

# BOARD

Annual Report

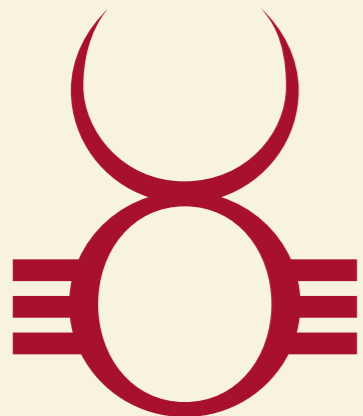


2012

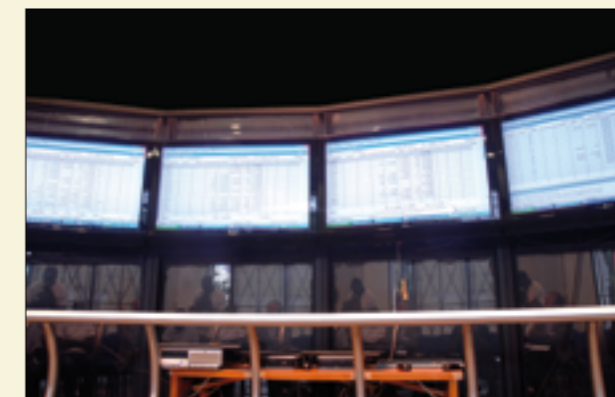


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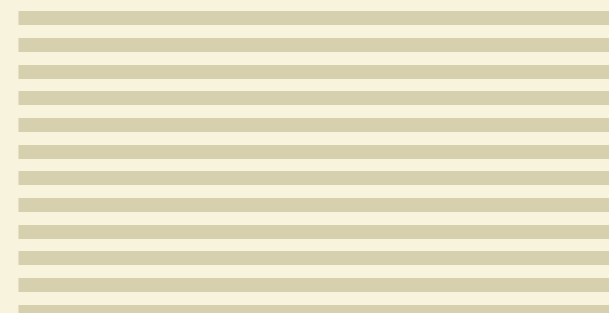
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**D**espite the security challenges which were observed in one of the Member States, the economic performance of WAEMU in 2012 was better than that of 2011. Indeed, sub-regional growth which fell considerably in 2011 (to roughly 1%), rose to 5.8% in 2012.

Among the factors responsible for this upward trend are the economic recovery in Côte d'Ivoire, the recovery of agricultural production in a number of Member States and the commencement of oil production in Niger. Some countries in the Union have faced inflationary pressures, particularly in respect of food product and oil prices. Nonetheless, inflation remained low (2.3%) on the average.

With regard to BOAD in particular, the annual amount of medium and long-term loans (not including commitments in respect of the Energy Development Fund) increased by 55.4% to FCFA 433.3 billion compared to 2011. Fresh funding made it possible to support the execution of fifty-one (51) investment projects in such areas as food security, power generation and distribution, road or airport infrastructure, etc. The Bank also carried out three (3) equity investment transactions involving a total amount of FCFA18.4 billion.

With regard to the "Energy Development Fund (FDE)", the financial assistance provided in the financial year stood at FCFA13.0 billion (compared to FCFA68.6 billion in 2011), the reduced level of activity being attributable mainly to the consequences of the redefinition of the Fund's intervention policy.

The overall amount of financial assistance provided in 2012 was therefore FCFA464.7 billion as against FCFA355.3 billion in 2011 (+30.8%).



**CHRISTIAN ADOVELANDE**  
*Chairman*

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The funding for the financial year increased the Bank's net cumulative commitments towards the Union's economies to FCFA2,400 billion (not including FDE) for 648 projects. With the inclusion of the funds from the Energy Development Fund (FCFA186.6 billion), the total commitments stand at FCFA2,586.6 billion for 658 projects.

Starting from the 2012 financial year, the Bank instituted a new category of long-term loans to Member States. The product is aimed at ensuring complementary funding for non-commercial projects, based on market resources which BOAD has committed itself to mobilize. The aim is to support the execution of development projects for which concessionary resources are not available, but which the beneficiary States wish to start rapidly. The modalities for charging interest rates on these "sovereign loans granted at market rates" take into consideration the nature of the borrowers (Member States) and the actual cost of the resources on which this loan category is based. Five (5) loans of this type were granted in 2012, involving a total amount of FCFA92.4 billion.

Short-term financing amounted to FCFA 53.6 billion, representing a 24.7% increase compared to 2011 (FCFA43 billion). These funds contributed towards the financing of farming activities and imports of basic commodities.

The year's loan disbursements stood at FCFA171.5 billion, compared to FCFA130.0 billion for 2011 (+31.9%). Total disbursements stood at FCFA1394.0 billion, resulting in a cumulative disbursement rate of 58.1% (not including FDE).

The execution of the WAEMU Capital Market Development Project (PDMF) continued and was completed with the closing of the project on 30 June 2012. The project (PDMF) was an example of successful partnership between the Union's institutions (BOAD, BCEAO, WAEMU Commission, CREPMF) and development partners (International Development Association, French Development Agency, Canadian International Development Agency).

The support being given to the WAEMU Regional Fund for Mortgage Refinancing (CRRH-UEMOA) and BOAD Titrisation (a securitization fund) led to the effective start of the operations of both entities.

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The Bank worked alongside the WAEMU Commission and BCEAO to draw up phase II of the Regional Economic Programme for 2012-2016. A roundtable conference of donors was held on the Regional Economic Programme on 2-3 July 2012 in Abidjan.

In conformity with a wish emanating from the June 2012 session of the Conference of Heads of State and Government of the Union, the Bank continued its efforts to establish within itself a regional unit for the promotion of public-private partnership. A feasibility study was commissioned and the outcome is expected in the early months of 2013.

The 2012 financial year was also marked by the signing of three (3) financing agreements totaling 164 million Euros (FCFA107.6 billion). BOAD's partners in these agreements were AfDB, AFD and Austrian Development Bank (OeEB). On the regional capital market, a debenture loan transaction was carried out involving an amount of FCFA43.4 billion. As for the proposal to request the international rating of the Bank to enable it to have access to the international financial market, it remains a topical issue on which significant progress could be made in the course of 2013.

In 2013, the Bank will commemorate the fortieth anniversary of its creation. In-depth discussions will be held with a view to positioning the Institution in a more appropriate manner to face the current challenges of development finance. The renewal of the five-year strategic plan which is also included in the 2013 agenda should also contribute towards the re-examination of the Bank's operational positioning.

It now behoves me to commend the work of the highest Authorities of the Union which has enabled our community to take up the challenges of 2012, despite the fact that the environment was fraught with difficulties. I would also like to thank the Authorities for their constant support to BOAD.

I reiterate my thanks to BCEAO, the non-regional shareholders and the various partners for the multifarious support they have been providing to the Bank.

I finally pay tribute to the Bank staff for their devotion and the results achieved. I urge them to pursue the common goal of making BOAD a strategic financial instrument for the Member States.



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<b>Date of establishment</b>	14 November 1973 ; commencement of operational activities in 1976
<b>Shareholders</b>	<ul style="list-style-type: none"><li>• WAEMU member states: Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo</li><li>• BCEAO</li><li>• Seven non-regional shareholders: AfDB, EIB, France, Belgium, Germany, EXIM BANK of India and People's Republic of China</li></ul>
<b>Mission</b>	Promoting balanced development in Member States and fostering economic Integration in West Africa
<b>2020 vision</b>	Making BOAD a solid and world-class development bank in the regional common market
<b>Authorized capital as at 31/12/2012</b>	FCFA 1,050 billion
<b>Subscribed capital as at 31/12/2012</b>	FCFA 1,007.75 billion
<b>Total balance sheet as at 31/12/2012</b>	FCFA 1,260.40 billion
<b>Staff complement as at 31/12/2012</b>	278 employees
<b>FINANCING IN 2012</b>	<b>54 operations totaling FCFA 451.7 billion, in the form of:</b>
	Direct loans: FCFA 397.3 billion, or 87.9%
	Indirect loans: FCFA 36 billion, or 8%
	Equity investments: FCFA 18.4 billion, or 4.1%
	<b>Spread of funding per sector:</b>
	Non-commercial sector: FCFA 136.6 billion, or 30.3% (21 operations)
	Commercial public sector: FCFA 211.1 billion, or 46.7% (22 operations)
	Private sector: FCFA 103.9 billion, or 23% (11 operations)
	<b>Spread of funding per size</b>
	National projects: FCFA 281.1 billion, or 62.2%
	Regional projects: FCFA 170.6 billion, or 37.8%
<b>Approved aggregate, 1976 - 2012</b>	FCFA 2,400 billion for 648 operations (FCFA 2,586.6 billion for 658 operations including the Energy Development Fund (FDE))

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### ■ 1-3 February

#### International Conference on the Financing of the Accelerated Growth and Sustainable Development Strategy of Burkina Faso, Paris

BOAD participated from 1-3 February 2012, in Paris, in the International Conference on the Financing of the Accelerated Growth and Sustainable Development Strategy (SCADD) of Burkina Faso which was organized by the Government of Burkina Faso in conjunction with the World Bank

The objective of the conference was mainly to : (i) provide the Government of Burkina Faso with an international platform to share its development vision, (ii) mobilize technical and financial partners (TFP) as well as private investors to discuss the new development strategy being implemented by Burkina Faso, (iii) ensure increased acceptance of the Accelerated Growth and Sustainable Development Strategy by the technical and financial partners.

### ■ 9 February

#### BOAD Open Day in Cotonou on the theme "BOAD: what opportunities for the Beninese commercial sector?"

Within the framework of its policy of communication with the potential beneficiaries of its loans, the Bank organized an open day on 9 February at Novotel Orisha Hotel in Cotonou with the aim of presenting to economic operators the financing opportunities offered by the Bank as well as the characteristics of its syndication, and advisory or loan guarantee services in the capital market.

### ■ 18 April

#### Launching of the Carbon Fund for Africa (CFA) in Addis Ababa, ETHIOPIA

As part of its "Carbon Initiative", BOAD partnered with CDC Climat (of the Caisse des Dépôts et Consignations Group) and PROPARGO (of French Development Agency Group) to create the Carbon Fund for Africa, which was officially launched on 18 April 2012 in Addis Ababa alongside the Africa Carbon Forum.

### ■ 30 March

#### Coopting of the Chairman of BOAD as a Director of the Green Climate Fund

On 30 March, Mr. Christian Adovelande, Chairman of BOAD, was appointed as a member of the Board of Directors of the Green Climate Fund.

Acceptance of this cooption will contribute towards the development of climate finance at BOAD and within the WAEMU.

### ■ 11 May

#### Signing of an Agreement with USAID and the African Cashew Alliance (ACA) for the promotion of cashew industry and training and supervision of cashew nut producers

BOAD and the United States Agency for International Development (USAID) and the African Cashew Alliance (ACA) signed a Memorandum of Understanding for the financing of the activities of cashew nut processors and exporters. The Bank's objective is to support the development of the agricultural export sector, particularly the cashewnut sector, through the financing of short-term transactions.

### ■ 21-22 May

#### WAEMU-ASIA Business Forum

On 21-22 May, BOAD organized at its headquarters in Lomé a forum on the theme "Strengthening the Economic Partnership between Africa and Asia for Accelerated Development". The forum was organized in partnership with the WAEMU Commission, ECOBANK Transnational Incorporated (ETI) and ECOWAS Bank for Investment and Development (EBID).

The main purpose of the forum was to serve as a framework for meetings and interactions between businessmen and women from the African continent and their Asian counterparts.

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### ■ 28 June

#### BOAD Open Day in Dakar

BOAD organized on the sidelines of its Board meeting an open day on 27 June at Terrou-bi hotel in Dakar.

The event provided the opportunity for interactions between the Management of BOAD and about fifty Senegalese businessmen and women.

### ■ 2-3 July

#### Donors' Roundtable Conference on Phase II of the Regional Economic Programme (REP II)

On 2-3 July, BOAD participated in a donors' roundtable conference for the financing of the second phase of the WAEMU Regional Economic Programme (REP 2012-2016). The conference whose opening ceremony was chaired by the Ivorian Head of State, and the lead donor of which was BOAD, was organized with the objective of receiving comments and suggestions from development partners concerning the programme as well as their intentions as regards the financing of the programme.

A large number of technical and financial partners actually participated in the conference.

### ■ 7 August

#### Cooperation Agreements signed with the Inter-governmental Agency for Water and Sanitation in Africa

The Pan-African inter-governmental Agency for Water and Sanitation in Africa and BOAD signed a cooperation agreement aimed at facilitating access to drinking water and sanitation for the peoples of West Africa.

Both institutions are working together to mobilize financial resources and improve water resource management in villages through public-private partnerships and the development of SMEs in the area of sanitation.

### ■ 26 September

#### Official launching of the activities of CRRH-UEMOA

The WAEMU Regional Fund for Mortgage Refinancing (CRRH-UEMOA) which was established on 16 July 2012, officially launched its activities on 26 September 2012 in Cotonou (Benin).

The launching ceremony took place in the presence of the Chairman of BOAD, Chairman of the Board of Directors of CRRH-UEMOA, several heads of shareholder institutions, as well as an audience made up of persons representing sub-regional financial institutions.

It should be noted that from 16 July to 6 August 2012, CRRH-UEMOA mobilized resources for the first time by raising a debenture loan in an amount of FCFA12.5 billion.

### ■ 16 October

#### Signing of an Agreement for the creation of a BOAD/ UNFCCC Regional Collaboration Centre

On 16 October in Bonn in the Republic of Germany, the Chairman of BOAD, Mr. Christian Adovelande and Mrs Christiana Figueres, Executive Secretary of UNFCCC signed an agreement for the creation in Lome (Togo) of a Regional Collaboration Centre (RCC) in the area of the Clean Development Mechanism in Africa.

Through this centre, both institutions expect to work together to provide direct support to governments, non-governmental organizations and the private sector in identifying and developing projects eligible under the Clean Development Mechanism (CDM) in Africa.

### ■ 29-31 October

#### Roundtable Conference on Public-Private Sector Dialogue, for the Recovery of the Beninese Economy

Pursuant to an invitation from the Beninese public authorities, a BOAD delegation led by the Chairman of the institution participated in the roundtable conference organized in Cotonou from 29 to 31 October, in order to revitalize the dialogue between the public administration and private sector operators. The event was chaired by the Head of State of Benin.



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## ■ 13-14 November

### Roundtable Conference on the Financing of the Economic and Social Development Plan (PDES) of Niger

On 13-14 November, BOAD took part in the roundtable conference of Niger's technical and financial partners on the financing of the economic and social development plan (PDES). The conference was organized by the Government of Niger in partnership with the United Nations Development Programme (UNDP) and with the support of bilateral or multilateral technical and financial partners. Representatives of the civil society and the private sector were also present.

The purpose of the meeting was to share the vision of the Government on development issues and further mobilize resources for the financing of the Economic and Social Development Plan (PDES) of Niger.

