

ICIEC Staff Retreat and 30th Anniversary Celebration

19 - 20 December 2023

Unlocking Potential through Strategic Partnerships to Fend off Challenges faced in the MENA Region

MENA Region Division Presentation

Outline



1 | MENA Targets for 2024

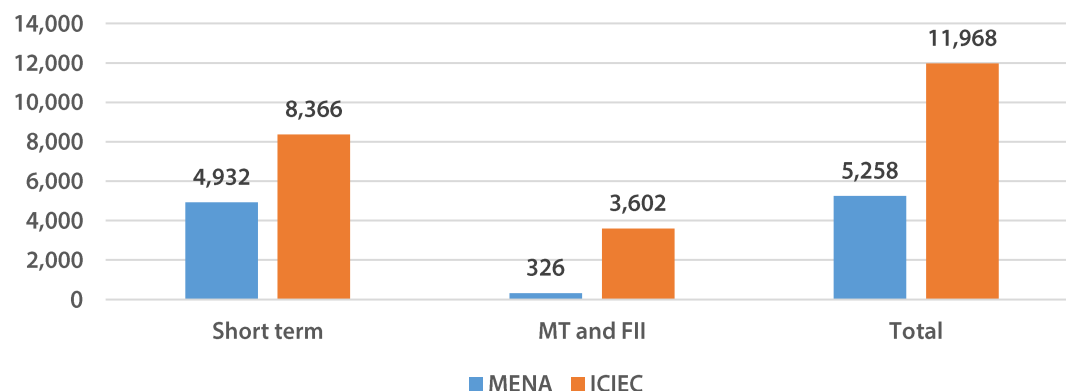
2 | World Economic Outlook in 2024 - MENA Expected GDP Growth

