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

مجموعة البنك الإسلامي للتنمية
Islamic Development Bank Group

NEWSLETTER

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ICIEC 30 Year Pearl Jubilee

State of the Credit and Investment Insurance Industry

Transitioning Towards Trade Finance and Project Guarantees in Renewables and Green Finance

During this Quarter, Moody's Ratings affirmed ICIEC's Aa3 Insurance Financial Strength Rating with a stable outlook in October 2024 for the 17th consecutive year, underscoring the Corporation's strong standalone credit profile and ongoing support from key shareholders, including the Islamic Development Bank and sovereign members of the Organization of Islamic Cooperation.

Aa3 MOODY'S

INSIDE THIS ISSUE:

Dr. Khalid Khalafalla Appointed as ICIEC's New *Chief Executive Officer*

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), a Shariah-compliant multilateral insurer and member of the Islamic Development Bank (IsDB) Group, has appointed Dr. Khalid Khalafalla as the new Chief Executive Officer (CEO) of ICIEC, effective 16 December 2024.

The appointment was confirmed following the approval by the Corporation's Board of Directors (BOD) during its 121st meeting in Jeddah, Saudi Arabia on 16 December 2024. Dr. Khalafalla served as ICIEC's Officer-in-Charge since May 2024 and succeeds Mr. Oussama Kaissi as the new CEO. Dr. Khalafalla is the third CEO of ICIEC since it was established in 1994.

In his tenure within the IsDB Group, which began when he joined as a Young Professional in 2005, Dr. Khalafalla has held several senior roles. These include serving as ICIEC's Officer-in-Charge since May 2024, Principal Executive Assistant in the IsDB President's Office, and before that contributing extensively to ICIEC's operations in various capacities from 2007 to 2017.

On his appointment in this new role, Dr. Khalid Khalafalla commented: "I am honoured to serve as the Chief Executive Officer of ICIEC. It is a privilege to lead an institution with a long-standing legacy of supporting sustainable development, facilitating trade and investment, and promoting inclusive growth in its member states. I look forward to working closely with our exceptional team, the Honourable Board of Directors, and our valued partners as we continue to advance ICIEC's mission and amplify its positive impact in global markets, enabling secure and sustainable trade and investment flows that support inclusive growth and shared prosperity."

The Chairman of ICIEC's Board of Directors, Dr. Muhammad Al Jasser, congratulated Dr. Khalafalla on his appointment and extended the Board's full support as he assumes leadership of the corporation. "Under the leadership of Dr. Khalid, ICIEC is poised to strengthen its strategic partnerships, enhance product offerings, and reinforce its position as a global leader in facilitating secure and sustainable trade and investment flows," added Dr. Al Jasser.

His appointment not only reflects a profound commitment to advancing sustainable trade and investment in OIC member countries but also signals a new era of growth, innovation, and strategic partnerships for ICIEC.

"I am honored to lead ICIEC at this pivotal moment in our journey. Together with our exceptional team, Board of Directors, and valued partners, we will continue to expand ICIEC's positive impact, enabling secure and sustainable trade and investment flows that support inclusive growth and shared prosperity."

Welcome to this Fourth Quarterly ICIEC Newsletter of 2024, a Quarter that saw important developments that will potentially affect most people in the world – the 2024 Falls Meeting of the IMF/World Bank Group in Washington DC, the G20 meeting in Rio de Janeiro in October, the COP29 proceedings in Baku in Azerbaijan, and perhaps the most important one the return of Donald Trump as US President in the November election in the US.

President-elect Trump's stated economic agenda centered on putting America first includes potential tariffs against countries – friends or foes – which could lead to retaliation by countries in the EU, China, Mexico, and Brazil; and perhaps equally importantly his scepticism of the Paris Net Zero Agenda, urging oil companies to proliferate drilling and exploration of oil and gas, thus potentially further disrupting the progress towards achieving the Paris Agreement and UN SDG goals.

This against a background of continued subdued global economic recovery. The latest World Bank data suggests global real GDP growth projected at a stagnating 3.2% in 2025, the same as in 2024. The advanced economies too are stuck at 1.8% GDP growth in 2025, the same as in 2024, way behind the 4.2% GDP growth projected for Emerging and Developing Economies.

During this Quarter, Moody's Ratings affirmed ICIEC's Aa3 Insurance Financial Strength Rating (IFSR) with a stable outlook in October 2024 for the 17th consecutive year, underscoring the Corporation's strong standalone credit profile and ongoing support from key shareholders, including the Islamic Development Bank (IsDB) and sovereign members of the Organization of Islamic Cooperation (OIC).

This is the last Quarter in 2024 when we mark the 30th Anniversary of ICIEC, which gives us an opportunity to assess the State of the Credit and Investment Insurance Industry at a time of great flux and ongoing economic and geopolitical uncertainties facing the world and especially ICIEC's 50 Member States. A core trend in the credit and investment insurance industry is Transitioning Towards Trade Finance and Project Guarantees in Renewables and Green Finance.

These are the issues explored in our two Insight articles. The first one will review the state of the credit and investment insurance industry per se and focus on ICIEC's activities, highlighting key developments, especially with a critical shift towards new markets, long-term solutions, and new products and an eye on the coming new year of 2025.

The changing landscape of the credit and investment insurance industry is highlighted by the latest data from the Berne Union where the industry supported USD2.46 trillion in new export credit commitments the first Half of 2024. This compared with Berne Union members annually providing around USD2.5 trillion of payment risk protection to banks, exporters and investors - equivalent to 13% of world cross border trade for goods and services.

The second considers the efforts in powering the renewables and green finance revolution with affordable and accessible trade finance, credit and investment Insurance. Research suggests that renewables and green finance is the new powerhouse for trade finance and project guarantees in 2025, fuelled by rising demand for sustainability finance and investment especially from private capital, and greater regulatory, reporting and disclosure compliance standards and requirements. It considers the task ahead and the challenges of the new goal that emerged from the UAE Consensus at COP28 in Dubai in 2023 - the tripling of renewable power capacity by 2030 - a key role in rapidly and drastically reducing global greenhouse gas emissions to keep the world on a 1.5°C pathway. It also discusses the role of trade finance, credit and investment insurance and ICIEC in supporting renewable energy through innovative funding and risk management solutions including through Islamic finance and Takaful.

In our Member Country Profile, our focus is on Egypt, where Eman Mahmoud, Country Manager Cairo Regional Hub, ICIEC, profiles Egypt's Economy, its development priorities and challenges, and its long-standing relations with the IsDB Group especially ICIEC.

We have our regular Meet the Team feature, which in this issue is Rahmatnor Bin Mohamad, Head of Reinsurance, ICIEC passionately discussing the Integral Role of Reinsurance in ICIEC's Operational Model - A trajectory based on network expansion and capacity enhancement.

This is followed by our regular Business Update and Project Highlights, and News and Events about the industry. The two standout features are the Service Agreement signed between ICIEC, the Arab-Africa Trade Bridges (AATB) Programme Secretariat, managed by the Islamic International Trade Finance Corporation (ITFC), Mr. Jef Vincent, and ActorX GmbH represented by Dr. Andreas Klasen, to create a three-year business plan for the proposed Africa-Arab Guarantee Fund (AAGF); and the positive outcomes of the deliberations at the AGM of the AMAN UNION in Algiers stressing the importance of innovation, collaboration and sustainable growth through the shared expertise of AMAN UNION Members.

Dr. Khalid Khalafalla
Chief Executive Officer, ICIEC

Sustained Demand for Credit and Investment Insurance in 2024

Balancing Risk Absorption with Risk Mitigation

The continued global economic and geopolitical uncertainty marked by subdued GDP growth of the G7 economies, a modest uptake in merchandise trade, the intensification of the conflicts in Ukraine and Middle East with its disruptions in the Red Sea trade route and separately in the Panama Canal Route, due to climate-related drought, have seen a sustained demand for risk mitigation in 2024. A cornucopia of other challenges including the evolving AI revolution, the digitalization of trade, a changing regulatory landscape, tackling the entrenched issues relating to climate action and finance, funding and insuring the transition to a just clean energy playbook, and sovereign debt sustainability developments have all served to unleash new emerging risks and to present credit and investment insurers with exciting new opportunities for their business strategies. ***Dr. Khalid Khalafalla, Chief Executive Officer of ICIEC,*** *considers the state of the credit and investment insurance industry in 2024, the emerging trends which require strategy flexibility, innovation and collaboration in an evolving landscape of world trade and foreign direct investment.*

If we agree with the mood music at the Annual General Meeting of the Berne Union (BU) in October in Hamburg, the leading global association for the export credit and investment insurance industry of which ICIEC is a member, then our industry was poised for a new growth phase in 2024 with opportunities in a changing global trade landscape with the beguiling lure of trade digitalisation, the adoption of electronic trade documentation and its new-found legality under UK governing law, and generative AI applications.

BU members provide over USD3 trillion in new commitments annually in support of trade – more than 10% of the total value of global exports. The data indeed point to a modest positive trajectory in 2024 despite the increased risks. The credit insurance dichotomy is that economic and geopolitical flashpoints lead to heightened risks – both perceived and real. This in turn increases demand for risk mitigation tools such as export credit and political risk insurance, surety, and guarantees.

"The year 2023 marked continued transformation in the trade finance industry. Historic levels of underwriting have led to a colossal USD3.12 trillion of support for trade over the year. As trade patterns shifted and new relationships forged companies sought protection from Berne Union members to expand their businesses in new avenues," stressed Maëlia Dufour, the erstwhile President of the BU whose 2-year term expired at the end of October 2024, in the Union's 2023 Year Annual Report. This growth saw a surge in demand for Medium-Term (MLT) and Other Cross-Border (OCB) solutions in a strategic shift towards longer-term solutions.

"We have uncovered a growing emphasis on larger and more complex transactions, extended tenors, and a heightened need to mitigate risks associated with intricate global supply chains amid high interest rates. Companies are increasingly seeking the stability and security our membership offers," she added. The emphasis for 2024 is a much greater meaningful collaboration between stakeholders around public and private risk-sharing, synergy between trade and development, and the potential for innovation amid new products and emerging approaches to export support.

Not surprisingly, BU members reported USD2.46 trillion in new commitments in H1 2024 which shows a consolidation of a new growth phase for export credit especially medium-and-long-term (MLT) business lines as well as continued diversification across a growing array of trade support products.

MLT export credit, according to the Union, saw another historically strong period, climbing 22% to USD73 bn of new business, driven by increased ECA support and expansion of underwriting from private insurers with notable growth in Europe, the Middle East and South Asia. Ocean-going vessels and mega infrastructure projects drove MLT growth, but the industry still sees the greatest opportunities in renewable energy and green transition. Members also reported new and updated products primarily focused on green support and expanded domestic support, untied and working capital products which aim to build and enable future trade ecosystems.

Geopolitical risk and economic slowdown are the biggest concerns for members, as claims remain elevated at USD5 bn – but claims ratios remain relatively benign overall. The first half of 2024 also saw a flurry of PRI claims to Russia triggered by a range of events including: expropriation, political violence and transfer. The BU is also collaborating with Finance in Common which aims to explore and promote opportunities for closer collaboration between export credit and development finance.

Berne Union Business Lines, Claims and Recoveries Data H1 2024

Attachment 1: H1 2024 Data Snapshot: New Business, Claims and Recoveries

All figures in USD millions

New Business	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024	Δ H1 23 - H1 24
ST	1,746,294	1,854,596	1,922,204	2,080,076	2,184,925	2,291,767	2,307,886	6%
MLT	50,455	63,046	48,752	69,500	59,798	105,136	72,941	22%
PRI	16,965	17,647	18,766	23,638	17,569	23,298	18,223	4%
OCB	8,164	15,928	10,447	28,188	20,995	29,381	20,350	-3%
Trade -Related	31,364	36,984	26,548	42,355	34,512	46,014	40,892	18%

Claims Paid	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024	Δ H1 24 – H2 23
ST	1,002	1,314	908	1,166	1,321	1,296	1,729	33%
MLT	2,037	2,269	1,947	1,719	2,548	2,484	2,176	-12%
PRI	52	131	243	168	36	116	634	447%
OCB	771	672	573	484	452	538	19	-96%
Trade -Related	442	307	230	254	187	513	459	-11%

Recoveries	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023	H2 2023	H1 2024	Δ H1 24 – H2 23
ST	330	274	305	227	414	285	413	45%
MLT	546	821	881	1,148	1,286	1,131	1,024	-9%
PRI	5	1	40	10	32	12	13	13%
OCB	31	77	101	107	8	22	48	114%
Trade -Related	75	95	80	119	52	49	91	84%

Source: *Berne Union October 2024*

The consensus is that renewables are the new powerhouse for trade finance and investment. Fuelled by a global focus on environmental sustainability and supportive policy frameworks, the value of supported renewable energy transactions doubled in 2024 compared to the previous years – after consecutive periods of growth. This surge reflects not only the industry's commitment to green initiatives but also the recognition of renewable energy as a stable, long-term investment, perfectly aligning with the growing demand for trade finance. This is especially in emerging and developing markets. As members continue to support renewable energy projects offering financial incentives, risk portfolios are shifting as exposures increase to this key industry.

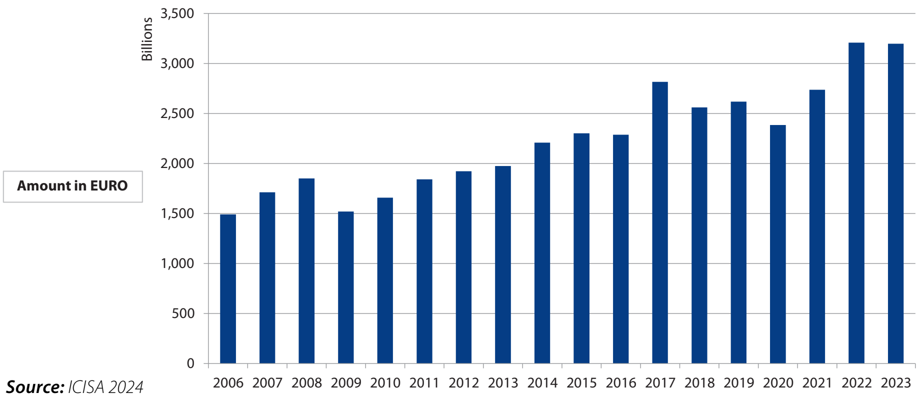
Key Takeaways for 2024

The BU Export Credit Business Confidence Trends Index for H2 of 2024, which tracks perceived demand and claims in the export credit insurance industry based on half-year surveys of BU members, noted several key takeaways:

- Cautious optimism for H2 of 2024 as the demand for ST and MLT insurance cover is expected to rise.
- Opportunities for growth lie in supporting SMEs and investment in renewables and the green transition.
- Claims under short-term policies are expected will rise in H2 of 2024 while claims for longer term business are expected to fall.
- For ST cover, Russia-Ukraine, the Middle East, and Argentina are the regions they are most watchful of; construction and consumer goods are the sectors being closely monitored due their higher sensitivity to macroeconomic conditions.
- Debt sustainability developments have meant lower sovereign-related claims under longer-tenor cover, but members remain vigilant towards countries in delicate fiscal positions, predominately in Sub-Saharan Africa and South Asia.
- Overwhelming consensus that macroeconomic and geopolitical uncertainty will shape demand and claims over the next six months. As such navigating geopolitical risks and the impact of conflicts are seen by many as the biggest challenges in H2 of 2024, albeit concerns over global macroeconomic uncertainty still linger.

