

BOAD

BANQUE OUEST AFRICAINE
DE DÉVELOPPEMENT

Annual report

2008

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CHAIRMAN & CEO'S STATEMENT

The year 2008 was marked by a stream of significant crises that reverberated across the globe: a food crisis that particularly hit countries of our Union; an energy crisis whose culmination, as it appeared to me, was at its highest with the flaring-up of oil prices; and finally, a financial crisis which erupted toward the end of the year into an economic crisis that did not spare the countries of our continent. Also, in 2008, the Euro, the currency peg of the CFA Franc was at the highest on the foreign exchange market against the dollar. For our countries, this situation came along with its advantages and disadvantages.

Notwithstanding these problems, the Union countries recorded a positive growth rate in 2008 with a growth rate averaging 3.7% as against 3.3% in 2007. Among the factors that accounted for this result, was the supply, the primary sector's dynamism with excellent climatic conditions, as well as the vitality of the building and civil industry, in relation to increased investment in infrastructure. In addition, the service sector also helped to curb the negative impact of the crises, especially with the expansion of the telecommunications sector.

It is against this background that BOAD channeled its contribution to the financing of public and private sector development in WAEMU Member States.

In 2008, the Bank's new financing commitments stood at CFAF 103.8 billion for 24 projects, representing an increase of 2.75% as compared to the commitments made in 2007. These approvals brought the Bank's total net commitments to CFAF 1 205.3 billion as at 31 December 2008.

Disbursements made during the fiscal year amounted to CFAF 100.4 billion, for the execution of development projects financed by the institution. The rate of disbursement is therefore 72% as at 31 December 2008.

Direct loans amounting to CFAF 92.8 billion, or 89% of the year's approvals, went for the implementation of projects in agricultural and rural development, road infrastructure rehabilitation, capacity building for public and private businesses, modernization and extension of production tools (mining and steel industry), as well as hotel accommodation capacity within the Union.

Agricultural and rural community development was in special focus, rightly so, in view of the food crisis. As part of its contribution to the emergency response to the WAEMU Member States, BOAD provided CFAF 13.3 billion spread over 8 agricultural projects at the rate of one project in each of the Member States. The aim was to promote short-season crop production with a view to an increased food supply. In addition, the Bank granted CFAF 6.7 billion assistance as part of the execution of an integrated rural development programme. Our institution will continue to provide this type of assistance in the course of the coming years, by intensifying its intervention in the rural agricultural sector.

Also, through direct loans, the Bank contributed toward the regional response to the energy crisis, by granting CFAF 23.5 billion for a sustained and cheaper supply of electric power-related services.

The indirect loans amounting to CFAF 6 billion, that is 6% of the amount of the year's approvals helped to finance national financial institutions, with a view to promoting private sector investments within the Union.

Equity investments amounting to CFAF 5 billion were used by the Bank to strengthen on one hand the share capital of partner institutions, and on the other hand, to join a top-notch network of international partners, where new co-financing opportunities could be identified in the WAEMU zone for the benefit of the private sector, and more particularly SME/SMIs.

With respect to sub-regional integration, and conscious of the importance of integration-prone projects for improved competitiveness of the Union's economies and for the establishment of a common market, BOAD extended CFAF 25 billion, that is about one third of the Bank's assistance for the year. In view of the serious threat posed by the financial crisis to a vibrant growth, more particularly trade-based growth, the African continent and WAEMU countries in particular need to strengthen regional integration, since the latter, more than ever, appears to be the needed approach to curb the vulnerabilities of various kinds: trade and economic crisis, agricultural production, energy, environment, etc.

The Bank was equally engaged in discussions related to the major challenges facing the sub-region: more particularly, issues related to food security, energy and environment. In line with that, the Bank organised platforms for discussion at regional level, and set up activities aimed at strengthening its intervention strategy in the agricultural sector. Several structural activities, be they on the supply-side (climatic change effects, low stocks and competition of bio-fuel for farmland), or on the demand-side (population increase, food-related changes in emerging countries), are creating fears around the persistent price increase in the coming years. Furthermore, global demand will require that food production be doubled from now till 2050. To avoid rampant food crisis, African countries, especially WAEMU Member States, are advised to rely on their own agricultural potential and capitalize on the rise in prices as an opportunity to develop their economies.

With regard to financial resource mobilisation, through its efforts during the year, the Bank was able to mobilize apart from capital resources (CFAF 2 billion), an amount of CFAF 26.5 billion from the AfDB and CFAF 76.1 billion on the regional financial market.

In terms of corporate governance, the Bank's 2009-2013 Strategic Plan was developed in 2008 and approved by its governing bodies in December 2008. The major strategic directions are designed to transform BOAD by 2020, into, "a vibrant and world-class bank in the regional common market". To achieve this, the Bank has set the following key strategic directions: (i) positioning itself as a strategic instrument for Member States for sustainable development and poverty reduction; (ii) asserting itself further as a business partner, leader in innovative financing; (iii) promoting partnerships and developing structures and financial market instruments; finally, (iv) boosting its resource mobilization process.

On a wavelength with that Strategic Plan, permit me to place my term of office at the helm of BOAD, effective April 2008, under the symbol

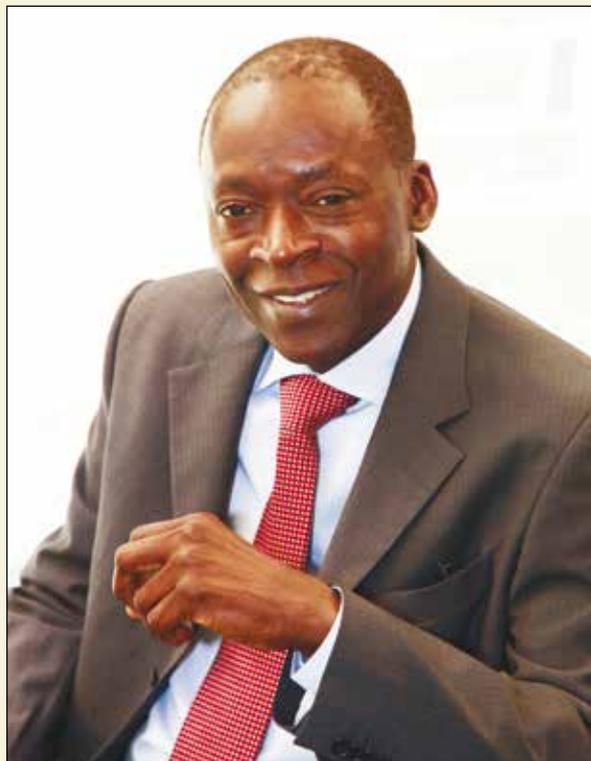
of an increased commitment for issues relating to sustainable development on one hand, and on the needed improvement of the level of access of the people of our countries to financial services, on the other hand. Today, at least 93% of our co-citizens lack access to financial services and the worst scenario is witnessed in our sub-region as against the average in Africa.