3 | MENA strategy to fend off the challenges

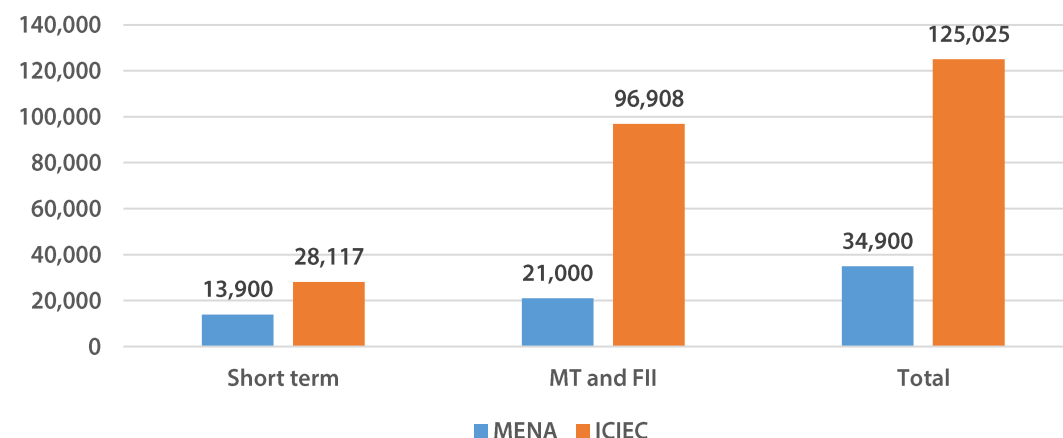
4 | MENA - Initiatives

MENA targets for 2024

MENA contribution to ICIEC business insured targets in 2024

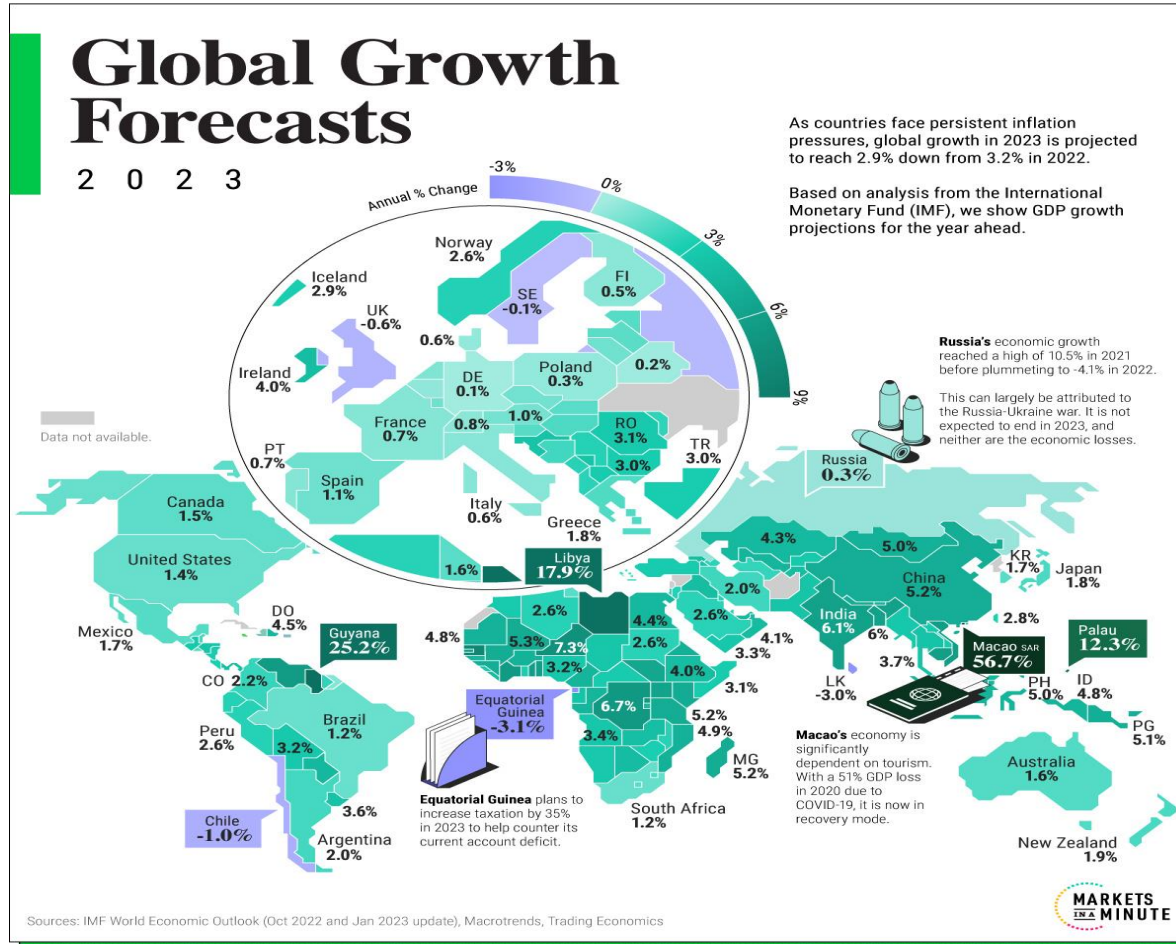


MENA contribution to ICIEC premium targets in 2024



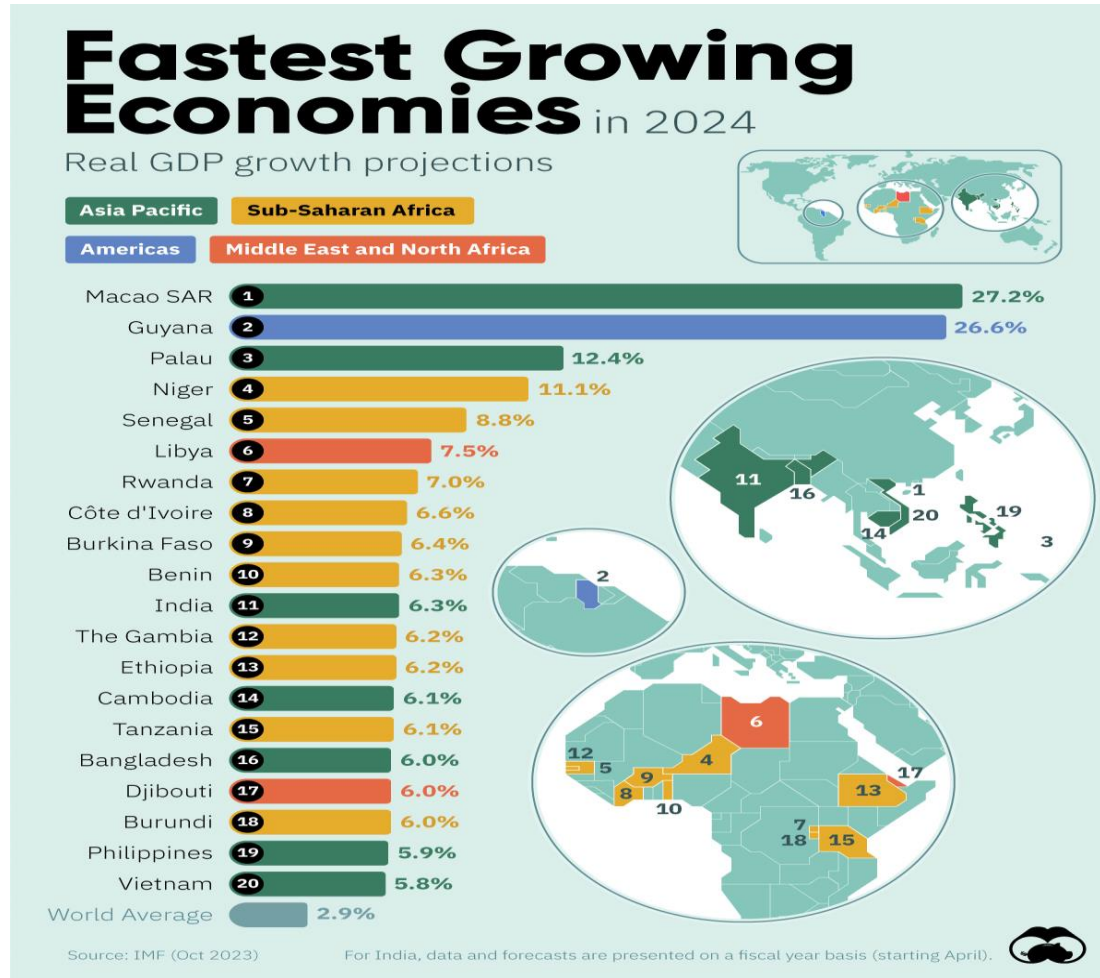
- **44 % of total Business insured and 28% of total premium (compared with 59% of BI and 47% of premium as of Dec 7th, 2023)**
- **Remains the major contributor in ICIEC short term business (60% of total BI and 50% of total ICIEC premium)**
- **Continues the portfolio shape transformation (More MT/FII revenue stream + Focus on bank/sovereign/SOE risk in the Short term)**

