

NEWSLETTER

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ICIEC PEARL JUBILEE 30 Year Special Double Issue

Incorporating Q1 & Q2 2024

**A Compelling Backstory of Impact Development
Delivery to Help Mitigate Tomorrow's Transient
Trade, Investment and Insurance Risks**



"ICIEC's journey remains a 'work in progress,' but has shown an impressive legacy of development impact in key sectors such as food security, climate action, transition to clean energy, infrastructure development, digitalization, intra-OIC trade, building regional and international partnerships and empowering the role of women in development."

Dr. Khalid Khalafalla,
Officer-in-Charge, ICIEC

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Welcome to this Special Double Issue of ICIEC Newsletter which incorporates the Q1 and Q2 2024 issues of our Newsletter. The Corporation celebrates its Pearl Jubilee during 2024 marking three decades of impressive milestones in helping to develop a Shariah-compliant credit and investment insurance playbook and architecture in its 49 member states, consistent with its mandate of providing risk mitigation and credit enhancement solutions to stakeholders in support of their development agendas, in promoting intra-OIC trade and investment, and the wider Islamic finance and insurance industry – all to ensure that no one gets left behind in our member states.

Indeed, the title of the Special Double Issue 'A Compelling Backstory of Impact Development Delivery to Help Mitigate Tomorrow's Transient Trade, Investment and Insurance Risks' reflects themes ICIEC has been flagging over the last 30 years, which though its journey remains a "work in progress", has already shown an impressive legacy of development impact and delivery in such a short timeline in key sectors such as food security, climate action, transition to clean energy, infrastructure development, digitalization, intra-OIC trade, building regional and international partnerships and empowering the role of women in development. Over these three decades, ICIEC has insured a total of USD 114 billion in trade and investment, with USD 23.3 billion allocated to investment and USD 90.7 billion to trade. Notably, in the first half of 2024 alone, ICIEC insured USD 5.7 billion, comprising USD 1.2 billion for investment and USD 4.5 billion for trade.

Given several milestone developments in the first two Quarters of this year which coincided among others with the 50th Anniversary of the Islamic Development Bank (IsDB), ICIEC's own 30th Anniversary marking three decades of credit and investment insurance operations and delivery to its 49 member states, and the IsDB Group Annual Meetings in Riyadh, Saudi Arabia in April/May 2024, it is pertinent that we reflect on the state of the industry and ICIEC's pioneering role in articulating the importance of our unique and alternative Shariah-compliant derisking solutions in trade, investment and infrastructure, and how it can further contribute to the development agendas of our member states.

These milestones come at a time of great flux and potentially game-changing developments in the trade finance and credit insurance landscape, coupled with the emerging trends in global trade and investment outlook. Delays in adopting and adjusting to the new evolving trade finance ecosystem may come at a heavy cost to both members countries and wider stakeholders!

Not surprisingly, the Double Issue gives several insights into this impressive legacy of insurance service delivery, which we believe is a sound building block for ICIEC's future expansion and engagement. We discuss the very pertinent issue of 'Mainstreaming Affordable Credit Insurance in ICIEC Member States' through upscaling market depth and awareness amid rising risks. At the same time, we consider the potential for 'Embracing Rising Opportunities for Credit Insurance and PRI in a Fragmented Global Economic Ecosystem with Rising Risks and Tensions', and the state of global trade, trade finance, investment and insurance, which despite showing resilience in 2023, is faced with the threats of divergence and fragmentation tempered by subdued global GDP outlook for 2024/25 and manifold geopolitical uncertainties.

We have a timely Profile Interview with Mr. Richard Wulf, Executive Director of the International Credit Insurance and Surety Association (ICISA), which signed a Joint Strategic Collaboration in April 2024 with the AMAN UNION, the forum comprising Commercial and Non-commercial Risks Insurers and Reinsurers in OIC states and of the Arab Investment and Export Credit Guarantee Corporation (DHAMAN), aimed at enhancing the culture and business of trade and investment insurance in Member States common to both of them. We also have an interview with Mr. Khurram Hilal - Global Head Islamic Finance Standard Chartered Bank.

In our two Member Country Profiles, our focus is on Azerbaijan and Türkiye – both important members of the IsDB and ICIEC. Azerbaijan's economy is on an upward trajectory and is riding the crest of an export boom. Baku, the capital city of Azerbaijan is also the host city for COP29 in November 2024. Arysbek Zhumabek, Country Manager, Asia Region Division, Business Development Department at ICIEC, profiles Azerbaijan's credit and investment insurance potential, its nascent membership of ICIEC and the potential for collaboration especially in the green economy relating to food security, energy transition, climate action and regional connectivity, while Fatma Gamze Sarioglu, Senior Country Manager Türkiye at ICIEC discusses a resurgent Türkiye riding the crest of an export boom beckoning more innovative trade Finance and de-risking solutions.

We have our regular ICIEC Meet the Team features – one where Dr. Hatem H. Ghouma, Head of Treasury and Investment at ICIEC, navigates the complexities in dealing with the new challenges arising from IFRS 9 and IFRS 17 international accounting standards implementation; and the other where Khosro Rashid, Associate Manager, Underwriting Operations Department at ICIEC, highlights the Corporation's strategies for a dynamic sustainable future well-positioned to consolidate Intra-OIC Trade and FDI Flows in support of South-South Relations, the UN SDGs, and Energy Transition in member states.

This is followed by our regular Business Update and Project Highlights, and News and Events about the industry in the First Two Quarter of 2024.

I sincerely hope that you enjoy reading this Special Double Issue of ICIEC Newsletter!

Dr. Khalid Khalafalla
Officer-in-Charge, ICIEC



Embracing Growing Opportunities for Credit Insurance and PRI in Uncertain Times



"In 2023, the export credit industry saw over USD3 trillion in new support, with a 40% increase in MLT business and record renewable energy commitments. The strong growth promises a positive outlook for 2024 and beyond."

*The trade and credit and credit insurance universe are in flux with potentially game changing developments over the next two years, which governments, international gatekeeper organisations, multilateral and private insurers, export credit agencies, financial institutions and the export/import fraternity would ignore at their peril. These include trade digitalisation, transitioning to ISO 20022, embedding Climate and ESG considerations in the trade playbook, the adoption of Electronic Trade Documentation, the implications of the Net-Zero Export Credit Agencies Alliance (NZECA) launched at COP28, and advancing the role of women in credit insurance. **Dr. Khalid Khalafalla, Officer-in-Charge, ICIEC** explores the above structural regulatory trends and initiatives for the credit and PRI industry.*

It is not surprising that the Berne Union (BU) Spring Meeting in Oslo in April 2024 focussed on innovation in its various forms - covering topics ranging from technology to new and innovative products and how the export credit insurance industry is adapting to a swiftly changing global environment.

The export credit industry, says the Union, emerged from the pandemic strong with substantial growth in support provided for cross-border trade and investment as members ramp up commitments across key sectors and geographies. In fact, 2023 was an encouraging year for export credit with BU members providing over USD3 trillion in new support for cross-border trade, with expansion across almost all business lines, which augurs well for 2024 and beyond. The overall performance metrics for the industry in 2023 include:

- A 40% increase to over USD165 billion for MLT business, following strong growth in manufacturing, infrastructure, and transport sectors alongside a continuing rapid growth in renewable energy investments.
- A particularly strong year for ECAs who grew their MLT business by 50% following several years of relative stagnation throughout the pandemic. Private CPRI underwriters continue to build on the strong year-on-year growth they have recorded since 2020.
- The industry is drawing upon an increasingly flexible product suite with volumes of untied credit support increasing 30% to over USD50 billion in new commitments in 2023.
- Climate and the green transition are the main drivers of new opportunities with a record USD20.5 billion in reported new commitments for renewable energy across 68 countries in 2023.
- BU members provided an estimated USD98 billion in total support for wider green, climate and energy-transition related transactions in 2023 – 5 times the commitments to renewable energy production alone and a significant portion of total long-term finance supported across MLT and PRI business.
- Members are attuned to a heightened political risk environment, with both sovereign defaults and corporate insolvencies driving an uptick in claims. Over USD9 billion of claims were paid, with a significant spike in MLT political risk claims in FY 2023 largely due to a distressed period for sovereign debt.
- Geopolitical risk and armed conflict have become an increasing concern for members.
- ST claims continued to rise along with insolvencies, with levels manageable. MLT commercial claims continued to fall with strong recoveries in the transport sector.

2023 Export Credit and PRI Data: New Business, Claims and Recoveries

New Business	2019	2020	2021	2022	2023	Δ 2022 -2023
ST	2,169,321	2,248,321	2,443,267	2,654,404	2,814,118	6%
MLT	136,605	103,248	112,400	118,252	165,393	40%
PRI	45,500	38,859	34,466	42,405	40,867	-4%
OCB	27,347	30,618	24,082	38,635	50,367	30%
Domestic	50,423	70,412	67,857	68,903	81,077	18%

Claims Paid	2019	2020	2021	2022	2023	Δ 2022 -2023
ST	2,987	3,030	2,301	2,073	2,403	16%
MLT	2,806	3,478	4,217	3,666	5,151	40%
PRI	92	26	182	412	152	-63%
OCB	632	1,503	1,442	1,057	990	-6%
Domestic	1,181	540	747	484	696	44%

Recoveries	2019	2020	2021	2022	2023	Δ 2022 -2023
ST	837	548	603	531	667	26%
MLT	2,130	1,497	1,367	2,028	2,828	39%
PRI	46	18	6	50	44	-12%
OCB	11	136	78	113	24	-78%
Domestic	188	126	169	199	100	-50%

- **Source:** Berne Union April 2024. All figures in USD million
- **ST:** Short Term Export Credit - Export Credit / Trade-Finance Credit lending and Insurance of which the repayment term is less than 360 days.
- **MLT:** Medium / Long-Term Export Credit - Insurance, Guarantees and lending for Export/Trade-Finance Credit of which the repayment term is greater than 360 days.
- **PRI:** Political Risk Insurance - Insurance or Guarantee that indemnifies an equity investor or a bank financing the equity investment for losses incurred to a cross-border investment as a result of political risks.
- **OCB:** Other Cross-border Credit - Insurance or Guarantee or direct loan relating to a debt-finance instrument, of which the debt obligor resides in a different country than the debt counterparty, AND the debt obligation is provided without any requirement that the debt capital be used to finance an export or international trade.

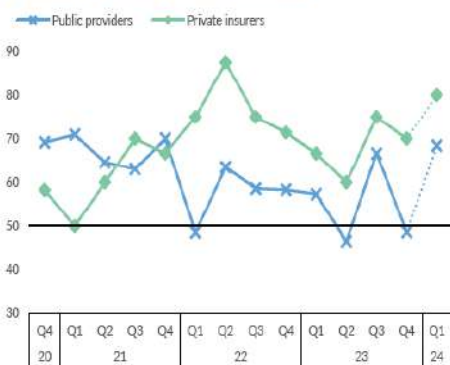
The key takeaways could not be clearer - the macro risk environment remains volatile and full of uncertainty, with businesses challenged by elevated interest rates and increased costs as well as pressures around energy transition and disruption emerging from both direct conflict and wider geopolitical tensions. Trade remains one of the most powerful tools for promoting positive economic development and although it continues to grow, the risks and costs of financing this are increasingly challenging, and the technology and innovation needed to deliver a climate transition in line with the goals of the Paris Agreement requires huge volumes of finance from both public and private sources.

Berne Union Business Confidence Survey, 1st Quarter 2024

Short-term commercial and political risk

Index (50 → No O/O change)

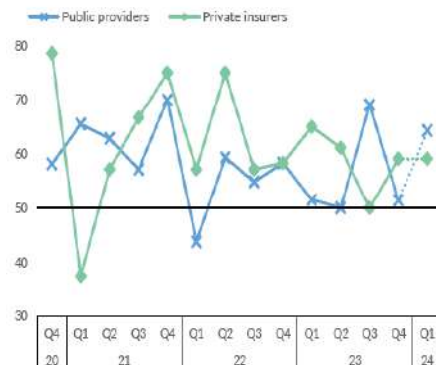
Current and expected future level of demand



Medium and long-term commercial and political risk

Index (50 → No Q/Q change)

Current and expected future level of demand



That the export credit insurance industry is well placed to play an important role in tackling the above challenges - not only mitigating trade risks and unlocking finance, but also in helping guide economic transformation and supporting green supply chains - is not in doubt.

The BU Business Confidence Index for Q1 2024 based on a survey of members in March 2024 showed that:

- Public providers and private insurers squarely aligned perspectives on demand, claims, and risk appetite this quarter.
- Demand for short-term trade credit insurance continues to increase as more exporters seek coverage despite slowdown in global goods trade.
- Medium and long-term enquiries also remain strong, building on significant growth through the second half of 2023. Members report an increase in underlying contract values.
- Transactions relating to critical minerals is one driver of growth for ECAs, as part of increasing strategic focus securing vital inputs for the energy transition.

A confident and optimistic Maëlia Dufour, the President of the Berne Union, stressed that the results and resilience in 2023 “demonstrated a huge growth in volumes with a skyrocketing acceleration in support for energy and climate transition as well as an increasing demand for strategic, untied, and domestic products. BU members constantly innovate, creating new products and financial incentives for sustainable projects despite an increasingly fragile risk environment. This clearly demonstrates the positive impact of export credit which is considerably amplified by our fruitful exchanges, lessons learned and efficient collaboration.”



Opportunities and Risks

The table below clearly identifies the perceptions of BU members about the opportunities and risks for export credit and PRI business in 2024 and beyond with Green and transition projects, renewable energy, new supply chains and markets, SME support, and innovative risk-sharing structures the top priorities. This is against the top risk perceptions of geopolitical tensions, global economic slowdown, conflicts, emerging markets sovereign debt crises, and high interest rates.

Greatest Opportunities and Risks for Export Credit and PRI Industry in 2024

Greatest Opportunities		Greatest Risks	
1	Green/Transition (Excluding Renewables)	1	Geopolitical Risk
2	Renewable Energy	2	Global Economic Slowdown/Recession
3	New Supply Chains/Markets	3	Impact of Conflicts
4	SME Support	4	Emerging Market Debt Crises
5	Innovative Risk-Sharing Structures	5	High Interest Rates
6	Energy Sector Investment	6	High Inflation (or Deflation)
7	Blended Finance	7	Rising Barriers to Trade
8	Digital Transformation (Including AI)	8	Corporate Leverage/Liquidity
9	New Financial Products	9	Energy Market Disruption
10	New Technologies in Goods and Services	10	Negative Impacts of Regulation
11	Recommendation of Paused Projects	11	Commodity Volatility
12	Alternative Capital	12	Physical Climate Risks

Source: Berne Union March 2024

Net-Zero Export Credit Agencies Alliance

An important initiative that emerged out of COP28 in Dubai could potentially be a game changer in the role and ways de-risking solutions are contributing to the Net Zero ambitions.

The Net Zero Export Credit Agencies Alliance (NZECAA) launched by a group of ECAs led by UK Export Finance (UKEF) under the aegis of the United Nations Environment Programme Finance Initiative (UNEP-FI) has the simple mandate of promoting the role of export credit in achieving net zero emissions by 2050 and limiting global warming to 1.5°C, in collaboration with the Glasgow Financial Alliance for Net Zero (GFANZ).

UN Under-Secretary-General and UNEP Executive Director, Inger Andersen could not have been more to the point at the launch of the Alliance. ECAs, she reminded, are in a strong position to deliver more sustainable global trade and to complement the work already being undertaken by the private finance sector, helping to address market gaps to deliver net-zero economies by 2050. "This Alliance will play an important role in supporting tangible economic transition and help countries implement their commitments under the Paris Agreement. Large private financial institutions are powerful, but they cannot deliver net-zero alone. Public finance is the missing piece in net-zero financial landscape. We need the full might of the global financial system to combat and adapt to climate change," she maintained.

UKEF, has gone one step further by

unveiling a multi-million-pound support for transactions supporting climate adaptation and sustainability across Africa and the Middle East, including a GBP226 million facility for the Iraqi Government to develop clean water and sewage treatment infrastructure in Hillah City.

UKEF has declared that it is committed to reaching net-zero in terms of its total financed emissions by 2050, it ended all new support for overseas fossil-fuel projects in 2021, except in very limited circumstances, and recently introduced more flexible and competitive terms for British exporters as part of the Government's drive to encourage them to use and offer finance solutions and other options which are consistent with the Green Finance agenda in line with the UN SDGs and the Paris Net Zero ambitions. According to the British ECA, it can now offer longer repayment terms and more flexible repayment structures for an expanded range of renewable and green transactions, and for standard transactions.

Embedding Climate and ESG in the Trade Playbook

ICIEC embodies an ideal example of embedding Climate and ESG considerations in its business ethos and operational playbook. The Corporation launched its Climate Change Policy and ESG Framework at COP28, which marks the commencement of a transformative results-oriented process where ICIEC's operations, insurance, physical assets and human capital and focus are addressing the Climate Crisis at their core, based on the needs of ICIEC's member states, the Islamic

Development Bank (IsDB) Group synergies, the role of the private sector in climate finance and industry best practice.

ICIEC is committed to helping its 49 Member States achieve their development goals, including resilience, mitigation and adaptation to the threats posed by climate change. ICIEC cover is directed towards various sectors, with USD2.35 billion in 2023 going specifically into clean energy initiatives such as solar energy systems and wind farms - assisting with their importation and use in national infrastructure projects. At COP28, IsDB President, H.E. Dr. Muhammad Al Jasser, unveiled a USD1 billion climate finance initiative for fragile and conflict-affected member countries over the next three years.

The ICIEC Climate Change Policy reinforces the Corporation's unwavering commitment to combatting climate change and serves as a blueprint for ICIEC to increase its intervention in sustainable projects and programs. Anchored on this policy, ICIEC pledges to upscale its support to initiatives aimed at reducing carbon emissions, safeguarding nature, and fostering sustainable economic growth. To advance the role of climate action, ICIEC commits to assisting Member States in meeting their obligations under the Paris Agreement and champion investment and trade opportunities that enhance resilience and increase adaptability to climate change, emphasized H.E. Dr. Muhammad Al Jasser.

The ICIEC ESG Framework similarly is a holistic tool showcasing our strong dedication to ESG principles. The framework emphasizes embedding ESG principles to ICIEC's operations, developing ESG-centric products and services, incorporating ESG imperatives into risk assessment and underwriting. Measures are implemented to promote sustainability throughout internal processes, including sourcing and resource usage practices. The launch of our Climate Change Policy and ESG Framework reflects ICIEC's commitment to sustainability. We aim to drive positive change, contribute to global climate objectives, and set new benchmarks for ESG excellence in insurance and development.



The Corporation aims to fully integrate considerations on the impacts of climate change into its operations and to adapt its operating model. In doing so, it may better support its clients, Member States, and their societies. It will also adopt new policies and approaches to reorient its business model in a manner that is coherent with the policies and practices of the whole IsDB Group, fully integrated into the ecosystem, and in line with the principles set forth under the Paris Agreement and the MDB Framework Alignment.

Crucially, ICIEC also commits to incentivizing climate change actions and investment initiatives, and to decreasing the climate footprint of its operations.

At the core of ICIEC's Climate Action Policy are the importance of partnerships and the recognition that export credit and political risk insurance are essential tools to bridge the Climate Action finance gap by de-risking investments and access to capital goods and green technology.

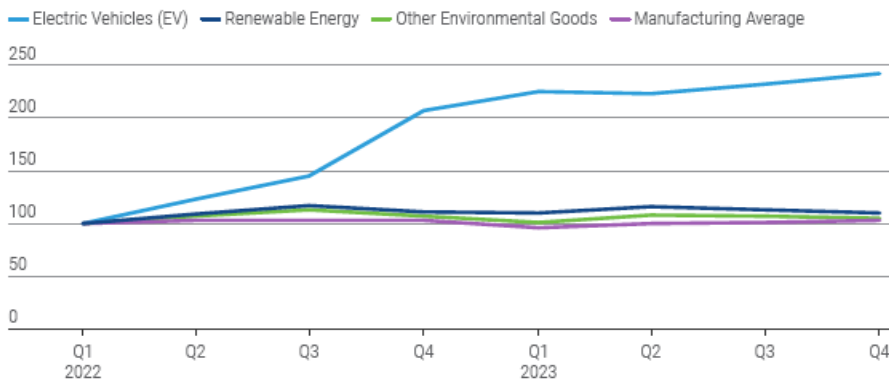
ICIEC's Climate Change Policy and ESG Framework mark the commencement of a transformative results-oriented process where ICIEC's operations, insurance, physical assets and human capital and focus are addressing the Climate Crisis at their core, based on the needs of ICIEC's member states, IsDB Group synergies, the role of the private sector in climate finance and industry best practice. The year 2024 sees the second phase of the Climate Change project which is dedicated to screening, monitoring and evaluation based on practical, achievable and industry benchmarked parameters that covers ICIEC's business lines.

The trends are clear and present. The global surge in demand for electric vehicles is driving trade in environmental goods.



Electric vehicles drive trade in environmental goods

Trade value (2022 Q1 = 100)



Note: Environmental goods are defined as in the Combined List of Environmental Goods (OECD). Electric vehicles exclude hybrid vehicles. Renewable energy includes solar panels, wind turbines and related products for energy production. Manufacturing average excludes environmental goods.

Source: UNCTAD estimates based on national statistics of China, European Union and the United States. -

It is noteworthy that the Berne Union Climate Working Group (BU CWG) which is doing important work in supporting the climate goals of the wider export credit community, has come up with a "refreshed BU CWG workplan for 2024" in the wake of the developments at COP28. At the same time, Export Finance for Future (E3F), an international coalition, is working to align public export finance with climate change and goals.

Another major development is the allocation of up to USD50 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 Program 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 USD220 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.

Proactive digitalization must be embraced as a core component of any new development agenda which multilateral institutions too must prioritize beyond their usual playbook. ICIEC has done so in its strategy which puts digitalization at par with its other development aims such as food security, energy transition, climate adaptation and mitigation, and poverty alleviation.

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 risk for the insurance industry, especially the credit and investment insurance cohort. Trade, according to the WTO and industry organizations, 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, all of which are also embedded in the policies and services offered by ICIEC.

Two further major developments in this respect are the launch in April 2024 by a coalition of ten MDBs, which includes the World Bank and IsDB, of a new co-financing platform - The Global Collaborative Co-Financing Platform (GCCP) that will enable them to channel additional capital for development scale and impact, and the IsDB and ICIEC's accession to the Energy Transition Accelerator Financing Platform (ETAF) of the International Renewable Energy Agency (IRENA) in December 2023.

IRENA is creating a pipeline of energy transition projects and pairing them with investors to accelerate renewable energy deployment. The platform, established in 2021 with support from the United Arab Emirates, aims to scale up renewable energy projects that contribute to Nationally Determined Contributions (NDCs) in developing countries, while also bringing benefits to communities through enhanced energy access and security, and promoting economic growth and diversification.

According to Francesco La Camera, Director-General of IRENA, "today, the ETAF family is 13 partners strong, with collective pledges surpassing USD4 billion at COP28. The ETAF Platform also stands out for its inclusivity,

offering a broad range of financial solutions and risk mitigation products. As members of ETAF, the Islamic Development Bank (IsDB) and the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) have broadened the platform's toolkit further with Islamic finance options, enhancing ETAF's capacity to tailor its support to the unique requirements of numerous developing countries in the Islamic world."

The Global Collaborative Co-Financing Platform will consist of the digital Co-Financing Portal which will create a secure platform for registered co-financiers to share project pipelines.

This tool, hosted at the World Bank, will increase efficiency and transparency, and make it easier for MDBs to share information and identify opportunities for co-financing. The Co-Financing Forum which will also provide a space for participants to discuss co-financing opportunities, best practices, and common issues, and will support ongoing efforts to coordinate policies to reduce the burden on partner countries.

According to the promoters, the GCCP will reduce the administrative burden and transaction costs and enable better coordinated financing in line with their priorities—resulting in greater development impact. By leveraging partnerships and promoting transparency, the platform will enable MDBs, partner agencies, and client countries to address global challenges including climate action more effectively and efficiently.

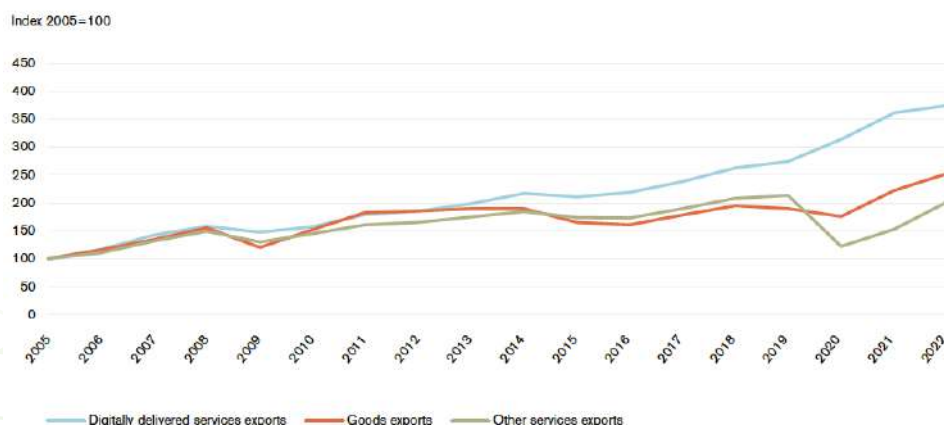
In the wider trade finance market, digitization is going from strength to strength, with most market players investing heavily in their trade and supply chain infrastructure. The real economy impact for ICIEC member states is implicit.

Digitisation has also been enabled by 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," observed Boston Consulting Group (BCG) in a recent report.



Growth of digitally delivered services exports, 2005-22



Source: WTO (2023b).

Note: Digitally delivered services include General Agreement on Trade in Services (GATS) mode 1 exports of financial, insurance, telecommunications, computer and information services, charges for the use of intellectual property, and most other business services and personal, cultural and recreational services in the balance of payments.

