



**35th MEETING OF THE SESSIONAL COMMITTEE OF THE
STANDING COMMITTEE FOR ECONOMIC AND COMMERCIAL
COOPERATION OF THE ORGANIZATION OF ISLAMIC
COOPERATION (COMCEC)**

**ICIEC's Brief Performance
2018 & First 9 months of 2019**

**24 November 2019
Istanbul (Turkey)**

Since inception 25 years ago, ICIEC's mandate is to *enlarge the scope of trade transactions and investment flow among Member Countries of the OIC* by providing Takaful credit and investment insurance services has uniquely positioned it among other key players in the commercial and political risk industry. While this has led ICIEC to be an impactful Multilateral financial institution, it has also put the Corporation at the crossroad of many global challenges. As a result of the impressive growth, ICIEC was able to insure a total of USD 60 billion since its inception until Sept 2019.

Confronted with the fluctuating global economic landscape and structural reforms made to mitigate the impact of the global financial crisis, ICIEC's role in facilitating trade and investment is even more relevant. Global flows of foreign direct investment and cross-border investments in 2018 and first nine months of 2019 have recorded a modest recovery at the global level with a negative note for most developing countries in general, and for the OIC region in particular.

Additionally, the perception of risks by the business community has remained relatively high. Stagnant global financial conditions, implications of rising global trade tensions for the economy, political instability combined with a rise in the number of conflicts in our MCs, have culminated to bringing ICIEC to the forefront by shielding its clients from economic and political risks due to global trade and investment environment.

Guided by our mandate, while working in a challenging global economic climate, ICIEC has navigated the 2018 and first nine months of 2019 business with very ambitious operational Key Performance Indicators (KPIs) derived from our 10-Year Business Plan and Strategy. To achieve the targets, it was necessary to implement a series of strategic initiatives; including fine-tuning the Organizational Structure while introducing important enhancements in functions like underwriting, re-insurance, risk management, technical reserving, and internal audit. We have also sought to make improvements across the organization from staffing, planning, monitoring and evaluation, to the development of a robust IT infrastructure. As a result, we were able to shorten response time to clients and increase market penetration, sectorial and country risk coverage by scaling up the mobilization of private investment flows via private banking systems and through highly rated private re-insurance capacity.

For ICIEC to improve access to its services, given the geographic distribution of its membership, a regional zoning approach for the business development function was implemented. Each 'region'— Middle East & North Africa, Sub-Saharan Africa & Europe, and Asia — is now managed from ICIEC's respective global representative offices with oversight from the Headquarters in Jeddah. Through our new decentralized approach, we seek to better serve our new and existing clients through our strong network of local and international partners which includes

the National ECAs, international credit and political risks insurers & reinsurers and international financial institutions.

During 2018, ICIEC was able to increase its business insured by 20% to USD 9.03 billion compared to USD 7.53 billion achieved in 2017. Trade related business insured reached USD 6.19 billion compared to USD 5.81 billion registered in 2017 marking an increase by 7%; while Investment business insured remarkably increased by 65% reaching USD 2.84 billion in 2018 compared to USD 1.72 billion for the previous year 2017.

Regarding the figures of 2019, only for the first nine months of 2019, ICIEC was able to insure a total business and investment of USD 7.5 billion witnessing an increase of 12% compared to the same period of last year 2019 and achievement of 133% of the period target.

As a result, the impact of ICIEC services on its Member Countries was translated into a tangible support totaling only for the 9 months of 2019 USD 6.044 billion for exports and import, USD 1.6 billion for inward and outward foreign direct investments into and from Member Countries, the Corporation has supported a volume of USD 7.6 billion of Intra-OIC business involving 35 countries.

In terms of business line during the first 9 months of 2019, the Short Term business insured has increased by 16% from USD 4.10 billion to USD 4.74, the Medium Term has recorded an increase of 324% from \$ 0.237 billion to USD 1.006 billion, in regards to the Investment Insurance, the business contrary recorded a decrease of 25% from 2.399 billion to USD 1.759 billion due to mainly big ticket transaction recorded in the first half of 2018. The Investment number will increase as we do foresee important transaction to be closed before the year end 2019.

