



DJOLIBA

STRATEGIC PLAN
2021-2025

West African Development Bank

2021 EDITION



DJOLIBA

Strategic plan 2021-2025

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PRESIDENT'S STATEMENT



Over the last decade, the WAEMU region has recorded significant economic growth by showing resilience to shocks. Annual growth has remained steady (+5.3% on average) and above the sub-Saharan average (+3.1%), driven mainly by investments. Such process has evolved alongside an improved per capita income, which has increased year in year out, averaging 2.4% compared to 1.8% in sub-Saharan Africa. This performance was also made possible on account of sound macro-economic management and solid foundations. BOAD has played its part by funding key projects in the public and private sectors. Now more than ever, BOAD should continue to fully and skillfully fulfill this role: this is the intent of Djoliba.

Djoliba, as named after the majestic river Niger, very typical of our sub-region. A feeder artery which flows through the lands of many WAEMU member countries, it serves as a link between the peoples of West Africa, and connecting with

the Atlantic Ocean, a central point for the countries' developing economies.

Djoliba has likewise become the name of the BOAD's 2021-2025 strategic plan. More than a symbol, it shows our commitment as institution, fully embracing the mission assigned to it by its founders 47 years ago. BOAD will be the leading bank making a strong impact on the integration and transformation of West Africa.

As a bedrock for our actions, such vision bears responsibility as the needs of the sub-region are as huge as crucial. Indeed, the sub-continent is committed to combating, inter alia, widespread poverty, socio-economic disparities in terms of income, access to education and health care. Member countries are equally committed to address climate change, food insecurity and security crises, particularly in the Sahel area. Moreso, the sub-continent faces a transport and electrification infrastructure gap as well as a deficit in housing including affordable and

“ **BOAD will be the leading bank making a strong impact on the integration and transformation of West Africa.** ”

low-cost housing that need to be addressed on urgent basis. Finally, the digitalization of services and production processes as well as the strengthening of regional value chains through support to private sector MSMEs are also a strategic requirement for the sub-region.

All these challenges have regrettably been aggravated by the impacts of Covid-19. This pandemic, which has profoundly disrupted economic dynamics and slowed progress, also serves as a reminder of the pressing need to build a sustainable, inclusive and resilient economy. It urges us to stand by our governments and the private sector to speed up economic recovery through job creation and income generation. In this regard, we will give special attention to activities adversely affected by the health crisis, as well as to youth and women who represent the most vulnerable population groups.

Thus, over the next five years, BOAD will move about with agility to boost its investment capacity and impact. It will carry on improving the living conditions of the populations of the Union. We will do so by adjusting tirelessly, innovating and transforming ourselves according to the following triptych:

- *Capital increase*: there are now growing development needs in our sub-region; we must therefore increase our equity capital to meet them while maintaining ourselves below our statutory debt capacity limit;

- *Adoption of a sector-based approach*: drawing on the action, development and socio-economic emergence plans adopted by member countries and in line with the sustainable development goals, BOAD is refocusing its activities on five key sectors: energy, infrastructure, agriculture and food security, health and education, and finally real estate, particularly social housing. In short, the aim is to acquire greater expertise for more efficiency in both national and regional investment programs;

- *Implementation of the "origination to distribution" approach*: BOAD will become a leader in project origination, structuring and financing while ensuring their proper implementation, monitoring and evaluation of results and impacts.

The entire staff is committed to this cause. And, with the support of the highest authorities of the Union and our shareholders, the Bank will continue to capitalize on achievements in order to strengthen itself both at financial and governance levels.

Therefore, I wish to appeal to all the technical and financial partners supporting us for increased synergies and improved coordination of our actions. BOAD aims to become the core target. We strongly believe in alliance and partnership strategies: these will enable us to play even better our role as catalyst and development arm in the region.

SERGE EKUE
President



ACRONYMS & ABBREVIATIONS

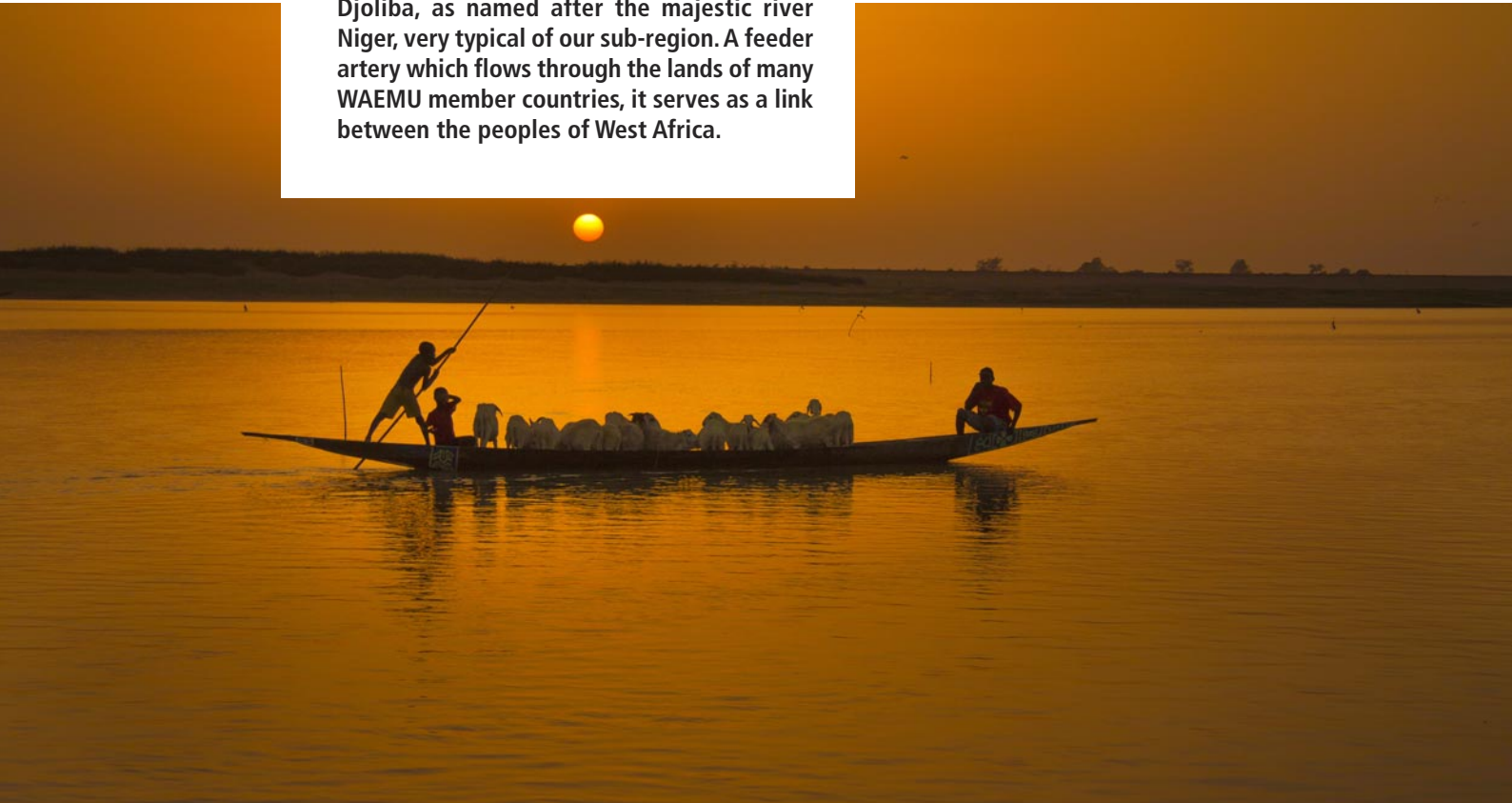
- AF:** Adaptation Fund
- AFC:** Africa Finance Corporation
- AFD:** French Development Agency
- AfDB:** African Development Bank
- Afreximbank:** African Export Import Bank
- AML-CFT:** Anti-Money Laundering and Combating the Financing of Terrorism
- BCEAO:** Central Bank of West African States
- BCP:** Business continuity plan
- BOAD:** West African Development Bank
- BSTDB:** Black Sea Trade and Development Bank
- CABEI:** Central American Bank for Economic Integration
- CAF:** Corporacion Andina de Fomento (Latin American Development Bank)
- CIE:** Compagnie Ivoirienne d'Electricité (Ivorian Electricity Company)
- CREPMF:** Conseil Régional de l'Épargne et des Marchés Financiers (Regional Council for Investments and Financial Markets)
- CSR:** Corporate social responsibility
- CUEMOA:** West African Economic and Monetary Union Commission
- DAC:** OECD Development Assistance Centre
- ECOWAS:** Economic Community of West African States
- EADB:** East African Development Bank
- EBID:** ECOWAS Bank for Investment and Development
- ECG:** Evaluation Cooperation Group
- EDB:** Eurasian Development Bank
- EDF:** European Development Fund
- EERD:** Status of Implementation and Development Outcomes
- EIB:** European Investment Bank
- ERP:** Enterprise Resource Planning
- EU:** European Union
- FCFA:** African Financial Community Franc
- FDC:** Development and Cohesion Fund
- FDE:** Energy Development Fund
- GEF:** Global Environment Facility
- GCF:** Green Climate Fund
- GDP:** Gross Domestic Product
- GDPR:** General Data Protection Regulation of the European Union
- IMF:** International Monetary Fund
- IFRS:** International Financial Reporting Standards
- IIB:** International Invest Bank
- INGO:** International NGO



- KfW:** Kreditanstalt für Wiederaufbau (German Development Agency)
- NGO:** Non-governmental organization
- OMVG:** Organisation for the Development of the Gambia River
- PER:** Regional Economic Programme
- PIE:** EU external Investment Plan
- PNB:** Net banking income
- PPP:** Public-Private Partnership
- PRODAT:** Programme for the Development and Promotion of Agropoles in Togo
- PSSA:** Special Program for Food Safety
- PTA-Togo:** Agro-Food Processing Project in Togo
- RAF:** Risk Appetite Framework
- RCC:** Regional Collaboration Centre
- SAP:** Systems, Applications and Products
- SFD:** Decentralized financial systems
- SIRH:** Human Resources Information System
- SMEs:** Small and medium-scaled enterprises
- SPFS:** Special Program for Food Security
- TDB:** Trade and Development Bank
- UNDP:** United Nations Development Programme
- UNFCCC:** United Nations Framework Convention on Climate Change
- URDPPP:** Regional PPP Project Development Unit
- WAEMU:** West African Economic and Monetary Union
- WAGRIC:** West Africa Growth Ring Corridor Master Plan
- WB:** World Bank

DJOLIBA

Djoliba, as named after the majestic river Niger, very typical of our sub-region. A feeder artery which flows through the lands of many WAEMU member countries, it serves as a link between the peoples of West Africa.



PLAN “DJOLIBA”

Executive summary

1. INTRODUCTION

The 2021-2025 strategic plan draws lessons from the previous strategic plan review focusing more strongly on development outcomes, further strengthening BOAD's financial capacities through capital increase and, if necessary, through effective implementation of reforms in shareholding structure and governance, and by equipping itself with the requisite resources (skills and systems) to adapt itself to the challenges related to the development of the WAEMU region, particularly those resulting from the long-term economic and social impact of the Covid-19 pandemic.

The purpose of the 2021-2025 plan is to achieve development outcomes in terms of job creation, transport infrastructure to facilitate the movement of people and goods, improved access to food through farm production and increased power generation capacity. The plan will further contribute to member countries' GDP and tax revenues. The projected commitments amount to XOF3,293 billion, or an increase of nearly 50% compared to the achievements of the 2015-2019 plan.

The plan timespan will also see continued strengthening of management systems, intensification of activities related to climate change and resource mobilization from climate funds, greater development of financial advisory and financing arrangement activities, with a new emphasis on staff career management and staff capacity-building (health, education, portfolio restructuring, impact analysis, etc.).

The implementation of its assessment strategy will make it possible for the Bank to monitor the implementation of the plan and measure the achieved development outcomes. This monitoring and evaluation task will help adjust, if necessary, the objectives to the evolving economic and social context in member countries, following approval by the governing bodies.

To reflect the objectives of regional integration, mobility, fluidity, agility and solidarity, and meet the challenges related to the conservation of natural resources, ecosystems and the safeguarding of biodiversity within the Union, the 2021-2025 strategic plan will be referred to as the plan DJOLIBA, named after the river Niger. Such name reflects the development challenges related to the three operational areas of the plan. It represents an important brand of the WAEMU's regional identity and a real challenge for food security, agriculture, energy and environment. It embodies integration and sharing. It federates the concerns of the populations of the community and the Bank's ambitions.

Economic outlook: the global and regional economic outlook for the strategic plan timeframe has been revised downward since the start of the year and remains highly uncertain due to the impact of the Covid-19 pandemic on the global economic activity. World GDP per capita is expected to decline by 5.9% in 2020 and to bounce back by only 4.3% in 2021, likely compromising the progress made over the past 30 years in alleviating extreme poverty across the world (Figure 1 in the main text).¹ Consequences for

¹ IMF World Economic Outlook Update, June 2020

African countries are particularly worrying, with a projected decline of 5.1% in per capita income. In WAEMU countries, the latest forecasts highlight, if necessary, the impact of the Covid-19 pandemic on the economic activity. While GDP growth will suffer less than in other geographical areas, its impact on populations will remain significant, due to strong demographic growth in the countries of the Union, with per capita GDP² dropping from a growth rate of 3.2% over the 2015-2019 period to 1.6% in 2020 to rebound to 2.7% in 2021. Indeed, the growth in per capita GDP is expected to be negative in all WAEMU in 2020. The risks and uncertainties associated with these forecasts are equally high with a considerable downside risk.³

2. VISION

The overriding need to choose and implement the priorities of the 2021-2025 strategic plan is to increase the impact of the Bank's interventions in terms of development outcomes. To this end, there is a need to focus operations on five key areas and to provide BOAD with all the required financial and human resources to effectively address the challenges related to the sustainable and inclusive development of the countries of the Union, including shocks such as the one generated by the Covid-19 pandemic.

The current vision would read as follows:

« BOAD, the leading bank making a strong impact on the integration and transformation of West Africa »

3. STRATEGY

The economic environment in which the Bank will implement this vision has changed a great deal by the pandemic and recovery is expected to spread at least over the first years of the strategic plan implementation. Significant efforts have already been made⁴ to take emergency measures related to the Covid-19 crisis and need to be strengthened to position the Bank as a major player in the economic recovery of the countries in the region over the 2021-2025 five-year period.

To achieve the vision, the 2021-2025 strategy is structured around three strategic operational areas and two cross-cutting areas.



² <https://www.imf.org/fr/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>

³ Economic performance is quoted in terms of GDP per capita to allow comparisons between countries (2% growth does not imply the same thing in a country with high population growth as in a country with a stable population) and to focus on the well-being of populations.

⁴ Given the uncertainty about the impact of the pandemic, the IMF has made no projections beyond 2021.

BOAD Board of Directors approved a XOF200 billion package of concessional loans to help finance emergency measures related to the Covid-19 pandemic in the eight WAEMU member countries.



BOAD will continue to focus on investments that foster regional integration and the movement of goods, people and data within the WAEMU region in order to create a large and attractive market for investors

3.1. Three operational areas

BOAD's experience and comparative advantages have led to the definition of three strategic operational areas that meet the development priorities of member countries. These include:

1. **Regional integration, the cornerstone of BOAD's inception:** Pto fulfill the mission assigned to it at its inception, BOAD will continue to focus on investments that foster regional integration and the movement of goods, people and data within the WAEMU region in order to create a large and attractive market for investors. It will achieve this in close collaboration with other institutions of the Union (WAEMU Commission, BCEAO, CREPMF, etc.). The Bank will thus become the lead institution in origination, preparation and financial engineering of integration-prone projects involving both development institutions and the private sector (PPPs) in their preparation (feasibility studies, etc.) and implementation. As a result of the impacts of the pandemic, special focus will be placed on pooling health programmes, as well as efforts

to improve internet access and digitalization in the region and to preserve achievements in the road, maritime, air and rail transport sectors.