World Economic Outlook 2024



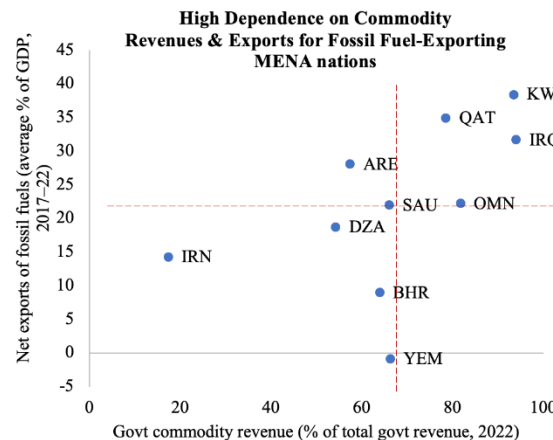
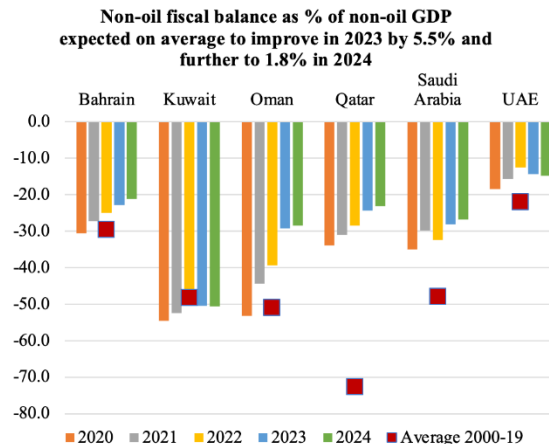
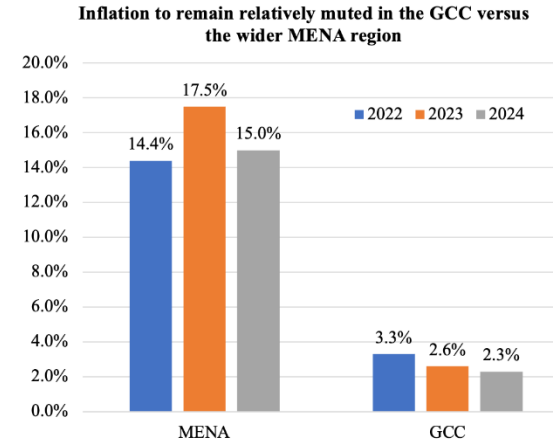
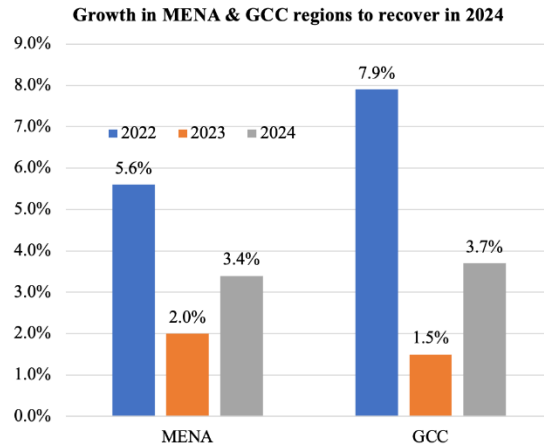
- The MENA (non-oil exporting countries) are expected to continue having modest GDP growth in 2024 and high macroeconomic pressures
- Egypt is on a Negative Outlook after a downgrade in May 2023 due to increased external financing risk
- Tunisia's Issuer Default Rating (IDR) is 'CCC-' with challenging prospects for external funding and reforms. Difficulty in IMF reforms discussions.
- Lebanon's Long-Term (LT) Foreign-Currency (FC) IDR remains on 'RD', and Fitch does not assign Outlooks for sovereigns in default
- Jordan and Morocco: Twin deficits pressured by high prices, increase of interest costs and its impact on the indebtedness levels.
- Bahrain and Kuwait will run significant budget deficits, while Saudi Arabia may tilt towards small deficits if spending runs ahead of the baseline assumptions of USD75/bbl in 2024 (assumptions before the current Gaza – Israel conflict)

World Economic Outlook 2024



- Almost 50% of the fast-growing economies in 2024 are ICIEC member states (mostly located in SS Africa and some Asian countries such as Bangladesh)
- Libya stands out as the expected fast-growing economy in MENA during 2024.
- In light of the , does our Risk Management Guidelines need to be revised ?

