

BOAD

Annual Report
2015



WEST AFRICAN
DEVELOPMENT BANK

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**CHRISTIAN
 ADOVELANDE**

In 2015, BOAD conducted its activities in a sub-regional environment where economic growth was above 6% for the second consecutive year despite a less favourable external environment and a difficult security situation in some of its member countries.

The economic growth was driven by the service sector, investments in infrastructure, favourable crop seasons, as well as buoyant private consumption. At the same time, inflation remained moderate, at around 1%.

Funding granted by the Bank during the year, stood at XOF295.9 billion, including XOF236.5 billion for medium and long-term (MLT) loans and XOF59.4 billion for the short-term. About XOF4.5 billion of these funds were earmarked for strategic equity investments, while XOF24 billion were made available as refinancing facilities to several primary banks.

Loans granted by BOAD facilitated the implementation of greenfield investment projects in areas such as transport infrastructure, energy, water, agriculture, industry and services. They will also contribute towards improved competitiveness of economies, reduced vulnerability of certain segments of society, increased agricultural resilience and enhanced regional integration. The Bank's total net commitments stood at XOF3,878.5 billion spent over 786 operations as at 31 December 2015.

As part of its resource mobilization efforts, the Bank signed with its partners four credit agreements totalling about XOF113.5 billion.. It also carried out a bond issue on the regional capital market, where it raised XOF71.8 billion.

Moreso, BOAD mobilized XOF442.5 billion as part of its financing arrangement contracts with various partners for the implementation of infrastructure projects. This activity that we are striving to develop, will be a key component in the Bank's role as a catalyst for development finance.

Income for the year was XOF8.8 billion, compared to XOF8.4 billion at the end of 2014 (excluding the integration of the FDE initial capital); this strengthens the Bank's equity.

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The Bank's credit rating process that began several years ago, was completed in the year under review. The Bank was thus rated by international rating agencies, Moody's and Fitch, which assigned to the Bank Baa1 and BBB ratings respectively. These ratings correspond to an "investment grade"; being the fourth and second best ratings that the two rating agencies have ever assigned to institutions and countries in Africa. The ratings will enable the Bank to prepare for an upcoming debut bond issue in the international financial market, in order to increase its commercial sector loans.

Also in 2015, BOAD obtained accreditation as a project implementing agency to the Global Environment Facility (GEF). This accreditation provides WAEMU member countries with an opportunity to mobilize from the GEF resources through co-financing for environmental projects promoted by them.

In conjunction with the WAEMU and ECOWAS Commissions and the CILSS, BOAD actively contributed to West Africa's involvement in climate talks at the COP21. These sub-regional organizations adopted a common approach on how to showcase their activities in addressing the adverse effects of climate change.

Before concluding, I would like to take this opportunity to commend the support that member countries have extended to BOAD. During the year under review, this support was especially renewed through a decision of the Council of Ministers which provided the Bank with a minimum annual volume of resources to support an interest subsidy mechanism. This provision has enabled the Bank to resume activities under its concessional window.

Finally, I would like to congratulate the Bank's staff and encourage them to continue their hard work so that together we can tackle the development challenges facing our sub-region.

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AFD : Agence française de développement (French Development Agency)	GEF : Global Environment Facility
AfDB : African Development Bank	HDI : Human Development Index
BADEA : Arab Bank for Economic Development in Africa	ICD : Islamic Corporation for Private Sector Development
BCEAO : Central Bank of West African States	IDB : Islamic Development Bank
BCP : Business continuity plan	3IE : International Initiative for Impact Evaluation
BOAD : Banque Ouest Africaine de Développement (West African Development Bank)	IFAD : International Fund for Agricultural Development
CDP : ECOWAS Community Development Programme	IMF : International Monetary Fund
CILSS : Permanent Inter-State Committee on Drought Control in the Sahel	IRED : Initiative Régionale pour l'Energie Durable (Regional Initiative for Sustainable Energy)
CPDN : Intended Nationally Determined Contributions	MLT : Medium and long-term
ECOWAS : Economic Community of West African States	PER : Programme Economique Régional (Regional Economic Programme)
EIB : European Investment Bank	PIR : Programme Indicatif Régional (Regional Indicative Programme)
ERP : Enterprise resource planning	PPIAF : Public-Private Infrastructure Advisory Fund
FAO : United Nations Food and Agriculture Organization	PPP : Public Private Partnership
FCFA : Franc de la Communauté Financière Africaine (Franc of the African Financial Community)	RCC : Regional Collaboration Centre
FCFA/XOF BLN : Billion francs CFA	SAP : Systems, applications and products for data processing
FDC : Fonds de Développement et de Cohésion (Development and Cohesion Fund)	SME : Small and medium-sized enterprises
FDE : Fonds de Développement Energie (Energy Development Fund)	ST : Short-term
FED : European Development Fund	UNIDO : United Nations Industrial Development Organisation
FER : Road Maintenance Fund	UNDP : United Nations Development Programme
GDP : Gross Domestic Product	URDPPP : Regional Public-private Partnership Project Development Unit
	WAEMU : West African Economic and Monetary Union
	WAPP : West Africa Power Pool

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Date of creation	14 November 1973 Commencement of activities in 1976	
Shareholders	<ul style="list-style-type: none"> - WAEMU member countries: Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, Togo - BCEAO (Central Bank) - Non-regional shareholders: AfDB, EIB, France, Belgium, Germany, Export-Import Bank of India, People's Republic of China, Kingdom of Morocco 	
Mission	Promoting the balanced development of member countries and contributing towards the economic integration of West Africa	
Vision	BOAD: a solid development bank for the economic integration and transformation of West Africa.	
Authorized capital as at 31/12/2015	XOF1,155 billion	
Subscribed capital as at 31/12/2015	XOF1,097.8 billion	
Total balance sheet as at 31/12/2015	XOF1,783.6 billion	
Operational staff as at 31/12/2015	280 staff members	
Loans granted in 2015	33 operations involving a total of XOF295,9 billion made available as:	
	Direct loans	:XOF267.4 billion, or 90.4%
	Indirect loans	:XOF24.0 billion, or 8.1%
	Equity investments	:XOF4.5 billion, or 1.5%
	Breakdown of loans per sector:	
	Non-commercial sector	: XOF159.0 billion, or 53.7% (14 operations)
	Public commercial sector	: XOF 49.4 billion, or 16.7% (4 operations)
	Private sector	: XOF87.5 billion, or 29.6% (15 operations)
	Répartition des financements selon la catégorie	
	National projects	: XOF250.9 billion, or 84.8%
	Regional projects	: XOF45.0 billion, or 15.2%
Cumulative approvals, 1976 - 2015	XOF3,878.5 billion for 786 operations	

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2 March and 2 September

Meetings of the Public-Private Partnerships Advisory Committee

The Public-Private Partnerships Advisory Committee (CO-PPP), created in February 2015, is a platform for sharing experiences and expertise, as well as dissemination of PPP project implementation tools. The committee has twelve (12) members, including the President of BOAD, one (1) representative per member country, two (2) representatives of the WAEMU Commission and one (1) representative of the Regional Unit.

The Committee met twice in the year. These two sessions provided an opportunity to introduce members to the missions and functions of the Committee, methodological tools and the institutional framework of the unit housed at BOAD.

16 March

BOAD and Attijariwafa Bank sign a Partnership Agreement

Messrs. Christian Adovelande, President of BOAD and Mohamed El Kettani, President and CEO of the Moroccan Attijariwafa Bank Group, signed a Partnership Agreement between the two institutions in Geneva (Switzerland).

The agreement involves the establishment of general cooperation in project finance, advisory services and access to the financial market within the WAEMU region.

21 March

Côte d'Ivoire commends BOAD

BOAD was awarded the Medal of the National Order by the Republic of Côte d'Ivoire for its leadership in development finance. The Chief of the Resident Mission, Mr. Oumar Tembely, received the award during the inauguration of the Jacquville bridge.

25 March

Roundtable on Guinea Bissau

The Bank participated in the roundtable of international partners of Guinea-Bissau in Brussels to finance the country's 2015-2020 Strategic and Operational Plan referred to as "Terra Ranka". The aim of the conference was to present Guinea Bissau's new vision to its bilateral, multilateral technical and financial partners, and to mobilize public and private external financing needed to implement the plan.

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18-19 May

Working visit by the President of BOAD to the World Bank headquarters in Washington, D.C.

A delegation led by the President of BOAD embarked on a working visit to the World Bank headquarters in Washington.

The visit provided an opportunity to revamp cooperation between the two institutions.

18-19 May

Technical workshop to promote access to energy through results-oriented financing and clean development mechanism

This workshop was held in Lomé, at the Bank headquarters, under the auspices of the Carbon Development Initiative (Ci-Dev) of the World Bank Group, in collaboration with the Regional Collaboration Centre (RCC) Lomé and BOAD.

The objective was to promote knowledge sharing between participants from different backgrounds on the financing and implementation of energy and climate change mitigation projects. It was also designed to stimulate the private sector to invest in these types of projects through results-oriented development financing.

21 May and 12 June

BOAD is rated by international rating agencies

International rating agencies, Moody's and Fitch, assigned to BOAD "investment grade" ratings which correspond to a "quality risk" for investors in financial markets. The Bank was rated "Baa1" by Moody's and "BBB" by Fitch. These ratings attest to the Bank's credit quality and good governance.

2-3 June

Accreditation of BOAD by the Global Environment Facility (GEF)

The 48th meeting of the governing body of GEF was held at the headquarters of the World Bank in Washington on June 2 and 3. The Council considered and approved the report of the Panel of Independent Experts, which recommended the accreditation of BOAD as a new GEF project implementing agency.

This decision saw the signing of: i) a Memorandum of Understanding (MoU) between BOAD and GEF on 9 July, and (ii) an agreement on the financial procedures, between BOAD and the World Bank (GEF Administrator) on 17 November.

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8-10 June

"BOAD Open Day" in WAEMU

In Bamako, the Bank inaugurated a series of events referred to as "BOAD Open Day" made up of an information seminar for local economic journalists and a small business luncheon with business leaders in the commercial sector.

The information seminar for journalists on the topic "BOAD-funded project cycle" was designed to educate participants and provide documentation for a better knowledge about the Bank and its activities. The business breakfast was an opportunity for fruitful discussions between the Bank and the business community.

The event continued in Burkina Faso (8-10 September), Niger (14-15 September), Côte d'Ivoire (17-20 November) and Senegal (23-24 November).

7 July

**Signing of the agreement on the 11th EDF
Regional Indicative Programme**

The Bank participated in the preparation and organization of the 11th EDF Regional Indicative Programme for 2015-2020, whose agreement was signed on 7 July in Brussels (Belgium) between the European Commissioner for International Cooperation and Development, and the Presidents of ECOWAS and WAEMU Commissions.

23 July

Press conference by the President of BOAD

M. Christian ADOVELANDE a animé une conférence de presse au siège de l'institution, sur les ambitions de celle-ci pour les prochaines années. A cette occasion, le Plan stratégique 2015-2019 a été présenté.

3-4 September

Validation workshop on the study on harmonization of the institutional and regulatory framework for private financing of infrastructure in WAEMU countries

In partnership with the WAEMU Commission and BCEAO, BOAD held a regional workshop to validate the conclusions and recommendations of the study referred to above. The meeting saw the participation of representatives from member countries, ECOWAS Commission, the private sector and technical and financial partners.

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7-8 September

Validation workshop on the report of the study on road maintenance in WAEMU countries: a review of the past 50 years and the way forward

The workshop was organized by BOAD, in collaboration with all the stakeholders in the road maintenance sector in the sub-region. It was intended to review the findings of the study report and collect the analysis and technical advice of experts from member countries and partner institutions with a view to improving the report.

In addition to community institutions and agencies, the workshop saw the participation of representatives of member countries of the Union in charge of finance, road infrastructure and the road maintenance fund, technical and financial partners, Association of African Road Managers and Partners of (AGEPAR), the African Road Maintenance Fund Association (ARMFA) as well as resource persons identified by BOAD.

22 October

International conference for the economic recovery and development of Mali

The Government of Mali, with the support of its development partners, organized an international conference in Paris for the economic recovery and development of Mali.

Under the theme "Building an emerging Mali, the northern regions at the heart of reconciliation and consolidation of peace," the meeting was to share the Government's strategic development priorities and identify immediate and future needs of the northern regions, and formulate as well programmes to accelerate development in BOAD's member countries.

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30 November–1 December

Training workshop on updating the grid emission factor of the West African Power Pool (WAPP)

In order to strengthen the capacity of its member companies and set up a pool of data collection experts and calculate the grid emission factor in ECOWAS countries, the WAPP Secretariat, in collaboration with the UNFCCC Secretariat and the Regional Collaboration Centre (RCC/BOAD), and with financial support from GIZ and USAID, held a training workshop on the theme "Calculating and Updating the Grid Emission Factor of the ECOWAS Interconnected Power System and promoting the Clean Development Mechanism".

The meeting brought together about thirty participants from member electricity companies of WAPP.

30 November-11 December

BOAD's participation in COP21 in Paris

Under the leadership of its President, Christian Adovelande, the Bank took part in the 21st International Conference on Climate Change (COP21).

This participation was coordinated by the WAEMU and ECOWAS Commissions, together with CILSS. All the institutions concerned have adopted a common approach on how to showcase their activities in addressing the adverse effects of climate change.

15 December

Validation workshop on the "thematic evaluation of the sustainability of road projects: findings and lessons learnt BOAD loans extended from 2000 to 2012".

The workshop held at the Bank headquarters in Lomé, brought together experts on road projects in WAEMU member countries, the African Development Bank (AfDB), ECOWAS Bank for Investment and Development (EBID) and the WAEMU Commission.

Its objectives included: (i) stimulating discussions among participants about the main activities of designing, implementation and operation of road projects in order to bring out their impact on the sustainability of such projects; (ii) sharing experiences of the participants on the issue of sustainability of road projects; (iii) amending and validating the findings and recommendations of the thematic evaluation conducted by the Bank on the sustainability of road projects.

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1.1. ECONOMIC SITUATION

The year 2015 was marked at international level by various important meetings, particularly the third international conference on development finance, the United Nations Summit on the adoption of a post-2015 agenda for sustainable development, and the Conference of the Parties (COP21).

These meetings provided an opportunity to establish a comprehensive framework for development financing, adopt the new sustainable development goals (SDGs) and reach a climate agreement to contain the rise in average global temperatures well below 2°C. Better implementation of the recommendations and resolutions of these meetings could bring about overall positive change.

The year was also marked by a migrant crisis in Europe due to the influx of people fleeing conflict and insecurity, as well as the recognition by the IMF of the Chinese currency (Renminbi or Yuan) as one of the five reserve currencies that form the special drawing rights (SDRs) basket.

According to the IMF¹, world economic growth registered a slight decline in 2015 to settle at 3.1% compared to 3.4% in 2014¹. This decline was due to a new slowdown in emerging economies, partially offset by a modest recovery of activity in developed countries, particularly in the Euro zone. However, the deceleration in activity was uneven across regions and countries. The situation, by groups of countries, is as follows:

In the advanced economies, economic activity continued to recover (1.9% in 2015 compared to 1.8% in 2014). The United States recorded decent growth (+2.5%) in 2015. Recovery within the Euro zone was encouraging but still moderate (1.5% in 2015 as against 0.9% in 2014).

Economic growth in emerging and developing countries declined again in 2015, reaching 4% compared to 4.6% 2014 and 5.0% in 2013. This poor performance was due to the decline in economic activity, for the fifth consecutive year in emerging economies, especially China (6.9% in 2015 compared to 7.3% in 2014). The situation in China was partly offset by the robust performance of the Indian economy (7.3% in 2015 as in 2014).

¹ World Economic Outlook (WEO), January 2016.

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Economic activity in sub-Saharan Africa was significantly weakened. Growth stood at 3.5% in 2015 compared to 5.0% in 2014 due to a deterioration of external factors, including the fall in commodity prices and the adverse effect of the global financial crisis. The strong momentum of growth in sub-Saharan Africa in recent years has slowed down, even though economic activity remains stronger than in other emerging and developing regions. There are concerns that growth will remain lower if the external environment continues to deteriorate (a further fall in the prices of raw materials, more pronounced slowdown in economic growth in China or security risk).

In most of the region's low-income countries, economic growth was maintained thanks to continued investments in infrastructure (transport and energy) and increased private consumption. Foreign direct investment (FDI) continued to flow into a large number of these economies.

While the drop in oil prices eases their energy import bills, countries within this group have suffered the negative impact of the fall in prices of their major export commodities. Faced with this shock, the region should identify new areas of growth and enhance its competitiveness in order to preserve and strengthen gains.

With regard to prices in developed countries, inflation was at low level due to the size of the output gap and the drop in commodity prices (0.3% in 2015 compared to 1.4% in 2014). Inflation in sub-Saharan Africa was expected to reach an average of 7% in 2015 and 7.25% in 2016, fuelled by the increase in electricity tariffs (South Africa), the removal of fuel subsidies (Angola) and the increase in food prices (Ethiopia, Tanzania). However, in the franc zone, inflation ranges between 1% and 3%.

On the foreign exchange markets, the euro appreciated against the major currencies except the U.S. dollar and pound sterling.

On the commodity markets, world prices of the main exports from WAEMU countries experienced contrasting developments. Cocoa and cashew prices increased every quarter while crude oil, cotton, rubber, palm oil, palm oil, coffee and gold prices declined.

