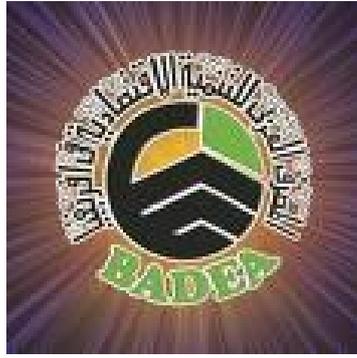


المصرف العربي للتنمية الإقتصادية في أفريقيا

ARABA BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

BANQUE ARABE POUR LE DEVELOPPEMENT ECONOMIQUE EN AFRIQUE



**A STUDY ON THE MEANS TO
ENCOURAGE ARAB INVESTMENT
IN AFRICA**

Introduction

There exist numerous ties that link the Arab and African countries; be they geographic, historical, political or economic. The importance of the African continent to the Arab World stems from the fact that it hosts around two thirds of the Arab population and represents a vital segment of the Arab world that stretches from the Atlantic Ocean to the Arabian Gulf going across the desert and the Mediterranean Sea shore. The Arab-African convergence goes back to ancient times in history between the Arabian Peninsula and the Arabian Gulf region from one side and the Horn of Africa and the East African countries from the other side. The same relationship used to exist between Northern African countries and those of the Sahel and Western African countries.

What strengthens those links between the Arab and African countries is the joint struggle to face up the burdens of development and to move towards realizing a fair and comprehensive regional and economic system. The Arab cooperation in the economic field depends on the reaction between the two parties and its enhancement in the various areas such as trade, investment and the joint projects. The cooperation between the African and Arab states expanded at the beginning of the 1970s of the previous century after the number of Arab organizations concerned with offering development aid to the African countries increased. The first Afro-Arab Summit held in Cairo in 1977 underlined the importance of the Arab-African cooperation in the economic and financial domains, in the course of offering technical and financial aid to the African countries and supporting their national and multi-national financial institutions that operate in the field of development within those African states. They also encouraged the flow of Arab capital in the African countries in the form of direct or indirect investments.

Stemming from the idea that strengthening economic cooperation between the Arabs and the Africans is not the sole responsibility of the governments in Arab and African countries, but should also include the private Arab or African investors; the Governors Council of the Arab Bank was assigned to prepare this study on means of encouraging Arab investments in Africa. This study comes at a crucial time when the crisis of the global financial markets might well make the investors more focused on direct investment instead of investment portfolios which would present additional opportunities to attract private Arab investment to the African countries. This requires a strategy that is based on a clear vision of the aspects of Arab-African cooperation, where both the Arab public and private sectors would take part.

Summary of the Study

1-The Arab and the African Worlds are tied with strong and robust links that have their roots and origins in ancient history, for this cooperation goes farther and deeper than the seeming geographic proximity, as it also embraces cultural, spiritual and commercial relations sowed across long centuries of social movement and urban contacts among Arab and African peoples. This is based on the neighbouring proximity that extends over thousands of kilometres and the fact that two thirds of the inhabitants of the Arab World are Africans.

2-The Afro-Arab cooperation has many aspects, some of which are bilateral among the countries of the two groupings while some others are in the forms of development cooperation that is undergone through the Arab financial institutions for development.

3-The Arab states, in the context of their initiative to assist the developing countries individually or collectively, established a number of national funds and multinational financial institutions for development for the benefit of the developing countries including the Arab and African ones. These institutions offer funding for the developing countries, including the African ones, in the form of soft loans, non-refundable grants or technical assistance. The involvement of these institutions had a very positive impact on the economic development in many of these countries and especially the Arab ones along with the Africans.

4-The improvement in the environment of investment in many African countries in recent years led to an influx of big investors from the world at large towards the promising and fertile African markets. There is an obvious competition between the different investors from emerging economies such as (China - India - ...etc) and the traditional ones (Europe, Northern America and Japan). The fact that this competition exists reinforces the need to set up an Arab strategy for investment in Africa to grab the opportunity offered to the Arab states to invest in the continent. This strategy can be based on the following three domains:

First:

Complementary investments among Arab and African countries in the agricultural production sectors, including the provision of necessary water resources and the infrastructure accompanying this production. But these investments have to contribute to ensuring Arab and African food security, in addition to the similar Arab investments in the Arab countries.

Second:

The other productive investments in the fields of petroleum, mining and tourism, which allow the Arab experiment to be put at the disposal of Africa's development and opens the door to allocate the Arab monetary surplus in sectors of high-profitability.

Third:

Support investments within the context of a mutually-beneficial partnership (win-win situation) in infrastructure, communication networks, transportation, electricity, education and health. These investments, with the help of the African countries, accede to the build up of the necessary bases to attract investment and reach adequate financial returns.

5-Agricultural production is considered a fertile sector for Arab investments thanks to the strategic complementarities between the Arab World and Africa, whereby the African countries, thanks to Arab investments, would be able to make better use of the water and the lands suitable for cultivation, which were not adequately utilized at present. This would allow both sides to increase agricultural production to ensure food security in the two regions and export to other countries.

6-Concerning investments in other productive areas, which allow the employment of Arab expertise and realizes a superior return to the Arab financial surplus, they actually provide a complementary framework between the two partners; the Arab and the African and attain the highest added-value in the field of petrochemicals for instance, including the provision of necessary inputs to the water and agricultural sectors. The mining sector is another very promising area for cooperation due to the growing world development needs at a time when many African countries hold an ample reserve of these resources. The tourism sector also represents an area of joint investment with the aim of offering high quality tourism services.

7-The infrastructure sector constitutes a huge stake for development in the context of economic growth and alleviating poverty through the provision of the basic services necessary for investment. It also represents a fertile domain for cooperation between the local public sector and the foreign private one, creating a new style in the field of implementing investment in infrastructure projects, as it responds to two complementary demands; achieving high levels of effectiveness and professionalism on the one side while attracting private investment on

the other. This partnership should also be based in the long-term on complementary roles to be played by the two sectors and a fair share of the risks and benefits, while enjoying mutual trust between partners.

8-Aside from choosing specific sectors for investment in Africa, an effort must be exerted to provide the best conditions to attract Arab investment and assist the Arab private investor in facing the risks of each area of investment separately. Areas of partnership between the public sector in the Arab states (especially through the current fund for development organizations) and the private sector must be studied to build a partnership between both of them especially in the area of private investment in the development of agriculture and food security. Within this framework, it would be appropriate to:

(8-1) solve the question of the availability of necessary information for the Arab investor in Africa so as to enable potential investors to learn more about the environment of investment in these African countries and to conduct the necessary studies for investment. Within this context, the Arab Bank for Economic Development in Africa in coordination with the other Arab development agencies can play a leading role in this domain.

(8-2) Concerning agricultural investments which aim at providing food security, it would be appropriate for the Arab states, within the framework of the Arab Food Security Strategy, to outline the areas specific for investment in Africa, and to set up links and incentives in cooperation with the African countries to receive these investments. Moreover, the Arab funds can participate in these investments through assisting in the funding of the infrastructure necessary to ensure the success of these investments.

(8-3) there is no doubt that the question of mitigating the risks of investment requires the conception of appropriate schemes and modalities for this aim. Currently, there exist a number of insurance companies in the Arab countries which can play this role, in addition to multinational insurance organizations (Arab Organization for the Insurance of Investment and the Islamic Corporation of the Insurance of Investment and Export Credit) which can play a vital and encouraging role for Arab private investment in Africa.

(8-4) The necessary funding for such private investments is available within the Arab Banking sector and at some Arab funds (Arab Fund, OFID, and the Islamic Bank in particular). The private sector can also

mobilize additional resources through specialized funds if it was deemed appropriate.

(8-5) Coordination mechanisms must be put in place between the Arab investors to empower them to compete with other investors in those promising markets, while bearing in mind that the non-Arab investors come under the umbrella of states and governments that assist them in maintaining a presence in these developing countries in general and in the African ones in particular. The best framework for this coordination may be the Unions of Chambers of Commerce, the committees and institutions affiliated with it.

9-The study illustrated the variety of Arab investment opportunities in Africa thanks to the possibilities of complementarities between the economies of Arab states and those of a number of African counterparts, besides the clear African encouragement of Arab investment on the official level.

10- There are successful Arab investment experiments in Africa but setting up an Arab Investment Strategy in Africa helps to have a greater push for Arab investment influx in the region. Reviving the Arab-African cooperation within the framework of productive investment and infrastructure requires a balanced cooperation for the sake of encouraging a partnership between the public and private sectors for their mutual benefit.

Chapter One
Afro-Arab Cooperation

/1-1/ Preamble

The existing bonds that tie the Arab and the African worlds are very strong and have their roots and origins in ancient history, for this cooperation goes farther and deeper than the seeming geographic proximity, as it also embraces cultural, spiritual and commercial relations sowed across long centuries of social movement and urban contacts among Arab and African peoples due to the proximity that extends over thousands of kilometres and the fact that two thirds of the inhabitants of the Arab World are Africans.

The Afro-Arab cooperation has many aspects, some of which are bilateral among the countries of the two groupings and it is quite ancient and started directly after the liberation of the African countries; while others are in the forms of development cooperation that manifests itself in the Arab Development Finance Institution (ADFI).

/1-2/ Official Mechanisms for Afro-Arab Collective Cooperation

The official modern launch of the collective cooperation between the Arab group and African group of states dates back to the first Afro-Arab summit held in Cairo in March, 1977 when it was agreed on several mechanisms and channels of cooperation, most of which were not successful for many reasons.

These mechanisms can be summed up as follows:

1. The agreement to hold an Afro-Arab Summit at the level of Heads of States on regular basis, every three years.

2-Forming the Afro-Arab Ministerial Council at the level of Foreign Ministers to oversee the work of the Afro-Arab Standing Cooperation Committee, this would meet regularly every 18 months.

3-Establishing a Standing Committee for Afro-Arab cooperation tasked with monitoring and activating cooperation between the two parties in all economic, trade, financial, cultural, scientific and social fields. This committee would meet every 6 months.

4-Other institutions such as coordination committee, working groups specialized committees and an Afro-Arab Court. However, despite setting up these mechanisms, the outcome of the actual cooperation within its framework, in concrete terms, was very limited.