The Power of Electronic Trade Documentation and Messaging

The UK's Lloyds Bank in April 2024 completed its first transaction using an electronic Bill of Lading (eBL) on the WaveBL trade documentation platform, in a cross-border deal that featured entirely digital exchanges of documentation to support a British company in a trade deal with an Indian supplier.

The implications are game-changing. The operational impact of the deal revealed enormous cost and time-reduction implications, which the industry would not be able to ignore as the various platforms take off and mature. According to Lloyds Bank, eBL reduced transaction completion times from 15 days to just over 24 hours, which in turn reduced working capital costs and, together with the use of a digital promissory note (dPN), made the trade deal entirely paper-free. The WaveBL network boasts members in 136 countries and includes four of the world's ten largest container shipping carriers.

The three other major developments in the electronic trade documentation architecture are:

- i. The Electronic Trade Documents Act (ETDA) 2023 in the UK receiving Royal Assent from King Charles III last July, legally effective on 20 September 2023, to make Global Britain's trade with partners all over the world seamless, efficient, and sustainable.
- ii. The enhancement of the Model Law on Electronic Transferable Records (MLETR).
- iii. The WTO's initiative in including work on trade-related aspects of e-commerce as part of the organization's Joint Statement Initiative (JSI) on E-commerce in future WTO negotiations.

There is no doubt that a major boost can come from the UK's ETDA with the British Government's initial estimate that the UK economy is set to receive a GBP1.14 billion boost over the next decade. With less chance of sensitive paper documents being lost, and stronger safeguards using technology, digitalizing trade documents are set to give businesses that trade internationally greater security.

With English law being the very foundation of international trade, including several Islamic finance contracts such as the Commodity and Syndicated Murabaha and Sukuk issuance, it has important implications for the global Islamic finance industry. The UK 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.

According to the WTO, the UK's EDTA 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.

Another important development is the successful testing of an interoperability solution capable of enabling the widespread use of electronic documents that are critical to digitise trade by Swift, in collaboration with BNY Mellon, Deutsche Bank and four electronic Bills of Lading (eBL) platforms.

According to Shirish Wadivkar Global Head, Wholesale Payments and Trade Strategy at Swift, "standards set with the industry – combined with global interoperability facilitated by Swift – can enable eBL providers and digital trade platforms to seamlessly interact with banks, corporates, and the wider trade ecosystem. Such industry-wide collaboration is essential to achieve a 'zero paper trade' future."

The Lack of Technical of Interoperability Between Platforms

According to Swift, there is much to gain by digitising global trade, from reducing costs and improving transparency to mitigating fraud and addressing the USD2.5 trillion trade finance gap. Paper-based Bills of Lading – associated with lengthy delays and inefficient processes – offer a significant opportunity for improvement.

Compared to their paper equivalent, eBLs reduce the risk of document loss and fraud, speed up the transfer of documents and shrink the carbon footprint associated with paper processes. McKinsey predicts that adopting eBL could save the industry USD6.5 billion a year and enable USD40 billion in global trade by 2030. However, while the need for eBL adoption is generally recognised, the data according to the FTI Alliance, shows that in 2022, only 2.1% of bills and lading and waybills in the container trade were electronic.

The good news is that some 80 institutions have signed up to FIT Alliance's 'Declaration of the Electronic Bill of Lading' which commits international trade stakeholders to drive digitalisation within their industries, starting with eBL. With a significant proportion of global trade conducted using English law documents, an important milestone was the passing of the UK ETDA, which grants electronic trade documents the same legal significance as the paper equivalent and gives eBL created under different systems legal equivalency for the first time.

The current lack of technical interoperability between existing eBL platforms, says Swift, presents a significant obstacle to wholesale adoption. The nine eBL providers authorised by the International Group of Protection and Indemnity Clubs (IGP&I), for instance, each have their own rules and customer bases, meaning that customers of one eBL system can't take part in transactions handled by another eBL system. Instead, financial institutions, corporates, and others involved in each trade transaction, need to connect to multiple systems – an approach which is both inefficient and costly. Such 'digital islands' are not sustainable.

"Interoperability is needed between different eBL platforms so that users can interact with each other using a single identity. Given our long history of enabling global interoperability – and recent initiatives such as our solution to interlink central bank digital currencies (CBDCs) – we believe Swift can play an important part in addressing the eBL challenge," maintains Swift's Shirish Wadivkar.

Swift in fact started working with FIT Alliance partners and eBL platform providers in 2022 to develop an API-based eBL interoperability model. Under this approach, firms could leverage a single connection to Swift to interact with trade transactions carried out using multiple different eBL platforms. In 2023 the partners ran a Proof of Concept (PoC) to test how an interoperability solution could work in practice, collaborating with eBL platforms edoxOnline and CargoX in the first phase to test the use of a single ubiquitous API contract to open a secure channel with Swift, and expanding the PoC to include two additional eBL platform providers – TradeGo and WaveBL – as well as BNY Mellon and Deutsche Bank. Using the same API layer, participants were able to successfully reproduce the end-to-end flow transfer process of an eBL in a simulated trade transaction.

The Beguiling Lure of Generative AI in Trade

Perhaps the biggest potential 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. But for trade cohorts, it is important in the current climate of AI hype not to over-think nor over-talk the significance of AI 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 digitalized/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, digitalization 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 (such as 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 WTO Informal Working Group on Micro-and-Small-and Medium-sized-Enterprises (MSMEs) initiative 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. The Group 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.

In this respect, the recent launch by the World Bank Group’s private sector funding arm, the International Finance Corporation (IFC), of the USD4 billion MSME Finance Platform to aid financial service providers

in delivering funds to small businesses in emerging markets through banks, non-bank financial institutions, microfinance institutions, and innovative digital lenders, with a particular focus on those owned by women and those in the agriculture and climate sectors, assumes much greater importance. The Platform, according to Makhtar Diop, Managing Director of IFC, will also use various forms of credit enhancement to mobilise private capital, including an innovative Catalytic First Loss Guarantee, aiming to attract an additional USD4 billion in financing from eligible financial service providers to expand lending to these businesses.

Digitalization of trade could be a great equalizer 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.

Transitioning to ISO 20022

The introduction of ISO 20022 by the International Organization for Standardization (ISO), as “a single standardisation approach (methodology, process, repository) to be used by all financial standards initiatives,” is a key development and challenge for the trade finance and credit insurance industry.

ISO 20022 (MX), which comes into effect in November 2025, is the next generation of financial messaging standards given its key characteristics of a common language with rich and structured data. The Swift MT format has been the standard for trade finance messages for the last four decades.

According to Trade Finance Global, (TFG), Swift (the world’s leading provider of secure financial messaging services) is “already in the process of migrating payment and cash management messages from the legacy MT format to MX. In November 2025, when the current MT and MX coexistence period is set to end, all Swift traffic for cross-border payments and reporting (CBPR+) will be on an ISO 20022 standard.

As the payments and cash management industry is finding out in real time, there are benefits, challenges and costs associated with such a wholesale transition. It is however something which banks, insurers and other stakeholders in the trade finance and insurance community would ignore or delay preparedness at their peril.

Some Positive Developments

The WTO and the International Credit Insurance and Surety Association (ICISA), which brings together the world's leading companies that provide credit insurance and/or surety bonds, have trade and gender working groups. The problem is that these are Informal Working Groups (IWGs) set up by involved and activist women as opposed to permanent structures within the articles of association of the entities.

They have their work cut out given that it was only the 13th WTO Ministerial Conference (MC13) Declaration which recognized the importance of promoting women's participation in trade. Another problem is that often women's participation in trade is merely side lined as a Financial Inclusion initiative for female entrepreneurs, traders, and Micro, Small and Medium-sized Enterprises (MSMEs) as important as it is to help policymakers design gender-responsive trade policies, as opposed to a mainstream activity across the trade ecosystem.

The WTO's IWG is also spearheading proposals on developing gender-disaggregated data and statistics relating to women in world trade.

Similarly, ICISA's Women in Credit Insurance (WICI), founded in 2023, is an informal association of individuals, which strives to increase the representation of women in the trade credit insurance industry especially in leadership roles, through mentorship, speed networking and training. Members include high-flying women experts from Allianz Trade, Aon, Atradius, Coface, FinCred, Marsh and TokioMarine HCC.

The Gambia, a member state of ICIEC, has recently showcased several initiatives under its National Development Plan (2023–2027), including the SheTrades programme and the Jokallenteh Market platform, which

connects women farmers to markets. These programmes aim to economically empower women and to achieve significant milestones in training, market linkages, access to finance and public procurement. Notable successes include supporting over 130 women-owned businesses in food safety and quality and securing USD3 million in public tenders for women bidders, specifically for food aid supply.

Diversity and gender balance is an important consideration for ICIEC, which has 49 member states as shareholders. The Corporation has a total number of 85 employees, of which 14 are female employees, which rightly suggests that there is much room for improvement. Currently Fatma Gamze Sarioglu, serves as the Senior Country Manager for Türkiye at ICIEC, Khady Seye as Country Manager for Senegal, Sabah Al Harbi as Country Manager for the MENA Region, and Eman A. Mahmoud, Country Manager, IsDB and ICIEC's Cairo Regional Hub.

The consensus remains that there are significant gender disparities in export activities which underscore the imperative of providing enhanced support for women in the realm of international trade. Securing gender equality in domestic legislation is consistent with providing equal conditions for men and women to access economic opportunities brought by international trade whether in business, finance, credit insurance and surety and policy making.

In this context the WTO-sponsored World Trade Congress on Gender on 24-27 June 2025, under the theme "Gender Equality and Innovation: The Keys to Sustainable Trade," assumed a much greater urgency and importance.



An Impressive Legacy of Insurance Service Delivery

A Sound Building Block for Future Expansion and Engagement



Given ICIEC's uniqueness in being the only Shariah-compliant multilateral insurer in the world, and this year marking its Pearl Jubilee of 30 years of operations, underwriting and service to its 40 member states, it is only timely that the Corporation articulates this compelling backstory as the foundation for its next three decades while at the same time helping to promote the credit and investment insurance culture in its 49 member states. **Mohamud Hussein Khalif, General Manager of Underwriting Operations, and Yasser Alaki, General Manager of Business Development at ICIEC,** give a legacy insight into the world of risk mitigation and credit enhancement, of credit and investment insurance culture, of navigating emerging risks, and the huge advances made by ICIEC in three decades in a cohort of manifold metrics, with a special focus on future priorities, strategies, innovations, delivery objectives, and standout achievements, and what needs to be done by IsDB member states and industry bodies to enhance the awareness, uptake and culture of credit and investment insurance in their economies.

ICIEC has made significant advancements in the credit and investment insurance landscape over the past three decades. As the only Shariah-based multilateral insurer in the world, it has played a crucial role in promoting trade and investment among IsDB (Islamic Development Bank) member states. Some notable achievements of ICIEC include:

- **Expansion of Coverage:** ICIEC has expanded its coverage to various segments of credit and investment insurance, including short-term trade credit, and medium and long-term investment insurance. This expansion has provided comprehensive risk mitigation solutions to support economic growth and development.
- **Business Development:** ICIEC has focused on business development initiatives to enhance the awareness and uptake of credit and investment insurance in member states. It has actively engaged with IsDB member states and industry bodies to promote the benefits of insurance, develop customized solutions, and facilitate capacity building programs.

To further enhance the awareness, uptake, and culture of credit and investment insurance in member economies, ICIEC member states and industry bodies can:

- **Foster Collaboration:** by encouraging collaboration between ICIEC and member states' financial institutions, insurance companies, and industry associations to jointly promote credit and investment insurance and exchange best practices.
- **Create Awareness:** by conducting awareness campaigns to educate businesses, investors, and financial institutions about the benefits of credit and investment insurance. This can include workshops, seminars, and

publications highlighting successful case studies and the positive impact of insurance on economic growth.

- **Engage Regulatory Bodies:** Through streamlining regulations and creating a conducive regulatory environment that facilitates the use of credit and investment insurance. This can involve simplifying procedures, reducing barriers, and providing incentives for businesses to adopt insurance solutions.

The current state of the credit and investment insurance landscape especially Takaful-based solutions in ICIEC member states, especially in an era of poly-crises and growing uncertainties and risks is at best evolving. ICIEC is cooperating with the AMAN UNION in this respect. But, in ICIEC member states, including advanced countries such as Saudi Arabia, UAE, Türkiye, Egypt, as well as countries in Africa and Asia, Takaful-based solutions in the credit and investment insurance landscape have gained traction. However, several challenges persist in underwriting transactions and projects. These challenges include:

- **Policy Limitation:** as seen in the limited availability and suitability of Takaful-based insurance policies that specifically cater to credit and investment risks. Developing comprehensive and tailored policies aligned with Shariah principles is crucial to address this challenge.
- **Limited Market Penetration:** due to limited awareness and understanding of Takaful-based credit and investment insurance among businesses and financial institutions. Increasing market awareness through targeted marketing campaigns, education, and training programs can help overcome this challenge.
- **Credit Information and Structured Product Challenges:** affects the potential of assessing creditworthiness, managing counterparty risks, and developing suitable products for complex transactions. Collaboration between ICIEC, member states, and industry stakeholders can address these challenges through the sharing of expertise, conducting risk assessments, and developing innovative products.

ICIEC's cooperation with the AMAN UNION, the premier professional forum for commercial and non-commercial risk insurers and reinsurers within the member countries of the Organization of the Islamic Cooperation (OIC), can facilitate knowledge exchange, capacity building, and collaborative initiatives to address these challenges in underwriting transactions and projects – policy, market, credit, product,





lack of reinsurance capacity – in member states, both in credit insurance advanced countries such as Saudi Arabia, UAE, Türkiye, Egypt and others in Africa and Asia.

Given the manifold emerging risks and tensions in the global geopolitical, economic, trade and investment, climate-related and catastrophic events landscape, it is inevitable that this is affecting the business side of credit and investment underwriting in terms of premiums, claims, claims ratio and insured exposure. ICIEC is adapting to mitigate and enhance its risk management strategy to meet these challenges head on. ICIEC's forward-looking Risk Management strategy revolves around the following key considerations:

- In alignment with its multilateral status, ICIEC prioritizes achieving long-term sustainability by ensuring business continuity, portfolio and operational resilience, as well as capital preservation and optimization. This strategic approach not only aims to scale up developmental interventions for Member States (MSs) but also makes a significant contribution to IsDB Group's overarching strategic directions.
- The enhancement of existing risk management frameworks to adeptly identify and manage emerging and strategic risks amongst others. It emphasizes fostering collaboration between economic sustainability and risk management functions to create a more integrated and responsive approach.
- Streamlining ICIEC's focus on optimizing capital utilization through the implementation of forward-looking, risk-

based capital planning. This ensures efficient allocation of resources and supports ICIEC's overall financial resilience.

- Scaling up overall performance through the implementation of automated and tailored ERM architectures. This approach contributes to increased efficiency and effectiveness in addressing risks across ICIEC.

The defining issues and risks of the day include the ever-increasing need for climate action, sustainability, food security, infrastructure, and tackling disaster events. All stakeholders, especially in the financial services and underwriting sectors, have been urged to contribute more through resource mobilization and risk mitigation solutions. In this respect, ICIEC's Board of Directors recently approved ICIEC's Climate Change Policy which aims to mainstream Climate Action across ICIEC's operations.

Climate Change, food security and sustainable development are inextricably linked through the water-food-energy nexus and ICIEC's de-risking tools can make a positive contribution in all three areas. ICIEC has a crucial role in facilitating increased climate investment through de-risking climate action transactions and projects in its member countries.

De-risking through insuring non-payment due to commercial and political risk is needed across various value chains linked to procuring equipment and services for clean energy, agriculture and other activities linked to climate change resilience.

ICIEC is a member of the Berne Union's Climate Working Group and signed an MoU with the Global Green Growth Initiative at COP28 which aims to develop innovative blended finance solutions that include de-risking for climate action in ICIEC member countries. Through its membership in the Energy Transition Accelerator Financing (ETAF) Platform, managed by IRENA, ICIEC is proactively engaging with partners to de-risk renewable energy projects and transactions.

Technology especially Generative AI, Tokenization and Blockchain apart from the normal online services including processing applications, payments and claims are set to be the game changer in most economic and financial services activities.

ICIEC recognizes the transformative potential of emerging technologies such as Generative Artificial Intelligence (AI), tokenization, and blockchain to enhance underwriting operations and business development and has

set ways to integrate these technologies while adhering to Shariah-compliant underwriting and investment metrics as follows:

Implementation of ICIEC Takaful System (ITS)

Considering the Vision of the IsDB Group that explicitly recognizes the importance of Information Technology in improving the Group's productivity and contribution to the IsDB Group Member Countries, ICIEC is in the last phases of deploying the ICIEC Takaful System (ITS) whose main objective is to enhance ICIEC's institutional performance, capacity, and responsiveness in pursuit of its strategic objectives outlined in its Strategic Plan.

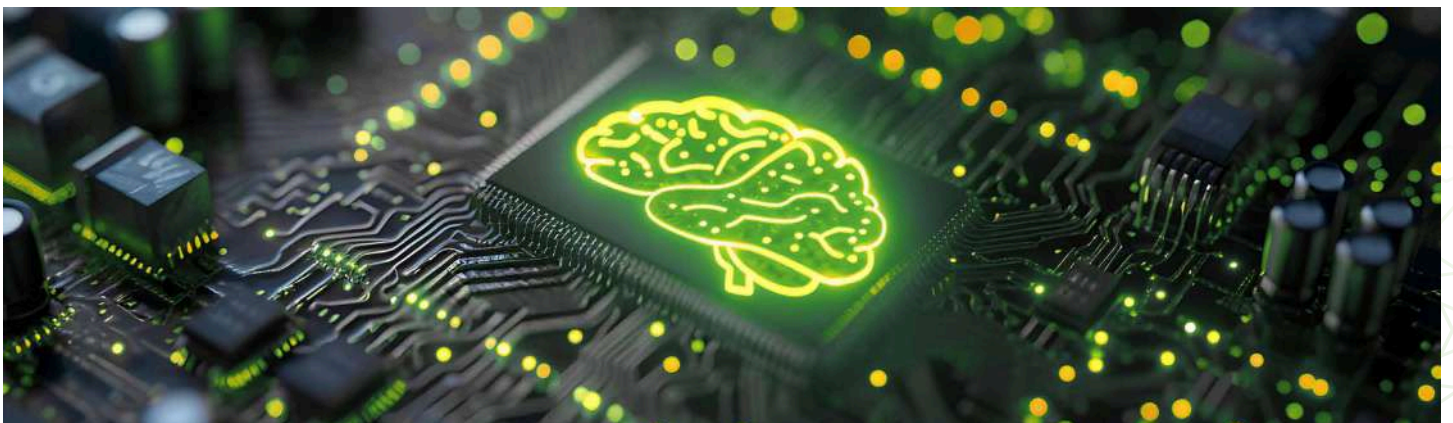
These objectives aim to increase the volume of intra-trade between member countries, attract investments, and promote Islamic Insurance Services and Solutions.

Adoption of Generative Artificial Intelligence (AI), Tokenization, and Blockchain

Following the deployment of the ITS, ICIEC will advance its digital strategy through major initiatives to adopt:

- a. Generative AI:** Enhance risk assessment and underwriting by analyzing large datasets, detect fraud through anomaly and pattern detection in claims and transactions, and improve customer service with AI-driven chatbots and virtual assistants.
- b. Tokenization and Blockchain:** Implement smart contracts for automated claims processing, enhance transaction transparency and security, and play a major role in ICIEC's digital platform.
- c. Enhanced Online Services:** Improve online platforms for seamless application, payment, and claim processing, utilize advanced encryption and security protocols to protect sensitive information, and expand mobile services to allow clients to manage their policies and claims from anywhere, increasing accessibility and convenience.

This is in addition to supporting the development of new products that leverage technology while adhering to Islamic principles. By embracing these technologies, ICIEC aims to enhance operational efficiency, improve customer experience, and maintain its commitments to Shariah-compliant practices. This strategic adoption positions ICIEC to better



serve its Member Countries and support their economic development agendas.

In terms of business development, ICIEC's most impactful policies and services have significantly contributed to international trade and economic development through various initiatives, including trade credit insurance, investment promotion, capacity building, and innovative risk mitigation strategies, and through innovations in terms of products, strategies, markets, technical education and market awareness, credit, and investment risk strategies.

These include:

- **Trade Facilitation and Investment Promotion:** ICIEC's trade credit insurance has facilitated international trade by mitigating risks like non-payment and default, while its investment insurance has attracted foreign direct investment by covering political risks such as expropriation and currency inconvertibility.
- **Capacity Building and Risk Mitigation:** ICIEC has engaged in capacity-building initiatives to enhance stakeholders' understanding of credit and investment insurance and developed innovative risk mitigation strategies, including Shariah-compliant products and support for green projects.

- **Market Expansion and New Innovations:** ICIEC has expanded its presence in Africa and Asia to support economic development and introduced new insurance products for emerging sectors to improve customer experience.

ICIEC's outlook for its underwriting business and for developing new initiatives for the near-to-medium term remains cautiously encouraging. There are still 8 member states of the IsDB/OIC that have not acceded to ICIEC membership, so we have more work to do in this respect.

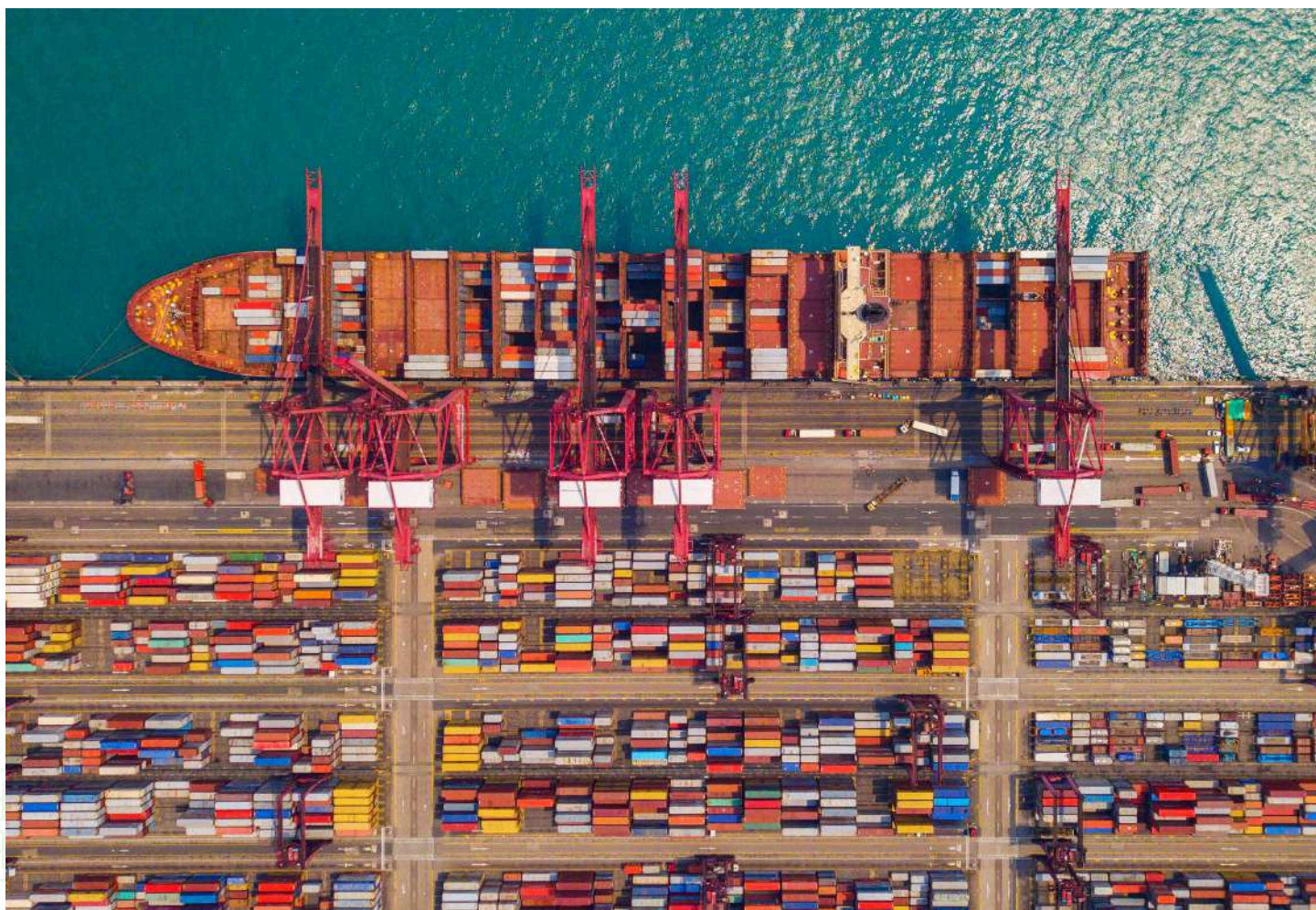
At ICIEC, we are committed to meticulously addressing our clients' specific needs, ensuring that their distinct requirements and concerns are the cornerstone of our operational strategy. Consequently, ICIEC has undertaken a comprehensive revision of existing insurance/reinsurance policies and has been instrumental in formulating innovative products to meet our clients' demands.

In the near future we will unveil two groundbreaking policies: the **Fair and Unfair Calling of Bonds Insurance Policy and the Avalized Drafts Insurance Policy**. These policies have undergone thorough deliberation and diligence by our esteemed Product Development Committee and have received the endorsement of the IsDB Group Shariah Board. We have also engaged in constructive

dialogues with external stakeholders, including policyholders, brokers, banks, and others, to refine these offerings.

The **Fair and Unfair Calling of Bonds Insurance Policy** is designed to provide contractors with robust coverage against both commercial and political risks associated with the issuance of various bonds, including bid, advance payment, and performance bonds, particularly for operations within ICIEC Member Countries.

The **Avalized Documents Insurance Policy** is tailored for use in international trade operations. Avalized bills of exchange and promissory notes are instruments commonly utilized by exporters, importers, and traders in documentary collection operations. Banks that are policyholders and in possession of avalized documents stemming from trade transactions will benefit from ICIEC's comprehensive protection against the commercial and political risks posed by the avalizing bank/party.