## ■ 15 November

### AFD-BOAD Day

The AFD-BOAD annual meeting was held at the headquarters of the French Development Agency (AFD) in Paris on 15 November. Noteworthy among the subjects discussed were: (i) a retrospective analysis of the AFD-BOAD partnership, (ii) the positioning of AFD and BOAD in the debate on international climate finance, (iii) the CEFEB-BOAD partnership.

At the end of the meeting, both institutions signed three (3) new cooperation agreements. The agreements covered: (i) the CEFEB-BOAD partnership in the area of training, (ii) a line of credit of Eur75 million for the financing of projects in the energy sector to back the WAEMU Regional Initiative for Sustainable Energy (IRED) and (iii) a grant to support the project management authority amounting to Eur0.5 million for capacity building and development of expertise among senior officials of BOAD.

## ■ 22 November

### Conference in the Belgium-Luxembourg-Africa-Caribbean-Pacific Chamber of Commerce and Industry (CBL-ACP)

During a mission to Brussels, the Chairman of BOAD participated in a dinner-conference at the Belgium-Luxembourg-Africa-Caribbean-Pacific Chamber of Commerce, Industry and Agriculture (CBL-ACP).

The theme of the conference was: "BOAD and Private Sector Promotion: Achievements, Challenges and Prospects." It was attended by nearly fifty guests, including African ambassadors and Belgian businessmen.

## ■ 4-5 December

### Advisory Group on the Financing of the 2012-2015 National Development Plan (PND) of Côte d'Ivoire

On 4-5 December, in Paris, the Bank participated in the meeting of the Advisory Group on the Financing of the National Development Plan (PND) of Côte d'Ivoire. The event was organized by the Government of the Republic of Côte d'Ivoire in partnership with the World Bank and the United Nations System, with the support of other bilateral or multilateral technical and financial partners.

The objective of the meeting was to introduce Côte d'Ivoire's new vision to the technical and financial partners and mobilize public and private external funding.

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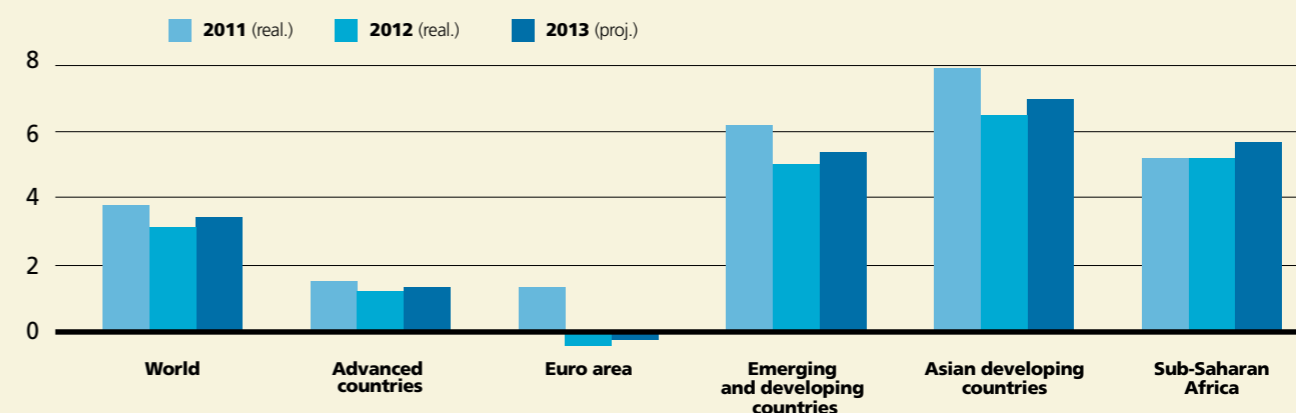
World economic activity experienced a downturn of 0.7 percentage points in 2012 (+3.2%), after a 1.2 point decline in 2011 (+3.9%) compared to 2010 (+5.1%). The slowdown of growth over two consecutive years (2011-2012) was due mainly to the sovereign debt crisis in the euro area and above all, to the worsening of the crisis in 2012. According to the most recent edition of the IMF World Economic Outlook (January 2013), world economic growth will be roughly 3.5% in 2013.

The economies of the advanced countries are growing moderately (USA: 2.3%, Germany: 0.9%, France: 0.2%), or even declining (Italy: -2.1%, Spain: -1.4%, United Kingdom: -0.2%).

Emerging or developing economies are also being affected by the slowing down of world growth (see GRAPH 1). China and India, which are the major drivers of growth, achieved growth rates of 7.8% and 4.5% in 2012 compared to 9.3% and 7.9% in 2011.

Sub-Saharan Africa, on the other hand, continues to post good results, with a projected economic growth rate of 5.8% in 2013 compared to a growth rate of 4.8% in 2012. Such resilience is due to the implementation of prudent macro-economic policies and debt relief, which made it possible to implement counter-cyclical policies. The growth of emerging countries which are the major trading partners of many Sub-Saharan African countries has also contributed towards reduced repercussions of the sluggishness of the world economy.

GRAPH 1: TREND OF GROWTH RATE OF ECONOMIC ZONES IN 2012 (%)



Source: IMF data (WEO, January 2013).

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*\* Prices of raw materials (in dollars) increased by only 1.0% in 2012 compared to more than 31% in 2011.*

Although the area is relatively well-protected, middle-income countries like South Africa have been particularly affected by the fall in level of world trade, owing to their close trade and financial links with the advanced economies.

However, price increases have remained moderate in the advanced countries (2.0%). In the emerging or developing countries, inflation slowed down in 2012 (+6.1%) compared to 2011 (+7.2%), in line with the fall of world food and energy prices\*.

On the foreign exchange markets, the average euro rate fell from \$1.3179 in December 2011 to \$1.2288 in July 2012. Since then, a rising trend has been observed, following the measures taken to deal with the sovereign debt crisis in Europe. Thus, the average rate of the euro reached \$1.2856 in September 2012. It was roughly \$1.33 in October 2012 and \$1.2837 in November 2012.

On the raw materials market, prices have been falling, in line with the poor performance of the world economy, marked by the worsening of the situation in the euro area. In fact, the price of a barrel of oil has fallen after an increase in 2011 and in the first quarter of 2012 (US\$112 per barrel). It is however expected to remain higher than US\$100 in 2013. Cocoa and cotton prices also fell by an average of 14.5% and 48.4% in 2012. By contrast, the price of an ounce of gold remained firm at an average level of US\$1,849.2 in 2012, up by 6.9% compared to 2011 (US\$1,720.5). The macro-economic situation of the world economy is unsatisfactory and the problems of the euro area strengthen the role of gold as a reserve.

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## 1.2. ECONOMIC AND SOCIAL CONTEXT WITHIN WAEMU

### 1.2.1. ECONOMIC SITUATION

In 2012, the overall macro-economic performance of WAEMU was good (see table 1). The area benefitted from the measures implemented in the various countries, as well as from the efforts made at community level to support economic activity.

The Union further benefitted from the positive effects of the recovery in Côte d'Ivoire (+8.6%) and the upsurge in activities in Niger (+12.7%) in keeping with the dynamism of oil exploitation.

Within this context, the real GDP of the Union increased by 5.8% in 2012, compared to 0.6% in 2011 (see table below). The growth rate in 2012 could have been higher if socio-political or security problems had not arisen in Guinea Bissau and Mali. These events adversely affected the trend of economic activities in the countries concerned, but also in the sub-region as a whole.

Economic activities took place within a context of modest price increases. The average annual inflation rate was 2.3% as against 3.9% in 2011. Given the soaring of foodstuff prices arising mainly from the shortfall in production in the 2011/2012 farming season, the public authorities initiated emergency measures in order to improve supplies to markets and make foodstuffs available to vulnerable populations at moderate prices. Furthermore, programmes were launched in order to

TABLE 1: REAL GDP GROWTH RATE OF WAEMU FROM 2001 TO 2012 (%)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
BÉNIN	6.2	4.4	3.9	3.1	2.9	3.8	4.6	5.0	2.7	2.6	3.5	3.5
BURKINA FASO	6.6	4.7	8.0	4.6	7.1	6.4	3.6	7.9	3.0	7.9	4.2	8.0
CÔTE D'IVOIRE	0.1	-1.6	-1.7	1.6	1.8	1.2	1.6	2.3	3.8	2.4	-4.7	8.6
GUINÉE BISSAU	0.2	-7.1	0.6	3.2	3.8	1.8	3.2	5.9	3.4	4.4	5.3	0.7
MALI	11.9	4.3	7.6	2.3	6.1	5.3	4.3	5.0	4.5	5.8	2.7	-1.5
NIGER	7.4	5.3	7.6	-0.8	7.2	4.8	3.2	9.6	-0.7	8.2	2.1	12.7
SÉNÉGAL	4.6	0.7	6.7	5.8	5.3	2.1	4.9	3.7	2.1	4.1	2.6	3.7
TOGO	-2.3	-0.2	4.8	2.5	1.3	1.9	2.1	2.4	3.4	4.0	4.9	5.0
<b>UEMOA</b>	<b>3.8</b>	<b>1.3</b>	<b>3.9</b>	<b>3.5</b>	<b>4.4</b>	<b>3.1</b>	<b>3.3</b>	<b>4.6</b>	<b>2.8</b>	<b>4.6</b>	<b>0.6</b>	<b>5.8</b>



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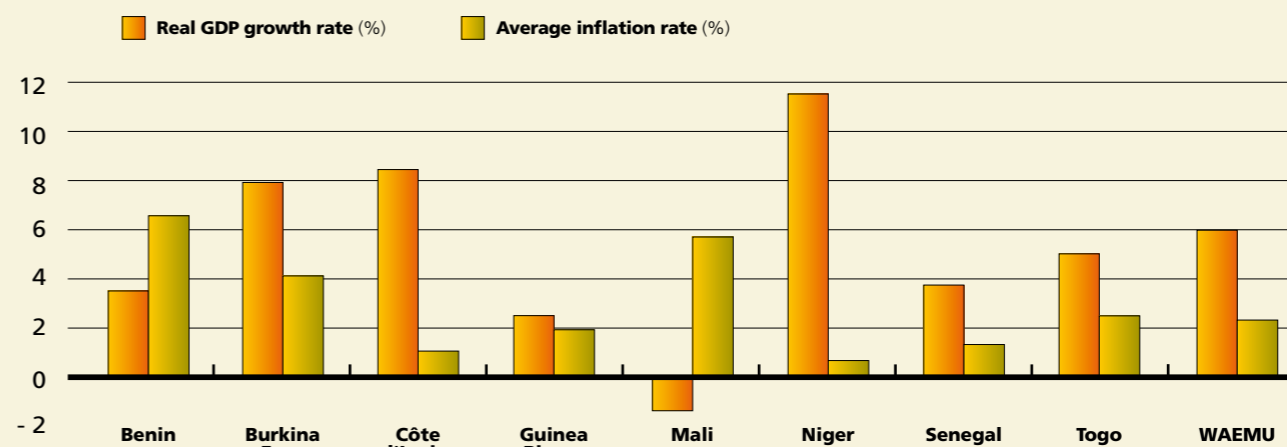
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GRAPH 2: REAL GDP GROWTH RATE AND AVERAGE INFLATION RATE OF WAEMU COUNTRIES IN 2012 (%)



Source: WAEMU Commission, INS and BCEAO.

boost food production and enhance food security. The combined effect of these measures made it possible to stem inflationary pressures.

The prospects for 2013 are a growth rate of 6.3%, mainly due to the consolidation of agricultural activity in Côte d'Ivoire, the possible recovery of demand in the euro area, the dynamism of mining activities in the Union and the continuation of efforts to normalize the socio-political situation in the various Member States.

### 1.2.2. HUMAN DEVELOPMENT

The UNDP drew up its first regional report on human development in Africa in 2012. The aim of this report was to revive the discussions on the ways of ensuring sustainable food security and speeding up human development on the African continent.

The theme of the report titled «Towards Sustainable Food Security » is justified by the serious episodes of food insecurity which have been occurring in Africa since 2000. These have resulted in heavy losses of both human lives and means of subsistence. In particular, the report is motivated by the current events of 2012, especially the food crises in the Sahelian countries, following the poor harvests of the 2011-2012 farming season and the movement of displaced persons or refugees (particularly Malian nationals fleeing from the socio-political crisis).

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*\* This is the inability of people to systematically satisfy their nutritional and calorie requirements in order to lead healthy and active lives.*

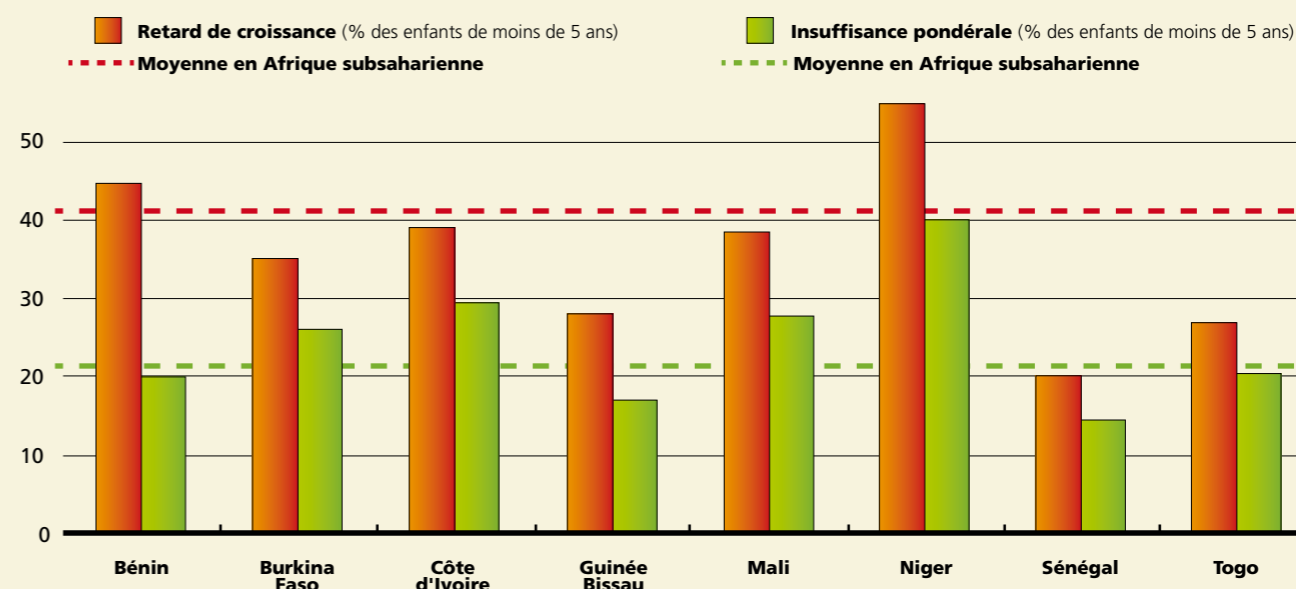
*\*\* This occurs when people do not have the means to produce or buy foodstuffs. Such unequal access is thus a sign of low income and high level of vulnerability of African populations.*

Furthermore, in the course of 2011 alone, millions of persons were affected by famine in the Horn of Africa, owing to drought and poor harvests (Somalia, Ethiopia, Kenya). Other countries or areas within or outside the Horn of Africa, including Djibouti, Sudan, South Sudan and some parts of Uganda were also affected by the food crisis.

