

BOARD

Annual Report
2014



WEST AFRICAN
DEVELOPMENT BANK

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CHRISTIAN ADOVELANDE

The Bank's activities in 2014 were carried out in an environment characterized by improved economic performance across the sub-region. Growth in the region went up by 6.8% compared to 5.8% in 2013, thanks to the combined effect of increased investments in infrastructure and an impressive crop year in several member countries.

Loans granted during this period, in the form of medium or long-term loans, stood at XOF264.4 billion (excluding FDE). These were in support of twenty five new investment projects in key areas such as transport and energy infrastructure, food processing, regional economic integration, access to safe drinking water and adequate sanitation, as well as agricultural and environmental resilience.

Reduced vulnerability of farmers to weather vagaries and improved living conditions of the populations during these operations attracted special attention from the Bank, as usual. The Bank also set up a crop insurance scheme, with the funding of two pilot projects in Benin and Senegal, as well as support for the design of two similar projects in Burkina Faso and Mali. The objective of these interventions was to support the establishment of crop insurance institutions in each member country, particularly through

implementation support of a fund for "inclusive finance" in each member country.

Four equity participations were also carried out for an aggregate amount of XOF16.5 billion. Annual loan approvals, including these equity participations, stood at XOF280.9 billion (excluding FDE).

The new medium to long-term loans granted raised the Bank's net commitments to XOF3,184.3 billion (excluding FDE) as at 31 December 2014, covering 728 development projects. By adding FDE operations, the total of medium to long-term commitments from the outset, stood at XOF3,383.9 billion, covering 739 projects.

The Bank also granted short-term financing to the tune of XOF41.0 billion. It also carried out third party financial reorganization operations. Financing arrangements thus formed part of two financial closures, with the mobilization of XOF38 billion for various partners to carry out infrastructure investment projects.

The Bank made an end-of-year profit of XOF8.4 billion, in spite of a potential exchange loss due to an appreciation of the US dollar against the Euro. Measures are being considered to improve the organisation's exchange risk coverage.

In order to strengthen the Bank's refinancing methods, the Council of Ministers took two important decisions during the year. These include the integration of the initial capital of the Energy Development Fund (FDE), being an amount of XOF250 billion, into the Bank's equity capital, as well as the decision to restructure the debt ratios applicable to the Bank, based on an international benchmarking. The steps taken to

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strengthen the Bank's equity capital are ample proof of the support it receives from its shareholders, particularly those in the sub-region.

In terms of resource mobilization, BOAD carried out three securities and bond issues for a total amount of XOF269.2 billion. These operations raised the total amount of loan resources collected from the regional capital market to XOF840.92 billion since 1993. The 2014 financial year also saw the support from certain financial partners, particularly with the signing of a credit facility agreement with KfW, to provide funding for small and medium-scale enterprises (SMEs).

Together with the WAEMU Commission, and especially the Central Bank of West African States (BCEAO), the Bank actively participated in the International Investors Conference held in Dubai on 9 September under the theme "Investing in the WAEMU". The conference provided a platform to showcase the various investment and business opportunities in the WAEMU zone to international private investors, including those from the United Arab Emirates and other emerging economies.

FY2014 also saw the adoption of a new five-year strategic plan (2015-2019). As part of its 2015-2019 strategic plan, BOAD seeks to strengthen its position as "a solid development bank for economic integration and transformation in West Africa".

Similarly, steps are being taken by the Bank to obtain international credit rating. Actions put in place during this year made it possible for BOAD to put forth an official request for credit rating, during the first quarter of 2015.

I wish also to express my deepest gratitude to our shareholders and partners for their unflinching support. I commend the decision-making bodies of the Bank, especially for the quality decisions they have taken during the year.

To all staff of BOAD, I say congratulations and also encourage you to continue the hard work so that together we can deal with the new challenges ahead.

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A3IE : International Initiative for Impact Evaluation	FDE : Fonds de Développement Énergie (Energy Development Fund)
3IE : International Initiative for Impact Evaluation	FED : European Development Fund
ACP : Africa Caribbean and Pacific	GDP : Gross Domestic Product
ADETEF : Assistance Technique France	HDI : Human Development Index
AFD : Agence Française de Développement (French Development Agency)	IAS/IFRS : International Accounting Standards/ International Financial Reporting Standards
AfDB : African Development Bank (AfDB)	IMF : International Monetary Fund
BADEA : Arab Bank for Economic Development in Africa	IRED : Initiative Régionale pour l'Énergie Durable (Regional Initiative for Sustainable Energy)
BCEAO : Central Bank of West African States	JICA : Japan International Cooperation Agency
EIB : European Investment Bank	KFW : Kreditanstalt für Wiederaufbau (German Agency for Financial Cooperation)
IDB : Islamic Development Bank (IDB)	FCFA/XOF'M : Million francs CFA
EBID : ECOWAS Bank for Investment and Development (EBID)	FCFA/XOF'BLN : Billion francs CFA
BCP : Business Continuity Plan	OPEP : Organization of Petroleum Exporting Countries
BOAD : Banque Ouest Africaine de Développement (West African Development Bank)	PCD : ECOWAS Community Development Programme
BRS : Banque Régionale de Solidarité (Regional Solidarity Bank)	PER : Programme Economique Régional (Regional Economic Programme)
BRVM : Bourse Régionale des Valeurs Mobilières d'Abidjan (Abidjan Regional Stock Exchange)	PIR : Programme Indicatif Régional (Regional Indicative Programme)
ECOWAS : Economic Community of West African States (ECOWAS)	PPP : Public Private Partnership
CRC : Centre Régional de Collaboration (Regional Collaboration Centre)	PROPARCO : Société de Promotion et de Participation pour la Coopération Economique
ECG : Evaluation Cooperation Group	SME : Small and medium-sized enterprises
ERP : Enterprise Resource Planning	TEC : Tarif Extérieur Commun (Common External Tariff)
EU : European Union (EU)	WAEMU : West African Economic and Monetary Union
FAO : United Nations Food and Agriculture Organization	WEO : World Economic Outlook
FCFA/XOF : Franc de la Communauté Financière Africaine (Franc of the African Financial Community)	
FDC : Fonds de Développement et de Cohésion (Fund for Development and Cohesion)	

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Date of creation	14 November 1973; commencement of operational activities in 1976
Shareholders	<ul style="list-style-type: none"> • WAEMU member states: Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo • BCEAO • Seven non-regional shareholders: AfDB, EIB, France, Belgium, Germany, EXIM BANK of India and People's Republic of China
Mission	Promoting balanced development in Member States and fostering economic Integration in West Africa
Vision	Making BOAD a solid and world-class development bank in the regional common market
Authorized capital as at 31/12/2014	XOF1,155 billion
Subscribed capital as at 31/12/2014	XOF1,050.55 billion
Total balance sheet as at 31/12/2014	XOF1,644 billion
Operational staff as at 31/12/2014	291 staff members
FINANCING IN 2014	29 operations for a total of XOF280.9 billion , in the form of:
	Direct loans: XOF264.4 billion, or 94.1%
	Equity investments XOF16.5 billion, or 5.9%
	Breakdown of financing per sector:
	Non-commercial sector: XOF45.0 billion, or 16.0% (5 operations)
	Public commercial sector: XOF188.0 billion, or 66.9% (15 operations)
	Private sector: XOF47.9 billion, or 17.1% (9 operations)
	Breakdown of financing per category:
	National projects: XOF235,9 billion, or 84.0%
	Regional projects: XOF45.0 billion, or 16.0%
Cumulative approvals, 1976-2014	XOF3,184.3 billion for 728 operations (XOF3,383.9 billion for 739 operations if the Energy Development Fund is included).

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24-25 February

Meeting of the Advisory Group for the Financing of the Emerging Senegal Plan (PSE)

On 24 and 25 February in Paris, the Bank participated in the meeting of the Advisory Group for the Financing of the Senegal Emergent Plan (PSE). The meeting was organized by the Government of the Republic of Senegal in collaboration with technical and financial partners (TFP).

The objective of the meeting was to present Senegal's new vision to bilateral and multilateral technical and financial partners in order to mobilize the necessary external public and private funding for the execution of the plan.

12-21 March

Meetings with PPP Units and similar entities in Burkina Faso, Niger and Côte d'Ivoire.

BOAD's Regional Unit for the Development of PPPs (URDPPP) held meetings with PPP units and similar entities in Burkina faso (12 March), Niger (17-18 March) and Côte d'Ivoire (20 and 21 March).

During these meetings, the member countries concerned expressed needs to which the Bank is considering how to provide suitable responses. These are in particular: (i) the provision by BOAD of a guarantee product to which the States can subscribe for the benefit of investors within the framework of the execution of the PPP project, (ii) capacity-building of PPP units and similar entities, sector ministries and communities, (iii) establishing a mechanism for the exchange of ideas and collaboration among the PPP Units in the countries of the Union.

17-19 June

Roundtable conference on the financing of the growth strategy for poverty reduction in Benin

From 17 to 19 June in Paris, the Bank participated in the roundtable conference of technical and financial partners of Benin. The meeting was organized by the Government of the Republic of Benin in collaboration with the technical and financial partners.

The desired objective was to share the vision of the Beninese authorities concerning developmental challenges with the corporate and private partners and mobilize the public and private financing necessary for the execution of the structuring investments likely to boost growth in Benin.

28 June

Renewal of the mandates of the President Christian Adovelande and the Vice-President Bassary Touré

Meeting in Dakar on 28 June 2014, the WAMU Council of Ministers renewed the mandate of the President of BOAD, Mr. Christian Adovelande for a period of 6 years. The mandate of the Vice-President Monsieur Bassary Touré for his part was renewed for 5 years by the Board of Directors of the Bank meeting on 24 June 2014 in the capital city of Senegal.

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9 September

Holding of the International Investors Conference in Dubai.

Together with the WAEMU Commission and BCEAO, BOAD contributed towards the holding of an international investors conference in Dubai. This is a regional initiative held on 9 September 2014 on the theme: "Investing in the WAEMU".

The conference made it possible for the Union to increasingly open itself up to the rest of the world and make known the investment and business opportunities within the WAEMU region to a network of private international investors from the United Arab Emirates and emerging countries.

23 September

Financing of projects within the framework of the regional crop insurance scheme promoted by BOAD

During its session in September 2014, the Board of Directors of the Bank approved the financing of two pilot crop insurance projects in a cumulative amount XOF2.2 billion.

The beneficiary companies are (i) the national insurance company of Senegal and (ii) the Assurance mutuelle du Bénin. The projects concerned are aimed particularly at improving the well-being of producers by safeguarding their income and reducing their vulnerability to weather vagaries.

24 September

Adoption of BOAD 2015-2019 Strategic Plan

The WAEMU Council of Ministers approved the Bank's draft 2015-2019 strategic plan.

The process of drawing up this plan included an external evaluation of the previous plan (2009-2013) and followed a participatory logic internally; the process also took into consideration the contributions from high-level experts who met in Lomé on 1 July.

The 2015-2019 plan is presented as an additional dossier to this Annual Report.

24 September

Inclusion of the initial capital of the Energy Development Fund in BOAD's equity capital

In order to enhance the synergy of the means of action at the disposal of BOAD and the Energy Development Fund the WAEMU Council of Ministers decided to include in BOAD's equity capital the initial capital of the Energy Development Fund, in an amount of XOF250 billion. This operation makes it possible to enhance the synergy of the financial resources available to BOAD and the Energy Development Fund. The vision which led to the establishment of the Energy Development Fund still holds good as well as the mission assigned to this Fund.

The above amount which has already been paid up, has already been obtained within the framework of the Regional Initiative for Sustainable Energy by the member countries of the Union, BCEAO and the WAEMU Commission.

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12 October

Signing of a Framework Cooperation Agreement between BOAD and a Japanese agency for development cooperation

On 12 October 2014 the Bank signed a cooperation agreement with JICA in Washington.

By this agreement, the stakeholders undertake to establish cooperation relations in strategic fields such as: (i) information exchange, (ii) identification of development projects, (iii) the sharing of the results of research or experiences in Africa and (iv) the private sector development.

15 October

Meeting by BOAD with the private sector of Senegal to exchange views

As part of the implementation of its marketing action plan, the Bank initiated a meeting of information and exchange of views with professional organizations as well as the private sector in Senegal in order to present its activities and promote its products and services.

The meeting was held on 15 October 2014 in Dakar on the theme: "BOAD and the financing of the commercial sector: opportunities of financing the Sénégal Emergent Plan". The meeting brought together various stakeholders involved in implementing the Sénégal Emergent Plan (PSE), namely officials of the Operational Monitoring Bureau (BOS), commercial banks and private sector stakeholders.

The presentation of BOAD during the meeting made it possible to highlight the links likely to exist between the institution's priority areas of intervention and those of the Sénégal Emergent Plan. The Bank's commitment to supporting the Senegal Emergent Plan was reiterated. The discussions also made it possible to note the expectations of the Senegalese private sector.

3 November

Meeting with the private sector in Niger to exchange views

As in Senegal, the Bank organized on 3 November 2014 a meeting with the private sector in Niger to obtain information and exchange views on its activities. The objective was to promote the institution's products and services in Niger.

The theme of the meeting was: "BOAD and the promotion of the private sector in Niger".

The meeting brought together various private sector stakeholders, professional organizations, officials from the ministries, the president of the Chamber of Commerce, Industry and Arts and Crafts as well as several technical and financial partners.

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16 December

Participation of BOAD in the inauguration of the Riviera-Marcory (Henri Konan Bedie bridge) in Côte d'Ivoire

The project was executed as a public-private partnership project at a cost of XOF168.04 billion, including the construction of the Valéry Giscard d'Estaing interchange which is linked to the Riviera-Marcory bridge.

Having contributed a cumulative financing amounting to XOF34.30 billion, namely 20.4% of the project cost, BOAD was one of the major co-financiers of this infrastructure. The President of BOAD was decorated on the occasion of the bridge inauguration ceremony.

31 December

Launching of a study on road maintenance within the WAEMU

In 2014, the Bank launched a study on road maintenance within the WAEMU.

The purpose of this study was to take stock of the situation of road maintenance in the countries of the Union over the past 50 years and then determine the prospects.

The set objective is to improve the rate of physical and financial coverage of road maintenance needs in the member countries of the Union.

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1. INTERNATIONAL ECONOMIC ENVIRONMENT

According to the IMF¹, global economic recovery is continuing slowly and unevenly, depending on the regions and countries. Growth rate stood at 3.3% in 2014, the same level as in 2013. The situation per group of countries was as follows:

In the advanced economies, economic activity continued its recovery, albeit slowly (1.8% in 2014 compared to 1.3% in 2013). The United States (+2.4%) and the United Kingdom (2.6%) recorded convenient growth in 2014, while in the euro area growth remained very fragile (0.8% in 2014 compared to -0.5% in 2013).

