

BOAD

BOAD at a glance



2018 Edition



WEST AFRICAN DEVELOPMENT BANK

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DEVELOPMENT BANK**

AT A GLANCE

1. ESTABLISHMENT AND PURPOSE

The West African Development Bank (BOAD) is the common development finance institution of the Member States of the West African Monetary Union (WAMU). It was established by an Agreement signed on 14 November 1973, and became operational in 1976. Member States include: Benin, Burkina, Côte d'Ivoire, Guinea Bissau, Mali, Niger, Senegal, and Togo.

By Treaty of the West African Economic and Monetary Union (WAEMU) signed on 10 January 1994 and which entered into force on 1 August 1994, BOAD is a specialized and autonomous institution. It contributes "in full independence to the achievement of the objectives of the WAEMU without prejudice to goals assigned to it under the WAMU Treaty".

BOAD is an international public institution whose purpose, as provided for under Article 2 of its Articles of Association, is to promote the balanced development of its member countries and foster economic integration within West Africa.

2. SHAREHOLDING

The following are members of BOAD participating in its equity capital and administration:

2.1. MEMBERS HOLDING CATEGORY A SHARES:

- Republic of Benin,
- Burkina Faso,
- Republic of Côte d'Ivoire,
- Republic of Guinea Bissau,
- Republic of Mali,
- Republic of Niger,
- Republic of Senegal,
- Togolese Republic,
- Central Bank of West African States (BCEAO), the common issuing institution of the eight member countries.

2.2. MEMBERS HOLDING CATEGORY B SHARES:

- French Republic,
- KfW acting on behalf of the German Republic,
- EIB acting on behalf of the European Union,
- African Development Bank (AfDB),
- Kingdom of Belgium,
- Eximbank of India acting on behalf of the Republic of India,
- People's Bank of China acting on behalf of the People's Republic of China
- Kingdom of Morocco.

As at 31 December 2017, the capital structure was as follows (in XOF'bln):

- Authorized capital:1,155.0
- Subscribed capital:1,103.65
- Unsubscribed capital:51.35
- Called-up capital:277.42
- Paid-up capital:193.49
- Callable capital:826.22

3. AREAS OF INTERVENTION

- Agriculture and rural development;
- Industries;
- Infrastructure (energy, water, transportation, land-use and sanitation, telecommunications);
- Environment;
- Finance and insurance;
- Hospitality, tourism and other services;
- Social projects (health, education, etc.).

4. FORMS OF INTERVENTION

- Short, medium and long-term lending;
- Cash advances for feasibility studies;
- Equity investments;
- Financing arrangements;
- Financial advisory services;
- Bond loan guarantees;
- Assistance to member countries.

5. BENEFICIARIES

- WAEMU member countries;
- Local communities, public and private corporations of the WAEMU region;
- Non-WAEMU member countries, their agencies and corporations contributing to the development or integration of the Union's economies.

6. RESOURCES

- Capital subscribed by its regional and non-regional shareholders;
- Allocations from member countries and community institutions;
- The Bank's reserves;
- Mobilization of regional savings;
- Mobilization of resources outside the Union.

7. OPERATIONS

The Bank has three financing windows: the Development and Cohesion Fund (FDC) window, the Bank window and the Energy Development Fund (FDE) window.

The FDC window finances from concessional resources (soft interest rate and maturity terms) public development projects (production supporting infrastructure, rural development and food security, social projects, etc.) for the benefit of the populations in the member countries.

The Bank window finances, from market resources, investment and service projects. These operations include mainly projects promoted by the private sector, public industrial and commercial corporations as well as financial institutions. Another category of long-term loans to member countries referred to as "sovereign loans at market conditions" is also taken into account under this window to finance projects for which concessional resources are not available, but which member countries want to finance quickly.

Set up as part of the community programme referred to as "Regional initiative for sustainable energy", **the FDE window** is meant for concessional funding of energy projects. The Fund is managed by BOAD.

8. ADMINISTRATION

The Bank is managed and administered by:

- a President appointed by the WAEMU Council of Ministers, assisted by a Vice-President appointed by the Board of Directors;
- a Board of Directors comprising:
 - the Bank President as chairperson;
 - two representatives appointed by each of the member countries;
 - the Governor of the Central Bank of West African States (BCEAO) or his representative;
 - the representatives of Category B shareholders, whose number is prorated to the capital amount subscribed by them; however, their number cannot exceed half of the total number of representatives of Category A shareholders.

