provision of Joint Insurance, Parallel Insurance, and other insurance arrangements for Climate Action Transactions that have a positive impact on protecting the environment and combating climate change, including, but not limited to, those related to critical minerals, and technologies that contribute to the energy transition such as the use of hydrogen and ammonia, and renewable energy. The synergy and risk sharing between NEXI and ICIEC will work to provide a solid network to support the energy transition in Asia and the Middle East.



### Cooperation with the Islamic Chamber of Commerce, Industry and Agriculture

ICIEC and the Islamic Chamber of Commerce, Industry, and Agriculture (ICCIA) signed a Cooperation MoU to support and promote trade and Investment, green financing, and the Halal economy. ICCIA, headquartered in Karachi, Pakistan, is an International Non-Governmental Organization affiliated with the OIC and represents the private sector of the OIC's 57 Member Islamic States.

The MoU aims to establish a framework for cooperation between the two institutions to further their respective mandates, especially in promoting intra-OIC trade, attracting Investment flows into MSs, supporting green and sustainable financing, and developing the Halal industry worldwide. The total value of Intra-OIC Trade and Investment supported by ICIEC reached US\$6.11 billion in 2022. Intra-OIC trade and investment flows are around 21%, but the OIC's target is to raise that figure to 25% by 2025.



## Food Security and Resilience

Food security has always been one of ICIEC's core objectives in its unique role as the world's only Sharia-compliant trade and investment insurer catering to the needs of its MSs in the Islamic world. Number two and expressed as 'zero hunger' in the UN's SDGs, food security has become of increasing concern in recent years as a result of climate change and, in particular, the twin crises of the COVID-19 pandemic and the disruption in food production following the conflict in Ukraine.

ICIEC's response can be viewed in the context of the UN's Global Crisis Response Group on Food, Energy, and Finance (GCRG), established in March 2022, and the Islamic Development Bank Group's comprehensive Food Security Response Program (FSRP). The GCRG is designed to allow the UN Secretariat to coordinate the global response to the worldwide impacts of the war in Ukraine on global food, energy, and finance systems. The IsDB Group's contribution, a US\$10.54 billion comprehensive FSRP package, is aimed at supporting MSs, including the 27 in the African continent, in addressing the food crisis.

This initiative represents a scaling up of the Group's continued efforts to contribute to strengthening its members' resilience to food security shocks in the future. The IsDB will contribute up to US\$5.7 billion in total financing to MSs, comprising new approvals worth US\$4.0 billion and fast-tracking of disbursements for existing projects worth US\$1.7 billion.

In addition, as part of its 'One Group-One Goal' approach, the program involves significant and direct contributions by IsDB Group entities: including ICIEC, with US\$500 million in political and credit insurance coverage.

The primary focus of the program and the bulk of the financing envelope of the remaining US\$7.3 billion, which will span through 2025, will be on developing innovative medium- and long-term interventions to address structural weaknesses and root causes of food insecurity. These include low productivity, rural poverty, climate change, and weak resilience of regional and national agricultural and food systems through six key initiatives:

- (i) Building agricultural resilience to climate change
- (ii) Food and input value-chains
- (iii) Smallholders' productivity and market access
- (iv) Rural livelihood support
- (v) Livestock and fisheries development
- (vi) Building resilient food supply systems.

ICIEC's contribution to the FSRP is US\$500 million in insurance capacity over the three and half years (H2- 2022/ YE-2025). This will be made through the extension of Credit and Political Risk Insurance (CPRI) solutions to facilitate international trade transactions (food, seeds, fertilizers, and equipment related to agriculture projects) and Foreign Investment in the agriculture sector aiming at increasing the production and improving the storage capacity and resilience in MSs under the 'Building Food and Input Supply Value-Chain' initiative.





These interventions are available to importers, contractors, investors, and financial institutions, and the focus among host countries will be the Least Developed Member States (LDMSs). In addition, ICIEC will mobilize external financial resources to get MSs to benefit from its international reinsurance partners. This reinsurance support is possible via short-term, medium, and long-term portfolio-based treaties and through extra facultative arrangements on a single transaction basis.

