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Recovery, Resilience, De-Risking and Inclusion through Digitalisation

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"While working on the implementation of the OIC Business Intelligence Cnter (OBIC), ICIEC, as a multilateral institution, aims at leveraging digital innovation and not only set new industry standards but also to contribute to the growth and development and maturity of credit reporting ecosystems in the OIC Member States".

Oussama KAISSI,
CEO, ICIEC

Development is a complex and costly process – both in terms of policy making , prioritising scarce resource allocation , capacity building , economic, social and human costs , and attracting financial flows, including private capital, on equitable and just terms and conditions.

Implicit in our mandate as the only Shariah-compliant multilateral credit and investment insurer in the world, is the responsibility of on-going efforts to lift people in our 49 member states out of poverty, leaving no-one behind and fostering a sense of hope and inclusion in their respective socio-economic agendas in a world of multiple uncertainties and challenges.

Given the disparate nature of our member states' economies, what works for one economy may not work for another. As such, it is important to continually examine development across the full spectrum of policy and financing metrics. Post-COVID-19 pandemic, especially due to the necessary adoption of social distancing and lockdown measures to contain the spread of the coronavirus, the standout takeaway has been the rise of digitalisation in trade, business, banking and financing, insurance, e-commerce, vital sectors such as agricultural and food security, climate action, FinTech, Blockchain – in fact across the whole spectrum of human activity and societal norms.

In the last three years, technology and digitalisation have been the supreme disruptors in almost all sectors of the economy with breathtaking advances, including Generative AI in science, medicine, the energy sector, infrastructure, mining, logistics and transport, food security and agri-business, trade and commerce and in leisure and hospitality – the list is endless. It is enough that our member states have, in many respects, been seemingly left behind in several development metrics – in recent years in access to affordable vaccines, food and fuel supplies, in FDI inflows, attracting private capital and equitable global trade and investment terms.

In digitalisation, with its instant access and global reach, there is renewed hope that the imbalances in the post Bretton Woods dispensation can be addressed, especially for low-and-medium-income-countries (LMICs), which form most of ICIEC member states. But it remains a work in progress which will need to be nurtured carefully given the motley of risks, including cybersecurity, online fraud and scams etc. That is why proactive digitalisation must be embraced as a core component of any new development agenda, which multilateral institutions must prioritise beyond their usual playbook. ICIEC has done so in its strategy, which puts digitalisation at par with its other development aims, such as food security, energy transition, climate adaptation and mitigation, gender and diversity empowerment, and poverty alleviation.

In this Third Quarterly Newsletter in 2023, we are precisely taking a more in-depth look at digitalisation in the development agenda and in our engagement with member states and partners. Our focus includes two Insight articles looking at different aspects of digitalisation in the global landscape and in our member states. Our Member State Profile focuses on the UAE's remarkable digitalisation progress. We have an exclusive in-depth interview with Maher Salman, Team Lead Agricultural Water Management, Food and Agriculture Organization (FAO) and our regular Meet the Team, where Mohamad El Sayed, Manager, IT Management Division at ICIEC, discusses embracing Zero-Trust Cybersecurity to protecting and enhancing the resilience of the modern organization. This is followed by our regular Business Update and Project Highlights, and News and Events about the industry in the Quarter.

Oussama Kaissi
Chief Executive Officer, ICIEC

"Proactive digitalisation must be embraced as a core component of any new development agenda, which multilateral institutions must prioritise beyond their usual playbook. ICIEC has done so in its strategy, which puts digitalisation at par with its other development aims."

Export Credit and Investment Insurance in an Accelerating Global Digital Ecosystem

The post-Covid 19 acceleration in digitalization across economic and societal sectors presents not only a source of growth opportunities and new efficiencies, but also a spate of new risks for the insurance industry, especially the credit and investment insurance cohort. ***Oussama Kaissi****, CEO of ICIEC, considers the state of digitalisation in trade, investment and insurance, new developments in closing the digital divide between developed and emerging economies, and the opportunities and pitfalls relating to over-reliance on digitalisation, as ICIEC member states seek to build on their trade and FDI potential, attractiveness and resilience.*

The talk in the corridors of power at the World Trade Organisation (WTO) these days is that of re-globalisation instead of trade fragmentation. WTO's 2023 World Trade Report (WTR) published in September stresses evidenced-based benefits of "broader, more inclusive economic integration as early indications of trade fragmentation threaten to unwind growth and development." The findings, perhaps more importantly, highlight how re-globalization - or increased international cooperation and broader integration - can support security, inclusiveness, and environmental sustainability.

Trade, according to the WTO and industry organisations, has also become more digital, green and inclusive. The digital revolution has bolstered trade in digitally delivered services by sharply reducing the costs of trading these services. The value of global trade in environmental goods and services has increased rapidly, outpacing total goods trade, and global value chains (GVCs) have expanded to encompass more economies.

The UN Global Sustainable Development Report (GSDR) 2023 similarly identifies digitalization as one of the six dynamic conditions shaping the achievement of the 17 Sustainable Development Goals (SDGs) by 2030, to which ICIEC is committed to helping its 49 member states progress towards achieving the goals in their development agenda through its financing, credit enhancement and risk mitigation solutions. The other five conditions include climate change, biodiversity and nature loss, demographic change and inequality 7- all of which are also embedded in the policies and services offered by ICIEC. The Corporation, of course, is also a signatory to the Principles for Responsible Insurance.

As great as digitalisation is as a game-changing disruptor and a perceived force for socio-economic good given the latest 'advancements' in terms of Generative Artificial Intelligence (AI), Data Analytics, Blockchain, Internet-of-Things, Electronic Trade Documentation and so on, the reality of a digital divide between advanced economies and low-and-medium-income-countries (LMICs) is similarly evident.

Digitalisation as a Double-Edged Sword

But digitalisation like any other societal phenomenon can also be a double-edged sword. As such it needs careful and proactive harnessing, articulation, monitoring, regulation and enforcement, especially in the multi trillion-dollar finance, insurance, trade and investment universe. Inaction, delays and lack of adequate oversight could be costly and impact negatively on the global trade and investment ecosystem, which would give succour to disguised protectionism unfair trade and investment terms and conditions, which would exacerbate entrenched existing inequalities.

Digital value creation, says Swiss Re Institute (SRI), has led to an increase of insurance firms intangible assets, including digital data. At the same time, increased dependency on digital infrastructure makes such assets more vulnerable, for example, to business interruption and continuity, online fraud and scams, and malicious cyberattacks.

In a recent report titled "The economics of digitalisation in insurance", SRI found that potential benefits across countries and throughout the insurance value chain are far from exhausted. Take, for instance Continental Africa, where some 27 IsDB member states are located, the 2023 WTR Projections based on the WTO Global Trade Model suggest that digitalization has the potential to increase African exports of services by over 7% per year or an aggregate US$74 billion from 2023 to 2040.

"Africa has been increasingly active in various joint initiatives undertaken by large groups of WTO Members," explained WTO Deputy Director-General Angela Ellard in a recent speech. "Around 20 African members participate in our new investment facilitation for development agreement, designed to make developing countries more attractive for investment. Several African countries participate in discussions on e-commerce, and many are engaged in our e-commerce work program designed to bridge the digital divide and use digital trade as an engine for development. African countries are deeply engaged in discussions about how trade can contribute to economic sustainability. Today, 40% of funds under the WTO's flagship Aid for Trade programme go to Africa."

The challenges for insurers in general and credit and investment insurers in particular are clear and present. For ICIEC, uniquely the only Shariah-compliant multilateral insurer in the world, there are additional layers of compliance and operational risk metrics in play.

Digitalisation in Insurance

Swiss Re Institute (SRI), in "The economics of digitalisation in insurance" report, rightly stresses that digitalisation enables insurers to monitor, mitigate and price risks more efficiently, allowing for more tailored insurance solutions that can help close insurance protection gaps. Hence its call for "insurance innovation" and warning against any complacency and orthodoxy. In this respect, insurers are targeting a 3–8 percentage point improvement in loss ratios and savings of 10–20% in other parts of the value chain through digital transformation.

In the report, SRI, in fact, introduced the Insurance Digitalisation Index (IDI), which tracks the progress made in 29 sample countries with respect to the digitalisation of their insurance markets. South Korea came out on top of the index, followed by Sweden, Finland and the US. "While advanced markets with strong physical infrastructure and high internet access rates have made the most progress in digitalising their economies and insurance sectors, emerging markets should benefit from faster catch-up growth because they can jump straight into adopting newer digital technologies rather than transitioning from legacy systems," stressed the report.

Another initiative aimed at bridging the gap between standards and adoption within the supply chain finance and insurance industry is the recent launch in Dubai by the International Chamber of Commerce (ICC) UAE Chapter of the ICC Digital Standards Initiative (DSI) as part of its expanded digital standards recommendations under its current Key Trade Documents and Data Elements (KTDDE) practice.

"The DSI's continued efforts to expand the understanding of digital standards in international Trade," explained Robert Beideman, Vice-Chair of the ICC DSI Industry Advisory Board, "represents a significant step forward in streamlining global commerce. By promoting data reusability and consistency across supply chains, we are facilitating more efficient and secure transactions for businesses across the globe."

Despite the rapid digital transformation of the insurance industry, accelerated by recent advancements in cutting-edge technology, the consensus is that there are still significant potential and growth opportunities to make insurance more accessible and affordable for consumers, which behoves insurance providers and guarantors to continue investing in innovative solutions and adapting to emerging risks.

For consumers, says the SRI, online marketplaces lead to greater price transparency, present multiple insurance products and providers in a single place and allow customers to seamlessly complete the onboarding process online, making insurance more accessible and affordable. Aside from distribution, investments in insurance technology have shifted towards efficiency gains and improving underwriting and claims.

Resilience as a Function of Digitalisation

Indeed, Jerome Haegeli, Group Chief Economist at Swiss Re, maintains that there is a positive correlation between resilience and digitalisation. For society, he adds, digitalisation is a force for giving more people access to insurance and thereby closing protection gaps. For insurers, gains from better underwriting, risk mitigation and risk measurement from the digitalisation of insurance improve the quality and efficiency of their work.

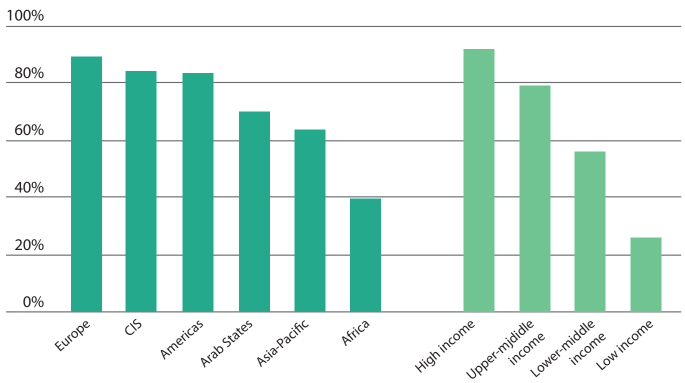
The digitalisation of the wider economy, will also create new risk pools, opening up opportunities for insurers, especially in sharing-economy business models, which have resulted in fundamental shifts in operational risks and liabilities that require innovative insurance risk transfer solutions. With the shift from producing physical goods to providing information and services, the global value of intangible assets of listed companies has increased fivefold over the past 20 years, to US$76 trillion in 2021. Close to 80% of that value remains uninsured.