2. **Creation of value and productive jobs in support to member countries and the private sector:** the Bank will contribute to the creation of a favourable business climate through the establishment of infrastructure in the energy, transport, urban development, water, communication and real estate sectors. It will give priority to the missing links in the global and regional value chains of the industrial and agricultural sectors and will promote small-scaled family farming. Emergency measures will also be required to address the needs of companies, particularly micro, small and medium-sized enterprises (MSMEs) affected by the economic slowdown resulting from the pandemic. Finally, efforts must be made to ensure food security, financial inclusion and social protection for the populations.
3. **Building greater resilience to climate change:** the countries of the Union are particularly sensitive to climate change impacts

(changing rainfall, changing cropping seasons, rising sea levels). It will therefore be necessary to support member countries in their efforts to meet the challenge of climate change (adaptation, mitigation to increase their resilience). Member countries are facing huge financing needs in terms of adaptation and mitigation to climate change, which requires BOAD to step up its ambition in mobilizing climate finance to meet the urgent needs of the governments. To this end, several strategic actions will be planned: (i) continued mobilization of concessional resources from the climate funds for the benefit of member governments (public financing); (ii) greening the WAEMU financial sector and promoting financial innovation to increase private investment in climate; (iii) accelerating climate investments in priority sectors including renewable energy and energy efficiency, sustainable and climate-smart agriculture, and green cities (transport and green buildings) as well as climate-resilient infrastructure; and (iv) integrating the climate dimension in the Bank's financing. Any measures taken to mitigate the impacts of the pandemic should also contribute to fostering a "green recovery".

Under each of these strategic areas, BOAD's activities will focus on the following five areas:

- Transport and ICT infrastructure/digitalization that promotes trade;
- Generation and equitable access to power and natural resources;
- Agricultural production and food security;
- Real estate (including tourist infrastructure) and housing, including low-cost housing;
- Health and education.

In each of these fields, emphasis will be laid on the role and appropriate financing needs of MSMEs to diversify the economic fabric and create jobs in growing fields. Particular attention will be given to youth employment and women's inclusion as well as the role of the financial sector (banks, financial institutions, decentralized financial systems) in supporting these fields.

3.2. Two cross-cutting areas

Achieving the objectives related to the three operational areas will require BOAD to have at disposal the necessary financial resources, skills and management and control systems.

Financial resources (capital increase and active balance sheet management): BOAD's capital structure will have to be strengthened through a significant increase in its equity capital, and if required, through institutional and governance reforms allowing for the admission of new well-rated shareholders. The implementation of these actions is likely to influence positively the investment grade rating of the Bank.

The Bank is close to its debt capacity limit. Hence, emphasis must continue being placed on a series of well-coordinated initiatives to enable it to better meet the needs of WAEMU countries. The priority will consist of carrying out a significant capital increase. Dynamic asset and portfolio management will equally help to optimize the use of capital through a series of actions throughout the plan timespan.

Skills and systems: BOAD will acquire the skills required to be more effective throughout the value chain: origination, preparation, structuring, financial arrangements, monitoring of the physical and financial execution of projects, and ex-post evaluation. Fulfilling the vision will also require the continued capacity building for the Bank staff and the acquisition of new skills in the areas of finance/financial engineering, social sectors and digitalization. The upgrading of management and control systems undertaken during the previous plan will continue.



GREEN RECOVERY

ANY MEASURES TAKEN TO MITIGATE THE IMPACTS OF THE PANDEMIC SHOULD ALSO CONTRIBUTE TO FOSTERING A "GREEN RECOVERY"

⁵ At the beginning of the plan, the main focus will at least consist of helping countries in preserving public and private tourist infrastructure, so that they get prepared for a rebound of the sector following the pandemic.

4. ACTIVITIES AND CONDITIONS OF IMPLEMENTATION

4.1. Development results and activity levels

The target of the 2021-2025 plan is to achieve development results in terms of job creation, transport infrastructure to facilitate the movement of people and goods, facilitating access to food through farm production and increasing power generation capacity.

The achievement of these development outcomes requires a volume of commitments of roughly XOF3,300 billion over the five-year period, including $\frac{3}{4}$ for the public sector and $\frac{1}{4}$ for the private sector. To support this level of activities, an increase in equity capital is required, notably doubling the capital, or XOF1,155 billion, 25% of which is to be paid up from 2022 over a 10-year term.



THE CAPITAL

To sustain this level of activities, an increase in equity capital is required, including doubling the capital by XOF1,155 billion

4.2. Implementation risks

The strategic plan will be implemented in a particularly uncertain economic environment and is subject to several risks, the most significant of which are listed below.

4.2.1. Economic and social impacts of the pandemic

The updated economic projections for June 2020 show that the impact of the Covid-19 pandemic on the economic performance of member countries and on populations will be significant and long-lasting. If the risk of an even sharper economic contraction becomes real, the impact on the populations will be severe and the financial capacity of member countries to respond may prove inadequate. Under such scenario, the implementation of the strategic plan would be seriously impacted. This risk can only be mitigated to a very limited extent. For each of the



three operational areas, emergency measures are to be sustained to enable BOAD to contribute to the mitigation of the aftermath of the pandemic and to the recovery of the Union's economies.

4.2.2. Downgrading of the rating

According to the rating agencies, the factors likely to downgrade the Bank's rating include:

- a deterioration in credit quality of major shareholders, on the one hand, and a downgrading of France's rating, which guarantees the unlimited convertibility of XOF/FCFA, on the other;



The strategic plan will be implemented in a particularly uncertain economic environment

- a deterioration in the Bank's solvency due to a greater than expected impact of the Covid-19 crisis;
- a higher than expected growth in activity levels that would lead to a deterioration in capital adequacy;
- a change in the monetary arrangements between France and WAEMU countries as part of the launch of ECOWAS currency, known as "ECO", which would not be profitable for BOAD;
- a significant deterioration in the risk profile and governance of the institution.

Fitch Ratings confirmed BOAD's investment grade rating of BBB in May 2020. However, the agency revised the Bank's outlook from "stable" to "negative". Despite the fact that this revision is the result of a totally exogenous factor to BOAD, it confirms the risk of a downgrading of the Bank's rating. A possible downgrading of the rating could lead to difficult access to the international market, which would undermine the implementation of the strategic plan.

⁶ This change in outlook is the result of a revision of the outlook for France's sovereign rating ("AA") from "stable" to "negative" (mainly related to public finance deficits and unfavourable economic growth prospects, both of which are linked to the Covid-19 crisis.) As France plays an important role in the monetary system of the WAEMU region as a guarantor of the convertibility of its currency to Euro, the revision of its outlook has a knock-on effect on that of BOAD.



Strengthening shareholder support for the Bank

This risk will be mitigated by actions that could support or even improve the current rating through:

- strengthened shareholders' support that the Bank receives, which, for instance, may be the case if existing or new shareholders with A-rating or higher rating take a larger share in the capital following the implementation of an institutional reform;
- controlled level of indebtedness (to remain below the statutory limit) and capital adequacy which will require, inter alia, an increase in the Bank's capital;
- business model review;
- strengthened governance based on a review of the overall risk management framework.

4.2.3. Delay in the Bank's capital increase

Achieving the Bank's objectives is closely dependent upon an increase in equity capital, particularly through a capital increase. Any delay in mobilizing the required capital will undermine the implementation of the strategic plan by forcing a significant reduction in commitments and expected results in order to comply with prudential ratios and preserve the rating.

4.2.4. Limited concessional resources

Concessional resources have been scarce to mobilize during the last two strategic plans and the difficult post-pandemic economic context does not allow for hope that this situation will be reversed favorably. The subsidy mechanism implemented in 2015 will make it possible to continue to provide concessional loans of up to XOF80 billion per year to the countries. Their use should be earmarked as a priority for activities with a strong social content to facilitate the response to emergencies resulting from the pandemic and to accelerate regional integration.

To reduce the impact related to the lack of concessional resources, climate funds' resources represent an important source of funding that is not capital intensive. Accreditation of BOAD to these funds, a significant achievement during the previous plan, is an important asset that requires intensive and effective use. The same applies to the indirect management of EU funds.

4.2.5. Transition to ECO

The 57th session of the ECOWAS Conference of Heads of State and Government held on 7 September 2020 in Niamey (Niger) decided to postpone at a later date, the introduction of the new single currency. However, the possible impact of a transition to ECO by ECOWAS on the Bank's financing strategy will have to be analyzed and anticipated with great care, both financially and institutionally,

including a possible evolution of the role of BCEAO. A task force will have to be set up to monitor the course of this dossier and prepare BOAD for possible changes. The mandate of this group will consist of analyzing the impact of a possible change in the ECO/EURO parity on the Bank's activities as well as the impact of such a change on risk assessment, the Bank's financial management and the relations between the various regional institutions. The said task force will play a proactive role and take advantage of the postponement decided by the Heads of State as to the implementation of the new arrangements.

4.2.6. Deterioration of the security situation

The security situation is worrying in several countries of the Union, particularly in the Sahel area and in the northern parts of some coastal countries. This is causing great uncertainty in member countries, undermining private investment decisions and the implementation of public programmes. It also requires spending for peacekeeping and security which reduce countries' budgetary room for development expenditure. BOAD could play an important role by financing development activities targeted at difficult areas in close collaboration with the G5 Sahel public investment plan and by actively participating in the deliberations of the various groups put in place to address the security issue.

4.2.7. Slow disbursement of funds

The previous plan review highlighted the slow pace of annual disbursements and its impact on the development outcomes achieved by BOAD. The experience of other development banks underlines the importance of (i) monitoring the annual disbursement rate of projects as an early indicator of good progress (or problems) in project implementation and (ii) ensuring that strict ex-ante quality criteria are put in place and complied with to ensure the maturity of projects at the time of their launch so as to avoid delays. To reduce this risk, guidelines will be prepared to ensure ex-ante quality for all operations, including the private sector, and staff will be trained to monitor annual disbursements. Emphasis will also be placed on project supervision and start-up support, as well as on the closure of non-performing projects.

5 MONITORING AND EVALUATION

Based on current practices, the steering and monitoring-evaluation system will comprise two components, namely the execution monitoring system, which will cover the implementation and outputs of all the components of the strategic plan, and the system for monitoring and evaluating the intervention outcomes.

Strategic plan implementation monitoring system. The purpose of this system will be to monitor the implementation of the plan. It will assess the progress in activities described for each of the strategic areas. Quarterly memos and annual activity reports will provide an update on: (i) commitments and disbursements; (ii) their consolidation at strategic area level, (iii) the financial situation (debt ratio, capital adequacy, etc.); (iv) the mobilization of non-financial resources (human resources); (v) outputs; and (vi) qualitative measures. The qualitative monitoring of the implementation of the plan will be guided by the periodic evaluation of the progress in activities described for each of the areas. The annual report will present a summary of the main findings in terms of results and impacts of the assessments carried out in the course of the year.

Monitoring and evaluation system for the results and impacts of the operations. The objectives of this system will be (i) to ensure the ex-ante quality of operations in terms of evaluability, through the training of staff responsible for formulating operations and systematic monitoring of evaluability as part of the process of approving operations; (ii) to ensure that the systems put in place for monitoring outcomes are effective; (iii) to submit to the Board of Directors an annual assessment programme of operations consistent with the available financial and human resources, and (iv) to produce assessment summaries, thematic assessments and thematic reviews so as to draw on the lessons learned from the experience of peer institutions.

STRATEGIC DIRECTIONS FOR 2021-2025



**THE LONG-TERM VISION
STRATEGIC AREAS
AND DIRECTIONS**





The 2021-2025 strategic plan draws lessons from the previous strategic plan review focusing more strongly on development outcomes, further strengthening BOAD's financial capacities through capital increase and, if necessary, through effective implementation of reforms in shareholding structure and governance, and by equipping itself with the requisite resources (skills and systems) to adapt itself to the challenges related to the development of the WAEMU region

1

INTRODUCTION

The first part of this document outlines the long-term vision of the 2021-2025 strategic plan and then presents the strategic areas and directions.

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Indeed, the 2021-2025 strategic plan draws lessons from the previous strategic plan review focusing more strongly on development outcomes, further strengthening BOAD's financial capacities through capital increase and, if necessary, through effective implementation of reforms in shareholding structure and governance, and by equipping itself with the requisite resources (skills and systems) to adapt itself to the challenges related to the development of the WAEMU region, particularly those resulting from the long-term economic and social impact of the Covid-19 pandemic.

The plan timespan will also see further strengthening of management and monitoring systems, the deepening of activities related to climate change and resource mobilization from climate funds, further development of financial advisory and financing arrangement activities, a focus on career management and staff capacity building (health, education, impact analysis, etc.).

Said timeframe will make it possible for BOAD to boost the capacity and role of resident missions to

become agencies for prospecting opportunities and monitoring operations. It will also enable BOAD to implement its strategy of corporate social responsibility, protection and security of both its staff and property, communication and marketing.

Implementation of its evaluation strategy will enable the Bank to monitor the implementation of the Plan, measure development outcomes, and carry out targeted impact studies. This monitoring and evaluation work will make it possible, if necessary, to adjust the objectives to the changing economic and social situation in member countries, following approval by the governing bodies.

To reflect the objectives of regional integration, mobility, fluidity, agility and solidarity, and meet the challenges related to the conservation of natural resources, ecosystems and the safeguarding of biodiversity within the Union, the 2021-2025 strategic plan will be referred to as the plan DJOLIBA, named after the river Niger. Such name reflects the development challenges linked to the three operational areas of the 2021-2025 plan. It represents an important brand of the WAEMU's regional identity and a real challenge for food security, agriculture, energy and environment. It embodies integration and sharing. It federates the concerns of the populations of the community and the Bank's ambitions.



2.7%

GDP per capita expected to rebound in 2021

1.1 ECONOMIC OUTLOOK

The global and regional economic outlook for the strategic plan timespan has been revised downward since the start of the year and remains highly uncertain due to the impact of the Covid-19 pandemic on the economic activity worldwide. World GDP per capita is expected to decline by 5.9% in 2020 and to bounce back by only 4.3% in 2021, likely compromising the progress made over the past 30 years in alleviating extreme poverty across the world (Figure 1).⁵ According to projections, the decline in per capita income will be the sharpest in developed countries (-8.4%), but will reach -4.1% in emerging and developing countries. Repercussions on African countries are particularly worrying, with a projected decline of 5.1% in per capita income.

In WAEMU countries, the latest forecasts highlight, if need be, the impact of the pandemic on economic activity. While GDP growth will suffer less than in other geographical areas, its impact on populations will remain significant due to strong population growth in the countries of the Union, with a per capita GDP⁶ declining from 3.2% over the 2015-2019 period to 1.6% in 2020 and bouncing back to 2.7% in 2021. Indeed, the per capita GDP growth is expected to be negative in all WAEMU countries in 2020 (Figure 2). Risks and uncertainties associated with these forecasts are also high with a considerable downside risk⁷.

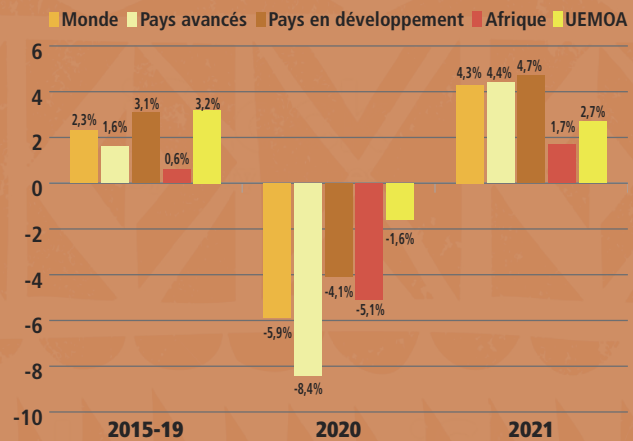
⁵ IMF World Economic Outlook Update, June 2020
<https://www.imf.org/fr/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>

⁶ Economic performance is cited in terms of GDP per capita to allow comparisons between countries (2% growth does not imply the same thing in a country with high population growth as in a country with a stable population) and to focus on the well-being of populations.