Given the current landscape of credit insurance is marked by significant uncertainty and heightened risks due to a multitude of overlapping crises, Richard Wulff, Executive Director of the International Credit Insurance and Surety Association (ICISA), the first and leading trade association representing trade credit insurance and surety companies internationally, whose members account for the majority of the world's private credit insurance business, stresses that "there is substantial room for enhanced collaboration between government insurers, including state-owned entities and 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."

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



Source: *ICISA 2024*

The recent MoU signed between ICISA and the AMAN UNION of credit insurers and ECAs from the OIC countries, of which ICIEC is currently the Secretariat, is precisely aimed at advancing credit and investment insurance initiatives in member states common to both, and expanding credit insurance, extending its benefits beyond traditional high-income markets to developing countries where the sector is often fragmented and undervalued and marginalized because of the absence "hard collateral" as security.

ICISA's data for 2020 on the role of credit insurance in global trade estimates EUR12.07 bn in total global credit insurance premium, and EUR6.35 trillion of total value of insured shipments. The percentage of World Trade in 2020 protected by credit insurance was 14.52%; the percentage of the global credit insurance market represented by private insurers was 61%, and the percentage of the private market represented by ICISA was 84%.

As the only Shariah-compliant multilateral insurer in the world and member of the Islamic Development Bank (IsDB) Group, and offering a suite of alternative risk mitigation solutions, guarantees and reinsurance akin to mutual insurance (Takaful) and (ReTakaful), ICIEC is similarly subject to the bevy of emerging risks that have evolved in the last two years in addition to the usual risks associated with trade and investment insurance, and guarantees and surety. It is also beholden to the prevailing macroeconomic conditions of the 50 member countries that it serves under its mandate. Its success has been impressive over the last three decades and in its Pearl Jubilee year in 2024 it surpassed the USD121 bn mark of cumulative business insured, investment protection and guarantees in pursuit of its mandate in providing risk mitigation solutions related to trade and investment in member countries, facilitating intra-OIC trade and investment, and promoting the alternative Islamic system of financial intermediation, in its case in the provision of Takaful.

Collaboration is in the DNA of ICIEC considering its longstanding partnerships with many peer institutions, industry professional bodies namely the Berne Union, AMAN UNION and ICISA; government export promotion agencies; with private credit insurers and a range of banks and with ECAs of member countries and beyond. The Corporation has a pivotal founding association with the AMAN UNION, which was established in 2009 and of which I am currently the Secretary General.

The 14th AMAN UNION AGM in December 2024 in Algiers showcased the critical role of fostering credit insurance and trade across Africa, the Arab, and Islamic countries. By uniting diverse stakeholders, we illustrated the power of collaboration in addressing trade challenges and driving sustainable growth. Strengthened partnerships and shared expertise are paving the way for a resilient, interconnected trade ecosystem in OIC countries to boost risk mitigation and protection in trade and investment in today's interconnected world with its rising geopolitical and economic risks. In today's complex global landscape, the AMAN UNION remains a vital platform for collaboration and innovation, delivering valuable insights to benefit all stakeholders.

The AMAN UNION seeks to be the comprehensive umbrella for export insurance agencies in Arab and Islamic countries, while expanding its membership to include elite international institutions, and aims to promote the exchange of experiences, the application of best practices, and the dissemination and development of a culture of assurance. In fact, in Algiers the AMAN UNION signed a Corporate Training Services Agreement with the UAE-based RISC Institute DMCC, a leading training institution specializing in talent development for the insurance, risk management, and personal finance sectors.

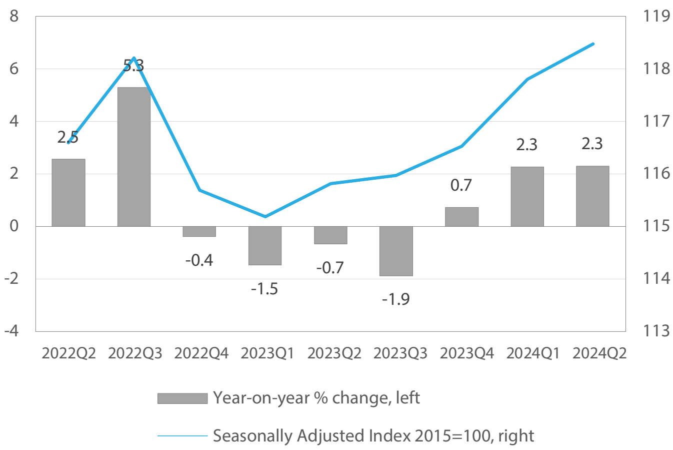
ICIEC unveiled its 2023 Annual Report in May 2024 in Riyadh at the IsDB Group Annual Meetings. The year 2023 was one of operational resilience and exceptional financial performance, showcasing a significant 14.4% y-o-y increase in insured trade and investment transactions, amounting to USD13.3 bn. The Corporation also reported an increase in its Gross Written Premium, which rose by 6.4% to USD98.3 mn. ICIEC's improvement in corporate net results reflects its ability to effectively manage policyholder commitments, enhance value proposition and demonstrate fostering confidence of our Member States. This performance trajectory is set to continue in 2024, despite the various headwinds and evolving risks.

It would be a miss not to correlate the dynamics and impact of global macroeconomic indicators especially real GDP growth, trade movements and Foreign Direct Investment (FDI) trends for 2024, all of which impact the dynamics of credit and investment insurance business and market calculations. The IMF's World Economic Outlook Real GDP Growth Projections in October 2024 reveals a subdued global growth scenario of 3.2% for 2024 and 2025. This trajectory is repeated at 1.8% for the Advanced Economies of which Canada's economy is projected to grow at the highest percentage of 2.4%.

In contrast the Emerging and Developing Economies are projected to grow 4.2% for the same years, with India way ahead at a projected GDP growth of 7% in 2024 and 6.5% in 2025, and China weighed down by its current economic woes with projected GDP growth at 4.8% declining to 4.5% for the same period. GDP growth outlook for low-income developing countries which constitute a majority of ICIEC membership is projected at a health 4.2 per cent for the two years. Of the OIC countries, Saudi Arabia's growth is projected to increase from 1.5% in 2024 to 4.6% in 2025 in line with the ambitions of the Saudi Vision 2030, while Nigeria's growth prospects are projected to increase from 2.9% in 2024 to 3.2% in 2025.

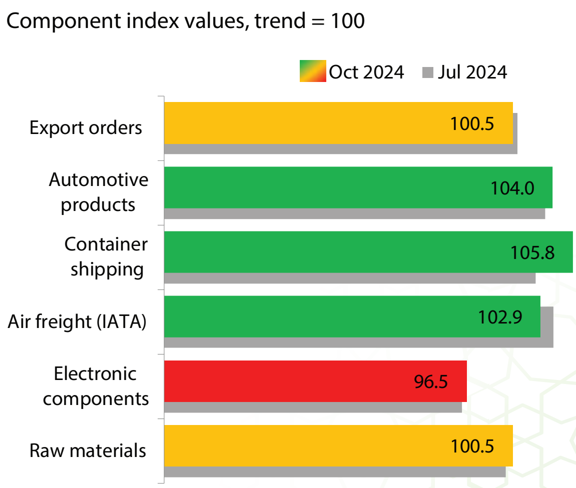
The scenario for global trade prospects in 2024 and beyond reflects a similar trajectory. The WTO's Goods Trade Barometer published on 10 October 2024 shows moderate trade growth as uncertainty looms, including possible shifts in trade policy.

World merchandise trade volume



Source: *WTO Goods Trade Barometer October 2024*

Drivers of goods trade



Source: *WTO Goods Trade Barometer October 2024*

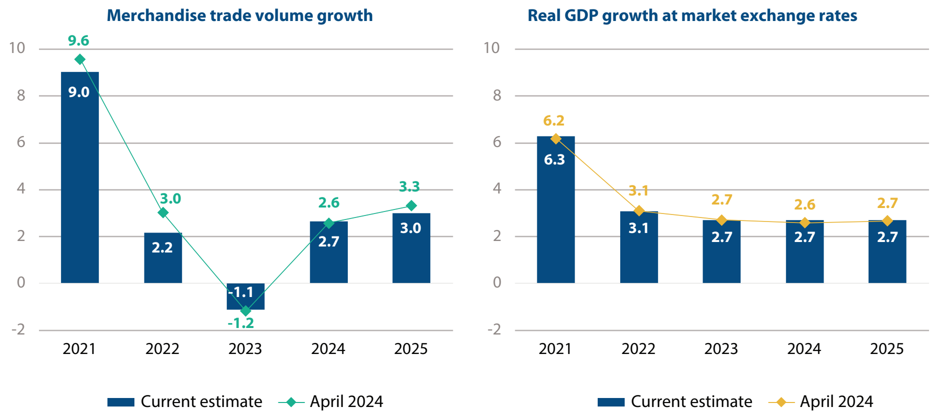
Trade volume growth for the whole of 2024 should come in at around 2.7% while growth in 2025 is expected to reach 3.0%. Exports of Asian economies and imports of North American countries grew more than expected in the first half of 2024 while European trade flows continued to decline on both the export and import sides.

The WTO's Global Trade Outlook and Statistics Update in October 2024 projects a gradual trade recovery in 2024 despite widening regional conflicts and increased policy uncertainty. "Global merchandise trade turned upwards in FH 2024 with a 2.3% year-on-year increase, which should be followed by further moderate expansion in the rest of the year and in 2025. The rebound comes on the heels of a slump in 2023 driven by high inflation and rising interest rates. WTO economists now anticipate that the volume of world merchandise trade will increase by 2.7% in 2024 and 3.0% in 2025, while global GDP growth at market exchange rates is expected to remain at 2.7% in both years," stressed the update.

Declining inflationary pressure, says the WTO, has allowed central banks in advanced economies to begin cutting interest rates, which should stimulate consumption, boost investment and support a gradual recovery of global trade. However, significant downside risks remain, including regional conflicts, geopolitical tensions and policy uncertainty. The revised trade forecast is consistent with the WTO's Global Trade Outlook and Statistics report issued in April, which predicted 2.6% growth in both merchandise trade and GDP in 2024, followed by trade growth of 3.3% and GDP growth of 2.7% in 2025.

World merchandise trade volume and GDP growth, 2021-2025

Annual % change



Note: *Figures for 2024 and 2025 are projections. Trade refers to average of exports and imports.*
Source: *WTO for merchandise trade volume and consensus estimates for GDP.*

Merchandise exports of least developed countries (LDCs) are projected to increase by 1.8% in 2024, marking a slowdown from the 4.6% growth recorded in 2023. Export growth is expected to pick up in 2025, reaching 3.7%. Meanwhile, LDC imports are forecast to grow 5.9% in 2024 and 5.6% in 2025, following a 4.8% decline in 2023. These forecasts are underpinned by GDP growth estimates for LDCs of 3.3% in 2023, rising to 4.3% in 2024 and 4.7% in 2025.

The prospects for Global FDI flows are more disconcerting. According to the UN Trade and Development (UNCTAD's) World Investment Report 2024, FDI fell 2% to USD1.3 trillion in 2023, as trade and geopolitical tensions weighed on a slowing global economy. The report underscores that the headline figure exceeds -10% when excluding a few European conduit economies that registered large swings in investment flows. FDI flows to developing countries dropped 7% to USD867 bn, with Sub-Saharan Africa attracting only USD53 bn in FDI in 2023. The Report further highlights that:

i. Tight financing conditions led to a 26% fall in international project finance deals, critical for infrastructure investment. International project finance is crucial for the poorest countries, making them more vulnerable to the global downturn in this type of investment.

ii. Crises, protectionist policies and regional realignments are disrupting the world economy, fragmenting trade networks, regulatory environments and global supply chains. This undermines the stability and predictability of global investment flows, creating both obstacles and isolated opportunities.

iii. While prospects for 2024 remain challenging, modest growth in FDI flows for the year remains possible, citing easing financial conditions and investment facilitation efforts in both national policies and international agreements.

iv. Investments are growing in several global value chain-intensive manufacturing sectors like automotive and electronics in regions and countries with easy access to major markets. But many developing countries remain marginalized, struggling to attract foreign investment and participate in global production networks.

Global merchandise trade turned upwards in first half of 2024 with a 2.3% year-on-year increase, which should be followed by further moderate expansion in the rest of the year and in 2025. The rebound comes on the heels of a slump in 2023 driven by high inflation and rising interest rates.

Foreign direct investments declined in most regions

Foreign direct investment (FDI) inflows by economic grouping and region, billions of dollars and percentage change

Source: *UN Trade and Development (UNCTAD)*

Credit and Political Risk Insurers (CPRIs) also faced new challenges as the year 2024 is ending. The European Banking Authority (EBA) released its long-awaited recommendation on the treatment of credit insurance as a credit risk mitigant (CRM) tool under the Basel regulation. The EBA decided against recommending an alternative approach for banks using credit insurance for credit risk mitigation. This topic now moved to the European Commission, which must balance financing the real economy with the need for competitiveness and innovation, while considering the EBA's strict adherence to Basel standards.

Geopolitical tensions pose downside risks to the global economy and is adding challenges to CPRI underwriters through a surge in uncertainties, from protectionism to political uncertainty in major EU countries and ongoing conflicts in Russia-Ukraine and the Middle East, including tensions in the South-China-Sea and with Taiwan. This is a moving environment which requires proactive adaptation from underwriters and guarantors.

Powering the Renewables and Green Finance Revolution with Affordable and Accessible Trade Finance, Credit and Investment Insurance

Research suggests that renewables and green finance is the new powerhouse for trade finance and project guarantees in 2025, fuelled by rising demand for sustainability finance and investment especially from private capital, and greater regulatory, reporting and disclosure compliance standards and requirements. A new goal that emerged from the UAE Consensus at COP28 in Dubai in 2023 is the tripling of renewable power capacity by 2030 - a key role in rapidly and drastically reducing global greenhouse gas emissions to keep the world on a 1.5°C pathway. In 2024, the COP28 Presidency designated the International Renewable Energy Agency (IRENA) as the custodian agency for tracking and reporting on the various goals each year through 2030. The latest data is sobering and finds that across almost all metrics – excepting Solar PV capacity growth – the world has fallen further behind the trajectory of renewable power capacity additions and energy efficiency improvements needed to meet the UAE Consensus goals. ***Mushtak Parker*** *surveys the initiatives to enable a course-correction that will re-align energy transition with the Paris Agreement goals and the 2030 UN SDG targets, and considers the role of trade finance, credit and investment insurance and ICIEC in supporting renewable energy through innovative funding and risk management solutions.*

Despite a record growth in renewables in 2023, the global net zero and energy transition targets risks are falling well short. Where there is deployment, significant regional disparities emerge with the Global South increasingly being left behind.

Low-and-Medium-Income-Countries (LMICS) whose carbon emissions are miniscule compared to the Western economies and the large greenhouse gas emitters such as China, India, Russia are disproportionately affected especially in catastrophic climate-related events such as an increased incidence of floods, landslides, drought, tornadoes and hurricanes.

As Mr. Flavien Joubert, Minister for Agriculture, Climate Change and Environment of Seychelles, comprised of an archipelago of small islands and very vulnerable to rising sea levels and other climate-related events, stressed at COP29 in Baku "while the potential for renewable energy is vast, the road to harnessing it effectively is laden with obstacles. It's imperative that we approach these challenges with determination, innovation, and solidarity."

Several climate scientists, policymakers from the Global South, NGOs and activists maintain that what is needed is a fundamental cultural change across all stakeholders to support climate change policy, the urgency of resource mobilisation, risk management, implementation and collaboration. There are signs that global goal or tripling renewables by 2030 is starting to gain momentum uniting behind the UAE Consensus at COP28 in Dubai. The danger is without the traction and investment, this may be misconstrued as a mere gesture of doing too little too late.

