

# **CAMEROON-FUND ARAB COOPERATION: THE IMPACT OF THE ECONOMIC EXCHANGES AND THE FOREIGN AFFAIR BETWEEN SUB-SAHARAN AFRICA AND THE ARAB STATES (1973-2019)**

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## **ABSTRACT**

This article aims to analyze the challenges and the balance sheet of the evaluation of financing granted by the Solidarity Funds of the Arab-Persian Gulf Emirates in Cameroon since the decades 1973-2019, with in particular the creation of the various Arab organizations funds of economic development of which the Gulf Cooperation Council had proposed the creation of an Arab Organization in Rabat called the Organization of the Islamic Conference of which Saudi Arabia is the bearer. This current context of economic and social development in Cameroon is marked by the recent adoption of the Strategy Document for Growth and Jobs (DSCE). This document, which sets the main directions for the country's development policy, presents prospects requiring the establishment of significant financial resources to be mobilized by the Technical and the Financial Partners (PTF), for the achievement of the objectives of the (DSCE), the Cameroonian government shall mobilize the necessary funding. However, a study carried out recently in Cameroon, shows that a number of the projects approved by the financial backers have unpaid committed balances (SENDS). Among these projects, there are some, if not most, of the projects financed by the Islamic Bank of Development (BID). The Cameroonian government, in order to put hand to this phenomenon which is detrimental both to the donors and to the Cameroonian side, instructed to take the measures appropriate in concert with all donors including the BID to agree on ways and means to improve disbursement operations. These funds come from the Arab States of the Arabian Gulf, namely Kuwait, Qatar, Saudi Arabia and the United Arab Emirates (UAE). Most of these countries are members of the Cooperation Council for the Arab States of the Gulf (GCC). All of these Arab states benefit

from significant oil revenues. Since the end of the 20th century, Saudi Arabia has invested heavily in the banking and tourism sectors. The capital of the country, Riyadh is the seat of many large financial structures. Bahrain has a high human development index (48th in the world) and has been recognized by the World Bank as a high-income economy. The United Arab Emirates has successfully diversified its economy. 71% of the UAE's total GDP comes from non-oil sectors which shall be beneficial to attempt the emergence of the Cameroonian country.

**Keywords:** Solidarity Funds, Arab-Persian Gulf Emirates, Cameroon, Arab organizations funds, economic development, Cooperation Council

## INTRODUCTION

The 1960s saw the birth of a multifaceted cooperation policy, advocating for economic and social development in Cameroon. This mechanism of economic and social development in Cameroon is marked by the recent adoption of the Strategy Document for Growth and Jobs (DSCE). This document, which sets the main directions for the country's development policy, presents prospects requiring the establishment of significant financial resources to be mobilized by the Technical and the Financial Partners (PTF), for the achievement of the objectives of the (DSCE), Cameroon to mobilize the necessary financing offered in this sense by the donors of the Arab States of the Arabian Gulf since the decades 1960-1973, with in particular the creation of the various Arab Fund of the economic development organizations including the Organization of the Islamic Cooperation in which the Gulf Cooperation Council had proposed the creation of an Arab Organization in Rabat called the (OCI) Organization of the Islamic Conference of which Saudi Arabia is the bearer.

However, a study carried out recently in Cameroon, shows that a number of projects approved by the financial backers have unpaid committed balances (SENDS). Among these projects are some, if not most, of the projects funded by the Islamic Development Bank (IDB). Cameroonian, to put hand to this prejudicial phenomenon both to Arab donors and to the Cameroonian side, instructed to take the appropriate measures in concert with all donors including the (IDB) to agree on ways and means of improve disbursement operations. These funds come from the Arab States of the Arabian Gulf, namely Kuwait, Qatar, Saudi Arabia and

the United Arab Emirates (UAE). Most of these countries are members of the Cooperation Council for the Arab States of the Gulf (GCC). All the Arab States benefit from significant oil revenues. Since the end of the 20th century, Saudi Arabia has invested heavily in the Islamic Development bank and tourism sectors. The capital of the country, Riyadh is the seat of many large financial structures. Saudi Arabia has a high human development index (48th in the world) and has been recognized by the World Bank as a high income economy with the oil production. The United Arab Emirates has successfully diversified its economy. 71% of the UAE's total GDP comes from non-oil sectors. Oil represents only 2% of Dubai's GDP.