Furthermore, the Bank continues with its drive to improve the information system, strengthen the skills of its human resource base, and provide as well tools to manage its activities and control risks.

The Bank has a sound financial standing. Its operations continue to post positive results that only add up to its own funds.

It is therefore the moment to thank the Heads of State and Government of Member States, Members of the Union's Council of Ministers, those of the Board of Directors of BOAD, BCEAO, WAEMU Commission for their unflinching and diverse support without which these results could not have been achieved.

I would like to end here by congratulating the entire staff of the Bank, for the quality of our achievements, and urge them to always give off their best and indisputably make BOAD one of the spearheads of development for WAEMU countries.



ABDOULAYE BIO-TCHANÉ

Chairman & CEO

- AFD** : Agence française de développement (French Development Agency)
- AfDB** : African Development Bank
- BCEAO** : Banque Centrale des États de l’Afrique de l’Ouest (Central Bank of West African States)
- Bn** : Billions
- BOAD** : Banque ouest africaine de développement (West African Development Bank)
- BRVM** : Bourse régionale des valeurs mobilières (Regional Stock Exchange)
- BTP** : Building and civil industry
- CDB** : China Development Bank
- CFAF** : African Financial Community Franc
- CIDA** : Canadian International Development Agency
- CIP** : Common industrial policies
- COFIDES** : Coopérative Financière pour le Développement de l’Economie Solidaire Nord-Sud
(a financial cooperative set up by Terre des Hommes France and the Peuples solidaires association in 1995, aimed at proposing new forms of solidarity by connecting ethical savings in the North with the financing of small businesses in the South.)
- DEG** : Deutsche Investitions und Entwicklungs Ges (German Investment and Development Corporation)
- ECOWAS** : Economic Community of West African States
- EIB** : European Investment Bank
- FAO** : United Nations’ Food and Agriculture Organization
- FDC** : Development and Cohesion Fund
- FMO** : Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden
(Netherlands Development Finance Company)
- GDP** : Gross Domestic Product
- GOANA** : Grande Offensive Agricole pour la Nourriture et l’Abondance
(Senegal’s Major Agricultural Initiative for Food Abundance)
- GWP** : Global Water Partnership
- HDI** : Human Development Index
- IDA** : International Development Association
- IFAD** : International Fund for Agricultural Development
- IFC** : International Finance Corporation
- IMF** : International Monetary Fund
- IPP** : Independent Power Producer
- IRED** : Initiative Régionale pour l’Energie Durable (Regional Sustainable Energy Development Initiative)
- MDG** : Millennium Development Goal
- NEPAD** : New Partnership for Africa’s Development
- NFI** : National Financial Institution
- NICT** : New Information and Communication Technologies
- PACITR** : Programme d’actions communautaire des infrastructures et du transport
(Community Action Plan for Road Infrastructure and Transport)
- PDMF** : WAEMU Capital Market Development Project
- PER** : WAEMU Regional Economic Program
- PRMNV** : Projet de Restructuration et de Mise à Niveau de l’Industrie des Etats Membres de l’UEMOA
(Project for industry restructuring and upgrading in WAEMU countries)
- PROPARCO** : Société de Promotion et de Participation pour la Coopération économique (subsidiary of the AFD Group)
- CREPMF** : WAEMU Regional Board for Public Savings & Capital Markets
- UNDP** : United Nations Development Program
- WAEMU** : West African Economic and Monetary Union
- WAPP** : West African Power Pool
- WEO** : World Economic Outlook
- WTO** : World Trade Organization

SYNOPTIC TABLE: 7

BOAD AND FINANCING IMPLEMENTED IN 2008

Date of establishment	14 November 1973; start-up of operational activities in 1976
Shareholders	<ul style="list-style-type: none"> • WAEMU Member States: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo • BCEAO • Seven non-regional shareholders: AfDB, EIB, France, Belgium, Germany, Exim Bank of India and the People's Republic of China
Mission	Promoting the balanced development of Member States and regional integration
Authorized capital as at 31 December 2008	CFAF 700 billion
Subscribed capital as at 31 December 2008	CFAF 676.1 billion
Total balance as at 31 December 2008	CFAF 1,195 billion
Bank staff complement as at 31 December 2008	247 employees
FINANCING IN 2008	24 operations in a total amount of CFAF 103.8 billion, as:
	Direct loans: CFAF 92.8 billion, or 89%
	Indirect loans: CFAF 6 billion, or 6%
	Equity investments: CFAF 5 billion, or 5%
	Sector-based breakdown of financing:
	Non market sector: CFAF 38.3 billion, or 58% (14 operations)
	Public market sector: CFAF 23.5 billion, or 8% (2 operations)
	Private sector: CFAF 42 billion, or 33% (8 operations)
	Including integration : CFAF 38.5 billion, or 37% (12 Operations)
Approved aggregate, 1976 - 2008	CFAF 1,205.3 billion over 475 operations

17 January

Appointment of new BOAD Chairman and CEO

The 12th session of the WAEMU Conference of Heads of State and Government held on 17 January 2008, appointed Mr. Abdoulaye Bio-Tchané as President of BOAD. Over the last two years, the Bank's Vice President, Mr. Issa Coulibaly, had served as Interim President.

