



Political Risk Insurance

The Role of Investment Insurance in Facilitating FDI Flows

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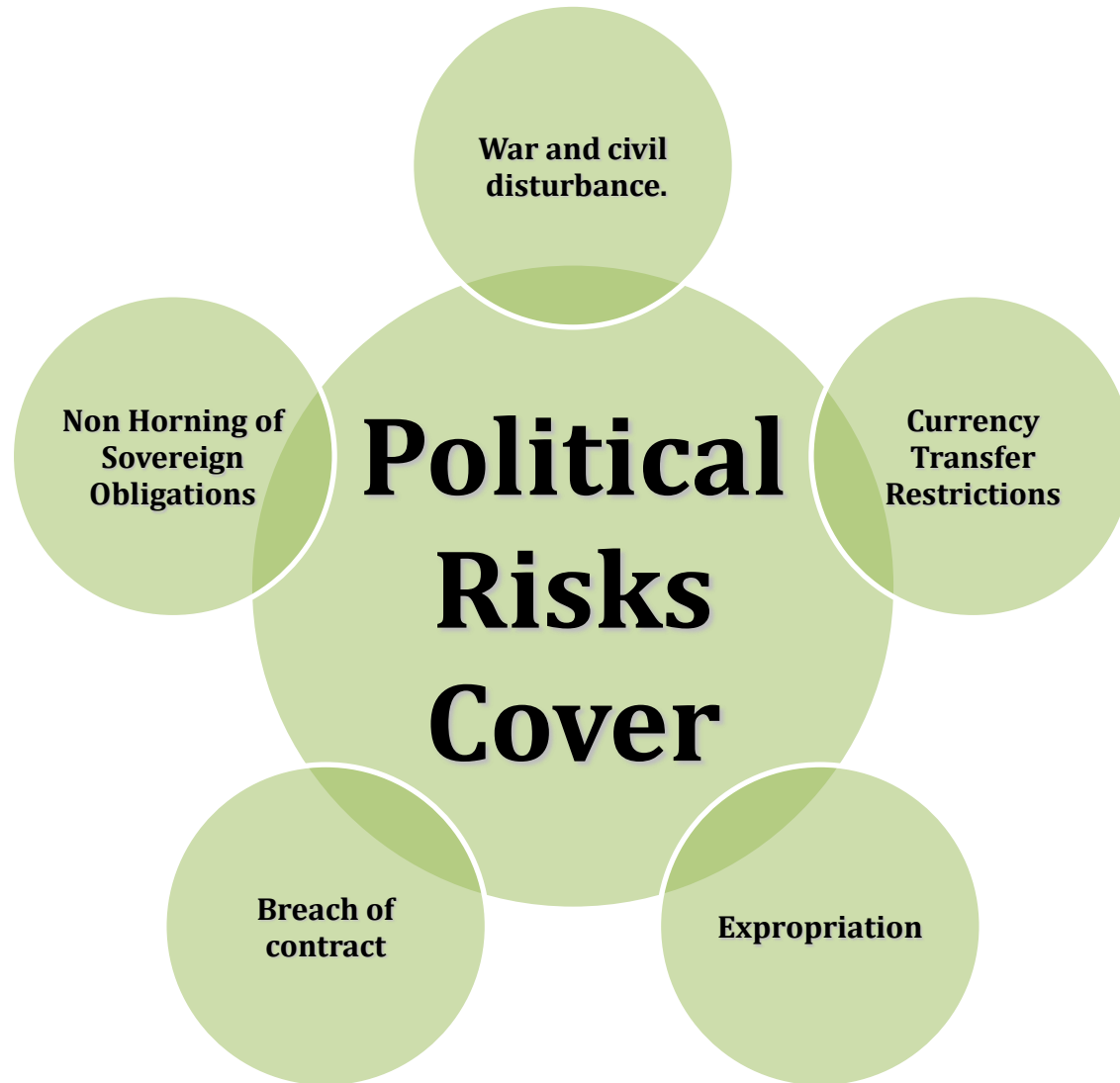
Political Risk Insurance & Its Benefits

ICIEC: A Brief Introduction

Sample Transactions



Investment Insurance & Its Benefits





Benefits of PRI

- **Investors' Perspective**



Opens up risky markets



Provides access to financing



Lowers cost of capital



Provides deterrence from adverse government actions or inactions.