Institutions across the board are scurrying towards establishing committees, working groups and their own sustainability, ESG, energy transition and climate action playbooks, strategies and assessments. Platts, part of S&P Global Commodity Insights, similarly, launched Renewable Transport Fuel Certificate (RTFC) assessments Platts, has launched daily assessments for UK Renewable Transport Fuel Certificates (RTFC), effective Jan. 6.

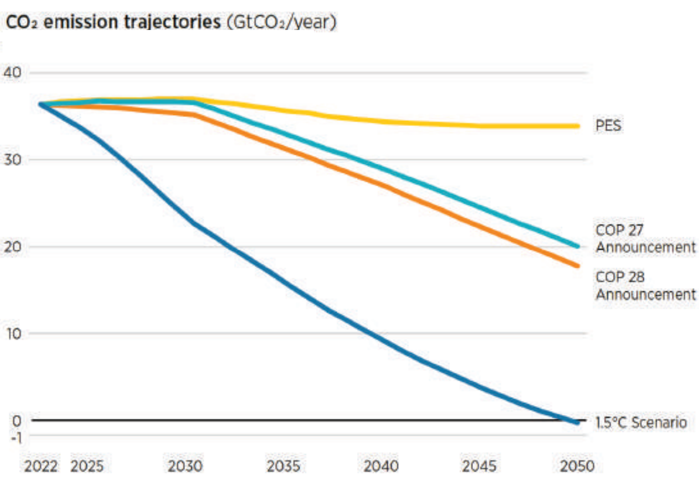
These new assessments follow the launch of the German greenhouse gas quota (THG) assessments in November 2024 and the Netherlands renewable energy units (HBE) assessments in January 2024, reflecting the growing importance of the relevant tickets markets in determining biofuels prices in Europe.

Another major development is the introduction of the European Green Bond Standard (EGBS) by the European Union, which enabled new issuers now choosing to use the new "European Green Bond" label, launched on 21 December 2024, when marketing a euro-denominated green bond to investors. According to the Institute for Energy Economics and Financial Analysis, this could see billions of euros of green bonds aligned with the EGBS.

Part of the problem is that these playbooks are based on overlapping concepts and taxonomies which creates confusion and cynicism and gives succour to the rising populist push back against climate related and clean energy policies in some countries including the US. The number of taxonomies – more than a dozen thus far - makes a mockery of any semblance to collaboration as countries or regional groups try to jockey for ascendancy more to do with economic self-interest than climate mitigation and adaptation. Whether it is the UNEP, OECD, EU or any other gatekeeper organisation, it is high time the COP process designs and embrace a dedicated, unified and globally accepted taxonomy relating to the components of climate change perhaps in the form of a Treaty or Convention. This is vital because it would create a level playing field for all actors and deal with the issue of fragmentation and de-globalisation.

The stand-off between continued fossil fuel activities and transition to renewables is one reason why the latter has not flourished at the required pace. This so-called stand-off is NOT a zero-sum game as it is often perceived by some governments and stakeholders. We have long past the metric of "Let the Polluters Pay' and of the large economies and carbon emitters such as China, India and Brazil crying foul over the unabashed historical emissions related to the largely western economies which fuelled their development and prosperity whether through the Industrial Revolution and the scramble for colonial largesse. While compromise should be the order of the now, progress towards the Paris and UN SDG goals will depend on the stated acknowledgement of a shared solution based on pragmatism, urgency, resource commitment and achievable goals, devoid of ideology, hubris and obfuscation.

Energy-related CO_2 emission trajectories



Source: *IRENA (2024), World Energy Transitions Outlook at www.irena.org*

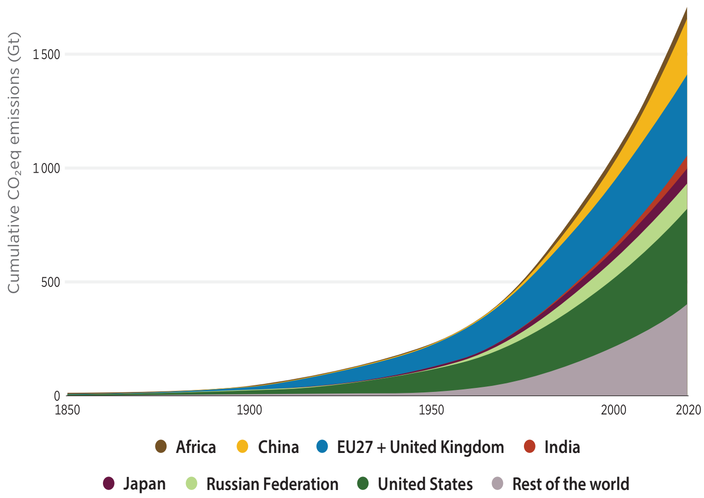
Proactive Engagement on Climate Finance and Risk Mitigation

The credit and investment insurance (CII) industry has proactively engaged with the climate action ecosystem. Many multilateral insurers such as ICIEC and MIGA, and national and private export credit agencies are signed up to the Principles of Responsible Insurance. Similarly, 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).

UKEF, which has a long-standing collaboration with ICIEC, also launched the Greatest Opportunities and Risks for Export Credit and PRI Industry in 2024 support package for transactions supporting climate adaptation and sustainability across Africa and the Middle East, including a GBP226 mn facility for the Iraqi Government to develop clean water and sewage treatment infrastructure in Hillah City.

The Berne Union (BU), the leading global association for the export credit and investment insurance industry of which ICIEC is a proactive member, has a well-established Climate Working Group which organises regular multi-stakeholder workshops and meetings on credit insurance and climate-related topics. The latest one scheduled is at end of February 2025 in London and will focus on the practical implementation of sustainability in the export credit and investment insurance industry. "The objective," says BU, "is to establish a dialogue which can connect the thread of sustainability implementation across the industry, from policy and strategy through technical analysis to delivery in concrete transactions." Of note is the focus on "exploring an overarching framework for sustainability in export credit and investment insurance industry."

Cumulative carbon dioxide emissions by region, 1850-2020



Based on: *Global Carbon Budget, with major processing by Our World in Data (Andrew and Peters, 2024).*
Notes: *The United States had the highest share (25%) of cumulative global emissions between 1850 and 2020. It was followed by the EU27 + the United Kingdom, at 22.5%, and China, at 14%. Africa's cumulative share is just 2.7%. Further, the average American had a carbon footprint of 14 tonnes of carbon dioxide equivalent (tCO2eq) in 2020, while the average African had a footprint of 0.95 tCO2eq. The required global per capita average to achieve the 1.5°C target is 2.0 tCO2eq (AfDB, 2022). EU27 = 27 Member States of the European Union; Gt = gigatonnes.*

At the same time the 15th Assembly of IRENA themed 'Accelerating the Renewable Energy Transition - The Way Forward (Energy security, Socio-economic development and Financing options)" convenes in Abu Dhabi in January 2025 coinciding with the 5th World Energy Transition Day, basically to evaluate progress and outline actions to accelerate the global renewable energy transition.

The various sessions aim to address emerging global trends and pressing issues, such as achieving the tripling the renewable energy goal by 2030 through international cooperation, raising ambitions for the upcoming Nationally Determined Contributions (NDC 3.0), charting energy transition pathways in emerging economies, ensuring financial flows for an inclusive transition, and leveraging innovative investment tools.

Erstwhile BU President, Ms. Maëlia Dufour, also a seasoned credit insurer as Chief International Officer, BPIfrance Assurance Export, confirmed in a recent interview with ICIEC Newsletter that "the two top priorities in demand according to our members is a big increase in demand to underwrite SME business and all aspects of climate related projects involving green and transition projects. We deal a lot with clean energy transition projects and green projects. Regarding climate action and finance, we look at three things: i) Decarbonisation of our portfolio; ii) Creating financial incentives to better insure green and transition projects; iii) Government policies and strategies and considering the statements of the various COPs."

The phasing out of fossil fuels will take some time, she added. "The credit insurance industry is no longer interested in underwriting the coal, oil and gas industries. There are some countries that have been very clear in that that they will not support investments in fossil fuels. There are new emerging sectors such as critical minerals – nickel, manganese, lithium, cobalt etc. We see greater movement in this direction, and it is now becoming a priority sector for our members."

Ms. Dufour's successor, Mr. Yuichiro Akita of NEXI, who was elected as the new President of the BU in October, has lost no time in articulating his new forward-thinking "STRIDE" framework, 'Sustainability Through Resilience, Innovation, and Diversity for Empowerment,' which emphasises the need for deep collaboration across BU's diverse membership base and unprecedented adaptability in confronting climate change, geopolitical shifts, digitalisation, and technological risk.

The changing landscape of the CII industry is highlighted by the latest data from the BU where the industry supported USD2.46 trillion in new export credit commitments the first half of 2024. This compared with BU members annually providing around USD2.5 trillion of payment risk protection to banks, exporters and investors - equivalent to 13% of world cross border trade for goods and services.

Thus, it is not surprising that Members of the Berne Union in its Business Confidence Index Survey (BCIS) for Second Half 2024 signalled that opportunities for growth lie in supporting SMEs and investment in renewables and the green transition. According to the Survey findings, "a recurring theme among members is the anticipated surge in demand from investment in renewable energy projects, with renewable energy and the green transition identified as the two greatest opportunities for their organizations over the next six months. Regionally, higher demand is expected to materialise in Sub-Saharan Africa and the MENA region, where many members have a strategic focus."

These two regions are where the overwhelming majority of IsDB's and ICIEC's membership are located and could not illustrate the business case for more ICIEC involvement in underwriting such business. On a 1-4 scale, 4 being most important, 70% of respondents ranked Renewables as a 3 or 4, and 63% ranked Green Transition as a 3 or 4 in terms of greatest opportunities for their organisation in the next six months.

Renewables – the State of the Sector

No sooner had IRENA Director-General Francesco La Camera proclaimed that 2024 marks a year of records and a pivotal moment in the global energy transition as renewable energy surges to unprecedented heights, in the same breath he gave a health warning that "despite the remarkable progress, the pace of change remains insufficient to meet the ambitious goal of tripling renewable energy capacity by 2030 – a critical milestone for keeping global temperature rise below 1.5°C."

The entire narrative relating to climate change, action, adaptation, mitigation and finance is couched in this fundamental dichotomy. As if the march towards a world bereft of fossil fuel generated power, towards a sustainable renewable energy dispensation encompassing hydro, solar, wing, bioenergy, geothermal and marine energy, is held hostage by this perversity of a clash of energy resources harnessing pitting the evidence-led science of global warming against the climate sceptics, distractors and deniers.

There is no doubt that the fossil fuel-driven growth model has proven to be unsustainable for both people and planet, and the immediate future is that of an evolving energy landscape – one in which fossil fuels inevitably play a diminishing role. The latest data from IRENA confirms global renewable generation capacity (GW) of 3865 GW in 2023, 16.2 million jobs created in renewable energy sector albeit almost half of them in China, and power generation costs (2023 USD/kWh) flattening out for PV, Onshore Wind, Offshore Wind, and Concentrating Solar Power since 2020.

Today, even without subsidies, says IRENA, solar and wind power stand cost-competitive with fossil fuels and have emerged as the preferred choices for new power generation. In fact, renewables accounted for 86% of all new power generation in 2022. The sector now employs more people than the fossil fuel sector. In the UK in 2024 wind power contributed more to the national grid than natural gas for the first time.

Trade route disruptions, conflicts, and economic uncertainties, have all served to undermine or at least slow down the transition to clean energy. The LMICS despair because as disproportionate victims of climate change, they want more emphasis on a just transition which incorporates a fair financial allocation for mitigation and adaptation and removing the inequalities and barriers to affordable and equitable climate finance.

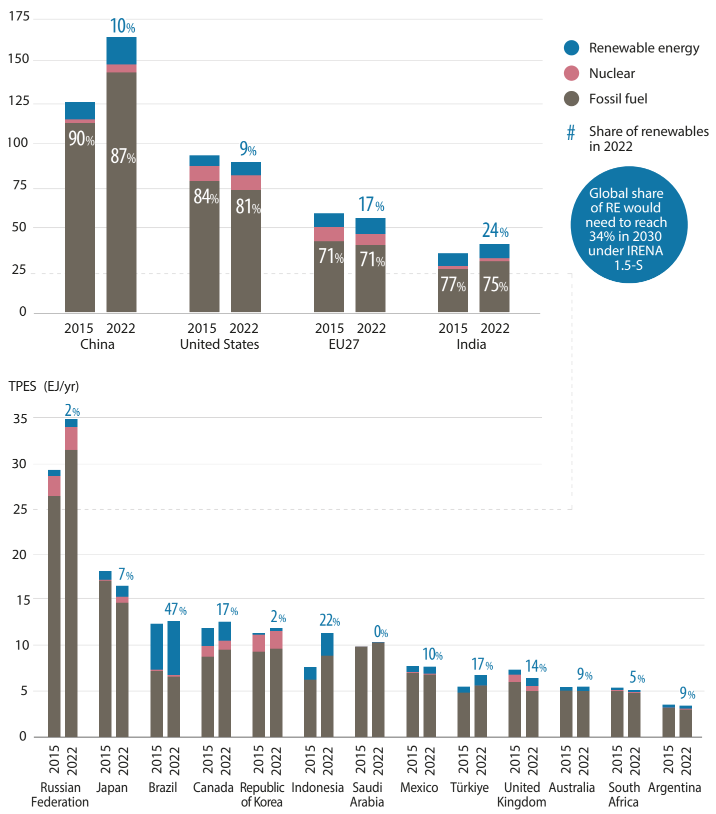
The reality according to the latest IRENA data which also draws from the International Energy Agency data, annual investment in renewable capacity would have to triple, from a new record high of USD570 bn in 2023 to USD1.5 trillion every year between 2024 and 2030, thus confirming the first official progress report of the landmark energy goals established by the UAE Consensus at COP28 in Dubai. Tripling renewable power capacity and doubling of energy efficiency to meet the global goals, installed renewable capacity would have to grow from 3.9 terawatt (TW) today to 11.2 TW by 2030, requiring an additional 7.3 TW in less than six years. Yet, current national plans are projected to leave a global collective gap of 3.8 TW by 2030, falling short of the goal by 34%.

In addition, notes the progress report, the annual energy intensity improvement rate must increase from 2% in 2022 to 4% on yearly base up to 2030. This will require faster progress in efficiency measures and electrification across multiple sectors, including transport, building and industry.by 2030 are critical enablers for keeping the 1.5°C goal within reach.

These shortfalls, says IRENA's Francesco La Camera highlight the inadequacy of existing policies and plans to limit global temperature rise to 1.5°C, underscoring the need for urgent policy interventions and massive investment. The third round of Nationally Determined Contributions (NDCs) under the Paris Agreement in 2025 must close the gap towards 2030.

