

ANNUAL REPORT 2023

WEST AFRICAN DEVELOPMENT BANK

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he year 2023 was marked by significant global challenges, including the long-term effects of the COVID-19 pandemic, the ongoing Russia-Ukraine conflict, geopolitical tensions in the Middle East, persistent high inflation, and the continued tightening of monetary policies (rising interest rates).

As a result, global economic growth is projected to decline, with the growth rate expected to decrease to 3.1% in 2023, down from 3.5% in 2022, while inflation is expected to moderate slightly, reaching 6.8% in 2023 compared to 8.7% in 2022.

Within the WAEMU region, economies have shown resilience despite the deteriorating global economic environment and the fragile socio-political and security situation in some member countries.

The economic growth rate of the Union is expected to remain at 5.6% in 2023, slightly down from 5.7% in 2022, driven by sustained dynamism across all sectors and a deceleration in inflation, which is projected to average 3.7% in 2023 compared to 7.4% in 2022.

In the face of these challenging conditions, the West African Development Bank (BOAD) has continued to play its vital role as the primary financier within the Union. Indeed, the Bank approved a record funding of XOF978.7 billion for its member countries, with XOF858.9 billion allocated to medium and long-term loans (87.8%), XOF75

billion to short-term loans (7.7%), XOF23.4 billion to equity investments (2.4%), XOF15 billion to loan guarantees (1.5%), and XOF6.36 billion of cash advances for project preparation (0.6%). The anticipated impact of these fundings includes the production of 160,300 m³ of drinking water per day, the irrigation of 11,745 hectares of agricultural land, the production of 91,750 tons of rice, and the creation of 364,376 jobs.

Annual disbursements reached XOF449.0 billion in 2023, up from XOF387.7 billion in 2022, representing a 15.8% increase. This brings the annual disbursement rate to 20.7%, up from 18.8% in 2022, and the cumulative disbursement rate to 67.2%.

The new loans BOAD granted in 2023 brings the cumulative financing of the Bank in the Union to XOF8,174 billion since the start of its operational activities in 1976.

The Bank's financial situation remains sound, characterized by a balanced financial structure. Total assets increased by 4%, reaching XOF3,482.02 billion in 2023,

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compared to XOF3,362.28 billion in 2022. Net income also showed an upward trend, amounting to XOF36.5 billion in 2023, up from XOF33.7 billion in 2022. The Bank's strong financial health and the strengthening of its capital have enabled it to maintain its investment-grade credit rating, with a stable outlook from both Moody's and Fitch Ratings.

In its search of additional resources, the Bank secured the entry of BADEA into its capital with a contribution of \$30 million, and successfully renewed its accreditation with the Green Climate Fund, making it possible for the Bank to mobilize up to \$250 million per project. Additionally, the Bank undertook its first balance sheet optimization operations during the year, including the securitization of receivables amounting to XOF150 billion and the subscription of a credit insurance policy for XOF278 billion. These financial innovations have resulted in a capital savings of XOF120 billion for risk coverage.

While we have demonstrated resilience and creativity, we must not overlook the multiple challenges facing our region, which call for strengthened interventions to support our member countries. Therefore, we must continue to improve our performance and seek new ways to achieve our goals.

In this perspective, the celebration of the Bank's 50th anniversary (1973-2023) focused primarily on forward-looking discussions centered on the theme "2023-2073: Financing development differently, BOAD for the next 50 years" and thematic workshops on key areas such as agriculture and agribusiness, economic infrastructure (transport, digital, energy), social infrastructure and human capital, SMEs, and resource mobilization.

I would like to commend the unwavering commitment of our shareholders in supporting the transformation of the institution for greater impact. With this strong and decisive support, I am confident that we will continue to expedite and consolidate the growth and development of the WAEMU region in the coming years.

To all our technical and financial partners, we extend our gratitude for their continued cooperation in achieving the development objectives of the WAEMU countries and improving the well-being of our communities.

Finally, I extend my heartfelt thanks to all the staff for their professionalism and dedication, even in the face of significant challenges. Through their efforts, BOAD continues to improve the living conditions of the most vulnerable communities in the Union, particularly the youth and women.

I congratulate the entire team for their achievements and urge them to keep up this momentum in completing the major projects underway and consolidating our gains.

SERGE EKUE
Président de la BOAD
Président du Conseil d'Administration
de la BOAD

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AND ABBREVIATIONS

AFD : Agence Française de Développement IAS/IFRS : International Accounting Standards / International

Financial Reporting Standard

(German State-owned development bank)

small and medium-sized industries

(French Development Agency)

Change

FDC

AfDB : African Development Bank KfW : Kreditanstalt für Wiederaufbau

BADEA Arab Bank for Economic Development in Africa

BCEAO : Central Bank of West African States XOF'Bn : Billion of XOF

EIB : European Investment Bank
 IDB : Islamic Development Bank
 BOAD : West African Development Bank
 ISMGO : Non-governmental organisations

: Conference of Heads of State and Government BCP : Business continuity plan

UNFCCC : United Nations Framework Convention on Climate PCSSHN : High standard specialized care centres

GDP : Gross domestic product

NDCs : Nationally Determined Contributions SMEs-SMIs : Small and medium-sized enterprises -

ECOWAS: Economic Community of West African States

COP : Conference of the Parties PPP : Public-private partnerships

RCC : Regional Collaboration Centre CSR : Corporate social responsibility

FCFA/XOF: Franc de la Communauté Financière Africaine

SDSI: Information system blueprint

(African Community Financial Franc) IS : Information system : Development and Cohesion Fund S&P : Standard & Poor's

FDE : Energy Development Fund : Information and Communication Technologies

IMF : International Monetary Fund EU : European Union

GCF : Green Climate Fund WAEMU : West African Economic and Monetary Union

GED : Electronic document management WAMU : West African Monetary Union

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OVERVIEW TABLE ON BOAD AND LOANS GRANTED IN 2023

Date of establishment	14 November 1973 Commencement of operations in 1976
Shareholders	 WAEMU member countries: Benin, Burkina Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, Togo BCEAO (Central Bank) Non-regional shareholders: BAD, BADEA, EIB, Belgium, France, Germany, India
Mission	People's Republic of China, Kingdom of Morocco Promoting the balanced development of member countries and contributing towards the economic integration of West Africa
Vision	BOAD, the leading bank making a strong impact on the integration and transformation of West Africa
Authorized capital as at 31 December 2023	X0F1,709.35 bn
Subscribed capital as at 31/12/2023 Total balance sheet as at 31/12/2023 Bank's operational staff as at 31/12/2023	XOF1,511 bn XOF3,482.02 bn 337 employees
Loans granted in 2023	64 projects financed for a total amount of XOF978.7 bn
	Transport/ICT : XOF339.2 bn or 34.7% Health and education : XOF52.5 bn or 5.4% Agricultural production and food security : XOF135.4 bn or 13.8% Real estate and housing : XOF84.3 bn or 8.6% Energy : XOF182.3 bn or 18.6% Finance and insurance : XOF184.9 bn or 18.9% Some development and impact outcomes of funded projects (ex-ante targets) Clean water production : 160 300 cubic meters/day Irrigated agricultural lands : 11,745 hectares Installed electrical power : 54 megawatts Jobs : 364,376 Added value : XOF1,040 bn

Cumulative net commitments 1976-2023 XOF8,174.4 bn

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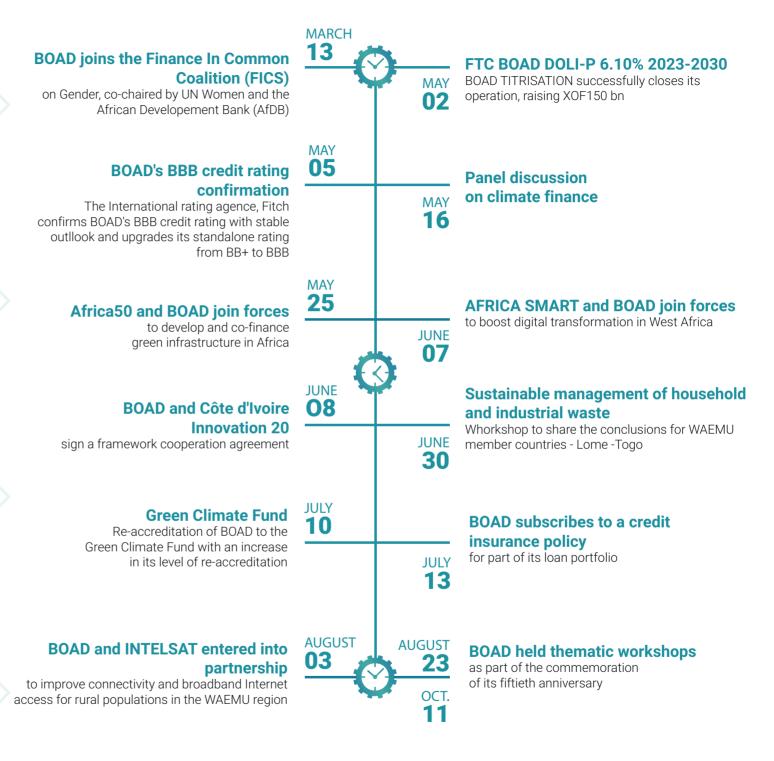
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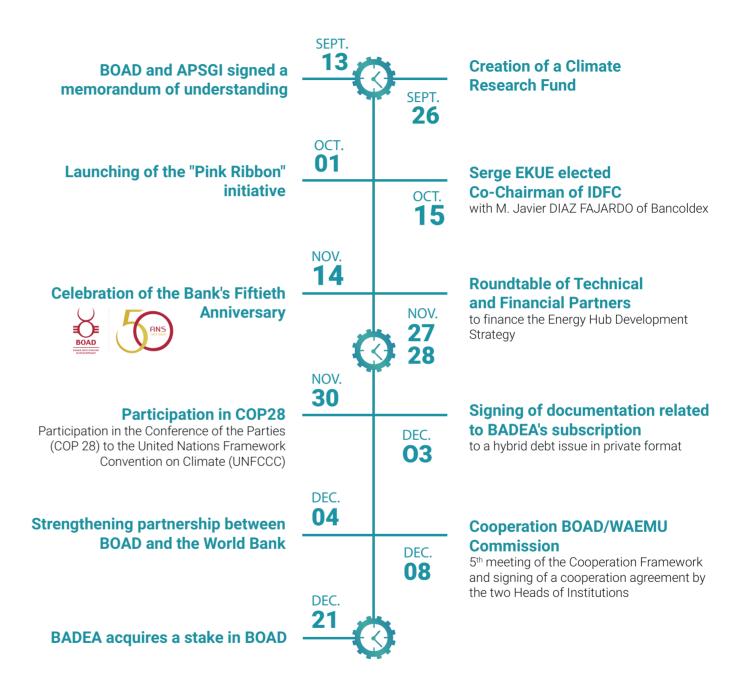
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13TH MARCH

BOAD joins the Finance In Common Coalition (FICS) on Gender, cochaired by UN Women and the African Development Bank (AfDB)

By joining the FICS Coalition, BOAD commits to collaborating with other member development banks and financial institutions to enhance coordination and mobilization efforts aimed at combating gender inequality and empowering women and girls within the global financial system.

This new commitment marks a significant step forward in the Bank's efforts to implement transformative gender policies at both institutional and organizational levels.

2ND MAY

BOAD TITRISATION successfully closes its "FTC BOAD DOLI-P 6.10% 2023-2030" deal, raising XOF150 bn

At the Bank's request (non-sovereign issuer), BOAD TITRISATION successfully launched and closed one of the largest securitization deals on the WAEMU financial market, for a historic amount of XOF150 bn. This success reflects genuine investor interest in this deal, which is unprecedented in terms of structuring and amount sought.

BOAD DOLI-P project involved the securitization of BOAD receivables with the aim of optimizing the bank's balance sheet so as to increase its capacity to finance WAEMU economies, without drawing on its balance sheet. The proceeds of the deal will be used by BOAD to finance the 2021-2025 strategic plan "Djoliba".

5TH MAY

International rating agency Fitch confirms BOAD's BBB credit rating with stable outlook and upgrades its standalone rating from BB+ to BBB

On 5 May 2023, the international credit rating agency Fitch confirmed BOAD's BBB credit rating with a stable outlook. Fitch upgraded the institution's standalone rating from "BB+" to "BBB" following a series of strong performances and recent positive developments. These include the Bank's capital increase, strengthened capitalization ratios, resilient risk profile and access to the Central Bank's refinancing window.

16TH MAY

Panel discussion on climate finance

The Bank's Press Club convened online for a panel discussion on climate finance in West Africa.

Public and private media from the Bank's member countries actively participated in this important meeting. Topics for discussion included the economic challenges of climate change in Africa, particularly in West Africa, the region's potential in green and blue economies, the energy revolution and energy justice, and the responses of sub-regional development banks to the need for financial resources.

25TH MAY

Africa50 and BOAD join forces to develop and co-finance green infrastructure in Africa

On the sidelines of the AfDB Group Annual Meetings in Egypt, BOAD and Africa50 signed a partnership agreement aimed at mobilizing capital from institutional investors for African infrastructure and identifying projects for cofinancing. As part of this partnership, both entities reaffirmed their commitment to jointly finance and develop bankable projects, including climate-resilient infrastructure, and support sustainable growth and the energy transition in African countries.

7TH JUNE

AFRICA SMART and BOAD join forces to boost digital transformation in West Africa

AFRICA SMART and BOAD have established a partnership to cooperate on digital transformation projects in Africa. It also marks BOAD's official membership of the Smart Africa Alliance, which includes the United Nations Economic Commission for Africa (UNECA), the African Development Bank (AfDB), the World Bank and others.

Africa Smart will work closely with BOAD to support the development and implementation of digital transformation projects directly involving WAEMU member countries.

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8TH JUNE

Signing of a framework cooperation agreement between BOAD and Côte d'Ivoire Innovation 20

Moustapha Ben Barka, BOAD Vice-President, and Steven Bedi, President of the Association Côte d'Ivoire Innovation 20 (Ci20), signed a framework cooperation agreement in the presence of Mr. Amadou Coulibaly, Minister of Digital Economy of Côte d'Ivoire. Under this agreement, the Bank and the Association Ci20 undertake to cooperate in all digital transformation actions or projects in countries where either party is involved.

30TH JUNE

Workshop to share the conclusions of the study on the sustainable management of household and industrial waste in WAEMU Member countries - Lomé (Togo).