9. ORGANIZATION

The organization of services rests on the President as spelt out by the provisions of the Articles of Association. He is assisted by a Vice-President.

The overall organization includes the headquarters located in Lomé, in the Togolese Republic, and a Resident Mission in each of the seven other member countries (Benin, Burkina, Côte d'Ivoire, Guinea Bissau, Mali, Niger, and Senegal).

The internal organization of the Bank is structured around the President's Office, the Corporate Secretariat, Departments, Directorates and Divisions.

Reporting to the President, the following:

- President's Office;
- Corporate Control;
- General Counsel and Legal Affairs;
- Directorate of Communication, Marketing, Public Relations and Knowledge Management;
- Resource Mobilization Unit;
- Regional PPP Project Development Unit;
- Directorate of Resident Missions Coordination;
- Resident Missions;
- Financial Management Project Unit;
- Regional Collaboration Center;

Reporting to the Corporate Secretariat, the following:

- Directorate of Conference and Corporate Services;
- Directorate of IT Systems

Reporting to the Human Resources and Assets Department, the following:

- Directorate of Security, Assets and Procurement;
- Directorate of Human Resources.

Are reporting to the Finance and Accounting Department, the following:

- Directorate of Budget and Management Control;
- Directorate of Accounting and Treasury.

Reporting to the Commitment and Risk Management Department, the following:

- Directorate of Commitment Management;
- Directorate of Risk Management.

Reporting to the Strategy, Research and Cooperation Department, the following:

- the Directorate of Strategy and Research;
- the Directorate of Cooperation and Regional Integration.

Reporting to the Operations Department:

- Directorate of Strategy and Research;
- Directorate of Cooperation and Regional Integration;
- Directorate of Ex-post Project Evaluation.

10. STAFF COMPLEMENT

As at 31 December 2017, the Bank had an overall staff complement of 288 employees including 276 operational staffs, 9 employees on secondment and 3 employees on leave of absence.

11. AUDIT OF ACCOUNTS

The Bank's accounts are audited by external auditors of international repute selected following an invitation to tender. In 2017, the external auditor of BOAD was PriceWaterhouseCoopers (PWC).

12. ACHIEVEMENTS

In 2017, the total funding provided by the Bank stood at XOF557.6 billion, broken down by form of intervention as follows:

Table 1: Breakdown of loan approvals by form of intervention in 2017

	Loan approvals (XOF'bln)	%of approvals
Medium and long-term loans	476.2	85.4
<i>including FDE</i>	<i>9.5</i>	<i>1.7</i>
Short-term loans	71.1	12.8
Equity investments	8.6	1.5
Studies	1.7	0.3
Total (a+b)	557.6	100%

Depending on the category, these loans are broken down as follows:

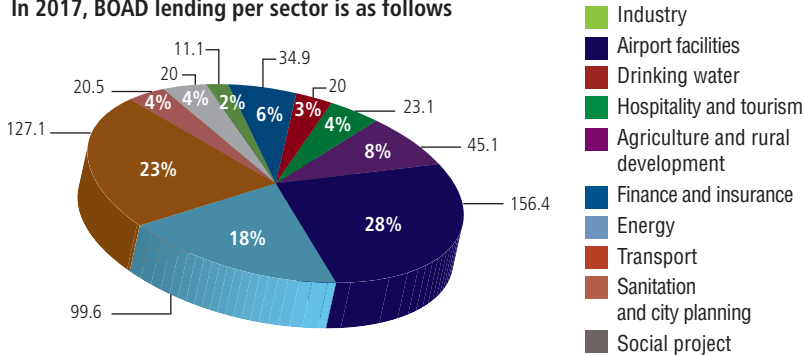
Table 2: Breakdown of loan approvals (long, medium and short-term) in 2017

	Loan approvals (XOF'bln)	Number of operations	%of approvals
Non-commercial sector (a)	173.7	26	31.2
Commercial sector (b = i + ii)	383.9	34	68.8
Commercial public (i)	162.8	12	29.2
Private (ii)	221.1	22	39.6
Total (a+b)	557.6	60	100.0

In 2017, BOAD spent:

- XOF 11.1 billion on industries
- XOF 34.9 billion on airport facilities;
- XOF 20 billion on drinking water;
- XOF 23.1 billion on hospitality and tourism
- XOF 45.1 billion on agriculture and rural development;
- XOF 156.4 billion on financial and insurance
- XOF 99.6 billion on energy;
- XOF 127.1 billion on Transport;
- XOF 20.5 billion on sanitation and city planning ;
- XOF 20 billion on Social project.