World Energy Transitions Outlook 2024

Total primary energy supply in G20 nations, by energy type, 2015 and 2022



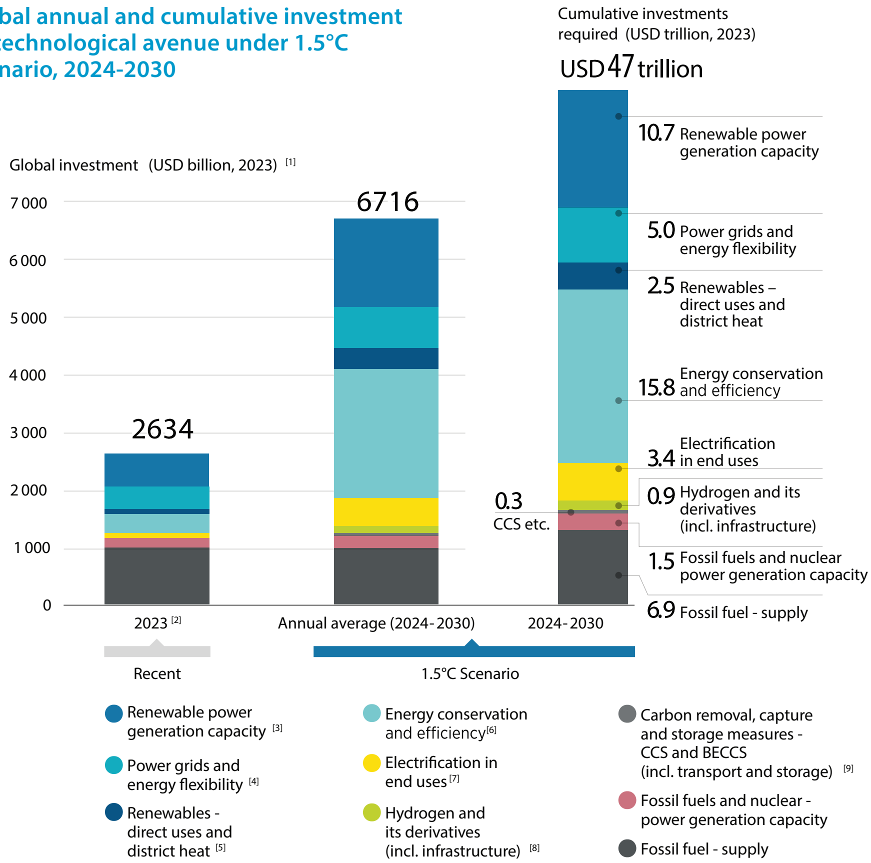
Note: *Historical data from (IEA, 2024); Renewables include hydro, solar, wind, bioenergy, geothermal, and marine energy; TPES = total primary energy supply; EJ = exajoule; yr = year; RE = renewable energy; 1.5-S = IRENA's 1.5°C scenario.*

Source: *IRENA World Energy Transitions Outlook 2024*

"While the momentum behind renewable energy is unprecedented," says an exuberant Mr. La Camera, "it's clear that we are still falling short of where we need to be by 2030. Industry has proven time and again that we can deliver – and even surpass – expectations when the right frameworks and policies are in place. Now is the time for governments to seize the opportunity of the NDC review, to set ambitious, specific and actionable plans that bridge the current gap and achieves the global 3xRenewables target by 2030. Our message is clear: Now Deliver Change."

The progress report concludes that to deliver the UAE Consensus goals on the ground, significant advances will be required across the key enablers of the energy transition, namely: infrastructure and system operation, policy and regulation, supply chains, skills and capacities, finance, and international collaboration.

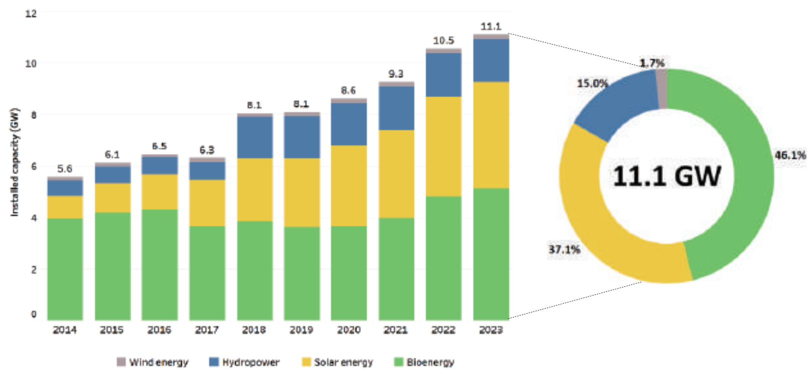
Global annual and cumulative investment by technological avenue under 1.5°C Scenario, 2024-2030



Source: *IRENA World Energy Transitions Outlook 2024*

Bruce Douglas, CEO of the Global Renewables Alliance, implies an effective apartheid system in funding renewables in developing countries. "Emerging and developing economies continue to face financing gaps that undermine access to capital-intensive energy transition technologies. Renewable power investments in Africa declined by 47% between 2022 and 2023. Sub-Saharan Africa received 40 times less than the world average per capita transition-related investment. Reducing this gap involves securing financing at better terms by mitigating country risks and increasing the availability of concessional finance, mostly from multilateral and bilateral development funds and financing institutions and philanthropies," he stressed in the progress report. International collaboration, maintains Mr. La Camera, will be crucial to better channel funds to achieve climate, development and industrialisation goals for a more equitable world. Agreement on a robust New Collective Quantified Goal (NCQG) of climate finance at COP29 will be vital for enhancing financial support for climate action as well as inspiring ambitious targets in the NDC 3.0 submission process in 2025.

Off-grid renewable power data and capacity by technology



HEADLINE FIGURES

11.1 GW

Global off-grid renewable power capacity at the end of 2023

Bioenergy	5.1 GW
Solar	4.1 GW
Hydro	1.7 GW
Wind	0.2 GW

155 million

People used off-grid renewable power at the end of 2023

33 million

People in households had under 8 hours of electricity per day using off-grid systems for basic lighting and entertainment purposes in 2023

2 098 thousand

Cumulative number of off-grid renewable systems used, by sector end-use in 2023

Public lighting	1 296
Agriculture	511
Health	149
Communication	94
Education	46
Tourism	2

Source: *Off-Grid Renewable Energy Statistics 2024 IRENA*

Renewable energy data does not include off-grid electricity production from renewables, which largely are unrecorded in most countries, and which is believed to be expanding rapidly. IRENA has started to collate data from various sources which confirms the proliferation of such renewable energy inputs. IRENA defines off-grid renewable systems as renewable technologies that serve people in rural/remote areas that have no physical connection to the national power grid. Additionally, an establishment with a physical connection to the grid that uses an off-grid system to provide backup power or reduce electricity bills is considered grid-tied and not off-grid.

The key developments in off-grid renewable energy are clear and present:

- Global off-grid renewable power capacity3 amounted to 11.1 GW at the end of 2023, doubling since 2014.
- Bioenergy, predominantly solid biofuels used in off-grid cogeneration plants, dominated the off-grid renewable capacity mix since 2014 and accounted for 5.1 GW in 2023.
- Off-grid solar capacity grew almost five folds in the same period and contributed 4.1 GW to the capacity mix by the end 2023.
- Some 155 million people used Off-grid renewable power at the end of 2023.
- The world invested a record high USD570 bn in renewable energy in 2023, of which Africa only got USD4.7 bn – down 47% on the previous year.
- Some 675 million people were without any access to electricity in 2021.
- The GCC countries especially Saudi Arabia and the UAE are some of the major drivers behind the renewables industry led by ACWA Power and Masdar with billions of dollars in investments proliferating all over Africa, Central Asia and Asia. China of course is a dominant player in the renewables sector.

Opportunities and Challenges for Islamic Climate Finance and Insurance

It is difficult to gauge the true extent of the involvement of Islamic finance and insurance in climate action, let alone renewables and Green Finance. This is because of the dearth of reliable data, its collation and the confusing and fragmented nomenclature and absence of a dedicated Shariah-compliant taxonomy relating to climate action.

Governments, sovereign wealth funds, corporates, banks and even the odd social institutions have all issued Green Sukuk, Sustainability Sukuk and ESG Sukuk, and over the last two years there has been a preference to issue Sustainability Sukuk in line with newly launched Sustainability and Green Finance Frameworks. There have also been a number of Murabaha Syndicated Financing Facilities specifically aligned with sustainable trade and green projects. Commercial banks are also introducing incentivised financing packages linked to sustainable projects and campaigns such as energy transition and the use of solar panels for heating in housing.

The industry can learn much from the engagement of Chinese companies in the renewables and clean energy sector. It was Tadau Energy Sdn Bhd, the Malaysian subsidiary of Edra Solar Sdn Bhd and Kagayaki Energy Sdn Bhd, part of the giant Chinese clean energy group, China General Nuclear Power Corporation, who closed "the World's and Malaysia's first green Sukuk" – the RM250 million Green Sukuk Tadau in 2017. The proceeds of the Sukuk were used to finance the construction of a 50 MWAc solar project in Kudat, Sabah under purchase agreements signed with Sabah Electricity Sdn Bhd. The Sukuk was certified as a green issuance by the Centre for International Climate & Environmental Research, Oslo, Norway.

Next it was the turn of BEWG Malaysia Sdn Bhd, a subsidiary of Hong Kong-based Beijing Enterprises Water Group Limited (BEWGL), the leading Chinese wastewater and sanitation company, with a RM400 million Sukuk Wakalah, the first ringgit Sukuk issued by a Chinese conglomerate for a water infrastructure project and the first Sukuk issued by a Chinese company. The proceeds of the Sukuk were used to part finance the RM687 million upgrading of the Bukit Sah water treatment plant in Kemaman, Terengganu.

The general Takaful sector has hitherto been modest in its engagement in climate-related risks partly because of lack of capacity, low capitalisation, paucity of relevant products, lack of experienced staff, low market penetration, a disconnect between Islamic finance and Takaful in general, and a conservative approach to insurance in general.

The outstanding exception to the rule is Shariah-compliant credit and investment insurance, of which ICIEC, the only Shariah-compliant multilateral insurer in the world and a member of the Islamic Development Bank Group, has made real impact on the development agendas, the lives and livelihoods of its 50 member states and their constituents over the last 30 years. ICIEC marked its 30th Pearl Anniversary in 2024,

achieving a historic milestone in cumulative insured business surpassing USD121 bn over its 30-year history, significantly contributing to social and economic development across various sectors globally.

ICIEC in 2024 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 IRENA.

As a signatory to the Principles for Responsible Insurance, Shariah-based SRI, Sustainable Finance and ESG Finance are firmly embedded in ICIEC's due diligence process through linking all new business insured, guarantees, and reinsurance with the UN SDG and Paris climate action indicators. ICIEC actively acts as a crowding catalyst in private sector capital mobilization and participation towards achieving the SDGs and Net Zero targets.

During 2024 several impactful transactions were closed in clean energy and sustainable development. In Senegal, ICIEC and Standard Chartered signed a EUR103 mn Non-Honouring of Sovereign Financial Obligation (NHSFO) policy agreement to support the government's initiative to install 50,000 off-grid solar streetlamps in rural areas. This milestone advances renewable energy adoption, enhancing safety, boosting economic activities, and reducing carbon emissions while improving life quality in rural communities.

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

The Senegal transaction is an important 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, he added.

The Corporation is committed to helping its 50 Member States achieve their development goals, including resilience, mitigation and adaptation to the threats posed by climate change. The Corporation's cover is directed towards various sectors, with USD2.35 bn 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, Dr. Muhammad Al Jasser, also unveiled a USD1 bn climate finance initiative for fragile and conflict-affected member countries over the next three years, in which ICIEC is bound to participate.

Another important development is the Service Agreement ICIEC signed with the Islamic International Trade Finance Corporation (ITFC), Jef Vincent, and ActorX GmbH to create a three-year business plan for the proposed Africa-Arab Guarantee Fund (AAGF).

This collaboration is designed to strengthen trade and investment ties between the Arab and African regions, fostering economic integration and mutual growth. The agreement was finalized at end November 2024 during the AMAN UNION Annual General Meeting. As the Coordinator of the AAGF, ICIEC is joining forces with ITFC, which represents the Secretariat of the Arab-Africa Trade Bridges (AATB) Programme, of which ICIEC is the insurance pillar.

The aim is to provide a clear roadmap for the establishment and operationalization of the Fund. The initiative will include comprehensive market analysis, consultations with stakeholders, and strategic recommendations to ensure that the Fund operates efficiently and sustainably.

ICIEC first proposed the establishment of the AAGF in 2022 under the aegis of the Arab Africa Trade Bridges (AATB) Programme, launched in 2010 by the OPEC Fund for International Development (OFID), Arab Bank for Economic Development in Africa (BADEA), IsDB, ICIEC, Afreximbank, ITFC and the Governments of Egypt, Morocco, Senegal and Tunisia.

The AAGF provides "a scalable structure that aims to mobilize financial resources and risk mitigation capacity to support trade and investment in Arab and African countries; and ensures that all-in pricing of transactions is optimized for the end beneficiaries through blended structures." It comprises three sub-funds, including an Arab Africa Green Facility, an Arab Africa Food Security Facility, and an Arab Africa Health Facility.

Recently also ICIEC has signed MoUs with the Korea Overseas Infrastructure and Urban Development Corporation (KIND) to enhance collaboration on Public-Private Partnership (PPP) projects in ICIEC Member States and the Republic of Korea focusing on critical infrastructure, clean energy technologies, and the generation of renewable energy.

Similarly, ICIEC and the Japan Bank for International Cooperation (JBIC) signed an MoU to enhance cooperation and support the development and flows of trade and investment between ICIEC's member states and Japan. This strategic MoU aims to establish a solid collaboration between ICIEC and JBIC by leveraging ICIEC's insurance services and JBIC's financial facilities. The partnership will facilitate transactions involving Japanese companies as exporters, EPC contractors, or investors in projects that promote the development of ICIEC's member states, with a particular focus on Central Asia and climate action projects such as renewable energy generation.

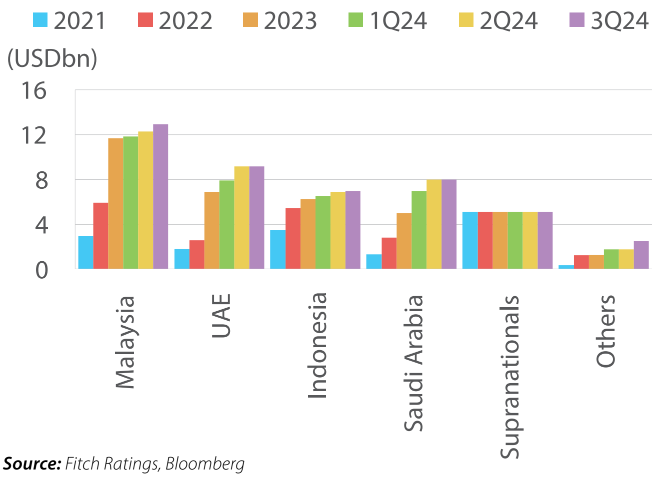
The challenge for the CII Industry is that of scale and reach. The CII industry base is low, and its market penetration and premium income are subdued compared with the conventional insurance market. But some encouraging trends are emerging, albeit the differential with the conventional Green Bond market of over USD1 trillion, remains huge. Take for instance Green, ESG, SRI and Sustainable Sukuk, the estimates vary from USD20-USD50 bn.

In a report published end October 2024, Fitch Ratings expects ESG Sukuk issuance to continue rising over 4Q24-2025 and cross USD50 bn outstanding, driven by investor demand, funding and diversification goals, along with sustainability initiatives in some Muslim-majority countries.

"Sukuk are becoming a key ESG funding tool in emerging markets (outside China), reaching 17.2% of all ESG US dollar debt issued in 9M24. In addition, 40% of all ESG bonds and Sukuk in EM (outside China) were issued by the core Islamic finance markets of the UAE, Saudi Arabia, Qatar, Turkiye and Indonesia. We expect this share to rise. Risks include a weakening sustainability drive, Sukuk sharia-compliance complexities, geopolitical risks and oil volatilities," said the report.