ICIEC also supported imports from other countries. Japan's Komatsu, one of the world's largest manufacturers of agricultural machinery, exported its equipment to Turkmenistan thanks to a US\$40 million insurance policy issued to ING Bank (Tokyo branch). The cover to mitigate non-payment risk comes under the Non-Honoring of Sovereign Financial Obligations for the extended financing facility to the Government of Turkmenistan through the State Bank for Foreign Economic Affairs.

Emergencies such as the COVID-19 pandemic and the conflict in Ukraine have demonstrated the need for immediate and effective responses, but ICIEC has also shown that it can play a key role in creating longer-lasting and strategic planning for the future food security of MSs.

In 2022, ICIEC insured US\$23 million, compared to US\$19 million in 2021, bringing its total cumulative support for agriculture and food security to US\$1.11 billion in MSs. The total IsDB Group's financing support for the sector currently amounts to US\$20.6 billion.



### What else could be done by ICIEC to combat food insecurity?

**“Supporting governance projects specifically on food security,”  
Says one ICIEC ADER survey respondent.**

**“By encouraging economic development, ICIEC indirectly contributes to  
the achievement of this goal,” says another.**



## CHAPTER 07

# Climate Considerations: Insights on Closing the Financing Gap



Action on climate, the UN's SDG 13, represents one of the most critical challenges facing the international community and, in particular, our 48 MSs spread throughout the OIC region with a geographical range spanning from South America to Asia and from Eurasia to sub-Saharan Africa. Failure to mitigate and adapt to the effects of a warming planet and increasingly extreme weather patterns could undermine the achievements that have been made to alleviate poverty, improve health, promote education, increase food security, and boost prosperity worldwide.

The physical impacts of climate change are already having profound and often devastating effects on societies around the globe by adding significant stress to food production, water supplies, health services, and economic growth in both the developed and developing worlds. Climate change will continue to create numerous problems for developing countries and vulnerable communities, as it will disproportionately affect the communities that contributed least to the problem, threatening to erase years of significant development gains made in these countries. The generally agreed objective of keeping global warming to 1.5 degrees Celsius (or less) is critical and will require significant policy support and financial investments.

The role of multilateral bodies in organizing a coherent response is of prime importance, and ICIEC's commitment to addressing these issues was demonstrated by the significant role it played in the 27th UN Climate Change Conference of the Parties – COP27 – held in November 2022 at Sharm el-Sheikh in Egypt. ICIEC organized several important events at the summit, including discussing impactful projects and climate mitigation to provide the opportunity to assess the bankability of climate adaptation projects with a special focus on food security.

COP27 was also the venue for a high-level forum hosted by ICIEC and the Bonn-based InsuResilience Global Partnership (IGP), of which the Corporation became a member in September 2022. This meeting served to highlight the importance of partnerships in Climate and Disaster Risk Finance and Insurance (CDRFI), bringing together many of ICIEC's MSs, 13 of which are members of the Vulnerable 20 Group (V20), and the Group of Seven (G7). The discussion of the Global Shield against Climate Risks (GSCR), an initiative for pre-arranged financial support designed to be quickly deployed during climate disasters, allowed assessing how to provide and facilitate more and better protection against climate and disaster risks and consequent damage and losses.

In the context of all these initiatives, ICIEC is uniquely positioned to help close the financing gap for climate-related projects and investments in its MSs. Many of these countries often struggle to attract capital for such investments. ICIEC has shown that it can de-risk and crowd in additional investment for climate-resilient projects and is working consistently to improve its capacity as a climate finance provider. ICIEC has increasingly provided support for projects that strengthen its MSs against the threat of global warming, helping them both prepare for and adapt to the many challenges of a warming planet and reduce vulnerability and the costs resulting from the impacts of climate change.

