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## SECTION TWO
**ACHIEVEMENTS IN 2016**

## THEME FOR THE YEAR
**THEMATIC ASSESSMENT OF THE SUSTAINABILITY OF ROAD PROJECTS**

### LIST OF ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
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<th>Annexes</th>
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In 2016, economic growth slowed down in many countries in sub-Saharan Africa. The 1.5% growth rate recorded in the region was one of the poorest performances in over a decade.

In spite of this poor performance across the continent and the global economic downturn, economies in the WAEMU region were resilient during the year. Economic activity in the region grew by 6.8% up from 6.6% in 2015, while inflation remained low at 0.3% as against 1% in 2015. This relatively robust performance in our region was clearly a result of our continued investment in infrastructure, the remarkable performance of the agricultural sector, gradual improvement in business climate and stability in our socio-political and security context.

For its part, BOAD supported economies of the Union by providing financial assistance totaling XOF500.6 billion. These funds went mainly into investment projects involving XOF433.8 billion granted as long-term loans, and XOF51.9 billion in the form of short-term loans. Approximately XOF12.8 billion of these funds went into strategic equity investments, while XOF36.2 billion were used in refinancing national financial institutions or the WAEMU regional fund for mortgage refinancing (CRRH-UEMOA).

The loans granted by the Bank will foster agricultural development, help in rehabilitating road and airport infrastructure, promoting tourism and hospitality industry and strengthening power generation capacity, particularly in the area of renewable energies (solar energy, hydropower).

As at 31 December 2016, loans granted during the year brought net cumulative commitments to XOF4,409.4 billion covering 1,044 operations.

The Bank made disbursements totaling XOF310 billion for the year, representing a 63.7% disbursement rate.

In terms of resource mobilization, the Bank conducted its maiden bond issue on the international capital market during the year. The operation involved an amount.
of US$750 million. This was made possible by the “investment grade” rating that the Bank has had since 2015. Another roadshow, on a smaller scale, was conducted on the regional market for an amount of XOF78.23 billion. Finally, five financing agreements were signed for a total of XOF225 billion.

The Bank also mobilized XOF155.3 billion for various clients, under the financing arrangement mandates for project Financing.

The proposed update of the Bank’s loan pricing model, launched at the end of 2013, resulted in recommendations that the Board finally endorsed during the year under review, for implementation from January 2017. Other procedures were initiated during the year, as part of efforts to strengthen the Bank’s financial management system.

Income for the year stood at XOF10.5 billion, up from XOF8.8 billion as at the end of 2015, thereby increasing the Bank’s capital base.

During the year, the Bank obtained accreditation by the Green Climate Fund as a regional implementing entity. This accreditation, which adds to those from the Adaptation Fund and Global Environment Facility, bolsters the Bank’s ability to mobilize grants for “climate projects” in WAEMU member countries.

In view of the strong support that the Bank has received from the highest authorities of member countries, I would like to take this opportunity to express to them my sincere gratitude. My thanks also go to our partners for their multifaceted support. At last, I would like to congratulate and applaud the efforts of the Bank staff, so that we remain committed to the advancement of BOAD in achieving its mandate.
### LIST OF ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AFD</td>
<td>Agence française de développement (French Development Agency)</td>
</tr>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>BADEA</td>
<td>Arab Bank for Economic Development in Africa</td>
</tr>
<tr>
<td>BCEAO</td>
<td>Central Bank of West African States</td>
</tr>
<tr>
<td>BCP</td>
<td>Business continuity plan</td>
</tr>
<tr>
<td>BOAD</td>
<td>Banque Ouest Africaine de Développement (West African Development Bank)</td>
</tr>
<tr>
<td>CDP</td>
<td>ECOWAS Community Development Programme</td>
</tr>
<tr>
<td>CILSS</td>
<td>Permanent Inter-State Committee on Drought Control in the Sahel</td>
</tr>
<tr>
<td>CPDN</td>
<td>Intended Nationally Determined Contributions</td>
</tr>
<tr>
<td>ECOWAS</td>
<td>Economic Community of West African States</td>
</tr>
<tr>
<td>EIB</td>
<td>European Investment Bank</td>
</tr>
<tr>
<td>ERP</td>
<td>Enterprise resource planning</td>
</tr>
<tr>
<td>FAO</td>
<td>United Nations Food and Agriculture Organization</td>
</tr>
<tr>
<td>FCFA</td>
<td>Franc de la Communauté Financière Africaine (Franc of the African Financial Community)</td>
</tr>
<tr>
<td>FCFA/XOF BLN</td>
<td>Billion francs CFA</td>
</tr>
<tr>
<td>FDC</td>
<td>Fonds de Développement et de Cohésion (Development and Cohesion Fund)</td>
</tr>
<tr>
<td>FDE</td>
<td>Fonds de Développement Energie (Energy Development Fund)</td>
</tr>
<tr>
<td>FED</td>
<td>European Development Fund</td>
</tr>
<tr>
<td>FER</td>
<td>Road Maintenance Fund</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GEF</td>
<td>Global Environment Facility</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
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<tr>
<td>ICD</td>
<td>Islamic Corporation for Private Sector Development</td>
</tr>
<tr>
<td>IDB</td>
<td>Islamic Development Bank</td>
</tr>
<tr>
<td>IIE</td>
<td>International Initiative for Impact Evaluation</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IRED</td>
<td>Initiative Régionale pour l’Energie Durable (Regional Initiative for Sustainable Energy)</td>
</tr>
<tr>
<td>MLT</td>
<td>Medium and long-term</td>
</tr>
<tr>
<td>PER</td>
<td>Programme Economique Régional (Regional Economic Programme)</td>
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<tr>
<td>PIR</td>
<td>Programme Indicatif Régional (Regional Indicative Programme)</td>
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<tr>
<td>PPIAF</td>
<td>Public-Private Infrastructure Advisory Fund</td>
</tr>
<tr>
<td>PPP</td>
<td>Public Private Partnership</td>
</tr>
<tr>
<td>RCC</td>
<td>Regional Collaboration Centre</td>
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<tr>
<td>SAP</td>
<td>Systems, applications and products for data processing</td>
</tr>
<tr>
<td>SME</td>
<td>Small and medium-sized enterprises</td>
</tr>
<tr>
<td>ST</td>
<td>Short-term</td>
</tr>
<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organisation</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>URDP</td>
<td>Regional Public-private Partnership Project Development Unit</td>
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<tr>
<td>WAEMU</td>
<td>West African Economic and Monetary Union</td>
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<tr>
<td>WAPP</td>
<td>West Africa Power Pool</td>
</tr>
</tbody>
</table>
### SYNOPSIS ON BOARD AND LOANS GRANTED IN 2016

<table>
<thead>
<tr>
<th><strong>Date of creation</strong></th>
<th>14 November 1973</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commencement of activities in 1976</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders</strong></td>
<td>- WAEMU member countries: Benin, Burkina Faso, Côte d’Ivoire, Guinea Bissau, Mali, Niger, Senegal, Togo</td>
</tr>
<tr>
<td></td>
<td>- BCEAO (Central Bank)</td>
</tr>
<tr>
<td></td>
<td>- Non-regional shareholders: AfDB, EIB, France, Belgium, Germany, Export-Import Bank of India, People’s Republic of China, Kingdom of Morocco</td>
</tr>
<tr>
<td><strong>Mission</strong></td>
<td>Promoting the balanced development of member countries and contributing towards the economic integration of West Africa</td>
</tr>
<tr>
<td><strong>Vision</strong></td>
<td>BOAD: a solid development bank for the economic integration and transformation of West Africa.</td>
</tr>
<tr>
<td><strong>Authorized capital as at 31 December 2016</strong></td>
<td>XOF1,155 billion</td>
</tr>
<tr>
<td><strong>Subscribed capital as at 31/12/2016</strong></td>
<td>XOF1,097.8 billion</td>
</tr>
<tr>
<td><strong>Total balance sheet as at 31/12/2016</strong></td>
<td>XOF2,263.3 billion</td>
</tr>
<tr>
<td><strong>Operational staff of the Bank as at 31/12/2016</strong></td>
<td>272 staff members</td>
</tr>
<tr>
<td><strong>Loans granted in 2016</strong></td>
<td>50 loan operations involving a total of XOF500.6 billion</td>
</tr>
<tr>
<td><strong>Direct loans</strong></td>
<td>XOF451.6 billion, representing 90.0%</td>
</tr>
<tr>
<td><strong>Indirect loans</strong></td>
<td>XOF36.2 billion, representing 7.0%</td>
</tr>
<tr>
<td><strong>Equity investments</strong></td>
<td>XOF12.8 billion, representing 3.0%</td>
</tr>
<tr>
<td><strong>Breakdown of loans per sector:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Non-commercial sector</strong></td>
<td>XOF261.0 billion, representing 52.1% (25 operations)</td>
</tr>
<tr>
<td><strong>Public commercial sector</strong></td>
<td>XOF113.4 billion, representing 22.7% (8 operations)</td>
</tr>
<tr>
<td><strong>Private sector</strong></td>
<td>XOF126.2 billion, representing 25.2% (17 operations)</td>
</tr>
<tr>
<td><strong>Breakdown of loans per category:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>National projects</strong></td>
<td>XOF342.5 billion, representing 68.4%</td>
</tr>
<tr>
<td><strong>Regional projects</strong></td>
<td>XOF158.1 billion, representing 31.6%</td>
</tr>
<tr>
<td><strong>Cumulative approvals, 1976 - 2016</strong></td>
<td>XOF4,409.4 billion for 1,044 operations</td>
</tr>
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</table>
22-24 February

**Regional workshop on the preparation of the biennial report of the Parties not included in Annex I of the United Nations Framework Convention on Climate Change (UNFCCC)**

From 22-24 February, the Regional Collaboration Center (RCC), created in partnership by and between BOAD and the UNFCCC Secretariat, held a regional workshop in Lome on the preparation of updated biennial reports.

The meeting, which was supported by the UNDP and FAO, was part of the agenda by African countries that are party to the UNFCCC to formulate national communications on climate change.

The meeting provided an opportunity for experts from 44 African countries to have a better understanding of the international system of measurement, reporting and verification (MRV), in a bid to avoid cases of double counting of reductions in greenhouse gas emissions.

17-18 May

**Meeting of the Advisory Group on the financing of Cote d’Ivoire’s 2016-2020 national development plan**

The Bank took part in the Advisory group meeting held in Paris on 17 and 18 May on the financing of Côte d’Ivoire’s 2016-2020 national development plan. The event was organized by the Government of Côte d’Ivoire in partnership with the World Bank and other bilateral and multilateral technical and financial partners.

The main objective of the meeting was to share the Government’s economic vision with its partners and to mobilize external, public or private funding for the implementation of the national development plan.

28 April

**BOAD’s maiden bond issue on the international capital market**

As part of efforts to diversify and secure its refinancing resources, the Bank obtained an international "investment-grade" rating. This rating enables the Bank to carry out its maiden bond issue on the international capital market. The operation raised US$750 million, over a 5-year maturity. The bonds were issued at a 5.75% rate of return and an annual coupon of 5.5%. The interest rate stood at 3.83% after a swap in Euros.
Renewal of BOAD’s accreditation as an implementing entity of the Adaptation Fund (AF)

Following a reassessment by its accreditation panel, which concluded that BOAD continues to meet the requirements of fiduciary standards as well as environmental, social safeguards, the Board of the Climate Change Adaptation Fund, on 20 June 2016, renewed BOAD’s accreditation as a regional implementing entity for another term of five years.

Conference on the theme “Governance for the prevention of fraud: challenges and innovative solutions for corporate leaders in the WAEMU region”

A conference on the above theme was held at BOAD headquarters on 27 July. The conference provided a platform for discussions on the specific challenges facing directors and senior executives of companies in line with the adoption of new governance principles and mechanisms, and new strategies for preventing fraud in the WAEMU region. Were in attendance at the conference, banks or companies’ heads and managers in Togo and Benin, representatives of the Togo Bar Association, notaries, and officers from Togo national police, customs service and public treasury. Representatives of the Association of Chartered Accountants of Togo and Benin, as well as those from civil society, also attended the conference.