BOAD organized a workshop at its premises to share with various stakeholders the conclusions of the study on the sustainable management of household and industrial waste in WAEMU member countries. These include representatives of member countries ministries in charge of the environment, technical and financial partners, private promoters, representatives of regional institutions and municipalities, the private sector, etc.

The aim was to: i) exchange views on the waste management sector in West Africa, particularly in the WAEMU region; ii) share experiences and lessons learned on the waste management sector (collection, sorting and energy recovery); iii) disseminate best practices in the collection, sorting and energy recovery of waste (electricity, biogas, etc.); iv) identify the best projects under development or with a strong need for extension that BOAD could support.

10TH JULY

Re-accreditation of BOAD to the Green Climate Fund, with an increase in its level of re-accreditation

At its 36th Board meeting, the Green Climate Fund (GCF) re-accredited BOAD, upgrading the level of re-accreditation in terms of environmental and social categorization of projects from "B/I 1" to "A/I 1."

In fiduciary terms, the Bank is now authorized to mobilize up to USD 250 million per project. This re-accreditation will enable the Bank to mobilize grants, loans at rates ranging between 0 and 1.75%, guarantees and refinancing facilities to help WAEMU member countries combat the adverse effects of climate change.

13TH JULY

BOAD subscribed a credit insurance policy for part of its loan portfolio

To insure part of its portfolio, BOAD has signed a credit insurance policy for XOF278 billion, representing 11% of its overall loan portfolio, with a pool of nine leading private insurers based in Europe. This signing marks another significant step in deploying the "originate to distribute" method adopted by the Bank as part of its strategic Djoliba Plan. The goal is to improve the average rating of its overall loan portfolio, aiming to positively impact its own investment-grade rating. By leveraging the creditworthiness of insurers rated 'A-' to 'AA-', this portfolio insurance policy also demonstrates BOAD's ambition to make long-term use of the credit insurance market as a tool for distributing balance sheet exposures, thereby strengthening its financing capacity for the benefit of WAEMU member countries.

3RD AUGUST

BOAD and INTELSAT entered into partnership to improve connectivity and broadband Internet access for rural populations in the WAEMU region

BOAD and INTELSAT have signed a framework agreement to work together to provide broadband Internet connectivity solutions to underserved or uncovered rural communities in the WAEMU region.

The aim of this framework agreement is to help accelerate the digital transformation of member countries in the WAEMU zone, and to offer various possibilities for financing connectivity infrastructures.

23RD AUGUST - 11TH OCTOBER

BOAD held thematic workshops as part of the commemoration of its fiftieth anniversary

Under the central theme "2023-2073: Financing Development Differently, BOAD for the Next Fifty Years," six online thematic workshops were held from 23rd August to 11th October. These workshops focused on key areas: agriculture and agribusiness, economic infrastructure (transport, digital, energy), social infrastructure and human capital, SMEs and resource mobilization. The conclusions and recommendations from these workshops contributed to drafting a forward-looking document for the WAEMU High Authorities.

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13TH SEPTEMBER

BOAD and APSGI signed a memorandum of understanding.

BOAD and the Association Professionnelle des Sociétés de Gestion et d'Intermédiation (APSGI) have signed a memorandum of understanding to collaborate on implementing synergies to revitalize their financing and investment activities. This collaboration aims to address the sub-region's growing investment needs and capitalize on opportunities provided by green finance.

Specifically, the partnership will focus on i) identifying, preparing, and evaluating projects, ii) jointly structuring financing, iii) developing joint financial advisory services, iv) sharing skills and best practices, and v) promoting projects to combat climate change.

26TH SEPTEMBER

Creation of a Climate Research Fund

By decision N° 069/2023/CM/UMOA/BOAD, the WAEMU Council of Ministers approved the creation of a study fund to finance feasibility studies for climate projects in the WAEMU member countries. To date, the fund has been allocated XOF 4 billion out of an initial target of XOF 10 billion.

1ST OCTOBER

Launching of the "Pink Ribbon" initiative
"Pink October" and BOAD's commitment to public health

"Pink October" is a global event highlighting the importance of breast cancer awareness. In line with its commitment to corporate social responsibility, BOAD included this public health issue in its communication and visibility actions, similar to its observance of International Women's Rights Day, Tree Day, and Environment Day. For the 30th edition of Pink October, coinciding with BOAD's fiftieth anniversary, the Bank demonstrated its dedication through the "Pink Ribbon" initiative, showing its commitment to fighting this devastating disease. The awareness campaign included a talk-debate with health professionals, participation in a solidarity sports walk, and early screening for female staff—key measures for effectively combating breast cancer and other forms of cancer.

15TH OCTOBER

Election of Javier Diaz Fajardo and Serge Ekue as Co-Chairmen of IDFC

On the sidelines of the World Bank and IMF 2023 Annual Meetings, the International Development



Finance Club (IDFC), comprising 26 leading national and regional development banks, held its Annual Meeting. During this meeting, Mr. Diaz Fajardo, President of Bancoldex, and Mr. Serge Ekue, President of BOAD, were elected co-chairmen of IDFC for a two-year term. The club will benefit from the complementary mandates, geographical positions, and shareholding structures of the two institutions, as well as their strong desire to align Public Developement Banks (PDBs) with the 2030 agenda, thereby enhancing their capacity to develop sustainable and impactful projects.

14TH NOVEMBER

Celebration of the Bank's Fiftieth Anniversary

The West African Development Bank (BOAD) commemorated its fiftieth anniversary on Tuesday 14th November 2023, under the theme "2023-2073: Financing Development Differently, BOAD for the Next Fifty Years." In the lead-up to this commemoration, six thematic workshops were organized. The conclusions and recommendations from these workshops led to the drafting of a forward-looking document, which will be submitted to the highest

authorities of the West African Economic and Monetary Union (WAEMU) for consideration. As part of the celebrations, a retrospective movie was produced on the Bank's activities over five decades, featuring poignant testimonies from Heads of State, dignitaries, former presidents of the Bank, retirees, and staff, along with a projection of the institution's future.



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27-28TH NOVEMBER

Roundtable of Technical and Financial Partners

On 27 and 28 November 2023, the WAEMU Commission, together with BOAD, organized a roundtable of technical and financial partners in Abidjan to finance the Energy Hub Development Strategy (SDPE) and the Regional Programme for the Development of the Digital Economy (PRDEN). The event, themed "Universal Access to Energy and Digital Technology for Sustainable Development in the WAEMU", aimed to mobilize resources for implementing the projects included in the SDPE and PRDEN. More than fifteen regional and international donors, WAEMU member countries, private sector representatives, and diplomatic delegations participated. Under BOAD's leadership, designated as the lead donor, over XOF6,130 billion was mobilized, reflecting the confidence and commitment of the various stakeholders in the development of the WAEMU zone.



30TH NOVEMBER - 12TH DECEMBER

Participation in COP28

In light of its commitments to combat climate change in the WAEMU region, BOAD participated in COP 28 from 30 November to 12 December 2023 in Dubai, UAE. The Bank hosted a pavilion at COP 28, which facilitated the organization of meetings for the President, communication through parallel events, signing of agreements and partnerships, and holding of working sessions with technical and financial partners. BOAD organized and participated in 28 side events, focusing on sustainable cities, climate-smart agriculture, the green finance market, the blue economy, BOAD/ECOWAS/WAEMU partnerships, and debt-for-nature swaps.

3RD DECEMBER

Signing of a hybrid debt issue with BADEA

On 3 December 2023, BOAD signed documentation related to BADEA's subscription to a hybrid debt issue in private format. This transaction represents the first tranche of the USD 600 million (approximately XOF300 billion) subordinated debt issuance program via private placements with institutional or public investors. Valued at USD 100 million (XOF60 billion), it will strengthen BOAD's equity capital and enhance its financial rating.

4TH DECEMBER

Strengthening partnership between BOAD and the World Bank

On the sidelines of COP 28, BOAD President Serge EKUE and World Bank Vice-President for West and Central Africa Ousmane DIAGANA signed a memorandum of understanding to maximize the potential of development cooperation. This agreement marks a further step in their shared commitment to building a better future for WAEMU's people.

8TH DECEMBER

5th Meeting on BOAD/WAEMU Commission Cooperation Framework

From 6 to 7 December 2023, the 5th meeting of the Cooperation Framework between BOAD and the WAEMU Commission took place. This meeting assessed the implementation of the roadmap, which outlines actions and measures on common issues, and updated it based on new concerns. On 8 December 2023, at BOAD's headquarters, the two Heads of Institutions signed a cooperation agreement to enhance coherence in their initiatives, improve synergies in regional project implementation, and strengthen regional integration and development in WAEMU member countries.

21ST DECEMBER

BADEA acquires a stake in BOAD

Following a favorable opinion from BOAD Board of Directors during its 139th session held on 20 December 2023 in Cotonou, the WAMU Council of Ministers approved BADEA's equity investment in BOAD's capital for USD

30 million on 21 December 2023. This equity investment marks the second phase of BOAD's capital increase project, the first phase of which was completed in December 2022 for XOF554.382 billion.



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FOCUS

Celebrating the Bank's 50th anniversary



Cake cutting by President Serge Ekue and former President Christian Adovelande



Bank employees at the 50th anniversary film screening ceremony



Staff attending the 50th anniversary seminar



Senior Management and the Chairperson of the Scientific Committee for the Fiftieth Anniversary



View of the audience during the Fiftieth Anniversary General Meeting

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Part of the Bank's communication team



Charity donation by the Bank to the Centre Polyvalent Saint-Augustin at Kégué, in Lomé (Togo)



Mr. President and former international soccer player Adebayor motivating the teams





Football teams at the 50th anniversary sporting events









Group photographs of the President with the Management Committee, the Resident Representatives and Bank staffs

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Global economic growth is projected to decelerate to 3.1% in 2023, down from 3.5% in 2022

The WAEMU economies remained resilient despite the deterioration of the international environment

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INTERNATIONAL ENVIRONMENT

In 2024, global economic growth is expected to remain steady at 3.1%, buoyed by stronger-than-anticipated resilience in the USA (strong household consumption and a recovery in post-pandemic services) and in several emerging and developing economies, alongside fiscal support measures implemented in China.

Global inflation is forecast to decline from 8.7% in 2022 to 6.8% in 2023, though it will remain above pre-COVID-19 levels due to tightened monetary policies.





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In advanced economies, excluding USA where the momentum is stronger than expected (constant GDP growth rate of 2.5%), economic activity is set to decelerate, with growth dropping from 2.6% in 2022 to 1.6% in 2023. A projection of 1.5% is expected for 2024. This slowdown is particularly pronounced in the Eurozone, where GDP growth is forecast to fall from 3.4% in 2022 to 0.5% in 2023, on account of weak manufacturing output in many countries. In Japan, the growth rate is expected to improve from 1% in 2022 to 1.9% in 2023.

In emerging markets and developing economies, real GDP growth is anticipated to remain stable at 4.1% in 2023 and 2022. The Chinese economy is expected to experience GDP growth from 3% in 2022 to 5.2% in 2023, driven by the lifting of COVID-19 restrictions in December 2022 and the gradual return to normalcy. India's economic growth rate is projected to reach 6.7% in 2023, supported by robust domestic investment.

In sub-Saharan Africa, the pace of economic growth is set to slow to 3.3% in 2023, after 4% in 2022, due to a decline in output in the region's three largest economies: Nigeria, South Africa, and Angola. Contributing factors include increasing instability, financing difficulties arising from central bank rate hikes, and the repercussions of the Russia-Ukraine conflict.

South Africa's GDP is expected to fall to 0.6% in 2023 from 1.9% in 2022, owing to tightened monetary policy, the impact of the energy crisis and bottlenecks in

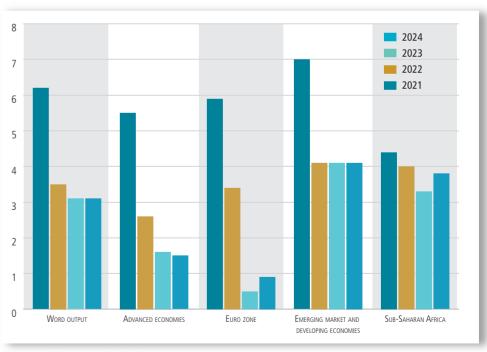
the transport sector. Nigeria and Angola are forecast to grow by 2.8% and 0.5% respectively, due to lower international prices and currency pressures affecting the oil and non-oil sectors. In Sudan, economic activity is anticipated to contract by 12%, mainly due to internal conflict, which has halted production, destroyed human capital and eroded government capacity.

Inflation in sub-Saharan Africa is expected to decrease from 9.3% in 2022 to 7.3% in 2023. As regards debt, 21 countries in the region remain at high risk of debt distress.

Commodity prices fell by 7.5% between February and August 2023, mainly driven by lower energy prices. But the downward trend in cereal prices was temporarily halted by the collapse of the Black Sea Grain Initiative in July 2023.

Inflation in sub-Saharan Africa is expected to decrease from 9.3% in 2022 to 7.3% in 2023

GRAPH 1: ECONOMIC ACTIVITY OVER THE 2019-2023 PERIOD



Source: World Economic Outlook, Update, IMF, January 2024

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ECONOMIC ENVIRONMENT IN THE WAEMU REGION

In 2023, the WAEMU economies remained resilient despite the deterioration of the international environment and the fragile sociopolitical and security situation in some member countries of the region.

The economic growth rate of the Union is expected to reach 5.6% compared to 5.7% in 2022, on account of the continued dynamism across all sectors and the decelerated inflation.



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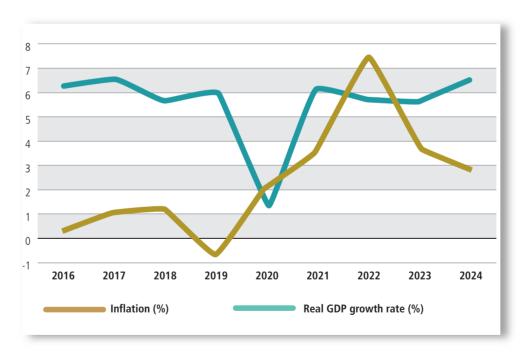
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This performance is mainly driven by improved activity in the secondary (7.8% in 2023 compared to 5.1% in 2022) and tertiary sectors (6.5% compared to 5.6% in 2022), despite the slow-down observed in the primary sector (2.2%)

compared to 6.8% in 2022). In the secondary sector, activity was driven by the continued dynamism of extractive activities, the recovery of manufacturing activities, and the boom in construction and public works, fostered by the acceleration of major projects. The tertiary sector recorded continuous improvement in branches such as transport, tourism, hospitality, as well as the strengthening of activities in the "banking, insurance, and other services" sub-sector.

