



ANNUAL REPORT 2020

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LIST OF ACRONYMS AND ABBREVIATIONS

AF	:	Adaptation Fund
AFD	:	Agence française de développement (French Development Agency)
AfDB	:	African Development Bank
BADEA	:	Arab Bank for Economic Development in Africa
BCEAO	:	Central Bank of West African States
EIB	:	European Investment Bank
IDB	:	Islamic Development Bank
BOAD	:	West African Development Bank
UNFCCC	:	United Nations Framework Convention on Climate Change
ECOWAS	:	Economic Community of West African States
EU	:	European Union
FCFA/XOF	:	Franc de la Communauté Financière Africaine (Franc of the African Financial Community)
FDC	:	Development and Cohesion Fund
FDE	:	Energy Development Fund
EDF	:	European Development Fund
GEF	:	Global Environment Facility
IMF	:	International Monetary Fund
GCF	:	Green Climate Fund
HVB/HVA	:	High voltage (type B)/High voltage (type A)
IAS/IFRS	:	International Accounting Standards / International Financial Reporting Standard
HDI	:	Human Development Index
IRED	:	Regional Initiative for Sustainable Energy
KfW	:	Kreditanstalt für Wiederaufbau (German State-owned development bank)
XOF·B	:	Billions of XOF
NICT	:	New Information and Communication Technologies
SDG	:	Sustainable Development Goal
RIP	:	Regional Indicative Programme
SME-SMI	:	Small and medium enterprises-Small and medium industries
PPP	:	Public-private partnership
CSR	:	Corporate social responsibility
RCC	:	Regional Collaboration Centre
SAP	:	Systems, applications and products for data processing
URDPPP	:	Regional Public-private Partnership Project Development Unit
WAEMU	:	West African Economic and Monetary Union

OVERVIEW TABLE ON BOAD AND LOANS GRANTED IN 2020

Date of establishment	14 november 1973 Commencement of operations in 1976																
Shareholders	- WAEMU member countries: Benin, Burkina, Côte d'Ivoire, Guinee Bissau, Mali, Niger, Senegal, Togo - BCEAO (Central Bank) - Non-regional shareholders: Germany, AfDB, EIB, Belgium, France, India, People's Republic of China, Kingdom of Morocco																
Mission	Promoting the balanced development of member countries and contributing towards the economic integration of West Africa																
Vision	BOAD: a solid development bank for the economic integration and transformation in West Africa																
Authorized capital as at 31 Decembre 2020	XOF1,155 billion																
Subscribed capital as at 31/12/2020	XOF1,103.6 billion																
Total balance sheet as at 31/12/2020	XOF3,207.3 billion																
Bank's operational staff as at 31/12/2020	297 employees																
Loans granted in 2020	<p>72 operations for an amount of XOF664.1 billion in the form of:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 40px;">Direct loans:</td> <td style="text-align: right;">XOF601.3 billion, representing 90.5%</td> </tr> <tr> <td style="padding-left: 40px;">Indirect loans:</td> <td style="text-align: right;">XOF61.0 billion, representing 9.2%</td> </tr> <tr> <td style="padding-left: 40px;">Equity investment:</td> <td style="text-align: right;">XOF1.9 billion, representing 0.3%</td> </tr> </table> <p>Breakdown of loans per sector:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 40px;">Non-commercial sector:</td> <td style="text-align: right;">XOF483.3 billion, representing 72.8%</td> </tr> <tr> <td style="padding-left: 40px;">Public commercial sector:</td> <td style="text-align: right;">XOF45.0 billion, representing 6.8%</td> </tr> <tr> <td style="padding-left: 40px;">Private sector:</td> <td style="text-align: right;">XOF135.9 billion, representing 20.4%</td> </tr> </table> <p>Breakdown of loans per category:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 40px;">National projects:</td> <td style="text-align: right;">XOF 479.1 billion, representing 72.1%</td> </tr> <tr> <td style="padding-left: 40px;">Regional projects:</td> <td style="text-align: right;">XOF185.0 billion, representing 27.9%</td> </tr> </table>	Direct loans:	XOF601.3 billion, representing 90.5%	Indirect loans:	XOF61.0 billion, representing 9.2%	Equity investment:	XOF1.9 billion, representing 0.3%	Non-commercial sector:	XOF483.3 billion, representing 72.8%	Public commercial sector:	XOF45.0 billion, representing 6.8%	Private sector:	XOF135.9 billion, representing 20.4%	National projects:	XOF 479.1 billion, representing 72.1%	Regional projects:	XOF185.0 billion, representing 27.9%
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Total net commitments (1976-2020)	XOF6,266.1 billion (€9.6 billion) covering 1,262 operations.																

PRESIDENT'S MESSAGE

Year 2020 has undoubtedly disrupted our world, both in human and economic terms. I should first like to call to mind with deep sorrow those women and men who fell victims of the Covid-19 pandemic. Even worse, while some families are mourning, others are suffering severe economic repercussions, with the world economy shrinking by 3.5% and growth in our sub-region declining by 5% (0.9% in 2020 compared to 5.8% in 2019).

More than ever, the stability of our societies has been challenged. In our sub-region, institutions have been at the heart of the mechanism put in place to mitigate the effects of the crisis and lend support to the populations. Thanks to the responsiveness of its Board of Directors, BOAD, alongside the States, BCEAO and the WAEMU commission, was able to intervene on an urgent basis: XOF200 billion were made available to our member governments and XOF100 billion to the private sector through refinancing facilities to national financial institutions. Moreover, as a result of its investment grade rating secured since 2015, the Bank has continued to mobilize resources on preferential terms from its technical and financial partners. Thus, during the year, it signed a grant agreement for about XOF40 billion and loan agreements for XOF260 billion with the *Agence française de développement*, the World Bank, the Austrian Development Bank and JP Morgan. These funds will be used to support efforts deployed by member countries and the private sector in their fight against Covid-19.

BOAD equally showed its resilience. In terms of funding, the Bank granted XOF664 billion to the Union's member governments and private sector in 2020, representing a 33.3% increase compared to 2019 and an unprecedented amount since commencement of its operations. The Bank's total net commitments amounted to XOF6,266 billion as at 31 december 2020. Annual disbursements amounted to nearly XOF506 billion, or an increase of 30% compared to 2019, for a total of XOF4,216 billion, representing a total disbursement rate of 67%. The annual disbursement rate stood at 25% as at end 2020 compared to 20% the previous year. In addition, the Bank's financial structure remained balanced and operations resulted in a net profit of 9.3% higher, compared to the income for 2019.

Year 2020 equally proved to be a critical year for our institution. In addition to initiatives aimed at improving our practices, including the implementation of a financial guidance tool to optimize risk and financial management of the institution, we adopted a new risk appetite framework, a CSR policy and strategy as well as a new strategic plan for 2021-2025. Through our CSR policy and strategy, we are reviewing all our operating practices in the light of sustainable development requirements. By establishing the CSR Committee within the Board of Directors, we are mainstreaming sustainability into the governance of our bank in order to have tangible effects on our internal organization as well as on the Bank's impact on its countries of operations. Through our strategic plan "Djoliba", BOAD is stepping up to meet the needs of our peoples in preparing the post-covid world and making it more resilient, more inclusive and more sustainable. We have actually agreed to implement three key reforms over the next five years:

(i) a necessary increase of our capital, (ii) a sectoral focus of investments in line with the action, development and economic and social emergence plans adopted by member countries, and (iii) an optimization of our balance sheet through the origination to distribution method. Furthermore, as part of this new strategy, BOAD will strengthen the funding of projects with high social and environmental added-value and compliant with ESG standards.

BOAD aims to be the development **driving force** in West Africa; therefore, 2020 set a new direction for our institution focused on the impact of our funding and contribution to the United Nations' sustainable development goals (SDGs).

I would like to thank the highest authorities of WAEMU for putting their trust in me to lead this great Institution and for their multifaceted support throughout this challenging year.

I would like to commend the Bank staff on their commitment and dedication despite the distancing imposed by teleworking and express my gratitude to our Board of Directors for their continued dedication.

As of 1st January, 2021, our 2021-2025 strategic plan, referred to as Djoliba in tribute to the majestic river Niger that irrigates our Union, will become operational and will determine our actions for the next five years. All the labour force of our institution will be mobilized to make BOAD *the leading bank that makes a strong impact on the integration and transformation of West Africa.*

Serge Ekue

President of BOAD

HIGHLIGHTS OF 2020

30-31 January

2nd edition of the KfW-BOAD bilateral meetings

The second edition of the KfW-BOAD bilateral meetings was held at BOAD headquarters in Lomé (Togo) from 30 to 31 January. This was an opportunity for discussions between the two institutions on issues such as private sector, digitalization, climate finance, capital adequacy and capital increase.

It also made it possible to report on the implementation of the project for loans adapted to natural disasters (PACAN) and to arrange a field visit to the Akepé landfill project, jointly financed by BOAD, AFD and the European Union.

2 March

New Vice-President of BOAD assumes office

Appointed by the Bank's Board of Directors, Mr. Moustapha Ben Barka, new Vice-President of BOAD assumed office on 2 March at the institution's headquarters.

24 March

Lockdown of BOAD staff and implementation of teleworking

Following the outbreak of the coronavirus (Covid-19) disease worldwide and the first reported contaminated cases in West Africa, and in a bid to preserve the health of its staff while ensuring business continuity, BOAD locked down its staff and implemented teleworking as from 24 March.

25 March

Implementation of a dedicated concessional loan package for member countries

At its 116th ordinary meeting, the Board of Directors approved to grant to WAEMU member countries XOF200 billion concessional loans subsidized by BCEAO and the WAEMU Commission.

This funding, with speedy disbursement, has made it possible for member governments to meet urgent investment and equipment expenditure as part of response to the pandemic.

7-8 April

Maintaining the Bank's investment grade ratings

As in previous years, the Bank hosted the annual rating review assignments of two of its international rating agencies, Moody's and Fitch Ratings. The meetings were held by videoconference, due to the Covid-19 restrictions.

At the end of their review processes, both agencies maintained the ratings assigned to the institution since 2015, namely Baa1 (Moody's) and BBB (Fitch).

24 June

Establishment of a Corporate Social Responsibility (CSR) Committee within the Board of Directors and approval of a XOF100 billion package in support to the WAEMU private sector.

At its 117th ordinary meeting, BOAD Board of Directors approved the establishment of a CSR Committee comprising the Governor of BCEAO, two (2) Directors from WAEMU countries, and two (2) Directors chosen from among the non-regional shareholders. The purpose of the said committee is, among other things, to monitor the

implementation of the CSR policy and strategy.

The Board further approved a XOF100 billion package of refinancing facilities to credit institutions. These funds will be used to provide the WAEMU private sector with funding adapted to their various requirements in the face of the health crisis.

28 August

New President of BOAD assumes office

Following his appointment on 18 August by the WAEMU Council of Ministers, upon favourable opinion from the Conference of Heads of State and Government, the new President of BOAD, Mr. Serge Ekue, officially assumed office at the Bank headquarters on 28 August for a six-year renewable term.

28 September

Adoption of BOAD 2021-2025 strategic plan ("Plan Djoliba") and a risk appetite framework

The Council of Ministers approved the Bank's new five-year strategic plan for 2021-2025

Consisting of five (5) strategic areas, this plan seeks to enable the Bank to increase its impact in terms of development outcomes in order to better contribute to the integration and transformation of West African

economies.

22 October

Co-organization with AFD of a pre-summit prior to the Finance in Common Summit

Ahead of the Finance in Common Summit scheduled for 12 November 2020, BOAD and the AFD co-organized a pre-summit on 22 October in Paris to identify the main topics of interest, expectations and proposals relating to the role of development banks and the desirable changes in view of the challenges, particularly those related to the impact of the Covid-19 pandemic on economies.

This event was attended by BOAD and AFD' partners operating in West Africa, as well as other key players including the community of regional and national development banks.

10 December

Adoption of a risk appetite framework

The Council of Ministers approved a risk appetite framework aimed at strengthening the institution's risk governance system.

The risk appetite framework, embodied in a risk appetite statement, will make it possible for the Bank to communicate information on its risk management objectives, in line with its strategy, risk profile and risk culture.

I. ECONOMIC AND SOCIAL ENVIRONMENT

I.1. INTERNATIONAL ECONOMIC ENVIRONMENT

In 2020, growth was adversely affected by the Covid-19 health crisis, which has further exacerbated social inequalities around the world.

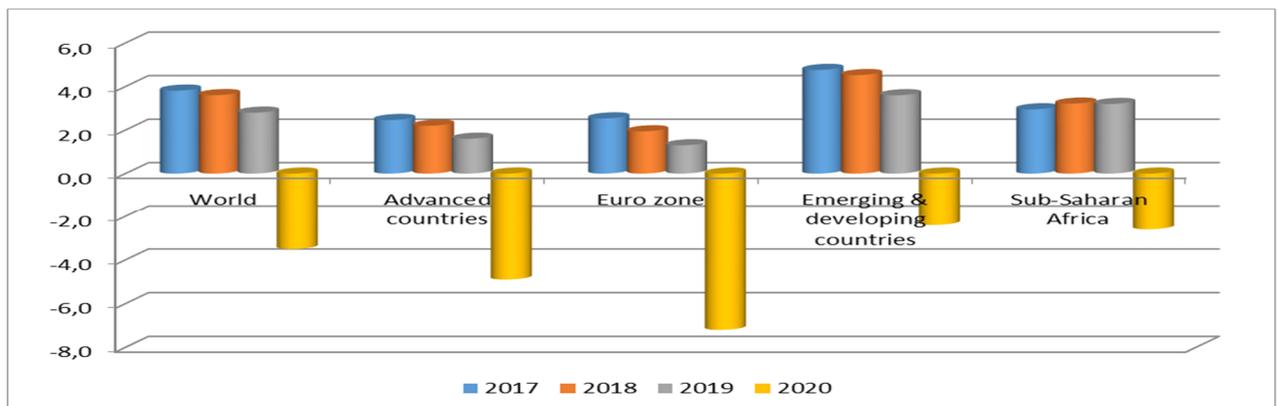
From an economic standpoint, as reported by the World Bank¹ the shock of the pandemic and the restrictive measures taken to contain the disease have driven the global economy into recession. The most severely affected countries are those whose economies are heavily dependent upon world trade, tourism, commodity exports and foreign financing. The travel industry stands out as one of the most affected sectors due to the restrictions implemented by governments to address the health crisis. Moreover, school closure and increased difficulties in accessing basic health care will result in long-term impacts on human capital development. On the other hand, the ICT sector shows a rapid growth thanks to the increased use of digital technology (teleworking), collaboration platforms, etc.