MENA Economic Outlook 2024



- The GCC countries continue to drive the MENA region GDP Growth in 2024 and register a good recovery but still very far from the 2022 record performance
- The MENA region will experience a huge gap in inflation forecasts in 2024 (inflation ranging from 1.8% in Bahrain to over 90 % in Lebanon)
- Though the fiscal non-oil deficit is reducing as % with non-oil GDP, but it is still high and highlight the high dependance on oil and gas exports, despite of the efforts to diversify the GCC economies.
- The MENA (non-oil exporting countries) GDP fundamentals are vulnerable are still dependent on tourism, agricultural sectors and Foreign currency inflows (FDIs inflows, diaspora remittances, grants, international loans, etc.).
- The MENA (non-oil exporting countries) will register high inflation rates in 2024 and one of the highest in the world due to food high inflation rate, as witnessed in the next slide.

Source: IMF Regional Economic Outlook for Middle East and Central Asia & Fiscal Monitor reports, Oct 2023. Charts by Nasser Saidi & Associates

MENA Economic Outlook 2024

Food Price Inflation: Top 10 List

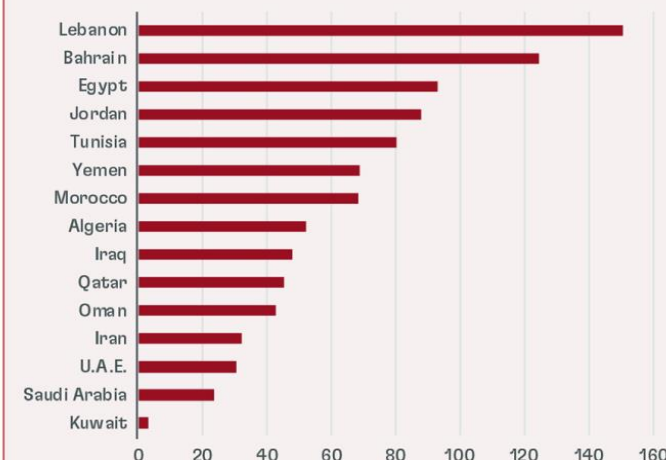
Country	Nominal food inflation (%YoY)	Country	Real food inflation (%YoY)
Venezuela	318	Lebanon	44
Lebanon	274	Egypt	36
Argentina	134	Rwanda	15
Türkiye	76	Türkiye	14
Egypt	74	Sierra Leone	12
Zimbabwe	71	Ghana	12
Suriname	65	Suriname	11
Sierra Leone	63	Malawi	11
Ghana	52	Burundi	11
Malawi	39	Bahrain	9

Source: International Monetary Fund, Haver Analytics, and Trading Economics.

CHART 1

Debt at a glance

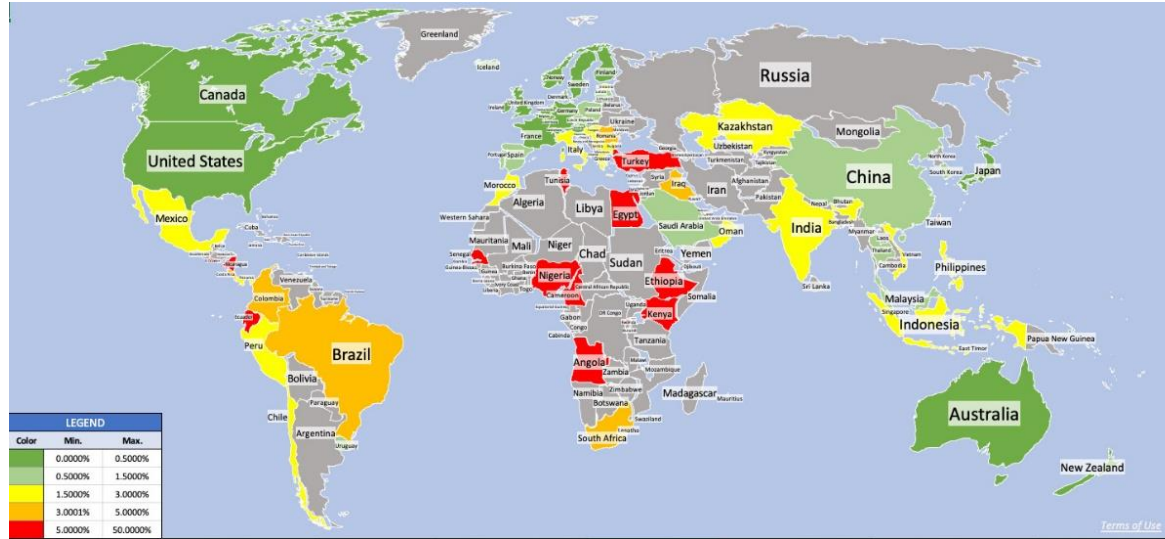
Debt levels in several MENA countries are now alarmingly high. (estimated government debt to GDP ratio, 2023)



