

BOARD

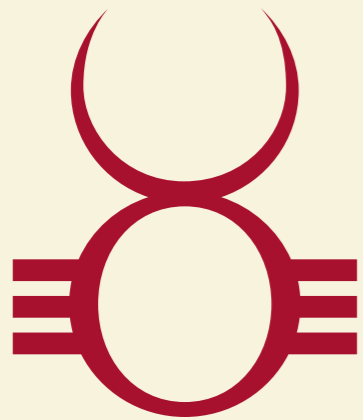
Annual Report



2013



WEST AFRICAN
DEVELOPMENT BANK



ANNUAL REPORT 2013



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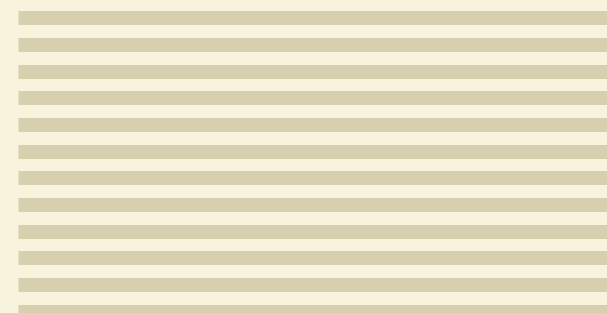
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Theme of the year

SOCIO-ECONOMIC IMPACT STUDY OF SEVEN HYDROAGRICULTURAL IMPROVEMENT SCHEMES IN FOUR WAEMU COUNTRIES

- I. SYNOPSIS OF THE PROJECTS EVALUATED
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Despite an unfavourable international context and security problems in the Sahelian countries, the year 2013 was marked at sub-regional level by the continuation of the economic dynamism which started in 2012.

Indeed, the WAEMU demonstrated its resilience and vitality by maintaining an appreciable pace of economic growth, namely 5.8%. This growth was due mainly to the enhancement of investments in infrastructure, mining and tapping of petroleum resources, as well as generally favourable harvests in the 2013-2014 farming season, albeit slightly lower than that of the previous year (-8%).

With regard to BOAD specifically, FYE2013 was a new year of growth. There was a 16% increase in financing in the form of medium and long-term loans (excluding the Energy Development Fund), compared to 2012, amounting to FCFA502.4 billion. This financing made it possible to support 42 investment projects in areas such as transport or energy infrastructure, agricultural development, industry, or services. Seven (7) equity investment operations were also carried out, involving an overall amount of FCFA12.9 billion.

As part of the Regional Initiative for Sustainable Energy (IREC), the Energy Development Fund (FDE) provided funding in an amount of FCFA13 billion for the rehabilitation and strengthening of electricity transmission and distribution facilities.

The aggregate amount of funds provided in 2013 thus stood at FCFA528.3 billion compared to FCFA464.7 billion in 2012 (+13.7%).

Taking into consideration the loans given during the financial year, the total net commitments of the Bank towards the economies of the Union stood at FCFA2,915.3 billion (excluding FDE) in respect of 697 projects. In adding loans extended under FDE (FCFA199.6 billion), the total commitments stood at FCFA3,114.9 billion in respect of 708 projects.



CHRISTIAN ADOVELANDE
President of BOAD

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During the financial year, the Bank continued its short-term financing activities and its structuring operations. This was evidenced, inter alia, by the revival and strengthening of strategic agricultural sectors such as the cotton and coffee-cocoa industries. Thus, short-term financing in an amount of FCFA41.5 billion was provided, compared to FCFA53.6 billion in 2012.

With regard to the operating results, the year, like previous ones, showed a profit. The profit was FCFA10.9 billion, representing an increase of 13% compared to that of 2012 (FCFA9.6 billion).

Loan disbursements increased to FCFA230.6 billion (excluding FDE), compared to FCFA171.5 billion in 2012 (+34.5%). As at the end of 2013, cumulative disbursements stood at FCFA1,624.0 billion, corresponding to a cumulative disbursement rate of 55.7% (excluding FDE).

In conformity with the guidelines emanating from the June 2012 session of the Conference of Heads of State and Government of the Union, the Bank took the necessary steps to establish a PPP development unit as part of its services. The purpose of this structure is to provide support to member countries for preparing, negotiating and monitoring PPP projects which they wish to carry out in order to develop national or regional infrastructure.

In conjunction with the WAEMU Commission and BCEAO, the Bank is continuing its efforts to establish an "Infrastructure" Investment Fund. In line with the recommendations emanating from the initial phases of the relevant studies, consideration is now being given to the examination of the feasibility of a seed fund dedicated to infrastructure. Work is also being done with the WAEMU Commission and BCEAO in order to harmonize the regulatory and legal framework of infrastructure financing by the private sector within the Union.

Still within the framework of its structuring actions in the regional financial system, the Bank, after having supported the launching of the Regional Mortgage Refinancing Bank (CRRH-UEMOA), financed a study on the ways and means of developing mortgage guarantee operations within the Union. The study involved was discussed at a regional workshop held in Lomé on 4 and 5 July 2013. The recommendations of the study and the workshop should help to promote guarantee mechanisms likely to revitalize the housing loans sector.

With regard to the liability items of the balance sheet, it should first of all be pointed out that in December 2013, the governing bodies decided to increase the authorized capital of the institution by 10%, from FCFA1,050 billion to FCFA1,155 billion. I would like once again to express my gratitude about the strong support from shareholders, who are leaving no stone unturned in order to enhance the Bank's intervention capacity.

I am also pleased to announce that in connection with the diversification of its shareholding, BOAD has benefitted from the equity investment of the Kingdom of Morocco in its capital. The equity investment agreement was signed on 14 November 2013, for an amount of one million US dollars (roughly FCFA500 million). This is a symbol of South-South cooperation, since Morocco is the first non-regional African country to become a shareholder of the Bank.

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With regard to support from financial partners, the financial year was marked by the signing of three financing agreements for a total amount of FCFA28.12 billion. The corresponding partners are OFID, ABEDA (Arab Bank for Economic Development in Africa) and ITFC (International Islamic Trade Finance Company). I would like to avail myself of this opportunity to commend all the Bank's partners for their constant support.

During the first quarter of the financial year, the Bank launched a debenture loan in the regional capital market and was able to mobilize FCFA76.64 billion. That transaction has increased to FCFA571.72 billion the total amount of this type of borrowed resources collected since the first tentative issue was launched in 1993.

With regard to the other important activities, it should be recalled that FYE2013 was marked by the commemoration of the 40th anniversary of the creation of the Bank. The commemoration provided the opportunity for meetings organized in each of the member countries to enable the Management of the Bank to exchange views with representatives of the private and public sectors. The highlight of the events was a forum held in Lomé on 13 and 14 November, the official launching of which was graced by the presence of several Heads of State.

FYE2013 was also the last year of implementation of the 2009-2013 Strategic Plan. In this connection, the financial year was marked by the assessment of the implementation of the plan which has run its course and by efforts to draw up a new strategic plan. In so doing, the objective still remains the endowment of the institution with a strategic management tool which matches the development priorities of the member countries without losing sight of the Bank's realities. The proposed new strategic plan will be submitted to the governing bodies during FYE2014.

Before I finish, I would like to thank BCEAO, the non-regional shareholders and partners of the sub-region for their support to the Bank throughout 2013.

Finally, I would like to congratulate the Bank staff for the results obtained in 2013. I call on them to continue making efforts so that in 2014 and following years, it would be possible to illustrate the Bank's commitment to consolidate its position as a strategic instrument for financing the development of its member countries.

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Date of creation	14 November 1973 ; commencement of operational activities in 1976
Shareholders	<ul style="list-style-type: none">• WAEMU member states: Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo• BCEAO• Seven non-regional shareholders: AfDB, EIB, France, Belgium, Germany, EXIM BANK of India and People's Republic of China
Mission	Promoting balanced development in Member States and fostering economic Integration in West Africa
2020 vision	Making BOAD a solid and world-class development bank in the regional common market
Authorized capital as at 31/12/2013	FCFA 1,155 billion
Subscribed capital as at 31/12/2013	FCFA 1,009.25 billion
Total balance sheet as at 31/12/2013	FCFA 1,419 billion
Staff complement as at 31/12/2013	291 employees
FINANCING IN 2013	49 operations totaling FCFA 515.3 billion, in the form of:
	Direct loans: FCFA487.9 billion, or 94.7%
	Indirect loans: FCFA14.5 billion, or 2.8%
	Equity investments: FCFA12.9 billion, or 2.5%
	Spread of funding per sector:
	Non-commercial sector: FCFA105 billion or 20.4% (12 operations)
	Commercial public sector: FCFA288.5 billion, or 56.0% (15 operations)
	Private sector: FCFA121.8 billion, or 23.6% (22 operations)
	Spread of funding per size
	National projects: FCFA403.7 billion, or 62.2%
	Regional projects: FCFA111.6 billion, or 37.8%
Approved aggregate, 1976 - 2013	FCFA2,915.3 billion for 697 operations (FCFA3,114.9 billion for 708 operations if the Energy Development Fund is included).

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■ 22 March

Participation of Morocco in the capital of BOAD

The WAMU Council of Ministers approved on 22 March, the participation of the Kingdom of Morocco in the capital of BOAD in an amount of one (1) million US dollars. This marks the arrival of the first non-regional African country in the Bank's shareholding.

■ 18 April

Signing of a Memorandum of Understanding between BOAD and UNCDF

BOAD and UNCDF (United Nations Capital Development Fund) signed on 18 April a Memorandum of Understanding defining the general framework of their partnership and, in particular, their activities relating to the promotion of rural and local development. Specifically, this cooperation is aimed at promoting the financing of initiatives that address the effects of climate change and above all, the projects and programmes having to do with adaptation and mitigation in order to ensure sustainable local economic development in the WAEMU region.

■ 4-5 July

Workshop for the validation of the study on the promotion of mortgage guarantee

BOAD and CRRH-UEMOA organized on 4-5 July 2013 in Lomé in the Togolese Republic, a workshop for the validation of the study on the promotion of mortgage guarantee in the WAEMU countries.

The purpose of the study is to assist in creating a guarantee mechanism making it possible to protect building loans.

■ 5 July

Signing of a partnership agreement between Africa Finance Corporation (AFC) and BOAD

On 5 July in Lomé, the President of BOAD, Mr. Christian Adovelande and Mr. Andrew Alli, Managing Director and Chairman of the Board of Africa Finance Corporation (AFC) signed a partnership agreement.

Through this partnership, both institutions will work together to identify, support and mobilize resources for major integration-prone projects.

■ 5 July

Official Launching of the Activities of the Regional Centre for Collaboration (CRC)

The official launching of the activities of the Regional Collaboration Centre (RCC) by the CDM Director at the UNFCCC Secretariat took place on 5 July, during the 5th African Carbon Forum held from 2-6 July in Abidjan (Côte d'Ivoire).

The RCC, whose activities took off in January 2013, seeks to support the development of projects eligible under the Clean Development Mechanism (CDM).

■ 4-6 September

Regional Seminar on PPPs

BOAD and the WAEMU commission jointly organized from 4 to 6 September in Lomé, in partnership with the World Bank, AFD and ADETEF, a high level regional seminar on the theme "Setting up a programme for the promotion of PPP within the WAEMU region".

The purpose of the meeting was to define the appropriate conditions for the establishment of a legal and institutional framework for PPP at regional level and to identify the expectations in terms of support to the regional policy for the promotion of PPPs.

■ 1-3 October

Symposium on the theme "Challenges of project/programme evaluation and solutions for sub-regional development banks and their partners"

From 1 to 3 October, in collaboration with AfDB, the World Bank and Islamic Development Bank, BOAD organized a symposium on the theme "Challenges of project/programme evaluation and solutions for sub-regional development banks and their partners ».

The purpose of the symposium was to: (1) learn about the benefits of a sound evaluation system, (ii) share experiences in the area of sound evaluation systems of certain multilateral development banks which are members of the "Evaluation Cooperation Group (ECG)", and (iii) encourage, in conformity with the principles of the ECG, the gradual establishment of a sound project and programme evaluation system in sub-regional banks.

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■ 13 October

Official joining of the International Development Finance Club (IDFC) by BOAD

On 13 October in Washington, DC, the President of BOAD signed the statutes of the International Development Finance Club (IDFC), thus marking the official membership of BOAD.

IDFC is a network of renowned national and sub-regional development banks founded in 2010. Its members distinguish themselves by experience, significant successes, innovations and competence in the area of development financing for the benefit of emerging or developing countries.

■ 4 November

Launching of BOAD staff housing estate project

The Minister of Town Planning and Housing of the Togolese Republic, in the presence of his counterpart, the Minister of Transport and the President of BOAD cut the sod for the construction of the housing estate for BOAD staff in Lomé on 4 November. The project is aimed at building 134 bungalow type houses on more than seven (7) hectares.

This housing estate has a social aspect and is aimed at enabling Bank staff to acquire houses in Togo. It also addresses the need to put in place an attractive social policy.

■ 13-14 November

Fortieth anniversary of BOAD

BOAD commemorated the fortieth anniversary of its creation on 13 and 14 November. In this connection, a forum was organized on the theme "Sub-regional development banks: new challenges"

The occasion was graced by the presence of the Heads of State of Benin, Mali, Niger and Togo. It also saw the participation of eminent personalities from the Union and international experts.

As part of the activities commemorating the fortieth anniversary, the forum was preceded by the organization of rotating conferences in the various capital cities of the Union on the dates mentioned below:

- 2 July in Dakar;
- 4 July in Bissau;
- 27 September in Ouagadougou;
- 30 September in Niamey;
- 8 October in Abidjan
- 11 October in Bamako;
- 31 October in Cotonou;
- 12 November in Lome.

These conferences made it possible to exchange views on the results of the Bank's activities in each country and gather the appreciation and suggestions of the public with a view to improving the effectiveness of the Bank's interventions.

■ 9-10 December

Workshop for the validation of the findings of the socio-economic impact study on seven (7) irrigation projects

On 9 and 10 December 2013, a workshop was held at the headquarters of the Bank in Lomé (Togo), to validate the outcome of a socio-economic impact study on seven (7) irrigation projects financed by BOAD in Burkina Faso, Mali, Niger and Senegal. The objectives of the workshop were: i) on the one hand, to validate the country reports and the regional reports of the study, ii) on the other hand, to share the experiences of the participants on the theme relating to an "Institutional management model for the sustainability of irrigation projects".

The meeting saw the participation of experts from member countries and certain institutions, including EBID, FAO, CILSS and AFRICA RICE.

■ 17 December

Increase of BOAD's capital

On 17 December, the Board of Directors approved a proposal to increase BOAD's capital.