World economic growth in 2016 is expected to reach 3.4%, equivalent to the level attained in 2014. Economic activity would be supported mainly by a rise in domestic demand in the United States, taking advantage of the drop in oil prices and the continuation of an accommodative monetary policy in advanced countries. This growth level remains below par, given the increasing scarcity of investment prospects in the Euro zone.

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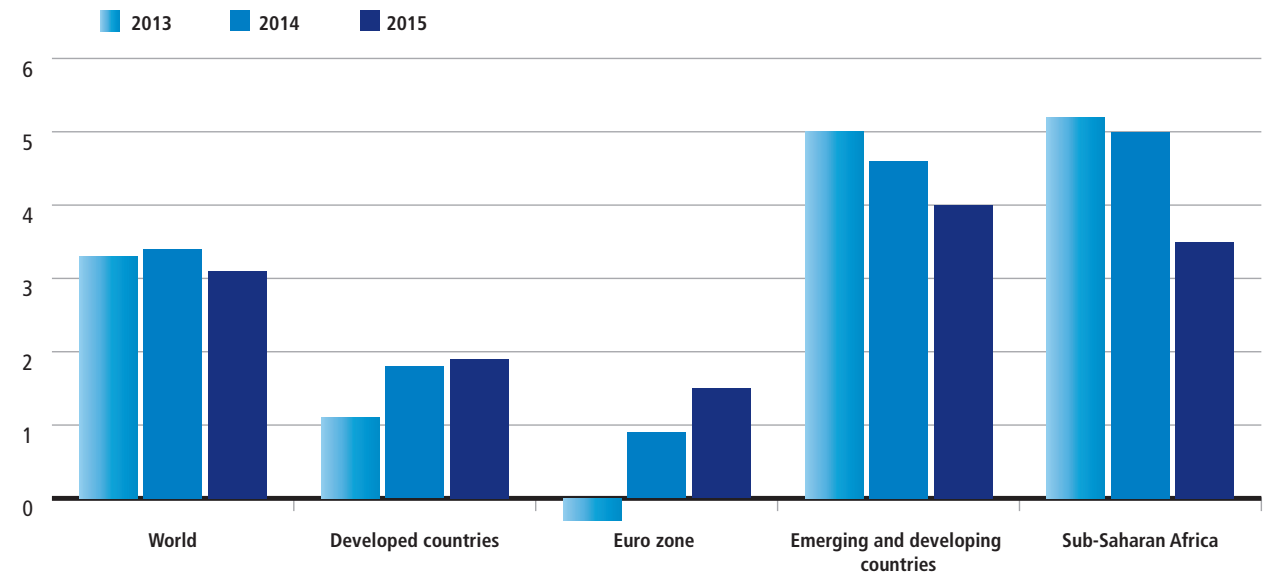
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Graph 1
Evolution of economic activity between 2013-2015 (%)



Source : Données du FMI (PEM, janvier 2016)

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1.2. HUMAN DEVELOPMENT

The 2015 UNDP report on human development examines the issue of: "Work for human development". The report seems particularly timely, given the new sustainable development goals, especially SDG 8 on "Promoting sustained, shared and sustainable economic growth, full and productive employment and decent work for all".

The fundamental question that the report seeks to address is how work can enhance human development? In this regard, the direct positive or negative links between work and human development in a changing world (rapid globalization and digital technology revolution, demographic transitions, etc.), which present both new risks and opportunities were examined. The analysis reveals that the link between work and human development is a synergistic relationship. Work promotes human development by providing income and livelihoods, reducing poverty and ensuring equitable growth. In turn, human development, by improving health, knowledge, skills and awareness, enhances human capital and widens the range of opportunities and choices.

The progress made in the area of human development in a quarter of a century is due mainly to the population's access to (i) decent work, (ii) the dynamism of

work, whether qualitative and gainful, volunteering, domestic or creative, and (iii) the synergies between these various forms of work. The above-mentioned developments are both tied to improvements in life expectancy, child schooling, access to clean water and basic sanitation, digital revolution and improved standard of living, with increased revenue.

However, considerable challenges including poverty inequality, climate change, skills gap, conflicts and socio-political instability continue to hold back progress in the area of human development. These factors have engendered situations where much of the human potential remains untapped. Some of the most disadvantaged are the youths and women. It is therefore important for young people and women to find employment opportunities that enable them to participate constructively, creatively and fairly in building society.

Public policies and development strategies must thus focus on the following three areas: (i) creating job opportunities or new opportunities to expand the choice of work, (ii) ensuring the well-being of workers to strengthen the positive relationship between work and human development, and (iii) targeted actions to address the challenges of vulnerable groups.

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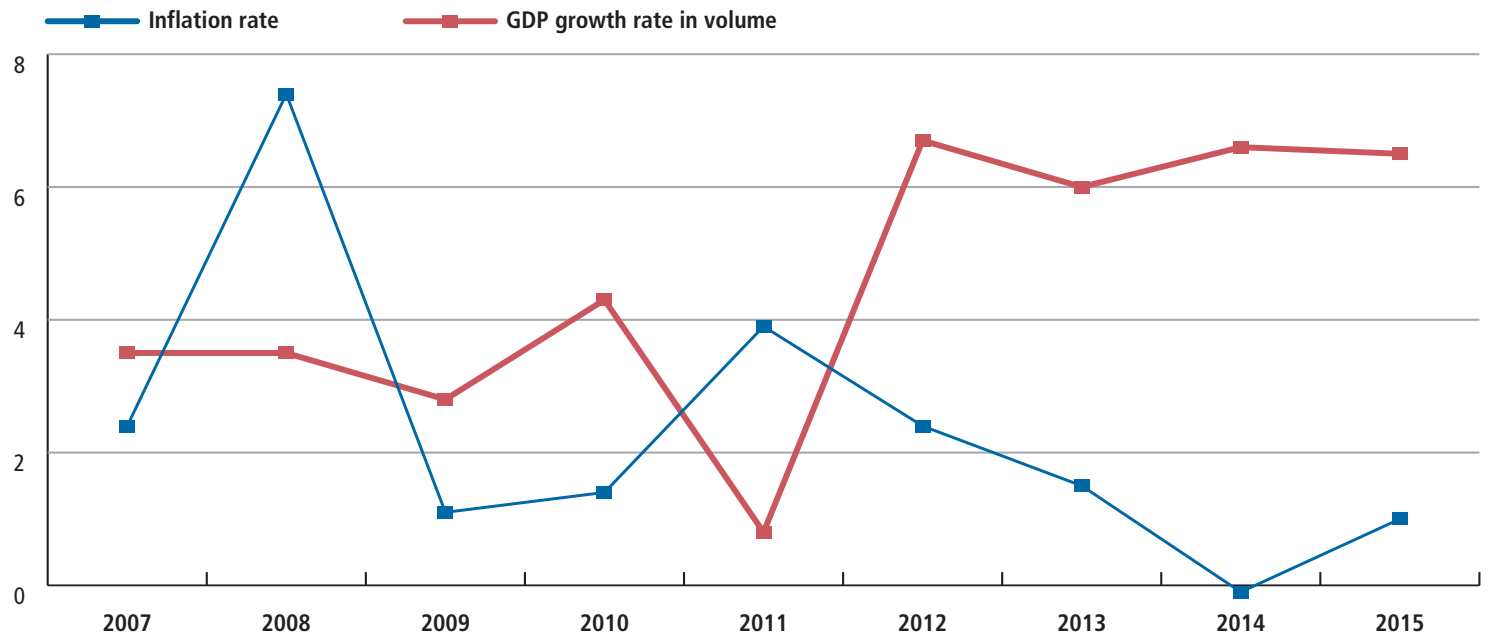
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Graph 2
Growth and inflation in the WAEMU (%)



Source : Commission de l'UEMOA, INS et BCEAO.

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2. ECONOMIC ENVIRONMENT IN THE WAEMU REGION

2.1. ECONOMIC SITUATION

Despite a difficult external environment characterized by falling commodity prices and unfavourable financing conditions, and notwithstanding the occasionally difficult socio-political conditions in some countries, the regional economy has shown great resilience while maintaining a good pace of growth. The Union therefore recorded a growth rate of 6.5% in 2015 as against 6.6% in 2014 and 6.0% in 2013.

Growth per country is as follows: Benin (5.2%), Burkina Faso (4.4%), Côte d'Ivoire (9.5%), Guinea Bissau (6.0%), Mali (4.9%), Niger (4.4%), Senegal (5.4%) and Togo (5.5%).

Economic activity in 2015 took place in a context of price stability with an inflation rate of 1.0% as against -0.1% in 2014, coupled with the drop in oil prices and a good farming season in most member countries.

In terms of outlook for 2016, a growth of 7.2% is expected in a context of price control, a peaceful management of upcoming elections and management of security risks (particularly in the Sahel region).

2.2. HUMAN DEVELOPMENT

Data on human development in the above-mentioned report shows that globally (see. chart below), sub-Saharan Africa has made a qualitative leap by significantly improving its HDI between 2013 and 2014. WAEMU member countries have also made progress with the exception of

Senegal, which remained slightly behind compared to 2013 as shown in the graph below. The low human development in these countries suggests that the potential for decent work and employment opportunities remain largely untapped.

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Graph 3
 Evolution of the HDI in member countries between 2012 and 2014

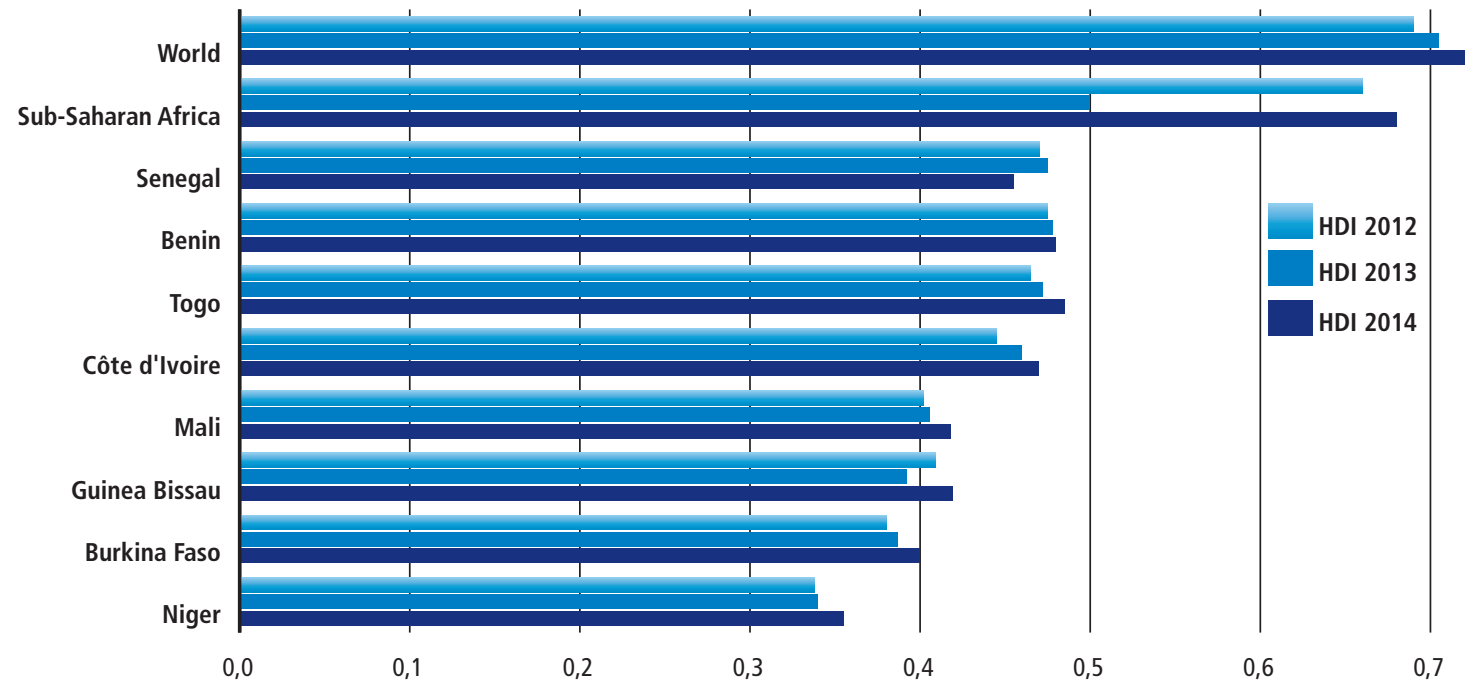


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1. OVERALL PICTURE

In 2015, the total amount of funds made available by the Bank stood at XOF295.9 billion, including XOF236.5 billion of medium and long-term (MLT) loans while XOF59.4 billion were granted as short-term loans. This amount was down by -8.1% compared to the level reached in 2014, which stood at XOF321.9 billion.

This was mainly born out of the Bank's concern to maintain a healthy balance between its levels of financing activity and the resources available, particularly given the increasing scarcity of concessional resources.

Financing activities per sector is as follows:

Direct loans (XOF267.4 billion), representing 90.4% of loan approvals for the year, contributed to the implementation of new investment projects, the financing of cotton seasons as well as foreign trade operations.

The above-mentioned investment projects include activities such as the construction of road infrastructure, promotion of regional economic integration, improved power supply, consolidation of agricultural and environmental resilience, promotion of mining and pharmaceutical industrial units, service development (mobile telephony and hospitality), strengthening the population's access to clean water as well as promoting adequate sanitation.

Table 1
BREAKDOWN OF LOAN APPROVALS ² (short, medium and long-term) IN 2015

	Approvals (XOF'Billions)	Number of operations	% of approvals
NON-COMMERCIAL SECTOR (A)	159.0	14	53.7
COMMERCIAL SECTOR (B = I + II)	136.9	19	46.3
Commercial public(i)	49.4	4	16.7
private(ii)	87.5	15	29.6
TOTAL (A+B)	295.9	33	100

² Including equity investments.

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The portion of indirect funding (XOF28.5 billion) was 9.6%, including 1.5% in equity investments involving XOF4.5 billion and 8.1% in refinancing facilities granted totalling XOF24 billion.

These loans were aimed at strengthening the equity capital of an investment fund and an airline, as well as increasing the intervention capacity of three banks for the benefit of SMEs/SMIs.

Overall, the new loans granted cover the Bank's cumulative net commitments of XOF3,878.5 billion as at 31 December 2015 for the implementation of 786 development projects.

The Bank's role as an integration institution was reflected in its loan outlook for the year. Thus, cumulative financing for integrative infrastructure projects stood at XOF1,207.7 billion covering 225 operations, or 31.1% of commitments as at the end of December 2015.

With regard to the implementation of IRED, eleven (11) energy projects have, since 2010, been financed in the form of loans by the FDE, involving a total of XOF199.6 billion. A grant of XOF5.7 billion has also given to the

WAEMU Commission to finance activities under the regional energy saving programme.

The financing arrangement resulted in activities that saw the mobilization of resources to the tune of XOF442.5 billion for various constituents.

Financial advisory services continued with the execution of the mandate for the franchising of the management of Hotel GAWEYE in Niger.

With regard to support for project preparation, loans amounting to XOF1.8 billion were allocated for seven (7) studies during the period, bringing the total under this loan category to XOF36.5 billion as at the end of December 2015. The activity helps improve the generation capacity of public projects.

Disbursements made by the Bank as at 31 December 2015 stood at XOF318.8 billion compared to the XOF374.05 billion disbursed in 2014 (-14.8%).

By the end of 2015, total disbursements stood at XOF2371.5 billion, corresponding to a 61.1% rate of disbursement (cumulative disbursements/cumulative commitments).

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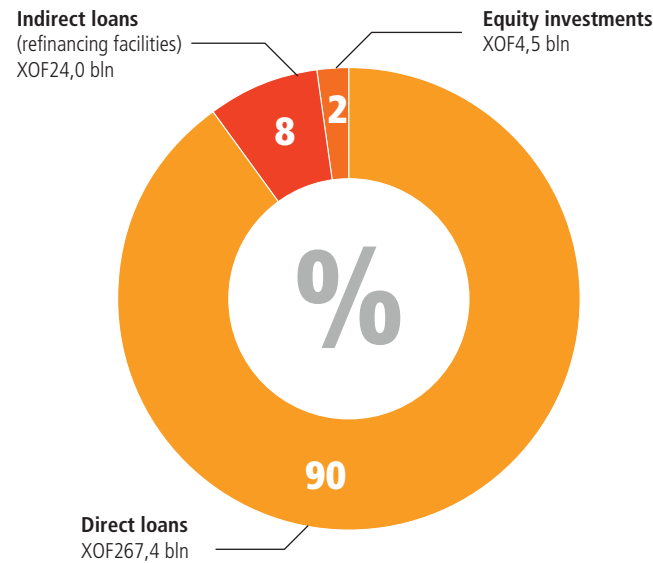
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Graph 4
BREAKDOWN OF APPROVALS PER TYPE OF FINANCING IN 2015



Graph 5
EVOLUTION OF BOAD'S TOTAL NET COMMITMENTS (in XOF'bln)

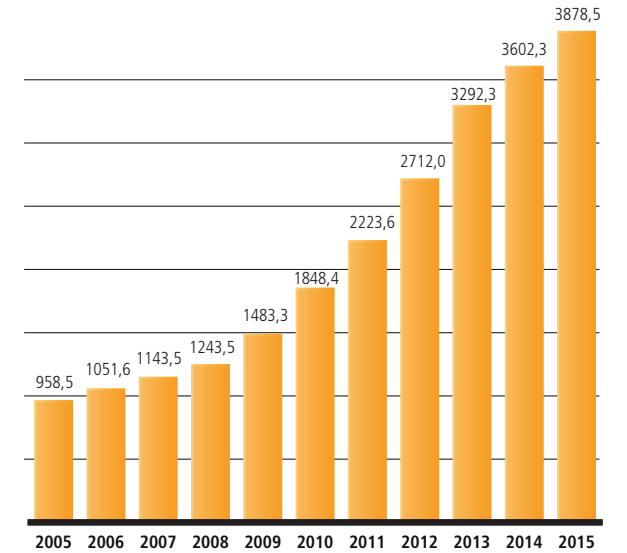


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2. ACHIEVEMENTS PER STRATEGIC AREA

2015 is the first year of implementation of the Bank's 2015-2019 strategic plan. The year's main achievements, based on the key areas of intervention, include.