As such, insurers will need protection against digital risks, for example, business interruption and cyber risks, as well as the emerging liability risks related to AI. Cyber security, says Swiss Re, is a key concern for businesses globally, as reflected by the rapid growth in demand for cyber insurance. Swiss Re Institute estimates global cyber premiums will reach US$16 billion in 2023, up 60% from 2021 and US$25 billion by 2026.

Some key takeaways for insurers, according to the Swiss Re Institute, as they develop their digital-isation strategies going forward include:

- The impact of digitalisation is mis-measured which gives an underreporting of product structures, pricing, progress, challenges and market awareness and penetration.
- While workplace technology, in general, improves productivity by saving labour input, for example, through automation, the socio-economic costs can be huge. This raises the prospect of "technological unemployment", which could put strains on existing unemployment insurance and worker's compensation schemes.
- The correlation between the introduction of digital technology and disinflationary impact, although increasing digitalisation does not necessarily mean general deflation.
- Typically, countries that are more digital show greater resilience to health, mortality, natural catastrophes and agriculture, which affect LMICs disproportionately.

- The high value of intangible assets in business today are significantly uninsured: just an estimated 16.6% of intangibles are insured, compared with 58% of tangible assets. Digital transformation has given rise to new types of business models, most notably the sharing economy. Businesses will need more protection against the risk that intangible pose.
- Digitalisation has reshaped market dynamics, creating concentration risks. Dependencies on critical digital infrastructure create supply-chain risks. Many insurers themselves are exposed to digital infrastructure risks, although multilateral insurers such as ICIEC can mitigate these through reinsurance treaties and their special status with the ministries and agencies of member states.
- The first wave of digitalisation made the value chain more efficient. The next wave will better connect critical processes and improve digital connectivity across the processes, and thus increase operational efficiency, which potentially can reduce claims costs by 3-8%.
- Technology applications have enabled insurers to bring products significantly more quickly to market.
- Insurtechs, technological innovators in the processes of insurance business, are a good place to observe digitalisation trends in the industry's value chain.



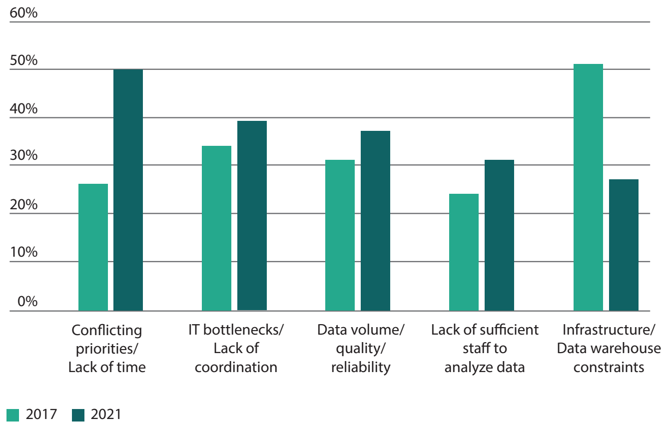
Source: International Telecommunications Union, Swiss Re Institute

A Changing Global Landscape

The global trading landscape keeps evolving with advances in technology and science. The trade of tomorrow will be green and digital, and we need to make sure that our member states are able to transition smoothly to this new reality. ICIEC's various policies, services and programmes offer an opportunity to build stronger partnerships for food security, digital connectivity, just transition to clean energy, and mainstreaming trade and investment.

Digital technology allows insurers to gather and process large sets of data using connected devices, data analytics and machine learning. This will allow more holistic and accurate risk assessments and better pricing of risks. Digital solutions can also automate standardised tasks, such as data collection and analysis for underwriting, driving down costs and ultimately leading to lower premiums. An important component of this transition includes capacity building of member states, their agencies, financial and insurance institutions and market players on the pivotal role of information sharing, business intelligence, digitalization and automation in supporting trade and investment decisions.

This initiative comes under the widely acknowledged capacity-building programme for users of the OIC Business Intelligence Centre (OBIC), whose thrusts are i) How digitalization and business intelligence can support trade and investment and the transformative potential of digitalization for economic growth and investment promotion utilizing digital transformation roadmaps for SMEs, and the digitalization of investment promotion services , ii) The importance of reliable credit information, reporting and sharing, and of digital IDs in fostering financial inclusion and trade promotion , and iii) The value of efficient utilization of statistical sources of information on credit, trade, and investment.



Source: Willis Towers Watson surveys

Addressing the Digital Divide

While the pandemic did give rise to an unprecedented acceleration in the digitalization of goods and services, including in the use of mobile telephony in e-commerce and payments where Africa is leading the world, all stakeholders, especially governments, multilaterals, banks, insurers, trade bodies, and digital and technology enablers and facilitators must never lose sight of the reality on the ground where, according to the International Telecommunication Union (ITU), although 66% of the global population or 5.3 billion people used the Internet in 2022, up from 54% in 2019, some 2.7 billion people globally have yet to access the Internet, including SMEs and the self-employed – often the backbone of LMICs economies.

"They are missing out on vital services provided digitally. Adequate and resilient infrastructure is a prerequisite for all the SDGs, and even before the pandemic, infrastructure was far from adequate. Some 1 billion people live more than a mile from a road, and 450 million live beyond the range of a broadband signal. With fiscal tightening and the end of low borrowing costs, infrastructure updates and investments are likely to be below what is needed. The war in Ukraine and the subdued economic growth in China is expected to continue to dampen the slow investment recovery following the pandemic," emphasised the UN GSDR study.

As such, one way in which emerging markets can begin to close their digital divide with advanced markets at a structural level are through investments in internet accessibility. And here, the role of all stakeholders, including insurers, is not only in their immediate area of business, such as underwriting and providing guarantees as in the case of entities such as ICIEC, but also in supporting the harnessing of the wider digitalisation ecosystem, which primarily includes accessibility and infrastructure investment.

The good news is that digital transformation remains high on the insurance industry agenda. The initial focus was on distribution, seemingly to good effect. Insurers are experimenting with digitalisation across the value chain for efficiency gains. Today, 31 of the 50 largest re/insurers invest in Insurtech in pursuit of a first-mover advantage!

International Trade and Digital Challenges

Global Trade and Digitalisation Prospects - Growth but Slower Growth

Global trade has supposedly been a force for economic recovery, resilience and near normalisation in the wake of a receding COVID-19 pandemic. But in 2022, says the latest World Trade Statistical Review (WTSR) 2023 of the World Trade Organisation (WTO), global trade has lost momentum, largely due to the supply chain disruptions due to the conflict in Ukraine and global economic shocks, including high inflation, the inevitable monetary tightening, and widespread debt distress. But can digitalisation and technology kick start trade and FDI flows recovery to pre-pandemic and its associated economic stability levels in a world of increasing and polymorphous uncertainties? ***Mushtak Parker*** *explores the latest developments and prospects for digitalized global trade, especially in ICIEC member states.*

There is no doubt that the prospects for global trade and investment over the short-to-medium term at best, are mixed, ranging from subdued to weak growth given the numerous downside risks exacerbated by the on-going conflict in Ukraine and, in recent weeks, the conflagration in the Middle East.

"Prior to the COVID-19 pandemic," says WTO Director-General Ngozi Okonjo-Iweala, "we were accustomed to strong growth in global trade, which typically exceeded the rate of GDP growth. Even at the height of the pandemic, trade remained relatively resilient, and we saw a powerful rebound in 2021 as the global economy reopened and economic activity picked up. Since 2022, we have been following a different trajectory, with slower trade growth due to the disruption to supply chains in, for example, the energy and agricultural sectors as a result of the Russia-Ukraine war, and due to broader geopolitical tensions elevated global inflation and high interest rates, among other causes."

Despite these shifts, she adds, the role of trade, as well as trade and supply chain finance products, is more important than ever. As the geopolitical and economic environment becomes more challenging, access to liquidity and risk mitigation is increasingly valued. In addition, the desire – and need – to digitise has accelerated innovation in the trade and supply chain finance space. Her optimism that "global trade growth has remained positive," on the back of a slow-down in its underlying growth trajectory, is tempered by the stark reality that trade growth remains weak in the near term into 2023 due "to numerous downside risks, from geopolitical tensions to potential financial instability, which are clouding the medium-term outlook for both trade and overall output."

Data dichotomy and overload lends itself to a morass of interpretations enough to suit almost any narrative in this highly complex global trade matrix. Take, for instance, the 'volume versus value' metric across a spectrum of cohorts – merchandise trade, intermediate trade, trade in goods and services, trade in manufacturing goods and so on. In volume terms, world merchandise trade rose by 2.7% in 2022, which is well below the 12.4% growth in value terms. This was largely reflected by the effect of high global commodity prices, which continues to affect consumers all over the world, but disproportionately in developing countries, as a cost-of-living crisis continues to bite because of stubborn food and energy price inflation. Trade in goods and services amounted to US$31 trillion in 2022, a 13% rise year-on-year. While trade in goods exceeded pre-pandemic levels already in 2021, trade in services caught up in 2022.

Any complacency over a receding pandemic and its impact on global trade too could be misplaced. The latest World Health Organisation (WHO) update on COVID-19 on 3rd August reported over one million new cases and over 3,100 deaths globally in the month of July 2023. The pandemic, at the end of July 2023, has seen over 768 million confirmed cases and over 6.9 million deaths globally. "Currently, reported cases do not accurately represent infection rates due to the reduction in testing and reporting globally. During this 28-day period, 46% (107 of 234) of countries and territories reported at least one case to WHO – a proportion that has been declining since mid-2022," said WHO.

For a multilateral insurer such as ICIEC, global trade should also be considered in the context of food security, nutrition and global hunger – helping to alleviate it in member states, some of which are the poorest on earth, being a core mandate. The latest State of Food Security and Nutrition in the World (SOFI) report, published jointly in mid-July by five UN specialized agencies, reveals that 735 million people are currently facing hunger, compared to 613 million in 2019. This represents an increase of 122 million people compared to 2019, before the pandemic.

"If trends remain as they are, the UN Sustainable Development Goal 2 of ending hunger by 2030 will not be reached. Indeed, it is projected that almost 600 million people will still be facing hunger in 2030. While some areas have made some progress in hunger reduction, there are many places in the world facing deepening food crises. Africa remains the worst affected region with one in five people facing hunger on the continent, more than twice the global average," concludes the SOFI report. Similarly, FAO (the Food and Agriculture Organisation of the UN) recently warned that global food commodity prices rose in July, influenced by the termination of the Black Sea Grain Initiative and new Indian export restrictions on rice.

African Challenges and Arab Development Finance Support

Not surprisingly, least-developed countries (LDCs), especially in Africa, in general, are faced with the biggest challenges in trade flows and dynamics, beholden to anachronistic world trade rules to the detriment of LDCs – a major failure of the global trade system. In 2022, for instance, resource rich Africa accounted for less than 1% share of world exports.

Even where exports of goods and services from LDCs increased by 31% between 2019 and 2022, this was more to do with a greater upside of 41% in value terms, once again reflecting higher global commodity prices. Africa's trade deficit in intermediate goods (IG) – inputs used to produce a final product - shrank to US$4.4 billion in 2022. This is partly due to growth in its exports of IG, which totalled US$292 billion in 2022, an increase of 47% compared with its pre-COVID-19 level in 2019. Again, the rise in value terms is due to high commodity prices.

