

Editorial



Dr. Abdel Rahman Taha
General Manager, ICIEC

During 1429H (2007-2008), ICIEC continued to build on its momentum, with key performance indicators showing significant growth. Business Insured by the Corporation surged by 71% to reach US\$1,469 million. Premium and Fee income for the year increased by 45% to reach US\$9.6 million.

The strong growth in revenues resulted in the overall financial result of the Corporation showing a surplus of US\$7 million, bringing net reserves to US\$37 million.

The growth in business has not come at the expense of sound underwriting and risk management. The risk portfolio continues to remain well diversified and balanced. This fact was affirmed when Moody's awarded ICIEC an Insurance Financial Strength Rating (IFSR) of Aa3. The investment grade rating puts ICIEC at par with major international credit insurers.

Additionally, ICIEC has signed an agreement with the government of UAE to open its first overseas representative office in Dubai. This office, to be based in the Dubai International Finance Centre (DIFC), is expected to be operational during Sept./Oct, 2008.

The coming few years promise to be full of opportunities and challenges for the Corporation. We count on the continued support of all stakeholders in order for ICIEC to continue to play its role as a world-class enabler of trade and investment flows in its Member Countries.

ICIEC's BOD Approves 1428H Results

ICIEC's Board of Directors held its 50th meeting on April 7, 2008 at the IDB's headquarters. The General Manager of the Corporation, Dr. Abdel-Rahman Taha, presented ICIEC's 1428H Annual Report, which highlighted ICIEC activities and results for the year. Dr. Taha noted that 1428H witnessed ICIEC continuing to build on its momentum, with key performance indicators showing significant growth in 1428H. Business Insured in 1428H surpassed the US\$ 1 billion mark for the first time in the Corporation's history, surging to US\$ 1.47 billion, an increase of 71% over last year. Premium & Fee Income for the year reached US\$ 9.6 million, an increase of 45% over the past year. Also, a Positive Technical Result of US\$ 0.5 million was achieved for the first time since the Corporation's inception, a major milestone in the history of the Corporation.



The BOD noted all these points and approved the Financial Statement and Annual Report of the Corporation for the year 1428H (2007-2008) for submission

to the Corporation's Board of Governors during its 15th meeting, which is to be held on 4-5 June 2008, in Jeddah.

The meeting concluded with a presentation on ICIEC's recent achievements, which include the opening of an office in Dubai, membership in the Berne Union, Republic of Nigeria joining ICIEC, and the Aa3 IFSR rating received by ICIEC from Moody's Investor Services.

On behalf of the Board, the Chairman of IDB & ICIEC, Dr. Ahmad Mohamed Ali congratulated ICIEC management on obtaining the Aa3 rating and hoped that other entities of the IDB Group will emulate ICIEC and obtain the same or even higher ratings



Moody's Assigns Aa3 to ICIEC

Moody's Investors Service, one of the leading rating agencies in the world, assigned for the first-time the insurance financial strength rating (IFSR) of Aa3 to the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC). The rating outlook is stable. Moody's notes that ICIEC's rating reflects both the stand-alone fundamentals as well as potential support from its shareholders/IDB member countries.

Thus, despite the absence of explicit guarantees, in the context of its key role as facilitator of Member Countries' Exports and Inward Foreign Investments, ICIEC's rating reflects the strong ability and potential willingness of ICIEC's main shareholders to support the company in times of financial distress.

This rating puts ICIEC at par with major insurers of credit and political risk in the international market and should, therefore, encourage more use of its services by exporters and banks from Member Countries and investors world wide.

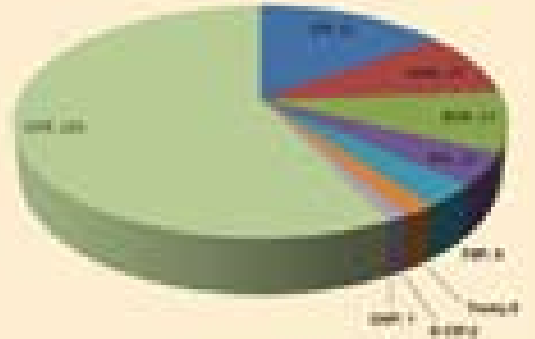
Business Highlights

New insurance commitments for the first 3 months of 1429H reached US\$ 759 million, compared to US\$ 412 million during the same period in 1428H, an increase of 84%. Total current commitments at the end of the first quarter 1429H stood at 1,502 million. The total exposure for the same period reached US\$ 497 million compared to US\$ 989 million in the first quarter of last year, a decrease of 50%, this reflection of decrease is basically due to ICIEC adoption of Berne Union's definition on exposure.