SOURCE: IMF World Economic Outlook, April 2023

- Prices of yellow maize and soybean oil are expected to remain above pre pandemic levels through 2024.
- Egypt is one of the top ten countries with highest food inflation. The year-on-year food inflation reached about 74 percent, in Tunisia and Morocco, food inflation remains high at 15 and 11 percent, respectively
- The chart 1 shows the increased level of indebtedness of MENA countries

MENA Economic Outlook 2024



Country	Sovereign CDS	Country	Sovereign CDS	Country	Sovereign CDS	Country	Sovereign CDS
Abu Dhabi	0.78%	Egypt	8.01%	Kenya	7.60%	Qatar	0.79%
Angola	6.55%	El Salvador	27.46%	Korea	0.68%	Romania	3.17%
Australia	0.34%	Estonia	1.76%	Kuwait	0.79%	Rwanda	5.42%
Austria	0.24%	Ethiopia	28.33%	Latvia	1.37%	Saudi Arabia	0.96%
Bahrain	2.78%	Finland	0.34%	Lithuania	1.45%	Senegal	5.39%
Belgium	0.37%	France	0.42%	Malaysia	1.24%	Serbia	2.93%
Brazil	3.52%	Germany	0.28%	Mexico	2.11%	Slovakia	0.75%
Bulgaria	1.50%	Greece	1.97%	Morocco	2.53%	Slovenia	1.00%
Cameroon	6.68%	Hong Kong	0.71%	Netherlands	0.26%	South Africa	3.51%
Canada	0.36%	Hungary	2.43%	New Zealand	0.39%	Spain	0.82%
Chile	1.76%	Iceland	0.73%	Nicaragua	6.27%	Sweden	0.26%
China	1.11%	India	1.67%	Nigeria	8.52%	Switzerland	0.17%
Colombia	3.65%	Indonesia	1.75%	Norway	0.28%	Thailand	0.87%
Costa Rica	4.35%	Iraq	4.69%	Oman	2.37%	Tunisia	8.69%
Croatia	1.34%	Ireland	0.43%	Panama	1.79%	Turkey	5.30%
Cyprus	1.33%	Israel	0.67%	Peru	1.94%	United Kingdom	0.36%
Czech Republic	0.62%	Italy	1.84%	Philippines	1.64%	United States	0.32%
Denmark	0.23%	Japan	0.31%	Poland	1.45%	Uruguay	1.43%
Ecuador	16.93%	Kazakhstan	2.70%	Portugal	0.81%	Vietnam	2.07%

Source : PRS Group

- The investors perceived risk on sovereign risks in MENA countries (except oil exporting countries) will continue to be the highest (after El Salvador, Ethiopia and Ecuador) :
 - Tunisia : 8.69%
 - Egypt : 8.01%
 - Iraq : 4.69%
- Many MENA member states are not included because they are technically in default as per the rating agencies.

Mali:
18 August 2020 - Coup d'état ousts President Ibrahim Boubacar Keita and establishes military junta.

Mali:
24 May 2021 - De facto self-coup ousts Interim President Bah Ndaw in favour of 2020 coup leader Assimi Goïta.

Guinea:
5 September 2021 - Coup d'état ousts President Alpha Condé in favour of Mamady Doumbouya.

Guinea-Bissau:
1 February 2022 - Attempted coup against President Umaro Sissoco Embaló is thwarted after extensive firefight in the capital.

Guinea-Bissau:
30 November 2023 - Mutinous members of the National Guard raided a police station in Bissau, later claimed as a coup.

Sierra Leone:
26 November 2023 - Armed militias and rebellious soldiers staged an attempted insurrection in Freetown.

Burkina Faso:
13/24 January 2022 - Coup d'état ousts President Roch Marc Christian Kaboré and establishes a military junta.

Burkina Faso:
1 August 2023 - Reported gunfire near Airbase 511, adjacent to Thomas Sankara International Airport in Ouagadougou, later claimed as a failed coup.

Burkina Faso:
26 September 2023 - Social media spread rumours of an ongoing coup against the junta of Captain Traoré.

Niger:
26 July 2023 - Coup d'état ousts Mohamed Bazoum in favour of Presidential Guard commander Omar Tchiani.

Niger:
31 March 2021 - Failed coup against President Mahamadou Issoufou president-elect Mohamed Bazoum.

Burkina Faso:
30 September 2022 - Interim President Paul-Henri Sandaogo Damiba deposed in favour of Ibrahim Traoré.

Tunisia:
25 July 2021 - Self-coup consolidates authority of President Kais Saïed as the government is dismissed.

Chad:
20 April 2021 - Mahamat Idriss Déby seizes power as de facto leader following death of his father President Idriss Déby.

Chad:
December 2022 - Attempted coup by officers of elite military unit against Transitional President Mahamat Idriss Déby is thwarted.

Sudan:
25 October to 21 November 2021 - Effective self-coup deposes Prime Minister Abdalla Hamdok and consolidates authority of 2019 coup leaders.

Sudan:
15 April 2023, ongoing - Attempted or arguably ongoing coup triggers Sudan civil war between 2019 coup leaders.

Gabon:
30 August 2023 - The Republican Guard and other military branches oust President Ali Bongo Ondimba after he secures a third term in disputed elections.