Based on the foregoing, it emerges that global economy is shrinking in all regions or economic groupings. Growth is estimated at -3.5% as against 2.8% in 2019. In advanced economies, the growth rate stood at -4.9% in 2020 compared to 1.6% in 2019, in line with the decline in growth in all countries. It reached -3.4% in the United States as against 2.2% in 2019. In the euro zone, the downturn has been more significant, with a decline in activity by 7.2% in 2020 as against an increase of 1.3% in 2019.

In emerging and developing countries, economic activity dropped by 2.4% in 2020 as against an increase of 3.6% in 2019. However, the Chinese economy was more resilient, with a 2.3% growth in 2020 compared to 6.0% in 2019, on account of a faster recovery in activity resulting from the reopening of the country at the end of the first quarter of 2020.

In sub-Saharan Africa, economic activity declined by 2.6% in 2020 following a 3.2% growth in 2019, thereby leading the region into its first recession in over 25 years. In Nigeria, the economic growth rate stood at -3.2% in 2020, down from 2.2% in 2019, due to the combined effect of the pandemic and lower oil prices. In South Africa, the recession was the sharpest, with a growth of -7.5% in 2020 as against 0.2% in 2019.

Graph 1 : Evolution of economic activity between 2017 and 2020



Source: World Economic Outlook, IMF, January 2021

¹ World Bank, World Economic Outlook, June 2020

For 2021, the latest projections of the International Monetary Fund assume a growth in world economy by 5.5%. However, the emergence of new waves of infection and variants of the virus raises many uncertainties.

In terms of inequalities, the crisis also has significant social impacts. Oxfam² reports that the world's wealthiest people have seen their wealth increase in ten (10) months (March to December 2020) while it would take the poorest people more than ten years to recover from the economic impacts of Covid-19. Meanwhile, in a study published in June 2020, the IMF noted that the pandemic could lead to an 8% decline in welfare in emerging and developing countries, more than half of which is due to excessive increases in inequalities.

Gender inequalities could grow, especially due to the large proportion of women on the frontline (health and social workers). Young people are also affected in terms of education and training as well as job losses.

In West Africa, Covid-19 has had significant negative impacts on countries' progress in achieving the sustainable development goals (SDGs³), particularly goals 1 to 4, 8 and 10, and could undermine the efforts already made.

In order to prevent further inequalities, it is necessary to implement measures in support to affected individuals and companies, to invest in training and skills development programmes, to increase access to internet and promote financial inclusion.

² Report entitled "The Inequality Virus" presented in January 2021 at the opening of the World Economic Forum (WEF)

³ 2020 Progress report on the implementation of SDGs in West Africa

I.2. ECONOMIC ENVIRONMENT IN WAEMU

I.2.1. ECONOMIC SITUATION

In 2020, the economic activity growth rate stood at 0.9% as against 5.7% in 2019, marking a slowdown, mainly due to the negative impact of the Covid-19 crisis, notably the effect of the restrictive measures implemented by the States to contain it.

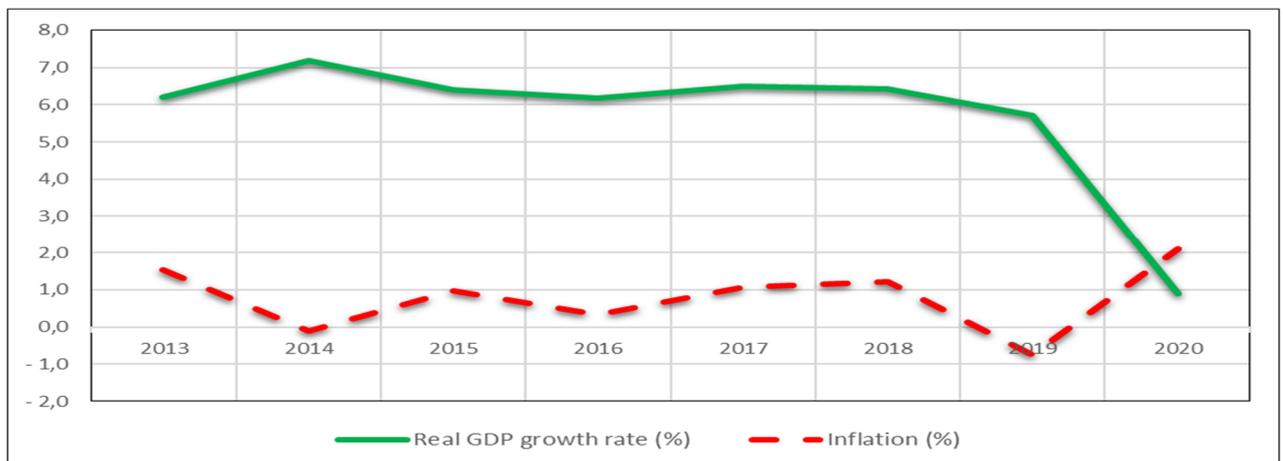
The slight increase in economic activity was mainly driven by the tertiary sector, which contributed 0.5 point. The contributions of the secondary and primary sectors amounted to 0.3 and 0.1 points respectively.

Slowdown in growth in the primary sector was attributable to constraints in input supply and the decline in cash crop production, particularly in Côte d'Ivoire and Mali. The decline in the secondary sector was due to the slower pace of implementation of major basic infrastructure construction projects and the decline in oil and mining production. The tertiary sector, which has been the main growth driver in the Union in recent years, is likely to be the most affected by the crisis. Growth losses can be observed in trade, transport, hospitality, tourism and catering. However, they would be mitigated by the good performance of telecommunications services.

Growth rates per country in 2020 are as follows: Benin (+2.3%), Burkina Faso (+1.9%), Côte d'Ivoire (+1.8%), Guinea-Bissau (-2.3%), Mali (-2.0%), Niger (+1.2%), Senegal (-0.7%) and Togo (+0.7%).

Inflation remained moderate over the year at 2.1% compared to -0.7% in 2019.

Graph 2 : Trends in growth and inflation rates in the WAEMU region over the 2013-2020 period.



Source: Multilateral Surveillance Implementation Report, December 2020

In 2021, the Union's growth rate is expected to reach 5.8%, in line with a recovery in all sectors. However, this outlook is subject to risks, notably the persistence of the global health crisis and the security crisis in the Sahel region, combined with the unfavourable evolution of commodity prices.

I.2.2. HUMAN DEVELOPMENT

The multidimensional poverty index (MPI)⁴ remains high in the zone. Five (5) out of eight (8) countries have an index above the sub-Saharan average of 0.299. Moreover, the Covid-19 pandemic could force millions of people into extreme poverty, mainly due to the resulting massive job losses, thereby undermining human development in 2020.

Inset 1	
Mainstreaming the climate dimension in the human development indicator	
<p>The 2020 human development report entitled “The next frontier: “human development and the Anthropocene”⁵ warns about the state of the planet as a result of human-induced pressures on ecosystems. The Covid-19 pandemic is the latest shocking consequence of imbalances taken to extremes. Covid-19, which has spread rapidly worldwide, has widened inequalities in human development. Meanwhile, the existing crises including climate change are persisting and will only worsen them. To reduce CO2 emissions, the report recommends carbon pricing as an efficient and cost-effective method, as well as the phasing out from fossil fuel subsidies.</p>	
<p>In addition, the report considers that the HDI cannot capture human development in its entirety. Therefore, a global pressure adjusted human development index (GPHDI) was developed. This new indicator, PHDI, adjusts the HDI standard by a country's level of carbon dioxide emissions and per capita consumption of materials. It provides a metric for advancing human development while reducing pressures on the planet. For countries with lower human development scale, the adjustment generally has little impact, reflecting their low contribution to global warming. For countries with high or extremely high human development, the impact is likely to become increasingly significant due to the adverse effects of the carbon footprint of such countries on the planet.</p>	
<p>The report concludes that the crises faced by the world, particularly the Covid-19 pandemic, provide an opportunity for societies to reassess standards and for policy makers to take appropriate action for economic and social recovery, including investment in a healthier, greener and more equitable future that expands human freedoms while mitigating pressures on the planet.</p>	

The PHDI situation in the WAEMU region is as follows:

Table 1 : Comparison of HDI and PHDI values of member countries

Pays	Benin	Burkina Faso	Côte d’Ivoire	Guinea Bissau	Mali	Niger	Senegal	Togo
HDI	0.545	0.452	0.538	0.48	0.434	0.394	0.512	0.515
PHDI	0.535	0.446	0.535		0.427	0.390	0.505	0.509
(HDI-PHDI) VARIATION	0.01	0.006	0.003	-	0.007	0.004	0.007	0.006

Source: 2020 Human Development Report.

The gap between the HDI and the PHDI for WAEMU member countries is low. It suggests a minor impact of the adjustment made in the HDI due to the low level of carbon emissions in the Union.

⁴ The MPI is an index for measuring poverty in developing countries, created by Oxford University in 2010. It identifies multiple household-level deprivations in health, education and living standards.

⁵ The Anthropocene is an epoch in history that characterizes the set of geological events that have occurred since human activities began to have a significant global impact on the earth's ecosystem

II. ACHIEVEMENTS IN 2019

In a challenging environment, mainly due to the COVID-19 crisis, the Bank's operations grew by 33% between 2019 and 2020, fostered by the rapid adoption of a new working approach by the Bank, its governing bodies and its partners (teleworking), virtual assessments, negotiations and approvals.

II.1. GENERAL PICTURE

In 2020, the Bank provided loans totaling XOF664.1 billion, including XOF619.1 billion of medium- and long-term loans and XOF45 billion of short-term funding.

Funding per sector for the year was as follows:

Table 2 : Distribution of approvals⁶ (long, medium and short-term) per sector in 2020

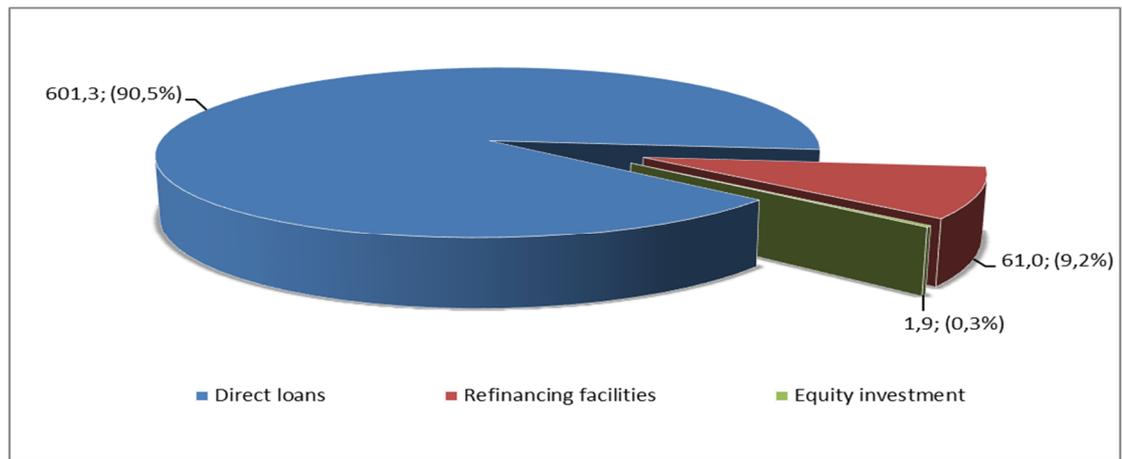
	Approvals (XOF'bln)	Number of operations	% Approvals
Non-commercial sector (a)	483.3	55	72.8
Commercial sector (b = i + ii)	180.9	17	27.2
Commercial public (i)	45.0	3	6.8
Private (ii)	135.9	14	20.4
Total (a+b)	664.1	72	100.0

The table reveals that the public sector in WAEMU accounted for 79.6% of the Bank's loans against 20.4% for the private sector.

Support to the public sector was marked by the provision of XOF200 billion package of concessional loans as contribution to the response and economic recovery plans implemented in each WAEMU member country.

The resources granted have made it possible to purchase health equipment and kits (masks, gels, respirators, etc.) and to reinforce funds for economic recovery (support for SMEs/SMIs, etc.). The other loans granted under the regular activity programme will contribute to funding the operating cycle of companies and to the implementation of new investment projects in priority sectors such as transport, energy, land use, industry and education.