GRAPH 2: GROWTH AND INFLATION RATES IN THE WAEMU OVER THE 2016-2023 PERIOD



Source: Multilateral Surveillance Implementation Report, December 2023

By member country, the growth rates would be as follows

Benin+6.1%
Burkina Faso+3.6%
Côte d'Ivoire+7.0%
Guinea-Bissau+4.2%
Mali+5.2%
Niger+4.4%
Senegal+4.1%
Togo+6.4%

In 2023, the average annual inflation rate in the Union should be 3.7% compared to 7.4% in 2022

By country, the inflation rate would be as follows:

Burkina Faso .+0.9 Côte d'Ivoire .+4.3 Guinea-Bissau .+7.1 Mali .+2.1 Niger .+3.7 Senegal .+6.0 Togo .+5.2	Benin+2.	7%
Guinea-Bissau .+7.1 Mali .+2.1 Niger .+3.7 Senegal .+6.0	Burkina Faso+0.	9%
Mali .+2.1 Niger .+3.7 Senegal .+6.0	Côte d'Ivoire+4.	3%
Niger +3.7 Senegal +6.0	Guinea-Bissau+7.	1%
Senegal+6.0	Mali+2.	1%
3	Niger+3.	7%
Togo+5.2	Senegal+6.	0%
	Togo+5.	2%

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HUMAN AND SOCIAL DEVELOPMENT IN WEST AFRICA

According to the UNDP Human Development Report 2023-2024, rich countries achieved record levels of human development in 2023, while half of the poorest countries regressed, highlighting a stark disparity in development.



Within the WAEMU region, the Human Development Index (HDI) fell in nearly all countries, with declines ranging from -0.006 in Niger to -0.021 in Benin. The only exception was Togo, where the HDI improved from 0.539 to 0.547 (+0.08). Côte d'Ivoire, which had risen to the rank of medium HDI countries in 2022, saw its HDI drop from 0.55 to 0.534 (-0.016), placing it once again in the group of low HDI countries.

Furthermore, various crises—rising commodity prices, tighter financing conditions, climate emergencies, and food insecurity—have particularly slowed progress towards achieving the SDGs and led to delays in implementing the 2030 Agenda. However, in the WAEMU, the majority of countries achieved index scores above the continental average (53%), with the exceptions of Burkina Faso (52.4%) and Niger (48.3%), as shown in the following graph:

However, a differentiated analysis of the development of several target SDGs under the Djoliba Plan reveals the following:

- No country in West Africa is on track to eliminate poverty in all its forms by 2030. Nearly a quarter of the population, around 30 million people live in extreme poverty, and 42% live below the national poverty line (SDG1).
- Around 47.24 million people are expected to be food insecure in 2023 in West Africa, with 76% of them in the Sahel countries (SDG2).

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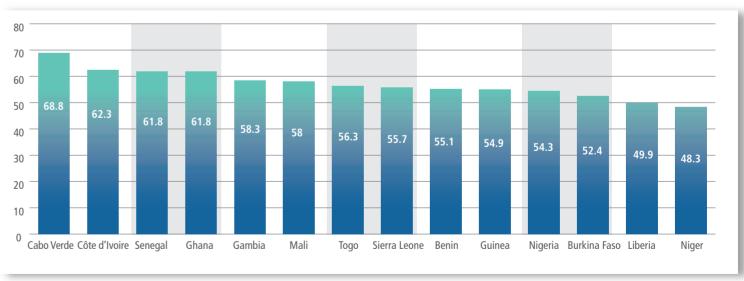
- Only Togo has achieved a primary school completion rate of over 90% as part of the drive to ensure equal access to quality education for all and to promote life-long learning opportunities (SDG4).
- More than 80% of the population in five West African countries, including Mali and Senegal, were using at least basic drinking water services in 2020. In the WAEMU region, with the exception of Senegal, the percentage of people using at least basic sanitation services was less than 50% in 2020 (SDG6).
- Only 42% of the total population and 8% of rural residents have access to electricity, the lowest rates in the world (SDG7).

This means that governments face major challenges in terms of public and private investment, and the following recommendations are made:

- Promoting sub-regional self-sufficiency in the production of agricultural inputs, particularly fertilizers, to increase long-term yields and, by extension, agricultural and cereal productivity;
- Promoting inclusive and equitable development by prioritizing social protection programs, gender equality, and support for marginalized and vulnerable groups;
- Strengthening investment in human capital, particularly in science, technology, and innovation, which are essential for a productive workforce. Skills development must correspond to market demand;
- Harnessing the potential of innovation and digital technology by investing in digital infrastructure, Internet connectivity, and digital literacy;

- Integrating climate action and environmental sustainability into development plans by promoting renewable energy, sustainable agricultural practices, ecosystem conservation, and measures to mitigate the effects of climate change;
- Unlocking the potential of clean and renewable energies by investing in them to improve the energy mix, create jobs and livelihoods for young people, and promote climate action;
- Accelerating electrification by upgrading and expanding energy infrastructure, developing rural electrification programs, and adopting energy sector reforms to encourage competition and efficiency;
- Unlocking industrial potential through inter-regional trade facilitated by the Agreement establishing the African Continental Free Trade Area.





Source: Sustainability Report 2023 (SDSN,2023), our processing.

¹ Each year, the United Nations Sustainable Development Solutions Network (SDSN) SDG Index assesses a country's progress towards achieving the SDGs. It ranges from 0, representing the worst possible situation, to 100, the target to aim for.

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In 2023, the Bank allocated a substantial amount of funding to support WAEMU economies, totaling XOF978.7 billion.

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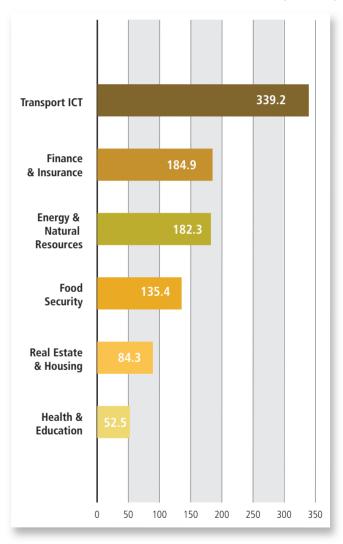


In 2023, the Bank will have allocated a significant volume of funding for WAEMU economies. With an amount standing at XOF978.7 bn, this is 82.1% higher as compared to 2022, and represents an all-time record for the **Bank's operations.**

This situation is the result of the compound effect of the capital increase (Peninsula) and the ramping-up of the operational teams. Medium and long-term loans amounted to XOF858.9 bn, representing 87.8% of total lending, as against XOF75 bn (7.7%) for short-term funding, XOF23.4 bn (2.4%) for equity investments and XOF15 bn (1.5%) for loan guarantees.

The breakdown of funding per area and operational priority is as follows:

GRAPH 4: BREAKDOWN OF FINANCING PER AREA IN 2023 (IN XOF BN)



Source: BOAD services

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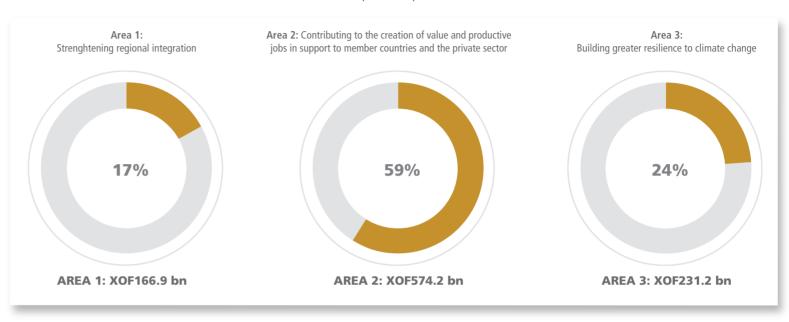
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GRAPH 5: BREAKDOWN OF FUNDING PER OPERATIONAL AREA IN 2023 (IN XOF BN)



With this funding, the Bank's financial support to member countries over the three years of implementation of the Djoliba Plan amounts to XOF1,955.5 bn, representing an achievement rate of 58.2% of the five-year objective



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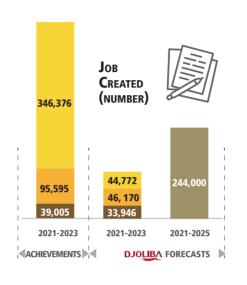
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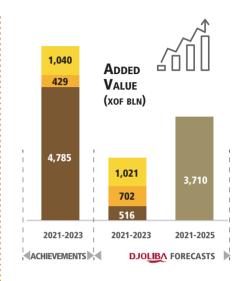
The operational activities for the period are therefore perfectly in line with the Djoliba objectives (60%)

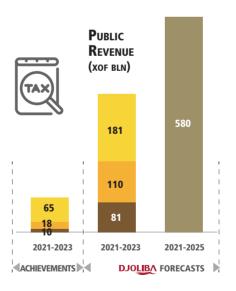
These are reflected in the impact indicators, as demonstrated by the anticipated achievements shown in the following graphs.

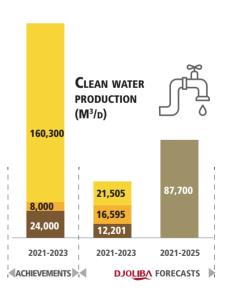


FIGURE 6: SUMMARY OF MONITORING OF NINE (9) IMPACT INDICATORS









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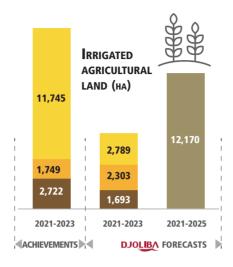
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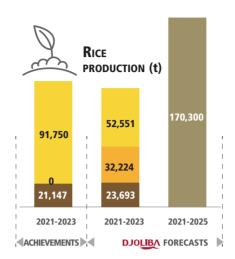
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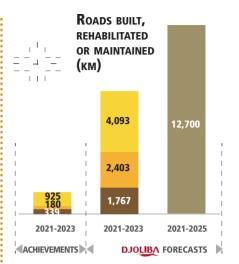
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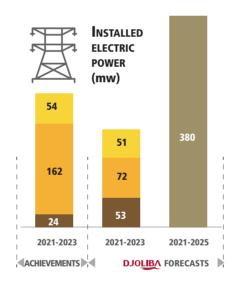
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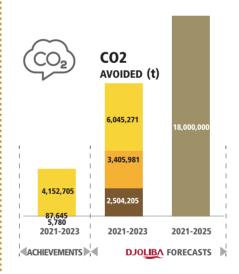
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The evaluation at the conclusion of the third year of the Djoliba plan implementation highlights the need for increased efforts to improve the indicators in relation to the threeyear targets:

roads18.9%	
public revenue25.1%	
carbon dioxide reduction34.8%	

However, when compared to the three-year targets, there has been notable progress in indicators such as:

jobs created	399.5%
drinking water production .	
added value	
irrigated agricultural land .	239%
electricity supply	
rice production	104.1%
and roads built, rehabilitated	
or maintained	75.2%

A better performance is observed for 7 indicators compared to the three-year targets

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SDGs & ALLOCATED FUNDING

Funding granted up to the end of 2023 was directed towards projects that will contribute to achieving 14 of the 17 SDGs listed below:





























According to the type of borrower, in 2023, financing will be marked by a significant increase in the share of the private sector compared to previous years. This share, which was around 25-27%, has now risen to 35%, compared with 65% for public entities (sovereigns and public companies).

TABLE 1: BREAKDOWN PER TYPE OF BORROWER IN 2023

	Funding (XOF bn)	Number of projects	% Financing
Sovereigns	562.8	36	57.5
Public companies	74.6	03	7.6
Private companies	341.3	25	34.9
Total	978.7	64	100

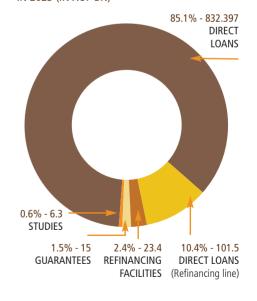
Loans provided will support the implementation of large-scale development projects in the priority areas under the Djoliba Plan, notably transport and digitization infrastructure, food and energy security, and strengthened basic social services (education, health, drinking water, etc.).

In terms of support for the private sector, funding was provided for economic transformation projects that generate jobs and income, in particular:

- supporting the creation or strengthening of cotton ginning and textile development units, cocoa bean processing units, mineral water and alcoholic beverage production units, solid waste processing unites;
- construction of steelworks and flour mills;
- developing regional storage and filling capacity for butane gas, as well as solar power generation;

- strengthening port facilities;
- building and operating commercial complexes;
- improving access for SMEs in the Union to financing tailored to their needs.

GRAPH 7: BREAKDOWN PER TYPE OF FUNDING IN 2023 (IN XOF BN)



Source: BOAD services

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Refinancing facilities were granted to national financial institutions to consolidate their resources and support their pipelines of productive investment projects, amounting to XOF101.5 bn or 10.4% of the year's approvals.

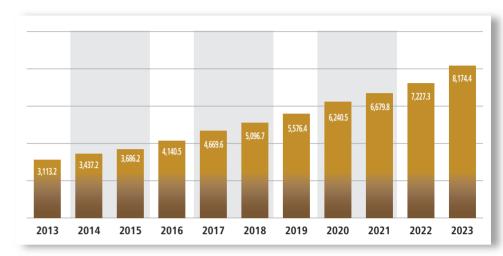
Three equity investments totalling XOF23.4 bn were made to the Société de Promotion et de Participation pour la Coopération Economique (PROPARCO), Africa50 Infrastructure Acceleration Fund and Banque Régionale de Marchés (BRM) in Senegal.

The guarantee activity covered a partial guarantee of a short-term facility of XOF15 bn granted to Compagnie Ivoirienne d'Electricité (CIE) by Banque Atlantique Côte d'Ivoire (BACI).

With regard to project preparation, an amount of XOF6.3 bn has been granted for feasibility studies, bringing the total amount of related funding to XOF50.1 bn by late December 2023. The aim is to improve the maturity of government projects to be submitted for funding by the Bank.

In total, the 2023 funding package brings the Bank's cumulative funding to XOF8,174.4 bn as at 31 December 2023.

GRAPH 8: CUMULATIVE FUNDING BY BOAD (IN XOF BN)



Source: BOAD services

Thanks to the leverage effect of its funding (around 2.3 at the end of December 2023), the Bank is consolidating its role as a catalyst by attracting additional investment to the region from co-donors, for an estimated total amount of XOF18,862.4 bn.