2.1. ACCELERATION OF REGIONAL INTEGRATION THROUGH SUSTAINED FINANCING OF INFRASTRUCTURE

Apart from regional infrastructure project financing, the Bank contributed to reflections and implementation of community strategies and programmes.

A. DEVELOPMENT AND INTERCONNECTION OF TRANSPORT INFRASTRUCTURE

The Bank contributed XOF20 billion towards the financing of the main road infrastructure development project (PAIRS) in the Republic of Mali. The said project is estimated to cost about XOF124.1 billion.

Loans granted by BOAD to support the construction of an interchange at the Markala crossroad (Ségou) located on a community road. The project is expected to making accessible the districts of Ségou as well as promoting and facilitating trade at national and regional levels.

B. DEVELOPMENT OF ENERGY INFRASTRUCTURE

The Bank continued to contribute towards the implementation of the West African Power Pool (WAPP). Loan faci-

ties involving XOF10 billion were granted to Guinea Bissau and Senegal, both members of the Gambia River Basin Development Organization (OMVG), for the construction of 1,677 km of 225 kilovolt (kv) interconnected power transmission lines, 15 HV/MV transformer stations and the installation of two dispatchings.

The project is expected to facilitate the transmission of power generated from the Kaleta hydroelectric dam (240 MW, 30% of which is generated for OMVG) in Guinea and the Sambangalou dam (130 MW) in Senegal. It will help improve power supply to Senegal and Guinea Bissau and ensure reduction in the average cost of power generation in these countries.

The Bank financed a second regional power project in an amount of XOF25 billion, from the resources of the Energy Development Fund (FDE). It involved the construction of a 225 kV link between Kaolack-Fatick, Tobene-Konoune and Sendou-Konoune in Senegal. The links concerned are major nodes in the switchyard of OMVS member countries and offer greater transmission capacity to deliver without much loss of energy imported from Mauritania, and the transmission of power generated from OMVS.

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**C. DEVELOPMENT OF TELECOMMUNICATIONS
INFRASTRUCTURE**

The Bank granted a XOF10 billion loan for the installation and operation of a telecommunications network in Mali. The major objective of the project is to provide nearly four million subscribers with mobile telephony and Internet services.

**D. IMPLEMENTATION OF REGIONAL STRATEGIES
AND PROGRAMMES**

Under the IRED initiative, the Bank has pursued its mandate as the Energy Development Fund (FDE) manager and supervisor of projects financed by the Fund. It also took part in the works of various steering committees in charge of the initiative or FDE governance (technical monitoring committee, council of FDE donors). Furthermore, IRED's balance sheet was presented on 7 April 2015 to the Chairman of the High-Level Committee, His Excellency Dr. Thomas Boni Yayi, President of the Republic of Benin.

Actions undertaken by the Bank in other regional programmes cover the following components:

Within the WAEMU region, the Bank has supported the ongoing implementation of the Regional Economic Programme (PER II for 2012-2016). Works under this component include: (i) establishment of a multi-donor trust fund, which is expected to be created in 2016, (ii) participation in technical due diligence field missions in order to materialize funding pledges identified during the Dubai International Investor Conference of September 2014. Financing

for PER II Projects was estimated at XOF126.5 billion covering twelve (12) projects.

Within ECOWAS, the Bank played an active role in the preparatory work of the regional conference on the financing of the community development programme (CDP), as well as the donors' roundtable. The two events are expected to be held in 2016.

The Bank also participated in various meetings of the technical secretariat and coordination platform of the ECOWAS-Sahel strategy, of which it is a member. The Bank was appointed as a member of the "infrastructure" thematic group of the Sahel strategy.

The Bank also contributed to the preparation and programming of the 11th EDF Regional Indicative Programme for the 2015-2020 period, whose agreement was signed on 7 July 2015 in Brussels (Belgium), between the Commissioner for International Cooperation and Development and the chairpersons of the ECOWAS and WAEMU Commissions. The Bank participated in the validation workshop on the feasibility study on a regional facility for access to sustainable energy, held in Dakar from 30 March to 4 April 2015.

As part of its role as a regional catalyst for reflections on development, BOAD organized, at its headquarters, two regional validation workshops on two studies during the month of September 2015.

The first workshop focused on the review of the study on the harmonization of the institutional and regulatory framework for private infrastructure financing in the WAEMU countries (see Box 1 below).

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BOX 1

Validation workshop on the study on the harmonization of institutional and regulatory framework for private financing of infrastructure in WAEMU countries

The design of this study dates back to the year of adoption of the IRED within the WAEMU region. This is part of a comprehensive and coordinated reflection by the Union institutions on how to ensure greater participation of the private sector in infrastructure financing. Targeted infrastructure include those providing public service or of general interest. The study coincided with and complemented another study on the setting-up a seed fund dedicated to private infrastructure project financing.

The objectives of the study include:

- carrying out an analysis of the institutional and legal framework in WAEMU member countries;
- clearly defining the role of various actors involved in private infrastructure financing ;
- proposing specific areas for harmonization of the institutional, legal and regulatory framework in member countries.

The workshop thereon held on 3 and 4 September 2015, was aimed at: i) collecting views from technical experts and member countries on the study, for its validation; (ii) ensuring consistency in the findings of the study, given the legal and regulatory context of the member countries, as well as with any other similar study on the regulatory framework for the private infrastructure financing.

The main recommendations at the end of the workshop include:

1. establishment of a regional operator status. This status first requires (i) the strengthening of the current status of national regulators, (ii)

strengthening the negotiating capacity of member countries when it comes to contracts for private infrastructure financing, (iii) identification of the authority responsible for the control of entities benefiting from the status of regional operator and clarifying their roles;

2. adoption of community guidelines on taxation for PPPs and the resumption of discussions on the WAEMU investment code;
3. a regional approach to planning regional infrastructure projects as well as projects with a regional impact, with recourse to specialized regional bodies by sector (example of the WAPP) or through PPPs (e.g. Regional PPP Development Unit), while taking subsidiarity principle into consideration;
4. opening up the infrastructure sector to private investors;
5. exclusion of outsourcing of public services from the scope of application of the public procurement codes, so that the public service

delegation is incorporated into the WAEMU guidelines on PPPs and its incorporation into national laws;

6. standardization of customs and excise systems applicable to holders of PPP contracts.
7. inclusion of socio-cultural and environmental impact studies;
8. capacity building in the infrastructure sector;
9. reflection on the possibility of synergistic action between the WAEMU Trust Fund and the seed fund to further facilitate access of project developers (member countries and private investors) to financing for project studies;
10. much wider use of BOAD Securitization company, a subsidiary of BOAD, which may facilitate the financing of PPPs with a new package of financing and refinancing instruments in the capital markets;

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11. reflections on the role of regulated savings institutions, particularly the social security funds, pension schemes or pension funds and life insurance companies, for better infrastructure financing and strengthening the intervention capacities of national and regional financial institutions;

12. reflection on the infrastructure financing strategy in WAEMU countries for a more efficient distribution of resources, on one hand, and achieve much broader short and medium-term synergies between the various financial instruments promoted by the institutions of the Union.

The conclusions of the workshop were captured in the definition of a strategy and a regulatory framework for the promotion of PPPs within the Union. The said exercise is coordinated by the WAEMU Commission.

The second workshop provided an opportunity to amend and validate the findings of the study on "road maintenance in WAEMU countries: a review of the last 50 years and the way forward" (see Box 2 below).

BOX 2

Validation workshop on the study on "Road maintenance in WAEMU countries: a review of the last 50 years and the way forward"

The findings of the study are highlighted in the second part of this Annual Report, as part of the development dedicated to the "topic for the year".

The study aimed at identifying the level of implementation of road maintenance works in WAEMU countries, to determine the overall needs of the sector and also to determine the extent to which these needs have been met, in the light of the improvements in road networks.

The workshop was held on 7 and 8 September at the Bank headquarters in Lomé. It provided a platform to collect comments and technical advice of experts from member countries or other institutions. The discussions centered on the findings and recommendations of the study, but also, more generally, on the two themes: (i) the strategies and methods of organizing road maintenance and, (ii) road maintenance financing.

Inputs from experts complemented the analysis, proposed solutions and recommendations of the consultant.

During its meeting in September 2015, BOAD Board of Directors, in turn, reviewed and validated the findings of the study.

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2.2 SUPPORT FOR INCLUSIVE GROWTH, FOOD SECURITY AND SUSTAINABLE DEVELOPMENT

Projects funded in 2015, in this regard, covered the following priority areas: (i) food security and agricultural resilience, (ii) development of basic infrastructure, (iii) financial inclusion. Other sustainable development actions or direct assistance to member countries were also carried out.

A. SUPPORT FOR FOOD SECURITY AND AGRICULTURAL RESILIENCE

The project to restore, protect and rehabilitate the Lake Bam in Burkina Faso, involving an amount of XOF10 billion, was financed in 2015. Its aim is to create an economic development pole in catchment area and contribute to sustainable food security (production of rice, maize and vegetables, fish), fighting against poverty and protecting the ecosystems and water basin of the said lake.

The Bank continued with the implementation of planned actions under its crop insurance programme, with especially:

- the implementation of a start-up support mission for two projects funded in 2014 in two member countries, with technical assistance from FINACTU. These include; the Benin agricultural insurance fund (AMAB) project and the project to support the national agricultural insurance company of Senegal (CNAAS);
- allocation of cash advances to Côte d'Ivoire and Togo to finance preparatory activities for the development of agricultural insurance. The targeted activities basically involve: i) the establishment of a reliable agricultural data-bank, and ii) strengthening of the national network of weather stations. The objective is to develop an agrometeorological database needed for the development of crop insurance.

The broader objective, in the medium-term, is to support the establishment of crop insurance institutions in each of the member countries of the Union;

- strengthening the capacities of the Bank staff and organizing a study tour on crop insurance in Morocco.

B. BASIC INFRASTRUCTURE DEVELOPMENT

In the area of urban roads, the Bank supported the implementation of six (6) projects in an amount of XOF81.0 billion covering a total distance of 399 km. These include major roads in various cities in the member countries (Benin, Côte d'Ivoire, Guinea Bissau, Mali and Niger). The construction of these roads is an essential part of policies or programmes to improve access into the hinterlands of member countries.

The construction of infrastructure as referred to should particularly contribute to: (i) increase the mobility of populations and the flow of goods, (ii) improve life quality, livelihoods and transport conditions of the population, (iii) develop the local economy and reduce poverty, (iv) stimulate trade at national and regional levels (including the opening-up of production areas).

In terms of improved access to drinking water, the Bank financed a water supply system rehabilitation project in the township of Parakou and its environs in Benin, in an amount of XOF8 billion. The project will provide access to people in the low income brackets, through connections at reduced costs, and will reduce the incidence of water-borne diseases.

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In the area of sanitation, the Bank financed a sanitation programme in ten towns in Senegal to the tune of XOF10 billion. The overall objective of the programme is to significantly improve the living and health conditions of the population by promoting sustainable access to public sanitation.

In the area of rural electrification, the Bank supported two projects in Senegal and Niger in an amount of XOF18 billion.

The electrification project through mini solar photovoltaic plants for 177 villages in Senegal, involving XOF10 billion, was to provide 130 mini solar grids in key villages and rural communities located more than 10 km off the power transmission grid. This project also includes the hybridization of 47 diesel power plants with photovoltaic solar fields. Its objective is to increase the rate of rural electrification in the country from 29% in 2014 to 60% by 2016.

The electrification of 211 rural communities in Niger, for which the Bank granted a loan of XOF8 billion, will help: i) connecting 166 localities near the power grid to the existing medium voltage (MV) grid as well as ii) installing mini-power plants with diesel generators with capacities ranging from 60 to 100 kVA, for remote communities on the existing grid.

C. STRENGTHENING FINANCIAL INCLUSION

In terms of financial inclusion, the Bank granted a loan of XOF5 billion to the Government of Togo to strengthen the intervention capacity of its national fund for financial inclusion, to provide financial assistance to 60,000 farmers and 1,500 youths who have completed their training or are unemployed graduates. The Fund's objective is to help this vulnerable segment of the population to lift themselves out of poverty.

D. SUSTAINABLE DEVELOPMENT

The year 2015 marked the commencement of the implementation of the 2015-2019 environmental and climate strategy, which is a key component of the second strategic area of the Bank's 2015-2019 strategic plan, namely "supporting inclusive growth, food security and sustainable development". The environmental and climate strategy was implemented based on the following key areas:

Development of effective tools and mechanisms for environmental and climate finance and resource mobilization: after various evaluation phases during which the Bank demonstrated compliance with the minimum fiduciary standards, environmental and social safeguards, as well as those related to gender mainstreaming in procedures and project appraisal policies, the GEF Council approved in June 2015 the accreditation of BOAD as a GEF implementing agency. BOAD has thus become a partner of the GEF, alongside other institutions such as UNDP, FAO, IFAD, UNIDO, AfDB, etc.

This new accreditation, which follows that of the Adaptation Fund (AF) in June 2011, confirms BOAD's positioning in the area of green growth at regional level.

In terms of prospects, the accreditation under review would enable the Bank to mobilize grants for the co-financing of projects that involve environmental protection.

The Bank will thus identify projects that are deemed priority by member countries, and submit such projects to the GEF for co-financing with grants of about "one sixth" (1/6) of the projects' costs.

Activities carried out as part of operationalization of the Bank's accreditation with the GEF and the Adaptation Fund include the preparation and submission of projects involving: (i) the promotion of climate smart agriculture in West Africa, (ii) sustainable waste management in the WAEMU region, (iii) strengthening the resilience capacity of agriculture, and:(iv) promoting renewable energy.

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BOX 3

BOAD and promotion of financial inclusion in the WAEMU region

According to statistics, more than half of the world's working age adults are excluded from formal financial services. This situation mostly affects low-income people in emerging or developing countries, where about 80% of the poor have no access to basic financial services. Financial inclusion provides an opportunity for marginalized and vulnerable groups to access a wide range of financial products and banking services tailored to their needs. This is crucial to reduce significantly poverty, inequalities and ensure a shared and sustainable economic growth.

Efforts at ensuring financial inclusion in the WAEMU region are reflected in the premium placed on developing decentralized financing systems, free banking services and supporting the emergence of new technological infrastructure and innovative distribution channels. However, the challenge remains daunting, given the low banking rate, inadequate supply of appropriate financial products, poverty levels in the region, and low financial literacy.

To address this challenge, BOAD has been involved in strengthening the banking and decentralized financing systems, as well as

promoting financial vehicles that are dedicated to national funds for financial inclusion.

The Bank is striving to strengthen the intervention capacity of micro-finance institutions that currently contribute directly to the development of financial intermediaries. This support has resulted in the award of several credit lines to refinance micro-projects and income-generating activities. The financing mechanism is complemented by specific credit lines set up as part of some rural development and food security projects.

The emergence of mobile financial services is also an opportunity to quickly achieve financial inclusion in West Africa. The region also recorded rapid growth in mobile payment, with the increasing use of mobile phones in recent years.

BOAD took an active part in promoting the increased use of new technologies and mobile telephony, by providing funding to mobile phone companies in the deployment of fibre optics and the creation and extension of cellular technology. The increased supply and the territorial coverage enabled network operators to develop "mobile money", and "mobile banking" services,

a financial mechanism which has become very popular in the region, enabling subscribers to reach their relatives in remote areas.

With regard to national financing vehicles, the Bank supported government initiatives, particularly in Togo and Benin, by helping to strengthen the financial and operational capacity of the Fund set up to address the need for local financial products expressed by individuals and communities without access to traditional financial services.

The funds supported are intended to promote and strengthen the links between banks and microfinance institutions (MFIs) in order to increase and sustain financial inclusion for micro-entrepreneurs in poor or low-income households and unemployed youth.

On the whole, the promotion of financial inclusion by the Bank involved XOF311.1 billion, of which XOF194.5 billion in credit lines have been disbursed for rural credit, MFIs and national funds, while XOF116.6 billion has been granted for infrastructure development (mobile telephony).

³ Microcredit, money transfers, micro-savings, micro-insurance, micro-pension, etc.

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The process for accreditation with the Green Climate Fund is in its first phase of institutional and compliance review.

In 2015, the operational portfolio handled by the Regional Collaboration Centre (RCC), housed at BOAD, had close to 400 programmes and projects under the Clean Development Mechanism (CDM) in areas such as energy efficiency and renewable energy, waste treatment, afforestation and reforestation as well as improved cook stoves. Thus, in its role of supporting BOAD's environmental and climate strategy, the Centre has identified seven (7) new CDM projects in the WAEMU region, which have been proposed to the Bank for financing. Some of the projects covered include the national bio-digesters programme in Burkina Faso, as well as the regional solar lighting project with the African Biofuels and Renewable Energy Company (ABREC).