Fossil fuels remain central to the world economy, and many of our individual MSs' economies and ICIEC will selectively provide insurance for fossil fuel transactions. Nonetheless, ICIEC has increasingly played a catalytic role in facilitating renewable energy projects by supporting strategic investments in renewable energy and assisting with imports of technologies and their use in national infrastructure projects, such as the creation of solar energy systems and wind farms. Some of the most high-profile renewable energy projects ICIEC has supported in the past have included the world's largest solar parks in Egypt, wind-power projects in Türkiye, and coastal protection works in Benin to protect the country from sea-level rise.

The importance of climate-related investment should not be restricted to substitution. For instance, ICIEC supported essential ESG-related Ugandan infrastructure projects across Water, Electrification, Education, Agriculture, and Healthcare sectors. The backed financing will support agriculture, solar energy (a fundamental source of power generation to mitigate climate change), water infrastructure, and healthcare. New investments were also made to promote social well-being and health. ICIEC provided insurance coverage for the construction financing of a new energy-efficient football stadium in the Republic of Senegal.

**ICIEC has increasingly played a catalytic role in facilitating renewable energy projects by supporting strategic investments in renewable energy and assisting with imports of technologies and their use in national infrastructure projects.**

This €238 million infrastructure project financing includes the construction of a 50,000-seat capacity football stadium and two training grounds with a system to produce and store solar energy to cover all the energy requirements. The development of this project brings many economic and social benefits to the local and regional communities while considering the climate change risks and opportunities at every step.

CPRI can play a major role in helping to facilitate action on climate change. Attracting private capital plays a fundamental part in achieving the net zero emission goal in the Paris Agreement. While developed countries are trailing behind their Nationally Determined Contributions (NDC) of US\$100 billion annually, multilateral export credit and investment risk insurers such as ICIEC have a pivotal role in bridging the financial gap.

Private sector engagement in climate finance requires credit enhancement. ICIEC is uniquely positioned to provide such support through its sustainability policies and access to each MS's national and subnational bodies, which engage in relevant climate action projects and transactions. Private sector development is one of the main pillars of ICIEC's Strategy. Embedding commercial opportunities and helping corporates and banks make a material difference to support positive climate outcomes are among the most important impacts that ICIEC's risk mitigation tools can facilitate.

ICIEC's swift response to provide solutions to combat the COVID-19 pandemic in its MS has provided an efficient template to address long-term CPRI solutions for many issues, including climate mitigation and adaptation. The pandemic crisis was of such magnitude that it elevated public health and infectious disease management as immediate priorities. The pandemic and the long-term adverse effects of climate change have overlapped in the past two years. Ukraine's conflict has significantly affected global food and energy security, impacting net edibles production and the global supply of gas and fertilizer. The food-energy-water interlinkages in food supply chains necessitate novel approaches to climate and political risk with a renewed emphasis on sustainability, resilience, and energy and food security.

Counted among the top megatrends in trade and development finance, climate change is both a threat and a potential opportunity if looked at correctly. Private banks are incorporating the climate

agenda into all their financing mandates. To meet the SDG goals by 2030, an estimated cost of US\$5 to US\$7 trillion annually is required, which presents itself as a business opportunity for private capital looking to invest with impact and high returns in emerging and low-income economies.

This category includes most MSs of ICIEC. It is, therefore, particularly challenging to attract private capital for reasons of perception and feasibility. The hurdles are high-risk perception and a lack of bankable deals. ICIEC's response has been to develop bankable projects and vehicles, serving the OIC MSs' climate agenda. For instance, ICIEC's Green Sukuk Insurance Policy will allow Sukuk issuers to attract capital for 'green' projects more efficiently and bankable. The product will be precious for issuers in ICIEC's low-income and developing country members, as they will benefit from ICIEC's higher credit rating than theirs to attract the required private capital for climate action.



**The majority of respondents in the ICIEC ADER Survey – comprising corporates, banks, DFIs, ECAs and brokers – agreed that ICIEC products have enabled them to combat the impact of climate change.**

**“NHSO product allows us to support (sub) sovereigns and state-owned enterprises to introduce projects against climate change (public transport and others),” said one ADER survey respondent.**

**Another said: “Many of our projects improve coastal protection and enable communities to adapt to rising sea levels, including our projects in the Maldives.”**



## ICIEC and Green Finance

Green finance presents excellent opportunities for investors in terms of attractive and sustainable returns. Properly evaluated projects alleviate current threats, such as food insecurity, and mitigate future dangers, such as global warming, while promoting economic growth and social development.