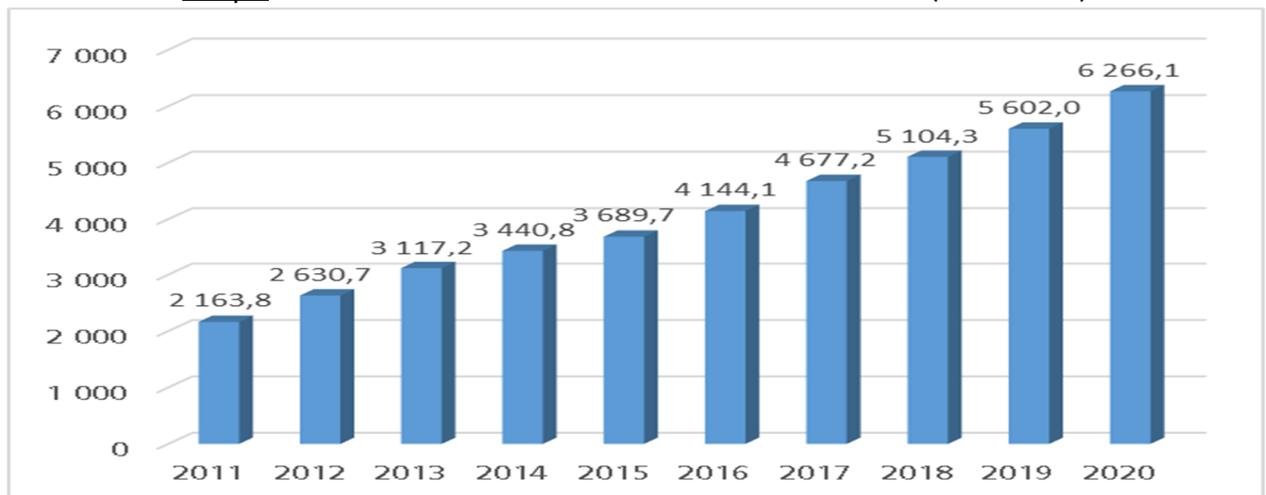
⁶ Including equity investments

Graph 3 : Distribution of approvals per funding type in 2020 (XOF'bln)

The amount of refinancing facilities granted to SMEs amounted to XOF61 billion, or 9.2% of the overall funding for the year. Out of this amount, XOF36 billion was granted to four (4) commercial banks under the Covid-19 special package to support WAEMU companies adversely impacted by the health crisis to maintain their business and preserve jobs.

One (1) equity investment was made in a total amount of XOF1.9 billion for the capital increase of the *Société de Promotion et de Participation pour la Coopération Economique* (PROPARCO) with a view to better supporting the private sector in the WAEMU region.

The new funding granted brings the Bank's total net commitments to XOF6,266.1 billion as at 31 December 2020 for 1,262 operations.

Graph 4 : Evolution in BOAD's total net commitments (in XOF'bln)

These loans have enabled the Bank to play a leading role in the region by attracting a total of XOF15,927.5 billion of additional investments, representing a leverage effect of 2.5.

In this context, XOF1,884.9 billion, or 30.1% of the Bank's commitments as at end December 2020, were allocated to regional economic integration projects.

As regards financing arrangements, the due diligence carried out to raise funds led to the mobilization of resources in a total amount of XOF116.692 billion in support to member governments and private companies operating in the region.

With respect to project preparation, XOF3.25 billion was granted for feasibility studies, bringing the total amount of loans in this area to XOF36.8 billion as at end December 2020.

As at 31 December 2020, **annual disbursements** amounted to XOF505.9 billion compared to XOF390.4 billion in 2019. Cumulative disbursements amounted to XOF4,216.4 billion, corresponding to a **cumulative disbursement rate** of 67.3% (cumulative disbursements/cumulative commitments). As for the annual disbursement rate⁷, it stood at 25.4% by late 2020 against 19.5% the previous year. In comparison, it respectively stood at 19.6% for the World Bank Group in 2020 and 21.9% for the AfDB Group as at end 2018.

II.2. ACHIEVEMENTS PER STRATEGIC AREA

In 2020, loans granted address almost all the sustainable development goals (SDGs 1-11, 13 and 17) by generally contributing to improving the living conditions of the people in the Union, particularly by creating jobs or value, access to basic social services and strengthening total factor productivity as well as reduced carbon emissions.

Operations also continued in line with the guidelines of the expiring plan (2015-2019 strategic plan), with 2020 being used for its evaluation and then for the development of the new 2021-2025 strategic plan (referred to as "Plan Djoliba").

II.2.1. ACCELERATING REGIONAL INTEGRATION THROUGH SUSTAINED INFRASTRUCTURE FINANCING

A. INFRASTRUCTURE DEVELOPMENT AND INTERCONNECTIVITY

In line with national development plans and SDG 9⁸, six regional transport infrastructure projects were funded to the tune of XOF115 billion in Burkina Faso, Côte d'Ivoire, Mali, Niger and Senegal. These are :

- **Five road projects** totalling XOF90 billion, which aim to construct and asphalt a total of 165.2 km of structuring roads. These sections, located on international corridors, are expected to contribute to the strengthening of regional integration by boosting intra-regional trade in order to provide access to larger markets. The said projects involve: (i) the construction and asphaltting of urban roads in the city of Ouagadougou over a total length of 55.73 km in Burkina Faso, (ii) the construction and asphaltting of the Yakassé Attobrou-Bettié road section over 42 km long in the Republic of Côte d'Ivoire, (iii) the reinforcement and widening of the Sévaré-Mopti road for a total length of 18 km in the Republic of Mali, (iv) the upgrading and asphaltting of urban roads in the city of Diffa, for a total length of 7.46 km in the Republic of Niger, and (v) the upgrading and asphaltting of the 42-km long Oréfondé-Matam road in the Republic of Senegal.
- **A XOF25 billion airport project** aimed at opening up the region and improving the safety and security of aviation activities through the rehabilitation and reinforcement of the Korhogo airport runway and the installation of landing aid equipment at the Korhogo and Bouaké airports in the Republic of Côte d'Ivoire.

In line with SDG⁹, two electrification projects have been funded in Benin and Côte d'Ivoire for a total amount of XOF35 billion. The objective is to secure sustainable power supply to

⁷ This rate is defined as the amount disbursed in year **n** divided by the undisbursed balance at the end of year **n-1** and is a key indicator of project implementation and provides an early warning if implementation is not progressing as planned.

⁸ "Building resilient infrastructure, promoting sustainable industrialisation profitable to all and fostering innovation".

⁹ "Ensuring access for all to reliable, sustainable, modern and affordable energy services".

large communities in the far north of Benin and Togo.

This involves the construction of: i) a 124 km 161 kV line connecting the townships of Natitingou, Tanguiéta, Porga to the Benin/Togo border and the associated HV/LV substations in Benin, and ii) the transmission grid for additional power of 2,876 GWh/year for Atinkou (CIPREL 5) and 2,000 GWh/year for AZITO 4 on the national interconnected grid as well as exports to the Republic of Côte d'Ivoire.

Under SDGs 2¹⁰ and 9¹¹, **in support to the emergence of regional growth poles in agricultural and industrial sectors**, the Bank contributed to the financing of two projects in Niger and Togo involving XOF35 billion to alleviate poverty and eradicate hunger. These include:

- The 1,300 ha hydro-agricultural development project in Niger, amounting to XOF15 billion, as part of the resettlement action plan (RAP) for the second phase of the Kandadji programme in the Republic of Niger. It seeks to improve irrigation by the river Niger and boost paddy rice production by 2,381 tons/year.
- The cement production plant project in Togo with a capacity of 2,500,000 tons per year, involving XOF20 billion in the port area in Lomé. It will contribute to the coverage of cement consumption needs in Togo and in the sub-region, as well as to the competitiveness of the industrial and infrastructure sectors.

B. MONITORING THE IMPLEMENTATION OF REGIONAL STRATEGIES AND PROGRAMMES

The Bank continued to promote and finance regional programmes in line with SDGs 3 and 7. These activities are also in line with SDG 17 through the partnership promoted with other AU institutions and bodies. To this end :

- Four countries that submitted requests received cash advances for feasibility studies under the WAEMU High Standard Healthcare Centres Project (PCSSHN). These are Benin and Burkina Faso XOF95 million each, Mali, XOF380 million and Senegal XOF475 million.
- Disbursements continued in 2020 for projects financed under the Regional Initiative for Sustainable Energy (IRED) in an amount of XOF14.498 billion.

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

Over the year, the Bank continued to support the creation of conditions for shared and resilient economic growth against the backdrop of the Covid-19 health crisis.

A. BASIC INFRASTRUCTURE DEVELOPMENT

Loans totalling XOF142.5 billion were granted with a view to developing livestock farming and hydro-agricultural improvements, building accessibility and energy infrastructure, promoting inclusive finance and addressing needs in the areas of social housing and education.

Two livestock farming and hydro-agricultural projects, linked to SDGs 2, 5 et 13¹², were

¹⁰ "Eradicating hunger, ensuring food security, improving nutrition and promoting sustainable agriculture"

¹¹ "Building resilient infrastructure, promoting sustainable industrialisation profitable to all and fostering innovation"

¹² SDG2 : "Eradicating hunger, ensuring food security, improving nutrition and promoting sustainable agriculture", SDG5: "Achieving gender equality and empowering all women and girls" and SDG 13 : "Taking urgent action to address climate change and its impacts".

approved for an amount of XOF15 billion in Benin and Mali.

These investments aim to sustainably consolidate food security and reduce poverty with impacts on: i) increasing production and agricultural resilience to climate change, ii) promoting industrial fodder production units, strengthening the capacity of livestock farmers to conserve fodder and setting up production kits for their benefit, iii) creating jobs, and distributing income to rural households.

These projects also aim to: i) free up and secure 57,000 ha of land for livestock breeders and livestock farmers for fodder production, set up a pilot pastoral camp (CPP) and strengthen 126 livestock breeders' camps; ii) develop 40,000 ha of land in view of reducing water losses through infiltration by 3,200,000 m³ and increasing the quantity of paddy rice produced by 52,000 tons per year.

As regards the accessibility infrastructure, a loan of XOF25 billion was granted and will be used for the construction and asphaltting of the 35 km long Démette-Cas Cas road, with a roadbed width of 10.20 m on the link section, and for the rehabilitation of the 27.5 km long Louga-Ouarack road section, with a 10.20 m roadbed width on the link section, both located in the Republic of Senegal.

In total, 62.5 km of roads will be built in this context to improve the urban traffic flow and facilitate economic and social exchanges within the country.

As regards urban road development, sanitation and access to drinking water, two projects in line with SDG 6¹³ have been approved for a total amount of XOF18.1 billion with a view to improving the living environment and reducing poverty.

The first project amounting to XOF8.1 billion involves the construction of Boulevard de Marseille into a 2x2 carriageway-lane road over a total length of 13.4 km in the Republic of Côte d'Ivoire.

The second project involves the servicing of the Ouédo site in Benin to the tune of XOF10 billion. It entails: i) the installation of a storm water drainage system comprising a 16.3 km network and a drinking water supply system (AEP) including a 500 m³ water tower and 18 km pipeline network, as well as the installation of a telecommunications network including 20.5 km of fibre-optic cables, and ii) the construction and asphaltting of 4.9 km of primary roads.

In the field of energy, four projects designed to create wealth and jobs and provide access to affordable energy, in line with SDGs 7¹⁴ and 13, were funded in Mali, Côte d'Ivoire and Togo to the tune of XOF50.5 billion.

They relate to: i) the rural electrification of 50 communities in the Kayes, Koulikoro, Sikasso and Ségou areas by isolated low carbon and climate change resilient solar photovoltaic systems for a total installed capacity of 3.78 MW, ii) the rehabilitation of the Selingue and Sotuba hydropower facilities in Mali for an additional power generation of 255 GWh in order to improve access to electricity for 3,600 additional subscribers in 2021 in the townships of Kangaba, Oueléssébougou and fifteen (15) other communities, iii) the construction and operation of butane gas filling stations in Abidjan and Yamoussoukro in Côte d'Ivoire, with storage capacities of 3,800 m³ and 400 m³ and filling capacities of 15,900 kg and 7,950 kg/h, as well as iv) the restructuring of a domestic energy supplier's debt to its suppliers in order to

¹³ Ensure access to sustainably managed water supply and sanitation services for all''

¹⁴ Ensuring access for all to reliable, sustainable, modern and affordable energy services".

guarantee, inter alia, the supply of electricity to consumers.

In terms of inclusive finance, over one million beneficiaries are expected to be covered in connection with SDGs 1 and 8¹⁵, by a second loan of XOF5 billion granted to Burkina Faso under the first phase of the proposed "Inclusive finance for providing access for low-income populations to financial services". It is part of a programme involving XOF44.4 billion, which seeks to improve the financial inclusion of low-income populations as well as micro and small enterprises, particularly through the windows of the decentralised financial systems.

Under other social services (social housing and education), two projects addressing SDG 11¹⁶ and SDG 4¹⁷ were funded in Benin and Senegal to the tune of XOF28.9 billion.

The Benin project involves the construction of 791 affordable and low-income housing units in the municipality of Abomey-Calavi to be sold on a lease-purchase basis through the development of a 16.61 ha area. It will also provide a framework for strengthening the capacity of SMEs in the construction industry.

The project in Senegal will provide good learning conditions for approximately 28,560 disadvantaged children and reduce by 50% the drop-out rate in the schools concerned.. It involves the construction, in the fourteen regions of Senegal, of 510 equipped classrooms in substitution of temporary shelters, 144 equipped administrative blocks, 173 washroom facilities and 9,782 linear meters of fencing walls using innovative materials.

B. SUSTAINABLE DEVELOPMENT

The Bank maintained its climate change initiatives as part of its collaboration with the financial mechanisms of the United Nations Framework Convention on Climate Change (UNFCCC).

With regard to the Green Climate Fund (GCF), continued efforts resulted in the approval of a rural electrification project in Senegal in an amount of XOF49 billion at a concessional interest rate over a 40-year maturity.

As part of the commitments of the Union member countries under Paris Agreement on climate change, the **Bank has started the appraisal of three climate projects**, namely: (i) the proposed **hybridization of diesel engines for multi-purpose platforms using** solar systems in Togo involving a grant of XOF1.3 billion; (ii) the project for the **scaling-up of climate-smart agricultural practices** in Eastern Guinea Bissau involving a grant of XOF5.8 billion; and (iii) the **regional project for the promotion of climate -smart agriculture** in West Africa including five (5) countries (Benin, Burkina Faso, Niger, Ghana and Togo) for a XOF8.1 billion grant.