In terms of strengthening the capacity of regional players, the Centre has organized or participated in about 20 events, including the workshop on result-oriented financing of renewable energy projects in partnership with the World Bank, the study on the calculation of the grid emission factor of ECOWAS member countries, jointly with the United Nations Environment Programme and the WAPP Secretariat, and the feasibility study on the establishment of a national carbon market in the Republic of Côte d'Ivoire. In total, more than 1,000 participants from the public sector, private enterprises, civil society and international organizations, directly benefitted from the expertise of the RCC. This component is further strengthened by the partnerships formed by the Centre with international and regional organizations in the area of climate change, such as the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE).

On climate governance, the RCC Lomé has supported its member countries in the preparation and formulation of intended nationally determined contributions (INDC). In the end, about 20 countries have joined the market mechanisms as a means of realizing their INDCs, with a favourable opinion from the COP21.

Finally, the RCC Lomé contributed to BOAD's successful participation in the COP21. New opportunities for partnerships have been identified to consolidate the Bank's environmental and climate strategy.

Capacity building for operational units in the area of environmental assessments: inclusion of environmental and social aspects has been systematic for all projects submitted for financing by the Bank. Thus, close to 45 projects benefitted from an environmental and social support in 2015.

Technical assistance from EIB was obtained to build capacity for Bank's staff in the design of projects eligible for financing by the Adaptation Fund (AF) and Global Environment Facility (GEF). The Bank has introduced new environmental procedures and standards for its operations. The Bank's staff have also participated in capacity-building activities in the areas of climate change and renewable energy.

Strengthening BOAD's leadership on environmental issues in the sub-region: the 21st Conference on Climate Change (COP21), held in Paris from 30 November to 11 December 2015, was an opportunity for the Bank to affirm and renew its commitment to environmental issues. Besides holding a "BOAD Day", the Bank actively participated in the work of the ad hoc committee of four regional institutions (ECOWAS and WAEMU Commissions, CILSS and BOAD) on their participation in the conference.

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E. ASSISTANCE TO MEMBER COUNTRIES

In terms of financial assistance to its member countries, the Bank provided financial assistance totalling XOF249 million, in the course of the year, to finance regional seminars and conferences, and develop procedure manuals, etc.

More specifically, such assistance mainly involved: (i) the organization of the 16th edition of the International Labour Organization's regional seminar for members of the High Intensity Labour Force (HIMO) in Cotonou, Benin; (ii) the organization in Ouagadougou of the second edition of the international conference on solar energy in Africa, (iii) the organization of the national industry day in Guinea Bissau; (iv) the organization of the 9th edition

of the international youth camp in Niger; (v) the development of a procedure manual for the sovereign fund for strategic investment (FONSIS) for a feasibility study as well as the business plan of the SME sub-fund in Senegal; (vi) the organization of the 3rd edition of labour week in Togo, and (vii) the implementation of the study for the transfer and ownership of infrastructure and farming equipment, as well as animal industries, by the Liptako-Gourma Authority (ALG).

The Bank also participated in the roundtable on Guinea Bissau to secure financing for the country's 2015-2020 operational and strategic plan referred to as "Terra Ranka", as well as the international conference on Mali's economic recovery and development held in Brussels on 25 March 2015, and then in Paris, on 22 October 2015.

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BOX 4

BOAD and GEF: mobilizing resources to combat climate change

BOAD, the common development finance institution of the eight WAEMU member countries, which are also signatories to the United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol, shares the concerns raised about the adverse effects of climate change on the development efforts of its member countries.

In this regard, and in accordance with its statutory missions and vision 2020, the Bank has undertaken to support its member countries in helping them strengthen their capacity to reduce their vulnerability to the adverse effects of climate change, build resilience and take advantage of climate finance to sustainably reduce poverty. The Bank has also positioned itself as a regional entity capable of mobilizing additional environmental resources for the eight (8) member countries thanks to its accreditation to international financing mechanisms dedicated to environment and climate.

In 2011, the Global Environment Facility (GEF) launched a process to grant accreditation to ten (10) new

implementing agencies. BOAD seized this opportunity and submitted its application for accreditation to the mechanism.

The GEF is a financial mechanism of the United Nations Framework Convention on climate change (UNFCCC). Its mission is, among other things, to provide countries with tangible ways of adapting to climate change. GEF provides financial assistance to developing countries and countries in transition, to support projects in the area of biodiversity, climate change, international waters, land degradation, ozone layer and persistent organic pollutants.

After successfully proving its interest as a GEF implementing agency during the first phase of the process in 2012, the Bank has continued to strengthen its fiduciary standards and environmental and social safeguards, to align them with international standards, to better address environmental, social and climate issues.

The 48th meeting of the GEF governing council, held at the World Bank

headquarters in Washington on 2 and 3 June 2015, examined and approved the report of the Independent Panel of Experts, which recommended the accreditation of BOAD as a new GEF project agency.

This accreditation provides BOAD with the prospect of mobilizing resources through environmental project co-financing. The Bank's objective is to help countries in the WAEMU region to benefit from resources made available for the financing of environmental projects identified as priorities by the countries as part of one of the areas of concentration of the GEF, including climate change, biodiversity and land degradation.

As part of the operationalization of the accreditation, a circular mission was undertaken in August 2015, with the GEF operational focal points, in order to identify projects that are eligible for financing by the Fund. Two (2) projects have already been designed and the project identification form (PIF) has been prepared and submitted to the GEF for approval.

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BOX 5

BOAD at the COP21 in Paris

Under the leadership of its President, Mr. Christian Adovelande, the Bank took part in the 21st Conference on Climate Change (COP21).

This participation was marked by the collaboration with the WAEMU and ECOWAS Commissions, and CILSS. All these institutions adopted a common approach on how to showcase their activities aimed at combatting the adverse effects of climate change.

The Bank's delegation was also involved in various other activities including:

- monitoring negotiations of the climate agreement that culminated in a binding agreement to achieve the global objective of limiting global temperature to 1.5 degree Celsius;
- a presentation by Mr. Adovelande on "Mobilization of resources to

tackle climate change in West Africa". On this occasion, the Bank President emphasized the urgent need to mobilize adequate and innovative additional financing, involving the private sector (PPP), regional financial markets (issuing green bonds), investment funds and appropriate incidental taxes;

- hosting of a BOAD Open Day;
- participation in specific side events (coastal erosion, Regional Facility for Access to Sustainable Energy (FRAED), transformation in the energy sector as part of the intended nationally determined contributions (INDC). In addition, the Bank,

along side institutions like AfDB, participated in high-level panels on key issues such as mitigation, adaptation and food security;

- bilateral meetings, which helped to identify partnerships for financing, project development and capacity building;
- presentations and media briefings.

The COP21 enabled BOAD to focus its action towards the resolutions of the climate agreement, which will provide it with financing opportunities, particularly in the implementation of intended nationally determined contributions from WAEMU countries.

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2.3. SUPPORTING BUSINESSES AND GOVERNMENTS, DEVELOPING FINANCIAL ENGINEERING AND SERVICES

A. PROMOTING PUBLIC-PRIVATE PARTNERSHIPS (PPP)

In accordance with a directive by the WAEMU Conference of Heads of State and Government held on 6 June 2012, the Bank created, in early January 2014, the regional PPP project development unit (URDPPP). The operationalization phase of the unit continued in 2015 with the recruitment of a firm to design and implement a model for preliminary financial evaluation. The said model will serve as a decision-making tool for public entities in the PPP process. The unit is also involved in the preparation of a methodological guide on PPPs.

In developing other tools for the promotion of PPPs, the regional unit has two in-house working groups dealing respectively with the issues of (i) "financing and guarantees" and (ii) "project selection". A PPP capacity-building programme has also been implemented for BOAD staff. It focused on an introduction to PPPs, the financing of PPPs and the monitoring of PPP projects.

In addition, an advisory committee on public-private partnerships was established in February 2015. It is made up

of twelve (12) members, namely: BOAD President, one (1) representative from each member country of the Union, two (2) representatives from of the WAEMU Commission and one (1) representative from the unit, making up the Secretariat. The committee's mandate is to serve as a regional platform for sharing experiences and expertise in order to achieve a concerted management of PPP projects, from the initial phase to financial closure of the projects.

The committee has already held two sessions. The first session held on 2 March 2015, was to outline the committee's duties and responsibilities and reach a consensus with national units on the committee's national and regional functions. The second, which took place on 2 September 2015, focused on the presentation of (i) the first versions of methodological tools, (ii) the institutional framework of the unit, as well as (iii) the draft strategy developed as part of a study on the regulatory and institutional framework for PPPs in the WAEMU region, the latter being steered by the WAEMU Commission. The regional unit continues to contribute to the ongoing study on the regulatory and institutional framework for PPPs in the WAEMU region.

⁴ Global Infrastructure Fund

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The Bank is now a member of the Club PPP Medafrique (whose aim is to create a network of key PPP stakeholders in France, Maghreb and French-speaking black Africa) as well as the GIF Advisory Council⁴ (a fund promoted by the World Bank to provide financial expertise to strengthen the preparation of multinational PPPs and attract private equity holders such as pension funds or insurance companies for financing. The Bank also contributed to the approval of the WAEMU support programme by the PPIAF Council of Donors. This support will make it possible, in the very short term, to develop a pipeline of projects in order to start the pilot project phase.

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

Loans granted, in this regard, amounted to XOF55 billion to finance two industrial units, a hotel, two power projects and a mobile telecommunications company. The two industrial projects involved the following operations:

- construction of a clinker grinding unit with a capacity of 500,000 tons of cement per year at Anyama (in Cote d'Ivoire) and the construction of a warehouse to store raw materials including clinker, in the district of Treichville, near the Abidjan port area;

- construction of an industrial unit at Bayakh (in Senegal) to produce intravenous solutions, with a capacity of 12,000,000 bottles per year.

The hotel project involved the rehabilitation and upgrading to a five star standard of Hotel 2 Février in Lomé (Togo), with a capacity of 256 rooms and 64 apartments.

Energy projects include:

- construction of a 120 MW hybrid power plant (gas and oil) at Maria Gléta (about 20 km from Cotonou) in Benin. This operation was the first phase of the 400 MW power plant to be completed by 2020;
- construction and operation of a 90 MW thermal power plant under a "Build Own Operate and Transfer (BOOT)" arrangement at Kayes in Mali.

The last project involved the financing of the installation and operation of a telecommunications network in Mali. It is expected to provide internet and telephone connectivity to nearly four million subscribers.

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

1. Innovative finance

The Bank continued with its diligence procedures to establish products under Islamic finance. In this regard, the report on the feasibility study for the establishment of an Islamic finance window, launched in 2014 by the Bank, was approved in June 2015 by BCEAO.

Given this positive feedback, a proposed plan of action to operationalize the Islamic finance window has been finalized and submitted to BCEAO. The aim is to get BOAD involved in the ongoing IDB/BCEAO Memorandum of Understanding, as part of promoting Islamic finance in the WAEMU region.

Following a request for technical assistance submitted to ICD, a team from this subsidiary of IDB in charge of the programme for Islamic financial institutions, conducted in October 2015 an in-depth fact-finding mission on the organization and operation of the Bank. The findings of the mission culminated in the submission, in December 2015, of a proposal for technical assistance from ICD. Procedures are underway for the signing of various agreements relating thereto.

It is expected that IDB (through its subsidiary, ICD) will provide technical assistance to the Bank in 2016 for the operationalization of Islamic banking window. This assistance will consist of a multidisciplinary technical support to cover essential components such as selection of products, legal aspects, installation of a suitable computer software, establishment of accounting operations related to Islamic finance.

Graph 6
MEDIUM AND LONG-TERM LOAN APPROVALS FOR THE PRIVATE SECTOR IN 2015 BY FIELD OF ACTIVITY (IN %)

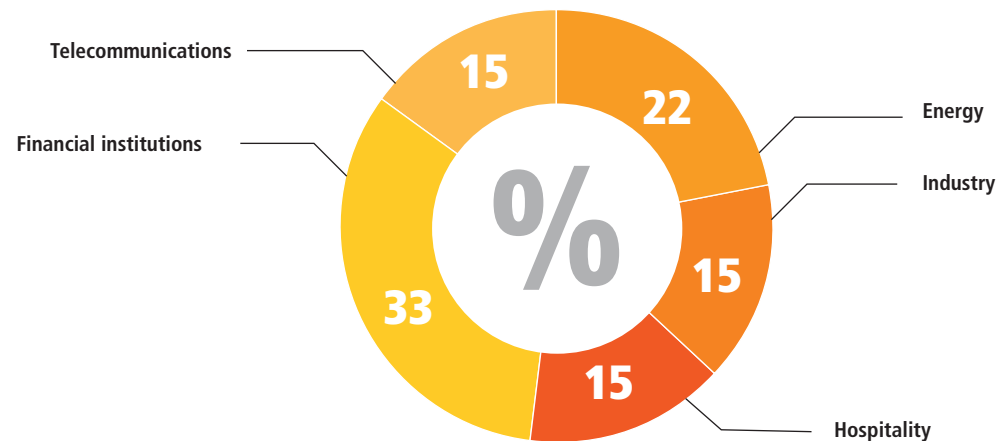


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2. Short-term financing

Eight (8) short-term facilities, involving XOF59.4 billion, were granted. These include:

- financing needs inherent in the 2015-2016 cotton season in Benin, in an amount of XOF27 billion. Some of the needs covered include: (i) repayment of bridge loans granted for the supply of inputs to cotton producers, (ii) purchase of seed cotton from cotton growers for shelling, and (iii) payment of charges relating to the storage, disposal and marketing of cotton fibre. The key objective during the season was to achieve a production of 280,350 tons of cottonseed which, once shelled, would produce 120,130 tons of cotton fibre, almost all of which will be exported;
- granting of XOF4.4 billion to finance the 2014-2015 cotton season in Mali. The operation was to provide re-financing against expected loans and inputs purchased early in the season, as well as providing cash advance for the purchase of 575,000 tons of cottonseed, its ginning, transportation and sale of 241,500 tons of cotton fibre and by-products (cottonseed) from the 2014-2015 season;
- financing of requirements related to the 2014-2015 cotton season in Burkina Faso, with the granting of XOF6 billion by Coris Bank International (CBI) as a short-term loan refinancing facility;
- granting of XOF8 billion for the purchase of grid equipment and generators as part of the 2015-2016 emergency rural electrification project in Niger
- the granting of XOF3 billion to finance the assembly and sale of agricultural machinery and implements in Senegal;
- granting of XOF3 billion to finance the importation of food products into Mali;
- granting of XOF4 billion to finance the purchase of raw materials for the production of agricultural inputs in Mali;
- finally, the renewal of a short-term loan involving XOF4 billion to Société africaine de transformation, de reconditionnement et de commerce (SATREC) for the importation of 2,750 tons of milk powder and its processing into dairy products.

Overall, short-term financing granted by BOAD since the launch of this product in 2011 stood at XOF221.0 billion, mainly for operations in the agricultural sector (57%).

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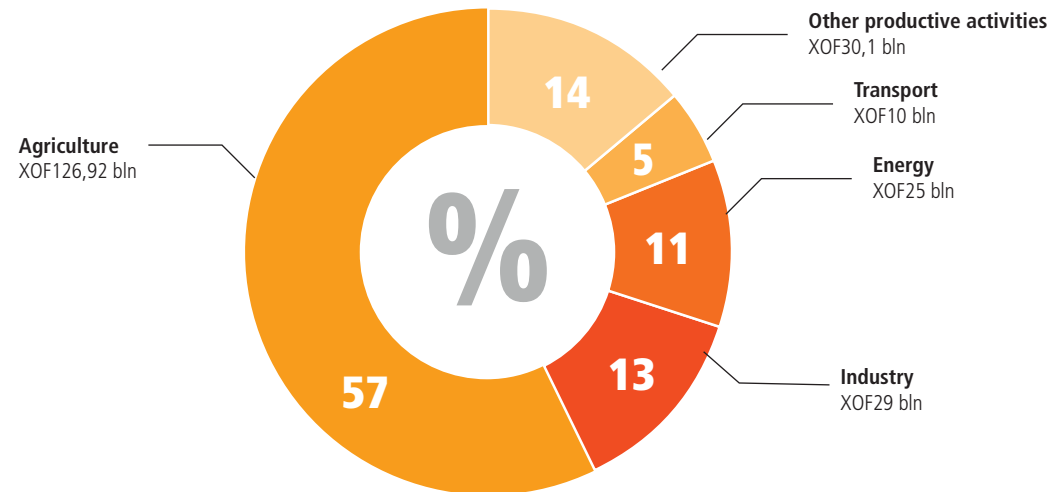
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Graph 7

BREAKDOWN OF SHORT-TERM FINANCING PER AREA AS AT 31 DECEMBER 2015 (IN XOF'BLN)



3. Equity investments

Two equity investments were recorded, involving a total of XOF4.5 billion. Their aim was to strengthen the capital of an investment fund and an airline. These equity investments involved the following entities:

- Fonds INVESTISSEUR & PARTENAIRE POUR LE DEVELOPEMENT 2 (IPDEV 2) : the project involved equity investment in the said fund, in an amount of XOF1.5 billion.

The aim is to incubate 10 investment vehicles in ten (10) African countries (including at least five in the WAEMU region) over the next ten years to support the creation of 15,000 jobs.