Global Trade Shows Resilience, amid Subdued GDP Outlook and Geopolitical Tensions



The trade finance and insurance playbook comes at a time of changing trends in global trade outlook. 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. The latest edition of the WTO's "Global Trade Outlook and Statistics" confirms this challenging trajectory, foreseeing a gradual recovery in world merchandise trade volume in 2024 and 2025. According to Ralph Ossa, Chief Economist of the WTO, specifically, merchandise trade is expected to grow by 2.6% in 2024 and 3.3% in 2025 after falling by 1.2% in 2023. However, there is a downside risk due to regional conflicts, geopolitical tensions, and economic policy uncertainty. On the bright side,

the Berne Union's (BU) Business Confidence Index for Q1 2024 reports that demand for credit and PRI insurance is set to remain strong through the first quarter of 2024, following concentrated growth in the second half of 2023, but new risks give pause for thought with short-term export credit insurance claims growing. Demand for short-term trade credit insurance continues to increase as more exporters seek coverage despite a slowdown in global goods trade. Medium and long-term enquiries also remain strong, driven by critical minerals, building on significant growth through the second half of 2023. However, the BU similarly flags concerns arising from new economic reforms in Argentina and FX issues in indebted emerging economies, geopolitical tensions in the Middle East and Eastern Europe, and Red Sea trade route disruptions which has led to heightened vigilance among its members. **Mushtak Parker** explores the state of global trade and the opportunities and challenges in a mixed global macroeconomic environment symbolised by some innovations but also held back by growing uncertainties.

Sometimes the devil is not in the detail but lurking in the divergent metrics of the global gatekeeper organisations supposed to stabilise them. When it comes to global trade metrics – finance, digitisation, insurance, and partnerships – it is no exception. Perhaps the ‘Steady but Slow: Resilience amid Divergence’ banner of the IMF’s World Economic Outlook (WEO) unveiled at the Spring 2024 Annual Meetings in Washington DC in April was no coincidence.

The Fund projects world trade growth at 3.0% in 2024 and 3.3% in 2025, with revisions of a 0.3 percentage point decrease for 2024 and 2025 compared with its January 2024 projections. Trade growth is expected to remain below its historical (2000–19) annual average growth rate of 4.9% over the medium term, at 3.2% in 2026. This projection implies, in the context of the relatively low outlook for economic growth, a ratio of total world trade to GDP (in current dollars) that averages 57% over the next five years, broadly in line with the evolution in trade since the global financial crisis in 2008.

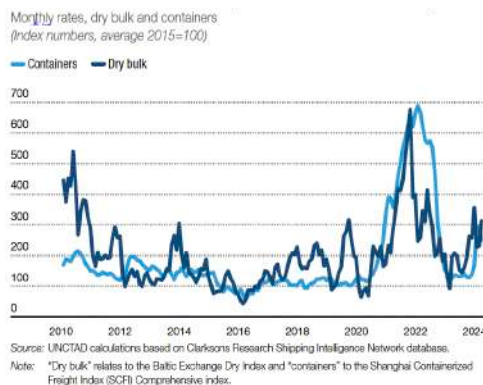
However, warns the IMF, even as world trade-to-GDP ratios remain relatively stable, significant shifts in trade patterns are taking place, with increasing fractures along geopolitical lines, especially since the start of the war in Ukraine in February 2022, leading to greater trade protectionism even among allied blocs in an increasingly fragmented global economic ecosystem. Indeed, says the IMF, growth in trade flows between geopolitical blocs has declined significantly since then compared with growth of trade within blocs. “This reallocation of trade flows is occurring in the context of rising cross-border trade restrictions, with about 3,200 new restrictions on trade in 2022 and about 3,000 in 2023, up from about 1,100 in 2019, according to Global Trade Alert data, and increased concerns about supply-chain resilience and national security,” added the IMF.

In contrast, according to the World Trade Organisation (WTO), the volume of world merchandise trade should increase by 2.6% in 2024 and 3.3% in 2025 after falling by 1.2% in 2023. Similarly, regional conflicts, geopolitical tensions, and economic policy uncertainty pose substantial downside risks to the forecast. The expectation is that inflationary pressures in many countries will abate in 2024 leading to a recovery in demand especially in the developed economies. There is the issue of fiscal, and policy drag, which can take years to work through – hence the feeling of an on-going cost-of-living crisis despite the claims of remedial actions.

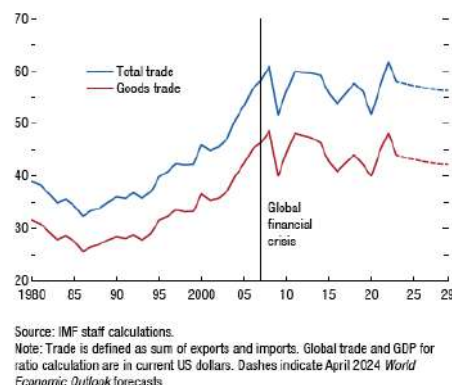
In contrast still, the UNTrade and Development’s (UNCTAD) latest Trade and Development Report Update in April 2024, reiterates that the contraction of international merchandise trade in a context of global economic expansion in 2023 is unprecedented in recent times. But since then, “two further negative shocks have hit maritime routes, the backbone of

international merchandise trade. Both relate to shipping disruptions in key arteries of maritime transport: the Panama Canal and the Red Sea. The first one affected by a prolonged drought which forced the reduction in crossings, and the second one affected by attacks on shipping in the wake of the war in Gaza which compelled major ocean carriers to suspend Suez transits and to reroute through the Cape of Good Hope, adding between 12 and 20 days of transport and therefore freight costs and rising consumer prices.

Panama Canal and Red Sea disruptions increased maritime freight rates



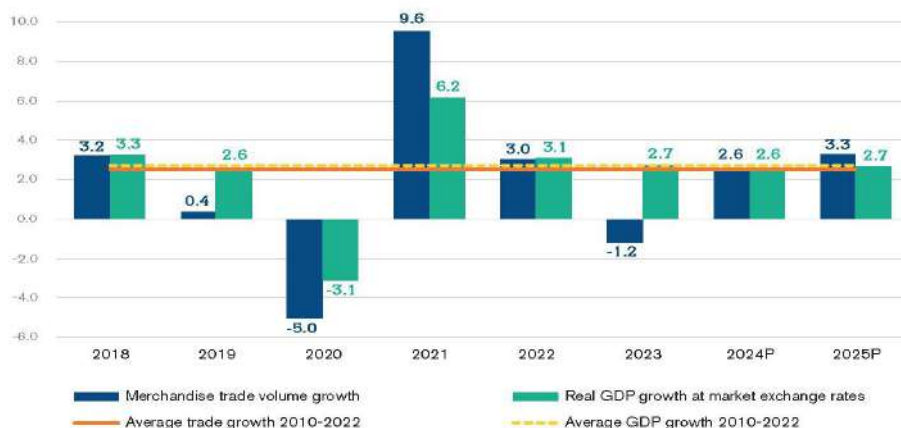
Global Trade Outlook: Stable (Percent of GDP)



The growth of merchandise trade, overall, is expected to remain subdued in 2024, albeit prospects for trade in services in 2024 look brighter even if a slowdown in some of its components cannot be ruled out. Trade like any other sector is beholden to a range of interlinked risks and uncertainties – sovereign debt levels, higher global interest rates, inflation management, calls for protectionism, continuing trade tensions and rising political uncertainty. This suggests meagre improvement in 2024 for trade in goods and services.

The impact of geopolitical tensions on trade patterns cannot be overstated. WTO data suggests a 30% decline in the growth in bilateral trade between the United States and China over their trade with the rest of the world since 2018. The US dollar value of world merchandise trade fell 5% in 2023 to USD24.01 trillion but this decline was mostly offset by a strong increase in commercial services trade, which rose 9% to USD7.54 trillion. The decline in merchandise exports was partly due to falling prices for commodities, such as oil and gas. Meanwhile, commercial services trade was lifted by recovering international travel and surging digitally delivered services. Most regions have undergone negative trade growth in 2023. The exception was a significant increase in intra-regional trade for the African region.

World merchandise trade volume and GDP growth, 2018-2025

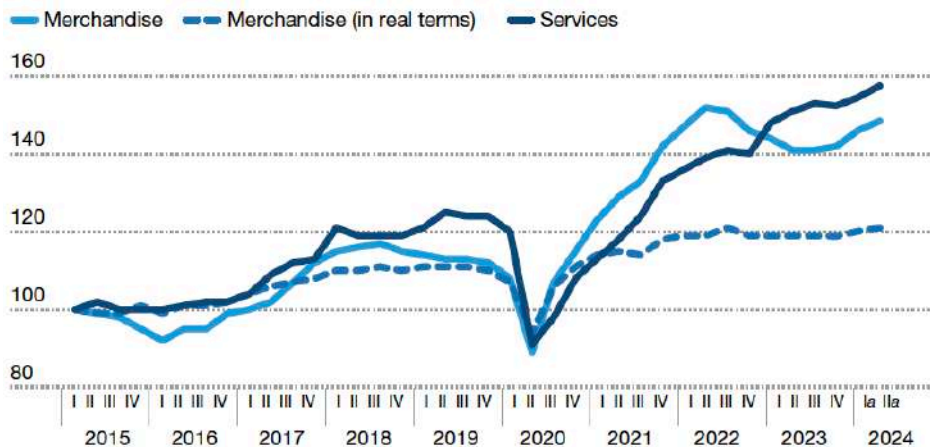


Note: Figures for 2024 and 2025 are projections. Merchandise trade grew 2.5% per year on average between 2010 and 2023 while GDP growth averaged 2.7%.
Source: WTO for merchandise trade volume and consensus estimates for GDP.

Looking ahead, says WTO Chief Economist Ralph Ossa, “we expect all regions to make positive contributions to export and import growth in 2024. Asia is expected to add around 1.3% to global export growth and 1.9% to global import growth in 2024.”

Global trade: Merchandise remains subdued while trade in services shows more dynamism

Quarterly world trade, merchandise (in dollar values and in real terms) and services (in dollar values)
(Index numbers, first quarter of 2015=100)



Source: UNCTAD calculations based on UNCTADstat and WTOstat data.

Note: All series are seasonally adjusted.

a Estimates from UNCTAD nowcasts for the first two quarters of 2024.

Overview of the World Economic Outlook Projections at Market Exchange Rate Weights (Percent change)

	2023	Projections		Difference from January 2024 WEO Update ¹		Difference from October 2023 WEO ¹	
		2024	2025	2024	2025	2024	2025
World Output	2.7	2.7	2.7	0.1	0.0	0.3	0.0
Advanced Economies	1.6	1.8	1.8	0.3	0.1	0.4	0.0
Emerging Market and Developing Economies	4.2	4.0	4.0	0.0	0.0	0.2	0.1
Emerging and Developing Asia	5.4	5.0	4.6	0.1	0.0	0.4	0.0
Emerging and Developing Europe	2.9	3.1	2.8	0.3	0.3	1.0	0.3
Latin America and the Caribbean	2.2	1.9	2.5	0.1	0.1	-0.3	0.2
Middle East and Central Asia	1.6	2.6	4.3	-0.2	0.1	-0.8	0.4
Sub-Saharan Africa	3.2	3.6	4.0	-0.1	-0.1	-0.3	-0.1
Memorandum							
European Union	0.5	0.9	1.7	-0.1	-0.1	-0.4	-0.3
Middle East and North Africa	1.4	2.5	4.3	-0.3	0.1	-0.9	0.4
Emerging Market and Middle-Income Economies ²	4.2	4.0	3.9	0.1	0.0	0.2	0.1
Low-Income Developing Countries ²	4.0	4.7	5.2	-0.2	-0.1	-0.3	-0.1

Source: IMF staff estimates.

Note: The aggregate growth rates are calculated as a weighted average, in which a moving average of nominal GDP in US dollars for the preceding three years is used as the weight. WEO = World Economic Outlook.

¹ Difference based on rounded figures for the current, January 2024 WEO Update, and October 2023 WEO forecasts.

² Vietnam is removed from the Low-Income Developing Countries group and added to the Emerging Market and Middle-Income Economies group.

The reported differences from January 2024 and October 2023 are for Low-Income Developing Countries excluding Vietnam and Emerging Market and Middle-Income Economies including Vietnam.

Total goods and services trade was only down 2%. An encouraging development for services was the global exports of digitally delivered services, which reached USD4.25 trillion in 2023, up 9% year-on-year, accounting for 13.8% of world exports of goods and services.

The value of these services — meaning services delivered digitally across borders through computer networks and encompassing everything from professional services to streaming of music and videos and including remote education — surpassed pre-pandemic levels by over 50% in 2023.

GDP Growth and Trade – a Volatile Relationship

The relationship between trade and GDP growth (output) is well established, although it can be tempestuous, volatile, unpredictable, and even stable depending on the prevailing and looming national, regional, and global macroeconomic indicators and trends.

UNCTAD expects a further growth deceleration in global GDP growth in 2024 to 2.6%, slightly slower than in 2023. This makes 2024 the third consecutive year in which the global economy will grow at a slower pace than before the pandemic, when the average rate for 2015–2019 was 3.2%.

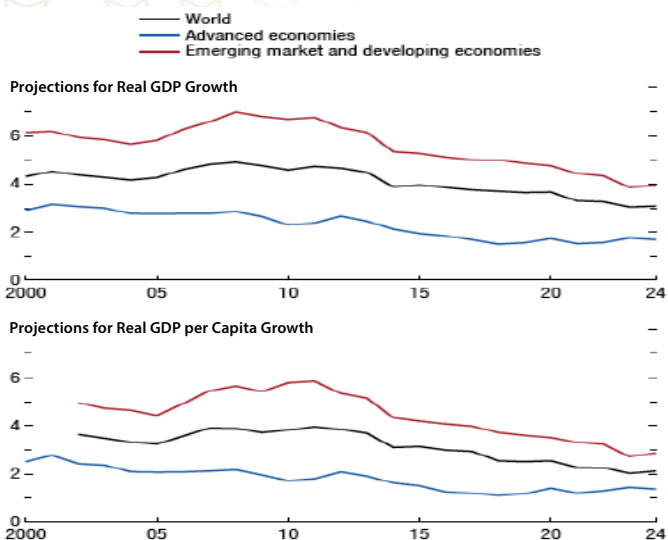
The UN body remains very critical of the obsession of the G7 countries with containing inflation. “Policy discussions continue to centre on inflation, conveying confidence that anticipated monetary easing will heal the world’s economic woes. Meanwhile, the pressing challenges of trade disruptions, climate change, low growth, underinvestment, and inequalities are growing more serious,” it lamented in its April Trade and Development Report Update.

It remains concerned that growth was largely driven by private consumption funded largely by debt in both private and public sectors. This says UNCTAD has led to a mismatch “between seeking financial market stability and attaining other macroeconomic goals.” Prioritizing the stability of the financial markets tends to have a negative impact on funding for the public sector, as government deficits are frequently chastised by bond markets and international financial institutions. Fast value creation by the financial markets benefits the holders of financial assets while crowding out fixed investment. Not surprisingly, observes UNCTAD, private investment globally in 2023 performed dimly and a worse one is projected for 2024.

In contrast, the IMF’s April 2024 WEO estimates global growth at 3.2% in 2023, which is projected to continue at the same pace in 2024 and 2025. The forecast for 2024 is revised up by 0.1 percentage point from the January 2024 WEO Update. “The pace of expansion,” notes the Fund, “is low by historical standards, owing to both near-term factors, such as still-high borrowing costs and withdrawal of fiscal support, and longer-term effects from the COVID-19 pandemic and Russia’s invasion of Ukraine, weak growth in productivity, and increasing geo-economic fragmentation.”

At the same time, the WTO in its April “Global Trade Outlook and Statistics” report, estimates global GDP growth at market exchange rates will remain mostly stable over the next two years at 2.6% in 2024 and 2.7% in 2025, after slowing to 2.7% in 2023 from 3.1% in 2022. The contrast between the steady growth of real GDP and the slowdown in real merchandise trade volume is linked to inflationary pressures, which had a downward effect on consumption of trade-intensive goods, particularly in Europe and North America.

Forecasts for Global GDP and GDP per Capita (Percent; five-year-ahead projections)



Source: IMF staff calculations.
Note: Horizontal axis refers to the year in which the five-year-ahead forecasts are made. Each forecast is from the *World Economic Outlook* published in April of the corresponding year.

Regional Trade Outlook

If current projections hold, Africa's exports will grow faster than those of any other region in 2024, up 5.3% according to WTO. But this however is from a low base since the continent's exports remained depressed after the COVID-19 pandemic. North America (3.6%), the Middle East (3.5%) and Asia (3.4%) should all see moderate export growth. European exports are once again expected to lag those of other regions, with growth of just 1.7%.

Strong import volume growth of 5.6% in Asia and 4.4% in Africa should help prop up global demand for traded goods in 2024. However, all other regions are expected to see below average import growth, including the Middle East (1.2%), North America (1.0%), and Europe (0.1%). Merchandise exports of least-developed countries (LDCs) are projected to grow 2.7% in 2024, down from 4.1% in 2023, before growth accelerates to 4.2% in 2025. Meanwhile, imports by LDCs should grow 6.0% this year and 6.8% next year following a 3.5% contraction in 2023.

That Africa accounted for only 14% of intra-African merchandise trade in 2022 (down from 16% in 2018) – the lowest of the global regions - underlines the huge gap and challenge 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 aims to bring together 55 African states and create an integrated market of 1.3 billion people, with a combined GDP of USD3 trillion.

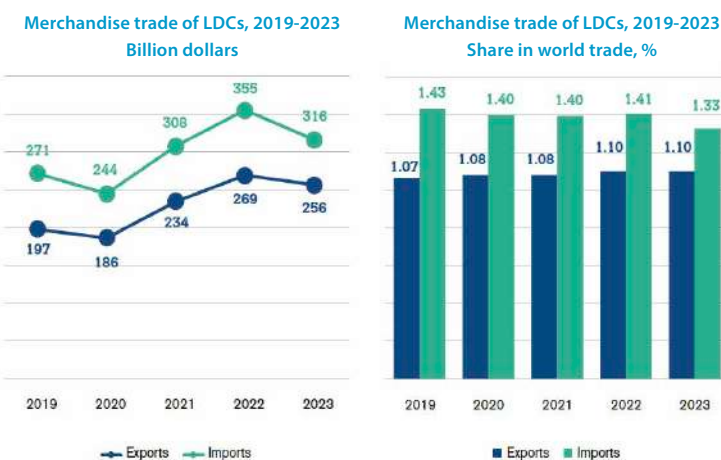
Intra-OIC Trade and Challenges

One of the core mandates of COMCEC, the Organisation for Islamic Cooperation (OIC) and the Islamic Development Bank (IsDB) Group specifically requires all three institutions to promote intra-OIC trade and foreign direct investment (FDI) flows in their Member States. In fact, COMCEC has set target of reaching 25% of intra-OIC trade by 2025.

The IsDB marks its 50th Anniversary and ICIEC its 30th Anniversary in 2024. The fact that intra-OIC trade and investment has not even hit 25% of their total exports and imports and FDI flows, suggests what an uphill struggle it remains for Member States to upscale their bilateral and multilateral trade and investment flows.

The reasons are manifold. There is a fundamental mismatch and dissonance between the OIC economies, ranging from the wealthiest nations in terms of GDP per capita to some of the poorest nations on earth, especially in Sub-Saharan Africa and South Asia. The huge

Merchandise trade of LDCs, 2019-2023 Billion USD and % shares

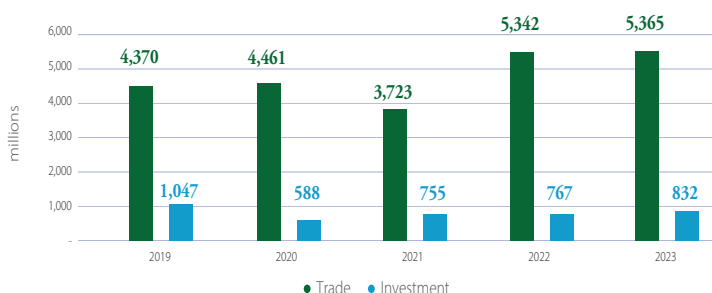


Source: WTO-UNCTAD estimates.

economic disparities between the various segments of OIC cohorts exacerbates a multitude of challenges of which intra-OIC trade and investment is high on the agenda.

ICIEC serves its mandate by providing risk mitigation and credit enhancement solutions to Member States' exporters selling to buyers across the world, and to investors from across the world investing in Member States. ICIEC also supports international exporters selling to Member States if the transactions are for capital goods or strategic commodities. In this context, ICIEC's intervention through provision of export credit and political risk insurance was more crucial than ever to support Member States in securing strategic commodities and fostering cross-border trade and investments.

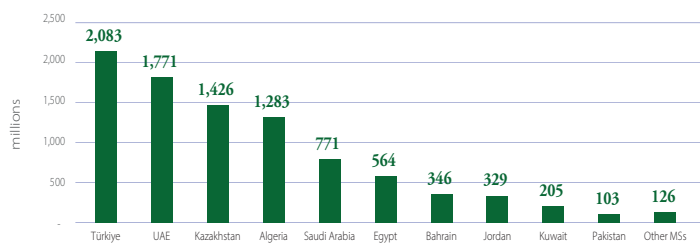
Intra-Trade and Intra-Investment Facilitated for OIC Member States During 2019 to 2023 (USD million)



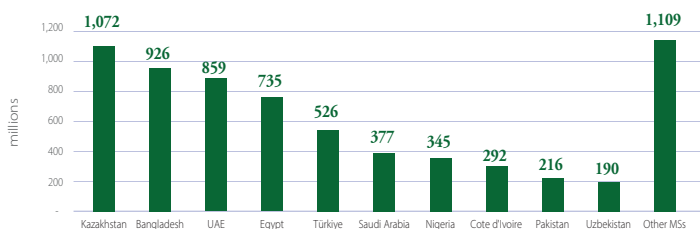
According to the ICIEC 2023 Annual Report, intra-OIC trade increased from USD4,370 million in 2019 to USD4,461 million in 2020, reaching USD5,365 million in 2023. Similarly, intra-OIC investments increased from USD1,047 million in 2019 to USD832 million in 2023.

Given that the intra-OIC trade and investment base is very low, the pathway to increased intra-OIC trade and investment flows concomitantly assumes even greater challenges. The IsDB Group, including ICIEC with its risk mitigation and credit enhancement tools, can only contribute measurably to boosting OIC trade and investment, given that the Group must contend with competing priorities and demands on their finite resources.

Major Member States by Export Business Facilitated in 2023 (USD million)

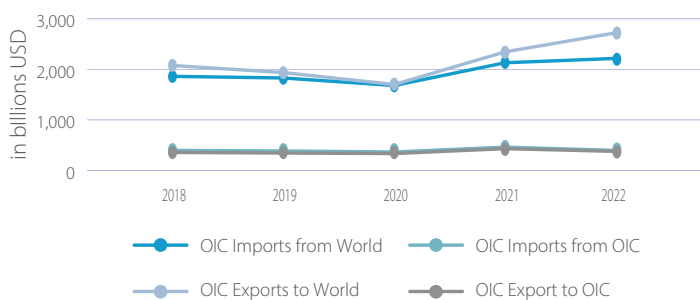


Major Member States by Import Business Facilitated in 2023 (USD million)



Governments, corporates, banks and credit insurers can do much more to give intra-OIC trade and investment traction and a boost by ensuring their regulations, their seamless strategies, trade, and investment incentive packages are in place, beyond the traditional bilateral and multilateral MoUs, and cooperation agreements.

OIC Trade Snapshot



The usual caveats are the low sovereign credit rating, poor or non-existent regulatory frameworks, the lack of facilitating institutions and qualified human capital, a lack of credit insurance market awareness and education, in conjunction with increased geopolitical risks including conflict, climate change, governance issues and natural disasters. The question remains how to mitigate this huge disequilibrium in OIC economies, their natural resource and commodities strengths and weaknesses, and a spate of associated metrics.

ICIEC’s involvement in intra-OIC trade and investment is commendable – facilitating USD51billion in intra-OIC trade and investment since inception. But the latest data for FY2023 shows that there is much room for improvement despite the various barriers to boost such facilitation. Most of the export business facilitated in 2023 came from six countries - Türkiye, UAE, Kazakhstan, Algeria, Saudi Arabia, and Egypt, with Türkiye alone accounting for USD2,083 million.

Intra-OIC trade and investment have the potential to be a game-changing facilitator to lead the OIC economies into recovery from the

impacts of the pandemic era, the subdued global economic recovery, and the vagaries of geopolitical tensions and their impacts on commodities price volatility, sovereign indebtedness, a global cost-of-living crisis and a break on reaching the UN SDG and Paris Net Zero targets – all of which affect developing countries including the ISDB ones disproportionately.

According to the ICIEC 2023 Annual Report, a deeper dive into intra-OIC trade dynamics reveals an intriguing paradox. While 2021 marked a zenith for intra-OIC imports at 436.0 billion, a subsequent contraction to 365.4 billion in 2022 raises pertinent questions about the internal trade synergies and potential barriers within the OIC ecosystem. Similarly, the export narrative mirrors this trend, with intra-OIC exports peaking in 2021 but retracting in 2022. The retraction, however, is almost certainly due to the pandemic, the Ukraine conflict supply chain impacts, and the slow global economic recovery.

Outlook and Drivers

WTO Director-General Ngozi Okonjo-Iweala maintains that “we are making progress towards global trade recovery, thanks to resilient supply chains and a solid multilateral trading framework — which are vital for improving livelihoods and welfare. It’s imperative that we mitigate risks like geopolitical strife and trade fragmentation to maintain economic growth and stability.” Already some governments have become more skeptical about the benefits of trade and have taken steps aimed at re-shoring production and shifting trade towards friendly nations.