Furthermore, by supporting the development of regional projects, the Bank continues to fulfill its mission of integrating West Africa, as envisioned by its founding fathers and outlined in its Articles of Association. The Bank's total support for this category amounts to XOF2,333.1 bn, representing 26% of its cumulative funding.

Disbursements in 2023 amounted to XOF449 bn compared to XOF387.7 bn in 2022, corresponding

to an increase of 15.8%. The annual disbursement rate (all operations combined) was 20.7%, slightly higher than in 2022 (18.8%). This appreciable level is in line with the Bank's desire to accelerate disbursements under the Djoliba Plan. The cumulative disbursement rate, which represents the ratio between cumulative disbursements (XOF5,497 bn) and cumulative funding (XOF8,174.4 bn) stands at 67.2%.

As a socially responsible institution, the Bank adopts a comprehensive approach to performance, emphasizing not only financial outcomes but also social and environmental impacts. It promotes internal eco-efficiency measures such as utilizing solar energy, reducing paper usage, managing waste, and enhancing energy efficiency. Additionally, the Bank integrates climate change aspects into its projects, assesses environmental and social risks in financed operations, and fosters social dialogue.

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STRENGTHENING REGIONAL INTEGRATION

1. FUNDING

In a bid to consolidating WAEMU economies into a single economic space, the Bank's mission, since inception, has been to support regional integration projects. To this end, in 2023 the Bank approved funding totalling XOF166.9 bn, representing 17% of funding granted over the period. The funding covered mainly:



Bouaké-Kanawolo motorway construction project: Bouaké-Kobo road section (69.5 km), in the Republic of Côte d'Ivoire (XOF30 bn).

It is part of the regional motorway programme (PAR), which involves the development and upgrading to motorway standard of the Abidjan-Bouaké-Burkina Faso border road section of the Cu7a community trunk road (Abidjan-Yamoussoukro-Ferkéssedougou-La Léraba-Ouagadougou-Kantchari-Makalondi-Niamey). It will contribute to regional trade and is expected to create XOF10.492 billion of indirect and induced added-value in the Ivorian economy, to generate indirect and induced tax revenue of XOF416 million to the government, and create 1,121 jobs, including 350 direct jobs.

Project to reinforce the Korhogo-Boundiali road in the Republic of Côte d'Ivoire (XOF26.5 bn).

Its objective is to support the revival of the national economy by facilitating trade between the various localities located in its area of prime concern (ZID) and to facilitate trade with the regions of Bamako, Sikasso and Bobo-Dioulasso via the Boundiali-Tengrela-Mali border road and the Korhogo-Ferkésse-dougou-Mali and Burkina borders road. The contribution to the creation of indirect and induced added-value in the Ivorian economy is estimated at XOF11.101 billion, XOF300 million of indirect and induced tax revenue for the State and the creation of 500 jobs during implementation, including 100 direct jobs during the operation of the project infrastructure.

Proposed upgrading and asphalting of the Niamey exit road to Dosso and the northern and southern bypasses in the city of Niamey, in the Republic of Niger (XOF30 bn).

It will help improve urban mobility in the city of Niamey in order to boost economic exchanges between the various localities crossed by the sections to be developed, and will link up five (5) community roads. Its implementation will create direct jobs (nearly 200 during the execution phase and 300 during the operation phase of the project infrastructure) and 592 indirect and induced jobs during these phases. It will create indirect and induced added-value of XOF10.486 billion for Niger's economy.

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2. MONITORING THE IMPLEMENTATION OF REGIONAL STRATEGIES AND PROGRAMMES

As part of mobilizing resources to finance the Energy Hub Developement Strategy. (SDPE) in the WAEMU region and the WAEMU Regional Programme for the Development of Digital Economy (PRDEN), the Bank, in conjunction with the WAEMU Commission, organized a donors' round-table of from 27 to 28 November 2023 in Abidjan, Côte d'Ivoire, which resulted in financing pledges amounting to XOF6,130 bn.

These financing pledges are as follows:

- World Bank: XOF3,250 bn (USD 5 bn);
- BOAD: XOF1,000 bn;
- EBID: XOF500 bn;
- AFD Group (AFD & PROPARCO):
 at least XOF330 bn (€ 500 million);
- AfDB: XOF325 bn (USD 500 million), at least over three (3) years, with the possibility of a top-up;
- BADEA: XOF325 bn (USD 500 million) of its own:
- IDB: at least XOF200 bn (USD 300 million):
- European Union: at least XOF200 bn (EUR 300 million).

Successful implementation of the aforementioned two programmes (SDPE and PRDEN) should make it possible to tap into energy resources where they are abundant, with a view to achieving economies of scale and taking advantage of the comparative advantages of the various production sources, and to increase the use of digital services in economic and social activities in the WAEMU region.

As part of monitoring the progress of priority projects included in the master plan for the WAEMU growth ring development corridor (Plan CACAO), the Bank took part in advocacy missions organized by the WAEMU Commission for the funding of the aforementioned plan. Discussions also continued with the WAEMU Commission and JICA with a view to organizing the donors' roundtable, scheduled for June 2024 in Côte d'Ivoire.





With regard to the process of preparing for the 9-Pillar Assessment, the Bank received further support, amounting to €4.5 million, to help consolidate the institutional reforms underway at the WAEMU Commission and BOAD. Specifically, under the support programme for institutional capacity building (PARCI III), a technical assistance team will be set up for a period of 36 months to support the WAEMU Commission and BOAD by providing the expertise and training needed to strengthen the administrative (accounting, procurement, finance, internal audit, etc.) and operational (strategic planning, programme budget implementation, project management, monitoring and evaluation system) capacities of the two institutions.

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CONTRIBUTING TO THE CREATION OF VALUE AND PRODUCTIVE JOBS IN SUPPORT TO GOVERNMENTS AND THE PRIVATE SECTOR

1. FUNDING

As part of the implementation of this priority, the Bank invested a total of XOF574.2 bn, representing 59% of the year's funding. Projects with high impact in terms of value creation and productive jobs include:

Programme to clear up the debt of strategic suppliers to Energie du Mali (EDM-SA) in the Republic of Mali (XOF45 bn).

The aim is to ensure continuity of electricity supply to the people of Mali and support the country's economic and social development. Among other things, the project will create more than 1,253 jobs, including 300 direct jobs, and generate XOF11.062 billion of indirect and induced addedvalue and at least XOF8 million of indirect and induced tax revenue.

Construction of 4,300 social and low-cost housing units in Côte d'Ivoire: Tranche 1 of the 1,160 units at Abidjan PK 24 (XOF40bn).

The overall project involves the construction of housing in Abidjan, PK24 (2360), Yamoussoukro (420) and Bouaké (1520), as well as the

development of 3 sites covering a total area of 23 ha in these three towns. This operation, which is BOAD's first contribution to the project, will involve 1,160 homes in Abidjan, in the Yopougon PK 24 industrial zone, and the servicing of the site. The project will create 657 jobs, generate XOF14.609 bn of added value and XOF0.005 bn of indirect and induced tax revenue.



Loan proposal for the partial funding of the proposed construction of infrastructure and systems for the Diamniadio-AIBD section (19 km) of the regional express train (TER) in the Republic of Senegal (XOF35 bn).

This project is meant to improve the mobility of people and goods in the Dakar metropolitan area, through rail transport. It involves the construction and operation of a 55 km-long regional express train line connecting downtown Dakar to the Blaise Diagne international airport (AIBD). Among other things, the infrastructure will enable the daily movement of at least 180,000 people, while helping to reduce road congestion by at least 20%. The project will support the creation of 6,000 jobs during implementation, 1,100 direct jobs and 592 indirect and induced jobs, and the creation of indirect and induced added-value in the Senegalese economy of about XOF10.486 billion.

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The project's overall objective is to create a regional logistics and industrial hub with high-quality infrastructure to drive and encourage industrial production and foster the emergence of a strong national private sector. It will contribute to the creation of XOF11.101 billion of indirect and induced added-value in the Senegalese economy; the generation of indirect and induced tax revenue for the State to the tune of XOF300 million and the creation of 966 jobs, including 245 direct jobs.

Development of urban roads and construction of various networks in Borough IV of the Diamniadio urban pole in the Republic of Senegal (XOF30 bn).

The project aims to relieve congestion in the city of Dakar and provide the population with a better living environment. It will make it possible to i) provide the new town (Borough 4) with a modern wastewater and rainwater treatment and drainage network, including connections to outfalls; ii) make all areas of Borough 4 accessible by building a road network; iii) ensure a continuous and reliable power supply to meet current and future demand; iv) ensure a continuous high-quality drinking water supply. It is expected to contribute to the creation of 245 direct jobs, 506 indirect and induced jobs and 215 jobs during implementation. The project is also expected to generate



XOF10.498 billion of added-value for the economy and XOF0.111 billion of tax revenue for the State.

Construction and operation of the maritime business center by Société Immobilière du Centre des Affaires Maritimes (ICAM) SA in Benin (XOF30 bn).

The center will centralize port administrative activities, bringing together public and private entities operating in the port ecosystem. It will also help increase port activities through better management of the Port Authority of Cotonou (PAC). In 10-year time, it should make it possible to reach the target of 25 million tonnes handled annually by the port. It will help create 1,000 jobs

and generate an added-value of XOF10.504 bn to the Beninese economy.

Emergency project to strengthen the resilience of farmers (PUR-KEBUR) in the Republic of Guinea Bissau (XOF25 bn).

It aims to contribute to achieving food security at national level by facilitating access to production factors for vulnerable target populations, by generating additional annual food production of 53,000 tonnes of paddy rice and 2,000 tonnes of market garden produce. It will contribute to the creation of 1,184 jobs and add-value to the economy to the tune of XOF9.998 million, with estimated tax revenue of XOF0.008 million.

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This funding will ensure that the electricity generated by the CIPREL 5 and AZITO 4 power plants can be evacuated and injected into the interconnected grid, thereby securing the supply of electricity and helping to improve the quality of service. It will create 2,385 jobs, including 2,000 direct jobs, as well as more than 315 indirect and induced jobs, and generate wealth, with at least XOF201.691 bn in indirect and induced added value and XOF0.189 bn in indirect and induced tax revenue per year.

Short-term loan to Société
Nationale Burkinabè
d'Hydrocarbures (SONABHY) to
partially finance its operating
requirements for importing and
marketing hydrocarbons in Burkina
Faso (XOF20 bn).

The aim of the operation is to strengthen the company's short-term financial resources, to enable it to respond adequately to the needs of its customers by importing around 250,000 m3 of hydrocarbons. It will create 333 jobs, add XOF4.507 bn to the economy, generate XOF0.157 bn in tax revenue and increase the level of imported hydrocarbon supplies, estimated at 250,000 m3 per year.



Development of the Medical and Health Research Centre and reinforcement of tertiary reference health infrastructures in Niamey, Niger (XOF20 bn).

The aim of the project is to help improve population healthcare through expertise in health research and quality care. It will help generate XOF7.595 bn in added value, 456 jobs and XOF0.205 bn in tax revenue.

Loan proposal for the partial funding of the second tranche of the project to upgrade and widen the urban section of National Road No. 27 (Bamako-Koulikoro) in Bamako, Republic of Mali (XOF14.780 bn).

The overall objective is to help improve traffic conditions for users (fluidity, comfort and safety) in the city of Bamako, particularly in communes I, II and III, which are crossed by the project. The investments will contribute to the creation of XOF5.318 million of indirect and induced added-value in the Malian economy, the generation of XOF226 million of indirect and induced tax revenue for the State, the creation of 320 direct jobs during implementation and 446 indirect and induced jobs during the project execution and operation phases.

2. ARRANGEMENT MANDATES

By the end of 2023, the Bank has facilitated the mobilization of XOF2,026.5 bn in resources for the benefit of the member countries and various companies of the Union, with a view to carrying out their investment projects.

In addition, the due diligence carried out in connection with all the fund-raising mandates under active appraisal led to the signing of five (5) arrangement mandates during the year, for a cumulative amount of XOF166.539 billion.

3. FINANCIAL SUPPORT TO MEMBER COUNTRIES AND REGIONAL INSTITUTIONS

In 2023, XOF183.06 million were awarded by the Bank in the form of grants to the WAEMU Commission and member countries (Burkina-Faso, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo) to support capacity-building activities, the acquisition of equipment, the organization of workshops or forums, and the implementation of non-profit projects. Specific support has been granted to Benin for its participation in COP28 in Dubai.

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BUILDING GREATER RESILIENCE TO CLIMATE CHANGE

1. FUNDING

During the year 2023, the Bank continued its efforts to strengthen resilience to climate change by approving financing for projects in this area totalling XOF231.2 bn, around 24% of its lending for the year. Projects that contribute to the results of this area are mainly:

Development of agricultural infrastructure and opening up the lower and middle Ouémé valley (PDIAD-BMVO) in the Republic of Benin (XOF28 bn).

The overall aim of the project is to help improve the security and living conditions of target populations in the Ouémé valley by developing irrigated areas, building access roads and crossing structures, as well as socio-economic infrastructure. The project will contribute to the creation of XOF200 million in tax revenue and XOF38 million in added value; (ii) the creation of 6,100 direct, indirect or induced jobs; and (iii) an increase in family income.



Construction of three (3) retention basins, collectors and roads as part of the Cotonou stormwater drainage programme (PAPC) in the Republic of Benin (XOF22 bn).

The project will strengthen Cotonou's stormwater drainage network, helping reduce the population's vulnerability to flooding and promote the creation of sustainable socio-economic infrastructure. The investments will contribute to i) creating XOF7 billion of indirect and induced added-value in the Beninese economy; ii) generating indirect and induced tax revenues for the State to the tune of XOF274 million; iii) creating 300 jobs during implementation, 600 direct jobs during the operation of the project infrastructures and 585 indirect and induced jobs during the implementation and operation of the project.

Development of urban arterial roads and drainage works in the city of Bissau, in the Republic of Guinea-Bissau (XOF15 bn).

The overall objective of the project is to contribute to improving urban mobility and the living environment of the populations in the project area through the construction and rehabilitation of five (5) structuring streets in the city of Bissau. This investment will contribute to creating XOF8.969 billion of indirect and induced added-value in the Guinean economy; ii) generating XOF360 million of indirect and induced tax revenue for the State; iii) creating 225 jobs during implementation and 587 indirect and induced jobs during implementation and operation of the project.

Construction of a 20 MW photovoltaic solar power plant by Société Nationale d'Electricité du Burkina (SONABEL) in Koudougou, Burkina Faso (XOF14.58 bn).