In the emergent and developing countries, the growth rate stood at 4.4% for the year compared to 4.7% in 2013, as a result of a slight slowdown in activity in China (7.4% in 2014 compared to 7.8% in 2013), which was however partly compensated for by the buoyancy of the Indian economy (5.8% in 2014 compared to 5.0% in 2013).

In sub-Saharan Africa, even though economic activity experienced a slight slowdown (4.8% in 2014 compared to 5.2% in 2013), it remained strong and continued to progress, as a result of a good orientation of external demand, abundant agricultural production and a strong increase in public and private investment. The increase in consumer prices remained moderate in the advanced countries (1.4%) in 2014. In the emergent and developing countries, inflation declined slightly between 2013 (+5.9%) and 2014 (5.4%).

On the exchange market, the currencies of the major emergent countries depreciated against the American dollar in 2014, owing to the turbulence in the financial markets at the beginning of the year and the medium-term prospects which were less favourable than those of the advanced countries.

On the commodity market, the prices of the Union's major export products experienced contrasting trends. Prices fell by 3.3% for rubber and 3.0% for coffee compared to price increases of 2.4% for gold, 1.4% for cotton and 0.8% for cocoa.

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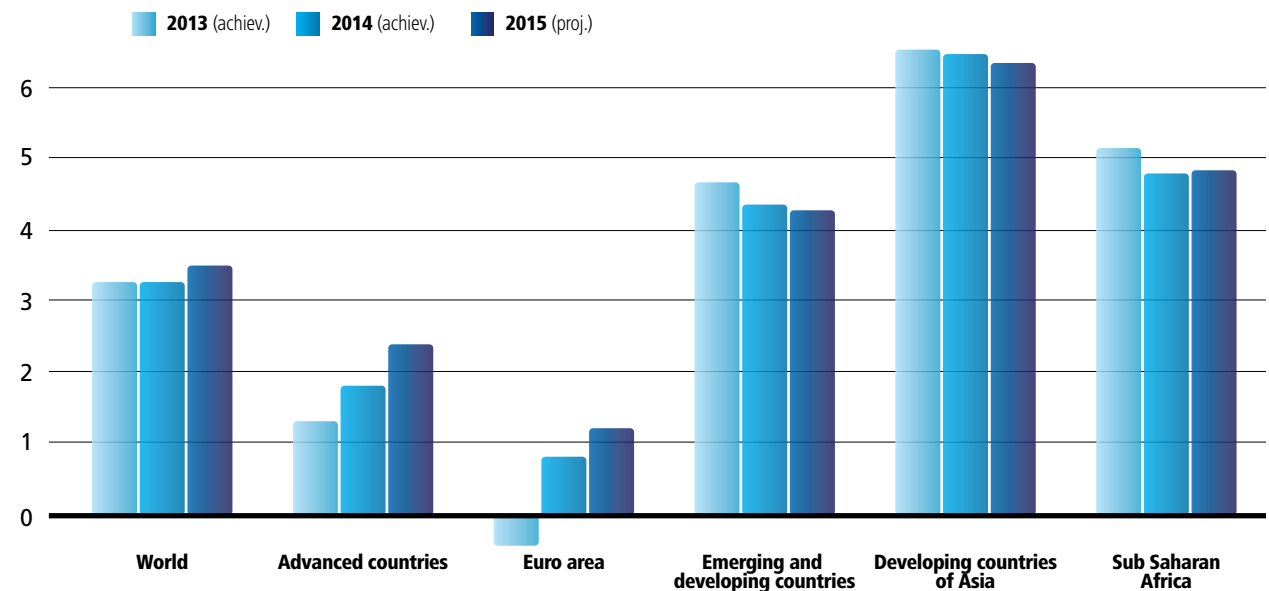
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The global economy should grow by 3.5% in 2015 compared to 3.3% in 2014. Growth would be sustained mainly by the recovery of internal demand in the United States, taking advantage of the fall in the price of the barrel of oil and the continuation of an accommodating monetary policy in the advanced countries. This level of growth remains lower than the potential for growth, considering the weakening of investment prospects in the euro area.

In the emerging and developing countries, growth should remain more or less stable at 4.3% in 2015, owing to (i) the decline in investment in China, (ii) the negative impact on the terms of trade and real income of exporting countries, owing to the fall in the prices of oil and other commodities, (iii) the marked deterioration of prospects in Russia. The fall in the prices of oil and commodities also explains the downward review of growth prospects for sub-Saharan Africa.

GRAPH 1
GROWTH TRENDS OF ECONOMIC AREAS IN 2014 (%)



Sources : Données du FMI (PEM, janv. 2015)

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2. ECONOMIC AND SOCIAL CONTEXT WITHIN THE WAEMU REGION

2.1. ECONOMIC SITUATION

The economic situation in the WAEMU area improved in 2014, owing to the continued dynamism of economic activity which started in 2012. The growth rate of the regional economy thus increased by 6.8% compared to 5.8% in 2013, owing to the combined effect of global economic recovery, increase in investments in infrastructure and the good climatic conditions in several member countries.

The performances by country are as follows: Benin

(5.7% compared to 5.6% in 2013), Burkina Faso (6.7% compared to 6.6% in 2013), Côte d'Ivoire (9.0% compared to 9.2% in 2013), Guinea Bissau (2.9% compared to 0.9% in 2013), Mali (5.8% compared to 1.7% in 2013), Niger (7.1% compared to 4.1% in 2013), Senegal (4.5% compared to 3.5% in 2013) and Togo (5.5% compared to 5.4% in 2013). In 2014, economic activity took place in a context of a fall in the general level of consumer prices. The average annual inflation rate in the Union stood at

TABLE 1
REAL GDP GROWTH RATE OF WAEMU FROM 2007 TO 2014 (%)

	2007	2008	2009	2010	2011	2012	2013	2014
BENIN	4.6	5	2.7	2.6	3.3	5.4	5.6	5.7
BURKINA FASO	4.1	5.8	3	8.3	6.6	9	6.6	6.7
CÔTE D'IVOIRE	1.8	2.5	3.3	2	-4.4	10.7	9.2	9.0
GUINEA-BISSAU	3.2	5.9	3.4	4.4	8.9	-2.2	0.9	2.9
MALI	4.3	5	4.5	5.8	2.7	0	1.7	5.8
NIGER	3.2	9.6	-0.7	8.4	2.3	11.1	4.1	7.1
SENEGAL	4.9	3.7	2.4	4.2	1.7	3.4	3.5	4.5
TOGO	2.1	2.4	3.4	4	4.8	5.8	5.4	5.5
WAEMU	3.3	4.4	2.7	4.5	0.9	7.0	5.8	6.8

Sources : Half-yearly multilateral monitoring reports (WAEMU Commission), December 2014 and previous editions.

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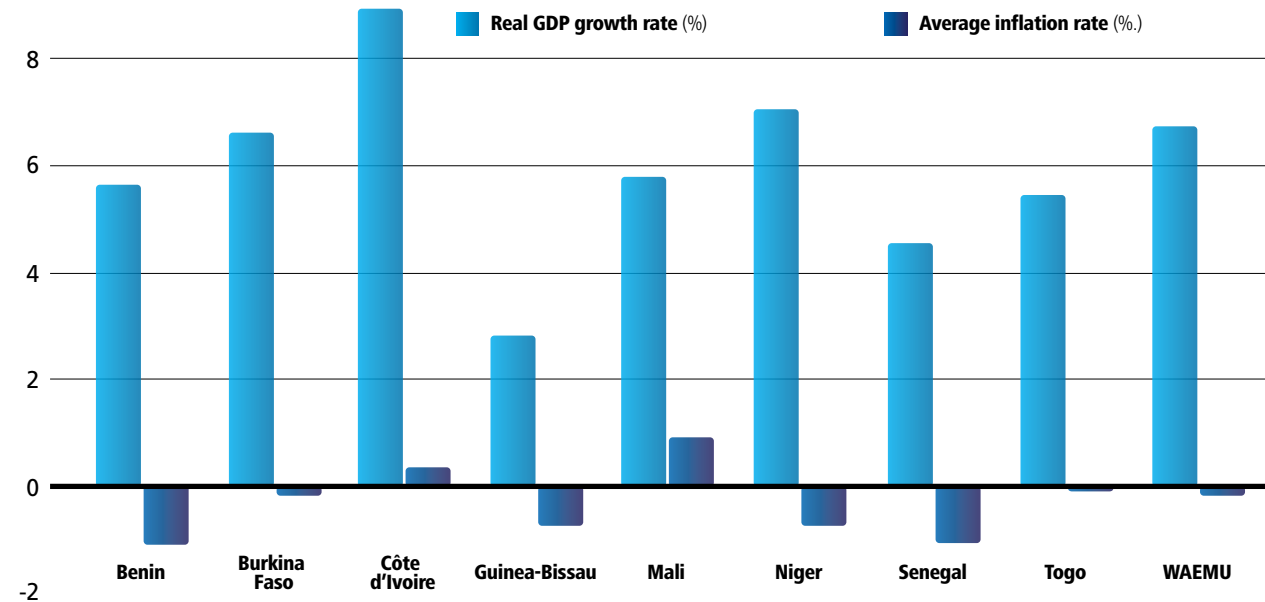
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-0.2%. This situation was due particularly to the continued fall in the prices of imported and local food products, regular supply of agricultural produce on the markets and the fall in the prices of petroleum products.

With regard to the prospects for 2015, a growth rate of 7.2% is expected, within a context of containment of prices, peaceful management of the forthcoming elections and mastery of health risks (associated with the Ebola viral disease) and security risks (particularly in the Sahel zone).

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



Source : WAEMU Commission, INS and BCEAO.

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2.2. HUMAN DEVELOPMENT

According to the 2014 human development report titled *"Perpetuating human progress: reducing vulnerability and enhancing resilience"*, constant progress has been made in terms of human development, thanks to the positive spin-offs of globalization and advances in technology, education and income.

However there is a persistent generalized precariousness, particularly as regards the means of existence. Owing to such precariousness, great achievements in critical areas of human development, particularly health and nutrition, can be nullified by a natural catastrophe or an economic crisis. The lack of means and the passiveness of public institutions can also leave the needy without anywhere to turn to.

Consequently, one must ensure that the above-mentioned achievements are sustainable and that the conditions fulfilled are enough to sustain human development. Within this context, the study concerned deals with two closely linked fundamental concepts underlying progress in human development, namely: human vulnerability and resilience.

Human vulnerability is not a new concept, but a topical issue, since it is gaining ground, particularly because of financial instability and increasing pressure on the environment. Since 2008, it has resulted in the slowing down in the growth of the three components of the human development index in most regions of the world.

On the whole, Africa south of the Sahara has experienced a net regression in its human development index, which is indicative of a backward movement

in human development. As indicated in the above graph, the countries of the Union, which belong to this region of the African continent, have not improved their human development index significantly over the period under review.

In terms of classification, it is noted that Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau and Mali made no progress in 2013, having maintained the same rank as in 2012. Togo progressed by one point, while Niger and Senegal regressed by one (1) point and three (3) points respectively.

Even though progress has been made in improving living conditions, the living conditions of some of the people in the region are still difficult (poverty, unemployment, unequal access to basic social services, etc.) and they are structurally vulnerable.

It is therefore essential, as underscored in the report, to grapple with the issue of vulnerability in order to preserve the advances made and prevent any break in constant progress. The report also indicates that any approach aimed at ensuring human development and perpetuating it should be based on resilience, while ensuring that the State, the Community and the institutions endeavour to empower and protect vulnerable persons.

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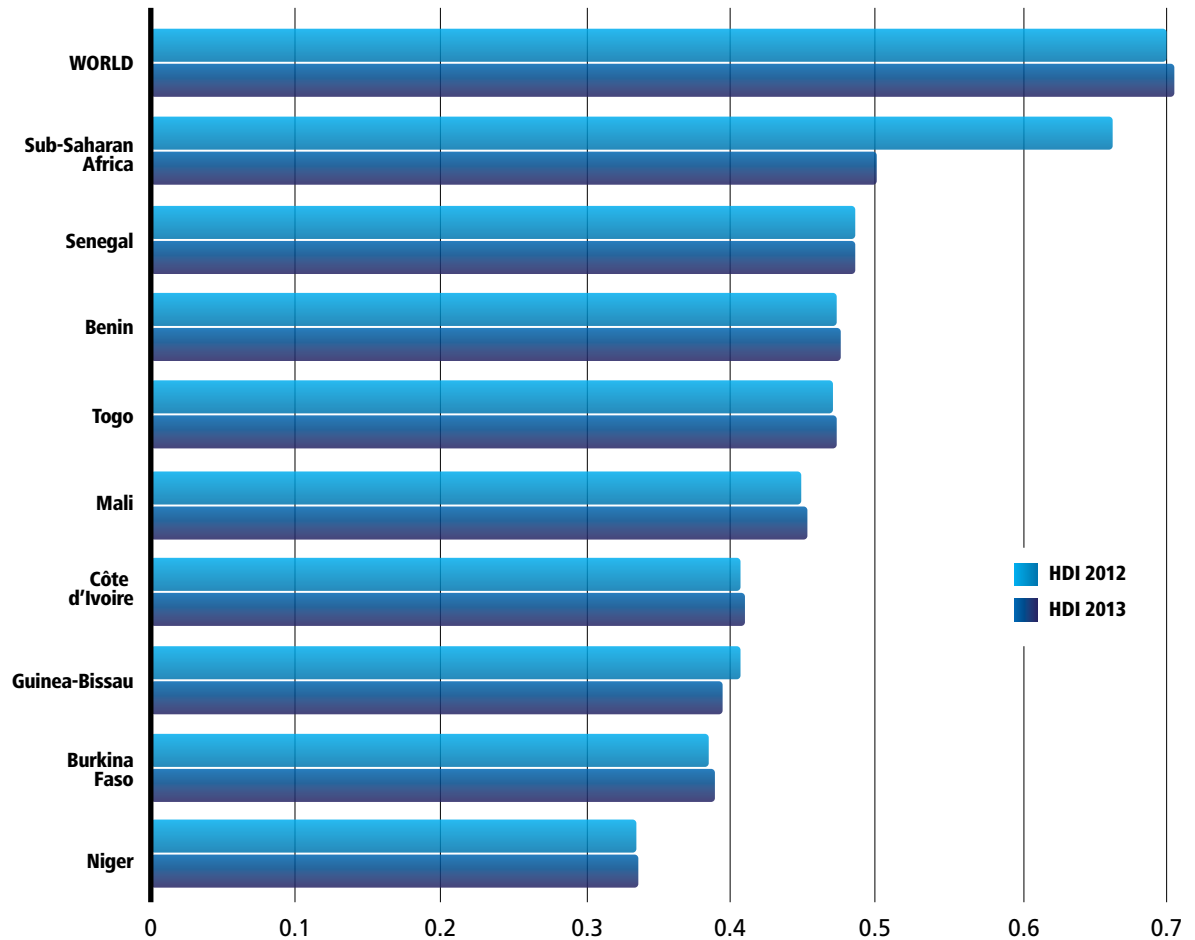
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GRAPH 3
TREND OF HUMAN DEVELOPMENT INDEX IN THE COUNTRIES OF THE UNION BETWEEN 2012 AND 2013



Sources : Rapport sur le développement humain, 2014

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Hence, the report recommends:

- universal provision of basic social services, by ensuring universal access of the populations to basic social services (education, health, provision of drinking water, sanitation and public security). The provision of universal basic social services can increase social skills and reduce structural vulnerability. It can be a powerful means of doing away with the inequality of chances and incomes;
- enhancing social protection, by including unemployment insurance, retirement programmes and the regulation of the labour market, in order to offer a lifelong coverage of persons against risks and difficulties;
- the promotion of full employment as a political objective of any society, irrespective of its level of development, which makes it possible to consolidate the progress made and facilitate its perpetuation, as well as render social services;
- reactive institutions and societies with solidarity: these are absolutely necessary for the construction of human resilience. Suitable policies and resources are required in order to offer adequate jobs and the possibility of having access to health care and education, particularly for poor and vulnerable persons;
- capacity-building in order to prepare oneself to overcome crises, because countries and communities which are unprepared, which are not aware of risks and which have minimal prevention capacity suffer more from the impact of disasters. More efforts should be made to strengthen early warning systems at local, national as well as regional level. Lives can thus be saved and material and economic losses attenuated.