Severe	8.0 - 10
High	6.0 - 7.9
Elevated	4.0 - 5.9
Moderate	2.0 - 3.9
Low	0.0 - 1.9



Coup

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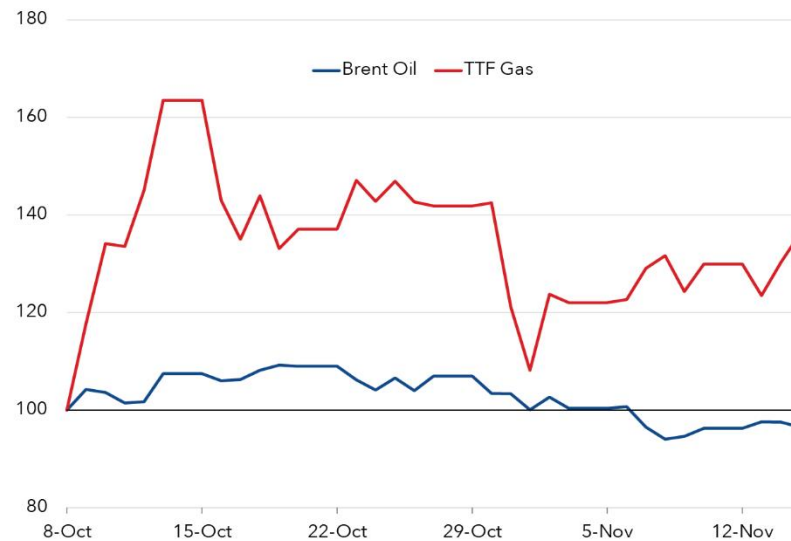
CONFIRMED AFRICAN MILITARY COUP ATTEMPTS SINCE 2020

MENA Economic Outlook 2024

Modest impact on energy prices

Oil prices have proven relatively stable, while natural gas prices have stayed more elevated.

(index; Oct-6th, 2023 = 100)



Source: Bloomberg Finance L.P.

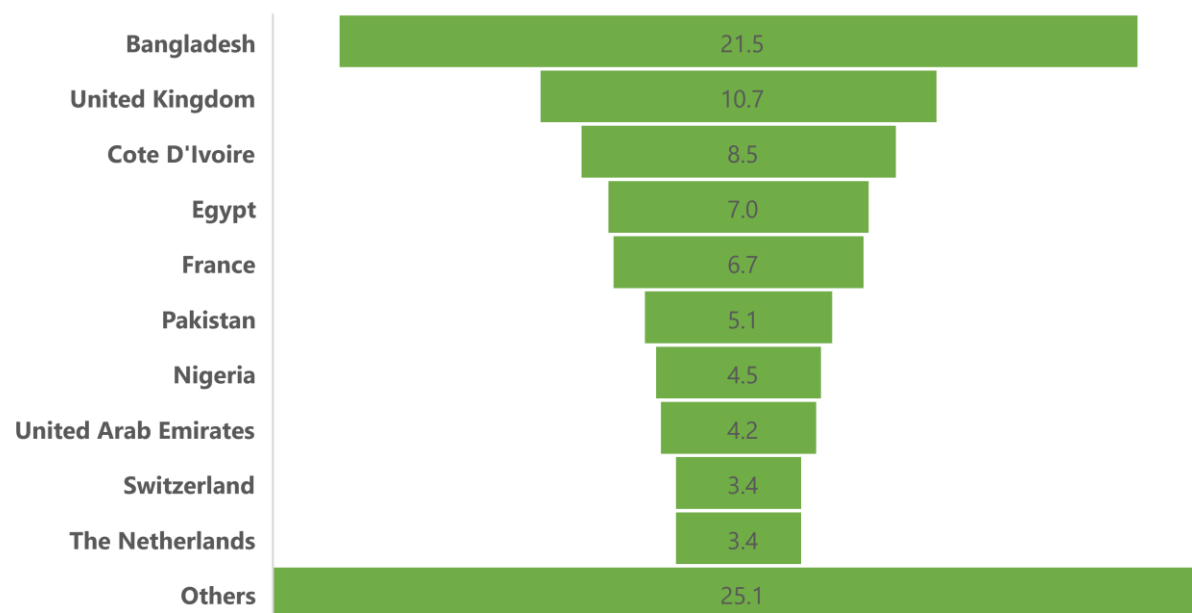
IMF

The Gaza – Israel recent conflict will certainly affect the MENA economies in 2024. However, the level of its impact will differ from one country to another.

Major directly affected countries from MENA countries (apart from Palestine), are Egypt, Jordan and Lebanon. The affected sectors will be tourism (representing 35 to 50% of goods and services exports). Oil and gas prices have been stabilized as shown below, since there was no production disruption

MENA Economic Outlook 2024

Distribution of MENA portfolio by risk country As of December 2023
(in %)



- The MENA portfolio composition as of Dec 10th, 2023, shows that out of the 10 most important risk countries (accounting 75% of the total portfolio), 50% of which are in African/Asian developing countries and remaining 50% in European/well rated countries.