Mediation and settlement of disputes



Improves the risk-return profile of investment projects



Transfers risks beyond the control of the investor.

- **Host Country Perspective**



Enhances the risk profile of the country



Attracts additional investments and project finance



Assures a steady flow of investments and project finance.

The PRI Industry

- **Political Risk Insurance is provided by:**



Multilaterals (MIGA, Dhaman, ATI, ADB and ICIEC)



National ECAs of OECD countries (OPIC, Coface, Euler Hermes, Atradius, EDC, ECGD, EKN etc.)



Private Providers (Lloyd's, Zurich, Sovereign)



Most of the above are members of the Berne Union (BU) in London.

- **Capacity and Covered Investments**



Members of the BU had a total capacity of US\$220 billion in 2012.



Total new investments facilitated by BU members in 2012 was US\$94 billion.



ICIEC alone facilitated US\$2.2 billion in investments in OIC countries since the early 2000s.



ICIEC: A Brief Introduction



Who We Are

- ICIEC is a multinational institution with full juridical personality and multilateral status
- Established in 1994 & based in Jeddah – KSA with a representative office in DIFC - Dubai
- Owned by the Islamic Development Bank Group in addition to 40 member countries of OIC.
- Authorized Capital : US\$ 624 million
- Subscribed Capital : US\$318 million
- Only Export Credit Agency in the world providing export credit & investment insurance in compliance with the Islamic Shariah
- Permanent Member in Berne Union, Coface Alliance, Prague club and founding member of AMAN Union
- ICIEC is rated Aa3 by Moody's



ICIEC Mandate



PRI Products For Investors & Financiers

Equity Investment Insurance Policy (EIIP)

- The policy provides insurance coverage for cross border equity investment in a member country by any individual or company against transfer & convertibility, Expropriation, War and Civil disturbance and breach of contract.

Financing Facility Insurance Policy (FFIP)

- Provides insurance coverage for cross border financing by banks and financial institution against transfer & convertibility, Expropriation and War and Civil disturbance and breach of contract.

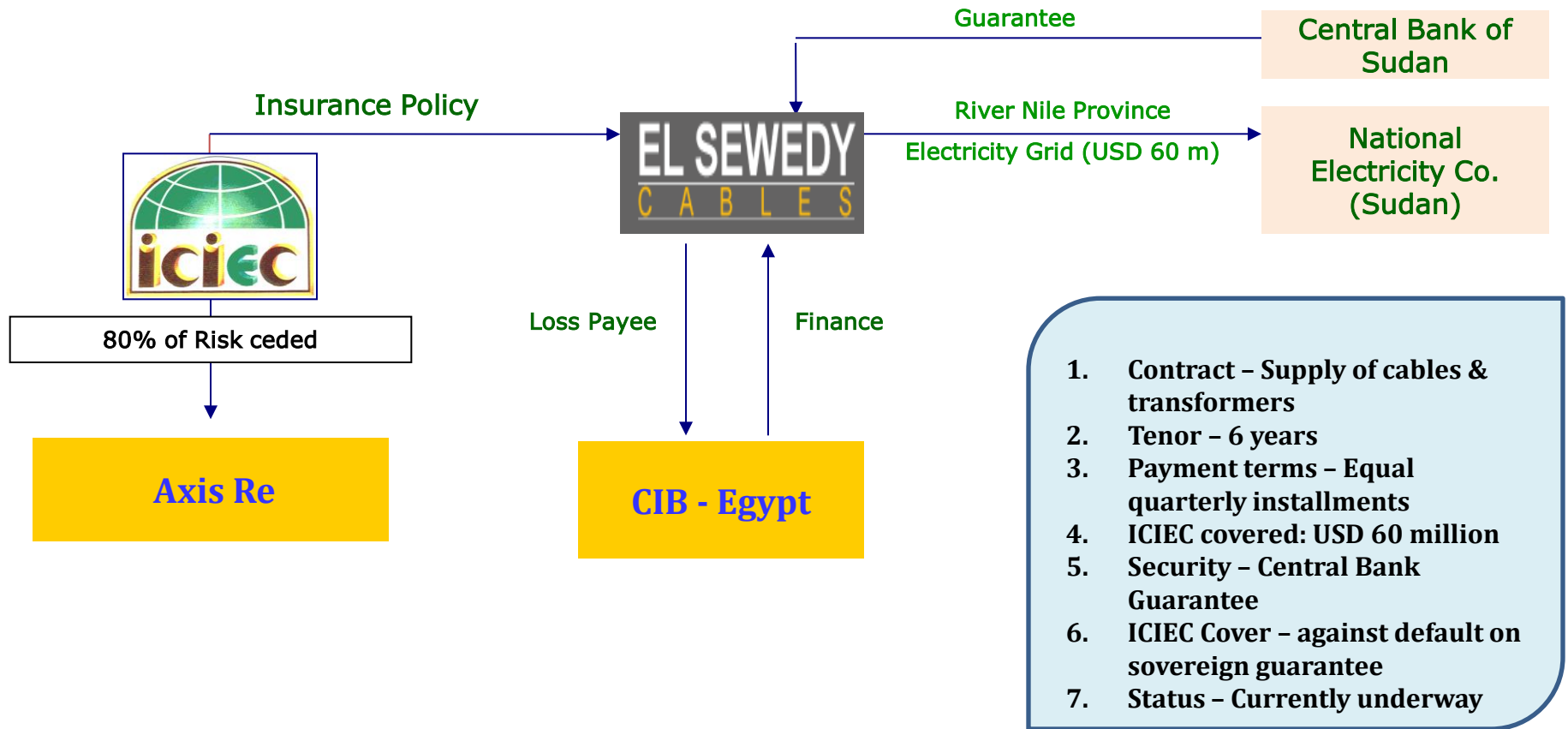
Non Honoring of Sovereign Obligations (NHOSO)