- Air Côte d'Ivoire: the operation involves the Bank's additional XOF3 billion stake in the share capital of Air Côte d'Ivoire, as part of the airline's goal of raising its capital from XOF25 billion to XOF65 billion.

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4. Financing arrangement and advisory services

With regard to financing arrangement, the Bank was able to mobilize XOF442.5 billion for various partners under mandates executed in 2015. In addition, diligent actions were initiated in 2015 to raise funds for the following:

- financing arrangement for the Government of Benin for the rehabilitation and development of the Savalou-Tchetti road section (under a XOF200 billion mandate contract) for an amount of XOF30 billion;
- co-financing arrangement between BOAD and EBID of a loan facility involving XOF270 billion to finance the construction of a combined-cycle thermal plant with a 372 MW ISO capacity at Sognon in Côte d'Ivoire by STARENERGIE 2073;
- financing arrangement contract involving XOF220.2 billion for the Government of Niger to develop its road infrastructure (Phase 2);
- financing arrangement contract involving XOF115 billion for the Government of Benin for the partial funding of needs inherent in the 2015-2016 cotton season;

- financing arrangement contract involving XOF130 billion for the Government of Senegal to implement its emergency rural electrification programme (PUER) ;
- financing arrangement contract involving XOF44.7 billion for the Government of Senegal to implement the sanitation programme in ten (10) towns.

With regard to financial advisory services, and as part of assistance to the Government of Niger regarding the management franchise over Hotel Gaweye, a consulting firm was recruited to conduct the diagnostic study. The resultant limited shopping was launched in October 2015 for six (6) shortlisted firms.

At the end of the analysis of bids, a consortium of law firms was declared successful bidder. Conclusive negotiations were held with the group on 18 December 2015 for the final award of contract relating to the conduct of the study. As a result, a tender analysis report was submitted to the Government of Niger on 30 December 2015, for consideration, so as to give BOAD the final discharge to formalize the service agreement and commence the works.

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2.4. DEEPENING OF THE RESOURCE MOBILIZATION PROCESS

In order to strengthen its financing capacity, the Bank has continued its cooperation and resource mobilization actions with its partners and in the regional capital market.

Furthermore, following the implementation of various reforms that have improved its procedures, organization and equity capital, the Bank underwent a credit rating process by international rating agencies in 2015.

A. AGREEMENTS SIGNED IN 2015

Four (4) credit agreements were signed for a total amount of about XOF113.51 billion. The transactions involved:

- a credit line worth US\$20 million (XOF11.842 billion) obtained from the Arab Bank for Economic Development in Africa (BADEA) to finance short-term operations;
- a cash investment of €25 million (XOF16.399 billion) to BOAD by the Islamic Corporation for the development of the Private Sector;
- a credit line of an amount of €30 million (XOF19.679 billion) from the Islamic Corporation for the Development of the Private Sector (ICD) to finance private sector projects;

- a credit line from the China Development Bank (CDB), involving €100 million (XOF65.59 billion), to finance commercial public and private sector projects.

Other credit facilities were authorized in 2015 by the Bank's Board of Directors, but have not yet been signed. These include:

- a credit line involving US\$15 million (XOF9 billion) from BADEA;
- a credit line involving €140 million (XOF91.8 billion) from the African Development Bank (AfDB);
- a credit line worth €40 million (XOF26.2 billion) from KfW;
- a credit line from ITFC involving €30 million (XOF19.7 billion);
- a credit line from BNP Paribas worth €23 million (XOF15.1 billion);
- a cash investment of €50 million by ICD.

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B. RESOURCE MOBILIZATION IN THE REGIONAL CAPITAL MARKET

The Bank carried out a bond issue in the regional capital market, which enabled it to mobilize XOF71.865 billion

in 2015, bringing to XOF912.7 billion the total amount of loan resources mobilized by the Bank in the market of the Union, since its first bond floatation in 1993. The resources mobilized are used to finance various commercial projects.

Graph 8
DISTRIBUTION OF DEBT SECURITIES AND LOANS FROM RESOURCES MOBILIZED IN THE REGIONAL CAPITAL MARKET BY THE END OF DECEMBER 2015.

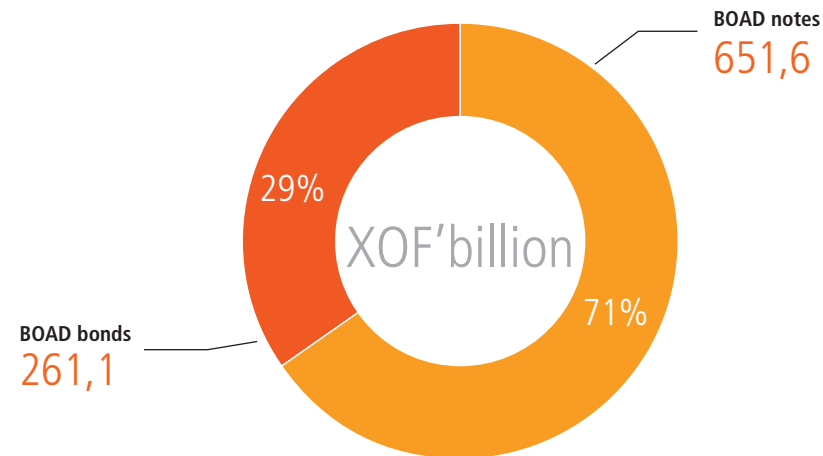


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BOX 6**CREDIT RATING OF BOAD**

For the first time, BOAD was rated by international rating agencies.

Moody's assigned to the Bank a "Baa1" rating, which is the fourth highest rating assigned by the agency to African entities rated by Moody's, be they private or public entities. BOAD is thus ranked behind African Development Bank (AAA), Botswana (A2) and Africa Finance Corporation (AFC)⁵ (A3). For the purpose of comparison, it may be noted that South Africa is rated (Baa2), or a notch below the rating of BOAD.

For its part, Fitch assigned to the Bank a "BBB" rating. This is the second best rating for African entities rated by Fitch, be they private or public entities. BOAD comes just behind African Development Bank, which has a "AAA" rating.

Both "investment grade" ratings assigned to BOAD attest to the creditworthiness and governance of the Bank, which boost the Bank's positive image at international level. These ratings are positive arguments for access to resources in the international capital market under favourable conditions.

The agencies highlighted BOAD's strengths and weaknesses, which informed their ratings.

Some of the Bank's strengths include:

- a strategic place and position within the WAEMU set-up, which enables the Bank to benefit from a favourable predisposition of member countries to lend it all their support;
- good liquidity, particularly in view of the synergy created with the Energy Development Fund, and the possibility for the Bank to access the Central Bank's rediscount facilities. With regard to the European Investment Bank (EIB), BOAD is one of the few multilateral development banks to have access to such facility;
- the benefit from member countries of a preferred creditor status. This explains in particular the absence, in the books of the Bank, of unpaid loans from member countries, even in periods when some of these countries have been plagued by crises;
- the quality corporate governance which is primarily strengthened by the "incremental" number of votes assigned to non-regional shareholders. This governance then benefits from real stability as the Bank has not experienced so far any governance crisis.

However, according to the agencies, the Bank still faces constraints, including:

- a difficult regional environment (poverty, low human development, political instability, etc.);
- low customer credit rating;
- low geographical diversification of the portfolio;
- low real capacity of regional shareholders to provide financial support in case of urgent need;
- limitations in capitalization with a view to developing loans for the private sector.

Obtaining "investment grade" ratings open up prospects for resource mobilization in the international market. A first operation is expected to be launched in 2016 if market conditions are favourable.

⁵Africa Finance Corporation (AFC) was incorporated in 2007 as a pan-African private multilateral financial institution based in Nigeria.

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C. INTERNATIONAL RATING OF THE BANK

Moody's and Fitch rated the Bank in early 2015 and at the end of their assessments, assigned to the Bank "investment grade" ratings, which correspond to a "quality risk" for investors in the capital markets.

D. COOPERATION AND PROMOTION OF PARTNERSHIPS

During the year, BOAD continued its efforts in enhancing and broadening its partnerships.

In this respect, the Bank was supported by the leadership of the WAEMU Conference of Heads of State and Government, in its efforts to obtain support from countries such as Qatar, Kuwait, Russia, United Arab Emirates, South Africa, etc. Such support from the highest authorities of the Union is significant and the Bank finds it very commendable.

The Bank also continued collaborations it started with South Korea, United Kingdom, Malaysia, Japan, Turkey and Brazil in 2014.

In the same vein, and in collaboration with the ECOWAS and WAEMU Commissions, consultations continued with the European Commission in a bid to including the Bank in the 11th EDF Regional Indicative Programme, and more generally, for the establishment of close cooperation ties between the Bank and the European Commission. BOAD submitted, inter alia, a request for evaluation of the seven (7) pillars in order to obtain accreditation as indirect manager of resources from the European Commission.

In July 2015, BOAD attended the signing of the 11th EDF Regional Indicative Programme (RIP)-West Africa, by the European Commission, ECOWAS Commission and WAEMU Commission. This was the first time that BOAD was invited to such a ceremony.

Specifically, with regard to strengthening cooperation with traditional partners, the Bank President embarked on a working visit to the World Bank headquarters in May 2015. The visit provided an opportunity to revamp cooperation between the two institutions.

At last, it should be noted that a manual for conducting cooperation activities has been adopted with the aim of better codifying the Bank's strategy.

E. ONGOING MARKET SURVEYS AND PROSPECTING

The findings of a study on BOAD, carried out as part of a special dialogue with the Council of Ministers, have been examined and helped in formulating proposals that led in December 2015 to the decision of the Council of Ministers to set up an interest subsidy mechanism within BOAD's concessional window (FDC).

The said mechanism will be replenished mainly by concessional resources provided by the member countries as well as organs and institutions of the Union. The creation of this mechanism will enable the Bank to resume concessional funding and fully play its role as a financing instrument at a time when member countries are striving towards economic emergence, and therefore need huge funding, and under suitable conditions, to finance their development.

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2.5. ALIGNMENT OF MANAGEMENT AND GOVERNANCE

A. LEGAL CERTAINTY OF OPERATIONS

The Bank adopted various operational texts as part of modernization of its governing instruments and strengthening its governance. Some of the key texts include:

- BOAD procurement procedure manual;
- procedure manual for the management of BOAD's clients and suppliers in the SAP System;
- processing, development, verification and signing of purchase orders in the SAP System.
- cancellation policy for loans granted by the Bank
- Business continuity plan (BCP) management system;
- modalities for ex-ante and ex-post evaluation of contracts financed as part of the operations and needs of the Bank;
- second jobs and skills management planning

Moreover, it has reviewed and updated its Staff Rules and Regulations, as part of efforts to continuously improve working conditions.

B. MARKETING AND COMMUNICATION ACTION

The main objectives of these actions was to enhance the Bank's visibility and better streamline its market sector approach.

In communication and public relations, the Bank has continued to strengthen its relations with the media in member countries, through the organization of information seminars for economic journalists on the theme "BOAD-financed project cycle". These seminars held in Mali, Burkina Faso, Niger, Côte d'Ivoire and Senegal provided an opportunity for the sub-regional press to better understand the Bank's internal processes for project finance, before, during and after the launch of its procedures. The seminars also gave the journalists an insight into the procurement policies and procedures, control and prevention of fraud, corruption and money laundering. These meetings focused on policies and procedures for compliance and dispute settlement.

Many communication initiatives have strengthened the institutional image of the Bank, particularly following the positive ratings by Moody's and Fitch, and the Bank's accreditation as an implementing agency of the Global Environment Facility (GEF). Communication also played a key role in BOAD's participation in the COP21. BOAD has also enhanced availability of information on its activities by publishing relevant information in special issues published by leading international newspapers, mainly for an international audience of experts in economics and finance.

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In the area of marketing, the Bank continued the implementation of its marketing and business plan adopted in 2013. The Bank also organized information meetings and briefings with the commercial sector in Mali, Burkina Faso and Côte d'Ivoire. These meetings brought together customers and prospective clients of the Bank (developers, commercial banks), regulators (chambers of commerce and industry, investment promotion agencies, private sector entities). The aim was to strengthen relationships with key stakeholders promoting the commercial sector, to reaffirm the Bank's commitment to support development finance and ensure better visibility in the countries visited.

C. STAFF PERFORMANCE

During the year, the Bank continued its actions as part of modernizing its human resources management policy. These actions are particularly embodied by the ongoing development of its second jobs and skills management

planning. They also focused on updating the relevant tools, reviewing the instruments governing its staff (Staff Rules and Regulations), monitoring the target setting and performance assessment system and the implementation of a social activity programme.

Moreso, in furtherance of its staff capacity-building programme, the Bank has continued its actions for targeted individual and collective training. The systemic approach adopted would continue to provide the skills needed for the Bank's operations.

Staff numbers have remained relatively stable. Thus, as at 31 December 2015, the Bank had a overall headcount of 294 employees (280 operational staffs, 8 staff members on secondment, 6 staff members on leave of absence). The Bank's staff are supported by two technical assistants. The breakdown of operational staff is provided in the table below

Table 2
BOAD'S OPERATIONAL STAFF FROM 2013-2015

	Staff as a 31.12.2013	Staff as a 31.12.2014	Staff as a 31.12.2015
PROFESSIONAL STAFF	158	161	153
SUPPORT STAFF	120	130	127
TOTAL	278	291	280

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**D. ASSET MANAGEMENT AND SAFETY OF PERSONS
AND PROPERTY**

Renovation works on the headquarters building were undertaken to further improve the working environment. Office furniture has also been replaced to ensure that staffs perform their tasks in a comfortable and fulfilled atmosphere every day.

Moreover, the staff housing programme has continued, with the construction of 134 social housing units by way of loans to staffs, as well as a recreation facility for BOAD housing estate.

With regard to BOAD's back-up site in Cotonou, preliminary rehabilitation works have been conducted, especially the building inspection and resumption of the architectural works.

An assessment of the safety of persons and property at the headquarters as well as the resident missions was conducted and resulted in the incorporation of the security function in the Office of the President, in order to modernize it as part of a new security policy in line with the security situation prevailing in the sub-region.

This development regarding the safety of goods and persons was strengthened by the creation, at the end of 2015, of a security management unit, which reports to the Office of the President. The unit will continue to upgrade security management at the Bank.

**E. MONITORING AND EVALUATION OF OPERATIONS
AND KNOWLEDGE MANAGEMENT**

With regard to ex-post project evaluation, the Bank has conducted project evaluation missions on three (3) projects in operation. These projects include (i) the construction of a cocoa bean processing plant owned by Ivory Cocoa Products SA at San Pedro in Côte d'Ivoire and the steel mill owned by "Aciéries de Côte d'Ivoire" in Abidjan; and (ii) the craft development project (PDSA) in Mali.

Furthermore, a database has been set up as part of data capitalization on project evaluation. The objective is to make available lessons to be learned in terms of feedback, to better guide future interventions of the Bank. As part of the commissioning of the application relating thereto, there will be a data collection as well as the preparation of summary performance reports on projects covering the 1993-2015 period.

As regards thematic evaluations, a validation workshop on the provisional evaluation report on the theme: "Sustainability of road transport infrastructure financed by BOAD from 2002 to 2012: findings and lessons learned" was held on 15 December 2015 at the Bank headquarters. This meeting brought together experts in road projects from WAEMU member countries, African Development Bank (AfDB), ECOWAS Bank for Investment and Development (EBID) and the WAEMU Commission.

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In the area of impact assessment, the year 2015 focused, among other things, on continuing the Bank's assessment of the impact of the special programme for food security (PSSA). In this regard, technical assistance experts from the "International Initiative for Impact Evaluation (3ie)" carried out missions in Togo, Senegal, Benin and Côte d'Ivoire. They held workshops for capacity building and discussions in order to prepare methodological notes which, in due course, would facilitate the conduct of impact assessments on food security projects.

Activities regarding project/programme monitoring and evaluation included monitoring and evaluation at the appraisal stage of 21 projects, monitoring and evaluation during project implementation, as well as the analysis of the state of implementation and development outcomes (EERD) of the projects approved between 2009 and 2014.

With respect to technical meetings for sharing experiences, the Bank attended the Uganda Evaluation Week from 9 to 13 March 2015 in Kampala, the technical meeting of the International Initiative for Impact Evaluation (3ie) from 13 to 17 April 2015 in Washington (USA), the regional seminar on the evaluation of public policies, from 7 to 9 July 2015 in Cotonou (Benin), the meeting of national monitoring units of the WAEMU Regional Economic Programme (PER-UEMOA), as well as the workshop on the operationalization of the monitoring software for projects under the Regional Economic Programme (PER), from 23 to 28 November 2015 in Dakar, Senegal.

Also, capitalisation sessions were organized for the staff involved in the project cycle. Capacity-building activities were also organized for officials in charge of monitoring and evaluation. In this regard, the Coordinator of the

Evaluation Unit at the WAEMU Commission and officials in charge of monitoring and evaluation of two projects in Benin and Burkina Faso, embarked on a familiarisation exercise at the Bank's monitoring and evaluation unit.

In terms of knowledge management, the operationalization of the knowledge management strategy was pursued. The Bank therefore focused on the implementation of an information monitoring system, a visibility and "e-reputation" analysis of its activities on Internet and social media. It also took part in reflections in collaboration with BCEAO and the WAEMU Commission to consider the possible pooling of part of its documentary resources. As part of plans to have paperless archives, the Bank embarked on an exercise to digitalize a stock of several hundreds of project files and operational studies.