The fact that Africa accounted for only 14% of intra-African merchandise trade in 2022 (down from 16% in 2018) – the lowest of all the global regions - underlines the huge gap and challenges faced in realising the African Union's Agenda 2063 vision of economic integration and inclusive socio-economic development on time, and the trade-led development ambitions of the African Continental Free Trade Area (AfCFTA), which seeks to bring together 55 African countries and create an integrated market of 1.3 billion people, with a combined GDP of over US$3 trillion.

A major development is the allocation of up to US$50 billion to help build resilient infrastructure and inclusive societies in the African continent by the Arab Coordination Group (ACG) at the recent Arab-Africa and Saudi-Africa Summits' Economic Conference in Riyadh. The ACG is a strategic alliance that provides a coordinated response to development finance. Current members are the Abu Dhabi Fund for Development, the Arab Bank for Economic Development in Africa, the Arab Fund for Economic and Social Development, the Arab Gulf Programme for Development, the Arab Monetary Fund, the Islamic Development Bank, the Kuwait Fund for Arab Economic Development, the OPEC Fund for International Development, the Qatar Fund for Development, and the Saudi Fund for Development.

The ACG has been a long-standing supporter of African partner countries and has cumulatively invested over US$220 billion in the region to date. "We reaffirm our commitment to supporting the sustainable development of countries in Africa. Recognizing that the link between sustainable development and climate financing is cross-cutting and complex, the ACG reaffirms its commitment to scaling up financial assistance for climate change in line with the Paris Climate Agreement and to helping bridge investment gaps in energy access, including low-carbon energy sources, climate mitigation, adaptation, and resilience, as well as food security," said the Group in a statement.

On the global GDP growth front, the outlook is equally mixed. Moody's Investors Service, in its latest forecast, expects global G-20 growth to moderate in 2024 to 2.1% from 2.8% in 2023 and accelerate in 2025 to 2.6%, the firm said in its Global Macroeconomic Outlook 2024-25. "We forecast real economic activity in advanced G-20 economies to decelerate from an estimated 1.7% in 2023 to just 1.0% in 2024 and recover to 1.8% in 2025," said Madhavi Bokil, Senior Vice President CSR, at Moody's. "Growth in G-20 emerging markets will slow from 4.4% in 2023 to 3.7% in 2024 and 3.8% in 2025. Excluding China, G-20 EM growth will decelerate to 3.3% in 2024 from an estimated 3.5% in 2023 before accelerating to 3.5% in 2025.

The main reason, according to Dr Bokil, is that a Synchronous growth slowdown is expected in 2024 owing to the ongoing tightening in monetary and financial conditions in advanced economies. Traditional sources of strength will not buoy growth for too long - financial conditions have tightened even more in the last two months, which will further continue to dampen spending and investment. To him, economic strength across emerging market countries varies considerably, with some like India, Brazil, Mexico and Indonesia outperforming expectations, while outlooks for Türkiye and Argentina are highly uncertain.

> As the geopolitical and economic environment becomes more challenging, access to liquidity and risk mitigation is increasingly valued. In addition, the desire – and need – to digitise has accelerated innovation in the trade and supply chain finance space

Proliferation of Platform-base Trade

The 2023 ICC Trade Register Summary Report gives a more nuanced vista of the dynamics of global trade prospects, which will be increasingly subject to the impact of regulatory changes, especially due to the new reporting requirements from the Financial Accounting Standards Board (FASB), and the ongoing digitisation and future of platform-based trade. The geopolitical and macroeconomic challenges of 2022 have continued and have even intensified, in some cases, fueled by weak global growth, elevated inflation, and high interest rates. On the demand side, observes the ICC, consumption slowed from the post-pandemic bounce but remained strong. Households continued to spend the savings they had accumulated during the pandemic, while government spending continued apace, for example, in relation to the US Inflation Reduction Act (IRA).

On the supply side, while the shipping constraints of 2021 abated, supply chains remained disrupted, partly due to new trade policies across many countries. According to the ICC Trade Report, international goods trade flows reached US$23.8 trillion in 2022, up 10.7% from 2021. This was a softening in trade growth relative to the 25.5% jump in 2021, as the post-pandemic recovery eased in 2022. But this growth in 2022 was primarily driven by inflation rather than an increase in volume, as commodity prices jumped: in real, or inflation-adjusted, terms, goods trade flows grew only 3% in 2022 versus 2021.

The services trade tells a different story. Trade in services reached $6.8 trillion in 2022, up 14% from 2021, driven by strong growth across all regions in a continued post-pandemic recovery. Europe continues to be the regional leader, with a 53% share of global services exports in 2022. Services trade grew at a faster rate than goods trade in 2022, the opposite of what we saw in 2021 (where services trade grew at 19% vs. 26% for goods trade). This was due to a more sustained post-pandemic recovery for services than for goods. Its forecast for 2023 and beyond is to the point 'Growth, but Slower Growth.'

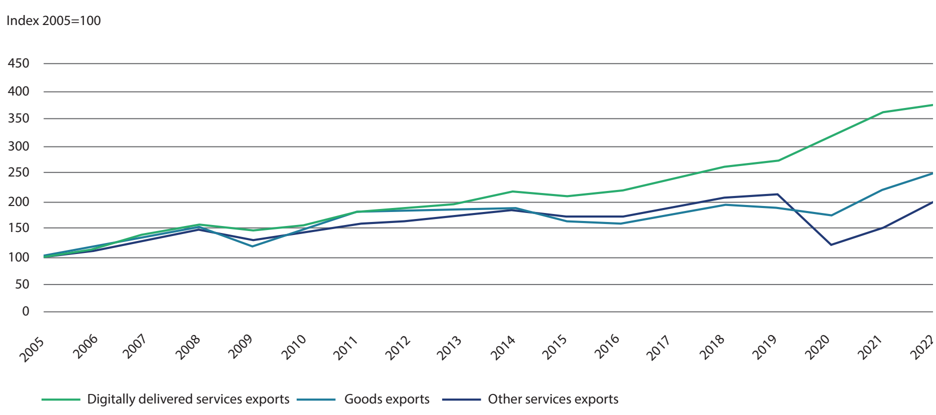
Boston Consulting Group (BCG), which contributed to the ICC Trade Report, projects global exports of goods, excluding services and FX receipts, to reach US$23.8 trillion in 2023, rising by 4.6% to US$37.4 trillion in 2032.

Following the sharp increase in trade finance revenues by 28.2% in 2021 relative to 2020, BCG estimates that nominal trade and supply chain finance revenues grew a pace of 6.3% in 2021 to 2022, reaching a total of US$63 billion. The slowdown was due to softening of both volume growth and product penetration, as some businesses chose to go without trade and supply chain finance products to avoid the higher costs. A narrowing of margins also played a role in squeezing revenue growth in 2022.

The prospects for trade finance in 2023 are turning out to be a more challenging year. BCG forecasts nominal trade and supply chain finance revenues to fall by 7.4% in 2022 to 2023. Looking further ahead, trade and supply chain finance revenues are forecast to grow modestly in the year 2023 to 2024 before picking up and growing by 3.8% per annum from 2022 to 2032, reaching $91 billion by 2032 on a nominal basis. "Growth in open account products is slowing but is expected to remain strong as its speed, ease and cost effectiveness outweigh the risk mitigation properties of documentary trade. The ease of digitisation of open account also works in its favour," said BCG.

BCG also stresses the importance of ongoing digitisation and the future of platform-based trade. Digitisation is going from strength to strength, with the majority of players investing heavily in their trade and supply chain infrastructure in order to: i) Modernise the customer experience , ii) Provide new product functionalities across the full procure-to-pay value chain (e.g. pre-shipment finance, distributor finance, etc.) , iii) Enable greater platform and ecosystem connectivity in order to originate transactions where customers do business (rather than customers coming direct to bank) , iv) Enable greater modernisation to reduce cost and improve processing times , and v) Improve data and reporting and to enable balance sheet velocity of documentary trade through asset distribution which is expected to grow as legacy systems are replaced or upgraded, and data becomes more widely available.

Figure 3: Growth of digitally delivered services exports, 2005-22



The real economy impact for ICIEC member states is implicit. According to WTO estimates, Bangladesh's total exports of digitally delivered services for instance, have been growing by 15% annually since 2005, compared with 11% for goods, albeit from a very low base. Bangladesh has put digitalization at the core of its development. Around 14% of the online freelance global workforce originates and resides in Bangladesh, making it the top supplier of the online workforce in creative and multimedia services. As such, business-to-customer e-commerce is expected to grow by 18% per cent annually.

Digitisation has also been enabled by the growth in platform-based trade, where FinTechs and challengers are innovating on new ways to capture market share and scale. Many banks are now participating in digital trade platforms, e.g., for e-invoicing, payables automation, supply chain financing and working capital management. These platforms vary by geographic reach, product and client focus, and underlying technology, but the market has been somewhat bifurcated.

"While digitisation supports the shift to open account through the development of new products, it also improves the efficiency and security of documentary trade, underpinning its continued importance in the product mix. Moreover, digitisation not only facilitates broad industry growth but also supports inclusive growth. It is seen as key to reducing the "trade finance gap" for SMEs, which has widened recently due to higher interest rates," maintains BCG.

Advances in Electronic Trade Documentation

The three major and potentially game-changing developments in the electronic trade documentation architecture are the Electronic Trade Documents Act (ETDC) 2023 in the UK receiving Royal Assent from King Charles the III on 20 July, becoming legally effective on 20 September in an effort to make Global Britain's trade with partners all over the world more straightforward, efficient and sustainable , the enhancement of the Model Law on Electronic Transferable Records (MLETR) , and the World Trade Organisation (WTO's) initiative in including work on trade-related aspects of e-commerce as part of the organisation's Joint Statement Initiative (JSI) on E-commerce in future WTO negotiations.

Perhaps the biggest potential leap change in the near-to-medium term may come in digital underwriting and digitalization in commercial insurance lines using targeted Generative AI, according to Swiss Re. It is important in the current climate of AI hype not to over-think nor over-talk the significance of AI in order to facilitate an orderly transformation to this very disruptive and yet inevitable technology.

"Along with the use of big data," says Swiss Re, "AI is expected to be eventually used widely in risk assessment and underwriting. Given the level of confidence needed to deploy new technologies in underwriting, fully digitalised/automated AI and Machine Learning (ML) enabled systems are still not accurate enough for use at scale. This also means that algorithms cannot be relied on to fully replace traditional risk assessment, except in simpler lines of business such as motor. This said digitalisation can complement existing processes, including classifying and segmenting risk as finely as possible for more accurate risk pricing."

Increasingly, commercial insurers are making use of digital technology in portfolio steering and risk selection. The benefits are important. "By leveraging third-party digital data overlaid with their own information," stresses Swiss Re, "they can derive insights on potential risk accumulation, such as that caused by a concentration of high-value properties exposed to specific hazards. For example, the utility sectors' liability exposure is increasing due to infrastructure that can spark fires. Utilities may operate in wildfire prone regions (eg, network operators, tree cutters). Using third-party digital data on, for instance, locating sources of ignition such as power lines and rail tracks, insurers have a deeper view as to areas of potential fire risk accumulation."

The importance of the above developments cannot be ignored. The WTO initiative for instance, involves 89 (as of July 2023) member states, accounting for over 90% of global trade. These negotiations span a broad range of critical topics such as online consumer protection, electronic signatures and authentication, electronic contracts, transparency, paperless trading, open internet access, and data flows and data localization.