The overall aim of the project is to help boost the use of new and renewable energies in the energy mix and reduce energy production costs. It will ensure better coverage of demand and secure the country's electricity

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supply by: (i) increasing installed capacity by 20 MWp; (ii) helping to achieve the target of 15% renewable energy in the energy mix by 2025; and (iii) increasing the rate of access to electricity for the population. Around 17,500 additional households will have greater access to electricity and greenhouse gas emissions will be reduced by the equivalent of 18,000 tonnes of CO2 per year. In addition, the project will lead to the creation of 200 jobs during project implementation, 11 direct jobs during project operation and 445 indirect and induced jobs during project implementation and operation, and the annual generation of at least XOF6.009 billion in indirect and induced value added and XOF209 million in indirect and induced tax revenue.

Construction and operation of a 30 MWp photovoltaic solar power plant with a 15 MW/45 MWh storage system at Niakhar in Senegal by TERANGA NIAKHAR STORAGE (XOF15 bn).

The financing of this project is designed to help meet electricity demand more effectively and secure the country's electricity supply. It will contribute (i) to creating added value for the Senegalese government, with taxes to be collected amounting to XOF3.244 bn and tax revenues of XOF0.893 bn (ii) to creating 776 direct and indirect jobs (iii) increasing the level of national electricity production, with an output of at least 63.24 GWh per year.

2. ENVIRONMENT AND CLIMATE FINANCE

The Bank has continued its efforts to strengthen the resilience of economies to climate change and improve the living conditions of vulnerable populations.

With regards to environmental and social management of projects promoted or financed, the Bank conducted field missions to assess environmental, social and gender aspects. Environmental and social studies were carried out on 54 projects.

In terms of climate finance, the Complete Document of the Project to building smallholder farmers resilience through climate-smart agricultural techniques in the regions of Oio and Cacheu Nord in Guinea-Bissau was approved in December 2023 by the Board of Directors of the Global Environment Facility (GEF) for US\$ 2 million (XOF1.200 bn) in the form of a grant.

Regarding climate mainstreaming into the Bank's operations, the Bank now has: i) a climate policy approved by the Board of Directors; ii) project appraisal and supervision manuals (adaptation and mitigation); iv) climate mainstreaming guides (adaptation and mitigation) and v) a climate project reporting manual. In addition, the concept note for the Climate Study Fund (CSF) has been approved by the Bank's governing bodies. The procedures manual for the Climate Study Fund has also been produced. The institution is therefore equipped to progressively integrate adaptation and mitigation components into the projects it finances, while complying with international standards in this area.

In terms of mobilising climate finance resources, XOF40 bn were raised from the CDP (Italian Government Climate Endowment Fund). Similarly, the approval of the project to strengthen the resilience of small-scale farmers through climate-smart farming techniques in the Oio and Cacheu Nord regions of Guinea-Bissau led to the GEF making available XOF1.300 billion.

With respect to gender, the Bank has systematically carried out a gender analysis of all projects submitted for financing. Depending on the nature of the projects, gender action plans have been drawn up and included in the ESMPs. As regards the Regional Collaboration Centre (CRC), an entity set up in collaboration with the UNFCCC, its activities focused mainly on participation in international meetings that enabled the Bank to reaffirm its position as a key partner of countries in the sub-region in the fight against climate change: i) the Africa Climate Summit in Nairobi (Kenya) and ii) the first edition of the West Africa Carbon Hub in Abidjan (Côte d'Ivoire).

In addition, BOAD has renewed for one year its Framework Agreement with the United Nations Framework Convention on Climate Change (UNFCCC) for the continuation of CRC activities.



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BOAD participates in the first edition

of the West African Hub on Carbon Markets

A delegation from the Bank led by the Director of the Innovation and Sustainable Development Department travelled to Abidjan in Côte d'Ivoire from 26 to 28 September 2023 to take part in the first edition of the West Africa Carbon Hub. The three days were punctuated by meetings, working sessions, workshops and negotiations.

In terms of outcomes of the event: (i) Stakeholders in the sub-region should work together to strengthen West Africa's participation in carbon markets, in support of the region's climate objectives and sustainable development; (ii) Capacity building is necessary for the successful and equitable adoption of carbon markets in the sub-region. This includes developing local expertise to develop, certify and technically support the development of carbon market projects in West Africa; (iii) Carbon markets should offer equitable benefit sharing for all relevant stakeholders, including governments, business owners and local communities where appropriate.

It is worth highlighting the Bank's participation in the 28th Conference of the Parties on Climate Change (COP 28) held from 30 November to 12 December 2023, in Dubai, United Arab Emirates. This participation allowed BOAD to incorporate its actions as part of the resolutions under the Paris Agreement on Climate Change, which will open up financing opportunities, notably in the implementation of Member countries' NDCs.

NSET 2

BOAD's participation in the 28th Conference of the Parties (COP28)

in Dubai, United Arab Emirates (UAE)

A BOAD delegation led by the President, Serge Ekue, took part in the 28th Conference of the Parties (COP 28) of the United Nations Framework Convention on Climate Change (UNFCCC) held in Dubai, United Arab Emirates (UAE), from 30 November to 12 December 2023.

Meetings, working sessions, brainstorming workshops and negotiations punctuated these two weeks.

In terms of the results of COP28, six important points can be noted:

- i) the launch of the Loss & Damage Fund, for which a diversified Board of Directors will be set up and the fund will be managed by the World Bank. Initial pledges to the fund amount to more than \$650 million.
- ii) With the \$100 bn target not yet reached, an agreement to develop a post-2025 financing target before COP29 has been settled;
- iii) the emphasis on support for strategies to adapt to the impacts of climate change was emphasized at this COP with regard to

the global objective on adaptation. The final text maintains the calls to double funding for adaptation and plans to assess and monitor adaptation needs in the coming years;

- iv) With regard to the long-awaited global report card on limiting temperature rises to a maximum of 1.5°C, the decision was taken to opt for an energy transition rather than a radical phase-out of fossil fuels;
- v) As no agreement has been reached on carbon markets, the key issues relating to the permanence of declared reductions/removals will have to be addressed at COP29;
- vi) On just transition, further work will be needed to define what just transition means in quantitative terms, from emissions trajectories to climate finance obligations.

Nature has also been mentioned directly in the global adaptation goal, which speaks of "accelerating the use of ecosystem-based adaptation and nature-based solutions", and it is increasingly recognized that climate objectives require a positive attitude towards nature.

The Bank has also conducted two studies to promote collaborative instruments for ambitious climate action. These include: i) the environmental and economic impact assessment of a carbon tax in Senegal, the preliminary results of which are now available, and ii) the study on the various carbon pricing initiatives in Nigeria. Capacity-building sessions for stakeholders on market mechanisms and Article 6 of the Paris Agreement were also organized online and in conjunction with the African Climate Summit.

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1. DEEPENING THE RESOURCE MOBILIZATION PROCESS



A. Agreements signed with partners in 2023

With regard to lines of credit, during the 2023 financial year, the Bank's Board of Directors approved loans totalling 465 million euros, or XOF305 bn, for the following projects:

- a loan from Sumitomo Mitsui Banking Corporation (SMBC) to BOAD for an amount of 100 million euros, i.e. XOF65.6 bn;
- a second loan from Cassa Depositi e Prestiti (CDP) to BOAD for an amount of 100 million euros. i.e.XOF65.6 bn:
- a third line of credit from the China Development Bank (CDB) to BOAD for an amount of 150 million euros, i.e. XOF98.4 bn;
- a loan from First Abu Dhabi Bank (FAB) to BOAD in the amount of 100 million euros, i.e. XOF65.6 bn;
- a grant of 15 million euros, i.e. XOF9.8 bn, from AFD to BOAD, intended to subsidize loans under the "SONGTAABA" quick impact emergency programme and to set up the Climate Study Fund (FEC).

In addition, five (5) financing agreements were signed for a total amount of €295 million, or XOF193.5 bn:

- CDP for EUR60 million, or XOF39.4 bn.
- OPEC Fund for €50 million, or XOF32.8 bn,
- AFD Grant for € 15 million, or XOF9.84 bn.
- AfDB for €70 million, or XOF45.9 bn, and
- SMBC for € 100 million, or XOF65.6 bn.

During the year, the Bank also completed the first tranche of the US\$600 million (approximately XOF300 bn) subordinated debt issuance programme in the form of private equity with institutional or public investors. This first tranche of USD 100 million (XOF60 bn) was carried out with BADEA. This transaction is unprecedented and strengthens BOAD's position as a pioneering institution in terms of financial innovation at the service of development in the WAEMU zone.

B. Lines of credit received from partners

Drawings totalling XOF144.3 bn (€220 million) were made on the following lines:

- KfW for € 70 million, or XOF45.92 bn,
- OPEC Fund for € 50 million, or XOF32.8 bn.
- SMBC for € 100 million, or XOF65.6 bn.

C. Subsidy resources

The strengthening of the subsidy mechanism for the financing of projects through concessional loans continued in 2023, for XOF27 billion provided by member countries and community institutions (WAEMU Commission, BCEAO and BOAD), bringing the total subsidy resources to XOF247.154 bn over the period 2016-2023.

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D. Cooperation and promotion of partnerships

In a bid to respond appropriately to the financing needs of its member countries, BOAD continued to diversify and strengthen its partnerships, mobilize appropriate resources and pursue the process of preparing for accreditation to the EU 9 Pillars.

As part of intensified and broadened cooperation ties, several high-level missions were carried out: (i) to India and China as part of the Peninsula Project and the Bank's desire to strengthen and deepen its partnership with these countries, (ii) to Berlin as part of the Bank's bid for the Presidency of the IDFC Club, (iii) to the World Bank headquarters and to Dubai as part of COP28, where BOAD signed a EUR20 million loan agreement with FinDev Canada.

The Bank also took part in 27 international meetings, including:

- the AfDB Annual Meetings in Sharm El Cheick (Egypt),
- The IDB Annual Meetings in Jeddah (Saudi Arabia),
- the Afreximbank Annual Meetings in Accra (Ghana).
- the Africa50 General Assembly in Lomé, which saw the signing of an MoU with the International Solar Alliance (ISA),
- the Annual Meetings of the World Bank and the IMF in Marrakech (Morocco), etc.

A number of agreements were also signed with international institutions during the year:

- BADEA: Signing of the US\$400 million loan agreement for the benefit of the 8 WAEMU member countries, for their participation in BOAD capital increase, or \$50 million per country (category A shareholder).
- BDEAC: signing of a memorandum of understanding with the Banque de Développement des Etats d'Afrique Centrale (BDEAC), the aim of which is to share BOAD's experience in various areas, notably in preparing for international rating, transitioning to IFRS standards, human capital procedures and raising funds on the international market.
- ICIEC: signing of a memorandum of understanding with the Islamic Corporation for Insurance of Investments and Export Credits (ICIEC), the insurance subsidiary of the Islamic Development Bank, with a view to diversifying the Bank's portfolio insurance partners and benefiting from experience sharing and capacity building for the Bank's staff.

With regard to continuing the process of preparing for accreditation to the 9 pillars in order to be eligible for indirect management of the EU budget, steps undertaken during the year under review to bring the Bank up to standard. The upgrading roadmap and additional questions from the EU are currently being processed.

2. MAJOR INITIATIVES FOR STRENGTHENING THE BANK'S OPERATING CAPACITY

The main projects to be pursued in 2023, in line with the impact objectives of the Djoliba Plan, relate to strengthening equity capital and optimizing the balance sheet (securitization and insurance of the Bank's loans).

A. Strengthening shareholders' equity

The PENINSULA project to strengthen equity capital to an amount equivalent to US\$ 900 million continued with the confirmation of shareholder subscriptions. Following the calls for funds, some non-regional shareholders paid up part (Belgium and France) or all (Germany and the EIB) of their share of the capital.

The Bank also completed a 1st subordinated debt bond (KATTAN^[1] project) for US\$100 million with BADEA. A second subscription for EUR100 million is also being negotiated with another partner.

B. Securitisation

A receivables securitization deal worth XOF150 bn was closed in 2023. Launched on 20 March and

^[1] Subordinated debt issuance programme approved by the Board of Directors at its meeting of 20 September 2022, authorizing the Bank to issue US\$ 600 million of subordinated debt in the form of private placements with institutional or public investors. KATTAN means strength in Wolof, referring to the strengthening of the Bank's financial structure.

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closed on 27 April, all tranches of the deal have been subscribed.

This operation is fully in line with the more agile management of the balance sheet with a view to increasing the institution's operational efficiency. The savings in equity should enable the Bank to set up new loans up to the amount of the equity released, thereby strengthening the institution's intervention capacity.

C. Credit insurance

The Bank has subscribed a XOF278 bn credit insurance policy with a pool of leading private insurers, bringing the total portfolio of insured loans to 11%. The implementation of this policy marks a milestone in the deployment of the "originate to distribute" method. Its main aim is to optimize the use of capital, increase the institution's intervention capacity and improve its risk profile.

These securitization and insurance operations have resulted in an estimated saving of XOF120 bn in risk-based capital, which should provide a safety cushion for the Bank in the short term and additional intervention capacity in the longer term.

The Bank has subscribed a XOF278 bn credit insurance policy with a pool of leading private insurers, bringing the total portfolio of insured loans to 11%



3. OTHER PROJECTS

The Keur Samba project, under implementation, aims to create a securitization vehicle (SPV²) in which governments, BOAD and local and international institutional investors will be able to invest. Commercial bank receivables will be securitized in this way in order to lighten their balance sheets and raise new resources to increase their financing for SMEs/SMIs. Due diligence is still underway to finalize the structuring of this transaction.

² Special Purpose Vehicle

During the year, the following actions were carried out with all stakeholders:

- the certification of loans from bank selected for the transaction;
- the financial rating of the transaction and
- the finalization and filing of the information memorandum with the AMF-UMOA. Discussions are also underway with the International Finance Corporation to include it in the transaction as a reference investor.

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STRENGTHENING HUMAN RESOURCES AND MANAGEMENT SYSTEMS

1. HUMAN RESOURCES MANAGEMENT

As at 31 December 2023, the operational staff stood at 337, including over a third (37.10%) of women. Taking into account staff on leave (5) and on secondment (5), the Bank's total staff as at 31 December 2023 was 347.

Staff movements (entries and exits) resulted in an increase of 3.7% in the total number of staff, i.e. 11 more as compared to 2022. In 2023, BOAD continued to renew its staff with the entry into service of twenty (20) new recruits in various positions within the Bank. Over the last three (3) years, the Bank has recruited a total of 64 staff members, including 25 women (39.06%) and 39 men (60.94%).