Following this exercise, the institution's capital increased from FCFA1,050 billion to FCFA1,155 billion.

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1.1. INTERNATIONAL ECONOMIC ENVIRONMENT

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World Economic Outlook (WEO), January 2014.

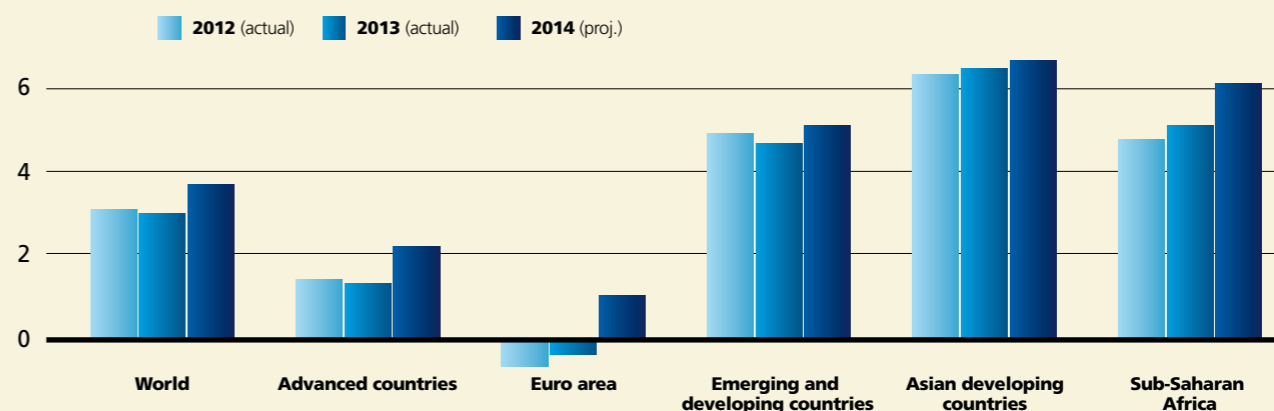
According to the IMF¹, world economic activity and international trade strengthened in the second half of 2013, thus improving the growth estimates for 2013 by a 0.1 percentage point (3.0% as against 2.9% for the October 2013 edition of the World Economic Outlook (WEO). The upturn in growth was more marked in the advanced countries, with the emerging and developing markets, taking advantage of the recovery of foreign demand. However, compared to 2012 (+3.1%), it was apparent that world activity would experience a slight slowdown in 2013 (+3.0%). By groups of countries, the situation is as follows :

In the advanced economies, activity is recovering gradually, driven by final demand and the easing² of financial conditions. The growth level is reportedly 1.3% (WEO, January 2014), which is an improvement compared to the previous forecast (1.2%). However, the low level of inflation in these countries (1.4% as against 2.0% in 2012) could result in an increase in real interest rates on the financial markets and thus increase the debt burden for government finance and companies.

With regard to emerging and developing countries, growth is reportedly 4.7%. The increase in external demand in the advanced economies and in China (rebound in exports) was the major driver of renewed activity. Conversely, domestic demand remained by and large lower than expected (except in China), mainly because of the tightening of financial conditions, uncertainties associated with the actions of public authorities, or an unfavourable political context, or further still, due to bottlenecks.

2.
New falls in risk premium have been observed in government bonds of euro area countries affected by the crisis.

GRAPH 1 : **GROWTH RATE OF ECONOMIC AREAS IN 2013 (%)**



Sources: IMF data (WEO, January 2014).

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In sub-Saharan Africa, growth was expected to remain relatively sturdy. It was reportedly roughly 5% in 2013, thanks mainly to the continuation of investments in infrastructure and production capacity. The pace of activity should quicken in 2014, to attain 6%.

Price increases remained moderate in the advanced countries in 2013 (1.4% as against 2.0% in 2012). In the emerging or developing countries, inflation remained practically stable between 2012 (+ 6.0%) and 2013 (6.1%).

On foreign exchange markets, the recovery of the euro at the end of 2012 continued in 2013, strengthened by the measures taken by the authorities in the euro area to support this European currency, notably the establishment of a mechanism making it possible to replenish directly the capital of banks through the European stability mechanism (ESM). Thus, the average cost of the euro increased from US\$1.3119 in December 2012 to US\$1.3635 in October 2013.

On the raw materials market, gold prices fell by 15.5%. Conversely, cotton and cocoa prices rose by 5.3% and 1.9% respectively in the course of 2013.

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1.2.1. ECONOMIC SITUATION

The recovery which started in 2012 continued in 2013, driven by the increase in investments and the good climatic conditions. Nonetheless, the level of the growth rate (6.0%) is reportedly less, compared to that of 2012 (6.6%). The slowdown recorded is attributable mainly to Niger, where growth took a dip after the exceptional level of 2012. Two factors mainly impacted negatively on the growth in Niger: a fall in agricultural production associated with the flooding of floodplains (loss of two rice harvests), followed by an explosion in one of the country's mines (loss of 1 000 tons of uranium produced). A slight slowdown was also observed in Burkina Faso. Per country, the growth rate was reportedly as follows: Benin (6.2%), Burkina Faso (6.8%), Côte d'Ivoire (9.0%), Guinea-Bissau (0.3%), Mali (5.1%), Niger (2.5%), Senegal (4.0%) and Togo (5.6%).

In 2013, economic activity took place in a context of moderate price increases. The average annual inflation rate stood at 1.6% in keeping with the good results of the farming season and the measures taken by governments to attenuate price increases. This level of inflation is less than that of 2012 (2.4%).

For 2014, a growth rate of 7.1% is expected, as a result of improved economic performance in the member countries.

TABLE 1: REAL GDP GROWTH RATE IN THE WAEMU REGION FROM 2003 TO 2013 (%)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
BENIN	3.9	3.1	2.9	3.8	4.6	5.0	2.7	2.6	3.5	5.4	6.2
BURKINA FASO	8.0	4.6	7.1	6.4	3.6	7.9	3.0	8.4	5.0	9.0	6.8
CÔTE D'IVOIRE	-1.7	1.6	1.8	1.2	1.6	2.3	3.8	2.4	-4.7	9.8	9.0
GUINEA BISSAU	0.6	3.2	3.8	1.8	3.2	5.9	3.4	4.4	5.3	-1.5	0.3
MALI	7.6	2.3	6.1	5.3	4.3	5.0	4.5	5.8	2.7	-0.4	5.1
NIGER	7.6	-0.8	7.2	4.8	3.2	9.6	-0.7	8.4	2.3	10.8	2.5
SENEGAL	6.7	5.8	5.3	2.1	4.9	3.7	2.1	4.6	2.1	3.5	4.0
TOGO	4.8	2.5	1.3	1.9	2.1	2.4	3.4	4.0	4.8	5.9	5.6
WAEMU	3.9	3.5	4.4	3.1	3.3	4.6	2.8	4.7	0.8	6.6	5.8

Sources: Semi-annual multilateral monitoring reports (WAEMU Commission), December 2013 and previous editions.

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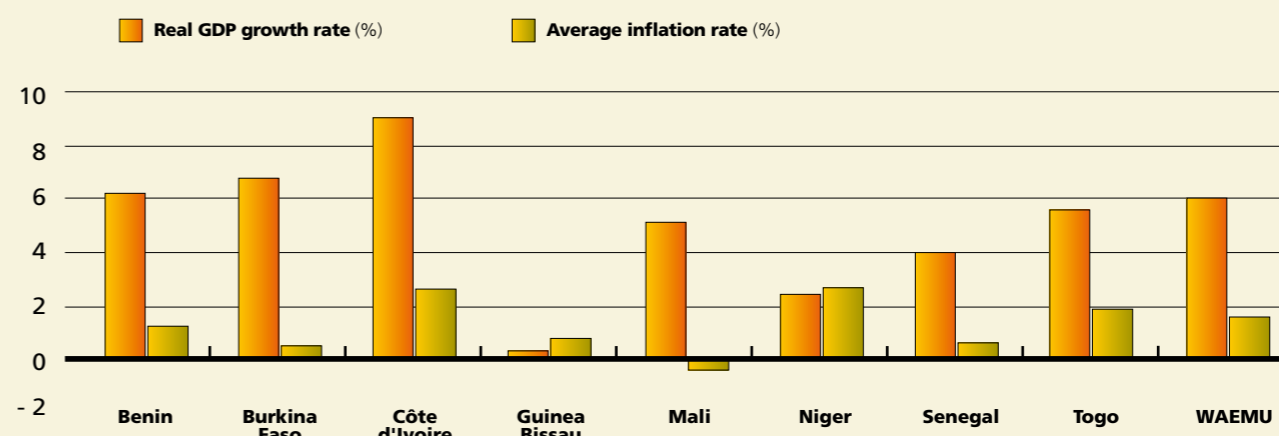
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GRAPH 2: REAL GDP GROWTH RATE AND INFLATION IN THE WAEMU REGION (%)



Sources: WAEMU Commission, INS and BCEAO.

1.2.2. HUMAN DEVELOPMENT

The 2013 report on human development, titled "The rapid development of the South: human progress in a diversified world", deals with the trend of the economies of the South, particularly the dynamic ones and the ongoing transformations, the progress made in terms of human development and the future challenges to be taken up.

Most of the developing countries have chalked particularly significant economic successes. In particular, they have benefitted from the positive spinoffs of the growth in China and India. The expansion was largely encouraged by South-South³ investment and financial flows and the new trade and technological partnerships (notably technological transfers) put in place between countries of the South.

Developing regions have particularly played a major role in the expansion of trade. Between 1980 and 2010, their share in world production and international trade in goods increased from 33% and 25% to 45% and 47% respectively. They have also strengthened the links binding them over the same period. South-South trade in goods thus increased from 8.1% to 26.7%. In 2050, according to forecasts, China, India and Brazil will together represent close to 40% of world production, compared to only 10% in 1950, largely overtaking the combined production of the traditional economic powers of the North.

The economic performance recorded and the increasing political weight of developing countries have had a considerable influence on the course of human development. By way of illustration, the WAEMU member countries have benefitted from the spinoffs of improved economic conditions in the emerging and developing countries. As shown by the graph below, the human development index (HDI) generally increased in all the countries of the Union over the 1980-2012 period, with a relatively higher level in 2012.

3. South-South interactions have made it possible for companies in the countries of the South to adapt themselves and innovate with products and processes better suited to local needs. Within the framework of North-South trade, the newly industrialized economies of the South have developed skills to manufacture complex products meant for the markets of the developed countries.

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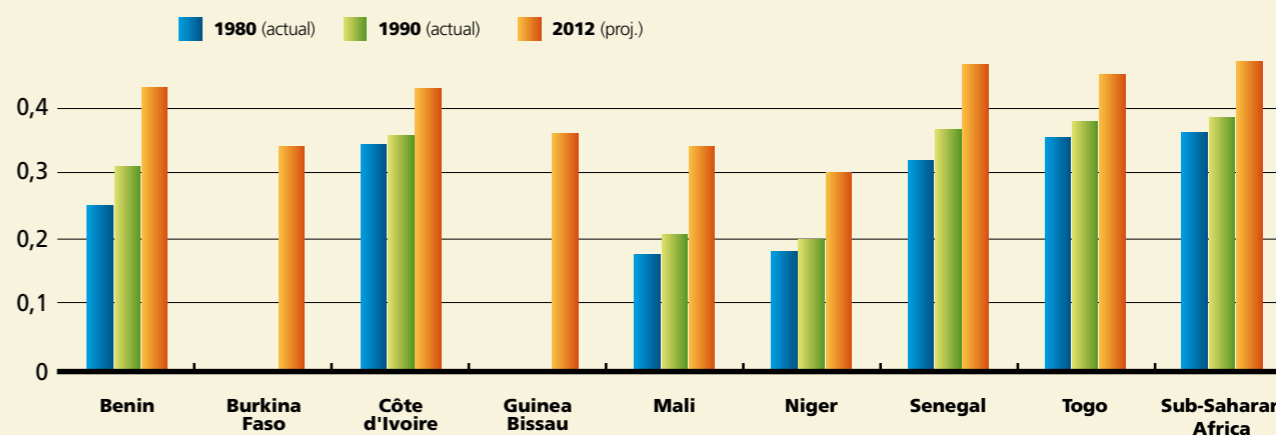
Three major driving forces have made it possible for the countries of the South to succeed in transforming their human development prospects. These are: i) the commitment of the States, particularly their proactiveness in the area of development, ii) access to world markets, and iii) innovation in terms of social policy.

Despite the breakthroughs made by these countries of the South in terms of human development, future successes are not to be taken for granted. In order to maintain the dynamics, the report highlights four specific areas of action. It is necessary to encourage fairness, particularly as far as gender is concerned, increase the representation and participation of citizens, particularly the youth, come to grips with environmental problems and manage demographic changes.

The report draws five (5) major conclusions which can guide, in coming years, the forward march of the economies in the South towards sustainable human development:

- 1/ the vigour of the economies in the South must be linked to an unflinching commitment towards human development;
- 2/ the least developed countries can learn from and capitalize on the success of emerging economies of the South;
- 3/ new institutions and new partnerships are likely to enhance regional integration and South-South cooperation;
- 4/ greater representation of the South and civil society can speed up progress in the face of the major world challenges;
- 5/ the rapid development of the South offers new opportunities to expand the provision of public goods.

GRAPH 3: TREND OF HDI OF THE WAEMU COUNTRIES OVER THE 1980-2012 PERIOD



Sources: Report on human development, 2013.



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2.1. GENERAL PICTURE

In 2013, the financing granted by BOAD in the form of medium and long-term loans (excluding the Energy Development Fund) amounted to FCFA502.4 billion compared to FCFA433.3 billion in 2012 (+16%).

With regard to equity investment, the Bank bought into the capital of seven (7) companies, in 2013, in a total amount of FCFA12.9 billion. These operations made it possible notably to strengthen the capital base of three (3) banks, three (3) investment funds and an electricity company.

Taking these equity investments into consideration, the annual approvals (excluding FDE) amount to FCFA515.3 billion. This financing is distributed per window as follows:

With regard to the breakdown according to type of financing, direct loans amounted to FCFA487.9 billion, or 97.1% of approvals for the year. The financing has contributed towards the consolidation of food security, the rehabilitation or extension of drinking water treatment facilities, reinforcement of road network, airport infrastructure, increasing power generation capacity, increasing the technical capabilities of industrial companies, as well as the development of the service sector.

Indirect loans stood at FCFA14.5 billion or 2.9% of the amount of approvals for the period. They were used for the refinancing of three national financial institutions and one African financing institution operating in the real estate sector.

On the whole, the new financing granted increased the Bank's total net commitments to FCFA2,915.3 billion as at 31 December 2013 (excluding FDE) for the execution of 697 development projects.