- Provides insurance coverage against the default of governments and government owned entities in meeting their sovereign financial obligations



Sample Transactions

Enabling River Nile Electrification project in Sudan



Supporting manufacturing sector in Algeria: Tosyali Steel Mill Plant



← Insurance Policy
Euro 75 million



Steel Mill Plant Algeria

1. Insured: Tosyali Holding, Turkey
2. Risks Covered: Transfer restriction, Expropriation, War & Civil Disturbance
3. Insurance Duration: 5 Years
4. Percentage of cover – 90%
5. ICI EC covered amount: Euro 75 million
6. Status: currently underway



Supporting Transport Sector in Senegal: Dakar New International Airport



1. Insured: Industrial Development Corp., South Africa
2. Risks covered: Expropriation, War & Civil Disturbance, Breach of Contract
3. Insurance Duration: 15 Years
4. Percentage of cover : 95%
5. Investment Value : Euro 594 million
6. ICIEC Covered amount: Euro 50 million
7. Status: currently underway

Supporting Infrastructure in Bahrain: Muharraq Sewage Treatment Plant



Insurance Policy
USD 17 million



Financing facility

Consortium

Samsung Eng. (Korea), Invest AD-UBS (UAE), United Utilities (UK)

Build-own-operate contract

1. Insured: SMBC
2. Risk Covered: Non-honoring of sovereign Financial obligation
3. Insurance Duration: 15 Years
4. Percentage of cover - 95%
5. ICIEC Covered amount: USD 17 million
6. Status: currently underway

Muharraq Sewage Treatment Plant



Sovereign Guarantee



Kingdom of Bahrain
Ministry of Finance



ICIEC's Potential Role in Egypt



Political Risk Insurance to foreign Investors investing in Egypt



Insurance of the Non-Honoring of Sovereign Financial Obligations of Egypt (including sukuk) in favor of foreign banks.



Insurance of non-payment risk of Egyptian entities related to turnkey projects in Egypt executed by foreign contractors.



Insurance of L/Cs issued by Egyptian Banks for the imports of goods from member countries and for the imports of strategic goods from non-member countries.



Reinsurance support to Export Credit Guarantee Company of Egypt (ECGE).



Technical Assistance for the promotion of foreign investment to GAFI-Egypt.



Thank You!