⁷ Given the uncertainty about the impact of the pandemic, the IMF made no projections beyond 2021.

1 FIGURE

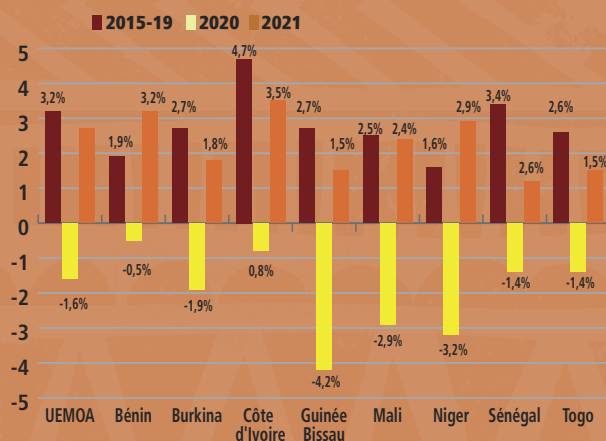
PER CAPITAL GDP GROWTH, 2015-2021



Source: IMF, World Economic Outlook and Regional Economic Outlook Update: Sub-Saharan Africa, June 2020

2 FIGURE

WAEMU PER CAPITAL GDP GROWTH, 2015-2021



Source: IMF, World Economic Outlook and Regional Economic Outlook Update: Sub-Saharan Africa, June 2020

2 VISION

The overriding need to choose and implement the priorities of the 2021-2025 strategic plan is to increase the impact of the Bank's operations in terms of development outcomes.

To this end, there is a need to focus operations on five key areas and to provide BOAD with all the required financial and human resources to effectively address the challenges related to the sustainable and inclusive development of the countries of the Union, including shocks such as the one generated by the Covid-19 pandemic.

Based on the analysis of the current development context in the region and the evaluation of the 2015-2019 strategic plan, the Bank's current vision is quite relevant. However, BOAD will need to be provided with all required financial and human resources to respond effectively to the challenges related to the sustainable and inclusive development of the countries in the Union.

The current vision would read as follows:

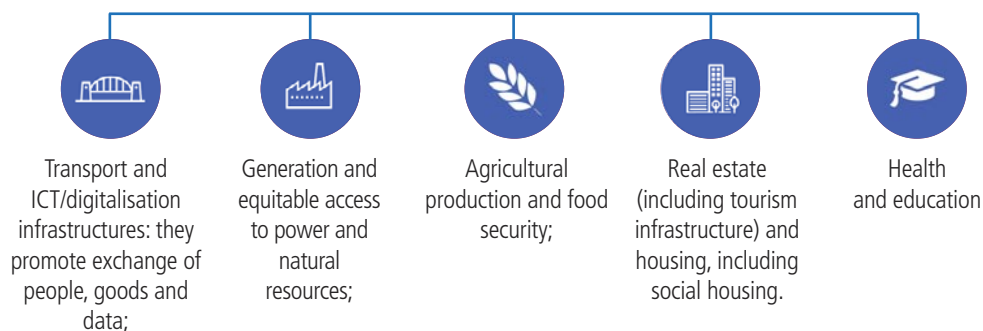
“BOAD, the leading bank making a strong impact on the integration and transformation of West Africa”



This vision will be achieved by significantly increasing the Bank's means of intervention, starting with its equity capital, and by using its positive attributes to intervene selectively on the three strategic operational areas which include:

- 1.** Regional integration, the cornerstone of BOAD's inception;
- 2.** Creation of values and productive jobs in support to member countries and the private sector; and
- 3.** Building greater resilience to climate change.

Under these strategic areas, BOAD's activities will focus on the following five sectors:





To increase the impact of the Bank's operations in terms of development outcomes

In each of these areas, emphasis will be placed on the role and appropriate financing needs of micro, small and medium-sized enterprises (MSMEs) to diversify the economic fabric and create jobs in growing such as processing of raw materials and social real estate. Special attention will be given to youth employment and women's inclusion, as well as the role of the financial sector (banks, financial institutions and decentralized financial systems) in supporting these areas.

To intervene in these areas, BOAD will equip itself with the capacities required to be more effective across the entire value chain: origination, preparation, structuring, financial arrangements, monitoring of physical and financial execution of projects, and ex-post evaluation. Dynamic balance sheet and portfolio management will help optimize the use of capital.

The implementation of this vision will require that BOAD's equity structure be strengthened by a significant increase in capital, which could be complemented, if required, by an institutional reform allowing for the admission of new well-rated shareholders. The implementation of these actions would have a positive impact on the Bank's intrinsic investment grade rating, thereby enabling the continuation of easing of interest rates applied to all borrowers since 2016 thanks to the three Eurobonds issued on the international financial market.

It will also require continued strengthening of skills for the Bank's staff and the acquisition of new skills in the fields of finance/financial engineering, social

sectors (health and education, in particular) and digitalization/ICT.

This vision will be supported by a commitment to corporate social responsibility (CSR) in order to meet the region's societal challenges and the expectations of all stakeholders. The Bank's ambition, on the one hand, is to create sustainable value for the entire sub-region and to contribute to the attainment of sustainable development goals (SDGs),⁸ on the other hand.

The economic environment in which the Bank will implement this vision has been significantly affected by the pandemic and the recovery is expected to take place at least over the first few years of the strategic plan implementation. The priority operational objectives identified will need to reflect in their content both the emergency actions related to the pandemic and those needed to address the long-term consequences of the shock caused by the pandemic on economic activity and the well-being of the populations.

Special efforts have already been made⁹ to take emergency measures in relation to the crisis arising from the Covid-19 pandemic. They will need to be reinforced so as to make it possible for the Bank to play a significant role in economic recovery in the countries of the region throughout the five-year period. For the Bank, it is not a question of providing budget support, but rather to strengthen the capacities of member countries and financial institutions to respond to external shocks through advisory activities and to rapidly make the necessary investments to address potential shocks.

⁸ See appendix 4

⁹ The Board of Directors of BOAD approved in March 2020 a XOF200 billion package of concessional loans to help finance emergency measures related to the Covid-19 pandemic in the eight WAEMU member states. These operations were subsidized by BCEAO (XOF25 billion), WAEMU (XOF15 billion) and the balance as at 31/12/2019 of the subsidy mechanism XOF12.85 billion).

3

AREAS OF INTERVENTION AND STRATEGIC DIRECTIONS

The plan Djoliba includes three strategic operational areas and two cross-cutting areas:

- 1 Strengthening regional integration.
- 2 Contributing to the creation of value and productive jobs.
- 3 Building greater resilience to climate change.
- 4 Increasing financing capacity.
- 5 Strengthening human resources and management systems.

To give a more precise idea of activities corresponding to the three strategic operational areas, the table below illustrates how the existing areas of activity could fit in with the proposed areas. Some activities and their corresponding codes already exist, others will be developed.

1 TABLE ALIGNMENT BETWEEN THE PRIORITY AREAS AND BOAD'S AREAS OF INTERVENTION"

STRATEGIC AREA	FOCUS AREAS
Regional integration	<ul style="list-style-type: none"> • Energy - WAPP regional pool and energy exports • Regional transport infrastructure • Regional transport facilities • Information and communication - regional networks • Regional health and social protection facilities infrastructure
Creation of value and productive jobs in support to member governments and the private sector	<ul style="list-style-type: none"> • Energy : national production • Water • Sanitation and urban planning • National transport infrastructure • National transport facilities • Information and communication - national networks • Agriculture and rural development • Industries • Finance and insurance • Hotels and tourism • National health and social protection facilities
Climate change	<ul style="list-style-type: none"> • Environment • Renewable energies • Adaptation • Mitigation



BOX 1

BREAKDOWN OF ACTIVITIES PER STRATEGIC AREA

It is very likely that the operations financed by the Bank will contribute to more than one of the three operational areas. To monitor the achievement of the objectives in terms of resource

allocation to these priority areas, each financing operation should receive an allocation key from its design stage indicating the proportion of the operation earmarked for each of the three priority areas. This allo-

cation could be introduced by markers in the computer system, allowing real-time monitoring of whether resource allocation goals are desirably fulfilled.

3.1 STRATEGIC AREA 1: STRENGTHENING REGIONAL INTEGRATION (30%)

In response to the mission assigned to it at its inception, BOAD will continue to focus on investments that promote regional integration and the movement of goods, people and data within the WAEMU in order to create a large and attractive market for investors. It will do so in close collaboration with other institutions of the Union (WAEMU Commission, BCEAO, CREPMF, etc.). Over the next five years, the Bank aims to become the leader in the origination, preparation and financial arrangement of integrative projects in which BOAD would engage both development institutions and the private sector (PPP) for their preparation (feasibility studies etc.) and execution. With regard to the aftermath of the pandemic, special attention should be paid to health programmes that pool resources, as well as to efforts to improve Internet access and

digitalization in the WAEMU region and to preserve the achievements in the road, maritime, air and rail transport sectors.

EMERGENCY RESPONSE MEASURES

The Covid-19 pandemic revealed the importance of supporting the development of regional health, education and social welfare facilities. It negatively affected companies with strong regional impact, particularly in the fields of transport and logistics (ports, airports, road transport, etc.), with regional champions suffering significant losses. It will therefore be necessary to provide them with the required means for preserving the production tool and jobs.

BOX 2

The Bank considers as **integrative projects** regional projects involving a minimum of two countries, at least one of which is a member country of the Union, or two economic operators, at least one of which is a national of a member country. In addition, there are national projects of common interest because of their innovative or replicable nature, as well as compensation projects selected

as part of the economic integration process.

In addition, **some projects included in regional programmes** can be considered as integrative, such as: (i) the Regional Economic Programme (PER); (ii) the Regional Initiative for Sustainable Energy (IRED); (iii) the Food Security Programme; (iv) the Community Action Programme for Infrastructure and Road Transport (PACITR), (v) the West African Power Pool (WAPP), etc.



Integrative projects: regional projects involving a minimum of two countries, at least one of which is a member country of the Union, or two economic operators, one of which at least is a national of a member country.



FULL OPERATION

Focusing on the quality of physical infrastructure, its sustainability and resilience to climate change

FULL OPERATION

Throughout the plan timespan, the Bank will strengthen its partnerships with the ECOWAS and WAEMU Commissions (particularly with regard to the WAEMU Specialized High Standard Health Care Centres Project (PCSSHN), the West Africa Growth Ring Corridor Master Plan (WAGRIC), the Regional Economic Programme (PER III) (currently under development), and other agricultural and energy programmes. It will develop appropriate capacities (sectoral studies) for the origination and preparation of regional projects for WAEMU where the Bank would be the lead institution to mobilize significant co-financing from public development institutions or the private sector (innovative PPPs).

This will require strengthening of skills in terms of promotion, preparation and financial structuring of

integrative projects, particularly in infrastructure. The Bank will also set up incentive mechanisms for this type of project (for example, by earmarking part of the concessional resources for them). Peculiar emphasis will be placed on the quality of physical infrastructure, their sustainability and resilience to climate change, and a regional plan to improve connectivity in the countries of the Union will be developed.

Finally, as a contribution to the security in the Union, BOAD could play an important role by financing development activities targeted at difficult areas, in conjunction with the G5 Sahel public investment plan, and by actively participating in the discussions of the various groups set up to address the security issue, making available its economic and social development capacities¹⁰.

BOX 3

BOAD: ADVISORY ROLE AND ARRANGEMENT OF AN INTEGRATIVE STRUCTURING PROJECT

La BOAD has a much better rating than member countries and can use it to structure loans and projects for its member countries. Indeed, the funding granted by local banks is often limited to 7-year maturities. Refinancing guarantees could make it possible to extend these maturities.

BOAD can use its preferred creditor status and ability to mobilize long-term resources and finance in local currency to play a full role as arranger/lender for regional integration projects in the WAEMU region. This role could be articulated as follows:

- Building a pipeline of integrative projects by helping member countries prepare bankable transactions;

- Arranging the structuring with European and regional commercial banks;
- Bringing together companies/institutions offering insurance products for integrative projects (multilateral institutions such as ATI, ICIEC, MIGA, with which BOAD has close ties and other development finance institutions);
- Taking the lead in funding its transactions, thereby accelerating them and increasing BOAD's impact.

It should also be noted that the performance of loans granted to member countries is excellent (a near-zero percentage of non-performing loans), which reinforces this natural lender/arranger position and

comfort vis-à-vis the co-financiers, thereby offering a net improvement in leverage.

The Bank can also use its ability to finance and explore the feasibility of new projects as an advantage to secure structuring projects. The size of regional projects and the reliance of member countries on BOAD suggest an activity with strong growth potential.

BOAD should increase its capacity to arrange and lend. This will require, on the one hand, building capacity for the current team through targeted recruitments and establishing partnerships with leading institutions in this matter, on the other hand.

¹⁰ Experience reveals that it is important to carry out development activities and actions to enhance security at the same time as possible. Development activities do not always require the availability of concessional resources.

3.2 STRATEGIC AREA 2: CONTRIBUTING TO THE CREATION OF VALUE AND PRODUCTIVE JOBS¹¹ IN SUPPORT TO THE MEMBER COUNTRIES AND THE PRIVATE SECTOR

The Bank will support the strengthening of a business climate conducive to infrastructure development in the energy, transport, urban development, water, communication and tourism sectors. It will give priority to funding the missing links in the global and regional value chains in industry and agriculture (both intensive and extensive), and will support small-scale family farming. Emergency measures should also be taken to respond to the needs of businesses, particularly MSMEs affected

by the economic slowdown (preservation of jobs and production tools, restructuring of projects in difficulty, technical assistance, etc.) along with the use and wider dissemination of already existing products (short-term lines of credit and medium-term refinancing facilities), financial advice, etc.). It will also be necessary to contribute to ensuring food security, financial inclusion and social protection of populations.

BOX 4

WHAT IS A GLOBAL VALUE CHAIN (GVC)?

A value chain is the set of activities carried out by companies to bring a product or service from design stage to final use by the end-user. At each stage of the chain, value is added in one way or another. As a result of outsourcing and growing interconnectivity, activities that make up the value chains of many products and services are increasingly fragmented across the world and between companies. Various tasks along the production chain may be carried out in remote locations, depending on the respective comparative advantages of different countries. The interconnected production process through which goods and services pass from design to manufacturing, marketing and sale is often called global value chain or international production network.

Each stage provides, to some extent, opportunities for the creation of local activities, jobs and business benefits, which in turn generate skills, technology and government revenues in the form of taxes. Successful

integration into a value chain can help a country reap a greater share of these benefits and accelerate its industrialization process.

Many opportunities for industrial development, value creation and employment lie in GVCs with high regional potential, as well as in the strengthening of SMEs in intermediate export activities. This potential is still under-utilized at sub-regional level, for example, in some sectors such as textiles and clothing. Industrial opportunities also exist in agribusiness, particularly in the processing and packaging of tropical fruits.

In the agricultural sector, special emphasis can be placed on the promotion of supply chains with the aim of developing, increasing and diversifying incomes and economic opportunities in rural areas, through improved organization and performance of supply chains (from production to marketing) of the agricultural, livestock and commercial

fishing sectors. This can also foster the creation of public-private partnerships through contractual arrangements that integrate producers into markets. Integration into GVCs offers real opportunities in terms of job creation, especially for youth. It should also facilitate access to new technologies, with the emergence of better national skills and the development of economic activities with higher added value that can contribute to the diversification of the economic fabric.