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In 2014, the financing granted by the Bank in the form of medium and long term loans (excluding the Energy Development Fund) amounted to XOF264.4 billion, compared to XOF502.4 billion in 2013 (-47.4%). This fall is due to the concern about ensuring that the Institution's level of activities increasingly reflect the resources at its disposal. This is the consequence of the difficulties experienced by the Bank in mobilizing the amount of resources required to match its operational capabilities.

With regard to equity participation, the Bank bought into the capital of four companies in an amount totaling XOF16.5 billion. The transactions concerned particularly the strengthening of the capital base of two

airline companies in the region as well as that of a national bank and a partner international financial institution.

Taking these equity participations into consideration, the annual approvals (excluding the Energy Development Fund) amount to XOF280.9 billion. This financing is distributed per window as follows:

Direct financial assistance stood at XOF264.4 billion, representing 94.1% of the approvals for the year. This made it possible support the execution of twenty-five new investment projects in fields such as the construction of new road or airport infrastructure, the promotion of regional economic integration, the strengthening of electric power supply, agricultural and environmental

TABLE 2:

BREAKDOWN OF APPROVALS BY WINDOW² (medium and long-term) IN 2014

	Approvals (XOF' billion)	Number of operations	% Approvals
NON-COMMERCIAL WINDOW (a)	45	5	16
COMMERCIAL WINDOW (b = i + ii)	235.9	24	84
public commercial (i)	188	15	67
private (ii)	47.9	9	17
TOTAL (a+b)	280.9	29	100

2. Including equity participation

Source: BOAD.

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1 GENERAL PICTURE

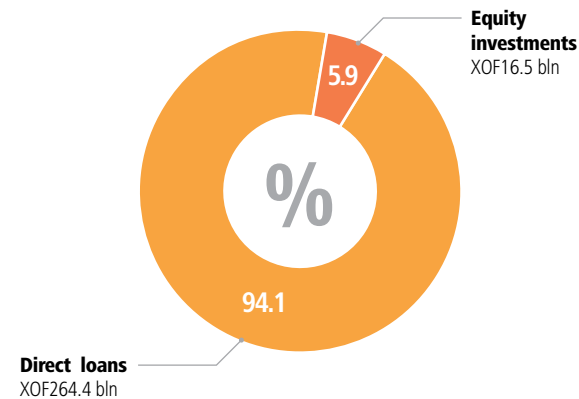
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GRAPH 4
 BREAKDOWN OF APPROVALS BY TYPE OF FINANCING IN 2014

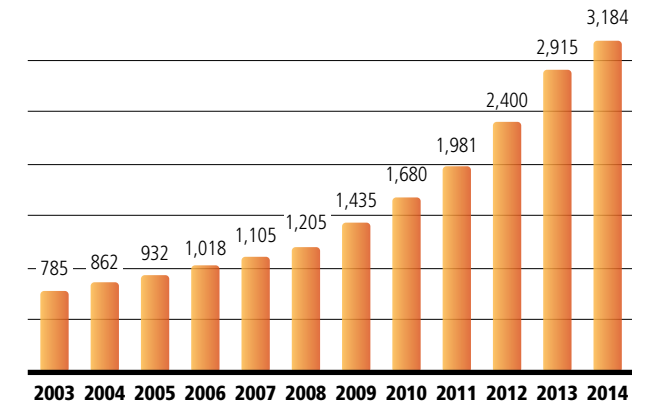


resilience, local processing of raw materials and the boosting of access to drinking water, as well as adequate sanitation.

On the whole, the new medium-and-long-term financing granted brings the Bank's cumulative net commitments to XOF3,184.3 billion as at 31 December 2014 (excluding the Energy Development Fund) for the execution of 728 development projects.

During the financial year, the Institution provided financing for the execution of integration-enhancing infrastructure, thus bringing the total assistance for this category of project to XOF1,149.9 billion for 223 projects, representing 36.1% of commitments as at the end of December 2014. This confirms the Bank's commitment to the promotion of regional integration, in conformity with its statutory missions.

GRAPH 5
 TREND OF BOAD'S CUMULATIVE NET COMMITMENTS (excluding FDE in XOF billion)



With regard to the Energy Development Fund (FDE) which is managed by the Bank, eleven (11) energy projects were financed in the form of loans in a total amount of XOF199.6 billion since the commencement of activities in 2010. Furthermore, a grant of XOF5.7 billion was made to the WAEMU Commission for the financing of activities falling under the Regional Energy Conservation Programme.

With the inclusion of the transactions falling under the Energy Development Fund, the cumulative commitments since the beginning stood at XOF3,383.9 billion in respect of 739 projects.

With regard to short-term transactions, four (4) transactions amounting to XOF41.0 billion were approved. Financing was arranged in respect of two projects, involving financial closing, thus indicating the effective mobilization of the funds required for the company

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Société Terminaux Vraquier du Sénégal (XOF26 billion) and the rehabilitation of the Djeregbe-Dja-Owode road in Benin (XOF12 billion).

Activities in respect of financial advisory services resulted in the signing in September of a mandate with Niger for the granting of a concession for the management of a luxury hotel complex.

With regard to assistance in project preparation, financing in amount of XOF2.5 billion was devoted to seven (7) studies during the period. This brought to XOF34.8 billion the cumulative amount for this category of financial assistance as at the end of 2014. The activity targeted would make it possible to improve the capacity for generating public projects.

As at 31 December 2014, the disbursements made by the Bank in respect of the financial year stood at XOF319.5

billion (excluding FDE) compared to XOF230.0 billion in 2013 (+38.9%). Thus, a speeding up of loan disbursements was observed, which was due to the maturity of projects financed within the framework of the 2009-2013 strategic plan, an average annual growth rate of 39.5% having been observed during the five-year period mentioned in terms of the volume of financing. The increase in the annual level of disbursements should be maintained in coming years, given the size of the volume of commitments made during the five-year period ranging from 2009 to 2013.

As at the end of 2014, cumulative disbursements stood at XOF1,943.5 billion (excluding FDE), which corresponds to a disbursement rate of 61.0% (cumulative disbursements/cumulative commitments). This rate is higher than that of 2013, which was 55.7%.

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2. ACHIEVEMENTS ACCORDING TO STRATEGIC AREA

The year 2014 was a transitional year during which the Bank took stock of the implementation of the 2009-2013 Strategic Plan, then drew up a second strategic plan covering the period 2015-2019. In relation to the new strategic areas of operation of the Institution, the major achievements of the year 2014 were as follows:

2.1. SPEEDING UP OF REGIONAL INTEGRATION THROUGH A SUSTAINED FINANCING OF INFRASTRUCTURE

In 2014, the Bank strengthened its activities aimed at strengthening the integration process, through its participation in preparing or implementing regional strategies and programmes as well as through the financing of integration-enhancing projects.

A. DEVELOPMENT AND INTERCONNECTION OF TRANSPORT INFRASTRUCTURE

In the area of road transport infrastructure, the Bank supported the execution of eight (8) projects amounting to XOF125.0 billion and 678.8 km of roads. Three (3) of these projects were integration-enhancing projects, involved 36% of the financing granted and concerned 41% of the total length of road mentioned above. These are the following projects: i) rehabilitation, improvement and asphaltting of two inter-state roads (particularly the WAEMU community network Cu19c, which

corresponds to the Ghana-Atakpame-Doumé-Tchetti-Savalou-Logozohe-Glazoué-Nigeria border corridor); ii) rehabilitation of a section of Community road Cu2b of the WAEMU (Bamako-Dakar corridor through the south).

On completion, this infrastructure should contribute towards enhancing the economic integration of member States by increasingly facilitating intra-community trade, particularly by improving mobility along the international road corridors and enhancing the contribution of countries which have harbours or which serve as countries of transit.

Related works will also make it possible to construct 4,300 linear metres of paved roads, 150 km of tracks (including drainage structures), construct 8 parking lots for heavy-duty vehicles on an area of roughly 5,000 sq. metres per parking lot.

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B. DEVELOPMENT OF MARITIME NETWORKS

In the area of the development of maritime networks, the Bank contributed to the strengthening of harbour infrastructure in one member country by granting financing in an amount of XOF16 billion. The project concerns the developing, equipping and operating of the bulk terminal of the harbour. The objective is to optimize and ensure the safety of solid non-food bulk product handling services while seeking to increase the level of traffic to 13 million metric tons per annum by 2025.

C. DEVELOPMENT OF TELECOMMUNICATIONS INFRASTRUCTURE

In the area of telecommunications infrastructure, the Bank, together with the WAEMU Commission, is taking the necessary steps to finance the investments envisaged within the framework of the digital transition programme of the WAEMU. Internationally, there is the need to make the investments envisaged for the period ending latest 17 June 2015.

D. IMPLEMENTATION OF REGIONAL STRATEGIES AND PROGRAMMES

Besides the financing of integration-enhancing projects, the Bank continued to make its contribution towards the implementation of regional strategies and programmes, namely, the PER, IRED and Community Development Programme.

Within the framework of the 2012-2016 PER, the Bank's activities covered the following components: i) monitoring of the study concerning the creation of a multi-donor trust fund to support the financing of the PER II, given the fact that the final report on the issue is available; ii) contribution towards the organization of the international conference "Investing in the WAEMU" which was held in Dubai on 9 September 2014.

To-date, the financing provided within the framework of the PER II stands at XOF52.3 billion for seven (7) projects, namely:

- food security through the intensification of agriculture in Benin and Côte d'Ivoire, in an amount of XOF4.8 billion;
- Bouna-Doropo- Burkina border road (Côte d'Ivoire) in an amount of XOF13 billion;
- Mansoa-Farim road (Guinea Bissau) in an amount of XOF2.5 billion;
- Filingue-Abala-Sanam road (Niger) in an amount of XOF20 billion
- Blitta-Aouda road (Togo) in an amount of XOF12 billion.

In respect of the IRED, the Bank continued its mandate both as manager of the Energy Development Fund (FDE) and supervisor of projects financed through the Fund. Within this framework, the Bank continued taking steps to mobilize resources for the Energy Development Fund.

BOAD also participated in the meeting of the Technical Monitoring Committee as well as in the meetings of

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the Board of Donors of the Energy Development Fund. The departments of the Bank collaborated in drafting the following texts: (i) draft decision creating the Energy Development Fund (FDE), statutes and financial regulations of the Energy Development Fund; (ii) draft decision creating the WAEMU Pump Priming Fund for Infrastructure, and by-laws of the governing bodies of the WAEMU Pump Priming Fund for Infrastructure. Other draft agreements were also examined.

The Institution also continued finalizing the study on the harmonization of the institutional and regulatory framework of infrastructure financing by the private sector in the WAEMU member countries.

With regard to the Community Development Programme which was adopted on 11 July 2014 by the Authority of ECOWAS Heads of State and Government, the Bank, as a member of the Resource Mobilization Committee of this Programme, participates in preparing both the regional conference on the financing of the Community Development Programme and the Round Table Conference; these two events are scheduled to take place in June 2015. The Institution also contributed towards the preparatory and programming meetings of the Regional Indicative Programme (PIR) 11th EDF (see Box 1).

BOX 1**Regional Indicative Programme – 11th European Development Fund**

The long cooperation between the European Union and the ACP (Africa, Caribbean and Pacific) countries laid emphasis on a development policy the major instrument of which is the EDF (European Development Fund). The strategic framework of this policy which underscores the EU's support for regional integration of ACP countries is defined in the EU/ACP Partnership Agreement of Cotonou and has been formalized in the European Commission's Communication of 6 October 2008 on « Regional Integration for the Development of ACP Countries ».

For the ACP countries belonging to the West African region, this development policy is reflected in a regional programme called « Regional Indicative Programme-RIP » at the regional level (cf RIP – 11th EDF) and national programmes called

« National Indicative Programme – NIP ».

During the 2014 financial year, BOAD actively contributed towards preparing and programming the RIP 11th European Development

Fund alongside the ECOWAS Commission and the WAEMU, as well as in concert with development partners.

Thus, from 19 to 22 February 2014, the Bank participated in Lome,

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Togo, in the ECOWAS-WAEMU consultation on the programming of the RIP 11th EDF. The consultation made it possible to define the guidelines for programmes/projects of the RIP 11th EDF, the criteria for selecting projects and potential stakeholders to implement them and examine the draft terms of reference of the Strategic Orientation Committee. The Bank also participated in the second stakeholders' regional consultation meeting on the programming of the RIP 11th EDF which was held on 30 April in Abidjan (Côte d'Ivoire). The meeting focussed essentially on identifying the projects and programmes to be implemented within the framework of the RIP 11th EDF.

Drawing lessons from the programming of the RIP 10th EDF and the difficulties involved in its implementation, the Heads of ECOWAS and WAEMU Institutions as well as their partner, the European Union, agreed on a new approach to governance as far as the RIP 11th EDF was concerned. The new regional approach is based on shared responsibility (decentralization of the financial management of the RIP), taking ownership of the supported programmes at national

and regional level, subsidiarity and complementarity.

The Heads of Institution also adopted blending as the new mechanism for the financing of the RIP 11th EDF. Blending is a co-financing approach which consists in mixing concessionary resources in order to have various characteristics and which can involve one or several loans granted on market conditions. The objective is to make the hybrid package thus obtained concessionary. It was agreed to involve regional development banks (BOAD, EBID, etc.) in the implementation and particularly in the financing of infrastructural projects of the RIP 11th EDF.