Press trip to Côte d’Ivoire

The Bank organized a press trip to Côte d’Ivoire, from 13 to 15 September, for journalists from Agence France Presse (print media and television), “Le Monde”, “Le Moniteur du Commerce International (MOCI)”, “Jeune Afrique”, as well as journalists from the “MondAfrique” information site. Through field visits and discussions with officials and the President of BOAD, the press trip provided an opportunity for media professionals to have a first-hand assessment of the impact of projects financed by the Bank in various sectors, including transport facilities, energy and agro-food industry.
20 September

**BOAD’s participation in the regional conference organized by BCEAO and the IMF on the theme "Finance for all: promoting financial inclusion in West Africa"**

On 20 September in Dakar, BOAD President took part in a regional seminar co-hosted by BCEAO and the IMF on the above theme. The meeting brought together decision-makers from ECOWAS, consultants from international institutions and the private sector, representatives of civil society and academia, to share ideas on various options for promoting access to financial services in West Africa. This was to identify factors that hamper access to financial services, as well as ways of addressing such challenges, particularly through non-conventional financial services and the use of new technologies.

28-29 September; 3-4 October; 1-2, 6-7 December

**Training seminars on BOAD’s new fiduciary standards**

On 28 and 29 September, in Ouagadougou, the Bank held a training seminar on its new fiduciary standards. This was followed by training seminars in Niger (3-4 October), Côte d’Ivoire (1-2 December) and Senegal (6-7 December). These seminars helped in introducing the new measures put in place by BOAD in four areas: i) procurement contracts funded under its operations, ii) prevention and fight against fraud and corruption, iii) prevention and fight against money laundering and terror financing, iv) verification of compliance and dispute settlement.

12-14 October

**Accreditation of BOAD as partner entity of the Green Climate Fund (GCF)**

During its 14th session held at Songdo (South Korea), the Board of Directors of the Green Climate Fund approved the accreditation of BOAD as regional implementing entity for medium-sized projects/programmes. This accreditation was an addition to those already obtained from the Adaptation Fund and the Global Environment Facility (GEF).

17 November

**BOAD wins the "Special Award" during the 2016 Corporate Edition of the Law Awards**

The Bank was awarded the “Special Recognition Trophy” during the 2016 Corporate Edition of the Law Awards held in Paris on 17 November 2016 by the Leaders League. This award was in recognition of the Bank’s achievements in management and legal certainty.
25 November

**BOAD Vice-President appointed Vice-Chairman of AFRACA**

During the 19th General Meeting of the African Rural and Agriculture Credit Association, Mr. Bassary Toure, BOAD Vice-President was appointed Vice-Chairman of the Association.

Nairobi-based AFRACA is an international organization whose mission is to improve the rural credit environment through the promotion of appropriate policy framework and to support member institutions for a sustainable supply of good quality financial services to rural populations. The Association has 126 members including central banks, development banks and commercial banks.

14 December

**Funding for a first PPP hydropower project promoted by private investors in the sub-region**

The Bank’s Board of Directors approved on 14 December the first hydropower project under a PPP arrangement and financed by investors within the WAEMU region.

The Bank confirms its commitment to provide funding for renewable energy projects aimed at reducing greenhouse gas and other forms of pollution. The project will cut the emission of 4.6 million tons of CO$_2$, which will generate about 4.34 million units of carbon credits.
19-22 December

The Bank receives ISO 27001 Certification for information system security

After an audit by the certification authority (AFNOR Certification), which took place from 19-22 December, the Bank obtained the ISO 27001 certification version 2013.

In its quest for excellence, the Bank had taken steps to better protect its information assets. The Bank recorded positive income for the financial year, thereby improving its image.

26 December

Handing over of the first batch of houses at BOAD staff quarters

On 26 December, BOAD President approved the handing over of the first batch of completed villas at the BOAD staff quarters.

The said quarters, located at Baguida, a suburb of Lomé, is part of the Bank’s corporate policy and efforts at staff retention.

Based on housing loans, the villas designed in various formats, are made available to interested staff and who meet the pre-determined access criteria.
SECTION ONE
ECONOMIC AND SOCIAL ENVIRONMENT
1. INTERNATIONAL ENVIRONMENT
2. ECONOMIC ENVIRONMENT IN THE WAEMU REGION
   2.1. Economic situation
   2.2. Human Development

SECTION TWO
ACHIEVEMENTS IN 2016

THEME FOR THE YEAR
THEMATIC ASSESSMENT OF THE SUSTAINABILITY OF ROAD PROJECTS

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1. INTERNATIONAL ENVIRONMENT

In 2016, the global economy grew by 3.1%, compared with 3.2% in 2015. This performance was due to a slowdown in advanced economies and a good pace of growth observed in developing and emerging economies.

Thus, in developed countries, economic activity dropped from 2.1% in 2015 to 1.6%, due to various sources of uncertainty that had affected corporate investment. This uncertainty was also felt across Europe, particularly because of the Brexit vote in June.

Economic activity in developing and emerging economies however maintained its momentum from 2015 (+4.1%), and was supported by a robust performance in China (+6.7% compared to 6.9% in 2015) and India (+6.6% against 7.6%).

Economies in sub-Saharan Africa were affected by the prolonged decline in oil prices, despite a gradual rise in the price per barrel and prices of other commodities. This unfavorable situation particularly affected the region’s largest economies, Nigeria and South Africa. Nigeria recorded a recession (-1.5% as against 2.7% in 2015) while South Africa saw a slowdown in its growth (+0.3% compared with 1.3% in 2015). In total, the rate of economic growth in sub-Saharan Africa stood at 1.5% in 2016 down from 3.4% in 2015.

However, in most low-income countries, growth was generally resilient due to massive investment in infrastructure and private consumption. The resilience of the economies of Côte d’Ivoire, Kenya, Senegal and Tanzania, partly offset the slowdown in economic activity across the entire region.

Prices increased slightly in 2016. Inflation stood at 0.8% in advanced economies compared to 0.3% in 2015. In the United States, price variation was 1.2% in 2016, up from 0.1% in 2015, while in the Euro zone, the rate of inflation was estimated at 0.3% in 2016, after staying at almost zero in 2015. Inflation in developing and emerging economies was 4.5% in 2016 down from 4.7% in 2015.

In the foreign exchange markets, the Euro appreciated slightly against the US dollar and the Swiss franc, and much more against the pound sterling. Among the emerging countries’ currencies, the “renminbi” continued to depreciate gradually. In the West African market, and according to official data, the CFA franc posted a strong performance against the major currencies in the sub-region.

The outlook for 2017 was positive with respect to the international economic environment. Global economic growth was expected to reach 3.4% as against 3.1% in 2016, as a result of a significant fiscal stimulus in the United States. However, certain factors influenced this outlook, including the gradual slowdown and the restabilisation of the Chinese economy, the effect of Brexit and internal conflicts in some parts of the Middle East and Africa.
Graph 1
Growth in economic activity from 2014 to 2016 (%)

Source: IMF Data (PEM, January 2017).
In 2016, the WAEMU region recorded a 6.8% economic growth rate up from 6.6% in 2015. This favourable result was due to the good performance of the primary sector in most of the countries, the dynamism in the construction industry and sustained performance in the transport and communications industry. The Union’s economy was also supported by the reduction in oil bill, decline in crude oil prices, unlike the main oil exporting countries in sub-Saharan Africa.

The situation per country was as follows: Benin (5%), Burkina Faso (5.4%), Côte d’Ivoire (9.3%), Guinea Bissau (5.4%), Mali (5.4%), Niger (4.6%), Senegal (6.6%) and Togo (5.0%).

Economic activity took place in a context of price stability, with an inflation rate of 0.3% down from 1.0% in 2015, due to the drop in oil prices and bumper harvest in most of the member countries.

The region’s economies are expected to record a 7.3% growth rate in 2017, on the back of a strong performance from all sectors of the economy.
Graph 2
Comparative economic growth between WAEMU and Sub-Saharan Africa (%)

Source: WAEMU Commission, IMF.
In 2016, gender equality and the role of women in the economic and social development of countries was one of the major themes that contributed to reflections and discussions at international meetings. These issues have been discussed at various fora by various international institutions (IMF, AU and UNDP in particular), as part of their analytical work and advisory mandate to member countries. The African Union, in particular, proclaimed 2016 ‘African Year of Human Rights’, with special emphasis on women’s rights, while it declared 2015 “the Year of Women’s Empowerment and Development”.

The theme is not new, but finds justification in the persistence of gender disparities, which is a real obstacle to the enhancement of the economic potential of women, as it limits their contribution to development.

The 2016 UNDP Human Development Report titled “Accelerating Progress on Gender Equality and Empowering Women in Africa”, provides a framework for the implementation of the SDGs, particularly SDG 5 which deals with gender equality.

According to this report, gender disparities would cost Sub-Saharan Africa an average of about US$95 billion per annum (6% of the region’s GDP). These would therefore hamper the continent’s efforts for inclusive economic growth and human development.

Governments in the WAEMU region, recognizing the negative impact of gender inequality on human development, are making efforts to address gender gaps, including gender-sensitive planning and budgeting, gender equality in national legislation (constitutions, laws), as well as in national development planning. For its part, BOAD has systematically included the gender dimension into projects financed, with a view to improving women’s access to credit (especially productive capital) and economic opportunities.

Although progress has been made on many fronts, gender equality is still far from being achieved. Progress in this area is slower than expected, and irregular in achieving the goal of gender parity.
Women are still a minority and under-represented in decision-making bodies. Unemployment is higher among women and socio-cultural constraints continue to impede women’s full political and economic empowerment, especially in rural and peri-urban areas. Statistics show that gender inequality remains high in the region (See chart below). Countries that have a low level of gender inequality have a high human development index. These countries include Senegal, Togo and Benin.

The 2016 UNDP HDI report proposes measures to bridge the gap between men and women. These include: i) addressing the contradiction between legislation and practice in order to move from legal gender equality to actual equality, ii) break away from certain social norms that affect women, and iii) transform discriminatory institutional frameworks to ensure women’s political, economic and social participation.
SECTION ONE
ECONOMIC AND SOCIAL ENVIRONMENT

SECTION TWO
ACHIEVEMENTS IN 2016
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2. ACHIEVEMENTS PER STRATEGIC AREA
   2.1. Accelerating regional integration through sustained infrastructure financing
   2.2. Support for inclusive growth, food security and sustainable development
   2.3. Support for businesses and governments, developing financing engineering and services
   2.4. Deepening the resource mobilization process
   2.5. Aligning management and governance

THEME FOR THE YEAR
THEMATIC ASSESSMENT OF THE SUSTAINABILITY OF ROAD PROJECTS

LIST OF ACRONYMS AND ABBREVIATIONS
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ANNEXES
1. GENERAL PICTURE

The amount of loans granted by the Bank in 2016 totaled XOF500.6 billion, including XOF433.8 billion in medium and long-term loans and XOF51.9 billion of short-term financing.

Financing per sector during the year in review is broken down as follows:

Direct loans during the year, amounting to XOF451.6 billion, accounted for 90.2% of approvals. These will contribute to the implementation of new investment projects and the financing of business operating cycle. Thus, investment projects financed by the Bank will facilitate the development of agricultural production, modernization of infrastructure, roads and airports, promote tourism and the hospitality industry, and strengthen as well energy generation capacity, especially through the installation of renewable energy facilities (solar energy, hydropower).

Refinancing facilities stood at XOF36.2 billion, or 7.2% of financing for the year. These loans are intended to increase the capacity of products designed for SMEs or for the financing of social housing projects. Equity investments stood at XOF12.8 billion (2.6%) as a result of increases in the equity of CRRH-UEMOA and two investment funds.