Nevertheless, threats could be associated with the development of GVCs through the emergence of foreign economic enclaves with inadequate links to the local economy, overexploitation and depletion of natural resources, degradation of social and environmental standards (especially in the mining sector), as well as exposure to imported crises due to greater connectivity to the global economy.

Source: AfDB "Global Value Chains and Africa's Industrialization: African Economic Outlook 2014". http://www.africaneconomicoutlook.org/sites/default/files/content-pdf/Edition_Thematique_FR_web.pdf

¹¹ A high proportion of the jobs created in the WAEMU come from the informal sector, whose productivity is very low. The aim is to promote the creation of higher-productivity jobs, as much as possible in the formal sector, in order to increase household income and achieve the structural transformation of the economy.



EMERGENCY RESPONSE MEASURES

The economic slowdown during the pandemic has had a strong negative impact on MSMEs and on the well-being of the populations in the Union. To address these emergency needs, the Bank will ensure that the corporate clients in portfolio have the necessary resources to get through the crisis and recover their activities on a sound financial footing (liquidity facilities, medium-term refinancing facilities, financial advice, restructuring of projects in difficulty). It will further focus on activities promoting food security (supplying populations with basic foodstuffs, food, drinking water, etc.), financial inclusion, social protection for the populations, trade, catering and services.

ing links in national value chains; (ii) focus on projects with a strong job creation potential and a strong impact on the fight against poverty; and (iii) support national flagships operating in the five strategic areas (transport, energy, agriculture and food security, health/education and real estate).

The Bank will intervene in direct support of large enterprises (public or private), prioritizing those that contribute most to job creation and the generation of ancillary activities by MSMEs. It will continue to refinance primary banks and decentralized financial systems supporting MSMEs, through financial intermediation loans coupled with technical assistance to complete the missing links in value chains (including in rural areas and for extractive and manufacturing activities). The Bank will further work to strengthen the capacity of commercial banks to better serve MSMEs by creating loan products targeted at different categories of enterprises and incorporating the technical support needed for their growth.

In the preparation of funding deals, peculiar attention will be paid to gender equality, the creation of opportunities for youth and women, and state support for small farmers by improving their productivity and access to markets and rural microfinance, building for instance on BCEAO's initiative for financial inclusion. Emphasis will be placed on education and health as part of projects financed, notably through sub-components related to ancillary activities.

Finally, with regard to improved business climate through the establishment of an incentive and attractive framework for private investment (local private sector and foreign direct investment), the Bank will participate in the implementation of the Regional Initiative for Improved Business Climate (IRCA) in conjunction with the WAEMU Commission and member countries, with a view to contributing to improved investment framework for the benefit of the private sector.

The Bank will also strengthen the means of intervention in favor of primary banks in order to help them preserve jobs and production tools in MSMEs, or even large-scale enterprises in difficulty due to the impact of the pandemic on the economies of the region. Particularly, this will involve : (i) strengthening support for decentralized financial systems by providing refinancing facilities¹², financial advisory services and technical assistance to reach out to microenterprises in the informal sector, being the most fragile but contributing to job creation, particularly for women and youth; (ii) supporting health infrastructure to improve the technical platform of the Union's hospitals and ensure access to them for the most disadvantaged groups of population; and (iii) strengthening drinking water, sanitation and urban development facilities.

FULL OPERATION

To contribute to a sustainable and equitable recovery of economic activities in the Union, the Bank will continue to finance national infrastructure that facilitates private sector investment (energy, transport, telecommunications, digitalization), including in the form of PPPs. In selecting the operations to be funded, BOAD will: (i) give priority to the mis-



AGRICULTURE

TARGET
Developing, increasing and diversifying incomes and economic opportunities in rural areas

¹² For example, the programme of refinancing facilities of XOF100 billion to banks to support the private sector, notably decentralized financial systems and MSMEs.

3.3 STRATEGIC AREA 3: BUILDING GREATER RESILIENCE TO CLIMATE CHANGE (25%)

Countries of the Union are particularly sensitive to the consequences of climate change (changing rainfall, changing crop seasons and rising sea levels). It will therefore be necessary to support them in their efforts to meet the challenge of climate change (adaptation, mitigation to increase their resilience). Member countries are faced with huge financing needs in terms of adaptation and mitigation to climate change, which calls on BOAD to boost its ambition in mobilizing climate finance to meet the pressing needs of the countries. To achieve this, several strategic actions should be undertaken: (i) continued mobilization of concessional resources from climate funds for the benefit of governments (public financing); (ii) greening the WAEMU financial sector and promoting financial innovation to increase private investment for climate; (iii) accelerating climate investments in key sectors including renewable energy and energy efficiency, sustainable and climate-smart agriculture, and green cities (transport and green buildings) and climate-resilient infrastructure; and (iv) integrating the climate dimension in the Bank's financing. All measures taken to respond to the consequences of the pandemic will also aim to promote a "green recovery".

■ EMERGENCY RESPONSE MEASURES

Emergency measures taken by the Bank to respond to the pandemic will have to comply with climate change commitments and, where necessary, corrective measures will be taken ex-post if the emergency process does not allow it.

■ FULL OPERATION

BOAD has made many commitments as part of the Paris Agreement on climate change. To meet them, the plan will emphasize support for climate-smart agriculture with a dual role of financing and knowledge bank. It will further focus on the preservation, rehabilitation,

extension and sustainable management of forests and landscapes and on financing activities that contribute to climate-resilient and low-carbon development (adaptation, mitigation and long-term resilience). Particularly, the plan timespan will allow for a gradual increase in the share of renewable energy in the energy mix and the promotion of power efficiency. This will be achieved by making sure that climate factors are being taken into account in all the Bank's operations (mainstreaming of carbon footprint tools, climate risk analyses, etc.).

In the course of the previous plan, the Bank received accreditations from climate funds¹³. It will continue to mobilize additional concessional resources from these funds for the benefit of member countries. To this end, the Bank's expertise in climate finance, particularly in project design and implementation, will need to be further strengthened by developing partnerships with organizations with proven experience in that area (AfDB, UNEP, INGO Climate, etc.). It will also be necessary to make optimal use of insurance mechanisms (e.g. by extending the crop insurance product¹⁴ and developing a partnership with the African Risk Capacity¹⁵) in including them, where necessary, and in an appropriate manner in the operations.

Meeting the pressing needs of the countries will call on BOAD to boost its ambition in mobilizing climate finance.



¹³ AF (Adaptation Fund), GEF (Global Environment Facility), GCF (Green Climate Fund).

¹⁴ The Crop Insurance Program was initiated by BOAD following the food crisis in the WAEMU zone in 2008. It is an index-based climate insurance product that has had convincing results in Senegal for the cotton and maize seasons. Work is underway to launch the product in four other countries (Burkina Faso, Côte d'Ivoire, Mali and Togo).

¹⁵ The African Risk Capacity (ARC) is a specialized agency of the African Union created to help African governments improve their capacity to better plan, prepare and respond to extreme weather events and natural disasters. Through collaboration and innovative funding, ARC enables countries to strengthen their disaster risk management systems and access rapid and predictable disaster funding to protect the food security and livelihoods of their vulnerable populations.

3.4 STRATEGIC AREA 4: INCREASING FINANCING CAPACITY

In a bid to strengthening its action, it is essential for the Bank to be able to significantly increase its capital, if necessary, through appropriate institutional reforms to attract new shareholders whilst continuing to control its overheads, mobilize new resources (climate funds and EU), strengthen the leverage effect of its capital through dynamic balance sheet management, and develop income-generating advisory activities.

■ EMERGENCY RESPONSE MEASURES

At the request of the member countries and in partnership with BCEAO and the WAEMU Commission, BOAD has responded rapidly to the needs of the economies of the Union through exceptional financing. The Bank will also strengthen the dissemination of the products needed to reduce the impact of the pandemic on companies (short-term cash liquidity loans), refinancing facilities to MSMEs, financial advice for the restructuring of projects in difficulty, etc.). It is therefore necessary to increase capital in order to have the required room to continue to meet the development challenges of the WAEMU region, particularly those arising from the Covid-19 crisis and its consequences. This should be done while preserving the investment grade rating.

■ FULL OPERATION

The main objective is to strengthen the Bank's financing capacity. As such, a series of measures will be taken during the plan timespan: (i) increasing the capital over the short-term in order to maintain a sound capital adequacy, (ii) optimizing the balance sheet, (iii) improving the quality of assets held in cash, (iv) diversifying the shareholder base and sources of fund-raising, (v) maintaining the preferred creditor status, and (vi) improving the investment grade rating at best.

In terms of management, the objective is to maximize net banking income by increasing the Bank's operational efficiency by streamlining costs and increasing staff productivity, and developing or strengthening certain financial service activities (financial advice, financing arrangements, executing agent on behalf of the environmental and EU Funds, guarantees, etc.) as part of a broader business model. It will also relate to optimizing the use of capital in giving priority to loans and guarantees, limiting equity investments and encouraging a fas-

ter turnover of assets held on the balance sheet through the sale or securitization of receivables, etc. At last, it will be necessary to use equity capital as leverage to mobilize resources from the private sector through guarantees or through the origination and structuring of PPPs.

In terms of partnerships, further efforts will be made to mobilize and strengthen the use of resources from environmental and climate funds and also to expedite the process of accessing EU resources (EU Pillar Assessment). The Bank will also seek the financial support of the G-20 as part of the Compact with Africa involving five countries of the Union (Benin, Burkina Faso, Côte d'Ivoire, Senegal and Togo).

At institutional level, reforms will also be needed to increase equity capital through: (i) the accession of new well-rated shareholders and/or (ii) an increase in the share of non-regional shareholders in the capital whilst maintaining the regional distinctiveness specificity of BOAD. Prospective new shareholders will be required to have a better rating than the Bank's current rating. In order to extend the scope of prospective shareholders, an in-depth study will be conducted to analyze the costs and benefits of a possible spin-off of private sector financing activities, following the example of Proparco of the AFD Group. This would make it possible to separate public and private sector financing activities that require different skills, and to attract new shareholders for the private sector channel. All risks involved in such approach must be carefully assessed (high transition costs, creation of silos, duplication of support services, etc.)

ECOWAS officials announced that important reforms would be made in the area of monetary arrangements. In addition, WAEMU authorities decided on a number of monetary reforms and changing the name of the Union's currency from FCFA to ECO. A task force will be set up to monitor this important issue and analyze the possible implications for both the new monetary arrangements of the Union and a possible transition to a common ECOWAS currency. In particular, the new risks that could result from such changes (exchange rate risk, pricing system, change in institutional architecture, etc.) will be analyzed and proposals will be made to address them by taking advantage of the timeframe determined by the Heads of State for the implementation of reforms.



OBJECTIF PRINCIPAL

RENFORCER LA CAPACITÉ DE FINANCEMENT DE LA BANQUE

3.5 STRATEGIC AREA 5: STRENGTHENING HUMAN RESOURCES AND MANAGEMENT SYSTEMS

The purpose is to: (i) build capacities and provide continuing training of staff (particularly, in the following areas: education, health, new financial technologies “fintech”, financial inclusion and social protection of populations); (ii) continue to upgrade management systems (accounting, risks, human resources, databases, data quality, etc.) in the service of a culture based on rigour, results and impact; (iii) secure assets and ensure business continuity by drawing lessons from the telework period during the pandemic; (iv) put in place a proactive communication policy so that the Bank and its role are even better known and valued; and (v) strengthen governance by improving the independence of supervisory bodies.

■ EMERGENCY RESPONSE MEASURES

La pandémie a mis en évidence les faiblesses du système de santé et le besoin d’adopter des politiques efThe pandemic has brought to light the weaknesses of the health system and the need to adopt effective and mutually reinforcing policies to address them at country level and at the level of regional reference facilities. Thus, it will be necessary to strengthen the Bank’s expertise in the health and social sectors. The same applies to other sectors where the Covid-19 crisis revealed weaknesses: microfinance, digital infrastruc-

ture, and support to primary banks to provide support to companies that have suffered from downturn. The Bank will also build on the important lessons learned from business continuity during the pandemic and the teleworking it generated.

■ FULL OPERATION

Human resources: BOAD's staff is one of its main assets. It will be necessary to sustain the actions undertaken over the last five years to develop the capacities of all staff categories, and ensure staff satisfaction in order to maximize performance and provide clear career prospects. The Bank will need to continually adapt to new professions and emerging trends in the banking sector.

In particular, the plan timespan will make it possible to strengthen the institution's career management plan through: (i) agile management of professional career paths (technical or skills areas, career gateways between various job lines, etc.); (ii) development of human capital (continuous training, etc.); and (iii) implementation of incentive employment conditions to facilitate the recruitment and retention of the skills needed by the Bank. It will be important to make sure that the Bank offers competitive employment condi-

BOX 5

RISK MANAGEMENT FRAMEWORK

In order to comply with international standards, the Bank has adopted IFRS 9 as of January 2018. This approach has notably led to an overhaul of the Bank’s method of depreciation of financial instruments. Depreciation of these instruments is now determined based on the probabilities of default associated with each rated counterparty.

The Bank has also calibrated its internal rating models, with the transition from three to six rating models

and the establishment of a more granular “internal master scale” comprising 21 risk categories, based on that of the Global Emerging Markets Consortium (GEMS). This is a reference tool shared by several multilateral or European development banks. The portfolio rating models have been calibrated according to best practices, with the development of new models for project finance, sovereign portfolio and equity investments covering all segments of the Bank’s portfolio.

The rating system has been brought into line with that of the international rating agencies (Fitch, Moody's and S&P). The implementation of the risk appetite framework and the economic capital calculation model is in its final stage. The adoption of these practices by the Bank should help improve its risk management framework and credit rating with international rating agencies.



BOAD's staff is one of its main assets. It will be necessary to sustain the actions undertaken over the last five years to develop the capacities of all staff categories, and ensure staff satisfaction in order to maximize performance and provide clear career prospects

tions compared to other multilateral development banks. All these measures will be targeted at providing staff welfare, respect, gender equality and equal chances. Information seminars will be organized to ensure that managers and staffs are fully aware of the Bank's promotion rules, and thereby allowing their application in full transparency.

Internal management systems: the plan timespan will also consolidate the progress made on internal management systems during the previous plan. Such consolidation will require a clear definition of responsibilities and a rigorous schedule in the follo-

wing areas: (i) legal system with emphasis on the compliance system to ensure transparency of operations and further strengthen the ethical dimension; (ii) information systems to strengthen the role of BOAD as a knowledge bank (knowledge generation); and (iii) technology and communication based on teleworking experience and remote access to the Bank's data and systems during lockdown. It will also be required to further the digital transformation of the Bank (electronic data management) and to consider the relevance of digitizing the appraisal and monitoring processes of operations without excluding physical presence in the field.

Special attention will be paid to the consolidation of the risk management framework (financial guidance, ALM, risk appetite framework & economic capital model, etc.) and data governance

The aim is to consolidate a "performance-oriented culture" at all levels of the Bank, which is the key to increasing the Bank's operational efficiency and impact. The first progress indicators will include accelerated annual rate of disbursements, implementation of projects within the initial timeframe, and improved quality of the Bank's portfolio. To this end, the Bank will improve the ex-ante quality of projects, particularly, the preparedness of operations in order to reduce the time needed to implement them. Among other things, it will mobilize support (e.g. from trust funds) to finance better project preparation and will consider the mobilization of an internal support team dedicated to project origination and preparation.

Resident Missions: the Bank's representations in the countries of the Union are an important asset whose management and use could be optimized. Their role will need to be reviewed both in terms of communication and support to the Bank's activities, including knowledge generation and dissemination activities.

Asset management and security: a study conducted in 2019 made it possible to draw up a traceable inventory of the Bank's real estate and land properties and to estimate their market value. A strategic action plan and a task implementation schedule have been adopted and will be implemented during the plan timespan.