In Sub-Saharan Africa, more than one (1) inhabitant out of four (4) is undernourished\*. Food insecurity is rife and 41% of children of less than 5 years suffer from stunted growth (see Graph 3). The region however has abundant food resources (large expanses of arable land, abundant water resources and a generally favourable climate for food crops). In addition, economic growth has experienced an upsurge during the past ten years (5.7% average growth annually).

Various countries have nonetheless made significant progress in the area of human development as measured under the human development index (HDI), which reflects noteworthy advances in the areas of health, education and income. With resources of such magnitude and outstanding economic and social performances, why does Sub-Saharan Africa still experience food insecurity? The major reasons for such food insecurity (hunger, malnutrition, etc.) are the inability to harness water, droughts, imbalances in the supply of agricultural produce, unequal access\*\* to food (particularly, the imbalance in the distribution of foodstuffs).

**GRAPH 3: STUNTED GROWTH AND INSUFFICIENT WEIGHT OF CHILDREN UNDER 5 YEARS IN WAEMU MEMBER STATES**



Source: UNDP, Regional Report on Human Development in Africa, 2012.

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*\* In conformity with the Council of Ministers' request, BOAD played the role of lead bank in examining the dossier of the BRS Group. The examination of dossier, which led to a bailout plan and the selection of a technical and financial partner (Oragroup), was carried out in partnership with BCEAO.*

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## 2.1. OVERALL PICTURE

In 2012, the total amount of the Bank's medium and long-term funding, not including the funding from the Energy Development Fund (EDF), stood at FCFA433.3 billion, compared to FCFA278.9 billion in 2011 (+55.4%) and FCFA251.5 billion in 2010.

With regard to equity investments, the Bank carried out three (3) operations in 2012, involving a total of FCFA18.4 billion. These operations involved a national financial institution, a sub-regional financial institution and a continental investment fund. At sub-regional and national levels, the operations made it possible to re-capitalise the BRS Group\* and enhance the equity capital of Coris Bank (CBI). At international level, the Bank took equity participation in the Carbon Fund for Africa (CFA). The objective being sought through this operation is to contribute towards the fight against climate change and enhance training and transfer of knowhow to the Bank's operational units in the area of carbon finance.

Taking equity investments into consideration, the amounts approved annually stand at FCFA451.7 billion.

TABLE 2: **BREAKDOWN OF APPROVALS PER SECTOR\*\* (MEDIUM AND LONG-TERM) IN 2012**

	Approvals (Millions FCFA)	Number of operations	% Approvals
<b>NON-COMMERCIAL SECTOR (a)</b>	136,647	21	30
<b>COMMERCIAL SECTOR (b = i + ii)</b>	315,058	33	70
public commercial (i)	211,122	22	47
private (ii)	103,936	11	23
<b>TOTAL (a+b)</b>	<b>451,705</b>	<b>54</b>	<b>100 %</b>

Source: BOAD.

\*\* Including equity investments.

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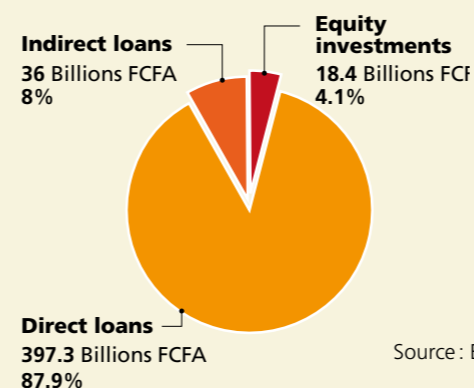
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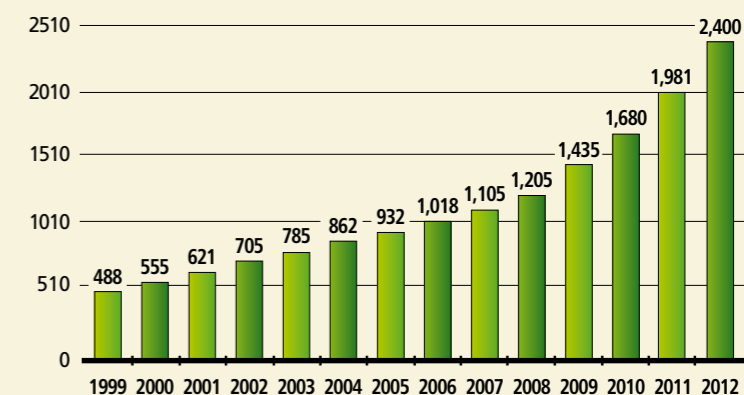
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GRAPH 4: **BREAKDOWN OF APPROVALS ACCORDING TO TYPE OF FINANCING IN 2012**



Source: BOAD.

GRAPH 5: **TREND OF BOAD'S NET CUMULATIVE COMMITMENTS FROM 1999 TO 2012** (commitments excluding FDE and in FCFA bln)



In terms of form of intervention, the Bank granted a total of FCFA397.3 billion, or 87.9% of its overall commitments in the form of direct loans. The direct loans concerned make it possible to support the execution of forty-seven (47) new investment projects oriented particularly towards the strengthening of the local offer of agricultural production, the expansion of power generation and distribution capacity, the construction of new road or airport infrastructure, the improvement of the people's access to drinking water and sanitation, as well as the promotion of regional economic integration.

With regard to indirect loans, four (4) lines of credit amounting to a total of FCFA36.0 billion, or 8.0% of approvals for the year were granted in order to enhance the long-term resources of financial institutions in the Member States and support the financing of the pipelines of productive investment projects.

With regard to the Energy Development Fund (FDE), which is being managed by BOAD, the funding for the financial year amounted to FCFA13.0 billion (compared to FCFA68.6 billion in 2011). The fall in level of activity recorded in 2012 for this Fund is due to the switch from the policy of financing national power generation centres to the strategy of giving greater importance to a sub-regional vision of power generation which requires more time to identify poles of great capacity.

New loans granted increased the Bank's net commitments to FCFA2,400 billion as at 31 December 2012 (not including the Energy Development Fund (FDE)), for the execution of 648 development projects. When the total financing under FDE (FCFA186,6 billion) is added, the cumulative commitments amount to FCFA586.6 billion for 658 projects.



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No operations were carried out in respect of underwriting of loans granted in 2012. This state of affairs is the result of the dwindling of transactions by corporate bodies on the regional financial market.

Short-term loans stood at FCFA53.6 billion (compared to FCFA43 billion in 2011), while in the area of financing arrangement, the Bank facilitated the mobilization of FCFA600.6 billion for clients for the execution of various productive investment projects.

As at end of December 2012, the Bank's cumulative commitments (medium and long-term) towards regional projects stood at FCFA977.3 billion, or 40.7% of total financing.

Loan disbursements amounted to FCFA171.5 billion, compared to FCFA130.0 billion in 2011 (+31.9%). Cumulative disbursements stood at FCFA1,394.0 billion, representing a cumulative disbursement rate of 58.1% (excluding FDE).

In order to support the identification of profitable projects, the Bank in 2012 also financed project preparation studies in an amount of FCFA2.5 billion. As such, the Bank's total financing in the area of project studies was FCFA29.8 billion as at the end of 2012.

In relation to the institution's strategic orientations, the major achievements for the year 2012 may be summed up as indicated below.

## 2.2. ACTIVITIES AIMED AT POSITIONING THE BANK AS A STRATEGIC INSTRUMENT OF THE STATES

### 2.2.1. FINANCING IN THE AREAS OF AGRICULTURE AND FOOD SECURITY

In the area of agricultural development, the Bank actively participated in the meetings of the High-Level Committee on Food Security, chaired by the Head of State of Niger. These meetings led to the preparation of the report titled "Situation of agriculture in the Union and prospects for achieving food security and sustainable agricultural development", which was adopted by the Conference of Heads of State and Government of the Union in June 2012. The programmes supported by the Bank since then are in line with the proposals contained in the report.

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It should particularly be pointed out that in conformity with the recommendations of the first session of the above-mentioned ad hoc committee, BOAD established, for the benefit of each of the Member States which so wished, two emergency financial assistance facilities. The first was an immediate direct loan of FCFA1.5 billion, granted at concessionary conditions. The second facility involved the relending of FCFA2.25 billion, out of a loan totalling FCFA18 billion to be raised by the Bank from the regional capital market.

The purpose of the emergency financial assistance mentioned earlier is to support the measures taken by the States at that time in order to ensure a better supply of food products to the markets, increase intra-regional trade, fight against speculative behaviour and stem the risk of locust invasion.

Furthermore, as part of its routine agricultural activity programme, the Bank provided financing in a total amount of FCFA25.0 billion, which made it possible to support three (3) projects. The financing in question was aimed mainly at boosting food crop and market gardening production, particularly by undertaking irrigation projects, rehabilitating or building dams and intensifying rice production as well as reclaiming swamps and mangroves and developing their potentials.

#### BOX 1

### BOAD AND THE REGIONAL OBJECTIVE OF FOOD SECURITY IN 2012

**SINCE THE 2008 FOOD CRISIS, BOAD, LIKE ITS MEMBER STATES, HAS PLACED SPECIAL EMPHASIS ON THE FINANCING OF FOOD CROP PRODUCTION.**

The 2011 annual report dealt at length with the measures taken by the Bank within the framework of the 2008 Emergency Programme and the Special Programme for Food Security (PSSA) which was adopted by the Council of Ministers. The Special Programme for Food Security (PSSA) led to the mobilization of FCFA100 billion on the financial market for the financing of projects whose overall cost was expected to be at least FCFA300 billion, considering the leverage effect expected from the cofinancing to be sought.

Since the 2008 food crisis, the Bank further increased its traditional financing in the area of food security,

based on its own resources as well as resources drawn from lines of credit exceptionally obtained from some development partners. So far, traditional financing amounting to FCFA112.1 billion for 17 agricultural projects has been provided by BOAD over the five-year period. This direct financing made it possible to attract close to FCFA177 billion of additional resources into the Union's agriculture.

However, given the period it takes to execute agricultural projects, most of the medium and long-term programmes initiated since 2008 by BOAD and other donors or the States themselves, have not yet produced the best effects expected from them in terms of additional production. Given the poor rainfall which characterized the 2011-2012 farming season, the countries of the Union were faced with a new risk of food shortages, together with a high risk of

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locust infestation.

In order to manage these more recent risks and the recurrent painful issue of food insecurity, the current Chairman of the Conference of Heads of State and Government of the Union decided that a High-Level Committee on Food Security in the WAEMU region should be set up. The committee in question was placed under the chairmanship of the Head of State of Niger. It is entrusted with the task of considering and identifying lasting solutions to food insecurity. Apart from the three institutions and organs of the Union, namely the WAEMU Commission, BCEAO and BOAD, the Committee also includes such institutions as CILSS, FAO, UNDP, WFP and the World Bank. The High-Level Committee held three sessions in 2012. As early as at the end of its first session, it recommended that new emergency measures should be taken by the institutions and organs of the Union with a view to supporting the States in urgently dealing with the new risks.

Within this framework and in conformity with the decision by its decision-making bodies, BOAD set up for the benefit of each State in the Union two emergency finance facilities. The first was an immediate loan of FCFA1.5 billion per country, granted at concessionary conditions (2.10% interest rate, 27 years duration, 5-year grace period) ; the second facility which was made available a few months later, was the onlending of a loan totalling FCFA18 billion, which the Bank was expected to mobilize from the regional capital market. The purpose of the emergency financial assistance generally deployed was to back the measures taken by the States to ensure a better supply of food products to the markets, an increase in intra-regional trade, and stem the risk of locust invasion. The WAEMU Commission for its part, made available to the States a direct assistance of FCFA10 billion.

Besides the emergency measures, the Bank made available financing amounting to FCFA25 billion annually as part of its routine programme.

Apart from these financing operations, the Bank, together with the WAEMU Commission and BCEAO, prepared a report titled "Situation of agriculture in the Union and prospects for achieving food security and sustainable agricultural development".

The report was adopted by the 16th session of the Conference of Heads of State and Government of the Union which was held in Lomé (Togo) on 6 June 2012. It proposed nine (9) priority areas of intervention and a general framework for actions aimed at boosting production and achieving food security. The areas selected were as follows:

- Area 1: **Harnessing of water;**
- Area 2: **Increasing agricultural, forestry, livestock and fishery production;**
- Area 3: **Access to the sub-regional and international market;**
- Area 4: **Development of regional instruments for food security management;**
- Area 5: **Improvement of nutritional status;**
- Area 6: **Reform of the institutional framework;**
- Area 7: **Agricultural research and transfer of technology;**
- Area 8: **Capacity-building;**
- Area 9: **Financing of agriculture.**

The projected financing to which BOAD is committed within the framework of the report stands at FCFA357.5 billion over a period of five years. On the whole, the Bank's interventions in the field of agriculture henceforth include the proposals in the above-mentioned report and its own agricultural and rural sector development intervention strategy document which was adopted in 2009.

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## The Bank has obtained accreditation at the Climate Change Adaptation Fund

The Bank also continued to implement the measures aimed at setting up a crop insurance facility in the countries of the Union. This new product is expected to contribute towards stabilizing or even increasing farmers' incomes as well as facilitating access to farm credit for farmers. Crop insurance will also help to reduce the need for State intervention in the event of large-scale damage to crops.

Discussions were initiated with the Swiss Cooperation Agency with a view to receiving financial support for the execution of two pilot projects. Within this framework, a detailed schedule of interventions was prepared and submitted to the Swiss party. The same applies to the terms of reference for the recruitment of a technical assistant, which has been programmed. The signing of a partnership agreement between BOAD and the Swiss Cooperation Agency should take place by the end of the first quarter of 2013 and make it possible to start carrying out on the field the first activities which have been scheduled. It is however advisable to point out the recently felt need to yet again scrutinize certain technical aspects of the crop insurance facility to be instituted. The issues are being thought out with a view to possibly conducting an additional study with the assistance of the Canadian consultancy firm which conducted the basic studies.

### 2.2.2. ENVIRONMENTAL ACTIVITIES

During 2012, the Bank particularly strengthened its commitment towards climate finance. Thus, it signed with the Executive Secretariat of the United Nations Framework Convention on Climate Change, a Memorandum of Understanding which is currently making it possible to set up in Lomé a regional collaboration centre whose aim is to provide direct support for Governments, NGOs and the private sector for the identification and development of projects eligible under the Clean Development Mechanism (CDM). This centre is housed in the premises of BOAD. It should provide new opportunities for the creation of private enterprises which would promote sustainable development.