With the exception of some sectoral ministerial meetings and some other joint ministerial meetings, the mechanisms that were functional in real terms in the area of cooperation between the African and Arab worlds can be summarized as follows:

-The Arab Bank for Economic Development in Africa, which is the collective direct financial arm affiliated to this cooperation. It remained, since its inception in 1973, practising its development activities in the African countries, spreading in 43 different states. The total amount contributed by the Arab Bank until the end of 2008 has reached around three billion US dollars.

-The overall contribution of the Arab development finance institutions for (Arab Bank, Kuwait Fund, Saudi Fund, Abu Dhabi Fund, Islamic Bank, OPEC Fund) for the African countries (43 countries) until the end of 2007 has reached over 12.6 billion dollars to finance 1799 projects in the areas of transportation and communication (5037 million US dollars), energy (1555 million dollars), water and sanitation projects (1078 million dollars), agriculture and animal husbandry (2017 million dollars), industry and mining (586 million dollars) and other sectors (2368 million dollars).

-The Arab Fund for Technical Assistance to African Countries whose activities are centered on technical assistance programmes to the African countries. But the activities of this fund remained very limited.

-Afro-Arab Cultural Institute which was established recently in 2002, with its headquarters in Bamako, the capital of Mali. Its scope of activities is still narrow due to the weak financial resources.

-The Afro-Arab Trade Fair. It was agreed to organize it regularly every two years. Six rounds have already been held up till now but it has not achieved great returns compared with the high aspirations expected.

-Afro-Arab Businessmen Week, which was only organized twice.

-The joint committee of the General Assembly of the League of Arab States and the African Union. This committee has started to meet on regular basis over the past few years and deals with the coordination between the two organizations.

-The Afro-Arab Development Forum, which was recently agreed upon to be organized by the League of Arab States and the African Union. It is hoped that the forum would be held every two years.

Concerning cooperation between the Arab states and their African counterparts on the bilateral level, it is quite diverse and broad but it is hard to obtain precise statistical data about it. Such cooperation is usually organized within the framework of governmental committees. Recently though, the Arab private sector stated to show a growing interest to invest in Africa, besides the vital role played by the ADFIs in funding development in Africa, be it on individual or collective basis. Such financing covers the various development sectors in the fields of infrastructure, agriculture, rural development, energy, healthcare and education. Some Arab contracting companies assisted in implementing a number of these projects in different African countries which are beneficiaries of the Arab funding, especially in the area of roads, airports, water and land reclamation projects. Many Arab consulting firms have also helped in preparing the feasibility studies and plans of these projects in addition to supervising their implementation.

/1-3/ Afro-Arab Bilateral Cooperation and the Arab Investment Experiences in Africa

Africa has become a new investment destination, where many investors from Europe, the US, Japan, China, India, East Asian and Latin American countries are cramming. The interest of the Arab investors in Africa, from both the public and private sectors, has also risen in recent times, just to mention an example are the many mobile phone operators which have spread throughout Africa (Arabian Zein – Vodafone – Sudatel – Etisalat, etc...). The services sector has witnessed an involvement that is still timid in Africa exemplified by Arab investments in Africa in the area of aviation companies (Morocco / Senegal) and ports (Dubai / Dakar) and banks (Arab Investment Bank in the Jamahiriya which had many branches opened in a number of Sahel countries such as Burkina Faso, Niger, Mali and Chad). The tourism sector also has caught the interest of the Arab investors represented in the establishment of tourist resorts and hotels (Gambia, Mali, Togo, Mozambique, Cape Verde Islands, Burkina Faso, Seychelles and Mauritius, etc...). Added to the above are the activities of the traditional investors who have been practising their business over a long period of time in Africa, especially the investors from Lebanon, Egypt, Morocco, Mauritania and Yemen who are spread over most of the African countries where they have a variety of investment activities in the industrial, mining, trade and services sectors. The fourth chapter

of this study includes a highlight of some examples of Arab investors in Africa.

It is worth noting that the Arab region is wealthy with efficient financial and development institutions such as the Kuwait Fund for Arab Economic Development which was established in 1961, the Arab Fund for Economic and Social Development (1976), the Abu Dhabi Fund for Development in 1971, the Arab Bank for Economic Development in Africa in 1973, the Saudi Fund for Development in 1974, the Islamic Bank for Development in 1975, the Arab Monetary Fund in 1976, the OPEC Fund in 1976 in addition to other institutions that are supportive of investment such as the Arab Institution for Investment Guarantee. These funds have offered, as was previously mentioned, 12.6 billion dollars to finance 1799 projects in the African countries. The Arab region also hosts many private investment funds and commercial banks of international standards, capable of providing and managing resources. These institutions play a growing role in investment in Africa, and to further strengthen and mobilize this role, there should first be a new strategy for Arab investment in Africa and it is necessary that this new strategy be based on fundamentals that take into account the African environment and to what extent such environment may ensure safety and returns.

/1-4/ The Current Framework of Arab Financial Assistance to Developing Nations and Africa

As was previously mentioned, the Arab countries, in their attempt to assist the developing nations-be it on individual or collective basis, have established a number of funds and multilateral financial and developmental institutions for the sake of the developing countries. These institutions offer the developing countries funds at concessionary terms and encouraging conditions and non-refundable grants used for technical assistance. Such financial interventions had a real positive impact on the economic development of many Arab and African countries and the activities of some of these institutions have extended to include Asian, Latin American and European countries as well.

These institutions aim at realizing the following objectives:

1-Assisting in enhancing the sustainable economic growth rate and fighting poverty in member states and in the eligible developing countries in Africa, Latin America, the Caribbean, Asia and the Middle East.

2-Expanding cooperation between the Arab states and the developing countries and strengthening and enhancing "South-South" cooperation.

Accordingly, the ADFIs continue to contribute to a great extent in funding the public and private investments and in setting up the economic infrastructure in different sectors especially transportation, energy, electricity and communication, agriculture and rural development, and water and sewage. These institutions also respond to the calls for technical assistance and emergency aid requested by the countries that receive their aid.

The ADFIs can be divided into three main categories:

A-Bilateral Development Funds: this category includes
The Kuwait Fund for Arab Economic Development
The Saudi Development Fund
The Abu Dhabi Development Fund

B-Multilateral Institutions of Regional standing: This includes,
(1) The Arab Fund for Economic and Social Development
(2) The Arab Bank for Economic Development in Africa
(3) The Arab Institution for Investment Guarantee
(4) The Arab Monetary Fund
(5) The Arab Organization for Agricultural Investment

C- Multilateral Development Institutions of International standing: This includes,
(1) The Islamic Development Bank
(2) The OPEC Fund for International Development

The Kuwait Fund for Arab Economic Development was the first Arab fund to be established for development assistance in 1961, and it was followed by the founding of the Arab Fund for Economic and Social Development in 1967, which was established by the countries members of the League of Arab States. The other Arab Development Funds were established over the period from 1971 to 1976, corresponding with a time of financial surplus in most of the Arab countries, exporters of petroleum.

In light of the increasing and branched out Arab funding institutions specialized in financing development, there was a need since 1974 to coordinate the activities of these institutions, to guarantee an enhanced efficiency and ensure greater success of the development funding operations, which led the presidents and directors of these

institutions to form an activities coordinating commission on the operational level in the 7 concerned institutions.

These institutions represent the main source of concessionary funding for a large number of Arab countries and developing nations in Africa, Asia, Latin America, the Caribbean and Middle Eastern countries. These institutes contributed since their establishment and till 2007 in financing around 5500 investment projects in 135 countries, with a total sum of around 80 billion US dollars. Table (1) below shows the sectoral distribution of the commitments of the Arab financial institutions for development.

Table (1):

The sectoral distribution of the commitments of the Arab financial institutions for development till the end of December 2007:

| Sector | Amount in billion US \$ | % of Contribution |
|--------------------------------|-------------------------|-------------------|
| Transportation & Communication | 19.567 | 24 % |
| Energy | 21.351 | 27% |
| Agriculture | 10.513 | 13% |
| Industry & Mining | 10.343 | 13% |
| Water & Sanitary drainage | 6.476 | 8% |
| Other sectors | 11.747 | 15% |
| ----- | | |
| Total | 79.997 | 100% |

It is obvious from the general analysis of this data that the priority was given to the infrastructure sector including energy, which represents around 59% of the total commitment portfolio, followed by the production sectors which represent around 26%, whereas the other sectors represented 15%♣.

And at the regional level, the distribution of commitments was categorized in table (2) below. It is observed from its analysis that the share of the Arab countries represents 59% of the total commitments allocated for investment projects, whereas the share of the non-Arab African region represents 16% of the total.

* The Arab Fund assumes the responsibility of coordinating between the Arab and regional institutions for development, which comprises the following institutions: The Kuwait Fund, the Arab Fund, the Abu Dhabi Fund, the Arab Bank, the Saudi Fund, the Islamic Bank, the OPEC Fund, the Arab Monetary Fund and AGFUND.

Table (2):

The geographic distribution of overall commitments at the end of 2007

| The region | Amount (in billion US \$) | % |
|-------------------------------|------------------------------|------|
| Arab states | 47.387 | 59% |
| Non-Arab African countries | 12.641 | 16% |
| Asian countries | 18.164 | 23% |
| Latin American countries | 1.235 | 1% |
| Other countries | 0.570 | 1% |
| Total | 79.997 | 100% |

The Arab ADFIs enjoy the full and unrestricted support of the contributing countries, which never stopped supporting their financial position through a regular restructuring of resources and successive increases in their capital.

The total capital of those seven institutions has exceeded 32,000 million US dollars by the end of 2007. Such significant capitalization and the superior quality of portfolios allow these institutions it to grant loans with soft terms and to be competitive thanks to the following characteristics:

Low interest rate.

High grant element.

Long periods for loan repayment.

Finally and to fulfill the diverse financing requests, in accordance with the socio-economic growth requirements of many beneficiaries countries, the ADFIs have expanded their involvement tools with the aim of providing a better response to the needs and expectations of the beneficiaries countries, whereby they founded a number of institutions such as:

A window that aims to finance the investments initiated private sector, which upgrades the capabilities of these institutions to conform with the international environment and enable them to continue to assist the largest possible number of countries.