To ensure safety and security for staffs, physical facilities and information systems, the Bank has, for several years now, taken into account the security factor in its activities as part of the "Peace and Security" project set up by the WAEMU Conference of Heads of State and Government. Risks related to

cross-border organized crime, regional public health (Ebola, meningitis, Lassa fever, coronavirus), terrorism and jihad movements as well as trafficking of all kinds are the new challenges facing the WAEMU region and well beyond the strictly economic and financial framework. BOAD's interventions in certain areas of these countries must take this into account and be subject to certain contingencies. The issue of security for people and property within the Bank now needs to be addressed more thoroughly.

Cyber threats have also grown significantly alongside the increased digitalization of administrative and operational management. International cooperation requires the Bank to align its working methods with certain non-EU standards, such as the EU General Data Protection Regulation (GDPR).

As regards physical security, BOAD has made major investments to bring its security management system closer to best practices in this area. One of the nine (9) areas of the Bank's CSR strategy also involves the security of staff on mobility, which allows for better consideration of the sub-regional context and the Bank's duty of protection towards its staff.

With regard to information system security, the Bank has been ISO 27001 certified (Information Security Management System) since January 2017. This certification has been maintained since then and was renewed in January 2020.

Furthermore, the business continuity plan (BCP), updated in 2020, must undergo significant changes. The Covid-19 crisis has shown that the high concentration of staff in normal times at headquarters and the persistence of certain "physical" (face-to-face) processing in the Bank's business processes could, in the event of a more serious crisis, partially or totally cripple the institution. It therefore appears necessary during the plan timespan to take into account the following factors:



RESIDENT MISSIONS

THE BANK'S REPRESENTATIONS IN THE COUNTRIES OF THE UNION ARE AN IMPORTANT ASSET



SECURITY
Continued improvement in the security of the Bank's facilities

BUSINESS TRIPS
Capacity building for Bank staff on security issues, especially during business trips

RESIDENT MISSIONS
Lessons learned from the Covid-19 crisis in improving the Bank's BCP by developing teleworking, computerizing business processes that still require "physical" processing and moving towards deconcentrating activities from headquarters to the resident missions, enabling better synergy of action between the various resident missions and the headquarters and improved portfolio monitoring

IT SECURITY
Aligning the information system security strategy with the new IT master plan

SECURITY ASPECTS
Mainstreaming security aspects in the Bank's projects

MULTILATERAL COOPERATION
Development of multilateral cooperation with the institutions of the Union and development partners for an integrated approach to security issues in institutional cooperation

STAFF - SECURITY
Strengthening the staff complement of the units responsible for physical and information security and business continuity, in order to take better account of the new challenges

Marketing strategy: one of the factors in the Bank's performance is related to the measures to be deployed to strengthen its competitiveness in the commercial sector. The marketing function is an important driver to be integrated into this approach, through the implementation of a strategy aimed at optimizing the Bank's positioning in the commercial sector by promoting the acquisition of sound and good quality projects, thereby ensuring strong portfolio quality. This strategy will outline:

- The commercial approach adapted to the Bank's ambitions, particularly through an organizational upgrade and good functional coordination of the operational units and those responsible for commercial action;
- An optimization of its product and service offer to improve performance;
- A mechanism for the acquisition of major projects based on the implementation of a sectoral approach focused on high-potential priority sectors with dedicated offers and promotion of co-financing with technical and financial partners;
- An action plan to strengthen its reputation, institutional image and commercial positioning.

Communication strategy: a dynamic and modern communication strategy must complement the structural changes at institutional level. This strategy will be directed and adapted to the Bank's various

targets (investors, shareholders, customers) and different partners. It will be structured around two major strategic areas:

1) Bringing to light BOAD's leadership and influence through:

- Increased dissemination of information on its activities, products and partnerships in order to boost its reputation;
- Promoting innovative initiatives including climate finance and public-private partnerships;
- Positioning of the Bank as a regional knowledge hub with useful knowledge relating, inter alia, to issues linked to development financing in the WAEMU.

2) Exploring innovative communication channels (format, content and targets) to strengthen the Bank's institutional image.

Beyond the above-mentioned objectives, the Bank's communication should also focus on the final beneficiaries and the impacts of projects financed through a multi-channel mechanism: formal meetings and social network discussions, among other things.

The plan timespan will also allow the following objectives to be achieved: (i) implementing the CSR policy and strategy and (ii) implementing an intellectual production strategy as part of strengthening knowledge dissemination, both internally and externally.



COMMUNICATION STRATEGY

SHE WILL BE DIRECTED AND ADAPTED TO THE BANK'S VARIOUS TARGETS

ACTIVITY LEVELS AND IMPLEMENTATION CONDITIONS



Achieving these development outcomes requires a volume of commitments of about XOF3,300 billion over the 2021-2025 five-year period



The objective of the 2021-2025 plan is to seek development impacts in terms of job creation, transport infrastructure to facilitate the movement of people and goods, access to food through farm production and increased power generation capacity.

4

4 DEVELOPMENT OUTCOMES AND ACTIVITY LEVELS

The objective of the 2021-2025 plan is to seek development impacts in terms of job creation, transport infrastructure to facilitate the movement of people and goods, access to food through farm production and increased power generation capacity.



245 000

.....
**Contribution of BOAD
to job creation**
.....

In terms of employment, BOAD will contribute to the creation of 245,000 jobs, 17,000 of which will be in the entire economic fabric made up of MSMEs via the lines of credit granted to banks and inclusive finance institutions (MFIs and National Funds for Inclusive Finance).

.....
**About XOF3,700 billion
as contribution to state**
.....

In terms of added value and participation to state tax revenues, about XOF3,700 billion as contribution to state GDP¹⁶ and XOF580 billion to direct taxes.

¹⁶ An estimated annual contribution of 0.8% of WAEMU's annual GDP.

.....
**Increase the average production of
drinking water by 88,000 m³/day**
.....

As regards access to drinking water, the Bank's financing will aim to build all the required infrastructure (boreholes, water towers and distribution channels) to increase the average production of drinking water by 88,000 m³/day.



170 000

.....
**Allow the production of 170,000
tonnes of rice per year.**
.....

In the agricultural sector, the impact expected from the Bank's assistance is estimated at 12,000 hectares of land developed to enable the production of 170,000 tons of rice annually.



The objective of the 2021-2025 plan :
to facilitate the movement of people and goods



13 000

.....
Implantation of 13,000 km of roads
.....

The Bank's achievements over the next five years will also target the implementation of 13,000 km of roads to improve transport infrastructure so as to facilitate the movement of people and goods across the region.



18 000 000

.....
The funding granted will prevent 18 million tCO²
.....

As for climate, the funding to be granted under the plan will make it possible to avoid 18 million tCO².



380

.....
A contribution in terms of additional capacity of 380 MW
.....

With respect to access to energy, the achievements of the next strategic plan will provide the population with power generation capacity to improve the rate of electrification and power supply in the region. A contribution in terms of additional capacity of 380 MW is targeted with a minimum share of 39% allocated to renewable energies.



Achieving these development outcomes requires a volume of commitments of about XOF3,300 billion over the 2021-2025 five-year period, including $\frac{3}{4}$ for the public sector and $\frac{1}{4}$ for the private sector. To sustain this level of activities, an increase in equity capital is required, including doubling the capital by XOF1,155 billion, 25% of which is to be paid up from 2022, over a 10-year term.

5

IMPLEMENTATION RISKS

The plan will be implemented in an environment marked by the global economic and social impacts of the Covid-19 pandemic that have adversely affected the global economy and trade. Member countries' economies have been severely impacted (see projections above). In addition, countries of the Union are facing security challenges that limit their budgetary leeway for development expenditure. These factors, as well as the difficulty of mobilizing substantial concessional resources, underline the importance of optimizing portfolio management and maintaining or even improving the Bank's rating so that it can continue to borrow from the international financial market at increasingly competitive rates.



5.1 ECONOMIC AND SOCIAL IMPACTS OF THE PANDEMIC



**a decline
of 1.6%
in 2020**

The updated economic projections as of June 2020 (see above) revealed that the impact of the Covid-19 pandemic on the economic performance of States and on populations will be significant and lasting. As previously mentioned, for each of the three strategic areas, taking emergency measures and follow-up must continue so that BOAD can contribute to the mitigation of the impact of the pandemic and to the recovery of the Union's economies while complying with its own prudential ratios.

Special efforts will be needed to develop the Bank's capacity in health and education and put in place a comprehensive regional plan to improve connectivity in the countries of the Union. Similarly, BOAD will have to develop its advisory activities, facilitate the restructuring of the public and private enterprises that it directly finances, and strengthen the capacity of the banks that finance MSMEs through BOAD LoCs.

5.2 DOWNGRADING OF THE RATING

According to the agencies, factors likely to downgrade the Bank's rating include the following:

- A weakening of the "strong" support of the shareholders, which would result from a deterioration in the credit quality of the institution's main shareholders, on the one hand, and a downgrading of France's rating which guarantees the unlimited convertibility of the FCFA, on the other hand;
- A deterioration in the Bank's solvency due to a greater than expected impact of the Covid-19 crisis, particularly on the Bank's commercial portfolio (increase in the rate of deterioration of the commercial portfolio);
- A higher than expected growth in activity levels, which would lead to a deterioration in capital adequacy;
- A change that would not be beneficial to BOAD in the monetary arrangements between France and WAEMU countries in the context of the launch of the ECOWAS currency called "ECO";
- A significant deterioration in the institution's risk profile and governance.

Fitch Ratings confirmed BOAD's investment grade rating of BBB in May 2020 (see Appendix 3 for BOAD's positioning in relation to its comparators). However, the agency revised the Bank's outlook from "stable" to "negative". Despite the fact that this revision is the result of a factor totally external to BOAD,¹⁷ it confirms the risk of a downgrading of BOAD's rating. A possible downgrading of the rating could lead to difficult access to the international market and/or increase the cost of resources that would be mobilized therein. This would result in a

¹⁷ This change in outlook is the result of a revision of the outlook for France's sovereign rating ("AA") from "stable" to "negative" (mainly related to public finance deficits and unfavourable economic growth prospects, both of which are linked to the Covid-19 crisis.) As France plays an important role in the monetary system of the WAEMU region as a guarantor of the convertibility of its currency to Euro, the revision of its outlook has a knock-on effect on that of BOAD.

risk of non-competitiveness of the Bank's rate package, which would undermine the implementation of the strategic plan.

This risk will be mitigated by actions that could support or even improve the Bank's current rating (see section 4 above):

- Strengthening shareholder support for the Bank, which may be the case, for example, if existing or new shareholders rated A or higher take a larger share of the capital following the implementation of an institutional reform;
- Controlling debt level (to remain below the statutory limit) and capital adequacy, which will require, inter alia, an increase in the Bank's capital in order to continue financing at its full operation;
- Reviewing the business model ;
- Strengthening governance by consolidating the risk management framework.



**FITCH RATINGS
CONFIRMED
BOAD'S
INVESTMENT GRADE
RATING OF BBB
IN MAY 2020**



5.3 DELAY IN THE BANK'S CAPITAL INCREASE

As outlined in area 4 of the strategy, the achievement of the Bank's objectives is closely dependent upon a strengthening of equity capital, notably through a capital increase, which is truly a key success factor. Any delay in mobilizing the required capital will jeopardize the implementation of the strategic plan. This risk cannot be mitigated. Should there be a delay in the capital increase, the strategic plan could not be implemented as scheduled and commitments must be reduced significantly.

5.4 LIMITED CONCESSIONAL RESOURCES

Concessional resources have been difficult to mobilize under the last two strategic plans, and the difficult post-pandemic economic situation does not augur well that this situation will change favorably. The subsidy mechanism put in place in 2015 will make it possible to continue to make available to the States concessional loans of up to XOF80 billion per year. Its use should be reserved as a priority for activities with a strong social content to facilitate the response to emergencies resulting from the pandemic and to accelerate regional integration.

The scarcity of concessional resources underscores the importance of maintaining and improving ratings so that BOAD can continue to borrow in global capital markets whose depth and terms (especially at



© Photo by Blue Ox Studio from Pexels

a lower cost) are more attractive than those of the regional market.

To reduce the impact of limited concessional resources, the climate funds represent an important source of financing at very attractive rates. BOAD's accreditation to these funds, considered as an outstanding achievement during the previous plan, is an important asset that should be used intensively and effectively. The same applies to the delegated management of EU funds once the Bank receives its accreditation.



Priority for activities with a strong social content to facilitate the response to emergencies resulting from the pandemic

5.5 INCREASE IN DEBT LEVEL OF MEMBER COUNTRIES

The continued increase in debt level of WAEMU countries would reduce their capacity to take on new financial commitments. Thus, it poses a threat to the capital increase project and the demand for Bank financing. However, multilateral surveillance and co-operation with the IMF are channels for mitigating this risk.



XOF80 billion

.....
concessional loans per annum made available to member countries.



5.6 TRANSITION TO ECO

The 57th session of the ECOWAS Conference of Heads of State and Government held on 7 September 2020 in Niamey (Niger) decided to postpone, at a later date, the introduction of the new single currency. However, the possible impact of a transition to ECO by ECOWAS on the Bank's financing strategy should be analyzed and anticipated with great care, both financially and institutionally, including a possible evolution of the role of BCEAO. A task force needs to be set up to monitor any developments and prepare BOAD for possible changes. The mandate of this task force will consist of analyzing the consequences of a possible change in the ECO/EURO parity on the Bank's activities as well as the impact of such change on risk assessment, the Bank's financial management and the relations between the various regional institutions. This task force will play a proactive role and take advantage of the postponement decided by the Heads of State in the implementation of the new arrangements.

5.7 DETERIORATION OF THE SECURITY SITUATION

The security context is worrying in several countries of the Union, particularly in the Sahel area and in the northern parts of some coastal countries in the region. It is generating great uncertainty in the member countries, thereby impeding private investment decisions and the implementation of public programmes (health, education and infrastructure). It also imposes spending for maintaining peace and security that reduce countries' fiscal leeway for development spending. BOAD could play an important role by financing development activities targeted at difficult areas in conjunction with the G5 Sahel public investment plan



and by actively participating in the discussions of the various groups set up to address the security issue in contributing its economic and social development capacities.

5.8 SLOW DISBURSEMENT OF FUNDS

Good management of the Bank's portfolio is essential for sound financial management and maintenance of the rating. The review of the previous plan highlighted the slow pace of annual disbursements and its impact on the development outcomes achieved by BOAD.

The experience of other development banks underlines the importance of (i) monitoring the annual disbursement rate of projects as an early indicator of good progress (or problems) in project implementation and (ii) ensuring that strict ex-ante quality criteria are put in place and complied with to avoid delays. This will include, mainly: (i) improving ex-ante quality, particularly the preparation of operations to reduce implementation delays; (ii) mobilizing support (including from trust funds) to finance better project preparation; (iii) focusing on the sustainability and quality of infrastructure financed by the Bank (post-implementation monitoring and maintenance of investments). To reduce this risk, guidelines will be prepared to ensure ex-ante quality for all operations -including for the private sector and staff will be trained to monitor annual disbursements. Emphasis will also be placed on project supervision and start-up support, as well as on the closure of non-performing projects.