In this respect, the WTO Informal Working Group on Micro-and-Small-and Medium-sized-Enterprises (MSMEs) continues to discuss challenges for MSME access to digital trade, including cyber readiness, standardizing trade digitalization, and single windows (or access points) to access trade information. Recommendations like these, stressed the WTO, will be critical for increasing the inclusiveness of the international trade environment and should also be included in discussions at the WTO and in regional trade agreements (RTAs).

The benefits are real albeit incremental, and in need of urgent domestic and global trade system structural development, according to the world trade body. Automation and digitalization of production processes will continue because they increase productivity, allow firms to remain competitive in international markets, improve product quality and provide greater flexibility in responding to changes in the market.

Embracing a strengthened multilateral trading system through re-globalization would support inclusiveness by facilitating GVC-led industrialization and services-led growth. Growth in services trade, particularly digitally delivered services, needs agreements on services domestic regulation, e-commerce, and investment facilitation. WTO members can help facilitate a more inclusive global trading system by negotiating new accessions, extending their commitments, updating trade rules at the multilateral level, and working with other international organizations to ensure more people benefit from world trade.

Digitalization of trade could be a great equaliser and facilitator by providing new opportunities for those economies that have so far been left behind by allowing them to overcome some of the most important barriers to trade that they face, such as transportation costs and institutional disadvantages.

More importantly, it would also provide new opportunities for small firms, people living in remote areas, and women. Digital trade allows people globally to directly access international markets and supply their services even if there is no longer an industry domestically. Promoting more international cooperation, however, would need to be accompanied by requisite domestic policies without compromising the ethos of individual countries' development agendas, as they play an important role in helping make globalization more inclusive.

ETDA's £1.14 Billion Boost

There is no doubt that the biggest boost can come from the UK's ETDA, with the British Government's initial estimate that the UK economy is set to receive a £1.14 billion boost over the next decade through the "Innovative Trade Digitalisation Act." With less chance of sensitive paper documents being lost, and stronger safeguards through the use of technology, digitalising trade documents is also set to give businesses that trade internationally greater security and peace of mind.

"The Electronic Trade Documents Act," says Chris Southworth, Secretary General of the UK Chapter of the International Chamber of Commerce (ICC), "is a game changing piece of law not just for the UK but also for world trade. The act will enable companies to finally remove all the paper and inefficiency that exists in trade today and ensure that future trade is far cheaper, faster, simpler and more sustainable. This presents a once in a generation opportunity to transform the trading system and help us drive much needed economic growth." The ICC estimates that 80% of trade documents around the world are based off English law, and this act serves as the cornerstone to truly digitalising international trade.

With English law being the very foundation of international trade, several Islamic finance contracts such as the Commodity and Syndicated Murabaha and Sukuk issuance, this act puts the UK ahead and in the lead of not only other G7 countries but almost all other countries in the world. The UK, says Minister for International Trade, Nigel Huddleston, is widely seen as a leader in digital trade, and this new act will make it easier for businesses to trade efficiently with each other, cutting costs and growing the UK economy by billions over time. "It's exciting to see the power of technology being harnessed to benefit all industries, reduce paper waste and modernise our trading laws, an approach which the rest of the world will seek to follow," he added.

Indeed, the Electronic Trade Documents Act recently implemented in the UK, according to the WTO, removes requirements for the majority of paper trade documentation. Varying degrees of progress are also being made towards implementation in the remaining G7 countries, with each taking unique approaches to amend and introduce legislation.

The Model Law on Electronic Transferable Records (MLETR) has already been in use since 2018 in a range of emerging markets, such as the UAE and Bahrain. The digitisation of trade finance documents has the capability to improve efficiency, reduce costs, enhance security, and diminish the extensive carbon footprint of paper documentation. More broadly, progress is being made to remove legal barriers to trade in many countries, such as France, Germany, the US under the African Growth and Opportunity Act (AGOA) and the UK.

The stakes are high for both AGOA-acceded countries and the US. Since its inception in 2000,

AGOA has been at the core of US economic policy and commercial engagement with Africa. AGOA provides 32 eligible SSA countries with duty-free access to the U.S. market for over 1,800 products, in addition to over 5,000 products that are eligible for duty-free access under the WTO's Generalized System of Preferences programme.

The Nourishing Role of Digitalisation in Nurturing Resilient Food Security and Systems, Agriculture and Water Management

Maher Salman
Team Lead, Agricultural Water Management, Food and Agriculture Organization

Technology and digitalisation possess significant potential in addressing the increasing demand for safe and nutritious food, efficient natural resource management, fostering high-quality productivity growth, and contributing to the attainment of the UN Sustainable Development Goals (SDG) Agenda. But the state of digitalisation in agriculture, water, and food systems in low-and-medium-countries (LMICs) in particular, varies widely, with ongoing efforts to leverage technology for sustainable development. ***Maher Salman****, Team Lead, Agricultural Water Management, Food and Agriculture Organization (FAO) of the UN, in an exclusive interview discusses the importance of digital innovation in agriculture, water management, and building resilience in food systems, and emphasises its distinctive capabilities to bridge the rural-urban gap, create employment opportunities, enhance resilience in rural areas, and empower youth and women by providing access to information, technology, and markets.*

ICIEC Quarterly Newsletter: Technology is critical to affecting change and driving development. In agriculture, it is said that digitalisation could be a game changer in boosting productivity, profitability, and resilience to climate change. An inclusive, digitally enabled agricultural transformation could help achieve meaningful livelihood improvements inter alia for smallholder farmers and pastoralists and could drive greater engagement in agriculture of women and youth and employment. What is the state of digitalisation in agriculture, water, and food systems in the low-and-medium-income countries (LMICs)? What is the economics of digitalisation in agriculture?

Maher Salman: Technologies and digitalisation possess significant potential in addressing the increasing demand for safe and nutritious food, efficient natural resource management, and fostering high-quality productivity growth. Furthermore, they play a crucial role in ensuring inclusivity and contributing to the attainment of Sustainable Development Goals. Digital innovation in particular has distinctive capabilities to bridge the rural-urban gap, create employment opportunities, enhance resilience in rural areas, and empower youth and women by providing access to information, technology, and markets.

The state of digitalisation in agriculture, water, and food systems in low- and medium-countries varied widely over the most recent years, with ongoing efforts to leverage technology for sustainable development. Digitalisation in these sectors holds significant potential for addressing key challenges linked to agricultural development, and hence to broader economic growth for several countries whereby agriculture is the leading sector. The status of digitalisation in these contexts is dynamic and shows both opportunities and challenges.

The adoption rate, for instance, varies across regions and countries, whereby some areas have made significant strides, while others may be lagging due to factors such as infrastructure limitations, education, and access to technology. Furthermore, technology in agriculture is becoming more and more a critical aid in decision-making. The collection and analysis of data is increasingly informing management processes, as well as investment decisions.

The economics of digitalisation in agriculture, on the other hand, involves a delicate balance of investment and returns. While initial costs are associated with adopting digital tools, the potential benefits include increased efficiency, improved market access, and elevated livelihoods for smallholder farmers and pastoralists. The inclusive nature of digitally enabled agricultural transformation also holds the promise of engaging a broader range of stakeholders, including women and youth, offering not only improved economic prospects but contributing to broader social and employment objectives.

In the face of economic slowdown and uncertainty, FAO has been playing a key role in advocating for the use of digital technologies to transform agrifood systems and agribusinesses. This involves advising on and promoting a policy agenda to address the digital divide and extend digital benefits on a mass scale, with a commitment to leaving no one behind. As part of its Digital Agriculture Program Priority Area, FAO has already initiated various programs to translate this vision into tangible support for its Member States.

To further advance this trajectory and bring digital innovation's benefits closer to people, technology-based solutions need to be taken at scale and developed with inputs from final beneficiaries and local partners. FAO has been working in this direction, for instance, in Lebanon, with the development of the BlueHouse-Leb application that provides timely information on the irrigation needs of crops in unheated plastic greenhouses and thus contributes to improve the farm profitability and household-level food security of farmers.

What are the biggest threats, challenges and

Technology and digitalisation possess significant potential in addressing the increasing demand for safe and nutritious food, efficient natural resource management, fostering high-quality productivity growth, and contributing to the attainment of the UN Sustainable Development Goals (SDG) Agenda

needs for sustainable agricultural development, quality land improvement and management, water and irrigation systems management, crop and land water productivity – in other words, for sustainable agri-food system transformation?

The sustainability and resilience of agri-food systems is seriously under threat unless current trends of drivers that are affecting them do change. An increase of food crises can be expected if we do not act immediately to transform the way we produce our food. Factors like the growing population and urbanization, economic uncertainties, poverty and disparities, conflicts, intensified competition for natural resources, are causing significant disruptions in socioeconomic structures and harmful effects on environmental systems.

Furthermore, the escalating threat of climate change, posing risks to crop yields, water availability, and overall land productivity poses serious challenges to the pursuit of sustainable agricultural development. Ensuring sustainable land management is hindered by factors such as soil degradation, deforestation, and inadequate land-use planning. The effective management of water and irrigation systems, critical for agricultural productivity, faces challenges related to water scarcity, inefficient irrigation practices, and the need for sustainable water resource governance.

Additionally, achieving optimal crop water productivity is impeded by the lack of access to advanced agricultural technologies, limited farmer education, and unequal distribution of resources. The overarching need lies in developing holistic approaches that integrate climate-resilient practices, advance sustainable land management, and promote efficient water resource utilization. The 2022 FAO "The Future of Food and Agriculture" report identifies four key triggers for the transformation of agri-food systems toward these objectives: improved governance, increased consumer awareness, better income and wealth distribution, widespread technological, social, and institutional innovations.

Moreover, the implementation of appropriate public strategies and policies, involving the active participation of all stakeholders are crucial. Addressing these challenges requires collaborative efforts, technology dissemination, policy support, and capacity building to foster a sustainable agri-food system transformation that is resilient, equitable, and environmentally sound.

The world is plagued by a cornucopia of negative metrics which tend to undermine progress towards achieving the 17 UN SDGs, of which sustainable agriculture, food security and universal digitalisation are key goals. I refer to policy inertia, lack of convergence on trade policies and tariffs, hidden protectionism through subsidies and other barriers to market entry, national interest, supply chain disruptions, land degradation and water pollution due to conflict, civil unrest, terrorism, polluting heavy industries, illegal mining, and logging, rising inequalities, and of course the impacts of the Covid-19 pandemic. What is the real economy, social, health and opportunity cost lost, and how do we future proof such challenges?

The number of challenges indeed poses formidable obstacles to the attainment of the Sustainable Development Goals, particularly in the domains of sustainable agriculture, food security, and universal digitalization. As pointed out by the UN Secretary-General and confirmed by the FAO report "Tracking Progress on Food and Agriculture-related SDG Indicators 2023", many SDGs are off-track, including those to which agri-food systems are expected to contribute.

Issues like policy inertia, divergent trade policies, and hidden protectionism through subsidies are impeding global progress. Additionally, disruptions in supply chains, land degradation, water pollution from various sources including conflict, civil unrest, terrorism, and polluting industries intensify the complexity. The exacerbation of inequalities and the profound impacts of the Covid-19 pandemic further compound these challenges. The real costs, spanning the economy, society, and health sectors are highly significant, but so are the opportunities.