F. GOVERNANCE, CONTROL SYSTEM AND RISK
MANAGEMENT

During the year the Bank continued its efforts to strengthen governance and the ongoing modernization of its management tools.

Internal audit, financial and procurement controls: several of the Bank's areas of activity have undergone internal audit: IT security, financing operations, finance, resident missions, etc. These audits identified strengths in the various areas covered and made recommendations on areas for potential improvements to strengthen the internal control and risk management system. The regulation of contracts focused on whether approved contracts complied with the Bank's procedures.

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Audit Committee of the Bank: the committee held its two statutory meetings during which it examined the following documents: i) financial statements for the year ended 31 December 2014. In this regard, the committee submitted its opinion on the financial statements to the Board; ii) activity report for 2015 and the proposed programme of activities of the internal audit for 2016; (iii) the situation of the Bank's portfolio as at 30 September 2015 and the interim financial statements as at that date; (iv) the results of the shopping for the appointment of the auditor of the Bank for 2016-2018, on which the committee gave its opinion to the Board of Directors.

The committee made recommendations concerning the monitoring of the portfolio, the treatment to be given to defaulting firms on projects financed by BOAD, the external evaluation of BOAD's internal audit unit.

External audit: KPMG-CI, the Bank's External Auditor, has audited and certified, without reservation, the accounts for the year ended 31 December 2014 of the Bank, FDC and FDE. As part of efforts to mobilize resources in the international capital market, the firm carried out review of the Bank's interim accounts as at 30/6/2015 and 30/9/2015. The External Auditor has also carried out in 2015 an interim audit engagement consisting of reviewing internal control, risk management and information system

As part of the promotion of ethics and the prevention and fight against fraud and corruption, the Bank continued to improve its mechanisms relating thereto, through capacity building and communication activities. For this purpose, missions were conducted in five (5) member countries of the Union to raise awareness among journalists on the anti-fraud and anti-corruption mechanisms

put in place within the Bank. The ethics committee, for its part, continued its work on the basis of the staff code of ethics.

Results and performance-based management: the use of management tools (network of dashboards, performance assessment system, analysis of key performance indicators) allowed for better performance monitoring.

Performance contracts for 2015 signed with various responsibility centres, were assessed for their implementation through quarterly briefing notes on the status of implementation of such performance contracts. Each responsibility centre also assumed regular production of its dashboard, for better monitoring of the attainment of assigned objectives.

Risk management: an improvement in credit risk management was enhanced by ensuring issuance of a notice of second opinion for a better selectivity of projects, better monitoring on the ground, as well as the use of different legal means for debt collection. With regard to market risk, it is worth noting that the Bank signed hedging contracts to cover its exchange risk, anything that mitigates the Bank's exposure to market risk.

The measurement and evaluation of operational risks continued in accordance with the global mapping set up under the integrated risk management system inspired by the Basel rules.

Finally, it is important to highlight the updating of manuals regarding (i) internal audit procedures, loan depreciation methods, equity investments and collaterals, procedures for short-term financing and monitoring of operations.

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Validation workshop on a study on: "thematic evaluation of the sustainability of road projects: findings and lessons learned from BOAD financing" from 2000 to 2012"

The study was part of efforts aimed at measuring the impact and ex-post evaluation of operations financed by the Bank. Its justification stemmed from the idea that the sustainability of road infrastructure depends not only on the necessary measures in terms of maintenance, but also on how they are designed and constructed.

Thus, when the sustainability component of the project is not addressed in a comprehensive manner, all the other stages of the project cycle will lose their effectiveness and efficiency in terms of project's development outcome and, especially, in terms of consistency of outcome flows.

Thus, to better understand the factors affecting the sustainability of road infrastructure projects, the Bank conducted thematic evaluation in connection with the funding it provided between 2000 and 2012.

The validation workshop was held on 15 December 2015 at the Bank headquarters. The workshop sought to:

- stimulate discussions on the main activities of design, implementation

and operation of road projects in order to bring out their respective impacts on the sustainability of these projects (technical sustainability, environmental and social sustainability and institutional capacity building, ownership and sustainability of partnerships, sustainability and financial viability);

- promote the sharing of experience on the issue of sustainability of road infrastructure projects;
- contribute to the improvement of the report.

This meeting brought together road project experts from WAEMU member countries, African Development Bank (AfDB), ECOWAS Bank for Investment and Development (EBID) and the WAEMU Commission. The meeting was structured around two discussion panels.

Panel 1 focused on technical aspects of the design, implementation, monitoring and supervision, as well as the geotechnical control of road projects. It identified the main causes of non-sustainability of road infrastructure along four lines, namely:

- inadequate technical studies on road projects: (i) casual approach to the identification of projects, particularly the poor terms of reference; (ii) poor quality of technical studies; (iii) lack of monitoring and verification of the findings of technical studies in relation to a quality system put in place by project management units;
- poor monitoring and control of road construction: (i) non-anticipation of potential problems; (ii) downgrade or modification of technical specifications of the project, without any explanation from monitoring missions, without any prior notification to the client (project owner); (iii) negligence by members of monitoring teams;
- imperfect execution of road works: (i) lack of internal control of contractors, (ii) inadequate human and material resources, (iii) non-optimized choice of materials, (iv) non-compliance with the environmental and social management plan (ESMP) and security measures for workers and users, (v) low involvement of the project owner and local NGOs during the project implementation phase;

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- almost non-existent geotechnical control of works: (i) superficial analysis of geotechnical aspects when developing technical studies and request for proposals (RFPs), (ii) poor understanding of constraints and technical data, (iii) inadequate traffic study, (iv) lack of precision and formality in drawing up specifications, particularly regarding the special technical specifications.
- panel 2 dealt with a topic on "roles of sanitation, environmental and social impact management and road maintenance in the non-sustainability of road infrastructure". This provided an opportunity to share ideas on the causes related to the following three areas identified as causes of non-sustainability of road infrastructure:
 - poor sanitation and storm drainage: (i) the impact of water on road materials; indeed, when water comes into contact with materials on the road, it leads to aging of the asphalt, water delamination and cracks in the pavement layers, which in turn increase the attrition (wear of materials) and the water content; (ii) stagnation of water on the road surface causes infiltration into the pavement structure; (iii) under-sizing and/or lack of longitudinal collection structures, causing penetration into the body of the pavement and the stagnation of water near the road.
 - inadequate management of environmental and social impacts and negligence in solid waste management: (i) non-dissociation of the ESMP in the studies and the ESMP of the contractor, which sometimes leads to lack of a clear allocation of responsibilities before carrying out the activities contained in the ESMP; (ii) insufficient identification of all activities to be included in the ESMP and lack of budget items dedicated to certain activities identified; (iii) failure to include all the fundamental aspects in the development of the quality assurance plan (QAP)
- shortcomings in road maintenance fund: i) remedial road maintenance is preferred to preventive road maintenance; (ii) failure to conduct periodic maintenance but rather engage in costly rehabilitation operations; (iii) inadequacy of the strategy adopted considering the financial resources relating thereto; (iv) difficulties in mobilizing and securing funding for routine and periodic maintenance; (v) generalization of the annual contract instead of perennial contracts.

At the end of the proceedings, the importance of such an assessment was reaffirmed.

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G. MODERNIZATION OF THE INFORMATION SYSTEM

The Bank's activities in this area involved further implementation of an information security management system (ISMS), modernization and securing of the IT infrastructure, as well as the implementation of actions contained in the IT master plan.

Under the information security management system, the plan of action to correct the Bank's security loopholes has been finalized, while a documentary audit was conducted by AFNOR, an auditing firm recruited to conduct the Bank's certification under ISO27001. This action is the first step in the certification process, which will be followed by an audit of the information security system and will culminate in the certification audit itself.

As part of modernization of its IT infrastructure, the Bank has made efforts to establish a corporate communication network between its headquarters and its resident missions via VSAT antennas. Installations have been completed

and are operational in Lomé, Cotonou, Ouagadougou and Abidjan. The completion of the facilities in Dakar will mark the end of the first phase of the project. The second phase will cover Bamako, Niamey and Bissau.

Under the IT master plan, the enterprise resource planning (ERP), more particularly the SAP, was launched and is operational, notably the modules on "Material Management" (MM), "Human Resources" (HR) and "Finance and Controlling" (FICO).

The review and harmonization of the database management system, developed using the FoxPro application for SQL SERVER continued, as well as the resumption of specific applications in the same environment.

As part of the Bank's IT security, the business continuity plan (BCP) underwent operational maintenance, which involved regular tests of its computer recovery plan as well as user tests.

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BOX 8

Towards certification of BOAD's information security system

System information (SI) is the heart of any business. It is critical for optimal functioning of the Bank, and a strategic driver for improved productivity. In its quest for new heights of development, as reflected in its strategic plan by a desire to intensify and diversify its activities, the Bank has undertaken to upgrade and secure its information system, a new milestone for such efforts will be its ISO27001 Certification.

It should be pointed out that ISO 27001 Certification is an international reference that specifies the requirements for an information security management system (ISMS). This standard provides tools for a meaningful risk assessment and implementation of appropriate controls to preserve the confidentiality, integrity and availability of information. The aim is to protect the organization's information against loss or intrusion. Indeed, the Bank recognized how valuable and important information is

to any organization, and like all businesses today, BOAD is increasingly dependent upon the information systems and its related services. It therefore needs to be protected with caution. .

With the ISO certification, BOAD would develop means to:

- ensure confidentiality, integrity and availability of information, to maintain its level of competitiveness, profitability and commercial image;
- satisfy its legal, regulatory and contractual requirements;
- improve its corporate management and reassure its partners (customers, shareholders, suppliers, etc.);
- identify threats through actual risk assessment. The vulnerability of the system and the likelihood of dysfunction can be assessed and potential impacts measured.

It should be noted that ISO 27001 standard is based on an international certification system. Some of the advantages of this certification for the Bank include (i) an opportunity to compete in markets where such certification is a requirement; a competitive advantage associated with the certificate of compliance; a limitation on the responsibility of the leader, including in some cases; a reversal of the burden of proof. Advantages for customers include (ii) guarantees by a third party and a simplification of public tenders.

Thus, by obtaining ISO 27001 Certification, the Bank adds a new label of quality to its system of governance, insofar as the information security management system (ISMS) is assessed and certified.

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H. FINANCIAL MANAGEMENT

Review of the loan pricing policy: launched by the Bank in September 2013, with technical assistance from AFD, this process is designed to address three major concerns: i) the need, in the event of a resumption of FDC activities, for a balanced, less expensive pricing policy for concessional resources, ii) highlighting the possible margins of flexibility that would provide BOAD with a more competitive tariff for the Bank window; and iii) alignment of the Bank's pricing policies with those of major international financial institutions.

The three-phase project is close to completion, particularly in its phases regarding "the design of new loan pricing model" and "the development of software tools" .

Financial statements: the bank's balance sheet increased from XOF1,411 billion as at 31 December 2013 to XOF1,658 billion (+17.5%) by 31 December 2014. It stood at XOF1,779 billion as at 31 December 2015 (+7.30%).

The Bank's financial position remains sound. The Bank presented a balanced financial structure at the end of 2015, with own funds representing approximately 36.8% of total assets and the ratio of outstanding loans to equity (debt ratio) standing at 155.8% for a statutory threshold of 300%.

However, there is a real need to strengthen the institution, especially with concessional resources, in order to ensure sound business continuity.

While expecting to receive sustainable concessional resources, BOAD obtained the approval of the Council of Ministers in December 2015 to establish an interest subsidy fund that would be endowed with up to XOF25 billion every year. This fund will be replenished by the member countries and community institutions.

The following characteristics marked the Bank operation (see Annex 14):

- a predominance of loan income (86% of the budget revenue realized), which constitutes the core business of the institution;
- a generally reasonable cost of loan resources (4% on average, market resources and concessional resources combined), but with a mitigation effect induced since 2008 and 2009 by the special agricultural programme resources, whose financial costs are borne by the member countries;
- a net banking income, which increased from XOF29.77 billion in 2014 to XOF32.61 billion in 2015;
- prudent cashflow management in line with the liquidity policy;

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- pursuit of a prudent provisioning policy, given the status of certain commercial projects.

The gross rate of degradation of the portfolio was about 2.73% at end of December 2015, compared to 3.34% as at 31 December 2014. The Bank intends to continue its actions towards monitoring and improving of its portfolio quality.

The Bank continues to record positive results despite margin losses due to the lack of perennial concessional resources. Net income at the end of 2015 stood at XOF8.8 billion as against XOF8.4 billion (excluding the initial capital of FDE), at the end of 2014. The income generated strengthens the Bank's equity.

The Bank will continue to ensure cost control in order to offer attractive rates consistent with development finance requirements.

Graph 9
EVOLUTION OF EQUITY, DEBT (XOF'BLN) AND DEBT RATIO

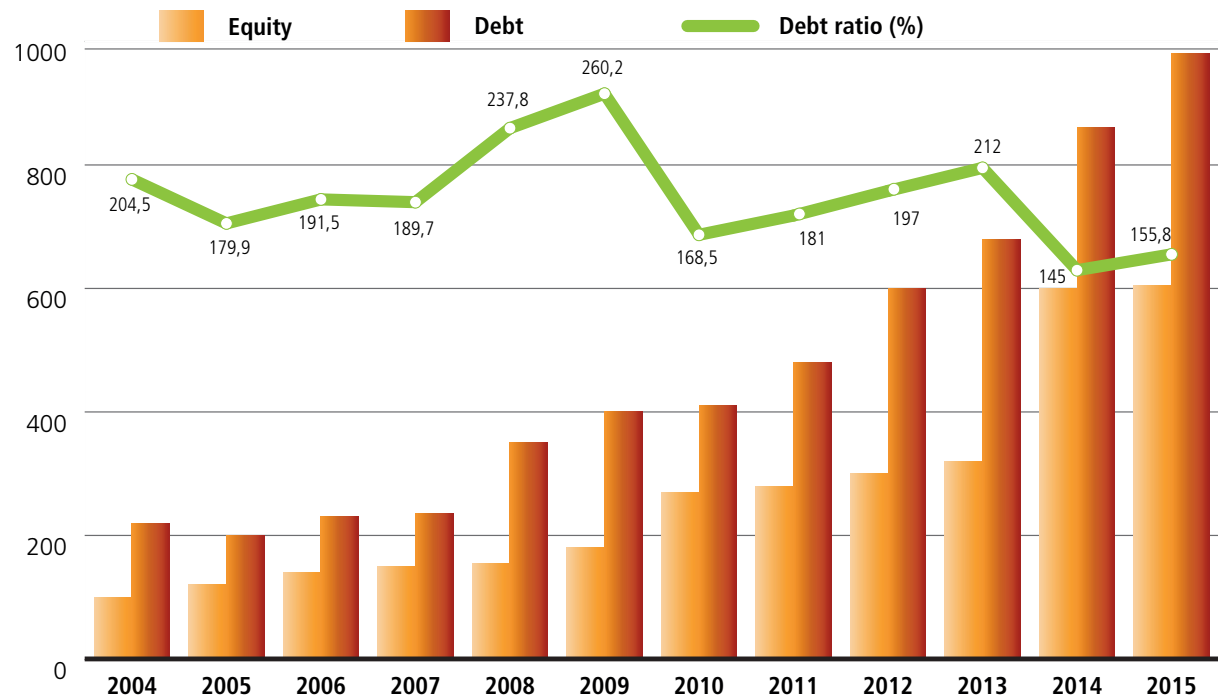


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 A REVIEW
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Based on the finding that a number of roads in the WAEMU region are in a dilapidated state, due partly to lack of funding for maintenance, the Board of Directors of the Bank commissioned a study on road maintenance in the member countries in order to draw relevant lessons and propose lasting solutions to improve the coverage rate of road maintenance needs in both physical and financial terms.

The study conducted and whose findings are summarized below was aimed at assessing the status of implementation of road maintenance works, determining the overall road maintenance needs, and preparing a report on the level of implementation based on the development of the road network (linear, material and human resources, organization and management).

This summary of the study focused on the following key points: (i) status of road maintenance in the WAEMU region, (ii) protection of road infrastructure, (iii) road maintenance needs, (iv) possible measures and recommendations.

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1. STATUS OF ROAD MAINTENANCE IN THE WAEMU REGION

1.1. GENERAL OVERVIEW OF THE ROAD MAINTENANCE SYSTEM

A review of the institutional and organizational framework for road maintenance shows that various countries in the WAEMU region have seen improvements mostly in the following areas:

- the governance system under which maintenance works are executed directly by the road authority, with its own equipment and personnel who have a civil servant status (cases from 1960s to 1990s);
- execution by a contractor, an arrangement by which road maintenance works are entrusted to a contractor, generally after a bidding process (90s to date).

With the long period of structural adjustment following the falls of commodity prices in the 1970s, the state-controlled agencies involved in the execution of maintenance works had begun to face challenges in their operations. The fall in prices and government revenue led to a prolonged period of stagnation in countries of the Union until the second half of 1990s.

The substantial cuts in government expenditure did not allow for such state-controlled road maintenance, as the agencies did not have sufficient funds to ensure effective road maintenance. This resulted in the reform that saw the adoption of the current system of maintenance where maintenance works are done by private contractors.

The study identified inadequate data coverage from the period of independence to the year 2014. Most of the data collected (or available) date back to early 2000, with few exceptions. The lack of transfer of authority between the public works departments and agencies identified in

the implementation of reforms regarding the privatization of road maintenance, could be a cause of the situation. Coupled with this, is the fact that most former road maintenance managers have gone on retirement. In Guinea Bissau, the various successive crises did not allow for proper preservation of archives.