The business insured (total utilization of the commitments) during the first quarter of 1429H was US\$ 369 million compared to US\$ 463 million for the same period last year, a decrease of 20% in the business insured during the first quarter of 1429H.

The total premium and fee income generated during the first quarter of 1429H, reached US\$ 5.167 million compared to US\$ 1.842 million for first quarter of 1429H, an increase of 180%.

Cumulative Issued Policies



Nigeria & Togo

Join ICIEC

The Republic of Nigeria and the Republic of Togo have completed requirements to become members in the corporation and are now eligible to benefit from its export credit and investment insurance services.

This brings the number of members of ICIEC, in addition to IDB, to 37 countries including 16 Arab countries, 13 African countries and 8 Asian countries. Several other countries are in the process of completing the requirements to join the corporation.

The membership of Nigeria and Togo are an important addition to the Corporation as it brings with it the huge potential for trade and investment activities offered by one of the strongest economies in Sub-Sahara Africa.

ICIEC's 1st Consultative Committee Meeting for 1429H

ICIEC's Consultative Committee held its first meeting for 1429H on March 24, 2008. The Consultative Committee is made up of personalities in the fields of banking, finance, and export credit insurance, from ICIEC's member countries. The agenda of the meeting included a review of the annual results of the corporation for 1428H, a briefing on ICIEC's credit rating exercise, and follow-up of various issues discussed in past meetings.

Other matters discussed by the committee included alternatives for expanding ICIEC's insurance capacity. Dr. Abdel-Rahman Taha, the GM of the Corporation, noted that the ICIEC Board of Directors in its 48th meeting recommended to the Board of Governors to approve, by circulation, the increase of subscription of IDB to the share capital of ICIEC by an additional ID50 million.



A group photo of ICIEC's Consultative Committee members.

ICIEC Joins MIGA to Provide PRI for a Major Infrastructure Project in Djibouti

The Doraleh Container Terminal Project

ICIEC has participated in the provision of political risk insurance cover for the Doraleh Container Terminal (DCT) Project in Djibouti.

The project, which seeks to triple the current capacity of Djibouti port been sponsored by Dubai Ports World, in partnership with the Djiboutian Government. It is being financed by a consortium of banks consisting of Dubai Islamic Bank (DIB), the Islamic Development Bank (IDB), Standard Chartered and West LB. The political risk insurance cover is being led by the Multilateral Investment Guarantee Agency (MIGA) of the World Bank. The project constitutes the first actual collaboration of ICIEC and MIGA, and the two institutions plan to work closely in the future to implement

such mega projects that are beyond the capacity of each on their own.

ICIEC's participation in protecting the subject investment is in the form of providing reinsurance for US\$50 million to MIGA, with a guarantee to the investors and financiers against the risks of expropriation, transfer restrictions and inconvertibility, war and civil disturbance and breach of contract.