The Arab States of Gulf maintain diplomatic relations and foreign affair between rich and poor country where the base was built in Maghreb and other in Sub-Saharan Africa with in particular the exchanges of the trading networks elaborate from the economic and religious context in the Sahel where the introduction of the Camel was debated. We are now witnessing the emergence of a multitude of interactions and a current of multiple relationships between old rich country, new rich country (oil exporters), and poor developing country. The second oil shock, in 1979, highlighted the same basic questions even more. In this analysis, emphasis is placed on the role of Arab funds in the Third World. However, the interdependence of the problems requires that the parameters of the subject be placed in a global context with the Arab partner.

The growing interdependence - between national and international economies; capitalist and socialist economies; developed, semi-developed or developing - no longer allows an isolated analysis of a phenomenon like Arab help without placing it in the context of petro-dollar recycling, and without thinking about the post-oil period. Arab help is a phenomenon that is both recent and time-limited (10 to 30 years) in the history of development. These capital flows are not based on production capacity, but on the capitalization of a depleting resource. These facts have considerable implications for the objectives of Arab help as well as for the possible forms of cooperation in a rapidly changing international economic situation brought about by the context of globalization. For the reasons mentioned above, the Arab Fun is not a residual factor in budgets, but an instrument for establishing the foreign affair and the new form of international cooperation in preparation for the post-oil period. It follows that Arab assistance is not only a facet but a function of foreign policy; it is also linked, on the one hand, to the internal development of the countries and the Arab region, and on the other hand, to the

management of the petro-capital for investments in the Third World as well as in the industrialized countries.

The specificity of Arab help is also a function of new parameters of large oil economies which no longer follow known growth models (in which there is a financial constraint in relation to savings capacity) and which are not limited to the national economy (need to acquire part of the economic assets on a permanent basis outside national borders, either in industrialized countries or in the Third World). The objective of this article is to analyze the challenges and the balance sheet of the evaluation of financing granted by the Funds of the Arab States in Cameroon since the decades 1960-1973, with in particular the creation of the various Arab organizations of economic development of which the Gulf Cooperation Council had proposed the creation of an Arab Organization in Rabat called the OIC of which Saudi Arabia is the bearer. This work analyzes the mandate and prospects of the Arab funds, established by the OPEC member countries of the Gulf Cooperation Council in this case (Saudi Arabia, the United Arab Emirates, Kuwait and Abu Dhabi).

These countries have, on the one hand, a very limited absorption capacity and, on the other hand, a concern to assume important functions within the framework of the Arab region or Umma, as well as on the international scene must be appreciated in the context of structural changes in the area of financing. Understanding the philosophy and concept of Arab aid after the first oil shock could offer some indication of the possible strategies and forms of cooperation after the second. shock, as well as on the prospects and scenarios for the use of petroleum capital in the world economy.

The beginning of the 21st century is marked by a strong increase in exchanges between States which today occupy a major place in global issues and in international discussions and negotiations. For these actors, most of whom are confronted with the challenges of economic and social development, these exchanges between Cameroon and the Gulf States represent not only a reservoir of opportunities, but also risks and challenges. To do this, the diplomatic action of the States is part of a new form of diplomacy called "economic diplomacy". It is strong from this observation that Cameroon, in a context where it plans to be emerging by 2035, has focused its foreign policy towards the development of economic exchanges with its partners in the Arab

Gulf, including Saudi Arabia, the Emirate of Kuwait, the United Arab Emirate and the Emirate of Qatar. The latter have an economy in the process of diversification and more open to international trade since their accession to the WTO, which Cameroon could in its logic of attracting foreign direct investment and seeking new markets, explore the opportunities offered in this sense, by these Emirates of the Arab-Persian Gulf.