TABLE 2: BOAD OPERATIONAL STAFF FROM 2020 TO 2023

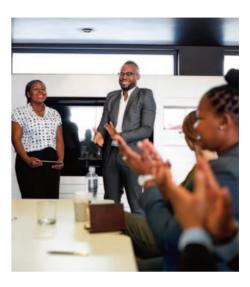
Category	Staff as at 31.12.2020	Staff as at 31.12.2021	Staff as at 31.12.2022	Staff as at 31.12.2033
Professional staff	182	184	213	227
Support staff	117	115	113	110
TOTAL	299	299	326	337

As part of promoting gender, the YENNENGA programme was continued in 2023. Thus, a second wade of twenty-seven (27) women from the Bank was trained of the theme Women leadership, bringing to fifty-four (54) the total number of women who have benefited from this program, implemented in collaboration with HFC Paris.

In addition to the YENNENGA programme, and in line with the Bank's policy of strengthening staff skills, two other programmes were implemented in 2023. These are the Executive

Leadership Program (ELP) and the Advanced Management Program (AMP). These special programmes were implemented in collaboration with BEM Management School and KEDGE Business School and targeted the Bank's Top Management and High Potentials respectively.

As part of the same drive to build capacity and develop the skills of its staff, and in line with its programme of activities, the Bank has made its Digital Campus operational. Similarly, the new language laboratory welcomed its first learners in 2023.



2. GOVERNANCE MANAGEMENT

A. Governance, control system and risk management

The Bank continued to strengthen its governance in the areas of ethics and the fight against fraud and corruption, as well as internal audit and external control.

Ethics, prevention and the fight against fraud and corruption

The Bank has continued to consolidate its system by carrying out investigations, assisting the Ethics Committee and stepping up communication and training initiatives for Bank staff and partners. Collaboration with institutions in charge of fighting corruption and fraud in WAEMU member countries has also been strengthened, in particular through the signing of memoranda of understanding with the Côte d'Ivoire anti-corruption and fraud authorities.

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> Internal Audit

An internal assessment was carried out in accordance with the Quality Assurance and Improvement Programme (QAIP). Recommendations made will enable the process to be continuously improved and its compliance with international professional standards to be strengthened.

The implementation of Internal Audit recommendations helps strengthen the Bank's internal control system and risk management.

Moreover, the audit charter and the three-year audit plan were updated to adapt them to changes in the Bank's environment. In addition. the Audit Committee held its ordinary meetings during which it examined: i) the reports on the institution's accounts, which were certified without reservation by the Statutory Auditors, ii) the interim financial statements as at 30 June and 30 September 2023, iii) the portfolio position as at 30 September 2023: iv) the 2023 balance sheet and the draft Internal Audit activity programme for the 2024 financial year, which it approved and v) the 2023 balance sheet and the draft Investigation Department activity programme for the 2024 financial year, which were validated.

External Audit

KPMG Togo, in its capacity as Statutory Auditor, has certified without reservation the accounts of the Bank, the FDC and the FDE for the 2022 financial year. These accounts have been approved by the Council of Ministers. The latter carried out a limited review of the interim financial statements as at 30 June 2023, in accordance with IAS 34 of the IFRS accounting framework.

> Procurement monitoring

It covered both contracts financed under the Bank's operations and internal procurement. It aims to ensure that procurement processes comply with the Bank's policies and procedures. As part of the dissemination of the Bank's procurement procedures, training activities were carried out for Bank staff and public procurement stakeholders in Mali, Côte d'Ivoire and Burkina Faso. In addition, as part of the Bank's accreditation for the delegated management of European Union resources, the Bank has revised its procurement procedures to comply with the requirements of this EU. The revision was approved by the Board of Directors at its September 2023 meeting.

Coordination activities of Resident Missions (RM)

The activities continued during the FY2023, with a stronger focus on operations, in particular the monitoring of projects financed and the identification of new business opportunities, through the preparation of monthly reports on the operational activities of the Resident Missions.

A study aimed at further decentralizing certain operational activities from Headquarters to the Resident Missions was carried out during the first half of 2023. The study's report made a series of twenty-two (22) recommendations, the implementation of which will follow an orderly and gradual approach. The Resident Missions (RMs) of Côte d'Ivoire and Senegal will be concerned in the first stage. The process will be extended to the other RMs, in particular Benin, as soon as the construction work on the building currently under way in that country is completed.

> The Board of Directors

It held six formal meetings in 2023 (28 March, 8 May, 26 June, 20 September, 20 November and 20 December). These meetings enabled the Board to approve, among other matters, BOAD's accounts for the

year ended 31 December 2022, the Revised Updated Financial Outlook 2023-2027, the Updated Financial Outlook 2024-2028, the Programme Budget 2024-2026, thirtyeight (38) proposals for medium and long-term loans including two supplementary loans; four (4) proposals for the establishment of loans in favour of BOAD.

The WAMU Council of Ministers

It held five, including four (4) ordinary sessions, one (1) extraordinary session and two (2) home consultation procedures. At these sessions, the following items were approved: (i) BOAD's 2022 Annual Report, (ii) BOAD's annual accounts for the year ended 31 December 2022, (iii) the revised updated Financial Outlook 2023-2027, (iv) the amendment of BOAD's Articles of Association following the decision to increase the capital made at the end of December 2022. (v) the establishment of a Fund for the financing of feasibility studies for "climate" projects in WAEMU member countries, (vi) the updated Financial Outlook 2024-2028, (vii) the note relating to the entry into the capital of BOAD of the Arab Bank for Economic Development in Africa (BADEA), (viii) the note relating to the waiver of BOAD's immunities and privileges, in the context of the granting of loans by certain partners.

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> Risk management,

Activities to strengthen the governance system, management and monitoring of all areas of risk (credit, financial and operational) continued.

Credit and financial risk management

The Bank continued to play a key role in the project appraisal cycle (from the identification stage, through appraisal, to involvement in credit risk mitigation measures): i) the selection of projects to be financed by the Bank together with Risk Management, which takes part in all internal project review committees (Commitments Committee and Project Approval Committee) and issues second opinions on commercial projects to be financed by BOAD; ii) ongoing monitoring to ensure compliance with intervention limits in line with the Statement of Risk Appetite and the guidelines of the internal note on risk-taking levels and iii) the full involvement of Risk Management in the process of closing the accounts, with the important component of estimating impairment of debt instruments and adjusting the value of equity instruments, in accordance with IFRS9. The Bank's solvency ratio is also regularly monitored through the periodic assessment of the adequacy of capital to commitments, with a quarterly estimate of the level of the adequacy ratio (CAR, internal standard and Fitch and Moody's standard). The Assets/Liabilities Management Committee, which continues to meet quarterly, monitors the appropriate matching of resources to uses.

Reporting on credit risk to the governing bodies

The status of the portfolio was regularly presented to the Risk Committee.

Other activities relating to credit and financial risk management

They include: i) completing the independent assessment and backtesting of internal rating models (six rating models based on the nature of the counterparty and the type of transaction), ii) maintaining risk management tools: data extraction tool for submission to the GEMs Consortium, tools for estimating impairments and economic capital consumption of operations to be financed, iii) participation in meetings of the GEMs Consortium working groups, iv) drafting of a formal procedures manual for issuing second opinions on commercial projects to be submitted to the Bank's Board of Directors, v) organization of training sessions on the Risk Appetite Framework and the Economic Capital model as well as on Assets/Liabilities Management (ALM).

Operational risk management

The usual tasks carried out was structured around: i) updating the mapping of operational risks as at 31/12/2022, which revealed an operational risk profile that is generally under control, with only 2% of residual high risks; ii) defining action plans for mitigating residual high risks via a framework of collaboration with the Permanent Control Department and the owners of the risks concerned; these action plans have begun to be implemented; iii) assessing the specific systems linked to high-impact risks that could significantly disrupt the Bank's activities (physical and information security, business continuity, etc.) with peculiar attention to the Business Continuity Plan (BCP), which was the subject of a series of tests relating to its maintenance in operational condition, in which the Risk Department participated; iv) assistance to the CISO in drawing up a new methodology for analyzing the risks inherent in information security, in

line with the mapping of operational risks; and v) participation by the Risk Department in the audit to monitor the Bank's certification to the ISO 27001 standard relating to the ISMS; vi) raising awareness and building the capacity of those involved in 1st level operational risk management (risk owners) and vii) monitoring controls at 1st , 2nd and 3rd levels in collaboration with the Financial Control and Permanent Control departments and the Auditor General's Office.

Strengthening of the Operational Risk Management System

The following initiatives have been taken to strengthen the operational risk management system: i) a benchmarking mission carried out with AFD, with a view to drawing inspiration from current ORM practices; ii) the drafting of an "operational risk management policy" document and iii) the involvement of Risk Management in the design/appropriation of the Risk Management module of SAP's GRC (Governance, Risk & Control) tool in accordance with the ORM methodology adopted by the Bank and the successful completion of UAT (Users Acceptance Tests) of the functionalities implemented.

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Activities relating to the steering of results- and performance-based management

The 2023 financial year, like the previous one, focused on continuing work to modernize management tools. Work has begun on implementing the budget manage-

ment modules on the SAP S4/HANA ERP (Funds Management for budget execution management and SAP Analytics Cloud for planning, for budget preparation), with actual kick off scheduled for 2024. The design documents, feedback workshops and user tests for this tool were completed in 2023. At the same time, budget manage-

ment via traditionally used mechanisms by the Bank continued, with the production of related reports.

The monitoring of the performance of the responsibility centres, as well as that of the key institutional, financial and operational performance indicators of BOAD, have reassured Senior Management in its management decisions. At the end of this financial year, the 2024-2026 programme budget was drawn up and approved on 20 December 2023 by the Board of Directors despite the constraints linked to the timetable for the Bank's fiftieth anniversary celebrations.



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B. Energy savings, safety and asset management

> Energy efficiency programme

The Bank has continued to strengthen its energy mix. The annual production of the three solar power plants (Headquarters, Residences of the President and Vice-President FI) in 2023 is estimated at 25.96% of the total energy consumption of the three buildings, compared with 24.79% in 2022. In terms of its carbon footprint, the Bank saved 56.36 tonnes of CO2 in 2023, compared with 45.20 tonnes in 2022. The Bank also acquired its first electric vehicle, confirming its commitment to reducing greenhouse gas emissions in the area of transport.

Improving the safety of people and property

The year 2023 was marked, among other things, by the implementation of recommendations arising from internal and external audits of the Bank's security and the evaluation of the security of Resident Missions, the finalization and updating of regulations relating to physical security, the launch of project no. 5 of the SIRBA plan to secure the mana-

gement of physical security assets, followed by security work on the extension to the Headquarters annex building, the implementation of the staff security programme and measures to raise awareness of Headquarters security measures among users and members of staff.

Implementation of recommendations from the internal and external audits of the Bank's fire safety and from the assessment of the safety of the Resident Missions started this year, with certain specific projects such as the upgrading and extension of the automatic gas extinguishing installations (IEAG), the inspection of the Headquarters' electrical installations and the insulation of the Headquarters' electrical premises. First aid and fire safety training courses have been launched in 4 Resident Missions, and work has begun on securing the staff residences of Resident Missions, with the launch of the project in a pilot RM.

The physical security policy and the guide to rules for the security of people and property were updated with the publication of regulations 2023-005 and 006 on 4 July 2023.

The year 2023 was also marked by the launch of projects under project 5 of the SIRBA plan: cybersecurity and the implementation of remote access to physical security assets. To this end, a Project Management Assistant (PMA) was recruited, specifications were drawn up and consultations launched.

With regard to the extension to the annex building, work to install security assets (access control, antitheft devices for documentation and video surveillance) and fire safety (fire detection, extinguishers, armed fire valves) was supervised throughout the year, with provisional acceptance scheduled for 2024.

The special protection programme for staff, particularly lone female staff, was also put in place during the year.

Finally, actions to raise awareness of safety issues among Head Office users and members of staff continued. 66% of head office users were made aware of the issue, including 99% of Bank staff and 62% of permanent service providers. A session was also organized for BOAD TITRISATION on safety during business travel.

Business Continuity Plan (BCP)

The Bank continued to update its BCP documentation and emergency plan.

The entire business continuity capacity-building programme has been completed, with training for members of the Operational BCP Committee, technical teams and business continuity correspondents.

The annual programme of BCP tests was 100% completed, including crisis communication and fire alarm tests. The annual IT test and the user test extended to crisis communication and fallback logistics were also successfully organized.

Business continuity awareness training has been provided for all staff. It should also be noted that throughout 2023, the teams in charge of business continuity actively participated in the preparatory work for the construction of BOAD building in Cotonou, which will house the Bank's first back-up site for users, and eventually the IT back-up site. 76% of BCP audit recommendations were implemented by 2023.

> Improving working environment

The preventive maintenance programme and remedial work on the Bank's technical installations were fully implemented.

Furthermore, work on the extension to the first floor of the annex

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building, which is to house the new info shop, was completed and brought into service. Through this project, the Bank now has a storage capacity of 4,000 linear metres for its archives, as well as modern facilities for managing all its documentation.

Finally, in terms of property assets, it should be noted that the Bank acguired an official residence for the Vice-President Support & Control. It also acquired a 3,000 m² plot of land at Diamnadio in Senegal, and a plot of land in the new Cité financière in Cotonou, Benin. This plot of land will house the future building to house the backup site, the resident mission, the residence of the Head of Mission and a business centre. The relevant call for tenders has been launched and construction is due to start in the second half of 2024.



C. Implementation of the Bank's CSR policy and strategy

As part of the implementation of its CSR policy and strategy, the Bank has undertaken a number of initiatives to help it achieve its objectives:

CSR Acculturation Day for the COMEX and CODIR of BOAD

Held on 11 and 12 July at Aného in Togo, the CSR Acculturation Day for the Excom and Management Committee aimed to raise awareness among members of the Bank's Executive Committee and Management Committee of the new challenges of CSR and the ESG approach. It is part of an approach aimed at establishing transmission belts within the Bank and providing relays to ensure the dissemination of this CSR culture.

Updating the Bank's CSR materiality matrix

Following a number of working sessions with internal and external stakeholders and with Goodwill-Management Firm, around twenty issues were identified and refined, which will be used to update the CSR strategy.

Continuation of the ESG BY DESIGN programme

Developed with the aim of strengthening the CSR culture, this programme is implemented through the "ESG assets" and at all levels of the organization. Various initiatives have been launched as part of this programme, including: (i) acculturation to biodiversity, (ii) membership of UNEP FI, (iii) the study on decarbonation for own-account companies, (iv) participation in the Task Force on nature-related financial disclosures (TNFD) and the Task Force on climate financial disclosures (TCFD).