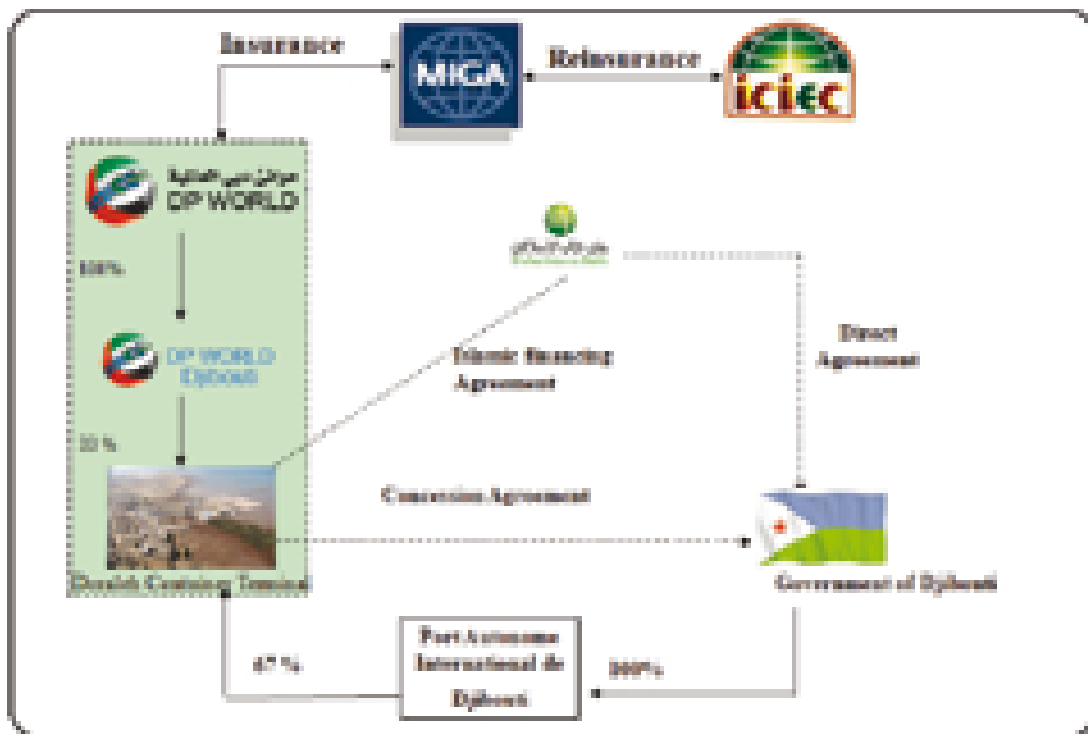
The project is being financed under an Islamic facility with various Islamic modes of financing involved. A Musharaka agreement has been entered into by the project company and the financiers to co-finance the project assets with their respective equity and debt portions. An Istisna'a agreement has also been put in place, with the project company being appointed as a procurer to construct

the terminal for a payment made to it upfront by the financiers. A separate Ijara (forward lease) contract enables the financiers (as lessor) to lease their share of the terminal ownership to the project company (as lessee) in return for periodic rental payments.

The Doraleh Container Terminal project, which will bring in over US\$420 million in investment, will have a tremendous positive impact on the Djiboutian economy as the amount involved in the project is more than half the country's GDP.

Given the traditional importance of the port to the Djiboutian economy (it is the largest employer after the Government), the success of the project is seen by many (both government officials and commoners) as key to the future prosperity of the country.

Doraleh Container Terminal Structure



Risk Management at ICIEC



Shahbaz H. Syed, CFA
*Acting Chief
 Treasury & Performance
 Division
 Accounting & Finance
 Department*

Risk Management lies at the heart of the ICIEC's operations. Cognizant of the importance of risk management for ICIEC's long-term sustainability, the corporation's management implemented within the corporation risk management regime. Under this effort, in line with the IDB Group risk management initiative, the Corporation developed a comprehensive in-house risk management framework (RMF) which provides guidelines on managing technical, investment and operational risks faced by the corporation by setting up an independent Risk Management

Department (RMD). The new RMD will not only set risk management standards, monitor and control their application, but will also consolidate all risk management related activities in the Corporation such as country risk analysis and reinsurance, in addition the RMD will be responsible for coordination with IDB Group-Wide RMD.

Based on the assessment of market dynamics, ICIEC's management decided to obtain a credit rating, for it understands that a robust, efficient and reliable risk management infrastructure needs a respectable credit rating from international credit rating agencies. ICIEC was able to an Aa3 Insurer Financial Strength Rating (IFSR) from Moody's which is indicative of the level of confidence placed on ICIEC's risk management environment. This rating is not only a feather IDB's cap,

but also puts ICIEC on top of the ECA map, at par with the leading ECAs of the world. In some cases; ICIEC's rating is even better than many of its peers and reinsurers.

These are historic times for the Corporation as it can now face the challenges of heightened competition more confidently and has the flexibility of pricing its services properly, developing new products and expanding business volumes. However, the Corporation remains mindful of the challenges and responsibilities that a high credit rating brings. It plans to enhance and further strengthen its risk management capabilities and manage its growth in an optimum and sustainable fashion to provide better service to its member countries.



ICIEC Supports Egyptian Industrial Exports to Ethiopia

ICIEC recently provided export credit insurance cover to an Egyptian manufacturing of electric cables one of its member-country based exporters, for a transaction in Ethiopia. The transaction calls for exports of cables worth over 37 million Euros to Ethiopia, with repayments to take place over 5 ½ years. The agreement also allowed a grace period of 1 ½ years. ICIEC cover enabled the Egyptian exporter to arrange the medium term credit facility through a consortium of Egyptian and international banks.

