



THE 41ST ANNUAL MEETING OF THE
BOARD OF GOVERNORS OF IDB GROUP &
ICIEC'S 23RD
ANNUAL MEETING

MAY 19TH, 2016, JAKARTA, INDONESIA



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Editorial

ICIEC TO ASSIST EXPORT CREDIT INSURANCE IN MEMBER COUNTRIES

As the global economic outlook remains bleak with subdued demand and diminished prospects projected this year, it becomes a natural course of action for investors to be cautious about their investment-related transactions. This is prevalent especially in emerging market and developing economies. It is at this juncture where multilateral export credit agencies are put through their paces.

At a seminar organized by ICIEC in Jakarta on the sidelines of the IDB Board of Governors' Annual Meeting last May titled "Takaful: Mitigating Trade and Investment Risks in Asia", ICIEC leverages its mandate to assist the development of the export credit insurance industries in Member Countries and support its long-term strategy of becoming a wholesaler of insurance products.

Despite the turbulence and challenges that impair the pace of foreign direct investment in member countries, ICIEC steps in to underscore that its services and products are tailored to address the concerns of the exporters, banks and investors as the Corporation provides tailored insurance solutions to mitigate the various risks it underwrites.

I assured the participants and the attendees in that august assembly of the Corporation's preparedness to tackle each and every investor's preoccupation with regard to guaranteeing stake for a sustained business operation. I also informed the gathering that the ICIEC is ready to facilitate and mitigate the risks of investors who are interested in bankable investment projects, particularly in infrastructure, in our member countries. ICIEC is open to coordinate with investors who are willing to invest in Indonesia as well as in other member countries, and will offer protection for investors against the political risk of the host country.

The Corporation, in spite of the challenges, sustains its upward momentum. Aside from the Moody's Aa3 Rating that it has maintained for the ninth year in a row, ICIEC will never rest on its laurels.

During the Jakarta event, the Corporation was able to conclude an agreement with PT Asuransi ASEI Indonesia aimed at broadening export credit and foreign investment insurance market in Indonesia. This agreement, just like the series of similar ones we have entered into with other member countries, shows that ICIEC's growing cooperation is a manifestation of the quality of our products and services meeting international market standards.

Oussama A. Kaissi, Chief Executive Officer

ICIEC 2016 HALF YEAR RESULTS: INCREASE OF BUSINESS INSURED AND PREMIUM BY 27% AND 44% RESPECTIVELY



27%
Increase
business
insured



44%
Increase
premium
income

ICIEC insurance operations has achieved a remarkable performance during the first half of the year 2016 compared to the same period of the previous year. The Business Insured by the Corporation during the reporting period has reached over USD 3 billion, which is 27% increase compared to the same period of the previous year. Similarly, the premium income has increased by 44% reaching USD 15 million by end of June 2016. Such outstanding performance demonstrates ICIEC

focus on enhancing the utilization of its services within its member countries to help their economic development.

Project wise, ICIEC has approved during the first 6 months of 2016 projects in various strategic sectors such as healthcare, infrastructure, telecommunication, energy, manufacturing and agriculture. ICIEC newly approved projects span across various countries including Algeria, Bangladesh, Indonesia, Niger, Pakistan, Saudi Arabia and Turkey.

ICIEC & ATRADIUS JOIN HANDS TO COVER THE CONSTRUCTION OF A MULTIFUNCTION MARKET IN ZINDER, NIGER

ICIEC has reinsured Atradius Dutch State Business N.V. – one of the leading Export Credit Agencies in the World – covering a medium term financing provided to the government of Niger to enable the construction of a multifunctional central market in Zinder, Niger. ICIEC reinsurance support for this project worth EUR 11.6 million.

The new market will contain over 200 shops, including public facilities such as first aid, rooms for training, etc. It aims at improving the economic infrastructure, creating jobs, and increasing trade with neighboring countries such as Nigeria and Chad.

This project is at the heart to ICIEC mandate to support infrastructure projects in member countries and help them attract adequate funding from the international market to support their economic development.



ICIEC MAINTAINS MOODY'S AA3 RATING FOR 9th YEAR

MOODY'S
INVESTORS SERVICE

ICIEC has maintained for the ninth year in 2016 the Aa3 Insurance Financial Strength Rating (IFSR) accorded to it by Moody's Investors Service. The leading international provider of credit ratings, research, and risk analysis has also maintained the stable rating outlook of the Corporation.