However, her Chief Economist Ralph Ossa warns that “while the trade environment is clearly challenging, we should not paint too dark a picture of international trade. The volume of world merchandise trade was essentially flat throughout 2023, and the 1.2% decline in 2023 is relative to 2022. In fact, it was up 6.3% compared to the pre-pandemic peak in the third quarter of 2019, and up 19.1% compared to 2015. These figures emphasize the resilience of international trade.”

The global trade outlook for 2024 nevertheless remains subject to significant uncertainties. Persistent geopolitical tensions, rising shipping costs, and high levels of debt weighing on economic activity in many countries may still exert negative influences on global trade.

According to UNCTAD’s Global Trade Update in March 2024, some of the most relevant factors influencing global trade in 2024 and beyond include:

- **Positive economic growth, but with significant disparities.** Global forecasts for GDP growth remain at around 3% for 2024, but these still fall below historical averages. Furthermore, substantial disparities persist among countries and regions in terms of their anticipated economic outlook for the upcoming year. Such disparities will influence patterns of trade.
- **Strong demand for both container shipping and raw materials.** During the last few months, there has been increasing demand for container shipping, as reflected by the strong increase in the Shanghai Containerized Freight Rate Index and the Baltic Dry Index on the back of a rise in global demand for raw materials.
- **Commodity prices volatility.** Ongoing geopolitical tensions and regional conflicts could renew volatility in energy and agricultural markets. Additionally, the increasing importance of secure access to critical minerals for the energy transition is expected to affect prices and further contribute to market volatility in these commodities.
- **Lengthening of supply chains.** Global trade is being influenced by the response of supply chains to shifts in trade policy and geopolitical tensions.
- **Increase in subsidies and trade restrictive measures.** The prioritization of domestic concerns and the urgency of meeting climate commitments are driving changes in industrial and trade policies. Trade restrictive measures and inward-looking industrial policies are anticipated to negatively impact on the growth of international trade.
- **Shipping routes disruptions.** Geopolitical tensions are also causing disruptions in shipping routes, particularly those related to the Red Sea and Suez Canal. Moreover, efforts to maintain water levels in reservoirs supplying the Panama Canal are anticipated to continue reducing passages in 2024. These events are driving up shipping costs, extending voyage durations, and disrupting supply chains.

Mainstreaming Affordable Credit Insurance in ICIEC Member States

Upscaling Critical Mass, Market Depth and Awareness Amid Rising Risks



The 57 and 49 member states of the IsDB and ICIEC respectively could benefit from an enhanced credit and investment insurance culture and ecosystem. This pertains to the structural, policy, resource, organizational capacity realities of the industry across the spectrum – government agencies, insurers and underwriters to peer institutions, to financial sector entities, to corporates and businesses, and to SMEs. **Mushtak Parker** considers the challenge of how to mainstream risk mitigation and credit enhancement through increasing the provision of affordable credit and investment insurance in member states, and how ICIEC can play an enhanced market maker role in this respect through partnerships, market education and collaboration both at a national level and with international industry bodies and linkages.

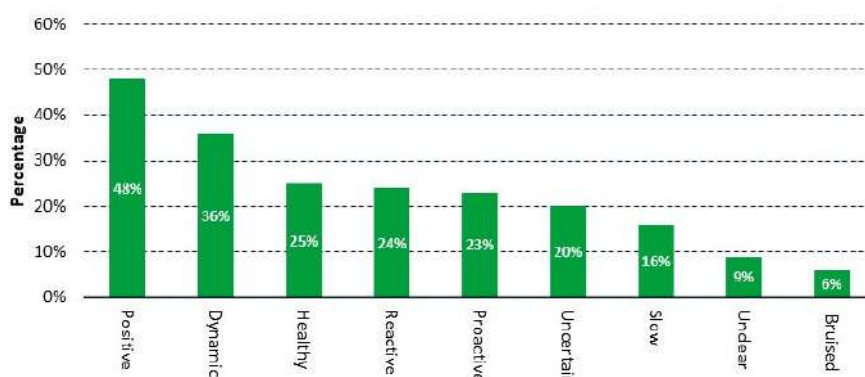
Malaysian Prime Minister Anwar Ibrahim has repeatedly flagged up in recent months the vital trade finance and insurance sector. Whether at the Global Forum on Islamic Economics and Finance (GFIEF) in Kuala Lumpur on 28-29 May 2024, at the IsDB Annual Meetings in May in Riyadh, and at the 15th International Conference on Islamic Economics and Finance in February 2024 in Kuala Lumpur, the Prime Minister has been calling for the adoption of a reformist holistic agenda to help mitigate the huge socio-economic, trade and investment challenges and opportunities faced by the 57 member states of the Organization of Islamic Cooperation (OIC) and its development finance organ, the Islamic Development Bank (IsDB).

Islamic trade finance is estimated to account for less than 5% of total trade finance in OIC member states. Reliable data is fragmented, underdeveloped, and often dated because of poor disclosure and lack of transparency.

The fact that intra-OIC trade and investment has not even hit 25% of their total exports and imports and FDI flows, indicates the uphill struggle for Member States to upscale their bilateral and multilateral trade and investment flows.

Globally market sentiments for export finance and credit and investment insurance in general is positive as the impacts of the COVID-19 pandemic continue to recede although still impacted by the supply chain disruptions of the conflict in Ukraine, the subdued resultant global economic recovery marked by low GDP growth, stubbornly high inflation rates, high interest rates, rising sovereign debt burden of Lower-Middle Income Countries (LMICs), and the ensuing global cost of living crisis. The TXF Export Finance Survey in June 2024 confirms the positivity of the export finance market although the sentiments have yet to be fully absorbed into the market operations.

What best describes the current state of the export finance industry?



Source: TXF Intelligence <https://www.txfnews.com/>

A Reform Agenda for the Islamic Economy

“As we navigate the complexities and uncertainties of these post-normal times,” emphasized PM Ibrahim, “the principles of Islamic economics and finance remain even more relevant to resolve the core conundrums which the world is facing. These include lifting abject poverty, ensuring food security, mitigating climate change, and enabling equal opportunity to comprehensive education. This is why we must embark on a holistic ‘Islah’, a reform agenda for positive change and a force for good in the global economy.”

The Islamic finance ecosystem, he reiterated, needs to evolve progressively, placing greater emphasis on value-based sustainable finance, transcending the profit-driven motives or to embrace a higher purpose where wealth is not just accumulated among the few but circulated to uplift communities, protect the environment, and investment carries a balanced promise of prosperity. In Riyadh for instance, the Malaysian Ministry of Finance, Bank Negara Malaysia (BNM), the central bank, the IsDB and the World Bank, unveiled a collaborative “new blended finance innovation” - a pilot programme on greening Halal businesses. The aim is to assist halal businesses in Malaysia and elsewhere to transition to greener and sustainable practices by providing technical capacity building, tools to measure and report greenhouse gas emissions, derisking and credit enhancement solutions in trade and investment, and transition financing including certifications.

According to the ICIEC 2023 Annual Report, while 2021 marked a zenith for intra-OIC imports at USD436.0 billion, a subsequent contraction to USD365.4 billion in 2022 raises questions about the internal trade synergies and potential barriers within the OIC ecosystem. The dynamics for intra-OIC exports reflected the same trend. The retraction, however, is almost certainly due to the pandemic, the supply chain disruptions caused by the Ukraine conflict and the sluggish global economic recovery.

Prime Minister Ibrahim is right in calling for greater focus to enhance the efficiency and transparency across the end-to-end supply chain in the potentially multi-trillion-dollar Halal economy. However, the dissonance between the wider Halal economy and the estimated USD3.5 trillion Islamic finance industry is stark albeit improving incrementally. However, there is an urgent need to upscale independent reliable research and data disclosure to better inform both policy makers and the spectrum of stakeholders in the trade, investment, finance and insurance value chain.

Vanilla Murabaha, Murabaha Syndications, Tawarruq (Commodity Murabaha) and Instalment Sale, and Trade and Investment Takaful, estimated at almost USD1trillion per annum, are established Islamic trade finance and insurance contracts across the market segments and in the various hybrid Sukuk structures. They are internationally accepted

mainstream trade finance products which have been accessed even by major Western, Japanese, and South Korean multinationals.

According to Dinar Standard, OIC imports are projected to reach USD3.43 trillion by 2027, while OIC exports are projected at USD4.30 trillion – indicating huge potential for credit and investment re/insurance.

The State of the Islamic Trade and Investment Insurance Market

Reliable data relating to what extent Islamic trade finance and insurance is directed to the Halal economy is simply not available. A senior official from Malaysia’s Halal Development Corporation attending a major Halal convention in London recently agreed that the global industry does have a major bottleneck in reliable and up-to-date data and research in various aspects of the value chain, including the connectivity to the Islamic finance industry.

The reality remains that while Export Credit Agencies (ECAs) and multilateral insurers, such as ICIEC, in AMAN UNION member states have generally witnessed some growth in their operations – both conventional and Shariah-compliant – largely linked to government COVID-19 mitigation emergency packages, the reality is that the culture of credit and political risk insurance (PRI) in many OIC markets remains underdeveloped. The AMAN UNION is the forum comprising Commercial and Non-commercial Risks Insurers and Reinsurers in OIC member states and of the Arab Investment and Export Credit Guarantee Corporation (DHAMAN). ICIEC is responsible for the administration of the AMAN UNION.

Part of the problem is lack of market awareness and of a comprehensive strategy to promote and connect trade and investment Takaful to the spectrum of economic activity and market segments – trade, investment, commerce, export promotion, imports, infrastructure projects and even financial products such as Sukuk origination, housing and mortgage securitization, especially in an era of ever-evolving new risks. When Takaful is discussed or researched it is almost routinely confined to family and general Takaful. Credit and PRI Takaful is almost completely off the radar. This also connects with the underdeveloped state of financial journalism in member states. Yet in sheer volume and value terms, the latter is infinitely bigger as a market segment than family and general Takaful.

The perception rightly or wrongly remains that credit and investment insurance is an extra unnecessary cost, where often the premiums are prohibitive especially for companies and clients in the low-and-medium-income-countries (LMICs), and the requisite government policy and regulatory frameworks are either not in place or underdeveloped to make transactions and projects bankable especially for the involvement of much-needed private sector capital and financing.

Towards an OIC Trade Insurance Master Plan

ICIEC, which marks its 30th anniversary this year and uniquely the only Shariah-compliant multilateral insurer in the world, has almost single-handedly shown the viability, efficacy, market potential and importance of trade and investment Takaful and Re-Takaful for OIC economies. The proof is in the pudding. The Corporation has cumulatively insured business to date surpassing USD114 billion since it started operations in 1995, comprising USD90.7billion in export credit insurance and USD23.3billion in investment insurance. ICIEC has also underwritten policies since inception totaling USD53.6 billion in support of intra-OIC trade and intra-investment.

There are several challenges ahead for the Shariah-compliant trade and investment insurance market. The main one is the lack of dedicated private Shariah-compliant providers. The architecture currently comprises ICIEC as the only Shariah-compliant multilateral insurer and a number of ECAs and private providers.

An analysis done last year by Turk Eximbank showed that the total capital base of AMAN UNION member entities was a mere USD13.6 billion at end 2021 – up on the USD10 billion in 2020, of which Saudi EXIM accounted for 59% in 2021. Total AMAN UNION Business Insured in 2021 reached a mere USD49 billion – up 17% on 2020, of which the top 5 members accounted for 83% of total business insured, led by Turk Eximbank at 48% and ICIEC at 20%.

In contrast, members of the International Credit Insurance and Surety Association (ICISA), the leading industry trade association representing trade credit insurance and surety companies internationally who account for 95% of the world’s private credit insurance business, insured nearly EUR3.2 trillion (USD3.43 trillion) in trade receivables insured and billions in infrastructure guarantees in 2023 – up 4.5% YoY. According to the latest data from ICISA, premiums written in 2023 increased by 5% to EUR8.2 billion (USD8.79 billion), while claims paid increased by 11.4% reaching EUR3.2 billion (USD3.43 billion).

According to the 2023 ICISA Annual Report, throughout 2023, ICISA members reported strong business growth despite a notable rise in claims across various lines. These trends are reflective of the ongoing volatility of macroeconomic conditions.

“Despite these challenges, the industry continued to provide a safe harbour for trade and investment in the real economy while remaining robustly capitalized. Demand for protection in the face of economic headwinds understandably grew throughout 2023 for both trade credit insurance and surety markets,” said ICISA President, Benoît des Cressonnières.





However, the macro risk environment, warns ICISA, “remains volatile and uncertain. Businesses face significant challenges due to high interest rates, rising costs, the energy transition, and disruptions from conflicts and geopolitical tensions. Trade continues to drive positive economic development, but managing associated risks and financing costs is increasingly challenging. While central banks look to carefully loosen monetary policy in the coming months, ICISA members expect challenging market conditions to persist in the short term.”

Not surprisingly, against this backdrop, surety claims rose significantly from 2022 to 2023, with EUR2 billion paid out in 2023, marking a 68.5% increase. Trade credit insurance members paid out EUR 3.2 billion in claims across the same period. This was up from EUR 2.7 billion in 2022, providing a valuable lifeline to businesses worldwide.

Similarly, the latest data from The Berne Union (International Union of Credit and Investment Insurers), the not-for-profit professional association representing the global credit and political risk insurance industry, shows that 2023 was an encouraging year for export credit with members providing over USD3 trillion in new support for cross-border trade, with expansion across almost all business lines, which augurs well for 2024 and beyond.

The reality however is that the gap between the conventional and Islamic credit insurance providers in almost every aspect is stark and has cost the OIC countries billions of dollars in opportunity costs lost especially because of the lack of Shariah-compliant opportunities for their economies in general and the Halal economy specifically.

The Great Leap Forward

Looking ahead, policy proposition, prioritization, upscaling, synergizing and implementation, together with smart collaboration, must be the order for the next few years if Shariah-compliant credit and investment insurance is going to take that great green leap forward in its involvement in the development agendas of member states.

In the meantime, there are several collaborations which if maximized to their full potential could go a long way towards the eventual mainstreaming of Shariah-compliant trade and investment insurance as an alternative option for government and commercial entities in

OIC member states. The Joint Strategic Collaboration signed in April 2024 between ICISA and the AMAN UNION, for instance, is a potential gamechanger in enhancing the culture and business of trade and investment insurance in ICIEC Member States.

The collaboration underscores a shared commitment to advancing the trade and investment insurance landscape, particularly within OIC Member States. By sharing their respective expertise and networks, the parties aim to facilitate enhanced knowledge exchanges and initiatives that contribute to the sustainable development of OIC Member States. Key highlights of the Joint Strategic Collaboration include: i) Facilitating knowledge exchanges on trade and investment insurance initiatives, ii) Enhancing collaboration and development of best practices in the industry. iii) Strengthening mutual relationships among members of both associations.

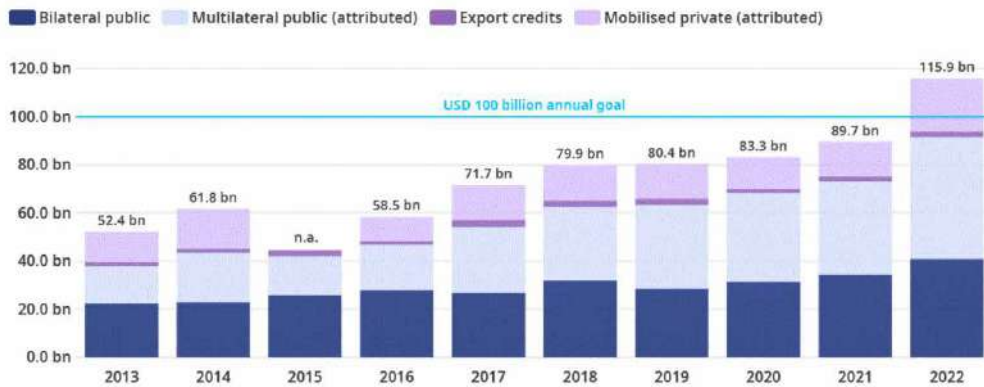
Mr. Richard Wulff, Executive Director of ICISA and Mr. Oussama Kaissi, then Secretary-General of AMAN UNION and CEO of ICIEC, recognize the significant potential for cooperation to drive positive outcomes in the trade and investment insurance sector. “Through this strategic alliance, we are assured to unlock unprecedented opportunities and drive innovation within our respective spheres. The signing of this MoU signifies a transformative leap towards harmonizing our efforts and maximizing the potential for sustainable growth and prosperity on a global scale. By pooling our resources and expertise, we can drive positive change and sustainable growth for our member states,” they maintained.

Similarly, another important development is the accession of The Islamic Development Bank (IsDB) and ICIEC to the International Renewable Energy Agency (IRENA's) Energy Transition Accelerator Financing Platform (ETAF) in December 2023 to which they have also pledged USD250 million to projects on the platform by 2030 and to provide de-risking tools to support renewable energy projects in member developing countries.

Through the ETAF Platform, a multi-stakeholder climate finance solution managed by IRENA, ICIEC will provide credit and political risk insurance solutions to support the financing of renewable energy projects recommended by IRENA for the benefit of common member states. This partnership says ICIEC leverages its expertise in credit and political risk insurance and its synergies with the broader reinsurance market and focuses on advancing just, affordable and clean energy transition in LMICs. LMICs form the largest component of the 57 member states of the IsDB and are disproportionately affected by the ravages of climate devastation even though as a group they are the lowest emitters of carbon in the world.

As such, energy transition is not only a financial, economic, technological, survival and societal imperative, but also a moral one. As part of a diverse network of partners, the ETAF Platform enables the financing of renewable energy projects giving developers access to a suite of de-risking solutions and manifold financing opportunities as a way of advancing their energy projects and making them bankable to donors, institutional and private investors.

Climate finance for developing countries
Amounts provided and mobilised by developed countries, billion USD



The gap in the private finance series in 2015 is due to the implementation of enhanced measurement methodologies. As a result, private flows for 2016-22 cannot be directly compared with private flows for 2013-14. Source: OECD (2024), Climate Finance Provided and Mobilised by Developed Countries in 2013-2022.

Another interesting development is the growing interest by ECAs from non-OIC countries in using Shariah-compliant credit and investment insurance to support their exports and FDI investments to OIC markets especially in the MENA Region and Southeast Asia.

In June 2024, Italian State Export Credit Agency SACE Guaranteed its First-of-its-kind “Substantive” Commodity Murabaha Facility Provided by HSBC to UAE Food Giant, IFFCO, under its Push Programme to support Italian food and beverage value chain and exports to the Middle.

For the first time globally, SACE has guaranteed financing with an Islamic finance structure in favour of the IFFCO Group in the UAE. According to Michal Ron, Chief International Officer of SACE, “we secured financing with an Islamic financing structure (Murabaha Al Siala) for IFFCO Group, with HSBC as the sole participant. We agree that this operation will open numerous other opportunities for Italian SMEs in their respective sectors of interest. This is the first Push Strategy operation structured according to Islamic finance principles, which will enable the opening of new markets in the Middle East and other geographies, with a positive impact on Italian exports.”

IFFCO and HSBC both stressed that creating a “global first” Islamic structure under SACE’s Push Programme “exemplified designing a creative financial structure working around complex parameters to synchronize ECA clauses to fit into an Islamic structure to deliver an innovative solution versus conventional offering.”

Alexei Rybakov, HSBC’s Head of Export Finance for MENAT, sees the transaction potentially boosting Euro-Middle East trade using Islamic finance solutions. “This transaction,” he explained, “marks a further development in Shariah compliant structures. Innovative cross-border transactions like this are accelerating trade and investment between Europe and the Middle East. This collaboration between IFFCO, SACE, and HSBC has resulted in a ready templated solution to execute Shariah-compliant ECA financing under SACE’s Push Programme.”





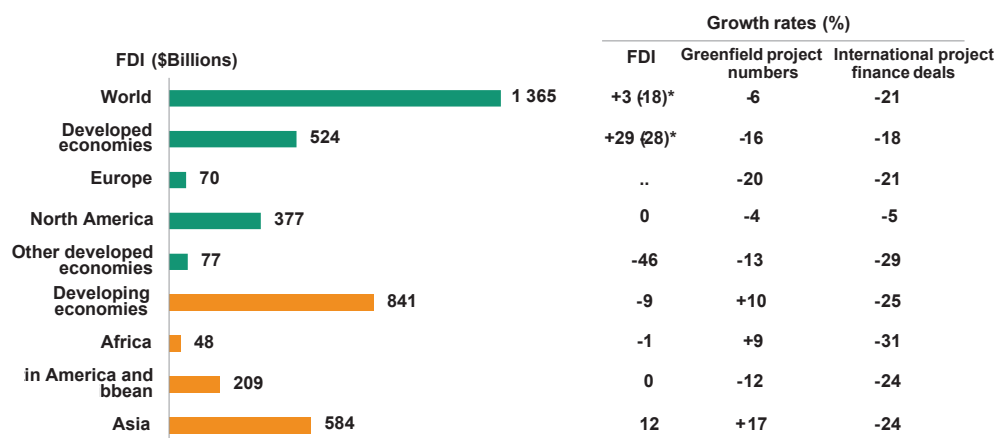
The Slowing FDI Flow Rate

Global Foreign Direct Investment (FDI) flows, totalled an estimated USD1.37 trillion in 2023 according to the latest figures from UN Trade and Investment (UNCTAD's) Investment Trends Monitor. This was a marginal 3% increase over 2022, defying expectations as recession fears early in the year receded and financial markets performed well. However, says UNCTAD, economic uncertainty and higher interest rates did affect global investment. FDI flows to developing countries disconcertingly fell by 9%, to USD841 billion, with declining or stagnating flows in most regions. FDI decreased by 12% in developing Asia and by 1% in Africa, here the bulk of ISDB and ICIEC member states are located.

In West Asia, FDI remained stable at 2% due to continued buoyant investment in the UAE, which saw greenfield announcements rise by 28% to the second highest number after the United States. Greenfield numbers also jumped in Saudi Arabia, by 63%.

FDI flows to Africa were almost flat at an estimated USD48 billion. Greenfield project announcements increased, mostly due to strong growth in Morocco, Kenya, and Nigeria. However, project finance deals fell by one third, more than the global average decline, weakening prospects for infrastructure finance flows, which merely highlights the growing need for project related underwriting and guarantees.

Investment trends by region, 2023 vs 2022



Source: UNCTAD, based on FDI/MNE database (www.unctad.org/fdistatistics) and information from The Financial Times Ltd, FDI Markets (www.fdimarkets.com) and Refinitiv SA.
* Growth rates in brackets are calculated excluding major conduit economies.

The importance of credit and investment insurance cannot be overstated. For an industry that has been around for over a century, the challenge ahead is to enhance awareness and market education among policy makers; regulators; multilateral, national and private sector insurers, and export credit agencies (ECAs); banking institutions, insurance providers, exporters, importers, investors, and SMEs. Today, according to the Berne Union's Credit Insurance: Impact on Trade, Finance and the Real Economy report, around 90% of all global trade relies on some form of credit, insurance or guarantees, issued by a bank, insurer, or specialist financial institution. As it has done for over a century, the credit insurance industry will continue to evolve and adapt to meet challenges - societal, environmental, and economic - that lie ahead and support the real economy.

Credit and investment insurance typically acts as a catalyst that provides financing to the real economy through export and import flows and promotes foreign direct investment (FDI) movements across the globe.

By protecting exporters and banks against the risk of non-payment, defaults and expropriation, credit insurance enables cross-border trade and investment. Perhaps this is a core challenge which industry bodies and countries in which Islamic finance is of systemic importance must embrace in how to upscale such cover dramatically both nationally, regionally and in the world of Islamic finance.

This against the background of risks and uncertainties in the global economic landscape. The latest SONAR Report published in June 2024 from the Swiss Re Institute, published since 2013, is indeed sobering - featuring 13 emerging risk themes and three trend spotlights. The emerging risk themes are what could be new or changing risks, with both up-and downside potential for insurers. The "trend spotlight" items highlight contextual developments SRI deems relevant for the industry, without necessarily profiling a specific risk.



Khurram Hilal,
CEO, Group Islamic Banking
at Standard Chartered Bank

Standard Chartered signed a Non-Honouring of Sovereign Financial Obligation (NHSFO) agreement with ICIEC to fund a EUR103 million solar electrification project through the installation of 50,000 off-grid solar-powered streetlamps in rural areas across Senegal. Furthermore, Standard Chartered is also cooperating with ICIEC and Agrobank of Uzbekistan to bolster economic development in the central Asian country through Islamic financing products. This is expected to yield EUR150 million in support of SMEs in Uzbekistan. Can you expand on the rationale for this cooperation? How important is ESG, sustainability, energy transition and SME funding in your project pipelines and portfolios?

We have a longstanding relationship of working with ICIEC in transactions which have supported key priority sectors of Member States across Africa. Supporting ESG, sustainability, energy transition and SMEs is a key priority for Standard Chartered. Our rationale for supporting these transactions is our commitment to these markets, the developmental benefits of the transactions and our relationship with both the borrowers and ICIEC.