New loans granted bring the Bank’s total net commitments to XOF4,409.4 billion as at 31 December 2016 covering 1,044 development projects.

Table 1

<table>
<thead>
<tr>
<th>Approvals (XOF'bln)</th>
<th>Number of operations</th>
<th>% Approvals</th>
</tr>
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<tbody>
<tr>
<td>NON-COMMERCIAL SECTOR (a)</td>
<td>261.0</td>
<td>25</td>
</tr>
<tr>
<td>COMMERCIAL SECTOR (b = i + ii)</td>
<td>239.6</td>
<td>25</td>
</tr>
<tr>
<td>Commercial public (i)</td>
<td>113.4</td>
<td>8</td>
</tr>
<tr>
<td>Private (ii)</td>
<td>126.2</td>
<td>17</td>
</tr>
<tr>
<td><strong>TOTAL (a+b)</strong></td>
<td><strong>500.6</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

1 including equity investments
Loans granted for regional economic integration projects totalled XOF1,435.6 billion, for 326 operations, or 32.6% of commitments as at the end of December 2016.

As part of the implementation of the Regional initiative for sustainable energy (IRED), 14 power projects have been funded since 2010 in the form of FDE loans, making a total of XOF229.7 billion. Disbursements stood at XOF94.7 billion, representing a 41.2% disbursement rate. A subsidy in an amount of XOF5.7 billion was also granted to the WAEMU Commission to finance activities under the regional programme for energy saving.

With regard to financing arrangement, five new fundraising mandates were signed with a view to mobilizing a total of XOF155.3 billion on behalf of various clients.

The Bank’s financial advisory activity saw the signing, in June 2016, of a mandate with the Government of Guinea-Bissau to support a diagnostic survey of the country’s cashew nut sub-sector. BOAD has also continued its advisory services to the Government of Niger for the award of the Gaweye Hotel management concession.

In terms of support for project preparation, an amount of XOF2.2 billion was spent on feasibility studies, bringing the total of this category of financial assistance to XOF30.8 billion at the end of December 2016. The activity aims to improve the generation capacity of public projects.

Disbursements made as at 31 December 2016, stood at XOF310.0 billion as against XOF318.8 billion in 2015.

At the end of 2016, cumulative disbursements totalled XOF2,763.1 billion, corresponding to a total disbursement rate of 62.7% (cumulative disbursements/cumulative commitments).
SECTION ONE
ECO NO M I C A ND S O C IA L E N V I R O N M E N T

SECTION TWO
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1. GENERAL PICTURE

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   2.1. Accelerating regional integration through sustained infrastructure financing
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   2.3. Support for businesses and governments, developing financing engineering and services
   2.4. Deepening the resource mobilization process
   2.5. Aligning management and governance

THEME FOR THE YEAR
THEMATIC ASSESSMENT OF THE SUSTAINABILITY OF ROAD PROJECTS

Graph 4
DISTRIBUTION OF LOAN APPROVALS PER TYPE OF FINANCING IN 2016

- Refinancing facilities: 36.2 bln (7%)
- Equity investments: 12.8 bln (3%)
- Direct loans: 457.6 bln (90%)

Graph 5
CHANGES IN NET CUMULATIVE COMMITMENTS OF BOAD (in XO$'bln)

- 2005: 958.5
- 2006: 1051.6
- 2007: 1143.5
- 2008: 1243.5
- 2009: 1346.6
- 2010: 2223.6
- 2011: 3292.3
- 2012: 3602.3
- 2013: 3878.5
- 2014: 4409.4
- 2015: 4409.4
- 2016: 4409.4
2. ACHIEVEMENTS PER STRATEGIC AREA

Over the period, the 2015-2019 Strategic Plan served as the reference framework for the Bank’s operations. Below is a brief summary of the main actions carried out, based on the strategic areas of the plan.

2.1. ACCELERATING REGIONAL INTEGRATION THROUGH SUSTAINED INFRASTRUCTURE FINANCING

The Bank continued its contribution towards development and implementation of regional initiatives or programs.

In the area of infrastructure, a financing of XOF158.1 billion was granted to governments or private operators for the development of regional transport or energy facilities in Burkina Faso, Côte d’Ivoire, Guinea-Bissau, Mali, Niger and Senegal.

A. DEVELOPMENT AND INTERCONNECTION OF TRANSPORT INFRASTRUCTURE

Loans granted to the road transport sub-sector totalled XOF75.0 billion for the rehabilitation and asphalting of a total of 502.5 km of roads to facilitate movement of people and goods across the region.

In the aviation sub-sector, the Bank contributed XOF51 billion toward the expansion and upgrading of facilities at the Félix Houphouët-Boigny international airport in Abidjan, especially with the construction of hangars and a parallel taxiway, aimed at easing the traffic flow. The overall objective is to improve the operations of the Abidjan international airport, which integrates quality and safety in order to handle a traffic of two million passengers by 2020.

B. STRENGTHENING THE ENERGY INFRASTRUCTURE

Loan facilities totalling XOF78.0 billion were devoted to the implementation of regional power projects. These mainly involved the following operations:

- A project for an additional capacity of 20 MW to the 100 MW Gorou Banda thermal plant in Niger;
- Three projects for the construction of 127.7 km-long 225 kV power interconnection lines between Guinea and Mali, and 1,677 km across theOMVG countries. The two OMVG projects were financed with FDE loans granted to Senegal and Guinea-Bissau under IRED. These power projects will particularly reduce the cost per KWh sold and secure power supply to the countries concerned;
- The construction and operation of a 44 MW hydropower plant at Singrobo-Ahouaty in Côte d’Ivoire under a “Build-Own-Operate and Transfer (BOOT)” arrange-
### Section One
**Economic and Social Environment**

### Section Two
**Achievements in 2016**

1. General Picture
2. Achievements Per Strategic Area
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   - 2.2 Support for inclusive growth, food security and sustainable development
   - 2.3 Support for businesses and governments, developing financing engineering and services
   - 2.4 Deepening the resource mobilization process
   - 2.5 Aligning management and governance

### Theme for the Year
**Thematic Assessment of the Sustainability of Road Projects**

- The second component of Phase 1 of the Renewable Energy and Energy Efficiency Development Project (PRODERE), involving the supply and installation of approximately 4,050 solar street lamps as well as 130 mini solar photovoltaic plants of different capacities supplying public lighting and pumping systems for the supply of drinking water in member countries of the Union. The overall objective of the project, also financed with funds from the FDE, is to improve the rate of electrification in the member countries, as part of the IRED initiative. An additional 300,000 people will be able to access electricity. The project will also achieve an energy mix with 82% renewable energy, which will help reduce greenhouse gas emissions in the region (around 12,725 tons per year).

### C. Implementation of Regional Strategies and Programmes

The Bank has continued to support the organization of events under the ECOWAS Community Development Programme (CDP: preparation of a donor roundtable conference on financing), the implementation of various regional programs, including PER II, IRED and the food security program (see Inset 1).

Working sessions have also been held with the WAEMU Commission on the possibilities of BOAD’s support for a project aimed at setting up a network of specialized high-level care centers in the Union. Similarly, the Bank has participated in the activities of the Regional Integration Committee, to promote synergy of action among intergovernmental organizations in West Africa.
The state of progress of each project is as follows:

1. Regional Economic Program (REP) 2012-2016: BOAD loans for projects under the PER II stood at XOF241.8 billion, of which XOF240.1 billion were granted in the form of direct loans for 19 projects, while XOF1.7 billion was granted for four feasibility studies.

The Bank participated in the various phases of the ongoing process to establish a multi-donor trust fund to support PER projects. The fund is scheduled to be created in 2017.

2. Regional Initiative for Sustainable Energy (IRED): In an attempt to find a lasting solution to the energy crisis that has hit the WAEMU region over the last decade, the highest authorities of the Union adopted the IRED, with a view to: (i) increasing the electrification rate from 17% in 2007 to 80% in 2020 and to 100% by 2030, (ii) reducing the average price of electricity to XOF30/KWh by 2030, (iii) increasing the share of renewable and sustainable energy (hydro, solar, biomass, wind) in the energy mix from 36% in 2007 to 82% by 2030.

This initiative was made operational through the FDE’s project implementation mechanisms. The FDE was originally allocated XOF250 billion for the financing of the emergency phase. BOAD manages the FDE funds.

As at 31 December 2016, the Fund had granted loans to 14 projects involving a total amount of XOF229.7 billion, fully disbursed from the Fund’s initial allocation. Disbursements made stood at XOF94.7 billion, representing a 41.2% rate of disbursement.

Actual implementation of the projects is as follows:

i) Completed works: two projects (1 in Burkina Faso and 1 in Senegal),

ii) Ongoing works: six projects (1 in Mali, 2 in Niger, 2 in Côte d’Ivoire and 1 in Togo),

iii) Commencement phase: two projects (1 in Benin and 1 in Senegal),

iv) Contract award and control phases: three projects (1 in Guinea-Bissau and 2 under the interconnection of power grids in OMV/G member states, to which Senegal and Guinea Bissau belong).

There have been improvements in commitment, disbursement and implementation of funded projects. There is however the need to continue the ongoing actions and strive to accelerate project implementation.

BOAD also continued the process of creating a start-up fund for private
INSET 1 (CONTINUED)

investment, especially in the energy sector.

3. Food security programme: in 2016, the Bank financed six (6) food security projects, with a total of XOF 40.5 billion, accounting for 8.9% of the commitments for the year. The Bank participated in the WAEMU meeting of food security experts, held in Niamey from 8 to 10 October 2016. Moreover, six (6) projects identified by the institution, together with the WAEMU Commission, are being assessed for allocation of an amount of XOF 10 billion in subsidy, obtained as budget aid from France.

4. ECOWAS Community Development Programme (CDP): BOAD, as a member of the CDP resource mobilization committee, took part in a technical meeting organized by the organizing committee of the High-level Conference and Roundtable for the financing of the CDP, in May 2016. The Bank also allocated XOF 20 million to the ECOWAS Commission, as part of its financial contribution toward the organization of high-level regional conference on domestic financing of regional development and the CDP Donor Roundtable. The two events will be held in the first quarter of 2017.

5. The 11th EDF regional indicative programme (RIP): BOAD took part in the regional workshop of experts from WAEMU, ECOWAS, Mauritania and regional institutions, held from 6-10 June 2016 in Ouagadougou. It also took part in the 3rd meeting of the Strategic Advisory Committee (COS) of the RIP-11th EDF, held on 23-24 June 2016 in Lomé. BOAD is engaged in a process of accreditation for the indirect management of funds from the European Union. To this end, it will undergo the “Audit of the seven (7) pillars”.

INSET 1
2.2 SUPPORT FOR INCLUSIVE GROWTH, FOOD SECURITY AND SUSTAINABLE DEVELOPMENT

A. DEVELOPMENT OF BASIC INFRASTRUCTURE

The Bank granted funding to the tune of XOF163.2 billion to support irrigation and surface water mobilization projects, urban roads and sanitation, urban and rural electrification, and water projects.

A total amount of XOF40.5 billion was approved for six irrigation and surface water mobilization projects in Benin, Burkina Faso, Mali and Togo. These projects are designed to collect water for year-round irrigation, landscaping and/or rehabilitation of about 5,229 hectares of farmlands, for the development of agribusiness and increase in agricultural production (cereals, vegetables, etc.), pastoral and fisheries. These investments are expected to make a significant contribution to the achievement of food and nutrition security, and reduce poverty, create jobs and diversify incomes as well.

Funded projects are also expected to result in the installation of urban infrastructure, particularly those that improve access and facilitate the transportation of farm produce (rural roads, transhumance corridors, etc.), support or marketing (storage, packaging).

Other special forms of assistance have been lined up to improve the living conditions of the populations as part of the implementation of these projects. These include the establishment of a loan scheme and farming advisory services, as well as construction of small potable water supply systems.