- The MENA performance in 2024 depends on the ICIEC risk management guidelines in countries such as Egypt, Bangladesh and Pakistan which account 1 / 3 of the total portfolio. Recent downgrade and country headroom issues in Egypt, as well as the current tight RMD guidelines in Pakistan and Bangladesh mainly affect the short-term business (i.e. DCIP specifically).

MENA strategy to fend off the challenges

The solution is stronger Partnerships

Leveraging partnerships to unlock the vast potential with :

- Member States,
- Multilateral Development Banks (MDBs) and Regional Development Banks (RDBs)
- Export Credit Agencies (ECAs)
- The IsDB Group private sector entities
- Reputed trading houses
- Brokers
- Financial institutions
- Fronting partners

MENA strategy to fend off the challenges



Member States

- Engagement in the Group MCPS exercise for the country 2024-2027 Plan (i.e., Qatar, Egypt, Morocco and Iraq.)
- Active engagement of the regional hubs BDD colleagues located in MENA region (i.e., Morocco, Egypt and Dubai) with the respective countries in different perspectives (i.e., identifying projects as per the country National development plan, follow up the subscription in the 3rd capital increase, follow up NOLs, monitoring the exposure in the country, providing market intelligence information, pre-underwriting, etc.)
- Help the country in providing the insurance wrap for structuring transactions (e.g., Sukuk insurance for Egypt).
- Discussing new business opportunities with Government representatives (e.g., Iraq, Egypt)
- Follow up execution of the AATB country programs (Tunisia and Egypt) related to the insurance pillar.
- Prioritizing sectors and initiatives highlighted by the MS Board members during the IsDBG annual meetings

MENA strategy to fend off the challenges



Multilateral Development Banks (MDBs)

Collaboration with MDBs brings expertise in infrastructure development, private sector financing, and regional integration.

- Afreximbank

Long-term partnership with Afreximbank with a mutual mandate to enhance growth & business development in common African member countries. We currently have an active DCIP and working on strategic transactions in Nigeria & Senegal under the Repackage Structure. We are also working on the Callable Capital insurance.



- BADEA

Develop a trade finance programme like the one developed with Afreximbank to take advantage of BADEA trade finance development. BADEA reallocation to Riyadh will allow more interaction with the technical teams (regular visits , capacity building programs)



- IFC (Egypt)

A partnership with IFC could unlock potential opportunities to work on transaction they finance or advise. They have a strong advisory services in Egypt and MENA countries.



MENA strategy to fend off the challenges



Regional Banks

DIFC offers a unique platform for financial innovation and connecting investors with regional opportunities. We are engaging with regional banks based out of DIFC to onboard with ICIEC.

Investment promotion agencies

APIM - MOU signed in the last IsDBG annual Meeting. Recently, technical teams met in Mauritania.

The Jordan Ministry of Investment – It replaced the Jordan investment commission and has merged other investment departments and entities to create the Public-Private Partnership function. Now the Ministry is the main reference for all investments in Jordan. ICIEC can approach the PPP unit to identify new investment opportunities that are eligible for cover. The PPP unit targets many sectors, including, communications, information technology, tourism, industry, health care, energy, and renewable energy.

ADIA - Given the global emphasis on sustainable finance, both institutions could collaborate on environmentally friendly and socially responsible investment projects, aligning their efforts with sustainable development goals. This could include infrastructure projects, energy ventures, or other sectors aligned with ADIA's investment strategy in ICIEC member states.

FIPA - It has the mandate to negotiate, coordinate, implement and monitor technical assistance projects and programs that stem from agreements signed between Tunisia and other countries and international organizations. ICIEC/RCI are working on pharmaceutical capacity building (Tunisia/Senegal).



MENA strategy to fend off the challenges



Export promotion agencies

Export Bahrain - ICIEC partnered with Export Bahrain in April 2022 to be able to serve one of the most affected entities and sector during the pandemic which is the SMEs. ICIEC & Export Bahrain recently signed a CSTP policy to support Al Debeel Fishes & Shell Fisheries. they are considered as one of the key fishing businesses in the Kingdom of Bahrain and are involved in processing and marketing of fish and fishery products. The team is working on similar deals.

Libya export promotion center – The MOU was signed in January 2023, and it started to be implemented through participation of LEPC in the OBIC session organized in Jeddah this year.

CEPEX – Continue the ongoing discussion with CEPEX to promote the Tunisian exports in partnership with COTUNACE.

Export Credit Agencies (ECAs)

Regional ECAs can provide export guarantees and risk mitigation, fostering cross-border trade and investment. In this regard, MENA will continue supporting national ECAs insurance/reinsurance programme as well as providing capacity building support (JLGC, COTUNACE, CAGEX, SMAEX, NAIFE, EGE, Credit Oman, ECI, Tasdeer/QDB, etc.) in coordination with the multilateral from the MENA region (DHAMAN).