The Regional Indicative Project (RIP) 11th EDF, which amounts to 1,150 million euros for the period 2014 – 2020, concentrates on three sectors, namely:

1. **Peace and Stability** (approximately 20%-25% of the financial package, namely 230 million euros);
2. **Regional economic Integration and Trade** (approximately 50% of the financial package, namely 575 million euros);

3. **Resilience and natural Resources** (approximately 25%-30% of the financial package, namely 345 million euros).

In the area of peace and security, the RIP 11th EDF will henceforth consider the priorities of the region which are, inter alia, the strengthening of conflict prevention mechanisms, the taking into consideration of new security challenges in the Gulf of Guinea and the Sahel as well as the reconstruction of countries in post-conflict situations.

With regard to regional economic integration and trade, the implementation of the CET-ECOWAS and the EPA will be as strongly supported as the construction of infrastructure, particularly transport and energy infrastructure.

With regard to resilience and natural resources, efforts will be made to improve production systems, the functioning of markets and the sustainable management of natural resources, while taking into account the challenges of adaptability to climate change.

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2.2. SUPPORT FOR INCLUSIVE GROWTH, FOOD SECURITY, AND SUSTAINABLE DEVELOPMENT

In the course of the year, the Bank contributed to the establishment and financing of projects in priority areas such as: (i) agricultural resilience and food security, (ii) development of basic infrastructure in the field of

sanitation, (iii) inclusive financing. The Bank also carried out sustainable development activities and gave direct assistance to certain States.

BOX 2

Financing of two pilot crop insurance projects

Climatic risks significantly affect the development of agriculture in sub-Saharan Africa.

Conscious of this situation, the Board of Directors of the Bank at its session held in September 2014 approved the financing of two pilot projects in the field of crop insurance. These are the mutual agricultural insurance project in Benin (AMAB) and the project aimed at providing support for Compagnie Nationale d'Assurance Agricole du Sénégal (CNAAS). These projects fall within the scope of the crop insurance programme promoted by the Bank in the countries of the Union in the wake of the 2008 food crisis.

The medium and long term objectives of the projects financed are to

improve the well-being of farmers and enhance their security by reducing their vulnerability to climatic hazards. This should enable them to take more risks and increase their productivity. Specifically, once an index-related crop insurance product has been provided, this:

- contributes towards the reduction of poverty in rural communities by covering a target group of 397,000 cotton, rice and maize farmers;
- contributes towards increasing the productivity of farmers;

- safeguards the incomes of farmers by guaranteeing at least 50% of their incomes and giving them loans for the purchase of inputs;
- contributes towards the profitability of the operation of companies, particularly by enhancing their technical and financial capabilities and,
- promotes priority agricultural crops (cotton, rice, maize, etc.).

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Two ecosystem regeneration and irrigation development projects amounting to XOF20 billion were financed in 2014. In their respective spheres of influence, these projects should contribute towards poverty reduction, improvement of food security, environmental protection, consolidation of dams and ensuring their safety, and coverage of local energy needs.

Following a recommendation of the Forum on the Bank's fortieth anniversary, which was organized in November 2013, the Bank, in February 2014, launched the work of an ad hoc Commission on Food Security in West Africa in general, and in the Sahel in particular. The mission of this Commission which is chaired by a former FAO Director General is to draw up proposals to be submitted to the Authority of Heads of State and Government of the Union.

The implementation of the Bank's crop insurance programme has also started, with (i) the recruitment and assumption of duty of a Technical Assistant in crop insurance and (ii) the financing of two pilot projects, in an amount of XOF2.2 billion in two member States. Through the financial assistance granted, the Bank supported agricultural insurance companies to expand their activities in the area of crop insurance. In two instances, the Institution also gave assistance amounting to XOF250 million and XOF160 million to Burkina Faso and Mali respectively, to help them establish a crop insurance scheme.

B. DEVELOPMENT OF BASIC SANITATION INFRASTRUCTURE

In the field of sanitation, the Bank financed two projects amounting to a total of XOF15 billion.

The first project, which was financed in an amount of XOF9 billion, concerns the treatment of waste waters and rainwater drainage in the town of Fatick in Senegal.

The second project, which amounts to XOF6 billion, concerns the establishment of a centre for the technical burying of solid wastes on an area of roughly 192 hectares near Lome, Togo. This project should contribute towards improving solid waste management (waste treatment) as well as protecting the urban environment and the sanitation of the living conditions of the beneficiaries.

It will make it possible to:

- reduce the production of greenhouse gases through the capture and utilization of biogas (flaring, utilization as energy) and
- utilize part of the household solid waste as alternative fuel to meet the energy needs of a clinker factory.

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BOX 3

BOAD's contribution towards the financing of the solid waste landfill site in the city of Lome in Togo

In most cities in the WAEMU region, the collection, transport, management and treatment of solid wastes pose a lot of problems to the people and the public authorities.

Solid waste management is however a must for the protection of the environment, because of the unfavourable impact of these matters on the air, water and soil.

Actually, the insufficiency of waste treatment facilities results in the release of large quantities of methane into the atmosphere, which contributes towards the depletion of the ozone layer. Unregulated refuse dumps are also sources of water table pollution and the cause of waterborne diseases. Moreover, certain sites used as final refuse dumps are not up to standard.

In the face of these concerns which are also the concerns of the built-up area of Lome, the City Council, with

financing from Agence Française de Développement (AFD), carried out studies which confirmed the feasibility of a project to establish a centre for the technical burying of wastes. The execution of the project will make it possible to:

- capture roughly 3 636 metric tons of methane, corresponding to 80 000 metric tons of CO2 equivalent, by operating a unit for the recovery and flaring of biogas at the refuse dump;
- produce 60 000 metric tons of alternative fuels which can be substituted for 35 000 metric tons of coal in the clinker works.

The electricity company CET will

favour a better management of the pre-collection and collection of solid wastes; It will contribute towards the enhancement of the cleanliness of the city of Lome.

The initiative captured the attention of BOAD which is participating in its financing in the form of a loan. The AFD and the European Union have provided grants. It is also expected that a cement manufacturing group operating in Togo will invest in the transformation of wastes into alternative fuel.

Finally, it is planned to have the CET project listed in the programmes of the United Nations' Clean Development Mechanism.

C. ENHANCEMENT OF FINANCIAL INCLUSION

In the area of inclusive finance, the Bank granted a loan of XOF5 billion for the creation of an inclusive finance fund to support the efforts of a member State in favour of the poor and vulnerable social strata (farmers,

artisans, women and the unemployed youth) and small-time entrepreneurs. The intervention is also aimed at enhancing the synergy between the Bank and micro-finance institutions.

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The sustainable development of member States remains a priority objective of the Bank. During the financial year, the Institution adopted an Environment and Climate Strategy document covering the period 2015-2019 (cf. Box n°3).

Furthermore, in appraising the projects it finances, the Bank has continued to take the environmental and social dimensions into consideration. More than twenty projects in all categories were analyzed along these lines.

At the same time, through the Regional Centre for Cooperation, which is the outcome of the cooperation between the Bank and the United Nations Framework Agreement on Climate Change, the Bank contributed towards the promotion of projects eligible for the Clean Development Mechanism which emanates from the Kyoto Protocol and the objective of which is to reduce greenhouse gas emissions while ensuring access to sustainable development. In order to attract to the region a portion of the resources of the carbon finance system, the Centre for Regional Cooperation (CRC) carried out

various actions in favour of the thirty (30) African countries covered, including the countries of the WAEMU: development of projects and capacity-building, particularly for regional stakeholders. By so doing, this centre has, with the support of BOAD, contributed towards the dissemination in the sub-region of the know-how required in carbon financing.

Moreover, the activities of this centre are directly in line with the Bank's strategy to mobilize, internationally, resources from the funds dedicated either to the climate (cf. Fund for Adaptation to Climate Change, for which the Bank has obtained the status of implementing agency, Green Climate Fund), or to the environment generally (cf. Global Environment Facility, the accreditation process of which is in progress).

The Bank also continued the process of its accreditation to the Executive Secretariat of the Equator Principles.

BOX 4**BOAD's Environment and Climate Strategy**

In order to address the vulnerability of the populations and ecosystems due mainly to the deterioration of the environment and climate hazards which are reducing economic potential, the Bank drew up and adopted, in the course of 2014, an environment and climate strategy, together with a plan of action. This strategy will complement the Bank's operational project finance strategies.

The strategy first refers to the major environmental and climatic challenges facing WAEMU member countries, such as the deterioration

of soils and water resources, deforestation and loss of biological diversity, coastal erosion, degradation of entire landscapes, various forms of pollution

and climate change. The strategy also presents the major related developmental challenges, namely the fight against the deterioration of

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natural factors of production (land, water, etc.) and food insecurity, as well as the existing constraints and opportunities.

Based on the diagnostic and the lessons learnt, and considering that the economic development and long-lasting social well-being of its member States depends essentially on the sustainable management of the Union's natural resources, in a context of shortages in the face of population pressure and the adverse climate, BOAD made it its vision to endeavour, in operational, technical and financial terms, to ensure that by 2020, it has: « natural resources

managed for the benefit of a clean development which is resilient to the adverse effects of climate change in the member countries”.

Thus, BOAD operates within the guidelines defined during the Rio Summit held in 2012 (RIO+ 20) on sustainable development. The vision also makes it possible for the Bank to be in conformity with the policies opted for as regards the environment and climate in the sub-region.

Within this context, the strategic objective defined by the Bank is to « make the environment a new pole of growth » for its activities. The

Institution's action will be organized around three strategic areas, namely:

- capacity-building for the operational units in the area of environmental evaluation;
- developing effective tools and mechanisms for the financing and mobilization of resources to support environmental management and the fight against climate change;
- enhancing the Bank's leadership in the sub-region on environmental issues.

E. ASSISTANCE TO THE STATES

Within the framework of financial assistance to the States, XOF156.9 million was devoted to the financing of social projects, workshops to exchange ideas and carrying out of studies. Specifically, the support provided concerned the following actions: (i) construction of six infirmaries and a youth and cultural centre, (ii) contribution towards the holding of a workshop on “Financing of Cashew Processing”, (iii) launching a process of stakeholder consultation

and planning towards the United Nations post-2015 agenda, (iv) contribution towards the financing of a feasibility study and preparation of a manual of procedures for a sovereign strategic investment fund, (v) contribution towards the organization of an international symposium on industrialization in Africa.

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2.3. SUPPORT FOR BUSINESSES AND STATES, DEVELOPMENT OF FINANCIAL ENGINEERING AND SERVICES

A. PROMOTION OF PUBLIC-PRIVATE PARTNERSHIP (PPP)

In the area of the promotion of public-private partnership in the WAEMU zone, the Bank in January 2014 created as part of its services, a Regional Unit for the Development of Public-Private Partnership Projects (URDPPP), in the form of a body of experts. This Unit held meetings with the PPP Units or similar entities in the member States. The discussions made it possible to note down the needs and concerns expressed by the national units.

In order to make the Unit operational rapidly, a technical assistance agreement was signed with ADETEF (French technical assistance agency) within the scope of the France-World Bank Initiative for the Promotion of PPP's in the franc area. The technical assistance provided for one year with effect from 1 September 2014 resulted in the detachment to the Bank of an

expert in PPP. This technical assistance will also make it possible to provide the member States with tools and expertise for capacity-building, particularly through training courses. These are actions which will help to better cater for member States' interests in implementing PPP projects.

The PPP Unit also contributed towards the preparation and holding of the Dubai International Investors Conference on 9 September 2014 on the theme "Investing in the WAEMU region". The regional initiative to hold the conference made it possible for the Union to further open itself up to the rest of the world and make known the investment and business opportunities in the WAEMU zone to a network of private international investors in the United Arab Emirates and the emerging countries.

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BOX 5

International Investors' Conference in Dubai

The Dubai Conference which was held on 9 September 2014 marked the launching of the "Investing in the WAEMU Region" initiative. The objective of the conference was to make known the investment and business opportunities in the WAEMU through growth-generating projects specifically oriented towards the sectors of transport infrastructure, energy and food security, with a view to attracting investors, mobilizing the funds necessary for the execution of regional economic projects and creating a dynamic partnership.

The official opening ceremony was chaired by His Excellency Doctor **Boni Yayi**, President of the Republic of Benin, current President of the Authority of WAEMU Heads of State and Government. It was also attended by His Highness **Sheikh Mohammed Bin Rashid Al-Maktoum**, Vice-President and Prime Minister of the United Arab Emirates. Her Excellency Madam **Reem Ibrahim Al Hashimi**, Minister of State and President-Director General of EXPO 2020 also participated in the Conference.

The Conference was also graced by the participation of:

- His Excellency **Blaise Compaore**, former President of Burkina Faso;
- His Excellency **Alassane Ouattara**, President of the Republic of Côte d'Ivoire;
- His Excellency **Issoufou Mahamadou**, President of the Republic of Niger;
- His Excellency **Macky Sall**, President of the Republic of Senegal;

- His Excellency **Faure Essozimna Gnassingbe**, President of the Togolese Republic;
- Honourable **Cipriano Cassama**, Speaker of the National Assembly of Guinea Bissau;
- Honourable **Abdel Karim Konate**, Minister of Trade of the Republic of Mali.

The Conference was attended by more than 850 delegates, including delegates from the eight member States of the Union, the Community organs and institutions, as well as high-ranking representatives of bilateral and multilateral institutional partners, as well as private investors. These were, inter alia, the following: Standard Chartered Bank, Goldman Sachs, Standard Bank, Ecobank, RAK Sovereign Fund, Abu Dhabi Investment Company, Qatar Investment, India Eximbank, Korea Development Bank, The Royal Group-Abu Dhabi, Etisalat-UAE, DP World-Dubai, Emirates Airlines, Dubai Chamber of Commerce.

The discussions at the Conference were held in plenary session, punctuated by the presentation of two papers on the "Investing in the WAEMU region" initiative. The papers presented dealt with the sub-themes "Why investing in the WAEMU region?" and "Investing in the WAEMU region", which were presented by the President of the WAEMU Commission and the President of BOAD respectively.

Seventeen (17) "integration-enhancing" projects emanating from the PER were presented to the investors. They were selected according to: (i) their priority nature and their structuring nature for the region, (ii) their significant economic and social impact, (iii) the return on investment which they are capable of generating and (iv) their maturity (availability of feasibility or pre-feasibility studies). The total cost of the projects stands at close to XOF11,000 billion (USD21.5 billion).

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The significant impacts expected from the seventeen (17) projects are: an additional two points in growth over and above that of the 2014-2018 period and additional annual investments estimated at 4.5% of the GDP. Also expected are the improvement in the competitiveness of companies, the free movement of persons, goods and services as well as the boosting of food security, particularly through: (i) 4,500 km of railway to be inter-connected and modernized, (ii) 3,000 km of roads to be constructed and rehabilitated, including 1,000 km of new highways, (iii) 2 000 km of high tension electric grids to be constructed and 700 megawatts to be produced as well as (iv) 16 000 hectares of farmland to be developed.