TABLE 2: **SECTORAL BREAKDOWN OF APPROVALS⁴** (medium and long-term) **IN 2013**

	Approvals (FCFA bln)	Number of operations	% approvals
NON-COMMERCIAL SECTOR (a)	105.0	12	20
COMMERCIAL SECTOR (b = i + ii)	410.3	37	80
Public commercial (i)	288.5	15	56
Private (ii)	121.8	22	24
TOTAL (a+b)	515.3	49	100 %

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Including
equity investments.

Source: BOAD.

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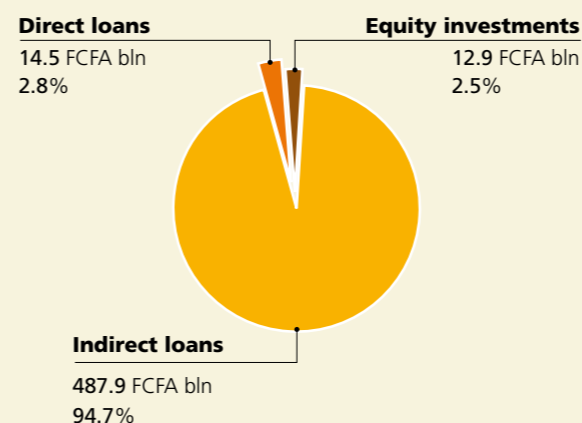
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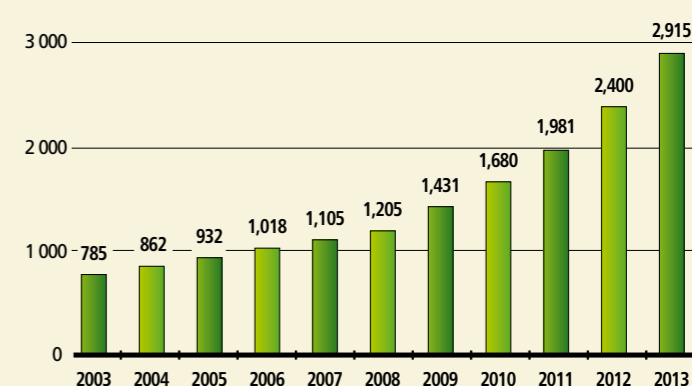
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GRAPH 4: BREAKDOWN OF APPROVALS PER TYPE OF FINANCING IN 2013



Source: BOAD.

GRAPH 5: TREND OF BOAD'S NET CUMULATIVE COMMITMENTS (excluding FDE in FCFA bln)



Source: BOAD.

The Bank's contribution is also reflected in the support for regional projects. In 2013, this contribution was directed towards the financing of seven (7) projects in an amount of FCFA111.6 billion. Thus, the institution has granted FCFA1,088.9 billion, or 37.4% of its net cumulative commitments towards the execution of 219 integration-prone projects.

With regard to the Energy Development Fund (FDE), a community fund which is managed by the Bank, the financing for the financial year stood at FCFA13.0 billion for one loan transaction. Furthermore, a grant of FCFA5.7 billion was made to the WAEMU Commission for the financing of activities relating to the first phase of the regional energy saving programme. Thus, since the commencement of the activities of FDE in 2010, eleven energy projects were financed in the form of loans, in a total amount of FCFA199.6 billion.

With the addition of the commitments made under FDE, the overall volume of financing provided in 2013 was FCFA528.4 billion compared to FCFA464.7 billion in 2012 (+13.7%). Thus, the cumulative commitments (including FDE) since the beginning stand at FCFA3,114.9 billion for 708 projects.

With regard to short-term operations, six (6) loans in amount of FCFA41.5 billion were provided.

There was one (1) operation relating to the guaranteeing of debenture loans during the year, involving a total amount of FCFA10.5 billion.

Services were provided in terms of financing arrangement, involving resource mobilization amounting to FCFA233.2 billion for various clients.

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Activities in the area of financial advisory services related to operations such as support and advice for the construction of a cement factory, technical and financial assistance to a water and electricity company or the acquisition of inputs for food crop farming in the 2013-2014 cropping season.

With regard to studies, financing in an amount of FCFA2.5 billion was devoted to project preparatory studies during the period, bringing the total of this category of assistance to FCFA32.3 billion as at the end of 2013. This activity makes it possible to improve the capability to generate public projects.

Loan disbursements in the financial year stood at FCFA230.6 billion (excluding FDE), compared to FCFA171.5 billion in 2012 (+34.5%). The cumulative disbursements stood at FCFA1,624.0 billion (excluding FDE), representing a cumulative disbursement rate of 55.7%. The slight reduction in the level of disbursements (cumulative disbursements/cumulative commitments), compared to 2012 (58.1%) is to be linked to the greater rate of increase in commitments.

Against the backdrop of the strategic guidelines of the institution, the major achievements of 2013 are as follows:

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

2.2.1. FINANCING IN AGRICULTURE AND FOOD SECURITY

In the area of agriculture and food security, the Bank continued the implementation of the recommendations of the High-level Committee on Food Security, which is chaired by the Head of State of Niger. This was reflected in the support for the starting of projects and programmes included in the report "Situation of the Union's agriculture and prospects for the achievement of food security and sustainable agricultural development", which was adopted by the Conference of Heads of State and Government of the Union in June 2012.

Thus, within the framework of its ordinary programme of activity, the Bank made available financing in a total amount of FCFA25.6 billion for three (3) agricultural projects aimed notably at consolidating food security through the introduction of the system of intensive rice farming, creation of sustainable agricultural jobs and improvement of the incomes of rural households, particularly the youth and women. These projects are implemented in response to the need for investment expressed in the national agricultural investment and food security programmes (PNIASA) of the member countries.

The Bank also continued its efforts to set up a crop insurance scheme in the countries of the Union. In this regard, the Swiss Cooperation Agency and BOAD signed in April 2013 a partnership agreement for the implementation of the crop insurance programme being promoted by BOAD in the WAEMU countries. Through this agreement, the Swiss Cooperation Agency provides a financial contribution of FCFA3.4 billion to BOAD for the promotion of crop insurance in the WAEMU region. Under this programme, BOAD recruited, following an international tender, a firm specialized in agricultural insurance which will provide it with technical assistance.

2.2.2. ACTIVITIES RELATING TO THE ENVIRONMENT

In the area of environmental issues, the Bank is continuing its support for climate finance initiatives. With the support of a consulting firm, measures are being taken to propose a strategy specific to the institution's interventions in environmental matters.

At the same time, the Bank carried out activities aimed at implementing the United Nations Framework Convention on Climate Change, particularly the Kyoto Protocol. This involves numerous activities in the WAEMU countries, with a view to developing a carbon market in the sub-region under the Clean Development Mechanism. It also involves the mobilization at international level of

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5.
The Clean Development Mechanism accounts for less than 2% of projects on record in Africa.

funds dedicated to the climate (Climate Change Adaptation Fund, for which BOAD has obtained the status of an implementing entity, and the Green Climate Fund) and funds earmarked for the environment generally (Global Environment Facility, for which the accreditation process is in progress).

In this connection, the Regional Collaboration Centre, whose aim is to provide direct support for governments, NGOs and the private sector in identifying and executing projects under the Clean Development Mechanism (CDM)⁵, started its activities in January 2013. During the financial year, this Centre provided direct support to ongoing projects in areas such as energy, improved cooking stoves, efficient lighting, solar water heating, etc. Out of a portfolio of 290 projects, 50 have been identified and 26 of them have gone from the status of project concepts to the phase of first consideration. The Regional Collaboration Centre has also built the capacity of its employees in areas such as "standardised baseline" and "carbon financing" applied to the sector of improved stoves.

Finally, during project appraisals in 2013, more attention was paid to social and environmental safeguards (roughly thirty projects, in all categories).

2.2.3. NON-COMMERCIAL INFRASTRUCTURE

Since infrastructure is one of the pillars of economic transformation, the Bank considers investments in this sector as a strategic issue in leading the economies of the WAEMU countries to emergence.

In the course of 2013, the Bank financed eighteen (18) non-commercial infrastructure projects in a total amount of FCFA276.1 billion, representing 53.6% of approvals for the period. This financing concerned particularly seventeen (17) road projects in all the countries of the Union. The assistance mentioned above was given partly in the form of non commercial loans (8 projects ; FCFA76.8 billion) and for the remaining projects, in the form of sovereign loans at market conditions (10 projects; FCFA199.3 billion).

Road projects concerned the construction or rehabilitation of 1,215.7 km of asphalted roads, 9,204 meters of thoroughfares of street network and 16,000 metres of drainage structures aimed at improving the living environment, movement and promoting socio-economic interactions. Two (2) of these projects fell under the scope of the WAEMU's community action programme for road infrastructure and transport (PACITR).

Also, within the framework of the Regional Initiative on Sustainable Energy (IRED), the Energy Development Fund (FDE) granted a partial financing of FCFA13 billion for the rehabilitation and consolidation of electricity transportation and distribution facilities of CI-ENERGIES in Côte d'Ivoire.

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2.2.4. ASSISTANCE TO MEMBER COUNTRIES

In 2013, the Bank continued its assistance to member countries and their local authorities. In this regard, various forms of support were provided, amounting to a total of FCFA124 million, particularly in terms of the Bank's participation in the financing of fora and seminars, as well as assistance to refugees or displaced persons who are nationals of the Union's member countries.

With regard to studies, the Bank devoted FCFA2.5 billion to the financing of nine (9) prospective, technical/economic or environmental and social impact studies. This activity made it possible to improve the generation capacity of projects promoted by member states.

During the financial year, the Bank participated on 15 May 2013 in the roundtable conference of technical and financial partners of Mali which was organized in Brussels (Belgium), following the crisis experienced by that country since 2012, in order to ensure the sustainable recovery of the economy and the consolidation of peace and security in Mali as well as in the sub-region.

Finally, the Bank continued the efforts relating to the establishment of an internal unit dedicated to the promotion of PPP projects. In this connection, the Bank undertook an immersion visit to the public-private partnership support mission (MAPP) and ADETEF in Paris (France). Furthermore, the Bank staff members received training at ADETEF in November 2013. The Bank also organized during the financial year a regional seminar on the promotion of PPP in the WAEMU region.

BOX 1

REGIONAL SEMINAR ON PPPs

For a number of years now, the countries in the sub-region have been experiencing sustained growth. To secure the financing and provide the infrastructure and public utility services necessary for their development, these countries envisage a significant commitment of the private sector, notably in the form of private-public partnerships. However, while some PPP projects have already been executed in most of these countries, and while some of these countries have made progress in establishing legal and institutional frameworks dedicated to public-private partnerships, it has been noted that none of the countries in the sub-region has a pipeline of public-private partnership projects which matches its purported ambitions.

In order to establish a mechanism for the promotion of public-private partnerships in the WAEMU region, as was decided during the Conference of Heads of State and Government of the Union held in June 2012, a regional seminar on the theme "Drawing up a programme for the promotion of PPPs in the WAEMU region" was held from 4-6 September 2013 at BOAD headquarters in Lomé, Togo.

This seminar was organized by BOAD and the WAEMU Commission in partnership with the World Bank, Agence Française de Développement (AFD) and ADETEF (France). The meeting saw the participation of the officials of national PPP support units, representatives of the World Bank, French cooperation agencies and community bodies and institutions.

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The purpose of this meeting was to define the appropriate conditions for the establishment of a regional legal and institutional public-private partnership framework and identify the support expected from a regional PPP promotion policy.

The deliberations took place in thematic sessions dealing notably with: i) challenges of infrastructural development and PPPs; ii) legal and institutional framework; iii) project identification; iv) regional approach of national PPP policies; v) choosing a PPP model; vi) preparing and carrying out the operation; vii) regulation of the partnership during the execution phase; viii) financial instruments; ix) definition the missions of stakeholders; x) promoting capacity-building programmes; and xi) putting recommendations into practice.

During this seminar, the opportunity was given to each member country to present its national experience as far as PPPs were concerned. At the end of the various presentations, the following observations were made:

- the institutional mechanisms differ from one country to the other;
- the countries are at different levels of progress;
- a consensus is about to be reached as regards the process of examining PPP project dossiers;
- an increasingly strong political is apparent in the countries in favour of the promotion of PPPs;
- there is a genuine inadequacy of human resources qualified to analyze, negotiate and appraise PPP projects;

- the need for an all-encompassing legislation on public procurement and PPPs generally is undeniable;
- there are high expectations as regards the establishment of a PPP unit at BOAD.

With regard to recommendations, the participants particularly underscored the following needs:

- drawing up a community legislation in order to offer a harmonized and reassuring framework: the community mechanism to be put in place should provide a general framework in which the member countries should operate, taking into consideration their organizational and administrative realities;
- a better institutional base in order to offer the PPP units more possibilities to be operational and efficient;
- taking into consideration the local private sector in the PPP promotion mechanism;
- technical and operational capacity-building for the PPP units and the regulatory bodies;
- attachment of the PPP support units to a high level of the hierarchy and providing them with the necessary resources ;
- provision of a proper framework for supplementary clauses and ensuring capacity-building for the stakeholders to enable them to examine tenders properly.

2.2.5. REAFFIRMING COMMITMENT ON THE OCCASION OF THE FORTIETH ANNIVERSARY

The year 2013 was marked by the commemoration of the 40th anniversary of the creation of BOAD. In this connection, a forum was organized in order to take stock of the forty years of intervention of the institution and consider the new challenges involved in the development of the economies of the Union.

The event provided an opportunity for sustained discussions on various themes including: "The next generation of development banks", "Overcoming food insecurity", "SMEs/SMIs and agribusiness", "Green growth: what are the challenges for WAEMU countries?", "What resource mobilization strategy for sub-regional development banks ?".

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As a prelude to the forum, BOAD organized, in each of the member countries, a conference on the theme **"1973-2013, 40 years of interventions of BOAD: achievements and prospects"**. These events constituted a privileged framework in which to provide an overview of the Bank's contribution towards the development of each member country and mention the institution's future areas of intervention. Through this outreach communication exercise, the Bank was also able to gather from its partners precious views and suggestions which will help it to better play its role as a benchmark institution in development financing in West Africa.

BOX 2

BOAD @ FORTY FORUM

THE FORUM ON THE FORTIETH ANNIVERSARY OF BOAD WAS HELD IN LOMÉ FROM 13 TO 14 NOVEMBER 2013 ON THE THEME: "SUB-REGIONAL DEVELOPMENT BANKS: NEW CHALLENGES".