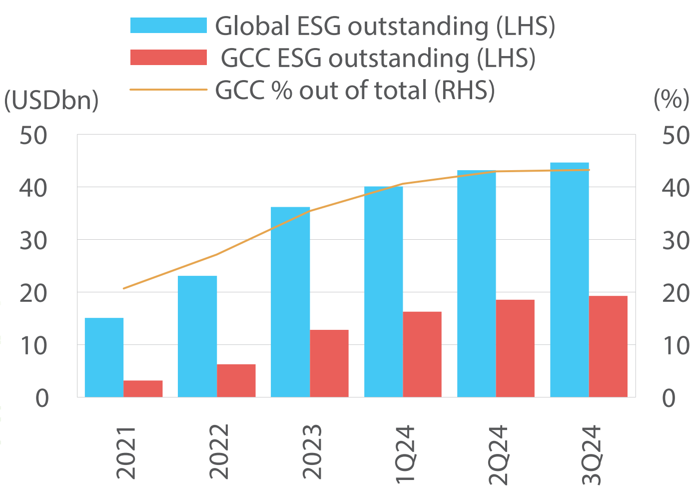
ESG Sukuk were only 5% of global Sukuk outstanding but had expanded 34% yoy to USD44.6 bn outstanding at end-3Q24 (all currencies), outpacing the global Sukuk market growth of 8.5% yoy. In 9M24, ESG Sukuk issuance rose by 14.7% yoy in the Islamic finance core markets (the GCC, Malaysia, Indonesia, Turkiye and Pakistan) to USD8.9 bn, while ESG bond issuance fell by 18% yoy (USD12.9 bn), with outstanding ESG Sukuk at about 44% (all currencies). In the GCC, ESG debt was USD46.3 bn, with about 42% in Sukuk.

ESG Sukuk Outstanding by Country



Source: *Fitch Ratings, Bloomberg*

ESG Sukuk Outstanding (Global & GCC)



Source: *Fitch Ratings, Bloomberg*

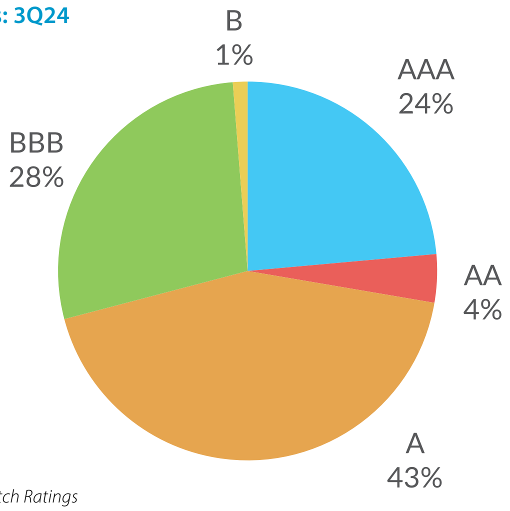
Another important driver is that ESG Sukuk could help issuers diversify funding and tap ESG-sensitive international investors, especially for tenors beyond 7 years. A notable case says Fitch is the July 2024 Indonesian sovereign US dollar Sukuk (rated BBB). The 30-year green Sukuk tranche attracted 90% investors from Europe, the US and Asia (excluding Malaysia and Indonesia). In contrast these groups constituted 41% of investors in the five-year non-green Sukuk tranche and 31% in the 10-year non-green Sukuk tranche.

Here there are also potentially good opportunities for ICIEC in rolling out its Sukuk Insurance Policy (SEP), especially for sovereign issuers who are rated investment grade or below, or unrated. For this to happen ICIEC's senior management led by new CEO Dr. Khalid Khalafalla, could come up with a revised strategy to operationalise the SEP to greater and proactive synergy with the Corporation's underwriting of Green and energy transition projects especially as the demand for such projects increase incrementally.

There is also another initiative in which the IsDB Group especially ICIEC, as the insurance pillar of the Group, could play a vital role in helping to democratise access to risk mitigation Takaful products in the Member States at the MSME level to build resilience to climate change.

ESG Sukuk Outstanding (Global & GCC)

Ratings: 3Q24



Source: *Fitch Ratings*

Hard-Currency ESG Sukuk Outstanding Out of Total ESG Bonds & Sukuk– 3Q24

Country	(%)
Bahrain	100
Malaysia	52
Indonesia	51
Kuwait	50
Saudi Arabia	47
UAE	40
Qatar	19
Turkiye	2

Source: *Fitch Ratings, based on Bloomberg adjusted data*

In this respect it was also encouraging to see the launch of The Global Takaful Alliance (TGTA) – A Shared Vision to Deliver Financial Resilience through Takaful at COP16 UNCCD in Riyadh in December 2024 under the session theme of "Harnessing the power of the market," which essentially reinforces the importance of private sector involvement in just and clean energy transition, given that governments alone do not have resources to do so on their own. This official event was organized by the Islamic Development Bank (IsDB) in partnership with UNDP through its Insurance and Risk Finance Facility. It was an opportune time to articulate the TGTA, a public-private partnership to enhance the financial resilience of Muslim communities to rising risks, including climate change, land degradation, drought and environmental challenges, through Takaful, a Shariah-compliant alternative to mutual insurance. The Alliance aims to build Takaful markets and products with an overarching goal of reaching 100 million people by 2030.

ICIEC's role here could be specifically aimed at MSMEs. As a multilateral insurer, it does not under its mandate get directly involved in covering individual and household risks to climate-related events, but it can support Takaful operators by offering risk and resilience mitigation micro-Takaful products. "The protection gap from disasters (the difference between losses insured or not) in most developing countries," maintain the promoters of TGTA, is often well above 90%, and in numerous developing countries, insurance remains remarkably low, with merely 7% of individuals on average being covered by any form. The lack of financial resilience exposes households to the vulnerabilities of medical emergencies subjects small-scale farmers to the uncertainties of climate-induced crop failures, leaves SMEs susceptible to overwhelming losses caused by catastrophic events, and prevents heavily indebted countries from accessing critical financing to support recovery and reconstruction post disaster."

Balancing Egypt's Dynamic Economic Landscape with its Persistent Macroeconomic Challenges

Harnessing A Unique Relationship with the IsDB Group and ICIEC

Egypt is a key founding member of the OIC, IsDB, and ICIEC. Cairo is keen to expand its relationship with ICIEC as evidenced by the activities of the Corporation's Hub in Cairo and the sentiments of various Egyptian ministers, officials and corporates. Egypt's economic landscape remains dynamic, influenced by both domestic and external factors. While the country has made significant strides in recent years, challenges persist, particularly in the areas of inflation, debt, and foreign exchange reserves. ***Eman Mahmoud Country Manager, Cairo Regional Office, ICIEC,*** *profiles Egypt's Economy, its development priorities and challenges, and its long-standing relations with the IsDB Group especially ICIEC.*

Economic Overview

The Egyptian economy demonstrated robust growth in FY2021/22, recovering from the COVID-19 pandemic. However, recent data suggests a slowdown in economic growth in Q3 FY2023/24, reaching a low of 2.2%. Nevertheless, the outlook for FY2024/25 remains positive, with projected growth of 4.2% driven by increased investment, a recovery in the manufacturing sector, and the anticipated end of the Gaza conflict.

The government plans to cut spending in response to the economic crisis. This includes delaying state projects that require significant foreign currency funding and reducing expenses related to travel, training, and conferences for officials. The government focuses on large-scale privatisation and asset sales as part of its economic stabilisation measures. These measures aim to address balance-of-payment stresses and stabilize the economy.

The Egyptian government sealed its largest investment deal with a consortium led by Abu Dhabi Developmental Holding Company (ADQ), one of the UAE's sovereign wealth funds, for the development of Ras El Hikma city, spread over more than 170 million square meters of land on the Mediterranean coast. The deal is expected to be risk-positive, bolstering the country's FX reserves and ensured adequate buffers for Egyptian authorities to devalue the pound, or at least move to a more flexible exchange rate regime, thus likely satisfying International Monetary Fund (IMF) requirements for a new and enlarged financing package. However, the deal is unlikely to ensure a sustainable turnaround for Egypt's economy and needs to be complemented by long-awaited structural reforms.

ADQ will invest USD35 bn in Egypt that will retain 35% of the project's profits. The project's investment value could reach USD150 bn and may generate millions of employment opportunities, according to Egypt's prime minister. ADQ will develop Ras El Hikma city that will include a business district, residential and commercial space, hotels and tourism resorts, healthcare and education facilities, and a free economic zone for IT industries and logistics hubs, among others.

Out of the USD35 bn being paid to Egypt, USD24 bn consists of new fund transfers (representing the consortium's acquisition of development rights) and USD11 bn consists of existing UAE deposits at Egypt's central bank that will be transferred to local currency and invested in prime projects. The Egyptian authorities also announced they are setting the ground for similar investment deals, notably the Ras Gamila land south of Sinai on the Red Sea coast, potentially to Saudi or Qatari investors.

The World Bank Group has approved a new Country Partnership Framework (CPF) for Egypt, which aligns with the Government of Egypt's Sustainable Development Strategy and the National Climate Change Strategy. The new CPF intends to strengthen Egypt's role in regional integration, which has positive implications for Egypt and potentially the broader region through enhanced regional trade and greater connectivity in infrastructure, transport, energy, and labour.

Egypt and the International Monetary Fund (IMF) announced on March 6, 2024, a staff-level agreement on a set of economic policies and reforms needed to complete the first and second reviews under the Extended Fund Facility, the amount of which is being raised to USD8 bn subject to IMF board approval. Noting that the IMF report in August 2024 indicated that program performance for the third review was satisfactory.

The Memorandum of Economic and Financial Policies for Egypt included in the IMF report in August 2024, included that the government will establish a repayment strategy to reduce arrears to international oil companies. The Egyptian General Petroleum Company (EGPC) has accumulated payment arrears on supply contracts of about USD, denominated in U.S. dollars. The buildup of arrears reflects several factors including foreign exchange shortages, elevated cost of borrowing, a cyclical downturn in the domestic production of gas, higher domestic consumption reducing the scope for gas exports, significant price deviations from cost recovery, and increased subsidies from EGPC to the electricity sector. The government is developing a repayment strategy to ensure that no new arrears are accumulated and that existing arrears are cleared, noting that an anticipated payment before the end of 2024 would lower the arrears to around USD3.5–3.8 bn.

Moreover, the authorities plan a series of actions to improve EGPC's financial situation over time. The authorities raised electricity prices by 7–20 percent in January 2024 and retail fuel prices in March by 8–20 percent. While its financial position gradually improves, EGPC has the capacity to fully service its obligations on time due to an anticipated increase of EGP10-11bn of monthly revenues from recent and upcoming energy price hikes.

It was noted in the IMF August 2024 report that the program has a target to have a Ceiling on Government Guarantees. The Ministry of Finance

will report to the IMF the stock of guarantees and such data will show guarantees on domestic currency and foreign currency borrowing by Economic Authorities (EGPC, GASC, Transport, NUCA, other) and state-owned enterprises (NIB, Electricity, other). It is worth noting that Guarantees issued on behalf of EGPC account for about half of government guarantees.

The increase of the IMF aid package to USD8 bn from USD3 bn is risk-positive for the economy and is likely to help draw in further foreign investments. Egypt is likely to get USD55 bn-USD60 bn in the next few years from the Ras El Hikma deal, the IMF, the EU, the World Bank and others. In June, Egypt and the EU signed 35 agreements and memorandums of understanding worth EUR67.7 bn (around USD72.4 bn at the time of signing) aimed at intensifying private sector investments in Egypt.

It is worth noting that on November 1, 2024, Fitch Ratings has upgraded Egypt's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'B' from 'B-', citing improved external finances supported by significant foreign investments and enhanced policy measures. Key developments include the Ras El-Hekma investment, which contributed USD24 bn, and a substantial increase in non-resident holdings of domestic debt.

Also, S&P Global Ratings has affirmed Egypt's credit ratings at B-/B, maintaining a positive outlook on October 21, 2024, instead of stable outlook, highlighting the country's progress in implementing reforms since the liberalization of its exchange rate regime in March.

The Inflation Challenge

Inflationary pressures persist, with an average forecast of 27% YoY in H2 2024. The Central Bank of Egypt (CBE) is expected to maintain a tight monetary policy stance to curb inflation. A significant decline in inflation is anticipated in early 2025 due to base effects, which may prompt the CBE to ease monetary policy.

The Central Bank of Egypt (CBE) policy rate reached 27.75% since March 2024, and 1,900 basis points since March 2022. And it has been stable ever since. The CBE's policy rate hike brings monetary policy nearer to neutral after an extended period of negative real interest rates. The tightening of fiscal policy and the slowdown in infrastructure spending agreed with the IMF should over time reduce inflation and support debt sustainability while fostering an environment that enables private sector activity and restore investor confidence.

To alleviate the pressures on purchasing power, the Egyptian authorities also decided to increase minimum wages and spending on social safety programs. Government spending on interest payments, social benefits and salaries remains high and will likely offset to some extent intended investment and other spending restraints and the impact of revenue-boosting developments. Higher debt servicing costs are likely to lead the fiscal gap to peak at 7% of GDP in fiscal year 2024–25.

A Widening Current Account Deficit

Egypt's current account deficit widened in the fiscal year FY2023/2024, which ended on 30 June, to record USD20.8 bn, against USD4.7 bn in the same period of the previous fiscal year, primarily due to the increase in trade deficit by 27.0% and the decline in Suez Canal transit receipts by 24.3%, according to the latest figures published by the Central Bank of Egypt (CBE). This performance was led by the shift of the oil-trade balance into a deficit of USD7.6 bn from a surplus of USD410 mn, as the decline in oil exports surpassed that of oil imports, according to the CBE.

Egypt's current account balance is sensitive to import prices and the country's ability to enhance gas exports to Europe given the current high domestic gas demand. Also, a pick-up in FDIs likely rests upon the disbursement of IMF loan tranches that would send positive signals to the investor community and entice further GCC inflows. The current account deficit is projected to narrow to 4.2% of GDP in FY2024/25, supported by increased remittances and a wider services surplus.

Egypt will be challenged with a large budget deficit in the medium term owing to high commodity prices, rising interest rates and the impact of the pound devaluation on Egypt's import bill. Egyptian authorities expected the budget deficit for 2024/25 to record 7.3%. Noting that 2023/24 budget deficit recorded 3.6% of GDP compared to 6.1% of GDP in 2022/23, due to one-off revenue from the Ras El Hekma deal.

Fitch expects that over the medium term, the deficit to gradually narrow but to remain around 4.5% of GDP due to sticky spending profile. The forecast assumes that the elimination of fuel and electricity subsidies will take longer than the government's plan. The authorities plan to eliminate the fuel subsidy by 2025 and the electricity subsidy by 2026 and shift to a targeted subsidy system by FY2025/26.

Foreign Exchange Liquidity

Egypt's foreign exchange liquidity position has deteriorated in recent years, but it improved gradually during 2024. Foreign exchange reserves have strengthened and are expected to continue growing, supported by capital inflows and potential debt issuance. According to the CBE, as of the end of September 2024, Egypt's foreign exchange reserves stood at around USD46.74 bn. This is compared to USD35.22 bn at the end of December 2023 (USD34.0 bn at the end of Dec. 2022). Reserves are expected to cover around half a year's worth of imports in the next 12 months, above the global adequacy metrics.

On 6 March, the Central Bank of Egypt (CBE) floated the official exchange rate which converged to the parallel rate at about EGP 51 per USD from EGP30.9 per USD. While this has helped the country to progress in terms of partially clearing trade backlogs, the market has not yet been fully liberated. The CBE also announced it would allow new currency derivatives to unlock liquidity in the local market, making available instruments to hedge against risks to the pound. According to IHS September 2024 report, a clear commitment of Egyptian authorities to announced reforms and further foreign currency inflows are needed to help improve Egypt's situation. The source of this liquidity injection could also come from accelerating asset sales deals with the Gulf Cooperation Council countries or looking for new ways to attract more foreign exchange to the market.