ICIEC sees its role in export credit and political risk insurance as pivotal towards helping bridge the Climate Action finance gap through de-risking. The value and supply chains related to green and renewable energy are complex, and ICIEC sees a wide range of opportunities across its MSs to address the twin challenges of Climate Change Mitigation and Climate Change Adaptation.

Converging financing initiatives, including Green Finance, Sustainability, and ESG, continue to gain traction in global markets to support the transformation toward a greener economy. These initiatives involve financing investments that benefit the environment intending to achieve inclusive, resilient, and sustainable development.

The attractions of Green, Social, and Sustainable Bonds, including Islamic Green Sukuk, have grown recently as issuers have tried to explain how and why they are viable and workable. CPRI insurers



such as ICIEC are naturally green economy enablers, in line with their development mandate as multilaterals. ICIEC's long-term perspective means it is well placed to channel investment into infrastructure projects, notably renewable energy. Insurance solutions can reduce the risks inherent in infrastructure project development and financing and increase their attraction to investors and banks. The ability to help channel investment into sustainable projects is a sizeable growth opportunity for the sector.

ICIEC is committed to further boosting its green and sustainable finance operations. It has proposed the establishment of a Climate Action Finance Trust Fund with institutional partners, which would offer a discount on the insurance premiums needed for financing Climate Action projects in the sub-investment-grade MSs.

ICIEC's green finance credentials are implicit in promoting a clean and just energy transition in the MSs through supporting private sector renewable energy projects, waste management, desalination, and clean water provision. ICIEC's unique Shariah-compliant de-risking solutions - Non-Honoring of Sovereign Financial Obligation (NHSFO) Policy, and Foreign Investment Insurance Policy (FIIP) to cover Equity Investment and Reinsurance. ICIEC harnesses international best practices and technologies by forging Partnerships for Climate Change (SDG 17) and ICIEC's 'Theory of Change' Strategy.

## ICIEC Contribution to the SDGs

The SDGs encompass social, economic, and environmental dimensions of development and have become signposts for ICIEC's continuing development journey. The SDGs play an essential role in shaping ICIEC's Strategy and the development outcomes ICIEC seeks to achieve. ICIEC's pursuit of SDGs has three pillars:

**01** | As part of IsDB, it contributes to the bank's 10-Year Strategy, aligned with the SDGs.

**02** | ICIEC's mandate is to support the sustainable economic development of its MSs through risk mitigation solutions and thereby support the MS's advancements with a view to the goals

**03** | ICIEC acts as a catalyst for private sector capital to be mobilized and directed towards achieving the SDGs.

**Though many ICIEC projects address various SDGs, ICIEC's developmental role and contribution to MSs are most relevant to six of the 17 goals.**





## Zero Hunger

### 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 to enhance agricultural productive capacity in developing countries, mainly least developed countries.

### ICIEC's Contribution

Enhances agricultural productivity by facilitating agricultural machinery import and access to financial services.

### In numbers (2020 - 2022)

Total Agricultural Business insured in the MSs:

**US\$ 73 million**

Agricultural Support Provided in LDMSs

**US\$ 52 million**



## Good Health and Well-being

### SDG Target

**3.8:** Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services, and safe, effective, quality, and affordable essential medicines and vaccines.

### ICIEC's Contribution

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

### In numbers (2020 - 2022)

Health sector business insured in the MSs:

**US\$ 913 million**



## Affordable and Clean Energy

### SDG Target

**7.b:** By 2030, expand infrastructure and upgrade technology for modern and sustainable energy services for all in developing countries, particularly least developed countries, small island developing states, and landlocked developing countries, under their respective support programs.