Formerly Director of the IMF's Africa Department, Mr. Abdoulaye Bio-Tchané took office on 2 April.

23 April

Extraordinary meeting of the WAEMU Council of Ministers devoted to considering inflation in Member States and measures to address the rise in prices

To seek solutions to food crisis in WAEMU, an extraordinary meeting of the Council of Ministers took place on 23 April 2008 in Abidjan, Côte d'Ivoire.

On account of BOAD's expected contribution to solving this crisis, the Council authorized the Bank to launch a special bond issue of CFAF 100 billion on the regional capital market.

The resources expected to flow from this issue, in the form of securities that can be deposited as reserve requirements with the Central Bank, will be used exclusively to finance projects aimed at strengthening food production in WAEMU countries.

23 May

BOAD becomes PROPARCO shareholder

BOAD became a shareholder of PROPARCO, a subsidia-

ry of the French Development Agency (AFD), dedicated to private sector financing.

The euro equivalent of CFAF 2.5 billion was acquired. This will contribute to strengthening BOAD's strategic partnership with the AFD Group.

21 July

AfDB subscribes for BOAD's capital increase and a Financial Agreement is signed

AfDB subscribed for BOAD's capital increase, as agreed in 2004, in an amount of CFAF 2 billion. It also granted the Bank a €40 million line of credit aimed at financing private sector projects. Finally, institutional support of approximately CFAF 396.2 million was provided to BOAD.

30 September

End of BOAD Vice President's term of office

Mr. Issa Coulibaly's term of office as Vice President of BOAD came to an end on 30 September 2008.

13 - 14 November

Commemoration of BOAD's 35th Anniversary and Ceremony marking the official inauguration of the new Chairman & CEO of the Bank

BOAD commemorated its 35th anniversary. An open day was organized to allow the general public to get to know the Bank better.

On the fringes, a forum was held on the following topic: "WAEMU Member States and Development Challenges." The debate covered agriculture, energy, and climate change.

During the commemoration, the Chairman & CEO was officially inaugurated and sworn in by Mr. Charles Koffi Diby, incumbent Chairman of the Union's Council of Ministers, in the presence of their Excellencies, Mr. Faure Essozimna Gnassingbé, President of the Togolese Republic and Mr. Thomas Boni Yayi, President of the Republic of Benin.

24 - 26 November

Climate Change: BOAD-sponsored Regional Workshop on Carbon Market

From 24-26 November 2008, a Regional Workshop on the Carbon Market's regulatory, legal, and institutional framework was held at BOAD headquarters in Lomé. The workshop took place in the context of prospective access to the carbon market by the countries of the Union through the development of a regional strategy.

19 December

Approval of BOAD's 2009-2013 Strategic Plan by the Union's Council of Ministers and proposal for the establishment of an Energy Concessional Fund

During the meeting held on 19 December 2008, the Union's Council of Ministers approved BOAD's 2009-2013 Strategic Plan. Its vision is to turn BOAD into "a solid, world-class development bank in the regional common market" by 2020.

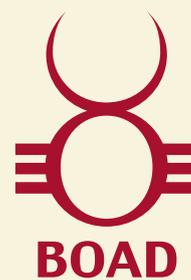
In addition, the Council of Ministers voted in favor of the establishment of a concessional fund for energy development within WAEMU. This fund will be administered by BOAD and will have an overall appropriation of CFAF 500 billion, including CFAF 250 billion from WAEMU internal resources.





ECONOMIC AND SOCIAL CONTEXT

- 1.1. INTERNATIONAL ECONOMIC ENVIRONMENT
- 1.2. ECONOMIC CONTEXT WITHIN WAEMU
- 1.3. SOCIAL CONTEXT IN WAEMU



1.1. INTERNATIONAL ECONOMIC ENVIRONMENT

The global economy was under intense strain in 2008, with a food crisis, an energy crisis, and a particularly severe financial and economic crisis.

World economic growth significantly slowed down, with a rate of 3.4% in 2008 as against 5.2% in 2007 (Figure 1). The downturn was caused by a slowdown in activity in industrialized countries and to a lesser extent in emerging countries.

The fall in the global growth rate can be attributed mainly to the drop in activity in the US economy associated with a decline in the real estate market. The consequences of the crisis have been, among other things, the tightening of credit and a drop in investment, consumption and imports. In the Euro zone, foreign trade, normally a source of growth, suffered from the reduction in imports among trading partners.

Furthermore, the main emerging economies also reported a downturn in their activities, although with still quite substantial growth rates, particularly in China and India, at 9% and 7.3% respectively (Figure 2).

In this exceptional international context, world trade slowed slightly to 4.5% in 2008 as against 5.5% in 2007. This drop in trade, which was due to a fall in internal demand in the major developed countries, was mitigated by the relatively positive performance of developing and emerging countries.

The global financial crisis led to a collapse in financial and stock markets, a process marked by the bankruptcies of several large financial institutions and by falls in the stock market indexes of the world's largest financial centers. In 2008, stock market indexes in industrialized and emerging countries collapsed on average by 40% to 60%.

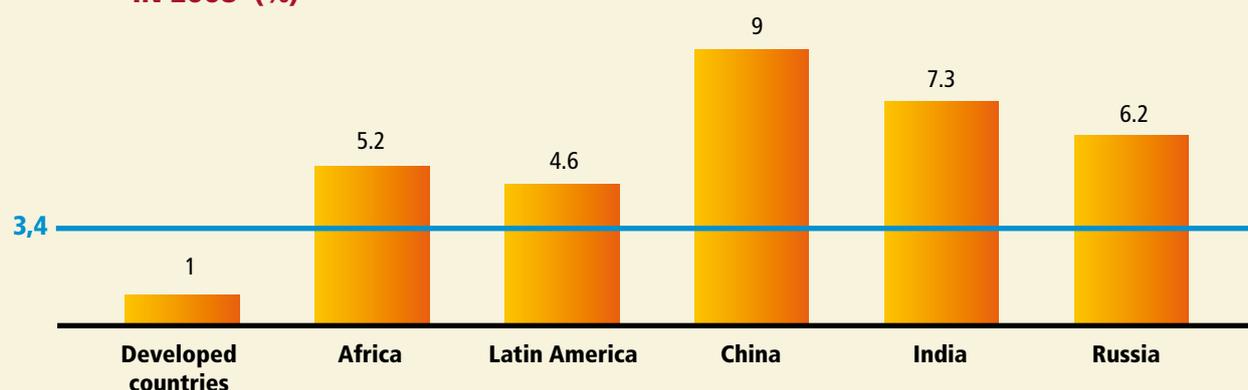
At the monetary policy level, central banks reacted to the financial crisis by reducing key interest rates and sometimes by intervening in stock trading in order to stimulate consumption and investment.