Egyptian authorities must show their determination to commit to a durable flexible exchange rate regime, in line with the USD8 bn IMF loan agreement announced in early March 2024, and ensure a sustainable improvement of confidence in the foreign exchange regime and the currency. Although costly in the near term (high interest rates), this trajectory would maximize the likelihood of capital inflows, ease foreign exchange liquidity shortages and help to contain a future increase in inflation from currency weakening.

Debt Sustainability

The IMF estimates that the government debt to GDP ratio remains high at around 96.4% for the year 2024, and external debt to GDP be around 46.6% by the end of June 2024.

Egypt's overall debt declined by the end of FY2023/2024, which ended on 30 June 2024, to 89% of GDP, down from 95.7% posted at the end of the FY2022/2023, according to July's fiscal monthly report published by the Ministry of Finance. According to the report, the local debt eased to 66.7% of the GDP at the end of FY2023/2024, compared to 70.5% at the end of FY2022/2023. Moreover, the external debt declined to 22.3% at the end of FY2023/2024, down from 25.2% at the end of FY2022/2023.

Moody's expects domestic borrowing costs will consume almost 65% of revenue at the end of fiscal 2024, a ratio that may temporarily deteriorate further considering the observed official currency devaluation. The agreed allocation of a large share of divestiture proceeds directly to the treasury to support debt sustainability will partly mitigate the highly adverse metrics.

Egypt aims to reduce the debt-to-GDP ratio to less than 85% by the end of the next fiscal year; as stated by the Minister of Finance in August 2024. And he added that the external debt balance of the budget agencies decreased by more than USD3.5 bn by the end of June 2024, by a reduction rate of more than 4% compared to June 2023. Noting that 7 years is the average life of the external debt of the budget agencies by the end of June 2024. Egypt pledged to decrease the high debt level to below 80 percent in 2027, in line with its commitments under the International Monetary Fund's (IMF) programme.

The CBE's report highlighted a decrease in Egypt's overall external debt, which fell to USD160.6 bn by March 2024 from USD164.5 bn in September 2023. The CBE announced that Egypt made payments totalling USD23.8 bn towards its external debt between July 2023 and March 2024. External debt payments amount to USD34.9 bn in 2024, USD19.4 bn in 2025, USD25.2 bn in 2026, USD12.7 bn in 2027, and USD8.1 bn in 2028, as per the latest central bank disclosures. The government remains committed to fiscal consolidation and debt reduction through measures such as tax reforms, subsidy rationalization, and expenditure control.

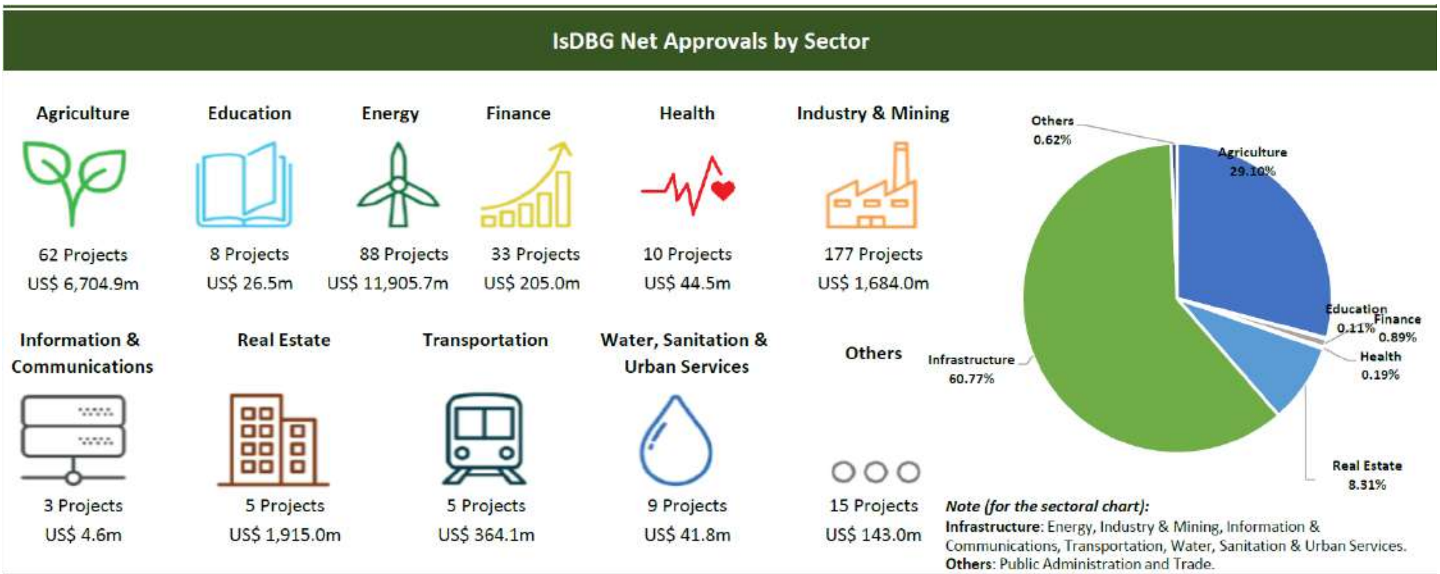
Egypt and the IsDB Group

Egypt joined the IsDB on 12 August 1974 as one of its founding members. Since then, the Bank's involvement in Egypt has focused on fostering sustainable, inclusive economic growth and poverty reduction through financing projects in infrastructure and supporting Youth employment and job creation.

The first IsDB operation in Egypt was in September 1977. Egypt's capital subscription to IsDB is ID3,971.37 mn, at 6.77%. Egypt is also a member of all IsDB Group Entities (ITFC, ICD, ICIEC, and IsDBi). Egypt is among the largest beneficiaries of the IsDB Group's development financing. All IsDB Group entities have been active in Egypt. Since its inception, the IsDB Group has approved a total funding of about USD23.04 bn for Egypt. This includes about USD2.5 bn project financing by IsDB; USD315 mn supported by ICD; USD18.4 bn trade operations by ITFC, and USD1.8 bn by other IsDB Group funds and operations.

IsDB Group Cumulative Net Financing Approvals for Egypt Since Inception

		IsDB	ICD	ITFC	ICIEC
Joining Date	:	8/12/1974	11/3/1999	5/30/2006	12/30/1992
Capital Subscription (million)	:	ID 3,971.37	US$ 24.19	US$ 15.13	ID 13.41
Capital Subscription (%)	:	6.77	1.41	1.76	4.51



Source: *IsDB December 2024*

Egypt's Special Relationship with ICIEC?

Egypt has joined ICIEC since 1992 as a founding member state and has been one of its top 10 shareholders.

ICIEC and Egypt share a robust and enduring partnership, particularly with prominent entities like Elsewedy Electric, Afreximbank, and Arab Contractors. This strong foundation enables ICIEC to expand its collaboration with Egyptian businesses, unlocking new opportunities in Sub-Saharan Africa (SSA) through the Arab Africa Trade Bridges Programme. This initiative aims to facilitate trade and investment between Arab and African nations, positioning ICIEC as a key catalyst for regional economic integration. ICIEC has provided USD10.2 bn as business insured and USD8.7 bn as new commitments, as of September 2024.

Key ICIEC Transactions with Egypt?

ICIEC has made significant contributions to Egypt's economic development through various projects and initiatives:

- **Support to the government to import strategic commodities;** both oil and food commodities to secure the country's needs by collaborating with ITFC; where ITFC arranges for syndicated facilities and ICIEC insures some of the participants in those facilities to attract debt investments from foreign banks.
- **Benban Solar Power Complex**: ICIEC's involvement in financing this massive solar power project in Aswan underscores its commitment to sustainable energy and infrastructure development.
- **Lines of Financing to the Ministry of Finance:** By providing a crucial financial support, ICIEC has helped the Egyptian government implement vital economic and social development programs.

The Integral Role of Reinsurance in ICIEC's Operational Model

A trajectory based on network expansion and capacity enhancement

Rahmatnor Bin Mohamad,
Head of Reinsurance, ICIEC

ICIEC has demonstrated its commitment to bolstering its operational capacity and strategic leverage through a third round of capital increase. This capital augmentation is not merely a financial milestone; it represents a significant enhancement of ICIEC's ability to underwrite more extensive and complex business transactions. Moreover, the increase amplifies the Corporation's reinsurance capacity, a cornerstone of its operational model.

Reinsurance plays an integral role in ICIEC's strategy, acting as both a risk management tool and a mechanism for capacity expansion. At its core, reinsurance allows ICIEC to manage its risk exposure effectively by sharing it with other financial entities. By leveraging its capital, ICIEC can optimize its capacity to engage with the global reinsurance market, ensuring that its coverage meets the growing and diverse needs of its clients. This leverage not only mitigates risk but also ensures that ICIEC remains a reliable partner for its stakeholders, even in volatile market conditions.

The Role of Retakaful in ICIEC's Strategy

Retakaful, the Islamic equivalent of conventional reinsurance, is a critical component of ICIEC's risk management framework. Unlike traditional reinsurance, Retakaful operates in compliance with Shariah principles, ensuring that all transactions align with Islamic ethical standards. In this system, Takaful operators—who provide insurance based on cooperation and shared risk - seek protection from Retakaful providers to safeguard themselves against the risks they underwrite.

However, the Retakaful market faces several challenges, including limited reliable data, constrained capacity, and a small pool of Retakaful providers and underwriters. These challenges are particularly pronounced in the lines of business that ICIEC specializes in, such as credit and investment insurance. Despite these obstacles, ICIEC's strategic approach to Retakaful has proven to be both innovative and resilient.

One of the key aspects of ICIEC's Retakaful strategy is its ability to forge strong partnerships with reputable and financially robust Retakaful providers. The Corporation has signed several Outward Quota Sharing Treaties and Outward Facultative Contracts of Reinsurance Agreements with these partners. These agreements are instrumental in protecting ICIEC's capital against significant insurance losses, ensuring the sustainability and reliability of its operations.

ICIEC as a Reinsurer

In addition to leveraging reinsurance to manage its risks, ICIEC also acts as a reinsurer for various insurance providers, Export Credit Agencies (ECAs), and Exim Banks within its Member Countries. This dual role underscores ICIEC's versatility and its commitment to supporting the broader insurance ecosystem in its Member Countries.

ICIEC provides capacity and technical expertise to these entities through Inward Quota Share Treaties and Inward Facultative Reinsurance Agreements (IFRPs). These agreements cover a range of products, including:

- Export and Domestic Trade Credit Insurance.
- Foreign Investment Insurance.
- Excess of Loss Reinsurance, which protects portfolios and limits losses.

Recent collaborations in this domain include agreements with key institutions such as Indonesia EXIM, Malaysia EXIM, Saudi EXIM, and Uzbekinvest. These partnerships not only enhance the operational capacity of the participating entities but also promote the development of robust insurance frameworks within ICIEC's Member Countries.

The Strategic Importance of Reinsurance

Reinsurance is a vital function within ICIEC's organizational framework, serving several critical purposes:

1. **Risk Mitigation:** Reinsurance allows ICIEC to share the risks associated with large and complex transactions, reducing the potential impact on its capital reserves.
2. **Capacity Building:** By transferring a portion of its risk to reinsurers, ICIEC can underwrite larger and more diverse portfolios, meeting the growing demands of its clients.
3. **Market Development:** ICIEC's engagement with reinsurers fosters the development of the insurance and reinsurance markets in its Member Countries, promoting economic stability and growth.
4. **Operational Efficiency:** The support received from reinsurance partners enhances ICIEC's operational efficiency, particularly in areas such as Short-Term and Medium-Term Insurance and Foreign Investment Insurance.

ICIEC's Reinsurance Partnerships

ICIEC has established robust relationships with leading reinsurance providers across the globe. Its primary reinsurance partners are based in traditional markets such as London, Germany, France, Switzerland, and Bermuda. These partnerships are pivotal in providing the capacity and expertise required to support ICIEC's operations. Recognizing the importance of diversification, ICIEC is actively exploring opportunities to collaborate with reinsurers in non-traditional markets. Potential new partners include entities in the United States, Singapore, Australia, and other countries within the Asia-Pacific (APAC) region. This strategic expansion not only broadens ICIEC's reinsurance network but also enhances its ability to respond to emerging market trends and challenges.

Enhancing Reinsurance Efficiency

The reinsurance support that ICIEC receives has proven to be particularly beneficial in areas such as Short-Term, Medium-Term, and Foreign Investment Insurance. This support provides the necessary capacity to manage high-value transactions and enhances the efficiency of ICIEC's operations. Moreover, ICIEC's strong relationships with its Member Countries serve as an additional layer of assurance for its reinsurance partners. The Corporation's reputation as a trusted and reliable entity within the Islamic financial ecosystem further strengthens its position in the global reinsurance market.

Future Outlook

Looking ahead, ICIEC is committed to further strengthening its reinsurance strategy. The Corporation will continue exploring additional arrangements and relationships with both existing and new reinsurance partners.

This proactive approach ensures that ICIEC remains at the forefront of the credit and investment insurance industry, capable of meeting the evolving needs of its clients.

ICIEC's ongoing efforts to expand its reinsurance network and enhance its operational capacity underscore its role as a key player in the global insurance and reinsurance markets. By leveraging its unique position within the Islamic financial ecosystem, ICIEC continues to provide innovative and sustainable solutions that drive economic growth and stability in its Member Countries.

Conclusion

Reinsurance is more than just a financial instrument for ICIEC; it is a strategic enabler that underpins the Corporation's ability to fulfill its mandate. Through its comprehensive reinsurance strategy, ICIEC not only safeguards its operations but also contributes to the development of robust insurance frameworks in its Member Countries. The Corporation's commitment to innovation, collaboration, and diversification ensures that it remains a cornerstone of the Islamic financial ecosystem, delivering value to its clients and partners alike.

ICIEC Provides Financing Facility Insurance Policy to Cover EUR166 mn Club Financing by Standard Chartered and ING Banks to ISKI for Construction of Two Water and Sanitation Treatment Projects in Istanbul

Istanbul - ICIEC signed an agreement with Standard Chartered UK and ING Bank, a branch of ING-DiBa AG to provide an insurance cover policy for their EUR166 mn club financing facility to ISKI (Istanbul Water and Sewerage Administration) for two water treatment projects in Istanbul. The FIIP (Financing Facility Insurance Policy-Non-Honouring of a Sovereign Financial Obligation of a State-Owned Enterprise) has a tenor of 7 years with the policy cover commencing on 14 November 2024. The insurance policy which covers 95% of the financing facility, covers the risk of Non-Honouring a Financial Obligation of a State-Owned Enterprise (NHFO-SOE) for a 7-year tenor. The financing will be used to fund the Cumhuriyet Drinking Water Treatment Plant (Second Stage) and the Paşaköy Advanced Biological Wastewater Treatment Plant (Third Stage).

ICIEC was approached by ING Bank (Germany) and Standard Chartered Bank (UK) to provide insurance coverage for their EUR166 mn club financing facility, aimed at supporting the Istanbul Water and Sewerage Administration (ISKI) in the development and implementation of two critical water treatment projects in Istanbul, Türkiye. ISKI, an affiliated entity of the Istanbul Metropolitan Municipality (IMM), is the exclusive provider of water and wastewater services in Istanbul, a city of over 16 million people. To finance these vital infrastructure projects, ISKI appointed Standard Chartered Bank as the structuring bank, global coordinator, and mandated lead arranger. The financing facility includes equal participation by ING Bank (via its branch, ING-DiBa AG) and Standard Chartered Bank on a 50/50 basis.