The cables were bought by the Ethiopian buyer as part of a larger World Bank supported rural electrification program. Currently,

‘Electricity is one of the key drivers of economic and social development in developing countries.’



only 6% of Ethiopia's population have access to electricity, while only 17% of the population live in areas which have electricity grids. The objective of the electrification program is to increase the areas getting electricity to 50% over a 5-year time frame.

Electricity is one of the key drivers of economic and social development in developing countries. Indeed, a World Bank study found that electrification of rural areas has a significant position

impact on a wide variety of human development indicators, including but not limited to, improved access to health-care and education facilities.

Participation in projects like these allows ICIEC to not only serve the mandate of supporting member-country exports, but also allows it to have a positive developmental impact on countries with a substantial Moslem population which need it the most.



ICIEC Participates in the 4th WIEF Forum in Kuwait



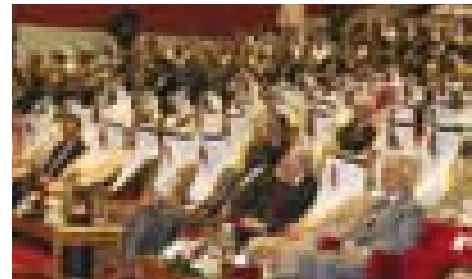
ICIEC participated in the 4th World Islamic Economic Forum (WIEF) in Kuwait, during the period 28/4-1/5/2008. The theme of the 4th WIEF Forum was "Islamic Countries: Partners in The Global Development." His Highness Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, The Amir of the State of Kuwait was the patron of the Forum.

The official opening ceremony of the 4th WIEF Conference was attended by 5 heads of state, 3 prime ministers, heads of international and regional institutions, including H.E. Dr. Ahmad Mohamed Ali, IDB President.

During the Session on Development Finance in the Islamic World: Between Islamic Development Agencies, Kuwaiti & International Finance Institutions, Dr. Taha, ICIEC General Manager presented a general outlook of ICIEC's business models. He highlighted the activities of the Corporation in providing export credit and investment insurance in order to improve and develop intra-investment and intra-trade, such as Export Credit Insurance and Political Risk Insurance.

The 4th WIEF forum encouraged open dialogue in confronting the challenges facing the Muslim

world, presenting different case study experiences, and suggesting possible solutions to address these challenges. The realization to look inwards and promote cross-border development, investment and trade among Muslim countries and Muslim communities in non Muslim countries, received significant mention at the Conference.



ICIEC Attends in 3rd Islamic Banks, Financial Institutions Conferenc in Syria



Dr. Adib Mayaleh, Governor of Central Bank of Syria visiting ICIEC booth.

ICIEC participated in the 3rd Islamic Banks and Financial Institutions Conference in Syria, in March 2008. Held under the slogan "Islamic Banking Reality and Ambition", the Conference was organized by Al Salam for Int'l Conferences & Exhibitions, Syria. The

event was held under the patronage of Dr. Adib Mayaleh, Governor of Central Bank of Syria.

The event offered an ideal opportunity for ICIEC to present its export credit and investment insurance services to potential customers. The Corporation was able to promote ICIEC's services in the Syrian market and to create contacts for future business growth was met.

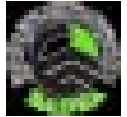
Immediately after the inaugural session, the Governor of the Central Bank of Syria Dr. Adib visited the ICIEC booth at the exhibition which was being held on the sidelines of the conference. The Governor got a brief overview about ICIEC services and he appreciated the participation of ICIEC

in the event and hoped for an active role by the corporation in the Syrian financial market. The ICIEC booth attracted many visitors attending the conference. The visitors were apprised of the corporation's objective and services. Many good contacts for future business were made at the conference.





Collaboration With BADEA



BADEA, Arab Bank for Economic Development in Africa, has expressed a strong interest in using ITAP's technical assistance services to improve and promote the investment climate in their focus countries. BADEA will contribute the financing of the Republic of Uganda's foreign investment promotion and attraction program, an ITAP project. BADEA's Board of Directors, in its meeting in March 2008, approved a grant to the Republic of Uganda for the amount of a US\$140,000 to be contributed with ITAP in the TA program for Uganda. ITAP will carry out and execute all parts of the mentioned program on April 23, 2008. A MoU was signed between ICIEC (which manages ITAP for the IDB Group) and BADEA in Jeddah, Saudi Arabia.