The launching ceremony of the event was graced by the presence of four Heads of State and Government of the Union, namely :

- Mr. Boni Yayi, President of the Republic of Benin, current Chairman of the WAEMU,
- Mr. Faure Essozimna Gnassingbe, President of the Togolese Republic,
- Mr. Mahamadou Issoufou, President of the Republic of Niger,
- Mr. Ibrahim Boubacar Keita, President of the Republic of Mali.

Also present at the event were Ministers of WAEMU member countries, the chairpersons of community institutions and bodies, as well as important personalities in the sub-region. Representatives of international institutions and organizations, high-ranking personalities who have marked the existence of BOAD and the WAEMU in general, representatives of states, resource persons, economic operators, as well as representatives of the civil society and BOAD staff members also participated in the discussions.

Some of the results of these discussions are as follows :

Session 1: Overcoming food insecurity

Various dimensions of food security were examined, namely: i) the availability of domestic production, particularly the capability of importing, storage and food aid ; ii) accessibility thanks particularly to the available purchasing power and infrastructure; iii) stability of infrastructure, but also of climate and political stability; iv) quality and security of sanitation (health/hygiene, non-toxicity, access to drinking water).

With regard to the deep-rooted structural causes of food insecurity, note was taken of: i) the existence of areas where climate may pose risks to agriculture, which are vulnerable to climate change; ii) population growth and runaway urbanization; iii) low agricultural productivity and high vulnerability to climate change; iv) abject poverty which restricts access to food; v) the complex nature of the causes of malnutrition; and vi) financing is overly geared towards emergencies.

Conversely, in order to eradicate food insecurity, the solution would be to support small family farming units which cover 70 to 80% of the overall needs, improve governance in the face of climate change, safeguard rural land ownership and employ good sustainable land management practices, invest in the non-agricultural

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rural economy and in social protection, improve intra-regional trade and the nutritional status of vulnerable populations.

Session 2: SMEs/SMIs and agribusiness

The agricultural sector remains characterized by a low productivity of factors, fragmented and closed markets, a limited perception of investment possibilities and trade, etc. which account for the sub-region's reliance on food imports.

To address this situation, it is proposed to develop value chains in the WAEMU region to reduce the fragmentation of the agricultural economy and utilize regional markets to the fullest in order to improve food security. The priority areas to be promoted could be the following: rice, maize, meat, poultry farming, cotton, cocoa, cashew and fishery in the area of agribusiness. Development banks should make available long-term resources to the areas of activity mentioned and establish guarantee funds to support them.

Session 3: Green growth: what challenges for WAEMU countries?

Far from being a "luxury", the "Green growth" agenda is an opportunity for the WAEMU countries to achieve a balanced and sustainable growth, if the challenges of its implementation are taken up. Indeed, it should be noted that in most countries in the region, the pressures on natural resources and the ecological services (ecological footprint) exceed their capacity to produce a continuous supply of renewable resources and absorb the waste arising from their consumption (biocapacity).

In order to achieve the transition towards green growth, member countries must strive to optimize the utilization of natural resources, limit waste and pollution and strengthen the resilience of the people and economies in the face of external shocks. Within this framework, several possibilities are open to them,

particularly the following: i) renewable energies (solar, water, bio-energy), ii) agriculture, particularly irrigated, iii) waste treatment, iv) housing, and v) public lighting.

Emphasis should also be placed on innovative energy-efficient solutions, particularly: i) the popularization of low-consumption lamps, ii) road lighting projects using solar panels, and iii) adding value to waste.

Session 4 : What resource mobilization strategies for sub-regional development banks?

The discussions dealt with the experiences of non-resident banks (EIB, AFD, AfDB, Proparco) in the area of resource mobilization and promotion of PPP projects. The outcome was that in a global context marked by the scarcity of resources, innovative resource mobilization solutions should be promoted: i) issuing of project bonds, ii) partial guaranteeing of loans, iii) partial guaranteeing of risks, iv) issuing in local currency, and v) loan syndication.

The discussions on the theme of PPPs made it possible to recall that this method of financing is a powerful tool for financing infrastructure, by making it possible particularly to channel additional resources to the public sector, to achieve technology transfer and induce improvements in management discipline. Examples of projects financed through PPPs were mentioned, including the project to generate close to 1,000 GWh/year of additional electricity (Côte d'Ivoire), the proposed rehabilitation of two terminals and the construction of a new harbour terminal with a total capacity of 550,000 TEU by Dubai Port World in Dakar (Senegal) and the proposed construction of a container terminal in Lomé, with an expected capacity of 1.5 million TEU.

On the whole, the discussions held during the forum highlighted areas of reflection which BOAD could draw inspiration from in order to enhance its actions in favour of the integration and economic development of the WAEMU member countries.

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2.3. PARTNERSHIP WITH COMPANIES AND INNOVATIVE FINANCING

2.3.1. COMMERCIAL INFRASTRUCTURE

The establishment of commercial infrastructure in support of production and improvement of the well-being of the populations of the Union received support in an amount of FCFA139.8 billion in 2013, representing 27.1% of the Bank's approvals for the year (excluding FDE). The assistance referred to relates to projects in the electric power sector, port and aeronautical facilities, drinking water and sanitation.

■ Electricity

Electric power is one of the most important inputs needed in order to add value to natural and agricultural resources. Aware that the cost and availability of this factor are decisive in ensuring the economic viability of processing activities in the Union, BOAD enhanced its support to the sector during the financial year, by granting financing in an amount of FCFA74 billion (excluding FDE), representing 14.4% of commitments for the period.

The financing concerns: 1) two (2) projects in Senegal involving the construction through BOO (Build-Own-Operate) of a coal-burning electric power station with a total capacity of 125 MW and a combined cycle bi-combustible thermal power plant of 70 MW; 2) one (1) project in Côte d'Ivoire, which is aimed at constructing a 90/16.5 kV station and the installation of roughly 125 HV/LV distribution stations of type H59 of 630 kVA; as well as 3) one (1) project in Benin whose purpose is: i) the rehabilitation of three sub-stations, ii) the construction of a national load dispatching centre, and iii) creation of 145 distribution centres (including 5,000 public lighting units).

Through these operations, the Bank contributes towards the improvement of electricity supply to the region.

■ Harbour infrastructure

The harbour infrastructure projects which are supported concern the deepening of the access channel and the reconstruction of the oil wharf of the Dakar Port (in Senegal) and the rehabilitation of the thoroughfares and various networks in the Lomé Port (in Togo). These projects received financing in an amount of FCFA35.0 billion, representing 6.8% of commitments in 2013 (excluding FDE).

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■ Airport infrastructure

A project amounting to FCFA25 billion was financed under this heading. It concerns the construction of the new Ouagadougou-Donsin international airport in Burkina Faso. The execution of this project would make it possible particularly to improve the competitiveness of the country's air transport and develop areas of influence.

■ Drinking water and sanitation

In 2013, the Bank granted two (2) loans in a cumulative amount of FCFA5.8 billion for the enhancement of the drinking water supply system of the secondary centre of Djougou and in the townships of Savè, Tchaourou and Tanguieta in Benin. Enhancement is being sought through the sinking of seventeen (17) boreholes, the rehabilitation of an existing water reservoir and the extension of the drinking water supply and distribution network.

2.3.2. OTHER PRODUCTIVE ACTIVITIES

The Bank's actions in the productive sector in the sub-region were consolidated during 2013. Seven (7) projects in a cumulative amount of FCFA36.4 billion were financed in areas such as industry, services (hotel industry) and agribusiness.

■ Industries

The Bank's support for the industrial development of the WAEMU continued in 2013. The financing granted amounted to FCFA29.9 billion including FCFA12.4 billion in the field of agribusiness, FCFA15 billion in mining, and FCFA2.5 billion in the pharmaceutical industry.

■ Hotel activity

The initiatives taken in the sector continued to receive the Bank's support, notably for the promotion of hotel networks in West Africa. In this connection, a loan of FCFA3.5 billion was granted to Chain Hôtel Cotonou (CHC) SA of the Teylium Group for the construction in Cotonou (Benin) of the first four-star hotel in the Group's regional network.

■ Agribusiness

The Bank enhanced its financing in the agribusiness sector in order to modernize livestock raising activities. In this connection, it granted in the course of the financial year, a loan in an amount

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of FCFA3.0 billion for the establishment of an integrated agricultural farm (production of day-old chicks, production of poultry feed and a slaughterhouse) by the agricultural company VINOLIA SA.

2.3.3. REFINANCING FACILITIES AND LOANS TO NATIONAL FINANCIAL INSTITUTIONS

In 2013, three (3) national financial institutions (BMS-SA and KAFO JIGINEW in Mali, ASUSU SA in Niger) and one (1) international financial institution (SHELTER AFRIQUE⁶ in Kenya), obtained refinancing facilities in a total amount of FCFA14.5 billion. These loans are aimed essentially at addressing the real estate investment needs in Africa and in the WAEMU, supporting the micro-finance sector in financing productive investment projects and enhancing the long-term resources of national finance institutions.

In support of the consolidation of the shareholders' equity of institutions in the financial system, a subordinated loan, the first of its kind extended by the Bank, was granted to BIAO Côte d'Ivoire, in an amount of FCFA10 billion.

2.3.4. EQUITY INVESTMENT

The Bank's action in the area of equity investment involved the enhancement of long-term resources and shareholding of six (6) financial institutions (investment funds and banks) as well as one (1) electricity generation company in a total amount of FCFA12.9 billion. The entities concerned are:

African Renewable Energy Fund (AREF) in Togo: the amount of the Bank's participation is FCFA5 billion. The operation is mainly aimed at: i) promoting the access of the people in sub-Saharan Africa to clean, renewable sources of energy, ii) investing in development, acquisition or exploitation of renewable energies, and iii) increasing private sector investment flows to renewable energy projects in order to tap the abundant energy potential in sub-Saharan Africa.

It should be pointed out that AREF falls within the framework of the implementation of the guidelines of the Regional Initiative for Sustainable Energy (IREN) as well as that of BOAD's carbon initiative.

Amethis West Africa (AWA) in Côte d'Ivoire: the operation concerned an amount of FCFA3.3 billion for the investment fund, the objective of which is to contribute towards the enhancement of the own funds of companies in West and Central Africa. It falls within a context of promotion and diversification of financing instruments for the private sector and meets the need to support and enhance the governance of SMEs.

6. *Company for Habitat and Housing in Africa.*

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The Bank's action in the area of equity investment involved the enhancement of long-term resources and shareholding of six financial institutions as well as one electricity generation company

European Fund for Solidarity Financing in Africa (FEFISOL) in France: the Bank took a participation of FCFA1.3 billion in FEFISOL, a continental investment fund. The objective of this Fund is mainly: i) to finance micro-finance institutions and producers' organizations on the African continent, ii) to address the acute micro-finance needs of poor rural households and contribute towards financing small-scale agricultural investments, and iii) to enhance access of the rural populations to financing. This operation falls within the framework of the Bank's commitment to consolidating its action in the area of promoting inclusive finance.

Banque de l'Union in Burkina Faso (BDU-Burkina Faso) and **Banque de l'Union in Côte d'Ivoire (BDU-Côte d'Ivoire)**: these are subscriptions to the capital of two new subsidiaries of Banque de Développement du Mali (BDM SA), which has decided to become a sub-regional banking group. The said subscriptions involved FCFA1.1 billion each. This should make it possible to strengthen the financial services in the countries considered, through the increase in the level of bank account ownership.

Coris Bank International (CBI SA) in Burkina Faso: this participation is the second of its kind taken by the Bank in CBI SA. The operation which involves an amount of FCFA711 million, falls within the framework of this bank's financing capacity enhancement strategy.

CIPREL in Côte d'Ivoire: the equity investment in an amount of FCFA400 million, falls within the framework of securing full financing for the second phase of the expansion of the production capacity of CIPREL SA from 321 MW to 543 MW by the end of 2014. The operation will contribute towards reducing the deficit of electric power supply in the WAEMU region through the operational capacity building of CIPREL SA.

2.3.5. SHORT TERM FINANCING

With regard to short-term operations, six (6) loans in an amount of FCFA41.5 billion were provided. They made it possible to finance within the Union: i) the cotton farming season, particularly the procurement of inputs for farmers, the purchase of cotton for ginning and the sale of cotton lint, ii) the coffee-cocoa and cashew nut farming season, and iii) the purchase of fuel.

2.3.6. GUARANTEE, FINANCING ARRANGEMENT AND ADVISORY ACTIVITIES

There was one (1) debenture loan guarantee activity in a total amount of FCFA10.5 billion. The loan received is meant for the financing of the development plan of ORABANK Group.

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The financing arrangement involved services which resulted in the mobilization of resources in an amount of FCFA233.2 billion for various clients.

With regard to financial advisory services, the Bank intervened in favour of a private company and for the benefit of certain member countries, in operations such as support-advice for the construction of a cement factory, technical and financial assistance to a water and electricity company or further still, for the acquisition of food crop inputs for the 2013-2014 farming season.

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2.4. PROMOTION OF PARTNERSHIPS AND POPULARIZATION OF FINANCIAL MARKET STRUCTURES AND INSTRUMENTS

2.4.1. PROMOTION OF THE MORTGAGE MARKET AND OTHER REGIONAL INSTRUMENTS

One of the major constraints to the development of the activity of real estate financing in the Union has to do with the low level of development of mortgage guarantees. It is for this reason that with the support of BOAD, the WAEMU Regional Bank for Mortgage Refinancing (CRRH-UEMOA) started a discussion aimed at evaluating the possibility of developing or creating guarantee mechanisms in order to safeguard housing loans.

In consultation with the WAEMU Commission and BCEAO, the Bank is continuing to put in place an "Infrastructure" Investment Fund. The discussions started in this respect currently concern the feasibility of a seed fund dedicated to electrical infrastructure in the region and the harmonization of the regulatory and legal framework of private financing of infrastructure in the WAEMU.

BOX 3

STUDY ON THE PROMOTION OF MORTGAGE GUARANTEE IN THE WAEMU COUNTRIES

THE STUDY INDICATES THAT HOUSING LOANS IN THE WAEMU REGION REPRESENT ONLY ROUGHLY 1.5 TO 2% OF THE GDP, WHEREAS IN THE EMERGING COUNTRIES SUCH AS INDIA OR MALAYSIA, THE OUTSTANDING MORTGAGE LOANS ATTAIN 10% AND 29% OF THE GDP RESPECTIVELY. IN SOUTH AFRICA, THIS RATIO STANDS AT 30.6% AND KEEPS ON INCREASING.

The housing market in the WAEMU is based on financing practices which indicate some reluctance, or even distrust by both the populations and the lenders.

