

ICIIEC organizes a seminar for Banks under the auspices of SAMA



From right to left: :Dr. Ahmad Mohamed Ali, IDB Group President, Dr. Mohamed Al-Jasser, SAMA Governor and Alternative Governor of IDB Group for KSA, Dr. Abdel Rahman Taha, ICIIEC's GM

Editorial

After 15 years of operations, ICIIEC is still of the opinion that there is a lack of awareness about the importance of export credit insurance in member countries. In order to fill this gap and meet its mandate, ICIIEC has introduced a series of seminars aimed at creating awareness of the importance of export credit insurance in increasing the exports of member countries and in helping them to attract foreign investments.

In this respect the first of a series of seminars was held in Riyadh in collaboration with the Saudi Monetary Agency represented by the Institute of Banking. The seminar which was conducted by an international expert will be replicated in other member countries, to be organized in coordination with the central banks of those countries.

We hope this effort will help acquaint bankers in member countries on the use of credit and political risk insurance as a dependable security for extending credit to help expand the exports of their countries, particularly in these days of increasing risks and disappearing credit supply ♦

Dr. Abdel Rahman Taha,
ICIIEC's General Manager

ICIIEC organized a seminar under the slogan "The Relation between Export Credit Insurance and Bank Financing in the context of Basel II requirements" on 18 March 2009 in the collaboration with the Institute of Banking in Riyadh.

The seminar witnessed the first public appearance of Dr. Mohamed Al-Jasser as Governor of SAMA, addressing more than 100 senior executives of all commercial banks operating in the Kingdom of Saudi Arabia, in addition to participants from local and regional organizations involved in export credit insurance. Dr. Al-Jasser highlighted the importance of the export credit insurance in protecting the exporters from the risk of payment default by their importers, thus helping exporters to obtain bank financing for their exports.

Dr. Ahmad Mohamed Ali focused on the role of IDB Group and the establishment of ICIIEC, which came into being in the

"Export Credit Insurance facilitates and grease the wheels of international trade"
SAMA Governor

"The services offered by ICIIEC complement the wide range of financing schemes and products offered by IDB"
IDB Group President

context of IDB strategy to encourage exports and intra-trade among its member countries and help them attract foreign direct investment (FDI).

Dr. Abdel Rahman Taha, the General Manager of ICIIEC, in his speech gave a summary of credit and political risk insurance instruments offered by ICIIEC for the benefit of banks in Saudi Arabia and other member countries and stressed on one of the ICIIEC products (Bank Master Policy) which is designed specifically to ensure credit risk associated with Islamic financial products such as Murabaha, Ijara and Istisnaa ♦



ICIIEC holds 1st Consultative Committee Meeting for 1430H

ICIIEC's Consultative Committee held its first meeting for 1430H on March 25th, 2009. The agenda of the meeting included a review of the Annual Report and audited financial statements of the corporation for 1429H. The committee members also followed-up on various matters arising out of the previous meeting including reform of ICIIEC's corporate governance ♦



Meeting of the Consultative Committee Members, March 2009

ICIIEC attends Credit Alliance General Meeting in Paris



Credit Alliance Committee members honor Dr. Taha

The Credit Alliance Annual General Meeting was held in Paris, France on 20-21 January 2009. The meeting took place in conjunction with the 13th Annual Country risk Conference on 19th January where distinguished experts expressed their views on the evaluation of the country risk throughout the world. The Credit Alliance meeting

provided a platform for exchanging views among its members and discussed issues of topical interest including debriefing on the conclusion of the country risk conference.

During the event the Credit Alliance members honored Dr. Abdel Rahman Taha, ICIIEC's General Manager with the John Manner Memorial Shield. This shield is awarded annually to an individual in recognition of his contribution in developing the export credit insurance industry ♦

ICIIEC Appoints a Local Agent in Libya



On 23 March 2009, the IDB Group organized a workshop to introduce its financing instruments and services to the private sector in Libya. The workshop was well attended by businessmen and banks in Libya and received good coverage by the Libyan media.