If the presence of the Gulf States on Cameroonian territory remains, according to the Arab authorities, a negotiating status vis-à-vis African Unity, not less since the Arab countries have important motivations to get closer from Cameroon. However, the history of Cameroonian diplomacy with the Gulf States has not followed a lunar trajectory although the jurisdiction of its accredited diplomatic mission in Africa extends beyond the country traditionally classified as French-speaking, while English-speaking countries have a closer relationship with the Hebrew state. This rapprochement is explained by two reasons: the promises of cheap oil and Arab financial aid, as well as the alignment with a resolution of the organization of the African Union under Gamal Abdel Nasser calling for a break with the 'Hebrew State and revitalize Afro-Arab cooperation. Hence the inventory of multifaceted cooperation between Cameroon, Saudi Arabia, the United Arab Emirates and the Emirate of Qatar. However, Cameroon-State cooperation cannot be discussed without addressing the OIC.

## **THE SITUATION OF THE ARABO-PERSIAN GULF SINCE THE PERIOD OF THE SAID "ARAB SPRING"**

The situation of the Arab-Persian Gulf since the period of the so-called "Arab Spring". Pascal Le Pautremat demonstrates that ethnic and confessional antagonisms are particularly intense, while the strategic logics of lobbying persist and adapt to the conjuncture. This is, moreover, marked by a transverse jihadism whose base was built from a Syro-Iraqi axis. At the same time, the great powers, especially the Western ones, are trying to perpetuate games of influence - and competition - while the petro-monarchies, finally, are planning to position themselves convincingly in a renewable energy economy. The seven (7 years) after the start of the "Arab Spring", concerns and questions, mixed with perplexity, remain significant with regard to the situation of the Arab-Persian Gulf. Certainly, this intercontinental - and strategic - region of some 251,000 km<sup>2</sup>, has been at the heart of geopolitical concerns, in a recurring manner, for



centuries. But it focuses many tensions at the same time political, religious and economic. The Persian Gulf is a maritime area, both as a maritime trading area and a border area, against a background of gas and oil wealth. The Gulf countries, aware of their coveted energy advantage, have managed - despite their differences - to organize themselves within the Organization of the Petroleum Exporting Countries (OPEC), born in 1960. May be associated with the Organization of Arab Petroleum Exporting Countries (OPAEP), established in 1968, headquartered in Kuwait and which attempts to coordinate the energy policies of the Arab countries in order to promote their economic development. The economic and social challenges are superimposed on the eternal - and boring - dogmatic antagonisms between Sunnism and Shiism. Faced with the observation of a regrettable showdown between Saudi Arabia and the Persian power, accused of all the ills and all the turpitudes of the Arab-Persian Gulf, the Western powers have never stopped playing officially the same score tactical, by associating with varying intensities, in the fight against terrorism.

But, strategically, the partition is well diversified when it comes to positioning oneself economically in the region considered. Because two concepts of development and commercial exploitation of economic resources face each other: on the one hand, the game of the Anglo-Saxons, from the Saudi-Saudi-T axis Saudi-Arabia-Turkey, bound for Europe. On the other, an axis associating Russia, Iran, Iraq and Syria has been set up, against a backdrop of competition for a sharp hydrocarbon market.