Two discussion panels were held on important subjects for investment

decision-making. The theme of the first discussion was: "Insurance, political risks, infrastructural development" and the second dealt with "Infrastructural project execution deadlines".

The event also offered the opportunity to member States to make their potentials and business facilities known to investors, with the possibility of having recourse to B to B sessions alongside the plenary session. Seventeen (17) investors expressed interest in business meetings with companies and investment promotion agencies and centres in the WAEMU zone. Roughly forty appointments were recorded.

The Conference noted with satisfaction that 16 of the 17 projects in the Regional Economic Programme (PER II) were selected, with the signing of

memoranda of understanding and memoranda of cooperation, thus formalizing the commitment of the investors. Memoranda of Understanding were signed in respect of roughly USD19 billion (XOF9,500 billion) or roughly 88% of the total cost of the 17 projects submitted.

The efforts to be made after the conference will lay emphasis on the following actions: (i) monitoring the execution of all the commitments made during the Conference, (ii) formalization of the PPP contracts, (iii) strengthening the consultation framework by opening it up to investors, (iv) implementation of the Strategic Partnership Agreement (SPA) for project financing and execution, (v) establishment of a mechanism for the joint monitoring of the initiative.

B. SUPPORT FOR THE DEVELOPMENT OF INDUSTRIES AND THE EMERGENCE OF REGIONAL COMPANIES

Within the framework of its support for the development of industries and the emergence of companies, the Bank granted direct loans in an amount of XOF31.4 billion during the financial year. The loans granted made it possible to finance two industrial units, a hotel and an energy project, and to equip a bulk harbour terminal.

The two industrial projects supported are:

- the expansion of an industrial unit to increase its cocoa bean processing capacity from 24 000 to 48 600 metric tons annually, representing the equivalent of 38,880 tons of finished products annually;
- the establishment of a unit for the processing of rolls of Kraft paper into sheets of corrugated cardboard for the manufacturing of cartons with flaps (American style) and trays for fruits and vegetables, in addition to a unit for the production of bags for packaging.

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The hotel project involves the construction and operating of a four (4) star hotel with a capacity of 179 rooms, called « NOOM Abidjan ».

The energy project for its part, involves the rehabilitation of hydroelectric projects with the capacities of 220 GWh/year and 35 GWh/year respectively, including stations and power transmission lines.

The project to develop and equip the bulk terminal of the autonomous port for its part, is aimed at improving the competitiveness of the harbour concerned by optimizing handling and ensuring the safe handling of solid non-food bulk products and by increasing the level of traffic to 13 million metric tons per annum by 2025.

C. OFFER OF SERVICES AND NON TRADITIONAL PRODUCTS TO THE PUBLIC AND PRIVATE SECTORS

In the area of innovative financing, the Bank endeavoured to provide products associated with islamic finance. In this respect, the Bank launched in May 2014 a study on the feasibility and advisability of establishing a window within it dedicated to Islamic finance.

The study deals essentially with two aspects: (i) an economic and strategic analysis of the environment, with a view to evaluating the sub-region's potential to effectively patronize islamic finance products (market survey); (ii) an analysis of the existing regulatory and fiscal framework, which should favour the development of the products associated with islamic finance (feasibility study). A consultant who is an expert in islamic finance was recruited for the purpose and his report is being examined.

1. Short-term financing

In order to cover a wider range of needs of companies and States, and with a view to ensuring the complementarity of the refinancing facilities granted to primary banks, the Bank has for some years now been carrying out a number of short term transactions. In this respect, assistance was provided in four (4) instances in a total amount of XOF41.0 billion. The assistance was in respect of:

- the needs involved in the 2014-2015 cotton season in Benin, namely: (i) the repayment of the bridge financing made available for the procurement of inputs for cotton farmers, (ii) the purchase of the cotton produced for ginning and (iii) the storage, transport and sale of cotton fibre. The objective of the project was to contribute towards the production of 367,340 metric tons of seed cotton corresponding to 157,956 tons of cotton fibre for export.

GRAPH 6
APPROVALS OF FINANCING FOR THE PRIVATE SECTOR IN 2014

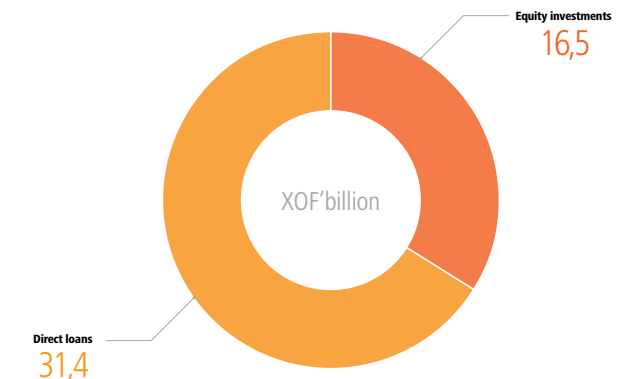


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- support during the 2013-2014 cotton farming season in Mali, through the refinancing of the anticipated loans and inputs provided at the start of the farming season and the financing of seed cotton purchases, ginning, cost of transport by road and distribution of cotton fibre. The objective was to collect 400,000 tons of seed cotton to be ginned in order to obtain roughly 168,000 tons of cotton fibre, practically the whole of which will be exported;
- the partial pre-financing of an urgent rural electrification programme in Senegal, the objective of which was to increase the rate of rural electrification to 60% by 2016. Specifically, the project was aimed at electrifying 150 villages spread across 13 regions in Senegal;
- the included in the 2013-2015 Road Maintenance Programme of Côte d'Ivoire, in order to guarantee the development and durability of the country's road network.

Prospection missions were also carried out to local banks in order to: (i) propose short-term refinancing facilities for SMEs-SMIs and (ii) examine the possibility of jointly financing the short-term needs of the private sector.

2. Equity investments

In the area of equity investments, four operations were made, involving a total amount of XOF16.5 billion. They were aimed at enhancing the equity capital of financial institutions and airline companies. The companies concerned were as follows:

- Société de Promotion et de Participation pour la Coopération Economique (PROPARCO): the purpose of the project was to increase the Bank's equity participation in PROPARCO by an amount of XOF1.2 billion. This new transaction by the Bank boosted its initial equity participation, which amounted to XOF2.5 billion (nominal capital and issue premium) and which was approved by the Board of Directors of BOAD in March 2008. The project also falls within the framework of the enhancement of BOAD's partnership with the AFD Group, of which PROPARCO is one of the subsidiaries.
- Asky regional airline company: the Bank contributed an amount of XOF3.0 billion: (i) towards the XOF25 billion capital increase decided by the Extraordinary General Meeting of Shareholders held on 31 August 2011 and (ii) towards the financing of the company's development plan. This transaction in favour of Asky falls within the framework of the Bank's equity participation policy. Apart from the intrinsic profitability of the project, this policy puts a premium on strategic aspects, particularly, the company's contribution towards regional integration.
- Air Côte d'Ivoire: the Bank took equity participation in Air Côte d'Ivoire in an amount of XOF2 billion. This contribution made it possible to increase the airline company's capital from XOF25 billion to XOF65 billion. The objective is to enhance the company's equity capital within the framework of its development, with a view to consolidating the Abidjan hub.

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- ORABANK Côte d'Ivoire (ORABANK CI): the increase in the equity participation of BOAD in ORABANK Côte d'Ivoire falls within the framework of the recapitalization of ORABANK Côte d'Ivoire, following the restructuring of Banque Régionale de Solidarité (BRS). The amount of the recapitalization was fixed at XOF22,500 billion and BOAD participated in an amount of XOF10.4 billion. The objective was to enable ORABANK CI to replenish its equity capital and support the growth of the activities envisaged in its 2015-2019 five-year development plan.

3. Financing arrangement and advisory activities

With regard to financing arrangement, there were two operations involving a financial closing, with the effective mobilization of the required funds in the course of 2014. The transactions concerned are the arrangement of financing as follows:

- XOF26 billion, for the construction and equipping of the bulk terminal of the autonomous port of Dakar by Société Terminaux Vraquier du Sénégal (TVS);
- XOF12 billion, for the State of Benin, for the rehabilitation and development of the Djeregbe-Dja-Owode road;

Other mandates were executed technically and financially during 2014, but their closing would only take place during 2015. The transactions concerned will make it possible to mobilize resources amounting to a total of XOF1,045.5 billion for various partners for transport infrastructure (rehabilitation and development of roads), telecommunications (photovoltaic equipment, construction of thermal power stations, Emergency Rural Electrification Programme) and support for the cotton farming seasons.

As part of its advisory activities, the Bank signed in September with the State of Niger a mandate for the concession of the management of GAWEYE Hotel, a luxury hotel complex.

Conscious of the importance of maintenance and protection of infrastructure, the Bank made available during the financial year a loan in an amount of XOF19 billion in support of Côte d'Ivoire's road maintenance programme. The objective of the said programme was to guarantee the development and durability of the road network while supporting the country's economic growth. The programme concerns the maintenance of 855 km of tarred roads (including 155 km of urban roads) and 4,200 km earth roads.

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2.4. STRENGTHENING THE RESOURCE MOBILIZATION PROCESS

In order to enhance its capacity for financing its member States, the Bank continued its cooperation and resource mobilization activities with partners and on the regional capital market.

A. AGREEMENTS SIGNED IN 2014

The Bank signed one (1) line of credit agreement in an amount of €40 million (or roughly XOF26.238 billion) with KfW for the refinancing of small and medium-sized enterprises (SMEs).

Discussions are being held with the Islamic Corporation for Private Sector Development (ICD) for the signing of a loan agreement in an amount of €30 million.

B. ENHANCEMENT OF DEBT CAPACITY AND DIVERSIFICATION OF SOURCES OF REFINANCING OF THE BANK

During its session held on 24 and 25 September, the Council of Ministers of the Union approved the following measures proposed by the Bank in order to enhance its means of refinancing:

- review of the norm of indebtedness by henceforth retaining the following norm as the norm only: "Outstanding loans \leq 300% of equity capital".

The review carried out henceforth makes the norm applicable at BOAD identical, or very close to, the norms of well-rated international financial institutions such as CABEL (Central American Bank for Economic Integration) and CAF (Corporación Andina de Fomento). Henceforth, the amount of BOAD's « callable capital » will no longer be a ceiling for indebtedness, but only a ceiling for the explicit guarantee offered to donors by the Bank's shareholders, apart from the Institution's net assets.

- including in the equity capital of BOAD, in the form of a « special endowment » from the States, BCEAO and the WAEMU Commission, the amount of XOF250 billion which served as the initial endowment of the Energy Development Fund (FDE).

This makes it possible to enhance the synergy of the financial resources available to BOAD on the one hand and the Energy Development Fund on the other. The vision which led to the establishment of the Energy Development Fund, remains just as valid as the mission assigned to this Fund.

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C. PRÉSENCE IN THE REGIONAL CAPITAL MARKET AND PREPARATION FOR ACCESS TO THE INTERNATIONAL FINANCIAL MARKET

On the regional capital market, the Bank issued three bonds and debentures which made it possible to mobilize XOF269.2 billion in 2014. The resources thus collected make it possible to finance various commercial projects.

Furthermore, various efforts made during the financial year made it possible for BOAD to finalize its application for rating to be submitted to international rating agencies. The schedule of actions as at the end of December 2014 provides for applications to be submitted to the rating agencies in the early months of 2015, in order to obtain a rating and start making its first issue of debt securities on the international financial market.

It should be pointed out that on the international financial market just like on the regional capital market, BOAD can mobilize only resources on market conditions, which are normally not compatible with the financing of non-commercial public projects and actions aimed directly at fighting against poverty.

D. COOPERATION AND PROMOTION OF PARTNERSHIPS

As regards the strengthening of its partnerships, the Bank took steps during the financial year to have the support of new partners and consolidate existing partnerships.

Thus, following the steps taken by BOAD, the Board of Directors of Eximbank United States approved in July 2014, the granting of a medium-term line of credit (10 years) to BOAD for the partial refinancing of the loan previously granted to AZITO SA by the Bank. This is the first time BOAD has obtained financial assistance from an American institution. Other American institutions are being approached, notably the United States Agency for International Development (USAID), Overseas Private Investment Corporation (OPIC) and the United States Department of Agriculture (USDA) in order to establish cooperation relations in support of the Bank's action in the Union.

Likewise, the Bank signed a framework cooperation agreement on 12 October 2014 with Japan International Cooperation Agency (JICA). The signing of this agreement is the first major cooperation action between BOAD and Japanese cooperation agencies since the granting of a line of credit in 1988 by Japan Bank for International Cooperation (JBIC).

Also, in 2014, the Bank, in collaboration with ECOWAS and WAEMU Commissions, continued to make contacts with the European Commission in order to be involved in implementing the Regional Indicative Programme of the 11th EDF.

The Bank also continued discussions with South Korea, the United Kingdom, Malaysia, Turkey, Russia and South Africa with a view to enhancing cooperation.

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The ongoing discussions with Eximbank South Korea look promising.

The negotiations with the Islamic Corporation for Private Sector Development (ICD), a subsidiary of the Islamic Development Bank (IDB), have also reached a very advanced stage for the granting of a line of credit in an amount of 30 million euros for the financing of private projects in the WAEMU zone. Besides this assistance, the institution assists the Bank in providing capacity-building for its senior staff in Islamic finance. A framework cooperation agreement between the two institutions was signed in December 2014.

New requests for financing were submitted in 2014 to countries and institutions such as India, OPEC Fund, AfDB, World Bank, BADEA, AFD and the United States Department of Agriculture.

E. ONGOING STUDIES AND PROSPECTIONS

During the last quarter of the financial year, the Bank launched a study aimed at overhauling its refinancing system. A component of this study will deal with seeking means of resource mobilization which are compatible with the financing of non-commercial public projects.

Furthermore, within the framework of the representations aimed at securing accreditation for BOAD concerning the funds dedicated to the environment, and out of concern to make the environment « a new growth pole for the Institution », the process of accreditation to the World Environment Fund and the Green Fund for the Climate was pursued. With regard to the Fund for Adaptation to Climate Change, the status of implementing entity obtained by BOAD made it possible for it in 2014 to carry out activities aimed at assisting the States (Mali and Niger) in developing eligible projects.

2.5. ALIGNMENT OF MANAGEMENT AND GOVERNANCE

A. LEGAL SECURITY OF OPERATIONS

With regard to the modernization of its texts, the Bank adopted i) a code of ethics applicable to its Directors, as well as ii) a methodological note for the evaluation and rating of country risk. The Bank also modified the provisions of its Statutes in order to update its norms of indebtedness.

Various manuals were also prepared and adopted during the financial year. These are the following:

- BOAD Manual of Procedure for Internal Financial Control;
- Manual of Procedure for Investigations and Sanctions in Fighting Fraud and Corruption;

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- Whistleblowers' Protection Policy Manual;
- BOAD Verification and Compliance Policy and Procedures Manual;
- Information Access and Dissemination Policy Manual;
- Manual of Policy and Procedures for the Prevention and Fighting of Corruption and Fraud in BOAD's Transactions;
- Grievances Settlement Policy and Procedures Manual.