In its rating affirmation, Moody's noted ICIEC's stand-alone fundamentals as well as the potential support stemming from its shareholders, IDB (rated AAA Stable) and the 44 member countries. "In fact, given ICIEC key role as facilitator of trade between Islamic countries, ICIEC's rating reflects the strong ability and potentially high willingness of ICIEC's main shareholders, in particular IDB and Saudi Arabia, to support the company," the rating agency remarked.

The rating likewise manifests the strength of ICIEC as the only multilateral export credit and investment insurance corporation in the world that provides Shariah-compatible insurance and reinsurance products. It further asserts ICIEC's regional edge based on its operating experience, the report added.

Commenting on the latest rating report, Mr. Oussama Kaissi, the CEO of ICIEC, said "the latest rating is an assertion of Moody's confidence in ICIEC's consolidated financial strength and global leadership in not only in terms of Shariah products but in diversified insurance and reinsurance products as well."

Moreover, he said "this affirmation will go a long way to support ICIEC's pivotal role in expanding the much needed risk mitigating services in its member countries in the midst of the current world economic challenges." He expressed his gratitude to the continuous support of all the honorable members of the ICIEC Board of Governors, as well as Board of Directors, to carry its mandate which makes this rating possible.

ICIEC PARTICIPATED IN TXF ROME 2016 CONFERENCE



Bessem Soua, Manager, Business Acquisition Division, ICIEC attended TXF Rome 2016 Conference in June 2016, where he participated in a panel on "COLLABORATION BETWEEN ECAs AND DFIs". The panel was moderated by Jonathan Bell, Editor-in-Chief, TXF and includes of Michal Ron, Vice President, Berne Union, and – MD, Head of International Business at SACE, Riccardo Puliti, Managing Director, Head of Energy and Natural Resources at EBRD, and Arun Kumar Sharma, Chief Investment Officer, Global Financial Markets Department at IFC.

The panel had a thorough discussion on the types of risk sharing models and major challenges to cooperation between ECAs, sectors such as renewable energy where the collaboration between ECAs and DFIs is crucial and the benefits for enhancing the financial and non-financial collaboration between ECAs and DFIs.

Bessem's intervention was mainly on the point of intersection between the mandates of ECAs and DFIs mandates. He also highlighted the specific characteristics of ICIEC as a multilateral ECA, member of the Islamic Development Bank Group. He gave some examples on the collaboration between ICIEC and some DFIs, especially on the "A-B" Loan structure, where ICIEC insurance tools are very useful in projects located in high risk countries and/or projects involving long term financing. ICIEC export credit and political risk insurance tools helps the DFI as an "A Lender" to attract "B lenders" financing while mitigating commercial and/or political risks. As a final recommendation, Bessem recommended to create a platform where ECAs and DFIs can network, exchange information and explore ways for enhancing the collaboration. He suggested to explore if Berne Union can take the lead in this respect.

ICIEC RECORDED GROWTH IN 2015

On May 19th, ICIEC held its 23rd Annual Meeting in Jakarta, Indonesia in conjunction with the Islamic Development Bank's 41st Annual Meeting. During the meeting the Board of Governors of ICIEC approved the 1436H Annual Report.

The Report showed a 22% increase in business insurance operations to US\$5.29 billion from US\$4.32 billion in 1435H. New commitments expanded 8% to US\$3.83 billion compared to US\$3.56 billion in 1435H.

Moreover, the report revealed that member countries benefited from ICIEC services since inception up to end of 1436H, registering 73.1% in MENA region, 8.9% in Asia, 8.4% in Central Asia/Europe, and 8% in Africa.

ICIEC has sustained growth in its insurance operations for the year 1436H (2015G) despite wobbly worldwide conditions.

During the meeting, the Board of Governors also appointed new external financial auditors for 2017G (1438H/1439H).