## **EVALUATION OF ARAB BILATERAL AID AND ITS FINANCIAL INSTITUTIONS**

One of the highlights of the 1970s in terms of development finance was the rapid increase in the number of Arab financial intermediaries. The creation of these bodies testifies to the intention and the will of the oil-exporting countries to allocate part of their surplus funds to development projects. Do not rely on the names of "funds" and "bank" to define the similarities and differences between funding institutions. Originally, the term "fund" was used to refer to a funding institution that drew its resources from budgetary contributions and transferred this capital to development projects in the form of assistance on liberal terms. The banking

establishments were characterized by their fact that they had authorized capital, the capacity to mobilize resources and specialized in commercial operations. But this distinction has become increasingly blurred over the history of development finance, and these two terms are now used interchangeably. This change in vocabulary explains why Arab funding agencies have similar official names, without having the same objectives, the same style, or the same operating methods. The creation of the majority of development funds and banks has coincided with the quadrupling of the price of oil, a change in the economic power relationships between different groups of countries and the formulation of the principle of a new international economic order. The considerable increase in the number of Arab intermediaries is also due to the desire of the oil-exporting countries to exert more influence on the use of their capital than they could under the mechanisms of long-standing development aid.

These countries also intend to participate in various regional and functional groupings, intended to ensure closer economic integration of the Arab region, to strengthen solidarity between developing countries, and to establish a new system of relations with the rest of the world. At first glance, the creation in a short period of time of several development intermediaries in a given geographic region might suggest that these institutions have similar attributions, or even that their activities overlap. But a more in-depth analysis of the statutes of the institutions of the Arab world<sup>2</sup> highlights the differences which separate them and the particular importance of national funds in the overall strategy. To situate bilateral Arab aid in the new context of financing for development, a few general remarks seem necessary.

The evolution of Third World financing in the 1970s has three major characteristics: the increase in the amounts transferred to the Third World, to which the debt and debt service responds; the increase in private contributions which tend to replace public contributions; the relatively large penetration of Arab oil-exporting countries among aid donors in the Third World, while aid from DAC members stagnates at 0, 35% of GNP and that countries with planned economies reduce their aid. Occasional aid provided by OPEC countries in terms of percentage of GNP reached 2.94% in 1975, 2.43% in 1976, 2.12% in 1977, 1.38% in 1978 and 1, 44% in 1979. The main donors according to their wealth are, in 1979, Saudi Arabia (5.60% of GNP), the United Arab Emirates (5.42%) and Kuwait (5.14%). This trend towards the concentration of Arab aid donors will continue. If the payments from the Arab multilateral

funds are determined by considerations such as solidarity with the Third World, Arab and Islamic integration, Arab-African cooperation, etc., the national funds also meet these objectives. However, the functions of the latter include the realization of the foreign policy of their countries.

This forces them to adopt differentiated strategies, linked to the future of the position of the Arab region in the world. They have to look beyond the annual budget allocation, the presidency of a given personality, etc. and include the perspective of the post-oil period with the future interaction of different economic groups. As all the oil-exporting countries have developed their own methods of cooperating with the Third World, an overview of all the BIRD and other national and multilateral Arab funds. In 1974 the Fund expanded its operational scope (the Arab region) to Africa and Asia, but not to Latin America.

Saudi Arabia is one of the largest aid donors in the world and the largest among OPEC countries. The bulk of aid is distributed as donations to other Arab countries as general support aid. With the exception of the ODEG, multilateral contributions have increased significantly recently. The Saudi Development Fund (SDF) <sup>9</sup> was founded in 1975. It is the one with the most favorable conditions, paying only administrative costs, but not interest. Its commitments have already exceeded those of the Kuwait Fund. From the start of its activities, the Saudi Fund was the most open to the Third World. It grants slightly more than half of the loans to the Arab region; <sup>10</sup> the rest is divided between Asia and Africa south of the Sahara. The Fund has focused heavily on infrastructure. The least developed countries receive a third of the new commitments, the most seriously affected countries almost half. For the presentation of Arab aid in the Gulf countries to be complete, it was necessary to briefly include the aid provided by Qatar. The latter is a country that prefers to act individually. Qatar has not created a development fund, however in 1976 the rate of its assistance to the Third World compared to GNP was the highest in the world at 12%. Aid declined sharply in the following years.