Facilitating the financing of the external trade, this aims to grant direct loans or credit loans for the local banks and special guarantees through risk-sharing.

/1-5/ The Activities of the Arab Bank in Africa:

The aim of founding the Arab Bank for Economic Development in Africa was to accomplish the one main goal of reinforcing the economic, financial and technical assistance cooperation between the African countries and those of the Arab world, and to embody an Afro-Arab solidarity based on principals of equality and friendship. To accomplish this aim, the Bank was assigned with the following tasks:

Contributing to the financing of the economic development of the African countries.

Encouraging the sharing of Arab capital in African economic development.

Contributing in providing the necessary technical assistance for development in Africa.

The Bank is considered a symbol of Afro-Arab solidarity in the form of an effective operation which exemplifies the depth of the relations between Arab and African countries.

If reinforcing the linkages and cooperation between the two parties was essential in the past to achieve their joint interests, it has become imperative to face the changes that are registered by today's world, and to allow wider perspectives for advancement, development and stability for the people of both the Arab and African regions.

The financing activities of the Bank stream into three main spheres; funding development projects; technical assistance operations, in addition to funding the Arab exports to the African countries, beneficiaries from its assistance.

The Bank began its development operations in 1975, when its funding activities were mostly conducted through five-year plans, concerned with keeping solid financial position and realizing harmony between the available resources and their usage on the one hand and the priorities of the benefiting African countries on the other. The allocated funds of the Bank increased continuously, thus it went up from 375 million US dollars in the second plan (1990-1994) to 500 million US dollars in the third plan (1995-1999), then to 675 million US dollars in its fourth plan (2000-2004) and lastly, its allocated funds for the current fifth plan (2005-2009) reached 900 million US dollars.

The total sums allocated by the Bank for the approved operations during the period (1975-2008) reached around 3544.13 million US dollars, which were dedicated to finance 450 developing projects for

the benefit of 42 countries and 438 technical assistance operations that benefited 43 countries, which constitutes the total number of African countries eligible to receive the Bank's assistance.

The Bank funds development projects for the benefit of the African countries, and the projects may benefit more than one country at the same time (regional projects), by means of loans with terms soft. The Bank takes into consideration, while picking these projects, that they would meet the priorities of the beneficiaries countries as stated in their development plans.

In this context, the Bank's funding varied to include projects in infrastructure, agriculture, and rural development (plant production & animal husbandry, rural roads, water and electricity because of their positive socio-economic impact on people's lives) as well as energy and industry, and the social sector (education and health), the private sector, in addition to some operations within the framework of emergency aid.

The Bank also funds technical assistance operations offered in the form of non-refundable grants to prepare technical and economic feasibility studies to discover investment opportunities and projects in the beneficiaries countries, as well as funding the assignment of Arab experts to African countries, with the aim of transferring the Arab expertise, also funding training courses to the benefit of African citizens by Arab and African institutions.

Around 103.7 million US dollars were allocated over the period from 1975 to 2008 for the technical assistance, whereby 438 operations were financed covering feasibility studies and institutional support operations, comprising 85 Arab experts, and sponsoring 160 training courses in different fields to the benefit of 3864 African trainees, in addition to the provision of appliances and equipments.

Due to the importance of the role of trade and its close connection to development and investment operations, the Bank set up a program to fund exports from Arab to African countries. The Bank's Board of Governors allocated a sum of 100 million US dollars for this cause. Since the inception of the program in 1998, 21 export operations were approved for financing, with a net allocation of 127.9 million US\$ that benefited 8 African countries, some of which received more than one transaction.

Within the framework of the debt relief under the Heavily Indebted Poor Countries initiative (HIPC), the bank has also offered assistance estimated at 148.64 million US dollars till the end of 2008, benefiting 16 African countries.

The Bank was also keen to support the private sector in its plans, so that it plays a greater role in the economic development. To fulfill this aim, the Bank dedicated lines of credit to banks and national and regional development finance institutions in the African countries for on-lending to the private sector. The bank also funds some private sector activities, within the framework of the projects it finances.

The number of loans directed to the private sector reached 32 (of which 21 are lines of credit and facilities to finance small and micro-enterprises the rest was dedicated through the government to fund private sector projects. The total sum that the Bank committed to the private sector reached 77.94 million US dollars till the end of 2008, benefiting many small projects in the fields of industry, agriculture, and rural development. In addition, the Bank funded several feasibility studies that instigated projects adequate for private sector funding. The private sector has also benefited from the training courses and the funding of trade fairs.

The Bank has exerted concerted efforts to build relationships of cooperation between the Arab consultants and their African counterparts. Within that framework, the Bank organized the first convention of Arab and African Consultants in Cairo 2007 and the second in Tunisia in 2008. The bank also plans to hold the first convention of Arab and African contractors in Dakar (Senegal) in March 2009.

Marketing

First Framework

Technical Assistance in the field of Promoting and Attracting Foreign investment to the republic of Uganda

1-The Bank agreed in March 2008 to offer technical assistance to the republic of Uganda worth 140 thousand US dollars as a non-refundable grant under the technical assistance program to fund the plan of the National Investment Agency in the field of promoting and attracting foreign investment, especially Arab investment.

2- This transaction falls within the framework of the Cooperation Agreement between the Arab Bank and the Islamic Corporation for Insurance of Investments and Exports Credit (ICIEC) which is a member of the Islamic Development Bank.

3- In executing its tasks in the field of supporting and promoting investment while facilitating the procedures to attract foreign investment from the Arab region and the Islamic countries to hold projects in priority sectors, the National Investment Agency in Uganda- in cooperation with the United Nations Industrial Development Organization (UNIDO)- took the initiative to prepare a program and a plan of action to attract investment from the member countries in the Islamic Bank Group, including the Arab countries, which would lead to the mobilization of the Arab capital resources for investment in Africa south of the Sahara, and to support the Afro-Arab cooperation, which represents the central aim of the Bank. The Islamic Corporation for Insurance of Investments and Exports Credit, in coordination with the Bank, have committed themselves to jointly fund this program.

4- The proposed technical assistance aims to conduct analytical studies to specify the sectors and projects available for investment and to come up with 10 projects with a cost exceeding 10 million US dollars each to present them in particular to the Arab investors, to improve the environment of investment in Uganda and conduct marketing missions in the Arab and Islamic countries to increase their capital flows in Uganda and develop a program of institutional support and training programs for the benefit of the agency's staff.

5- The technical assistance components comprise the following essential elements:

Conducting sectoral studies and studies to identify the projects available for investment.

Technical assistance and training the agency's staff.

Promoting the projects and investment opportunities developed.

Providing the support services including the legal, and the administrative and financial consultancies to help the investors.

Chapter Two
The Economic Situation in Africa

/2-1/ Economic Development in Africa:

The African continent deteriorated over the last four decades relative to other continents in terms of the Gross Domestic Product (GDP), and in terms of the per capita income. The economies of the continent's countries were not able to achieve a growth rate close to the international standards, or enough to keep up with the development rates achieved in the developing countries in general. This deterioration was caused by internal factors that exacerbated the economic crisis in Africa, such as the wars and internal conflicts; the environmental catastrophes like droughts, desertification, floods and agricultural diseases. The structural adjustment programs and economic reform recommended by both the International Monetary Fund and the World Bank in the eighties of the last century, led to a decline in the development rate of the African countries from 5% to 3% instead of increasing it to the 8% which was predicted at that time. Later on, some signs of improvement of the economic performance were witnessed as a result of the great efforts made during the nineties with the aim of adjusting with the crisis and restructuring the African economies.

These African countries have witnessed six stages of economic relations with the rest of the world:

-The First Stage: It is the stage of colonization throughout the 19th century and a fraction of the 20th century. This stage was characterized with the subjugation of all the natural resources of these countries and the deprivation of the people from their minimal rights. At that time, the colonizing countries undertook some investments in the infrastructure to ensure the safe transfer of the raw materials to their countries.

-The Second Stage: It is the post- independence stage, whereby the prior colonizer developed new tools to continue his exploitation of the African resources. Analysts called this stage the "unfair exchange" and "neo-colonialism".

-The Third Stage: it is the stage of attempting to develop through seeking to reach high added value by building "turn key" projects in most cases, funded through foreign loans. However, there was neither control nor grasping of the imported technology, and with the weak production reached, the external debts started to pressure the African countries, which led to the foreign financial deficit and the resolve to reschedule the foreign debts.

-The Fourth Stage: It is the stage of the eighties which was depicted by weak growth rates and a noticeable decline in foreign assistance, in addition to economic and political instability and armed conflicts.

-The Fifth Stage: (The nineties) which was characterized by a minor decline in foreign debts and the commencement of economic reform.

-The Present Stage: It started with the beginning of the third millennium and is characterized by better exchange conditions that extend to periods longer than their predecessors, and a clear boost in the net foreign assistance besides the improvement of key economic policies.

/2-2/ Africa's Economic Groupings

Africa embraces 43 countries, where 730 million people live. The following division indicates four large regions:

Western Africa: 15 countries

Eastern Africa: 8 countries

Central Africa: 10 countries

Southern Africa: 10 countries

These countries take part in numerous regional groupings, aiming to realize economic complementarities. These groups comprise:

The Economic and Monetary Community of Central Africa (CEMAC).

The Common Market of Eastern and Southern Africa (COMESA).

The West African Monetary and Economic Union (UEMOA).

The Southern African Development Community (SADC).

The categorization of these countries in terms of the income level shows the following:

7 petroleum exporting countries with net oil exports no less than 30% of the total exports.

8 middle-income countries that are not exporters of petroleum and where the per capita income exceeds (900) US dollars.

28 low-income countries with poor economies where the per capita income is below (900) US dollars.

/2-3/ Economic Growth in the African Countries

Growth in Africa, as is the case in all other countries, depends on a number of complicated factors; among them are the types of economic policies, the openness of trade, the power of the institutions and the quality of public services. The African countries have witnessed in recent years the highest growth rates for their GDPs and the lowest rates of inflation, whereby the economic growth rate reached 6.5% in 2007. Moreover, the overall economic conditions improved along with the economic policies, coupled with an increase on the demand for basic African goods, and a boost of foreign capital flow besides the alleviation of the debt burdens. The rate of inflation in Africa reached 7.5 in 2007 but due to the deterioration of the overall economic conditions in the developed countries, the sluggish pace of world development and the global financial disturbances, analysts expect sluggishness in African growth rates down to 6% in 2008 and around 4% in 2009. It is known that some of these countries faced a dual challenge, exemplified in a timely increase of its imports prices of foodstuff and petroleum. Due to the unprecedented prices of crude oil in 2008, the African countries, exporters of oil, achieved immense financial returns, due to the improvements of the trade exchange conditions which allowed for a reduction of local demand and for facing the costs of foodstuff imports.

