



**ICIEC's Brief Performance for 2021
and
Highlights of the 9 Months of 2022**

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Despite the sanguine prospects that began in the third quarter of 2021, the global economy is beset with several shocks in 2022, including the lasting effects of the COVID-19 pandemic, the Ukraine war, rising inflation, and tightening financing conditions. Several shocks have hit a world outlook already weakened by the pandemic, including higher-than-expected inflation; tighter financial conditions; heightened food shortages in many developing economies; and further negative spill overs from the war in Ukraine.

Consumer price inflation is expected to rise from 4.7% in 2021 to 8.8% in 2022 but to decline to 6.5% in 2023 and to 4.1% by 2024. Upside inflation surprises have been most widespread among advanced economies, with greater variability in emerging markets and developing economies.

Global foreign direct investment (FDI) flows in 2021 were US\$1.58 trillion, up 64% from the level during the first year of the COVID-19 pandemic of less than US\$1 trillion. However, the global environment for international business and cross-border investment changed dramatically in 2022 with the onset of the war in Ukraine. Investor uncertainty and risk adversity could put significant downward pressure on global FDIs in 2022 (*UNCTAD World Investment Report 2022*).

The operating condition of ICIEC has equally been affected by the global pandemic and war in Ukraine. With respect to Member Countries (MCs), the impacts are heterogenic as oil-rich MCs are benefiting from the energy price hikes while importers are negatively affected.

Despite the slow recovery from the COVID-19 pandemic impact, the Corporation continued delivering on its mandate of promoting cross-border trade and foreign investment in OIC MCs in 2022. Based on its adequate Takaful-based risk mitigation solutions, ICIEC facilitated trade with and between its MCs as well as foreign investment into its MCs.

The Corporation continued its support to OIC MCs' efforts combatting the residual COVID-19 impact, through specific initiatives that have been developed within the IsDB Group. These initiatives include the ICIEC-ISFD Emergency Response Initiative (ICERI) and the IsDB-ICIEC COVID Guarantee Facility (CGF). In addition, ICIEC is engaged in the Food Security Response Program (FSRP), a recent initiative undertaken by the IsDB Group to help MCs overcome the challenges in food procurement mainly resulting from the Russia-Ukraine war.

With respect to Intra-OIC trade, ICIEC's business insured in 2021 stood at USD 4.49 billion, involving 40 MCs of the OIC, compared to USD 5.06 billion involving 38 countries in 2020, representing a decline of about 11.26%.

During the first quarters of 2022, the volume of business insured increased by 23% to reach USD 7.83 billion compared to USD 6.35 billion during the same period last year. This brings ICIEC's cumulative amount of business insured since inception to USD 91.14 billion.

ICIEC's ever-expanding volume of business since inception is made possible thanks to the solid network we have built worldwide. This sustained growth is due to the fruitful partnership we have



established with Financial Institutions (*FIs*), National Export Credit Agencies (*ECAs*), and international credit and political risk reinsurers.

The Corporation continues to demonstrate its determination to support Intra-OIC business and to contribute to the achievement of the OIC's goal of reaching a 25% Intra-OIC trade share by 2025. Our trade and investment facilitation efforts in this sphere continue to bring sustainable development, prosperity, and greater unity to the entire Muslim Ummah.

The Corporation is dedicated to facilitating projects and transactions that produce sustainable development in its MCs. The United Nations Sustainable Development Goals (*SDGs*) have been a central tenet of ICIEC's operations since they were introduced in 2015. ICIEC firmly believes that the facilitation of trade and investment is an effective vehicle to achieve the *SDGs*.

The Corporation's dedication to supporting sustainable development is shown through the projects and transactions ICIEC elects to insure, the events the Corporation participates in, through the corporate initiatives it pursues, and through the products and services it provides. ICIEC ensures that its commitment to reaching the *SDGs* is thoroughly embedded in everything it does, both internally and externally. The Corporation most prominently supports six *SDGs* with its activities, namely *SDGs* 2, 3, 7, 8, 9, and 17.

ICIEC acts as a catalyst and facilitator to mobilize private sector capital towards the achievement of the *SDGs*. In addition, the Corporation is embedding the Environmental, Social and Governance (*ESG*) paradigm to scale up its operations.