B. MARKETING AND COMMUNICATION ACTION

The Bank endeavoured to implement the Marketing and Commercial Plan and the Communication and Public Relations Strategy, both of which were adopted in 2013, in order to enhance its visibility and better organize its approach to the commercial sector. Numerous initiatives of this nature made it possible to carry out more communication on the ground concerning the impact of the Institution's actions. Notable among these are the monthly reports on the projects financed, which are disseminated on an international television channel.

BOX 6**Participation in international events of interest to the Union**

In 2014, the Bank participated in several international meetings; the set objective was mainly to increase its visibility and better promote its products and services. .

1. "Investing in Côte d'Ivoire" 2014 Forum

From 29 January to 1 February 2014, the Bank participated in Abidjan as sponsor, in the "Investing in Côte d'Ivoire" forum. The objective of this event organized by the Ivorian Government was to seek financing from financial and industrial partners to meet the country's significant investment needs. According to the organizers, the event attracted close to 2 000 participants from the whole world.

The Forum dealt with the central theme "Private sector, lever of a successful regional

integration", broken down into sub-themes, namely: agribusiness, economic infrastructure and PPP, promotion of SMEs, renewable energies and sustainable development.

The discussions were organized in plenary sessions and in thematic workshops. BOAD intervened particularly on the theme: "Air, Land, Sea: Côte d'Ivoire, Trade Hub of West Africa". The communication focussed on the financing by BOAD of transport infrastructure in Côte d'Ivoire and in West Africa.

2. "AFRICALLIA 2014" Forum

The Bank participated in the 3rd edition of the

West African Enterprise Development Forum, "AFRICALLIA 2014", from 26 to 28 February 2014 in Ouagadougou, Burkina Faso. The purpose of this Forum was to develop business flows between West African companies and companies in the rest of the world.

The event was organized by the Chamber of Commerce and Industry of Burkina Faso, the WAEMU Commission, ECOWAS, the Centre for Enterprise Development of the European Union and UBIFRANCE. It saw the participation of 448 companies (including 220 from Burkina), particularly SME's and SMI's operating in various sectors of activity, 608 participants from 23 countries in the world, as well

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as the participation of financial institutions and international organizations.

3. The BRVM Days road show in Paris

The Bank participated in Paris from 30 September to 1 October 2014, as sponsor, in the European road show initiated by the Regional Stock Exchange (BRVM). These days were meant for the promotion of the regional financial market, referred to as « BRVM Investment Days » and meant for international investors. The objective was to present the opportunities offered by the regional financial market in order to attract international banks, and regional and international investment funds.

The President of BOAD availed himself of the opportunity to recall the Bank's role in promoting the regional financial market. As the pioneer on the regional capital market, it has, since the issuing of its first debenture loan in 1993, carried out twenty-two transactions and mobilized a total amount of XOF751.427 billion, making it the leading non-sovereign issuer in the zone, especially in terms of long term borrowing.

The road show also provided a framework for exchanges and discussions on various themes. The discussions revealed that the major key factors of Africa's emergence could be the expansion of the middle class, improvement of the business climate and good political and economic governance, the strengthening of the financial system and increase in private investment.

4. ROUTEXPO International Exhibition

From 26 to 28 November 2014, BOAD participated in the first edition of the Salon international des infrastructures et de la mobilité (International Exhibition on Infrastructure and Mobility) (ROUTEXPO) in Abidjan, Côte d'Ivoire. This exhibition aimed to serve as a framework for the speeding up of the development of road construction and a platform for meetings and discussions, bringing together all stakeholders in road construction and the fields of industry, equipment, infrastructure and intelligent infrastructure, from design to operation as well as the financing of the sector.

The objectives of the exhibition were: i) to bring together, in a forum cum-exhibition space, several countries from Africa, Europe and the rest of the world which are concerned about exchanging views and sharing knowledge and know-how in the various fields of road infrastructure; ii) to inform participants about the economic potential of the sector, through a single window presenting the investment opportunities in Côte d'Ivoire and the sub-region; to attract new investors by organizing business contacts and coordinating forums for discussions among professionals operating in specified sectors; to support research, provide advisory services and vocational training for operators in the sector, in relation with renowned consulting firms and/or professionals.

The theme selected was "Speeding up the Integration of national and regional Road

Infrastructure". The event saw the participation of roughly forty exhibitors from several countries from Africa, Europe and the rest of the world. Various stakeholders operating in the road infrastructure sector also participated in the event, as well as donors, particularly BOAD and the World Bank Group.

LESSONS FOR BOAD

Participation in these various meetings made it possible for BOAD to:

- present its achievements, products and services, challenges and prospects. This made it possible to highlight BOAD's leadership in the financing of infrastructure in the WAEMU zone;
- take note of the concerns of promoters who are seeking financing;
- enhance its reputation through direct contacts with stakeholders in the banking market and in the commercial sector of the WAEMU;
- reaffirm its preparedness to support its member countries in their efforts to attain economic emergence;
- reiterate its support for the development of the private sector in the WAEMU region. The discussions with the promoters met brought to the fore the need for the Bank to take strong initiatives for the financing of SMEs and SMIs in general and those operating in the agricultural and public works equipment sector in particular.

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The availability of information on BOAD was enhanced by communication activities in special editions of major international newspapers and meant for a specialist reading public of economists and those interested in international finance. In order to make its products better known, the Bank participated in important events such as the "Investing in Côte d'Ivoire" Forum and the International Exhibition of Road Infrastructure in Abidjan, the "AFRICALIA" Forum in Ouagadougou and the "BRVM Investment Days" in Paris. Meetings were also organized to exchange views with the local private sector in Dakar and Niamey.

C. STAFF PERFORMANCE

During the financial year, the Bank pursued the actions carried out in terms of modernizing its human resource management policy. These actions resulted particularly in the consolidation of the forward-looking jobs and skills plan, the tools relating to the plan and the

dissemination of these tools among the staff, the continuation and monitoring of the implementation of the mechanism for fixing the objectives and evaluating performance, the implementation of a social activity programme.

Furthermore, pursuant to its staff capacity-building programme, the Bank continued its selective individual and collective staff training activities. The systemic approach adopted should continue to provide, in due course, the skills necessary for the functioning of the Institution.

The staff complement has also been strengthened, with the recruitment of nineteen (19) new staff members. Thus, as at 31 December 2014, the Bank had a staff complement of 305 employees (291 operational staff members, 9 staff members on secondment, 3 staff members on leave of absence and 2 technical assistants). The breakdown of the operational staff is provided in the following table:

TABLE 3
OPERATIONAL STAFF OF BOAD FROM 2012 TO 2014

	Staff complement as at 31.12.2012	Staff complement as at 31.12.2013	Staff complement as at 31.12.2014
PROFESSIONAL STAFF	150	158	161
SUPPORT STAFF	114	120	130
TOTAL	264	278	291

Source: BOAD.

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D. MANAGEMENT OF ASSETS AND SAFETY OF PERSONS AND PROPERTY

With regard to the improvement of the working environment, the Bank continued the renovation of its old building. It also acquired modern technical facilities aimed at better containing its headquarters operating costs and enhancing its security.

With regard to cost containment in particular, the Institution carried out during the financial year the first phase of its Energy Efficiency Programme in collaboration with the Francophonie Institute for Sustainable Energy (Institut de la Francophonie pour le développement durable (IFDD)). This phase comprised the two energy audit exercises on the Bank's building. This was followed by a review workshop held on 2 and 3 December 2014 at the headquarters of BOAD. The outcome of the meeting was that the energy potential of the Bank represents savings of XOF95 million per annum, or 30% of its annual energy consumption. The Bank commits itself to implementing this programme so as to benefit from these savings.

It should be noted that certain money-saving measures which do not require any investments, are already being implemented, particularly the reduction of the wattage subscribed by the Bank. Other measures however require significant investments, such as: (i) the replacement of the split system air-conditioners in the annexes with a variable refrigeration volume (VRV) system, (ii) the replacement of the rooftop equipment with new generation equipment and (iii) ensuring daytime lighting with a system of photovoltaic panels. The plan for implementing these actions will be defined in the second phase of the programme.

Other actions were taken in order to improve the working environment. These are in particular: (i) the establishment of a computer-aided maintenance management system, (ii) the enhancement of the maintenance and control of the equipment, the headquarters building, annexes and official residences, (iv) the renovation of the headquarters building, annexes and official residences as well as (iv) the enhancement of the security of the headquarters, the annexes and the residences.

With regard to its staff housing programme, the construction of BOAD's housing estate of 134 low-cost houses and a leisure centre continued in 2014. The buildings have reached the stage of completion of the building shell and start of finishing works. The works are expected to be completed by 30 June 2015.

As regards its corporate citizenship activities, and as was the case in Lome, the Bank finalized, in the course of 2014, the construction of a leisure park in Porto Novo in Benin. The inauguration of this park should take place in the first quarter of 2015.

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BOX 7

System of monitoring and evaluation of the development outcomes of projects at BOAD: towards the enhancement of accountability and capitalization

Objective and interest

Since the development of member States is central to BOAD's mission, it appeared important for the Institution to establish a mechanism aimed at enhancing its duty of accountability and the obligation to learn, which arises from the successes and failures experienced in implementation and in executing the projects financed.

To this end, the Bank finalized, during the 2014 financial year, the establishment of its system for monitoring and evaluation of development outcomes of projects.

The system is based on three pillars which are closely linked to the project cycle, namely: (i) planning of the outputs and effects to be generated by the projects to be financed,

(ii) the annual analysis of the status of execution of projects and the likelihood of the occurrence, within the expected deadlines, of the expected outcomes of the projects financed and (iii) the evaluation of projects/

programmes (socio-economic impact evaluation on a sample of projects/ programmes, thematic evaluation and performance evaluation).

This approach is of interest for three reasons. First, it makes it possible to carry out a systematic analysis of the performance of projects prior to financing them, during project execution and during the operation phase. Subsequently, this approach facilitates the analysis of the portfolio from the perspective of the Bank's performance in making good its commitments in terms of development outcomes. Finally, it provides additional data for communication in favour of accountability and learning.

Seven tools

In order to make operational the implementation of the development outcomes monitoring and evaluation system of the projects/programmes financed, seven (7) tools are required, namely: (i) the key indicators' reference system, (ii) the development outcomes-based logical framework, (iii) the

monitoring and evaluation matrix, (iv) the analysis of entry quality, (v) the analysis of additionality, (vi) the ex-ante analysis of the development outcomes and (vii) the analysis of the status of execution and the development outcomes.

Monitoring and evaluation database

An associated data base makes it possible to obtain, analyze and archive the key data emanating from these monitoring and evaluation tools. The purpose of the data base is to make readily available the development outcomes monitoring and evaluation data in an appropriate format for analysis, to reduce report preparation time and to display the outcomes of projects/programmes on the maps of WAEMU member countries.

Specifically, it highlights the quality of projects/programmes by sector (agriculture, roads, lines of credit, etc.), by country, by year of approval and by risk (problem projects/programmes, potentially problematic projects/programmes, non-problematic projects/

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programmes) in order to ensure a synthetic view of their performances in terms of development outcomes. It also brings to the fore, for each key indicator, the rates of attainment of the targets fixed, the trends in time and the classification per type and

category of project. Finally, it makes it possible to carry out « pivot » analyses on several characteristics of projects/programmes.

Finally, the above-mentioned seven tools and data base will make it

possible to prepare performance charts which can assist in (i) channelling the Bank's financing, (ii) the proper execution of projects/programmes and (iii) rendering accounts on the efficiency of the Bank in terms of development financing.

E. MONITORING AND EVALUATION OF TRANSACTIONS AND KNOWLEDGE MANAGEMENT

With regard to project evaluation, various activities were carried out during the financial year. Indeed, the Bank evaluated the performance of two refinancing facilities and two road projects, then started a thematic evaluation on the "sustainability of the infrastructure financed by BOAD in the road transport sub-sector from 200 to 2012: observations and lessons learnt".

In the area of impact evaluation, two methodological notes were drafted in order to carry out the socio-economic impact evaluation of two leading programmes of the Union, namely i) the Emergency Regional Sustainable Energy Initiative Programme (IREN/ERSEIP) and ii) the Special Food Security Programme (PSSA/SFSP).

With regard to monitoring and evaluation, the activities carried out concerned the following items:

- preparing the tools for the monitoring and evaluation of eight (8) projects submitted to the Board of Directors' sessions in 2014;

- gathering the key indicators for the monitoring and evaluation of the development outcomes of projects and preparing two (2) annual notes on development outcomes monitoring and evaluation indicators. These notes covered the Special Food Security Programme (PSSA) and the Emergency Regional Sustainable Energy Initiative Programme (IREN) which was started with the Energy Development Fund;
- expansion of the data base of project development outcomes monitoring and evaluation indicators: in connection with the provision of the tools emanating from the development outcomes monitoring and evaluation system which assist in decision-making, the Bank continued its actions in order to provide the « AidPortfolio » solution. This solution makes it possible to monitor and evaluate projects from their preparatory stage, through their execution stage to their operational stage;
- training in monitoring, evaluation and additionality of projects: the Bank started capacity-building for its staff in the field of measuring and evaluating the development outcomes of projects financed. A model training course brought together twenty-four

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(24) senior staff of the Bank, comprising Financial Analysts, Engineers, Economists, Legal Officers, Computer Scientists, Environmentalists, and Directors of Operational Units. The training course contributed towards familiarizing the participants with the notion of measuring development outcomes, using the chain of development outcomes and the development outcomes-based logical framework. The participants were also educated on the new standards accepted by the Evaluation Cooperation Group (ECG) for project evaluation.

In terms of building up experience, the Bank organized an in-house session on the building up of experience, which dealt with the recommendations of two categories of studies: i) the socio-economic impact evaluation of seven (7) hydroagricultural improvement schemes in four (4) WAEMU countries (Burkina, Mali, Niger, Senegal), ii) the evaluation of the performance of road projects. A summary of the latter issue was also submitted to the Board of Directors.

In another respect, it should be underscored that several technical meetings for the sharing of experiences were held during the financial year. The most important meetings in which the Bank participated concerned:

- The Spring meeting of the Evaluation Cooperation Group (ECG) and the meeting to set up the Evaluation Platform for African Regional Development Institutions, which was held from 27 to 30 April 2014 in Pretoria, South Africa;
- the seventh Conference of the African Evaluation Association (AFrEA), which was held from 03 to 07 March 2014 in Yaounde (Cameroon);

- the meeting of members of the International Initiative for Impact Evaluation (3ie), which was held on 10 April 2014 in Washington (United States), to exchange views on the role which the Bank and the International Initiative for Impact Evaluation could play in promoting evaluation in the eight WAEMU member countries;
- the meeting of Development Finance Institutions on the harmonization of qualitative indicators of development outcomes monitoring and evaluation and methodologies of conversion, which was organized from 14 to 15 May 2014 in Cologne, Germany.