ITAP Aims for a Closer Cooperation With FIAS

The Foreign Investment Advisory Service (FIAS) is a multi-donor service of IFC, the private sector arm of the World Bank Group; the Multilateral Investment Guarantee Agency (MIGA); and the World Bank. FIAS advises governments of developing and transition countries on how to improve

investment climates for domestic and foreign investors. FIAS focuses on regulatory simplification, industry-specific investment climate issues, and investment policy and promotion.

Since its establishment in 1987, FIAS has assisted over 130 countries in increasing the level and impact of private investments through more than

680 projects. FIAS has projects in sub-Saharan and Africa, Asia, as well as Middle East and North Africa. One of the guiding philosophies of ITAP is not to duplicate work done by other credible institutions, but to leverage them.

Both organizations (ITAP & FIAS) have decided to work closely in a number of areas.



ITAP's Project in Uganda

ITAP has initiated a Technical Assistance program for Uganda. The scope of the program involves conducting a competitive and comparative analysis of sectors, while identifying approximately 5-6 sub-sectors on the basis of competitiveness and beneficial impact on the community. Following this, marketing materials will be prepared encapsulating a unique selling proposition (USP) for the identified sub-sectors. Finally, administrative or infrastructural barriers for investing in these sub-sectors will be identified and policies for reform of the same will be recommended to the concerned authorities

UIA Sets for Key Objectives

The UIA has set four key objectives for the coming five-year period. These objectives include, among others, attracting investments which bring technology, skills and jobs to the local economy, promoting Uganda as a leading African Investment destination, and stimulating key stakeholders in creating a competitive business environment.

In order to ensure accountability, the objectives have been quantified in terms of specific targets. These targets include promotion and facilitation of 5,000 investment and re-investment projects between 2007 and 2012 with a cumulative value of US\$ 20 billion; creation of 750,000 new jobs for Uganda from new investments and re-investments; and provision of 2,000 hectares of serviced industrial land for investors.



ITAP Complets TA Program in Maldives

ITAP has completed a Technical Assistance program in Maldives in collaboration with the country's foreign investment services Bureau (FISB). ITAP has delivered a report to FISB including a SWOT analysis of the investment promotion institutions and legislature of the country. Maldives is focusing on two main areas to attract FDI which include large infrastructure projects such as the development of the Hulhumale Island, and further development of tourism and better integration of the industry into the mainstream Maldivian economy.



NEXI Delegation Visits ICIEC

ICIEC was honored to receive a delegation from Nippon Export and Investment Insurance (NEXI) of Japan on March 29, 2008. The NEXI delegation was composed of Mr. Okada Kohei, chief representative NEXI Paris, Mr Miyakoshi Akira, representative NEXI Paris and Mr Eiji Tsukamoto, director of Oil & Gas team, NEXI Japan.

During the meeting, the parties agreed that there were several cooperation opportunities, namely in infrastructure, natural resource development projects and industrial investment in ICIEC's member countries. Possible ways of cooperation could take place in the form of (a) promoting discussion and exchange of information between ICIEC and NEXI, (b) mutual identification of joint investment projects and project assessment, and (c) potential co-insurance and re-insurance arrangements. It is expected that, an MoU with NEXI would be signed late this month in Okuhama, Japan.



The NEXI delegation at ICIEC headquarters in Jeddah.

ICIEC Welcomes Deputy CEO of ITFC

The president of IDB Group announced that the Board of Directors of ITFC has appointed Eng. Hani Salem Sonbol as Deputy Chief Executive Officer of ITFC on January 20, 2008.



Hani Salem Sonbol
Deputy CEO of ITFC

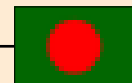
Eng. Hani Sonbol has held a number of senior positions within IDB, including the Director of Trade Finance Promotion Department, Director of Bank President Office and Director of Rabat IDB Regional Office. He completed his master's degree in chemical engineering at the California State University in 1987.

ICIEC welcomes him and expressed the hope of working with the new established corporation of IDB Group.

The two corporations, affiliates of the same parent body -- IDB, complement each other. ITFC provides trade finance to its clients, while ICIEC provides insurance cover for exports in member countries against a range of political and commercial risks.

Member Country Snapshot

Bangladesh: Prone to Calamities but Resilient



Bangladesh has a population of about 140 million and per capital income of nearly \$400. This country is endowed with human resources, but it is equally prone to natural calamities.

Floods and cyclones frequently strike this nation. They badly affect the country's already poor infrastructure as well as its capacity to produce food – the biggest challenge that the authorities face.