Photo by Fernando Arcos from Pexels



6

PHASING AND IMPLEMENTATION SCHEDULE



6.1 LAUNCH PHASE: 2020, A PREPARATION YEAR

In view of the need to make a detailed assessment of the implementation of the 2015-2019 strategic plan and to draw operational lessons from it and from the impact of the pandemic, BOAD Senior Management decided to center the new strategic plan over the 2021-2025 period and to use 2020 as a preparation year in order to be ready to implement the new plan as of 1st January 2021. The objectives of this preparation year are as follows:

- Drawing lessons from the previous strategic plan and building on them in choosing priorities for the next plan. This work has been done. The evaluation of the 2015-2019 plan, the objectives and priorities of the new plan were thus validated by BOAD Board of Directors in June 2020;
- Implementing a methodology for monitoring commitments by strategic area, based on the experience of the World Bank and the African Development Bank in this matter, and testing the said methodology on the commitments for the year 2019 in order to validate and amend it, as appropriate. This may require a finer recoding of operations to allow better

monitoring of the alignment of the Bank's activities with the priorities set out in the strategic plan;

- Finalizing this methodology, recoding operations and deciding whether this recoding should be retrospective (to allow comparisons since commencement of BOAD's operations) or applying only from 2021 onwards;
- Training project managers on the new classification and its coding;
- Completing the formulation, adoption and implementation of a strategy to improve the monitoring and evaluation of the development outcomes of financial commitments aligned with the commitments made in the Bank's evaluation policy. Improving the evaluability of operations and defining the results expected in the implementation of the new strategic plan (see Annex 2); refining the ex-ante impact measures based on the preliminary work carried out by the units responsible for evaluation and climate finance during the preparation phase of the plan;



IMPLEMENTING A METHODOLOGY FOR MONITORING COMMITMENTS BY STRATEGIC AREA

- Developing monitoring tools (particularly for monitoring annual disbursements and results);
- Preparing the dossier for capital increase and detailing the roadmap of actions needed to consolidate and improve the rating; and
- Beyond the Senior Management and Management, raising awareness among the Bank's staff through talks and discussions so that they adhere to the new plan before launching it in early 2021.

Immediately after the approval of the plan by the governing bodies, the last quarter of 2020 will be devoted to a thorough preparation of the measures adopted:

- Continuation of the reform of IT systems (recoding of operations, monitoring and evaluation of operations, etc.)
- Reinforcement of the results measurement framework;
- Finalization of the evaluation strategy; and
- Staff training (disbursements, monitoring tools, etc.)

6.2 FULL OPERATION PHASE

During the cruising phase, periodic quarterly reports will be prepared. Two more in-depth evaluations will be carried out in 2021 to test and refine the methodology; then, an overall evaluation of the Bank's actions will be carried out at the end of each year of the plan. Sectoral or more targeted evaluations will be carried out, as appropriate. To carry out these activities, including field and satisfaction surveys among BOAD's public and private clients for regular feedbacks, all the necessary resources will be made available to the departments involved. These evaluations will be used to make the necessary corrections to ensure that actions are properly aligned with operational priorities or, if necessary, to adjust these priorities, if necessary, in the light of changes in the economic and social situation in the countries of the Union and with the approval of the governing bodies.



BOAD'S CUSTOMERS FIELD AND SATISFACTION SURVEY WILL BE IMPLEMENTED TO HAVE THEIR FEEDBACK.

6.3 SCHEDULE

Phases	Main Activities	2020				2021				2022				2023-2025			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2020 Year of preparation	Evaluation of SP2 and preparation of SP3	●	●														
	Methodology of alignment with areas (testing and finalization)		●	●													
	Estimated ex-ante impacts	●	●	●													
	Development of monitoring tools (definition of indicators, etc.)		●	●													
	Finalizing the evaluation strategy			●													
	Preparation for capital increase			●													
	Draft roadmap			●													
	Approval of SP3 by the governing bodies			●													
	Introduction to personnel and training to new tools			●													
Implementation	Review and methodological adjustments					●	●										
	Finalizing the detailed roadmap					●	●										
	Quarterly monitoring					●	●	●	●	●	●	●	●	●	●	●	●
	Annual report							●					●	●	●	●	●
	Impact assessments and feedback on lessons learned					●	●	●	●	●	●	●	●	●	●	●	●
	First installment of called-up capital												●				
	Decisions on roadmap actions to be implemented													●			
	Executions of selected roadmap actions														●	●	●
	Evaluations of SP3 (mod-term review in Q4 2023 and final review in Q3 & Q4 2025)															●	●

7

MONITORING AND EVALUATION

7.1 EVALUATION POLICY

The overall objective of BOAD's evaluation policy, adopted in December 2012, is to specify the principles that should guide evaluations of development outcomes. Its specific objectives are to present (i) the evaluation framework for the evaluation of the development results of projects financed by the Bank and (ii) the Bank's guidelines (principles and tools) in terms of measuring development outcomes and ex-post evaluation of funded projects.

The evaluation policy document clearly relates the Bank's objective to move towards results-based management and the need to improve its capacity and practice in evaluating development outcomes and the impacts of its operations. In this connection, the Bank has committed itself to: (i) monitor and evaluate projects' development outcomes; (ii) report on these outcomes; (iii) strengthen its cooperation with borrowers, beneficiaries, co-donors and multilateral development institutions as part of the dialogue on development outcomes; (iv) strengthen the credibility of evaluations by ensuring the technical competence and independence of the internal and external experts responsible for those evaluations; (v) establish procedures for systematic programming of evaluations; and (vi) develop communication materials and practices on development outcomes, while abiding by the confidentiality required by its borrowers.

The monitoring and evaluation framework for these operations is being improved through the design and gradual implementation of practices such as

the Evaluation Unit's support for improved evaluability of projects, monitoring tools such as a results measurement framework based on the practices recommended by the Evaluation Cooperation Group (ECG), and improved quality of its evaluation activities, particularly through the formulation of procedures manuals and methods in this area. A database of monitoring and evaluation indicators has been created and is used to collect information and conduct appropriate analyses. However, the recent downward trend in resources devoted to evaluation activities highlights the need to align ambitions with resources throughout the plan.

Based on this policy, an evaluation strategy is being developed. It should be presented to Senior Management and the governing bodies at the end of 2020.

Evolving from current practice, the steering and monitoring-evaluation mechanism will comprise two components, namely the implementation monitoring mechanism, which will cover the implementation of all components of the strategic plan, and the mechanism for monitoring and evaluating the outcomes and impacts of operations. The implementation monitoring mechanism will be led by the organizational unit in charge of strategy in collaboration with all other structures. The mechanism for monitoring and evaluating operations' outcomes will be led by the organizational unit in charge of development outcome evaluation (hereafter called "Evaluation Unit") with the support of the services in charge of project implementation.

7.2 STRATEGIC PLAN IMPLEMENTATION MONITORING SYSTEM

The objective of this mechanism will consist of monitoring the implementation of the plan. It will assess the state of progress of activities described for each of the areas. An annual activity report will provide an update on: (i) commitments and disbursements; (ii) their consolidation at the level of the strategic areas (iii) the financial position (structure ratios: indebtedness, capital adequacy, etc.); (iv) the mobilization of non-financial resources (human resources); (v) outputs¹⁸; and (vi) qualitative measures. Qualitative monitoring of the plan implementation will be guided by the periodic evaluation of the progress in activities described for each of the areas (see table in Appendix 2). The annual report will summarize the main findings in terms of

outcomes and impacts achieved by the evaluations carried out during the year.

The quantitative objectives of the strategic plan give an idea of the expected impact of BOAD funding over the 2021-2025 period. They are based on a retrospective analysis of the results obtained in the specific areas of intervention during the previous two strategic plans. They are estimated in weighting the amount of funding planned over the plan period by the estimated standardized values of the selected indicators. The methodology used to estimate the standardized values of the selected indicators is explained and detailed in Appendix 2.

¹⁸ Achievements during the plan period include those from the portfolio of projects under implementation as well as those from new commitments.

The strategic plan aims to highlight the impacts in terms of development of the projects funded



2 TABLE ILLUSTRATION OF THE ESTIMATED EXPECTED IMPACT BY COMMITMENTS DURING THE PLAN TIMESPAN

KEY DEVELOPMENT THEMES	INDICATORS	FUNDING COMMITTED (XOF'BLN)	ASSOCIATED OUTPUT	OUTPUT LEVEL	ASSOCIATED OUTCOME	OUTCOME LEVEL
Access to food	Total water control	173.8	Average land area developed	12 166.7 ha	Average paddy rice production	170 333.7 t
	Access to drinking water	Rural, semi-urban and urban areas	105.3	Average installed drinking water production capacity	103 228.7 m ³ /d	Average drinking water production
Access to energy	Thermal power stations	180.4	Average generation capacity	234.5 MW	Average power generation	1 966.4 GWh/year
	Hydropower	0.0	Average generation capacity	Required in-depth studies	power generation	Required in-depth studies
	Solar PV	114.9	Average generation capacity	149.4 MW	Average power generation	253.9 GWh/year
	Total	295.3	Average generation capacity	383.9 MW	Average power generation	2,220.4 GWh/year
Road access	Earth, asphalted, paved roads,	1,262.8	Average length	12,743.2 km		
Employment	Non-commercial public	2,182.0			Total jobs created	179,469.8
	Commercial public companies	175.9			Total jobs created	11,606.7
	Private	450.6			Total jobs created	36,495.2
	Total	2,808.5			Total jobs created	227,571.7
Employment-SMEs	Microenterprises	0.0			Direct jobs	0
	All SMEs	0.0			Direct jobs	0
	All MSMEs	211.2			Direct jobs	16,687.9
	Total	211.2			Direct jobs	16,687.9
Added value (contribution to GDP)	Added value - Public	175.9			Amount of value added generated (market projects)	XOF791.6 Billion
	Added value - Private	648.5			Amount of value added generated (market projects)	XOF2,918.1 Billion
	Total	824.4			Amount of value added generated (market projects)	XOF3,709.7 Billion
Tax paid (contribution to tax revenues)	Tax paid - Public	175.9			Tax paid (commercial projects)	XOF123.1 Billion
	Tax paid - Private	648.5			Tax paid (commercial projects)	XOF453.9 Billion
	Total	824.4			Tax paid (commercial projects)	XOF577 Billion
Climate resilience	Mitigation	191.9			Number of tons of carbon dioxide equivalent reduced or avoided	17,498,720 tCO ₂ eq
	Adaptation	68.0			Number of tons of carbon dioxide equivalent reduced or avoided	88,344
	Total	259.9			Number of tons of carbon dioxide equivalent reduced or avoided	39,513

Quarterly reports will be produced as well as an annual report for submission to Senior Management and the governing bodies.

7.3 MECHANISM FOR MONITORING PROJECTS' OUTCOMES AND IMPACTS

The objectives of this mechanism are (i) to ensure ex-ante quality of projects in terms of evaluability, through the training of staff members responsible for the formulation of projects and through systematic monitoring of the evaluability as part of the project approval process; (ii) to make sure that the systems put in place for monitoring outcomes actually work; (iii) to present an annual programme of project evaluations to Senior Management that is compatible with the financial and human resources available; (iv) to carry out evaluation summaries, thematic evaluations and thematic reviews in order to draw on lessons learned from the experience of comparable institutions; (v) insofar as it can rely on qualified partners and specific financial resources, to conduct also systematic impact evaluations.

The Evaluation Unit will present an annual report on development outcomes to Senior Management and the Board of Directors, including (i) outputs and results of operations relating to each of the above strategic areas and lessons drawn from these operations, and (ii) a summary of the main lessons drawn from the evaluations completed during the year.

Evolving practices in the field of evaluation are increasingly fast, particularly in terms of data collection (geo-referenced data, use of telecommunications, satellite imagery, etc.), analysis criteria and methods, and communication methods. The Evaluation Unit will rely on networks such as the OECD Development Assistance Committee (DAC) and the Evaluation Cooperation Group (ECG) and will follow the initiatives of institutions such as IFAD, the World Bank and some international NGOs that are particularly innovating in these areas. In addition, the Bank will strengthen the credibility of these evaluations through appropriate arrangements (use of independent consultants, peer review, etc.). Finally, BOAD undertakes to mobilize the required human and financial resources to implement the aforementioned activities.

The Bank invests in the monitoring and evaluation of its operations for capitalization (learning from past experiences to improve the quality of decisions) and accountability (reporting to its Board of Directors and donors who support some of its operations). A better knowledge of its operations' outcomes should equally facilitate dialogue with partners.

As part of the overall commitments under the aforementioned evaluation policy¹⁹, BOAD has taken a series of concrete initiatives that help in improving progressively its

capacity to evaluate the outcomes and impacts of its operations in connection with the implementation of results-based management of its operations. These include:

- Efforts to improve the evaluability of projects through the identification of indicators and the monitoring system right from the formulation phase;
- The implementation of a routine monitoring of the operations' outcomes;
- The production of monitoring reports on project development outcomes, project performance reports, impact evaluations and thematic studies.

Evaluations will include the classical approaches of "theory-based" approaches, i.e. rebuilding change theory, production of logical frameworks provided that these elements are not produced at the formulation stage, and production of evaluation matrices. Project evaluations will be supplemented by sectoral or thematic evaluations selected according to Senior Management, upon proposal of the Evaluation Unit.

In specific and clearly justified cases, provided that its own human and financial resources have been identified and that the approach is introduced at the project design stage, the Bank can engage, as previously done, in routine impact evaluations.

In addition to its role of conducting evaluations, the Evaluation Unit also plays a role in promoting evaluation culture within the institution by contributing to improved evaluability of operations, effective operation of monitoring systems and taking into account of evaluation conclusions and recommendations by operational departments and management.

In its evaluation policy, BOAD undertakes to mobilize the human and financial resources needed for the implementation of the following actions.

Experience also shows the importance of establishing mechanisms to collect throughout the project cycle, where possible, the viewpoints of beneficiaries who are in the best position to comment on results. Finally, it is essential to make the link between ex-post evaluations and design of greenfield projects.

¹⁹ See item 7.1



APPENDIX

**2021-2025
STRATEGIC PLAN**

1

GLOSSARY

Leverage: the use of the Bank's income and capital to obtain from other sources larger amounts of funding than the Bank could achieve on its own. This can be achieved in a number of ways: seeking co-financing during donors' roundtables; reducing the risk of other sources of funding through guarantee products. For example, if a commercial bank is willing to take risks to lend X and if BOAD guarantees X, the commercial bank could lend 2X with the same level of risk; etc.

FinTech: a word composed of finance and technology. It refers to all products and companies that use digital programming methods, online technologies and mobile platforms to provide banking and financial services.

G5 Sahel: it includes five Sahel countries: Burkina Faso, Chad, Mali, Mauritania and Niger. It was created on 16 February 2014 in Nouakchott (Islamic Republic of Mauritania) and has a convention signed on 19 December 2014, and is headquartered in Mauritania.

G5 Sahel has the following objectives :

- To guarantee conditions for development and security in the member countries;
- To offer a strategic framework of intervention to improve the living conditions of the populations;
- To combine development and security, supported by democracy and good governance in a mutually beneficial regional and international cooperation framework;
- To promote inclusive and sustainable regional development.

G 5 contributes to the implementation of security and development actions in the member countries, namely through:

- Strengthening peace and security in the G5 Sahel area;
- The development of transport, water, energy and telecommunications facilities;
- The creation of conditions for better governance in the member countries;
- Strengthening the resilience capacities of populations by guaranteeing sustainable food security, human development and pastoralism.

Source: G5 Sahel website: <https://www.g5sahel.org>

G20 Compact with Africa: G20 Compact with Africa (CwA) was launched under the German presidency of G20 to promote private investment in Africa, including in infrastructure. The primary objective of the CwA is to increase the attractiveness of private investment through significant improvements in the macroeconomic framework, the business climate, and the financial sector. The Compact brings together reform-minded African countries, international institutions and bilateral partners in the G20 and beyond to coordinate country-specific reforms, support economic policy measures, and draw the attention of private investors to investment opportunities. The initiative is country-driven and open to all countries on the continent. Since its launch in 2017, the initiative has attracted a great deal of interest. To date, twelve African countries have joined the initiative: Benin, Burkina Faso, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Togo and Tunisia.

Source: Compact with Africa website

<https://www.compactwithafrica.org/content/compactwithafrica/home.html>



Project impacts: to play its true role as a development bank, BOAD must go beyond measuring its financing commitments in order to assess its contribution to the objectives of improving the living conditions of the populations in the member countries. In this connection, it will be necessary to develop the Bank's capacity to monitor the implementation of projects and measure their impact (preferably over the long term) on the transformation of economies and the living conditions of the populations, especially the most disadvantaged.