This was the result of several factors, namely the difficult balance of payments situation, the more careful study of aid requests and the difficulties encountered in recipient countries in making payments. The reappearance of a budget surplus as well as the size of the commitments



made at the Baghdad summit meeting indicate that Qatar will increase the volume of aid from 1979 onwards.

## **CAMEROON COOPERATION ARAB DEVELOPMENT FUND**

Kuwait is, after Saudi Arabia, the second country in the region to maintain significant economic and financial cooperation with Cameroon. If on a commercial level, trade is almost nonexistent, Kuwait has already financed three major projects through the Kuwaiti Development Fund for an amount of 12 million 700,000 Kuwaiti Dinars, or 17, 28 billion CFA francs before the devaluation. of 1994. These are the financing of phases I (6.12 billion CFA francs) and II (3 billion) of the Song Loulou dam as well as lot n ° 6 (8.16 billion CFA francs) of the road Douala / Yaoundé. These loans granted between 1977 and 1985 included a repayment period ranging from 15 to 20 years with a deferred period of 3 to 5 years. Similarly, on March 19, 2004, the Deputy Director of the Kuwaiti Fund for Arab Economic Development, Mr. Hesham Ebraheem Al-Waqayan, and the Cameroonian Minister of Economic Affairs, Programming and Regional Planning, Mr. Martin Aristide Okouda, signed a loan agreement in Yaoundé for the partial financing of the Yaoundé-Pont d'Olama road section construction project (80 km), first batch of the Yaoundé-Kribi road project (215 km). It was in the presence, among others, of the Minister of Public Works, Dieudonné Ambassa Zang, and the Minister Delegate to the Minister of Economic Affairs, Planning and Regional Development, in charge of the Economic Recovery Plan, Joseph Désiré Nguenang. This loan, amounting to 10.08 million US dollars, or approximately 5.040 billion CFA francs, granted at the rate of 2.25% per year for a period of 20 years including five years of grace period, has used to finance part of the cost of civil engineering works as well as the construction of a bridge over the Akono river, but also the services of consultants. It should be noted that the other donors of this important project were: the OPEC Fund for International Development, for an amount of 5 million US Dollars, or about 2.5 billion CFA francs; the Arab Bank for Economic Development in Africa, up to 10 million U.S. Dollars, or approximately 5 billion F CFA; the Cameroonian Government, up to 2.71 million U.S. Dollars, or approximately 1.35 billion F CFA.

During the signing ceremony of the aforementioned Loan Agreement, the Deputy Director of FKDEA had stressed that beyond the cooperation between Cameroon and Kuwait, there is a great friendship which binds the two countries. He said the signed loan agreement was an important step in strengthening relations between Cameroon and Kuwait. In the same vein, the Minister of Economy, Planning, Development and Regional Planning, Louis Paul Motaze, and a delegation of FKDEA Representatives, signed on Wednesday November 18, 2009, in the Salle of Conference of MINEPAT, a Loan Agreement for the financing of road projects in Cameroon. This loan, granted at an interest rate of 1.5%, will be reimbursed in 20 years, including a grace period of 4 years. The project consists of the construction of a new paved section of road between Sangmélina and Djoum, over a length of 103 km.

This section is part of the major road project to link Cameroon (from Sangmélina) to Congo (in the city of Ouesso). The Sangmélina - Ouesso road is part of the priority projects of the Master Plan for Transport in Central Africa. This plan, adopted by the 11th conference of Heads of State and Government of the Economic Community of Central African States (ECCAS) held in Brazzaville on January 27, 2004, aims to improve infrastructure, facilitate transport and promoting regional integration. The total cost of the Sangmélina - Ouesso road project is around 58.563 billion CFA francs. The Islamic Development Bank (IDB) has already committed to financing in two installments repayable over periods ranging from 15 to 25 years, with an interest rate of 2%, the Sangmélina-Bikoula section, 65 km long, for a total amount of approximately 35.75 billion CFA francs. Other financial institutions such as the Arab Bank for the Economic Development of Africa (BADEA), the OPEC Fund for International Development (OFID), the Saudi Development Fund (FSD) are competing for this project. For its part, the Cameroonian government intends to put 4.425 billion CFA francs in the project, Louis Paul MOTAZE said on the occasion that the improvement of the Sangmélina - Ouesso road will open up, and therefore develop, the entire southern region, in particular the Department of Dja-et-Lobo. It is an axis that serves the districts of Myomessi, Sangmélina, Djoum and Mintom. The development in this region will be manifested, according to him, by an increase in the production of wood and derived products, basic foodstuffs, agricultural products such as cocoa or coffee, as well as the improvement of trade with the countries of the Central Africa sub-region. It is a question, according to the Minister of Economy, of

