



**International
Finance Corporation**
World Bank Group

INTERNATIONAL TAKAFUL SUMMIT 2008

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AGENDA:

- **Introduction**
- **Background information on IFC**
- **IFC's objectives in the Insurance sector**
- **IFC's views of Takaful**
- **IFC investment in Takaful sector**
- **Working with IFC**

IFC: Part of the World Bank Group



International Bank for Reconstruction and Development, 1945
Lends to governments of middle-income developing countries



International Finance Corporation, 1956
Invests and advises to promote sustainable private sector development



International Development Association, 1960
Provides concessional loans to governments of the poorest developing countries



International Centre for Settlement of Investment Disputes, 1966



Multilateral Investment Guarantee Agency, 1988
Provides guarantees to foreign investors against non-commercial risk

IFC's Vision

That poor people have the opportunity to escape poverty and to improve their lives

- IFC is a social enterprise, a development finance institution that **fosters economic growth** in developing countries through investments and advisory services.
- IFC demonstrates the **profitability of investments** in emerging markets, encouraging further investment by private sector financiers.
- IFC accepts **substantial business risks**, going where other investors are unwilling to.

IFC's Structure

- Owned by **179 member countries**
- IFC is the main driver of **private sector development** in the World Bank Group
- **Collaborates** with other members of the group, including the World Bank (IBRD and IDA) and MIGA.
- **Global:** Headquartered in Washington, D.C.
- **Local:** More than 100 offices worldwide

IFC: Our Reputation and Value

- IFC is the world's largest multilateral private sector investor in the emerging markets
- AAA rating
- Profitable every year since it was established
- 2,600+ people in our 80 offices worldwide
- Global benchmarking - *identifies and disseminates international best practice*
- Political risk mitigation
- Preferred creditor status
- IFC Performance Standards adopted through the Equator Principles *by over 50 global institutions.*



IFC Business Solutions

Financial Products:

- Loans and intermediary services
- Equity and quasi-equity
- Loan Participations
- Structured finance
- Risk management products
- Trade finance
- Subnational finance
- Treasury operations

Advisory Services:

- Business enabling environment
- Access to finance
- Environmental and social sustainability
- Infrastructure
- Value addition to firms

IFC in the Insurance sector














- **Providing people and businesses with access to the benefits of ‘insurance’ is important because it enables people to manage risk or to save within an institutional, diversified frame work.**
- **Development of the ‘insurance’ industry is important to economic and social development.**
- **The insurance industry also supports the development of capital markets.**
- **Support for the increased availability of insurance, or the benefits of insurance, in developing countries is an important part of IFC’s strategy.**

IFC in the Insurance sector

- IFC particularly wishes to support the development of businesses that
 - Expand access
 - Create new products or markets
 - Bring innovation in product or distribution
 - Have high standards of operation and transparency with customers
 - Have high standards of corporate governance

- IFC uses Technical Assistance in support of raising standards and improving local capacity

Examples: Recent IFC's Insurance Transactions

<p>Africa Region</p>  <p>AFRICA RE African Reinsurance Corporation</p> <p>US\$10.4 million Common Shares Investor</p>	<p>Middle East Region</p>  <p>arig ARAB INSURANCE GROUP</p> <p>US\$1.2 million Common Shares Investor</p>	<p>China</p>  <p>中国人寿再保险股份有限公司 China Life Reinsurance Company Ltd.</p> <p><i>China Life Re</i></p> <p>US\$15.3 million Common Shares Investor</p>	<p>Egypt</p>  <p>CIL a matter of life...</p> <p>US\$1.7 million Common Shares Investor</p>	<p>Trinidad & Tobago</p>  <p>GUARDIAN HOLDINGS LIMITED</p> <p>US\$50.0 million Subordinated Loan Lender</p>
<p>Russian Federation</p>  <p>ING</p> <p>US\$30.1 million Common Shares Investor</p>	<p>Albania</p>  <p>INSTG</p> <p>US\$6.2 million Common Shares Investor</p>	<p>Colombia</p>  <p>INVERSURA</p> <p>US\$15.0 million Common Shares Investor</p>	<p>Nigeria</p>  <p>LEADWAY ASSURANCE COMPANY LIMITED INC 1988</p> <p>US\$13.3 million Common Shares Investor</p>	<p>Turkey</p>  <p>Milli Reasürans T.A.Ş.</p> <p>US\$100.0 million Contingent Loan Lender</p>
<p>Latin America Region</p>  <p>ASEGURADORA MUNDIAL UN MUNDO DE SOLIDEZ</p> <p>US\$30 million Common Shares Investor</p>	<p>World</p> <p><i>IndexRe</i></p> <p>US\$20 million Common Shares Investor</p>	<p>Latin America Region</p>  <p>paralife</p> <p>US\$3.0 million Common Shares Investor</p>	<p>Philippines</p>  <p>US\$1.5 million Common and Preferred Shares Investor</p>	<p>Saudi Arabia</p> <p><i>Al-Abli Takaful</i></p> <p>US\$3.5 million Common Shares Investor</p>

IFC view of Takaful

- Takaful provides a means of bringing many of the benefits of insurance to people in countries and circumstances where conventional insurance products are not acceptable for cultural reasons.
- Takaful has many of the attractive characteristics of 'mutual insurance'...
- But without the constraints that would make it impossible today to establish a pure mutual
- Takaful is inherently transparent and very customer friendly
- Takaful has shareholder involvement that provides access to capital, added security and scalability
- Takaful fits well with the development of other Islamic finance products, especially investment products
- IFC is also interested in supporting other forms of Islamic finance

IFC investment in Takful

- IFC currently has one Takaful investment
- Al Ahli in Saudi Arabia – a green field life joint venture with NCB and FWU
- We are very comfortable with, and support, Takaful concepts and would wish to expand our activity
- IFC would like to work with local businesses, particularly but not exclusively banks, to expand the availability of Takaful products
- IFC would like to establish cooperative relationships with Takaful companies that wish to leverage their business capability into new countries or extend their scope of operations.

Working with IFC

- IFC normally participates in the insurance sector through equity investment
- We can also participate through quasi equity and, in certain circumstances, debt
- We may also be able to provide Technical Assistance either in conjunction with or independently of an investment
- Having IFC as a shareholder also has reputational value in many countries
- We welcome approaches from sponsors – firms that seek financial support to create or expand their businesses
- We also welcome approaches from existing firms who are interested in developing in new countries and require support beyond purely financial.
- We are looking particularly for companies with proven Takaful experience that wish to expand into the Middle East

- Contact the relevant IFC local office (such as Dubai or Cairo for Middle East) or Richard Gyles if you wish to explore an idea or an opportunity

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