In addition to the reluctance of the banks, borrowers too show reluctance to pay considerable expenses (notaries' fees, registration fees) in order to constitute mortgages on administrative deeds and wait for a long time to obtain loans. Likewise, it should be noted that

borrowers are afraid to lose their properties, personal contributions and partial repayment of loans, as a result of unfortunate events in their lives (loss of job, health problems, etc.).

The cost of registration of property in Canada stands at 1.8% of its value, whereas it is reportedly 12% in the WAEMU.

The solution for this chain of obstacles and the flourishing of mortgage loans in the Union depends on thorough reforms, which will require considerable efforts, resources, time and patience.

Indeed, constituting a mortgage in the WAEMU region based on a full ownership title as a condition for access to a mortgage loan is seen as a major obstacle which

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can only be addressed through land and property registration reforms and a complete reform of the land taxation system.

In order to propose a mechanism which would offer creditors a guarantee deemed equivalent to a mortgage guarantee, several options are proposed:

Option 1: offer a financial guarantee equal in value to the mortgage until such time that a mortgage can be constituted and brought into play. The guarantee (which will be referred to as security) will repay the creditor for the expenses relating to the deadlines and the expenses for the constitution "ex-post" of a mortgage guarantee.

Option 2: this differs from option 1 in that a notarized mortgage deed would have been signed between the creditor and the debtor at the time of granting of the credit. However, this deed would have remained unregistered for as long as the credit would not be fully repaid by the debtor.

Option 3: in this third option, in addition to having the same characteristics as option 1, the guarantee mechanism is not only limited to safeguarding the credit in a manner equivalent to a mortgage, but makes it possible to "increase" the risk relating to the mortgage guarantee in such a manner i) that access to credit is open to the greatest possible number of households, ii) that loan conditions (term, rate, characteristics of the debtor) shall be more favourable, and iii) that the regulatory bodies of the CRRH and the CRRH itself note an improvement in the risk profile of refinanced mortgage debts.

With this option, the constitution and publication of the mortgage deed would be implicitly absorbed by the programme of increase, given the fact that a judicial

mortgage would be required only when it becomes necessary to bring the mortgage into play following the default of the debtor.

Option 4: this option has the same characteristics as option 3, except that it would be based on option 2, that is, it would be necessary to increase a loan for which the debtor could register a contractual mortgage in the event of a loss.

Option 5: this option can be applied together with each of the options from 1 to 4 and proposes to utilise the community's dynamics as well as the mutual wishes of the creditors and debtors to settle issues in a cooperative manner in order to mitigate losses as much as possible. This approach could i) reduce the requisite premiums for the various types of guarantee, and ii) contribute towards doing away with certain cultural and social reservations towards the idea of borrowing money in order to be able to afford better housing for oneself.

In conclusion, it is recommended that option 1 or 2 should be implemented together with option 5 and that the working assumptions should be verified rapidly in partnership with one or several lenders already operating in the WAEMU region and interested in testing any of the other options within the framework of a demonstration project.

It goes without saying that once informed about the options chosen, certain lending institutions will express interest in them while others will not.

After the favourable evaluation of the demonstration project, the guarantee agency -armed with better market intelligence- could introduce the notion of "increase" of the credit (option 3 or 4) and/or popularize the formula highlighted during the demonstration project to all the lenders operating in the area.

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2.4.2. PROMOTION OF PARTNERSHIPS

Within the framework of the deepening and expansion of its partnership relations, the Bank in 2013 took steps aimed at ensuring that its new strategic guidelines are followed more appropriately so that it attracts towards the Union the resources needed to cover financing requirements.

Thus, on 13 October 2013, the Bank signed its entry into the International Development Finance Club (IDFC), which brings together roughly twenty development finance institutions from all continents, notable among which are KfW, AFD, BNDES, JICA and Eximbank of Indonesia. This will enable the Bank to extend its partnership relations towards the other members with which it did not yet have cooperation ties.

The signing in July 2013 of framework cooperation agreements with African Finance Corporation (AFC) and the Belgian Investment Company for Developing Countries (BIO) is also worth mentioning. These partnerships which complement those established with the African Solidarity Fund and many other banking groups in the sub-region, should enhance a dynamic in the areas of promoting PPPs and cofinancing.

Furthermore, BOAD and the United Nations Capital Development Fund (UNCDF) noted the convergence and complementarity of their activities in the WAEMU region and deemed it necessary to enter into a partnership in order to cater more adequately for climate-related issues. In this drive to combine their efforts in the field, both institutions signed a memorandum of understanding defining the general framework of their partnership, particularly as regards their activities in promoting "rural and local development". Specifically, this cooperation is aimed at promoting the financing of initiatives to fight against the effects of climate change, mainly projects and programmes associated with adaptation and mitigation, so as to ensure a sustainable local economic development in the WAEMU region. Within this framework, synergies will also be explored at the WAEMU Commission in line with the strategy for reducing vulnerability to climate change in West Africa.

Furthermore, various steps have been taken in the direction of the European Commission in order to make the Bank better known to this important partner and share its expectations, particularly as regards the utilization of the Bank as a channel for the mobilization of a part of the resources of the 11th EDF (European Development Fund) meant for West Africa.

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2.5. COOPERATION AND RESOURCE MOBILIZATION ACTIVITIES

In order to enhance its financing capacity for the benefit of the member countries and the private sector, the Bank continued its cooperation activities with its partners and mobilizing resources from them and from the regional capital market.

■ Diversification of the Bank's sources of refinancing

Out of concern to expand its sources of resource mobilization, steps were taken in the direction of the US Administration, US Eximbank and Brazil. Within this framework, the Bank received a mission of the National Bank for Economic and Social Development of Brazil (BNDES) in October 2013.

With regard to US Eximbank, a dossier of lines of credit was approved by the Board of Directors of the Bank at its session held in December 2013.

AFD and KfW responded favourably to the Bank's request by sending evaluation missions to BOAD during the year.

A request for resources for the financing of short-term activities is being examined by ITFC.

Likewise, the Bank will continue discussions with countries like India, South Korea, United Kingdom, Malaysia and Turkey concerning the handling of the requests submitted to them.

■ Loan agreements signed in 2013

The Bank signed three (3) loan agreements in a total amount of roughly FCFA28.12 billion. The operations involved are:

- a/** a line of credit of €20 million (FCFA13.12 billion), obtained from OFID, meant for the financing of short-term transactions;
- b/** loan in an amount of US\$20 million (FCFA10 billion), granted by the International Islamic Trade Finance Corporation (ITFC), meant for the financing of short-term operations.
- c/** a line of credit from the Arab Bank for Economic Development in Africa (ABEDA), in a total amount of US\$10 million (FCFA5 billion), meant for the financing of projects in the public commercial and private sectors.

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■ Enhancement of capital resources

The mobilization of capital resources was marked by two major events.

In December 2013, the decision-making bodies of the Bank decided to increase its authorized capital by 10%, from FCFA1,050 billion to FCFA1,155 billion.

Furthermore, within the framework of the diversification of its shareholding, the Bank witnessed the equity participation of the Kingdom of Morocco in its capital in March 2013. The relevant equity participation agreement was signed on 14 November 2013 involving an amount of US\$1 million (roughly FCFA500 million). This event is a symbol of South-South cooperation. Indeed, this is the first non-regional African country to become a shareholder of the Bank and this should open new prospects of cooperation between the WAEMU countries and the Maghreb countries, which are at the stage of economic transition towards emergence.

Requests for equity participation in the Bank were sent to other potential partners.

The callable capital which serves as a guarantee for loans taken by the Bank, will increase from FCFA755 billion to roughly FCFA843 billion on completion of subscriptions to the last two capital increases. The decision of December 2013, while testifying to the support given to the Bank by its member countries and BCEAO, strengthens the institution's debt capacity and its resource mobilization capacity.

■ Presence in the regional capital market and planned access to resources in the international market

The regional capital market has remained a priority area of resource mobilization for BOAD. In this market, the Bank launched a debenture loan in the first quarter of 2013, which made it possible to mobilize FCFA76.640 billion, thus increasing to FCFA571.722 billion the total amount of borrowed resources collected by the Bank from the Union's market since its first issue in 1993.

However, the Bank continued making efforts within the framework of its preparation for rating by a rating agency with a view to having access to additional resources in the international capital market.

■ Implementation of community initiatives

Update on the recommendations of the High-level committee on the financing of the economies of WAEMU member countries:

The callable capital which serves as a guarantee for loans taken by the Bank, will increase from FCFA755 billion to roughly FCFA843 billion on completion of subscriptions to the last two capital increases

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Following the adoption of the report of the High-level committee on the financing of the economies of the WAEMU member countries by the Conference of Heads of State and Government in June 2012, the Bank continued to participate in the discussions of this committee, particularly in a meeting held from 24 to 26 June 2013 at the headquarters of the Central Bank in Dakar as part of the drafting of a periodic monitoring and evaluation report on the implementation of the activities selected.

■ **WAEMU's SME Programme**

The institution participated from 17 to 19 October 2013 in Lomé in the Regional Workshop on facilitating access for SMEs to financing. The purpose was to seek a synergy of action and pool efforts and resources for a common solution suited to the problem concerned. During the meeting, participants shared the various national and regional experiences in the area of facilitation of access to financing for SMEs. They also examined the modalities for making operational a regional **"Investment Guarantee Support"** mechanism proposed by the SME Programme alongside the existing mechanisms and current initiatives.

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2.6. ALIGNMENT OF THE ORGANIZATION AND FUNCTIONING

2.6.1. EVALUATION AND RENEWAL OF THE STRATEGIC PLAN

The implementation of the 2009-2013 Strategic Plan came to a close at the end of the 2013 financial year. Discussions are in progress in order to propose a new five-year plan. The work of renewing the plan is in three phases: i) an assessment of the implementation of the 2009-2013 Strategic Plan, ii) a strategic diagnosis of the Bank, and iii) drafting of the 2014-2018 Strategic Plan. The first two phases have been completed. The work concerning the third phase is being finalized.

2.6.2. ALIGNMENT OF THE BANK'S TEXTS AND PROCEDURES

During the financial year, the Bank continued the modernization of its texts, particularly by strengthening the procedures governing its activities and adopting new policies. The activities in this regard mainly concerned the following components:

- **Articles of Association:** the Articles of Association of the Bank were revised and approved by the Council of Ministers of the Union;
- **Code of Ethics and Professional Conduct applicable to the top management of BOAD:** the Council of Ministers of the Union adopted during the financial year the Code of Ethics and Professional Conduct applicable to the Chairperson and Vice-Chairperson of BOAD. This code defines the norms of conduct and ethics to be observed and nurtured by the top management of the Bank, the rules of conflict of interest, the procedures and the sanctions applicable;
- **Directives on the award of contracts:** in connection with the reform of the Policy for "Procurement of Goods, Services and Works financed by BOAD, the Board of Directors of the institution approved a note concerning two directives relating to: i) the award of service contracts to consultants, and ii) the award of contracts for goods, works and services (other than consultancy services). The reform referred to pursues two objectives. From the regulatory point of view, the issue is to provide the Bank with directives and model documents (model tender documents, model format of tender evaluation report, model of tender notice, etc.) for the award of contracts financed with loans from the institution, in conformity with international standards and the WAEMU directives concerning public procurement. From the institutional point of view, the reform is aimed at ensuring that the "contract award" function takes root within the Bank;

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Discussions have also been held concerning actions to monitor risky projects and provide environmental and social safeguards

- **Charter of the Director representing the Bank in companies and institutions in which it holds shares:** this charter was adopted by the institution in order to enable Directors to fully exercise their skills and ensure full effectiveness of the contributions made by each of them, in line with the rules of independence, ethics and integrity applicable in this regard;
- **Adoption of new texts governing the staff taking into account the progress made by the Bank.**

Discussions have also been held concerning actions to monitor risky projects and provide environmental and social safeguards.

Discussions are also being held in connection with proposals to be submitted later to the Board of Directors, concerning the following issues:

- a policy for fighting against fraud and corruption;
- a policy of sanctions, investigations and protection of whistleblowers;
- a policy for verification of compliance and settlement of complaints, with the putting in place of the relevant mechanisms;
- a policy of dissemination and access to information with a view to strengthening transparency in the Bank's operations.

2.6.3. INFORMATION SYSTEM

The Bank is continuing to improve and stabilize its information system.

Thus, with regard to the IT Master Plan, an Enterprise Resource Planning (ERP) was chosen and implementation is in progress, with the installation of technical environments and the parameterization of applications relating to professions.

With regard to the modernization of IT System infrastructure, the following activities were carried out:

- equipping of two new computer rooms, with more robust and reliable interconnections (fibre-optic) between the various storeys of the Bank's office building. These facilities are being tested for imminent utilization;

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- operation of a wifi network in order to enhance the mobility of users of the Bank's information technology system;
- utilization of an automated monitoring tool called "PROJECT MONITOR", for the monitoring of information technology projects;
- acquisition and installing of a VSAT corporate network;
- modernization of the management of information technology equipment and replacement of computer hardware, particularly the equipment in Resident Missions;
- updating the intranet platform of the Bank in order to improve collaborative work and the support applications in workflows.

With regard to IT System security policy, the Bank has continued implementing its information system security policy (ISSP) and continued pursuing the process of certification for the ISO 27001 standard (information system security management system). Efforts are being made to ensure effective certification in 2014.

2.6.4. CORPORATE COMMUNICATION, MARKETING AND KNOWLEDGE MANAGEMENT

The year was marked by the proposal of a marketing and commercial plan, as well as a communication and public relations strategy. These two documents are aimed at enhancing the Bank's visibility and better organizing its approach to the commercial sector.

In the area of knowledge management, the Bank has started making operational its management strategy which was approved in 2012. As such, various actions were initiated, particularly the preparation of a knowledge mapping useful for the institution, the production of a framework document for the establishment of a mentoring system, in order to limit the loss of knowledge associated with the departure of staff members who hold key positions at the Bank. Furthermore, the process of dematerialization of the archive collections was continued.

2.6.5. MANAGEMENT OF ASSETS AND WORKING ENVIRONMENT

With regard to the improvement of the working environment, the Bank continued the headquarters renovation works. It has endowed itself with modern technical facilities aimed particularly at ensuring a better containment of the headquarters operating costs and enhancing the security of the headquarters.

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Furthermore, efforts to construct a "BOAD housing estate" made significant progress with the official launching of the works of this housing estate on 4 November 2013. The determination of the top management of the Bank to construct a "BOAD housing estate" is justified first of all by the interest in making the staff acquire houses in Togo; it also addresses the need to establish an attractive welfare policy, which can boost performance for the institution.

2.6.6. HUMAN RESOURCE MANAGEMENT

During the financial year, the Bank continued with actions taken to modernize its human resource management policy. These actions were particularly reflected in the consolidation of jobs and skills management planning and related tools, the continuation of the implementation of the mechanism for objective setting and performance evaluation and the monitoring of both the implementation of a programme of social activities, the finalization of the implementation of the recommendations of the salary investigations and the entry into force of the new texts governing staff members.