To future-proof against these challenges, a comprehensive approach is needed. This involves fostering international collaboration to address policy gaps, promoting transparent trade policies, and develop management and technical capacities of stakeholders at different levels. Moreover, investing in resilient supply chains, sustainable practices, and leveraging digital technologies for equitable access to resources are crucial steps. Building robust multipurpose infrastructures for both health and agricultural uses, and implementing social safety nets can enhance resilience, ensuring a more inclusive and sustainable future despite the multifaceted challenges we are confronted with.

The role of water is highlighted in the theme, "Water is life, Water is food. Leave no one behind," of World Food Day 2023. There are over 2.4 billion people in water-stressed countries and 600 million reliant on aquatic food systems who face pollution, ecosystem degradation, and climate change impacts. Water scarcity, shortages and rationing are on the increase, and no country, irrespective of economic status and wealth, is spared. How did we get it so wrong, and in a world of poly-crises with competing demands for finance, how are we going to finance the remedial mechanisms required?

The thematic emphasis posed on water in this year World Food Day underscores the critical role of water in global food security. The statistics of over 2.4 billion people in water-stressed nations and 20% decline in the availability of freshwater resources are alarming. The escalating challenges of water scarcity, shortages, and accessibility are pervasive, and affect populations across nations and along economic spectrums. The question of how we reached this critical juncture prompts reflection on past resource management and policy decisions. In the contemporary context of poly-crises and competing financial demands, financing the necessary remedial mechanisms becomes a paramount concern.

Addressing water-related challenges requires innovative, collaborative solutions, a reallocation of financial resources, and a commitment to sustainable practices to ensure equitable access to water, safeguard aquatic ecosystems, and mitigate the impacts of climate change. The urgency of the situation calls for a global commitment to responsible water management, transcending economic boundaries to leave no one behind in the quest for water security and sustainable food systems. Agriculture, as the largest consumer of freshwater, has the biggest potential for impact, by changing the ways we produce our food.

In terms of governance, we need to strengthen partnerships between governments, researchers, business, and civil society to design science and evidence-based policies and improve coordination among sectors for better planning and management of water resources. As for financial solutions, more investment are required to enhance the efficiency of water resources and the development of irrigation systems based on ground-truth data, to be made available through accessible knowledge platforms.

Global water demand is likely to grow in the next three decades due to agriculture intensification, population growth, urbanization, and climate change. In water-stress regions, future demand will require the reallocation of 25 to 40 percent of water from lower to higher productivity and employment-oriented activities. These reallocations are likely to come from the agriculture sector due to its high share of current water use. Are you confident that new actions such as Smart Irrigation, Smart Wash, Land and Water Rehabilitation, Soil Enrichment will help to enhance increase water use efficiency, especially in irrigation, and enhance agricultural production and productivity?

The projection of increasing global water demand over the next three decades, driven by factors such as agricultural intensification, population growth, urbanization, and climate change, underscores the imperative for innovative solutions. The World Bank estimates that between 25 to 40 percent of water will need to be re-allocated from lower to higher productivity and employment-oriented activities in water-stressed regions.

Agriculture, once more can play a pivotal role and the FAO Strategic Framework hence indicates the need to increase global agricultural production by at least 40 percent by 2050, given the limited availability of water resources. Initiatives like the ones mentioned holds promise in enhancing water use efficiency and boosting agricultural production and productivity. In particular, the Smart Irrigation-Smart WASH approach, which was promoted under my lead by the Land and Water Division of FAO, addresses the concept of multiple water use and proposes solutions to enhance irrigation and provide WASH facilities to vulnerable communities, thus, responding to the critical needs in times of pandemic crisis.

With the Covid-19 emergency behind us, our focus is redirected to irrigation and its development to support the most efficient management of water resources. The "Irrigation Mapping of need and potential" initiative aims at supporting countries to mobilize sufficient resources for irrigation development and to sustain sound irrigation strategies with well-justified, prepared, and targeted action plans.

The objective is to ensure that irrigation meets actual needs, leverages untapped potential, and accommodates potential future scenarios, planning and decision-making processes. The initiative is developed by FAO through a broad partnership, including global and national stakeholders who share similar concerns about the need to enhance irrigation efficiency and are ready to promote effective solutions in countries worldwide.

In one of your recent papers, 'Enabling pathways for intensifying drought finance flows', you seem to suggest an important correlation between digitalisation and financial actors and recipients, and information management as the enabler of this process. Technology needs assessment, you stressed, can lead to the identification of bankable projects and support investors in establishing portfolios. You also mention customer clustering and value chain management. Making projects bankable, especially in drought prevention and mitigation is dependent on a whole range of metrics which are not readily evident in LMICs – credit enhancement, de-risking solutions, integrated policies and so on. Given that droughts are an increasing phenomenon in FAO member states, what is the outlook for increased drought finance and underwriting of the associated risks?

The report is formulated under the framework of the "Enabling Activities for Implementing UNCCD COP Drought Decisions." project, executed in partnership with the United Nations Convention to Combat Desertification (UNCCD) and financially supported by the Global Environment Facility (GEF).

The primary focus of the publication is to delve into the complexities, alternatives, and mechanisms associated with drought finance. It is meant as a contribution to the creation of a conducive framework for the comprehensive management of drought, aligning with the overarching goal of integrated drought management. In the publication a number of short-term and readily implemented strategies are presented as pathways to drive drought finance forward, which include information management, digitalization, drought awareness, technology needs assessment, customer clustering and value chain management.

Recognizing the complexities inherent in drought prevention and mitigation projects, such alternative enablers of drought finance should be considered, especially in low- and middle-income countries (LMICs), where metrics like credit enhancement, de-risking solutions, and integrated policies are not always available. The growing recognition of the urgency and severity of drought occurrences confirms the need for increased drought finance and underwriting of associated risks, but the outlook is still far from the requirement.

Digitalization, coupled with innovative financial instruments, has the potential to unlock new avenues for financing. Moreover, the focus on customer clustering and value chain management contributes to creating a conducive environment for making drought-related projects more bankable. The imperative lies in sustained collaboration, international partnerships, and continued efforts to bridge financial gaps, ultimately fortifying the resilience of member states in the face of escalating drought challenges.

Digitalisation is a source of new growth and new efficiencies but also of new risks. The talk is about smart agriculture, precision agriculture and building agri-resilience through greater digitalisation. Risks include policy, market, water, investment, technology, cyber and insurance risks. At the same time, increased dependency on digital infrastructure especially in large-scale food systems, makes such assets more vulnerable to business interruption and cyberattacks. How do you mitigate these risks, especially for LMICs? Is targeted involvement and innovation of credit and investment insurance a potential answer?

FAO promotes inclusive and adapted innovative technologies, including digitalisation for sustainable production and improved market access, as key accelerators for the sustainable transformation of agri-food systems. There is considerable optimism that the integration of digitalization into agri-food systems, encompassing aspects like input management, disease control, supply chain management, and automation, holds the potential to enhance operational efficiency and concurrently reduce environmental impacts.

The infusion of information as a valuable resource has paved the way for big data platforms to enter the agri-food landscape, however, potentially assuming dominant positions. The issue has progressively come under the UN radar, especially for LMICs, as highlighted in the 2020 Report by the Secretary-General. This transition has given rise to novel and disruptive business models, particularly evident in the shifts observed since the onset of the COVID-19 pandemic.

However, concerns have emerged regarding the concentration of both big data and analytical capabilities in the hands of a select few entities. Without appropriate regulation, this concentration threatens to accelerate power imbalances, foster greater inequality, and marginalize impoverished and unskilled workers. Rural families and farmers, in LMICs and worldwide, are particularly at risk, as they lack the digital competences to stay updated in increasingly digitalized food markets and their employment opportunities are limited. In the light of these considerations the importance of carefully managing the integration of digital technologies to ensure equitable outcomes in agri-food systems emerges clearly, and so does the need to keep looking for suitable answers.

Navigating the Future: UAE's Digitalization and Technology Adoption Strategy Unveiled

In the realm of economic recovery, resilience, de-risking, and inclusive growth, the United Arab Emirates (UAE) stands as a pioneering force, steering its trajectory through a robust Digitalization and Technology Adoption Strategy. Here ***Raphael Fofana****, Acting Head of the UAE office of the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) in Dubai, delves into the transformative journey the UAE is undertaking in leveraging technology for a prosperous and inclusive future.*

At the core of the UAE's digital transformation lies a ground-breaking shift in e-Government initiatives catalysed by the visionary Smart Dubai project. This strategic undertaking represents more than a technological evolution; it signifies a reimagining of governance, where advanced technologies such as artificial intelligence (AI) and blockchain are seamlessly integrated into public services. The Smart Dubai initiative stands as a testament to the nation's commitment to innovation, efficiency, and transparency.

Artificial intelligence, with its advanced algorithms and machine learning capabilities, is revolutionizing governmental processes. Tasks are not only automated but optimized for precision, enhancing the overall efficacy of public service delivery. Concurrently, the integration of blockchain technology ensures the security and integrity of critical government data. Its decentralized nature creates an immutable ledger, instilling a new level of trust and setting unprecedented benchmarks for data reliability and security.

This digital evolution is not confined to efficiency gains alone; it is reshaping the very essence of governance by fostering transparency and accessibility. By making information readily available to the public, the UAE is setting new standards for open governance, where citizens can scrutinize government actions, fostering a culture of accountability. As ICIEC actively collaborates with government entities, our mission harmoniously aligns with the UAE's vision, contributing to an ecosystem where advancements in e-Government become catalysts for economic growth and robust investment protection.

Insurtech Revolution:

The UAE's unwavering commitment to technological innovation is notably evident in the insurance sector, where the convergence of insurance and technology, commonly referred to as Insurtech, is orchestrating a transformative shift. Insurtech has emerged as a dynamic force, reshaping the traditional landscape by integrating advanced technological solutions. Key among these advancements is the utilization of data analytics, which empowers insurers with the tools to conduct precise risk assessments.

This analytical prowess enables a more nuanced understanding of potential risks, enhancing decision-making processes and ultimately fortifying the resilience of the insurance sector in the face of evolving and complex risks.

Moreover, the adoption of blockchain technology within Insurtech initiatives brings an additional layer of security and transparency to insurance transactions. Blockchain ensures the integrity of contracts and facilitates secure, tamper-proof record-keeping, thereby fostering trust among stakeholders.

In this landscape of rapid technological evolution, Insurtech stands as a strategic frontier, embracing innovation to streamline operations, improve efficiency, and offer tailored solutions to the dynamic needs of businesses and individuals alike.

As a pivotal player in the realm of investment insurance, ICIEC is acutely aware of the transformative role technology plays in the de-risking process. Embracing these technological advancements aligns with our mission of supporting sustainable economic development by providing robust insurance solutions. In recognizing the synergies between Insurtech and investment protection, ICIEC continues to contribute significantly to the resilience and innovation of the insurance sector within the UAE and beyond.

Government Agencies, SWFs, and Development Banks:

The UAE's strategic vision extends beyond individual efforts to encompass a collective, collaborative approach that actively engages government agencies, sovereign wealth funds (SWFs), and development banks. This concerted effort reflects a commitment to fostering an environment conducive to growth and innovation. The collaboration between these entities forms a synergistic alliance, pooling resources and expertise to drive transformative initiatives that propel the nation forward.

In this collaborative landscape, government agencies play a pivotal role in setting the strategic direction, crafting policies, and providing regulatory frameworks that facilitate innovation and sustainable growth. Sovereign wealth funds, as strategic financial vehicles, contribute substantial resources to fuel economic development projects. Development banks, with their focus on financing initiatives that promote long-term economic growth, complement this synergy by providing crucial funding and expertise.