The workshop was addressed by Undersecretary of Ministry of Finance and Planning, the IDB Executive Director for Libya, IDB Vice President - Finance and Secretary of Libyan Chamber of Commerce and Industry. In five sessions, the IDB and all its entities presented their services. ICIIEC participated in the workshop with a presentation of its services and products to Libyan businessmen and banks.

On the sidelines of the workshop, and in its efforts to increase local presence in Libya, ICIIEC signed on 24 March 2009 a Local Agency Agreement with Takaful Insurance Company of Libya. As a local agent, Takaful Insurance Company will promote ICIIEC's services and products to Libyan businessmen and institutions ♦

ICIIEC Delegation visits Ethiopia

An ICIIEC delegation led by Khemais El-Gazzah, (Director of Operations) visited Ethiopia to conduct meetings with senior government officials recently. The visit was part of due diligence for a Medium Term transaction ICIIEC is considering in the country. Khemais was accompanied by Hussain Jama, (Head - Country Risk Unit) and Owais Diyan (Head - Medium Term Operations).

The delegation met with the Honorable Minister of Finance of Ethiopia, Mr. Sufian Ahmed, and the Honorable Cabinet Affairs Minister, Mr. Berhanu Adello. Members of the delegation briefed the Honorable Ministers on ICIIEC and its services, and discussed various areas of mutual cooperation ♦



Ethiopian Minister of Finance with ICIIEC delegation,

ICIEC supports the Mining Sector in Africa: Sabodala Gold Project in Senegal



Khalid Khalafalla
Underwriter
Investment Insurance Div.

The Sabodala Gold Project is an open pit gold project with total mining concession is 20.3 square kilometers located approximately 650km southeast of Dakar, Senegal. It is majority owned and operated by Mineral Deposits Limited (MDL) of Australia, with 90% holding and the Senegalese Government with a 10% free-carried interest. The cost of developing the project is about US\$175 million, of which US\$70 million was funded through debt provided by Macquarie Bank Limited of Australia (MBL). In addition to the financing

facility, MBL is also providing a hedging facility to MDL.

Three insurers namely; AIG, Chubb and Catlin provided political risk insurance (PRI), (with insurance cover share of US\$26.5million, US\$19.7million and US\$24.6million, respectively) for Macquarie Bank Limited of Australia for its financing of the project against Transfer Restriction, Expropriation, and War and Civil Disturbance. ICIEC provided reinsurance for 50% of Chubb and Catlin's shares or US\$22.1 million. The insurance cover started in August 2008 for a period of 4 years.

For ICIEC, this is a unique transaction; it represents ICIEC's first involvement in the gold mining sector and first

investment insurance operation in Senegal. It is also marked as the ICIEC's first political risk reinsurance support to Lloyd's insurers.

The Sabodala project, with an estimated 150,000 ounces of gold annually (total proven resource is 3.51 million ounces gold), will contribute to country's exports and will create direct employment for about 470 Senegalese. MDL also made other contributions to the betterment of the local community in Sabodala region.