### 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 (2020 - 2022)

Energy sector business insured in the MSs:

**US\$ 13,483 million**

Energy sector support provided in LDMSs:

**US\$ 1,521 million**



## Decent Work and Economic Growth

### SDG Target

**8.1:** Sustain per capita economic growth under national circumstances, particularly at least %7 GDP growth per annum in the least developed countries.

**8.2:** Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including focusing on high value-added and labor-intensive sectors.

**8.5:** By 2030, achieve full and productive employment and decent work for all women and men, including 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 LDMS and promoting export businesses to grow internationally.

### In numbers (2020-2022)

Total DCIP and BMP supported in LDMSs:

**US\$ 3,107 million**

Business insured in Member State labor-intensive sector:

**US\$ 133 million**

LDMS labor-intensive sector supported

**US\$ 77 million**



## Industry, Innovation, and Infrastructure

### SDG Target

**9.3:** Increase the access of small-scale industrial and other enterprises, particularly 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.

### ICIEC's Contribution

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

### In numbers (2020-2022)

Manufacturing business insured in the MSs:

**US\$ 3,215 million**

Infrastructure business insured in the MSs:

**US\$ 1,691 million**



## Partnerships for the Goal

### 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, to double 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 (2020-2022)

Business insured of national ECAs in the MSs:

**US\$ 4,768 million**

Total insured of national ECAs in LDMSs:

**US\$ 33 million**

## CHAPTER 08

# IN THE SPOTLIGHT: SENEGAL CLEAN WATER PROJECT







ICIEC has played a key role in supporting the rehabilitation of the water supply and treatment of the Hann-Fann wastewater collector in Dakar, Senegal. This crucial part of the city's health and sanitation infrastructure was built over 70 years ago to serve the Hann Bay area, which is situated just north of the industrial zone of the Port of Dakar. Rapid development has turned what was once a pretty fishing village into an effluent reservoir, and the facility was in an advanced stage of degradation.

Clean water and sanitation are classified as number six in the list of SDGs, and the project is also aligned with SDGs 3, 8, and 11 (respectively, good health and well-being, decent work and economic growth, and sustainable cities and communities).

The project sponsor is the Office National de l'Assainissement du Senegal (ONAS), the national health authority, and the ICIEC policy supports Société Générale to cover Non-Honoring of Sovereign Financial Obligations. It is in the amount of €50 million (US\$56.7 million) with a tenor of 10 years cover as part of a total €126 million facility. [ONAS - 82 billion CFA Francs or US\$132 million over two years].

The collector provides approximately 8 km of evacuation and treatment of wastewater, covering more than ten city districts. The rehabilitation will significantly improve the city's wastewater safety, improving resilience against sanitation-related health issues for the population, especially during the flood season. The children in some of Dakar's districts suffer particularly from malaria and diarrhea because of the wastewater conditions. Thanks to this project, 16.5% of them - around 150,000 children - will see an improvement in their health conditions.

The project will also reduce the risk to the population of contracting respiratory diseases because of the absorption of toxic chemicals. In economic terms, the project is expected to create 6,151 direct and indirect jobs. A more effective waste→ water collector will also increase the attractiveness of Dakar to foreign direct investment.

## CHAPTER 09

# Continued Commitment to Resilient, Inclusive, and Responsive Development: 2023 Outlook



## The world faces risks that feel both wholly new and eerily familiar. While cost of living concerns dominate global risks in the next couple of years, failure to act on the climate will dominate the next decade. And a changing economic backdrop brings stagnation, divergence, and distress risks.

The return to a 'new normal' following the COVID-19 pandemic was quickly undermined by the outbreak of the Ukraine war, ushering in a fresh series of crises, which, apart from being economically and geopolitically destabilizing, came with challenges in food and energy – exacerbating problems that decades of developmental progress had sought to solve.

Indeed, the convergence and aftereffects of COVID-19, the war in Ukraine, and a rapid normalization of monetary policies have led to an inflationary environment – with associated effects on the financial sector – and concerns that the low-growth, low-investment era will continue.