The oil-importing countries faced challenges resulting from the elevated prices of their imports in addition to the soaring bill of imported foodstuff, which led to a deficiency in the running accounts.

/2-4/ Debts:

The debts of the African countries represent a huge burden on their economies, negatively affecting their development efforts. To limit this impact, the World Bank and the International Monetary Fund launched in 1996 an initiative that aims to reduce the debt burdens on the Heavily Indebted Poor Countries (HIPC), with the participation of the bilateral and multi-party financial development institutions.

On the 1st of July 2006, both the International Monetary Fund, the World Bank (the International Development Association -IDA), and the African Development Bank started a process of total debt cancellation (50 billion US dollars) that were due from 22 countries spread over different continents out of the total commitments of both the (HIPC) initiative and the initiative to reduce multi-party debts.

Till January 2009, there were 41 eligible countries, 30 of which are from Africa to benefit from the alleviation of the debt burdens as offered by the (HIPC) initiative and 23 countries (18 of which are African) reached

the completion point, whereby the assistance to alleviate the debts burden becomes irrevocable. Currently, 11 countries - 9 of which are African have reached the decision-making point - whereby they receive assistance to alleviate their debt burdens.

There are also 7 other countries eligible to benefit from the debt reduction authorized by the (HIPC) initiative, until the approval of their overall economic reforms, their poverty reduction strategies or the debt settlement plans of late dues.

The African countries that have reached the completion point comprises; Benin, Cameroon, Gambia, Malawi, Mali, Mozambique, Niger, Rwanda, Senegal, Zambia, Sierra Leone, Uganda, Madagascar, Ghana, Ethiopia, Burkina Faso, Sao Tome & Principe and Tanzania.

There are 9 countries in Africa which have reached the decision-making point and are currently receiving a temporary reduction of debt burdens from the Institute of International Development within the framework of the (HIPC) initiative; they are: Burundi, the Central African Republic, the Democratic Republic of Congo, Chad, Guinea, Equatorial Guinea, Liberia, and Togo.

This initiative has allowed a considerable reduction in the debts of the African countries either by totally canceling them or rescheduling them, whereby 26 African countries benefited from debt reduction with around 68.4 billion US dollars which represents around 50% of its gross domestic product by the end of 2007.

The ADFIs participated actively in this initiative since its inception, whereby the share of the Arab Bank in reducing the debt burdens of the African countries by the end of 2008 reached more than 148 million US dollars at present value which was offered in the form of debt rescheduling in addition to offering soft loans in the vital sectors like agriculture, infrastructure and the social sector.

Among the positive impacts of this initiative; the reduction of the delayed payments of countries that have reached the completion point, these are 18 countries with around 90% at present value by the end of 2007; the enhancement of the debts indicators of the African countries over the period from 2000-2006 whereby the percentage of foreign debt declined relative to the gross national income from 65.7% to 42.6% and the percentage of foreign debt servicing to the gross national income from 4.2% to 3.3% and the foreign debt from 211.9 billion US dollars to 143.5 billion US dollars.

The initiative has also permitted the provision of financial resources, which were then channeled to development and fighting poverty through increased spending on development projects, health services, education, and other social services.

/2-5/ Population and the Labor Force

Africa comprises the highest population growth in the world, reaching 2.6% annually. It embraces large countries like Nigeria with a population estimated at 135 million inhabitants, and Ethiopia which has an estimated population of around 68 million, in addition to small countries like Lesotho with a population of around 1.8 million people, Equatorial Guinea and Cape Verde Islands with a population of 0.5 million inhabitants each. Poverty is spread throughout most of the African countries, where 45% of the population lives on an income of less than 1 dollar per day.

The growth rate of the labor force in Africa is around 4.2% a year. The region suffers from weak standards of education and a low average age if compared with other countries around the world.

The spread of the acquired immunodeficiency syndrome or the AIDS virus represents the biggest challenge to the African labor force, as the estimated rate of persons carrying the virus in Africa is put at 7.4%.

The rules of conduct organizing employment in most of the African countries are considered quite flexible and comprise workers protection however, understanding the problems facing the labor force is still weak, while commitment to the Labor Syndicates witnessed a drawback in all the countries since the eighties.

/2-6/ Perspectives of the Economy in Africa

The strongest economic expansions in Africa are concentrated in the oil-exporting countries and in the Republic of South Africa. On the surface, this reflects a strong demand for basic goods, an increased capital flow, and the alleviation of the debt burdens. On the internal level, the continuous economic progress helped to achieve stability, besides the persistent reforms in most of the countries of the region which maintained a sustainable investment growth and mounting production.

Concerning the present expansion, many countries benefited from the improved international economic conditions at the end of 2008, which is expected to assist in maintaining development, bearing in mind that the global economic downturn foreseen in 2009 will negatively impact the levels of development in Africa.

The economic reforms in Africa have taken great strides which permitted an enhanced environment for investment. And according to the countries' ranking and their competitive strengths, the distinct African countries in that regard are; South Africa, Mauritius, Botswana, Namibia, Kenya, Nigeria, Tanzania, and Uganda. The foreign investments witnessed an enormous increase to reach 13.8 billion US dollars in 2003, 18 billion US dollars in 2005, 38.8 billion US dollars in 2006 and 53 billion US dollars in 2007.

/2-7/ Africa and the Financial Crisis:

Economic analysts predict that Africa will inevitably suffer indirectly from the repercussions of the current global credit crisis, but its suffering will probably be less than the other regions. This is due to Africa's limited association with the international markets. The figures of the African Development Bank indicate that Africa contributes with only 1.3% of the capital of the global financial markets and 0.8% of the Banks assets and 0.2% of debt arrears.

CHAPTER THREE
Investment Opportunities in African Countries

Africa has been almost absent from the map of global investment over the past decades due to many considerations, bringing to the forefront the deterioration of economic, political and social conditions in the continent, at a time when promising opportunities were abundant in other regions such as eastern Asia. However, the image has dramatically changed since the beginning of the third millennium, when traditional investment markets reached a certain stage of saturation, while developmental conditions improved in many African countries, due to the increase in raw material prices, resulting from the increase in global demand on one hand, and the escalation of problems in traditional production markets on the other hand. Those changes placed Africa on the map of global investment, to the extent that investors view it as a way out of the current global crisis.

Investment environment

Since the early nineties, most African countries realized the importance of economic reform, and improving the investment climate, and therefore several legislations were issued with the aim of making the investment climate more attractive.

African countries maintained steady growth rates, throughout the last two decades. In his speech during the recent annual meetings held between the World Bank and the International Monetary Fund (October, 2008), the President of the World Bank stated that the average growth rate in almost 25 countries in Africa reached 6.6% per annum, during the period 1997 to 2007. These countries include almost two-thirds of the population in the region, highlighting thus the emergence of another pole of growth that could evolve in the coming years. The President of the World Bank commented that this situation can be a great achievement, not only at the level of promoting development and overcoming poverty, but also to unleash the skills and untapped potentials.

It is noteworthy to mention that administrative and legal reforms, aiming at creating an enabling environment to attract investments, encountered impediments in African countries. The "Doing Business 2009" Report, issued jointly by the World Bank and the International Finance Corporation (IFC), indicates that 28 African countries implemented 58 reforms during the year 2007/2008, and that three countries were classified among the top 10 reforming countries during the afore-mentioned year: Senegal, Burkina Faso and Botswana. The report indicates, as well, that reform has been increasingly implemented in three post-conflict countries: Rwanda, Sierra Leone and Liberia, and that Mauritius ranked 24 in the global rankings on the ease of doing business.

This desire for reform emerged following successive increments in the growth rates in Africa in recent years, and as indicated in the aforementioned "Doing Business 2009", the average growth rate in Africa reached almost 6% during the last ten years, and that was due to the improved macroeconomic conditions and the decrease in civil wars in those countries.

In light of these developments, several African countries exerted efforts to improve the investment climates in order to create new employment opportunities strengthen their export potentials; and increase economic activities, thus contributing directly in combating poverty.

In this context, many African countries introduced important reforms aiming at: streamlining and speeding up procedures for the establishment of businesses of various sizes; reducing costs of imports and exports; in addition to other important reforms such as protection of property rights; freedom of transferring capitals; elimination of restrictions imposed on foreign exchanges; simplification and ease of tax system; provision of several privileges endorsed by the enacted investment laws in those countries. Obviously, these reforms show the African countries' interest in establishing strong institutions and adopting clear policies that would enable them to attract investments. As a result of these reforms, the total Foreign Direct Investment (FDI) flows to Africa reached 53 billion dollars in 2007 compared to 39 billion dollars in 2006, however Africa 's real share of the direct investment flows does not exceed 3% of the total direct investment flows.

Despite the remarkable progress in most African countries in implementing of tangible economic and political reforms, Arab investment in Africa did not reach targeted growth. Indeed, some Arab companies and institutions took steps to enter the African markets however, these steps are considered limited; and due to the absence of clear and comprehensive data, it is difficult to produce an accurate inventory of the size of those investments or the sectors in which they operate. Some but not all of the cases are featured in Chapter four.

The Multilateral Investment Guarantee Agency "MIGA", affiliated to the World Bank, provides guarantees (insurances) to investors and lenders in developing countries against political risks. In fact, Africa is a priority in MIGA's strategy, as since its inception the Agency issued investment guarantees amounting to 2.6 billion dollars in support of 100 projects in 27 countries in the region. The size of projects supported by MIGA in Africa ranges from less than one million dollars to more than one billion dollars, however the Agency does not consider the size of a project an indication for its impact on development, where small-size investments would create employment opportunities and contribute to

the achievement of a sustainable economic growth. During 2008, MIGA provided investment guarantees in Africa amounting to 218 million dollars in support of nine projects.