Source: IMF data (WEO, 2009 and previous editions)

FIGURE 1 : WORLD REAL GDP GROWTH FROM 1996 TO 2008 (%)



FIGURE 2 : REAL GDP GROWTH IN SELECTED REGIONS AND COUNTRIES OF THE WORLD IN 2008 (%)



Source : IMF data (WEO, 2009)

On the foreign exchange markets, poor economic and financial outlook led to a fall in US dollar relative to other currencies, especially the Euro. However, by August 2008, the Euro itself had lost some of its value because of the fall in interest rates in the Euro zone.

Africa was also affected by this fall in economic activity even if it was somewhat spared because of its poor integration into the global economy. Thus, after the good performances of the last few years, African economies experienced a downturn in 2008, with a growth rate of 5.2% as against 6.2% in 2007. In the sub-Saharan zone, the economic growth rate was 5.4% in 2008 as against 6.9% in 2007.

The relative resilience of African economies in the midst of a global crunch is due to a combination of external and domestic factors. The external factors are mainly linked to the boom in the prices of oil and other African raw materials. Domestically, oil-exporting countries saw real GDP growth of 8.1%. For their part, the oil-importing countries experienced a modest growth rate of 4.8%. They also benefited from a rise in direct foreign investment, especially in infrastructure and telecommunications.

In the social domain, the food crisis reduced the purchasing power of Africans because of the rising prices of basic food products. In addition, the financial crisis caused a rise in unemployment and a concurrent drop in remittances from African migrant workers to their home economies. Africa, which was already experiencing endemic unemployment among its young people, was not therefore completely spared.

Source : IMF Regional economic outlook, October 2008; IMF World economic outlook, January 2009

TABLE 1 : REAL GDP GROWTH IN SUB-SAHARAN AFRICA FROM 2004 TO 2008 (%)

	Oil exporting countries	Non-oil exporting countries	Sub-Saharan Africa
2004	11.2	5.1	7.0
2005	7.8	5.6	6.2
2006	7.5	5.8	6.3
2007	8.9	5.7	6.9
2008	8.1	4.8	5.4

Despite this particularly difficult international context, all WAEMU countries reported positive growth in 2008, with an average growth rate across the Union of 3.7% in 2008 as against 3.3% in 2007. On the supply side, activity came mainly from farming thanks to better climatic conditions from the construction and public works sector, which benefited from increased

investments in infrastructure and services sector, especially with the expansion in telecommunications. On the demand side, consumer consumption and investment were the main sources of growth within the Union.

Despite the rise in prices, this to some extent reduced consumption in some countries; the majority of WAEMU Member States reported a measurable increase in consumer consumption relative to public consumption as a result of increased public expenditure.

1.2. ECONOMIC CONTEXT WITHIN WAEMU

Both public and private investment in the region increased considerably. Public investment was directed toward infrastructure while private investment tended to favor the mining, energy, and telecommunications sectors.

Sources: World Economic Outlook (WEO), IMF, January 2009 and previous editions; Rapports semestriels d'exécution de la surveillance multilatérale, (WAEMU Commission), December 2008 and previous editions.

FIGURE 3 : COMPARATIVE TRENDS IN REAL GDP GROWTH (%)

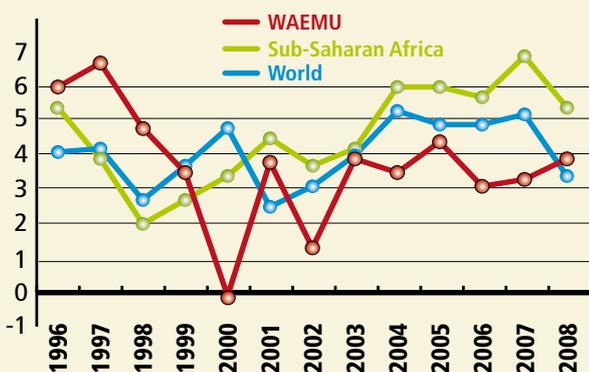


FIGURE 4 : REAL GDP GROWTH IN WAEMU COUNTRIES IN 2008

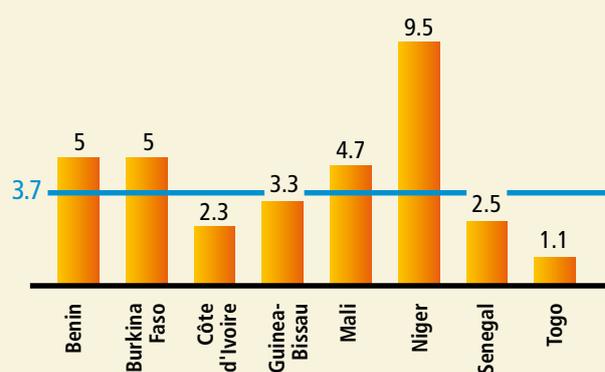


TABLE 2 : **WAEMU GDP GROWTH RATES FROM 1998 TO 2008**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008*
BENIN	4.0	5.3	4.9	6.2	4.4	3.9	3.1	2.9	3.8	4.6	5.0
BURKINA FASO	8.5	3.7	1.6	6.6	4.7	8.0	4.6	7.1	6.4	4.5	5.0
CÔTE D'IVOIRE	5.4	1.6	-2.3	0.1	-1.6	-1.7	1.6	1.8	1.2	1.5	2.3
GUINEA-BISSAU	-28.2	7.6	7.5	0.2	-7.1	0.6	3.2	3.8	1.8	2.7	3.3
MALI	8.1	5.7	-3.3	11.9	4.3	7.6	2.3	6.1	5.3	4.3	4.7
NIGER	10.7	1.4	-2.8	7.4	5.3	7.6	-0.8	7.2	4.8	3.3	9.5
SENEGAL	5.4	4.6	5.1	4.6	0.7	6.7	5.8	5.3	2.1	4.8	2.5
TOGO	-2.2	3.0	-0.9	-2.3	-0.2	4.8	2.5	1.3	1.9	1.9	1.1
WAEMU	4.8	3.5	-0.1	3.8	1.3	3.9	3.5	4.4	3.1	3.3	3.7