The financing facility will enable ISKI to expand its infrastructure through the Cumhuriyet Drinking Water Treatment Plant (Second Stage), thus enhancing the city's capacity to provide safe drinking water, and through the Paşaköy Advanced Biological Wastewater Treatment Plant (Third Stage), thus improving wastewater treatment to meet advanced environmental standards. ICIEC's insurance coverage will enhance the risk profile of the financing structure, safeguarding the lenders against potential credit and political risks. By doing so, ICIEC facilitates the realization of these essential infrastructure projects, aligning with its mandate to support trade and investment in its member countries. These projects will bolster Istanbul's capacity to provide safe drinking water and manage wastewater treatment, contributing to sustainable urban development in Türkiye.

The projects are aimed at Capacity Enhancement, Compliance with Environmental Standards, Building Climate Resilience, Increased Operational Efficiency, and Improved Quality of Life. The Cumhuriyet Drinking Water Treatment Plant will result in increased capacity to treat and supply an additional volume of clean drinking water to the population, while the Paşaköy Advanced Wastewater Treatment Plant will see increased capacity to process additional wastewater to advanced biological treatment standards. Both projects also aim to achieve compliance with European and international environmental regulations for wastewater treatment and water quality standards; a Reduction in Environmental Footprint – which will result in the reduction of untreated wastewater discharged into natural water bodies, leading to improved aquatic ecosystems and biodiversity.

The projects are also aimed at Climate Resilience, thus strengthening Istanbul's water and wastewater infrastructure to withstand climate-related challenges, such as water scarcity and flooding; at Increased Operational Efficiency leading to an improved performance and reliability of ISKI's water and wastewater services, ensuring better resource management and service delivery; and Improved Quality of Life as a result of enhanced access to clean water and better sanitation services which will directly improve the quality of life for Istanbul residents. According to ICIEC, the projects, financing facility and insurance coverage support the UN Sustainable Development Goals (SDGs) 6 (Provision of Clean Water and Sanitation), 9 (Promotion of Industry, Innovation and Infrastructure) and 11 (the building of Sustainable Cities and Communities with better sanitation services will directly improve the quality of life for Istanbul residents.)

Empowering Development Through Sustainable Infrastructure: ICIEC's Role in Insuring Côte d'Ivoire's Tour F Project

ICIEC is providing insurance coverage for the construction of Tour F, a cornerstone project within the new Administrative City of Abidjan. This development, comprising six public office towers, will centralize government operations by bringing together more than 3,700 civil servants under one roof.

By consolidating multiple ministries and agencies currently scattered across the city, Tour F is set to address pressing logistical and infrastructural challenges in Côte d'Ivoire. Centralization will not only mitigate traffic congestion caused by inter-office travel but also strengthen inter-departmental communication, leading to swifter decision-making and enhanced public service delivery.

ICIEC's 10-year Political Risk Insurance cover, extended to Standard Chartered Bank (SCB) Honk Kong, safeguards 95% of the EUR102 mn financing facility provided to the Ministry of Finance and Budget of Côte d'Ivoire. This facility builds upon ICIEC's previous support, which included an NHSFO cover of EUR50 mn offered to Société Générale Paris in September 2020—an initiative that continues to progress smoothly.

With a strong focus on sustainability, Tour F incorporates energy-efficient technologies that align with the United Nations' Sustainable Development Goals, notably SDGs 8 (Decent Work and Economic Growth), 11 (Sustainable Cities and Communities), and 13 (Climate Action). By insuring the financing of this "Green" administrative complex, ICIEC is playing a pivotal role in modernizing Côte d'Ivoire's public services while contributing to the global sustainability agenda.

ICIEC's support underscores its commitment to promoting innovative financing solutions that drive sustainable development across OIC member states. Through this initiative, ICIEC continues to advance infrastructural growth, create long-term economic opportunities, and improve the quality of life for communities throughout the region.

ICIEC Leads Groundbreaking Efforts to Launch the Africa-Arab Guarantee Fund with a Service Agreement for a Three-year Business Plan

Algiers - ICIEC has entered into a Service Agreement with the Arab-Africa Trade Bridges (AATB) Programme Secretariat, managed by the Islamic International Trade Finance Corporation (ITFC), Mr. Jef Vincent, and ActorX GmbH represented by Dr. Andreas Klasen, to create a three-year business plan for the proposed Africa-Arab Guarantee Fund (AAGF).

This collaboration aims at strengthen trade and investment ties between the Arab and African regions, fostering economic integration and mutual growth. The agreement was finalized virtually in the last week of November 2024. Mourad Mizouri, AMAN UNION's Project Manager and speaker during Session 4 of the 14th AMAN UNION's Annual General Meeting announced the agreement during a session focused on unlocking trade opportunities between Arab and African regions, underscoring its strategic importance.

As the Coordinator of the Arab-Africa Guarantee Fund, ICIEC is joining forces with ITFC, which represents the Secretariat of AATB Programme. Together with Mr. Jef Vincent, and ActorX GmbH represented by Dr. Andreas Klasen, ICIEC aims to provide a clear roadmap for the establishment and operationalization of the Fund. The initiative will include comprehensive market analysis, consultations with stakeholders, and strategic recommendations to ensure that the Fund operates efficiently and sustainably.

ICIEC first proposed the establishment of the AAGF in 2022 under the aegis of AATB Programme, launched in 2010 by the OPEC Fund for International Development (OFID), Arab Bank for Economic Development in Africa (BADEA), IsDB, ICIEC, Afreximbank, ITFC and the Governments of Egypt, Morocco, Senegal and Tunisia.

The AAGF was approved by the AATB Board in March 2022 and is positioned as a transformative initiative under the AATB Programme, aiming to close critical gaps in trade and investment facilitation between the two regions. By delivering innovative guarantee solutions, the Fund is expected to empower businesses and investors and significantly enhance economic opportunities across Arab and African nations.

The Fund provides "a scalable structure that aims to mobilize financial resources and risk mitigation capacity to support trade and investment in Arab and African countries; and ensures that all-in pricing of transactions is optimized for the end beneficiaries through blended structures." It comprises three sub-funds, including an Arab Africa Green Facility, an Arab Africa Food Security Facility, and an Arab Africa Health Facility.

Commenting on the agreement, Dr. Khalid Khalafalla, CEO of ICIEC, said: "This agreement underscores ICIEC's commitment to facilitating sustainable economic growth and fostering stronger trade and investment linkages between Arab and African countries. The Africa-Arab Guarantee Fund has the potential to transform trade and investment landscapes in both regions, and this collaboration is a crucial step toward realizing its full potential."

As a leading multilateral institution providing Shariah-compliant insurance and reinsurance solutions, ICIEC's role in this collaboration aligns closely with its mandate to promote trade and investment in Member Countries.

As the Coordinator of this ambitious initiative, ICIEC will join forces with its partners to provide innovative guarantee solutions that empower businesses and investors across Arab and African nations. By addressing the critical gaps in trade and investment facilitation, the AAGF is poised to significantly boost economic growth and integration between the two regions. The AAGF is a good tool as it will serve the purpose of reducing premiums as well as the overall pricing charged by Guarantee/Insurance entities as well as provide first and second-loss coverage on transactions, thereby supporting investment flows to critical sectors, which will lead to economic growth and development in Africa.

This milestone reflects ICIEC's commitment to promoting sustainable development through Shariah-compliant solutions, fostering stronger trade and investment linkages, and creating lasting opportunities for its Member Countries. AAGF Partners hope to bring together other stakeholders, including national ECAs, political risk insurers, donors, multilateral and regional development banks, NGOs, and new AATB members to maximise resource mobilisation.

ICIEC and Coface Celebrate 20 Years of Partnership and Collaboration

Jeddah - ICIEC and COFACE, the French trade credit insurance entity, of the leading global players in the industry, marked the 20th anniversary of their collaboration and partnership in November 2024.

"ICIEC," stressed Dr. Khalid Khalafalla " is delighted to mark two decades of partnership with COFACE, a collaboration that has played a crucial role in strengthening trade, investment, and economic resilience across our member states. Together, we have enabled businesses to expand their reach, promoted sustainable growth, and laid a strong foundation for economic stability."

In the last twenty years, the two partners have facilitated USD6.8 bn of trade and investment involving ICIEC member countries and empowering economic resilience, sustainable investment, and business confidence.

This partnership has enhanced credit insurance solutions for diverse sectors, supported sustainable projects driving economic and social development, and expanded risk mitigation tools to empower businesses with the confidence they require to grow.

This milestone, added the two partners, is a powerful testament to shared values and a mutual commitment to fostering economic prosperity. As such both were looking forward to the next chapter of impactful collaboration.

ICIEC Strengthens Cooperation with Cameroon

Jeddah - A delegation from Cameroon, including representatives from the Ministry of Economy, Planning, and Regional Development, along with Mr. Mohamadou BAYERO, Director General of Société de Développement du Coton du Cameroun (SODECOTON) visited ICIEC Headquarters in November 2024.

The discussions that followed with Dr. Khalid Khalafalla, CEO of ICIEC, and colleagues, revolved around advancing collaboration to support SODECOTON's growth given their strategic role in the country as well as avenues to support broader opportunities to contribute to Cameroon's economic development.

ICIEC remains committed to supporting Cameroon in achieving its development objectives through innovative insurance solutions and strategic partnerships.

ICIEC Participates in Credit and Investment Insurance Presentation at French Consulate in Jeddah to Help Saudi Firms Enter Global Markets

Jeddah - ICIEC jointly participated with CAFSDA in a high-level panel discussion focusing on the role of Trade Credit Insurance and Investment Insurance. The event was hosted by CAFSDA under the patronage of H.E. Mr. Mohammed NEHAD, the Consul General of France in Jeddah, in October 2024.

Mr. Bessem Soua, Manager of the Sub-Saharan Africa & Europe Region Division, and Mr. Rony G Azar, Country Manager of the Asia Region Division, represented ICIEC on the panel, which included Ms. Sandrine Sarikey, CEO of Coface GCC and Egypt, and Mr. Bahaa Merhy, Commercial Director GCC.

The session highlighted the strategic partnership between ICIEC and Coface, focusing on their combined efforts to bolster Saudi companies through Credit Insurance services.

ICIEC's presentation provided an in-depth look at the trade and investment insurance services available to its member countries, emphasizing its pivotal role in facilitating Saudi businesses' expansion into global markets. These services not only enhance the competitiveness of Saudi companies but also offer them tailored insurance solutions and robust risk mitigation tools.

Dr. Khalafalla Stresses Importance of Innovation, Collaboration and Sustainable Growth Through Shared Expertise of AMAN UNION Members

Algiers – Dr. Khalid Khalafalla, in his capacity as the Secretary-General of the AMAN UNION, the professional body of the national and private export credits agencies and multilateral insurers serving the OIC countries, addressed the 14th Annual General Meeting (AGM) of the Union held in Algiers in early December 2024. The AGM was hosted by CAGEX, the Algerian state export credit agency.

"The 14th AMAN UNION Annual General Meeting," emphasized Dr. Khalafalla, who at the time was also the Officer in Charge of ICIEC, "has the critical role of fostering credit insurance and trade across Africa, Arab, and Islamic countries. By uniting diverse stakeholders, the event showcased the power of collaboration in addressing trade challenges and driving sustainable growth. Strengthened partnerships and shared expertise are paving the way for a resilient, interconnected trade ecosystem that supports prosperity and development. In today's complex global landscape, the AMAN UNION remains a vital platform for collaboration and innovation, delivering valuable insights to benefit all stakeholders." The AMAN UNION continues to be a cornerstone platform, driving collaboration, innovation, and sustainable growth through shared expertise and strengthened partnerships.

The AMAN UNION is important in spreading the message and building a credit and investment insurance ecosystem and architecture in OIC countries to boost risk mitigation and protection in trade and investment in today's interconnected world with its riding geopolitical and economic risks. ICIEC is uniquely the only Shariah-compliant multilateral insurer in the world with a history of underwriting over USD121 bn of business insured and investment guarantees in the last 3 decades, and as the current secretariat of the AMAN UNION, he added, must continue to play an important hand holding and market development role.

"Under the slogan of innovation and development, and within the activities of the annual meeting of AMAN, I highlighted the pioneering efforts made by the Union since its establishment in 2009. The AMAN UNION seeks to be the comprehensive umbrella for export insurance agencies in Arab and Islamic countries while expanding its membership to include elite international institutions. This aims to promote the exchange of experiences, the application of best practices, and the dissemination and development of a culture of assurance," added Dr. Khalafalla.

On the sidelines of the meeting, Dr. Khalafalla reiterated that "since its establishment, the AMAN UNION has worked to be the umbrella of insurance institutions in the Arab and Islamic countries. It went beyond that to include a group of international institutions to exchange experiences and knowledge and apply best practices, which has contributed significantly to the dissemination and development of the culture of insurance."

COVERAGE VOLUME
USD 50 billion in total business insured in 2023

GROWTH RATE
Membership has increased by 75% since inception

ECONOMIC IMPACT
Over $400 billion in trade and investment flows facilitated in the past decade

CAGEX Hosts The 14th AMAN UNION AGM To Foster Credit Insurance and Trade Exchange Across Africa, Arab, and OIC Countries

Algiers – 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), held its 14th Annual General Meeting from December 1st to 3rd, 2024, in Algiers. The meeting was hosted by the state-owned Algerian Export Insurance and Guarantees Company (CAGEX).

This gathering brought together leading professionals, experts, and stakeholders from the credit and political risk industry across the OIC member countries to discuss and deliberate on strategies to boost credit insurance and trade exchange, reflecting the shared commitment to fostering regional economic integration. The Annual General Meeting also serves as a platform for knowledge-sharing, fostering partnerships, and exploring new opportunities to enhance risk management and insurance services in the region.

Dr. Khalid Khalafalla, the Secretary-General of AMAN UNION commented: "We are pleased to host the 14th Annual General Meeting in Algeria. This event provides a unique opportunity for our members to unite, share insights, and collaborate on strategies that will enhance credit insurance and promote trade exchange across Africa, the Arab, and Islamic countries, ensuring sustainable growth and resilience in the region. As we navigate an increasingly complex global landscape, the role of AMAN UNION in fostering cooperation and innovation is more critical today. We look forward to fruitful discussions and insights that will benefit our stakeholders."

ICIEC signed a landmark Reinsurance Agreement with CAGEX, Algeria's national export credit agency, formalized during the 14th Annual Meeting of the AMAN UNION in Algiers. "This strategic partnership," said Dr. Khalafalla, "is set to enhance export credit insurance capacity, empowering Algerian exporters to confidently expand into new markets. By strengthening risk mitigation mechanisms, we're creating a more secure environment for export activities, fostering economic resilience, and encouraging diversification. Together with CAGEX, we're committed to enhancing trade and investment across our member countries, supporting sustainable economic growth and regional prosperity."

The event featured a comprehensive agenda, with keynote speeches and networking sessions, highlighting significant developments in AMAN UNION Member Institutions during 2023. Focus areas of the event include fostering regional cooperation for global sustainability, the role of credit insurance in promoting trade exchange and achieving SDGs, the importance of credit information in mitigating risks and maximizing trade credit recoveries, in addition to the role of Multilateral Development Institutions and Global Cooperation in unlocking Africa-Arab trade potential.

ICIEC Pens Quota Share Retakaful Agreement with Export-Import Bank of Malaysia Berhad Aimed at Protecting Exporters Against Rising Risks

Algiers – ICIEC signed a strategic Quota Share Retakaful Agreement (QSRA) with the Export-Import Bank of Malaysia Berhad (MEXIM) to provide Export Trade Credit Risk Takaful on a global scale.

The agreement was signed during the Annual General Meeting of the AMAN UNION in Algiers, Algeria on December 2024. The Agreement was signed by Dr. Khalid Khalafalla, CEO of ICIEC, and Ms. Nurbayu Kasim Chang, Acting President and Chief Executive Officer of MEXIM.