contributing to the economic and social development of Cameroon as a whole, through the increase in gross domestic product and the achievement of the well-being of populations.

The Kuwaiti Development Fund remains in good shape to finance development projects in Cameroon. Two difficulties are to be noted which contributed to the slowdown and later to the freezing of our cooperation with Kuwait

## **THE KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT**

The Kuwait Fund was created in 1961 as an aid agency of the Kuwaiti Government to other Arab countries; it began operations in 1962. The Kuwait Fund was the first development institution in the Arab world. It still serves as a model for other national and multilateral Arab funds, the majority of which were established more than a decade later, when oil wealth emerged. During the first twelve years of its existence, its activities were relatively limited: its field of operations covered the Arab countries and its resources were relatively modest compared to the following period. However, it was during this period that the Kuwait Fund established its policies, procedures and practices; it has acquired its international reputation and a prestige of which the government of Kuwait is proud. The initial authorized capital of the Kuwait Fund, 50 million Kuwaiti dinars (DK), was increased to 200 million DK in 1966. It was further increased in 1974 to 1 billion DK (or 3.4 billion dollars), which gives it the largest financial surface of all the Funds. This capital increase was accompanied by an opening of its mandate to all Third World countries. However, the Fund has not yet started its assistance in Latin America. He can borrow up to double his capital and his reserves. However, the Fund has not yet exercised this power, because doing so could increase the cost of borrowing for beneficiaries.

Cameroon goes into debt in the United Arab Emirates to finance the construction of its roads. It is a loan of 8.865 billion FCFA that the country has taken out. This loan will therefore be used to build the Olama-Kribi road infrastructure. It was on December 18 that the credit agreement between the two parties was initialed.

In a note made public on December 27, the Minister of Economy informed that the extraordinary and plenipotentiary ambassador of Cameroon to the Kingdom of Saudi Arabia, HE Iya Tidjani, proceeded to Abu-Dhabi (United Arab Emirates), with the Abu Dhabi Development Fund, at the signing of the loan agreement amounting to 15 million US dollars, about 8.865 billion FCFA, for the Olama-Kribi road construction project, Bigambo-Grand Zambi section (106 km).

## **IMPROVE THE ROAD INFRASTRUCTURE OFFERING IN CAMEROON**

According to the explanations of the ministry, this funding "is part of the improvement of the supply of road infrastructure in Cameroon. It aims to contribute to the reinforcement of the infrastructural device which should allow the optimal exploitation of the deep-water port of Kribi and to the opening up of the regions of the Center and the South of Cameroon, two big basins of agricultural production ". This financial assistance will also facilitate the movement of goods and people and participate in the intensification of transit road traffic to neighboring countries, the Republic of Chad and the Central African Republic, "the statement added. The road project in question is already funded by the Islamic Development Bank and the State of Cameroon to the tune of FCFA 87.7 billion. The works, entrusted to Sogea Satom, should thus be completed in 2021. Still for the financing of this same project, the State should indeed soon sign an agreement with Kuwait. The Kuwaiti Fund for Arab Economic Development should thus allocate 12 million US dollars to Cameroon. It's about 7.092 billion FCFA.