In regard to the geographical coverage, in the first nine months of 2019, the MENA and Sub-Saharan Africa & Europe (including Turkey and Dakar offices) have recorded a total business insured of \$ 3.9 billion and \$3.065 billion respectively. The Asian region was able to record only \$300 million, The pipeline of the transaction for the next year and onward is showing the path for a more balanced regional coverage in terms of business insured performance.

Sustainable development is a high national and global priority and ECAs should endeavor to actively contribute to the achievement of the SDGs by insuring exports and investments in projects that would not have occurred otherwise due to high market risks, particularly in developing countries. After a thorough analysis of the SDGs and underlying targets, ICIEC has established that its developmental role and contribution in Member Countries is most relevant to six goals, namely, SDG2, SDG3, SDG7, SDG8, SDG9, SDG17 and this was also a part of IsDB's 10-year strategy, which is in turn aligned to the SDGs. In this regard, and as far as ICIEC's business related to SDGs is concerned, we would like to report that during the 25 years of its existence, ICIEC has

supported USD 512.8 million in trade and investment in the health sector, USD 15.5 billion in trade and investment related to energy, USD 6.5 billion for imports, exports outward and inward investment in LDCs, USD 2.5 billion in labour-intensive industries among all Member Countries. This is addition to USD 3.7 billion in trade and investment related to infrastructure.

Since the Corporation has been very much concerned with maintaining its financial health and sustainability, for the 11th consecutive years, ICIEC was able to maintain its Aa3 standalone Rating by Moody's. This does not only positions ICIEC at par with key international players in the commercial and political risk insurance industry, but more importantly underlines and confirms the financial health of the Corporation and the sustainability of its operations.

ICIEC's strong and reliable partnerships with numerous national, regional and international financial institutions and industry organizations are essential to fulfilling our mandate and a prerequisite to business development, knowledge-sharing, co-insurance and reinsurance. From this perspective, ICIEC continues to build on its success in this area. Additionally, for the purpose of meeting its mandate in supporting national export credit agencies in member countries, ICIEC worked to both strengthen existing relationships (i.e. Indonesia Exim Bank, Etihad Credit Insurance (UAE), and Saudi Export Program (SEP) and forging new relationships in the international reinsurance market. On the global scale, ICIEC continued to benefit from its membership in the Berne Union through valuable networking, capacity building and knowledge sharing.

As the development of the Commercial and Political risk insurance industry in its Member Countries falls within ICIEC's mandate, the Corporation took a joint step in 2009 for creating the Aman Union, the professional forum assembling insurers and reinsurers of commercial and political risks in OIC member countries, represents one of the important initiatives established by ICIEC and the Arab Investment and Export Credit Guarantee Corporation (DHAMAN). ICIEC actively contributes to the development of member ECAs in the Union through leading of major initiatives introduced by the Union and assumes different responsibilities in the Committees and Technical Teams of the Union in collaboration with DHAMAN and Turk Exim Bank. ICIEC has played a key role in the establishment and operationalization of first of its kind Credit Information Database Center of Aman Union that was launched in December 2013 for addressing the problem of non-availability of reliable credit information for risk assessment. The success story of the Aman Union Database Center was showcased in several forums organized by the Union as an experience that is worthy for replication into more common cooperation projects in the OIC.

Accordingly, ICIEC has led another similar initiative in 2018 by formulating a study for establishing an OIC Business Information Centre (OBIC) aiming to develop a best-in-class business intelligence ecosystem covering credit information, rating, advisory and capacity building for OIC Member Countries.



During the 34th Ministerial Meeting of COMCEC held in November 2018; the meeting expressed appreciation for the initiative led by the ICIEC and requested the IsDB Group to start operationalization of the initiative as an OIC Program under one of the IsDB's Regional Hubs in close partnership with SESRIC and other relevant OIC institutions.

ICIEC has come a long way of success and achievements, a path which is marked by going through numerous challenges over the last 25 years. All of this would not have been possible without the hard work and dedication of the ICIEC's team that we were able to carefully select, recruit, train and retain. No doubt, the support extended to the Corporation by its Honorable Board of Governors and Board of Executive Directors and the Member Countries was instrumental and vital in achieving the remarkable results registered.