Also, in partnership with CDC Climat (of the Caisse de Dépôts Group), and PROPARCO (of the Agence Française de Développement Group), the Bank collaborated in creating the Carbon Fund for Africa, which was officially launched on 18 April 2012 in Addis Ababa, alongside the Africa Carbon Forum. BOAD took a share of FCFA9.8 billion in the capital of the Fund which was created. The chairmanship of the Board of Directors of this Fund was entrusted to the Bank.

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The objective of the above-mentioned Fund which is endowed with FCFA30 billion (45 million euros) and which is managed by CDC Climat Asset Management, is to participate in the development of the Sub-Saharan Africa region through the financing of projects eligible under Phase III of the European Community System of Quota Exchanges. It is aimed at purchasing carbon credits at a controlled cost through support for high environmental value-added projects with high joint economic and social benefits.

The Fund also plans to invest in renewable energy projects involving the use of methane or energy efficiency. It is an extension of activities to provide assistance to the Member States for the promotion and development of projects eligible under the Clean Development Mechanism (CDM). The initiative is complemented by a technical assistance mechanism which provides support upstream to operators in packaging and executing their projects. It should however be pointed out that owing to the current unfavourable trend of carbon prices, the actual commencement of the activities of this Fund has been put on hold.

The Bank has also obtained accreditation at the Climate Change Adaptation Fund. It is making efforts to obtain a similar accreditation at the Global Environment Facility (GEF).

Finally, with regard to the projects financed by the Bank, the environmental dimension is systematically taken into consideration in order to be in line with international good practices. Complying with this demand makes for a better appreciation of the environmental and social risks associated with project execution. In the course of 2012, the environmental impact of twenty-nine (29) projects was assessed in the fields of infrastructure, energy, water and sanitation and agriculture. Twenty-three (23) of these projects (79%) were classified in category A where risks are high as defined in the Bank's environmental and social policy, given the nature of works, the foreseeable direct or indirect negative impact of which are significant for the biophysical and human environment. Environmental and social management plans have been initiated in order to mitigate the risks identified.

Also, thanks to the environmental partnership agreement signed between the Bank and Agence Française de Développement (AFD), agreements have been signed in respect of environmental management for the benefit of four (4) firms. These are "Energie du Mali" (EDM-SA) in Mali, "PHARMAQUICK" and "Port Autonome de Cotonou" in Benin, as well as "ACIERIES-CI" in Côte d'Ivoire.



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## BOX 2

### BOAD AND CLIMATE FINANCE

**W**AEMU countries, like most of the other African countries, are increasingly facing the harmful consequences of climate change (floods, prolonged drought, violent winds, coastal erosion, etc.). In recent years, these phenomena have compounded the vulnerability of the populations and the natural ecosystems which are useful for life.

BOAD, a development finance institution common to the eight (8) WAEMU Member States, all of which are parties to the United Nations Framework Agreement on Climate Change and the Kyoto Protocol, has adopted the concerns raised by these climate changes.

In conformity with its statutory missions and within the framework of the implementation of the guidelines set forth in its Strategic Plan, BOAD committed itself to providing support for its Member States with a view to ensuring their resilience in the face of climatic shocks and achieving sustainable and inclusive growth.

As such, the Bank promotes projects aimed at mitigating climate change and adapting to it. BOAD also works to ensure technology transfer and capacity-building which are necessary for the management of the problem of climate change. Finally, it promotes resource mobilization through the mechanisms for the financing of the United Nations Convention on Climate Change (UNFCCC) as well as the establishment of ad hoc partnerships with financial institutions such as KfW, AFD, EIB, etc.

Since 2009, the Bank has been participating as an observer at the UNFCCC and actively taking part in discussions relating to the establishment of an international structure for climate financing. The Bank was accredited in 2011 as the first regional institution to implement the Adaptation Fund. Since January 2013, it has been hosting the first Regional Collaboration Centre on the Clean Development Mechanism. The Chairman of the Bank is a member of the Board of Directors of the Green Fund for Climate, which expects to mobilize US\$100 billion annually between now and

2020 for the financing of climate-related projects, especially in developing countries. Likewise, the Bank is seeking to obtain accreditation from the Global Environment Facility as a project implementing entity

Also, within the framework of the development of a carbon market in Africa, the Bank has contributed towards the launching of an African Carbon Fund in 2012. It is active in the areas of market mechanisms like the Clean Development Mechanism, the reduction of emissions associated with deforestation and depletion of forests and appropriate attenuation measures at national level in order to mobilize available resources for its Member States.

So far, the Bank's project pipeline consists of more than 60 climate-related projects in the areas of energy efficiency, renewable energy, industrial processes, agriculture, soil conservation, irrigation and forestry. Forty-two (42) projects in this pipeline are eligible for the carbon market, four (4) for the Climate Change Adaptation Fund, one (1) for the Fund for the Least Developed Countries, four (4) for the the Global Environment Facility, four (4) for the KfW interest rate subsidy mechanism under the Sahel Facility.

BOAD finances climate-related projects. With the interest on loans granted, the income expected from carbon credits, the fees for the management of projects emanating from the mechanism for the financing of the UNFCCC, the economic, social and ecological gains made from the technologies adopted by promoters, climate finance at BOAD appears to be a lever for sustainable economic and social development of WAEMU Member States.

Additionally, beyond the socio-economic and environmental challenges associated with the development of its Member States within a context of climate change, the Bank's commitment is a response to the need to make its investments safe and to better ensure that in the medium and long term, the loans granted to promoters are repaid.

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The road projects financed are aimed at ensuring greater mobility of economic operators

### 2.2.3. NON-COMMERCIAL INFRASTRUCTURE

Conscious of the fact that transport infrastructure is the keystone of regional integration and productivity of the economies of the Union, BOAD, devoted a significant portion of its financing to the construction and/or rehabilitation of roads in the course of the financial year under review.

Indeed, the Bank granted an amount of FCFA173.8 billion for fourteen (14) road infrastructure projects involving a total of 544.3 kilometres of tarred roads and 19,724 linear metres of highways. Given the inadequacy of concessionary resources and the need for certain Member States to promptly embark on the execution of a number of development activities, four (4) of the fourteen (14) road projects were financed based on resources mobilized under market conditions. These include two road rehabilitation and consolidation projects (Kante-Tandjouare and highways maintenance in Lomé) in Togo, an interchange construction project in Côte d'Ivoire and a highway rehabilitation project in Guinea Bissau.

The road projects financed are aimed at ensuring greater mobility of economic operators within a context of increased road user safety, improvement in the living conditions of the populations, reduction in vehicle operating costs, opening up of regions and enhanced competitiveness of the economies of the Union by facilitating economic and social exchanges at national and regional levels. Some of the projects financed contribute towards the implementation of regional programmes, especially the WAEMU Community Infrastructure and Road Transport Action Programme (PACITR).

Furthermore, within the framework of the Energy Development Fund (FDE) which was promoted under the Regional Initiative for Sustainable Energy (IREN), financing for the financial year stands at FCFA13.0 billion and involves the construction of a 100 MW diesel-powered thermal plant in Niger. This loan will contribute, inter alia, towards meeting the electric power needs of the river Niger zone through the generation of an additional 374 GWh/per annum as from 2014. A second dossier which has already been prepared by the Bank should be examined by FDE's own decision-making bodies in the first quarter of 2013.

### 2.2.4. ASSISTANCE TO THE STATES

With regard to assistance to the States and local authorities, the Bank has provided various types of support, especially as regards participation in the financing of studies, seminars or fora and assistance to refugees or displaced persons who are citizens of the Union. An amount of FCFA108 billion was allocated for this category of support in 2012.

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With regard to studies, FCFA2.5 billion was earmarked for the financing of prospective, technical/ economic and/or environmental or social impact studies.

It should also be pointed out that alongside the WAEMU Commission and BCEAO, BOAD has collaborated in preparing the 2012-2016 Regional Economic Programme document which paved the way for the holding of a donors' meeting in Abidjan on 2-3 July 2012. BOAD was appointed as lead bank of the donors and is currently contributing to the efforts aimed at implementing a multi-donor Trust Fund which is included in the finance strategy for Phase II of the Regional Economic Programme.

Finally, in conformity with one of the expectations raised during the June 2012 session of the WAEMU Authority of Heads of State and Government, the Bank continued its efforts to set up a regional unit for the promotion of public-private partnerships. The relevant proposals are expected during the first quarter of 2013. Discussions are being held with foreign partners in order to mobilize financial resources and consolidate technical assistance to the project.

#### BOX 3

### SETTING UP OF A UNIT DEDICATED TO THE PROMOTION OF PPP PROJECTS

Member States of the Union are concerned about speeding up the pace of reforms, which can make it possible to derive benefits from economic liberalization, by undertaking structuring investment projects capable of fostering economic growth, creating jobs and serving as a means of combating economic and social exclusion.

Given the cutbacks on public development assistance, the execution of such projects can no longer be envisaged by public authorities alone, without putting at risk the balance of accounts and sustainability of the public debt.

It is within this context that the Conference of Heads of State and Government, at its 16th session held on

June 2012, instructed community institutions and organs to take initiatives aimed at promoting public-private partnerships (PPP). With regard to BOAD in particular, the Conference, in adopting the report of the High-Level Committee on the financing of the economies of the Union, urged BOAD to "create within itself a unit responsible for the promotion of public-private partnerships in the Union".

This instruction buttressed the discussions already initiated within the Bank concerning the identification of mechanisms likely to promote PPPs within the framework of the Bank's operations.

Consequently, with the support of a consulting firm, the Bank initiated discussions aimed at setting up

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a PPP Unit. The Unit's interventions should cover identification, studies, packaging and promotion of PPP projects.

The works are being carried out in two phases. The purpose of the first phase is to perform the following tasks: i) determine the current status of the institutional and regulatory framework for PPP projects in the WAEMU region; ii) determine the modalities for the creation and functioning of the unit and the profile of its staff; iii) determine the areas and conditions of intervention, draft a BOAD manual of intervention procedure in the area of packaging of PPP projects; iv) make proposals relating to the positioning of the Unit within the Bank.

Under Phase II, provision has been made especially for a re-training programme for senior staff of the Bank in the areas of packaging of PPP projects and setting up a back-up mechanism for the Unit to assist in identifying and packaging the initial PPP projects.

The provisional results of the first phase have made it possible to identify the major tasks facing the Unit. These tasks focus on three (3) main functions which should be broken down at community level and at the level of the national PPP units. These are: i) validating earlier project appraisals conducted by the public authorities; ii) providing support for the public authorities in preparing, negotiating and monitoring PPP contracts.

At the community level, the Unit could : i) be a force contributing towards the development of regional infrastructural projects; ii) co-ordinate the national PPP Units within the framework of community projects;

iii) validate the earlier project appraisals conducted by the public authorities; iv) support the authorities in preparing, negotiating and monitoring PPP contracts; v) provide information on PPP contracts and ensure the promotion of such contracts.

At national level, the Unit could: i) assist in validating the earlier project appraisals conducted by the public authorities; ii) support the States and national PPP Units in preparing, negotiating and monitoring PPP contracts; iii) provide information on PPP contracts and ensure the promotion of such contracts.

The PPP Unit of BOAD is expected to be set up in the course of 2013.

It is finally worth noting that in order to ensure harmonization and create an environment which offers better guarantees for investors, a decision was taken to establish at community level, an ad hoc legal and institutional framework which would sufficiently encourage the promotion and execution of PPP projects. The mechanism in question will be designed as a single public-private partnership reference system for the entire community territory.

It is against this background that the WAEMU Commission in partnership with BOAD, decided to conduct a study to complement the one mentioned above. Starting from the diagnosis of the current situation in the various States, the complementary study will propose a Community strategy together with a plan of action, a legal and institutional framework governing all the dimensions of PPPs, as well as a monitoring-evaluation mechanism.



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## 2.3. PARTNERSHIP WITH INNOVATIVE ENTERPRISES AND FINANCING

### 2.3.1. COMMERCIAL INFRASTRUCTURE

The construction of public and private commercial infrastructure received financing in an amount of FCFA158.7 billion in 2012, representing 36.6% of amounts approved by the Bank, not including the Energy Development Fund (FDE). The financing was in respect of projects in the electricity, harbour infrastructure, aeronautical infrastructure and drinking water and sanitation infrastructure sectors.

#### ■ Electricity

By strengthening the electric power sector, BOAD contributes towards the attainment of the Union's energy policy objectives, namely: i) securing energy supply; ii) ensuring optimum management of resources by systematically interconnecting electricity grids and constructing community facilities; iii) improving the access of people in the rural areas to energy services; and iv) promoting renewable energies and energy efficiency.

In 2012, the Bank was able to make its contribution towards the promotion of energy projects within the Union by granting a loan of FCFA78.1 billion (excluding the Energy Development Fund). This financing represented 17% of BOAD's lending activities. The financing concerns two (2) projects in Togo relating to the construction of electricity supply facilities and the strengthening of the interconnected electric grid of Communauté Electrique du Bénin (CEB) and three (3) projects in Côte d'Ivoire aimed at boosting the generation capacity of the thermal power plants of the companies AZITO and CIPREL and strengthening and rehabilitating electric power transmission and distribution facilities.

#### ■ Harbour infrastructure

The major harbour infrastructure projects promoted in 2012 include the strengthening or rehabilitation of infrastructure and equipment of the Cotonou Port Authority and SOBEMAP in Benin, the widening and deepening of the Vridi canal of the Abidjan Port Authority in Côte d'Ivoire and the rehabilitation of infrastructure and modernization of equipment at Bissau harbour in Guinea Bissau. These projects absorbed FCFA63.5 billion, or 14.6% of the Bank's loan commitments for the year (not including FDE).

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The Bank's support to the Union's productive sector with a view to enhancing its competitiveness and improving its productivity continued in 2012

### ■ Aeronautical infrastructure

The Bank's intervention in respect of this category of infrastructure amounted to FCFA6.5 billion and concerned the rehabilitation and modernization of ASECNA's technical facilities in airports in Abidjan, Bissau, Dakar and Niamey. These loans will make it possible to improve airport control services while optimizing the quality and availability of electric power.

### ■ Drinking water and sanitation

In 2012, the Bank granted FCFA10.6 billion for the execution of two (2) projects aimed at improving water quality and rehabilitation and expansion of drinking water treatment plants in Senegal and Burkina Faso.

### 2.3.2. OTHER PRODUCTIVE ACTIVITIES

The Bank's support to the Union's productive sector with a view to enhancing its competitiveness and improving its productivity continued in 2012. Indeed, during the past year, the Bank supported two private companies with a total amount of FCFA9.5 billion. The companies are operating in the pharmaceuticals and hotel sectors.

### ■ Pharmaceutical industries

The Bank financed with an amount of FCFA3.5 billion one (1) pharmaceutical project in order to ensure the existence of a buoyant generic drug market in the sub-region. The financing will make it possible to increase considerably the generic drug (tablets, capsules and empty gelatine capsules) production capacity for the benefit of the most underprivileged populations.