Pandemic: this means Covid-19 pandemic throughout the plan.

Public Private Partnership (PPP): a public private partnership (PPP) contract is a contract concluded for valuable consideration for a fixed period of time between a contracting authority and an economic operator as defined by the applicable law. Depending on its purpose, this contract qualifies the terms and conditions of remuneration of the holder and transfer of risks as a public private partnership with public payment or a public private partnership with payment by users.

European Union External Investment Plan (EIP): the External Investment Plan (EIP) was adopted in September 2017 in order to control the development of the European Union's external investment in partner countries in Africa and the European neighboring countries. Its objectives are as follows:

- Contributing to the achievement of the UN sustainable development goals (SDGs), while addressing some of the root causes of migration;
- Mobilizing sustainable public and private investment to enhance economic and social development, with a focus on the creation of decent jobs.

EIP supports partner countries:

- in mobilizing funding through the European Fund for Sustainable Development;
- in providing technical assistance for the preparation of investment projects;
- in creating a favourable investment climate and a business-friendly environment.

Source: European Union website:

https://ec.europa.eu/commission/eu-external-investment-plan/what-eus-external-investment-plan_fr

Ex-ante quality: many studies by multilateral banks and bilateral development agencies have found a strong correlation between the quality of project preparation and the speed of implementation and impact. Elements contributing to ex-ante quality include: a good alignment with country priorities and the Bank's strategy; thorough project identification in consultation with all stakeholders (including beneficiaries and/or affected populations); clear and measurable objectives; sound feasibility and impact studies; in-depth assessment of the institutions involved and their capacities; detailed analysis of the risks and the implementation of measures to address them (including conditions precedent); integration of lessons learned from similar projects... Some organizations (World Bank, African Development Bank) have set up units responsible for ex-ante quality assessment (ex-ante or ex-post).

Development outcomes: the impact of Bank-supported activities on the attainment of the country's or company's development objectives, their contribution to the attainment of sustainable development goals... should go beyond the simple measurement of the volume of funding approved as the ultimate objective and performance metric.

Project selectivity: making sure that projects are consistent with the Bank's priorities, avoiding opportunistic decisions, and ensuring that they are well prepared and ready for implementation.

2

COMMITMENTS / RESULTS / IMPACT

The strategic plan aims to highlight:

- The impacts in terms of development of the projects funded
- Accountability and capitalization

Impact: BOAD will define impact as “an effect (outcome) over the short and medium terms (less than or equal to 5 years after the end of project implementation), positive and negative, primary and secondary, induced by a project funded, directly or not, intentionally or unintentionally” (operational definition for COMPAS).

At international level, two major approaches are used (in terms of the development outcome framework): MOPAN & COMPAS.

- The Multilateral Organizations Performance Assessment Network (MOPAN) conducts assessments of performance and results of multilateral organizations, including development banks, at the request of the 19 OECD member countries that make up the network.
- For multilateral development banks (MDBs): Common Performance Assessment System (COMPAS)

In its capacity as a multilateral development bank, BOAD will be part of the COMPAS

MDBs using the COMPAS have to set targets for development indicators which are deemed important. BOAD is committed to this approach with the following objectives:

> Overall objective

- Estimation of standardized development impact indicators for XOF1 billion of Bank approval to be used in the financial model

> Specific objectives

- Identification of major impact themes on development;
- Alignment of major impact themes with the sustainable development objectives (SDGs);
- Selection of a limited number of indicators related to major impact themes;
- Estimation of standardized development impact indicators.

The impact indicators selected are described in the following tables:



QUANTITATIVE IMPACT INDICATORS (SEE BELOW)

Major development issues	Type of development indicators	Output indicators	Outcome indicators	SDGs	Outputs		Outcomes	
					Indicators	Average value	Indicators	Average values
Access to food	Addressing non-monetary poverty	Hydro-agricultural area developed (ha)	Average production of paddy rice for XOF1 billion (including related costs)	SDG1 and SDG2	Average area of land developed under full water control for XOF1 billion of approved funding (including related costs) • partial water control • full water control	270 70	Average production of paddy rice for XOF1 billion of approved (including related costs) • partial water control • full water control	735 980
Access to clean water	Non-monetary poverty	Clean water production installed	Clean water production installed	SDG1, SDG6 and SDG9	Average clean water production capacity installed (m ³ /day) XOF1 billion of approved funding (including related costs) • rural area • semi urban area • urban area	2313 m ³ /day 1016m ³ /day 973 m ³ /day	Average clean water production (m ³ /day) for XOF 1 billion of approved funding (including related costs) • rural area • semi urban area • urban area	2197 864 827
Access to energy	Non-monetary poverty	Power generation capacity installed	Power generation installed	SDG1, SDG7 and SDG10	Average generation capacity for XOF1 billion of a proved funding (including related costs) • Thermal power plant • Hydropower • PV Solar	1.3 MW Requires specific studies 1.3 MW	Average power generation (GWh/year) • thermal power plant • hydropower • PV solar	10.9 GWh/year / required specific studies / 2.21 GWh / year
Added value	Contribution to GDP	N/A	Amount of added value generated	SDG8	N/A	N/A	Amount of added value generated (commercial projects)	XOF 4.5 billion
Tax paid	Contribution to public revenue	N/A	Amount of tax paid	SDG8	N/A	N/A	Tax paid (commercial project)	XOF 0.7 billion
Adaptation	Addressing climate change, non-monetary	People's resilience and adaptive capacity	Number of people resilient to the impacts of climate change		N/A	N/A	Number of direct beneficiaries	1299
							Number of women directly impacted	581
Mitigation	Addressing climate change, non-monetary	Energy efficiency or clean energy generation capacity installed	Amount of avoided TC02 equivalent	SDG5, SDG7, SDG10, SDG11, SDG12, SDG13, SDG14 and SDG15, SDG17	N/A	N/A	Number of tonnes of CO ₂ eq	91169.33
Climate finance	Addressing climate change	Ability to mobilize grants or concessional resources for climate project financing	Amount of study and project implementation funds mobilized		N/A	N/A	Number of grants allocated for the financing of studies	2.5
							Number of projects approved by climate funds	0.1

Major development issues	Type of development indicators	Output indicators	Outcome indicators	SDGs	Outputs		Outcomes						
					Indicators	Average value	Indicators			Indicateurs			
Access to road	Non-monetary poverty	Distance of road built or rehabilitated	Average annual reduction in vehicle operating costs	SDG1 and SDG9	Longueur moyenne (pour une valeur de 1 milliard FCFA d'approbation y compris les coûts annexes)		Average times saved by using the road (for a value of XOF1 billion of approved funding (including related costs)			Average annual reduction in vehicle operating costs (In billion) for XOF1 billion of approved funding (including related costs)			
ROAD TYPE					Construction	Routine maintenance	Construction	Routine maintenance	Réhabilitation	Construction	Routine maintenance	Réhabilitation	
Rural area					Dirt road (modern)	7.4 km	37.2 km	9.3 min	16.8 min	17.9 min	0.38	1.92	0.74
					Asphalt road (2x1lanes)	2.3 km	6.2 km	2 min	1.2 min	2.3 min	0.12	0.32	0.14
Urban area					Asphaltroad (2x1 lanes)	1.2 km	6.2 km	1.1 min	0.9 min	1.93 min	0.46	2.39	0.90
					Asphaltroad (2x2 lanes)	0.5 km	3.7 km	0.5 min	1.3 min	1.2 min	0.18	1.43	0.53
	Pavedroad (2x1 lanes)	1.9 km		2.3 min									
Jobs	Contribution to full employment	N/A	Number of jobs	SDG8	N/A	N/A	Non –commercial public						
							Direct jobs created	0.25					
							Jobs created during implementation	82					
							Commercial public enterprises						
							Direct jobs created	0.98					
							Jobs created during implementation	65					
							Private						
							Direct job created	4					
							Jobs created during implementation (temporary)	77					
							Micros-entreprises	423					
							Small sized enterprises	201					
							Mediumsized enterprises	61					
	All SMEs	68											
	All MSMEs	79											
Jobs (micro,small and medium-sized) entreprises (MSMES)													

*These figures are derived from an analysis conducted by the Development Evaluation and Environment and Climate Finance Directorates on the projects funded under the previous plans. They are still tentative and will be revised and fine-tuned during the periodic impact studies throughout the implementation of the 2021-2025 plan.



QUALITATIVE INDICATORS

The qualitative monitoring of the strategic plan implementation will be guided by the periodic evaluation of progress in activities described for each of the priority area in the following table:

	ACTIVITIES TO BE MONITORED AND EVALUATED
<p>AREA 1 Strengthening regional integration</p>	<p>URGENT RESPONSE MEASURES</p> <ul style="list-style-type: none"> Supporting regional health, education and social welfare infrastructure development; Ensuring survival and viability of companies with a strong regional impact, especially in the fields of transport (ports, airports, road transport, etc.) as well as hospitality and tourism, whose regional champions are suffering huge losses, by providing them with the necessary resources to preserve the production tool and jobs
	<p>RÉGIME DE CROISIÈRE</p> <ul style="list-style-type: none"> Strengthening partnership with ECOWAS and the WAEMU Commission (especially with regard to (i) the WAEMU Project for High Standard Specialized Health Care Centers (PCSSHN) and (ii) the West African Growth Ring Corridor Master Plan (WAGRIC) Developing the required capacities (sectoral studies) for the origination and preparation of regional projects for WAEMU where the Bank would be the lead institution to mobilize significant co-financing from public development institutions or the private sector (innovative PPPs); Developing specialized and remunerated skills in the promotion, planning and financial structuring of large-scale projects for regional integration and infrastructure; Setting up incentive mechanisms for integrative projects (e.g. by reserving part of concessional resources for them); Focusing on the quality of physical infrastructure, its sustainability and resilience to climate change; Developing a regional plan to improve connectivity; Establishing regular communications with the G5 Sahel for a possible contribution to its public investment plan, especially in difficult areas.
<p>AREA 2 Contributing to the creation of value and productive jobs in support to member governments and the private sector.</p>	<p>URGENT RESPONSE MEASURES</p> <ul style="list-style-type: none"> Ensuring that the client companies in the portfolio have the required resources to get through the crisis and resume their activities on a sound financial basis (overdraft facilities, restructuring of challenged projects, etc.); Emphasizing activities that promote food security (provision of basic foodstuffs, drinking water, etc.), financial inclusion, food supply to the population, trade, catering and services; Strengthening the means of intervention for primary banks in order to help them preserve jobs in SMEs/SMIs and even large companies in difficulty due to the effects of the pandemic on the economies of the region; Strengthening support to the decentralized financial systems (refinancing facilities, financial advisory services, and technical assistance) to reach out to the microenterprises in the informal sector, being the most fragile but contributing to job creation, especially for women and youth; Supporting health infrastructure to improve the technical equipment of the Union's hospitals and ensure access to the most disadvantaged groups of population; Strengthening drinking water, sanitation and urban development infrastructure.

	<p style="text-align: center;">ACTIVITÉS À SUIVRE ET À ÉVALUER</p> <p>FULL OPERATION</p> <ul style="list-style-type: none"> • Financing national infrastructure that facilitates investment (energy, transport, telecommunications, digitalization) including in the form of PPPs; • Supporting activities that focus on the missing links in national and regional value chains.; • Strengthening project selectivity by emphasizing projects with a high potential for job creation and a strong impact on poverty alleviation; • Supporting national or regional flagships operating in strategic sectors (health, energy, industry, etc.) • Supporting (through direct funding) large enterprises (public or private) by prioritizing those that contribute most to job creation and the generation of ancillary activities by MSMEs; • Supporting (refinancing) MSMEs through financial intermediation loans combined with technical assistance (via primary banks or decentralized financial systems to complete the missing links in value chains (including in rural areas and for extractive activities); • Integrating gender equality, especially the concerns of women and youth; • Supporting government’s assistance to small farmers by improving their productivity and access to markets and rural microfinance, for example, by building on BCEAO’s financial inclusion initiative; • Strengthening the capacity of commercial banks to better serve MSMEs by creating targeted loan products.
<p>AREA 3 Building greater resilience to climate change</p>	<p>EMERGENCY RESPONSE MEASURES</p> <ul style="list-style-type: none"> • Ensuring that urgent actions taken by the Bank are in line with the Bank’s climate change commitments and putting in place remedial measures if emergency does not allow for it. <p>FULL OPERATION</p> <ul style="list-style-type: none"> • Supporting climate-smart agriculture (financing and knowledge bank role); • Promoting the preservation, rehabilitation, extension and sustainable management of forests and landscapes; • Financing activities contributing to climate-resilient and low-carbon development (adaptation, mitigation and long-term resilience); • Ensuring that climate aspects are taken into account in all of the Bank’s operations (integration of carbon balance sheet tools, climate risk analyses, etc. in operations); • Strengthening the Bank’s expertise in climate finance, especially project design and implementation; • Mobilizing additional funding from climate funds (including for project preparation); • Making optimal use of insurance mechanisms (e.g., partnership with African Risk Capacity) by including them, if necessary and appropriate, in operations; • Gradually increasing the share of renewables in financing power generation; • Promoting power efficiency.



ACTIVITIES TO BE MONITORED AND EVALUATED	
<p>AREA 4</p> <p>Increasing funding capacity</p>	<p>EMERGENCY RESPONSE MEASURES</p> <ul style="list-style-type: none"> Increasing the capital so as to have the leeway required by the crisis and its repercussions; Strengthening the dissemination of products needed to respond to the pandemic (short-term liquidity facilities, refinancing facilities for SMEs and microfinance, fintech, financial advice for the restructuring of challenged projects, etc.); Consolidating and improving the "investment grade" rating as much as possible (short-term capital increase in order to maintain good capital adequacy, improve the quality of cash assets, diversify the sources of resource mobilization, continue to receive shareholders' support.
	<p>FULL OPERATION</p> <ul style="list-style-type: none"> Maximizing net banking income by further increasing the Bank's operational efficiency and by developing or strengthening certain activities (financial advice, executing agent for environmental funds, guarantee, etc.) as part of a business model review; Saving capital by focusing on loans and limiting equity investments; Optimizing the use of capital (faster turnover of assets held on the balance sheet through the sale or securitization of receivables, asset guarantees); Developing specialized skills in financial intermediation lending operations, including through the deployment of mobile technologies, especially in rural areas; Continuing the mobilization and use of resources from the environmental and climate funds²⁰ and accelerating the process of accessing EU resources (EU Pillar Assessment); Seeking funding support from G20 as part of the Compact with Africa involving 5 of the Union countries; Using equity capital as leverage to mobilize resources from the private sector through guarantees, PPPs, etc.; Resuming institutional reform: Examining the shareholding structure and governance so as to increase resources with the aim of increasing the share of non-regional shareholders in the capital while maintaining BOAD's regional specificity; Undertaking an in-depth study on the costs and benefits of a possible spin-off of private sector financing activities into subsidiary: <ul style="list-style-type: none"> Advantages: separating public and private sector funding businesses that require different skills and attract new shareholders to the private sector subsidiary; Risks: high transition costs, creation of silos, duplication of support services, etc.

²⁰ AF (Adaptation Fund), GEF (Global Environment Facility), GCF (Green Climate Fund).