ICIEC actively participates in and mirrors this collective effort through collaborative endeavors with government bodies. Our collaboration aligns seamlessly with the overarching national strategy, working hand in hand to safeguard investments and encourage economic development. By forging these partnerships, ICIEC contributes to the nation's economic resilience, fostering an environment where collective innovation and collaboration lay the foundation for sustained growth and prosperity. This collaborative model not only amplifies the impact of individual initiatives but also exemplifies the UAE's dedication to a holistic and inclusive approach to national development.

Banking Sector's Digital Leap:

The pervasive digital transformation sweeping across industries has reached the very heart of the financial sector, inducing a profound shift within the banking industry. This transformative journey encompasses a spectrum of advancements, ranging from the ubiquity of mobile banking to strategic fintech partnerships, as financial institutions actively embrace technology to redefine their service offerings. The motive behind this shift is clear – to provide more efficient, secure, and customer-centric financial services that align with the expectations of a digitally savvy clientele.

Mobile banking has become a cornerstone, empowering customers with the convenience of managing their finances on-the-go. Simultaneously, strategic collaborations with fintech entities inject innovation into traditional banking practices, fostering a dynamic landscape that adapts to the evolving needs of the modern market. These technological integrations not only enhance operational efficiency but also elevate the overall customer experience.

The alignment of ICIEC's mission with this financial sector transformation is palpable. As a key player in investment insurance, ICIEC recognizes the symbiotic relationship between its mission and the ongoing digitalization in banking. The digital transformation contributes significantly to the de-risking of financial transactions, introducing sophisticated risk management mechanisms that bolster the security and integrity of investment activities. In turn, this proactive embrace of technology within the banking sector promotes investment protection, aligning seamlessly with ICIEC's commitment to facilitating sustainable economic development through robust insurance solutions.

Credit and Investment Insurers in the Digital Era:

Within the intricate fabric of the economic resilience framework, credit and investment insurers emerge as pivotal players actively harnessing the power of digitalization. This strategic integration of advanced technologies is instrumental in reshaping traditional approaches, focusing on streamlining processes, enhancing risk assessment methodologies through data analytics, and ensuring agile responses to the ever-evolving challenges within the dynamic economic landscape.

The digitization of credit and investment insurance processes introduces unprecedented efficiencies. By automating and optimizing workflows, insurers can provide quicker, more responsive services, reducing turnaround times and enhancing the overall customer experience. The utilization of data analytics amplifies risk assessment capabilities, enabling a more nuanced understanding of potential risks and allowing for tailored, data-driven solutions that resonate with the specific needs of businesses and investors.

In this digital era, where economic landscapes are characterized by rapid changes and uncertainties, the commitment to innovation is paramount. ICIEC exemplifies this commitment by mirroring the industry's embrace of digitalization. We actively engage in providing comprehensive insurance solutions that align seamlessly with the digital aspirations of our stakeholders. Through technology-driven initiatives, ICIEC not only fortifies its role as a key player in investment insurance but also contributes to shaping a resilient economic environment that thrives amidst the complexities of the contemporary business landscape. The synthesis of innovation and digitalization within the realm of credit and investment insurance lays the foundation for a more adaptive, responsive, and robust economic framework.

Corporate Sector's Digital Drive:

The corporate sector in the UAE stands at the forefront of the ongoing digital evolution, transcending the role of a mere observer to become an active participant in this transformative journey. Across various facets, from supply chain optimization to elevated customer engagement strategies, businesses are embracing technology to enhance operational efficiency and navigate the complexities of the modern marketplace. This proactive adoption of technological advancements not only fosters innovation within individual enterprises but collectively contributes to fortifying the overall resilience of the economy.

Supply chain optimization, facilitated by digital technologies, ensures a more streamlined and responsive flow of goods and services. Businesses leverage data analytics, artificial intelligence, and blockchain to enhance the visibility and efficiency of their supply chains, thereby reducing costs and minimizing disruptions. Simultaneously, the incorporation of technology in customer engagement strategies enhances communication, personalization, and overall satisfaction, fostering lasting relationships and loyalty.

As a stalwart supporter of international trade and investment, ICIEC recognizes the strategic importance of a digitally empowered corporate sector in achieving sustained economic sustainability. The digital transformation of businesses not only aligns with ICIEC's mission but also plays a crucial role in fostering an environment where international trade and investment can flourish. Through its commitment to providing comprehensive

insurance solutions, ICIEC actively contributes to the resilience and growth of the digitally empowered corporate landscape, ensuring a sustainable and dynamic economic future for the UAE.

Benefits to the UAE's Economy and Development Agenda:

The Digitalization and Technology Adoption Strategy of the UAE stands as a catalyst for a multitude of benefits that extend beyond mere efficiency gains and cost savings. At its core, the strategy creates an environment that acts as a magnet for foreign direct investment (FDI). By leveraging advanced technologies, the UAE positions itself as an attractive destination for global investors seeking a dynamic and digitally mature ecosystem.

The strategy's emphasis on efficiency translates into substantial cost savings for businesses, enabling them to operate with increased effectiveness and competitiveness. Moreover, the digital ecosystem created by this strategy serves as a testament to the nation's commitment to innovation, fostering an environment that not only retains existing investors but also entices new ones. Foreign direct investment is drawn to the prospect of operating within a technologically advanced and forward-thinking landscape.

In this transformative landscape, the role of ICIEC is paramount. The Corporation acts as a crucial facilitator, providing insurance solutions that align seamlessly with the digital ambitions of investors. By mitigating risks associated with investments, ICIEC contributes significantly to sustainable economic development and resilience. As a strategic partner in this digital journey, ICIEC plays a pivotal role in ensuring that the benefits of the UAE's Digitalization and Technology Adoption Strategy are not only realized but also safeguarded, fostering a robust and secure investment environment that propels the nation toward enduring economic prosperity.

Emerging Risks and Challenges:

As the UAE boldly strides into the vast landscape of the digital future, it encounters a spectrum of challenges intrinsic to this transformative journey. Foremost among these challenges are the persistent threats posed by cybersecurity vulnerabilities, data privacy concerns, and the imperative need for adaptive regulatory frameworks. The interconnected nature of the digital realm exposes entities to evolving cyber threats, necessitating a vigilant approach to safeguard sensitive information and critical infrastructure. Data privacy concerns further intensify as digitalization amplifies the volume and complexity of personal and corporate data.

Addressing these challenges requires not only technological fortification but also adaptive regulatory measures that keep pace with the dynamic digital landscape. Recognizing the multifaceted risks inherent in the digital era, ICIEC proactively engages in a continuous dialogue.

This proactive approach aims to craft innovative insurance solutions tailored to address the emerging challenges of the digital age effectively. By doing so, ICIEC fulfils its pivotal role in providing a secure environment for investments, reassuring stakeholders that their ventures are shielded against the complexities of the ever-evolving digital risk landscape. In this commitment to risk mitigation, ICIEC not only safeguards investments but also contributes to the overall resilience and sustainability of the UAE's digital ambitions.

In conclusion, the UAE's Digitalization and Technology Adoption Strategy heralds a new era of economic prosperity, resilience, de-risking, and inclusion. As ICIEC aligns its mission with the UAE's vision, we recognize the transformative power of technology in shaping a robust and inclusive future. The collaborative efforts across sectors, coupled with ICIEC's commitment to investment protection, position the UAE as a global leader in navigating the digital frontier, ensuring a dynamic and resilient economic landscape for generations to come.

Embracing Zero-Trust Cybersecurity A Comprehensive Approach to Protecting and Enhancing Resilience of the Modern Organization

Mohamad El Sayed,
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Management Division, ICIEC

The Evolution of Cybersecurity

In today's interconnected world, where data breaches and cyberattacks have become commonplace, traditional perimeter-based security measures are no longer sufficient to protect organizations from advanced threats. Advanced Persistent Threats (APTs) and insider threats have demonstrated that the traditional approach is no longer effective. The consequences of a breach in this context can be devastating, leading to data theft, financial losses, and reputational damage. The need for a more robust and adaptable approach to cybersecurity has led to the rise of the Zero-Trust approach.

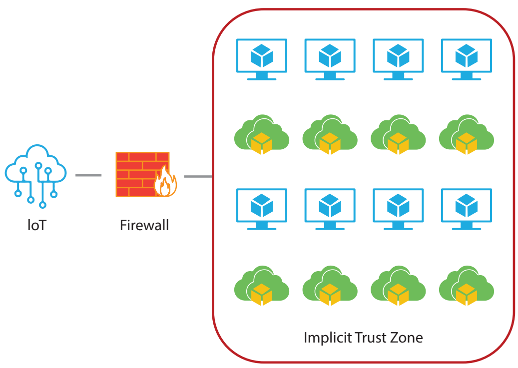
The Zero-Trust approach challenges the conventional wisdom of "trust but verify" by assuming that no entity, whether inside or outside the network, can be trusted implicitly. Instead, it advocates the complete abandonment of the implicit trust in any entity, whether inside or outside an organization's network. This approach assumes that no device, user, or application can be trusted by default, and every access request must be authenticated, authorized, and continuously monitored, regardless of its source.

The Zero-Trust Approach: Unraveling the Core Principles

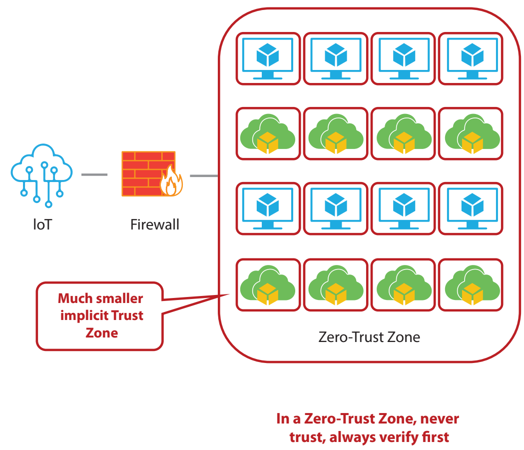
Zero-Trust is not just another buzzword , it's a comprehensive and adaptable security framework designed to address the evolving threat landscape. To understand the Zero-Trust approach better, let's delve into its core principles:

- **Never Trust, Always Verify:** The fundamental premise of Zero-Trust is to reject the assumption that anything, or anyone, is inherently trustworthy. Instead, it promotes continuous verification of every user, device, application, and network connection trying to access resources within the network. Users and devices must authenticate themselves before gaining access to resources. Multi-factor authentication (MFA) is commonly used to strengthen identity verification.
- **Least Privilege Access:** Zero-Trust minimizes the privileges granted to users and devices. Users are only given access to the resources necessary for their job, limiting lateral movement within the network for potential attackers. Access privileges are granted on a need-to-know basis. Users and systems only receive the minimum permissions necessary to perform their tasks.
- **Micro-Segmentation:** In a Zero-Trust architecture, the network is divided into smaller segments, each with specific security policies. This way, even if a breach occurs in one segment, it is contained, preventing lateral movement.
- **Real-time Monitoring:** Continuous monitoring of user and device behavior, network traffic, and system activity is a cornerstone of Zero-Trust. Any deviations from the established norms trigger alerts and potential security responses.
- **Contextual Access Control:** Access decisions are based on contextual information, such as user identity, device health, location, and the sensitivity of the data or resource being accessed. Access is dynamically adjusted based on changing conditions. All access requests are explicitly approved or denied based on policies, not based on trust or location.