With respect to the Global Environment Facility (GEF), the Bank consolidated its position as an accredited entity to the Fund through self-assessment process of its fiduciary standards approved by the GEF Secretariat.

Under the Adaptation Fund (AF), due diligence has been pursued with a view to the re-accreditation with the Fund.

¹⁵ "Eradicating poverty in all its forms everywhere in the world" and "Promoting sustained, shared and sustainable economic growth, full and productive employment and decent jobs for all".

¹⁶ "Making cities and human settlements inclusive, safe, resilient and sustainable"

¹⁷ "Ensuring equal access to quality education for all and promoting lifelong learning opportunities"

Inset 2

Finance in Common Summit for a sustainable economic recovery

To save and protect millions of lives around the world laying foundations for a fairer and more resilient future, and in the context of the Covid-19 pandemic and the associated global socio-economic crisis, the public development banks (PDBs) are required to take bold and decisive counter-cyclical action. Therefore, they have a key role to play in the implementation of sustainable recovery measures.

To this end, the World Federation of Development Finance Institutions (FEMIDE) and the International Development Finance Club (IDFC) initiated a finance in common summit held from 10 to 12 November 2020 in Paris. This summit aimed to engage all the players of the financial community in joint action on climate and the SDGs. It was attended and supported by national, regional and multilateral development banks, organisations including the UN, OECD, European Commission and regional development finance associations.

Following the meeting, the PDBs made a commitment to support the transformation of the global economy and societies **towards sustainable and resilient development**. To this end, they affirmed their determination to collectively change their investment strategies and operating methods **to contribute to the attainment of the SDGs and the Paris Agreement objectives, while addressing the Covid-19 crisis. For greater impact**, they committed to working together and forming a global coalition of all PDBs.

It should be noted that on 11 November 2020, the PDBs launched a "Sports for Development Coalition" in close collaboration with the sports community. Members commit themselves through their investments to promote sports and its value for the creation of positive social impacts. The coalition will meet at least once a year and a first assessment will be made in August in Tokyo on the occasion of the 2021 Olympic and Paralympic Games. In this context, discussions are already underway at BOAD for the implementation of a support programme for sports in schools in the WAEMU region.

Prior to the Finance in Common Summit, BOAD and AFD co-organized a pre-summit on 22 October in Paris on the theme "Development banks in the face of the crisis: countercyclical response and sustainable recovery". The workshop sought to identify the main topics of interest, expectations and proposals concerning the role of development banks and to consider possible changes. It highlighted the countercyclical capacity of development banks in times of crisis (such as the Covid-19 crisis) and defined the future development bank, which could support ecological and social transitions.

In the area of climate related technical assistance in partnership with AFD, the Bank has carried out (i) climate mapping of the portfolio of projects approved by BOAD between 2015 and 2019; (ii) climate risk mapping in the eight (8) WAEMU countries; and (iii) identification of three (3) tools for mainstreaming climate into the Bank's operations.

Inset 3

Accelerating climate investments in the WAEMU region: strategic partnership with AFD to mainstream climate action into green growth and sustainable development in the WAEMU

Resilience to climate shocks is a top priority for the achievement of sustainable and inclusive growth in WAEMU countries, which has been included in area 3 of the Bank's new 2021-2025 strategic plan, referred to as plan "Djoliba". In compliance with its statutory mission as a community organization in charge of financing priority development and economic integration actions in its eight member countries, BOAD is working towards meeting the major challenges related to climate investment in these countries.

These actions enable the Bank to be consistent with the various environmental and climate policies in the sub-region. To materialize its commitment in supporting climate investments, the Bank will allocate 25% of its annual funding to climate projects by 2025 (see plan Djoliba). For this purpose, BOAD is committed to accelerating climate investments in promising sectors, by positioning itself on strategic issues, including: i) renewable energy and energy efficiency; ii) climate-smart agriculture; iii) sustainable urbanization, green cities (transport and green buildings) and climate-resilient infrastructure; iv) adaptation to climate shocks; and v) greening the WAEMU financial sector in order to catalyse private climate-friendly investments.

To this end, the Bank received in 2019 from the Agence française de développement (AFD) Group, a climate technical assistance with a view to deepening its reflections on resilient and low-carbon economic models in the WAEMU region to be supported, the intensification and reorientation of investment flows towards the financing of low greenhouse gas (GHG) emissions and climate change impact resilience projects. This technical assistance programme, which actually started in 2020, involves three components: i) strengthening the strategic approach and deploying tools; ii) developing a climate project portfolio and iii) promoting climate finance and developing partnerships. The mission is pursued with the development of an environment and climate strategy for 2021-2025, which will be complemented by a climate project

portfolio, with focus on planning climate investments and mobilizing climate finance. This partnership with AFD has the advantage of contributing to strengthening BOAD's leadership on climate finance in the WAEMU region by mainstreaming climate in its operations.

As regards the environment, the Bank continued to implement its CSR initiatives. It decided to increase the share of financial resources dedicated to climate issues through the Global Environment Facility, the Adaptation Fund and the Green Climate Fund along with resources from other donors to finance renewable energy projects.

These are: (i) the agroforestry and forest development project in Togo by the forest owners' financial cooperative; (ii) the proposed manufacturing of components for small wind turbines in Benin; and (iii) the support project for the production of solid biofuels and electricity from agricultural, forestry and industrial waste in Benin.

The Bank further continues to monitor compliance with its environmental, social and gender protection standards in project implementation and has resumed its technical assistance programme with the AfDB.

At the same time, **the Regional Collaboration Centre (RCC)**, established in collaboration with the UNFCCC, continued to assist the states in various areas, including the mobilization of resources dedicated to climate finance, the implementation of the nationally determined contributions (NDCs) of States Parties and capacity building related to the facilitation of the implementation of NDCs.

The RCC has mobilized €3.3 million for the first phase of the West African Alliance's activities on Article 6 of the Paris Agreement, and \$200,000 for the "Collaborative Instrument for Ambitious Climate Action (CIA-CA)" initiative, which seeks to mobilize resources through carbon pricing.

Under the NDCs, notably on the transparency of greenhouse gas (GHG) emissions, the Bank has contributed to the development of tools to better address the issue of GHG emissions reduction in project development through the development of standardized baselines.

In collaboration with the Designated National Authorities (DNAs) and the UNFCCC Secretariat, it updated the grid emission factor of the West African Power Pool (WAPP), Cape Verde, Liberia, Cameroon, Benin and Mali in various sectors including energy, waste and improved stoves.

In terms of capacity building, the RCC has carried out the following activities:

- ✓ *Implementation of governance tools related to NDCs*: participation in a workshop on the measurement, reporting and verification (MRV) system for West Africa in March 2020 in Abidjan, co-organization of the virtual training implemented by the UNFCCC Experts Advisory Group for Francophone Africa and Latin America in November 2020
- ✓ *Collaborative Instruments for Ambitious Climate Action (CI-ACA) initiative*: support to Ghana, Senegal and the WAEMU and ECOWAS Commissions on various studies, capacity building and carbon pricing.
- ✓ *Establishment of the Centre Academy for Global Youth Leadership Empowerment (AGYLE) in Africa*: development of the concept note, search for partnerships, recruitment of a consultant for the development of a resource and partner mobilization strategy.
- ✓ *West African Alliance on Market Mechanisms and Climate Finance*: holding of online

capacity building workshops in April, June, July, September, and December 2020 on Article 6 of the Paris Agreement as well as on carbon market initiatives in Africa and internationally transferable mitigation outcomes.

- ✓ *Needs-Based Finance (NBF)*: mapping of climate finance needs and participation, with the UNFCCC and ECOWAS, in developing the technical assessment document and the investment strategy on climate projects, and preparing a project portfolio.

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

The Bank's support has helped to strengthen its own capacities and those of the States to develop PPP projects and the funding provided has promoted: (i) the creation and consolidation of thousands of jobs; (ii) the creation of direct, indirect and induced added value and (iii) the reduction of carbon emissions.

A. PROMOTING PUBLIC-PRIVATE PARTNERSHIPS (PPP)

The Bank's activities in 2020 covered the following areas:

Under regional projects, the Bank participated in: (i) a webinar on the development of the AfDB PPP regulatory framework in September, and (ii) the validation meeting of the interim report on the rider to the Dakar-Bamako railway rehabilitation study in November. It also made a presentation on financing affordable housing production in the WAEMU at the Habitat 2020 conference held in February in Abidjan, and joined the Infrastructure Consortium for Africa (ICA) in July 2020.

In addition, it organized in September 2020, the 9th session of the Consultative Committee on PPPs (CO-PPP) in the WAEMU and developed a manual for the development of PPP projects, including a standard agreement to be signed with the States for the joint preparation of PPP projects.

With respect to cooperation, the Bank worked towards the signing by AfDB on 22 December 2020 of the Memorandum of Understanding between BOAD and the NEPAD/IPPF/AfDB Special Fund for the joint preparation of PPP projects.

With a view to strengthening the capacities of state actors and enabling them to shortlist and benchmark implementation methods (public works and PPP), training sessions were held on the tools developed by the Bank.

With regard to the appraisal and promotion of regional and national PPP projects, BOAD identified 83 national and regional projects (in Togo, Guinea-Bissau, Mali and Niger) likely to be implemented in PPP.

It also continued the appraisal of six (6) projects, including: i) WAEMU High Standard Specialized Healthcare Centres (CSSHN); ii) High Capacity Parking (HCP) at the Togo-Benin border at Sanvecondji and Hillacondji; iii) construction of the Buba mineral and commercial deep water port in Guinea-Bissau; iv) rehabilitation of the Osvaldo Vieira International Airport infrastructure and equipment in Bissau, Guinea-Bissau; v) construction of affordable housing at Tonoukouti, Togo; and vi) rehabilitation of buildings C, D, E and F of student residences of the University of Lomé (UL), Togo.

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

In this respect, the Bank's action has generated over 10,488 jobs (5,725 jobs created and 1,478 jobs secured), a minimum of XOF115.3 billion in added-value and XOF7.6 billion in public revenue. They have also helped avoid 1,127,447 tCO₂e_q and build the adaptation capacities of 344,000 beneficiaries to the climate hazards.

The operations concerned include:

- two projects amounting to XOF25.5 billion, which should contribute to the achievement of SDG 11¹⁸ in the **context of hotel and real estate infrastructure** as well as job and wealth creation, were financed in Senegal and Côte d'Ivoire.

These are real estate construction projects in Côte d'Ivoire and Senegal covering, on the one hand, the construction and operation of a high standard G+22 building, for use as offices and commercial premises for the Conseil de l'Entente in Côte d'Ivoire, and on the other hand, the construction of a multifunctional complex in the urban centre of Diamniadio in Senegal;

- seven (7) **refinancing facilities** in a total amount of XOF61 billion were granted. Three of these credit facilities concerned financial institutions supported by BOAD with a view to increasing their capacity to provide products adapted to SMEs-SMIs; the four other operations fall within the framework of the Covid-19 special package.

These facilities will contribute to economic growth, job creation and consolidation, as well as improving the quality of life (SDG 8) and will make it possible to provide the private sector, particularly micro, small and medium-sized enterprises (MSMEs), with funding adapted to their various needs (liquidity resulting from the Covid-19 crisis, short-term recovery, and medium-term productive investments);

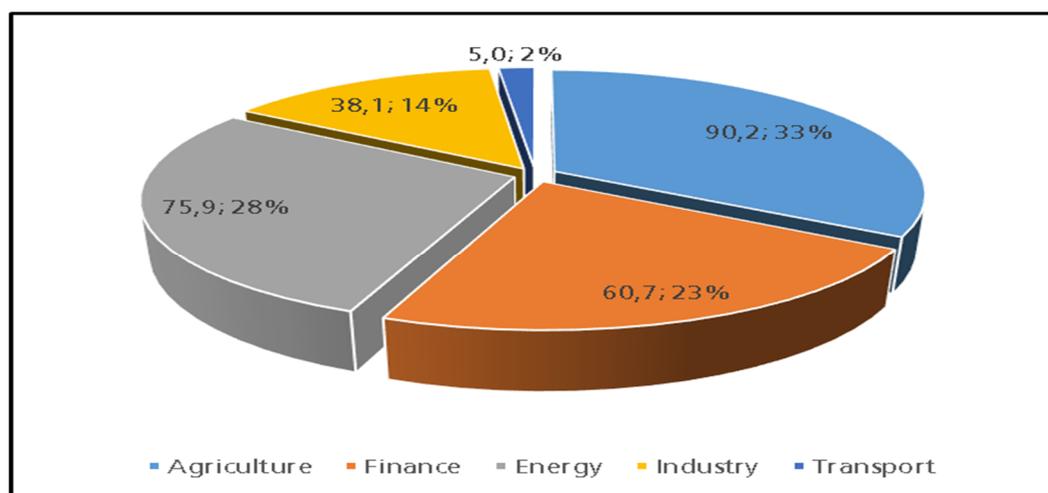
- XOF116.692 billion was mobilized under **arrangement mandates** to raise funds for four (4) energy, road and real estate projects in Côte d'Ivoire and Togo. These involve:
 - o CI-ENERGIES for the construction of the transmission grid of the Atinkou thermal power plant in Côte d'Ivoire (XOF61.8 billion)
 - o the State of Senegal for the Diamniadio urban centre road and infrastructure network construction project in Senegal (XOF15 billion)
 - o MK Construction for the Kanawolo-Korogho road construction and reinforcement project in Côte d'Ivoire (XOF29.7 billion)
 - o AMSA REALTY for the construction and rehabilitation of modern student residences in Senegal (XOF10.2 billion).
- a XOF1.9 billion **equity investment** in PROPARCO (an AFD Group's entity) in order to strengthen its financial structure and ensure compliance with the ratios set out in its risk appetite framework;
- **short-term loans amounting** to XOF45 billion for strategic sectors in the agricultural export field and for a national hydrocarbon import company. These are the following:
 - o XOF20 billion to *Société Nationale Burkinabè d'Hydrocarbures* (SONABHY) for the partial funding of its operating requirements for the import and marketing of hydrocarbons in Burkina Faso;

¹⁸ « Making cities and human settlements inclusive, safe, resilient and sustainable »

- XOF10 billion to *NSIA Banque Côte d'Ivoire* for the partial refinancing of the 2019-2020 cocoa season in Côte d'Ivoire.
- XOF5 billion to *Compagnie Malienne pour le Développement des Textiles* (CMDT) for the partial funding of the 2019-2020 cotton season in Mali;
- XOF10 billion to *Banque Nationale pour le Développement Économique* (BNDE), for the partial funding of the 2019-2020 groundnut season in Senegal.