These vulnerabilities make

Bangladesh dependent on external assistance, particularly the Muslim world and the Western donor countries. Because the economy is well-managed both camps are very sympathetic to their partner. The macroeconomic environment is mostly stable as inflation is usually under control barring a bad harvest.

The national currency is also steady as the country's balance of payments is supported by capital inflows (most external aid and

some FDI), and huge remittances that now record \$6 billion, despite the challenge of an excessive oil import bill.

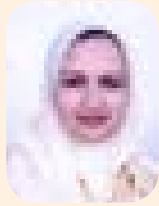
Bangladesh has the potential of attracting substantial amount of foreign investment, particularly in the ready-made garments (RMG) sector. The current political reforms may bode well for sustaining the country's economic performance.

Hussein K. Jama
Head Country Risk Analysis Unit

New Staff Join ICIEC



Mubarak Khalfan Bin Kharbash, an Emirates national, joined ICIEC as Manager of Dubai ICIEC's office on January 10, 2008. Mubarak holds a master's degree in Military Science and master's degree in law from Beirut Arab University. He worked in several professional positions -- as managing partner and general manager in property management company before joining ICIEC. After his appointment, Dubai office is expected to promote and increase ICIEC market share while also boosting awareness of the corporation's services in export credit insurance and foreign investments, particularly among other ICIEC member countries.



Rasha El-Habashy, an Egyptian national, joined ICIEC/ITAP as an Investment Promotion Officer" on January 12, 2008. She holds a master of Science in Development Management from the London School of Economics and Political Science and a BA in Economics from the American University in Cairo. Before joining ICIEC, she worked as an operations analyst in the Cairo office of the International Finance Corporation (IFC), member of the World Bank Group.



Ahmed Belhadj Jrad, Tunisian national, joined ICIEC as Underwriter Assistant on January 19, 2008. He has a master degree in management finance from Solvay Business School, ULB Brussels and a bachelor degree in Accountancy from Institut Supérieur de Gestion of Tunisia. Before joining ICIEC, Jrad worked as an administrator principal in the finance department of Tunis Air.



Nadia Siraj, a Saudi national, joined ICIEC/ITAP as Investment Promotion Assistant on April 19, 2008. She holds a bachelor degree in French Language from King Abdulaziz University in 1997. Before joining ICIEC, Nadia worked three years as an CSR officer in Savola and a Program Manager in National Commercial Bank of Saudi Arabia and taught French at the Faculty of French in King Abdulaziz University.



Sabah Al-Harbi, a Saudi national, joined ICIEC as a Marketing Assistant on April 21, 2008, she holds a Bachelor Degree in European Language (English) from King Abdulaziz University in 1997. Before joining ICIEC, Sabah worked for six years in King Fahad Hospital.



Zishan Iqbal, a Pakistani national, joined ICIEC on April 28, 2008 as an Insurance Underwriter. He holds masters degree in commerce with major in finance from Hailey College, Diplomat Associate of Institute of Bankers Pakistan (DAIBP), Finals, Institute of Cost and Management Accountants Pakistan (ICMAP), Punjab University, Lahore. Before joining ICIEC, he worked for 1 1/2 years as senior officer L.C's in Trade Finance Center in Bank Al-Bilad, Riyadh.



Mourad Mizouri, a Tunisian national, joined ICIEC on May 3, 2008 as an Export Credit Insurance Underwriter. He holds a master degree in Banking from the Arab Maghreb Financing Development Institute, Tunis. He also holds a post graduate diploma in Islamic banking and insurance from the Institute of Islamic Banking and Insurance (IIBI), London. Before joining ICIEC, he worked for six years as a credit analyst and controller in the Central Bank of Tunisia (Credit Department).

Community News

As part of its social activities, ICIEC's Human Resources Department organized the Corporation's quarterly gathering in one of the restaurants at the Corniche in Jeddah. The gathering included ICIEC staff members as well as some guests from other IDB Group entities.

Dr. Taha inaugurated the gathering by welcoming the guests to the function. He gave a brief speech on ICIEC's achievements during 1428H, and also elaborated on some of the challenges faced by the Corporation. He also noted that the management counted on the staff to continue to strive for excellence, so that ICIEC can meet its challenges head on.

Dr. Taha thanked all ICIEC staff and colleagues in the IDB Group who participated in this Happy gathering. He thanked Allah Almighty for all the success so far and prayed for Allah's guidance and good health and happiness for all colleagues.



Dr. Abdel Rahman Taha

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