Justification for Arab investments in Africa

The improvement of the investment climate in many African countries encouraged major investors and international joint ventures to rush into the promising and fertile African market. Hence, the opportunity is ripe in Africa for the Arab States in Africa, due to several reasons, including:

A) Africa currently presents the most attractive opportunity to attract foreign investment, particularly that traditional investment markets are suffering from multiple problems on one hand, and it presents mounting obstacles to Arab investments, on the other hand. Additionally, high-level decision makers in Africa are persistently determined to host the Arab private investment, and this has been expressed in the recent appeal by Senegalese President Abdoulaye Wade, in the Arab Economic Summit in Kuwait in January 2009, for the Arab private investment to come to Senegal as well as to other African States, and that was the same desire expressed by many Heads of other African countries.

B) During the past three decades many Arab countries were able to set development and industrial basis that qualify them to leap into overseas markets and take advantage of available opportunities and confront challenges at the domestic and international levels. For example, the Saudi company "SABIC", has become one of the largest ten worldwide petrochemical companies, investing in many countries in the world. Consequently, Africa is an ideal opportunity, especially that many global foreign investments are currently directed towards the natural resources sector, particularly hydrocarbons and minerals, whereas many Arab companies succeeded to build competitive advantage, especially that Africa is rich in minerals that are globally in high demand, such as bauxite, copper, iron, and Cobalt. On the other hand, Africa contains 30% of the world's mineral reserves such as cobalt, phosphate, copper, bauxite, uranium, platinum, chromium, gold and diamonds, while South Africa and the Democratic Republic of Congo ranks as first exporter of cobalt, platinum, and Guinea ranks as first exporter of bauxite, copper. In Zambia, copper exports reached 57% of the country's total exports in 2007. Statistics indicate that energy and hydrocarbons sector represent the most important source of economic activity in Africa during 2007, achieving revenues of 98 billion dollars, followed respectively by telecommunications sector 48 billion dollars; trade and marketing sector 45.6 billion dollars; minerals 35.3 billion dollars; food industry 31 billion dollars; chemicals 22 billion dollars; and automotive sector 7 billion dollars.

C) Africa is considered the regional, geographical and strategic extension for the Arab States, both in North Africa or Arabian Gulf region. Therefore, the development of an ambitious Arab strategy, to promote Arab-afro partnership, is not merely an option but a necessity in light of the global scramble which aims at controlling promising markets in Africa together with its natural resources.

D) Africa can assist the Arab world to achieve food security, due to the availability of a lot of resources that are necessary for agriculture production (plant and animal), such as fertile land and flowing water. Needless to say, the Arab countries imported 58 million tons of grain needs in 2007, while the African countries imported 27 million tons of the same stuff, according to the statistics of the World Organization for Food and Agriculture (FAO). Hence, Arab-afro partnership in this area could assist the two groups to resolve this serious problem.

Investment Opportunities in Africa

There is a remarkable competition between the various investors: at the level of emerging countries (China, India, etc.) on one hand, and traditional countries (Europe and North America), on the other hand. Hence, there is a need for the Arab countries to develop a comprehensive investment strategy, based on the following three axes:

First: Strategic complementarily in investments among Arab and African countries, which contribute to ensure food security in the Arab world and Africa: in the agricultural production sectors, while providing water resources needed for this production.

Second: Oil, minerals and tourism sectors are other productive investment sources that could ensure best use of the Arab financial surplus; and also enact acquired Arab expertise.

Third: Supporting investment, in the context of Mutually Beneficial Partnership "Win-Win" in the following areas: infrastructure establishments; communication and transport; electricity; education; and health.

A. Strategic Complementarily in Investments

Agriculture and associated activities provide livelihood for almost two-thirds of workers in Africa and its share in the gross domestic product exceeds 17%. This sector provides around 40% of revenue in foreign currencies.

Some of the obstacles facing agriculture in Africa are due to: small size of farms and growing dependence on rains; spacing of local markets; absence of transport facilities that link production areas to markets; weak system regulating farmers' activities; and volatility in global

markets which is impeding, as well, the development of agricultural products.

On the other hand, African governments were not able to take encouraging measures to stimulate farmers such as financial support, while their counterparts in industrialized countries enjoy an important support, for instance in the production of cotton. President Abdoulaye Wade of Senegal, who is chairing the current session of the Islamic Conference in the Arab Economic Summit held in Kuwait (19-20 January 2009), noted that Africa is the second largest producer of cotton in the world, but what is processed of cotton in Africa does not exceed 5% at present. He further appealed to Arab countries to contribute in investments to increase the pace of industrialization in order to create jobs for Africans, within the framework of an African programme that aims at manufacturing 25% of the produced cotton in Africa, which should provide 50 thousand new job opportunities. In fact, African agricultural products are facing unfair competitive conditions in international markets, in addition to the deterioration of agricultural production, due to the partial or total restructuring and privatization.

Consequently, it is important to reconsider the organization of production, and marketing of agricultural products as well as associated activities, in addition to providing financial resources, in accordance with the size, the aspirations and needs of the continent. In fact, the required capital needed is estimated at almost 18 billion dollars per annum. It is noteworthy to mention that access to foreign markets, which is still essential for the marketing of African products such as cotton, cocoa, coffee, tea and other products, can ensure the organization and management of these resources.

Rice Production in Africa

Second Frame:

According to data available at the African Development Bank, the productivity of rice in Africa declined from 2.5 tons per hectare in 2004 to 2.4 tons per hectare in 2006, compared to 6.3 per hectare in China, and 7.5 tons per hectare in Turkey during the same period.

Decreased productivity of rice in Africa decreased at a time of the continent's most need of food.

The "Integrated Program for the Development of Agriculture in Africa" urges officials at the continental level to pay attention to the agricultural sector and that African governments undertake the introduction of necessary means to implement this program. Obviously, agriculture in Africa has tremendous growth potentials however it is suffering from the absence of a strategy to deal with financial resources and technical means. This gap can be filled by strengthening cooperation between Arab and African countries for the sake of mutual interest, through a mutually beneficial partnership, necessitated by the availability of great opportunity for complementarity between the two regions: provision of financial resources and technical means by the Arab countries; and provision of water, land and labor by the African countries.

The most significant challenges to Arab food security, the lack of fertile lands and scarcity of water resources, as the Arabian Agricultural production meets only 54% of consumption, dropping in some countries to 25% only, while the rate of some imported materials (sugar and oil, for example) reaches 100%.

African countries have significant sources of renewable water per annum, which is the equivalent of flowing water in each country plus the water coming from neighboring countries. Use of this water is currently about 5.5% in Africa, compared to almost 50% in the Middle East and North Africa (MENA), while exploitation of agricultural lands in Africa does not exceed 27% of the total arable land. Hence, there is a need to consolidate the Arab-Afro integration and to encourage investments for the development of water resources suitable for agriculture in order to accomplish food security and export.

Thanks to Arab investments, African countries can provide more water and more arable lands to provide the two parties with agricultural production that would ensure food security and meet export needs. On the other hand, Arab investments in the agricultural sector in Africa should consider the interests of small African farmers and involve them in the efforts aiming at improving the conditions of African agriculture and food security. In order to initiate afore-mentioned investments, the following points should be observed:

- Conduct field studies of agricultural land in some African countries, known for the fertility of lands and availability of water, as well as studies on Arab or African market demand, and potential exports to other markets.
- Set goals for targeted production.
- Review of available water resources.
- Review of the required infrastructure for production.
- Review of all requirements for production (seeds, nurseries ...).
- Review of all environmental and health impacts.

On the other hand, attention should be given to upgrading the technical level of Arab and African workers, to acquire sufficient skills to:

- Achieve transfer of technology.
- Control the types of crops and breeds of animals suitable for the Arab market and for export.
- Improve farm management before and after the harvest.
- Upgrade the level of education and research.
- Create favorable conditions for export.

In this juncture, means of cooperation between the Arab private sector and the public sector could be reviewed, where the public sector - through the Arab Development Financial Institutions - would assist African governments in providing required infrastructure for the success of these investments, while the private sector would be in charge of investments in agricultural production.

Most likely, the best two regions in Africa, suitable for Arab investments, are East Africa and Central Africa, where the average annual rainfall reaches 920mm/year in east Africa, and 1425 mm/year in Central Africa.

In East Africa, Uganda is characterized with the availability of the largest agricultural land, estimated at 14 million hectares, in need of for reclamation, while the Democratic Republic of Congo in Central Africa has the largest agricultural land as well as the largest reserves of water. It is noteworthy to mention that Arab investment in agricultural production in Africa is not contradictory, but rather complementary to Arab investment in Arab countries (Sudan for instance).

B. Investments in Other Productive Sectors

Given the availability of hydrocarbons in the Arab countries, where proven experience in this area was recorded, promoting relevant investments in Africa should ensure complementarity with other investments and should also seek most value-added products such as petrochemicals, for export purposes and in order to meet the needs of water and agriculture sectors.

The Gulf of Guinea nations possesses 4.9 of the world's proven oil reserves, i.e. the equivalent of 60 billion barrels; and 7.8 of natural gas reserves, i.e. about 400 billion cubic meters. Moreover, the region is rich with underground hydroelectric and thermal energy. Hence, it is important to consolidate the concept of Mutually Beneficial Partnership "win-win" among Arab and African countries, in this area.

In fact, Africa ranks first in the world's production of platinum, gold, chromium, vanadium (rare metallic element), bauxite and other minerals like iron and copper; while ranking second in the production of manganese. Other African countries, like Guinea, Cameroon, Ghana, Côte d'Ivoire and Sierra Leone, possess bauxite, which is the raw material to produce aluminum.

Copper mines exist in South Africa, Botswana, Burkina Faso, Namibia, the Democratic Republic of Congo and Zambia, while nickel is available in Botswana, Burundi, Côte d'Ivoire and Madagascar. On the other hand, zinc is particularly available in Burkina Faso, Namibia, Democratic Republic of Congo and Zambia.

It is noteworthy to mention that the most important gold mines exist in South Africa, Ghana, Tanzania and Mali, however gold production in Africa declined due to continuous increase in mining depth.

In light of the above, Africa possesses a variety of natural resources, which are very desirable for both developed and developing countries.