Beyond the well-known performance issues related to the civil servant status of public works officials, an evaluation report on road projects released by the World Bank reveals other bottlenecks. For example, around 1974 in Mali, the issue of fuel supply affected the performance of the sector, despite the resources made available to the country by the World Bank.

Thus, internal as well as external factors have influenced the performance of the sector. Another illustration is provided by the case of Côte d'Ivoire. During the period after the road sector reforms, the performance of AGEROUTE and the road maintenance fund, created in 2001, were heavily affected by the crises that hit the country.

The comparison of the two periods, in terms of physical and financial coverage of road maintenance needs, requires that the following aspects be considered: (1) the impact of the CFA franc devaluation in 1994 on the cost of road maintenance, (2) the age, condition and traffic on the existing roads, (3) the rise in cost of maintenance as a result of the privatization of road maintenance works.

Today, a recourse to government agencies to execute maintenance works is no longer feasible for the technical financial partners.

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1.2. DISTRIBUTION OF ROADS BY ADMINISTRATIVE AND TECHNICAL CLASSIFICATION

The distribution of roads within various road networks in the WAEMU region as well as the density of each network (Km/100 sq. km) is presented in the table below.

TABLE 1
ROAD NETWORK OF COUNTRIES IN THE WAEMU REGION

	Surface area (Km ²)	Length of network under the responsibility of road authorities or the primary network (Km)		Length of secondary road network (Km)	Length of tertiary road network (Km)	Highways (urban roads)	Total distance of classified roads (Km)	Total distance of roads counted (Km)	Density of classified road network (km/100 sq.km)
		Asphalt road	Earth road						
Benin	114 763	4 829	1 247	3 400	12 043	55	9 531	21 574	8,30
Burkina	274 000	2 528	3 197	9 559	46 095	60	15 344	61 439	5,60
Côte d'Ivoire	322 463	6 514	9 019	35 347	31 116	4 000	81 996	85 996	25,43
Guinea Bissau	36 125	768	2 003	1 944	n/a	n/a	4 715	4 715	13,05
Mali	1 241 238	5 220	8 860	16 249	58 735	n/a	89 064	89 064	7,17
Niger	1 267 000	4 332	5 285	3 122	4 596,55	n/a	12 739	17 336	1,01
Senegal	196 722	5 956	10 539	4 177	n/a	1080	16 495	21 752	8,38
Togo	56 600	1 732	2 703	892	5 910	434	5 761	11 671	10,18
TOTAL	3 508 911	31 879	42 853	74 690	158 496	5 629	235 645	313 547	6,72

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Sahelian countries in the WAEMU region have fewer roads, which underscores the disparities between coastal and Sahelian countries. About 71% of the community road network is located in coastal countries, which is

more or less forest, covering only 20% of entire WAEMU region. Sahelian countries (covering 80% of the region) have only 29% of the road network. Below is an overview of the community road network.

OVERVIEW OF THE ROAD NETWORK IN THE WAEMU REGION



A comparison with the following table which shows the road network density of some developed countries, highlights the poor distribution of road networks in the WAEMU region.

TABLE 2
ROAD NETWORK IN DEVELOPED COUNTRIES

	United States	Germany	Belgium	Spain	France	The Netherlands	UK	Japan
Density (km/100 sq. km)	69	176	489	32	177	316	171	311
Area in sq. km	9 161 979	356 700	30 500	505 954	551 000	41 500	243 800	377 737

It therefore appears that efforts should be made by WAEMU member countries to maintain the existing road network, which also needs to be expanded to enable countries to achieve economic emergence.

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1.3. CURRENT STATUS OF ROAD MAINTENANCE

Disparities have been identified in the planning and implementation of road maintenance works after the reforms adopted in the 1990s as part of the privatization of road maintenance. This led the WAEMU Commission to finance a study with a view to developing a regional strategy. The study, conducted in 2006, dealt with the following aspects: i) harmonization of various road maintenance strategies in force in the WAEMU region; ii) priority action plan to accompany and support the implementation of the proposals for harmonization; and iii) legal texts deemed useful in the harmonization of the proposed strategy.

The study resulted in the adoption of WAEMU Directive No.11/2009 on the harmonization of road maintenance strategies, with an organization built on a principle of separation of roles and responsibilities in the following functions: i) financing; ii) planning and programming; and iii) implementation.

The implementation of this directive has been effective in Benin and Mali, with the existence of an authority in charge of emergency works based on the mandate of these structures. Road maintenance funds have been created in all the member countries. Meanwhile, the planning and programming of road maintenance fall under the mandate of the central government in most countries (Benin, Burkina Faso, Guinea Bissau, Mali, Niger and Togo). In Cote d'Ivoire and Senegal, however, these two activities are carried out by the delegated project manager (AGERROUTE). Mali's AGERROUTE is mainly involved in the award of contracts for public works and monitors their implementation. Planning and programming of works is carried out by the national directorate of roads (DNR) through its road data department.

Thus, the three (3) standard organizational frameworks for road maintenance in the WAEMU region can be summarized with the diagrams on Benin, Côte d'Ivoire and Mali. The organizational frameworks of road maintenance within the eight (8) countries are as follows:

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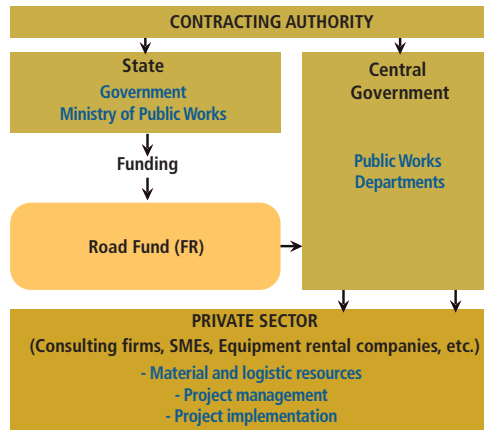
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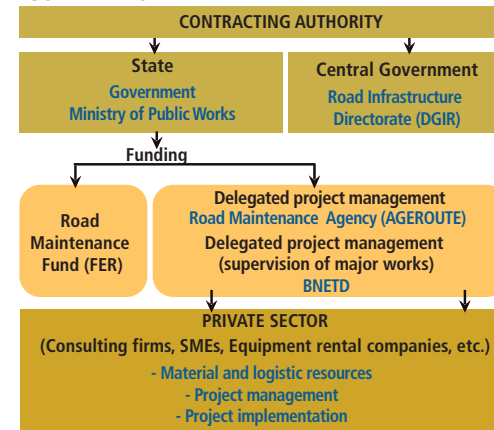
ORGANIZATIONAL FRAMEWORK FOR ROAD MAINTENANCE

((FRAMEWORK IN WAEMU COUNTRIES: BENIN, COTE D'IVOIRE, MALI))

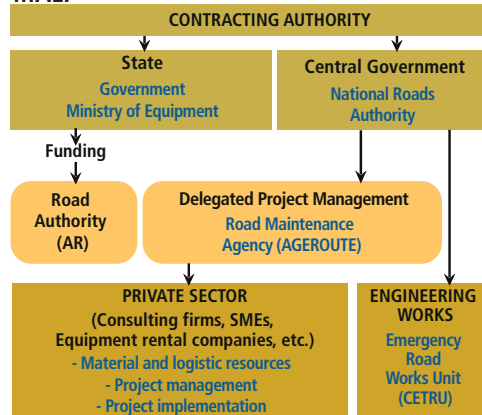
BENIN



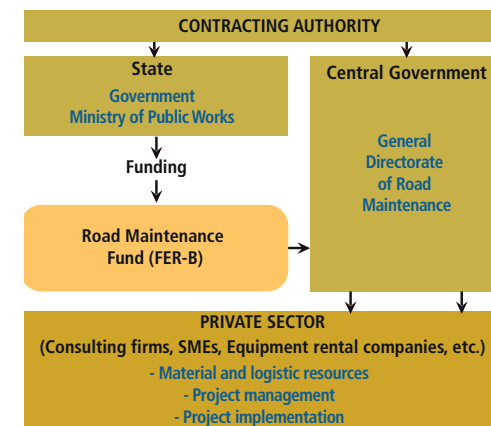
COTE D'IVOIRE



MALI



BURKINA FASO



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SCHEMA ORGANISATIONNEL DE L'ENTRETIEN ROUTIER
 (SCHEMAS PAR PAYS DE L'UEMOA : GUINEE BISSAU, NIGER, SENEGAL ET TOGO)

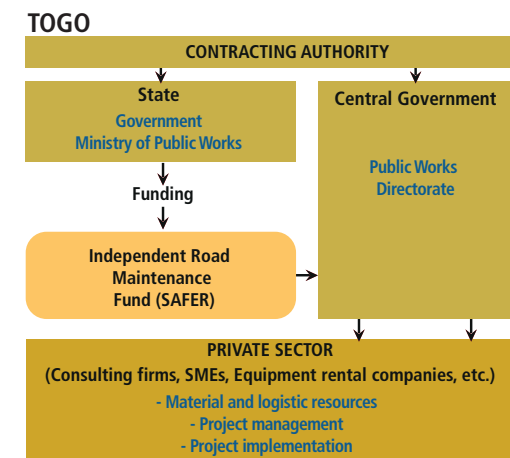
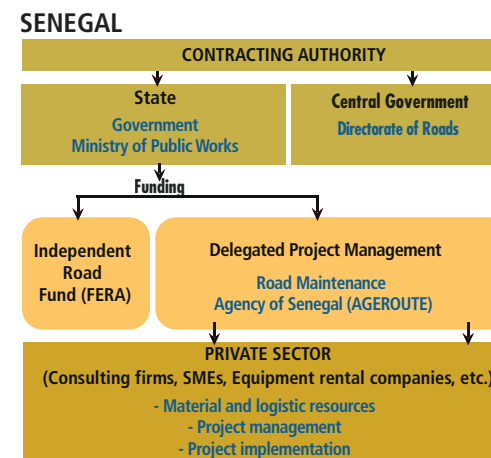
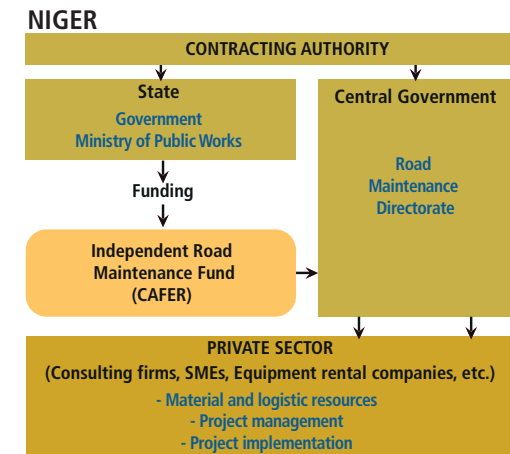
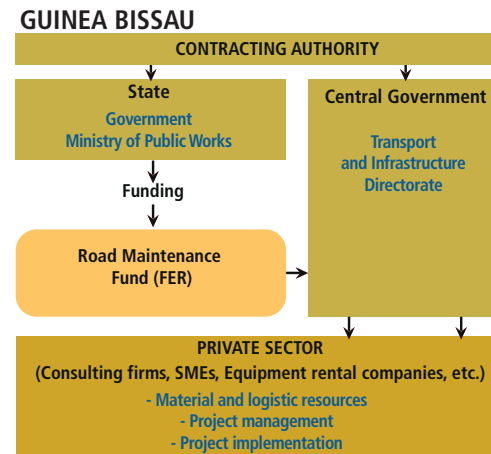


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Despite efforts by governments of member countries and the financial assistance they receive from technical and financial partners to implement their programmes, and support for various reforms to improve the sector's performance, most road networks remain in a poor condition.

Thus, the road infrastructure in WAEMU countries is characterized by rapid deterioration and inadequate funding for maintenance, all of which result in a significant increase in the need for maintenance. Indeed, the maintenance needs will become extremely high if they are not addressed in time.

Significant gaps have been observed between the budgets allocated by member countries and the amounts

that road maintenance agencies are actually able to disburse for execution. The rate of disbursement of funds earmarked for such projects is around 50% on average. This deficit makes maintenance works less effective, weighs on the public purse, leads to discrepancies in road maintenance programmes and distorts programming.

Furthermore, the resources allocated by governments for road maintenance are in most cases well below 0.50% of GDP. The setting-up of road funds helps in mobilizing a few more resources, but efforts in mobilizing sustainable resources must continue. Similarly, road maintenance funds must aim at diversifying their sources of funding, given the recurrent road maintenance needs and the mobilizable resources contained in the texts adopted by States, as well as opportunities to broaden the contribution base.

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2. PROTECTION OF ROAD INFRASTRUCTURE

2.1. BACKGROUND

Data collected shows that countries are far from achieving the expected results regarding the application of Regulation No.14/2005/CM/UEMOA of 16 December 2005 on the control of loading gauge weight and axle load of heavy trucks in member countries.

In addition to equipments that need to be increased on the road networks, countries must show a real desire to preserve their road assets through effective control of axle loads and above all prevent overloading, while supporting operators of the sector to renew their fleet of vehicles. The European Union, in particular, is increasingly using the real commitment of countries to protect their road infrastructure as a condition for financial assistance.

Given the reluctance of countries to implement the above-mentioned regulation, particularly because of concerns for competition, it appears necessary to extend implementation to all other coastal countries (ECOWAS member states) that share borders with WAEMU member countries.

There will also be the need to promote multimodal transport, which involves the delivery of goods by at least two successive modes of transport. A part of the journey can be made by road, sea, river or by train. Thus, greater involvement of road transport in multimodal transport, particularly in railroad transport, will undoubtedly contribute to a better development of this mode of transport and protect roads from overloading associated with the transportation of goods.

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2.2. STATUS OF APPLICATION OF WAEMU REGULATION 14/2005

At a recent meeting of ministers held in Ouagadougou on 19 June 2015, the status of application of Regulation No.14/2005/CM/UEMOA was reviewed and the ministers fixed 1 June 2016 as the date for the commencement of full implementation of the regulation in all countries. Below is a summary of recommendations made by ministers to promote the application of the regulation.

Countries such as Benin, Ghana, Niger and Togo, which have taken steps to implement Regulation 14 in full before 1 June 2015, have been encouraged to continue the process. Meanwhile other member countries of the Union must make efforts to fully implement Regulation 14; and (iii) countries must make every effort to share their experiences on challenges encountered in implementing of

Regulation 14. Ports must acquire axle-weighbridges and will be subject to the provisions of the regulation, with effect from 1 June 2016.

The WAEMU Commission has been urged to ensure monitoring and evaluation of the decisions taken during this meeting, for a better involvement of countries in the implementation of Regulation 14.

Technical and financial partners (TFPs) have been urged to support countries in the implementation of accompanying measures, including renewal of their fleet, upgrading of road transport vehicles in operation and professionalization of haulage contractors.

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3. ROAD MAINTENANCE NEEDS

3.1. NEEDS EXPRESSED IN RECENT YEARS

The most essential resources needed by Road Authorities in last five (5) years, according to data collected, are as follows:

TABLE 3
MOST ESSENTIAL ROAD MAINTENANCE NEEDS IN 5 YEARS

COUNTRY	AMOUNT	YEAR
BENIN	40 101 000 000	2013
BURKINA FASO	21 849 908 000	2014
COTE D'IVOIRE	89 690 000 000	2014
GUINEE BISSAU	1 521 684 634	2014
MALI	49 580 604 103	2014
NIGER	13 700 000 000	2014
SENEGAL	55 500 000 000	2011
TOGO	40 714 202 405	2012

Source: Road funds' budgets of member countries

For each country, these needs focus only on the priority networks, which make up only 30% to 50% of the road infrastructure.

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3.2. OVERALL NEEDS ASSESSMENT

A rough estimate of road maintenance financing needs per country is presented as follows:

TABLE 4
ROUGH ESTIMATE OF ROAD MAINTENANCE NEEDS

COUNTRY	PRIMARY NETWORK	IDENTIFIED ROAD NETWORK	PORTION OF THE PRIMARY NETWORK IN THE IDENTIFIED ROAD NETWORK (%)
BENIN	941 461 730 000	986 857 605 000	95%
BURKINA FASO	512 169 230 000	632 698 305 000	81%
COTE D'IVOIRE	1 325 656 210 000	2 447 674 310 000	54%
GUINEA BISSAU	163 426 770 000	174 701 970 000	94%
MALI	1 074 707 400 000	1 235 028 475 000	87%
NIGER	876 189 150 000	899 467 868 750	97%
SENEGAL	1 229 499 010 000	1 491 865 610 000	82%
TOGO	354 791 770 000	462 311 120 000	77%
TOTAL	6 477 901 270 000	8 330 605 263 750	77,76%

Source: Study report on road maintenance in the WAEMU region - August 2015

Governments could mobilize these resources over several years, as is the case with Côte d'Ivoire, which strengthened

the legal basis of its road maintenance fund (FER) to enable it to mobilize resources in the financial market.