### ■ Hotel industry

The Bank granted financing in an amount of FCFA6.0 billion for the construction of a 180-room four-star business hotel in Marcory, Abidjan, Côte d'Ivoire. The project in question should be able to capitalize on the existence of a buoyant market for luxury hotels and implement the hotel network development strategy of the AZALAÏ HOTELS Group which is a group belonging to citizens of the Union.

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### 2.3.3. REFINANCING FACILITIES AND PROMOTION OF SMES/SMIS

The Bank made available to four (4) national financial institutions (BICICI-Côte d'Ivoire, SONIBANK-Niger, Coris Bank International-Burkina Faso and BIAO- Côte d'Ivoire), four (4) lines of credit in a total amount of FCFA36 billion. These loans are meant to assist in financing the pipeline of productive investment projects. The Bank's support is also in line with its contribution towards the enhancement of the long-term resources of national financial institutions.

### 2.3.4. EQUITY PARTICIPATION

The Bank allocated a total amount of FCFA18.4 billion for three (3) operations to a national financial institution, a sub-regional financial institution and a continental investment fund. The institutions are :

- ▶ Carbon Fund for Africa: under the Carbon Initiative mentioned above, BOAD took up FCFA9.8 billion equity in the Carbon Fund for Africa.
- ▶ Banque Régionale de Solidarité (BRS): in conformity with a request received from the Council of Ministers, BOAD, with the support of BCEAO, made efforts to restructure the Banque Régionale de Solidarité (BRS) Group. BOAD and ORAGROUP partnered with each other to acquire the Group. Recapitalization involved an amount of FCFA15 billion, thanks to equity participation by BOAD and ORAGROUP. BOAD participated in an amount of FCFA6.6 billion, representing 44% of the capital (33% from its own resources and 11% in portage for the private sector of the Union). ORABANK invested FCFA8.4 billion corresponding to 56% of the capital (including 51% from its own resources and 5% to be transferred to the States of the Union at no cost to them, to be managed by BOAD as a trustee). The restructuring plan will make it possible to refloat BRS, safeguard close to 500 direct jobs, create new jobs through future activities, maintain or even develop microfinance activities.
- ▶ Coris Bank International: the equity participation of FCFA1.9 billion by BOAD in this bank is in order to enhance the equity of this commercial bank which is planning to expand its activities in the sub-region.

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### 2.3.5. GUARANTEE, FINANCING ARRANGEMENT, ADVISORY AND SHORT-TERM FINANCING ACTIVITIES

During the 2012 financial year, no transactions were made under debenture loan guarantee activities. This state of affairs is in line with the dwindling of transactions by corporate institutions on the regional market.

With regard to financing arrangement, the Bank facilitated the mobilization of resources amounting to FCFA600.6 billion by various firms in the Union for the execution of their productive investment projects.

As regards short-term financing operations, the Bank granted a loan in an amount of FCFA53.6 billion (compared to FCFA43 billion in 2011), for the financing of farming activities (cotton and groundnuts) and imports of essential commodities (oil, rice, sugar, etc.).

Finally, in the area of financial counselling, the Bank made interventions in respect of private companies and a number of States, for transactions such as restructuring/privatization of companies or providing support/advice to cotton companies within the Union.

#### BOX 4

### FEASIBILITY STUDY OF AN INVESTMENT FUND DEDICATED TO THE DEVELOPMENT OF FINANCIAL SERVICES IN WAEMU COUNTRIES

**B**OAD has embarked on the feasibility study of an investment fund for the development of financial services in the countries of the Union. The set objective is to enhance the Bank's contribution to the efforts of banking institutions faced with the new minimum statutory capital requirements on the one hand; the set objective on the other hand, is the need to support the modernization of the financial sector in order to meet the increasing demand by firms and households for specialized financial services, and extend as well financial services to the greatest possible number of people.

To this end, an international consulting firm was commissioned to conduct the feasibility study. The study was conducted in two phases: i) the first phase consisted in a market study for the setting up of a fund specialized in developing financial services in WAEMU countries and

the technical requirements for its success; ii) the second phase specified the major technical characteristics and the modalities for its implementation.

At the end of the first phase, the study reached a favourable conclusion as regards the feasibility of the Fund, judging by the enthusiastic manner in which it was welcomed by stakeholders within, as well as outside, the Union. These operators also see in such a financial fund, a potential instrument with which to face the challenges posed by the rise in demand for financial services, a tool for competitiveness and support in the face of statutory demands.

With regard to the second phase, the study recommended that the investment fund for the development of financial services within the WAEMU should have an endowment



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of FCFA100 billion and should include explicitly, a “technical assistance” component.

The Fund would intervene in the form of equity participation and subordinated debts. It would earmark FCFA60 billion of its investments for the consolidation and modernization of the banking sector, FCFA10 billion for the insurance sector, and FCFA25 billion would be reserved for technical assistance. The amount for equity participation would range between FCFA1-10 billion, with a mean of FCFA4 billion.

The FCFA100 billion would be mobilized in two successive closings of FCFA50 billion over a period of 36 months. The period of investment would be six (6) years, while the timeframe of activities will span 12 years.

Compared to other methods of financing available in the Union, a fund of this model, which is based on a combination of capital contributions and technical assistance, should be a real addition of value. Furthermore, the study has already identified several potential investors, particularly investment funds, pension funds, multilateral banks and insurance companies for which the minimum subscription per investor could be FCFA1.5 billion. The Board of Directors of BOAD will decide at the appropriate time the level of the Bank's contribution towards the establishment of the Fund.

In line with current good practices, the Fund, in terms of organization and governance, will be an independent Fund sponsored by BOAD and managed by an independent management company. The profitability target envisaged for this Fund would be roughly 17%.

## 2.4. PROMOTION OF PARTNERSHIPS AND BROADENED ACCESS TO FINANCIAL MARKET STRUCTURES AND INSTRUMENTS

### 2.4.1. PROMOTION OF THE MORTGAGE MARKET AND OTHER REGIONAL INSTRUMENTS

The support given to the WEAMU Regional Fund for Mortgage Refinancing (CRRH-UEMOA), and BOAD Titrisation (a securitization fund), led to the effective commencement of the operations of these two entities in the course of the year. The Bank also assists the Regional Fund for Mortgage Refinancing (CRRH-UEMOA) in mobilizing concessionary resources for the financing of affordable housing.

As part of measures having to do with the implementation of the Regional Initiative for Sustainable Energy (IRED), the Bank has been playing a leading role in the conduct of the study relating to the creation of a private investment fund. It is also coordinating the carrying out of a study aimed at harmonizing the institutional and regulatory framework of infrastructure financing in the countries of the Union, especially in the energy sector.

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## 2.4.2. SEARCH FOR NEW PARTNERSHIPS

Likewise, in order to provide a framework for meetings and exchanges of ideas between African business men and women and some of their counterparts from Asia, the Bank organized an international forum on 21-22 May 2012 on the theme: "Strengthening the economic partnership between Asia and Africa for accelerated development". This event was also aimed at promoting WAEMU as a potential destination for investments and creating new partnerships and trade relations between firms in the WAEMU region and Asian operators.

### BOX 5

#### BOAD FORUM ON 21-22 MAY 2012: "STRENGTHENING THE ECONOMIC PARTNERSHIP BETWEEN ASIA AND AFRICA FOR ACCELERATED DEVELOPMENT"

AFRICA AND ASIA : WHAT ARE THE REASONS FOR THEIR DIFFERENT PATHS FROM 1960 ONWARD ?

A comparative study of the Asian and African economies shows that Asia and Africa had similar levels of development in the 1960s. Fifty (50) years later, the difference between the two continents is undeniable. The divergence in the paths of the two continents is due to a number of key factors, particularly:

- **Education** : Asia invested massively in education and training, which made it possible to increase productivity considerably in the various sectors of activity;

- **Industrial development**: the emphasis placed on Asian industry and the effectiveness of the activities of dedicated supporting structures made it possible for Asia to become an industrial power which is doing significant intra-regional trade (39%), unlike Africa (12%).

Five other key factors are thought to underscore Asia's economic development. These include:

- ▶ **the vision and development planning**; in this regard, leadership is fundamental;

- ▶ **the selective implementation of the Washington Consensus** ;

- ▶ **the use of exchange rate as an instrument of economic policy** to promote exports;

- ▶ **the management of natural and human resources** geared towards development and promotion of talent;

- ▶ **governance which is marked by internal change mechanisms**, resulting in emulation by successive leaders.

Lessons to be drawn by African countries, particularly WAEMU countries

- African countries must have a clear vision of their development and be masters of their development agenda. Thus, the Africa region must endeavour to propose credible alternative development models likely to better address local realities; Africa should avoid applying models from elsewhere which are not suitable in all cases.

- Utilization of the skills which Africa needs, wherever they are found, particularly in the diaspora; these skills must be sought and the means for acquiring such skills must be made available. Likewise, priority for the quality of human resources must be affirmed, while taking supporting measures (education, training, incentives for talent).

In order to capitalize on the WAEMU region's potentials, emphasis must be placed on improving Africa's image and its business environment. Efforts must therefore be made to ensure a better perception of the African risk factor in general and that of WAEMU in particular,

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The market reform and capacity-building programmes were seen through to completion

especially through a communications policy oriented towards Asia.

The Africa/Asia cooperation models to be encouraged mainly concern investments in the WAEMU region, technology transfer, greater utilization of available local manpower and expertise in project execution.

#### FINAL RECOMMENDATIONS OF THE FORUM

- Opportunity should be provided to organize a forum specifically devoted to the financing of infrastructure in the WAEMU region (energy infrastructure, communication infrastructure: roads, airports, harbours, railways, ICTs); it will be necessary to: (i) map out a comprehensive strategy for the financing of infrastructure (including communication policy and procedures);

(ii) list the institutions which finance infrastructure, indicating their methods of intervention.

- Improving Africa's image in Asia through a policy of communication and/or institutional relations between both regions (Asia and West Africa in particular).
- Organizing meetings such as the forum in question, in order to continue to inform Asian investors and industrialists about business opportunities in Africa, with a view to establishing partnership ties for the execution of projects.
- Improving Africa-Asia partnership while emphasizing: i) the development of productive investments in Africa; ii) technology transfer; iii) utilization of local labour and expertise.

#### 2.4.3. MANAGEMENT OF THE REGIONAL CAPITAL MARKET DEVELOPMENT PROJECT

The execution of the WAEMU Regional Capital Market Development Project (PDMF/UEMOA) continued and ended in 2012. The project proved to be an example of successful partnership between institutions of the Union (BOAD, BCEAO, WAEMU Commission, CREPMF) and development partners (International Development Association, Agence Française de Développement, Canadian International Development Agency).

This project ended on 30 June 2012 and its results were deemed satisfactory.

Indeed, the market reform and capacity-building programmes were seen through to completion. The project contributed towards capacity-building for the key market players, improving the institutional and regulatory framework of the regional financial market and capacity-building for BOAD and the Member States in the area of financing and execution of infrastructure projects.

BOAD was able to draw the full amount of the line of credit resources for the project (rate of draw-down: 100%). The sub-projects supported under this line of credit contributed towards rehabilitating, constructing and asphaltting 958.5 km of roads.

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At the socio-economic level, the execution of the road sub-projects will make it possible to guarantee year-round access to basic social services to the people in areas through which the roads pass and improve their access to decentralized administrative services.

An end-of-project report was prepared and forwarded to the donors involved in the project. The purpose of the report was to gather data on the results obtained by the project, the difficulties encountered, the lessons drawn and the knowledge acquired during the execution of the project. The report also makes it possible to determine the prospects for the consolidation and sustainability of the gains. It is a basic element for the continuation of the dialogue between the donors and beneficiaries, with a view to a possible renewal of donor assistance, or the drawing up of new programmes which could be backed by the donors.

The dossier completing this report is devoted to the WAEMU Capital Market Development Project (PDMF). It presents in detail the project, its major achievements, impact, difficulties encountered and lessons learnt as well as future prospects.

## 2.5. COOPERATION AND RESOURCE MOBILIZATION ACTIVITIES

In order to boost its capacity to finance Member States and the private sector, the Bank continued its cooperation and resource mobilization activities with its partners and on the regional capital market.

In 2012, the Bank signed three (3) financing agreements in an amount totalling 164 million euros (roughly FCFA107.6 billion). The transactions concerned are the following:

- a) a line of credit of 64 million euros (FCFA41.98 billion), from the African Development Bank (AfDB) for the financing of private sector projects;
- b) a line of credit of 75 million euros (FCFA49.2 billion) from Agence Française de Développement (AFD) for the refinancing of energy sector projects financed from the "Bank" window of BOAD, with additional financing from the Energy Development Fund (FDE);
- c) a line of credit of 25 million euros (FCFA16.4 billion) obtained from the Development Bank of Austria (OeEB) for the financing of private sector projects.



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Requests for financing have also been submitted to financial partners such as India, China Development Bank, BADEA, EIB, Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation (JBIC).

Other requests for resources for the financing of short-term activities are being examined by Islamic Development Corporation, International Islamic Trade Finance Corporation (ITFC) and Afreximbank. Given the progress made in the negotiations with the OPEC Fund, a 20 million euro loan agreement for the financing of short-term operations could be signed during the first quarter of 2013.

With regard to partnership, three cooperation agreements were signed with Water and Sanitation in Africa (formerly African Centre for Drinking Water and Sanitation), USAID and Africa Cashew Alliance (ACA) and finally, with BNP-Paribas.

Within the framework of the strategic partnership ties they have agreed to establish, BOAD and AFD have been organizing a one-day forum every year to discuss issues of common interest. The chief executives of both institutions participate in these meetings. The meeting for the financial year under review was held in Paris on 15 November. The themes discussed that year included: i) evaluation of the AFD Group-BOAD partnership, ii) the stance of AFD and BOAD in the debate on international climate financing, iii) the Centre for Economic, Financial and Banking Studies (CEFEB)\*-BOAD partnership for the training of senior officers of BOAD.

For BOAD, the regional capital market remains the priority area for resource mobilization. On this market, the Bank launched a debenture loan in the first half of 2012 which made it possible to mobilize FCFA43.4 billion.

In order to access the international financial market as well, the Bank continued various actions aimed at improving its procedures and internal organization and prepared a memorandum to accompany its request to be rated. A paper giving an update on the Bank's request to be rated was submitted to the decision-making bodies in December.

With regard to subscription to the capital increase, subscriptions were actually made in the course of 2012 by ADB and Eximbank of India. Efforts are being made in order to obtain the new subscriptions expected from EIB, Belgium and Germany following the capital increase in June 2010. Requests for equity investments in BOAD were also sent to several potential partners.

\* CEFEB: Centre for Economic, Financial and Banking Studies.

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Finally, it should be pointed out that the Bank contributed to the drafting of the report of the high-level Committee charged with identifying and implementing in the WAEMU region new strategies for mobilizing the financial resources required for development. The report at the end of the deliberations of this Committee was submitted to the Conference of Heads of State and Government in June 2012. Half-yearly reports are submitted to the Chairman of the Committee, who is currently the Head of State of Côte d'Ivoire, on the implementation of the proposals made.