Unfortunately, Africa lacks financial and technical resources to achieve the greatest value-added when exploiting its natural resources, and to develop the basic facilities, as well as to diversify and enhance its economy to make it able to create new job opportunities.

Tourism has also a major impact, especially that Africa is on the way to become a magnet for investors in this sector. Tourism in Africa has been very active since 2004, until the events of September 11, 2002, when a global decline in tourism sector took place. Africa has an unusual environmental diversity, which gives unique opportunities for investment in tourism: ecotourism, adventure tourism and business tourism.

In fact, tourism industry provides job opportunities in the construction sector, and generates domestic demand on office supplies and equipment; and home and hotel furniture. Tourism stimulates transport and communication as well as financial interests and creates a linkage among several sectors such as agriculture, light industries and traditional industries; while having a positive impact on trade and cultural exchanges abroad.

Many Arab countries acquired extensive expertise in tourism investments. Therefore, a serious cooperation between the Arab countries, that have the skills and expertise on one hand, and those which have the financial balance on the other hand, can create a suitable bridge for Arab investments in Africa in the tourism sector.

C. Supporting Investments in the Concept of Mutually Beneficial Partnership "Win-Win"

Infrastructure is a great bet on development at the level of economic growth, poverty alleviation, and provision of various services.

Infrastructure is considered one of "NEPAD" priority sectors, aiming at breaking isolation and promoting bilateral economic and trade cooperation. Africa ranks first in the world, in terms of limited and poor roads, since out of 1.8 million kilometers of roads in Africa, only 16% are paved.

Partnership of public and private sectors, as well as attracting foreign and domestic private sector, may represent the best modes to establish basic infrastructure, as they respond to two complementary yet different considerations:

Provide active and most professional dynamic on one hand, and attract private investment on the other hand. This partnership should rely on complementarity of roles between the two actors, while observing equitable sharing of risks and benefits, as well as mutual confidence between partners.

Africa is suffering from the lack of energy among the population and economic activities, coupled with continued power outages at the level of the central stations, whereas out of four stations in Africa there is a defective one. The rate of frequent interruptions of electricity reached 56/production day per year for manufacturing industries. In brief, Africa has poor infrastructure while the supply of electricity is costly and unguaranteed.

On the other hand, telecommunication sector, that witnessed implementation of Arab investments, is key to development in African countries. Indeed, strengthening infrastructure in African countries is a great bet however; it provides an opportunity towards an expanded Afro-Arab cooperation.

In light of the above, Arab countries are provided with the opportunity to build a comprehensive strategy that enjoys coordination among countries concerned, while being supported by mutual interests. This strategy can be based on the strategic axes of the three proposed investments: investments in support of African development in the area of basic facilities; and investments in productive sectors in order to ensure better use of fiscal surpluses, and use of Arab expertise.

As a conclusion to this chapter, the strategic needs of the Arab countries, which require the intervention of concerned countries, should be assessed. These needs are represented in the essential agricultural products for ensuring food security; and the supply of natural resources, required for the ongoing and the future Arab industries. This assessment should be undertaken, while setting a strategy for the investment in African countries, involving Arab public and private sectors, and promoting the establishment of database system for investors, while ensuring a direct and regular communication among them. On the other hand, implementation of any investment should consider environment and culture, and ensure employment of local labor and use of national institutions, while giving priority to Arab and African partnership, in order to gain experience and to prevent negative competition. Therefore, coordination should be strengthened between Arab investors to avoid internal competition, and to establish favorable conditions for integration and cooperation.

On the other hand, a long-term forecast on the investments in agricultural production and food security, in African and Arab countries, should be perceived. Likewise it would be appropriate, in terms of investments supporting basic facilities, to use available Arab tools for studying and achieving these investments.

With regard to investments targeting best use of fiscal surpluses and Arab expertise, a long-term assessment on the demand for natural resources should be carried out, while identifying potential investors and appropriate countries to receive investments.

Investments should be based on feasibility studies to identify means of achievement, and to compare investments in Africa, vis-à-vis other countries, in terms of revenues and risks, while learning from successful experiences.

It is also advisable to strengthen coordination between various Arab institutions concerned, while securing effective distribution of roles. On the other hand, to ensure success of the Arab strategy, relevant terms should be close to those terms imposed by other countries competing in the African markets.

For direct investments, support should be given to private sector and major Arab institutions to enable them access important sectors in Africa such as: hydrocarbon, chemicals, banking, telecommunications and ports.

Whenever possible, it is recommended to encourage Arab and African joint ventures to ensure coordination and confidence in order to achieve sustainable development for the welfare of the two the parties.

Finally, the Arab Strategy should consider supporting small and medium Arab investors, though the establishment of funds, which provide incentives and guarantees for the private sector

CHAPTER FOUR
SOME ARAB INVESTMENTS IN AFRICA

Investments of some Arab companies in Africa

The study documents the views of some Arab companies investing in Africa in order to take advantage of their expertise and experience, and to learn about the obstacles faced when investing in the region, while identifying applicable means to strengthen Arab investments in Africa. In this regard, the following interviews took place with representatives of the Arab companies:

1- Dubai Ports World (Emirates)

The institution was established in October 2007, following an agreement to develop and operate container terminals in Dakar, Senegal. The company owns about 90% of the shares of Dakar port in Senegal, amounting to nearly 75 million Euros. The company owns, as well, a number of hotels in South Africa and intends to expand its scope of work in Africa through investing in Maputo port in Mozambique; and Dar es Salaam port in Tanzania. On the other hand, "Jafza", a subsidiary of Dubai World, signed an agreement with the Senegalese government to establish a special economic zone in Senegal, where the company will invest about 800 million dollars in the project, which is due for completion of first phase by 2010.

2- ETISALAT (Emirates)

ETISALAT has been present in Africa since 2005, where the company has nine mobile networks in Africa, including Togo, Benin, Burkina Faso, Nigeria, Cameroon, and Mali, through partnership with governments and local private sector. The company owns 51% of "Zantel" in Tanzania, and 75% of "Atlantique Telecom" shares, which owns a majority stake in several mobile phones' companies in Burkina Faso, Gabon, Niger, Togo, Central African Republic, and Ivory Coast, where the number of subscribers amounts to approximately 2.8 million. The company also owns "ETISALAT Benin", and is currently undertaking negotiations in a number of other African countries to obtain business licenses.

3- "RAS EL KHEIMA" Minerals Investment Company (Emirates)

The company initiated its partnership with local and foreign private sector in April 2007, with an investment amounting to 30 million dollars, when it owned concession right to exploit copper, cobalt and lime mines in "Lubumbashi" in the Democratic Republic of Congo. Currently, the company is conducting prospecting studies, while having a vision for future investment plans in the production of cement in Zambia.

4- KHARAFI Group (Kuwait)

The group initiated its investments in Africa since early 1990, in tourism sector (construction and management of hotels and resorts); as well as agriculture and construction sector with investments amounting almost 500 million dollars. The company operates in South Africa, Gambia, Ethiopia, and will launch a hotel "Regency Obey" in Cape Town, South Africa in early 2010 and owns a hotel, "Regency Johannesburg," in addition to a number of hotels in Dakar, Addis Ababa and Resorts in Gambia. It is noteworthy to mention that the company does not rely on partners from the public or private sector, but it relies on some local cadres to manage its investments in Africa.

5- ZEIN (Kuwait)

In 2007 the company acquired 75% of the shares of "Western Tellesestmz Limited" in Ghana in the amount of 120 million dollars. Ownership will be assumed through CELTEL, a fully-owned subsidiary of Zain since 2005 in the amount of 3.36 billion U.S. dollars. Zain operates in partnership with both private sector and governments, in 15 African countries: Chad, Gabon, Madagascar, Congo, Sierra Leone, Democratic Republic of Congo, Zambia, Nigeria, Kenya, Tanzania, Burkina Faso, Ghana, Niger, Malawi, and Uganda. Zein has invested about 7 billion dollars in Africa until 2008, and has 36.9 million subscribers. In fact, Zein is a leading telecommunications operator in 11 out of 15 African countries.

6- Kuwait-Africa Investment Company (Kuwait)

Since 2006, the company's investments in Africa (Senegal) were directed to financial, real estate, and tourism sectors, with total investment in Africa (Senegal, Algeria and Morocco) amounting to almost 155 million dollars. It is noteworthy to mention that the company does not depend on African partners from non-Arab countries (its partners are from Morocco and Tunisia), however the company is undertaking some studies to consider the possibility of partnering with African public and private sector of Africa.

7- ONA Group – Oomenyum North Africa (Morocco)

Investments of the Group in Africa were directed to food industry, mining industry, metallurgical industries, and banks. The mining company, an affiliate of the Group in the Democratic Republic of Congo, operates in partnership with the Congolese Kostamen, which holds two licenses for exploring cobalt. The Group has also been conducting feasibility studies on the prospecting project "Bakudo", in Gabon, while Lesieur Crystal, an affiliate of the Group, in partnership with Lesieur in France acquired 34% stake in "Refinery Africa", specialized in oil refining. On the other hand, "Commercial Wafa Bank", an affiliate of the Group in Senegal, expanded its activities in Africa through purchasing branches of the French "Credit Agricole" in Africa.

8- Maroc Telecom (Morocco)

In 2006, the company acquired 51% of the capital of "Oonatil Communications", Burkina Faso, in the amount of 220 million Euros, and in 2007 it acquired 51% of the capital of "Gabon Telecom", Gabon, amounting to 61% Euros. In January 2009, the company acquired 51% of "SOTELMA", Mali, in the amount of 252 million Euros. Currently, Maroc Telecom is operating in those three countries, in partnership with the public sector.

9- Wafa Bank

The bank has a branch in Senegal, ranking first with approximately 29% of the market share. The bank purchased 51% of the capital of "Mali International Bank", the second largest bank in Mali. In November 2008, the Bank concluded a deal to buy all branches of the French group, "Credit Agricole" in Africa, through which the Bank was able to acquire majority stake in the banking network, which consists of 5 African banks in the amount of 250 million Euros. The deal includes a share of 81% in "Congo bank"; 51% in "Côte d'Ivoire State Banks Company", in Ivory Coast; 65% in "Cameron State Banks Company"; 59% in "Union of Gabonese bank"; and 95% in Senegalese Bank "Credit de Senegal."