Capital and Shareholders' continued commitment reinforces ICIEC's sustainability, permitting further organic growth and internal capital generation. The Board of Governors (*BoG*) approved ICIEC's 3rd General Capital Increase (*GCI*) during its 29th *BOG* meeting held in Egypt on 4th June 2022. The Authorized Capital of ICIEC was increased by 150% from its current ID 0.4 billion to ID 1.0 billion and Subscribed Capital by ID 500 million (168%) to ID 797 million- the largest in history. In addition, a Special Share class comprising 20% of the increase in subscribed capital (ID 100 million) has been approved for subscription by *FIs* owned/controlled by MCs. The approval underscores ICIEC MCs strong support for the Corporation and its strategic growth plans.

The establishment of ICIEC by the 16th Meeting of Board of Governors of IsDB in February 1992 was due to the pivotal series of deliberations and recommendations of COMCEC in its Fifth and Eight Sessions of COMCEC in 1989 and 1992 respectively. The support of COMCEC, hence, is important to encourage the MCs and its *FIs* to subscribe to ICIEC's 3rd *GCI*. The subscription will certainly be a cost-effective way for MCs to achieve synergy and realize the biggest opportunity for the broader goals of meeting the developmental needs of the OIC region, particularly in the face of current global economic and geopolitical challenges. One example is optimal to illustrate the developmental contributions that ICIEC can do for MCs -the strong capability to mobilize external capital from the international reinsurance market enables the Corporation to leverage its limited capital resources by over 50 times annually for the benefit of MCs. Thus, faced with critical resource constraints, MCs would be better off contributing \$1 million of scarce resources to ICIEC's capital (*instead of deploying it on a single project*) and in return stand to benefit up to \$50 million net resource transfers annually.

To conclude, it is important to touch upon ICIEC's efforts in implementing the initiative for the development of the OIC Business Intelligence Centre (*OBIC*), a state-of-the-art business intelligence



ecosystem for OIC countries. Given the fact that ICIEC is in a data-driven business, it was able to realize the importance and the need for having a reliable credit information database that fills the gap and will help bolster trade with and FDI into OIC MCs. In this respect, ICIEC, the Statistical, Economic, and Social Research and Training Centre for Islamic Countries (SESRIC), the Islamic Centre for the Development of Trade (ICDT), and the Islamic Chamber of Commerce, Industry and Agriculture (ICCIA) are taking together the necessary technical actions towards the implementation of the initiative and launching the OBIC, in the light of the Resolutions issued by the Ministerial Sessions of the COMCEC. In this respect, preparations are ongoing to implement the 1st step in the implementation plan of the initiative which is the Capacity Building Programme for the End Users of the Centre. The Programme was scheduled earlier to be organized in June 2022 in Cairo, Egypt, with the involvement of specialized experts from the IFC of the World Bank, in addition to technical contributions in delivering the sessions from ICIEC, SESRIC and ICDT. With the recent addition of the ICCIA to the team in charge of the implementation, the content of the Sessions was revisited to include more topics for the benefit of wider sectors of Users, and a new date is now set for the Capacity Building Programme to be organized in the 1st Quarter of 2023.

Draft Resolutions

- **Take note** with appreciation of the initiatives taken by ICIEC to lessen the impact of the COVID-19 pandemic on the Member Countries, specifically, the launching of the ICIEC-ISFD Emergency Response Initiative (ICERI) and the COVID Guarantee Facility (CGF).
- **Recall** with appreciation the outstanding performance of ICIEC operations during 2021, which resulted in the amount of **USD 9.79 billion** as business insured, bringing the cumulative amount of business insured since inception to **USD 83.31 billion**.
- **Acknowledge** ICIEC's role in supporting **USD 4.49 billion of Intra-OIC business insured, involving 40 countries**.
- **Call** upon Member Countries to continue their support to ICIEC and subscribe to the 3rd General Capital Increase.
- **Congratulate ICIEC on achieving six SDGs**; namely **SDG 2, SDG3, SDG7, SDG 8, SDG9, and SDG 17**.
- **Acknowledge** ICIEC's efforts in establishing the OIC Business Intelligence Centre (OBIC) and the work and steps taken in collaboration with SESRIC, ICCIA, and ICDT towards the implementation of the initiative and launching of the OBIC.