* Estimates

Sources: Rapports semestriels d'exécution de la surveillance multilatérale, WAEMU Commission, December 2008 and previous editions

1.2.1. INFLATION

Normally regarded as an area of low inflation, the WAEMU zone suffered a sharp rise in prices in 2008 as a result of food crisis. The average annual inflation rate reached 7.4% as against 2.4% in 2007, despite the fiscal measures taken by Member States to reduce the impact of the escalation in food prices. These measures essentially involved suspending the collection of customs duties and VAT on widely used products as well as making some staple cereals available at reduced prices.

1.2.2. AGRICULTURAL PRODUCTION

Harvests in the 2008/2009 crop year were good in almost all Member States thanks to excellent rainfall. Cereal production, especially millet and sorghum, rose. The main export crops reported more variation in trends. Cotton production rose again in 2008 after a fall in 2007. Similarly, cocoa production increased by 6% and groundnut production almost doubled in Senegal, propelled by the country's "Major Agricultural Initiative for Food Abundance" (GOANA). By contrast, coffee production fell substantially (-53.2%) because of a lack of plantation maintenance and early rains not coinciding with plant flowering.

1.2.3. INDUSTRIAL AND COMMERCIAL OUTPUT

In the first eight months of 2008, industrial activity in the Union fell by 5%. The fall was due to lower production by manufacturing industries, especially textiles (-24.6%), chemicals (-10.7%) and petroleum products (-3.4%). Over the same period, retail trade activity rose by 9.5% as against 7.5% in 2007. This upward trend was observed in almost all commercial sectors.

1.2.4. TRENDS IN MAJOR EXPORT COMMODITY PRICES

In 2008, there was an upward trend in international prices for raw materials for almost all the products exported by WAEMU Member States. Coffee, cocoa, groundnut, and



Burkina Commercial Bank,
Burkina Faso

palm oil were particularly successful, as were gold, oil, and uranium.

The price of cocoa, coffee, and cotton rose by 37.8%, 26.8%, and 18% respectively. Similarly, the price of groundnut and palm oil rose by 68% and 29.5% respectively as a result of insufficient supply. Finally, the price of minerals rose the most, especially that of uranium, with an increase of 106.7% in 2008.



1.2.5. GOVERNMENT FINANCE

Government finance was marked by a worsening in the overall non-grant deficit caused by a significant increase in expenditure.

Budgetary income rose by 10.7% to 18.4% of GDP as against 18.3% in 2007. This increase was due to increased tax revenue in all Member States, resulting from collection efforts by financial authorities following the implementation of measures to improve their performance.

Total expenditure and net loans rose by 13.4%. This rise is mostly accounted for by a rise in current expenditure, which rose by 15.1% as a result of an increase in transfer and subsidy expenditure, operational expenditure, and salary costs linked to the implementation of measures taken by Member States to ease the impact of the high cost of living.

1.2.6. BALANCE OF PAYMENTS AND FOREIGN DEBT

Foreign trade in Member States recorded an overall surplus of CFAF – 84.2 billion as against CFAF 689.6 billion in 2007. This trend was due to a fall in surplus in the capital account and financial operations, mitigated by an improvement in the current account balance. Trade deficit increased by CFAF 34.9 billion compared to 2007, as a result of greater rise in imports than in exports.

Public debt improved in 2008. Outstanding debt was estimated at CFAF 11,962.5 billion, or 39.5% of GDP as against 45.2% at end 2007. This decline was mostly linked to the implementation of initiatives aimed at reducing the multilateral debt of five Member States (Benin, Burkina Faso, Mali, Niger, and Senegal). In Côte d'Ivoire, the improvement was the result of cancellations and reimbursements received or made by the country to the World Bank and the African Development Bank (AfDB). In addition, the Government of Côte d'Ivoire repaid CFAF 100 billion of domestic debt to creditors. In Togo, a similar reduction in overall debt was due to a rescheduling of foreign debt by the Paris Club of Creditors in June 2008.

1.3. SOCIAL CONTEXT WITHIN WAEMU

The year 2008 was marked by demonstrations in some WAEMU Member States as a result of the escalation in food prices, which led to a fall in purchasing power. After lengthy dialogue with trade unions and professional associations as well as the implementation of exceptional measures to mitigate the high cost of living in Member States, the social climate gradually stabilized.

As regards development, the benefits gained after the implementation of a number of economic and social policies by Member States over the last few years remain precarious. Economic growth across the Union remains weak, with a rate of 3.7% in 2008, which is lower than the required 7% until 2015 to attain the Millennium Development Goals (MDGs).

According to the latest figures available on human development, WAEMU Member States continued to be ranked among countries with a low human development index (HDI). However, a slight improvement in the index was noted in most of the countries in the Union (Table 3).

Poverty declined slightly in some Member States (Figure 5). In Benin, Burkina Faso, Guinea-Bissau, Senegal, and Togo, the composite index HPI-1 (Human Poverty Index for developing countries) even improved. This positive trend reflects progress on three dimensions of human development: health and longevity, education and a decent standard of living.

Yet the food crisis that occurred in 2008 led to an erosion of the populations' standards of living.