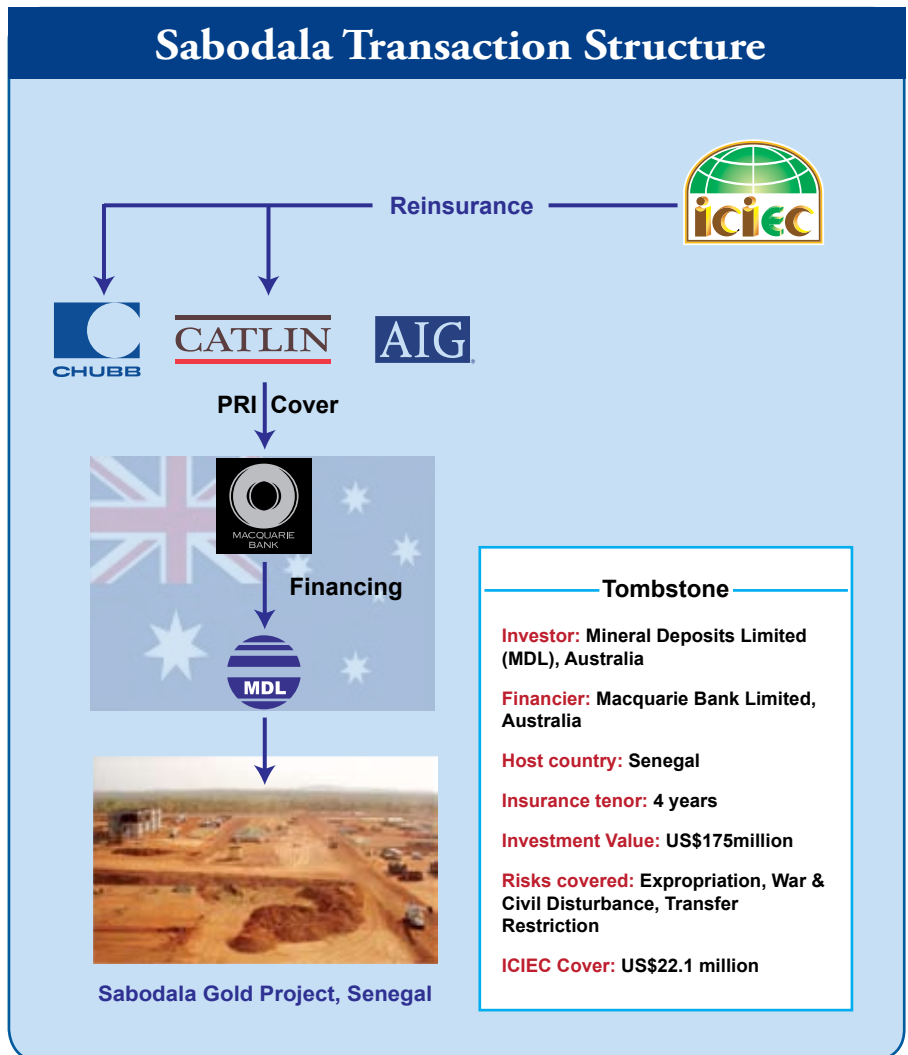
Undoubtedly, with the first gold pour coming out of the project in March 2009 a new door is opened for the country's strides for development and economic growth ♦

Toby's efforts appreciated by ICIEC



During his participation in 6th Middle East trade finance conference, ICIE's General Manager took the opportunity to appreciate the efforts of Toby Heppel (ICIEC's lead Broker) and a plaque of appreciation for his efforts in promoting ICIEC's services was presented to him. Comments on the same, Toby said "I am very touched to receive the Certificate of Appreciation; one of the things a broker has to accept is that he is rarely thanked for his efforts, so to receive ICIEC compliments in such a tangible form is particularly welcome. I and my colleagues are proud to receive it". ♦

Sabodala Transaction Structure



ICIEC participates in the 5th WIEF in Jakarta

ICIEC participated in the 5th World Islamic Economic Forum (WIEF) which was held in Jakarta in March 2009. The event attracted more than 1600 delegates from 38 countries. The main themes of this year's forum were "Food and Energy Security" and "Stemming the Tide of Global Financial Crisis".

Dr. Ahmad Mohamed Ali, IDB Group President participated in a panel discussion on "Innovative Solutions to Global

Challenges". In the panel Dr. Ali emphasized three avenues to new innovative solutions involving, an ethics-based rather than rule-based financial governance structure, investment partnership with the poor and the vulnerable; and unleashing the God-given potential and innate strength of the full human resources.

In the evening Dr. Ali paid a courtesy call, on the Malaysian Prime Minister Datuk Seri Abdullah Ahamd Badawi at his residence in Shangari La Hotel Jakarta and he extended his thanks and appreciations for Malaysia contribution in the empowerment of IDB Group Member Countries. The Malaysian Prime Minister expressed his appreciation for the efforts of IDB Group to enhance socio-economic development in Member Countries to face the unfolding global challenges.