## **THE APPROPRIATE CREDIT AGREEMENT SIGNED ON DECEMBER 2019**

In a press release published on December 27, 2019, the Minister of Economy, Alamine Ousmane Mey informed the opinion that on December 18, the Ambassador Extraordinary and Plenipotentiary of Cameroon to the Kingdom of Saudi Arabia, HE Iya Tidjani, proceeded to Abu-Dhabi (United Arab Emirates), with the Abu Dhabi Development Fund, at the signing of

the loan agreement for US \$ 15 million, approximately 8.865 billion FCFA, for the construction project of the Olama-Kribi road, Bigambo-Grand Zambi section (106 km). This funding, said Minister Ousmane Mey, "is part of the improvement of the supply of road infrastructure in Cameroon. It aims to contribute to the reinforcement of the infrastructural device intended to allow the optimal exploitation of the deep water port of Kribi and to the opening up of the regions of the Center and the South of Cameroon, two large basins of agricultural production. This financial assistance will also facilitate the movement of goods and people and participate in the intensification of transit road traffic to neighboring countries, the Republic of Chad and the Central African Republic," the statement said.

This road project located on the national 22, is already financed by the Islamic Development Bank and the State of Cameroon to the tune of FCFA 87.7 billion. The works carried out by the French manufacturer Sogea Satom, should be completed in 2021. As part of the same project, Cameroon should soon sign another credit agreement in the amount of 12 million US dollars, around 7.092 billion FCFA, with the Kuwaiti Fund for Arab Economic Development.

The Arab Bank for Economic Development in Africa (BADEA) was created in accordance with the resolution of the 6th Arab Summit Conference, held in Algiers on November 28, 1973. It began operations in March 1975. Its permanent headquarters are in Khartoum, capital of the Republic of Sudan. Cameroon is certainly not a member of BADEA, but still benefits from funding from this institution. BADEA is an autonomous international financial institution created by 18 member states of the League of Arab States (LEA) signatories to the Agreement establishing the Bank on February 18, 1974. BADEA aims to contribute to the development of economic and financial cooperation and technical between Arab and African countries and the concretization of Arab-African solidarity on the basis of equality and friendship. BADEA is considered to be one of the few financial institutions that has been created to assist countries not participating in its capital.

The countries eligible for financial assistance from BADEA are African countries which are not members of the League of Arab States and a member of the African Union. There are 43 countries including Cameroon. BADEA's interventions in African countries come in three forms, namely the allocation of loans to finance development projects, the financing of



operations under its technical assistance program (non-repayable grants), and the financing of exports from Arab countries to beneficiary African countries. Public sector loans are scheduled over three years, and are capped at around US \$ 10 million.

## **FORMS OF ASSISTANCE AND CONDITIONS**

The Fund's charter only outlines the type of aid that this development bank can provide. In principle, the following four forms are deduced from it. The polarization of project aid is a tradition that has been transmitted by the IBRD through its technical assistance and organizational assistance activities; Loans allocated to projects make it easier to control the use of funds, which is important for institutions seeking to impose their brand image as lending organizations; Non-project aid (balance of payments support, relief aid, inter alia) is channeled through 'other Arab institutions whose decisions are largely based on non-economic criteria. In addition, the managing director of the Kuwait Fund<sup>14</sup> explained the reasons for this preference for project aid, reasons which are probably also shared by the majority of development finance intermediaries in the Arab region: We simply not the resources necessary to support, even partially, the overall development programs of more than twelve beneficiary countries. We are also unable to provide assistance tailored to the needs of an entire economy ... We cannot and will not intervene in national development plans, especially as the lines of a plan are sometimes blur between its development and its manufacture". According to the criteria retained for the choice of the interventions, the projects which can profit from assistance of the Fund of Kuwait and - in extenso - by other Arab institutions are the following ones: Projects entering within the framework of the priorities fixed by the governments of the beneficiary countries.