#### BOX 6

### REGIONAL ECONOMIC PROGRAMME, 2<sup>nd</sup> PHASE (PER II: 2012-2016)

The Regional Economic Programme, which is based on the guidelines given by the 8th meeting of the WAEMU Conference of Heads of State and Government held in January 2004, started being implemented in 2006 as a joint initiative of the WAEMU Commission, BCEAO and BOAD. Its objective is to give new impetus to the Union's activities through the execution of integration-prone projects likely to make the integration process more effective and more relevant.

The Programme is in its second phase, following the first phase which spanned the period 2006-2010, with a revised total cost of FCFA3,470 billion. In order to secure additional funding for Phase I, a roundtable conference of donors was held on 2-3 November 2006 in Dakar (Senegal). The conference made it possible to receive pledges of financing amounting to FCFA2,438 billion.

As regards the second phase of the programme, covers the period 2012-2016. In conformity with the guidelines of the Council of Ministers' meeting held on 25 September 2009, the following priorities were chosen :

- ▶ **better access to energy, through:**
  - the interconnection of the electric grids in the sub-region;
  - development of local energy resources, both fossil (like coal) and renewable (like water, solar, wind, biomass, including biofuels);
  - harnessing energy (promotion of energy efficiency);

- ▶ **environmental protection and natural resource management, through:**

- enhancement of shared water resource management;
- natural disaster management;
- capacity-building in the Member States in drawing up and implementing national action programmes;

- ▶ **food security, through support for the development of selected crops;**

- ▶ **continuation of the development and modernization of infrastructure.**

The execution of phase II of the Programme is expected to generate an annual growth increase of 1.9% for the Union as a whole, create more than 200 000 direct jobs yearly and reduce the rate of poverty in the community territory from 41% to 34%.

The portfolio of phase II of the Programme includes 102 integration-prone projects, 45 of which are phase I projects being carried over, together with 57 new projects, costing a total of FCFA5,763 billion, of which FCFA4,413 billion was to be mobilized from technical and financial partners.

On the occasion of the roundtable conference of donors held on 2-3 July 2012 in Abidjan, during which BOAD was the lead bank of the donors, the financial partners of the Union pledged funds amounting to FCFA2,035 billion, or 46% of the amount being sought.

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The needs not yet covered amount to FCFA2,378 billion and the technical and financial partners are once again being approached in this regard. In this connection, it was decided that a feasibility study should be conducted for the creation of a multi-donor trust fund.

The fund in question should primarily be used to cater for expenses relating to project preparation studies, interest rate subsidy and States' matching contributions.

The Bank also actively participated in the roundtable conference of donors for phase II of the Regional Economic Programme (2012-2016), organized in Abidjan on 2-3 July 2012. The Bank was appointed as lead bank of the donors during this conference. The Bank also contributes to the efforts to operate a multi-donor trust fund in line with the strategy for financing phase II of the Regional Economic Programme.

Also, during the financial year, the institution participated in three roundtable conferences organized by the Member States for development partners. The States concerned were Burkina Faso (February), Niger (November) and Côte d'Ivoire (December).

In November, the Management of the Bank went on another prospection mission to various European partners, including the Commission of the European Union.

Finally, it should be pointed out that within the framework of the negotiations with the European Union concerning the Economic Partnership Agreement (EPA), the West Africa sub-region has decided on the principle of setting up a fund, the EPA Regional Fund, with which to coordinate the financial support necessary for the implementation of the EPA Development Programme. The estimated cost of the programme is 6.5 billion euros over a period of five (5) years. Part of the resources likely to be allocated to all ECOWAS countries could be of benefit to the EPA Regional Fund to be used in financing the EPA Development Programme.

The framework document for the establishment of the EPA Regional Fund was examined by experts from West African States at a consultative meeting held from 11 to 13 July 2012 in Dakar (Senegal). The document is being finalized with ECOWAS Bank for Investment and Development and the two Commissions (WAEMU Commission and ECOWAS Commission).

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## 2.6. ALIGNMENT OF ORGANIZATION AND FUNCTIONING

### 2.6.1. ALIGNMENT OF THE BANK'S TEXTS AND PROCEDURES

#### ■ Modernization of the Bank's texts

During the financial year, the following new texts were adopted with a view to enhancing the Bank's governance:

- ▶ manual of policy and procedures for the prevention and control of corruption and fraud in BOAD's operations: the aim of this manual which complements the internal mechanism on good governance and good conduct, is to: i) provide a practical definition and a conceptual framework to help understand the various forms, types and levels of corruption; ii) pinpoint the manifestations of corruption and fraud in the Bank's operations; and iii) define the preventive and curative procedures applicable in this regard;
- ▶ BOAD Code of Ethics : it defines the norms of conduct and ethics to be observed and cultivated by the staff of the Bank, the rules governing conflict of interests and the procedures and sanctions applicable. An Ethics Committee was set up to apply the values and principles set forth in this code, which guides on a daily basis the behavioural attitudes of the staff;
- ▶ the Bank's gender policy, which reaffirms the Bank's commitment to promote the taking into account of gender issues as a means of fostering poverty reduction, economic development and gender equality in the Union.
- ▶ the general review of the texts applicable to staff.

Work is currently being done with a view to: (i) drawing up a draft charter of the Bank's representatives in the organs of partner institutions; ii) creating an independent mechanism to take final decisions in labour disputes with the staff members; iii) reviewing and modernizing the rules of procedure for the acquisition of goods, services and works applicable to projects financed by the Bank.

The performance contracts are accompanied by a mechanism for the evaluation of results which lays emphasis on the measurement of key performance indicators



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## ■ Consolidation of the programme budgeting approach and results-based management

The financial year was also marked by the strengthening of the Bank's programme budgeting approach, involving the assignment of specific tasks to each centre of responsibility, based on performance contracts. These contracts were accompanied by a mechanism for the evaluation of results which lays emphasis on the measurement of key performance indicators.

This budget approach which is in line with the worldwide trend of results and performance-based management, with increased responsibility for the organizational units of the Bank, makes it possible to improve the monitoring of the execution of the various budgeted programmes.

## ■ Continuation of production and publication of accounts in conformity with international accounting standards (IAS/IFRS)

In the course of the year 2012, the Bank continued to produce and publish its financial statements prepared in accordance with international accounting standards, IAS/IFRS (International Accounting Standards-International Financial Reporting Standards), while vigilantly monitoring the trends of these standards. The conformity of the accounts with international requirements will contribute towards ensuring better access of the Bank to external resources, particularly the resources of the international financial market. In order to enhance the media used for the production of financial statements in real time, the Bank acquired in 2012 an Enterprise Resource Planning (ERP) software for banks which would be used as from 2013.

## ■ Modernization of the rules for award of contracts

### BOX 7

#### REFORM OF THE PROCEDURES FOR THE PROCUREMENT OF GOODS, SERVICES AND WORKS FINANCED WITH LOANS OR FUNDS GRANTED BY BOAD

IN ORDER TO BE MORE CONSISTENT WITH INTERNATIONAL STANDARDS AND THE UNION'S COMMUNITY REGULATIONS CONCERNING PUBLIC CONTRACTS, BOAD, WITH THE ASSISTANCE OF A LAW FIRM, IS IN THE PROCESS OF REFORMING ITS POLICY ON THE PROCUREMENT OF GOODS, SERVICES AND WORKS FINANCED WITH ITS LOANS.

With regard to regulatory matters, the Bank will be provided with model guidelines and documents (model tender documents, model formats for reporting on the examination of tenders, model tender documents, etc.), for the award of contracts financed with its loans, in conformity with international standards and the WAEMU's guidelines ectives governing public contracts.

The ongoing reform has two objectives.

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With regard to institutional matters, the reform aims at ensuring that the "contract award function" is performed within the Bank.

Currently, as far as the regulatory aspect is concerned, the following documents have been made available:

- a. Guidelines for the procurement of consultants' services financed with a loan or a comprehensive cash advance from BOAD;
- b. Guidelines for the procurement for works, supplies and services (other than consultants' services);
- c. Model tender document for the procurement of supplies;
- d. Model tender document for the procurement of works;
- e. Model request for proposals for the procurement of intellectual services;
- f. Standard format of request for price quotes;
- g. Model prequalification document for the drawing up of a list of service providers;
- h. Model tender document for the procurement of services;
- i. Model prequalification document for the procurement of equipment and works;
- j. Model tender evaluation report for supplies and works contracts;
- k. Model evaluation report for consultants' proposals;
- l. Model request for expressions of interest;
- m. Model tender document.

These documents were prepared using the model procurement documents of multilateral institutions similar to BOAD and model regional procurement documents prepared by the WAEMU Commission within the framework of the WAEMU Regional Public Contracts Reform Programme.

The new guidelines which are being adopted are more detailed than those which are still in force at the Bank. This applies especially to advertising, the obligation to shortlist consultants following requests for expressions of interest, fixing of ceilings for supplementary contracts, communication of information to tenderers and settlement of complaints arising from the award of contracts. These new guidelines also include public-private partnership types of contract and draw on the Bank's experience in the area of procurements.

Also, the entry into force of the new guidelines and the use of the model procurement documents by borrowers will yield a number of benefits including: i) the reduction of the workload of the Bank's operational teams in charge of the examination of procurement documents submitted by borrowers; ii) the possibility for the Bank to use its own procurement procedures within the framework of financing received from its donors (lines of credit, grants, etc.); iii) increased transparency, efficiency and potential savings during acquisitions financed by the Bank; iv) a better image for the Bank.

### ■ Reorganization of Services

The Bank's services have been reorganized and a new organizational chart adopted to ensure greater efficiency of the organizational units. The major changes in the organizational chart concern the bringing of the Bank's organizational units under three (3) departments, in addition to the Corporate Secretariat. The departments are: i) the Department of Operations, ii) the Department of Finance, Commitments and Risks, and iii) the Department of Strategy, Cooperation and Resource Mobilization.

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BOAD continued to implement its information system security policy and initiated the process of certification under the ISO 27001 standard

## 2.6.2. IT SYSTEM

In the course of the year 2012, the Bank started implementing the four (4) major components of its IT Master Plan: i) Enterprise Resource Planning (ERP) integrated software, ii) applications support, iii) technology for enhanced security of the Bank's information system, and iv) information system governance tools.

With regard to the implementation of the Enterprise Resource Planning (ERP) component, the major activities carried out concerned the management of the process of selecting an integrator/publisher. The Bank led the negotiations and signed service contracts with the two service providers selected for the integration component and the licence component. The Bank also proceeded to formalize its processes having to do with professions as a prelude to the implementation of Enterprise Resource Planning (ERP). The works concerning the description of the processes have been completed and the processes have been validated.

With regard to the "Governance" component, the governance structures which were set up under the programme functioned properly. The activities mainly concerned providing guidance to, and defining the roles and responsibilities of the various players and monitoring and re-organizing the Enterprise Resource Planning (ERP) project team in order to enhance its operational efficiency. Also, training and prospection activities were carried out.

With regard to the "Technology and Security" component, two halls were made available: a new hall for machines and an emergency hall. Activities were carried out in respect of the establishment of a WAEMU emergency site.

BOAD also continued to implement its information system security policy (PSSI) and initiated the process of certification under the ISO 27001 standard. Efforts are being made to obtain certification by 2013. The Bank also obtained a site on which to fall back in a country in the WAEMU region, under the Activity Continuation Plan.

The establishment of a platform for information technology tests in order to carry out the necessary tests within the scope of the IT Master Plan has also become a reality. BOAD continued to provide its staff with "docking station" type of laptop computers in replacement of the traditional fixed stations. An audit exercise was carried out in order to draw inspiration from good practices in the management of computers.

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The preparation of a marketing and commercial reference document defining the Bank's approach towards its commercial activities is an important innovation in the Bank's communication strategy

### 2.6.3. CORPORATE COMMUNICATION, MARKETING AND KNOWLEDGE MANAGEMENT

The year was marked by efforts to put in place a communication and public relations strategy which is aimed at making the Bank more visible, more credible and better understood. The strategy is broken down into a detailed plan of actions to be carried out, directed at external targets in the coming years, particularly by using projects financed as a means of popularizing the Bank's image and highlighting its presence next to the people. This plan also includes an approach having to do with relations with the media, but also and above all, an aspect of public relations tinged with a strong connotation of citizenship.

Furthermore, the preparation of a marketing and commercial reference document defining the Bank's approach towards its commercial activities was an important innovation in its communication strategy. The drafting of this reference document was made possible thanks to a study commissioned on the financing of the commercial sector.

This marketing and commercial plan provides the framework for promotional, prospection and loyalty-creation activities and better organizes and plans them in direct link with the institution's operational structures and resident missions in all countries of the Union. With regard to prospection in particular, the financial year was marked by the enhancement of the Bank's visibility, especially through the organization of open days, portfolio review missions and missions to identify opportunities for the financing of new operations. These initiatives made it possible to identify in some water companies in the Union's member countries profitable projects to be financed by the Bank in the area of drinking water supply.

In the area of knowledge management, the Bank continued to modernize its documentary information in conformity with the findings of the studies on the modernization of the archives and documentation centre and the guidelines in the strategic plan. This approach mainly resulted in the mapping out of a knowledge management strategy, computerization of more than 700 linear metres of archive shelves, opening of access to the Bank's documentation centre to external users and training of staff to ensure optimum utilization of the Alexandria information software which manages digitalized documentary resources.

### 2.6.4. MANAGEMENT OF ASSETS AND WORKING ENVIRONMENT

With regard to the improvement of the working environment, the Bank continued the renovation works on its old building. It also provided itself with modern technical facilities which are meant to help to better contain headquarters operating costs and increase headquarters security.



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Furthermore, the process of construction of a housing estate for the staff has made significant progress in the course of the year. Following an international architectural tender, a group of architectural firms was selected for the models of houses which will be proposed to the staff. The 86th session of the Board of Directors of the Bank which was held in Cotonou on 27 September 2012 authorized the Bank to bear part of the cost of servicing the plots of land.

### 2.6.5. HUMAN RESOURCE MANAGEMENT

During the financial year, the Bank continued its activities to modernize its human resource management policy. These activities were particularly reflected in the validation of the Jobs and Skills Provisional Management Plan (GPEC) and relevant tools, the continuation and monitoring of the implementation of the mechanism for fixing objectives and for performance evaluation, the implementation of a social activity plan, the continuation of the implementation of the recommendations made following the salary survey and the revision of the texts governing the staff.

Also, in pursuance of the capacity-building programme for its staff, the Bank continued its selective individual or collective training activities. The systemic approach adopted will make it possible to provide adequate resources at the appropriate moment in order to have jobs and skills which are suited to the functioning of the institution.

The staff strength was also increased, with the recruitment of thirteen (13) young graduates. Thus, as at 31 December 2012, the Bank's total staff strength was 278 (263 as operational staff, 10 on secondment and 5 on leave of absence).