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TABLE 5
ESTIMATE OF ROAD MAINTENANCE NEEDS BY THE CONSULTANT

Designation	Country	Cost/km	Benin		Burkina		Côte d'Ivoire		Guinea Bissau		
			(AR)	(ER)	(AR)	(ER)	(AR)	(ER)	(AR)	(ER)	
Length of road network under the responsibility of road authorities or primary road network	(Km)	Asphalt roads (AR)	4 829		2 528		6 514		768		
		Reinforcement 70%	250 000 000	3 380	845 075 000 000	1 770	442 400 000 000	4 560	1 139 950 000 000	538	134 400 000 000
		Resurfacing 10%	110 000 000	483	53 119 000 000	253	27 808 000 000	651	71 654 000 000	77	8 448 000 000
		Partial use 20%	35 000 000	966	33 803 000 000	506	17 696 000 000	1 603	45 598 000 000	154	5 376 000 000
				931 997 000 000		487 904 000 000		1 257 202 000 000		148 224 000 000	
		Earth road (ER)	1 247		3 197		9 019		2 003		
Resurfacing 50%	12 000 000	624	7 482 000 000	1 599	19 182 000 000	4 510	54 114 000 000	1 002	12 018 000 000		
Heavy reprofiling 30%	5 000 000	374	1 870 500 000	959	4 795 500 000	2 706	13 528 500 000	601	3 004 500 000		
Light reprofiling 20%	450 000	249	112 230 000	639	287 730 000	1 804	811 710 000	401	180 270 000		
		9 464 730 000		24 265 230 000		68 454 210 000		15 202 770 000			
Length of secondary road network	(Km)	Tracks Classified tracks	3 400		9 559		35 347		1 944		
		Reinforcement 50%	10 000 000	1 700	17 000 000 000	4 780	47 795 000 000	17 674	176 735 000 000	972	9 720 000 000
		Heavy reprofiling 30%	2 500 000	1 020	2 550 000 000	2 868	7 169 250 000	10 604	26 510 250 000	583	1 458 000 000
		Light reprofiling 20%	250 000	680	170 000 000	1 912	477 950 000	7 069	1 767 350 000	389	97 200 000
		19 720 000 000		55 442 200 000		205 012 600 000		11 275 200 000			
Length of tertiary road network	(Km)	Tracks counted (TC)	12 043		46 095		31 116		n/a		
		Heavy reprofiling 10%	2 000 000	6 022	12 043 000 000	23 048	46 095 000 000	15 558	31 116 000 000		
		Light reprofiling 90%	250 000	6 022	1 505 375 000	23 048	5 761 875 000	15 558	3 889 500 000		
		13 548 375 000		51 856 875 000		35 005 500 000					
Roads	Classified	Urban roads	55		60		4 000		n/a		
		Heavy reprofiling 70%	300 000 000	38,5	11 550 000 000	42	12 600 000 000	2 800	840 000 000 000		
		Partial use 30%	35 000 000	16,5	577 500 000	18	630 000 000	1 200	42 000 000 000		
		12 127 500 000		13 230 000 000		882 000 000 000					
Total length of classified road network	(Km)		9 531		15 344		81 996		4 715		
			BENIN		BURKINA FASO		CÔTE D'IVOIRE		GUINEA BISSAU		
TOTAL PRIMARY NETWORK				941 461 730 000		512 169 230 000		1 325 656 210 000		163 426 770 000	
GRAND TOTAL				986 857 605 000		632 698 305 000		2 447 674 310 000		174 701 970 000	
GAP (%)				95%		81%		54%		94%	

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TABLE 5 (cont'd)
ESTIMATE OF ROAD MAINTENANCE NEEDS BY THE CONSULTANT

	Designation	Country		Cost/km	Mali		Niger		Senegal		Togo	
Length of road network under the responsibility of road authorities or primary road network	(Km)	Asphalt roads	(AR)		5 220		4 332		5 956		1 732	
		Reinforcement	70%	250 000 000	3 654	913 500 000 000	3 032	758 100 000 000	4 169	1 042 300 000 000	1 212	303 100 000 000
		Resurfacing	10%	110 000 000	522	57 420 000 000	433	47 652 000 000	596	65 516 000 000	173	19 052 000 000
		Partial use	20%	35 000 000	1 044	36 540 000 000	866	30 324 000 000	1 191	41 692 000 000	346	12 124 000 000
						1 007 460 000 000		836 076 000 000		1 149 508 000 000		334 276 000 000
	Earth roads	(ER)		8 860		5 285		10 539		2 703		
	Resurfacing	50%	12 000 000	4 430	53 160 000 000	2 643	31 710 000 000	5 270	63 234 000 000	1 352	16 218 000 000	
	Heavy reprofiling	30%	5 000 000	2 658	13 290 000 000	1 586	7 927 500 000	3 162	15 808 500 000	811	4 054 500 000	
	Light reprofiling	20%	450 000	1 772	797 400 000	1 057	475 650 000	2 108	948 510 000	541	243 270 000	
						67 247 400 000		40 113 150 000		79 991 010 000		20 515 770 000
Length of secondary road network	(Km)	Tracks	Classified tracks		16 249		3 122		4 177		892	
		Resurfacing	50%	10 000 000	8 125	81 245 000 000	1 561	15 610 000 000	2 089	20 885 000 000	446	4 460 000 000
		Heavy reprofiling	30%	2 500 000	4 875	12 186 750 000	937	2 341 500 000	1 253	3 132 750 000	268	669 000 000
		Light reprofiling	20%	250 000	3 250	812 450 000	624	156 100 000	835	208 850 000	178	44 600 000
					94 244 200 000		18 107 600 000		24 226 600 000		5 173 600 000	
Length of tertiary road network	(Km)	Tracks counted	(TC)		58 735		4 596,55		n/a		5 910	
		Heavy reprofiling	10%	2 000 000	29 368	58 735 000 000	2 298	4 596 550 000			2 955	5 910 000 000
		Light reprofiling	90%	250 000	29 368	7 341 875 000	2 298	574 568 750			2 955	738 750 000
					66 076 875 000		5 171 118 750				6 648 750 000	
Roads	Classified	Urban roads			n/a		n/a		1 080		434	
		Heavy reprofiling	70%	300 000 000		11 550 000 000			756	226 800 000 000	303,8	91 140 000 000
		Partial use	30%	35 000 000		577 500 000			324	11 340 000 000	130,2	4 557 000 000
					12 127 500 000				238 140 000 000		95 697 000 000	
Total length of classified road network	(Km)				89 064		12 739		16 495		5 761	
						MALI		NIGER		SENEGAL		TOGO
						TOTAL		TOTAL		TOTAL		TOTAL
						1 074 707 400 000		876 189 150 000		1 229 499 010 000		354 791 770 000
						PRIM. NETWORK						
						GRAND TOTAL		899 467 868 750		1 491 865 610 000		462 311 120 000
						GAP (%)		87%		82%		94%

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4. PROPOSED MEASURES AND RECOMMENDATIONS OF THE STUDY

4.1. PROPOSED MEASURES

In order to ensure better road maintenance in the WAEMU region, there is the need for standards and legislation on road maintenance to be implemented in each member country.

Given the fact that quality assurance in road maintenance is a major concern, efforts must be made to ensure the use of appropriate technical solutions, especially for major repairs carried out on the roads. Particular attention should be paid to the quality of companies that have been awarded contracts as well as to firms responsible for control and monitoring of such maintenance works. There is also the need for autonomy in the management of road maintenance funds. The primary aim is to overcome the constraints in the allocation of government budgets and to draw up specific road maintenance schedules, taking into account climate constraints for the programming of works.

A summary assessment of maintenance needs, across all the classified networks, will require funding between XOF462 billion and XOF2,448 billion from member countries. The maintenance needs may be underestimated by at least 36%, if only the classified road network is considered. The inclusion of all the roads and tracks (identified network) in the classification is essential for better protection of the road infrastructure.

Member countries should make efforts to mobilize the necessary funds for road maintenance. These efforts must include changes in the legal status of their road maintenance fund and strengthening their financial structure to use at least second generation funds, with the ability to raise funds from the financial market after they have been rated by accredited rating agencies. There is therefore the need for greater involvement of governments, technical and financial partners, as well as the main users and beneficiaries of roads within the Union in the financing, management and maintenance of roads.

Studies conducted by the World Bank in 2011 on road maintenance financing, recommend that levies of between 10 and 30 cents of a dollar per litre (between XOF59 and XOF175 per litre) should be charged on petroleum products in WAEMU countries in order to ensure optimal management of road maintenance. Meanwhile, the levies currently charged range between 2.6 and 12.4 cents of a dollar per litre (between XOF15.24 and XOF73 per litre). Further efforts need to be made by the countries on this point in order not to lose their road infrastructure.

The World Bank, BOAD and several other financiers have increasingly used the autonomy of the road maintenance fund as a condition for financial assistance.

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A significant increase in resources allocated for road maintenance has been observed with the effective implementation of the road maintenance fund. These funds must however strive to diversify their resources taking into account the recurrent road maintenance needs, the mobilizable resources as stipulated by the legislations adopted by the countries and the possibilities of broadening the contribution base. The allocation of a share of proceeds derived from the special tax on motor vehicles (car stickers) is a feasible solution and would require significant financial resources for countries with a large fleet. This has been implemented successfully in Côte d'Ivoire since 2012, and the resources have been used especially to guarantee loans in the financial market.

Countries such as Mali and Niger have made efforts in deploying tollbooths on their roads. They will need to improve their road toll management through the automation of tollbooths on major roads. Other member countries are expected to record significant progress in this regard. An improvement in the networking of tollbooths and fixed axle-load weighbridges is necessary, especially in Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau and Togo.

Thus, during the formulation of the road maintenance and development strategy in November 2011, the needs were estimated at XOF2,500 billion, of which XOF1,000 billion

would be used for infrastructure development, while XOF1,500 billion would be used for road network maintenance. Côte d'Ivoire had then decided to identify all its road maintenance needs between 2011 and 2015. For this reason, the government has, since 2012, broadened the financing base of its road maintenance fund (FER) through various measures including: allocation of 40% of the total amount received from the sale of vehicle stickers, and allocation of 25% of the total amounts received under patents and licensing. These measures enabled the road fund to mobilize over XOF200 billion from banks to finance the 2013-2015 road maintenance programme (PER).

To ensure better management of road maintenance works, governments must continue to improve the governance of operations through an appropriate institutional framework to separate the functions of planning, financing, execution and control.

In order to avoid unnecessary and costly delays in the execution of road maintenance, works must be awarded under multi-annual contracts and road maintenance management contracts based on level of service (GENIS). This has already been tested in a country like Chad between 2001 and 2005. This model focuses on a performance criteria, rather than works based on unit prices and estimated quantity.

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However, with regard to GENIS, initial works of upgrading roads must be integrated into GENIS contracts in order to minimize the risk incurred by the contractors. These works may require an initial investment of up to XOF125 billion for 500 km of tarred roads, with an average consolidation cost of XOF250 million/km. Initial upgrading works are also needed for dirt roads.

Other forms of public-private partnerships (PPP) may be looked at (leasing contracts, third party management, etc.). The execution of road maintenance, with the resultant huge traffic, can thus be undertaken with funds from road tolls collected by the service provider.

All industry players and stakeholders will be regularly trained and mostly paid on time, based on work done. Such an arrangement could help to avoid possible defects and reduce the frequency of future maintenance works. While ensuring that resources are made available by the government, under the existing laws, the use of innovative financing mechanisms such as public-private partnership contracts and raising of funds in the market would also play a crucial role if coverage of road maintenance needs must improve.

4.2. RECOMMENDATIONS OF THE STUDY

Following the analysis, the study submitted general recommendations, depending on the target: member country, WAEMU Commission and technical and financial partner.

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4.2.1. RECOMMENDATIONS TO MEMBER COUNTRIES**A. Strengthening and sustaining road maintenance financing**

- 1) Enhancing the independence of road maintenance funds through the adoption of appropriate regulations
- 2) Improving the governance of road funds to ensure that a minimum level of resources are mobilized each year and raise funds more easily from banks using the example of the road maintenance fund of Côte d'Ivoire. The resources of the fund should be predictable with precision and their effective mobilization secured
- 3) Raising the road user fee on petroleum products so that each country can have enough funds to effectively manage its routine and periodic maintenance works (values between 10 and 30 US cents/litre or between XOF59 and XOF175/litre)
- 4) Diversified sources of financing of road maintenance funds in accordance with existing laws, or strengthening and further commercialization of roads, with more tollbooths on road networks. The assignment of tollbooth management to private operators should also be a priority
- 5) Organization of a donors' roundtable to support additional financing needs by involving traders whose activities affect the road network

- 6) Creation of a regional fund for the maintenance of community roads

B. Protection of road infrastructure

- 7) Effective implementation of Regulation 14 on the control of axle loads by increasing the number of weighbridges on the road network
- 8) Protection of roads and dirt tracks by building rain barriers
- 9) Compulsory execution of routine maintenance tasks, which are considered optional with an effective preparation during critical periods (particularly the rainy seasons) for the road network
- 10) Production of comprehensive and reliable statistics on axle loads and road traffic for a better design of roads in each of the countries. Mapping of traffic and its increase will also have to be developed and regularly updated
- 11) Promotion of multimodal transport

C. Road infrastructure management

- 12) Formulation and implementation of institutional reforms, with a review of the organizational framework for road network management and public procurement code

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- 13) Effective implementation of new types of contracts:
 - Perennial road maintenance contracts with funds from the road fund;
 - Management contract for road maintenance by level of service (GENiS);
 - Public-private partnership (PPP) contract, involving major roads with heavy traffic. The granting of concessions on existing roads or those to be upgraded could include both their upgrade (investment by the contractor and/or the government) and maintenance (management and maintenance by the contractor with revenue from road tolls: leasing contract, third party management, etc.);
- 14) Improving knowledge of road networks with reliable and regularly updated database and their financing by the road maintenance fund

- 15) Inclusion of rural roads, by establishing and empowering state departments in charge of rural roads and tracks

D. Capacity building

- 16) Building the capacity of all stakeholders (project owners, contractors, road inspection firms, road maintenance funds, etc.)
- 17) Supervision and regular monitoring of SMEs in the sector with a view to improving their ability to execute works. Indeed, most of these maintenance works are carried out by SMEs. The quality of their services with, among others, repairs that last will contribute to improved performance of the sector

4.2.2 RECOMMENDATIONS TO THE WAEMU COMMISSION**A. Strengthening and sustaining road maintenance financing**

- 1) Support for the modernization of tollbooths/weight-bridges with the possibility of using equipment that allow for e-payment
- 2) Securing of funds mobilized for road maintenance and their exclusive use for this purpose, through the

development of specific guidelines on best practices in managing these funds

- 3) The establishment by member countries of a financing mechanism for the maintenance of the community road network in the medium to long-term. To this end, the creation of a community Fund to finance road maintenance is recommended

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B. Road infrastructure protection

- 4) Definition, for each country, of an annual road maintenance schedule taking into account the climatic particularities of each region within the same country
- 5) Monitoring of the application of Regulation 14 in all countries of the Union
- 6) Sensitization of countries on the importance of checking the axle load of vehicles on all international corridors; construction of 4.5m gallowes at the exit of the ports to protect bridge underpasses
- 7) Establishment of coherent fleet renewal programmes to assist haulage contractors to better develop their activities

C. Road infrastructure management

- 8) Sensitization of member countries to the effective implementation of road maintenance management contracts by level of service (GENiS), perennial contracts and public-private partnership contracts for road maintenance, especially on major roads in the network

- 9) Monitoring of the operationalization and development of databanks (BDR) on national roads in WAEMU countries, with the definition of a minimum frequency for their update, based on data to be collected
- 10) Financing of the activities of the road databanks in each WAEMU member country by the road maintenance fund through a performance contract
- 11) Continued development and improvement of the road information system (RIS) by WAEMU. A standardization of the road data management software (compatible equivalent solutions) will facilitate the management and maintenance of WAEMU community and regional roads

D. Capacity building

- 12) Establishment of special tax policies to promote the renewal of the fleet of vehicles and trucks used by SMEs for the execution of works

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4.2.3 RECOMMENDATIONS TO THE DEVELOPMENT PARTNERS**A. Renforcement et pérennisation du financement de l'entretien routier**

- 1) Poursuite de la sensibilisation des Etats dans la mise en place de fonds d'entretien routier autonomes et en faire, à terme, une condition pour le financement des projets d'entretien routier
- 2) Mise à disposition de prêts à des taux préférentiels, aux Etats, pour le financement des travaux d'entretien routier et/ou des travaux de réhabilitation de routes.
- 3) Soutien à la mise en place d'un fonds régional pour le financement de l'entretien des axes routiers communautaires

B. Protection du patrimoine routier

- 4) Poursuite du soutien aux Etats dans la lutte contre l'extrême surcharge, à travers le financement de l'acquisition et de la mise en place de pèses essieux ainsi que l'application effective du Règlement 14
- 5) Conditionnement, à moyen terme, du financement des projets routiers au sein de l'UEMOA et même de la CEDEAO par l'adoption, par les pays, de mesures de préservation de leur patrimoine routier

- 6) Appui aux Etats dans la réhabilitation et le développement du réseau ferroviaire, mode alternatif de transport pour soulager les routes du transport de marchandises lourdes

C. Gestion du patrimoine routier

- 7) Assistance technique et accompagnement dans la mise en oeuvre des réformes dans chacun des Etats, en vue de l'amélioration de la qualité de la gouvernance du secteur de l'entretien routier
- 8) Poursuite de l'assistance aux Etats dans la planification et la programmation des travaux d'entretien routier
- 9) Sensibilisation des Etats au développement des contrats de partenariat public-privé dans le secteur de l'entretien routier ; l'élaboration de projets neufs dans le cadre d'un partenariat public-privé devra être encouragée (cf. exemples du 3^{ème} pont d'Abidjan et de l'autoroute Dakar-Diamniadio)

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