Commenting on the results, Mr. Oussama A. Kaissi, the CEO of ICIEC, said **“ICIEC has continued to demonstrate significant progress in terms of business growth and organizational development notwithstanding the uncertain global environment and the unpleasant condition in some member countries.”**

He expressed optimism for the next year and beyond, noting that **“we are on the right path to build on this trend.”**

ICIEC AND ASEI SIGN AGREEMENT TO SPUR INDONESIA EXPORT CREDIT



ICIEC and PT Asuransi ASEI Indonesia (Asuransi ASEI) pledged to broaden the export credit and foreign investment insurance market in Indonesia in an Agency Agreement signed during IDB Group's 41st Annual Meeting held in Jakarta, Indonesia last May.

Under the Agreement, Asuransi ASEI will offer ICIEC's Medium-term Export Credit and Foreign Investment Insurance products to eligible exporters and investors doing business in or from Indonesia, in line with ICIEC's effort to boost intervention in Indonesia, specifically on the foreign investment insurance and capital equipment imports.

Mr. Oussama A. Kaissi, the CEO of ICIEC, remarked: “Asuransi ASEI is a valued partner for ICIEC. By leveraging on their local knowledge and contacts in the Indonesian market, we aim at supporting projects in Indonesia which will have a meaningful developmental impact in the country. Working with member country ECA's is in accordance with our mandate to develop the Export Credit and Foreign Investment Insurance Market in our Member Countries.”

DR. BANDAR HAJJAR ELECTED AS THE NEW PRESIDENT OF IDB GROUP

The 41st Annual Meeting of IDB Board of Governors held on May 19, 2016 in Jakarta, Indonesia ratified the appointment of Dr. Bandar bin Mohammed bin Hamza Hajjar, a former Saudi minister of Haj, as the new President of IDB, replacing Dr. Ahmed Mohammed Ali who has held the post for most of the period ever since IDB's inception in 1975. Saudi Arabia has earlier proposed his appointment.

Dr. Ali thanked Custodian of the Two Holy Mosques King Salman for the Kingdom's unflinching support to IDB throughout his presidency. He wished Hajjar every success in his new endeavor as his successor.

Saudi Finance Ibrahim Al-Assaf, who is also Governor of IDB, lauded the exceptional performance and great efforts made by Dr. Ali in making IDB one of the world's largest financial institutions.





ICIEC READY TO FACILITATE AND MITIGATE THE RISKS FOR INVESTORS



PANELISTS at ICIEC's Annual Meeting seminar titled "Takaful: Mitigating Trade and Investment Risks in Asia" in Jakarta last May, underscored the importance of multilateral export credit agencies like ICIEC in facilitating export growth and supporting their member countries in attracting foreign direct investment.

Pinpointing the challenges and proposed solutions to various issues raised, they tackled how multilateral agencies best contribute to the development of their member countries in Asia, and how international lenders and investors can cooperate with ICIEC to implement large development projects in its member countries.

The seminar was attended by representatives of IDB/ICIEC member countries, relevant international institutions, experts in the field of export credit & political risk insurance, as well as clients.

Mr. Oussama A. Kaissi, the CEO of ICIEC, assured of the Corporation's preparedness to address the investors' concerns, saying "ICIEC is ready to facilitate and mitigate the risks of investors who are interested in bankable investment projects, particularly in infrastructure, in our member countries.



ICIEC is open to coordinate with investors who are willing to invest in Indonesia as well as in other member countries, and will offer protection for investors against the political risk of the host country."

Ms. Keiko Honda, Executive VP, MIGA, World Bank, said "we are trying to support many different countries around the world. We have to diversify their risk for our financial stability purposes—not only the country, but also the industry. We don't only help private investors in developing countries on the possibility of breach of contract or major change of regulations, but we are also helping through our credit enhancement products, we are supporting some of the poor countries to reduce the finance cost."



Acting as a moderator in a session on Export Credit Insurance, **Mr. Srinath Keshavan, Trade Risk Consultant, Singapore**, underscored the role played by multilateral development banks to support the creation and the expansion of various trade finance facilitation programs, saying that "these programs provide payment guarantees for small trade transactions for SMEs in countries where local banks find it difficult to receive confirmation from large, global



bank partners. The programs therefore act to reduce the risk, or at least the perception of risk, of trading in those countries. They enable thousands of small trade transactions to take place each year, almost exclusively in poorer countries."