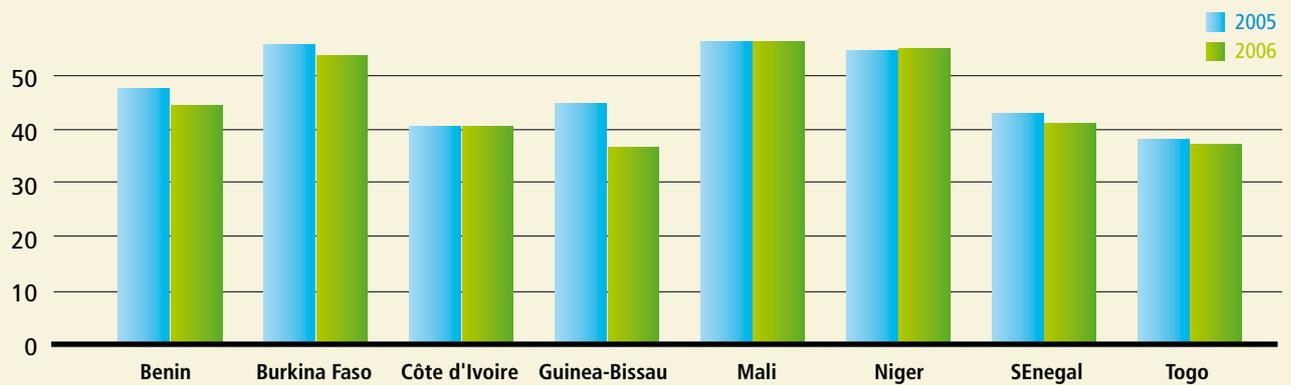
Overall, despite measurable progress, standards of living remain precarious, with difficult access to basic social services such as drinking water, electricity, health infrastructure, sanitation and education.

Source: UNDP Human Development Report 2008/2009

TABLE 3 : HDI TRENDS IN WAEMU MEMBER STATES BETWEEN 1995 AND 2006

	1995	2000	2005	2006
BENIN	0.403	0.424	0.437	0.459
BURKINA FASO	0.337	0.353	0.37	0.372
CÔTE D'IVOIRE	0.436	0.432	0.432	0.431
GUINEA-BISSAU	0.35	0.365	0.374	0.383
MALI	0.321	0.352	0.38	0.391
NIGER	0.296	0.321	0.374	0.370
SENEGAL	0.449	0.473	0.499	0.502
TOGO	0.514	0.521	0.512	0.479

FIGURE 5 : HPI TRENDS IN WAEMU MEMBER STATES (%)



Source: UNDP Human Development Report 2008/2009

Given these conditions, WAEMU Member States will need to intensify their efforts to implement structural and sectorial reforms in order to achieve economic growth and social progress for the benefit of the populations.

To this end, BOAD, a specialized finance institution of the Union's economies, continued to support Member States in their attempts to create conditions conducive to steady and sustainable economic growth, which is key to a significant reduction in poverty in the WAEMU zone.

GIM-WAEMU electronic banking processing center







2

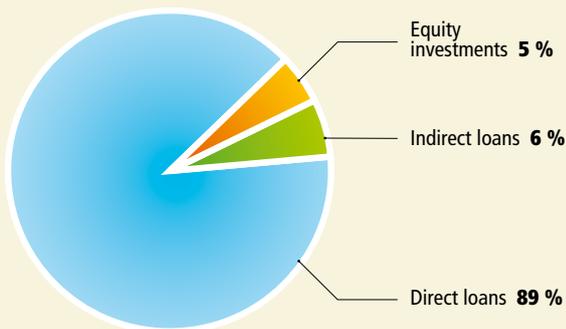
FINANCING OF OPERATIONS

- 2.1. PROJECT FINANCING
- 2.2. DISBURSEMENTS
- 2.3. FINANCING OF STUDIES
- 2.4. SUPPORT TO MEMBER STATES

2.1. PROJECT FINANCING

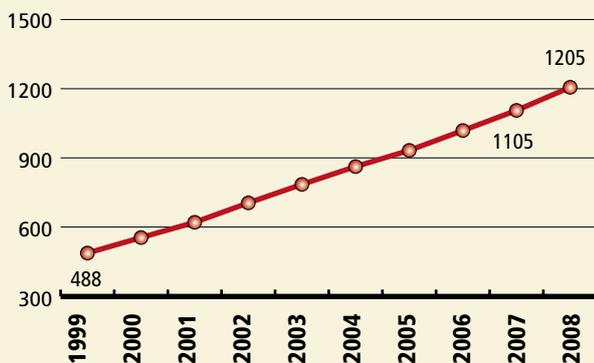
2.1.1. OVERALL FINANCING VOLUME IN 2008

FIGURE 6 : DISTRIBUTION OF APPROVED FINANCING IN 2008



Source : BOAD

FIGURE 7 : BOAD'S TOTAL NET COMMITMENTS FROM 1999 TO 2008 (in CFAF billions)



Source : BOAD

TABLE 4 : SECTORIAL DISTRIBUTION OF APPROVED FINANCING IN 2008

	Approved financing CFAF million	Number of operations	% of approved financing
Non-market sector (a)	38 300	14	37 %
Market sector (b = i + ii)	65 500	10	63 %
Private (i)	42 000	8	40 %
Public market (ii)	23 500	2	23 %
TOTAL (a + b)	103 800	24	100%
Including integration	38 550	12	37%

Source : BOAD

BOAD financial assistance to the WAEMU economies remained high in 2008, reaching CFAF 103.8 billion for 24 projects (see Appendix 4), or an increase of 2.75% as against 2007.

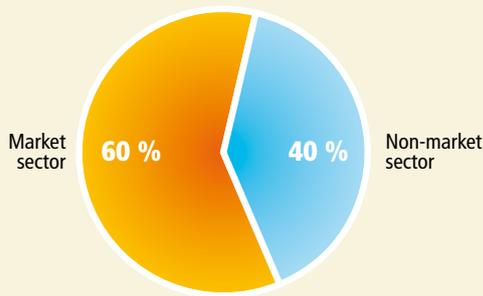
Direct loans amounted to CFAF 92.8 billion, or 89% of approved loans in 2008. These loans facilitated the implementation of projects in agricultural and rural development, road infrastructure rehabilitation and strengthening the productive capacity of both public and private businesses.