MENA strategy to fend off the challenges



Trading houses managed by MENA

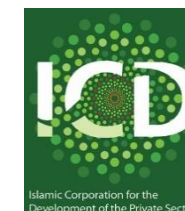
CARGILL - ICIEC has started partnering with CARGILL since 2022. Many transactions have been issued in different countries. In 2023, CARGILL (the MENA client) is the 1st contributor to ICIEC premiums with Gross premiums of USD 19.6m

Frontera Capital - Similarly to CARGILL, the MENA Manager is currently in the process of onboarding a client having same business model as CARGILL. The Group is based in Abu Dhabi and has different offices in US, UK, Malta and Luxembourg.

Synergy with the IsDBG private sector entities

ITFC - The relationship is well developed thanks to the increased number of banks from all regions onboarded by ICIEC MENA team (sis Sabah). Both technical teams are working on streamlining the syndication process and offering a package insurance wrap to ITFC on some countries. ICIEC is also playing an active role in the AATB program as leading the insurance pillar.

ICD – The relationship is evolving positively but steadily especially for the LOF cover. Both technical teams are regularly meeting to discuss business opportunities.



MENA strategy to fend off the challenges

Brokers

	Tasks	Member Responsible	Completion status	Comments (if any)
1	Develop a brokerage or commission matrix that ICEC will use to negotiate or determine optimal fees for the engagement of brokers for various transactions and projects.	Br. Oguz Aktuna Br. Ferdaus	100%	-
2	Develop, in conjunction with the LAD, bespoke terms of business agreement that meet brokers' requirements in different jurisdictions while maintaining ICIEC policy and practices.	Sr. Ayse / Br. Rao Farid, Br. Oguz	100%	-
3	Develop, in conjunction with IT Management, an online broker registration form/system on the ICIEC website.	Br. Rony	100%	-
4	Develop a scorecard for measuring the effectiveness of individual broker engagements.	Br. Oguz Br. Rony Br. Shaiful	100%	-
5	Review and streamline the product guidelines of ICIEC to be submitted by LAD for better broker engagement.	Br. Amir/ Br. Rao Farid	100%	-
6	Conduct awareness sessions/visits for various brokers on ICIEC products and operational regulations.	Br. Rony Azar Sr. Ayse Br. Shaiful Br Oguz	100%	Visits arranged with some brokers (AON) as well as frequent discussions with brokers in different regions
7	Develop Broker guidelines	Br Rao	100%	-

MENA strategy to fend off the challenges



Financial institutions

We will continue cross selling ICIEC products with the existent FI partners. Few clients have different products : SMBC (DCIP, BMP and NHSO), BoA (DCIP, BMP and NHSO), AIB (DCIP and BMP), TAIC (DCIP and BMP).

We will also use ITFC network in the syndication business to continue onboarding new FIs. This approach proved efficient (AFC, UBAF, KFH, SNB, BSF, etc.).

Fronting Partners

MENA is managing the Credendo relationship. The relationship is significantly expanding making Credendo the largest contributor in the short term whole turnover business in ICIEC (85% of total WT in terms of BI and premium as of Dec 2023).



MENA Initiatives – Climate Finance partners



IRENA - In April 2023 ICIEC joined the Climate Investment Platform (CIP). An online platform managed by IRENA which matches climate investments with investors and de-riskers such as ICIEC.



- ICIEC has signed an agreement with IRENA during COP28 under their Energy Transition Accelerator Financing Platform (ETAF) program. The members of ETAF are the Abu Dhabi Fund for Development, the Asian Infrastructure Investment Bank, MASDAR and SwissRe.
- Designating a team to explore the value of technical assistance provided by IRENA and its availability for ICIEC operations staff.
- Conducting a deep dive study into how both organizations can cooperate to accelerate the origination of projects (a road show, benefitting from ICIEC/the IsDBG's member country partnership strategy MCPS, etc.

MASDAR - Masdar is one of the world's largest renewable energy companies and a green hydrogen leader in advancing the clean energy sector and a key enabler of the UAE's vision as a global leader in sustainability and climate action has a multiple projects in ICIEC member states.



- ICIEC and MASDAR signed a MOU in January 2023 at Abu Dhabi Sustainability Week but no transactions yet. To nominate specific teams from ICIEC and MASDAR to devise a roadmap to activate the Memorandum of Understanding (MoU) signed by ICIEC and MASDAR and develop an action plan for 2024.

MENA Initiatives – Food Security partners



- Engagement in the AATB Food security programme (FSP) with AATB Partners : The Programme is be implemented during 2023-2027. The AATB partners will put in place a USD 1.5 billion package in this regard. ICIEC pledged USD 500m.
- In MENA region we have an MOU with Cargill that we plan to leverage on to support the initiative. Moreover, we prioritize food security transactions in member countries such as latest transaction in Egypt to cover GASC import food commodities.
- Leading the Arab Africa Guarantee Fund (AAGF) proposal: The objective of this mechanism is to facilitate trade and investment between Arab and African by pooling together the financial and insurance capabilities of the AATB partners. The proposal has just been endorsed by the AATB Board of Governors in the 2nd week of September 2023. ICIEC is leading the AAGF establishment. It is to note that Green energy, food security and healthcare are the 3 main thematic of AAGF. The programme will be implemented in 2024.
- Support MENA trade and project transactions with African counterparties.



THANK YOU



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