In a session on how multilaterals like ICIEC can support their member countries in Asia, **Dr. Hakim Elwaer, Director of Cooperation Dept. IDB**, acting as moderator, said "it is important to promote cooperation and integration in order to accelerate economic growth, reduce poverty and economic disparity, raise productivity and employment, and strengthen institutions."



ENTERPRISE RISK MANAGEMENT (ERM) ROLE OF RISK MANAGEMENT



Risk Management's (RM) role – to support the decision-making process. Sell ERM culture and make it a natural part of the business process.

Risk assessment and transfer decisions should be done on a consultative basis, and not limited to through the delivery of systems. The training and development of staff is also vital to implement risk management within an organization.

The biggest tool at the hand of RM is the use of effective communication across the business/enterprise to identify the risks associated with the transactions and the overall portfolios of the Organization. Therefore, RM needs first class communication skills and direct contact with, and support from, management at the highest level.

RM is most successful when it is explicitly linked to operational performance. Clear leadership, specific goals, excellent influencing skills and open-mindedness to potential threats and opportunities are essential for effective risk management.

Currently, the big risks that top the global agenda include – Globalization is at the root of many key risks.

- A high level of concern about economic instability - How to keep business revenues and profits during a period of economic crisis? RM may not provide a solution but it should be a concern raised at RM level in any organization, and specifically at transaction level. RM should identify threats and their levels and possible mitigants
- A high level of concern about political instability - A non-insurable risk political uncertainty that pervades the globe today- from geopolitical developments in the Middle Eastern & Sub-Saharan Africa, elections circles all over the globe, more recently the threat of Brexit, etc.
- A high level of concern about social instability – Domestic security concerns, social unrests, evolutions of legislations etc.

Risk management should be pivotal, with the ability to influence strategic decisions across the organization. This is all the more relevant for credit and political risk insurers, like ICIEC. The Cooperation, as a multilateral, should continue to play a distinct, and an extremely useful role as a trusted source of advice for its' global

cliente. The days of discussions limited to property damage and liability risks are ending. With businesses more exposed than ever before to unconventional risks and increasingly operating at global levels, credit and political risk insurers, like ICIEC, can also provide customers with a high level of advisory support that goes far beyond risk transfer solutions. ICIEC should continue to develop multinational insurance programs/solutions in order to ensure compliance, robust cover across multiple business lines, territories and jurisdictions. Insurers are key business partners for businesses and investors in a world where geopolitical complexities and volatility are the new norm.



Bakary Kolley,

Senior Country Risk Analyst, Risk Management Department

TRAINING PROGRAM SHARPENS SKILLS OF STAFF ON COUNTRY RISK AND CRM



The 6th annual technical training program for the staff of Arab and Islamic Countries' ECAs organized by the Secretariat General of AMAN Union was held at Thiqah headquarters in Jeddah, Saudi Arabia. The training was centered on "Country Risk Analysis and Customer Relationship Management". Twenty four trainees from 11 Aman Union members attended the two-day course.

The CEO of ICIEC Mr. Oussama A. Kaissi opened the interactive and intensive program that made use of case studies and real examples to elucidate the points.

The first session which dealt with 'Country Risk Analysis' was aimed at transferring SACE experience ECAs/EXIMs, understanding the key drivers of country risk in both mature and emerging markets, identifying qualitative and quantitative indicators of vulnerability for sovereign and sub-sovereign counterparts, presenting SACE's multidimensional approach, and defining the main elements of PRI (principles for responsible investment). It was presented by Mr. Marco Minoretti, Head of Global Solutions, SACE.

Mr. Minoretti welcomed the commitment and interest of the participants in enriching their knowledge on determining specific

parameters in evaluating country risk, saying that comprehensive understanding of the sources of risk is crucial to stable investment and healthy returns on investment. "Analyzing country risk is important on investment decision making as the notion of risk is complementary to the notion of human activity that influences investment," he noted.

Issues on "Customer Relationship Management (CRM)" aimed at enhancing the knowledge about customers and using this knowledge to improve and customize the interactions with customers to maintain a long-term relationship with them were tackled on the second day. Mr. Marco Ferioli, Head of SACE Dubai - UAE and MENA Region, gave the presentations.