As at 31 December 2020, cumulative short-term funding amounted to nearly XOF270 billion.

Graph 5 : Breakdown per area of cumulative short-term commitments as at 31 December 2020 (in XOF' billion)



C. SUPPORT FOR SPECIFIC INITIATIVES BY MEMBER COUNTRIES

The Bank has proved proactive in providing rapid emergency response to **the Covid-19 health crisis** through two (2) special packages. These are linked to SDGs 3¹⁹ and 17²⁰ and involve :

- a XOF200 billion package of concessional loans to support the various response and economic recovery plans of WAEMU member countries. The funds provided made it possible to meet urgent expenses (purchase of health equipment and materials, tests, etc.) and to support households and businesses severely affected by the negative impacts of the health crisis.

The programme received support from BOAD's subsidy mechanism, which was exceptionally replenished for that purpose by BCEAO (XOF25 billion) and the WAEMU Commission (XOF15 billion);

- Another XOF100 billion package in the form of refinancing facilities for commercial banks, aimed at supporting the Union's companies, especially micro, small and medium-sized enterprises (MSMEs), for their various needs (liquidity inherent to the crisis, short-term recovery) and medium-term productive investments.

¹⁹ " Making it possible for everyone to live in good health and promoting well-being for all at all ages".

²⁰ " Strengthening the capacity to implement the global partnership for development and revitalizing it"

As part of its financial assistance to member countries and regional institutions, the Bank provided grants totalling XOF133 million. The activities that benefited from this support include replenishment of the Solidarity Funds of the eight member countries in the fight against the spread of Covid-19, capacity building, organization of workshops, seminars and forums and climate finance.

II.2.4. STRENGTHENING THE RESOURCE MOBILIZATION PROCESS

In the context of COVID-19, efforts in 2020 were made to mobilize concessional resources. They focused mainly on: i) mobilizing low-interest loan resources and non-repayable grants from external partners, and ii) strengthening cooperation.

A. AGREEMENTS SIGNED IN 2020

Five (5) agreements were signed with:

- **Agence française de développement (AFD): i)** a credit agreement, intended to support member countries and economic operators in the WAEMU region in their fight against Covid-19, in an amount of €100 million, or XOF65.6 billion, through a participation in funding short-term economic recovery plans and recovery measures and **ii)** a €75 million (XOF49.2 billion) credit agreement for financing projects that fall within the framework of the fight against climate change, in WAEMU public and private sectors.
- **The World Bank:** as part of the Regional Off-Grid Electrification Project in West and Central Africa, a credit agreement in an amount of €121.9 million (XOF79.9 billion) and the management of a Clean Technology Fund (CTF) grant in an amount of \$67.2 million (XOF38.4 billion)
- **The Austrian Development Bank (BDA):** a credit agreement involving € 30 million, or XOF19.7 billion, meant for the financing of infrastructure projects and productive investments in the commercial sector in WAEMU countries.
- **JP Morgan:** a short-term bridge loan agreement in an amount of €75 million, or XOF49.2 billion over a three-month period.

B. LOANS APPROVED BY THE BOARD OF DIRECTORS

Two (2) lines of credit from AFD (XOF65.6 billion and XOF49.2 billion), one (1) line of credit from AfDB (XOF32.8 billion), one (1) line of credit from the OPEC Fund (XOF32.8 billion), one (1) loan from Société Générale and JP Morgan (XOF229.6 billion) and one (1) grant from the Investing for Employment subsidy (XOF6.6 billion) were approved by the Board of Directors.

C. OVERDRAFT FACILITIES

The following drawings were made:

- **JP Morgan :** a bridge loan of €75 million, or €49.2 billion, repayable upon disbursement of funds from the sustainability bond.
- **Islamic Corporation for Private Sector Development (ICD):** an amount of € 75 million, or XOF49.2 billion, in two instalments of € 30 million and € 45 million, repayable over 3 and 6 months respectively.

In addition, various steps were taken to prepare and launch the first sustainability bond issue in 2021. The resources raised will be used to fund projects with a high social and environmental impact (agriculture and food security, renewable energy, etc.).

D. SUBSIDIES

In 2020, the subsidy mechanism was replenished to the tune of XOF58 billion by member countries and community institutions (WAEMU Commission, BCEAO and BOAD). These resources made it possible for BOAD to subsidize XOF200 billion of concessional loans provided as part of the urgent measures taken by the Union's governments to address the Covid-19 pandemic.

E. COOPERATION AND PROMOTION OF PARTNERSHIPS

Over the year, efforts to broaden the spectrum of external partners were pursued. In line with SDG 17, they mainly focused on diversifying and strengthening partnerships, due diligence to bring in new shareholders or increase the shares of existing shareholders and continued preparation for the EU-9 Pillar assessment and accreditation.

With regard to efforts to diversify and strengthen partnerships, it should be noted that exchanges were organized with several institutions (Regional Integration Department of the World Bank, Trade and Development Bank (TDB) and World Economic Forum), a partnership agreement has been signed with the OPEC Fund, the cooperation agreement with AFD was renewed and the 2nd edition of the KfW-AfDB bilateral meetings was held in January 2020 in Lomé (Togo).

With respect to the due diligence aimed at the entry of new shareholders or an increase in shares of existing shareholders in order to strengthen the Bank's equity, actions have been taken towards AfDB and the Moroccan authorities to increase their shares in the capital and discussions are underway in a more global perspective.

As for the ongoing preparation process for the EU-9 Pillar Assessment so as to become eligible for indirect management of the EU budget, after a reshaping of the assessment format from 7 to 9 pillars, a redefinition of the preparation process for accreditation was carried out in May 2020 and a timetable of following stages adopted. To this end, the documentation to be prepared for the assessment scheduled for 2021, is being finalized.

Besides this preparation process for the EU-9 Pillar Assessment, the Bank benefited from the WAEMU-RIP Institutional Capacity Building Support Programme (PARCI) under the 10th European Development Fund. Started in April 2019 for 22 months, it seeks to upgrade internal procedures and processes with a view to certification for the pillar assessment. The various related projects should be completed by the first half of 2021.

II.2.5. ALIGNING MANAGEMENT AND GOVERNANCE

A. GOVERNANCE, AUDITING AND RISK MANAGEMENT

In 2020, the strengthening of governance as well as and the modernization of management tools continued in keeping with its commitments towards ESG compliance.

Thus, corporate social responsibility (CSR) is mainstreamed in the Bank's governance and has led to the creation of a CSR Committee within the Board of Directors as of 24 June 2020. It

now supervises the CSR Steering Committee, which aims to support the strategy implementation process and reflects the Bank's strong and lasting commitment in this area. It convenes on a monthly basis.

Training courses have been organized for CSR correspondents and Internal Audit. A guide for policy dialogue with stakeholders has been drawn up with a view to maintaining interaction with them and fostering the Bank's decision-making process. The drafting of the procedures manual and the CSR annual report is underway.

In addition, in terms of ethics, prevention and the fight against fraud and corruption, the Bank continued to consolidate the system by carrying out investigations, assisting the Ethics Committee and implementing the initiative for evaluating the said system with a view to bringing it in line with international standards (norms, rules, applicable international and regional conventions) and best practices in this area.

In terms of risk management, activities to strengthen and monitor credit, financial and operational risks have proceeded well. The development of a risk appetite framework (RAF) and an economic capital model (ECM) as part of the modernization and strengthening of the Bank's risk management framework was completed with the adoption of the Bank's Risk Appetite Statement by the governing bodies at their meetings in December 2020.

Inset 4
Adoption of a risk appetite framework and an economic capital model at BOAD
<p>Since the 2008 crisis, regulators (Financial Stability Board, Basel Committee, etc.) and financial institutions have agreed on the need to strengthen the framework for monitoring risks associated with business models and their governance, as well as their capital level and liquidity management.</p> <p>Following the diagnosis of its risk management system carried out in 2015, BOAD has embarked since 2018 on a project to upgrade its risk management tools through, inter alia, the development of a risk appetite framework and the implementation of an economic capital model that determines the amount of equity capital that will enable the Bank to remain solvent, even in the event of unpredicted losses. The objective is to have a risk appetite framework that ensures an appropriate balance between financial, strategic, operational and credit risks.</p> <p>The risk appetite framework consists of two major elements. The first is the risk appetite statement formalised in a document which expresses the Bank's Board of Directors' risk appetite and tolerance. It sets the level and type of risks that the Bank is prepared to accept or, on the contrary, to avoid, in order to achieve its strategic objectives. The second element is the series of instruments/mechanisms that sets out and ensure compliance with the risk appetite statement and aims at keeping the Bank within the "appetite zone".</p> <p>Once the framework is operational, a risk appetite matrix will be used to substitute the existing notional limits for the economic capital-based exposure limits in order to reflect the Bank's specificities as well as the quality (rating and nature) of each commercial (non-sovereign) counterparty.</p> <p>The Bank's ambition is to combine a risk appetite framework with an economic capital model in order to implement the most advanced approach to measure the capital requirements that will allow (i) deployment of a true capital allocation process and a better use of available capital and (ii) referring to metrics and concepts that will allow for smoother communication with rating agencies and financial partners, in particular, based on internationally accepted concepts/parameters.</p> <p>To this end, in order to define the risk appetite framework, following the example of its peers, the Bank was assisted by an internationally renowned consulting firm. The project was completed with the approval by the Council of Ministers on 10 December 2020 of the Bank's risk appetite statement, which will become operational in 2021.</p>

The Bank has finalized the implementation of the GEM's platform in which it participates alongside other multilateral development banks and institutions (AfDB, IDB, WB, EIB, AFD, etc.).

In the context of operational risks, an assessment report on the implementation of the BCP

(business continuity plan) was drawn up in connection with the IT recovery plan and the information security rules in the context of Covid-19.

In the area of Internal Audit and Financial Control, internal and external evaluations were carried out in accordance with the assurance and quality improvement programme (QAP). The recommendations made allowed for a continuous improved process and strengthened compliance with international professional standards.

All procurements of goods and services as well as disbursement of funds, were subject to compliance and regularity checks. Implementation of recommendations made by the Internal Audit contributed to strengthening the Bank's internal control system and risk management.

In addition, **the Audit Committee Charter** was updated to incorporate the extension of the Committee's powers in the area of risk management. Besides, the Audit Committee held its ordinary meetings to examine: i) the report on the institution's annual accounts, which received unqualified opinion from the external auditors; ii) the global risk appetite framework, which was approved by the Council of Ministers; iii) the interim financial statements as at 30 June and 30 September 2020; iv) the statement of investment portfolio as at 30 September 2020; and v) the review of 2020 activities and the internal audit's draft activity programme for 2021, which was approved.

As part of the External Audit, KPMG Togo, in its capacity as auditor, certified unqualified the Bank, FDC and FDE accounts for the year 2019. These accounts were approved by the Council of Ministers. The latter carried out a limited review of the interim financial statements as at 30 June 2020, in accordance with IAS 34 standard under the IFRS repository.

Contract monitoring covered both contracts financed under the Bank's operations and internal procurement. It aims to ensure that procurement processes comply with the Bank's policies and procedures. In the context of BOAD's accreditation for the indirect management of EU resources, an update of the Bank's procurement procedures was carried out to take into account a number of requirements from this institution.

The Board of Directors, with 32 members including 5 women (15.62%), held five formal meetings during the year. These meetings made it possible for the Board to approve, among other things, the annual accounts for FY2019, the 2021-2023 programme-budget, the 2021-2025 strategic plan (Plan Djoliba), the renewal of the Audit Committee and Credit Committee membership, the establishment of a Corporate Social Responsibility Committee (CSR Committee) within the Board and the institution's risk appetite statement.

Furthermore, the Board approved the proposal for the enforcement of Article 24 of the Bank's Articles of Association with the appointment of Mr. Moustapha Ben Barka as Vice-President for a five-year term.

As regards the WAMU Council of Ministers, eight meetings were held, including four ordinary meetings and four extraordinary ones. During the ordinary meetings, the Council of Ministers examined and approved the 2019 annual report, BOAD annual accounts for the year ended 31 December 2019, the Plan Djoliba, and the creation of a financial vehicle dedicated to resource mobilization for revamping economic activities within the Union. During the extraordinary meetings, the Board adopted response and recovery measures to mitigate the adverse impacts of the Covid-19 pandemic.

In addition, pursuant to Article 24 of the Bank's Articles of Association, the Council of Ministers, following the favourable opinion from the Conference of Heads of State and

Government (CCEG), appointed Mr. Serge Ekué as President of BOAD, for a six-year term of office, starting from 28 August 2020.

As part of the Coordination of Resident Missions (RM), an annual workshop, usually bringing together the Heads of Resident Missions, was organized from 9 to 11 November 2020 in Lomé. The meeting provided a framework for permanent interaction between the headquarters' structures and the Resident Missions. It aims to improve the management and monitoring of resident missions by strengthening the synergies of actions on both sides.

Result and performance-based management: the monitoring of the Bank's performance continued throughout the year with regular reporting on the evolution of the Bank's key performance indicators.

In terms of cost accounting management, annual and half-yearly notes as well as the dynamic analysis covering the 2016-2019 period have strengthened the performance diagnosis system, particularly from profitability standpoint of the Bank's profit centres, activity sectors, windows and proceeds.