Indirect loans to the tune of CFAF 6 billion were granted in 2008, or 6% of the approved amount in the fiscal year. These went toward refinancing two national financial institutions, with the aim of promoting investment in the Union's private sector.

Equity investments of CFAF 5 billion were made, bringing the aggregate amount to CFAF 26.1 billion as at end 2008.

This approved financing brought the total of the Bank's net commitments at end 2008 to CFAF 1,205.3 billion over 475 operations, of which CFAF 1,179.2 billion were in loans, or 98% of the total amount.

FIGURE 8 : SECTORIAL DISTRIBUTION OF TOTAL NET COMMITMENTS AS AT END 31/12/2008



Source : BOAD

2.1.2. SECTORIAL DISTRIBUTION OF FINANCING IN 2008

Approved financing in 2008 was distributed as follows: CFAF 38.3 billion to the non-market sector and CFAF 65.5 billion to the market sector.

As at 31 December 2008, the Bank’s total net commitments were distributed as follows: CFAF 483.1 billion for the non-market sector and CFAF 722.2 billion for the market sector (see Appendix 10).

a - Non-market sector

In 2008, financing for the non-market sector was directed at promoting agriculture and rural society (46%) as well as providing support for improvements to transport infrastructure (54%).

Promotion of agriculture and rural society

In 2008, BOAD devoted CFAF 20 billion to the promotion of agriculture and rural society, or 19.7 % of the year’s approved financing.

MAP 1 : GEOGRAPHICAL DISTRIBUTION OF PROJECTS FINANCED BY BOAD IN 2008

- Energy
- Agriculture
- Telecoms
- Mines
- Metallurgy
- Road infrastructure
- Refinancing
- Hotels



FIGURE 9 : DISTRIBUTION OF APPROVED FINANCING IN THE NON-MARKET SECTOR IN 2008

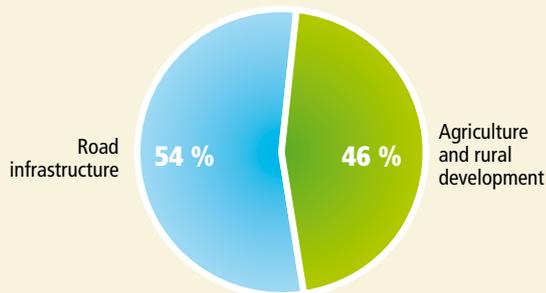
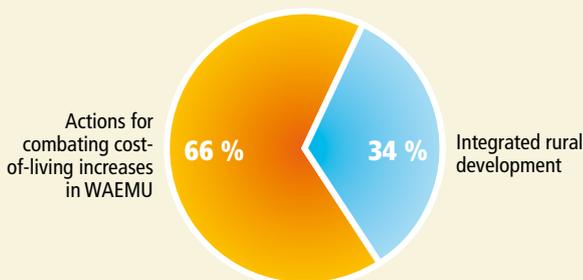


FIGURE 10 : DISTRIBUTION OF COMMITMENTS TO PROMOTING AGRICULTURE AND RURAL SOCIETY



Source : BOAD

In this respect, within the context of a global food crisis, BOAD provided support totaling CFAF 13.3 billion to help WAEMU Member States in their efforts to combat the rising cost of living.

By country, national programs for food security supported by BOAD were as follows:

- Emergency Program Support for Food Security in Benin;
- Food Security Program in Burkina Faso;
- 2008 Emergency Program in Côte d'Ivoire;
- Food Security Program in Guinea-Bissau;
- 2008 National Response Plan to Food Difficulties in Mali;
- Emergency Program for Food Security in Niger;
- National Program for Rice Self-Sufficiency in Senegal; and
- Food Security Program in Togo.

In addition, the Bank granted support in an amount of CFAF 6.7 billion as part of the implementation of integrated rural development programs. It participated in the financing of the Integrated Rural Development Program of the Kidal region in Mali and of the Samendeni dam construction project in Burkina Faso. These actions were aimed at intensifying and diversifying agro-pastoral production as well as building basic socioeconomic infrastructure, especially for improved access and pastoral equipment.

Support for efforts to strengthen transport infrastructure

During the 2008 financial year, BOAD financed four road infrastructure and sewerage projects totaling CFAF 18.28

billion, or 17.4 % of the year's approved financing. These projects included:

- Surfacing and sewerage for the township of Abomey in Benin;
- Planning of Madaoua-Bouza-Tahoua road in Niger;
- Planning and asphaltting of Dapaong-Ponio-Burkina border road in Togo; and
- Reconstruction of Aflao-Hillancondji- Benin border road in Togo.

The project benefiting the town of Abomey in Benin will involve asphaltting and sewerage construction over 14,512 linear meters of streets and the construction of drainage channels for rainwater along those streets. It will contribute to improving the urban environment and sanitation of the areas involved in the project as well as traffic flow in the township of Abomey. Furthermore, the project will strengthen the capacities of local government of Abomey in the management of urban infrastructure by training personnel in infrastructure maintenance and in the management of household waste.

The proposed planning of Madaoua-Bouza-Tahoua road in Niger will cover a stretch of 92 km over a roadbed of 9-meter wide of unpaved modern road. This will help improve the road network as well as the living conditions of the people in the area by creating a permanent road link along with new economic activities.

The proposed planning and asphaltting of Dapaong-Ponio-Burkina border road in Togo will cover a stretch of 38 km of bitumen-surfaced road. This will help open up north-eastern Togo and facilitate trade and social interactions at the national and sub-regional level.