Food, fuel, and cost crises exacerbate societal vulnerabilities while declining investments in development erode future resilience. Compounding crises are widening their impact across societies, hitting the livelihoods of a far broader section of the population, and destabilizing more world economies than traditionally vulnerable communities and fragile states.

Economic impacts on energy, food, and cost of living have been partially cushioned by countries that can afford it, but many lower-income countries are facing multiple crises: debt, climate change, and food security. Continued supply-side pressures risk turning the current cost of living crisis into a broader humanitarian crisis within the next two years in many import-dependent markets.

Concurrent shocks, deeply interconnected risks, and eroding resilience give rise to the risk of disparate crises interacting so that impact far exceeds the sum of each part. Eroding geopolitical cooperation will have ripple effects across the global risks landscape over the medium term, contributing to what some academics have dubbed a 'poly-crisis' of interrelated environmental, geopolitical, and socioeconomic risks relating to the supply of and demand for natural resources.

The MSs of ICIEC, spread across various geographical regions, face challenges particular to their circumstances. Given that ICIEC's risk-taking spans beyond its MSs, the current global economic and political environment will affect its developmental interventions. Climate change remains a global concern and is the subject of international discussion, not least at COP27 in Egypt in November 2022, where ICIEC had a significant role. But climate change has not always, or consistently, been the object of international action.

Shortages of food and water, caused or exacerbated by extreme weather conditions, are primary reasons for involuntary migration worldwide and within the MSs. The number of forced migrations due to climate disasters and internal conflicts has increased from 84 million in June 2021 to around 100 million in 2022, or roughly doubled in a decade (UNHCR). The populations of concern, including West and Central Africa, Southern Africa, East and Horn of Africa, Middle East and North Africa, and Asia Pacific, are now joined by Ukraine, a prominent grain and agricultural feedstock exporter.

Nonetheless, we remain cautiously optimistic. ICIEC is uniquely positioned to help close the financing gap for climate-related projects and investments in its MSs. Many of these countries often struggle to attract capital for such investments. ICIEC's expertise and many years of experience have shown that it can de-risk and crowd in additional investment for climate-resilient projects, and as it works consistently to improve its capacity as a climate finance provider. ICIEC has increasingly provided support for projects that strengthen its MSs against the threat of global warming, helping them both prepare for and adapt to the many challenges of a warming planet and reduce vulnerability and the costs resulting from the impacts of climate change.

## Food Poverty, Food Security, and Zero Hunger SDGs

The first two of the UN's 17 Sustainable Development Goals (SDGs) are 'no poverty' and 'zero hunger'. There is a long journey from the present state of affairs, where food poverty is too common in many countries, to food security and sustainability objectives, and ultimately zero hunger. After several years of decline in extreme poverty before the COVID-19 pandemic, this positive trend was interrupted. Poverty cannot be eradicated immediately and simply by trade and investment, but its effects can be alleviated by economic growth.

ICIEC will continue to play a pivotal role in fulfilling its mandate and bridging the financing gap, helped by its solid financial structure and significant resource mobilization capacity, as reflected in Moody's credit opinion and rating of Aa3, to benefit its MSs.



## Implementation Updates of ICIEC Strategy within the IsDB Strategic Realignment 2023-2025

**ICIEC continued to progress under each of the three strategic pillars in implementing the 10-Year Strategic Framework 2015- 2025 despite the unprecedented impact of COVID-19 on the global economy, the war in Ukraine, and other economic challenges.**

ICIEC's 10YSF (2015-2025) was guided by IsDB's 10-Year Strategic Framework (10YSF), with careful consideration of the ICIEC's Vision and Mission statements, in pursuit of two primary objectives:

- To achieve short- and long-term development impacts in the MSs that can be seen and tangibly felt by those they benefit.
- To maintain financial sustainability to ensure long-term support and Investment for MS citizens, businesses, and institutions.

To achieve these objectives, ICIEC established three strategic pillars that constitute the cornerstones of ICIEC's enhanced business model: Market Impact, Capital Optimization, and Organizational Strength.