In 2017, BOAD lending per sector is as follows



About 75% of loans during the year were oriented towards priority sectors such as energy, transportation and finance.

Overall, new loans granted brought the Bank's total net commitments to XOF4,914.8 billion as at 31 December 2017 for the implementation of 1,107 projects.

As regards financing arrangement, five new mandates for capital raising were signed in order to raise funds totaling XOF155.3 billion for various clients.

Apart from lending, the Bank provides services in the form of financing arrangement or advice. With regard to financing arrangement, due diligence undertaken for all fundraising requests led to the effective mobilization of a sum of XOF129.9. A new mandate involving XOF16.3 billion was signed in January 2017 for mobilizing resources meant for the rehabilitation and renovation of an administrative building, on the one hand, and for the rehabilitation of a section of a trunk road, on the other hand.

As regards financial advisory services, assistance to a member country for the conduct of a diagnosis survey on the cashew nut sub-sector is underway. For another member country, the advisory services provided relate to hotel management concession.

As part of its operations, BOAD gives a special attention to the Union's community programmes. Being a member of the steering committee, the institution actively contributes to the implementation of the Regional economic programme (PER II). It manages the Energy Development Fund (FDE), established within the scope of the Regional initiative for sustainable energy (IREC).

The Bank is also member of the following consultative committees:

- High-level committee on food security;
- High-level committee on the financing of the Union's economies;
- Steering committee for Regional economic programme (PER);
- IREC Steering Committee and Donors' Council;
- Regional monitoring committee on the action programme for SME promotion and financing;
- Programme for restructuring and upgrading of industries (PRMI);
- Community programme of action for road transport infrastructure (PACITR);
- Monitoring committee for the implementation of cotton sub-sector competitiveness programme in the WAEMU region;
- Regional Committee on Statistics;
- Regional Procurement Observatory.

13. FINANCIAL POSITION

The Bank's total balance sheet increased from XOF2,263.3 billion as at 31 December 2016 to XOF2,653.2 billion as at 31 December 2017 (+17.2%).

The financial position of the institution remains sound, with a balanced financial structure. As at end of September 2017, equity represented about 25.5% of total balance and the outstanding borrowings/equity ratio (debt ratio) stood at approximately 261.89% for a statutory norm of 300%.

Furthermore, the Bank will continue to ensure effective control of spending in order to maintain an offer of attractive rates, consistent with development finance requirements.

The Bank was assigned “investment grade” ratings “Baa1” by Moody’s and “BBB” by Fitch. These ratings attest to the good quality of corporate creditworthiness and governance.

14. SECTORAL REFLECTIONS

Since 2001, BOAD has developed the ability to reflect on major concerns of member countries and anticipate their development prospects. The focus of these reflections is to propose community strategies and action plans that can foster economic growth, poverty reduction and development through accelerated integration process within West Africa. In this connection, many reflections were undertaken in the following strategic areas: (i) development of cotton-textile sector, (ii) promotion and funding of SMEs, (iii) public utility privatization process (water, electricity and telecommunications), (iv) road infrastructure, (v) management of urban motor-cycle mode of transportation, (vi) sectoral competitiveness of economies, (vii) impact of the HIV/AIDS pandemic on development, (viii) development of oilseed sector, (ix) cement industry in the WAEMU region, (x) hospitality in the WAEMU region, (xi) management of public holdings, (xii) harmonized institutional and regulatory framework of privately financed infrastructure, (xiii) road maintenance, (xiv) sustainability of infrastructure financed by BOAD in the road transport sub-sector from 2000 to 2012: findings and lessons learnt, (xv) affordable housing in the WAEMU region.

Moreover, due to many constraints experienced by the West African region in its progress towards development, mainly in the field of food and power security, the Bank has been participating in community reflections and implementing actions aimed at taking up those challenges. Thus, apart from its activity programme in agricultural development, the Bank has contributed to the implementation of a special food security programme (PSSA) decided by the WAEMU Council of Ministers in April 2008 to tackle the then food crisis. In this connection, an amount of XOF100 billion was raised in the regional capital market by

BOAD. A leverage effect made it possible to multiply by three (3) the aggregate amount of funds induced through co-financing.