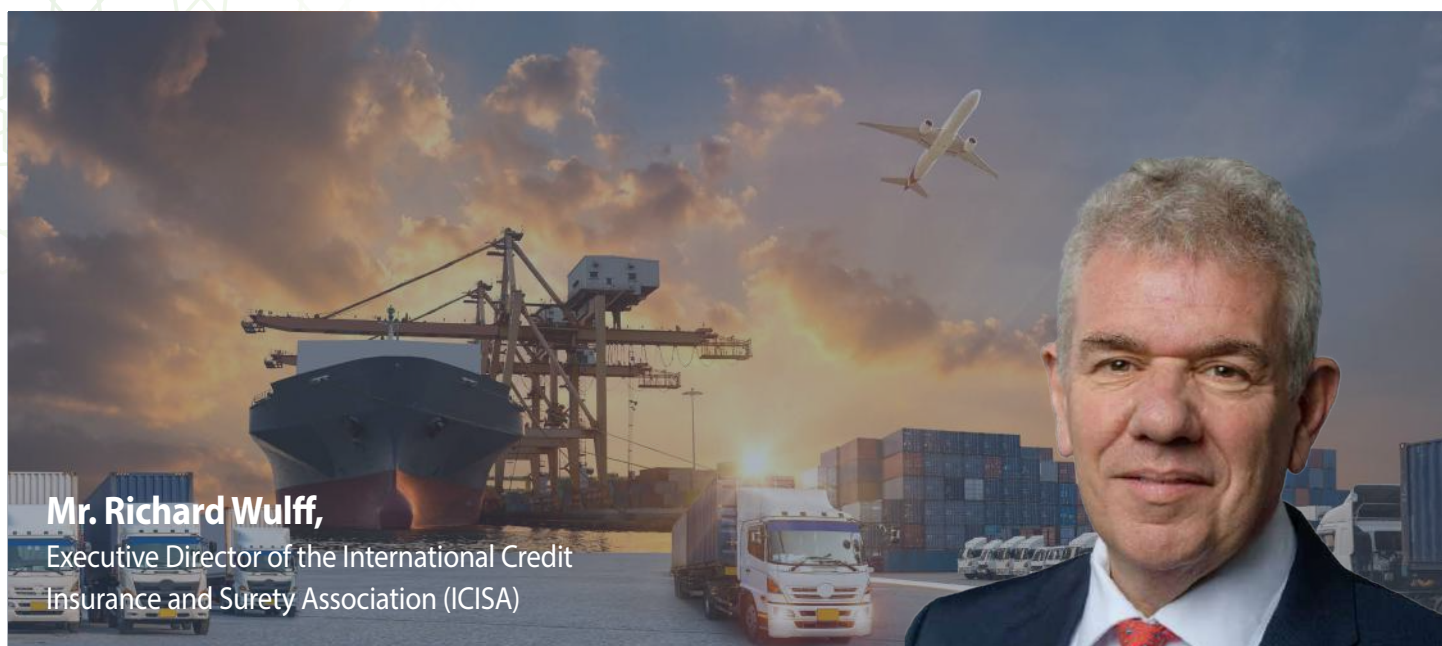
The Senegal transaction is a highly development project resulting in the electrification of remote villages where it is challenging to achieve electrification via traditional transmission lines. This project will directly facilitate increased economic activity and development in these regions. In addition, the social benefits will include improved quality of life and reduced crime. In relation to Agrobank of Uzbekistan the proceeds will be used for funding SMEs which will also have major development impact through supporting SMEs to expand, increasing employment and economic activity across the country.

We believe ICIEC is an ideal partner for cooperation in these transactions given its commitment to support such sustainable and developmental projects. In addition, ICIEC has a flexible approach and willingness to execute these transactions in a tight timeline. We would like to thank ICIEC for their cooperation which has contributed to the successful financial close of many such projects.

As ICIEC celebrates its 30th anniversary in 2024, its role as the only Shariah-based multilateral export credit and investment insurance provider continues to be crucial given that it has facilitated over USD108 billion in trade and investments, promoting growth, and development in its member states since its inception. The challenge is to upscale ICIEC's operations and also to enhance the culture of credit and investment insurance in OIC member states. From the vista of a major international bank, with a history of involvement in the Islamic finance industry, how could this be achieved, especially in an era of rising uncertainties and geopolitical challenges?

We believe that there is a lot of opportunity for further collaboration with ICIEC to financing sustainable projects in member states. We see great potential across our footprint markets in Africa, Asia and the Middle East, which includes many ICIEC member states. Whilst most of our recent successes have been in Africa and most recently in Uzbekistan with the MoU signing, we are exploring further opportunities in many of the ICIEC member states including Türkiye, Pakistan, Malaysia, and Indonesia. In addition to supporting member states directly on sovereign financing, ICIEC is supporting on lending transactions to development banks in member states which has benefits beyond these countries.

"Supporting ESG, sustainability, energy transition and SMEs is a key priority for Standard Chartered. Our rationale for supporting these transactions is our commitment to these markets, the developmental benefits of the transactions and our relationship with both the borrowers and ICIEC."



Mr. Richard Wulff,
Executive Director of the International Credit
Insurance and Surety Association (ICISA)

The International Credit Insurance and Surety Association (ICISA), founded in 1928, is the first and leading trade association representing trade credit insurance and surety companies internationally. Its current members account for the great majority of the world's private credit insurance business. The Schiphol, Netherlands headquartered Association also serves as an important platform for collaboration and the development of best practices in the industry. Today, with almost USD3 trillion in trade receivables insured and billions of dollars' worth of construction, services and infrastructure guaranteed, ICISA members play a central role in facilitating trade and economic development on all five continents and practically every country in the world. In an exclusive interview, **Richard Wulff, Executive Director of the International Credit Insurance and Surety Association (ICISA)**, discusses the current state of the credit and investment insurance landscape, the potential impact of manifold risks emerging in the global geopolitical, trade and investment landscape, the significance of the recent strategic collaboration signed between ICISA and the AMAN UNION to advance credit and investment insurance initiatives in member states common to both, and despite talk of deglobalization and fragmentation, why he maintains that trade and credit insurance remains one of the binding factors of our world and the way to bring people together.

ICIEC Newsletter: What is the current state of the credit and investment insurance landscape especially in an era of polycrises and growing uncertainties and risks? Is there room for much greater collaboration between government insurers through state-owned insurers and ECAs, and private sector re/insurers?

The current landscape of credit insurance is marked by significant uncertainty and heightened risks due to a multitude of overlapping crises, often referred to as polycrises. These include geopolitical tensions, such as trade wars and regional conflicts, economic instability characterized by fluctuating markets and recession threats, and environmental challenges like climate change and natural disasters.

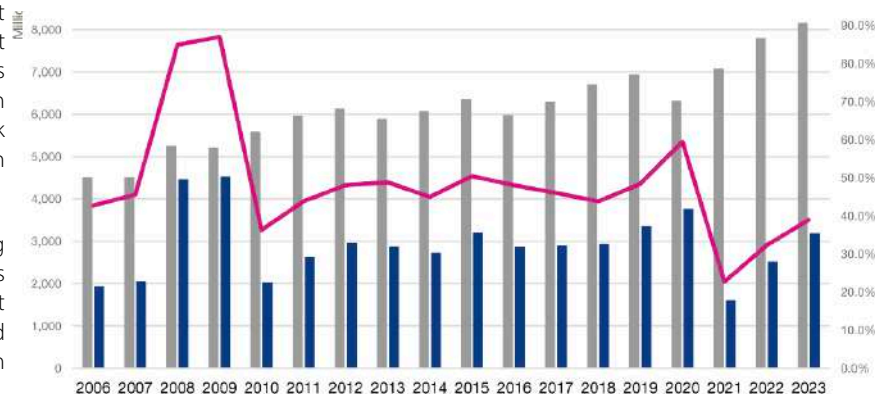
In this complex environment, there is indeed substantial room for enhanced collaboration between government insurers, including state-owned entities and Export Credit Agencies (ECAs) and Development Financial Institutions (DFIs), and private sector re/insurers. Such collaboration can lead to the development of more comprehensive risk mitigation strategies by leveraging the strengths of both sectors.

Government insurers and multi-lateral institutions bring stability and regulatory support, while private insurers contribute agility and innovative risk management solutions. By sharing expertise, pooling resources, and engaging in public-private partnerships, the industry can

better address the increasing complexity of global risks, improve market penetration, and provide more robust support for businesses navigating these diverse challenges.

Another example of public-private partnership is found on the reinsurance market. Government and multi-lateral institutions utilize the reinsurance market to increase the capacity that these institutions can bring to their clients. Reinsurers tend to be inclined to reinsure projects insured by the public market because of the government-to-government relations the public institutions have.

**Trade Credit Insurance - Premiums, Claims and Claims Ratio
ICISA Members (excl reinsurance members)**



Given the manifold risks and tensions in the global geopolitical, economic, trade and investment, climate-related and catastrophic events landscape, how is this affecting the business side of credit and investment underwriting in terms of premiums, claims, claims ratio, and insured exposure?

The myriad of risks and tensions in the global landscape—ranging from geopolitical and economic upheavals to climate-related and catastrophic events — may have profound effects on the credit underwriting business. ICISA members, in response to heightened risk levels, have had to adjust their premiums upwards to adequately reflect the increased uncertainties.

This risk-sensitive pricing ensures that insurers can maintain solvency and continue providing coverage. We have seen over the past years since COVID, that the insured exposure has increased by more than 25% since 1-1-2022. This has led to the claims ratio stabilizing at a sustainable levels, comparable to the level before COVID. This is also due to insurers continuously reassessing their risk models and pricing strategies, incorporating more sophisticated data analytics to stay financially stable and responsive to client needs in this dynamic environment.

Credit and investment insurance provision is rightly or wrongly perceived as operations largely prevalent in the developed and in high-and-middle-income emerging markets. The culture of credit insurance in developing countries for manifold reasons at best is fragmented, underdeveloped and perhaps undervalued. What is ICISA and other industry bodies doing to ‘democratize’ credit and investment insurance and its reach beyond traditional markets?

ICISA and other industry bodies are undertaking concerted efforts to democratize credit insurance, extending its benefits beyond traditional high-income markets to developing countries where the sector is often fragmented and undervalued. A prime reason for this is the well-publicized financing gap in the developing world.

One of the major reasons why (especially small and medium-sized) companies in the developing world have issues in getting financing from financial institutions to support their business is that they have little “hard collateral” to offer to the financier as security. A credit insurance policy written by a highly rated credit insurance company is the collateral that is needed so badly.

Initiatives Include:

Providing resources to local insurers to enhance their understanding of Trade Credit Insurance. This includes sharing best practices to improve the overall quality of insurance services offered in these regions.

Working closely with regional organizations and financial institutions to increase awareness about the value of trade credit insurance. By partnering with these entities, ICISA aims to foster a better understanding of credit insurance among businesses and policymakers, highlighting its role in facilitating trade and investment.

Conducting educational campaigns and workshops to inform businesses in developing markets about the benefits of credit insurance. These efforts are designed to dispel myths and misconceptions, demonstrating how credit insurance can protect against non-payment risks and support business growth. An example of these campaigns is the Trade Credit Insurance Week,

which is a yearly celebration of trade credit insurance sector. This year, the third edition will be hosted, between 7 – 11 October, with 8 online sessions with free registration. Find out more about this initiative on www.icisa.org.

Through these strategies, ICISA aims to create a more inclusive and accessible credit insurance market, helping businesses in developing countries to manage risks effectively and participate more fully in the global economy.

ICISA recently signed an MoU with the AMAN UNION to advance credit and investment insurance initiatives in the latter’s member states. Can you expand on how you see this collaboration unfolding? What are the priorities and expectations under the MoU?

The MoU signed between ICISA, and the AMAN UNION represents a significant step towards enhancing credit and investment insurance initiatives within the member states of both organizations.

This collaboration is expected to unfold through several key avenues:

- i. Exchange of Best Practices:** Facilitating the exchange of best practices and experiences between ICISA and AMAN UNION. This knowledge-sharing will help both organizations enhance their operational efficiencies and service offerings, benefiting member states.
- ii. Market Development Initiatives:** Identifying and promoting opportunities for market development and expansion. By working together, ICISA and the AMAN UNION can help with the promotion of TCI products in developing countries.
- iii. Policy Advocacy:** Collaborating on policy advocacy efforts to create a better regulatory environment for credit and investment insurance, by working together with policymakers to highlight the importance of supportive regulations and incentives that can drive the growth of the insurance sector.

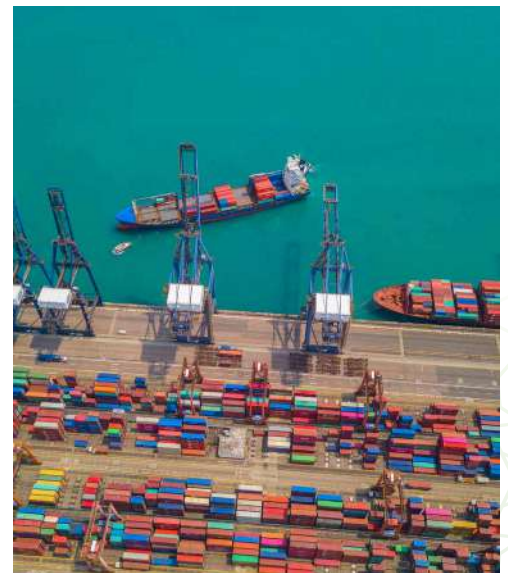
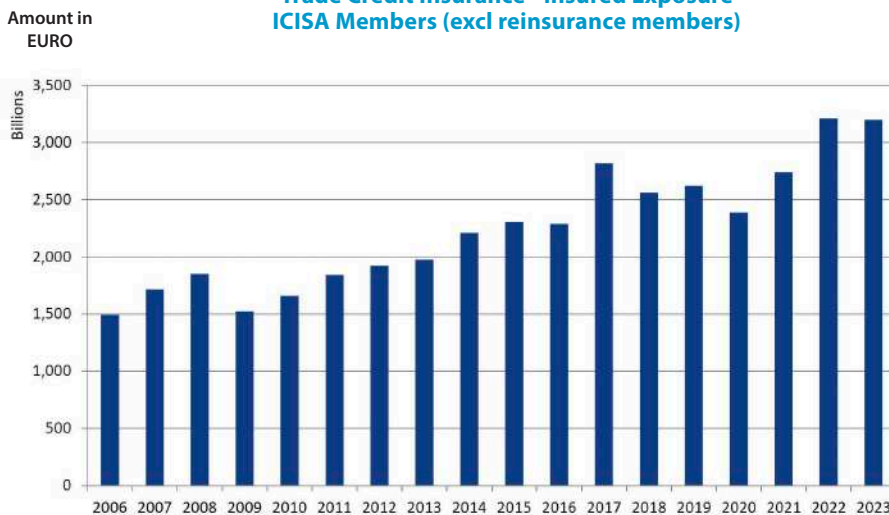
This partnership between ICISA and the AMAN UNION aims to create a more resilient and inclusive insurance market that supports economic growth and stability.

How do you see the prospects for the credit and investment insurance industry over the near-to-medium term? What are the most challenging evolving and future risks the industry is faced with especially in relation to trade and FDI flows and disruptions, financing infrastructure, climate action and food supply chain gaps?

We see trade credit insurance remaining an essential part of the landscape. Short-term credit insurance covers just shy of 15% of the annual value of world-wide trade. It is an essential part of doing business and affording (end) customers credit terms and offering security to financiers.

Whereas there is much talk of deglobalization, trade remains one of the binding factors of our world and the way to bring people together. Credit insurance is one of its facilitators, and therefore here to stay.

**Trade Credit Insurance - Insured Exposure
ICISA Members (excl reinsurance members)**





*Baku, the capital city of Azerbaijan, is the host city for COP29, leading up to the actual conference in November 2024. Baku is also the latest accession member state of ICIEC. The government of President Ilham Aliyev is prioritizing key economic development in areas such as the promotion of regional connectivity (rail, gas pipelines, and electricity transmission), decarbonization especially through solar and wind renewable energy, the 'Middle Corridor' project which is aimed at supporting SMEs through collaboration with local domestic banks, and the promotion of Islamic finance and utilizing ICIEC's credit and investment de-risking insurance. As COP29 looms, the central agenda will be climate finance, which is crucial for implementing the commitments made at previous conferences. Azerbaijan's COP 29 Presidency is also stressing the importance of reviewing past promises to ensure they are being acted upon. **Arysbek Zhumabek, Country Manager, Asia Region Division, Business Development Department, ICIEC** profiles Azerbaijan's clean energy transition status and its Net Zero pathway, and ICIEC's recent and future involvement in the country's SDG and decarbonization journey, and the potential for collaboration especially in the pioneering area of the green economy relating to food security, energy transition, climate action and regional connectivity.*

From among its 49 Member States, Azerbaijan is the newest country to join ICIEC in January 2023. The country is located at the intersection of the Middle East, Central Asia, and Europe, and is bordered by the Caspian Sea and the Caucasus Mountains.

Known as "the Land of Fire," it boasts unique natural beauty and a rich cultural and historical heritage. With a population of about 10 million, Azerbaijan has seen significant economic growth in recent decades, driven by its abundant oil reserves and strategic leadership that invests in infrastructure, renewable energy, regional connectivity, decarbonization, and digitalization. As the country prepares to host COP29 in November 2024, it reaffirms its commitment to sustainable development.

Traditionally, Azerbaijan's economy has been heavily reliant on the oil and gas sector. The International Energy Agency (IEA) predicts that the country's oil reserves will last for another 25 years, underlining the need for alternative energy sources. In response, Azerbaijan ratified the Paris Climate Agreement in 2017 and aims to reduce greenhouse gas emissions by 40% by 2050. By increasing its renewable energy capacity to 30% by 2030, Azerbaijan seeks to diversify its energy sources and lead in sustainable energy initiatives.

In 2023, the International Energy Agency (IEA) highlighted an unprecedented increase in global renewable energy capacity, indicating a potential achievement of significant climate goals by the end of the decade. Azerbaijan is committed to sustainable development and aims to become a leader in "green growth." The Presidential Order approving "Azerbaijan 2030: National Priorities for Socio-Economic Development" outlines the country's objectives to maintain a clean, healthy, and sustainable environment.

Azerbaijan's climate is well-suited for generating electricity from solar and wind energy. Major renewable energy sources will include onshore and offshore wind farms, solar power, and hydroelectricity. The potential for solar and wind energy is especially high, with strong prospects for wind power development on the Absheron Peninsula and along the Caspian coastline. This year declared the "Green World Solidarity Year," the government is focusing on developing a long-term energy strategy. This strategy, extending to 2050, will address key areas such as electricity and natural gas supply, energy efficiency, and the adoption of renewable energy sources.

Following the liberation of the occupied territories, Azerbaijan has unlocked new opportunities for renewable energy development in areas like Karabakh, Eastern Zangazur, and Nakhchivan. The focus includes adopting modern construction models and establishing a "Green Energy Zone" aimed at achieving net-zero emissions. These areas have significant potential for hydro energy development, with key rivers such as the Tartar, Bazarchay (Bargushadchay), and Hakari offering substantial hydropower prospects.

Besides hydropower, the implementation of wind and solar power plants in these regions will greatly contribute to the green energy transition. ICIEC has already begun considering projects for hydropower plants and other renewable energy projects in Azerbaijan and plans to expand its activities in the country.

To meet its targets, Azerbaijan has initiated partnerships in "green energy" projects with key players like Masdar (Abu Dhabi Future Energy Company), ACWA Power, BP, and others. In 2023, Azerbaijan inaugurated the 230 MW Garadagh Solar Power Plant, the region's largest operational solar plant, in collaboration with Masdar. Additionally, Masdar has signed agreements for solar and onshore wind projects totaling 1 GW in Azerbaijan. ACWA Power has also agreed to develop 500 MW renewable energy projects.

ICIEC continues to support clean energy initiatives, having signed a memorandum of understanding with Masdar in 2023 to promote renewable energy projects in member states using ICIEC's credit enhancement and risk mitigation solutions. Also, at COP28 in UAE, ICIEC launched its Climate Change Policy and ESG Framework.

In its renewable energy portfolio, ICIEC supported a 316 MW Wind Farm Project in Türkiye, reinsuring Eksport Kredit Fonden (EKF) for USD 80 million. In 2018, ICIEC provided USD 68 million in political risk cover for Alcazar Energy's plan to construct 4-50 MW solar plants. In Sharjah, UAE, ICIEC supported a waste-to-energy (WtE) project led by Masdar and Bee'ah (Sharjah Environment Company), providing insurance cover for the project's construction financing in partnership with SMBC, a leading Japanese bank.

In recent years, Azerbaijan has prioritized the digitalization of its economy. ICIEC has extensive experience supporting telecommunications companies in member states. In June 2024, ICIEC provided coverage to a telecom equipment supplier for its exports to Azerbaijan.

Azerbaijan plays a crucial role in ICIEC's activities across the CIS region. ICIEC has been active in Azerbaijan even before the country became a member. For example, ICIEC reinsured KazakhExport for the export of diesel locomotives to Azerbaijan Railways and insured several member country banks and exporters for transactions involving Azerbaijan.

ICIEC has outlined key priorities for its participation in Azerbaijan's development, including promoting regional connectivity (rail, gas pipelines, and electricity transmission), decarbonization (renewable energy – solar, wind), the "Middle Corridor" project, supporting SMEs through collaboration with local banks, promoting Islamic finance and insurance, and aiding in the reconstruction of Karabakh.

A Resurgent Türkiye Riding the Crest of an Export Boom Beckoning Innovative Trade Finance and De-risking Solutions



*Türkiye is riding the crest of an export boom. It's just over 40 years since then Turkish Undersecretary of Treasury Turgut Ozal, who went on to become Prime Minister and then President of the Republic, urged Turkish business to "Export or Die." The rationale was to emphasise the importance of trade and manufacturing to an economy. With greater exports comes greater demand for export finance, credit insurance and guarantees. According to official Turkish trade data released in January 2024, the country's exports increased for a third consecutive year reaching USD255.8 billion in 2023, up by 0.6% year-on-year from the USD254 billion in 2022. Türkiye exported to an impressive 70 countries in the year. ICIEC and the IsDB Group has enjoyed very close relations with Türkiye and its various agencies especially Turk EXIM, the state ECA, corporates and banks. The IsDB Group has an important regional hub in Istanbul, where ICIEC also has a dedicated regional office. Last year for instance the Hub hosted a ground-breaking three-day immersive Workshop 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). **Fatma Gamze Sarioglu, Senior Country Manager for Türkiye at ICIEC, delves into the foundational policies and contemporary dynamics shaping Türkiye's trade and economic landscape and examines the historical context of modern trade initiatives, the current export landscape, strategic international collaborations, the impact of digital transformation on the trade sector, and the potential for ICIEC's Sukuk Insurance Policy in upscaling issuances.***

The roots of modern Turkish trade policies can be traced back to the reforms initiated by then Prime Minister Turgut Ozal in the 1980s, who went on to become President of the Republic between 1989 to 1993. Ozal's economic liberalization and pro-market reforms catalyzed Türkiye's integration into the global economy, setting the stage for the contemporary economic strategies that drive the nation today. These foundational policies have not only enhanced Türkiye's economic resilience but also its adaptability to global trade dynamics.

Current Export Landscape and Economic Growth

Recent data on Türkiye's exports illustrate a robust trajectory of growth, underscored by a diversification in both products and export destinations. This continuous expansion is a testament to Türkiye's strategic positioning and its ability to adapt to changing global market demands. The diversity of export destinations highlights the country's extensive trade network and its pivotal role in regional and global supply chains.

In February 2024, Türkiye's leading exports included a diverse range of high-value

products. Automobiles, including cars, tractors, trucks, and related parts, topped the list with exports valued at USD2.62 billion. This was followed by machinery, mechanical appliances, and their parts, which brought in USD1.8 billion. Electrical machinery and electronics also featured prominently, generating USD1.12 billion in export revenue.

Additionally, the exports of iron and steel contributed USD890 million to the economy, while precious stones, metals, and pearls accounted for USD874 million. These figures underscore the breadth and diversity of Türkiye's export sector, highlighting its capability to compete in various high-demand markets globally.

The notable increase in Türkiye's year-on-year exports in 2024 was primarily driven by significant gains in key markets and product categories. Exports to Iraq surged by USD329 million or 53.3%, while exports to the United Kingdom and the United States rose by USD204 million (25.2%) and USD198 million (20.4%), respectively. Among products, automobiles—including cars, tractors, trucks, and their parts—saw an increase of USD445 million or 20.5%. Iron and steel exports grew by USD281 million or 46.1%, and mineral fuels, oils, and their products rose by USD227 million or 35.2%.

In terms of destination, Türkiye's largest export markets in 2024 were Germany (USD1.56 billion), the United States (USD1.17 billion), Italy (USD1.08 billion), the United Kingdom (USD1.02 billion), and Iraq (USD945 million). On the import side, Türkiye's major sources included Russia (USD3.97 billion), China (USD3.21 billion), Germany (USD2.05 billion), the rest of the world (USD1.53 billion), and Italy (USD1.37 billion). This robust trade activity highlights Türkiye's dynamic engagement in international trade, balancing a diverse range of export products with strategic import relations to support its economic growth.

ICIEC's Strategic Engagement in Türkiye

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) and the Islamic Development Bank (IsDB) Group have been instrumental in fostering trade and financial services in Türkiye through strategic partnerships with local entities like Turk EXIM Bank. These cooperative efforts are geared towards enhancing economic stability and facilitating sustainable development projects within the country.

Türkiye has established itself as a pivotal partner of ICIEC, fulfilling multiple roles as a shareholder, client, and collaborator. Since ICIEC began its operations in Türkiye, it has insured transactions totaling USD24.32 billion, underscoring the significant scale of its involvement in the Turkish market.

The establishment of the ICIEC office in Istanbul, Türkiye in 2015 marked a new era of enhanced cooperation, with exposure growing substantially. To date, ICIEC has provided insurance coverage for USD12.68 billion in exports from Türkiye and USD3.62 billion for the imports of strategic goods into the country.

Furthermore, the coverage extends to significant investments, insuring USD4.23 billion for foreign investments in Türkiye and USD3.77 billion for Turkish investments abroad. This support is critical not only for large enterprises but also for small and medium-sized enterprises (SMEs) through strategic partnerships with institutions like Turk Eximbank.

The impact of ICIEC's local office in Türkiye is evident from the remarkable increase in the country's exposure within ICIEC, which has escalated from USD217 million at the time of the office's opening to USD1.45 billion today. This growth highlights the deepening relationship between Türkiye and ICIEC, and the significant role ICIEC plays in supporting the Turkish economy's integration into global trade networks.