Furthermore, in pursuance of its programme of capacity-building for the staff, the Bank continued with its individual and collective training for specified staff members. The systemic approach adopted will continue to produce at the right time the skills necessary for the functioning of the institution.

The staff complement has also been strengthened, with the recruitment of thirteen (13) new staff members. Thus, as at 31 December 2013, the Bank had a total staff strength of 291 staff members (278 members as operational staff, 9 members on secondment and 4 staff members on leave of absence).

TABLE 3 : STAFF COMPLEMENT OF BOAD FROM 2011 TO 2013

	Staff strength as at 31.12.2011	Staff strength as at 31.12.2012	Staff strength as at 31.12.2013
PROFESSIONAL STAFF	143	158	164
SUPPORT STAFF	120	120	127
TECHNICAL ASSISTANT	1	0	0
TOTAL	264	278	291

Source : BOAD.

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2.6.7. PRICING REVIEW

In 2013, the Bank launched a project aimed at completely overhauling its pricing model with the objective of evaluating its current practices in order to propose innovative technical solutions. As such, two things are being targeted: i) to provide the Bank with a pricing system which is more legible internally, and ii) to propose a tariff offer which better matches demand, thus ensuring more flexibility.

From the strategic point of view, the challenges of the pricing project are twofold: i) to throw light on the possible leeway available to the Bank (competitiveness of BOAD's tariff offer), and ii) to endow the institution with an instrument for the financial management of the balance sheet (financial equilibrium, management of margins and profitability).

2.6.8. FINANCIAL MANAGEMENT

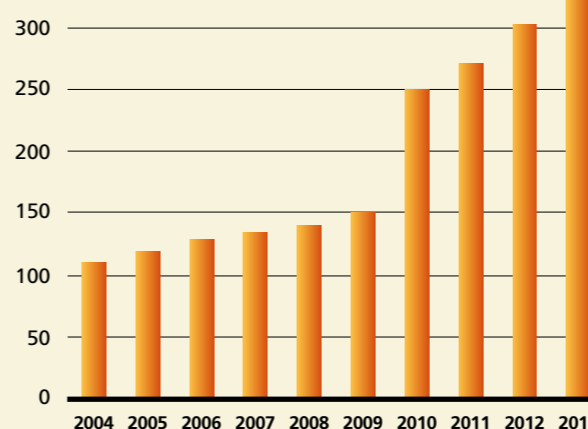
ASSETS SITUATION

The total balance sheet increased from FCFA1,099.8 billion as at 31/12/2011 to FCFA1,260.4 billion (+14.6%) as at 31/12/2012, then to FCFA1,419 billion (+12.6%) as at 31/12/2013 (including the assets of the Energy Development Fund amounting to FCFA 257.3 billion).

The Bank's financial position remains sound despite the need to enhance the institution's resources.

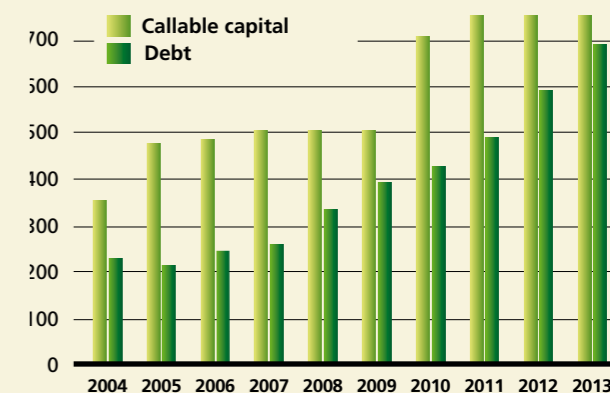
This position is marked mainly by a balanced financial structure, since the own funds represent roughly 24.7% of the total balance sheet as at the end of 2013.

GRAPH 6: TREND OF OWN FUNDS FROM 2004 TO 2013 (FCFA bln)



Source: BOAD

GRAPH 7: TREND OF CALLABLE CAPITAL AND DEBT FROM 2004 TO 2013 (FCFA bln)



Source: BOAD

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The Bank's operations continue to show positive results

The net provisional profit for the end of 2013 stands at **FCFA10.87 billion**, compared to **FCFA9.6 billion** as at the end of 2012

The decision to increase the capital by 10%, which was taken in December 2013 by the Board of Directors, contributes to enhancing the institution's debt capacity. The necessary efforts are being made to get the subscriptions forms signed and increase the callable capital proportionally.

THE BANK'S OPERATIONS

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

- a predominance of income from lending (73% of operating income), which represents the institution's main activity;
- a generally contained cost of borrowed resources (4% on the average, market and concessionary resources combined), with however, an mitigation effect induced since 2008 and 2009, by the resources of the special agricultural programme whose financial costs are borne by member countries;
- a continuous improvement of the net banking income, from FCFA26.5 billion in 2012 to FCFA33.8 billion in 2013 ;
- the pursuit of a prudential policy of recording provisions, given the situation of certain private projects.

The Bank's operations continue to show positive results. The net provisional profit for the end of 2013 stands at FCFA10.87 billion, compared to FCFA9.6 billion as at the end of 2012. This result enhances the institution's own capital.

The Bank will continue to contain its costs in order to maintain an offer of attractive rates in conformity with development finance requirements.

2.6.9. RISK MANAGEMENT

As part of its risk management policy and convergence towards Basle II, the Bank recruited a consultant in 2011 for the implementation of Basle II, in compliance with its specificities. Three branches of risk are concerned: credit, market and operational.

The mapping approach adopted comprises the following stages: i) description of processes, ii) identification and evaluation of inherent risks, iii) identification and evaluation of the internal control mechanism, iv) evaluation of residual risks, v) definition of plans of action in order to improve risk containment, and vii) preparation of reports for the management.

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In implementing this approach, the consultant prepared a complete set of qualitative and declarative mapping which makes it possible to visualize and analyse the Bank's operational risks from different angles:

- by department (based on the functional organization chart);
- by category of Basle II risk;
- by macro-process.

The switch from qualitative mapping of operational risks to a quantitative mapping will continue with the preparation of an incident database to make it possible to have a better knowledge of the risk areas and to put in place appropriate plans of action to mitigate the risks.

Finally, the Bank's operational risk management mechanism was completed by the establishment of a network of operational risk correspondents and the finalization of (i) an operational risk management charter, as well as ii) a manual of procedures.

2.6.10. ENHANCEMENT OF GOVERNANCE

As part of enhanced corporate governance, the Bank's Audit Committee held its two statutory meetings during which it examined: i) the financial statements for the period ended 31 December 2012 and transmitted its opinion on these statements to the Board of Directors; ii) the balance sheet of activities in 2013 and the draft programme of activities of the Internal Audit for FYE2014, the interim financial statements as at 30 September 2013 and the situation of the Bank's portfolio as at the same date. The committee made recommendations aimed at enhancing the risk management system.

As for internal audit and financial control activities during the financial year, they generally covered all the fields of activity⁷ of the Bank. These audit engagements highlighted the strengths in the various fields covered and made recommendations relating to the areas requiring improvements in order to enhance the internal control system and risk containment.

With regard to management control, the financial year was marked by the pursuit of the continuous improvement of the results/performance-based management system with the setting of priority objectives to each centre of responsibility through mission statements/performance contracts. These contracts were accompanied by a results monitoring-evaluation mechanism which placed emphasis on the measurement of key performance indicators.

Furthermore, monthly dashboards, quarterly notes of analysis and dynamic notes of analysis of the key performance indicators over the past five years were produced regularly for the top manage-

7. *Banking operations, finance and accounting, information system, human resource management, procurement of goods and services, resident missions, etc.*

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ment; the same applies to the work concerning the system of dashboard networks and the performance evaluation system of responsibility centres, an activity which was continued, notably by assisting the responsibility centres in taking ownership of the two management tools as referred to.

The performance evaluation system of the responsibility centres contributed to the strengthening of the budget-programming approach, making it possible to improve the monitoring of the execution of the various programmes budgeted for.

Efforts to make the cost accounting system operational continued with the computerization of the system, the objective being to produce the first analyses based on multiple criteria as from the second quarter of 2014.

With regard to external control, the mandate of the consulting firm KPMG-CI, the Bank's External Auditors, was renewed for 2013-2015, following an evaluation of their services. The firm examined and certified, without reservation, the 2012 accounts of the Bank, the Development and Cohesion Fund (FDC) and the WAEMU Capital Market Development Project (PDMF). It also undertook a temping assignment involving the examination of internal control, risk management and information systems and prepared a report containing recommendations aimed at strengthening the internal control system.

2.6.11. STUDIES AND EX-POST PROJECT EVALUATION

With regard to thematic and sectoral studies, discussions centred on improved management of public participation in the countries of the Franc area. The objective of the study conducted within the framework of meetings of the Franc area is to establish guidelines common to those countries, in terms of management of public participations based on the sharing of best practices. The findings were submitted to the meeting of Ministers of Finance of the Franc area which was held on 8 April 2013 in Dakar (Senegal).

At the end of the examination of these findings, the ministers agreed on the need to strengthen the institutional and legal framework of the management of public participations in a harmonised manner in each sub-region of the region (WAEMU, CEMAC, the Comoros). Furthermore, they recommended a stricter management of public participations, particularly as regards organization and coordination of trusteeships, prevention of conflicts of interest and competence, corporate control and governance.

Finally, in order to disseminate best practices, the Ministers noted the need to create a network of experts in each sub-region, the operations of which will be entrusted to sub-regional development banks.

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BOX 4

STUDY ON THE MANAGEMENT OF PUBLIC PARTICIPATIONS IN THE FRANC AREA

FOLLOWING THE MEETING OF EXPERTS OF THE FRANC AREA HELD ON 4 OCTOBER 2012, A STUDY GROUP COMPRISING THE TWO SUB-REGIONAL DEVELOPMENT BANKS (BOAD AND BDEAC) WAS SET UP TO PREPARE A REPORT PRESENTING THE COMMON GUIDELINES CONCERNING THE MANAGEMENT OF PUBLIC PARTICIPATIONS.

The management of public participations is at the crossroads of key challenges facing the countries in the Franc area: consolidation of government finance, developing basic infrastructure and services for the populations, contributing towards the implementation of the economic and industrial development policy, preparing for the future. The difficulties of governance and the poor financial results being recorded by the majority of public corporations led countries to restructure these corporations in the 1990's by applying to them the rules of private business management or by privatizing them. The need to make the function of shareholder a professional endeavour thus arose.

Today, the majority of the countries in the Franc area seek to consolidate and diversify their economies while consolidating their government finance, basing themselves notably on the financial resources derived from the tapping of their natural resources. With such prospects, a better management of public participations is an important lever of economic policy. By knock-on effect, the improvement of the economic and financial performance of companies drives the improvement of the economic and financial performance of the economies of the Franc area, since the companies concerned operate in strategic sectors. Besides, in some countries, public participations appear to be a means of preparing for the future of these countries through the diversification of their economies and their budgetary resources. It is therefore in the interest of the countries to implement a more dynamic policy for the management of their public participations with a long-term vision by investing in sectors with a future.

The guidelines concern the legal and institutional framework, the method of management of public

participations, the various missions of the State and regional aspects.

- The legal and institutional framework existing in the countries is generally the outcome of the reforms undertaken in the 1990's, complemented by rules adopted by OHADA. It could be adapted and modernized to make it more legible and effective, notably with regard to the relations between the State and companies. This process is to be included in the framework of a common and harmonized approach in each sub-region under the aegis of the Commissions.

- The analysis of the methods of management of public participations in the countries of the Franc area highlights two major models: the model of management by a Department of the State when the State exercises its role as a shareholder, either directly or indirectly through a holding company which is a part shareholder; or the model of a sovereign investment fund, replenished with specific resources such as oil income, and targeting investments deemed strategic or in the interest of future generations. These models can be combined with good effect under the management of a single national body, specifically dedicated to the management of public participations. Technical support coordinated by the Commissions, together with sub-regional development banks and the most advanced countries in this field, would make it possible to facilitate the establishment or updating of such structures.

- The proper execution of the missions of the State as regulator of sectors of activity, shareholder in companies and manager of government finance is complex, but represents an essential condition for the companies. These companies must have a professional shareholder, in a well-regulated economic framework. The current organization and procedures must pre-empt conflicts of interest and guarantee the autonomy of the structures responsible for regulation and those ensuring the trusteeship of the shareholder state over the companies. Common rules of organization, exercise and coordination of technical and financial trusteeships and control of

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public corporations, could be defined within the sub-regional framework. These rules should notably include standards of governance and control of corporations based on international best practices.

• The two sub-regional development banks (BOAD and BDEAC) which take equity participation in companies with their equity participation funds, could develop their capacities in the areas of expertise, advisory

services and support for the member countries in the field of management of public participations. This could for example include the management of networks of experts, the creation of a focal point in order to assist national public participation management structures, the running of specialised training courses for the countries, or even the examination of opportunities for the joint management of public participations at sub-regional level.

With regard to ex-post project evaluation, performance evaluation activities continued in the 2013 financial year together with the establishment of the system of monitoring and evaluation of project development outcomes.

Thus, as regards project performance evaluation activities, the Bank evaluated the performance of four (4) projects, namely, (i) the agroforestry project for fighting against desertification (Phase II) (PAGF II) in Senegal, (ii) the construction of access and throughway roads in Cotonou (phase III): Akossombo junction-Place du Souvenir road in the Republic of Benin, (iii) the paving of streets and construction of drainage structures in Parakou in the Republic of Benin, and (iv) the rehabilitation and construction of drainage structures of Avenue de l'Indépendance in Bamako, Republic of Mali.

The performance of the projects is deemed by and large satisfactory, despite the length of time it takes to get them started and the relatively long time it takes to award and sign contracts. The major recommendations concern (i) maintaining the principle of executing the project by enlisting the support of beneficiaries' organizations and/or the technical services in the area, which take over after the completion of the project; (ii) the description in the project appraisal document of the major aspects of the monitoring and evaluation mechanism to be implemented, as well as the logical framework specifying the indicators of the outcome and impact of the project; (iii) the need to request the conceptualization of projects which are specific or which have components dealing with the management of solid household wastes and to contribute towards the financing of these projects in the major towns of the member countries of the Bank; (iv) carrying out on time environmental and social impact studies during the preparation and ex-ante evaluation of projects.

Furthermore, in order to align itself with the best practices spelt out in the area of evaluation of non-commercial projects, the Bank updated the earlier manual prepared in 2010.