The success of the event can be judged from the fact that

a whopping USD 3 Billion worth of MoU's were signed of the very first day. Participants also noted that the event highlighted a number of attractive business development opportunities ♦



IDB Group President with Prime Minister of Malaysia

ICD Pledges USD 50 million for the Development of SMEs in Indonesia



CEO & GM of ICD and CEO of Mandala Finance sign the agreement

On the sidelines of the 5th WIEF event, the Islamic Corporation for the Development of the Private Sector (ICD) hosted an Indonesia Dialogue which was opened by IDB Group President.

During the dialogue ICD pledged USD 50 million for Development of SMEs in Indonesia. There were 3 signing ceremonies in regard to ICD investments in Indonesia that took place during the dialogue. One of them was with Mandala Finance; in which ICD provides lines of finance to Mandala Finance, who will onlend to their SME customers.

"Our aim is to introduce the development of Islamic finance industry in member countries, and we are delighted that the Indonesian Government has made attempts in creating the necessary infrastructure in this regards. Indonesia has been one of the key markets for ICD and we will continue to expand our presence as opportunities present themselves, owing to the strong local demand and market," Mr Al-Aboodi, CEO of ICD remarked during his speech.

ICD is also conducting studies on financing programs for selected companies in Indonesia with a total project cost of USD 82 million, in addition to recent funds allocated to SME sector in Indonesia at USD 50 million ♦

ICIEC sponsors the 6th Middle East trade finance conference – Dubai

ICIEC sponsored the 6th Middle East trade finance conference, which organized by Exporta Publishing & Events from London, the event was held in Dubai's Jumeirah beach hotel on 24-25 February 2009. The conference was attended by more than 100 professionals in trade fiancé from 20 countries.

Dr. Abdel Rahaman Taha, ICIEC General Manager, moderated the first discussion panel on of the current global financial crisis, he demonstrated the relevance of Islamic Finance, in this troubled time, pointing out the fact that the

"50% of the GCC countries' assets in Islamic Finance are from Saudi Arabia"
 Dr Taha said to Al-Khaleej in Dubai



Khemais El-Gazzah discusses "underwriting trade and investment in the region" in panel discussion

sector has largely not been affected by the ongoing crisis. Fundamentally because the Islamic Finance based on asset- backed transactions.

Khemais El-Gazzah, ICIEC's operations director participated in panel discussion on "underwriting trade and investment in the region", he presented ICIEC's profile and activities and explained the role of ICIEC as a multilateral insurer in the region supported by case studies of projects where ICIEC is involved ♦

ICIEC Organizes a Training Course on Export Credit and Investment Insurance and Relevant BIS Regulations



ICIEC's Director of HRM & Corporate Services gives a brief on the training program

As a part of its Staff professional development programs, ICIEC organized a general training course on Export Credit and Investment Insurance and Relevant BIS Regulations.

The course was conducted by Paul

Mudde of Sustainable Finance and Insurance. Mr. Mudd is an international expert on export credit insurance industry. The course was held in the Crown Plaza Hotel, Jeddah. The areas addressed during the course were: country specific information on Saudi Arabia, an introduction to credit insurance, risks covered, types of insurance policies, main benefits of credit insurance for exporters, banks and government.

In addition to ICIEC operation staff, the course was attended by professional staff

from IDB sister, (ICD, ITFC) and some members countries ECA's.

The Instructor also presented on the BIS solvency guidelines, credit insurance and country limits in addition to an introduction to financial sector and sustainable development ♦



ICIEC Congratulates ITFC on winning Euromoney Award



Dr. Waleed Al Wohaib, (CEO -ITFC)

The International Islamic Trade Finance Corporation (ITFC), a member of the Islamic Development Group, has won the prestigious "Trade Finance Deal of the Year 2008" Award from Euromoney, for its USD 30 million financing transaction for the cotton sector in the Cote d'Ivoire.



Eng. Hani Sonbol (Deputy CEO - ITFC)

The ITFC deal was selected for the award as it demonstrates a number of significant innovations compared to standard pre-export finance, as well as the fact that the deal was Shariah-compliant and of great social and economic importance.

The ITFC provided financing to Compagnie Ivoirienne pour le Développement des Textiles (CDIT) for the purchase of agricultural inputs to be distributed to local farmers on credit. ITFC is reimbursed through the sales proceeds from the cotton ultimately exported by the borrowers.