Turk Eximbank plays a crucial role as a strategic partner for ICIEC in Türkiye, effectively enhancing the support provided to the Turkish economy. The synergy between ICIEC and Turk Eximbank is manifest in several key areas:

i. Reinsurance of Export Transactions:

ICIEC provides reinsurance support for short to medium-term export transactions facilitated by Turk Eximbank, bolstering the latter's capacity to back a larger volume and variety of export activities.

ii. Insurance of International Project Finance:

ICIEC insures international project finance loans for Turkish contractors involved in significant projects in ICIEC member countries. Notable projects include the Douala Japoma Stadium in Cameroon, the Diamniadio Sports Arena, Cicad Business Hotel and Exhibition Center, and the Dakar Market and Truck Station – all in Senegal. This insurance coverage mitigates risks associated with overseas construction projects and enhances the competitiveness of Turkish contractors abroad.

iii. Support for International Borrowing:

ICIEC supports Turk Eximbank's international borrowing efforts by insuring the risks associated with these financial activities. This insurance provision enhances Turk Eximbank's ability to secure funding on favorable terms, thereby extending its capacity to support larger and more impactful projects.

Together, these collaborative efforts not only strengthen Turk Eximbank's role in supporting Türkiye's economic expansion but also solidify ICIEC's impact as a complementary force in fostering secure and sustainable international trade and investment activities for Türkiye.

Innovative Projects and Regional Contributions

Türkiye's commitment to sustainable and innovative development is evident in projects such as the Yerköy-Kayseri High-Speed Railway and various wind farm initiatives. These projects not only bolster regional connectivity and energy sustainability but also contribute significantly to the country's economic growth and environmental goals.

ICIEC in late 2023 participated in a landmark Green Railway transaction through issuing a EUR134.1 million insurance cover for the Yerköy-Kayseri High-Speed Railway project in

Türkiye, which is being built between Yerköy YHT Station in Yerköy District of Yozgat and Kayseri YHT Station in the Kocasinan District of Kayseri and which will be integrated with the Ankara-Sivas high-speed railway when completed. The cover was for a Syndicated Financing Facility led by MUFG Securities EMEA plc and comprising six 6 banks including MUFG, Banco Santander, DZ Bank, Deutsche Bank, Societe Generale and ING Bank.

Ensuring that ICIEC's support remains robust and effective is crucial within Türkiye's rapidly evolving economic landscape. This involves continuous adaptation to the changing needs and growth trajectories of the Turkish economy to maintain alignment with national development goals and global market dynamics. It is imperative to proactively address global economic challenges that could influence Türkiye's trade and investment activities. This includes navigating disruptions in international trade, fluctuations in global markets, and geopolitical tensions, all of which can impact Türkiye's economic stability and growth prospects.

In addition, there is a growing necessity to respond to the potential impacts of climate change on investments in Türkiye. This involves supporting the transition to a green economy by fostering investments in sustainable infrastructure, renewable energy, and environmentally friendly technologies. Such strategic initiatives not only mitigate the adverse effects of climate change but also position Türkiye as a leader in sustainable development, ensuring long-term economic resilience and environmental stewardship.



Türkiye – The Promise of Sukuk and ICIEC’s Sukuk Insurance Policy



Türkiye is the fourth largest Sukuk issuer globally and among the three G20 countries active in the Sukuk market, according to Fitch Ratings’s latest Türkiye DCM Dashboard.

Sukuk rose to 15% of the 2023 Debt Capital Market (DCM) issuance (2018:6.2%), and 6.5% of DCM outstanding in 1Q24 (2021:4.7%). US dollar Sukuk issuers generally aim to comply with AAOIFI Sharia standards to not exclude UAE Islamic banks. In 2022, on back of the sovereign seeking alternative funding amidst weak investor demand, Sukuk peaked at 40% of US dollar DCM issues. The Turkish DCM rose 8% y-o-y to USD422.6 billion outstanding at end Q1 2024, with the majority in Turkish lira (63%), followed by US dollars (32%), and euros (5%). The recent revival in foreign-currency debt issuances is a sign of lower near-term refinancing risks due to improved investor sentiment since Türkiye’s adoption of more conventional macroeconomic policies and on the back of record export receipts.

In March, Fitch upgraded Türkiye to ‘B+’/Positive. Fitch rates 90% of Turkish US dollar Sukuk (USD12.3 billion), with 93% rated ‘B+’.

According to Fitch’s Global Head of Islamic Finance, Bashar Al Natoon, there are signs of rated banks and corporates returning to the dollar debt market since 2H 2023, reflecting improved access and strategic moves to maintain their presence by locking in more acceptable, although still high, pricing, following a prolonged period of very limited issuance.

The reasons are clear - general low government debt, with a strong revenue base, manageable debt amortisations and improved financing conditions. Türkiye issued USD10 billion in external markets in 2023,

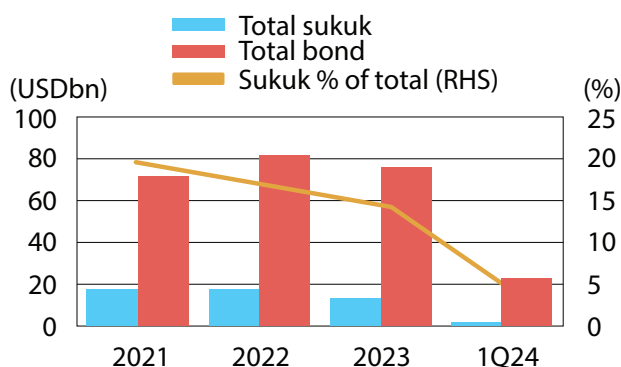
and the current financing plan assumes a similar amount for 2024. The sovereign issued a USD3 billion conventional bond in February 2024 with the lowest spread of the past four years. In 2022, on back of the sovereign seeking alternative funding amidst weak investor demand, Sukuk peaked at 40% of the US dollar DCM. By Q1 2024, Lease certificates (Sukuk Al Ijarah) accounted for 25.9% of fixed coupon Turkish lira-denominated issuances.

Despite the above, the Türkiye Sukuk market dynamics relative Saudi Arabia, Malaysia and the UAE has a low issuance base, and therefore a low critical mass of offerings and market depth. The involvement of bank and corporate issuers is also low. Here ICIEC’s Sukuk Insurance Policy could act as a vital facilitator/market maker especially for quasi-sovereign and other government-linked agency issuers.

The Turkish Treasury is a proactive issuer of lease certificates as part of a wider universe of government fund-raising instruments which include bonds and Sukuk – leasing certificates and bonds, FX denominated issuances and gold-backed certificates/bonds “in order to increase the domestic savings, broaden the investor base and diversify borrowing instruments.”

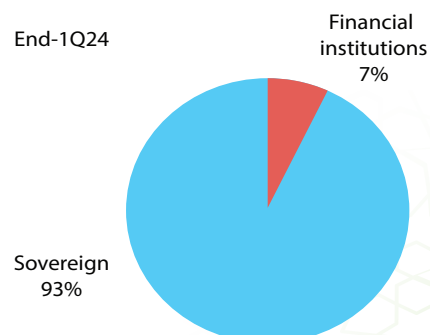
The Türkiye Treasury in fact raised TRY120,994.22 million (USD4,174.22 million) from the domestic market through the issuance of Fixed Rate Lease Certificate (Sukuk al Ijarah) in nine auctions in FY2023. Thus far for the first three months of 2024, the Türkiye Treasury has raised TRY231,988.90 million (USD403.54 million) through three consecutive auctions of Fixed Rate Lease Certificates.

Sukuk, Conventional Bond Issuance in Türkiye



Source: Fitch Ratings, Bloomberg

Fitch-Rated Outstanding Sukuk by Sector in Türkiye



Source: Fitch Ratings

The Role of Digital Transformation in Türkiye's Trade Sector

Digital transformation in Türkiye's trade sector is pivotal in enhancing economic infrastructure and operational efficiency. The adoption of digital solutions in trade finance has streamlined processes, reduced costs, and improved security. The OBIC Workshop held in Istanbul in 2023 exemplified the importance of information sharing and business intelligence in supporting trade and investment decisions among OIC member states, highlighting the strategic use of digital technologies to foster a more integrated and efficient market environment.

Conclusion

Türkiye's trade and economic landscape is characterized by a rich history of strategic policymaking, robust export growth, and innovative development projects. Through strategic international collaborations and a forward-looking approach to digital transformation, Türkiye is well-positioned to continue its economic growth trajectory and play a central role in the global economic arena.



Türkiye Treasury TRY Fixed Rate Lease Certificates 2023/24 to Date

Date	Volume (TRY mns)	Tenor	Maturity Date	Fixed Rental Rate	Rental Payment Period
25/01/2023	TRY14,008.7 mn	5 Years	19/01/2028	4.79%	6 months
22/02/2023	TRY9,946.00 mn	5 Years	16/02/2028	4.64%	6 months
08/03/2023	TRY5,413.00 mn	10 Years	23/02/2033	5.71%	6 months
21/06/2023	TRY12,086.00 mn	5 Years	14/06/2028	8.62%	6 months
08/08/2023	TRY27,148.00 mn	5 Years	02/08/2028	9.79%	6 months
09/09/2023	TRY12,373.00 mn	10 Years	07/09/2033	13.19%	6 months
18/10/2023	TRY28,927.23 mn	5 Years	11/10/2028	14.26%	6 months
15/11/2023	TRY3,566.90 mn	5 Years	8/11/2028	16.48%	6 months
13/12/2023	TRY10,000.00 mn	5 Years	8/12/2028	14.28%	6 months
24/01/2024	TRY5,856.10 mn	5 Years	17/01/2029	14.34%	6 months
21/02/2024	TRY3,569.50 mn	5 Years	14/02/2029	13.79%	6 months
20/03/2024	TRY3,562.30 mn	5 Years	14/03/2029	15.00%	6 months

Source: Compiled by Mushtak Parker from data from the Debt Office Ministry of Treasury & Finance, Türkiye March 2024

ICIEC is committed to advancing its support for Türkiye's development through a multifaceted strategy that emphasizes critical infrastructure, innovative financial products, and sustainable development. These include:

- Support for Critical Infrastructure:** ICIEC plans to continue its robust backing of vital infrastructure projects within Türkiye, focusing on sectors such as transportation, energy, and telecommunications. These efforts are crucial for enhancing the nation's economic foundations and connectivity.
- Innovation in Financial Products:** With the introduction of Sukuk insurance products, ICIEC aims to propel the growth of Islamic finance, especially fixed income capital market debt products. This initiative is designed to attract global investors by providing secure, Shariah-compliant investment opportunities, thereby broadening the financial landscape in Türkiye.
- Environmental Sustainability and PPPs:** ICIEC will actively promote environmentally sustainable projects while encouraging the formation of Public-Private Partnerships (PPPs). These endeavors are intended to leverage private sector efficiencies and foster investments that are not only economically viable but also environmentally responsible.
- Mobilization of Private Sector Capital:** By acting as a catalyst for mobilizing private sector capital towards Sustainable Development Goals (SDGs), ICIEC aims to contribute significantly to global efforts in achieving these targets. This strategic focus is expected to support sustainable economic growth and social development.
- Expansion into Africa:** Reflecting Türkiye's strategic interests, ICIEC is poised to increase its active involvement in Africa. Upcoming projects on the continent will benefit from ICIEC's expertise and support, aligning with Türkiye's broader geopolitical and economic objectives.

Through these strategic initiatives, ICIEC not only reinforces its commitment to supporting Türkiye's economic trajectory but also aligns its operations with broader global standards and development goals, ensuring a sustainable and prosperous future.

ICIEC Strategies for a Dynamic Sustainable Future

Well-Positioned to Consolidate Intra-OIC Trade and FDI Flows in Support of South-South Relations, UN SDGs, and Energy Transition



Khosro Rashid
Associate Manager, Underwriting
Operations Department, ICIEC

*ICIEC, as part of the IsDB Group, is well-positioned to adapt to the changing global trade, finance, investment, and risk mitigation environment. Its focus on supporting trade within the member states of the Organization of Islamic Cooperation (OIC) aligns with the increasing importance of South-South trade. ICIEC can continue to play a vital role in promoting economic development for its member countries by facilitating trade flows and supporting foreign direct investments. **Khosro Rashid, Associate Manager, Underwriting Operations Department at ICIEC**, considers the Corporation's performance/achievements in credit and investment insurance in FY 2023, and ponders the prospects for 2024 and beyond, and how the Corporation is dealing with the ever-emerging developments in trade and finance taxonomies, regulations, sector challenges, trade digitization and the new ISO 2022 standard for trade finance and insurance messaging in transactions.*

ICIEC in 2023 – a Year of Impressive Growth

In 2023, ICIEC's Business Insured (BI) reached USD13.3 billion representing 14.66% year-on-year growth from the previous year. New Insurance commitments reached USD4.2 billion and Total Gross Written Premium totaled USD108 million.

Since its inception in 1994, ICIEC has insured USD108.3 billion in trade and investment across the globe for its 49 Member States, including USD86.2 billion in export credit and USD22.1 billion in investment insurance. We have been a champion of intra-OIC business, supporting USD51 billion in trade and investment within OIC countries.

To sustain the impressive growth experienced since 2015, the Board of Governors unanimously approved the 3rd General Capital Increase (GCI) during its 29th Annual Meeting on June 4, 2022, in Egypt.

Throughout 2023, substantial support was garnered from our member states, and we are pleased to announce that most shareholder member states have duly confirmed their subscriptions while the rest are in process (please refer to ICIEC's 2023 Annual Report for further details).

The capital increase enhances ICIEC's financial strength, boosts its loss-bearing equity

resources, improves internal capital generation capacity, helps to continue its operation on a solid and stable foundation, and strengthens its credit fundamentals.

In addition, the Board of Governors approved a Special Share Class comprising 20% of the increase in Subscribed Capital (ID100m) for subscription by financial institutions owned/controlled by Member States.

Outlook for 2024 and Beyond

We remain committed to expanding our impact and integrating climate action and food security for the benefit of our Member States. We will continue to engage with stakeholders to identify challenges and devise bespoke insurance solutions.

During COP28 in Dubai, ICIEC launched its Climate Change Policy and ESG Framework, reaffirming ICIEC's policy thrust in promoting sustainable development and resilience in the face of climate challenges.

Additionally, the IsDB and ICIEC joined the Energy Transition Accelerator Financing Platform (ETAF), managed by The International Renewable Energy Agency (IRENA), positioning ourselves as a key player in climate action initiatives.



Development Areas of ICIEC in 2024 and Beyond

Development Area	Description
Underwriting	Soon-to-be-live ICIEC Takaful System (ITS)
Financials	Implementation of IFRS 17 and 9 (reserving)
Enterprise Risk Management	Stress Test and Risk Based Pricing Framework to be implemented in addition to establishment of Sustainability Risk practices
Business	Becoming an insurance facilitator and broker of choice
Member Country	Recent concerted efforts to advance ICIEs services in CIS countries
Credit Intelligence	OBIC for providing credit intelligence for OK stakeholders
Risk Assessment	Acclimatize for advance climate risk assessment
IsDB Group Synergy	Bank Master Policy (BMP) for increased cooperation between sister entities in IsDB Group

Source: ICIEC Annual Report 2023

Navigating the Evolving Landscape Credit Insurance and Foreign Investment Insurance in a Changing World

The trade and finance landscape are undergoing a dynamic transformation. New technologies, evolving regulations, and emerging sector challenges necessitate that credit and investment insurers such as the Islamic Corporation for the Insurance of Export Credits (ICIEC), the unique Shariah-based multilateral insurer of the Islamic Development Bank (IsDB) Group, adapt their strategies to remain relevant and effective.

The key developments impacting the industry and proposed strategies for credit and foreign investment insurance companies to navigate this evolving environment include:

1. Trade and Finance Taxonomies and Regulations - Keeping Up with the Flow

- **Standardization:** Classification systems like the United Nations Standard Products and Services Code (UNSPC) and the Harmonized System (HS) are crucial for efficient trade finance transactions. Credit and foreign investment insurers, such as ICIEC, need to stay updated on these taxonomies and any revisions to ensure seamless integration with their processes.
- **Regulatory Shifts:** Regulatory frameworks for trade finance are constantly evolving. ICIEC needs to monitor changes in areas like anti-money laundering (AML), countering the financing of terrorism (CFT) and know-your-customer (KYC)



regulations (now also called customer due diligence (CDD), sanctions lists, and environmental, social, and governance (ESG) considerations and disclosures. This allows for proactive risk mitigation and ensures compliance with evolving legal requirements. Failing to comply with such requirements, may cause reputational risk, and or losing the confidence of its partners such as reinsurance to provide the much-needed reinsurance support required by any insurance company.

2. Sector-Specific Challenges - Tailoring Solutions for Diverse Needs

- **Emerging Sectors:** The rise of new sectors like renewable energy, fintech, and e-commerce presents both opportunities and challenges. ICIEC needs to develop expertise in these sectors to assess risks accurately and offer tailored insurance products.

Emerging Sectors and Associated Risks – ICIEC Solutions

Sector	Potential Risks	Insurance Solutions
Renewable Energy	Project delays, failure of project employer to honor their financial obligations	Political risk insurance (PRI) and Non-Honoring of Financial Obligations (NHSO)
Fintech	Non-honor their financial obligations	Political risk insurance (PRI) and Non-Honoring of Financial Obligation (NHSO)
E-commerce	Fraudulent transactions, logistics disruptions	Payment protection insurance, supply chain disruption coverage via credit, PRI and NHSO covers.

- **Traditional Sectors:** Established sectors like manufacturing and agriculture also face challenges due to factors like climate change and global competition. ICIEC can provide targeted solutions such as supply chain disruption coverage (due to commercial and non-commercial risks) for these sectors.

3. Trade Digitization - Embracing the Technological Wave

The digitalization of trade finance is transforming how business is conducted. ICIEC as with other credit and foreign investment insurers needs to embrace these advancements to stay competitive:

- **Trade Finance Platforms:** On-line platforms like Marco Polo and we.trade are facilitating faster and more secure trade transactions. ICIEC shall enhance its online platform to offer real-time risk assessment and automated policy issuance.
- **Big Data and Analytics:** Leveraging big data and advanced analytics allows insurers, like ICIEC, to gain deeper insights into risk profiles, develop dynamic pricing models, and identify emerging trends.

4. The New ISO 20022 Standard - Streamlining Communication

The ISO 20022 standard enables more efficient and reliable exchange of information between parties involved in trade transactions, reducing processing times and errors associated with manual data entry and reconciliation.

Moreover, the standardization of messaging formats facilitates straight-through processing (STP) of transactions, leading to cost savings and improved customer experience.

By adopting the noted standard, ICIEC can enhance their partnership with other stakeholders in the trade ecosystem, such as banks, corporates, and regulatory authorities which requires:

- **System Upgrades:** ICIEC needs to upgrade its system to be compatible with the new standard for seamless data exchange with banks, customs authorities, and other stakeholders.
- **Training and Awareness:** Training staff on the new standard and its implications for workflow adjustments is crucial for a smooth transition.

ICIEC Strategies for a Dynamic Future

ICIEC, as part of the IsDB Group, is well-positioned to adapt to the changing environment. Its focus on supporting trade within the member states of the OIC aligns with the increasing importance of South-South

trade. By incorporating the strategies outlined above, ICIEC can continue to play a vital role in promoting economic development for its member countries by facilitating trade flows and supporting foreign direct investments.

ICIEC can navigate the evolving landscape by adopting the following strategies:

- **Strategic Partnerships:** Collaborating with trade finance platforms, banks, and other stakeholders can facilitate knowledge sharing and foster the development of innovative solutions.
- **Flexibility and Agility:** The ability to adapt quickly to changing circumstances is critical. We need to develop agile business models that can accommodate new technologies, regulations, and industry trends.
- **Data-Driven Decision Making:** Leveraging big data and analytics empowers us to make informed decisions about risk assessment, product development, and resource allocation.
- **Continuous Learning:** Establishing a culture of continuous learning allows ICIEC to stay updated on the latest developments in the industry. This can involve attending industry conferences, collaborating with academic institutions, and subscribing to relevant publications.



Navigating Complexities

New Challenges Arising from IFRS 9 and IFRS 17 Implementation

Dr. Hatem H. Ghouma,
Head of Treasury and Investment,
Finance & Treasury Department, ICIEC



The Takaful industry, being a risk mitigation cornerstone to many economic players adhering to Shariah principles of financial intermediation, is facing various challenges that demand profound adaptation and strategic solutions to safely navigate the current landscape.

One such challenge of interest has been the introduction of new accounting standards by the International Accounting Standards Board (IASB) to replace existing standards and enhance reporting of insurance activities and financial instruments, in an attempt, to provide stakeholders with quality information for decision making.

The newly introduced standards (namely IFRS 9 and IFRS 17) have brought about significant changes in the financial reporting for insurance companies in general.

As these standards aim to enhance financial transparency towards a clearer view of an entity's financial health and to overcome the shortcomings of the earlier standards, their implementation, however, has not been without challenges.

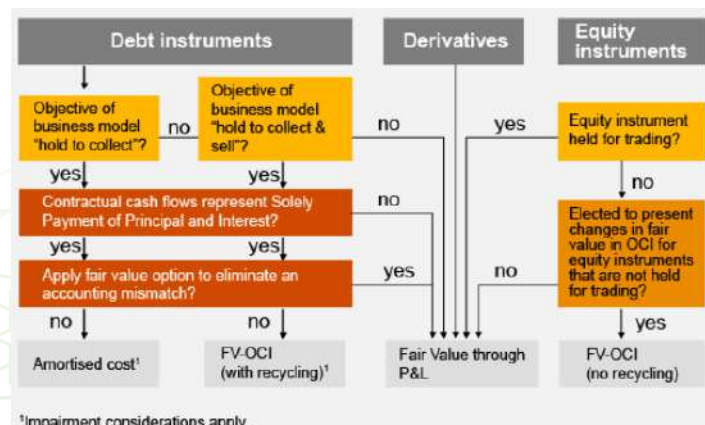
I will endeavour in the subsequent sections to briefly discuss the new IFRS 9 and IFRS 17 standards and present some selected operational hurdles encountered by insurance companies as they strive to comply with these standards.

Contrary to an abundant literature, our focus would be on the challenges and implications of the new standards from an investment and ALM (Asset and Liability Management) perspective.

IFRS 9 and IFRS 17: New Accounting Standards for Better Financial Reporting

IFRS 9, the new standards for Financial Instruments, sets out the accounting principles for such instruments. The standard has been in force since January 1, 2018, but for listed insurance companies it became mandatory on January 1, 2023, at the same time as IFRS 17.

Under IFRS 9, financial instruments are to be classified according to the following scheme.



Classification of financial assets under IFRS 9 (Source: PWC, 2014)

In addition to Classification and Measurement, IFRS 9 also proposes a new approach for Impairment of Financial Assets: Expected Credit Loss (ECL). The ECL model, which is expected to allow for timely and more accurate recognition of credit losses, assumes a forward-looking information approach rather than an incurred loss model.

As regards IFRS 17, which was a replacement to IFRS 4, it is an international financial reporting standard issued by IASB in May 2017 with an effective implementation date January 1, 2023. Its primary objective is to enhance transparency in the accounting for insurance contracts and improve comparability across different jurisdictions.

The new standard sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts. It provides a clear definition of liabilities for future (i.e. remaining) coverage and liabilities for incurred claims. Under the general model (also called General Measurement Model-GMM or Building Block Approach-BBA), the insurance entity should consider three main elements (blocks):

- Estimates of the Fulfilment Cash Flows (FCF), discounted at a rate that prices in both time value of money and financial risks.
- The risk adjustment to compensate for bearing the uncertainty due to non-financial risks.
- The Contractual Service Margin (CSM), which is the unearned profit the insurer will be posting to the P&L over time as the insurance contract is serviced.

Better Financial Reporting but also More Challenges

The implementation of IFRS 9 comes with multiple challenges. Indeed, the insurance entity's systems will need significant modifications and adjustments. For instance, the required ECL (Expected Credit Loss) model would require sophisticated procedures to make economic forecasts and assess EAD (Exposure at Default), PD (Probability of Default) and LGD (Loss Given Default) which requires human, technical, and financial resources. Additionally, integration of processes from various departments, mainly from investments and accounting, would most likely be required to ensure better data optimization and processing. All this will result in huge costs.

Similarly, IFRS 17 has also introduced significant operational complexity to the insurance world. It requires large volumes of spreadsheet calculations, huge data collection and preparation, substantial system integrations, and obviously very skilled people who would need to test, run, check, and validate sophisticated models. Significant resources have been spent on data, systems, actuarial models, accounting policy, or solution development to implement IFRS 17. All these resources come at a cost that will impact the performance of the insurance company.

Beyond these direct financial costs, which can be enormous, many insurers would still struggle for years to attain compliance rather than achieving true value creation to their shareholders. Some insurers opted to use solutions offered by external accounting service providers

to separately run IFRS 17 models with less disruption to their existing finance, actuarial and accounting processes and systems. These toolboxes, usually available to run on the Cloud or on premises, would simply require data feed from the insurer. Among the problems that such solutions may cause is the one that would mainly mention data confidentiality and full dependency on external providers.

All the above challenges are visible and expected, and many insurers have already taken steps to handle them. There are, however, other consequences of the adoption of IFRS 9 and IFRS 17 that could lead to less apparent challenges. These ones, if not addressed properly, may cause serious issues to conventional and Takaful insurance operators. The next section briefly describes two of these "hidden" challenges triggered by the two new accounting standards.

New accounting standards and Strategic Asset Allocation considerations

By looking closely at the classification scheme proposed by IFRS 9, one would apprehend that the contractual cash-flow test and the business model assessment (required criteria for an amortized cost classification) are becoming key factors in deciding whether to invest in an instrument or not. This is obvious since failure in satisfying these two criteria will likely result in the financial instrument being classified in the residual group of Fair Value through Profit and Loss (FVTPL).

Following a classification of the financial instruments as per the IFRS 9 classification scheme, the Profit and Loss (P&L) as well as the Other Comprehensive Income (OCI) accounts of an insurance company can display large volatility, which may or may not be desirable. For instance, investments in mutual funds imply that the resulting revaluation gains or losses are to be posted to P&L. Such accounting treatment would not be desirable for insurers who prioritize the stability of their P&L accounts over time.