10- ORASCOM Telecom (Egypt)

The company operates in Zimbabwe since 2008, where it established "Telecel Globe", to invest in mobile phone networks in Africa. Telecel, 100% owned by Orascom Telecom, is seeking investment opportunities in Mali and Equatorial Guinea, after finalizing the acquisition of three companies in Burundi, Central Africa, Namibia, where Orascom bought Namibian mobile operator "Cell One", in a 59 million dollars cash deal. Orascom Telecom intends to invade promising markets in Africa, to make up for the low penetration rate, particularly that it was not significantly affected by the global financial crisis.

11- Sewedy Cables (Egypt)

The company invested in the energy and electricity sector in Africa, where it established factories in: Ghana, Zambia, Ethiopia, Kenya, Nigeria, Sierra Leone, and Uganda, to produce watt-hour meters and relevant accessories. The company began its operations in Africa in 1999 and its total investments in the region are as follows:

Ghana: Paid-up capital, 5.5 million dollars; and working capital, 8 million dollars.

Zambia: Paid-up capital, 3 million dollars; working capital, 5 million dollars.

Ethiopia: Paid-up capital, 3 million dollars; working capital, 21 million dollars.

12- The Arab Contractors (Egypt)

The company invested in the construction of roads and buildings in Nigeria, Ghana, Equatorial Guinea, Benin, Cameroon, Chad, Botswana, Rwanda and Uganda. The company began its operations in Africa in 1991, with a capital of 100 million dollars, in partnership with the African private sector.

Major Constraints to Arab Investment in Africa

Above-mentioned companies expressed satisfaction with their investments in Africa. However, following constraints were identified:

- § Administrative obstacles related to investment procedures investments in Africa.
- § Legal constraints related to: changing laws and standards; resolving conflicts; and activating the agreements, signed with some African countries, granting privileges for the products of the Arab companies in terms of reduction of customs duties or purchase priority.
- § Human constraints where some African countries lack local expertise and qualified human resources.
- § Lack of security and stability in some African countries.
- § Sometimes non-Arab countries resort to pressure to get some African Governments to grant commercial privileges in favor of their companies, breaking thus normal chances for commercial competition, while other foreign companies resort to non-commercial prices.
- § Financial constraints related to funding projects and delays in settling due payments in some cases, in addition to difficulties encountered by Arab and African countries in providing US dollars and other currencies, not to mention the devaluation of local currencies.
- § Constraints related to weak infrastructure, as well as availability of energy and means of transport.
- § Social constraints related to disparities between communities and therefore, workers should be well prepared to deal with those changes.
- § Constraints related to lack of guarantees, vagaries of the African market, and absence of strategies in some African Governments.

Vision of the Arab Private Sector

Concerning assistance provided by the Arab Development Funds

Arab companies welcomed the commitment of the Arab Funds to provide financial and administrative to promote investment in Africa and hence, proposed the following:

- 1- Develop a procedure manual on the protection of Arab capitals, in an attempt to overcome constraints encountered by the companies investing in Africa.
- 2- Finalize financial and commercial agreements with African countries, to provide financial and commercial facilities to Arab companies accredited by the Arab Funding Institutions. These agreements aim at giving preference for Arab companies in the African markets before non-Arab competing companies, through the granting of financial privileges, such as reasonable interest rates and special mode of payments.
- 3- Develop a list of Arab companies capable of implementing projects in the African market.
- 4- Adopt a list of strong Arab companies, with successful achievement records in Africa, through the Arab funding institutions and make it accessible to African markets, while granting financial facilities and commercial preference to the Arab companies, in order to strengthen their competing potentials in the African markets. It is noteworthy to mention that Arab companies are being selected in accordance with applicable standards, such as financial capacity; management efficiency; previous experience In African countries; suitability of company's activity to the nature of African market; and the extent to which the companies' expansion contribute in enhancing the economic and social aspects in their communities
- 5- Maintain contacts with Arab companies working in Africa, while focusing on their successful experiences
- 6- Easy funding process granted to African countries should be exclusively made available through assigning projects, financed by the Arab Funds, to Arab companies, while limiting project biddings either to Arab companies, or in partnership with other local companies.

- 7- Organizing regular meetings between Arab funds and competent companies to discuss marketing plans and implementation rates, while providing financial advices and developing joint motivational work plans, commensurate with the strategic objectives of those funds.
- 8- Priority should be given to infrastructure projects, due to the critical importance accorded by the Governments to this sector.
- 9- Forward bidding announcements bids to Arab companies operating in Africa.
- 10- Arab Fund should ensure that African Governments settle, without delay, their financial commitment as per scheduled deadlines. This should be a precondition to continue disbursing the loan.

CHAPTER FIVE
Mechanisms of Arab Investments in Africa

Strategy of Some Competitor Countries: Chinese Experience

One of the conditions for the success of the Arab strategy is to ensure optimum circumstances for the completion of investment projects in the three axes, previously outlined in chapter three, in addition to implementing terms of competition with new emerging countries operating in Africa.

Hence, it would be useful to benefit from the Chinese experience in identifying tools of funding and implementing projects. For example, in the context of determining the framework of strategic cooperation between two parties, the China-Africa summit 2006 concluded its work with the following declaration;

“We clearly proclaim establishment of a new type of strategic partnership between China and Africa, featuring political equality and mutual trust; economic win-win cooperation and cultural exchange.”

Hence, the opportunity was ripe for the establishment of the China-Africa Development Fund, with an initial capital of 5 billion U.S. dollars.

China introduced a new vision of China-Africa partnership, contributing in all areas with different terms of reference: construction of dams in several African countries; installation of fiber optic networks; establishment of wireless networks; building hospitals, clinics, school; and providing interest-free loans. Furthermore, China proposed full partnership with some countries full partnership in the areas of: mine, dam; hydro-electric station, railway, highway, and oil refinery.

This contribution is implemented with public sectors in addition to the direct investment of the Chinese community, frequently located in different sectors in Africa. The Chinese government and its embassies provide precious assistance to the working community in Africa through the provision of: useful information; legal advices; interest-free loans; and bonuses for workers abroad upon their return their homeland.

The current China-Africa partnership deals with manufacturing plants, hotels and restaurants, in a time when western investors and partners set preconditions for their African counterparts. In fact, Chinese investors tend to adhere to the principle of equality in their transactions, in compliance with the instructions imposed by Chinese authorities on their public and private institutions to observe proper conduct in hosting countries, by respecting the enacted domestic laws; ensuring transparency in responding to proposal requests; respecting the domestic Law in favor of national workers; and ensuring preservation of the environment.

Example of a Chinese Law

Third Framework:

Here is an example of a loan offered by the Bank of China for Export and Import (China Exim Bank) to the Democratic Republic of Congo, although it ranked last in the list of "Doing Business 2009". The amount of the loan ranged between five to seven billion U.S. dollars, to fund basic facilities, including 2000 miles of railways; a highway 2125 miles long; 31 hospitals; 145 health centers, and two universities. Remaining balance should be used to finance a joint venture in the mining sector.

The most significant success of the Chinese strategy in Africa was in increasing level of commercial transactions with the African countries from almost 10 billion dollars in 2000 to 106 billion dollars in 2008, according to the statement of Chinese Minister of Commerce, who also pointed out that Chinese investment in Africa amounted to 5 billion dollars at the end of 2008.

Most Important Conditions for a Successful Arab-Africa Partnership

- Success of the Arab strategy lies in offering proposals close to those submitted by competitor countries. This requires a considerable coordination between among Arab investors, and a consolidated cooperation between public and private sectors.
- Develop an executive strategy, identifying phases and responsibilities.
- African countries should be knowledgeable about the strategy, which should be considered as a supporting tool for their development efforts, while participating in its implementation process.
- The strategy should be preceded by studies that identify the operational objectives, targeted investments, and potential Arab stakeholders from private and public sectors, taking into account that implementation should be initially limited to a number of African countries, in specific sectors.
- Means of cooperation between the Arab private and public sector (governments/funds) should be clear, including specific terms of reference, while ensuring active collaboration between public and private sectors, particularly in the first stage of investment.
- Strengthening partnership with the public sector (through the Arab development funding institutions) is another model of cooperation between the private and public sectors, in the context of the Arab investment in Africa, in order to finance infrastructure projects, in coordination with concerned African Government, in light of the agricultural investments, aiming at ensuring Arab food security.

- Arab investors should observe integration and coordination in the African markets, to prevent useless competition on one hand, while private sector investors should identify mechanisms to strengthen consultation and coordination.
- The public sector (through the Arab development funding institutions) should finance preliminary feasibility studies for investment, in connection with of the endorsed strategy, while supporting the organization of specialized seminars targeting Arab investors.
- To consider partnership with non-Arab institutions, that possess expertise and marketing capacities on one hand, and funding potentials on the other hand, in order to achieve the objectives of the Arab investment strategy in Africa, provided that the ultimate decision-maker is the Arab partner. This method is appropriate for the operations, targeting international export markets of agricultural and industrial products, as well as those aiming at achieving and managing the establishment of large infrastructure projects (airports, ports, roads); and quality educational and health services (large hospitals/universities).
- Consider the possibility of establishing a formal framework for Arab investment in Africa, committing African countries to encourage and protect Arab investment, as is the case in other countries. (Arab-African Agreement to promote and protect investments).
- Assisting small and medium Arab investor, by stimulating competent institutions in Africa to ensure investment, while studying encouraging conditions that provide adequate guarantees to the investor.

Obviously, those conditions are indispensable to ensure the development and implementation of Arab investment in Africa, along with the need to convince Africans that the Arab investment aims at advancing development in their countries, while respecting their choice and their culture. Africans should also realize that Arab investment differs from the traditional European Investment and the new Chinese investment, particularly that Arabs and Africans are eternally interconnected by neighborhood and common interests, and their relationship is built on mutual respect and sharing of the benefits and risks.

There is no doubt that building a strategy, combining more than 20 Arab countries, is much more complex than building a strategy exclusively designed for one country as is the case for China or India. However, the Arab national common interest is a great motive towards adopting this strategy, given the risks confronting the Arab nation in its food and its position in the global economy. Therefore, the best way to respond to these challenges is through the redeployment of Arab investments, on regular basis, in the frame of a long-term vision, and in accordance with a clearly defined strategy, that integrates all the potentials of the Arab nation, i.e. Arab governments, private sector and development funds.