TABLE 3: STAFF COMPLEMENT OF BOAD FROM 2010 TO 2012

	Staff as at 31.12.2010	Staff as at 31.12.2011	Staff as at 31.12.2012
PROFESSIONAL STAFF	116	143	158
SUPPORT STAFF	132	120	120
TECHNICAL ASSISTANT	1	1	-
<b>TOTAL</b>	<b>249</b>	<b>264</b>	<b>278</b>

Source: BOAD.

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## 2.6.6. FINANCIAL MANAGEMENT

### ■ Assets situation

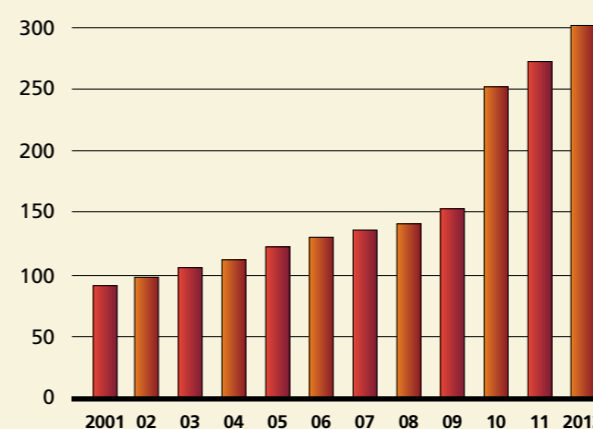
The total balance sheet of the Bank increased from FCFA903.51 billion as at 31 December 2010 to FCFA1,099.767 billion (+21.7%) as at 31 December 2011, then to FCFA1,260.407 billion (+14.6%) as at 31 December 2012, with the gradual subscription to the capital increase decided in June 2010.

The Bank's financial situation remains healthy and is marked by:

- ▶ a balanced financial structure, with the increase in its own funds, which account for 33% of the total balance sheet;
- ▶ a debt which has remained under control and is in line with the statutory norms; likewise, credit rating has proved satisfactory. However, at 78.4% as at the end of 2012, the Bank's debt-equity ratio is nearing the maximum statutory limit of 100%.

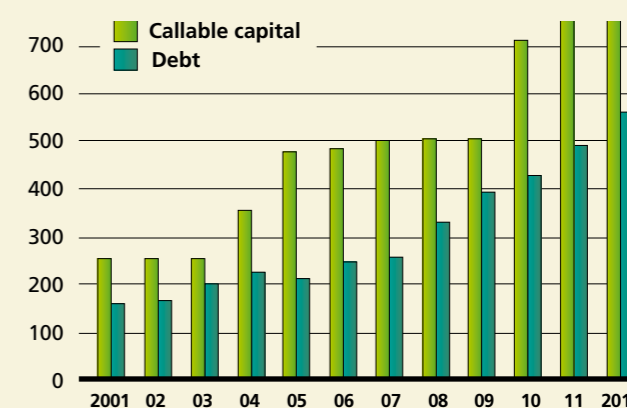
Efforts will still be made in order to obtain the new subscriptions expected from EIB, Belgium and Germany following the capital increase decided in June 2010.

GRAPH 6: TREND OF OWN FUNDS FROM 2001 TO 2012 (FCFA billions)



Source: BOAD.

GRAPH 7: TREND OF CALLABLE CAPITAL AND DEBT FROM 2001 TO 2012 (FCFA billions)



Source: BOAD.

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The internal audit and financial control activities during the financial year covered all the fields of activity of the Bank

## ■ Operations of the Bank

The Bank's operations are marked mainly by the following characteristic elements (see Annex 13):

- ▶ a predominance of income from lending operations (83% of operating income), which are the institution's core activity;
- ▶ a generally well-contained cost of borrowed resources (3.5% on the average, putting together market resources and concessionary resources), even though there is a mitigating effect induced, since 2008 and 2009, by the resources of the special agricultural programme whose financial charges are borne by the States;
- ▶ a continuous increase in net income from banking operations from FCFA24.5 billion in 2011 to FCFA26.5 billion in 2012;
- ▶ the pursuance of a prudential policy of making provisions, taking into consideration the situation of certain private projects.

The Bank's operations continue to yield positive results. The net profits as at the end of 2012 stood at FCFA 9.6 billion, compared to FCFA 8.2 billion as at the end of 2011. This result consolidates the institution's own funds. The Bank will continue to contain its costs in order to keep offering attractive rates in line with development finance requirements. Likewise, it will ensure that a good disbursement rate is attained.

### 2.6.7. RISK MANAGEMENT

In the area of risk management, the Bank's activities are based on the best practices. In this regard, it should be pointed out that the study on the establishment of an integrated risk management system inspired by the Basle Rules (credit risk, market risks and operational risks) and the setting up of an Internal Control Committee whose role is to see to the quality of the internal control system, propose measures to strengthen the system and consolidate the activities of the Audit Committee has been completed.

Finally, it should be pointed out that the procedures governing the Bank's activities are being updated and the human resource management tools are being improved.

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## 2.6.8. CONTROLS

With regard to the strengthening of corporate governance, the Bank's Audit Committee which was created within the Board of Directors in 2005, held its two statutory meetings. During these meetings, the Committee examined: i) the financial statements for the year ended 31 December 2011 and expressed its opinion on them to the Board of Directors; ii) the results of the activities of the year 2012 and the draft programme of activities of the Internal Audit Service for the 2013 financial year and the situation of the Bank's portfolio as at 30 September 2012 as well as the interim financial statements as at 30 September 2012.

As for the internal audit and financial control activities during the financial year, they covered all the fields\* of activity of the Bank. These audit exercises made it possible to make recommendations on the need to enhance the internal control system and control the risks inherent in the Bank's activities. It should be underscored that the scope of action of the Internal Audit Service was expanded to include advisory missions to enable it to better support the implementation of the Bank's 2009-2013 Strategic Plan.

As far as management control is concerned, in addition to the routine monitoring of the institution's performance and preparing monthly management charts, quarterly analysis notes and dynamic analysis notes on its performances over the past five years, the Bank made operational in 2012 its system of management chart network and its centres of responsibility performance evaluation system.

The financial year was also marked by the strengthening of the programme budgeting approach, with the assignment of specific missions to each centre of responsibility based on performance contracts. These contracts were coupled with a results evaluation mechanism which emphasizes the measurement of key performance indicators. The budgetary approach which is in line with the worldwide trend of results and performance-based management, with increased responsibility for the organizational units, makes it possible to improve the monitoring of the execution of the various budgeted programmes.

In the area of external control, KPMG-CI, the External Auditors appointed by the Council of Ministers in March 2010, examined and unreservedly certified the Bank's 2011 accounts, the accounts of the Development and Cohesion Fund (FDC) and the accounts of the WAEMU Capital Market Development Project (PDMF). KPMG also conducted a temping assignment involving the examination of the internal control, risk management and information systems. This assignment led to recommendations which were aimed at enhancing the internal control system.

*\* Financing, human resource management, finance and accounting, IT, administration and assets, procurement of goods and services*



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With regard to ex-post project evaluation activities, like other multilateral development finance agencies and institutions, the Bank set up in 1991, a structure responsible for the evaluation of its projects. In 2012, in order to promote development outcomes-based management and comply with new international standards, an ex-post project evaluation unit (UERP) having the rank of a directorate was created. This unit, which is directly attached to the Chairman's office, has taken over the project evaluation activities which were initially under the Corporate Control Unit, to which have been added the activities of monitoring-evaluation of projects financed by the Bank.

This new unit carried out several activities in 2012. In the area of performance evaluation, two projects were evaluated. With regard to socio-economic impact studies, seven (7) irrigation projects were evaluated in four (4) WAEMU countries (Burkina, Niger, Senegal, Mali) and the evaluation reports are being finalized. Finally, with regard to monitoring-evaluation, a plan of action was drawn up and is being implemented. The policy of evaluation of the development outcomes of projects financed by BOAD which was approved in 2012 by the Board of Directors is one of the achievements of this plan.

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**ASSESSMENT OF THE REGIONAL CAPITAL MARKET DEVELOPMENT PROJECT: RESULTS – IMPACTS – PROSPECTS**





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**T**he Financial Market Development Project of the West African Economic and Monetary Union which started on 29 July 2005, officially came to an end on 30 June 2012.

Considering the contribution made by this project in terms of the development of the regional financial market, the improvement of regional integration and the funds mobilized, BOAD decided to devote to it the additional dossier of the 2012 edition of its annual report.

After some background information concerning the presentation of the project, some important results obtained were noted, and then the impact in terms of structural changes was highlighted. This was followed by the difficulties encountered, lessons learnt and finally, the foreseeable prospects.

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## I. BACKGROUND

The objective of the Financial Market Development Project was "to promote the development of the regional financial market in order to increase the mobilization of public and private resources for the financing of regional integration-enhancing infrastructure".

This was the result expected from the strengthening of the regulatory framework and the capacity-building of the stakeholders of the regional financial market (Component 1: "Technical Assistance and Institutional Support"), financing of integration-enhancing infrastructure (Component 2: "Infrastructure Line of Credit"), and the promotion of new instruments to cover commercial or political risks in order to promote private investments in the sub-region (Component 3: "Guarantee Facility"). This last component was discarded following the restructuring of the project in 2008.

The "Infrastructure Line of Credit" component comprised 12 integration-oriented sub-projects, including eleven road projects and a harbour sub-project. Nine (9) of the eleven (11) road sub-projects were projects belonging to Phase I of the Regional Economic Programme which was a vast sub-regional infrastructure finance programme. The other two projects are also included in two regional programmes, namely, the "Priority Regional Road Network of the Senegal River Development Organization (OMVS)" and the "WAEMU Regional Integration Assistance Fund".

The direct beneficiaries of the project were CREPMF (the WAMU Regional Council for Public Savings and Financial Markets), BOAD, BRVM (Regional Stock Exchange) and Central Depository-Bank of Settlements (DC-BR), BCEAO and the WAEMU Commission. The Capital Market Development Project (PDMF) was also beneficial to most of the other stakeholders of the regional financial market (Association of Intermediation and Management Companies (SGIs), institutional investors, chartered accountants, etc.), as well as States, through the sub-projects financed with the resources of the infrastructure line of credit.

The technical and financial partners of the project were the International Development Association (IDA), Agence Française de Développement (AFD), Canadian International Development Agency (CIDA), the Multilateral Investment Guarantee Agency (MIGA). Furthermore, BOAD and the beneficiary States also intervened in the financing of the sub-projects of the « infrastructure line of credit » component.

The financing of the Capital Market Development Project (PDMF) the initial cost of which was FCFA204.3 billion, was itemized as follows: i) Technical Assistance and Institutional Support Component (7.6 billion); ii) Infrastructure Line of Credit Component (FCFA81.6 billion including FCFA45 .8 billion from IDA); iii) Guarantee Facility Component (FCFA113.6 billion); and iv) Project Coordination Component (FCFA1.6 billion).

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## II. RESULTS OBTAINED

The Financial Market Development Project contributed towards: i) the capacity-building of key market players and improvement of the institutional and regulatory framework of the regional financial market, ii) and the financing of regional infrastructure projects.

At the level of the Regional Board for Public Savings and Financial Markets (CREPMF), there was a convergence of the regulation of the regional financial market and the recommendations of the International Organization of Securities Commissions (OICV). Thanks to the support received by the Financial Market Development Project, the Regional Council strengthened the infrastructure of the market information systems, thereby improving the transparency and credibility of the regional financial market (establishing a secondary market, activity surveillance system, placing on-line the regional financial market data base, instituting electronic data management), etc.

Furthermore, close to 2,000 participants were registered at the various training sessions organized for the staff of the Regional Board for Public Savings and Financial Markets (CREPMF), the West African Development Bank (BOAD), the Regional Stock Exchange (BRVM), the Professional Association of Management and Intermediation Companies (APSGI) and other market players.

With regard to the component relating to the improvement of the institutional and regulatory framework of the regional financial market, the Capital Market Development Project contributed towards the implementation of reforms in the following areas i) definition and establishment of a harmonized accounting framework specific to the authorized players on the market; ii) harmonization of the securities taxation system in the countries of the Union; iii) reform of guarantees and introduction of rating; iv) creation of a mortgage and securitization market; v) general review of the texts of the regional financial market; vi) review of market tariffing; vii) preparation

of a set of sanctions against stock exchange offences and infringements of the regulations.

These reforms, which are being effectively implemented, will make it possible to increasingly tend towards the unification of the regional market and the improvement of the legal, regulatory and economic framework of activities on the market.

The reforms have contributed towards substantially increasing the volume of securities issued through the window of the Regional Stock Exchange, from an annual average of roughly FCFA200 billion over the period 2005-2008 to more than FCFA350 billion (+75%) in the course of the last four years (2009-2012).

Also worth noting is the development of a stock exchange culture in the Union, which is illustrated by the number of transactions made through the Management and Intermediation Companies (SGI). Thus, the number of transactions increased annually on the average from 17 830 between 2005 and 2008 to 22 156 between 2009 and 2012, representing an increase of roughly 25%.

With regard to the component relating to capacity-building of the players, it should be noted that the project made it possible to consolidate BOAD's de facto role as the benchmark issuer on the regional financial market and improve the management and diversification of its activities.

However, even if BOAD's issues are made under the best conditions which the regional financial market can offer, the cost of the resources which can be accessed on the market (between 5-6% on the average), still remains very high for the routine financing of the public non-commercial sector in general and for the financing of economic infrastructure in particular.



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That is why within the Union, as expected, particularly with regard to the financing of Phase II of the Regional Economic Programme, the external resources desired for the financing of economic infrastructure would essentially be made up of concessionary loans and grants.

Consequently, BOAD will continue to be in need of concessionary resources, like those of the line of credit of the Capital Market Development Project, in order to participate in the financing of regional infrastructure projects and bring its expertise to bear in order to improve the effectiveness of assistance received from foreign partners for regional integration.

Institutional and technical support for the project has also made it possible for BOAD to enhance and utilize its social and environmental management framework by creating a unit for the purpose. Capacity-building at BOAD, particularly through the implementation of the plan of action to prepare it for international rating, led to the preparation of a dossier which includes a memorandum calling for the rating of the Bank.

With regard to the "Line of Credit", the overall cost of the twelve (12) sub-projects funded from this line of credit by all the donors was FCFA199.7 billion. These funds contributed towards the rehabilitation, consolidation and asphaltting of 958.5 km of roads.

The total amount financed by BOAD from the sub-projects of the line of credit represents roughly 64% of the Bank's contribution between 2006 and 2010 towards the financing of the road projects selected within the framework of Phase I of the Regional Economic Programme.

Thus, the Capital Market Development Project was the major instrument for the promotion of the Bank's participation in the financing of the benchmark regional road programme decided upon within the framework of Phase I of the Regional Economic Programme.

On completion of the project, the financial level of execution stood at 94.19%. An analysis of this rate per donor is as follows:

- ▶ 98.11% for the IDA credit, 100% of which is meant for the line of credit component ;
- ▶ 72.52% for the CIDA grant ;
- ▶ 61.11% for the AFD grant and 18.40% for the AFD Counterpart Fund.