Under urban roads and sanitation, five projects were funded for a total of XOF85 billion. These include upgrading of the Tansoba boulevard in Burkina Faso, paving and construction of street drains in 20 communities in Benin, rehabilitation and upgrading of the Buba-Catió road in Guinea-Bissau (phases 1 & 2), as well as the widening of the Boulevard de Marseille in Abidjan (Cote d’Ivoire). About 106 km of roads, 66,000 linear meters of paved streets and 3,360 linear meters of drainage will be constructed, contributing to the improvement of the living environment and traffic conditions in the affected cities in the region.

In the area of urban and rural electrification, two rural electrification projects, one by photovoltaic systems in Togo and the other by hybridization in Niger received financial support to the tune of XOF18 billion. The objective of these operations is to contribute to the regular power supply, improve the rate of electrification across the country, increase the access of rural households to electricity, including through the promotion of renewable energy.

The Bank also financed two other power projects in Mali and Senegal involving an amount of XOF14 billion, with a view to increasing the power generation capacity of these countries.

With regard to access to safe drinking water, a loan facility of XOF5.6 billion was granted for a water supply system rehabilitation project at Parakou and its environs in Benin. The project is expected to improve the supply of...
safe drinking water with an additional production capacity of 28,600m³/day and increase service supply to 90% by 2024 up from 72% in 2014.

B. SUSTAINABLE DEVELOPMENT

In the area of environmental governance and green growth development project financing, the Bank continued to implement its 2015-2019 environment and climate strategy. Thus, environmental and social aspects have been systematically incorporated into all projects submitted for financing by the Bank.

New procedures and environmental standards have been implemented and workshops as well as training on the integration of climate issues in the Bank’s policies and procedures for environmental assessment have been held, in order for the Bank staff, particularly those in the operational departments to be able to incorporate them.

With technical assistance from the EIB, the Bank is gradually implementing control procedures and mechanisms to ensure the integration of environmental, social and climate aspects in project design.

Moreover, following the assessment by the Adaptation Fund’s accreditation panel, which concluded that BOAD meets its fiduciary standards and requirements to safeguard environmental and social standards, the Fund’s Board, at their meeting held on 20 June 2016, agreed to re-accredit the Bank as a regional implementing entity for a new term of five (5) years.

Similarly, at its 14th meeting held at Songdo (in South Korea) from 12 to 14 October 2016, the Board of Directors of the Green Climate Fund approved BOAD’s accreditation as regional implementing entity for medium-sized projects/programs, ranging from US$50 million to US$250 million.

The Bank has continued with the required procedures to operationalize its accreditation with the Adaptation Fund (AF) and the Global Environment Facility (GEF). Activities carried out in this regard include the preparation and submission of projects to the above-mentioned facilities, with a view to obtaining grants. Funding to the tune of US$12.5 million have already been approved.

Similarly, the Regional Collaboration Center (RCC), an agency created under the United Nations Framework Convention on Climate Change (UNFCCC), has supported the Bank’s activities, particularly through the mobilization of funds under climate finance for the development of carbon projects and implementation of the Paris Agreement on Climate (COP21)

In terms of mobilization of resources from climate finance, a partnership was established with the «Renewable Energy Performance Platform », an initiative by UN institutions for the financing of preparatory studies for renewable energy projects initiated by the private sector. An “Energy efficiency-renewable energy” credit facility for BOAD is also under negotiation with support from the RCC. Discussions are also underway, together with the Bank’s organizational units to mobilize resources through the issuance of green bonds.
Assistance from the RCC, as part of efforts to promote Clean Development Mechanisms (CDM), resulted in the progress of ten programmes and projects towards an advanced stage of the CDM project cycle. The centre continues to provide advisory services to BOAD on carbon projects appraised for member countries.

As part of the implementation of the Paris Agreement on Climate, the RCC is committed to supporting WAEMU member countries in their nationally intended determined contributions (NIDC). In this regard, capacity building actions were organized for stakeholders in the region on various themes, including the carbon market mechanism and the mainstreaming of renewable energy in their energy policies.

Finally, the implementation of the technical landfill centre (CET) in Lome, an innovative project, set up in 2014 with funding from BOAD, AFD and the European Union, is ongoing. The sod-cutting ceremony was held in October 2016 (see inset below).
Technical Landfill Centre (CET) of Lomé (Togo)

Solid waste management in many African cities, particularly in the WAEMU region, is a major concern for the populations as well as public authorities.

To this end, BOAD made a commitment, together with AFD and the European Union, to construct a technical landfill center in Lomé to reinforce waste treatment facilities and improve hygiene and living conditions of the target populations.

The project is located at Aképé, about 15 km from Lomé, while the Managing Committee of Lomé (Town Council) is the project manager.

The President of the Republic of Togo, H.E. Faure Gnassingbé cut the sod for the commencement of the project in October 2016, accompanied by Mr. Manuel Valls, then Prime Minister of France on official visit to Togo.

This innovative project will facilitate the integration of waste management into a single circuit comprising pre-collection from households, collection from assembly points (dumping grounds), transportation and final landfill activities. It will also benefit the recycling sector.

The project implementation will therefore:

- Significantly reduce uncontrolled dumping and preserve the living environment of certain populations;
- Sequester approximately 3,636 tons of methane, equivalent to 80,000 tons of CO2, through the operation of a landfill biogas recovery and flaring unit;
- Produce 60,000 tons of alternative fuels, which can substitute about 35,000 tons of mineral coal at the clinker plants.
2.3. **SUPPORT FOR BUSINESSES AND GOVERNMENTS, DEVELOPING FINANCING ENGINEERING AND SERVICES**

### A. PROMOTING PUBLIC-PRIVATE PARTNERSHIPS

The Regional Private-Public Partnership Project Development Unit (URDPPP) set up in January 2014, upon the directives of the Heads of State and Government of the Union, is in its operation phase and has begun implementation of its activities. During the year, it carried out various actions, including: (i) participation in various regional projects, (ii) promotion of decision-making tools, (iii) capacity-building for government agencies, iv) conduct of project identification missions in the member countries.

As part of participation in regional projects, the unit took part, as a member of the PPP Working Group (WG/PPP), in the workshop to validate the report on the sub-regional strategy for the promotion of PPPs, held in Ouagadougou from 29 to 31 March 2016. The unit also participated in the second validation workshop held in Ouagadougou from 18 to 23 July 2016 on the proposed community directives on PPPs. It also organized two sessions for the Public-Private Partnerships Committee, with a view to sharing the experiences of its respective members, disseminating the mechanisms developed and helping to build the capacity-building of public project holders, for the implementation of PPP projects.

The URDPPP, as a partner of the CREPMF, provided assistance in the review of regulations governing the regional financial market, in order to address factors that hinder the mobilization of resources for PPP projects in this market.

In term of promoting decision-making tools (methodological and analytical tools), the Unit has completed the development of its financial model for benchmarking with support from an international firm. Training sessions are underway to introduce national PPP Units, as well as members of the Public-Private Partnerships Committee (CO-PPP), to the application of the model. It has also finalized a draft methodological guide, which was submitted to the national PPP Units of WAEMU member countries for consideration.

As part of efforts to collaborate with partners from the member countries, the unit carried out missions to the Ministry in charge of Investment Promotion and Private Sector in Mali, and the Public-Private Partnership Support Unit of Niger. This mission was to provide advice and expertise for the drafting of various PPP documents (strategies, laws and implementing decrees). Capacity building sessions for ministries involved in PPP projects were also facilitated.

### B. SUPPORT FOR THE DEVELOPMENT OF INDUSTRIES AND EMERGENCE OF REGIONAL BUSINESSES

As part of efforts to support the development of industries and the emergence of businesses, seven direct loans totalling XOF 90.5 billion were granted. The targeted operations included the modernization of the ginning capacity of the Malian Textile Development Company, the construction or renovation of two 5-star hotels in Burkina Faso and Senegal, the expansion of two power...
The level of financial inclusion in WAEMU has improved significantly in recent years. Indeed, the strict banking rate more than doubled, from 7.5% of the adult population (population aged 15 years and above) in 2007 to 15.7% in 2014. The expanded banking rate stood at 34.5% in 2014 up from 16.6% in 2007. This progress was thanks to the contribution of the microfinance sector and the massive improvement in financial services via mobile telephony.

Despite this progress in access to financial services, WAEMU countries are still facing many challenges. These challenges have to do with: (i) the continuous adjustment to the regulatory framework, (ii) soundness and consolidation of the microfinance sector, (iii) expansion of the distribution network and payment via mobile phones, (iv) diversification of financial products offered by banks and decentralized financial systems (DFS), insurance companies and postal services, (v) the involvement of the public sector in the development of mobile financial services.

To address these challenges, the vision of the WAEMU region, which draws on the regional strategy developed under the leadership of BCEAO, is to ensure “permanent access to financial services and an effective use of a wide range of tailor-made products at affordable cost by the populations in the region.” Emphasis is placed on actions aimed at improving the access, use and quality of financial services offered to SMEs as well as the most vulnerable in the region. By 2020, 75% of the adult population of the WAEMU region should have access to a wide range of financial products and services and at affordable costs.

On 20 September 2016, in Dakar, a regional conference was organized by BCEAO and IMF on the issue under the theme: “Finance for all; promoting financial inclusion in West Africa.”

The meeting served as a platform for discussion on issues of financial inclusion, factors that impede access to such services, as well as ways to facilitate access of vulnerable populations to financial services.
INSET 3 (CONTINUED)

Financial inclusion in the WAEMU region

The Bank has also sought to promote the development of “mobile banking” through the allocation of funds, particular for investments in mobile telephony infrastructure.

Finally, as part of efforts to diversify its funding, and in collaboration with BCEAO and the Islamic Development Corporation, member of IsDB, BOAD plans to set up a window dedicated to Islamic finance.

At the end of December 2016, loans granted by the Bank for financial inclusion stood at about XOF475 billion, of which XOF300 billion were allocated to financial institutions or analogous ones, while XOF175 billion was allocated for the development of mobile telephony infrastructure.

BOAD will support the implementation of the regional strategy for financial inclusion developed under the leadership of BCEAO. It will do so in collaboration with contribution from all stakeholders, particularly, the member countries.
plants in Mali and Senegal, the rehabilitation of power distribution networks in Senegal, and the rehabilitation of an “ICT” building in Côte d’Ivoire.

Three refinancing operations involving XOF36.2 billion were granted to three financial institutions, to increase their capacity to provide tailor-made financial services to SMIs-SMEs, or to address social housing needs.

Discussions are also underway to upgrade the strategy for private sector promotion and financing.

C. OTHER PRODUCTS AND SERVICES FOR THE PRIVATE AND PUBLIC SECTORS.

1. Innovative financing

The Bank has continued to work towards setting up a window dedicated to Islamic Finance, with technical assistance from the ICD. The ICD supports BOAD using a turnkey approach, which covers all related implementation actions, until the commencement of the financing activities: i) collection of information and commencement of works under the accounting and information system components, ii) implementation of a specific governance system, with a dedicated ad hoc committee as the interface, iii) selection of products for promotion, (iv) development of modalities for the mobilization of related financial resources, v) development of a communication strategy.

Subject to the approval of the Bank’s decision-making bodies, the assistance from ICD should enable the Bank to make its Islamic Finance window operational, with fundraising activities expected in 2017.

2. Short-term financing

Five loan facilities involving XOF51.9 billion were disbursed. BOAD expanded its financial services available to its borrowers, per type of operations. Operations for the financial year include:

- Short-term loan of XOF17.9 billion to the Malian Textile Development Company (CMDT), as partial funding of its operating cycle. The goal was to assist the company to achieve its production targets for the 2015-2016 farming season, involving approximately 522,637 tons of seed cotton (and 219,508 tons of cotton fiber);

- Assistance to the cement industry in Burkina Faso, with the granting of a short-term loan of XOF4 billion to one of the country’s cement factories. The goal is to partially finance the importation of raw materials for the production of about 87,500 tons of cement.
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THEME FOR THE YEAR

THEMATIC ASSESSMENT OF THE SUSTAINABILITY OF ROAD PROJECTS

1. Loan of XOF5 billion to the Road Maintenance Fund of Côte d’Ivoire for the partial funding of its road maintenance program. The set objective is to contribute to a proper maintenance of road infrastructure in order to ensure their sustainability;

2. Loan facility of XOF10 billion to Coris Bank International (CBI), for the refinancing of the loans granted to support the cotton season in Burkina Faso. The goal is to enable CBI to support the operating cycle of the main players in the country’s cotton industry.