The contribution of the responsibility centres to the implementation of actions under the 2020 yearly action plan was subject to quarterly review, which resulted in the preparation of summary notes analyzing the performance of the Bank's responsibility centres.

With regard to programme-budgeting approach, work continued on budgetary control, focused on the adequacy of budgetary resources consumption with the performance achieved. It should also be noted that the Bank's 2021-2023 programme budget, the first programme budget of the DJOLIBA Plan, was drawn up on the basis of the ambitions and operational priorities of the Plan.

B. HUMAN RESOURCES

As at 31 December 2020, the total number of operational staff was 297, including over one third (36%) of women.

Table 3 : Staff strength of BOAD between 2018 and 2020

Category	Staff strength as at 31/12/2018	Staff strength as at 31/12/2019	Staff strength as at 31/12/2020
Professional staff	171	180	180
Support staff	125	117	117
TOTAL	296	297	297

In 2020, the Bank's operational staff strength remained steady compared to 2019, with a low turnover which even declined slightly (-1.02%) between the two years. This is attributable to the number of staff leaving for all reasons (16) being equivalent to the number of staff who joined the Bank (recruitment, reintegration, etc.). However, it should be noted that the coronavirus disease had a negative impact on the annual recruitment plan implementation. In conclusion, if we add the 8 staff members on secondment and 7 others on leave of absence, the Bank's staff strength stands at 312.

With respect to gender and diversity, the Bank continued its due diligence and completed the development of an action plan. In terms of discrimination, there is no pay discrepancy between women and men. For equal positions, women and men receive the same pay.

As part of upgrading human resource management policy, the Bank strengthened the implementation of the system for setting objectives and assessing staff performance and

updated skills management tools.

It also carried out specific individual and group capacity-building training activities. The 2020 plan provided for the training of 202 people at a cost of XOF300 million, and included a catalogue of 50 training courses. However, the COVID-19 health crisis affected the implementation of the planned training actions, but it made it possible to train some staff in innovative ways using digital learning methods.

In compliance with the 2020-2024 CSR strategy, a multi-year internal communication plan has been developed, with four (4) objectives in the field of top-down and bottom-up communication, as follows: i) to ensure better information of the staff, ii) to foster a sense of belonging, iii) to recognize the contribution of co-workers and improve their well-being, iv) to improve the internal social climate and listen to the teams. Actions relating to the implementation of this plan are already underway.

In 2021, the Bank will finalize the implementation of a new human resource management tool, the SAP Success Factors solution. This tool will enable the digitalization of HR function under its various components. Such initiative comes as part of the implementation of the Plan Djoliba, which provides for the digitalization of processes in the information system with the aim of getting "paperless" processes.

Similarly, to support the implementation of the Plan Djoliba, placing especially focus on human resource components, a forward-looking career and skills management plan (GPEC) will be drawn up to cover the plan timeframe.

C. ENERGY EFFICIENCY, SECURITY AND ASSET MANAGEMENT

As part of the energy efficiency programme, it is worth noting the extension of the solar power plant from 175 kWp to 375 kWp of solar power generation, directly injected into the building, which made it possible to save 31.65 tons of CO₂ on the Bank's carbon footprint and XOF24,817,020 on the electricity bill. Following the commissioning of this plant, the annual power generation is estimated at 288,570 kWp, which represents 21.3% of the headquarters' electricity consumption. In addition, this energy mix has been extended to the new staff residence acquired during the year, through the installation of a 10 kWh solar kit.

In terms of improved security of people and property, work continued on the second phase of the extension of the videosurveillance and access control systems and radio communication. Particular attention was paid to the protection of the headquarters against malicious intrusions, the protection of official residences and the implementation of recommendations stemming from the latest audit on fire safety at the headquarters.

It should also be noted that in 2020, the Bank started the implementation of travel risk management, as part of CSR. This project will make it possible to take better account of the Bank's "duty of care" for staff on occupational mobility. The training of users continued at the headquarters, with 140 service providers trained during the year in fire safety and first aid.

With respect to improved working environment, in addition to the routine maintenance of facilities, it is worth noting: i) the deployment of several sanitary kits as part of the response to the coronavirus pandemic (thermo-flash, hand-washing devices, distancing signs, infrared taps, etc.); ii) the roofing of 25 parking lots for staff; iii) the provision of various equipment for the proper functioning of the services.

Finally, a prospective study was carried out in the context of asset management. It sets out steps for a smarter management of the facilities and a better planning of the medium and

long-term evolution of assets. It should further be noted the the computerization of the commissary's stock management system, which allows for more efficient processing of requests and monitoring of stationary consumption by the Bank's organizational units.

D. UPGRADING OF IT SYSTEM

Throughout the year, the Bank renewed the ISO 27001 certification of its information security management system obtained in 2017. In addition to securing the IT system, virtual awareness campaigns were conducted for IT system users with a view to strengthening the cybersecurity culture at the Bank, as part of the continuous improvement process.

The Bank has an information security policy signed by the President of BOAD and circulated to its stakeholders. Finally, the "Plan DJOLIBA" approved in 2020 provides for strengthened IT system security.

Furthermore, the upgrading of the Bank's information system continued, while taking into account the context of the coronavirus pandemic (Covid-19), through the implementation of the state-of-the-art video-conferencing tools like ZOOM, SKYPE and TEAMS.

Also, secure remote access to the IT system has been implemented to facilitate teleworking for users, since the implementation of the business continuity plan (BCP) at the Bank in March 2020. The provision of such access is ongoing with the limitation in number of people authorized to access the Bank's premises, leaving a large number of staff working from home (see inset 5).

Insert 5

Business continuity plan (BCP): Initial implementation

With the unprecedented Covid-19 health crisis that disrupted economic activity worldwide, companies had to adapt to ensure their business continuity, mostly by implementing major organizational and technical changes: teleworking, part-time work organization, remote management, provision of new tools, etc. For the best prepared companies, the implementation of their business continuity plan (BCP) enabled them to demonstrate their agility in a short period of time, thereby maintaining economic activity and protecting a maximum number of jobs.

The BCP is a set of measures aimed at ensuring, according to various crisis scenarios, including in the face of extreme shocks and, if necessary, temporarily, in a downgraded mode, the continuity of the company's main operations, followed by a planned return to normal. The ISO 22301 standard defines this as documented procedures to guide organizations in responding, restoring, resuming and recovering to a predefined level of operation following a disruption. BOAD has had a regularly tested and updated BCP since 2009. The last update was in December 2019. BOAD's Crisis Management Committee is structured around a BCP decision-making committee and a BCP executive committee. Overall, the Bank was prepared to face potential crises that would impede its operations, with the establishment of a business continuity plan (BCP), a crisis management plan and an emergency plan.

Therefore, in response to the outbreak of the coronavirus in West Africa and in a bid to preserve the health of its staff, BOAD deployed its BCP for the first time in its history from 24 March to 18 May 2020. The key staff was present at the headquarters and the remaining staff worked from home, this was also a significant step forward. This BCP deployment made it possible for the Bank to successfully test its BCP system and to pursue its operations in the context of Covid-19, while maintaining its major financial balances.

All of the Bank's operational units were also involved in drafting downgraded procedures, which will serve as a working basis in the event of a new BCP deployment. Subsequently, an internationally renowned firm commissioned by the Bank has trained the business continuity players and assessed the deployment of the BCP; this will lead to an update of the business impact analysis (BIA)²¹ and the BCP system in 2021, to take into account the risks associated with pandemics and cyber crisis analysis.

²¹ Business Impact Analysis

The network overhaul project was accelerated with the updating of the network architecture (core, distribution and access) to meet the relevant security standards. The implementation of redundancy solutions and the optimisation of virtual VLANs are ongoing.

The maintenance of the banking operations management application, the technology of which was recently reviewed, is carried out internally, to provide the business lines with an optimal and secure working environment. It is important to note the transformation of several applications into web versions, in order to facilitate access from the Resident Missions (RM) and for remote users.

With regard to the SAP ERP, a study was carried out with the publisher to prepare for its migration to SAP S/4HANA, which offers more security and advantages to IT system users.

All of these projects are based on the modernization of the data center, the components of which are currently undergoing virtualization. This strategic choice contributes to facilitating the digitalization of the IT infrastructure and the Bank's transition to Cloud.

In addition, the Bank has drawn up an information system master plan in line with the 2021-2025 strategic plan "Djoliba" with a view to planning the development of the IT system for the next five years.

Among the major projects started in 2020, it is important to mention the study for the acquisition of an electronic document management tool as part of the acceleration of the Bank's digital transformation with the aim of getting "paperless" processes and the deployment of SAP Success Factors module for the digitalized management of the human resource administrative processes. These projects will be pursued in 2021 so as to enable the IT system users to internalize the resulting tools.

Inset 6

Project to create a vehicle for digital transformation in West Africa

The "Digitalised Africa" component of the Marshall Plan for Africa, initiated at the beginning of 2017 by the German government, aims to help government agencies and services of African countries to develop their IT systems in order to improve their productivity or services to citizens. In order to strengthen the dynamics of putting administrative services online in the countries of the Union, the Kreditanstalt für Wiederaufbau (KfW), in collaboration with the West African Development Bank (BOAD), has initiated the project to support the digitalization of administrative processes in the WAEMU region.

In this context, peculiar interest was shown in the digitalization of administrative processes and the promotion of digital economy, due to the significance of the issue nowadays given the new challenges (teleworking in particular) associated with the Covid-19 pandemic. Indeed, the shared experience of the two institutions confirms the contribution of digitalization to the strengthening of decentralisation and citizen participation in public governance.

Following the round pre-identification mission in January 2019 and the KfW/BOAD bilateral meetings in 2018 and 2019, both parties agreed to carry out the project development according to the following schedule: i) finalization of the ToRs and appointment of a consultant, ii) completion of the project feasibility study and iii) project implementation start.

The programme will be financed by a fund, that will contribute to the achievement of sustainable development goals (SDGs), and will be managed by BOAD headquartered in Lomé. The structure and governance of the Fund will be defined by the feasibility study. BOAD will be involved in the programme as an implementing partner and manager of the Fund. The Fund's resources will be made up of the combined resources of BOAD and the German Financial Cooperation. Following the study, criteria will be specified for the types of projects to be financed. The envisaged fund amounts to nearly € 30 million (KfW and BOAD resources) for the initial three-year phase. A second phase with a funding amount of € 60 million is also planned.

To date, the feasibility study is in progress and seeks to i) detail the scope of the projects and actions to be financed under the Fund, ii) develop standard models of different projects, iii) define the legislative and

institutional frameworks for their implementation, and iv) develop the application procedures for the standard projects. A collection and diagnostic mission was carried out from 12 to 22 January 2021 in Lomé.

Regardless of the considerable needs in terms of digital technology, in general, and digital transformation, in particular, in order to achieve the SDGs in the Union, the programme is expected to improve the means of governance and infrastructure dedicated to the implementation of digital transformation. Indeed, the digitalization of administrative processes would increase state revenues while saving time and travel for the population. Automated procedures would also considerably reduce the level of corruption and increase the transparency and accountability of the government towards its citizens.

The IT-based administrative reforms include the computerization of the tax administration and the civil registry, payment of teachers by mobile phone, service websites for foreign investors as well as the internal and external networking of the administration. All these actions could only be carried out with the presence of modern, efficient, reliable and easily accessible infrastructure.

WAEMU member countries are the project's target region. Therefore, public administrations and public-private partnerships from Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo will be eligible to apply as soon as the Fund is in place.

Public institutions at different levels will be allowed to propose investment projects (ministries, regions, municipalities as well as other public institutions, agencies and companies). It is also possible to invite public-private partnerships (PPPs) to submit proposals. Investment projects will be selected according to the OECD criteria including relevance, efficiency, effectiveness, impact and sustainability. BOAD as Fund Manager will receive technical assistance (TA) throughout the implementation phase.

Upgrading of the IT recovery plan (IRP), being a key component of the BCP, was achieved by optimizing the online backup to the Bank's backup site.

E. LEGAL CERTAINTY OF OPERATIONS

As part of the continued strengthening of the legal certainty of banking operations, several actions have been carried out. These include:

- regulatory monitoring to ensure compliance of the activities carried out in line with internal policies and procedures as well as their applicable regulations;
- the modernization and updating of several governance and management regulations of the institution;
- the updating of the procedures manual applicable to the prevention and fight against money laundering and terrorist financing by integrating a mapping of money laundering risks inherent to BOAD's statutory activities.

F. MARKETING AND COMMUNICATION

In this respect, a meeting with students and researchers from the university of Kara is part of the exchanges with the civil society. It aimed (i) to share the impacts of the grassroots development project in Togo, (ii) to present the monitoring and evaluation system of development outcomes and impacts of BOAD and (iii) to explore the possibility of conducting virtual workshops in the context of the health crisis.

Moreso, in support to its CSR commitment, the Bank has produced a set of visibility tools and launched a consultation for the creation of a foundation.

In terms of marketing, the Bank continued to promote its products and services through advertising campaigns and posters in airports and in-flight magazines in the WAEMU region. It has also started to develop a database of prospects with the view to fine-tuning the profiles of large companies and identify business opportunities with BOAD. Likewise, it has continued

to work on the establishment of measurement indicators to ensure the monitoring and evaluation of the impact of promotional days organized in WAEMU countries.

Furthermore, the pilot phase of the project to map all projects financed by the Bank in Togo was launched.

G. MONITORING AND EVALUATION OF OPERATIONS AND KNOWLEDGE MANAGEMENT

In terms of project monitoring and evaluation, the Bank carried out the following activities: (i) finalization of the portfolio evaluation report on public projects financed over the 2000-2015 period in Benin, (ii) design of tools for monitoring and evaluating development outcomes during the financing appraisal of thirty-three (33) projects, (iii) participation in the review of projects financed in Guinea-Bissau and Niger, (iv) collection of data on the implementation status of 154 projects, and (v) drafting of a report on development outcomes and prospective impacts.