In such a context, fixed income securities passing the SPPI (Solely Payments of Principal and Interest) and the business model tests, and equity instruments elected to be accounted for at Fair Value through Other Comprehensive Income (FVOCI) would mostly find their way to the investment portfolios of insurers who are concerned about the P&L volatilities. On the contrary, for entities who are more concerned about the size of their equity on their balance sheet (i.e. those who seek stability in the OCI which is an equity reserving account) but less concerned about P&L volatility, then mutual funds, equity, and fixed income securities accounted for at FVTPL, would be more desirable.

As we can see, IFRS 9 may cause a kind of natural selection of asset classes that insurance companies need to account for. It is expected that IFRS 9 will trigger revisions and updates to investment strategies and Strategic Asset Allocation of insurers.

New Accounting Standards and ALM Considerations

IFRS 4 (the predecessor of IFRS 17) gave insurance companies, if they opt to, the possibility to value their insurance liabilities (contracts) at book value. Under IFRS 17, however, the valuation of the insurance contracts will take into consideration discounting factors and risk adjustments making it, to a much greater extent, based on market values.

Immediately, one could easily see that the new valuation of the insurance liabilities required under IFRS 17 introduces an element of "interest rate-sensitivity" to the liability side of the balance sheet. It is then the role of the ALM to assess and mitigate this risk factor and take necessary actions.

One particular important element of IFRS 17 is that subsequent changes in the valuation of insurance liabilities due to market (discount) rates will normally flow into the P&L, unless the company opts to allocate the impact to the OCI instead of the P&L. Additionally, and as seen before, classification under IFRS 9 may also result in gains or losses attributed to P&L and/or OCI. Indeed, loans and receivables under IFRS 9 can be accounted for at amortized cost, FVPL, or FVOCI. Under any of the two latter cases, gains and losses are to be posted to either the P&L or the OCI accounts. Furthermore, and while equity investment can be accounted for at FVPL or FVOCI (election with no recycling), IFRS 9 stipulates that puttable instruments are to be accounted for at FVTPL.

Thus, when looking at these two standards together from an ALM perspective, it would be in the best interest of the insurance operator to simultaneously consider and align the accounting choices for the treatment of liabilities (changes due to interest rate posted to P&L or OCI) with those of the investments (assets) side. Treating insurance contracts at FVPL while accounting for assets at amortized cost for instance would appear less optimal and may result in higher P&L volatility in addition to a potential balance sheet mismatch.

What about ICIEC?

As ICIEC navigates the current dynamic economic landscape, and while encountering its inevitable challenges, the Corporation took necessary steps and measures to equip itself with strategies, policies, processes, and resources so as, to shape its trajectory towards excellence.

Indeed, ICIEC engaged in the preparation for IFRS 9 and IFRS 17 early enough to be ready for implementation and full compliance with both standards starting from January 2023. As such, internal taskforces were formed, external consultants (as needed) were hired, and timelines were defined to complete the preparation projects on time.

To optimize the ALM implications of the joint adoption of IFRS 9 and IFRS 17, the Corporation decided to enhance its organizational structure and governance framework so that the Finance Division, responsible for accounting and bookkeeping, can be in continuous communications with the Treasury & Investment Division, Risk Management Division, Underwriting Department and other relevant units within the Corporation.

Furthermore, a new Liquidity Policy, Investment Strategy, and an ALM framework have emerged for implementation in which IFRS 9 and IFRS 17 impacts were duly considered and assessed. Such a governance setup has ensured close coordination between business units and reinforces the strategy that ICIEC investment activities are creating value to its stakeholders.



ICIEC Partners with AfDB to Support Financing of ESG Projects in Côte d'Ivoire with EUR194 million Insurance Support



Cairo, Egypt, 31 January 2024 – ICIEC signed a strategic risk sharing engagement with the African Development Bank (AfDB) aimed at fostering sustainable development in Côte d'Ivoire.

The AfDB is extending a Partial Credit Guarantee (PCG) to Standard Chartered Bank (SCB) for a loan to the Government of Côte d'Ivoire, aimed at financing projects under the country's Environmental, Social, and Governance (ESG) Framework.

In this landmark collaboration, ICIEC provided a 12-year insurance capacity of EUR194 million, backstopping the EUR400 million Partial Credit Guarantee (PCG) issued by the African Development Bank against the non-payment risk associated with a facility of EUR533 million extended by Standard Chartered Bank (SCB), to the government of Côte d'Ivoire.

The facility will be used to finance a range of eligible environmental and social projects, including renewable energy, education, pollution prevention and control, terrestrial and aquatic biodiversity conservation, health infrastructure, as well as sustainable use of water and wastewater management, in accordance with Côte d'Ivoire's Sustainable Framework.

The AfDB's partnership with ICIEC is pivotal to scaling up the Bank's partial credit guarantee scheme to attract the needed financing by Standard Chartered. The Bank will retain a stake of EUR206 million (51.5%) in the EUR400 million PCG, while ICIEC will cover the remaining EUR194 million. This arrangement not only optimizes the African Development Bank's balance sheet by transferring a portion of the exposure to ICIEC, but also maintains a significant residual exposure, demonstrating a balanced risk-sharing approach.

The transaction marks a significant step by Côte d'Ivoire in enhancing its capacity to attract long-term, competitive financing dedicated to ESG projects. It is also a clear demonstration of the collaborative efforts of multilateral development institutions in supporting the sustainable development aspirations of their common member countries.

The projects selected by the ESG Committee and categorized under eligible social and green projects will correspond to various UN SDGs, which include social categorized and Green projects aligned to SDGs 1, 3, 4, 6, 7, 9, 10, 11, 13, 14 and 15.

Projects selected to be financed under SCB's ESG loan include: i) Water and Sanitation: Drinking water supply to Abengourou and the surrounding town from the Comoé River (EUR38.7 million), ii) Affordable Housing through the provision of 12,000 social housing units (EUR15.2 million), iii) Healthcare infrastructure through the upgrading of health facilities (EUR15.7 million), iv) Renewable energy projects such as the Boundiali Solar Powerplant (EUR2.7 million), v) Conserving terrestrial and aquatic biodiversity through the Rural and Pastoral Land Management Support Project (EUR2.7 million). The above projects aim to support growth and sustainable development in Côte d'Ivoire, aligning with several UN Sustainable Development Goals (SDGs), particularly in areas such as renewable energy, affordable housing, water and sanitation, and health infrastructure.

ICIEC, JSCB Agrobank, and Standard Chartered Bank Sign EUR150 million Islamic Finance Initiative to Enhance Product Offerings in Uzbekistan



Riyadh, Saudi Arabia, April 2024 - ICIEC signed a cooperation agreement with Uzbekistan's Joint Stock Commercial Bank Agrobank and Standard Chartered Bank (SCB), whereby the Corporation will extend cover for SCB's EUR150 million financing facility to the Uzbek bank.

The agreement is aimed at enhancing JSCB Agrobank's capabilities to offer new Islamic financing products to its retail and other customers, and to support the burgeoning Uzbek economy.

The agreement commits to exploring a long-term financing partnership designed to bolster economic development in Uzbekistan. It entails providing financing upwards of EUR150 million, plus transaction costs, aimed at enhancing JSCB Agrobank's capabilities to offer a series of Shariah-compliant financing products to the Bank's diverse range of customers.

ICIEC Provides NHFSO Cover for Société Générale’s EUR259 million Murabaha Facility for the Construction of Key Road Networks in Senegal

Riyadh, Saudi Arabia, April 2024 – ICIEC issued a Non-Honouring of a Sovereign Financial Obligation (NHFSO) insurance policy to Société Générale to finance the construction of key highways in Senegal. The NHFSO policy provides coverage for the EUR259 million (USD281.45 million) Murabaha financing facility extended by Société Générale for the construction of the Dakar-Tivaouane Highway and the expansion of the Cynros-Seven Up Road Project. These initiatives are set to dramatically enhance transportation networks within the country, promoting economic growth and regional connectivity.

The Takaful cover agreement was signed in April 2024 during the IsDB Group Annual Meetings 2024 in Riyadh, Saudi Arabia. According to ICIEC, the projects will boost transportation networks within Senegal, promote economic growth and West African regional connectivity and improve the quality of life for Senegalese citizens. In addition, the Dakar-Tivaouane and Cynros-Seven Up roads will reduce travel times significantly and resultant carbon emissions, facilitate trade and movement of goods, and create jobs during construction and beyond.



The developmental impact of the Dakar-Tivaouane and Cynros-Seven Up road projects, stressed ICIEC, cannot be overstated. Upon completion, these roads will significantly reduce travel time, facilitate smoother transportation of goods and services, and bolster economic activities across the region. They are also expected to create numerous jobs during and after construction, supporting local employment and skills development.

ICIEC remains committed to supporting its member countries through Shariah compliant risk mitigation tools and financial solutions through its role as a catalyst for economic resilience and transformation within the OIC countries, contributing to the prosperity and well-being of its member states through the provision of risk mitigation tools and credit enhancement financial solutions.

ICIEC and Deutsche Bank Partner to Cover EUR161.4 million Financing Facility to Support Healthcare System in Côte d’Ivoire

Riyadh, Saudi Arabia, April 2024 — ICIEC signed a major insurance agreement with Deutsche Bank AG whereby ICIEC would underwrite a Non-Honouring of a Sovereign Financial Obligation (NHFSO) insurance policy to cover a EUR161.4 million financing facility extended by the Bank to the Government of the Republic of Côte d’Ivoire.

The NHFSO Insurance Policy facilitated a EUR161.4 million financing arrangement by Deutsche Bank for the Government of Côte d’Ivoire, represented by the Ministry of Economy and Finance. This strategic funding will be used to finance the construction of new general and regional hospitals in the cities of Kong and Odienne thus significantly boosting the healthcare infrastructure in Côte d’Ivoire.



This initiative is part of ICIEC’s broader strategy to support vital social infrastructure projects across its member states, promoting sustainable development and enhancing the quality of life for communities through improved healthcare facilities.



ICIEC Boosts Agri-Commodity Exports in Member States with USD75 Million Insurance Coverage Agreements with Japan’s SMBC

Riyadh, Saudi Arabia, April 2024 — ICIEC signed two new insurance contracts with Japan’s Sumitomo Mitsui Banking Corporation (SMBC) - DIFC Branch in April 2024. The first transaction involves a USD50 million Non-payment Insurance-Bank Master Policy (BMP) issued to SMBC to facilitate the financing of agricultural commodities exported from Saudi Arabia to ETC Agri Inputs FZE in the UAE.

Under the second transaction, ICIEC extended a similar USD25 million Non-payment Insurance-Bank Master Policy (BMP) to facilitate ICIEC member states’ exports to ETC Group, Mauritius, thus further supporting the agricultural sector’s growth across regions.

The new financial engagements are expected to significantly impact the agricultural sectors of the involved countries, promoting greater economic integration and cooperation among ICIEC member states. Through such strategic initiatives, ICIEC continues to demonstrate its commitment to advancing economic development and trade facilitation underpinned by Islamic financial and credit insurance and risk mitigation principles.

ICIEC Seals 13 Agreements Worth USD689 million Across Diverse Sectors at the 2024 IsDB Group Annual Meetings in Riyadh



Jeddah, Saudi Arabia, 8 May 2024 – The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), the Shariah-based multilateral insurer and member of the Islamic Development Bank (IsDB) Group, successfully concluded the 2024 IsDB Group Annual Meetings, with the signing of 13 significant agreements and Memoranda of Understanding (MoUs) totaling USD689 million.

These commitments with 15 member countries and business partners span a broad spectrum of operations and projects across various sectors, further reinforcing ICIEC's dedication to sustainable economic development. Under the theme "Cherishing our Past, Charting our Future: Originality, Solidarity, and Prosperity," the meetings featured ICIEC's active participation in the 2024 Private Sector Forum. This included ICIEC's High-Level Panel Discussion that highlighted the transformative role of Saudi investments in fostering economic growth across ICIEC member states, in alignment with their national development agendas.

The event brought together stakeholders from government, international organizations, financial institutions, and the tech industry to discuss strategies for navigating emerging geopolitical risks and exploring new investment opportunities.

Key agreements during the meeting included Reinsurance Treaty arrangements with Indonesia Eximbank and the Export-Import Bank of Malaysia Berhad, MoUs with AZPROMO of Azerbaijan for investment promotion, and substantial credit insurance and financing arrangements with Societe Generale and Deutsche Bank to support infrastructure and healthcare projects in Senegal and Côte d'Ivoire, respectively.

Moreover, ICIEC has expanded its collaborations through new partnerships across various sectors. A cooperative framework with The Saudi Agricultural Development Fund (ADF) aims to enhance strategic initiatives, while a framework with the Federation of Contractors from Islamic Countries (FOCIC) focuses on knowledge sharing and capacity building within the insurance and contracting sectors.

Additionally, agreements with Huawei Technologies Co., Ltd. and ZTE Corporation are set to strengthen telecommunications infrastructure across member states, enhancing connectivity and access to modern technology.

The MoU with the National Infrastructure Fund of Saudi Arabia (INFRA) aims to align efforts to support infrastructure projects with developmental impact and foster institutional cooperation. Furthermore, a significant partnership with Joint Stock Commercial Bank "Agrobank" and Standard Chartered Bank explores a long-term financing partnership to bolster economic development in Uzbekistan through Islamic financing products. This is expected to yield EUR150 million in support of SMEs in Uzbekistan.

These initiatives not only reflect ICIEC's strategic efforts to leverage Islamic finance for global development but also demonstrate a proactive approach to cultivating meaningful partnerships that supports the economic objectives of the Corporation's member states.

Mr. Oussama Kaissi, the CEO of ICIEC, emphasized the significance of these collaborations: "This year's Annual Meetings mark a defining moment for ICIEC as we celebrate three decades of dedicated service towards economic resilience and prosperity of our member states. The agreements signed here span a diverse array of sectors and are a testament to our commitment to leveraging Islamic finance to foster sustainable development. Our discussions at the Private Sector Forum have underscored the critical role of Saudi investments in propelling growth across our member states, exploring new horizons in emerging markets, and reinforcing our theme of cherishing our past while charting a prosperous future in a sustainable way."

As ICIEC celebrates its 30th anniversary, its role as the only Shariah-based multilateral export credit and investment insurance provider continues to be crucial in facilitating over USD108 billion since inception in trade and investments, promoting growth, and development in its 49 member states.

ICIEC Extends NHFO-SOE Policy Cover for ING Bank's EUR115 million Murabaha Facility to Turk Exim Bank to Finance Turkish Exports



The Islamic Corporation for the Insurance of Export Credit and Investment (ICIEC), the multilateral Shariah-compliant insurer of the Islamic development Bank (IsDB Group), has extended a Non-Honouring of Financial Obligation by a State-Owned Enterprise (NHFO-SOE) policy to cover a EUR115 million Murabaha financing facility given by ING Bank to Turk Exim Bank to support the export finance needs of Turkish exporters.

The 5-year policy was issued on 11 June 2024 and covers 95% of the financing facility. ICIEC covers the risk that Turk Eximbank, a state-owned export credit agency (ECA), will fail to honour its financial obligations, ensuring payment protection for lenders against default.

According to the Corporation, it has extended its support to a significant financial initiative involving a EUR115 million facility from ING Bank to Turk Eximbank, with a tenor of five years.

"This strategic collaboration," stressed ICIEC, "underscores ICIEC's commitment to bolstering economic stability and growth within the region. The facility, facilitated by ICIEC's comprehensive coverage, aims to enhance Turk Eximbank's capacity to fulfil its financial obligations, thereby promoting trade and export activities. By mitigating risks associated with non-payment, ICIEC ensures that ING Bank is protected, fostering a secure and reliable financial environment."

"This project exemplifies ICIEC's dedication to leveraging its insurance capabilities to facilitate impactful financial transactions, ultimately contributing to the broader economic development goals. The partnership between ICIEC, ING Bank, and Turk Eximbank highlights the importance of collaborative efforts in driving sustainable economic progress and strengthening international trade relations."

ICIEC plays a pivotal role in the EUR115 million facility project from ING Bank to Turk Eximbank by providing comprehensive insurance coverage that mitigates financial risks and enhances the project's viability. As a member of the IsDB Group, ICIEC's involvement is instrumental in ensuring that the transaction aligns with international best practices and Shariah-compliant financing principles.

ICIEC's primary role is to offer a NHFO-SOE policy, which guarantees repayment to ING Bank in case Turk Eximbank fails to meet its financial obligations. This risk mitigation encourages ING Bank to extend the loan, knowing that ICIEC's backing significantly reduces the default risk.

Moreover, ICIEC's support fosters confidence among international lenders, promoting a more favorable lending environment for Turkish enterprises. By covering the loan, ICIEC enhances Turk Eximbank's ability to finance exporters, thereby stimulating trade and economic growth.

ICIEC's role extends beyond risk coverage; it involves active engagement in due diligence, ensuring compliance with environmental and social standards and facilitating the smooth execution of the financial agreement.

This comprehensive involvement underscores ICIEC's commitment to fostering sustainable economic development through strategic partnerships and risk management solutions.

Overall, ICIEC's participation is crucial in mobilizing international finance for Türkiye's export sector, thereby contributing to broader economic stability and growth. As such it aligns with the UN Sustainable Development Goal (SDG) 17 – 'Partnerships for the Goals'.

The development impact of ICIEC's cover and engagement is multifaceted, with significant implications for economic growth, trade enhancement, and financial stability.

By ensuring the facility's security, ICIEC promotes increased trade financing, which is crucial for the expansion of Türkiye's export sector. This, in turn, fosters economic diversification and reduces dependency on a limited range of export goods.

According to ICIEC, the expected key results of its engagement include:

- **Increased Export Activities:** Turk Eximbank's enhanced financial capacity will enable it to extend more credit to exporters, thereby increasing export volumes and fostering trade relations with international markets.
- **Economic Growth:** The infusion of capital into the export sector is anticipated to stimulate economic activities, generate employment opportunities, and contribute to GDP growth.
- **Financial Stability:** By mitigating the risks associated with non-payment, ICIEC's coverage enhances financial stability for ING Bank, encouraging further financing and investment in Türkiye.
- **Capacity Building:** Strengthening Turk Eximbank's ability to meet financial obligations will build institutional capacity and improve its creditworthiness, leading to long-term benefits for Türkiye's financial infrastructure.
- **Regional Development:** The positive ripple effects of increased trade and economic activities will likely contribute to regional development, reducing disparities and fostering inclusive growth.

Overall, this project is expected to significantly contribute to Türkiye's economic resilience and sustainable development by leveraging international financial support and risk mitigation.

ICIEC Extends Second Loss Risk NHFO-SOE Policy Cover for EUR125 million Facility Extended by Deutsche Bank and ING Bank to Turk Exim Bank

The Islamic Corporation for the Insurance of Export Credit and Investment (ICIEC), the multilateral Shariah-compliant insurer of the Islamic development Bank (IsDB Group), extended a 10-year Non-Honouring of Financial Obligation by a State-Owned Enterprise (NHFO SOE) policy to cover a joint financing facility totaling EUR125 million extended by Deutsche Bank and ING Bank as part of EUR1 billion syndicated credit facility, which in turn is guaranteed by the International Bank for Reconstruction and Development (World Bank).

The 10-year policy was issued on 26 June 2024 and covers 95% of the financing facility. ICIEC covers the second loss risk for Deutsche Bank and ING Bank, protecting them against financial loss if Turk Eximbank, the Turkish state-owned export credit agency (ECA), defaults, after the first loss risk covered by IBRD, on the EUR1 billion syndicated loan. The facility provided by Deutsche Bank amounts to EUR73 million, while the ING Bank facility totals EUR52 million.

ICIEC is playing a crucial role in a high-impact financial arrangement involving a EUR1 billion syndicated credit facility granted to Turk Eximbank by a consortium of commercial banks, including Deutsche Bank and ING Bank. The project is strategically structured to optimize risk mitigation and to ensure robust financial support for Türkiye's leading export credit agency. The transaction and the cover also align with the UN Sustainable Development Goal (SDG) 17 – 'Partnerships for the Goals'.

In this innovative deal, ICIEC covers the second loss risk, providing a vital safety net for Deutsche Bank and ING Bank. The IBRD covers the first loss risk, ensuring a layered risk-sharing mechanism that enhances the loan's attractiveness to commercial lenders. This structure significantly reduces the financial exposure for participating banks, encouraging their involvement in substantial funding efforts.

Turk Eximbank, benefiting from this syndicated loan, is poised to expand its capacity to finance Turkish exporters, fostering increased trade activities and economic growth. The comprehensive risk coverage provided by ICIEC ensures that the financial obligations of Turk Eximbank are met, even in adverse scenarios, thereby promoting confidence among international lenders. "This project underscores the collaborative efforts of ICIEC, IBRD, and commercial banks in driving sustainable economic development. By facilitating significant financial inflows into Türkiye's export sector, the project is expected to stimulate job creation, enhance export competitiveness, and contribute to the overall economic resilience of the country," said the Corporation.

ICIEC plays a pivotal role in the EUR1 billion syndicated loan project for Turk Eximbank by providing crucial second loss risk coverage for Deutsche Bank and ING Bank. This involvement is part of a strategic risk-sharing mechanism designed to enhance the appeal of the loan for commercial lenders. By covering the second loss, the Corporation ensures that any financial losses beyond the first loss, which is covered by the IBRD, are mitigated.

This layered risk protection structure significantly lowers the financial exposure for participating banks, encouraging their participation in the syndication. Its role extends beyond risk coverage; it involves rigorous due diligence, adherence to Shariah-compliant financing principles, and active engagement in structuring the deal to ensure it meets international standards. By providing this coverage, ICIEC instills confidence among international lenders, facilitating the mobilization of substantial financial resources for Turk Eximbank.



Furthermore, ICIEC's involvement enhances Turk Eximbank's ability to support Turkish exporters by providing the necessary financial backing. This, in turn, promotes trade activities and economic growth within the region. The comprehensive risk mitigation provided by ICIEC ensures that Turk Eximbank can meet its financial obligations, even under challenging circumstances, thereby maintaining financial stability and fostering a secure lending environment.

Overall, ICIEC's strategic participation in this project underscores its commitment to fostering sustainable economic development through innovative risk management solutions and international financial collaboration.

The development impact of ICIEC's involvement in the EUR1 billion syndicated loan for Turk Eximbank is substantial, with far-reaching implications for Türkiye's economic landscape. This strategic financial initiative is expected to catalyze significant growth in the export sector, contributing to broader economic stability and development.

The Development Impact and Key Expected Results Include:

- **Trade Enhancement:** By providing financial backing to Turk Eximbank, the project will enable increased support for Turkish exporters. This is expected to boost export activities, diversify export markets, and enhance Türkiye's global trade position.
- **Economic Growth:** The infusion of substantial financial resources will stimulate economic activities, leading to increased production, job creation, and overall economic growth. The enhanced export capacity will contribute significantly to Türkiye's GDP.
- **Financial Stability:** The risk mitigation provided by ICIEC and IBRD ensures financial stability for the participating banks, fostering a more secure and attractive lending environment. This stability is crucial for sustaining long-term economic growth.
- **Increased Export Financing:** Turk Eximbank's enhanced capacity to finance exporters will result in higher export volumes, contributing to economic diversification and resilience.
- **Job Creation:** The project is expected to generate employment opportunities across various sectors, particularly in manufacturing and trade, thereby reducing unemployment and improving livelihoods.
- **Institutional Capacity Building:** The involvement of ICIEC and IBRD in risk mitigation will strengthen Turk Eximbank's institutional capacity and creditworthiness, leading to improved financial infrastructure and governance.
- **Regional Development:** The economic benefits of increased trade and employment will extend to regional areas, promoting inclusive growth and reducing economic disparities.
- **International Confidence Building:** The successful implementation of this syndicated loan project will enhance confidence among international investors and lenders, potentially attracting further investments into Türkiye's economy.

Overall, the project is poised to create a robust and positive impact on Türkiye's economic development by leveraging international financial support, fostering trade, and ensuring financial stability through strategic risk management.

ICIEC Extends First Specific Transaction Policy (STP) Cover for Modernization of Azerbaijan’s RAN Project to a B2B Platform



The Islamic Corporation for the Insurance of Export Credit and Investment (ICIEC), the multilateral Shariah compliant insurer of the Islamic Development Bank (IsDB Group), extended a Specific Transaction Policy (STP) to The Republic of Azerbaijan earlier this year to cover the Non-Honoring of the Guarantor following Non-Payment by the Buyer for equipment supplied by a major Chinese Telecommunications Supplier.

According to ICIEC, this is one of the most significant transactions it has conducted in Azerbaijan in favour of a prominent Chinese telecommunication supplier in February 2024 for a USD12 million limit involving the Radio Access Network (RAN) Modernization Project to the first B2B (Business-to-Business) company operating in Azerbaijan’s dynamically developing ICT and high technologies sectors. The policy covers 90% of the risk exposure for a period of 3.5 years. This is ICIEC’s first issuance of a Medium-Term Insurance Policy in Azerbaijan.

Modernization has always been vital to meet user experience and business targets. Azerbaijan’s telecommunication company’s decision on the RAN modernization has become increasingly relevant to executing energy cost reductions and achieving Net Zero targets. The private sector-led project contributes to the country’s strategic goals of reducing Azerbaijan’s dependence on oil and gas income and straightening its resilience to external shocks through investment in physical infrastructure.

ICIEC’s issuance of a groundbreaking transaction in Azerbaijan, involving a USD12 million limit for the RAN Modernization Project, is a strategic move. This transaction, with the most prominent Chinese telecommunication supplier, marks ICIEC’s first step in supporting Azerbaijan’s dynamically

developing ICT and high technologies sectors. The focus on hardware equipment modernization underscores the strategic importance of this investment in the evolution of the communication service providers’ (CSPs) network plans.

The Corporation’s issuance of a Specific Transaction Policy to cover the Non-Honoring of the Guarantor following Non-Payment by the Buyer for 3.5 years is a significant intervention. This transaction, one of the first by ICIEC in Azerbaijan, which acceded to ICIEC Membership in 2023, sets the stage for long-term benefits. It paves the way for future transactions that will further strengthen Azerbaijan’s ICT sector.