On this occasion the General Manager of ICIEC extended his congratulations to Dr. Waleed Al Wohaib, (CEO -ITFC), Eng. Hani Sonbol (Deputy CEO - ITFC) and the Staff of ITFC for their outstanding achievement.

In a statement to the ICIEC newsletter, Dr. Taha said "We in ICIEC would like to stress our interest in cooperating closely with ITFC, not only to provide credit insurance cover for its regular operations but also to participate in structuring financing deals for difficult and high-risk transactions" ♦

"It is a source of satisfaction and pride for us in ICIEC to see our sister company ITFC innovating new solutions for trade financing in member countries"

Dr. Taha said



Workshops for Banks in Tunisia

During the 1st quarter of 1429H, two technical workshops were organized by ICIEC, COTUNACE (national ECA of Tunisia) and Arab Investment and Export Credit Insurance Corporation (Dhaman). The first topic covered investment insurance, and the second was related to insurance coverage for Letters of Credit confirmation by banks. It should be noted in this respect that COTUNACE will be promoting these two products on behalf of ICIEC and Dhaman, who will be sharing the risks with ICIEC ♦

Sarah Joins ICIEC



Sarah Salem, a Libyan national, has joined ICIEC as a Marketing Executive on 29th December 2008. Sarah has an MSc from the University of Exeter, UK.

Prior to joining ICIEC, Sarah worked for HSBC Corporate Banking as a Corporate Relationship Manager. Sarah will be based in the Dubai Representative Office of ICIEC ♦

ITAP, UNCTAD organize training for IDB French-speaking member countries

ITAP, in association with the United Nations Conference for Trade and Development (UNCTAD) and the Moroccan Investment Promotion Agency (Investir au Maroc), organized a 5-day training program on International Investment Agreements in Casablanca (Morocco) during January 19-23 for the IDB French-speaking member countries.

The workshop was the second major training program to be held by ITAP in cooperation with UNCTAD. As in the previous cooperation with UNCTAD in Jordan, ITAP continues to develop a model of collaboration and cooperation between the IDB, UNCTAD and a member country

with relatively developed investment promotion capacity (Investir au Maroc) to deliver a useful training program in a specialized area of investment promotion technical assistance to its member countries. During this mission, the ITAP delegation took the opportunity to meet with senior officials of investment promotion agencies from IDB member countries and discussed how ITAP can provide technical assistance to these agencies ♦



Participants in the training program, March 2009

ICIIEC/ITAP participates in ANPI Forum – Djibouti



On 14th March ITAP delegation visited Djibouti on a fact-finding mission and to attend a forum organized by Djibouti's National Investment Promotion Agency (ANPI) on promoting investment and attracting French and European investors. Other IDB Group entities present at the forum included ICIIEC and ICD which both delivered separate presentations at the event.

The mission worked on identifying

areas where ITAP can implement its program for Djibouti for this year. Based on the mission's findings, ITAP will be coordinating with IDB's different entities and departments for joint efforts in developing a program for Djibouti.

ITAP was joined on this mission by COMESARIA, which is actively involved in Djibouti, in an attempt to pool both organizations' resources and experiences in developing the country program for Djibouti ♦

ITAP activities in Sudan



During the 1st Quarter of 1429H, ITAP mission headed to Sudan to follow up the Sudan Program co-sponsored by ITAP and United Nations Industrial Development Organization (UNIDO). The Program has witnessed major progress culminating in the set-up of a Project Implementation Unit (PIU) and the Comprehensive implementation of a new organizational structure. The Ministry of Investment has also been able to take positive steps towards the effectiveness of its One-Stop-

Shop. Issuing business licenses used to take 120 days whereas later now it takes 3-5 working days only.