Similarly, in order to overcome the food insecurity situation in 2012, the Bank took action under an emergency programme recommended by the WAEMU authorities. Those measures made it possible to provide funding in an amount of XOF30 billion to projects aimed at food security.

15. BOAD AND GOOD GOVERNANCE

Corporate governance principles observed by BOAD are based, inter alia, on transparent operations and accounts, rigorous control system, independent external audit system, efficient information system, continued updating of knowledge and a decision-making process based on staff participation and accountability.

The Bank applies result and performance-based management system together with an objective-based management framework. As part of continuous improvement, management tools and procedures are regularly updated with a view to adapting them to the Bank's activities and best practices.

16. RECENT INITIATIVES

In addition to financing activities, the Bank took an active part in conducting strategic projects and reflections in various areas.

At BOAD, the business context was marked by the following developments:

- **Second bond issue on the international capital market:** The transaction involved US\$850 million (or XOF479.3 billion) with a maturity of 10 years. This is part of the effort to secure and diversify the Bank's sources of refinancing. It helps increase the operational capacity of the institution in providing support member countries' investment programmes.

The aforementioned bond issue was preceded by an annual rating review, which materialized into a confirmation of the investment grade ratings obtained since 2015.

- **Signing of agreements for the implementation of the IDA project for social housing financing in the WAEMU region:** The said agreements involved a total of US\$155 million, including US\$130 million borrowed by BOAD and on-lent to the Regional Mortgage Refinancing Fund (CRRH-UEMOA), as well as US\$25 million provided as a grant and managed by

the WAEMU Commission. They reflected the culmination of a regional project appraised, which dates back to the consultation between BOAD and the Council of Ministers in December 2014, followed by a request from the said Council to the World Bank Group.

Likely to be strengthened at a later stage, the project under review focuses on an overall objective of about 50,000 additional possible mortgage loans over 5 years in all the eight member countries of the Union. Apart from loans and houses that this project could help provide directly, it is expected to contribute towards improved regional know-how in terms of technical and financial support engineering to national housing programmes.

17. COOPERATION

At cooperation level, in conjunction with the European Union, the ECOWAS and WAEMU Commissions, BOAD was integrated in the Regional Indicative Programme (RIP) –EDF X, it would receive part of the remaining resources available under this fund, as part of a support programme for institutional capacity building. As such, a memorandum on the Bank's capacity building requirements was submitted to the WAEMU Commission, managing body of the WAEMU support programme for institutional capacity building (PARCI-UEMOA).

Moreover, taking advantage of the changing approach of the European Union to implementing EDF financing packages, the Bank is positioning itself to become eligible for indirect management of the EU financing. In this regard, it undertook activities aimed at complying with the ad hoc evaluation process known as "Audit of 7 pillars". At the opportune time, in 2018, this evaluation will be conducted by one of the firms approved in the field by the EU.

Furthermore, the Bank has submitted requests for resource mobilization to: i) ABEDA with a view to its participation in the existing interest subsidy mechanism hosted by BOAD; ii) OFID for the granting of a LoC meant for refinancing short-term operations.

At last, the Bank signed in July a framework cooperation agreement with the Sahara and Sahel Observatory, as well as the West African Scientific Service Centre on Climate Change and Adapted Land Use (WASCAL).

18. THE WAY FORWARD

For over forty years of operations, BOAD has acquired extensive experience, a know-how and a sound expertise in funding and implementing both national and regional investment projects. The Bank provides an added value to the development drive of the WAEMU member countries. Today, it is considered as a regional development instrument.

Mindful of the huge challenges to be taken up in future by its member countries, the Bank has formulated a new strategy in order to cope. In this connection, the long-term vision of the institution is: "BOAD: a solid development bank for economic integration and transformation in West Africa." Such a vision provides an indication of the Bank's mission relevant to the current economic context of the sub-region. In conformity with the stated mission and vision, the strategic directions of the 2015-2019 strategic plan are as follows:

- Area 1: Accelerating regional integration through sustained infrastructure financing;
- Area 2: Support for inclusive growth, food security and sustainable development;
- Area 3: Support for businesses and States, development of financial engineering and services;
- Area 4: Deepening the resource mobilization process.

The Bank will give priority to the following areas:

- Regional and national projects of common interest that could contribute to the economic integration of member countries;
- Agriculture, industry and services which can increase food security and promote value chains serving as basis for economic transformation in several countries of the Union;
- Environment and green growth for sustainable development.

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