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Twelve (12) CSR opinions were issued on projects during 2023.

Responsible employer - SDG3 Health

As part of its responsible employer action, BOAD has organized several

initiatives aimed at ensuring the health and well-being of its employees:

- Pink Ribbon: as part of the fiftieth anniversary celebrations, this initiative was launched, a campaign to raise staff awareness of breast cancer, in order to demonstrate, alongside public bodies, its willingness to act together in the fight against this disease, which is wreaking such havoc around the

world. The "Pink Ribbon" was marked by an awareness-raising campaign on early detection of breast cancer, from 1 to 31 October 2023, with the following activities: (i) broadcasting of awareness-raising messages and videos; (ii) discussion forums with health professionals; (iii) screening sessions for female staff; and (iv) a fitness walking organized in conjunction with the Association "All for Change".

- Voluntary blood donation: 42 volunteer employees donated blood on 8/11/2023.
- Dietetics: as part of their annual medical check-ups, members of staff had discussions with a nutrition professional with a view to rebalancing their diet to reduce obesity-related illnesses and other...

D. Securing and upgrading the information system

> The IT system

The year was marked by the continued implementation of the IT blueprint (SDSI 2021-2025) referred to as SIRBA (Source of Innovation and Resilience for an Agile BOAD).

Key achievements include (i) the implementation of Electronic Document Management (EDM) throughout the Bank and the automation of several business processes, (ii) the deployment of "Campus Digital" (online training) and the SuccessFactors JAM corporate social network.

Progress has been made in the deployment of the SAP Integrated Management Software, notably the operationalization of the modern and secure S/4HANA version. This version integrates modules for Finance, Management Control, Purchasing, and Human Resources. Additional modules for fraud audit management, operational risk management, permanent and financial control, budget management (Funds Management and SAC Planning) are being implemented. A service provider has also been selected for the implementation of SAP Banking and Digital Signature.

In addition, projects to model processes and urbanize the Information System have begun, along with the implementation of an RGPD compliance tool (General Regulation for the Protection of Personal Data), as well as the start of the implementation of a data governance framework to improve data quality.

Information System Development and Security Policy

The following actions have been carried out: i) Cybersecurity Strategy Roadmap implementation and initiation of a cloud strategy development ii) implementation of a secure development framework, iii) strengthening of security management in relations with third parties, iv) implementation of a cyber threat intelligence management process and improvement of the Information Security risk management methodology.

Digitalization of the application information system

The application system has been modernized, including the overhaul. of the financial control application with an interfacing system with other applications. This new internally developed application will reduce manual data entries with the aim of (i) minimizing processing time for operations and payments; (ii) Lower the potential for manual data entry errors; and (iii) ensuring greater integrity in reporting data.

The Bank's intranet platform has also transitioned to a new, more secure infrastructure - Sharepoint online, based on Microsoft Office 365, providing an improved user experience. This change is part of the drive to upgrade digital and user-friendly tools for the Bank's staff.

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Capacity building of IT system security

Training on ISO 22 301 standard for actors involved in the business continuity plan, resulting in certifications. In addition, awareness-raising sessions on: (i) security with respect to third parties; (ii) ransomware and malware; (iii) information

security in mobility; (iv) information security risks; and (v) the information security charter and digital hygiene.

Ongoing improvement of IT services

The interface for feeding BOAD's Portfolio Management Platform

(PGP) has been reinforced. This will evaluate the implementation of the Plan Djoliba and the progress of activities. In a context of digitalizing the Bank's management processes, a project to modernize support services (Helpdesk) has also been undertaken to improve IT service management and align user support with quality management standards.

E. Compliance and regulation

The main achievements in compliance, regulation and modernization of the texts governing the Bank included the following:

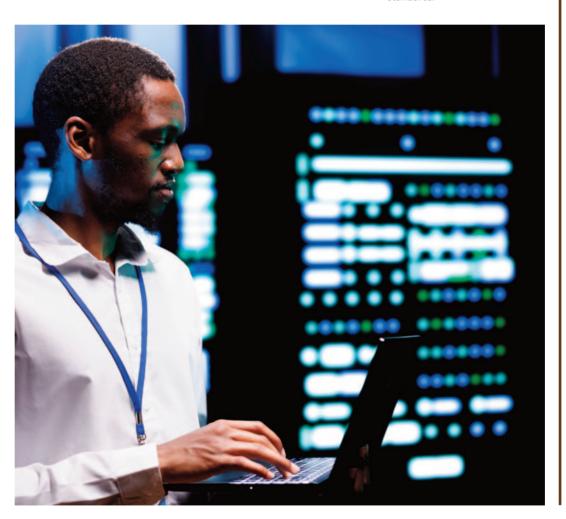
- registration of the Bank's trademark and distinctive signs;
- the Bank's compliance with the General Regulation on the Protection of Personal Data (RGPD), as part of the "9 pillars" project.



> Communication

The focus was on celebrating the 50th anniversary of the institution. This involved amplifying institutional messages, promoting the Djoliba Plan, and strengthening the Bank's position as a leading development institution in West Africa both regionally and internationally.

A multimedia and multichannel campaign was launched targeting both internal and external audiences, resulting in significant media coverage across national, regional, and international outlets as well as digital channels. The campaign highlighted the importance and relevance of the sustainable



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A large-scale press release distribution partnership was established, enhancing media monitoring to provide real-time feedback on the Bank's actions and those of key technical and financial partners. The Bank also planned and organized international media engagements and high-level meetings.

> Digital communication

A digital communication program was launched, including ambassador training programs to increase the visibility of activities and promote the employer brand. A new, modern, and dynamic website was also launched to improve access to information and visibility of the Bank's activities.

> Social actions

In line with its commitment to being a citizen and solidarity-focused bank, the Bank supported various charitable associations and NGOs. The study related to the creation of the BOAD Foundation was finalized.

> Internal communication

Internal communication was strengthened by creating new platforms such as BOAD Jam. The deployment of dynamic display equipment within resident missions continued to provide continuous information dissemination.

> Marketing

The Bank participated in various international events in 2023 and organized B2B meetings (BOAD Investors Day, RAF 2023, thematic seminars, meetings with the private sector), which increased visibility and promoted its activities and milestones. High-quality communication materials available at these events facilitated exchanges and created real networking opportunities.

Efforts to modernize communication materials continued, promoting the Djoliba Plan . The Bank's products and services were promoted through various materials and advertising campaigns in public spaces and business lounges at certain WAEMU airports. The second pilot phase of the project to map funded projects in Benin was also completed.

G. Monitoring and evaluation of operations and knowledge management

Ongoing consolidation of the system for monitoring and evaluating projects development outcomes

Activities focused mainly on designing tools for monitoring and evaluating the development outcomes of forty-six (46) projects presented at various meetings of the Board of Directors.

Promotion of rapid and innovatives approaches to measuring the impacts of BOAD operations

The Bank conducted a rapid participatory evaluation of indirect financing granted to SMEs through refinancing lines in Côte d'Ivoire and Senegal. The resulting reports were approved by the Board in December 2023. Additionally, the process evaluation of the Special Food Security Programme (SFSP) was finalized for the period under review.

Also, with a view to overcoming challenges in evaluating of development results/impacts, a pilot programme for the gradual integration of geospatial analysis and artificial intelligence for the supervision, monitoring and evaluation of the impacts of the portfolio of projects financed by BOAD has been drawn up and approved. Its implementation is planned over a period of 18 months starting in 2024 and should lead to a more extensive programme that could extend over 10 years.

Strengthening the use of lessons learned froms evaluations and dissemination of experiences

Three reports were distributed, including a document on the state of implementation of development results and impacts of water projects, as well as two retrospective project evaluation reports, namely the process evaluation report on the Emergency Programme of the Regional Initiative for Sustainable Energy (PU-IRED) and the process evaluation report on the Special Food Security Programme (PSSA).

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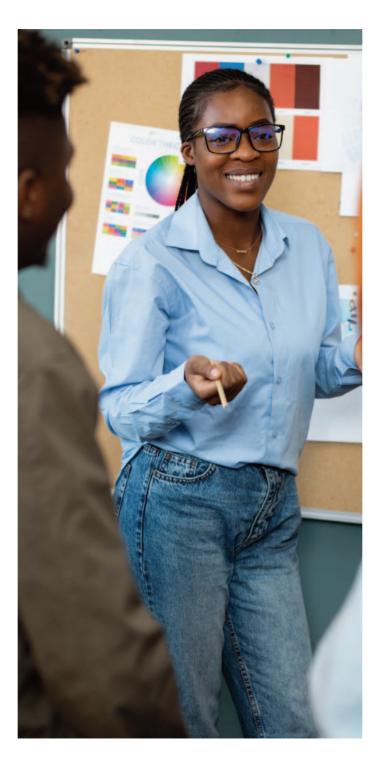
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Capitalization Sessions

Three (03) workshops were held to validate the evaluation reports. These workshops enabled the recommendations and lessons learned from these reports to be analyzed, and the results of the evaluations to be shared and enriched through feedback

Monitoring of the Djoliba Plan

A periodic note is sent to Senior Management presenting the targets (ex-ante) of projects financed in relation to the nine (9) key indicators of the development outcomes and impacts under the plan, as well as their achievement rates.

In addition, quarterly statements on the compliance of operations with the strategy have been drawn up in order to inform Senior Management on whether or not the annual objectives have been achieved. The process culminated in a review of the 3rd year of implementation of the strategic plan, meant for the Bank's governing bodies.

In addition, five (5) reports on the state of implementation of the development outcomes and impacts of certain projects and the portfolios of three (3) specific projects were drawn up and submitted to senior management for approval. These projects are: (i) the project to build a solar photovoltaic power

plant in Blitta in the Republic of Togo, (ii) the rice-growing project for young people in the Republic of Guinea-Bissau, and (iii) the project to build and equip four (4) senior high schools of excellence and one (1) boarding school for girls in the Republic of Côte d'Ivoire.

Knowledge Management and Archives

Activities related to the implementation of the action plan of its Intellectual Production and Knowledge Management Strategy include (i) the organization in hybrid mode on 30 June 2023 of a "workshop to share the conclusions/recommendations of the study on the sustainable management of household and industrial waste in WAEMU Member countries with a view to energy production", (ii) the organization of an information and exchange mission on 6-7 June 2023 at AFD headquarters in Paris, (iii) organizing training on "research methodologies and writing scientific articles" and (iv) conducting a joint AFD/BOAD study on "the role of public banks in financing appropriate equipment in agricultural sectors and rural mechanization strategies: international experiences and application to the WAEMU region".

Studies on the hospitality sector and related services in the WAEMU were also conducted and validated during the year and consultation for the development of ten (10) sectoral intervention strategies for the Bank is underway.

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As part of the various projects on Digitalization services, the Electronic Document Management (EDM) project saw the launch of the first modules for (i) managing incoming and outgoing mail, (ii) drawing up memos and (iii) managing supplies at headquarters and certain resident missions (06). In addition, the Electronic Archiving Solution (SAE), designed to process and store archives in compliance with legal norms and standards, has been implemented with evidential value. The digital signature project ensuring the security of dematerialized documents during exchanges with the Bank's partners, has also begun.

Finally, as part of the digitisation of physical archives, around 300 linear metres of physical project files have been digitized and integrated into the Alexandrie document management platform.

H. Financial situation

The Bank's balance sheet total will increase from XOF3,362.28 bn as at 31 December 2022 to XOF3,482.02 bn as at 31 December 2023

The institution's financial position remains sound, with a balanced financial structure. At the end of December 2023, shareholders' equity represented around 35.3% of the balance sheet total and the ratio of outstanding loans to shareholders' equity (debt ratio) was around 175.5%, compared with the statutory standard of 300%.

The following characteristic elements mark the operation in particular:

- a predominance of loan income, which is the institution's main

activity (81.4% of budgetary income);

- The average cost of borrowing, calculated at the closing rate, was 3.74% as at end December 2023, compared with 3.88% as at end of December 2022;
- net banking income of XOF111.03 bn as at 31 December 2023, compared with XOF93.05 bn as at 31 December 2022:
- Prudent cash management, consistent with the liquidity policy;
- the continuation of a prudent provisioning policy, related to the status of certain commercial projects.

The overall gross deterioration rate of the portfolio was 2.64% as at end December 2023, compared with 2.92% as at end December 2022. The Bank intends to continue

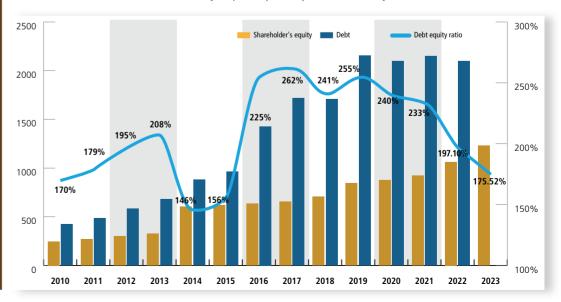
its efforts to monitor and improve the quality of the portfolio.

Operating results continue to be positive, with net profit at the end of 2023 rising to XOF36.5 bn from XOF33.7 bn as at 31 December 2022. This result will strengthen the institution's equity.

The Bank will continue to ensure that its costs are kept under control, in order to maintain attractive interest rates consistent with development finance requirements.

It should also be noted that the capital adequacy ratio as at 31 December 2023 was 27.46%, compared with 26.53% at the end of December 2022 (for a minimum international standard of 8%). The level of own equity remains in line with the risks borne by the Bank.

FIGURE 9: CHANGES IN SHAREHOLDERS' EQUITY, DEBT (XOF'BN) AND DEBT-TO-EQUITY RATIO



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CASE STUDY IN CÔTE D'IVOIRE AND SENEGAL

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INTRODUCTION

MEs are essential drivers of national economic development and growth. It is widely recognized that they have positive ripple effects across all sectors of the economy, including job creation, production diversification, and the utilization of productive resources to finance development. Depending on the country, SMEs account for 80% to 95% of the businesses surveyed. However, many studies indicate that these businesses face significant difficulties in accessing finance, particularly medium and long-term loans (MLT). As a result, their contribution to gross domestic product (GDP) and job creation remains limited.

Since the inception of its operational activities in 1976, BOAD has focused on the indirect financing of SMEs and SMIs through various channels, such as the promotion of financial tools and the establishment of refinancing lines through national financial institutions (NFIs). These refinancing lines have been utilized by BOAD as instruments

for promoting economic development and strengthening the financial sector in WAEMU countries, with a particular focus on SMEs.