3. Equity investments

Three operations involving a total of XOF12.8 billion were carried. These operations involved the creation of an investment fund dedicated to the development of financial services in the Union (see Inset 4), strengthening the operations of I & P Afrique Entrepreneurs-2 Fund (IPAE 2) and increasing the share capital of CRRH-UEMOA.

4. Financing arrangements and advisory services

With respect to financing arrangement, five new fundraising mandates were signed for the mobilization of funds totalling XOF155.3 billion:

Graph 6
BREAKDOWN OF SHORT-TERM FINANCING PER AREA OF ACTIVITY AS AT 31 DECEMBER 2016 (IN %)
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THEME FOR THE YEAR
THEMATIC ASSESSMENT OF THE SUSTAINABILITY OF ROAD PROJECTS

• XOF89.7 billion for sanitation, rehabilitation and asphalting of roads in Senegal and Niger.
• XOF29.6 billion for the construction of photovoltaic and hydropower plants with a total capacity of 94 MW in Mali and Cote d’Ivoire;
• XOF36 billion for the rehabilitation and upgrading of a building for office use in Côte d’Ivoire.

Apart from these operations, processes are underway under the fundraising mandate to raise funds for the project to build a 90MW thermal power plant in Kayes (in Mali) by ALBATROS ENERGY MALI SA. Financial closing for the operation is scheduled for the first quarter of 2017.

As part of its advisory services, the Bank signed in June 2016 a mandate with the Government of Guinea-Bissau to support a diagnostic survey of the country’s cashew industry. The Bank is also engaged in a process to provide advisory services to the Government of Niger over the granting of a management concession of Gaweye Hotel.

Also, as part of its one-off support to governments, civil society organizations or other grassroots development partners, the Bank was able to provide different forms of financial assistance, involving an overall amount of XOF160.7 million. The loans were granted to supported activities such as: (i) the introduction of the Master’s degree programme in regional integration by the West Africa Institute, (ii) organization of the high-level Conference and Roundtable on the CDP, (iii) participation of Togolese students at the 11th Science Day organized by the network of medical students from West Africa (REMAO) in Dakar, (iv) organization of the Symposium on promoting and investing in the hospitality industry in Togo, (v) organization in Senegal, of the African Research and Innovation Fair (SARIS), on the one hand, and on the other hand the African Conference on renewable energy (CAFER), (vi) the organization, in Côte d’Ivoire, of the Conference of the Coordination Committee for the Promotion and Development of African handicraft (CODEPA) (vii) the holding of the 4th Edition of the Business Development Forum “AFRICALLIA” in Burkina Faso.
This study identified the existence of a real need to modernize and restructure the financial sector in the WAEMU region, in light of the issues and challenges related to the growing demand for specialized financial services that are accessible to households and businesses alike. The study also confirmed the need for an improvement in the competitiveness of various players in the banking and financial sector, in terms of compliance with strict regulations. The study therefore identifies the need to create an investment fund to provide the appropriate solutions.

As part of the implementation of this Fund, the Bank invested in the Fund’s equity an amount of XOF10 billion. Other investors include investment funds, pension funds, multilateral development banks, insurance companies, sovereign funds and social welfare schemes.

The Fund is a limited partnership created under Mauritian law on limited partnerships. Its object includes: (i) supporting banks, financial institutions and insurance companies in the WAEMU region in their development, in accordance with new financial regulations; (ii) investing in the equity of emerging banks and financial institutions; (iii) participating in the merger/acquisition and restructuring operations in the banking and financial sector in the Union; (iv) promoting diversification and competitiveness in the financial services in the Union; (v) fostering the development of the regional financial market through the promotion of new services; and (vi) promoting service that facilitate the development of the banking system and improve access to a wide range of financial services.

The Fund, which is targeting a XOF100 billion capital base is structured as follows: (i) a capital investment fund involving XOF95 billion and (ii) a technical assistance fund of XOF5 billion.

Under the project, a local subsidiary was created in Abidjan (Côte d’Ivoire) to manage the operations of the Fund.

The promotion of the Fund is consistent with BOAD’s statutory mission of financing development. This vehicle will foster more economic growth in the countries of the Union. Its impact will be felt through a strengthening of the operational capacity and competitiveness of the beneficiary financial institutions, with sometimes a diversification of products and services that will accelerate the rate of access to financial services.
The Bank has over the years made significant gains in the area of cooperation and resource mobilization. Indeed, actions in this area have, among other things, led to the following results: i) first fundraising in the international capital market, with the "investment grade" rating obtained in 2015 and re-affirmed in 2016, ii) mobilization of concessional loans from bilateral partners, iii) commencement of a mechanism to mobilize domestic concessional funding with a view to financing non-commercial public projects, etc.

A. AGREEMENTS SIGNED IN 2016

Five agreements in respect of credit lines were signed during the year. These covered the following operations:

a. A credit line of €40 million obtained from KfW (XOF26.24 billion), to lend to the WAEMU regional mortgage refinancing fund, for the financing of social housing in the Union;

b. A credit line from the Arab Bank for Economic Development in Africa (BADEA), involving an amount of US$15 million (XOF9 billion), for the financing of small and medium-sized enterprises (SMEs) in the WAEMU region;

c. A cash investment by the Islamic Corporation for the development of the private sector (ICD) with BOAD, involving €50 million (XOF32.7 billion);

d. A credit line from the African Development Bank (AfDB) involving an amount of €140 million, for the financing of the private sector in the WAEMU;

e. A special facility obtained from AFD in the form of concessional resources, involving €100 million, aimed at balancing the financial model under the conditions of the concessional window between 2009 and 2014.

B. MOBILIZATION OF RESOURCES IN THE CAPITAL MARKETS

The Bank carried out two separate capital market operations. It first issued bonds on the regional market, through which it mobilized XOF78.23 billion, bringing to XOF991.05 billion the total amount of loan resources mobilized in the domestic market since the first issue in 1993.

On the international scene, the Bank successfully carried out its first Eurobond in April, involving an amount of US$750 million, for a maturity of 5 years.
BOAD has a good reputation in the regional financial market where it has a de facto benchmark issuer status. In 1993, it carried out the first regional bond issue, thereby playing a pioneering role in the development of the regional capital market. The amounts raised by the Bank as at the end of 2016 was XOF991 billion, or €1,511 million.

The funds raised in the market will be used to finance the commercial sector and refinance sovereign loans at market conditions. These resources are exempt from exchange and currency risks. However given the Bank’s financing needs and the relatively small size of the regional capital market, it is necessary to diversify the sources of funding.

Thus, thanks to its rating, the Bank in July 2015 took steps to hold its inaugural bond issue on the international financial market. This initiative is consistent with the Bank’s efforts to diversify and secure its sources of funding.

For this operation, the Bank opted for the 144 A/RegS format which gives access to the U.S. market in order (i) to expand the investor base, (ii) extend the maturity of the operation, if necessary, and (iii) improve the liquidity of securities to be issued on the secondary market.

Fitch and Moody’s were tasked to rate the bond issue. The Bank was given an “investment grade” rating and in conformity with the ratings given by these two rating agencies to BOAD in 2015 (and confirmed in 2016). The rating were "BBB" with a stable perspective, or "Baa1" with a stable Outlook.

The operation was launched on 28 April 2016, with the following key features:

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
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<tbody>
<tr>
<td>Amount</td>
<td>US$750 million</td>
</tr>
<tr>
<td>Issue price</td>
<td>98.927%</td>
</tr>
<tr>
<td>Return</td>
<td>5.75%</td>
</tr>
<tr>
<td>Interest rate</td>
<td>5.50%</td>
</tr>
<tr>
<td>Duration</td>
<td>5 years</td>
</tr>
<tr>
<td>Depreciation</td>
<td>in fine</td>
</tr>
<tr>
<td>Instalments</td>
<td>Half-yearly</td>
</tr>
<tr>
<td>Stock exchange</td>
<td>Luxembourg</td>
</tr>
<tr>
<td>Listing</td>
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</table>

The return on the securities was at a Euro rate of 3.83% after a currency swap operation in order to protect the Bank against currency risk.

The bond issue sparked strong demand, recording 180 subscriptions involving a total of US$1.8 billion. The selected offers were from the United States, Europe including the United Kingdom, Asia, and the rest of the world.

The resources mobilized strengthened BOAD’s capacity to support the regional economy.
C. MOBILIZATION OF INTERNAL CONCESSIONAL RESOURCES

The Bank obtained approval from the WAEMU Council of Ministers in December 2015 to establish an interest subsidy mechanism for concessional financing. The subsidy mechanism is expected to receive annual allocations from member countries as well as organs and institutions of the Union. It is also open to possible contributions from development partners. A first annual matching contribution to the mechanism, during the second quarter of 2016, enabled the Bank to revive activities under its concessional window after a suspension for three semesters.

D. COOPERATION AND PROMOTION OF PARTNERSHIPS

To further strengthen its subsidy resources, the Bank, in collaboration with the ECOWAS and WAEMU Commissions, held consultations with the European Union Commission, so as to include it in the EDF 11th RIP, and more generally, to establish close cooperation with the European Union Commission.

Processes are also underway to expand the Bank’s shareholding. The Bank is holding discussions with various countries in this regard, with the support of the Chairmanship of the WAEMU Conference of Heads of State and Government.

Although the results achieved in resource mobilization are encouraging, they remain insufficient as far as concessional resources are concerned, in view of the investment needs of the member countries.

A first annual matching contribution to the mechanism, during the second quarter of 2016, enabled the Bank to revive activities under its concessional window after a suspension for three semesters.
2.5. ALIGNING MANAGEMENT AND GOVERNANCE

A. LEGAL SECURITY OF OPERATIONS

As part of efforts to provide legal certainty for its operations, the Bank has continued to upgrade the legal framework for its activities. It has thus updated and adopted various operational manuals for project evaluation or supervision. Procedure manuals have also been adopted for short-term operations, financing arrangements, financial advisory services or loan guarantees.

Similarly, the Bank has strengthened its system to combat money laundering and terror financing (AML/TF), by updating its policies and procedures in this area. These procedures have been applied in line with WAEMU regulations and recommendations by the Financial Action Task Force (FATF).

The Bank has also carried out ex-post evaluation of guarantees taken on operations financed in Togo and Benin, and extended it to the re-evaluation of similar guarantees.

B. MARKETING AND COMMUNICATION ACTION

Initiatives in the area of communication have been designed to strengthen the institutional image of the Bank, especially through interviews granted by the Bank’s President to major international media outlets, and the publication of thematic articles. In a similar vein, a press trip to Côte d’Ivoire provided an opportunity for journalists from the French and Pan-African media to assess the impact of projects financed by the Bank in key areas such as roads, energy, industry and the food industry. In addition, local journalists were invited to visit projects funded by the Bank in Burkina Faso, Côte d’Ivoire and Niger.

To strengthen transparency of its operations, the Bank organized information seminars on its new fiduciary standards in several countries. These events provided a platform to create awareness for partners, anti-fraud organizations and public opinion, about the existence of mechanisms put in place regarding funded procurement processes, prevention and the fight against fraud and corruption, preventing and combating money laundering and terror financing and compliance audit.

In the area of marketing, the Bank has taken steps to promote its products and services by participating in international fora such as the forum on hospitality investments in Africa held in Lomé from 21-22 June and the forum on infrastructure in Abidjan, from 24-26 November. Advertisements were also undertaken. The Bank also initiated an opinion poll on the financing of the commercial sector in the WAEMU region. The Bank’s marketing strategy will be updated in 2017 on the basis of the conclusions and recommendations made.

