



المؤسسة الإسلامية لتأمين الإستثمار و ائتمان الصادرات
THE ISLAMIC CORPORATION FOR THE INSURANCE OF INVESTMENT AND EXPORT CREDIT
(عضو مجموعة البنك الإسلامي للتنمية - Member of the Islamic Development Bank Group)

**34RD SESSION OF THE STANDING COMMITTEE FOR ECONOMIC AND
COMMERCIAL COOPERATION OF THE ORGANIZATION OF
ISLAMIC COOPERATION (COMCEC)**

ICIEC's Brief Performance 2017

COMEC's Follow Up Committee

**Ankara
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2017 was a year of general volatility. But it also saw a slight recovery from the crisis of 2016, where the Export Credit and Political Risk Insurance industry recorded historically high levels of claims across all Berne Union¹ Members – over \$6 billion in total. Due to the volatility and the sluggish global economic recovery, losses have been high this year as well in all the business segments (Short Term, Medium Term and Long Term or Investment Insurance), with total claims being projected to exceed \$3 billion at the end of 2017.

In 2017, ICIEC facilitated a total Business Insured of US\$7.5 billion. This constitutes a decrease of 6% in comparison with the Business Insured in 2016 of US\$8.02 billion. On the other hand, total Premium Income went up significantly from USD 35.4 million in 2016 to USD 40.5 million in 2017, registering a growth of 15%. Taken together, these results reflect a shift in the pricing dynamics of the Corporation's overall portfolio. In other words, for a lower business insured, more premium income has been generated, which shows that the effective premium rate per dollar of business insured has increased. This also indicates a change in the portfolio mix, where the proportion of Business Insured in the Short Term line of business decreased from 79% in 2016 to 76% in 2017 as opposed to the Investment Insurance increasing from 16% in 2016 to 19% in 2017.

With respect to the three business lines, the Short Term and the Medium Term Export Credit insurance have seen the most drastic reduction in business insured, witnessing a decline of 12% and 17% respectively in comparison to 2016. The Foreign Investment Insurance (FII) recorded a significant increase in business insured of 28%. As for the premium income, Short Term and Medium Term Export Credit have had declines of 18% and 46% respectively. This was counter-balanced by the significant increase in premium revenue of 108% in the FII line of business. These statistics reflect an uptick in demand for project related Political Risk Insurance and a stagnation of growth in Trade Credit instruments as a result of reduction in regional trade as well as stiff competition in the market.

With regard to the investment of the Corporation's liquid funds, our primary guiding principle is to safeguard our assets and to preserve ICIEC's capital base. In 2017, income from the shareholders' fund (SHF) decreased by 93%, resulting in a net income of ID 336,934 compared to the ID5.14 million realized in 2016. The impact of foreign exchange translations resulted in a loss of 198%. Total expenses decreased by 39% from ID 24.8 million in 2016 to ID 15.1 million in 2017. This was primarily due to a reduction in the net claims, the sales and marketing costs and the staff cost. The net result of the policyholders' fund is a surplus of ID1 million.

During 2017, 36 member countries have benefitted from ICIEC's insurance products and services, resulting in the facilitation of USD 11.27 billion in trade transactions & Foreign Direct Investments (FDI). Of this amount, USD 5.34 billion was in the form of exports from member countries, USD 3.67 billion imports into member countries (including strategic goods and capital equipment from

¹ The source of this information is the Bern Union 2017 Year Book. The Berne Union is the leading global association for the export credit and investment insurance industry



non-member countries), and USD 2.25 billion in foreign investments (comprising of inward and outward investments).

In doing so, the Corporation deployed its capital. But more importantly, it also raised reinsurance support from a number of international reinsurers including multilateral development financing institutions, non-member country national export credit agencies (ECAs) and private providers of trade credit and political risk insurance.

At the level of IDB Group 10 Years Strategy, I'm delighted to report to your august audience that ICIEC is about to reach its cumulative objective in terms of Intra-OIC trade & Investment insured assigned to ICIEC which stands at US\$28 billion by the year 2025.

In fact, since 2015, ICIEC has successfully achieved to insure trade and investment for a cumulative amount of US\$18,8 billion, representing 67% of the cumulative target of US\$28 billion by 2025. For only the year 2017, ICIEC has been able to insure a total of US\$3,8 billion of intra-OIC trade and investment. Regarding the Intra-OIC Trade flows only and since 2015, ICIEC has insured the intra-trade for a cumulative amount of US\$8,6 billion, which coupled with other major initiatives at the OIC level, will assuredly boost the overall intra-OIC so to reach by 2025, the COMCEC's target of 25% of the MCs total trade flows.

ICIEC has an ongoing cooperation with many non-member country export credit agencies, multilaterals and private insurers. This includes companies such as Atradius (Netherlands), Euler Hermes (Germany), Sovereign (private insurer) amongst others. Projects are jointly supported in many member countries such as Oman, Mali, Benin and Niger.

In 2017, ICIEC signed a reinsurance agreement with Credendo, the National Export Credit Agency (ECA) of Belgium, to support the exports of capital goods and investment flow from Belgium to a number of ICIEC member countries.

One of the pillars of ICIEC's mandate is to support the emergence of a Shariah-based export credit and investment insurance industry in our member countries. To that end, the Aman Union, which was created by ICIEC and Dhaman in 2009, continues to serve as a valuable platform for sharing information, collaboration on joint support to mega projects and technical support to the national ECAs of our member countries. So far, 17 export credit agencies of IDB Group member countries benefit from the services of the Aman Union, which meets once every year and organizes capacity building programs for its members

In all its interventions, whether in insuring trade, projects or investments, ICIEC does have a remarkable impact on the lives of communities in member countries, particularly those in remote areas. In 2017, ICIEC played a pivotal role in facilitating infrastructure and social development projects in a number of countries, namely: Turkey, Algeria, Sudan, Bangladesh, Niger, Nigeria, Saudi Arabia, UAE, Indonesia, Egypt, Ivory Coast, and Senegal, just to name a few.



While adhering to the international best practices in the Export Credit and Investment Insurance Industry, ICIEC is fully committed to enhance, between Q1-Q3 2018, its Operations Regulations, Operating Procedures, and Delegation of Authority for Insurance Services.

One of the main challenges facing the Corporation is the assessment of the developmental impact, which its interventions are having on economic development as well as on the livelihoods of beneficiaries in member countries. To address this challenge, ICIEC will be establishing in 2018 a comprehensive Monitoring & Evaluation (M&E) Framework within the Strategic Planning Division. One of the tangible deliverables of this exercise will be the launching during this IDB Annual Meetings of ICIEC's first Annual Development Effectiveness Report (ADER)

ICIEC has attended the 33rd Session of the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation "COMCEC", from 19-24 November 2017 in Istanbul, Turkey. ICIEC has successfully passed a resolution endorsed by the Ministerial Conference and related to the setting up of a "COMCEC's Business Intelligence Centre". The final detailed report will be submitted to the forthcoming COMCEC's Ministerial session in Nov. 2018

Furthermore, ICIEC has been able to launch the first Joint Publication on the "The State of Investment in OIC MCs and the Role of Export Investment and Promotion Agencies". This joint effort involved ICIEC, The Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), and the World Association of Investment Promotion Agencies (WAIPA).

On the back of the strong performance highlighted above, ICIEC has maintained, for the 9th year in a row, its AA3 by Moody's rating, which happens to be one of the strongest in the Export Credit and Political Risk Insurance industry. Going forward, and on the basis of the expertise gained over the last 23 years in this field, ICIEC will continue to implement work hard, allowing the Corporation to carry out its developmental agenda toward its 44 Member Countries.