In the field of knowledge management, the Bank is in the process of making its knowledge management strategy operational. To this end, on-line access to the document management software package from outside the Institution has been finalized in order to enable staff members on mission to do research and obtain information by using the application mentioned.

Furthermore, a monitoring tool was acquired and parametered to ensure the surveillance of the sources of information listed in the mapping of the knowledge useful to the Bank. The process of making the contents of the archives electronic was also continued, particularly with the digitalization of a set of dossiers concerning operational studies financed by the Bank.

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BOX 8

Mapping of knowledge useful to the Bank

Pursuant to the recommendations in its 2009-2013 Strategic Plan, the Bank endowed itself with a knowledge management strategy in 2012, with the objective of modernizing its documentation services, ensuring a more marked contribution of these services towards the efficiency of the operational structures in their search for professional information, as well as the extension of the Institution's influence through the quality of its documentation on development financing.

In operational terms, it was necessary to ensure that the Bank's knowledge management mechanism (technological tools, procedures, organization, etc.) make it possible to give useful and relevant knowledge in the areas of competence of the staff members, to the one who needs them most (staff and external partners), at the most appropriate moment, on the most appropriate medium and at the place wished.

To this end and in conformity with its plan of activity, the Bank launched a process of mapping the knowledge useful for its activities. The idea was to circumscribe all the explicit, tacit and potential knowledge requirements, irrespective of their medium, which are worthy of interest to the Institution and its staff, in order to organize the gathering and dissemination of such knowledge.

The mission led to the following measures: (i) identification of tacit and

explicit knowledge which is likely to be of interest to the Institution and its staff; (ii) establishing the hierarchy of the knowledge useful for the Bank according to how critical the knowledge is, based on the factual and strategic criteria of knowledge audit systems; (iii) establishing the hierarchy of the job families at the Bank, which are the final beneficiaries of the knowledge; (iv) proposing methods of dissemination, capitalization and attaching value to the knowledge which is useful for the Institution; (v) proposing an information monitoring mechanism for the automated gathering of the information desired.

To achieve this, the analysis was based on various assignments carried out in-house, namely, the general list of jobs and professions at the Bank, the mapping of the families and professions at the Institution, the mapping and monitoring of operational risks in conformity with BASLE 2, the report of the description of the processes

covered by the ERP, a questionnaire on the information needs and interviews of certain structures.

On completion of the assignments, the knowledge mapping mission ended up producing two documents: (i) a report on the mapping of the knowledge useful for the Bank and (ii) a strategy for gathering and circulating information within the Institution.

The report on mapping is sub-divided into several components: a mapping of useful knowledge grouped together according to poles of activity, an inventory of the documents produced by each structure in the Bank, a list of the documentation produced on development in the WAEMU countries, a list of the documentation produced by institutions which are development partners, proposed gateways and data bases containing useful information.

The mapping of useful knowledge grouped together according to poles

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of activity and representing the basic document of the mission, lists the types of knowledge useful for each of the eleven (11) major poles of activity of the Bank: (i) financing and advisory services, (2) finance, (3) accounting, (4) directing governance activity, (5) computer science, (6) marketing-communication, (7) management-strategy, (8) knowledge management, (9) human resources, (10) administration, (11) legal aspect. The knowledge defined is also classified according to its nature, which may be critical, strategic, capital or important.

The strategy of gathering and circulating information within the Bank is subdivided into the following general areas:

- gathering internal information by applying the principle of depositing in all the departments of the Bank and creating an environment where the operational departments work in a manner common to all of them;
- gathering external information through the establishment of protocols for the sharing and pooling of knowledge and through the utilization of networks of documentation and associations;
- transferring knowledge by defining a standard framework for the filing of documents for the entire Bank, holding review sessions systematically at the end of symposia and other types of training, ensuring a selective dissemination of effective

information, the establishment of a « Knowledge base » on BOAD's, studies and publications as well as, an information monitoring mechanism.

All in all, this is an important tool which structures the activity of knowledge management by ensuring the optimum gathering and dissemination of useful knowledge, be it internal or external to the Bank. Furthermore, this tool makes for a better allocation of budget resources associated with the acquisition of priority informational resources which are necessary for the Institution's activity.

F. GOVERNANCE AND CONTROL SYSTEM

During the financial year, the Bank pursued its efforts to enhance its governance and continue modernizing its management tools.

Internal audit and financial control: all the fields of activity of the Institution were covered: banking transactions, human resource management, finance and accounting, information system, administration and assets, acquisition of goods and services, resident missions, etc. These audit exercises highlighted the strengths in the various areas covered and led to recommendations concerning points which need to be

improved upon, with the objective of enhancing the internal control system and ensuring risk containment.

Audit Committee of the Bank: this Committee held its two statutory meetings during which the following dossiers were examined: i) the financial statements for the financial year ended 31 December 2013; the Committee gave its opinion to the Board of Directors concerning the financial statements; ii) the situation of 2014 activities and the draft programme of activities of the Internal Audit Department for the 2015 financial year; iii) the status of the Bank's portfolio as at 30 September 2014 and the provisional financial

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statements as at the same date. The Committee made recommendations concerning, inter alia, the holding of periodic portfolio reviews in the member States, in order to do away with the difficulties involved in the execution of projects and the presentation, at the March 2015 session, of a plan of action for the implementation of the recommendations of the report concerning the review of the Bank's shift to IAS/IFRS standards, taking into account their critical nature.

External control: the consulting firm KPMG-CI, the External Auditors, examined and unreservedly certified the Bank's 2013 accounts of the Bank, the FDC and the Energy Development Fund. The firm also conducted an interim mission concerning the examination of the internal control, the management of risks and the information system. Recommendations were made concerning the latter assignment, with the aim of enhancing the internal control system.

Upon the recommendation of the Audit Committee, the review of the implementation by BOAD of the IAS/IFRS accounting standards was entrusted to the consulting firm Mazars, in order to ascertain that the demands of these standards have been mastered and to identify any points which require improvements. The final report of the mission to review BOAD's switch to the said standards was approved by the Bank and presented to the Audit Committee.

Within the framework of the promotion of ethics and the prevention and fight against fraud and corruption, the Bank continued the implementation of the relevant mechanism, through capacity-building, communication and seeking partnerships with the dedicated organs in the member States. The Ethics Committee became operational and carried out its activities within the framework of the Staff Code of Ethics.

Furthermore, in the spirit of the Additional Act n° 02/2012/CCEG/UEMOA dated 6 June 2012, the Board of Directors, during its session held in March 2014, adopted the Charter of Directors of the Bank fixing the rules of professional ethics applicable to the them.

Performance-based management: the Bank enhanced its management system which is based on the principles of results-and-performance-based management. A quarterly evaluation was carried out during the financial year in respect of the performance contracts assigned to the various centres of responsibility at the beginning of the year. Each centre of responsibility kept its management chart, to ensure a better monitoring of the assigned objectives.

Furthermore, monthly management charts, quarterly notes of analysis and dynamic notes of analysis of key performance indicators were produced regularly and submitted to the attention of the Management of the Bank. The same applied to the work done by Management Control on the network of management charts and the system of performance evaluation of the centres of responsibility.

Likewise, the Bank continued to make its cost accounting system operational by carrying out automation works on an internal application, pending the completion of the plan to establish the ERP. The system is at its experimentation stage.

Risk management: the management of credit risk was enhanced through the rating of counterparties. The issuing of a « second opinion » in connection with the ex-ante evaluation of projects which took place in 2011 contributed towards a better selectivity of commercial projects accepted by the bank for financing.

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The measurement and evaluation of operational risks were pursued in conformity with the general mapping done within the framework of the integrated risk management system inspired by the Basle rules.

G. MODERNIZATION OF THE INFORMATION SYSTEM

The Bank continued to improve and stabilize its information system. During the financial year under review,

the activities carried out within this framework covered the following major areas: (i) implementation of the Information Technology Master Plan, (ii) modernization of the infrastructure of the information technology system and information technology security, (iii) information system security policy.

With regard to the Information Technology Master Plan, Enterprise Resource Planning (ERP), in this case SAP, is being produced, with a technical architecture

BOX 9

Commissioning of the first phase of the implementation of the banking Enterprise Resource Planning within the framework of the new IT master plan

In its efforts to modernize and secure its information system, the Bank prepared in 2009-2010 a new Information Technology Master Plan the main objective of which is to optimize the information technology system.

It comprises four major components: (i) integrated management software package (Enterprise Resource Planning), (ii) technologies for the enhancement of the Bank's information system security, (iii) information system governance tools, (iv) vector/medium application. The commissioning, which was initially scheduled for the period 2011-2013, was postponed to the 2014 and 2015 financial years, on account of the delays in the commencement of the project in addition to other constraints encountered.

Significant achievements were made in respect of the first three of the

above-mentioned components.

With regard to the Enterprise Resource Planning (ERP) component, the major actions carried out during the financial year mainly centred on the continuation of the implementation of the SAP ALL IN ONE component of the banking Enterprise Resource Planning. Various tests were conducted successfully. The GO Live or commissioning of the ERP has been done. The Go Live modules concerned are MM/SD (Purchases-sales), FI-CO (Accounting-Management Control and Budget Control) and HR (Human Resources).

With regard to the « **Technology and Security** » component, the actions carried out in 2014 mainly concerned the acquisition of technical equipment, the utilization of the SAP technical production architecture and the continuation of the correction of the security flaws in the information system.

With regard to the « **Governance** » component, the year 2014 was marked by the involvement of the governance body in the resolution of difficulties encountered, in order to give a new impetus to the project.

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which is of high availability. Interfaces are being developed at the level of the ERP, taking into account new applications and functionalities. Likewise, the overhaul and harmonization of the database management system developed under FoxPro in SQL SERVER were initiated, together with the review of the specific applications in the same environment.

With regard to the modernization of the Bank's information technology infrastructure system, the following activities were carried out:

- tests for the commissioning of two new computer rooms, with more robust and more reliable interconnections between the various floors of the Bank's building (fibre optic);
- commencement of the VSAT project, the final objective of which is to establish a corporate communication network between the headquarters building and the resident missions;
- improvement of the management of computer hardware and renewal of the computers, with emphasis on mobility and the taking into account of technological progress as well as the state of the art, particularly problem issue of "BYOD", Bring your Own Device.

With regard to information technology security, the Business Continuity Plan was maintained in operational condition through regular tests of its information technology recovery plan and user tests. Efforts are being made to start the renovation and equipping works on the business continuity plan back-up site in the WAEMU region.

With regard to the information system security policy, the Bank continued the process of obtaining

certification for the ISO 27001 standard (management of the information systems security) by recruiting the consulting firm to evaluate the Institution and carry out the certification.

Furthermore, the first phase of actions to correct the flaws in the information security system has been implemented.

H. FINANCIAL MANAGEMENT

Review of pricing: in September 2013, the Bank launched a project consisting of overhauling its pricing model with the aim of evaluating the current practices and proposing innovative new techniques. To achieve this purpose, two objectives were set: (i) providing the Institution with a tariffication which is easier for internal users to understand; (ii) proposing a tariff offer which better matches demand and which provides more flexibility.

Strategically, the challenge of the tariffication project is twofold: (i) highlighting any leeway available to the Bank (competitiveness of the tariffs offered by BOAD), and (ii) providing the Institution with an instrument for the financial management of the balance sheet (financial equilibrium, management of margins and profitability). In 2014, the major activities of the project concerned the review of the methodology and the proposal of areas requiring improvement in order to design the new tariffication model. The implementation of this new model will begin in 2015.

Financial statements: the Bank's total balance sheet increased from XOF1,253 billion as at 31 December 2012 to XOF1,411 billion (+12.6%) as at 31 December 2013. It stood at XOF1,658 billion as at 31 December 2014 (+17.5%).

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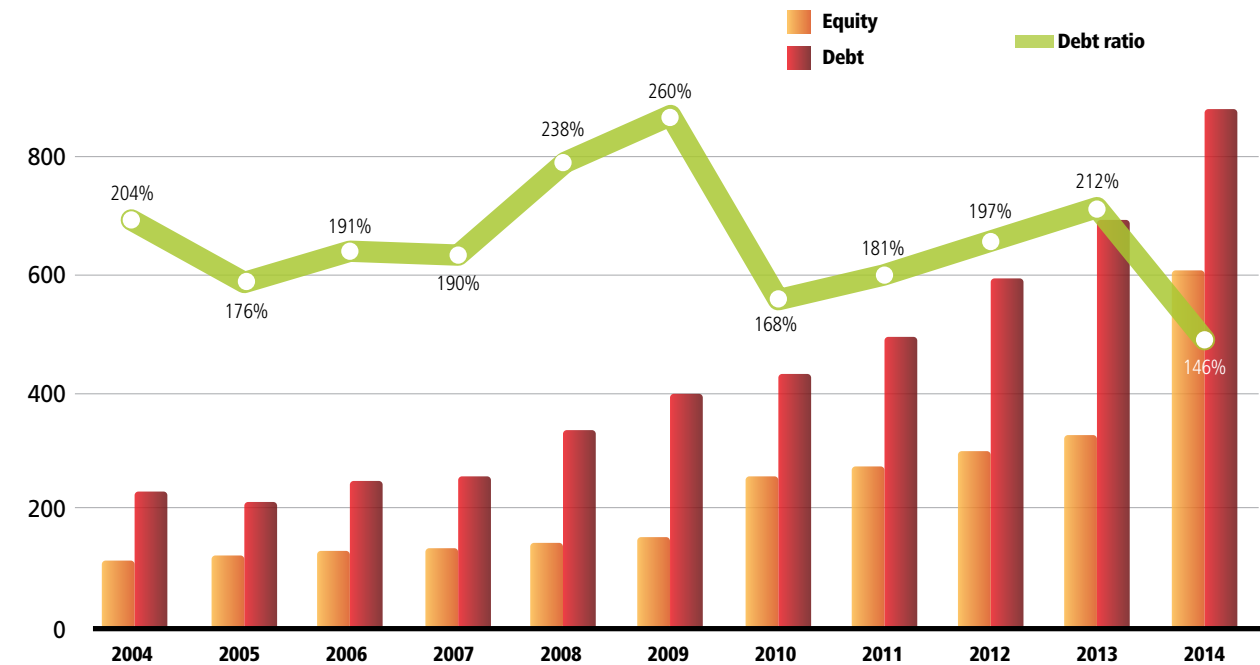
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GRAPH 7
 TREND OF OWN FUNDS, INDEBTEDNESS (XOF'bln) AND DEBT RATIO



The financial situation of the Bank remains sound. At the end of the 2014 financial year, it was marked by a balanced financial structure, with the equity capital representing roughly 39.4% of the total balance sheet and the relation between outstanding loans and own capital (debt ratio) standing at 142.2%, while the statutory norm is 300%.