C. STAFF PERFORMANCE

The Bank has continued efforts to upgrade its human resource management policy. A target-setting and staff performance appraisal mechanism has therefore been introduced, as well as targeted individual and group training for capacity-building.
Staff numbers declined, following the retirement of some staff member. A recruitment programme was developed as part of the 2015-2019 forward-looking careers and skills management plan with a view to strengthening staff and acquiring new skills. As at 31 December 2016, the Bank’s total staff strength was 285, including 272 operational staff, 7 on secondment, 5 on leave of absence and 1 technical assistant.

D. ASSET MANAGEMENT AND SAFETY OF PERSONS AND GOODS

The Bank conducted actions to rehabilitate its assets and rationalize its operating expenditure. This includes maintenance and rehabilitation of technical facilities and the headquarters building. As part of the construction works, other projects such as the BOAD staff quarters (including the leisure centre) and the back-up site in Cotonou, were brought on board. Other preliminary studies were also conducted in collaboration with the Francophonia institute for sustainable development, with a view to implementing an energy efficiency programme.

In January 2016, the Bank created a unit to oversee the safety of its staff and property. The “Asset Management and Safety Unit” has worked to strengthen existing safety procedures and mechanisms within the Bank. Given the emphasis placed on securing access to the country, relevant security regulations have been reviewed with the cooperation of authorities and subregional institutions. Moreover, a surveillance system has been introduced to provide a sense of security in each member country.

The back-up facility set up to protect the Bank’s “business data” is still in operation under the control of the IT Directorate, thereby facilitating the resumption of activities in the event of a total or prolonged inaccessibility of the headquarters. These measures are in line with the business continuity plan (BCP) which the Bank reviewed at the beginning of the year.

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<tr>
<td><strong>PROFESSIONAL STAFF</strong></td>
<td>161</td>
<td>153</td>
<td>153</td>
</tr>
<tr>
<td><strong>SUPPORT STAFF</strong></td>
<td>130</td>
<td>127</td>
<td>119</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>291</td>
<td>280</td>
<td>272</td>
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</table>
The BCP is under the responsibility of a decision-making committee headed by BOAD President, assisted by an Executive Committee whose secretariat is handled by the unit in charge of security. This unit is tasked with ensuring that the BCP is operational in order to conduct a series of stress tests and simulations, from 2017, to guarantee the continuation and proper execution of the Bank’s operations in the event of a major crisis.

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

With regard to ex-post evaluation of projects, the Bank embarked on an assessment of three (3) projects in operation. These included two operations in Mali and another, jointly implemented by Benin and Togo. The Mali project involved (i) the first refinancing facility to Kafo Jiginew, then (ii) the rehabilitation of subscribed network and commercial management of ‘Energie Du Mali (EDM)’. The Togo-Benin project involved the interconnection of power systems belonging to the Communauté Electrique du Benin (CEB) and the National Electric Power Authority (NEPA).

With regard to thematic evaluations, the final report of an assessment of “sustainability of facilities financed by BOAD in the road transport sub-sector, from 2000 to 2012”, was submitted to the Board of Directors, which approved the same. A summary of the conclusions of the projects is provided in Part II of this annual report.

**In terms of impact assessments**, the Bank received a grant from the “International Initiative for Impact Evaluation (3ie)”, involving an amount of US$442,029 (XOF261.2 million) to finance the impact assessment of the Special Food Security Programme (PSSA). The projects selected for this assessment include: (i) the hydrodevelopment project at M’Bahikro in Côte d’Ivoire and (ii) Phase 2 Extension of the agricultural development project at Matam - in Senegal. The first batch of the relevant investigations are underway.

**In terms of monitoring-evaluation of projects/programmes**, the Bank has prepared a memo on the analysis of the state of implementation and development outcomes of twelve (12) projects in the appraisal phase and four hundred and one (401), approved and ongoing projects between 2000 and 2015. A memo was also prepared on development outcomes of sub projects funded as part of the first credit facility granted by KfW, for small and medium-sized enterprises (SMEs). Finally, (i) a “Leontief” type module has been introduced to analyze the indirect impacts of the projects, ii) and a collection system for monitoring development outcomes of private projects.

Finally, a consolidated database of ex-post evaluations and recommendations from such assessments has been set up. This database is, among other things, intended to provide a summary of the impact of the Bank’s operations and improve future interventions through the lessons learned and recommendations from previous operations.
The Bank has also continued to operationalize its strategies in the area of knowledge management. As such, the Bank has focused on the implementation of a system of monitoring, visibility analysis and "e-reputation" of its activities on the internet and social media networks. Furthermore, as part of efforts to promote Web Tools 2.0 for the dissemination of digital information, the Bank conducted an analysis on the relevance of using social media to improve its visibility and share information on its activities to the outside world. An organizational approach to this implementation has been proposed in this regard. The Bank has also been involved in discussions with a view to pooling part of its documentary resources from various bodies or institutions in the Union. Finally, within the context of the digitization of its archives, several hundreds of project documents and operational studies have been digitized.

F. GOVERNANCE, CONTROL SYSTEM AND RISK MANAGEMENT

During the period, the Bank continued its efforts at strengthening its governance and ensuring a continuous upgrade of management tools.

Internal audit and financial control: based on the programme approved by the Audit Committee, audits have been performed on the projects in operation, the portfolio, procurement, documentation and management of the Resident Missions in the different countries of the Union other than Togo. Recommendations made will help strengthen internal control and risk management.

Any acquisitions of goods and services, as well as disbursement of funds, have undergone compliance and regulation checks.

Moreover, the internal audit tools are regularly updated, in the light of changes in international standards.

Audit Committee of the Bank: the Audit Committee held two meetings. During the first meeting, the financial statements for the year ended 31 December 2015, as well as the external auditor's report on the financial statements were reviewed. The second meeting, held in November, adopted the revised internal audit charter, and then reviewed the Bank's arrangements in the area of information system security and the business continuity plan.

External control: KPMG-CI, the Bank’s external auditor, has audited and certified with unqualified opinion the 2015 financial statements of the Bank, FDC and FDE. These accounts have been approved by the Council of Ministers. PRICEWATERHOUSECOOPERS (PWC), incoming auditors appointed by the WAMU Council of Ministers during its session in December 2015, conducted a limited review of the financial statements as at 30 June 2016 in accordance with the IAS 34 of IFRS.
Ethics, prevention and fight against fraud and corruption: the Bank has continued to consolidate the system in place. Under the Staff Code of ethics, five cases of compliance were appraised during the period. Furthermore, sensitization session on the fight against fraud and corruption have been organized for staff, civil society organizations, NGOs and government agencies involved in the fight against fraud and corruption in member countries.

Verification of procurement contracts: procurement contracts have continued to undergo checks and controls. These include contracts funded as part of the Bank’s operations or internal procurements.

Results-based management: management tools in place have been implemented with close support to the relevant departments to ensure greater understanding of the programme-budget approach, based on performance contracts and their proper assessment at the end of each quarter, as well as for the control of the “dashboard network” application. Responsibility centres have put in place performance management tools, to achieve the set objectives. The overall performance of the Bank has been monitored especially through the production and communication of quarterly reports on key performance indicators.

In terms of risk management, the Bank has continued to manage its credit, market and operational risks. In this regard, an assessment of the Bank’s exposure to different kinds of risk was carried out, in addition to measures taken to mitigate such risks with the imposition of intervention limits, rating of counterparties, the issuance of a “notice of second opinion” on commercial projects eligible for funding, as well as through the assessment of operational risks and capital adequacy. A study has also been initiated to strengthen the system and the risk management framework to comply with best practices and make the necessary changes in the light of international standards.
NEW FIDUCIARY STANDARDS OF BOAD

As part of its development finance mission, the Bank is required, among others things, to:

- Ensure that its financial resources and income from its operations are properly managed and that disbursements made, as part of its financing operations, are used exclusively for the purposes for which they were granted (see Policy Statement);

- Ensure the financial security of its operations by preventing the use of its funds for purposes of money laundering and terror financing;

- Ensure that proposed development choices are environmentally friendly and sustainable and ensure that the impact on the environment are identified as soon as possible with a view to taking them into account in the project design.

To achieve the above objectives, and in view of its accreditation to various environmental funds (Green Climate Fund, Global Environment Facility, Climate Change Adaptation Fund, etc.), the Bank has implemented a set of mechanisms, policies and procedures, inspired by best practices and international standards. These mechanisms involve, inter alia:

- Promotion of ethics, prevention and fight against fraud and corruption;

- Preventing and combatting money laundering and terror financing;

- Verification of compliance and settlement of grievances.

The implementation of all of these mechanisms also helps strengthen the governance of the Bank.

PROCEDURES FOR THE PROMOTION OF ETHICS, PREVENTION AND FIGHT AGAINST FRAUD AND CORRUPTION

This mechanism is underpinned by three fundamental texts inspired by the Uniform framework for the prevention and fight against fraud and corruption of the Task Force on the fight against corruption in international financial institutions, as well as the United Nations Convention on Corruption. The texts include: i) Manual of policies and Procedures for the Prevention and Fight against Corruption and Fraud (MPPCF); (ii) Manual of Investigation Procedures and Sanctions in the Fight against Corruption and Fraud (MEPs); and (iii) Policy Manual for the Protection of Whistleblowers (MPPD).

These three texts are complemented by basic texts such as the Staff Code of Ethics, Staff Rules and Regulations, the Bank’s Articles of Association, Charter for BOAD Board of Directors and affiliated entities, the Code of Ethics for BOAD President and Vice-President, etc.

In terms of organization, the mechanism is implemented by four categories of bodies: i) the preventive organs (human resource management, control units, etc.), ii) agencies charged with complaints and investigations (Ethics Committee, Bureau of investigations); (iii) organs in charge of sanctions (Sanctions Bureau, Disciplinary Committee); and (iv) appeal bodies (Joint Consultative Committee, Fraud and Corruption Surveillance Committee).
INSET 6

The Bank’s strategy in this area is based on the sharing of responsibilities and is focused on prevention and deterrence.

MECHANISM FOR THE PREVENTION AND FIGHT AGAINST MONEY LAUNDERING AND TERROR FINANCING

The regulation of the mechanism is underpinned by two texts: i) the financial security policy for the prevention and fight against money laundering and terror financing; and (ii) the manual of procedures for the prevention and fight against money laundering and terror financing.

These texts are inspired by Directive No. 02/2015/CM/UEMOA and the recommendations of the Financial Action Task Force (FATF), published in February 2012.

The regulatory and compliance Division and the Accreditation Committee implement this mechanism internally.

Prior to any business relationship and during that relationship, steps are taken to identify and know the client as well as its environment. The results of these procedures are summarized in financial security form.

COMPLIANCE AND DISPUTE SETTLEMENT MECHANISM

This new mechanism is an independent mechanism designed to verify the compliance of BOAD’s actions to its own policies and procedures. It also gives an opportunity for groups of people who feel aggrieved by a project funded by the Bank to lodge complaints and get possible redress. As part of the implementation of this policy, the Bank adopted its manual of policies and procedures for compliance and the manual of policies and grievance procedures.

Issues pertaining to this mechanism are the responsibility of the Regulatory and Compliance Division.
G. UPGRADING OF THE INFORMATION SYSTEM

Year 2016 has been a year for consolidating the modernization of the information system infrastructure, especially with VSAT interconnection, between four (4) Resident Missions and the headquarters of the Bank. This helped integrate the said Resident Missions into the corporate network, facilitating access to computer resources from the Headquarters to users in those Resident Missions (messaging, autocom, etc.).

Improving the quality of the internet connectivity at the headquarters, by setting up high speed broadband fiber optic, has enabled the Bank to enhance the security of its dealings with the outside world and increase the rate of availability of such connectivity.