<h2 style="margin: 0;">AREA 5</h2> <p style="margin: 0;">Strengthening human resources and management systems</p>	ACTIVITIES TO BE MONITORED AND EVALUATED
	EMERGENCY RESPONSE MEASURES
	<ul style="list-style-type: none"> • Strengthening skills for health and social sectors, microfinance, digitalization and impact measurement; • Capitalizing on lessons learned from the first full-scale application of the business continuity plan (BCP), especially by strengthening teleworking, facilitating remote access to the Bank's applications and data (via a secure cloud, for example) in times of crisis.
	FULL OPERATION
	<ul style="list-style-type: none"> • Strengthening the institution's career management plan: : <ul style="list-style-type: none"> • Agile management of professional career paths (technical or skills areas, career gateways between various job lines, etc.); • Continued development and deepening of skills (advisory activities, climate, PPP, etc.); • Strengthening the development of human capital (education, training...); • Strengthening a performance-oriented culture and means devoted to their evaluation; • Motivating working conditions ; • Well-being, respect, gender equality, equal opportunities. • Consolidating the progress and gains made in internal management systems throughout the 2015-2019 strategic plan; <ul style="list-style-type: none"> • Pursuing the implementation of ongoing initiatives (finalization of the global risk management review framework, financial management, etc.) with clearly defined responsibilities and tight schedules in the following areas: <ul style="list-style-type: none"> • Legal issues • Information systems • Technology and Communications • Risk management (financial management, data governance, risk appetite framework & economic capital model, etc.). • Accelerating the disbursement rate and improve the quality of the portfolio: <ul style="list-style-type: none"> • Improving ex-ante quality, especially the preparation of operations to reduce turnaround times; • Mobilizing support (e.g. from trust funds) to finance better project preparation; • Monitoring the annual disbursement rate of projects; • Focusing on the sustainability and quality of the infrastructure financed by the Bank (monitoring and maintenance of investments after project implementation); • Implementing mechanisms to gather, where possible, the viewpoints of beneficiaries who are in the best position to comment on results throughout the project cycle; • Ensuring feedback between ex-post impact assessments and the design of new projects; • Pursuing the Bank's digital transformation by considering the opportunity to digitize the appraisal and monitoring processes. This does not exclude a physical presence on the ground; • Continuing the implementation of CSR projects; • Implementing intellectual production as part of strengthening knowledge dissemination, both internally and externally.

3

BENCHMARKING OF BOAD

Multilateral institutions selected as part of the benchmarking

SCOPE OF COMPARISON











THE SELECTION OF THE PANEL OF FINANCIAL INSTITUTIONS FOR THE BENCHMARK WAS MADE ACCORDING TO THE FOLLOWING CRITERIA :

- Geographical area of operation:** BOAD is a development bank operating in the WAEMU member countries, which are developing countries.
- Typology of Bank's products:** BOAD operates in the WAEMU region through a mix of public and private financing to support the development of its member countries economies. The selected institutions will also be able to intervene in their area of operation through similar types of financing.
- NCredit rating:** given BOAD's investment-grade (BBB by Fitch and Baa1 by Moody's), the constituents of the panel must have an investment grade rating at least on one of these scales.











PANEL OF COMPARABLE MULTILATERAL INSTITUTIONS

Africa Finance Corporation  Rating A3	International Investment Bank  Rating A3
East African Development BANK  Rating Baa3	Black Sea Trade & Development BANK  Rating A2
Afremix Bank  Rating Baa1	Central American Bank for Economic Integration  Rating A3
Trade Development Bank  Rating Baa3	Corporacion Andina de Fomento  Rating A3
Eurasian Development Bank  Rating Baa1	

Overview of selected multilateral institutions

	Shareholding	Total assets (USD'min)	Geographical areas of operation	Public/Private	Project financing / trade finance	Rating by Fitch/S&P/Moody's
	<ul style="list-style-type: none"> African and non-African member countries 	6118,8	West Africa: 43% Other African countries: 25% Non-African countries: 33%	-10%/+90%	82,5/17,5%	//A3
	<ul style="list-style-type: none"> East African countries African and non-African institutions shareholders 	375,0	Uganda: 26%, Kenya: 24% Tanzania: 38%, Rwanda: 12%		100%/0%	//Baa3
	<ul style="list-style-type: none"> African countries African and non-African institutions shareholders Private investor London GDR 	14 439,6	South Africa: 16% West Africa: 44% Central Africa: 5% Eastern and Southern Africa: 35%	7,1%/ 92,9%	6%/94%	BB-//Baa1
	<ul style="list-style-type: none"> Regional and non-regional members Institutional shareholders 	6691,4	Eastern and Southern Africa: 100%	67,0%/33,0%	42,4%/57,6%	BB+/Baa3
	<ul style="list-style-type: none"> Russia, Belarus, Central Asian Countries 	5140,6	Russia, Belarus, Central Asian Countries: 100%	18,6%/81,4%		BBB+/BB /Baa1
	<ul style="list-style-type: none"> Bulgaria, Cuba, Czech Republic, Hungary, Mongolia, Roumania, Russia, Slovakia, Vietnam 	1580,3	EU: 52% CIS: 20% ASIA: 14%, Autres: 14%		96,9%/3,1%	BBB+/A-/A3
	<ul style="list-style-type: none"> Costal countries of Black Sea 	2724,9	Greece, Turkey: 48, Russia: 13%, Other: 39%	27%/73%	92%/8%	A-/A2
	<ul style="list-style-type: none"> Latin American countries, Taiwan, Spain, South Korea 	11610,6	Costa Rica , Honduras: 38% Salvador, Nicaragua: 16%, Other: 29%	81,5%/18,4%		A=//AA/Aa3
	<ul style="list-style-type: none"> Latin American countries, Spain, Portugal, 	42293,6	Argentina, Equateur, Venezuela: 42% Bolivia, Colombia, Peru 29% Other 29%	85,2%/14,8%		A+/A+/Aa3
	<ul style="list-style-type: none"> Regional and non-regional membercountries Institutional shareholders 	5513,8	West Africa: 100%	69,0%/31,0%	100/0%	BBB/Baa1

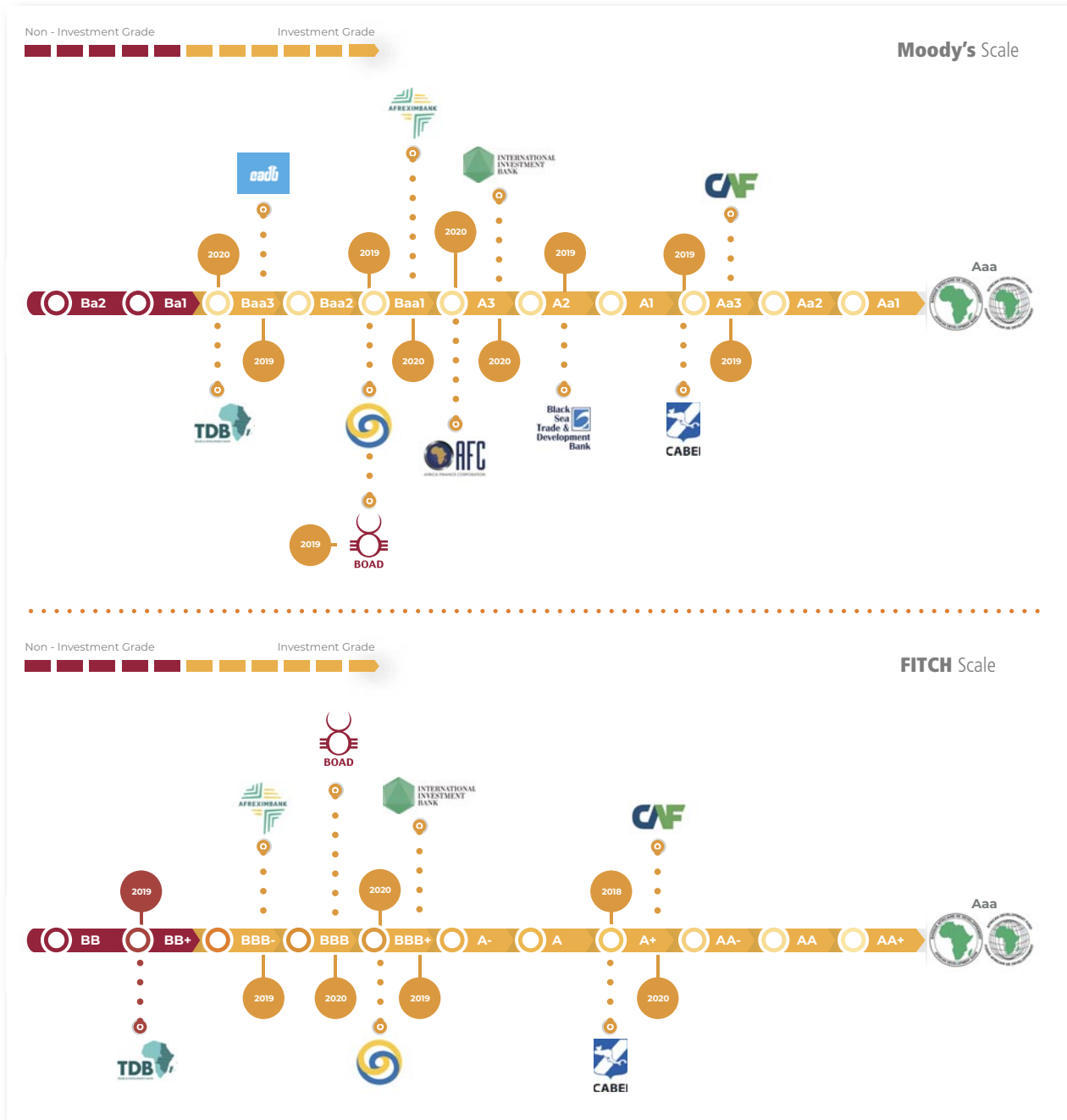
Borrowing and loan financing in foreign currencies

	Reporting of currencies	Financing activities in foreign currencies	Mix of foreign currency borrowings	Use of a currency swap derivative ?
	USD	USD 85,9% Other 14,1%	USD 88,1% Autres 11,9%	YES
	USD	USD 82,8% EUR 3,1% UGX 12,3% Other 1,7%	USD 47,2% EUR 5,3% UGX 24,4% Autres 28,1%	YES
	USD	USD 88,5% EUR 11,5%	USD 100 %	YES
	USD	USD 71,9% EUR 27,9% TzSh 0,2%	USD 98,5% EUR 27,9% TzSh 0,0%	YES
	USD	USD 45,4% EUR 13,6% Other 41,0%	USD 31,2% EUR 0,0% Other 68,8%	YES
	EUR	USD 26,4% EUR 60,1% Other 13,5%	USD 4,0% EUR 19,2% Other 76,8%	YES
	EUR	USD 38,7% EUR 54,2% Other 7,1%	USD 68,8% EUR 7,1% Other 24,1%	YES
	USD	USD 97,8% EUR 0,0% Other 2,1%	USD 18,1% EUR 5,4% Other 76,5%	YES
	USD	USD 99,8% EUR 0,0% Other 0,2%	USD 90,0% EUR 6,8% Other 3,2%	YES
	XOF	XOF 100%	USD 65,8% EUR 20,6% XOF 10,9% SDR 2,7%	YES (\$<>€)


Overview of some financial performances

	Loan portfolio growth Average TCAC 15 - 19	Profit growth Average 15 - 19	Operating coefficient (2019)	NPL ratio (2019)
AFC	17,4%	23,7%	18,9%	0,9%
EADB	-2,1%	6,9%	40,4%	4,7%
AFREXIMBANK	17,9%	25,9%	16,3%	2,8%
TDB	14,4%	12,4%	14,7%	2,3%
Eurasian Dev. Bank	9,6%		27,0%	2,8%
I.I.B.	28,3%	128,3%	72,7%	1,7%
B.S.T.D.B.	15,0%		56,8%	0,2%
CABEI	6,1%	9,0%	17,9%	0,0%
CAF	6,9%	43,1%	24,3%	0,3%
BOAD	8,7%	32,0%	32,5%	3,0%
Weighted average-Median	10,4% - 10,4%	23,5% - 23,6%	23,7% - 24,3%	1,1% - 1,7%

Ranking of institutions as per rating





General grid of rating criteria









	Rating Global Fitch/S&P/Moody's	Solvency criterion	Liquidity criterion	Strategy and operational environment criterion	Shareholder's support criterion
	//A3	Baa3	a1/a2	Environment and profile: high risk	Low (0)
	//Baa3	Baa2	ba1	Environment and profile: high risk	Modéré (+1)
	BBB-//Baa3	Capitalisation : Fort Evaluation risques : Modéré	a-	Environment and profile: high risk	BB
	BB+/Baa3	Capitalisation : Fort Evaluation risques : Modéré	Bbb+	Environment and profile: high risk	BB-
	BBB+/BBB-/Baa1	Capitalisation : Excellent Evaluation risques : Elevé	aa-	Environment and profile: high risk	BBB
	BBB+/A-/A3	Capitalisation : Excellent Evaluation risques : Modéré	aa-	Environnement: high risk Profile : medium risk	BBB-
	/A-/A2	a3	baa3	Environment and profile: moderate risk	Moderate (+1)
	/AA/Aa3	a1	aa2	Environment and profile: high risk	Moderate (+1)
	A+/A+/Aa3	Capitalisation : Excellent Evaluation risques : Modéré	aa+	Environnement: high risk Profile : medium risk	BB-
	BBB/Baa1	Capitalisation : Fort Evaluation risques : Modéré	a	Environment and profile: high risk	BBB-

Note: The criteria of solvency, liquidity, strategy and operating environment, and shareholder support are based solely on Fitch's rating.

4

APPENDIX 4: PRIORITY AREAS AND SUSTAINABLE DEVELOPMENT GOALS (SDGS)

	SDGS	STRATEGIC AREAS	
		DIRECT (OPERATIONS)	INDIRECT (INTERNAL)
	1 Poverty eradication (eradicating extreme poverty and hunger)	2	
	2 Food security and sustainable agriculture (eradicating hunger, ensuring food security, improving nutrition and promoting sustainable agriculture)	2, 3	
	3 Good health (enabling everyone to live in good health and promoting the well-being of all people at all ages)	No internal capacity	5 CSR
	4 Quality education (ensuring equal access to quality education for all and promoting lifelong learning opportunities)	No internal capacity	5 CSR Continued staff training policy
	5 Gender equality (achieving gender equality and empowering all women and girls)	2, 3 Women's financial Inclusion	5 CSR Wage policy
	6 Sustainable water management for all (providing access to water and sanitation for all and sustainable management of water resources)	2, 3	
	7 Clean and affordable energy (providing access for all to reliable, sustainable and modern energy services at affordable cost)	1, 2, 3	5 CSR
	8 Decent work and sustainable growth (promoting sustained, shared and sustainable economic growth, full and productive employment and decent work for all)	2, 3	5
	9 Resilient infrastructure and innovation (building resilient infrastructure, promoting sustainable industrialization that benefits all and encouraging innovation)	1, 2, 3	5
	10 Reducing inequalities (reducing inequalities within and between countries)	2, 3	5 5 CSR Wage policy

	ODD	AXES STRATÉGIQUES	
		DIRECT (OPÉRATIONS)	INDIRECT (INTERNE)
	11 Sustainable cities and communities (ensuring that cities and human settlements are inclusive, safe, resilient and sustainable)	1, 2, 3	
	12 Responsible consumption and production (establishing sustainable consumption and production patterns)	n/a	5 CSR
	13 Fighting climate change (taking urgent action to address climate change and its impacts)	1, 3	
	14 Underwater life (safeguarding and sustainably using the oceans, seas and marine resources for sustainable development)	1, 2 (fisheries)	
	15 Life on earth (preserving and restoring terrestrial ecosystems, ensuring their sustainable use, sustainable forest management, combating desertification, preventing and reversing land degradation and halting the loss of biodiversity)	1, 2, 3	
	16 Peace, justice and efficient institutions (promoting the advent of peaceful and inclusive societies for sustainable development, ensuring access to justice for all, and building efficient, accountable and inclusive institutions at all levels)	Connection with the G5 Sahel	5 Ethics and fight against corruption
	17 Partnerships for achieving goals	1, 2, 3, 4 in partnership with the WAEMU Commission, the G5 Sahel, the G20 Compact with Africa, climate funds and traditional technical and financial partners	

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