Investments that transform socio-economic structures and reduce bottlenecks that hinder development; Capital-intensive projects for which the intervention of the Arab intermediary will make it possible to mobilize other funds from other sources; Projects likely to contribute to the building of an institutional apparatus. Development funds have so far focused on infrastructure projects in the broadest sense of the term: The Fund can provide assistance to all types of projects that are likely to have a strong impact on the economic development of a country. It focuses its aid on physical infrastructure in the sectors, in descending order, of

communications (transport / warehouses), energy (electricity), agriculture (irrigation) and industry (heavy). As a result, "social projects" are avoided. In fact, the Fund pursues an evolving policy and the priorities are dialectically a function, on the one hand, of those chosen by the assisted country, and, on the other hand, of the accumulated expertise.

However, if the Kuwait Fund places such emphasis on physical infrastructure, it is not only because it considers that economic development necessarily involves infrastructure projects, but also because these high cost projects require financial assistance on liberal terms which cannot be obtained from other sources. The project analysis method used by the Kuwait Fund follows the progress accumulated in the economic literature, especially in international financial institutions. A mission made up of project economists, financial analysts, engineers, market research specialists, etc. visits the site and establishes (after his return) an appraisal report which must be approved by the board of directors. This work takes two to four months. Once the project is underway, progress reports are submitted and missions will monitor whether loans from the Kuwait Fund are used as intended. When the project has become operational, the Fund does not exercise any supervision over its management. The loan conditions essentially depend on the nature of the project and the general economic situation of the beneficiary country.

The duration of the loans varies between 10 and 35 years, but in exceptional cases it can be increased to 50 years. The franchise period is normally equal to the project implementation time plus one year, up to 10 years. Interest rates can range from 0 to 6%; normally, they are 2.5% for agricultural projects and 3.5% for industrial projects,

## **CONCLUSION**

Cameroon is among the first African countries to have obtained financing from different Arab Islamic Development Fund (FADI) and also Arab organizations such as the Saudi Development Fund (FSD), the Islamic Development Bank (IDB) and the Arab Development Bank (ADB). Its cooperation with the Arab states is of undeniable interest for both parties. The help at multilateral levels is passed through because these Arab development organizations

which are considered to be the financial arms of the African policy of Arab-Muslim countries. Cameroon has continuously benefited from the Arab Solidarity Fund and from the funds of organizations financed by the Organization of the Islamic Conference from the beginning of the years 1974. For its part, Cameroon through decades of financial cooperation with the Gulf countries, has benefited from Islamic funding from international financial institutions such as: the Islamic Development Bank (IDB), the Arab Bank for Economic Development in Africa (BADEA), the Kuwait Fund for Arab Economic Development (FKDEA), the Saudi Fund for Development (FSD), the OPEC Fund for Development and the Abu Dhabi Fund for Economic Development, of which Cameroon in its march towards emergence would benefit from strengthening and boosting this cooperation with these Arab partners, in order to better take advantage of the opportunities offered in this direction and which unfortunately do not always exist, particularly by the Organization of the Islamic Conference and also by the Special Program for the Development of Africa (PSDA), the Poverty Reduction Fund or the recommendations of the Yaoundé Forum of June 2010 paving the way for the establishment of a representation of the Islamic Development Bank in Cameroon. Despite the many opportunities offered in this direction, this cooperation is slow to take off when it should be dynamic in this period of international economic crisis.

In view of the above, it is clear that the Arab Fund 'to finance considerable projects in Cameroon: let us note in the early 1970s that thanks to the resources of the Organization of the Islamic Conference OIC member Emirates, Cameroon will have benefited from exchanges and would have become a real ally of the Arab Gulf countries. In addition, despite several initiatives carried out with various donors and the Islamic solidarity fund for the development of Cameroon, cooperation with this partner is slow to take off when it should be beneficial in this period of international health crisis. However, opportunities exist in order to strengthen this cooperation, the conduct of a high-level mission to the authorities of this Arab donor could help to further arouse its interest in supporting development efforts in Cameroon.

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