To serve as a transitional phase to the BANKING component (core business) of the integrated SAP software, a redesign of the Banking Operations Management (GOB) application is being finalized. It involves taking into account the safety standards required in this regard to ensure a better integration of the Bank’s data at the time of the implementation of the BANKING component.

In 2016, the Bank also took steps to obtain ISO 27001 version 2013 certification. A mission by the certification authority (AFNOR) audited the Bank in December 2016 with a favorable opinion.

The revamping of the Bank’s website, currently being finalized, will provide better visibility for the Bank, including a significant improvement in the English version.

H. FINANCIAL MANAGEMENT

Pricing system redesign: the pricing model had been redesigned. The new model, which is aligned with the standards of major international financial institutions, seeks to achieve greater flexibility in the pricing of operations, while promoting greater price competitiveness of the Bank. During its December meeting, the Board of Directors agreed for an entry into force of this new model from early January 2017.

Financial position: the Bank’s total balance sheet rose from XOF1,783.6 billion as at 31 December 2015 to XOF2,263.3 billion (+ 26.9%) as at 31 December 2016.

The Bank’s financial position remains sound with a balanced financial structure. At the end of December 2016, the Bank’s equity accounted for about 29% of its total balance sheet, while the ratio of "outstanding loans/equity" (debt ratio) was about 224.9% out of a regulatory limit of 300%. 
The Bank’s operations are characterized by the following key components (see Annex 13):

- A high percentage of loan products (82% of budget income), which constitute the Bank’s main activity;
- A generally controlled expenditure of loan resources (4.14% on average for market and concessional loans);
- Net banking income stands at XOF34.1 billion as at 31 December 2016 as against XOF32.6 billion as at 31 December 2015.
- Prudent cash management in line is its liquidity policy;
- The continuation of a prudent provisioning policy, given the situation of some commercial projects.

The gross rate of deterioration of the portfolio was about 2.26% at the end of December 2016, compared with 2.73% as at 31 December 2015. The Bank plans to continue monitoring and improving the quality of its portfolio.

The Bank’s operations continue to show positive results, despite losses due to the lack of sustainable concessional resources. Net income at end of 2016 was XOF10.5 billion up from XOF8.8 billion as at 31 December 2015. The income recorded has increased the Bank’s equity.

The Bank will continue to control its expenditure in order to maintain an attractive rate for its loans in line with its development finance mission.
SECTION ONE
ECONOMIC AND SOCIAL ENVIRONMENT

SECTION TWO
ACHIEVEMENTS IN 2016

1. GENERAL PICTURE

2. ACHIEVEMENTS PER STRATEGIC AREA
   2.1. Accelerating regional integration through sustained infrastructure financing
   2.2. Support for inclusive growth, food security and sustainable development
   2.3. Support for businesses and governments, developing financing engineering and services
   2.4. Deepening the resource mobilization process
   2.5. Aligning management and governance

THEME FOR THE YEAR
THEMATIC ASSESSMENT OF THE SUSTAINABILITY OF ROAD PROJECTS

Graph 7
CHANGES IN EQUITY, DEBT (XOF'BLN) AND DEBT RATIO

[Diagram showing changes in equity, debt (XOF'BLN), and debt ratio from 2007 to 2016]
THREATIC ASSESSMENT OF THE SUSTAINABILITY OF ROAD PROJECTS: findings and lessons learned from loans provided by BOAD between 2000 and 2012
As part of its development mission, BOAD gives great importance to the financing of road infrastructure projects. Since the start of its operational activities, over hundred of such projects have been funded in the member countries, representing a little more than one-quarter of net liabilities for the period (26.4%).

Sustainability can be defined as the quality of an infrastructure that is likely to last. It draws on the idea of social, economic and ecological sustainability. Sustainability is a vital component of development insofar as it guarantees a continuous flow of development results, after the completion of the project or during the operational phase of the project.

To better understand the factors that affect sustainability of road infrastructure projects, the Bank conducted a thematic evaluation, in 2015, which focused on the sustainability of road projects. This mission sought to draw lessons and make recommendations to contribute to the improvement of the quality of the Bank’s operations in the area of road projects. In view of the time required for the execution of the projects, the most recent year included in the observation was 2012.

This summary of the findings of the survey includes the following points:

- Review of the Bank’s policies and strategies in the area of road infrastructure;
- Review of the portfolio of road projects financed by the Bank from 2000 to 2012;
- Findings of case studies of ex-post evaluations of road projects executed in Benin, Mali and Niger;
- Conclusion and Recommendations.

However, while it is true that road maintenance is an important means of safeguarding the road infrastructure over the medium and long-term, it is important to emphasize that it only occurs in the operational phase of the constructed roads. However, the sustainability of road infrastructure depends not only on the required maintenance, but also on the conditions of design and implementation of those infrastructure.

Thus, when the sustainability component of road projects is not taken into account in a comprehensive manner, the project loses its effectiveness and efficiency in terms of development and continuity of project outcomes.
1. REVIEW OF THE BANK’S POLICIES AND STRATEGIES IN THE AREA OF ROAD INFRASTRUCTURE

Road transport is the most used means of transport in member countries of the Union. It provides almost all of inland transport, especially between 60% and 95% of the movement of passengers and goods, on a linear total of 313,547 km network.

Roads play a vital role in wealth creation and poverty reduction, promoting the movement between production and marketing areas, and ensuring the mobility of people to social infrastructure. However, in the absence of appropriate provisions to ensure sustainability during their design, implementation and operation, road infrastructure cannot significantly contribute to GDP growth and poverty reduction.

Each member country has a transport policy or strategy, with a focus on road infrastructure. These guidelines have been brought together at the community level, under a synergy of action between the WAEMU Commission, BOAD and other donors, including the World Bank Group and the African Development Bank Group.

1.1. BOAD’S STRATEGIC APPROACH TO THE ROAD SUB-SECTOR

As a community institution for development financing, BOAD identifies the road infrastructure as a priority in its policy documents. Until 2008, its interventions were generally classified into three key areas:

(i) Targeted actions aimed at the most vulnerable,
(ii) Promoting and financing of economic integration,
(iii) Support for the private sector.

Density of the classified road network is only of 6.72 km/100 km².
In 2009, the Bank’s first five-year strategic plan was launched and has resulted in a few changes in its methods of intervention. Before then, and particularly between 2000 and 2008, the Bank’s strategic approach for the road sub-sector was assessed in the light of its regional integration mission. Road project approvals were therefore based on regional programmes (PACITR, PER, the infrastructure component of PDMF etc.), as well as on national policy frameworks to combat poverty.

The Bank’s approach, between 2009 and 2012, was underpinned by its 2009-2013 Strategic Plan, particularly through its quest to "position itself as a strategic partner of its member countries in three priority areas: basic infrastructure, agriculture and environmental management.

Moreover, given the international financial crisis and scarce concessional resources, and in view of the resource constraints of member countries as well as the issue of road maintenance, the Bank has increased its commitment to involve the private sector in the financing of road infrastructure. The Bank has therefore embarked upon the promotion of public-private partnerships (PPPs) in this sub-sector.

Finally, the Bank has contributed to the coordination of interventions by various donors and institutions, as well as the strengthening of cooperation through co-financing, the formulation of road infrastructure programmes and, in some cases, management of subsidy funds. Finally, the Bank has been involved in discussions that led to the development of an intervention strategy in the area of transport, which takes the road sub-sector into account.

1.2. **KEY INFORMATION**

The Bank has always been concerned about the sustainability of all the phases of road projects it finances: from design to implementation. Five key considerations in ascertaining the sustainability of projects include: the technical, financial, environmental and social, institutional and capacity-building components as well as ownership and sustainability of partnerships. Project impact evaluations, over the last years, have identified many concerns about the sustainability of road projects funded by the Bank, while these projects were supposed to strengthen road infrastructure of the Union in a sustainable manner.

The review of policies and strategies revealed that despite the relevance of the Bank’s intervention in the road sub-sector, there are shortcomings due to the
lack of a strategic document on the transport sector, with a section dedicated to the road sub-sector. This lack of explicit guidance and multi-annual programming has (i) affected the strategic choices of types of roads to finance as a priority, (ii) exerted pressure on appraisal and project implementation timelines, (iii) resulted in a failing of financial resources, both at the level of the Bank and member countries, (iv) limited the capitalization of the lessons learned from the project impact evaluations due to an evaluation approach based on projects taken individually and the difficulty in achieving consistency in order to understand the Bank’s overall intervention perspective for the sector in question.

Moreover, the Bank has not developed a specific strategy document on the road sub-sector or the transport sector, due to:

- The synergy of actions with the WAEMU Commission, and the need for flexibility in a changing environment, which required a consistency in the layout of regional programmes within WAEMU and ECOWAS;
- Existence of road sector programmes in the member countries (whose studies were funded by the World Bank);
- Need for flexibility to quickly support projects whose impacts on populations are quickly felt and their implementation easily controlled.

This approach provides member countries with an opportunity to source funding from BOAD for projects that are a priority but whose execution could not undergo the operational procedures of some donors; and, the target approach that helps achieve the operational objectives more easily.

Furthermore, BOAD adopted a system of financing individual projects on a yearly basis and per country, without a multi-annual commitment document, as pertains to the programme approach adopted by the World Bank Group and the African Development Bank Group. This approach is mainly due to the setbacks suffered by the Bank in terms of availability of mostly concessional resources.

Moreover, even in the absence of a specific strategy for the road sub-sector, the Bank has gradually adapted its intervention procedures, methods and tools, and has been able to finance several projects, which constitute the bulk of its loan portfolio from 2000 to 2012 in the area under review.
2. REVIEW OF PORTFOLIO OF ROAD PROJECTS FINANCED

The review highlights the large number of road projects in the portfolio, the development outcomes achieved, as well as the weaknesses of the portfolio.

2.1. THE PREDOMINANCE OF ROAD PROJECTS IN BOAD’S OPERATIONS

From 2000 to 2012, the Bank’s portfolio was dominated by road projects (32% of net liabilities), with a high proportion of regional projects (53% of commitments in the road sub-sector). This large number of projects is due to the importance attached to the financing of road infrastructure by member countries and BOAD’s interest in financing the road infrastructure as an engine for economic development and regional integration.

Below is a distribution of net cumulative commitments per sector.

It should be noted that the annual average growth rate of net cumulative commitments between 2000 and 2012 was 31.52%. This sustained growth increased from year 2009. In particular, the 2009-2012 period represents 72% of the volume of operations from 2000 to 2012, in conjunction with the implementation of the 2009-2013 Strategic Plan.

A detailed review of thirty-five (35) regional roads financed by the Bank between 2000 and 2012 shows that more than 93% of these projects are part of community programmes implemented by WAEMU and ECOWAS. This shows a very strong contribution by the Bank to the regional objectives in the regional programmes (WAEMU and ECOWAS) and reflects a high degree of relevance of the Bank’s operations.
Graph 1
DISTRIBUTION OF NET CUMULATIVE COMMITMENTS PER SECTOR FROM 2000 TO 2012

2.2. SOME DEVELOPMENT OUTCOMES

Loans granted by the Bank played a vital role in the construction or rehabilitation of at least 4,490 km of roads, of which 70% are regional roads. In addition, at least 16.2 million passengers use these roads.

With its investments, the Bank has also supported the beautification of several major roads in the economic capitals of member countries, with an impact on the real estates along such rehabilitated roads.

It is worth noting that in the context of environmental and social management plans (ESMP), the Bank has financed several supporting measures, particularly with the drilling of boreholes to provide access to drinking water and strengthening of security, through the construction of walls around community centres (schools, health centres, etc.).

All of these actions have contributed to improving the well-being of beneficiaries, including women and children.
Investments in the road sub-sector generated added value, representing 1.5% of the Union’s GDP. Estimates based on the “entry-exit” models, using social accounting matrices available in the Union, indicate that an investment of XOF1,000,000 generates at least indirect and induced impacts as follows: XOF935,194 of added value to the economy, 2 full-time jobs, XOF165,700 of tax revenue and XOF283,050 of household consumption. These average overall impacts vary according to the economic structure of each WAEMU member country.