However, there is a real need to enhance the Institution's resources, particularly the concessionary resources, in order to make sure that its activities are sustainable.

The Bank's operations are marked by the following characteristic elements (see Annex 7):

- a predominance of income from lending (87% of budget income), which represents the Institution's main activity;
- a generally well-contained cost of borrowed resources (4% on the average, market and concessionary resources combined), with however, an attenuation effect induced since 2008 and 2009, by the resources of the special agricultural programme, the financial costs of which are borne by the States;

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- a net banking income level which increased from XOF33.07 billion in 2013 to XOF29.76 billion in 2014;
- a prudential cash management, in conformity with the liquidity policy;
- the pursuit of a prudential policy of recording provisions, given the situation of certain commercial projects.

The rate of gross deterioration of the portfolio was in the region of 3.18% as at the end of 2014, compared to 4.17% as at 31 December 2013. The improvement noted is supposedly the result of a combination of various measures initiated by the Management of the Bank, particularly the establishment of a committee responsible for the close monitoring of loans experiencing difficulties, a better monitoring on the field, in order to reorganize the portfolio, a better selectivity of projects, as well as resorting to various legal means of debt recovery. The Bank expects to continue these actions relating to the monitoring and improvement of the portfolio quality.

The Institution's operations continue to show positive results. The net provisional profit as at the end of 2014 stood at XOF8.4 billion (excluding the initial endowment of the Energy Development Fund), compared to XOF10.87 billion as at the end of 2013. The fall recorded was due mainly to an exchange loss suffered during the financial year. The result thus obtained contributes towards the enhancement of the Institution's equity capital.

The Bank will continue to endeavour to contain its costs in order to maintain an offer of attractive rates which are in conformity with the demands of development financing.

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BOAD's 2015-2019 Strategic Plan, just like the previous plan, falls directly within the scope of the original mission assigned by the Founding Fathers to the Institution, the purpose of which is « to promote the balanced development of the member countries and contribute towards the economic integration of West Africa ».

The implementation of the 2009-2013 Strategic Plan made it possible to significantly increase the level of financing during this five-year period in which the Union made notable, albeit insufficient progress. The progress noted should be consolidated to match the ambition of emergence of the economies of the member States, within a context of changes in the international and regional environment.

Viewed against the backdrop of the Institution's resources, the new Strategic Plan aims to direct the Bank's actions towards key areas of intervention which would enable it to better contribute towards resolving the challenges of the economic development of the countries of the Union, it being understood that the Bank, a specialized institution for the financing of WAEMU countries, is expected to support its member countries to realize their ambitions of emergence.

The document is structured in three parts:

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I. The first concerns the context within which the previous 2009-2013 Plan was implemented and the context likely to influence the implementation of the new Plan. It then goes on to briefly present some of the outcomes of the implementation of the 2009-2013 Plan, then highlights the crucial challenges which the Bank should assist the economies of the Union to take up. Finally, the first part of the document deals with a number of considerations relating to a strategic diagnostic of the Institution.

II. The second part of the document specifies the long-term vision within which the current Plan falls and expounds on its strategic areas and orientations.

III. The third part presents a financial environment strongly marked by difficulties in mobilizing concessionary resources, then deals with the modalities of implementation, as well as the monitoring and evaluation mechanism of the Plan.

The process of drawing up of the Strategic Plan being considered took place after the evaluation of the first Plan by an external consulting firm. The process took place in a participatory manner involving the various structures of the Bank and took into consideration the contributions emanating from a meeting of high-level experts held on 1 July 2014.

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I. CONTEXT OF ACTIVITIES AND ELEMENTS OF STRATEGIC DIAGNOSIS OF BOAD

Despite the difficult environment in recent years, marked especially by the persistence of food, energy or socio-political crises in certain countries, the WAEMU countries are demonstrating resilience by maintaining their economic growth at relatively significant rates.

The execution of the 2009-2013 Strategic Plan favoured, inter alia, an important growth in levels of financing, with an increase in medium and long-term loans from XOF209 billion in 2009 to XOF502 billion in 2013, representing an annual average growth of 39.5%. At the same time, the Bank has come up with new types of financing and services during the five-year period, namely, short-term financing, financial advisory services and arrangement of financing, as well as a new category of long or medium-term loans referred to as "sovereign loans at market conditions" which are granted to member countries in addition to concessionary loans.

The development of these new products enables BOAD to simultaneously cover a wider range of needs of companies and States and go into activity niches which are likely to consolidate the overall profitability of its activities. Thus, the Bank was able to maintain a sustained growth in its performance over the period.

However, the strong growth in financing by the Bank took place within a context marked by difficulties in mobilization of resources, particularly concessionary resources. Furthermore, there was a risk of saturation of the Bank's debt capacity based on its internal standards. More basically, it became apparent that the

Bank's model of financing with concessionary resources had reached its limit and must expand.

The progress noted in the countries should be consolidated to match their ambition to attain emergence status. This pre-supposes the transformation of their economies through the adoption of policies which favour the development of infrastructure and investment, encourage entrepreneurship and the development of the private sector. The transformation must also be based on the diversification of sources of growth and creation of value added within a context of strong, inclusive and sustainable growth.

Within this framework, the States must make more efforts in order to take up the numerous persistent challenges, particularly food security, resilience in the face of climate change, energy security, development of transport infrastructure, economic transformation and diversification, access to drinking water and sanitation, job creation, particularly for the youth, improvement of the business climate, development of human capital.

These major observations are dealt with in the new 2015-2019 Plan which should guide the Bank's actions during the next five years.

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II. STRATEGIC VISION AND GUIDELINES FOR THE 2015-2019 FIVE-YEAR PERIOD

2.1. VISION

BOAD, which is the financial arm of the WAEMU, reflects the ambitions of its member States. Thus, its vision is formulated as follows:

"BOAD, a solid development bank for economic integration and transformation in West Africa".

This vision is the bedrock of the Bank's ambition, which is to support the preparation of the priority action plans of the member States and regional development programmes, with the objective of making a more qualitative contribution towards the structural transformation of the economies.

Despite the limited prospects for resource mobilization, and following the change of scale which took place between 2009 and 2013, the Institution plans to stabilize the trend of growth of its financing in the coming years.

The 2015-2019 Strategic Plan aims at consolidating the gains made in terms of the volume of loans, with the enhancement of the institution's offer of services to companies and States. Finally, in the face of its constraints, the Bank will be innovative in order to take up present and future challenges.

All in all, the Strategic Plan is guided by the following principles:

- consolidation of the volumes of financing;
- increased selectiveness in financing;
- support for the economic transformation of the countries;
- enhancement of the catalytic role of the Bank;
- innovation and capacity-building.

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2.2. STRATEGIC AREAS

In conformity with the mission and vision opted for, and taking into consideration the major economic challenges facing the countries of the Union, the major areas of intervention of the 2015-2019 Strategic Plan are set forth as follows:

Area 1 : Accelerating regional integration through sustained infrastructure financing;

Area 2 : Support for inclusive growth, food security and sustainable development;

Area 3 : Support for businesses and States, development of financial engineering and services;

Area 4 : Deepening the resource mobilization process.

Provision has also been made for ensuring that management and governance match with the strategy.

Area 1 : Accelerating regional integration through sustained infrastructure financing

The Bank will strengthen its contribution towards regional integration, which is an essential lever for the sustainable stimulation of growth and positioning of the WAEMU region on the road to economic emergence. To this end, the Bank will concentrate its efforts on the financing of regional transport and energy and telecommunications infrastructure projects and programmes.

Apart from the priority it gives to regional projects and programmes, the Bank sets itself the objective of supporting the regional growth poles, which in this case are integrated industrial or agricultural poles, which make it possible to structure the production machinery

in such a manner as to develop potentialities and natural resources.

Area 2 : Support for inclusive growth, food security and sustainable development

In conformity with the national and regional strategies, particularly the report titled "Situation of the Union's agriculture and prospects for the attainment of food security and sustainable agricultural development" which was adopted in June 2012 by the Authority of Heads of State and Government, the strategic guidelines will be to (i) support food security and agricultural resilience, (ii) enhance financial inclusion, (iii) enhance the financing of basic infrastructure, (iv) support the development of agribusiness, (v) strengthen environmental governance and develop the financing of green growth projects.

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The Bank will strengthen and diversify its offer of financing and services, with the ambition of: (i) promoting public-private partnership (PPP) through the Regional PPP Development Unit recently created at the Bank, which will contribute towards the protection of member States' interests in its capacity as a body of experts; (ii) supporting the transformation of the economies of the Union through an increase in the development of agricultural and mineral resources and the development of industries as well as the emergence of regional companies; (iii) enhance the offer of non-traditional products and services to companies, States and local communities; (iv) increase the support for SME's and SMI's and back the development of the financial sector.

Area 4 : Deepening the resource mobilization process

The mobilization of sufficient amounts of suitable resources has always been the major constraint to the Bank's action; it is a major challenge which the institution has to take up.

During the next five-year period, the Bank should mobilize resources to meet the financing requirements of the new Strategic Plan's objectives and cover the earlier commitments in respect of which disbursements have not yet been made.

To this end, the Bank must: (i) enhance its debt capacity; (ii) enhance its presence on the regional capital market; (iii) enter the international financial market after obtaining a rating; (iv) exploit methods of alternative financing; (v) come up with an approach for concessional resource mobilization, particularly from within the community.

The following are some of the strategic objectives fixed in relation to the above guidelines:

- Improving the multiplier coefficient of financing from 2.35 as at the end of 2013 to 3, which is its traditional level;
- Increasing the share of financing of integration-enhancing infrastructural projects to 50% of medium-and-long-term commitments during the five-year period, compared to an average of 31% during the past five years and to 37.4% cumulatively, since the commencement of its activities;
- Devoting roughly 60% of the financing for the period to the States in the form of assistance;
- Devoting at least 50% of the non-dedicated concessional resources to rural development and food security, after the fall in the portion devoted to agriculture, which was observed during recent years (46% of the non-commercial loans between 2009 and 2013);
- Initiating, in the area of environmental and climatic governance, structuring actions and projects, especially those with a regional dimension;
- Maintaining portfolio quality by limiting its overall rate of deterioration to 4% and limiting the rate of deterioration of commercial sector portfolio quality to 10% (compared to 4.2% and 10.3% as at the end of 2013);

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- Enhancing debt capacity and increasing the Bank's resources;
- Increasing the share of income from services within income from operations by half;

- Consolidating profitability, notwithstanding the stabilization expected from medium and long-term assistance; the expected profitability target of the equity capital (net result/equity capital) was 4% in 2019, compared to 3.3% as at the end of 2013.

2.3. ALIGNING MANAGEMENT AND GOVERNANCE

Management and governance need to be updated to be in conformity with the Strategy. To this end, the Bank plans to enhance its management and governance in order to further improve upon their efficiency and bring them up to date with its new strategic guidelines.

The relevant objectives are to:

- enhance the juridical security of transactions;
- improve financial management and risk management
- develop the monitoring and evaluation of transactions, sectoral studies and knowledge management;
- align marketing and communication action with the strategy;
- optimize staff performance;
- enhance asset management and security of property and persons;
- continue modernizing the information system;
- strengthen governance and the control system;
- prepare a possible institutional reform of the Bank.

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III. FINANCIAL FRAMEWORK AND CONDITIONS OF IMPLEMENTATION

3.1 FINANCIAL FRAMEWORK

The strategic guidelines defined led to the selection of operational priorities for the Bank in terms of its actions in the member States and to the exploration of possible areas of resource mobilization during the 2015-2019 five-year period.

The significant change in scale of the level of interventions which took place over the 2009-2013 five-year period produced an annual average financing of XOF333 billion for medium-and-long-term loans compared to XOF90 billion during the 2004-2008 period.

The level of financing granted during the implementation of the 2009-2013 Plan thus shows a strong commitment on the part of the Bank to further support the development efforts of the member States, particularly during this period which was marked by the occurrence of strong energy and food crises in the Union.

Given the limited prospects of resource mobilization and the need to cover the earlier commitments in respect of which disbursements were not made, as well as the need to comply with the norms of indebtedness, the expected levels of activity for the five-year period will be contained, in order to preserve the Bank's financial integrity.

The programmes of activity for the States and the commercial sector actually take into consideration the financing requirements covering earlier commitments in respect of which disbursements have not been made, as well as the financing of new projects.

In the current context where concessionary resources are rare, the implementation of the 2015-2019 Strategic Plan in the areas it covers, is in line with the concerns about consolidating the gains made following the implementation of the 2009-2013 Plan.

It should be noted that even though it is less ambitious compared to the programme of activity of the 2009-2013 Plan, the implementation of the 2015-2019 programme would require the mobilization of significant resources, namely, more than XOF1,256 billion, roughly XOF1,048 billion of which would be borrowed resources.

The Bank is determined to continue supporting the States in their determination to attain emergent status, while closely monitoring the available resources with which to cover the needs.

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In particular, the programme of activity of the Fund For Development and Cohesion (FDC) window meant for the concessionary financing of the non-commercial sector will depend on the level of Community resources expected from the various contributions of the institutions and States of the Union, as well

as any external concessionary resources which could be mobilized from certain partners. In the absence of such resources, the financing for the States would be essentially catered for by "sovereign loans at market conditions".

3.2. MAJOR RISKS FOR THE ATTAINMENT OF THE OBJECTIVES

The major risks reside in (i) a debt base which is not sufficiently enhanced, (ii) inability to obtain the concessionary resources expected, and (iii) a rating which is not adequate for access to international financial market resources at competitive rates.

Another aspect to be considered concerns liquidity risk in the event of insufficiency of resources, and the risk of losses in profitability margin arising from the shortage of concessionary resources to cover disbursements in respect of the outstanding portions of concessionary loans.

3.3. IMPLEMENTATION OF THE STRATEGIC PLAN

The implementation of the Plan comprises three phases: (i) a launching phase consisting mainly in the operational definition of the strategy, which requires the collective and individual involvement of staff members, (ii) a phase of in-depth planning during which the essential

preparatory measures will be taken in order to ensure that the set objectives are attained, and (iii) a phase of operation corresponding to the period of full implementation of the plan.

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IV. MANAGEMENT AND MONITORING-EVALUATION MECHANISM

The implementation of the Plan would be monitored by the structure in charge of the Strategy, in collaboration with all the structures of the Bank.

The logical monitoring framework and the tools for gathering, analysis and reporting, together with the management charts specific to each target would be utilized.

Monitoring reports, together with recommendations, would be prepared half yearly for examination by the the Management of the Bank. The major results of monitoring shall be disseminated to staff members. The execution reports shall be submitted to the Board of Directors annually.

At the end of the five-year period, an external evaluation of the strategic plan will be carried out.

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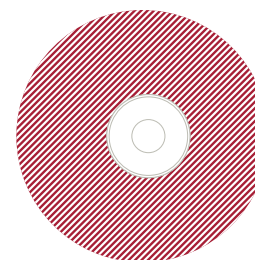
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