As of May 2023, when the evaluation was launched, the Bank's cumulative financing amounted to XOF 8,174.4 billion for 1,351 projects across all WAEMU countries. Of this amount, refinancing lines granted to NFIs totaled XOF709.4 billion, including XOF195.0 billion (27.5%) in Côte d'Ivoire and XOF168.8 billion (23.8%) in Senegal.

To examine the development results and impacts of its refinancing lines, the Bank conducted two rapid participatory impact assessments in Côte d'Ivoire and Senegal during 2023. The objective was twofold: firstly, to assess the contribution of BOAD financing to the performance and innovation capacity of SMEs, and secondly, to evaluate the effects of this financing on the pricing policy of NFIs and the quality of their portfolios.

In Côte d'Ivoire, the evaluation covered five refinancing lines totaling XOF50 billion granted to four banks (Coris Bank, Bridge Bank, Banque de l'Union, and Orabank) between 2015 and 2021. In Senegal, the evaluation covered two refinancing lines totaling XOF14.5 billion granted to Banque Nationale pour le Développement Economique (BNDE).

The methodology used to answer the evaluation questions combined both qualitative and quantitative approaches, including a literature review, interviews with key stakeholders, questionnaires, and field missions. The evaluation was also based on the definition of impact from the OECD/DAC glossary (2010), which states that impact encompasses "the long-term effects, positive and negative, primary and secondary, induced by a development action, directly or indirectly, intentionally or unintentionally." This definition implies that an improvement in performance indicators can be attributed to the credit line, with the effect measured by comparing scenarios "without" and "with" financing, highlighting the additionality of the lines.

This summary of the Senegal and Côte d'Ivoire reports is divided into two parts. The first part addresses the evaluation results according to the profile of the SMEs and projects financed, the economic and financial performance of the beneficiary SMEs, the pricing of loans to SMEs, ESG performance, innovation performance, and portfolio quality. The second part presents the main recommendations of the evaluations.

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MAIN RESULTS OF THE IMPACT ASSESSMENT IN CÔTE D'IVOIRE AND SENEGAL

Refinancing lines are essential tools that enable BOAD to support the development of the private sector in WAEMU countries, particularly in Senegal and Côte d'Ivoire.

Profile of SMEs and projects financed

Resources allocated have enabled the financing of companies excluded from direct BOAD financing but whose sectors are eligible for BOAD intervention.

Generally, whether in Senegal or Côte d'Ivoire, there is an uneven geographical distribution of SMEs benefiting from the Bank's refinancing facilities, with a high concentration in the capital cities of Dakar (76%) and Abidjan (82%).

According to the beneficiaries' sector of activity, the service sector benefited the most from refinancing facilities in Senegal (57%) and Côte d'Ivoire (43%), which can be explained by the beneficiaries' urban geographical origin. Agriculture, production, mixed activities, and trade are relatively under-financed.

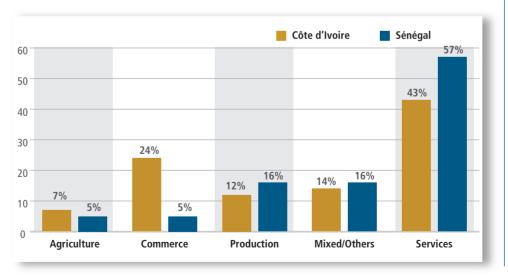
In Côte d'Ivoire, bank credit granted to beneficiary SMEs amounted to XOF27.1 bn, broken down according to the purpose of the financing: working capital requirements⁸ for 53%, mixed financing (acquisition of assets and day-to-day operations of SMEs) for 30%, and acquisition of assets only for 17%.

In Senegal, bank credit to SMEs amounted to XOF12.54 bn, broken down by purpose of financing as follows: fixed assets: XOF2.57 bn; working capital: XOF8.75 bn; mixed/other: XOF1.21 bn. Financing working capital requirements accounts for 70% of bank credit to SME beneficiaries. Financing for the acquisition of fixed assets accounts for 20%, and financing for mixed assets (the acquisition of assets and the day-to-day running of the SME) for only 10%.

Additionally, intermediary banks in Côte d'Ivoire (96%) and Senegal (100%) show a strong preference for legal entities.

8 Working capital measures the resources available to the company in the medium and long term (excluding turnover) to finance its current operations

GRAPH 10: SECTORAL BREAKDOWN OF LOANS GRANTED IN CÔTE D'IVOIRE AND SENEGAL



Source: BOAD 2023 Impact Assessment Report

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- Economic performance

Loans granted by the NFIs to SMEs have helped to improve their economic performance, in particular by creating new jobs.

In Senegal, 630 new jobs have been created, with 45% representing women. In addition, 29% of new jobs were created for young people under the age of 25. Loans granted also helped to generate XOF10.067 bn in added value and XOF5.2 bn in tax revenue.

In Côte d'Ivoire, 781 new jobs were created, with 29% representing women. In addition, 28% of the new jobs were for young people under the age of 25. The loans granted also helped to generate XOF8.7 bn in added value and XOF0.724 bn in tax revenue.

- Financial performance

The evaluation indicates an impact on the financial performance of SMEs.

In Côte d'Ivoire, sales rose by 17% and net profit by 130%, from XOF4.2 bn "before financing" to XOF9.7 bn "after financing".

In Senegal, sales rose by 9.6% compared with the "before financing" situation, while net income increased by 467%, from XOF0.96 bn "before financing" to XOF5.46 bn "after financing".

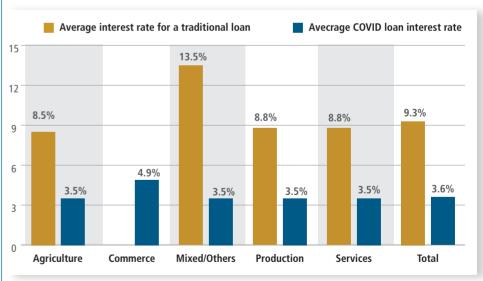
- Loan pricing for SMEs

In establishing the NFI loans, BOAD aimed for the loans granted to SMEs to have flexible terms tailored to their needs, including interest rates, loan terms, and grace periods. To this end, BOAD voluntarily offered loans at very competitive interest

rates. However, the evaluation did not observe any significant impact on the rates applied to the refinanced SMEs. The rates charged by the NFIs were higher than the average for WAEMU banks. To mitigate the high cost of credit for SMEs, the Senegalese government has implemented a subsidy mechanism for businesses through dedicated resources managed by the Priority Investment Guarantee Fund (FONGIP). This mechanism has significantly reduced the average interest rate applied to SMEs.

The study also highlights the short maturities and the virtual absence of grace periods (the average grace period in the portfolio is 1.6 months) on loans to SMEs. In terms of credit conditions, SME beneficiaries of credit lines are calling for an improvement in the loan characteristics, such as lower interest rates and longer maturities. While they express some satisfaction with the use of the resources obtained, especially in a context of higher BCEAO key rates, they feel that the volume of loans granted remains below their needs and advocate for an increase in the amount of refinancing facilities. The highest interest rates were observed in the following sectors: services (8.8%), commerce (9.6% on average), agriculture (8.5-9.2%) and other sectors of activity (13.5%)





Source: BOAD 2023 Impact Assessment Report

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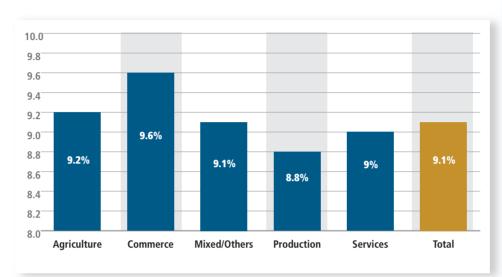
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GRAPH 11: COMPARISON OF INTEREST RATES PAID PER BUSINESS SECTOR (CONTINUED)



Source: BOAD 2023 Impact Assessment Report

- ESG performance

In terms of ESG performance, it was noted that:

- 78.5% of SMEs observe the principle of equal pay in Côte d'Ivoire, compared with 64.9% in Senegal;
- 49.6% of SMEs in Côte d'Ivoire have social security coverage and women on boards of directors, compared with 74.69% in Senegal.

In addition, these SMEs have developed a capacity for innovation through the creation and marketing of new products, the development of new processes, and so on.

- Innovation performance

In terms of innovation, studies carried out focused on:

- introducing new products or qualitative changes in an existing product;
- introducing new processes for an industry;
- opening up of a new market; (iv) developing a new source of raw materials or other resources;
 and
- a change in industrial organization.

They revealed the adoption or implementation of innovation processes, which remain low, with only 28.1% of beneficiary SMEs in Côte d'Ivoire and 13% in Senegal.

- Quality of the NFI portfolio

With regard to the quality of the portfolio of subprojects charged to BOAD line, there were three (03) sub-projects in Côte d'Ivoire and eight (08) in Senegal for which provisions had been made. In Côte d'Ivoire, these provisions amounted to XOF0.07 bn, or 21% of the total amount of loans granted, while in Senegal, they amounted to XOF0.10 bn, or 31% of the total amount of loans. Thus, the amount of loans provisioned in Côte d'Ivoire represented 1.2% of the total bank loans granted to the SMEs in the sample, while in Senegal, this amount corresponded to 0.8%.

Taking these data into account, the evaluation concludes that the loan portfolio analyzed in the two countries is sound at 98.8% and 99.2% for Côte d'Ivoire and Senegal respectively.

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Refinancing facilities an instrument for integrating economies

The refinancing lines examined had an integrating dimension. Of the five (5) refinancing facilities examined, two (2) were granted to Orabank Côte d'Ivoire for a total amount of XOF25 bn, or 50% of the total portfolio.

As a reminder, Orabank Côte d'Ivoire is a subsidiary organized in the form of a bank holding company with five (5) branches³ in other countries of the Union. The resources of the two (2) lines of the Côte d'Ivoire subsidiary have been used not only to finance operations in Côte d'Ivoire but also to support SME portfolios in the Niger, Senegal and Burkina subsidiaries.

This synergy of actions between the various Orabank branches reinforces BOAD's efforts to overcome geographical barriers, improve regional connectivity, enhance productive capacities and promote sustainable economic growth for the benefit of WAEMU countries. These initiatives also contribute to strengthening the Union's competitiveness and economic resilience in order to take advantage of regional and international economic opportunities.



³ Burkina Faso, Guinea-Bissau, Mali, Niger and Senegal

2 RECOMMENDATIONS

Based on the evaluation, which involved data analysis from the survey and field interviews, the following recommendations are made:

1. Harmonized definition of SMEs

The multiplicity of SME definitions at the community level hinders BOAD's operational positioning. To enhance efficiency, the Bank should adopt a standardized SME definition. This definition should be incorporated into its operation nomenclature and the sectoral strategy currently being developed for SMEs.

2. Considering flexible pricing with preferential rates for high-value sectors

The survey results indicate that SMEs in sectors such as agriculture create more value despite less advantageous pricing. It is recommended to implement flexible pricing to favor these high-value sectors (agriculture, processing industries, etc.). Contrary to popular belief, these SMEs are not riskier and create better-paid, more qualified jobs, improving workers' living conditions. Flexible pricing can also encourage SMEs to invest in

research and development, fostering innovation and competitiveness. This approach would promote economic diversification, potentially boosting exports and strengthening the trade balance. Special attention should also be given to SMEs needing fixed asset financing and those in social sectors like education and health.

3. Strengthening ESG Criteria Implementation

Encourage SMEs to adopt environmental policies for waste management and recycling by introducing preferential tariffs. Loans at lower rates should be granted to SMEs with waste management policies, based on compliance with ESG standards. NFIs benefiting from BOAD lines could be required to allocate a portion of the lines to ESG-compliant SMEs, using BOAD's ESG criteria rating methodology. This would promote a greener NFI portfolio, which could eventually be refinanced through sustainable bonds or resources from investors interested in green products.

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4. Enhancing Monitoring and Supervision

The evaluation identified a gap in the regular monitoring of operations. To address this, it is recommended to reinvigorate the process of NFIs submitting implementation reports every six months. This would provide BOAD with detailed information on the utilization of the lines. After compiling a summary note, BOAD should hold biannual meetings with stakeholders (NFIs and SME beneficiaries) to discuss potential improvements in the implementation of refinancing lines

5. Assessing the multiplier effect of credit fines to NFIs

This recommendation aims to estimate the catalytic effects of the credit line resources granted. NFI treasurers indicate that received resources create leverage effects, contributing to compliance with prudential ratios and enhancing short- and me-

dium-term employment potential. The average maturity of assets funded by the line allows for quick loan repayment and resource recycling, boosting NFI financing capacity. However, NFIs often do not leverage deferment and half-yearly repayments to reduce resource carrying costs and lower the refinancing exit rate, which could fall below the nominal rates applied to SMEs. Borrower banks benefit from BOAD's deferment and bi-annual repayments.

6. Improving information collection on SME performance indicators

To effectively assess the performance of refinancing lines, NFIs should enhance information collection on SME clients, focusing on key performance indicators (turnover, value added, net income, employment). This data availability would establish a benchmark for future impact assessments. A data collection agreement could be signed between NFIs and SMEs for regular performance indicator collection.

7. Strengthening the mobilization of sustainable resources

Given the scarcity of long-term resources at the NFI level and in the money market, financing subprojects with longer maturities could be supported by raising resources with forward-thinking institutions like BOAD. The resources provided by BOAD under refinancing lines alone are insufficient to meet NFI needs.

8. Enhancing the Fund Guarantee System

The government should increase its commitment through guarantee funds to improve SME access to finance and reduce interest rates. Inadequate guarantees to cover risks remain a significant obstacle to SME financing. SMEs lack equity capital that can be used as collateral to access appropriate financing levels.



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CONCLUSION

he evaluation concluded that refinancing lines are crucial tools enabling the Bank to support private sector development. These resources have financed companies excluded from direct BOAD financing but eligible for BOAD sectors.

The impact assessments indicate that observed SME performance improvements are partly attributable to BOAD refinancing facilities.

However, the NFI pricing policy does not align with BOAD's goal of offering SMEs loans with flexible terms (interest rate, term, grace period) through its refinancing facilities. The interest rates charged to SMEs remain high and inconsistent with those applied by BOAD. Although SMEs expressed some satisfaction with the loans, this context reflects developments in the credit market, particularly BCEAO's key rate increases after ending proactive measures to mitigate COVID-19 effects.

Refinancing facilities will continue to support SME development, but a deeper analysis of the margins generated by NFIs on BOAD lines is necessary. Future lines should include realistic clauses acceptable to NFIs, aiming to lower interest rates applied to SMFs.



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Download the annexes from this link:

https://www.boad.org/en/our-publications/

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