In 2021, ICIEC conducted a mid-term review of its Strategy for the period 2021-2025 to take account of changes and circumstances in addition to input from IsDB Group members and external consultations with industry peers such as other Export Credit Agencies (ECAs), reinsurers, and brokers. The mid-term strategy review exercise has resulted in redefining the strategic pillars as follows: (1) Enhancing Impact, (2) Enhancing Efficiency, (3) Enhancing Resilience, and (4) Enhancing IsDB Group Synergy, which is considered a cross-cutting pillar.

Guided by the need for IsDB and entities to repurpose their engagements and developmental interventions, the IsDB Strategic Realignment 2023-2025 was approved in June 2022 by the Board of Governors. The core themes are: (i) Boosting recovery; (ii) Tackling poverty and building resilience; and (iii) Driving green economic growth. The Board of Governors further called upon IsDBG entities to harmonize the implementation of their respective strategies in line with the IsDB Strategic Realignment 2023-2025.

The alignment between IsDB Strategic Realignment and ICIEC's Strategy is viewed from the joint focus areas of ICIEC's first pillar of 'Enhancing Impact'. The core focus areas of 'Enhancing Impact' cuts across the three strategic objectives of IsDB Strategic Realignment of (i) Boosting recovery; (ii) Tackling poverty and building resilience; and (iii) Driving green economic growth. The impact pillar of ICIEC will be reported in harmony with the IsDB's three realigned Strategic Objectives.

The ICIEC's pillars of enhancing resilience and organizational strength find expression in the IsDB's strategic enablers and cross-cutting themes. This is further strengthened by the overarching theme of IsDB Group synergy that acts as the internal capacity tool for enabling the expanded impact of the Group's developmental intervention efforts in the MSs.

In addition, two key enablers are added in ICIEC's realigned strategic framework, namely (i) Enhancing Partnerships and (ii) Enhancing Innovation, to give more focus on these two enablers given their critical role in ICIEC's delivering on its mandate. Partnership and innovation were embedded earlier under the pillar of 'Enhancing Impact'.