The Bank has equally drawn up its development outcome and impact evaluation strategy. The strategy aims to strengthen the system for assessing development outcomes and impacts of operations, with a view to improving its development effectiveness. To this end, a development outcome and impact measurement framework is being prepared. It will incorporate impact indicators aligned with the SDGs as well as an online data collection system. These provisions will allow for reporting from accountability and capitalization standpoint.

Moreover, virtual capitalization meetings were conducted as part of the follow-up to implementation of evaluation recommendations.

In terms of knowledge management, the Bank continued to strengthen its information monitoring system on sectors covered by the institution's operations and activities of BOAD's partners. It also developed a glossary of concepts used in development finance activities and acquired interactive tables for consulting electronic resources at the Resource Centre.

As part of the modernization of the record-keeping system, initiatives have been undertaken, especially with regard to (i) the review of the archives retention and disposal schedule, (ii) the implementation of the electronic document and data management project with the technical support of the European Union, and (iii) the dematerialization of approximately 200 linear metres of documents.

H. FINANCIAL MANAGEMENT

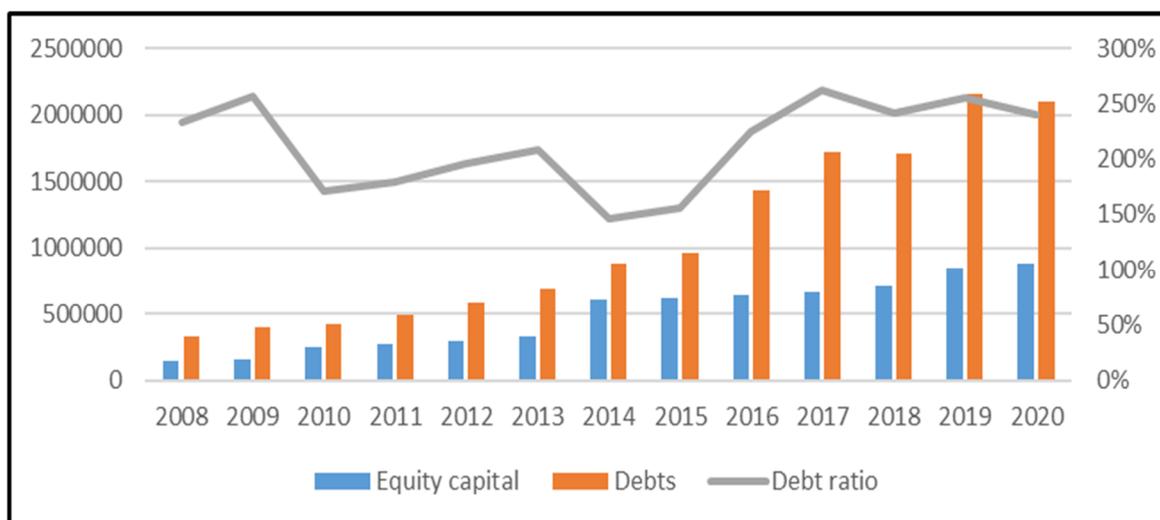
Financial management: the implementation of the solution designed for financial management (OneSumX Risk from Wolters Kluwer) proceeded with technical installation of the tool and the start of the configuration of business functions.

The tool will help improve the Bank's financial and risk management, taking into account the challenges related to the increasing complexity of its activities and the alignment of its practices with international standards. The implementation will be completed in 2021.

Financial position: the Bank's total balance sheet increased from XOF3,110.4 billion as at 31 December 2019 to XOF3,207.3 billion as at 31 December 2020.

The institution's financial position remains sound and is marked by a balanced financial structure. As at end December 2020, equity accounted for nearly 26.4% of the total balance sheet and the ratio of outstanding loans to equity (debt ratio) stood at about 239.6% for a statutory ceiling of 300%.

Graph 6 : Trends in equity, debt (XOF'bln) and debt ratio



The following characteristic elements mark the operations, in particular:

- a predominance of income from loans, which is the main activity of the institution (76% of budgetary income generated);
- an overall controlled cost of borrowing resources (3.83% on average, market and concessional resources combined);
- a net banking income level of XOF47.7 billion as at 31 December 2020 against XOF69.7 billion as at 31 December 2019;
- prudent cash management in line with the liquidity policy;
- maintaining a prudent provisioning policy, in relation to the situation of certain commercial projects.

The overall gross portfolio deterioration rate stood at 2.72% as at year-end 2020 compared to 2.97% at the end of 2019. The Bank is committed to continuing its actions to monitor and improve the quality of the portfolio.

Operations continue to record positive results, despite embedded margin losses for several years, due to the absence of perennial concessionary resources. The net profit at the end of 2020 stood at XOF29.3 billion against XOF26.8 billion at 31 December 2019. The resulting profit will strengthen the institution's equity.

The Bank will continue to control its expenses so as to maintain an attractive rate offer, in line with the requirements of development finance.

It should also be noted that the capital adequacy ratio stood at 24.47% (compared to an international standard of at least 8%). The equity capital level remains in line with the risks borne by the Bank. Moreover, implementation of the practical recommendations made following the study on the strengthening of the institution's means of intervention, based on

a consolidation of its capital adequacy will enable the Bank to further consolidate its solvency as well as its credit quality.

THEME FOR THE YEAR:

**2021-2025 STRATEGIC PLAN REFERRED
TO AS "PLAN DJOLIBA"**

INTRODUCTION

The 2021-2025 strategic plan²² draws lessons from the previous strategic plan review focusing more strongly on development outcomes, further strengthening BOAD's financial capacities through a capital increase and, where necessary, through effective implementation of structural reforms in shareholding and governance while providing itself with the resources (skills and systems) to adapt in order to meet the challenges related to the development of the WAEMU region, especially those resulting from the long-term economic and social impact of the Covid-19 pandemic.

The purpose of the 2021-2025 plan is to achieve development outcomes in terms of job creation, transport infrastructure to facilitate the movement of people and goods, improved access to food through farm production and increased power generation capacity.

The plan timeframe will also witness continued strengthening of management systems, intensification of activities related to climate change and resource mobilization from climate funds, greater development of financial advisory and financing arrangement activities, with a focus on staff career management and staff capacity building (health, education, portfolio restructuring, impact analysis, etc.).

To reflect the objectives of regional integration, mobility, fluidity, agility and solidarity, and to meet the challenges related to the conservation of natural resources, ecosystems and the safeguarding of biodiversity within the Union, the 2021-2025 strategic plan will be referred to as the plan "DJOLIBA", named after the river Niger. The said name reflects the development challenges related to the three operational areas of the 2021-2025 plan. It represents an important brand of the WAEMU's regional identity and a real challenge for food security, agriculture, energy and environment. It embodies integration and solidarity. It brings together the concerns of the peoples of the community and the Bank's ambitions.

In order to better frame the vision of the plan "Djoliba" and set out new strategic directions, an ex-post evaluation of the 2015-2019 plan was conducted.

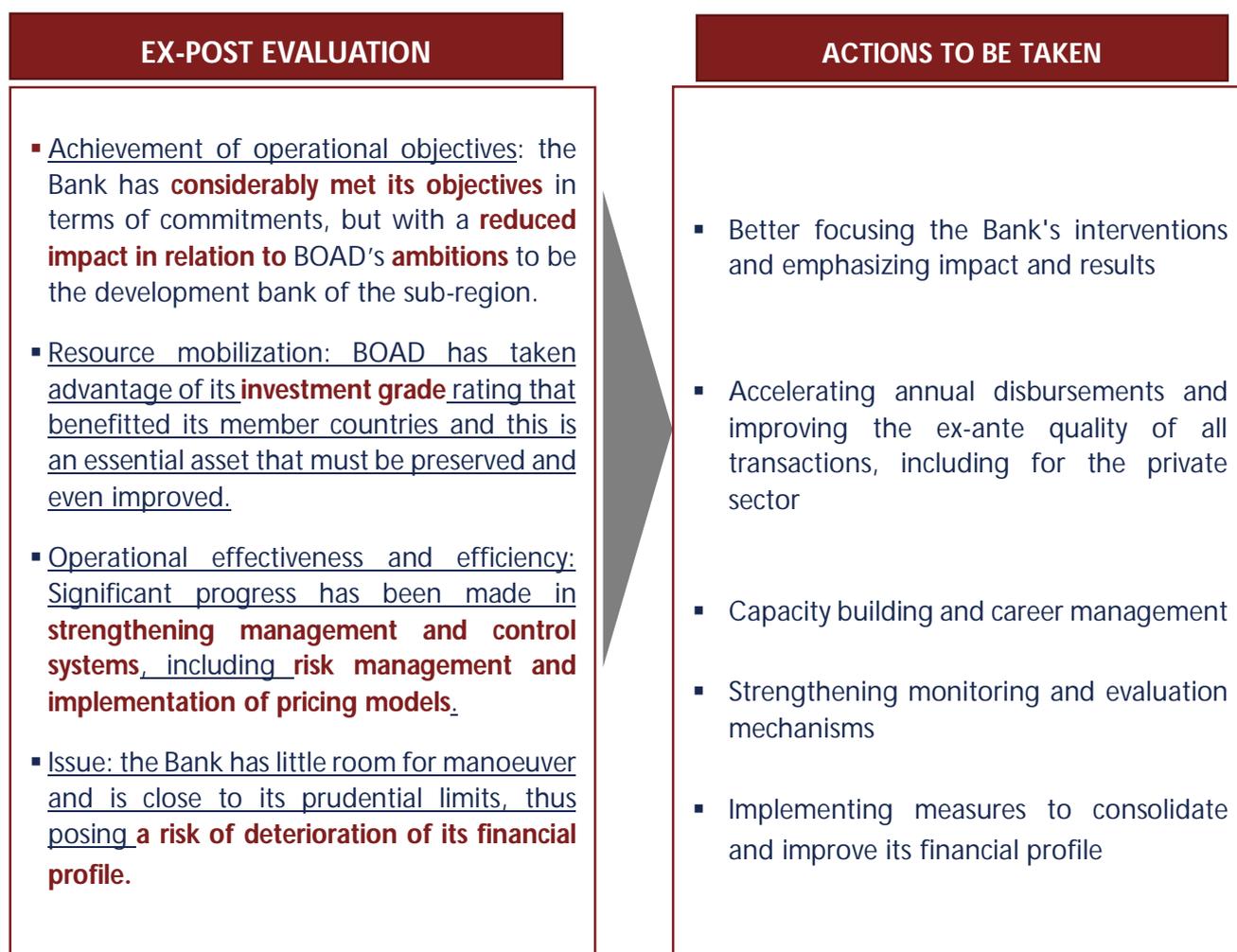
I. Ex-post evaluation of the 2015-2019 strategic plan

The year 2019 marked the end of the implementation of the 2015-2019 strategic plan. In this regard, the Bank has hired an international consulting firm for the external review of the plan as well as the preparation of a new five-year plan for 2021-2025.

The objective was to evaluate the results per strategic area of the completed plan and to identify themes that could underpin the major directions of the next five-year plan, taking into account the changing economic outlook for the region and the States' priorities.

The main conclusions of the retrospective evaluation are as follows:

²² Official version available on BOAD's web site.



II. Vision

The driving force behind the selection and implementation of the priorities of the 2021-2025 strategic plan is to increase the impact of the Bank's interventions in terms of development outcomes.

To this end, it will be necessary to focus operations on five key areas and ensure that the institution generates the necessary leeway to effectively address external and internal shocks likely to affect the member countries as in the case of challenges created by the Covid-19 pandemic.

The current vision reads as follows: **"BOAD, the leading bank making a strong impact on the integration and transformation of West Africa"**.

Such vision will be achieved by significantly increasing the Bank's means of intervention, starting with its equity capital, and by using its assets to selectively intervene in the three strategic operational areas, namely:

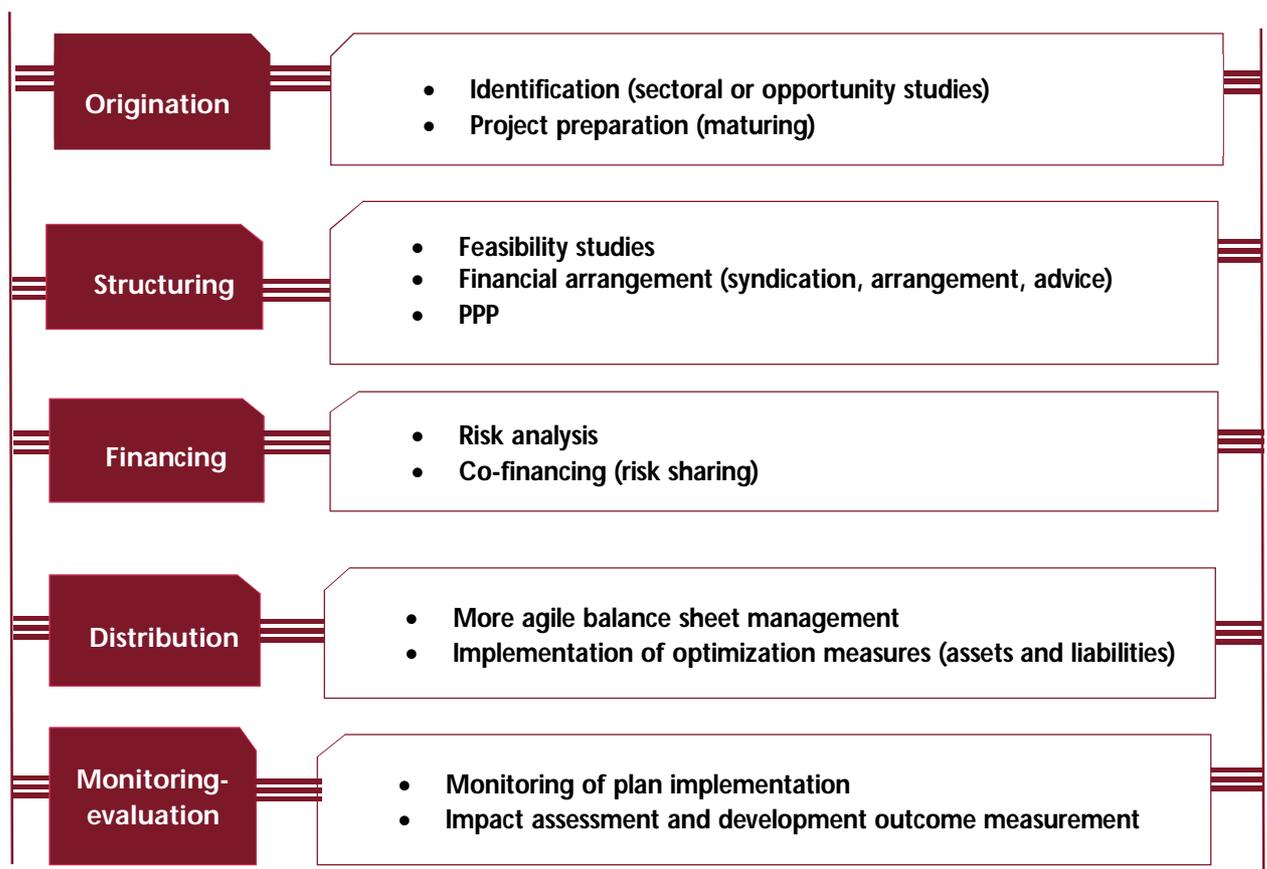
- Regional integration which is the very basis for the creation of BOAD;
- The creation of value and productive jobs in support to governments and the private sector; and
- Building greater resilience to climate change.