At the end of the session, Mr. Ferioli emphasized that CRM is essential in running a successful business as it is the strongest and the most efficient approach in maintaining and creating relationships with customers. "The success of any business relies significantly on its ability to manage and nurture the relationships it has with its customers which can only be achieved by assessing their individual needs and behaviors," he pointed out.

ICIEC SHOWCASES SERVICES AT 31ST GAIF FORUM IN BEIRUT

Recently, ICIEC participated in the 31st General Conference of the General Arab Insurance Federation (GAIF) held in Beirut, Lebanon on May 24-26, 2016.

The CEO of ICIEC Mr. Oussama A. Kaissi headed the delegation, accompanied by two staff from Sales & Distribution Department.

The two ICIEC booths installed at the three-day convention hall displayed ICIEC's products and services which further enhanced the corporation's image abroad.

The gathering discussed the challenges facing the Arab insurance industry and proposed suitable solutions in order to maintain the integrity, effectiveness and prosperity of the Arab insurance industry through its own elements of growth, looking to increase their contribution in the economic development and enhancing its role in providing the insurance umbrella to all economical sectors.

Mr. Kaissi said ICIEC's participation in the GAIF's annual forum "is a great opportunity to further extend our services

and products to international clientele. As such, ICIEC's growing cooperation is a manifestation of the quality of our products and services meeting international market standards."

He added that ICIEC deemed successful its participation as it was a valuable opportunity for all insurance experts and professionals to network and build stronger bonds. "I think participants benefitted from the conference by sharing and complementing available capacities, harmonizing financial system, and exchanging technical expertise to find efficient mechanism to build cooperation and extensive networking between members."





ITAP CONCLUDES A TECHNICAL ASSISTANCE PROGRAM TO THE GAMBIA

IDBG Investment Promotion Technical Assistance Program (ITAP) concluded an investment promotion technical assistance program to The Gambia Investment and Export Promotion Agency (GIEPA). The program comprised several components such as sector studies, preparation of investment project profiles, staff training, familiarization visit to Turkey and finally a study visit to IDB.

A senior delegation headed by the CEO of GIEPA visited IDB in April 2016 to familiarize the agency with available support schemes offered by the Bank to its member countries. The visit included several meetings with relevant departments and entities at IDBG as well as meetings with the private sectors and site visits.

Furthermore, the CEO of GIEPA delivered a presentation in a knowledge sharing session about investment climate in The Gambia.



ITAP FACILITATED A PANEL DISCUSSION ON INFRASTRUCTURE INVESTMENT ON THE SIDELINES OF IDB ANNUAL MEETING



ITAP made a remarkable presence at the 41st Annual Meeting through its participation in the IDB Private Sector Forum held on the 17th of May 2016 in Jakarta on the sidelines of the annual meeting, by organizing a Panel Discussion on “Attracting Investment into Infrastructure Sector” in partnership with Indonesia Investment Coordinating Board (BKPM). The discussion panel was opened and addressed by the CEO of ICIEC and the panelists were a selected group of experts from the public and private sector in Indonesia an Asia region in addition to the Director of Infrastructure Department of IDB.

The panel discussed the opportunities and challenges associated with investment in the infrastructure sector including global trends and then with particular focus on Indonesia.

ITAP AND OIC ORGANIZED FIRST IPA FORUM OF OIC MEMBER STATES

ITAP partnered with Secretariat of the Organization of Islamic Cooperation (OIC) and its affiliate organization the Islamic Center for the Development of Trade (ICDT) in organizing the first Investment Promotion Agencies Forum for the Member States of OIC held in Riyadh, Saudi Arabia on the 24th of May 2016 on the sidelines of the 15th Trade Fair for the Member States of OIC.

The Forum was attended by 82 participants from 18 OIC countries and 7 OIC institutions. Some of the distinguished attendees were Cabinet Ministers from Sudan and Maldives as well as Chief

Executive Officers and High-level Representatives from Trade and Investment Promotion Agencies of Malaysia, Nigeria, Pakistan, Egypt and Senegal, Turkey, Azerbaijan, United Arab Emirates, Saudi Arabia, Oman, among others.

The Forum’s recommendations have included boosting cooperation and knowledge sharing of best practices among OIC IPAs as well as introducing mechanisms of cooperation and coordination such as building OIC IPAs investment portal, organizing regional investment conferences and organization biennial OIC IPA Forums.



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