The transaction which targets the vital Telecom sector holistically is in alignment with several of the UN SDG Agenda including GOAL 4: Quality Education, GOAL 8: Decent Work and Economic Growth, GOAL 9: Industry, Innovation and Infrastructure, GOAL 10: Reduced Inequalities, GOAL 11: Sustainable Cities and Communities, GOAL 13: Climate Action, GOAL 15: Life on Land, and GOAL 17: Partnerships for the Goals.

Modernization, a key to meeting user experience and business targets, is now more critical than ever. The decision of Azerbaijan’s telecommunication company on the RAN modernization is a testament to this. It is increasingly relevant to executing energy cost reductions and achieving Net Zero targets. This private sector-led project clearly demonstrates the power of collaboration in achieving the country’s strategic goals of reducing dependence on oil and gas income and strengthening resilience to external shocks through investment in physical infrastructure.

ICIEC Extends BMP Cover for Europe Credit Bank’s EUR50 million Line of Financing to Microcredit Bank Finance in Support of Uzbek SME Exports



The Islamic Corporation for the Insurance of Export Credit and Investment (ICIEC), the multilateral Shariah compliant insurer of the Islamic Development Bank (IsDB Group), has extended a Bank Master Policy (BMP) to cover the non-payment risk of JSCB Microcredit Bank in Uzbekistan due to Commercial and Political Risks in the central Asian member state and region.

The EUR50 million conventional line of financing was extended by Europe Credit Bank to support Uzbekistan’s Small-and-Medium-Sized Enterprises (SME) Assistance Programme. ICIEC’s 1-policy, which took effect earlier this year, covers 90% of the risk exposure for 3 years. SMEs are key players in driving economic growth, providing employment opportunities, and fostering innovation, which are essential components of the UN SDG Agenda. ICIEC’s cover and engagement, says the Corporation, can have material developmental impacts on Uzbekistan’s economy and society.

These include:

- New Job Creation.
- Contribution to economic diversification by operating in various sectors.
- Promoting export growth while contributing to foreign exchange earnings for the country.
- Contribution to social stability by reducing income inequality, providing opportunities for marginalized groups, and promoting social cohesion

Dr. Khalid Khalafalla Appointed as Officer-in-Charge of ICIEC

Jeddah, Saudi Arabia, May 2024 - Upon the expiry of the term of Mr. Oussama Kaissi as the CEO of ICIEC, we are pleased to announce the appointment of Dr. Khalid Khalafalla as Officer-in-Charge of ICIEC, effective 19 May 2024.

Dr. Khalafalla brings a wealth of experience and expertise to this role, having served in various capacities within the Islamic Development Bank (IsDB) Group. Most recently, he was the Principal Executive Assistant to H.E. Dr. Muhammad Al Jasser, President of IsDB. Prior to that, he served as Lead Underwriter at ICIEC as well as Acting Head of the IsDB Group Investment Promotion Technical Assistance Program (ITAP).

The ICIEC family congratulates Dr. Khalafalla on his new appointment and looks forward to his leadership in advancing the Corporation's strategic goals.



ICIEC Assigned First Time "AA-" Long-term Issuer Credit Rating by Standard & Poor's (S&P) Global Ratings with Stable Outlook

S&P Global
Ratings

Jeddah, Saudi Arabia, March 2024 – International credit rating agency, Standard & Poor's (S&P) Global Ratings, assigned a first time 'AA-' long-term issuer credit and financial strength rating (ICFSR) with a Stable Outlook on 26 March 2024 to the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), the only Shariah-based multilateral credit and political risk insurer in the world and a member of the Islamic Development Bank (IsDB).

The Stable Outlook, said S&P Global in its rating rationale, "reflects our expectation that ICIEC will continue leveraging its unique mandate and very strong preferred creditor status to expand its core business, while maintaining its robust capital and liquidity positions. We consider ICIEC's enterprise risk profile as strong under our criteria for multilateral lending institutions (MLI), underpinned by the corporation's supportive shareholder base, very strong preferred creditor treatment, and unique policy role of conducting all business in a Shariah-compliant manner. We assess ICIEC's financial risk profile as very strong under our insurance criteria, as ICIEC's capital adequacy shows a significant buffer above the 99.99% confidence level, as measured by our insurers' risk-based capital model, and the corporation maintains exceptional liquidity."

S&P Global also observed that:

- Over the last three years, ICIEC has introduced significant enhancements to its risk management policies, including reviewing its risk appetite framework, risk capital model, and exposure management framework.

- ICIEC has a relatively diverse shareholding structure, and there is no private shareholding.
- ICIEC's shareholders have demonstrated their support for the entity through previous capital increases. In June 2022, shareholders approved an Islamic dinar (ID) 600 million (USD805 million) increase in authorized capital to ID 1 billion (USD1.35 billion) to support the corporation's growth plans. This represents ICIEC's third and largest general capital increase (GCI) in its history.
- The subscription plan to the GCI was extended by 12 months to June 30, 2024 largely attributed to lengthy parliamentary approval processes in member states. As of March 2024, 84% of the capital has been subscribed to (versus 100% under the second GCI), with payment by subscribers commencing in January 2025 and ending in 2029.
- The higher equity capital will permit ICIEC to continue its recent trajectory of prudent growth.

The "AA-" rating from S&P, reflects ICIEC's solid financial position, sound risk management and governance practices. It also underscores the Corporation's ability to navigate challenging economic environments and its commitment to supporting sustainable economic growth and development in member countries.

ICIEC and Indonesia Eximbank Sign Landmark Strategic Collaboration Through Quota Share Retakaful Treaty to Boosting Export Credit Insurance



Riyadh, Saudi Arabia, April 2024 — ICIEC signed a landmark Quota Share Retakaful Treaty with Indonesia Eximbank during the IsDB Group Annual Meeting 2024 in Riyadh in April 2024. This strategic agreement provides Retakaful expertise and capacity through a Quota Share Treaty, specifically designed to support the launch of Indonesia Eximbank's new Export Credit Takaful product/program. The business anticipated to be insured under this treaty for the year 2024 is estimated at USD13 million.

The agreement marks a milestone in the development of Islamic financial instruments and strengthens the economic ties between ICIEC and Indonesia, aiming to support exporters and contribute to economic stability and growth in the Islamic world.

ICISA And AMAN UNION Collaborate To Advance Credit Insurance Initiatives



AMAN UNION
The Association of Arab & Islamic Export Credit Insurance Agencies

14 April 2024, The International Credit Insurance and Surety Association (ICISA) and the forum assembling Commercial and Non-commercial Risks Insurers and Reinsurers in Member Countries of the Organization of Islamic Cooperation (OIC) and of the Arab Investment and Export Credit Guarantee Corporation “Dhaman”, commonly known as AMAN UNION, are proud to announce a Joint Strategic Collaboration aimed at fostering mutual cooperation and knowledge sharing in the realm of trade and investment insurance.

The MoU, symbolizing a pivotal step towards industry synergy and international cooperation, was officially signed by Mr. Richard Wulff, Executive Director of ICISA, and Mr. Oussama Kaissi, the Secretary-General of Aman Union and CEO of ICIEC. This partnership heralds a new era of collaborative endeavours aimed at fortifying trade and investment insurance frameworks globally.

ICISA, as a leading trade association representing trade credit insurance and surety companies internationally, serves as a platform for collaboration and the development of best practices. Meanwhile, AMAN UNION is dedicated to promoting and developing the commercial and non-commercial risks insurance industry in OIC-Member States, as well as strengthening mutual relationships among its members.

The collaboration between ICISA and AMAN UNION underscores a shared commitment to advancing the trade and investment insurance landscape, particularly within OIC Member States. By sharing their respective expertise and networks, the parties aim to facilitate enhanced knowledge exchanges and initiatives that contribute to the sustainable development of OIC Member States.

Key highlights of the Joint Strategic Collaboration include:

- Facilitating knowledge exchanges on trade and investment insurance initiatives
- Enhancing collaboration and development of best practices in the industry
- Strengthening mutual relationships among members of both associations

Mr. Richard Wulff, Executive Director of ICISA, commenting: “This momentous collaboration between ICISA and AMAN UNION represents a landmark in our shared commitment to strengthening the trade and investment insurance landscape. Through this strategic alliance, we are assured to unlock unprecedented opportunities and drive innovation within our respective spheres. The signing of this MoU signifies a transformative leap towards harmonizing our efforts and maximizing the potential for sustainable growth and prosperity on a global scale.”

Mr. Oussama Kaissi, the Secretary-General of Aman Union and CEO of ICIEC, added: “This partnership signifies our collective dedication to enhancing the capabilities and opportunities within the trade and investment insurance sector. By pooling our resources and expertise, we can drive positive change and sustainable growth for our member countries.”

Both ICISA and AMAN UNION recognize the significant potential for cooperation to drive positive outcomes in the trade and investment insurance sector. Through this collaboration, the parties reaffirm their dedication to fostering innovation, resilience, and sustainable development within OIC Member States and beyond.

ICIEC and Malaysia EXIM Bank Ink Strategic Memorandum of Retakaful Arrangement to Enhance Collaboration on Agreed Projects and Objectives



Riyadh, Saudi Arabia, April 2024 — ICIEC signed a landmark Memorandum of Retakaful Arrangement (MoA) with the Export-Import Bank of Malaysia Berhad (MEXIM) during the IsDB Group Annual Meeting 2024 in Riyadh in April 2024. The MoA establishes a high-level, non-binding, and non-exclusive framework designed to foster cooperation between ICIEC and MEXIM, the official state export credit agency of Malaysia.

The partnership, according to both parties, aims to enhance collaborative efforts on mutually agreed projects and objectives, further detailed in an upcoming Treaty Agreement upon confirmation of Treaty Collaboration.

This alliance underscores the shared vision and commitment of both ICIEC and MEXIM to explore new horizons and leverage their strengths for the greater good of their communities and the economies they serve.

ICIEC and Federation of Contractors from Islamic Countries Sign MoU to Promote Islamic Insurance Solutions

Riyadh, Saudi Arabia, April 2024 — ICIEC is delighted to announce the signing of a Memorandum of Understanding (MoU) with the Federation of Contractors from Islamic Countries (FOCIC). This MoU has been established between ICIEC and FOCIC to create a comprehensive framework for collaboration in the areas of knowledge sharing and technical capacity for the parties within the insurance and contracting sectors.

The MoU established with FOCIC represents a profound dedication to promoting the comprehension and implementation of Islamic insurance throughout their member countries. By amalgamating their resources and proficiency, they are well-positioned to effectuate significant progress in the insurance and construction sectors, crucial for sustained economic expansion and advancement within their communities.

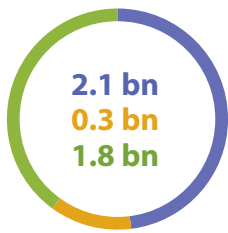


ICIEC Annual Report 2023 Highlights Robust Growth and Expansion Amid Global Challenges

Riyadh, Saudi Arabia, 30 April 2024 – The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) proudly released its Annual Report and Audited Financial Statements for the year 2023 during the 2024 Annual Meetings of the Islamic Development Bank Group (IsDB) held in Riyadh, Saudi Arabia in early May 2024.

The 2023 Annual Report details a year of operational resilience and exceptional financial performance, showcasing a significant 14.4% year-on-year increase in insured trade and investment transactions, amounting to USD13.3 billion. The Corporation also reported an increase in its Gross Written Premium, which soared by 6.4% to USD98.3 million from USD 92.4 million in the previous year. The 130% improvement in corporate net results reflects ICIEC’s ability to effectively manage policyholder commitments, enhanced value proposition and demonstrates fostering confidence of our member states.

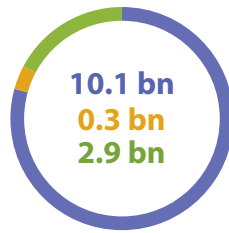
New Insurance Commitments
USD 4.2 billion



(↑ 4.6%)

● Short-Term ● Medium-Term ● Investment

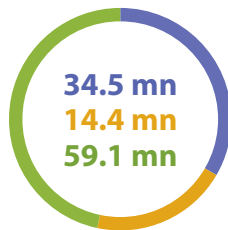
Total Business Insured
USD 13.3 billion



(↑ 14.4%)

● Short-Term ● Medium-Term ● Investment

Total Billed Premium
USD 108 million



(↑ 29.7%)

● Short-Term ● Medium-Term ● Investment

The year 2023 was a year of strategic market penetration and portfolio diversification for ICIEC. The Medium Term and Investment Insurance segment experienced a substantial growth of 49.3%, reaching USD73.6 million. This growth underscores ICIEC’s commitment to expanding its footprint and enhancing client trust in its services. ICIEC maintained its Moody’s “Aa3” rating for the 16th consecutive year, affirming its position as a leading entity in the credit and political risk insurance industry. The year also marked the inclusion of Azerbaijan as ICIEC’s 49th member state, expanding the Corporation’s geographical coverage within the OIC member states.

Business Insured by Sector



Agriculture

USD 67 million



Health

USD 287 million



Infrastructure

USD 426 million



Manufacturing

USD 3,240 million



Others

USD 472 million



Mining and Quarrying

USD 162 million



Energy

USD 6,302 million



Services

USD 2,086 million



Retail Trade

USD 274 million

In a historic milestone, ICIEC’s cumulative insured business surpassed USD108 billion over its 30-year history, significantly contributing to social and economic development across various sectors globally. ICIEC expanded strategic partnerships, notably in sustainable energy and food security, with the signing of several MoUs.

The Corporation’s efforts in climate action were highlighted at COP28 and through membership of initiatives like the Energy Transition Accelerator Financing Platform (ETAF) which is managed by The International Renewable Energy Agency (IRENA). As part of the IsDB Group’s Food Security Response Program (FSRP), ICIEC approved USD788 million to tackle global food security challenges, underlining its dedication to supporting sustainable development goals.

Mr. Oussama Kaissi, the CEO of ICIEC, commented, “2023’s achievements reflect our robust strategic initiatives and our resilience in the face of global economic and geopolitical challenges. Our continued success is a testament to the hard work of our team and the trust of our members and clients. We are dedicated to continuing our mission of fostering economic development and promoting cross-border investments in member countries.”

ICIEC Publishes Comprehensive Book of Record Highlighting ‘30 Years of ICIEC Milestones – Covering Member States Credit and Political Risks’

Riyadh, Saudi Arabia, 29 April 2024 – The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), the Shariah-compliant multilateral insurer of the Islamic Development Bank (IsDB) Group, has published a comprehensive book, titled **“30 Years of ICIEC Milestones – Covering Member States Credit and Political Risks”** to mark the Pearl Jubilee anniversary of the unique risk mitigation and credit enhancement multilateral institution.

The book, according to ICIEC, tells a “Compelling Story” of three decades of transformative social and economic development impact through innovative risk mitigation and credit enhancement solutions. It traces the roots and rationale of the Corporation’s perspicacious establishment in 1994, and its backstory in the context of the prevailing export credit and investment culture and playbook.

In this respect there are invaluable messages and interviews involving the found fathers of ICIEC including the Chairmen of the Boards and the two Chief Executive Officers; 30 years of cumulative achievements in figures, charts and development impact case studies; and the uptake of ICIEC products and services by member states since inception. Other

chapters of profound interest include a Shariah perspective on Export Credit and Investment Insurance; an analysis of ICIEC’s three decades of progress, innovation and impact development; its impressive international linkages highlighting the value of partnerships as per the UN SDG Agenda; and its leadership of the AMAN UNION.

The book also looks ahead to the promise and potential of ICIEC in the next 30 years especially a stock take of the Current State of the Industry; Upscaling Market Awareness, Education, Technical Assistance, Credit Information and Advisory Services; Embracing Digitalization in credit and investment insurance; the Corporation’s Great Green Leap Forward; the Future of Intra-OIC Trade and Investment; Food Security; Engaging the Private Sector; Engaging Sovereign Wealth and Pension Funds (SWPFs) in the OIC Member States; and Upscaling ICIEC’s Sukuk Insurance policy.

The book finishes with an impressive flow diagram of 30-year History in Milestones. A Must Have publication for anyone interested in Shariah-compliant credit and investment insurance, one of the few genuine alternative financial concepts and products to merge from the Global South!

ICIEC and China’s ZTE Corporation Sign Strategic MoU to Leverage ICIEC’s Insurance Solutions to Facilitate ZTE’s Supply of Telecom Equipment to Major Operators in ICIEC Member States

Riyadh, Saudi Arabia, April 2024 – The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) signed a new Memorandum of Understanding (MoU) with ZTE Corporation, a Chinese partially state-owned technology company that specializes in telecommunication, on 29 April during the IsDB Group Annual Meeting 2024, held at the InterContinental Hotel in Riyadh, Saudi Arabia.

The MoU was signed by Mr. Oussama Kaissi, CEO of ICIEC, and Mr. Kevin Xiao, Director at ZTE Corporation. The MoU focuses on leveraging ICIEC’s insurance solutions to facilitate ZTE’s supply of telecom network equipment and training to major telecom operators within ICIEC member states. ICIEC has a proven track record of facilitating critical telecom equipment supply through its specific transaction insurance solutions, as demonstrated by its successful collaboration with operators like Uzbektelecom in Uzbekistan.

Mr. Oussama Kaissi, CEO of ICIEC, commented at the signing of the MoU: “We are confident that this MoU will further enhance our ability to provide cutting-edge telecom infrastructure and connectivity

to our member states. We are thrilled to announce the expansion of our partnership with ZTE, a leading global provider of telecommunications equipment and network solutions. Through this MoU, we aim to further our joint efforts in bolstering the telecommunications infrastructure within ICIEC member states. Our collaboration will leverage ICIEC’s insurance solutions and ZTE’s expertise in the supply of telecom network equipment and knowledge transfer, to provide our member states with access to cutting-edge technological solutions that meet their evolving needs.”



ICIEC and the Agricultural Development Fund of Saudi Arabia Pen MoU to Collaborate on Strengthening Cooperation in Agricultural Sector



Riyadh, Saudi Arabia, April 2024 – The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) signed a Memorandum of Understanding (MoU) with the Agricultural Development Fund (ADF) of Saudi Arabia on the sidelines of the IsDB Group Annual Meeting 2024 in Riyadh, Saudi Arabia in April.

The MoU was signed by Mr. Oussama Kaissi, CEO of ICIEC, and Mr. Adel bin Abdullah Al-Jumaa, Chief Strategy Officer at the Agricultural Development Fund.

Under the terms of the MoU the two parties will establish a cooperative framework designed to enhance mutual interests through strategic initiatives. These initiatives include capacity building on Islamic insurance (Takaful), export credit and investment insurance to support the agricultural value chain in the Kingdom and other ICIEC member states. The MoU, in addition aims to familiarize ADF officials and staff with ICIEC’s business model and services, and its affiliations with relevant industry bodies and professional associations to bolster their professional development and bilateral cooperation.

Mr. Oussama Kaissi expressed his enthusiasm about this new partnership, stating: “Our partnership with the Saudi Agricultural Development Fund marks a significant advancement in our ongoing efforts to support economic growth through bespoke insurance solutions. We remain steadfast in our commitment to fostering a comprehensive understanding of our insurance models and cultivating a collaborative environment that will yield tangible benefits for the agricultural sectors within the Kingdom of Saudi Arabia and our member states.”

AMAN UNION Executive Council Convenes its 26th Meeting in Riyadh with the Establishment of a Permanent Secretariat, Advanced Database and Membership Expansion High on the Agenda



Riyadh, Saudi Arabia, April 2024 – The 26th Meeting of the AMAN UNION Executive Council convened in Riyadh on 27 April, hosted by the Saudi EXIM Bank, on the sidelines of the IsDB Group Annual Meeting 2024. The gathering marked a pivotal moment for discussing key developments and strategies that underpin the Union's commitment to bolstering economic growth, cooperation and integration among member states.

The AMAN UNION is the forum comprising Commercial and Non-commercial Risks Insurers and Reinsurers in OIC member states and of the Arab Investment and Export Credit Guarantee Corporation (DHAMAN).

Mr. Oussama Kaissi, the Secretary-General of AMAN UNION, emphasized the vital role of the Union in fostering economic stability and growth through collaborative efforts. "Our meeting today not only addresses the crucial aspects of our existing programmes, but also sets the stage for welcoming new members into our Union. This expansion is a testament to our collective commitment to enhancing economic resilience and prosperity across the region," he added.

Eng. Saad Alkhalb, CEO of Saudi EXIM Bank, similarly commended the AMAN UNION: "We are glad to host this significant meeting and commend the AMAN UNION Executive Council for their exemplary efforts. We eagerly welcome the invaluable contributions from all member ECAs as we discuss avenues to enhance cooperation and drive the development of the Export Credit Insurance Industry at our region. This meeting is an

important step for the local, regional and international connectivity of trade and transport networks among member states. Saudi EXIM Bank is keen to put forward the integration agenda with all ECAs in the region and beyond."

The meeting discussed several key areas, including the progress of the Union's initiatives in training and development, performance enhancement, and the strategic operations of its specialized committees. These discussions underscore the Union's proactive approach to addressing the dynamic needs of its membership and the broader economic landscape. The Executive Council also laid out comprehensive plans for the upcoming Annual Meeting of the Union, scheduled for the fourth quarter of 2024. This event is expected to bring together top leaders and decision-makers to chart the future course of economic cooperation in the region.

Mr. Abdullah Alsabeeh, Director-General of DHAMAN and the Chairman of the AMAN UNION Executive Council, stressed that the meeting addressed several topics of high importance for the members of AMAN UNION. The meeting also discussed academic and professional training courses for the junior and middle management staff of member ECAs, the upgrading of the AMAN UNION Database as well as a plan for the establishment of a dedicated Secretariat General for the AMAN UNION.

ICIEC Signs MoU with Saudi Arabia's National Infrastructure Fund (INFRA) to Boost Infrastructure Development in the Kingdom



Riyadh, Saudi Arabia, April 2024 – The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), signed a Memorandum of Understanding (MoU) with the National Infrastructure Fund of Saudi Arabia (INFRA) in April during the IsDB Group Annual Meeting 2024, which took place in Riyadh.

The MoU was signed by Mr. Oussama Kaissi, CEO of ICIEC, and Eng. Esmail Alsallom, CEO of INFRA, in the presence of H.E. Dr. Muhammad Al Jasser, Chairman of the Board of Directors of ICIEC. This MoU, stressed ICIEC, establishes a framework for cooperation between the Corporation and INFRA. Key initiatives under the MoU include exploration of opportunities of mutual interest within the Kingdom in line with its developmental objectives, institutional cooperation and knowledge exchange through continuation of dialogue and participation in relevant events.

Additionally, the parties will coordinate participation in field-related activities and foster affiliations with relevant entities or professional associations to strengthen collaborative ties. Through this collaboration, ICIEC will support INFRA's efforts to accelerate strategic infrastructure projects in the Kingdom, contributing to the goals of Saudi Vision 2030.

Mr. Oussama Kaissi, the CEO of ICIEC, commented at the signing of the MoU: "We are delighted to enter this collaboration with INFRA. Our joint efforts will focus on strengthening the economic frameworks within our member states. This MoU sets the tone of our shared commitment to promoting sustainable development through enhanced understanding and cooperation in insurance solutions and infrastructure development in the Kingdom."

ICIEC MoU with AZPROMO Signals a New Era of Bilateral Cooperation and Economic Growth in Azerbaijan

Riyadh, Saudi Arabia, April 2024 – The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) penned a strategic Memorandum of Understanding (MoU) with the Export and Investment Promotion Agency of the Republic of Azerbaijan (AZPROMO) on 29 April on the sidelines of the IsDB Group Annual Meeting 2024, in Riyadh, Saudi Arabia.

The MoU was signed by Mr. Oussama Kaissi, CEO of ICIEC, and Mr. Yusif Abdullayev, Executive Director of AZPROMO, in the presence of H.E. Mikayil Jabbarov, Minister of Economy of Azerbaijan and IsDB/ICIEC Governor, and H.E. Dr. Muhammad Al Jasser, Chairman of the Board of Directors of ICIEC.

According to the two parties, this partnership aims to leverage the strengths of both organizations to create new opportunities for growth and prosperity. By working together, ICIEC and AZPROMO are committed to unlocking the full potential of Azerbaijan's economy and paving the way for impactful investments and a brighter future.

Mr. Oussama Kaissi stressed at the signing: "We are filled with optimism to announce our partnership with AZPROMO, an initiative that promises to revolutionize the economic landscape of Azerbaijan. This MoU serves as a testament to our mutual dedication to promoting sustainable development and economic diversification through the facilitation of foreign investment and the promotion of exports. We eagerly anticipate a productive collaboration that will undoubtedly yield substantial benefits for Azerbaijan."



ICIEC Partners with China's Huawei Technologies to Promote Telecom Advancements and Connectivity in ICIEC Member States



Riyadh, Saudi Arabia, April 2024 – The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) signed a Memorandum of Understanding (MoU) with China's Huawei Technologies Co., Ltd. on 28 April on the sidelines of the IsDB Group Annual Meeting 2024 in Riyadh, Saudi Arabia.

The MoU was signed by Mr. Oussama Kaissi, CEO of ICIEC, and Mr. Silas Zhang, President of Financing Operation at Huawei Technologies Co. This MoU further strengthens the ongoing cooperation between ICIEC and Huawei.

The goal is to enhance the telecommunications infrastructure across ICIEC member states. Under this

arrangement, ICIEC will provide insurance solutions to support Huawei's provision of advanced telecom network equipment and training to key telecom operators within the ICIEC member states. Notably, ICIEC has already facilitated the supply of critical telecom equipment to significant operators such as Indosat in Indonesia and Uzbektelecom in Uzbekistan. This collaboration aims to improve connectivity and access to advanced telecommunications technology in member states.

According to Mr. Oussama Kaissi, CEO of ICIEC, "this MoU with Huawei Technologies Co. represents a significant roadmap towards supporting the strengthening of critical telecommunications infrastructures in our member states. By combining Huawei's technological expertise with ICIEC's robust insurance solutions, we are setting the stage for transformative growth in the telecommunications sector. This collaboration is more than a partnership; it's a pathway to greater connectivity and innovation, enabling our member states to harness the full potential of advanced telecommunications technology."