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BOX 5

SYMPOSIUM ON THE THEME: "CHALLENGES OF PROJECT/PROGRAMME EVALUATION AND SOLUTIONS FOR SUB-REGIONAL DEVELOPMENT BANKS AND THEIR PARTNERS"

The symposium was held at the headquarters of BOAD from 1 to 3 October 2013. The purpose of the symposium was to understand the benefits of a sound evaluation system; to share experiences in the area of sound evaluation of certain multilateral development banks which are members of the "Evaluation Cooperation Group (ECG)" and to encourage, in conformity with the principles of the ECG, the gradual establishment of a sound project and programme evaluation system in sub-regional development banks.

Several themes were examined during the symposium, notably the following :

- conditions inherent in an independent evaluation unit;
- evaluation of private projects;
- evaluation of public projects;
- macro-evaluation: experience drawn from a macro-evaluation exercise in the area of microfinance;
- rigorous quantitative impact evaluation: benefits and constraints of implementation;
- requirements and benefits of a sound independent evaluation system;
- challenges involved in the establishment of an evaluation function;
- experiences of bilateral development finance institutions in the field of evaluation;
- conceivable solutions in establishing an evaluation function: what lessons can be drawn from multilateral development banks?

The symposium enhanced the perception of evaluation as a function of governance, assistance and advice to

decision-makers and managers, in order to (i) explain to them what works and what does not work and why, (ii) correct mistakes and draw lessons as they carry out development activities.

This function should be gradually strengthened in regional and sub-regional development banks as a factor of change for consolidating governance systems, monitoring development outcomes and establishing an corporate culture of learning and knowledge management.

In order to improve the culture of evaluation, the symposium recommended that:

1. BOAD should assume the leading role in order to launch and direct the "African platform for cooperation in evaluation between sub-regional development banks". The objective of this platform is to assist all sub-regional banks to harmonize their performance indicators in the area of development and their evaluation criteria. BOAD should also enhance collaboration among officials responsible for evaluation, with the aim of strengthening the professionalism of the function and contributing gradually towards the building-up of an evaluation capacity in the sub-region, in development banks as well as in the member countries and companies;
2. the "African platform for cooperation in evaluation among sub-regional development banks" should be launched in 2014 under the patronage of the African Development Bank (AfDB).

With regard to monitoring and evaluation activities, the manual of monitoring and evaluation of the development outcomes of projects financed by the Bank as well as the reference system of monitoring and evaluation indicators based on development outcomes were prepared and submitted for approval. A database, whose first version has been designed, will make it possible to archive and analyze the indicators.

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With regard to the sharing of experiences in the area of evaluation, in connection with the promotion of the culture of evaluation in sub-regional development banks in Africa, BOAD in collaboration with AfDB, the Independent Evaluation Group (IEG) of the World Bank Group and the Islamic Development Bank, organized from 1 to 3 October 2013 a symposium on the theme: "Challenges of project/programme evaluation and solutions for sub-regional development banks and their partners".

With regard to cooperation in the field of evaluation, and in connection with building its capacity to carry out impact evaluations, BOAD signed a Memorandum of Understanding with International Initiative for Impact Evaluation (3ie). The Bank will, as a result, benefit from the support of experts of 3ie in designing and carrying out socio-economic impact evaluations of its projects.

Also, like 25 other other institutions, BOAD signed on 12 October 2013 in Washington, DC, USA, a Memorandum of Understanding on the use of harmonized indicators in monitoring and evaluating operations in the private sector.

Finally, the Austrian Development Bank (OeEB), following the submission of a request, expressed its intention to support BOAD through technical assistance for capacity-building in impact monitoring and evaluation and analysis of the additionality of commercial projects.



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Since the commencement of its operational activities in 1976, the rural sector, particularly the agricultural sector, which is the engine of the economies of the member countries have been priorities for the Bank. The volume of the institution's interventions in this area has been appreciable and has affected rural development in a holistic manner. To date, roughly FCFA400 billion in financing has been granted to the rural sector.

The financing has made it possible to: (i) develop village lands, (ii) develop agricultural, forestry and livestock production, (iii) promote income-generating activities in the rural areas. (iv) organize and train rural workers, (v) disseminate production and land use techniques and technologies.

At a time when in the WAEMU member countries, the issue of resilience of development in the area of food security has become a major problem, the measurement of the impact of BOAD's financing in the rural sector has assumed considerable interest.

With the aim of drawing lessons for the continuation of its action and strengthening its impact, the Bank and some of its partners took the initiative to evaluate a cross-section of seven (7) projects financed between 1982 and 2006 in Burkina Faso, Mali, Niger and Senegal. The projects are the following:

- 1/ **Liptako-Gourma Authority (ALG) phase II** (Burkina Faso) ;
- 2/ **Development of the Kou Valley** (Burkina Faso) ;
- 3/ **Ké-Macina hydroagricultural improvement scheme phase I** (Mali) ;
- 4/ **Yelewani hydroagricultural improvement scheme** (Niger) ;
- 5/ **Anambe Basin hydroagricultural improvement scheme phase I** (Senegal) ;
- 6/ **Kassack North hydroagricultural improvement scheme phase II** (Senegal) ;
- 7/ **Agricultural development in the Matam Department (PRODAM) phase I** (Senegal).

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The overall objective of the evaluation was to appreciate the impact of the seven (7) hydroagricultural improvement schemes on the target populations in the four (4) countries mentioned above (Burkina, Mali, Niger, and Senegal) in relation to the initial objectives of the projects. More specifically, the objective was:

- to examine the extent to which the projects financed by the Bank were relevant and generally effective at sectoral level and in relation to national development objectives;
- to evaluate the impact of each of the projects on the lives of the beneficiary populations;
- to make a clear statement concerning the success or failure of the project.

The results expected from this impact study of projects completed 6 to 32 years ago were to make it possible to better understand:

- the impacts of each project on agricultural production and improvement of agriculture, agricultural infrastructure and the improvement of the living conditions of households/beneficiaries;
- the life cycle of each project, from the execution phase up to the date of this study;
- the success and failure factors which might have resulted in the impact noted for each project on its environment, with recommendations to be made into the bargain.

These results should enable each and everyone to draw lessons for the future and for the Bank in particular, to enrich the implementation of its strategic plan which emphasizes the financing of hydroagricultural improvement schemes.

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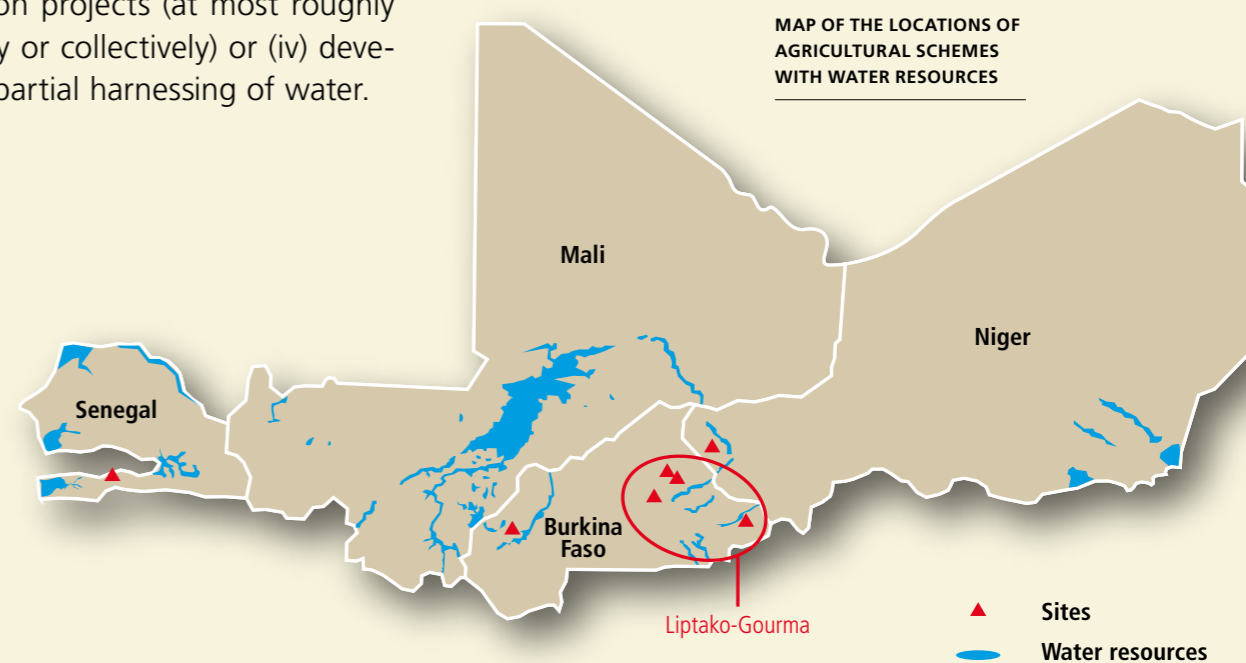
The areas chosen for these schemes are either among the areas most affected by food insecurity (Liptako-Gourma project phase 2, Ke-Macina phase 1, Kassack-North phase 2, PRODAM phase 1,...) or the sites of settlement of populations displaced for various reasons (search for better lands: Yelewani, Kou valley, Anambe; conflicts: PRODAM...).

These projects were executed in countries characterized by an average rural farming population of 70%. Farming activities are carried out by a majority of small-scale producers who are 5 to 10 persons per household (50% of whom form part of the active population), who farm in a very variable manner, depending on the site or country on an average of between 2 and 10 hectares, including 0.1 to 2 hectares which are irrigated (small areas developed at ALG 2 and PRODAM 1; areas as big as 2 hectares per household at Kassack-North 2, Anambe 1).

Several types of development, with the harnessing of water were promised, especially after the droughts of the 1970's in order to boost agricultural production and improve agricultural productivity. These are notably: (i) large perimeters, (ii) average-sized perimeters downstream of dams or around natural lakes, (iii) small irrigation projects (at most roughly 20 hectares farmed individually or collectively) or (iv) development of bottomlands with partial harnessing of water.

Generally, cereals are the main crop, whereas the single-cropping of rice two times a year is practised on all the hydroagricultural improvement schemes (additionally, market gardening and maize), with a desired cropping intensity of at least 1.2. The level of rice productivity was very low before the project was initiated (1 to 3.5 tons of paddy rice per hectare), but increased rapidly with the support of the project; even though they vary from one project to the other, these yields oscillate between 4 and 8 tons of paddy per hectare/farming season.

The decision of the authorities of these four countries to execute these hydroagricultural improvement schemes in order to increase the developed areas and irrigated farming was an excellent initiative for village, regional and national beneficiary communities, but also for the promotion of their activities.



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II. RECAPITULATION OF THE MAJOR CHARACTERISTICS OF THE PROJECTS

The overall objective of these projects was to contribute to food self-sufficiency and security (particularly in rice and other cereals) and the diversification of production and sources of income, thanks to the improvement of the harnessing of water and the increase in the areas irrigated.

Six (6) major components characterized these seven projects, namely :

- 1/ hydroagricultural improvement schemes (studies, works, control) aimed at the development of irrigable areas and the supply and installation of hydraulic and pumping equipment;
- 2/ the development of livestock (pastures, fattening, artificial insemination, ...);
- 3/ supporting activities which concerned the other types of infrastructure and equipment (stores, access tracks, etc.), nurseries and reforestation, research support, development of fisheries, etc.;
- 4/ agricultural credit and development fund aimed at facilitating the access of beneficiaries to input and equipment loans, as well as the development of income-generating activities in the area of intervention of each project;
- 5/ support for rice and market gardening production and training of beneficiaries;
- 6/ a project management unit (PMU) which covered all expenses relating to the administrative and financial management of the project.

The major beneficiaries of the actions of the project were:

- farmers receiving from 0.10 to 2 developed hectares per household, depending on which project, for the production of rice and cereal crops (millet, sorghum, maize...) and additionally, for market gardening;
- sedentary and/or transhumance-practising livestock raisers whose animals benefitted from crop residues and water from the reservoirs for their feeding and drinking;
- women, through the financing of their economic initiatives;
- village communities, for support measures (tracks, boreholes and water supply, credit, etc.);
- partner services (research, technical support/advisory services of the State, financial and microfinance institutions, private service providers, etc.) thanks to the collaboration agreements for the implementation of the projects' activities.

The overall cost of the seven projects is evaluated at roughly FCFA28.7 billion. This cost was co-financed by BOAD, the recipient countries, the beneficiaries and other donors as follows:

- FCFA12.078 billion from BOAD (or 42%);
- FCFA11.527 billion as contribution from the States, local and regional authorities (CNCAS) and the beneficiaries (40%);
- FCFA17.123 billion by other donors (18%), namely The Netherlands (FCFA368.7 million), Kuwait Fund (FCFA3.839 billion), Crédit Mixte Suisse (FCFA837 million), Saudi Fund (FCFA3.120 billion) and OPEC Fund (FCFA1.639 billion).

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III. ASSESSMENT OF THE ACHIEVEMENTS

All planned activities were carried out, but they were not always properly executed and managed in a sustainable manner (ALG phase 2, Kou Valley, Anambe phase 1...). Indeed, the problems identified beforehand are still not solved (flooding and insufficient control of floodwaters, insufficient water in the dry season, production of fodder crops, fattening of draught animals to be culled, utilization of more organic matter with the introduction of animal husbandry...).

The analysis of the projects and their achievements was made from three aspects, namely:

- relevance, the objective of which is to determine if the project executed was in line/conformity with the national and local development context and policies/strategies on the one hand, and with the needs and wishes of the beneficiaries on the other hand;
- effectiveness, the objective of which is to assess the attainment or not of the results expected from the project in comparison with the list of achievements and explanations provided at the end of the execution of the project;
- efficiency, the concern of which is to determine if the resources provided were utilized in a rational manner, with the objective of maximizing results (better cost effectiveness). An assessment is to be made on the optimum utilization or not of the resources budgeted for and injected into the projects.

With regard to relevance, it has turned out that the projects which were evaluated were relevant for two reasons: the food self-sufficiency needs of the countries concerned and coherence with development strategies and policies.

From the viewpoint of effectiveness, the implementation of the projects resulted in an increase in the cultivable area thanks to the developed lands. The level of intensity of farming desired in financing the projects was not the same everywhere, even if everything was done to ensure that all the developed lands were utilized as much as possible. However, yields actually improved and producers have increased the technical level of their farming practices (fertilizers, weed killers, improved seeds, animal traction, motorized pumps and cultivators, etc.). By and large, farmers do well, even if the productivity of their farms needs to be further improved in order to make them more competitive.