Fourth Framework:

Sample Agreement of Cooperation (BOT-BOO)

A sample of a tripartite partnership agreement to fund a BOT-BOO project on public service concession, combining:

- An African country and/or a competent authority agreed to develop a public service under concession such as (distribution of drinking water; sanitation; electrical power; treatment of household waste; hospital; toll highways; university, port facilities and airports).
- An Arab investor makes a proposal to fund the project and/or reconstruction of existing structures.
- A partner from a third country (a professional investor) has necessary skills for further designing, implementation and management, of the service under concession.
- The final step is the adoption of a new formula for South - North - South cooperation to activate the external assistance and to achieve strategic integration between Arab African countries.

In order to achieve this objective, the following should be considered:

- Use of technical and administrative skill available in the countries of the North and the Arab private sector.
- Use of available Arab surplus savings to finance BOT investments.
- Allocate donations granted by the Arab and north countries for financing basic facilities, in a partnership with public and private sectors, with priority given to the social sector: such as building a regional university; or a regional hospital, or means of communication and transportation, etc... For example, if there is a need to establish a large regional university to accommodate students from 4 or 5 neighboring African countries, but the lack of necessary financial and technical skills to design and manage the project is an impediment, taking into account that financial requirements include: operational costs, student grants, and wear and tear. In order to overcome this problem, there should be an Arab funding institution to finance A BOT-BOO concession-based project.
- Seek partnership with one of the countries of the north and/Arab country for the design, delivery and exploitation of infrastructure., while allocating part of the external donations granted by countries of the North to cover operating expenses, wear and tear; and student subsidies. Normally, this model entails an agreement between the various partners: African countries,, Arab development institutions, Arab countries and donors of the North.

CONCLUSION

- There is a clear complementarity between Arab and African countries, as well as many suitable opportunities for joint cooperation. On one hand, African countries are rich in many natural resources, such as arable land, various water resources, numerous metals, and human resources, coupled with a strong political will to attract Arab investment. On the other hand, Arab countries are in need to ensure food security and to redeploy foreign investments by focusing on expertise acquired in many sectors, in addition to their desire to invest in Africa.

- Arab investment experience in Africa was very encouraging

- The study features some models that can be applied to expand Arab investment in Africa. These models require stronger cooperation between the Arab private sector and the Arab development finance institutions, as well as extensive efforts to access information on African economies, while maintaining coordination among Arab investors in their endeavor.

- It is imperative for Arab investments in Africa to observe integration into the development plans of African countries; consistency with targeted development objectives of those countries; and implementation of value-added programs.

- This study attempted to provide some ideas on how to organize and encourage Arab investment in Africa. However, the study falls short of providing an integrated vision or a strategy, that encompasses Arab investment in Africa, as building a vision or developing a strategy require extensive consultations and various studies that involve all actors in the economic arena as well as decision-makers, noting that Arab investment in Africa can assist in spreading Arab investment and contribute to the global production in agriculture, industry and services.

- The Bank may consider implementation of the findings of the study, within the scope of its functions and potentials, by considering the following:
 - Monitoring Arab investments spreading in African countries.
 - Conducting meetings between authorities concerned with Arab investments in Africa, particularly private investors.
 - Pursuing contribution to funding the preparation of initial studies to detect opportunities for Arab investment in Africa.
 - According particular importance to the financing of infrastructure projects that support Arab investments in African countries, especially in the area of Arab food security.

ANNEXES

Annex 1: Distribution of African Countries according to Ease of Doing Business

| Economy | Ease of Doing Business Ranking | Starting a Project | Issuing Construction Permits | Employing Workers | Registering Property | Getting Credit | Protecting Investor | Paying Taxes | Trading Across Borders | Implementing Contracts | losing a Business |
|---------------------------|--------------------------------|--------------------|------------------------------|-------------------|----------------------|----------------|---------------------|--------------|------------------------|------------------------|-------------------|
| Mauritius | 1 | 1 | 3 | 8 | 20 | 7 | 2 | 1 | 1 | 10 | 7 |
| South Africa | 2 | 2 | 5 | 17 | 10 | 1 | 1 | 3 | 25 | 13 | 8 |
| Botswana | 3 | 8 | 23 | 12 | 1 | 4 | 3 | | 27 | 17 | 1 |
| Namibia | 4 | 16 | 4 | 3 | 21 | 3 | 11 | 18 | 28 | 2 | 3 |
| Guinea | 5 | 14 | 1 | 10 | 16 | 2 | 14 | 36 | 26 | 19 | 10 |
| Ghana | 6 | 23 | 29 | 30 | 2 | 14 | 3 | 13 | 5 | 5 | 16 |
| Zambia | 7 | 7 | 32 | 26 | 11 | 6 | 11 | 5 | 30 | 15 | 12 |
| Seychelles | 8 | 6 | 6 | 22 | 4 | 39 | 6 | 6 | 8 | 7 | 34 |
| Swaziland | 9 | 30 | 2 | 4 | 33 | 4 | 46 | 7 | 31 | 24 | 4 |
| Ethiopia | 11 | 18 | 7 | 15 | 34 | 16 | 17 | 4 | 29 | 12 | 9 |
| Nigeria | 12 | 10 | 34 | 2 | 46 | 7 | 6 | 25 | 23 | 16 | 13 |
| Lesotho | 13 | 20 | 33 | 7 | 24 | 7 | 26 | 8 | 22 | 18 | 6 |
| Tanzania | 14 | 14 | 42 | 28 | 27 | 7 | 14 | 21 | 9 | 1 | 19 |
| Gambia | 15 | 12 | 12 | 5 | 15 | 19 | 43 | 44 | 4 | 8 | 22 |
| Malawi | 16 | 19 | 37 | 1 | 14 | 7 | 11 | 11 | 39 | 27 | 26 |
| Rwanda | 17 | 5 | 16 | 13 | 5 | 27 | 43 | 10 | 40 | 4 | 34 |
| Mozambique | 18 | 26 | 35 | 35 | 30 | 16 | 3 | 16 | 21 | 22 | 24 |
| Cape Verde | 19 | 37 | 13 | 39 | 18 | 16 | 20 | 23 | 2 | 3 | 34 |
| Madagascar | 20 | 4 | 17 | 32 | 28 | 45 | 6 | 17 | 10 | 35 | 34 |
| Burkina Faso | 22 | 17 | 18 | 6 | 29 | 27 | 26 | 29 | 44 | 20 | 18 |
| Senegal | 23 | 11 | 22 | 37 | 38 | 27 | 42 | 41 | 3 | 31 | 11 |
| Gabon | 24 | 27 | 8 | 33 | 37 | 19 | 32 | 19 | 14 | 32 | 25 |
| Comoros | 25 | 35 | 9 | 36 | 12 | 39 | 20 | 9 | 15 | 33 | 34 |
| Sierra Leone | 26 | 3 | 41 | 41 | 39 | 27 | 6 | 37 | 17 | 29 | 29 |
| Liberia | 27 | 9 | 45 | 18 | 44 | 19 | 26 | 12 | 1 | 38 | 30 |
| Zimbabwe | 28 | 38 | 44 | 25 | 9 | 7 | 17 | 36 | 36 | 11 | 33 |
| Ivory Cost | 30 | 39 | 39 | 19 | 26 | 27 | 32 | 31 | 32 | 22 | 5 |
| Togo | 31 | 44 | 31 | 34 | 35 | 27 | 26 | 30 | 6 | 34 | 14 |
| Cameron | 32 | 40 | 36 | 24 | 25 | 19 | 17 | 42 | 19 | 43 | 15 |
| Mali | 33 | 36 | 18 | 14 | 13 | 27 | 32 | 34 | 38 | 37 | 20 |
| Equatorial Guinea | 34 | 41 | 15 | 45 | 7 | 19 | 26 | 38 | 18 | 9 | 34 |
| Angola | 35 | 32 | 24 | 42 | 45 | 7 | 6 | 277 | 43 | 46 | 28 |
| Eritrea | 39 | 43 | 46 | 9 | 40 | 45 | 16 | 20 | 37 | 6 | 34 |
| Chad | 40 | 45 | 11 | 27 | 22 | 27 | 20 | 27 | 34 | 39 | 34 |
| Sao Tome and Principe | 41 | 22 | 21 | 4 | 31 | 39 | 32 | 32 | 7 | 42 | 34 |
| Burundi | 42 | 24 | 43 | 11 | 19 | 39 | 32 | 22 | 42 | 41 | 34 |
| Congo | 43 | 33 | 10 | 40 | 43 | 27 | 20 | 24 | 12 | 28 | 34 |
| Guinea Bissau | 44 | 46 | 20 | 44 | 42 | 27 | 20 | 24 | 12 | 28 | 34 |
| Central Africa | 45 | 29 | 27 | 31 | 23 | 19 | 20 | 45 | 45 | 40 | 34 |
| Congo Democratic Republic | 46 | 31 | 28 | 43 | 32 | 39 | 32 | 33 | 35 | 44 | 32 |

Source: Doing Business 2009

Annex 2

Geographical distribution of the Arab Development Funds' Full Commitment Until the end of 2007

| Region | Number of Countries | Number of Operations | Amount (Million Dollars) | (%) |
|-------------------------|---------------------|----------------------|--------------------------|------------|
| Arab Countries | 22 | 2220 | 47387 | 59 |
| African Countries | 43 | 1799 | 126941 | 16 |
| Asian Countries | 28 | 1213 | 18164 | 23 |
| Latin America Countries | 25 | 209 | 1235 | 1 |
| Other Countries | 7 | 52 | 570 | 1 |
| Total Number | 135 | 5493 | 79997 | 100 |

Source: Secretariat of the Coordination Team

ANNEX 3

Sectoral Distribution of Operations financed by Arab Development Funds in Non-Arab African Countries in 2007 (In Million US Dollars)

| SECTOR | AMOUNT |
|------------------------------|---------------|
| Transport and Communication | 476.57 |
| Electricity and Hydrocarbons | 82.21 |
| Water and Sanitation | 100.87 |
| Agriculture and Livestock | 87.52 |
| Industry and Mining | -- |
| Other | 198.91 |
| Total | 946.08 |