

Agenda



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{ INSIGHT }

MIDDLE EASTERN TREASURERS READY FOR GROWTH

> Growth is back and treasurers in the Middle East are gearing up to take advantage of the improved economic climate. This was a recurrent theme of the ACT Middle East *talkingtreasury* event, which was chaired by ACT engagement director Peter Matza, in April.

Treasurers believe that business conditions in the United Arab Emirates and the wider Gulf Cooperation Council have become far more stable since the economic slowdown of 2008/9. Their confidence was reflected in the lively discussion that took place on three main topics: Islamic trade finance, risk management using treasury management systems (TMS), and funding. Treasurers and finance managers are seriously examining the tools and techniques that they need to help their businesses to grow securely and responsibly.

At the event, it emerged that, although the capital markets are as receptive and as cheaply priced as they have ever been, the Islamic trade finance market is overburdened with documentation and processes. There are difficulties in obtaining consistent Sharia rulings between banks and countries, and the impact of Basel III on Islamic trade finance is not entirely clear.

But, fortunately, automation is helping to address the documentation issues associated with Islamic finance. Meanwhile, corporates benefit from the increased social capital that is associated with the use of Islamic finance. Islamic FX and

other hedging tools are becoming more sophisticated. One delegate observed that project finance, which tends to be asset-based, lends itself readily to Islamic finance.

At the event, delegates agreed that even having an entry-level TMS is of considerable benefit to a treasury team. But one panellist highlighted that TMS technology is really just a means to an end of creating a more efficient treasury management process.

Delegates differed in their views as to whether there is a cultural unwillingness to accept use of business technology in the Middle East. Nevertheless, it was clear that treasurers must gain the full involvement of all their internal stakeholders if they are to achieve implementation. Setting clear and understandable success measures is a necessary part of that process.

On funding, treasurers learned that they should consider diversification of tenor, investors and products. Corporates can no longer rely on banks to provide all of their capital needs from overdraft to term funding. Whether a corporate needs a credit rating is more of a nuanced decision, although it is necessary if the corporate wants to issue in international public debt markets. All businesses need to talk with more and diverse groups of potential investors – and that means sharing more about their organisation's activities. This may be difficult for some businesses in the Middle East to accept, however.

For more on treasury technology, see pages 10, 14 and 20



Maridive secures landmark Islamic finance facility

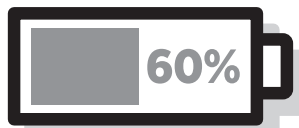
Abu Dhabi Islamic Bank (ADIB) – Egypt has coordinated a landmark \$150m Islamic syndicated finance facility for Middle Eastern offshore marine and oil support services company Maridive.

The deal is the first Islamic ijara structure syndication to be agreed

in post-revolution Egypt, and it is one of the largest to take place in the challenging Egyptian banking market. Besides ADIB – Egypt, the banks that provided the facilities were ADIB – UAE, Arab African International Bank, Banque du Caire and Arab International Bank. They were advised on the structuring of the transaction and related documentation by Cairo law firm Crowell & Moring.

Commenting on the deal, Crowell & Moring partner Walid Hegazy said: “This Sharia-compliant facility will open doors for new Islamic finance deals and business ventures, as well as providing a

boost for the economy that Egypt greatly needs to prosper.”



Oil and gas will supply 60% of global energy in 2040

Oil and gas will supply about 60% of global energy demand in 2040, up from 55% in 2010, despite greater focus on renewable and alternative forms of energy.

This is one of the key trends that are explored in a new white paper by Deloitte entitled *Middle East*

Energy and Resources: Managing scarcity for the future.

While oil is still projected to remain the world's primary fuel, significant advancements in technology will cause natural gas to overtake coal as the second most important fuel source, according to the white paper.

In the Middle East, demand for gas is forecast to overtake demand for oil after 2025, with 50% of all energy demand coming from gas in 2040. States in the Gulf Cooperation Council plan to award contracts worth over \$68bn during the next five years to raise gas production.

{ACTME DEALS OF THE YEAR}

Your chance to shine

The ACTME Deals of the Year Awards are back and now is the time to enter

Has your team pushed the boundaries of treasury over the past year? Perhaps it has pulled off an eye-watering funding deal or put in place an innovative supply chain finance solution? If so, this is the time for you to share your successes with the ACTME network and your treasury peers.

We are delighted to announce that the ACTME Deals of the Year Awards will be returning for 2013. This year will be the fifth year that the awards have taken place and they exist to recognise excellence across a wide range of treasury activities happening in the Middle East. They also aim to develop the knowledge and expertise of treasury, finance and risk professionals in the region.

Last year's winners included Dubai-based shopping centre developer Majid Al Futtaim Group, which issued \$400m in sukuk; Etihad Airways,

which created a groundbreaking secured shareholders' loan for Air Berlin; and Dolphin Energy, which raised \$1.3bn in senior secured project bonds to refinance existing commercial loans. The treasury teams of marine terminal operator DP World and Kuwaiti conglomerate Alghanim landed the treasury team of the year awards in the large and small categories respectively.

Categories

The awards cover the period of 1 October 2012 until 1 September 2013 and there is no limit on the number of deals that can be nominated in any or all categories. All sizes of deal and company will be taken into consideration, but the awards are only open to corporate organisations (ie not banks, financial institutions or government departments). The categories are as follows:

CORPORATE FINANCE DEAL OF THE YEAR

Covers all types of activity related to funding, raising capital, risk management and M&A.

TREASURY MANAGEMENT DEAL OF THE YEAR

Recognises excellence in cash management, supply chain finance, trade finance and other core treasury activities.

LARGE CORPORATE TREASURY TEAM OF THE YEAR

Acknowledges outstanding teamwork – for example, new system implementation, treasury reorganisation and corporate governance – in larger organisations.

SMALL/MEDIUM CORPORATE TREASURY TEAM OF THE YEAR

Acknowledges outstanding teamwork – for example, new system implementation, treasury reorganisation and corporate governance – in smaller organisations.

How the awards are judged

A panel of corporate treasury practitioners will judge the awards according to the criteria of 'excellence

in corporate treasury' – ie sound treasury management, efficient pricing, optimal or innovative structure and relative success in prevailing market conditions.

The team awards will be judged on sound treasury management, strong technical knowledge and ability, innovation in technology and systems, and the ability to build strong relationships with advisers and bankers.

What next?

Anyone can nominate, so to submit your own deal or treasury team – or a client's deal or treasury team – for an ACTME award, please visit www.treasurers.org/actmiddleeast/awards/2013 to download a nomination form. Entries close on Thursday 5 September 2013.

The winners will be announced at a glittering cocktail and awards ceremony in Dubai on 26 November 2013 at the ACT Middle East Annual Conference and their feats will be written up in detail in the winter 2013 issue of the *Middle East Treasurer*.

Good luck.



Winners of the 2013 ACTME Deals of the Year Awards will be announced at a cocktail reception in Dubai