Traditional Single
Perimeter Defense



Zero-Trust Defense Focuses
on Resource Protection



Zero-Trust Components

To implement a Zero-Trust cybersecurity approach, organizations need to consider several key components and strategies:

- **Identity and Access Management (IAM):** A robust IAM system is essential for verifying the identity of users and devices. It includes Single Sign-On (SSO), Multi-Factor Authentication (MFA), and role-based access control.
- **Network Micro-Segmentation:** This involves dividing the network into smaller, isolated segments or zones. Each segment can have its own set of access controls and security policies, reducing the lateral movement of threats.
- **Security Analytics and Threat Detection:** Utilizing advanced security analytics and machine learning, organizations can continuously monitor network traffic and user behavior to detect anomalies and potential threats in real-time.
- **Application Security:** Applications must be secured at the code level, and access should be controlled based on a user's privileges and the least privilege principle.
- **Secure Access Service Edge (SASE):** SASE is an emerging technology integrating network security and Wide-Area Networking (WAN) capabilities. It extends Zero-Trust principles to remote users and cloud services.

Benefits of Zero-Trust

Implementing a Zero-Trust approach offers numerous advantages that significantly enhance an organization's security posture:

- **Minimized Attack Surface:** The attack surface is significantly reduced by implementing least privilege access and micro-segmentation. Attackers have difficulty moving laterally within the network and accessing critical assets.
- **Improved Data Protection:** Zero-Trust ensures that sensitive data is protected from unauthorized access. Access controls adapt to changing conditions and user behavior in real time, reducing the risk of data breaches.
- **Enhanced Security Posture:** The continuous monitoring and real-time access control provided by Zero-Trust allow organizations to respond to threats quickly and effectively. This proactive approach to security minimizes the impact of potential breaches.
- **Adaptability:** Zero-Trust is scalable and can be tailored to an organization's needs. Whether a small business or a large organization, the principles of Zero-Trust can be applied effectively.
- **Compliance Alignment and Risk Mitigation:** Many industry regulations and standards, such as the General Data Protection Regulation (GDPR), require organizations to implement strong security controls. Zero-Trust helps organizations align with these compliance requirements. Organizations adopting a Zero-Trust model can better protect sensitive data and reduce the risk of data breaches and associated financial and reputational damage.
- **User-Friendly:** Despite its robust security measures, Zero-Trust can be implemented to minimize disruption to user experiences, ensuring that security doesn't hinder productivity

Challenges in Implementing Zero-Trust

While the benefits of a Zero-Trust approach are compelling, implementing it is not without its challenges:

- **Complexity:** Transitioning to a Zero-Trust architecture can be complex and disruptive. It may require changes in infrastructure, policies, and a cultural shift within the organization. Organizations must carefully plan and execute this transition to avoid service disruptions.
- **Integration:** Integrating Zero-Trust into existing systems and processes can be challenging. Legacy systems may not easily support the principles of Zero-Trust, requiring additional investments in technology and training.
- **User Experience:** The strict access controls and continuous verification can sometimes hinder user experience. Organizations must strike a balance between security and usability.
- **Cost:** The initial investment in Zero-Trust technology and training can be high, particularly for smaller organizations with limited resources. The investment in new technologies and training can be significant. However, the long-term benefits often outweigh the upfront costs.
- **Change Management:** Adopting a Zero-Trust approach often requires a cultural shift within the organization. Employees may resist additional security measures, such as MFA and more frequent authentication requests, which can slow their workflow. Employees need to understand and embrace the new security mindset.
- **Skill Shortages:** Finding and retaining cybersecurity professionals with expertise in Zero-Trust can be challenging, as the demand for these skills is rising.

Zero-Trust in Action: Practical Use Cases

To illustrate the real-world applications of Zero-Trust, consider a few use cases where organizations can successfully adopt this approach:

- **Cloud Security:** As more organizations migrate their services to the cloud, Zero-Trust provides a secure way to access cloud resources. Users and devices are continuously authenticated and authorized before connecting to cloud-based applications and data.
- **Remote Work:** The rise of remote work has created new security challenges. Zero-Trust allows organizations to secure remote access to corporate resources, ensuring that only authorized users with the proper credentials can access sensitive data and applications.
- **Mobile Device Security:** In the age of "Bring Your Own Device" (BYOD), Zero-Trust helps organizations secure mobile devices. Users are authenticated, and their devices are checked for compliance with security policies before accessing corporate resources.
- **Insider Threat Mitigation:** Zero-Trust is effective in mitigating insider threats. Employees with valid credentials are

continuously monitored to detect unusual behaviour or data access, reducing the risk of insider data breaches.

- **Network Security:** Traditional network security often relies on perimeter defences. Zero-Trust takes a more holistic approach by applying security controls at the network level, with real-time monitoring and access control.
- **IoT Security:** The proliferation of IoT devices presents new security challenges. Zero-Trust can help by ensuring that IoT devices are authenticated, authorized, and segregated from critical systems to prevent potential threats.

The Future of Zero-Trust

As the cybersecurity landscape continues to evolve, Zero-Trust is expected to become the standard approach for securing organizations of all sizes. The principles of least privilege, continuous monitoring, and strict access control will remain central to safeguarding against cyber threats. Additionally, the following trends will likely shape the future of Zero-Trust:

- **Identity and Access Management (IAM) Solutions:** IAM solutions are crucial in verifying user identities and enforcing access policies. They are integral to Zero-Trust architecture.
- **Integration with Artificial Intelligence (AI) and Machine Learning (ML):** AI and ML will play a more significant role in threat detection and anomaly identification within the Zero-Trust framework.
- **Blockchain:** Blockchain can be used to create a tamper-proof audit trail of access and changes to sensitive data. This ensures data integrity and accountability within a Zero-Trust network.
- **Convergence of Network and Security:** Zero-Trust and security networking will merge further, with solutions like Secure Access Service Edge (SASE) becoming more prevalent.
- **Industry-Specific Adoption:** Different industries like insurance, healthcare, banking, and finance will tailor their Zero-Trust implementations to meet their specific regulatory and security requirements.
- **Zero-Trust as a Service:** Managed service providers will offer Zero-Trust to help organizations implement and maintain this complex security model.
- **User Education:** Increasing user awareness and education on Zero-Trust principles will be essential to minimize user resistance and ensure successful adoption.

Conclusion

In today's digital age, organizations need to adopt and adapt to the principles of Zero-Trust to safeguard their valuable assets and ensure their continued success. Zero-Trust is a buzzword and a strategic approach to cybersecurity, becoming the standard for modern organizations facing ever-evolving cyber threats.

While implementing Zero-Trust can be challenging and complex, the benefits, including enhanced security, improved compliance, and risk mitigation, make it a worthwhile investment. Many successful organizations are already reaping the rewards of this approach and maintaining the trust of their customers and stakeholders in an increasingly digital and interconnected world.

Food and Agriculture - **Egypt**

Financing the Purchase of Food Commodities in favour of the General Authority for Supply Commodities GASC

ICIEC signed a US$210 million Bank Master Policy (BMP) in favour of banks participating in the syndication of the Islamic Trade Finance Corporation (ITFC), the trade finance arm of the Islamic Development Bank (IsDB) and a sister entity of ICIEC in the IsDB Group.

Under the 2-year facility signed in October 2023, Banks participating in the ITFC syndication were seeking insurance cover of the Non-Honouring of Sovereign Financial Obligation (NHSFO) of the Government of Egypt, to cover a Murabaha Syndicated Facility in which ITFC acted as Lead Arranger, and Agent. The syndicated facility is a collaborative effort among a consortium of banks aimed at financing the purchase of food commodities for the General Authority for Supply Commodities (GASC).

Notably, this facility benefits from a guarantee provided by the Ministry of Finance of Egypt. As part of this arrangement, ICIEC's policy will play a crucial role in mitigating non-payment risks associated with the Government of Egypt due to both commercial and geopolitical factors. This underscores ICIEC's commitment to facilitating and safeguarding trade and economic activities in the region.

The development impact and expected results of the ICIEC facility, which align with the UN SDGs 1,2,8,11 and 17, are implicit.

ICIEC's support to import strategically important essential commodities will help the country address the challenges related to food security. Importing food can help to strengthen Egypt's relationships with other countries. This can lead to increased trade and investment, which can benefit both Egypt and the countries that it imports food from. That assists in meeting the UN SDG Number 17 - Partnerships for the Goals.

Importing food commodities can help to reduce Egypt's reliance on its own resources, such as water and land. This can help to conserve these resources and make them available for other uses, such as growing crops for export. That assists in meeting the UN SDG Number 12 - Responsible Consumption and Production. The transaction also supports synergy with ITFC within the context of greater collaboration and integration of IsDB Group entities.

The syndicated Murabaha Financing facility amounting to USD 210 million is in line with the objective of the Food Security Response Programme (FSRP) of IsDB Group. ICIEC pledged an amount of US$500 million for FSRP during the period (July 2022 - December 2025). Total approvals reached US$573 million, where Egypt's share is US$100 million related to four policies with one financial institution for the purpose of importing grain and other soft commodities.

Trade **- Bahrain**

Facilitate Growth in Bahrain's Fisheries Sector and Advance Global Food Security Goals

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) and Export Bahrain recently signed a Comprehensive Short–Term Policy (CSTP) to support Al Deebel Fishes Company W.L.L.. The Al Deebel Fishes Company is considered one of the key fishing businesses in the Kingdom of Bahrain and is involved in the processing and marketing of fish and fishery products. The business turnover is expected to be further increased through ICIEC and Export Bahrain by no less than 20%.

ICIEC also signed another CSTP Policy to support another key business in Bahrain: Seafood Products - Shell Fisheries Company .W.l.l , The company has its roots in Saudi Arabia, where it started this business in the 70's and has now risen to one of the leading frozen food and seafood distributors.

ICIEC is unwavering in its dedication to realizing the Sustainable Development Goals (SDGs) and effecting lasting developmental changes in the economies of its member states. A focal point of this commitment is the emphasis on SDG 2: Zero Hunger. ICIEC actively facilitates progress toward Zero Hunger by providing insurance for food-related transactions, thereby enhancing food security across its member states. The organization's steadfast goal is to ensure that all citizens have access to nutritious and safe foods, underscoring its commitment to achieving Zero Hunger for people worldwide.

Since its inception, ICIEC has been a formidable advocate for food security in its member states, exemplified by its substantial support of USD 1.5 billion for agriculture and fishery products. This support has significantly contributed to improving the productivity and income of food producers, particularly those in least-developed countries. ICIEC recognizes that enhancing access to quality food is integral to sustainable development globally. Moreover, it plays a pivotal role in reducing poverty levels and fostering economic growth within the communities it serves.

ICIEC's commitment to addressing food security challenges is further manifested in its instrumental role in establishing the Arab Africa Guarantee Fund (AAGF). Comprising three sub-funds, namely the Arab Africa Green Facility, Arab Africa Food Security Facility, and Arab Africa Health Facility, the AAGF stands as a testament to ICIEC's proactive efforts in promoting comprehensive and sustainable solutions to critical developmental issues.

IsDB-ICIEC's Groundbreaking Event In Istanbul Explores The Transformative Power Of Business Intelligence And Information Sharing For OIC Member States

Istanbul, Türkiye – The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) teamed up with the IsDB's Cooperation and Capacity Development (CCD) Department, and the IsDB Regional Hub in Istanbul, Türkiye, to organize a ground-breaking three-day immersive Workshop between 26-28 September 2023 to explore the pivotal role of information sharing and business intelligence in supporting trade and investment decisions in the member states of the Organization of Islamic Cooperation (OIC).