2.3. LESSONS LEARNED FROM THE PORTFOLIO REVIEW

The Bank has co-financed several projects with other partners from member countries (47% of net commitments in the road sub-sector). The main institutions with which the Bank engages in co-financing activities include: AfDB/FAS, EXIM BANK of China, EBID, IsDB, BADEA, FAIR/UEMOA, OPEC Fund, the Kuwaiti Fund, AFD, etc. These co-financing activities are illustrated by the following graph.

Co-financing activities provide an opportunity for cooperation in financing and implementing projects. It is also worth noting that the involvement of the private sector in the financing of road infrastructure has been initiated through two major projects (construction of the Riviera-Marcory bridge in Côte d’Ivoire, construction of the Dakar-Diamniadio highway in Senegal), in a context dominated by public funding. However, there is a lack of involvement of the private sector in the financing plans.

The portfolio review also identified a few shortcomings. Indeed, many projects face long delays before entering their implementation phase or meeting the conditions for their first disbursements.

As at 31 December 2012, out of 90 projects in road sub-sector, 31 projects were completed and none had undergone project completion assessment. Thus, by the same time, no project had undergone ex-post evaluation.

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4 WAEMU GDP for 2007
5 Impacts generated through expenditure from upstream suppliers and impacts generated by the expenditure of households working with the suppliers and project execution.
Since then, year-end performance evaluations have been conducted and used to undertake ex-post project impact assessments, most of these project having already been considered for this thematic evaluation case studies.

There has also been an increase in additional loans, in tandem with the rise in lending in the road project sub-sector from 2009. However, the average rate of additional loans is 10.58% and remains generally acceptable, given the volume of commitments of the Bank between 2000 and 2012.

The Bank provides assistance for capacity-building for government agencies’ staffs in charge of the road sub-sector through their IT facilities, acquisition of software and training to different models of project management (procurement, operations management, maintenance). However, contracting authorities in the procurement units of various research and control missions are not always involved in such missions, at the expense of the quality of the services. Also, projects executed later than their scheduled implementation period or that lack the necessary human and material resources, lose their economic benefits and financial viability.

Finally, each project financed by the Bank is subject to an environmental and social management plan whose implementation and impacts are difficult to take into account during the ex-post evaluations, due to lack of dedicated resources or funds for the ex-post evaluations. In addition, most of the government agencies in WAEMU member countries encounter difficulties in the effective implementation of the environmental and social components under their watch.
Graph 2
DISTRIBUTION OF CO-FINANCING IN THE ROAD SUB-SECTOR FROM 2000 TO 2012

- BOAD 29
- EXIM Bank 26.3
- AfDB/ADF 11.4
- FAIR/UEMOA 1.3
- IsDB 11.8
- BADEA 3.8
- EBID 2.4
- Other Donors 5.1
- Saudi Fund 0.6
- Local Bank 4.6
- Kuwaiti/OPEC Funds 1.5
- AFD 0.6
- FRDC 1.6
- BAD EA 3.8
- AfDB/ADF 11.4
- IsDB 11.8
- FAIR/UEMOA 1.3
- BADEA 3.8
- EBID 2.4
- Other Donors 5.1
- Saudi Fund 0.6
- Local Bank 4.6
- Kuwaiti/OPEC Funds 1.5
- AFD 0.6
- FRDC 1.6
3. RESULTS OF EX-POST PERFORMANCE EVALUATION

Case studies from ex-post performance assessments are intended to address the issue of sustainability through a sample of five road projects funded by the Bank and running: two regional roads, a highway and two urban public roads. After a presentation of the projects concerned as well as some major conclusions from the ex-post evaluation, lessons are formulated.

3.1. EX-POST PROJECTS EVALUATIONS AND THE RESULTS OBTAINED

The five post-evaluated projects include:

- **Rehabilitation of the Guidimouni-Gouré road in Niger (regional road):** this project involved the asphaltling and expansion of the Guidimouni-Gouré section over a distance of 103 km, on the WAEMU community road No. 2 (CU2a). Its main goal was to improve road service in order to reduce vehicle operating costs and facilitate national and regional trade. Implementation of the project cost XOF5,116 million (as against XOF5,126 M originally estimated), broken down as follows: XOF4,865 million (95.10%) from the Bank and XOF251 M (4.90%) from the Government of Niger.

- **Rehabilitation of the Goure-Lawandi road in Niger:** the project objective was to improve road service in order to reduce vehicle operating costs and facilitate national and regional trade. The project therefore sought to improve the efficiency of the transport sector and make the trunk road (RN1) link more competitive to foster the economic recovery of the affected area.

  Implementation of the project cost XOF7,046 M (as against XOF7,125 M originally estimated), broken down into XOF6,498 M (92.22%) from the Bank and XOF548 M (7.78%) from the Government of Niger.

- **Rehabilitation and sanitation of the Avenue de l’Indépendence at Bamako in Mali:** the overall objective of the project was to improve the living environment of local communities. The total pretax cost the project was estimated at XOF2,480 M, with about XOF2,200 M (89% of the total cost of the project) provided by the Bank, while the Government of Mali provided XOF280 M (11% of the total cost of the project).
• Development of access roads and crossings in Cotonou (phase 3): the Carrefour Akossombo-Place du Souvenir section in Benin: this section is part of the National Interstate road No.1 (RN1), which links Benin to Togo and Nigeria, and is part of the community road (CU1), stretching from Dakar to Lagos. It is also a service road for the Port of Cotonou, for vehicles transporting goods to countries in the hinterland (Burkina Faso, Niger and Mali). The project sought to improve road traffic and safety of users in the city of Cotonou. It was also intended to make the Benin corridor more efficient and play its role in improving road transport to countries in the hinterland, with a view to making the Port of Cotonou more competitive.

Implementation of the project cost XOF11,288 M (as against XOF 10,505 M originally estimated), broken down into XOF 5,891 M (52.19%) from the Bank and XOF 5,397 M (47.81%) from the Government of Benin.

These five projects are relevant and consistent with national planning and programming (development plans of member countries, land development blueprints, road rehabilitation programmes, etc.). Their implementation is justified by the poor state of sections (Goure- Lawandi section in Niger) or the improvement of the living environment of the populations.

However, the quality of some projects at their entry into the portfolio has been affected by the lack of a logical framework (Guidimouni-Goure regional road in Niger, Avenue de l’Independence at Bamako in Mali), lack of consideration for the structural nature (Guidimouni-Goure regional road in Niger) or the non-involvement of some stakeholders (Independence Avenue in Bamako, Mali).

In general, however, the set objectives from the outset are met (fluidity) and the paved roads have been in a good state since their commissioning. Some of street lighting and other facilities on these roads have however been damaged (rehabilitation of access roads and the Cotonou crossing).
In terms of the effectiveness of these development outcomes, it is worth noting that the projects have facilitated trade, improved access to basic social services, improved the incomes and living conditions of the people and improved traffic conditions in the affected cities. Some projects had an immediate impact in terms of job creation and the promotion of small and medium-sized businesses, as well as in the use of local materials (road paving project at Parakou in Benin). However, due to lack of maintenance, the rehabilitated facilities have become dilapidated and used as dumping grounds for solid waste (Avenue de l’Independence at Bamako in Mali).

With regard to sustainability, the roads’ surfaces are generally satisfactory despite some amount of damage (Guidimouni-Guidiguir section and Gouré-Lawandi road in Niger). Wastewater facilities have also been constructed with the best possible quality and are in a good condition. However, there are issues of lack of maintenance and management of solid waste (Avenue de l’Independence at Bamako in Mali, road paving project at Parakou).

Unlike other projects (rehabilitation of access roads and crossings in Cotonou, Guidimouni-Goure regional road in Niger), some projects such as the street paving at Parakou, have resulted in the strengthening of institutional capacities and collaboration between local players.
3.2. LESSONS LEARNED FROM EX-POST PROJECT EVALUATION

Some of the major lessons learned from the case studies include:

- Road projects that have undergone impact assessments pose no particular problems in terms of technical sustainability;

- The Guidimouni-Guidiguir road section, which underwent technical changes before its implementation, is not sustainable.

- The 60 km Guidiguir-Goure section and the 58 km Goure-Lawandi section are in a relatively good state in terms of sustainability, despite the structure of the roadway and a deteriorating road bearing capacity.

- Roads constructed with a bituminous concrete lining, have recorded an increase in traffic and a reduction in operating costs, resulting in a continuous flow of benefits;

- The “solid” nature of drains in the cities must be integrated into the design to ensure that urban projects are environmentally sustainable. Similarly, road projects require maintenance, monitoring and awareness, to safeguard their environmental benefits.

- Projects in urban areas that have been analyzed are in a technically good condition, testifying to their proper design and compliance with the rules in their implementation;

- Interurban roads that have undergone analysis are moderately sustainable, probably due to the inadequacies of the studies, implementation and the effects of overloading of trucks.

- Road projects under review have not brought any significant changes to provide institutional sustainability for the agencies in charge of the sub-sector;

- The implementation of projects have provided an opportunity for hands-on training in project inspection and supervision for the technical staff in the relevant agencies;

- Urban road projects at Parakou and Bamako have contributed to the development of the project management capacity of agencies such as AGETUR in Benin and AGETIPE in Mali.
4. **CONCLUSION AND RECOMMENDATIONS**

The foregoing are some of the factors that facilitate or hamper the sustainability of road projects funded by BOAD from 2000 to 2012. As pointed out, sustainability is an overall quality that includes (i) technical sustainability, (ii) financial sustainability or viability, (iii) environmental and social sustainability, (iv) institutional sustainability combined with a capacity-building, and finally (v) durability in terms of ownership and consolidation of partnerships.

As indicated, the sustainability of projects, such as road projects, is a necessity that the beneficiary countries and development partners must seek to achieve, given the many financial, environmental and social challenges and constraints. For this reason, lessons learned have culminated in the formulation of recommendations including the following:

**For technical sustainability**

**Recommendation 1:**
Ensure a proper design of the project through validation of the different phases of the studies;

**Recommendation 2:**
Respect the maintenance specifications and standards of community roads;

**Recommendation 3:**
Improve the project quality at its entry into the portfolio in order to reduce the volume of supplementary loans, through the funding of studies and thorough identification. These provisions will help (i) maintain the initial cost of implementation and (ii) comply with the project implementation schedule.

**For financial sustainability or viability**

**Recommendation 4:**
Develop projects evenly in order to draw significant economic benefits.

**In terms of environmental and social sustainability**

**Recommendation 5:**
Provide budgetary resources for the organizational units in charge of ex-post evaluation to enable them conduct ex-post evaluations of the environmental and social management plans (ESMP) during such ex-post project evaluation;
SECTION ONE
ECONOMIC AND SOCIAL ENVIRONMENT

SECTION TWO
ACHIEVEMENTS IN 2016

RECOMMENDATIONS

Recommendation 6:
Ensure the inclusion of the "solid" nature of drains in the financing of urban projects.

Institutional sustainability and capacity building

Recommendation 7:
Continue to build capacity for government agencies’ staffs in member countries, through training and provision of the required resources.

In terms of ownership and sustainability of partnerships

Recommendation 8:
Set up a strategy to giving explicit guidance on financing of the road sub-sector and take into account the various aspects of sustainability. This strategy could be integrated into that of the transport sector;

Recommendation 9:
Make provision, as much as possible, for the implementation of the ‘country programme’ approach. This programming tool helps to integrate a complementarity between the expansion/rehabilitation or maintenance of road networks;

Recommendation 10:
Continue the creation of partnerships with private financial institutions, including those in the sub-region, under public-private partnerships for the financing of projects in the road sub-sector;

Recommendation 11:
Initiate and conduct a circular mission in all WAEMU member countries to hold working sessions with parliamentarians on the procedures involved, particularly with regard to conditions of entry in force of loans and ex-post evaluations.
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