It should be pointed out that the resources of the AFD Counterpart Fund are available up to 2015 and are meant for technical assistance to BOAD, part of which is for the financing of the activities selected in relation to the mortgage market and securitization.

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## III. IMPACT OF THE PROJECT

Thanks to the "Line of Credit" component, additional resources amounting to 153.9 billion, including 37.7 billion in the form of direct loans from BOAD, were mobilized for the financing of the 12 infrastructure sub-projects. The leverage effect of the line of credit is therefore evaluated at 4.4, namely, that each franc of the line of credit contributed towards the mobilization of 3.4 francs of additional financing.

Thus, the line of credit has attained its objective of being a catalyst for the mobilization of resources for the financing of integration-enhancing infrastructure. The infrastructure financed indeed contributes towards regional integration. The long-term effects and impacts expected on the populations of the countries of the Union are also important.

The sub-projects financed from the line of credit have contributed to the reduction of travel time, improvement of road safety, reduction of vehicle operating costs and more generally, the reduction of transport costs on these Community roads sometimes referred to as «corridors».

These projects will thus contribute towards: i) facilitating and intensifying trade within the WAEMU region ii) enhancing the intermixing of peoples ; and iii) specifically, improving the access of countries without a seabord to the major harbours in the region.

On the socio-economic front, the execution of the road sub-projects makes it possible to guarantee year-round accessibility of the populations in the areas through which the roads pass, to basic social services in all seasons and improve the linking up of these populations to decentralized administrative services.

Furthermore, the execution of related works, within the framework of environmental and social management plans, or at the request of the neighbouring populations, particularly the building or rehabilitation of access roads, rehabilitation of schools or health centres, establishment of market gardens, sinking of boreholes, improvement of watering points, etc., will make it possible to improve the environment and the living conditions of the neighbouring populations ; this will contribute towards poverty reduction in the direct zone of impact of the sub-projects.

Finally, the execution of the road sub-projects of the line of credit will make it possible for local producers to be supplied with inputs and sell their products at a low cost to the major commercial centres throughout the year, which is likely to foster the development of agricultural and other economic activities, such as tourism and arts and crafts. In the long run, these projects will contribute towards economic development and increased incomes for the beneficiary populations.

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**IV. DIFFICULTIES ENCOUNTERED AND FACTORS AFFECTING THE EXECUTION OF THE PROJECT**

The execution of the PDMF project was affected by factors, some of which were internal while others were external. These factors had an impact on the overall performance of the project.

The internal factors have to do with the performance of the stakeholders in executing the project. By and large, these stakeholders were sufficiently open-minded during the discussions, in order to seek solutions at the crucial stages of the project and generally throughout the period of execution of the Financial Market Development Project, at the meetings of the Steering Committee and during donors' supervision missions.

The quality of this dialogue made it possible to find appropriate responses whenever problems or stalemates occurred during the execution of the project. However, delays were noted on the part of both the technical and financial partners and the beneficiaries.

Consequently, despite the favourable disposition of the technical and financial partners towards the project, their reaction time to requests for their opinion of non-objection was systematically long, particularly in the course of the first three years of execution of the project.

Thus, despite the commitment regularly reiterated, up to the completion of the project, the donors encountered difficulties in complying with the agreed two-week deadline for responding to requests for opinion of non-objection.

The relative complex nature of the project, with four (4) donors and as many financing agreements, with five (5) direct beneficiaries, not to mention the States and the other market players, could partly explain the bottlenecks in procedure which resulted in the extension of the time specified for responses from the donors.

At the same time, delays were also noted on the part of the beneficiaries in carrying out the activities. These delays could be explained partly by the concern about arriving at as large a consensus as possible among the stakeholders in the implementation of reforms. At the level of the States benefiting from the infrastructure sub-projects, long delays were also generally noted at the various stages of execution of these sub-projects.

The major external factors which affected the execution of the PDMF project were the international financial and economic crisis on the one hand (including the sovereign debt crisis), and, on the other hand, the socio-political crises which occurred in the countries of the Union between 2002 and 2012. The financial crisis hindered the implementation of certain planned reforms, particularly the introduction of the rating system on the regional financial market, as well as the BOAD rating project; also, the very unfavourable international financial climate caused by this crisis adversely affected the pursuit of the project's objective.

In addition to the above-mentioned world crisis, the WAEMU region was affected by internal socio-political events which also had an impact on the execution of the PDMF project as well as on the pursuit of the project's objective.

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## V. LESSONS TO BE DRAWN FROM THE EXECUTION OF THE PROJECT

In comparison with the reforms made within the framework of the project, one of the lessons is that the execution of this type of intervention requires appreciably long periods. Indeed, the need to arrive at as large a consensus as possible among all stakeholders requires that enough time is allowed at each stage of implementation of the reforms. This constraint needs to be better addressed during the preparation of future programmes.

In comparison with the Infrastructure Line of Credit Component, one of the lessons learnt is that the very satisfactory execution of ten of the twelve infrastructure sub-projects according to the post-audit procedure showed that in accordance with International Development Association (IDA) procedures, pre-audit is no longer necessary for the execution of a line of credit by BOAD

BOAD has committed itself to the consolidation of this gain by capitalizing on the experience gained in the ongoing process in order to raise to international standards the rules of award of contracts applicable to the projects it finances. Such an advance will give BOAD the capability to manage the lines of credit which its partners would place at its disposal, without it being necessary to follow any examination procedure beforehand. The partners could thus align themselves with the Bank's procedures.

The possibility offered to the International Development Association (IDA) through BOAD, to finance, in a manner compatible with its procedures, such a significant project portfolio (12) spread throughout all the eight (8) WAEMU countries based on a single loan agreement, represents a gain in terms of human and financial resources which can be mobilized for the management of the projects concerned ; this contrasts with a situation where the same projects would be executed through agreements signed directly between the World Bank and each of the States. Thus, the PDMF project appears to have made it possible to make economies of scale.

The monitoring of the execution of the sub-projects of the infrastructure line of credit also led to discussions between the BOAD team and the country teams in order to identify ways of improving the execution of interventions.

Among the areas to be examined, it would be advisable to envisage putting in place, in addition to the advances for studies, an advance for the preparation of requests which would cover the functioning of a unit housed on the premises of the Borrower, like the « Project Preparation Facility » of the World Bank. This Unit's task will be to monitor and validate studies entrusted to consulting firms, in order to improve the quality of deliverables.

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**VI. PROSPECTS FOR FUTURE COOPERATION DISCUSSIONS WITH THE TECHNICAL AND FINANCIAL PARTNERS**

With regard to the development of the regional financial market, the strategic intervention frameworks of the organs of the Union (the 2014-2018 Strategic Plan of BOAD, the 2013-2020 Strategic Plan for the WAMU regional financial market, etc.) will define the prospects for cooperation the Union's technical and financial partners for the development of the regional financial market and the improvement of its contribution towards the financing of the sub-region's economies.

As for the mortgage market, its development requires the improvement and harmonization of land laws in the countries of the Union. This activity could be envisaged within the framework of technical assistance provided specifically for this purpose. Also, concessionary resources would be required for the refinancing of certain activities. Such is the case particularly for the financing of low-cost housing which is one of the priorities of the Union's authorities, and which also has a considerable impact on job creation and poverty reduction.

With regard to the "Infrastructure Line of Credit" component, the prospects may be first of all expressed in terms of the consolidation of the gains of the PDMF project and the infrastructural programmes of the countries of the Union in general. They can subsequently be expressed in terms of the continuation of the execution of the said programmes, as was decided for phase II of the Regional Economic Programme. The consolidation of the gains depends on the improvement of routine road maintenance in all the countries of the Union. The process initiated by BOAD in order to map out and implement an effective regional road maintenance strategy deserves to be backed by all the stakeholders, particularly the development partners.

The total amount of the financing for area II of Phase II of the Regional Economic Programme, which is dedicated to the development of infrastructure, is estimated at FCFA4,957 billion,

of which only FCFA480 billion has been secured so far, with FCFA3,803 billion still to be sought. The success of the execution of the Regional Economic Programme in general, and that of the economic infrastructure development component in particular, depends on the assumption that the total financing for the programme would be secured, particularly thanks to the external resources expected, which are made up mainly of concessionary loans and grants.

BOAD is expected to play an important role in external resource mobilization. Indeed, according to the Regional Economic Programme Phase II documents, BOAD's role as lead bank is indispensable, first in improving the States' resource mobilization and absorption capabilities (examining with the States the conditions of financing of the projects selected and assisting them to mobilize resources from other donors). BOAD will also be useful in encouraging the participation of traditional or new donors. During phase I of the Regional Economic Programme, the PDMF project was a tool whereby BOAD was able to play its role satisfactorily by providing resources and encouraging other donors to become involved.

In view of the foregoing, it would be appropriate to envisage providing support for the financing of Phase II of the Regional Economic Programme through BOAD, based on the WAEMU Capital Market Development Project (PDMF) line of credit model. This would be advisable, considering BOAD's role as lead bank and considering an increasingly shared vision even at the World Bank, that « in the entire Sub-Saharan Africa region, many infrastructural programmes should be regional, in order to benefit from economies of scale ».

The capacity-building achieved at BOAD in terms of project appraisal and supervision, environmental and social management, procurement procedures, etc., is likely to enhance the efficiency and effectiveness of this type of financial arrangement.



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<b>ACA:</b> African Cashew Alliance	<b>GSM:</b> Global System for Mobile Communications
<b>AFD:</b> Agence Française de Développement	<b>IAS/IFRS:</b> International Accounting Standards/International Financial Reporting Standards
<b>AGRA:</b> Alliance for Green Revolution in Africa	<b>IDA:</b> Association Internationale pour le Développement
<b>BAD:</b> Banque Africaine de Développement	<b>IFN:</b> Institution Financière Nationale
<b>BADEA:</b> Banque Arabe pour le Développement Économique en Afrique	<b>IIA:</b> Institut International des Auditeurs Internes
<b>BCEAO:</b> Banque Centrale des États de l'Afrique de l'Ouest	<b>ITFC:</b> International Islamic Trade Finance Corporation
<b>BDA:</b> Banque de Développement d'Autriche	<b>IRED:</b> Initiative Régionale pour l'Énergie Durable
<b>BDC:</b> Banque de Développement de Chine	<b>JBIC:</b> Japan Bank for International Cooperation
<b>BDEAC:</b> Banque de Développement de l'Afrique Centrale	<b>JICA:</b> Japan International Cooperation Agency
<b>BEI:</b> Banque Européenne d'Investissement	<b>KFW:</b> Kreditanstalt für Wiederaufbau (Agence Allemande de la Coopération Financière)
<b>BID:</b> Banque Islamique de Développement	<b>MDP:</b> Mécanisme pour un Développement Propre
<b>BNDS:</b> Banque Nationale de Développement Économique et Social du Brésil	<b>M FCFA:</b> Million de Francs CFA
<b>BOAD:</b> Banque Ouest Africaine de Développement	<b>NEPAD:</b> Nouveau Partenariat pour le Développement de l'Afrique
<b>BRVM:</b> Bourse Régionale des Valeurs Mobilières	<b>NTIC:</b> Nouvelles Technologies de l'Information et de la Communication
<b>BTP:</b> Bâtiments et Travaux Publics	<b>OCDE:</b> Organisation de Coopération et de Développement Économique
<b>CCNUCC:</b> Convention-Cadre des Nations Unies sur les Changements Climatiques	<b>OPEP:</b> Organisation des Pays Exportateurs de Pétrole
<b>CCR:</b> Centre de Collaboration Régionale	<b>PACITR:</b> Programme d'Actions Communautaire des Infrastructures et du Transport Routier
<b>CDE:</b> Centre pour le Développement des Entreprises	<b>PANA:</b> Programme d'Action National d'Adaptation
<b>CEDEAO:</b> Communauté Économique des États de l'Afrique de l'Ouest	<b>PAM:</b> Programme Alimentaire Mondial
<b>CEFEB:</b> Centre d'Études Financières, Économiques et Bancaires	<b>PCA:</b> Plan de Continuité des Activités
<b>CILSS:</b> Comité permanent Inter-États de Lutte contre la Sécheresse dans le Sahel	<b>PDMF:</b> Projet de Développement du Marché Financier de l'UEMOA
<b>CN:</b> Communications Nationales	<b>PER:</b> Programme Économique Régional
<b>CREPMF:</b> Conseil Régional de l'Épargne Publique et des Marchés Financiers de l'UMOA	<b>PIB:</b> Produit Intérieur Brut
<b>CRRH:</b> Caisse Régionale de Refinancement Hypothécaire de l'UEMOA	<b>PME:</b> Petites et Moyennes Entreprises
<b>DTS:</b> Droit de Tirages Spéciaux	<b>PNUD:</b> Programme des Nations Unies pour le Développement
<b>ERP:</b> Enterprise Resource Planning	<b>PPP:</b> Partenariat public-privé
<b>FAA:</b> Fonds Africain pour l'Agriculture	<b>PROPARCO:</b> Société de Promotion et de Participation pour la Coopération Économique
<b>FAD:</b> Fonds Africain de Développement	<b>PSRSA:</b> Plan Stratégique de Relance du Secteur Agricole
<b>FAO:</b> Organisation des Nations Unies pour l'Alimentation et l'Agriculture	<b>SDI:</b> Schéma Directeur Informatique
<b>FCFA:</b> Franc de la Communauté Financière Africaine	<b>SFI:</b> Société Financière Internationale
<b>FDC:</b> Fonds de Développement et de Cohésion	<b>SID:</b> Société Islamique de Développement
<b>FDE:</b> Fonds de Développement Énergie	<b>UEMOA:</b> Union Économique et Monétaire Ouest Africaine
<b>FEM:</b> Fonds pour l'Environnement Mondial	<b>UPDP:</b> Unité de Préparation et de Développement de Projets
<b>FIDA:</b> Fonds International pour le Développement Agricole	<b>USAID:</b> Agence des États-Unis pour le Développement International
<b>FKDEA:</b> Fonds Koweïtien pour le Développement Économique Arabe	<b>WAPP:</b> Système d'échanges d'Énergie Électrique Ouest Africain
<b>FMI:</b> Fonds Monétaire International	
<b>GIEC:</b> Groupe Intergouvernemental d'Experts sur l'Évaluation du Climat	

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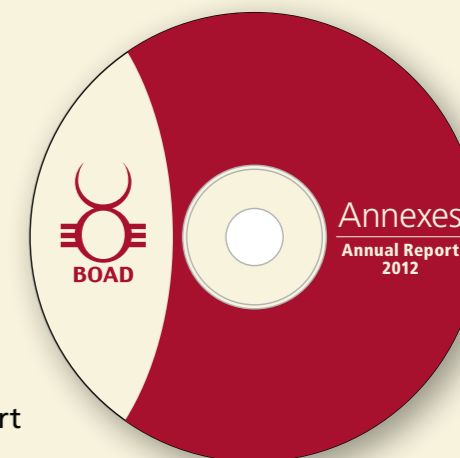
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