# ICIEC 2023-2025 Realigned Strategic Framework



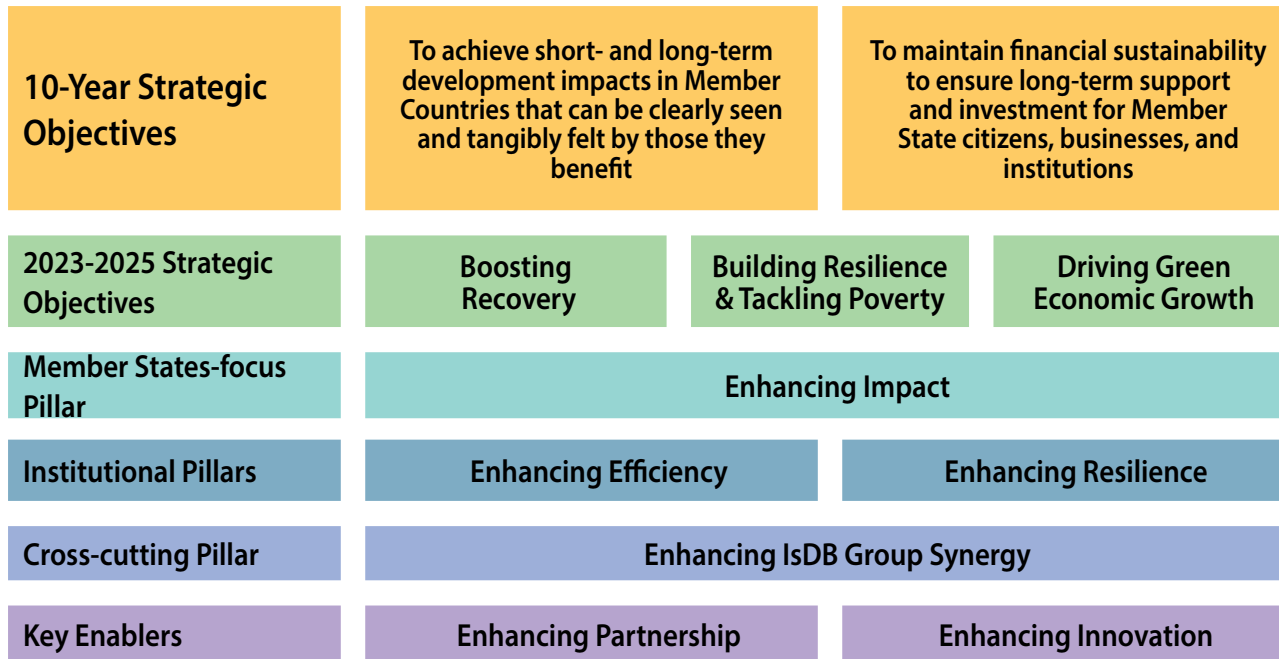
## VISION

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



## MISSION

"To facilitate trade and investment between member countries and the world through Shariah-compliant risk mitigation tools"



**Enhancing Impact** – The progress related to the deliverables toward the MSs is mapped towards the three strategic objectives of IsDB's Realigned Strategy. Some of the key achievements include the facilitation of intra-OIC trade and Investment; contributing towards the IsDB Group Strategic Preparedness and Response Program (SPRP); supporting IsDB Group Food Security Response

Program (FSRP); promoting green economic growth through mainstream ESG-linked initiatives, building 'green' expertise, developing 'green' products and forging 'green' partnerships.

**Enhancing Resilience** – The progress achieved under this pillar is related to enhancing ICIEC institutional capabilities toward the MSs.

ICIEC's achievements under this pillar include the approval of the third GCI; strategic developments in risk management that have ensured ICIEC maintained a strong and healthy portfolio; improvement in investment returns through an efficient investment strategy; and consistently positive technical and corporate net results. One of the most critical strategic achievements identified is the financial turnaround of ICIEC from consistent deficits since inception to positive technical results. From a loss on insurance operations of US\$16.7 million in 2016, ICIEC realized consecutive surpluses over the last six years, with a record surplus of US\$11 million in 2022.

**Enhancing Efficiency** – The progress achieved under this pillar encompasses business process optimization; improvement in the organizational structure; leadership development and succession planning; and post-COVID-19 work habits.

**Enhancing IsDB Group Synergy** – ICIEC's progress under this cross-cutting pillar includes the active contribution towards IsDB Group-wide initiatives and programs intended to support MSs and strengthening the cooperation with ITFC, ICD, and ISFD to support various transactions and initiatives aimed at helping the MSs.

**Enhancing Partnerships** – ICIEC established impactful partnerships with most of the ECAs in MSs and many ECAs from non-MSs. Through reinsurance partnerships, ICIEC support to ECAs in MSs expanded from US\$424 million in 2015 to US\$1.8 billion in 2022. Similarly, ICIEC supported the establishment of EXIM banks in MSs, including Saudi Arabia and Pakistan. ICIEC has also enhanced its partnership with Development Financial Institutions (DFIs) and Multilateral Development Banks (MDBs) to scale up its intervention in MSs. ICIEC continued to leverage its membership in various platforms, such as the Arab Africa Trade Bridge (AATB), the Arab Coordination Group, and the Africa Co-Guarantee Platform (CGP).

**Enhancing Innovation** – A Product Development Committee was established and empowered to lead the product development process across ICIEC. Several innovative structures and solutions have been explored, such as repacking, blending Partial Risk Guarantee with ICIEC insurance, establishing the "Arab Africa Guarantee Fund," and coverage for financial products.

# Appendix



## IsDB Group

The IsDB Group comprises six members:



### Islamic Development Bank (IsDB)

The Islamic Development Bank is a multilateral development bank, working to improve the lives of those we serve by promoting social and economic development in the MSs and Muslim communities worldwide, delivering impact at scale. It provides project financing for infrastructure, social development, and equity participation in strategic corporate and financial institutions.



### Islamic Development Bank Institute (IsDBI)

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



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

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



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

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



### International Islamic Trade Finance Corporation (ITFC)

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



### Islamic Solidarity Fund for Development (ISFD)

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

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