The other externalities of the projects concern the development of animal husbandry by putting in place facilities for livestock and promoting various supporting measures which made it possible to increase and diversify the incomes of beneficiary communities, especially women (village shops, dyeing units, grain mills, shelling/hulling machines, fish farming).

With regard to the efficiency of investments, the actions of the seven projects were on the whole executed in a satisfactory manner, because of compliance with the quantities and the application of funds as expected. Roughly FCFA37.088 billion was injected into the projects, including FCFA11.872 billion from BOAD (32.01%).

The overall rate of execution is roughly 132.86% and 98.04% for the budget provided by BOAD. Additional financing was provided by the states, the beneficiaries and other donors in all the countries and for 5 out of 7 projects (except at Yelwani in Niger and Kassack North in Senegal). The aim was to allow additional investment induced by the shortcomings of prior technical studies, or to carry out additional actions which were indispensable.

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IV. IMPACTS OF PROJECTS' ACHIEVEMENTS

To the credit of the execution of the seven projects evaluated, it is important to underscore several impacts associated with the gains of the projects which have a positive effect on agricultural, forestry and livestock production.

As regards hydroagricultural improvement schemes and infrastructure for the opening-up of the areas: in the contexts of food insecurity and poverty which were a bane of the populations in the impact areas of these projects, the undeniable impact is to have made it possible notably to: (i) increase, despite the technical shortcomings noted, the cropped areas on the farms, thus ensuring a more guaranteed production, (ii) disseminate other irrigation systems, and (iii) promote livestock development in areas which were formerly practically abandoned, thus making them viable areas.

With respect to plant and animal production: prior to the improvements brought about by the projects, traditional production techniques were predominant in certain project areas. The development projects made it possible to train all the beneficiaries of serviced plots and enable them to acquire equipment for animal traction, carts, motorized cultivators, etc. The training and equipment, together with support and advice to farmers made it possible, as underscored earlier, to mechanize operations and improve technicity, which resulted in the doubling or even tripling of yields.

The positive effect of the projects is also noted in the achievement of surpluses (50% of the produce gathered in is sold) with the introduction of two crops a year, which was made possible by the development schemes, thus ensuring a higher production and plugging the cereal deficit in households.

The projects also favoured the emergence of other operations in the area, which benefit not only from the irrigation structures, but also from the technical training and supervision offered, in order to improve their productivity.

Thanks to the improvement projects, we have witnessed the sedentarization of pastoralists in the beneficiary communities, due mainly to the improvement of fodder supply and the permanent availability of water.

Impacts on the professional and interprofessional organization of the beneficiaries: capacity building for farmers in relatively satisfactory proportions had a positive impact on the beneficiaries whose social mobilization and organization have improved significantly and made it possible to have solid bases for sustainable endogenous development.

Impact on the improvement of the living conditions of the beneficiaries: in most cases, the projects contributed towards the establishment of development poles marked by the emergence of a multitude of other activities which create jobs and generate income. As a result, the beneficiary populations have been able to access credit, health services, education, training and modern housing.

Impact on public structures and the private sector: a lack of ownership of the projects by the beneficiaries and public administrations was noted, in the absence of farmer monitoring services following the commissioning of the project.

For all partners of the farmers' organizations, the lesson learnt has sometimes been the feeling of having contributed towards the creation of a new partnership with the rural community.

Impacts on capacity building: the attainment of the objective of capacity-building among the farmers, in relatively satisfying proportions, had a positive impact on the beneficiaries whose social mobilization and organization capabilities and agricultural and livestock production capabilities significantly improved, making it possible to have a favour-

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rable basis for a sustainable endogenous development. This holds true especially for all the projects, even if the rate of attainment of the objectives remains variable, depending on projects.

These projects made it possible to slow down migration, to create development poles, in each case, with the development of a multitude of other activities which create employment.

Unanimously, the beneficiaries acknowledge that the projects had positive effects on the educational system of their children. With the improvement of incomes, they are able to pay school fees more easily. Moreover, the projects attracted several investors who opened primary and secondary schools.

Environmental and social impacts: by their nature, these hydroagricultural improvement schemes were all based on the mobilization and utilization of water resources and land, for farming, livestock rearing or farming/forestry/livestock rearing with irrigation, with total or partial harnessing of water. Their impact on the bio-physical and human environment was induced in the short run by the irrigated perimeter development works and in the medium and long term by the systems chosen for their exploitation.

The direct impacts concern the quantity and quality of natural resources, namely water, soils and ecotone or aquatic biodiversity, but also, the health of the people.

It should be pointed out that the real measurement of these impacts is limited, due, on the one hand, to the lack of environmental and social impact assessments (ESIA) prior to implementation and, on the other hand, because several of these projects were completed a very long time ago (sometimes more than 20 years ago); likewise, other projects or actions supported by other donors were undertaken on the same sites or areas of impact since the completion of these projects.

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V. SUSTAINABILITY OF THE INVESTMENTS

From the viewpoint of sustainability of investments made, the analyses made show two situations:

- for a first category of projects, capacity building programmes and strategies for the farmers were deployed, which give guarantees for the sustainability of these perimeters. Even though they still require some amount of support in order to strengthen the gains made, the cooperative structures established on these perimeters have attained a viable level of autonomy and functioning;
- for the second category, it should be noted that there are difficulties which are reflected in the insufficiency, or even the lack of maintenance of the hydraulic equipment made available, which is likely to endanger the sustainability of the projects concerned in the medium and long term.

Other difficulties have to do with maintaining the relative quality of the hydraulic structures, guaranteeing ready access to credit for inputs and equipment, purchasing and paying on time for the produce so as to allow farmers to honour their commitments and meet their household expenditure.

Most of the farmers also mention maintenance costs which are increasingly beyond their reach.

However, the projects which received strong institutional support from the State yielded better results in terms of sustainability (better ownership, better maintenance, etc.).

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VI. SUCCESS AND FAILURE FACTORS OF THE PROJECTS

SUCCESS FACTORS

The success factors which led to an increase in yields and in production, notably rice production and the raising of small and large ruminants are mainly :

- a better harnessing of water on the developed perimeters, which has significantly reduced flooding;
- servicing of livestock areas by installing the appropriate equipment (boreholes, vaccination areas, health posts...) which made it possible to stabilize the herds and turn these areas into transhumance areas;
- a better mastery of knowledge and more efficient production techniques as a result of training and support from technical outreach services;
- development and utilization of strategies by the producers to reduce the harmful effects of floods. In order to maximize the area developed, the farmers in certain perimeters stagger the sowing dates and wait for the retreat of flood waters before starting to farm;
- confidence-building between producers and financial institutions through the provision of working capital and credit for the purchase of inputs and equipment. This mechanism has made it possible for the producers to have a permanent supply of inputs, or even acquire the equipment necessary for production;
- a strong involvement of women in market gardening and rice processing (parboiling).

FAILURE FACTORS

Apart from the areas rehabilitated/consolidated and the supporting infrastructure in respect of which the objectives have been attained, the results expected from the other actions were only partially attained (cropping intensity, additional production, reforestation, stocking with fingerlings and catches, etc).

Judging from the analyses carried out, the major factors which explain these failures are:

- shortcomings in the technical studies, which did not make it possible to construct hydraulic structures capable of effectively controlling the waters and ensuring the safety of farmers as they go about their production activities (small area farmed, hence low production, insufficiency of water for the development of fisheries, etc.);
- inadequate protection of the banks of certain perimeters and intense farming on them, thus facilitating the silting and filling up of the reservoirs with mud and the contamination of waters, which is harmful for fishes, human beings and animals);
- insufficient support for the stakeholders of market gardening, inadequacy of other supporting activities, including the maintenance of the hydraulic works. More favourable contexts would have made it possible to derive more benefits from the developed areas (provision of a larger developed perimeter, application of the recommended farming techniques...), as well as to ensure a rational utilization of water and a reduction of losses.

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CONCLUSION / RECOMMENDATIONS

At the end of the analyses, it was noted that despite the difficulties encountered in executing them, the projects attained a number of objectives. They made it possible, inter alia, to reduce food insecurity in the beneficiary villages and increase the incomes of farmers. The projects as a whole, have slowed down migration and have even turned the situation around by becoming poles of attraction. The diet has become more varied and food products are available in greater quantities. Despite the increase in some diseases such as malaria, the provision of drinking water supply points for the farmers has significantly reduced water-borne diseases.

In the area of capacity-building, the farmers also made important gains. Villages have benefitted from infrastructure such as health posts, electricity, rural tracks and, of course, the projects themselves. The impacts went beyond the direct beneficiaries of each project to reach the populations of certain villages located outside the project areas.

The enthusiasm for the irrigated perimeters has reached such a point that the management structures are finding it difficult to satisfy the demand. Several projects have, as it were, become victims of their success. The surveys conducted in the beneficiary households reveal that the living conditions of the farmers on the developed sites differ from those of households in non-beneficiary villages, even though the latter were affected positively by the projects.

At the macro-economic level, the objective was however not attained, because the projects were expected to reduce significantly the rice imports of the countries. The fall in yields after the completion of the projects, the problems of organizing the farmers and the difficulties of training and supervision by government structures did not make it possible to attain this objective. Moreover, the hopes raised initially by certain projects waned gradually. Likewise, in some cases, the insufficiency of enthusiasm among the womenfolk, together with a certain lack of efficiency of the training and

supervision structures did not make it possible to attain the objectives expected for the women.

The projects experienced diverse fortunes and successes associated with the commitment of the national authorities and the beneficiaries on the field, particularly the sustainability or not of the management/training and supervision structures after the completion of these projects. For certain projects which have been completed since two to three decades, most of the equipment or infrastructure put in place have disappeared or are no longer functioning.

Considering the conclusions arrived at, the major recommendations made to BOAD, the States or the beneficiaries, are to:

1/ initiate any discussions and any research/action making it possible to address the issue of the supposed link between reforestation in the irrigated perimeters and the proliferation of grain-eating birds, which adversely affects the design and environmental and socio-economic sustainability of hydroagricultural improvement schemes, in a semi-arid context marked by the precariousness of natural resources, like that of the countries in the Sahel;

2/ monitor the trend of micro-credit lines and partnerships put in place within the framework of projects in order to guarantee better conditions of sustainability for them, including consolidation with new investments. It is recommended to donors to demand, during the appraisal of projects/programmes, that the borrower should define strategies for ensuring the sustainability of project/programme components after the completion of the projects/programmes;

3/ prepare a benchmark situation and monitoring/evaluation indicators prior to the commencement of the investments and project-related activities and evaluating the impact within reasonable deadlines (between 5-6 years after the completion of projects) taking into consideration the activity of

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the beneficiaries as farmers, but also their memories, in a context where few things are written down;

4/ proceed, in the near future, to rehabilitate the structures while ensuring a sustainable management of water resources and the continuation of efforts to support and provide advisory services to farmers with a view to increasing performance on the perimeters;

5/ improve the knowledge and production capacities of the farmers on the developed perimeters by supporting them to organize efficiently the farming calendar for their operations in order to guarantee an efficient utilization of each component (upland areas, development) and by enhancing their knowledge in applying technical itineraries;

6/ facilitate the installation of the private sector in the River Niger Basin area and ensuring that there is a dynamic inter-branch organization there, with a view to promoting the development of partnerships, capacity-building, private sector financing and shareholding, innovation tests, installation of processing units, etc.;

7/ cater for all the foreseeable environmental and social problems, be they positive or negative, in designing and implementing hydroagricultural improvement schemes;

8/ make use of research findings in order to make gains in productivity by using high-yielding varieties, to have better mastery of production techniques and to make available equipment which is adapted to the mechanization needs of their operations.

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ABEDA: Arab Bank for Economic Development in Africa

AFD: Agence Française de Développement

AFDB: African Development Bank

AFRICA RICE: Africa Rice Centre

ATEDEF: Assistance Technique de France

BCEAO: Central Bank of West African States

BCP: Business continuity plan

BDEAC: Central African Development Bank

BDM SA: Development Bank of Mali

BNDES: National Bank for Economic and Social Development of Brazil

BOAD: West African Development Bank

CDM: Clean Development Mechanism

CEFEB: Centre d'Etudes Financières, Economiques et Bancaires

CILSS: Comité permanent Inter-Etats de Lutte contre la Sécheresse dans le Sahel

CIPREL: Compagnie Ivoirienne de Production d'Electricité

CRRH: Caisse Régionale de Refinancement Hypothécaire de l'UEMOA

EBID: ECOWAS Bank for Investment and Development

ECG: Evaluation Cooperation Group

EIB: European Investment Bank

ERP: Enterprise Resource Planning

ESM: European Stability Mechanism

FAER: African Fund for Renewable Energies

FAO: UN Food and Agriculture Organization

FCFA: Franc of the African Financial Community

FDC: Development and Cohesion Fund

FDE: Energy Development Fund

FEFISOL: European Fund for Solidarity Financing in Africa

GEF: Global Environmental Facility

GDP: Gross domestic product

HDI: Human development index

IAS/IFRS: International accounting standards/ International financial reporting standards

IDB: Islamic Development Bank

IDFC: International Development Finance Club

IIE: International Initiative for Impact Evaluation

IMF: International Monetary Fund

IREC: Regional Initiative for Sustainable Energy

ITFC: International Islamic Trade Finance Corporation

JICA: Japan International Cooperation Agency

KFW: Kreditanstalt für Wiederaufbau (German Agency for Financial Cooperation)

KPI: Key performance indicators

MAPP: PPP support mission

MFCFA: Million francs CFA

NFI: National financial institution

OPEC: Organization of Petroleum Exporting Countries

PACITR: Community Programme of Action on Road Infrastructure and Transport

PDMF: WAEMU Capital Market Development Project

PPP: Public Private Partnership

PROPARCO: Société de Promotion et de Participation pour la Coopération Economique

RCC: Regional Collaboration Centre

SMES: Small and medium-sized enterprises

UNCDF: United Nations Capital Development Fund

UNFCCC: United Nations Framework Convention on Climate Change

WAEMU: West African Economic and Monetary Union

WEO: World Economic Outlook

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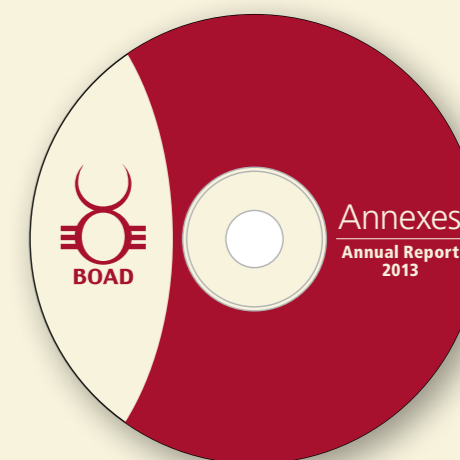
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