This strategic partnership through the signing of a QSRA, stress the two parties is aimed at providing comprehensive export credit risk protection on a global scale, empowering businesses and exporters to navigate the uncertainties of international trade, particularly in emerging and non-traditional markets. It also highlights the strong commitment both institutions have, to fostering sustainable economic growth. By leveraging the underwriting capabilities of ICIEC, this initiative strengthens our shared mission of promoting growth across member states.

The partnership enables both ICIEC and MEXIM to share risks more effectively, ensuring financial stability and supporting the continued expansion of trade and investment activities worldwide. This Retakaful agreement is a significant step forward in reinforcing the two entities are committed to safeguarding exporters against commercial and political risks, boosting confidence in global trade, and creating stronger synergies that will benefit all stakeholders.

"We are immensely proud to enter into this pivotal Retakaful partnership with MEXIM," stressed Dr. Khalid Khalafalla, CEO of ICIEC. "This alliance significantly enhances our collective capabilities in providing comprehensive trade credit risk Takaful and reaffirms our steadfast commitment to facilitating sustainable economic growth across our member states. By integrating our resources and expertise, we aim to elevate the confidence of exporters and investors on a global scale, all while maintaining strict adherence to Shariah principles."

Ms. Nurbayu similarly commented: "It is our privilege to partner with ICIEC in this collaborative Retakaful initiative. By leveraging ICIEC's underwriting capacity, we are better positioned to safeguard Malaysian exporters against the uncertainties of commercial and political risks, particularly in exploring emerging and non-traditional markets. MEXIM is committed to fostering the growth of Malaysian exporters and currently offering tailored financial solutions and comprehensive coverage options facilitating business transactions in more than 50 countries across five continents. Hence, as a member of the AMAN UNION, this collaborative initiative with ICIEC will create stronger synergies, enabling comprehensive export protection to Malaysian exporters."

This strategic partnership aims to bolster the global trade ecosystem by providing enhanced risk mitigation solutions for international trade. The Quota Share Retakaful Agreement allows both institutions to share risks more effectively, promoting financial stability and fostering increased trade and investment activities on a global scale.

ICIEC and ONEE-Morocco Advance Strategic Cooperation for Sustainable Infrastructure Development

Jeddah – An ICIEC delegation led by Mourad Mizouri, Head of MENA Business Development, and Ismail Filali, ICIEC Country Representative at the IsDB Group Rabat Regional Hub, recently held a productive meeting in Jeddah with representatives from the Office National de l'Electricité et de l'Eau Potable (ONEE) from Morocco visiting the Islamic Development Bank (IsDB) Group.

During the meeting, ICIEC presented its key offerings, operational track record, and strategic development priorities in Morocco. Both delegations explored potential areas of collaboration, placing particular emphasis on securing imports of vital strategic goods required by ONEE to enhance the country's energy and water infrastructure.

Looking ahead, the parties agreed to organize a technical follow-up session. This meeting will involve ICIEC's field representatives, ONEE, and Moroccan banking partners to further discuss and optimize the ONEE project pipeline, ultimately fostering long-term, sustainable solutions that support Morocco's infrastructure and economic growth.

ICIEC's Dr. Khalafalla Hosts Maldives Minister of State for Finance for Talks on Advancing the Republic's Sustainable Trade and Investment

Jeddah - H.E. Hussain Sham Adam, Minister of State for Finance of the Republic of Maldives, met Dr. Khalid Khalafalla, CEO of ICIEC, at the Corporation's Headquarters in Jeddah.The meeting highlighted the commitment of both parties to collaborate on advancing sustainable trade, investment, and development initiatives. Discussions also covered key areas where ICIEC's expertise and innovative risk management solutions can support the Maldives' economic goals, particularly in sustainable growth and trade facilitation.

"This visit reflects ICIEC's ongoing mission to empower member states with tailored solutions that promote resilience and prosperity. We look forward to deepening our partnership with the Republic of Maldives," stressed Dr. Khalafalla.

ICIEC Recognised as "Insurance Adviser of The Year – Africa" for Advancing Sustainable Development by IJInvestor Awards 2024

London - ICIEC was honoured with the "Insurance Adviser of the Year – Africa" Award at the prestigious IJInvestor Awards 2024.

This honour, according to the citation, highlights ICIEC's role in advancing impactful funding and risk management initiatives that drive sustainable development and improve lives across Africa.

The award acknowledges ICIEC's pivotal contributions to two transformative projects. In Côte d'Ivoire, ICIEC partnered with AfDB to provide EUR194 mn in insurance support for financing ESG projects. The facility will fund initiatives in renewable energy, education, pollution control, biodiversity conservation, health infrastructure, and sustainable water management, aligning with Côte d'Ivoire's Sustainable Framework.

In Senegal, ICIEC and Standard Chartered signed a EUR103 mn insurance agreement to support the government's initiative to install 50,000 off-grid solar streetlamps in rural areas. This milestone advances renewable energy adoption, enhancing safety, boosting economic activities, and reducing carbon emissions while improving life quality in rural communities.

Dr. Khalid Khalafalla, CEO of ICIEC, commended ICIEC colleagues and stressed: "This award underscores ICIEC's commitment to enabling development that transforms lives and builds resilience in our member states. We reaffirm our dedication to advancing sustainable growth and achieving the UN Sustainable Development Goals by facilitating innovative and impactful projects, and this milestone reflects ICIEC's leadership in leveraging Shariah-compliant insurance to catalyze development and empower member states to create lasting positive change."

ICIEC Hosts Delegation from SMBC Group DIFC Branch to Explore Cooperation in Trade Finance and Investment Insurance in Member States

Jeddah – ICIEC's CEO, Dr. Khalid Khalafalla, and senior staff were pleased to welcome a delegation from Sumitomo Mitsui Banking Corporation – SMBC Group DIFC Branch to ICIEC Headquarters. This meeting explored opportunities for collaboration in trade finance and investment insurance, focusing on enhancing financial solutions for sustainable growth in our member countries.

As ICIEC is transitioning towards a fully-fledged Treasury, the meeting also explored possible collaborations in treasury and investment matters. ICIEC looks forward to strengthening partnerships with global financial leaders like Sumitomo Mitsui, supporting resilience and development across OIC member states.

ICIEC Hosts Delegation from US Food Giant Bunge to Explore Initiatives at Supporting the Company's Business in Saudi Arabia and MENA Region

Jeddah – In an effort to further expand the reach and multilateral insurer business profile of ICIEC, the Corporation hosted a large delegation from Bunge, the US-based Food and Beverage Manufacturing Company, at its Headquarters in November 2024. The aim was also to explore ways of enhancing collaboration to support Bunge's trading business in Saudi Arabia and the wider MENA region.

Bunge recently opened a new office in Riyadh that serves as the company's regional MENA Hub. The meeting focused on ICIEC's expertise in partnering with trading houses and offering tailored insurance solutions to facilitate their growth. "We are excited about the possibilities of this cooperation to drive economic and trade development in the region," said ICIEC.

ICIEC Meets Saudi Re Delegation to Discuss Cooperation in Risk Management and Capacity Building to Enhance Industry Expertise

Jeddah - ICIEC hosted a delegation from the Saudi Reinsurance Company (Saudi Re) at ICIEC's headquarters.

"This strategic meeting," explained Dr. Khalafalla, "highlighted our shared commitment to driving economic stability through innovative and resilient insurance solutions."

The discussions focused on strengthening synergies for effective risk management across member countries, exploring innovative reinsurance solutions to address the challenges posed by climate change and political risks, and developing capacity-building initiatives and knowledge-sharing programmes to enhance industry expertise.

"We look forward to building on this partnership and are excited about the impact of our collaborative efforts on fostering sustainable growth in the region," added Dr. Khalafalla.

ICIEC Holds Productive Partnership Talks with Nigeria's Bank of Industry Delegation Led by Dr. Mansur Muhtar

Jeddah - ICIEC CEO, Dr. Khalid Khalafalla, hosted a delegation from the Bank of Industry Limited (BOI), Nigeria, at the Corporation's Headquarters in Jeddah in October 2024. The BOI delegation was led by Dr. Mansur Muhtar, Chairman of the Board of BOI.

Dr. Muhtar is a distinguished and experienced development banker having previously served as the Minister of Finance of Nigeria, the Executive Director of the World Bank, and Vice President, Country Programmes, at the Islamic Development Bank.

The discussions were very productive and centered on exploring collaboration opportunities to strengthen trade and investment, aligning with ICIEC's mandate to support sustainable development across its member countries. "Together, we aim to unlock innovative solutions to drive economic resilience and growth in Nigeria," remarked Dr. Khalafalla.

AMAN UNION Partners with RISC Institute DMCC To Enhance Insurance Expertise Across AMAN UNION Members

Jeddah – The AMAN UNION, the leading professional forum for commercial and non-commercial risk insurers and reinsurers in member countries of the Organization of Islamic Cooperation (OIC), signed a Corporate Training Services Agreement with RISC Institute DMCC, a leading training institution specializing in talent development for the insurance, risk management, personal finance sectors, based in the United Arab Emirates and operating regionally. This collaboration is set to deliver professional training to the staff of AMAN UNION members, aimed at advancing their capabilities in the insurance sector.

The agreement was signed by Dr. Khalid Khalafalla, in his capacity as the Secretary-General of AMAN UNION, and Mr. Silvan A. Said, Managing Director of RISC Institute DMCC in October 2024 during the AMAN UNION's Annual General Meeting in Algiers.

The training initiative includes comprehensive courses for insurance professionals, with a particular focus on preparing candidates to achieve the globally recognized Certificate in Insurance (Cert. CII™), awarded by the Chartered Insurance Institute (CII). This core qualification equips insurance professionals with essential knowledge across all the insurance industry sector, enhancing their expertise and confidence in critical disciplines. The Cert. CII™ serves as a foundation for further specialized studies, allowing professionals to tailor their learning according to their career ambitions and the needs of their respective organizations.

In addition to the Cert. CII™ program, the collaboration will offer high-level workshops designed for senior professionals, focusing on key areas such as Governance, Risk, and Compliance. These workshops aim to enhance leadership skills and strategic understanding, helping senior professionals navigate complex challenges within the insurance industry.

Commenting on the agreement, Dr. Khalid Khalafalla, Secretary-General of AMAN UNION,stated: "We are excited to embark on this partnership with RISC Institute DMCC. The insurance sector plays a critical role in driving economic stability and development across OIC member countries, and it is essential that our members have access to world-class training and certification. This initiative will empower our professionals with the skills and qualifications needed to excel in their roles and contribute to the continued growth of the insurance sector across the region."

Mr. Silvan Said stressed that the "partnership is another milestone in our mission to provide the learning opportunities and professional development for people working in the insurance, risk management and personal finance sectors. These sectors are among the most dynamic and rapidly growing industries globally. We are grateful to AMAN UNION for choosing us as their partner for training and human resources development and we are committed to providing the excellent quality training that our institute is renowned for, and to provide the best opportunity for success to the trainees who choose to follow the programmes."

This agreement marks a significant step forward in AMAN UNION's commitment to fostering professional excellence and capacity-building among its members. By collaborating with leading training institutions like RISC Institute DMCC, AMAN UNION aims to strengthen the insurance industry across OIC countries, ensuring that it remains resilient, competitive, and equipped to meet the evolving demands of global markets.

Moody's Affirms ICIEC Aa3 Insurance Financial Strength Rating (IFSR) With Stable Outlook for the 17th Consecutive Year

Jeddah – Moody's Ratings affirmed ICIEC's Aa3 Insurance Financial Strength Rating (IFSR) with a stable outlook in October 2024 for the 17th consecutive year, underscoring its strong standalone credit profile and ongoing support from key shareholders, including the Islamic Development Bank (IsDB) and sovereign members of the Organization of Islamic Cooperation (OIC).

Key factors contributing to the rating include ICIEC's leadership in Shariah-compliant export credit and investment insurance, deep regional expertise, solid asset quality, and strong capital adequacy. Moody's recognized ICIEC's proactive efforts to enhance risk management and improve underwriting performance, which have strengthened its capital position and enabled sustained profitability, reflected in a combined ratio of 9.7% and net income of Islamic Dinar (ID)17.9 mn (One ID = One Special Drawing Right (SDR) of the IMF). The Corporation's solid financial performance has been driven by a diversified business mix, reduced exposure concentrations, and operational efficiency improvements, stressed Moody's.

In its rating rationale, Moody's stressed that ICIEC's success is further reinforced by shareholder backing, particularly from IsDB and the largest shareholder member country- Saudi Arabia, with the rating agency anticipating continued support if necessary. At year-end 2023, the IsDB held a 50.48% stake in ICIEC, with other sovereign OIC members contributing as shareholders. ICIEC also benefits from strategic synergies as part of the IsDB Group.

To support future growth aligned with its mandate of providing political risk and trade-related insurance for OIC countries, ICIEC's shareholders continue to play a vital role. In 2022, ICIEC's Board of Governors approved a 150% increase in authorized capital to ID1bn (USD1.34 bn), with the subscription period for this increase set to end in June 2025. This will raise subscribed capital to ID797 bn (USD1.1 bn) from the current ID297 mn (USD398 mn).

The stable outlook reflects Moody's confidence in ICIEC's ability to maintain strong capital, asset quality, and profitability while prudently expanding its operations. It also signals expectations of continued support from IsDB and OIC member countries.

Dr. Khalid Khalafalla, CEO of ICIEC, expressed gratitude to member countries, Board Members, and staff for their dedication and reaffirmed ICIEC's alignment with the IsDB Group's initiatives in Islamic finance, green financing, and food security, among others. He emphasized that ICIEC is well-positioned to navigate geopolitical risks while maintaining financial stability and resilience.

ICIEC Promotes Greater Private Sector Participation in Development and Adoption of Monitoring and Evaluation at the 6th IsDB Group Evaluation Symposium

Jeddah – ICIEC participated in the Group's 6th Evaluation Symposium held in Jeddah, 2024.

Dr. Khalid Khalafalla, CEO, ICIEC, participated in a Fire Chat Discussion with Dr. Hiba Ahmed, Director General of the Islamic Solidarity Fund, Dr. Issa Faye, Director General of Global Practices and Partnerships, IsDB, and Dr. Sami Al Suwailam, Acting Director General, IsDBi, and the discussion was moderated by Dr. Mohammed Alyami of the Development Effectiveness Office of ICD.

"I am excited to speak at the IsDB Group Evaluation Symposium, where. we explored how innovative solutions in investment insurance and export credit can amplify our impact and drive sustainable development. We're excited to contribute to these critical discussions on the strategic value of evaluation in decision-making, exploring how M&E can adapt to changing environments to drive greater impact," stressed Dr. Khalafalla.

ICIEC also led a panel discussion on private sector involvement in development, highlighting adaptive evaluation strategies and the evolving role of monitoring and evaluation (M&E) in driving sustainability and impact within the private sector.

ICIEC Explores Risk Solutions for African Infrastructure Development at AFSIC 2024

London - Bessem Soua, ICIEC's Division Manager of Sub-Saharan Africa & Europe Region, participated in a top-level panel discussion titled "Is Africa's Infrastructure-Led Growth Experiment Faltering?"

The event was part of the prestigious 'Investing in Africa' Conference organised by AFSIC in London in October 2024. The session explored critical challenges and opportunities in advancing infrastructure development across the continent, and how ICIEC's innovative solutions can drive sustainable growth in Africa and make projects more bankable to crowd in private capital.

ICIEC is one of the most proactive multilateral insurers in Africa and remains committed to supporting projects that contribute to Africa's infrastructure development and economic resilience.

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