In addition to the ongoing ITAP-UNIDO Program with the Ministry of Investment, ITAP has successfully developed a partnership with the World Bank Group, whereby a familiarization study tour for the Higher Council for Investment's senior staff is scheduled to take place in Nigeria during the month of May 2009 ♦



ITAP attends COMESA 2nd Investment Conference in Cairo

ITAP attended the Common Market for Eastern and Southern Africa (COMESA) 2nd Investment Conference and Workshop on Best Practices in Investor Relations Services System, held during the period 25-27 Feb in Cairo. It was sponsored by COMESA Regional Investment Agency (COMESARIA) under the patronage of the General Authority for Investment and Free Zones (GAF) and the Ministry of Investment of Egypt. The Conference was attended by the ministers of investments and Investment Promotion Agencies (IPAs) in COMESA countries. This Conference is a first step towards the activation of the Memorandum of Understanding signed recently between ITAP/ICIIEC and COMESARIA. Discussions are currently underway regarding planning for investment road shows for joint member countries in GCC region as well as joint missions in the relevant member countries ♦

Ghazal Joins ITAP



Omar Ghazal, who has been working with ICIIEC's HRM&S Department for the past 2 years, has been transferred to the ITAP as an "Investment Promotion Assistant". ICIIEC staff wish him success in his new assignment.

Enterprise-Wide Risk Management



Shahbaz H. Syed, CFA
Division Head,
Risk Management Department

With the increasing complexities in the financial world, the importance to understand and manage risk has increased tremendously. The practice of risk management is being standardized as intensive risk management programs are being offered by the leading industry bodies. Qualifications like FRM and PRM are considered gold standards in the risk management industry.

Risk management in banking has seen several development stages. The most recent has been the Basel II accord. However, there is an increasing apprehension about the limitations of Basel II accord in terms of controlling the systemic risk, evident from the spread of current financial crises which spread across products, assets classes, institutions and economies. The problems of liquidity and procyclicality have also surfaced with great force during this period. It is generally believed that the current financial crisis is going to change the financial land-

scape of the future and organizations with a strong commitment to risk management will be the ones going to sustain and succeed.

Given this backdrop; taking a holistic view to arrange different pieces of risk puzzle together to bring out the consolidated risk management picture becomes extremely important. This approach is called as the global/ enterprise/ institution-wide risk management (ERM) where the interaction between different and complex facets of risk is considered for formulating an effective response to the risks faced by an organization (see figure below).

Historically, ICIEC has been practicing

risk management by considering the risks relating to its core operations; the Political and Credit Risk Insurance. However, with the focus at the transactional level, the big picture or macro management of the risks was not fully considered. In line with the best practices in the industry, ICIEC will now start managing risk on the ERM basis. Efforts have been made in this direction with the approval of the comprehensive Risk Management Framework by the ICIEC BOD. The next steps include institutionalizing the risk management function by covering not only the insurance operations but also the investment management and operational areas ♦



The CFA Franc Zone of WEST/CENTRAL AFRICA



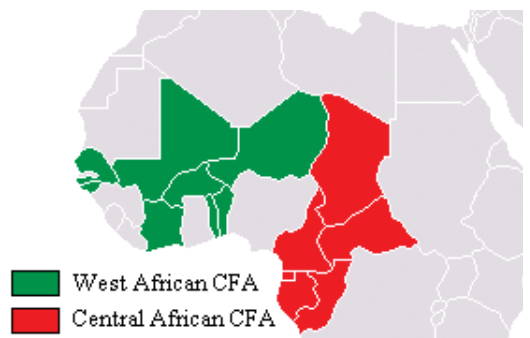
Bakary Kolley
Country Risk Analyst,
ICIEC

The CFA franc (Coopération financière en Afrique) zone, which comprises 16 West/Central African countries and Comoros, was founded in 1945. The members of the zone were former French colonies with exception of Equatorial Guinea and Guinea Bissau, former Spanish and Portuguese colonies, respectively, who adopted the CFA franc in 1984. This currency, which was then begged to the French Franc until 1999 when it was repegged to the Euro, made the West African countries enjoy financial stability. The two regional banks (BCEAO and BEAC) issue separate CFA franc notes but the

same exchange rate against the Euro, while Comoros has its own. The convertibility of the CFA franc is guaranteed by the French Treasury where the member countries deposit a significant part of their foreign reserves. (Both of the regional groupings aspire to attain a common currency not tied to the Euro but that remains to be seen).