Under these strategic areas, BOAD's activities will focus on the following five areas:

1. Transport and ICT infrastructure/digitalization;
2. Generation and equitable access to energy and natural resources;
3. Agricultural production and food security;
4. Real estate (including tourist infrastructure) and housing, including social housing;
5. Health and education.

In each of these areas, emphasis will be laid on the role and appropriate financing needs of MSMEs to diversify the economic fabric and create jobs in growth areas such as commodity processing and social housing. Peculiar attention will be given to youth employment and women's inclusion as well as to the role of the financial sector (banks, financial institutions, decentralized financial systems) in supporting these areas.

To intervene in these areas, BOAD will equip itself with the required capacities to be more efficient on the entire value chain, that is from origination to monitoring and evaluation as shown in the diagram below:



The implementation of this vision will require the strengthening of BOAD's equity capital structure through a significant capital increase, which could be accompanied, where necessary, by an institutional reform allowing the arrival of new, well-rated shareholders. The execution of these actions would have a positive impact on the Bank's intrinsic "investment grade" rating, thus enabling the continued easing of rates for all counterparties since 2016 thanks to the three Eurobonds issued on the international financial market.

It will also require a continued capacity building for the Bank's staff and the development of new skills in the areas of finance/financial engineering, social sectors (health and education,

in particular) and digitalization/ICTs.

This vision will be reinforced by a commitment to corporate social responsibility (CSR) in order to meet the societal challenges of the region and the expectations of all stakeholders. The Bank's ambition is to create sustainable value for the entire sub-region, on the one hand, and to contribute to the attainment of sustainable development goals (SDGs), on the other.

III. Strategic areas of intervention

The plan "DJOLIBA" includes five (5) strategic areas, three of which are operational and two are cross-cutting.

Each of these areas includes: (i) the implementation of post-Covid-19 recovery measures for governments and the private sector (recovery plans) and (ii) continued support for member countries' national development plans (regular investment programmes).

3.1. Three operational areas

Area 1: Strengthening regional integration (30% of commitments)

Over the next five years, the Bank aims to become the leader in origination, preparation and financial engineering of integration-prone projects involving both development institutions and the private sector (PPPs) in their preparation (feasibility studies, etc.) and implementation.

As a result of the impacts of the pandemic, special focus will be given to pooling health programs, as well as efforts to improve Internet access and digitalization in the WAEMU region and preserve achievements in the road, maritime, air and rail transport sectors.

Area 2: Contributing to the creation of value and productive jobs²³ in support to States and the private sector (45% of commitments)

The Bank will contribute to the creation of a favorable business climate through the establishment of infrastructure in the energy, transport, urban development, water, communication and tourism sectors.

It will give priority to the missing links in the global and regional value chains of the industrial and agricultural sectors and will promote small-scale family farming.

Emergency measures will also be required to address companies' needs, particularly micro, small and medium-sized enterprises (MSMEs) affected by the economic slowdown (preservation of jobs and production tools, restructuring of projects in difficulty, technical assistance, etc.) as well as the use and wider dissemination of already existing products (short-term credit facilities and medium-term refinancing facilities, financial advice, etc.).

This will also contribute to ensure food security, financial inclusion and social protection for the populations.

Area 3 : Building greater resilience to climate change: (25% of commitments)

The countries of the Union are particularly sensitive to climate change impacts (changing rainfall, changing cropping seasons, rising sea levels). It will therefore be necessary to support member countries in their efforts to meet the challenge of climate change (adaptation, mitigation to increase their resilience).

Member countries are facing huge financing needs in terms of adaptation and mitigation to climate change, which requires BOAD to increase its ambition in mobilizing climate finance to

²³ A high proportion of jobs created in the WAEMU region comes from the informal sector, whose productivity is very low. The aim is to promote the creation of higher productivity jobs, as far as possible in the formal sector in order to increase household income and achieve the structural transformation of the economy.

meet countries' urgent needs.

To this end, several strategic actions will be planned: (i) continued mobilization of concessional resources from the climate facilities for the benefit of States (public funding); (ii) greening the WAEMU financial sector and promoting financial innovation to increase private investment for climate; (iii) accelerating climate investments in priority sectors including renewable energy and energy efficiency, sustainable and climate-smart agriculture, and green cities (transport and green buildings) as well as climate-resilient infrastructure; and (iv) mainstreaming the climate dimension in the Bank's financing. Any measures taken to mitigate the impacts of the pandemic should also contribute to foster "green recovery".

3.2. Two cross-cutting areas

Area 4: Increasing financing capacities

To strengthen its action, it is essential that the Bank increases significantly its capital and, where necessary, through appropriate institutional reforms to attract new shareholders whilst continuing to control its overheads, mobilize new resources (Climate Funds and EU), strengthen the leverage effect of its capital through dynamic management of its balance sheet, and develop profitable advisory activities.

Area 5: Strengthening human resources and management systems

This involves: (i) building staff capacity and continuous training (particularly in the following areas: education, health, new financial technologies "fintech", financial inclusion and social protection of the populations); (ii) continuing to modernize management systems (accounting, risks, human resources, databases, data quality, etc.) while promoting a culture based on rigour, results and impact; (iii) securing assets and ensuring continuity of operations by drawing lessons from the teleworking period during the pandemic; (iv) implementing a proactive communication policy to make the Bank and its role better known and appreciated; and (v) strengthening governance by improving the independence of the supervisory bodies.

IV. Development outcomes and activity levels

The purpose of the 2021-2025 plan is to achieve development outcomes in terms of job creation, transport infrastructure to facilitate the movement of people and goods, access to food through farm production and increasing energy generation capacity.

The plan "Djoliba" aims to achieve the following objectives:



Contributing to the creation of **240,000 jobs**



Building **13,000 km** of roads



Developing **12,000 hectares** of agricultural land



Building the necessary equipment for the production of **88,000 m³/day** of drinking water



Providing **380 MW of additional** power generation capacity



Avoiding the emission of **18 million tons of CO₂**



Contributing **XOF3,700 billion** to the WAEMU GDP



Contributing **XOF580 billion** to tax revenues

To achieve these expected impact objectives (in addition to the commitments under the previous strategic plans), the Bank must therefore increase its commitments and accelerate its disbursements to adequately address the challenges faced by member countries.

This will require an increase in commitments over the plan timeframe by 50% compared to the previous strategic plan. The volume of funding under the plan "Djoliba" thus increases to XOF3,290 billion. The projected breakdowns would be about 76% and 24%, respectively for the public and private sectors.

V. Implementation risks

The plan Djoliba will be implemented in a highly uncertain economic environment subject to various risks, the most significant of which are listed below: i) economic and social impacts of the Covid-19 pandemic; ii) deterioration of the security situation in the Sahel; iii) possible downgrading of the rating; iv) transition to the ECOWAS currency (ECO); v) delayed capital increase; vi) lack of concessional resources; vii) slow disbursement of funds.

1. Economic and social impacts of the pandemic

The updated economic projections of June 2020 show that the impact of the Covid-19 pandemic on the economic performance of the states and on populations will be significant and lasting. This risk can only be mitigated to a very limited extent. For each of the three operational areas, emergency measures are to be sustained to enable BOAD to contribute to the mitigation of the aftermath of the pandemic and to the recovery of the Union's economies.

2. Downgrading of the credit rating

According to the rating agencies, several factors are likely to downgrade the rating, particularly a deterioration in the credit quality of the major shareholders, on the one hand, and a downgrading of France's rating, which guarantees the unlimited convertibility of the FCFA (XOF), on the other;

This risk will be mitigated by the strengthening of shareholders' support (capital increase).

3. Delay in the Bank's capital increase

Achievement of the Bank's objectives is closely dependent upon increased equity capital, particularly through a capital increase which is definitely a key success factor.

Any delay in mobilizing the required capital will undermine the implementation of the strategic plan and lead to a significant reduction in commitments.

4. Lack of concessional resources

Concessional resources have been scarce to mobilize under the last two strategic plans and the difficult post-pandemic economic situation does not allow for hope that this situation will reverse favourably. Of course, there is a subsidy mechanism implemented in 2015 that will make it possible to continue to provide concessional loans of up to XOF80 billion per year to the states. Yet, their use should be earmarked as a priority for activities with a strong social content to facilitate the response to emergencies resulting from the pandemic and to accelerate regional integration.

The scarcity of concessional resources underscores, if appropriate, the importance of

maintaining and improving the rating so that BOAD can continue to borrow on the world's capital markets, where the depth and conditions (especially lower cost) are more attractive. The resources of the climate facilities should be sought further because they represent an important source of financing that does not consume capital.

5. Increase in debt level of the states

The continued increase in debt level of the WAEMU countries would reduce their capacity to make new financial commitments. It thus poses a threat to the capital increase process and the demand for the Bank's funding. However, multilateral surveillance and cooperation with the Bretton Woods institutions, particularly the IMF, are channels for mitigating this risk.

6. Transition to ECO

The possible impact of a transition to ECO by ECOWAS on the Bank's financing strategy will have to be analyzed and anticipated with great care, both financially and institutionally. The Bank must analyze the repercussions of a possible change in the Eco/Euro parity on its activities as well as the impact of such a change on risk assessment, the Bank's financial management, and the relations between the various regional institutions.

However, the 57th meeting of ECOWAS Conference of Heads of State and Government held on 7 September 2020 in Niamey (Niger) decided to postpone to a later date, the introduction of the new single currency. This decision was confirmed by the 58th ordinary session of the regional body held on 23 January 2021.

7. Deterioration of the security situation

The security situation is worrying in several countries of the Union, particularly in the Sahel area and in the northern parts of some coastal countries. It is causing great uncertainty in member countries, which is hampering private investment decisions and the implementation of public programmes (health, education, and infrastructure).

It also imposes spending on peacekeeping and security which reduce countries' budgetary leeway for development expenditure.

8. Slow disbursement of funds

The review of the previous plan highlighted the slow pace of annual disbursements and its impact on the development outcomes achieved by BOAD. To reduce this risk, guidelines will be prepared to ensure ex-ante quality for all operations, including the private sector, and staff will be trained to monitor annual disbursements. Emphasis will also be placed on project supervision and start-up support, as well as on the closure of non-performing projects.

VI. Operational implementation and monitoring & evaluation

Following its adoption by the governing bodies, an operational deployment document on the plan Djoliba was developed. It specified the way in which the areas of the plan will be implemented. It is intended to serve as a reference for the annual programme-budgeting exercise and is part of the process of evaluating the implementation of the plan.

The monitoring and evaluation system of the plan is made up of two parts: the implementation monitoring system, which will cover the implementation of all the components of the strategic plan, and the monitoring and evaluation system for the results and impacts of the interventions.

The objectives of this system will consist of (i) ensuring the quality of interventions in terms of their assessability; ii) making sure that the systems put in place for monitoring outcomes are effective; (iii) presenting an annual assessment program of interventions consistent with the available financial and human resources; (iv) producing assessment summaries, thematic assessments and thematic reviews so as to draw on the lessons learned from the experience of peer institutions ; and (v) insofar as it is able to rely on qualified partners and specific

financial resources, conducting systematic impact evaluations.

Evaluations will include the standard procedures of theory-based approaches, that is the reconstruction of the theory of change, the production of logical frameworks if these elements are not produced at the formulation stage, and the production of evaluation matrix. Project evaluation will be complemented by sectoral or thematic assessments selected according to needs.

As evaluation practices are evolving more and more rapidly, particularly in terms of data collection (geo-referenced data, use of telecommunications, satellite imagery, etc.), analysis criteria and methods, and communication methods, the evaluation will rely on networks such as OECD Development Assistance Committee (DAC) and the Evaluation Cooperation Group (ECG), and will follow the initiatives of institutions such as FIDA, the World Bank, and certain international NGOs that are particularly innovative in these areas.

Furthermore, the Bank will strengthen the credibility of these evaluations through appropriate arrangements (use of independent consultants, peer review, etc.).

The Bank invests in the monitoring and evaluation of its operations towards capitalization and accountability. A better knowledge of the operations' outcomes should also facilitate dialogue with its partners. It is also essential to ensure the link between ex-post evaluations and the design of greenfield projects.

ANNEXES

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