Additionally, the event, which was attended by over 80 participants from various countries, was co-sponsored by The Participation Banks Association of Türkiye (TKBB) and the Turk Eximbank, the state export credit agency of Türkiye with which ICIEC enjoys close collaboration. The Workshop was convened as the second version of the Capacity Building Programme for the Users of the OIC Business Intelligence Center (OBIC).

The carefully curated Workshop programme facilitated a deep dive into the significance of Digitalization and Business Intelligence in bolstering Trade and Investment, including the relevance of Business Intelligence and Digital Transformation in shaping Business Decisions, understanding the pivotal role of Credit Information, and the imperative nature of information sharing and importance of effectively harnessing statistical data sources pertinent to Credit, Trade, and Investment.

According to Mr. Oussama Kaissi, CEO of ICIEC, the landscape of trade and investment is continuously evolving, and information sharing and digital intelligence stand as its bedrock. This programme was a testament to ICIEC's dedication to fostering a future where decisions are grounded in knowledge and innovation.

Mr. Kaissi, in his opening speech, emphasized the significance of digitalization and automation for fostering development through trade and investment, and highlighted the opportunities presented by data abundance and technological advancements and stressed the importance of building robust information-sharing platforms.

"Our collaborative efforts hold the transformative potential to usher in a new era in which information sharing and business intelligence will play a pivotal role in bolstering trade and investment within the OIC member states. This event stands as a defining milestone in our relentless journey, one where our unwavering commitment lies in nurturing economic cooperation and igniting the flames of sustainable development throughout the region," he added.

Dr. Walid Abdelwahab, Director of IsDB Regional Hub in Istanbul, Türkiye, shared his perspective on the importance of information sharing and digital transformation in supporting economic growth within the OIC member states.

"The partnership between IsDB and ICIEC in organizing this Workshop will help to foster knowledge sharing and capacity development among OIC member countries in utilizing Business Intelligence for Trade and Investment decisions. By equipping participants with Business Intelligence Skills, IsDB Group contributes to building skills to drive economic growth and attract investments that will, in turn, lead to job creation, technology transfer, and further overall economic development of the IsDB Member Countries and the broader Islamic finance industry,".

One of the highlights of the event was a presentation and video showcasing the OIC Business Intelligence Centre (OBIC), shedding light on its mission to provide valuable information and analysis for enhancing economic cooperation and development among OIC member states.

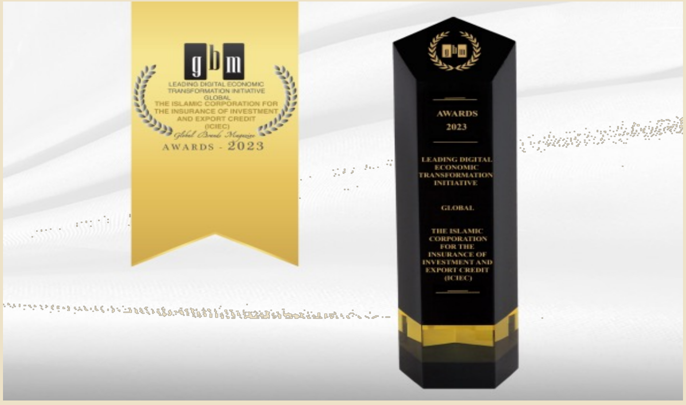
A panel discussion on "How Digitalization and Business Intelligence Can Support Trade and Investment" further explored the transformative potential of digitalization for economic growth and investment promotion. Presentations by ICIEC, ICCIA, and CCD/IsDB offered comprehensive insights into the fundamentals of business intelligence, digital transformation roadmaps for SMEs, and the digitalization of investment promotion services.

The second day of the event explored the theme of "Credit Information and the Importance of Information Sharing," supported by presentations from speakers from ICIEC, Creditreform, and Afreximbank, which highlighted the significance of credit reporting, information sharing, and digital IDs in fostering financial inclusion and trade promotion.

On the third day, SESRIC and ICDT discussed "Efficient Utilization of Statistical Sources of Information on Credit, Trade, and Investment," focusing on investment data, investment outlook in OIC member countries, and the efficient utilization of statistical resources for trade and investment information.

The event's proceedings are expected to translate into tangible actions that contribute to the economic development of OIC member countries, further strengthening their role on the global economic stage.

ICIEC Recognized as Global Leader in Digital Economic Transformation by Global Brand Magazine



Jeddah, Saudi Arabia - The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) was honoured with a prestigious global award from the Global Brand Magazine as the "Leading Digital Economic Transformation Initiative" for its ground-breaking initiative for establishing OIC Business Intelligence Centre (OBIC).

The award-winning initiative, said ICIEC, reflects the Corporation's commitment to embracing innovative technologies and fostering economic growth within the Organization of Islamic Cooperation (OIC) member states. By establishing the OBIC, which was endorsed by the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation (COMCEC) and the 57 OIC Member States, ICIEC aims to drive digital transformation in economic ecosystems, ultimately contributing to sustainable development.

Mr. Oussama Kaissi, Chief Executive Officer of ICIEC, in receiving the award in August 2023, commented: "ICIEC is pleased to receive this prestigious award, which is a great recognition for the efforts made by ICIEC toward addressing the problem of obtaining reliable credit and business information in the OIC Member States, an obstacle that faces credit insurance and financing institutions, investors, investment promotion agencies and all related industries.

"While working on the implementation of the OIC Business Intelligence, ICIEC, as a multilateral institution, aims at leveraging digital innovation and not only set new industry standards but also to contribute to the growth and development and maturity of credit reporting ecosystems in the OIC Member States".

ICIEC Partners with Pakistan's SAPICO to Boost Trade and Investment Cooperation and Facilitation

Jeddah, Saudi Arabia – In a significant move to foster bilateral collaboration and bolster trade and investment flows, The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) signed a Memorandum of Understanding (MoU) with the Saudi Pak Industrial and Agriculture Investment Company Limited (SAPICO) on 27 August 2023.

The MoU, signed by Mr. Oussama Kaissi, CEO of ICIEC, and Mr. Rizwan Ahmed, CEO of SAPICO, aims to facilitate trade and investment initiatives within the SAPICO joint venture and encompasses regular exchanges of crucial information, endeavors to boost proficiency in promoting trade and investment, and mutual backing in curating educational seminars and workshops.

The MoU crucially highlights a commitment to enhancing food security, broadening the scope of intervention, and directing support towards investments that fuel the creation of climate-resilient, renewable energy infrastructure in the country.

Reflecting on this collaboration, Mr. Oussama Kaissi, CEO of ICIEC, stated, "This MoU is a testament to our dedication to bolstering intra-trade and intra-investment between our member states, Saudi Arabia and Pakistan. By consolidating our resources, expertise, and strengths, we set the stage for enhanced trade and investment avenues with the potential to bring about significant positive transformations to both economies. Our alliance with SAPICO is a source of great enthusiasm, and our resolve to achieve shared success in our collaborative efforts is steadfast."

ICIEC and UzSAMA Sign a Memorandum of Understanding to Facilitate Trade and Investment in the Republic of Uzbekistan

Jeddah /Tashkent - The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) signed a Memorandum of Understanding (MoU) with the State Assets Management Agency of the Republic of Uzbekistan (UzSAMA) aimed at boosting trade and investment facilitation in the country.

The MoU, which was signed virtually on 20 July 2023 by Mr. Oussama Kaissi, CEO of ICIEC, and Mr. Akmalkhon Ortikov, Director of UzSAMA, establishes a framework of cooperation towards strengthening trade and investment flows into the Republic of Uzbekistan.

Through the MoU, ICIEC and UzSAMA will collaborate in exchanging experiences especially in the country's proactive privatization process to improve the managerial and technical skills of personnel at UzSAMA. This will also lead to fostering close bilateral relations in various associated fields. Both parties have committed to advancing their cooperation to attract potential investors for privatized state assets in Uzbekistan.

Mr. Kaissi commented on the partnership: "We are thrilled to work with UzSAMA to enhance trade and investment ties between Uzbekistan and international markets. This MoU will support the Republic of Uzbekistan in achieving its national development plan for economic growth, diversification of revenue streams, and job creation."

In another development, Mr. Oussama Kaissi more recently also led a high-level ICIEC delegation to attend the Foreign Investors' Council Forum held in Tashkent, Uzbekistan, during which several key policy initiatives were unveiled and discussed including the New Investment Law, Single e-Window for Investors and Businesses, Tax Administration Matters, and the exciting Tashkent International Financial Centre Project.

"As a member of the IsDB Group and the only Shariah-compliant multilateral insurer in the world," emphasised Mr Oussama Kaissi, "ICIEC is aligned with the vision to facilitate sustainable economic growth and development in Uzbekistan. Our comprehensive trade and investment insurance solutions serve as essential instruments to reduce risk and foster investor confidence and certainty. We believe that initiatives like these will shape the economic landscape of Uzbekistan, making it more appealing and secure for both domestic and foreign investors. We look forward to continued partnerships and collaborative efforts to bring prosperity and development to Uzbekistan and beyond."

ICIEC Launches Book Highlighting Successful Development Partnership with Senegal

Jeddah/Dakar - The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), which has a long-standing export credit and investment insurance involvement in Senegal, launched a Special Focus Book in July 2023 titled, "Senegal and ICIEC – Empowering Real Economy, Driving Development Impact," offering a unique insight into the successful collaboration between ICIEC and Senegal.

The launch ceremony took place on the 7th of July 2023 on the sidelines of the "Invest in Senegal Forum" which was held in Diamniadio, Dakar in Senegal in during 6-8 July 2023. The ceremony was inaugurated by H.E. Mme Oulimata Sarr, Minister of Economy, Planning and Cooperation of Senegal and IsDB/ICIEC Senegal Governor, and Mr Oussama Kaissi, CEO of ICIEC along with other high-level dignitaries and ICIEC partners.

The publication highlights the outlook for the Senegalese economy, the potential role of Islamic finance and Sukuk in the nation's economic landscape, the challenges ahead, and various case studies showcasing the positive impact of ICIEC operations across different economic sectors.

Over the past several years, ICIEC has supported numerous landmark transactions and projects in Senegal with an investment totalling US$3.6 billion through risk mitigation and credit enhancement solutions. Notable projects include the Blaise Diagne International Airport (AIBD SA), Stade du Sénégal (Abdoulaye Wade Stadium), Dakar Expo Centre, the Market of National Interest, Hann-Fann Wastewater Collector, and the Dakar Truck Station.

Senegal has been a member of ICIEC since 19 September 1995, and since then, there has been a deep and mutual partnership supporting the nation's development goals through the use of ICIEC's risk mitigation products and services.

In conjunction with the launch, ICIEC CEO, Mr Kaissi also conducted site visits to some notable projects supported by ICIEC in Diamniadio and Dakar to showcase the organization's achievements, positive impact and successful partnerships.

"We are proud of the vital role that ICIEC plays in facilitating financial and insurance solutions that support sustainable and inclusive economic growth in Senegal. The launch of this booklet not only demonstrates our commitment to Senegal's development but also highlights the significant impact our partnership has had so far. We eagerly anticipate further collaboration and innovation with Senegal to meet both the nation's development goals and market needs," maintained Mr Kaissi.

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