BCEAO, BEAC and The French Treasury set the CFA franc policy. Therefore, the national authorities partially sacrificed their monetary policy tool. It happened that the CFA franc had appreciated with the French Franc in the 1980s until it was devalued in 1994, the second devaluation after that of 1948. This made the external sectors of the

economies of the member countries more competitive. However, similar pressure now seems to be building up in light of the strong Euro vis-à-vis the US dollar. Nevertheless, the strong commodities prices seem to be reducing the external sector imbalances thus diminish the calls for its devaluation ♦



Warm Welcome for VP (Operations) of IDB



Birama Boubacar SIDIBE was appointed as Vice President of the Islamic Development Bank (IDB) on 1 January 2009 (4 Muharram 1430H). As Vice President (Operations), he oversees the work of several Departments dealing with the IDB Operations in IDB's Member Countries and Muslim Communities in Non-Member Countries. SIDIBE is a national of Mali.

Prior to joining the Bank, SIDIBE was Managing Director of Shelter Afrique, the Regional Housing Finance Institution, in

Nairobi, Kenya. Before Shelter Afrique, he worked for the African Development Bank for 23 years and held various technical and managerial positions covering operational as well as corporate areas of the Institution. He obtained his Engineering degree from the Ecole National du Genie Rural des Eaux et Forets, Paris, France, and Master of Sciences in Water and Sanitation from the University of Montpellier, France. SIDIBE has extensive experience and fairly long exposure to development issues and challenges. The General Manager of the Corporation welcomes Sidibe to the IDB Group, and wishes him success in his new assignment. ♦

Warm Welcome for VP (Corporate Services) of IDB



Dr. Ahmed Tiktik, a Turkish national, joined the IDB Group on 24th January 2009, as Vice President (Corporate Services).

Prior to joining the Bank, Dr. Tiktik was the Undersecretary, State Planning Organization (SPO) of Turkey. The Under Secretariat of State Planning is in charge of policymaking related medium-to-long term economic and social development plans of the country. He has also been the member of the High Planning Council of Turkey, which is headed by H.E. Prime Minister Recep

Tayyip Erdogan.

He has represented Turkey in various international forums like the Economic & Development Review Committee of OECD in Paris (04, 06 and 08), where he was the Chairperson of the Turkish delegation. Dr. Tiktik has also chaired the Senior Officials Meetings of COMCEC of OIC for the period 2003-2008.

Dr. Tiktik has a Ph.D in Economics from the Middle East Technical University, Ankara.

The General Manager of the Corporation welcomes Dr. Tiktik to the IDB Group, and wishes him success in his new assignment ♦

ICIEC Welcomes New Chief Economist of IDB



The President, IDB Group has announced the appointment of **Dr. Ifzal Ali** (an Indian national) as the Chief Economist of the Bank who joined on 15 December 2008.

Dr. Ali earned his doctorate from the Johns Hopkins University, Baltimore, Maryland, U.S.A. in 1976. He worked with the Asian Development Bank (ADB)

since 1984 for over 24 years in various capacities in various departments. His last assignment was as Chief Economist for six years. Prior to joining ADB, Dr. Ali was a faculty member in the India Institute of Development in Ahmedabad, India's premier management school, for seven years.

On this occasion, the General Manager of the Corporation and the staff members welcome Dr. Ali and look forward to working with him. They wish him success at the IDB Group ♦

ICIEC Honors Dr. Naseef

During the 1st week of March, ICIEC held its social gathering at one of the beach restaurants at Jeddah Corniche. The gathering was attended by a significant number of staff and guests from IDB Group entities.

The General Manager of ICIEC took the opportunity to bid farewell to Dr. Nabil Naseef, on his retirement after serving for several years in IDB where he held various positions and contributed in the development of the Islamic financial services industry. Dr. Taha presented a souvenir plaque to Dr. Naseef and wished him a healthy and happy retirement ♦



Dr. Abdel Rahman Taha

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