Finally, the reconstruction of Aflao–Hilacondji–Benin border road which covers a stretch of 9.2 km long, will help improve traffic flow increase trade along the Abidjan-Accra-Lomé-Cotonou-Lagos corridor.

b - Market sector

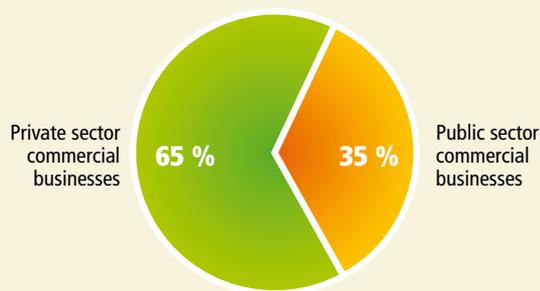
The financing of the market sector supported both public (35%) and private commercial businesses (65%).

Public sector commercial businesses

The market public sector received CFAF 23.5 billion, or 22.6% of BOAD approved financing in 2008. This financing was granted to Mali's electricity company (Société d'Énergie du Mali – EDM-SA) for two projects involving energy transmission and distribution.

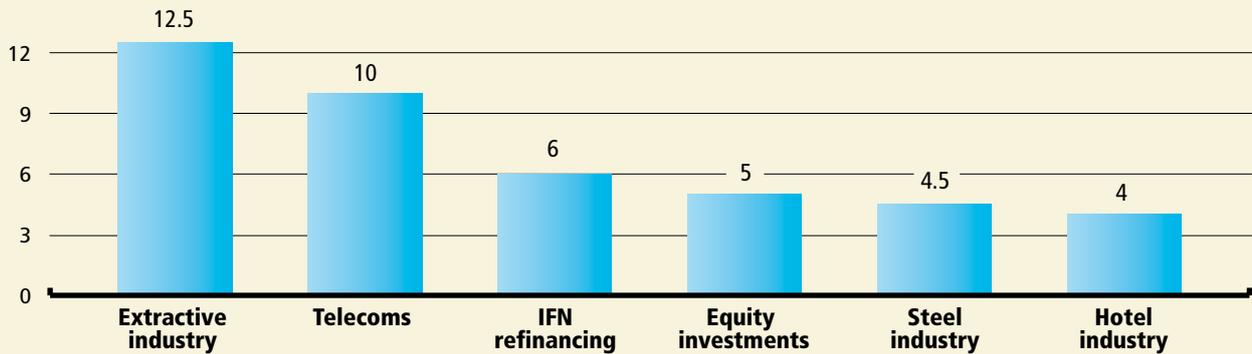
The first project, costing CFAF 11 billion, will contribute to financing the construction of a national load dispatching center in Bamako and a 107-km, 63 kV electric power line between the towns of Ségou and Niono. It will also contribute to the renovation and expansion of the distribution network in the town of Niono. The overall objective is to ensure round-the-clock electric power supply that is both cheaper and of higher quality to Mali's interconnected urban centers in general, and the towns of Niono and Markala in particular.

FIGURE 11 : DISTRIBUTION OF APPROVED FINANCING IN THE MARKET SECTOR IN 2008



Source : BOAD

The second operation, costing CFAF 12.5 billion, consists in constructing a 225 kV interconnection line and a substation. The interconnection line is 519 km long and stretches from Ferkessedougou in Côte d'Ivoire to Ségou in Mali. Its purpose is to increase supply as well as strengthen supply reliability in Mali. The project will also allow a reduction of 48% in the cost of thermal energy being delivered to the interconnected grid in 2011, from an average of CFAF 86/kWh to CFAF 45/kWh.

FIGURE 12 : **DISTRIBUTION OF APPROVED FINANCING TO THE PRIVATE SECTOR IN 2008***(in CFAF billion)*

Source : BOAD

Private sector commercial businesses

BOAD supported the private sector to the tune of CFAF 42 billion over eight projects, representing approximately 43% of approved financing in this financial year. The operations included the extractive industry (30%), telecommunications (24%), the refinancing of national financial institutions (NFIs) (14%), equity investments (12%), the steel industry (11%) and the hotel and tourism industry (10%).

- Extractive industry

The extractive industry received financing totaling CFAF 12.5 billion. A project aimed at renewing the uranium extraction and production capacity of the mining company of Akouta (COMINAK) in Niger will help rehabilitate the company's ore production facilities and enhance its reliability.

- Telecommunications

The Bank helped finance the strengthening of the telecommunications infrastructure of Orange Niger. Its investment of CFAF 10 billion toward the construction of GSM phone networks and wireless internet access will enhance access to communication and information technology.

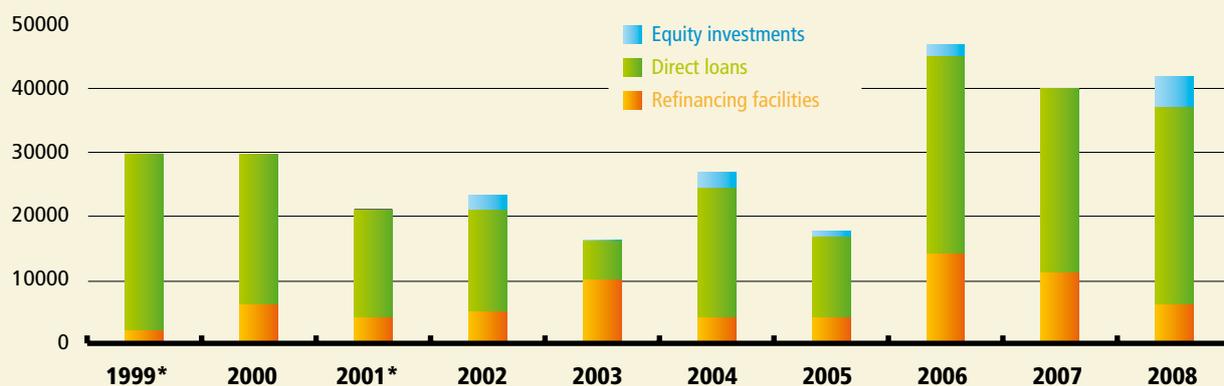
- Refinancing of national financial institutions

To contribute to the strengthening of reliable resources for national financial institutions (NFIs) in WAEMU countries, BOAD provided a total of CFAF 6 billion to Burkina Bail and Ecobank Niger. The objective was to increase the medium-term financing by these institutions of productive investment made by small- and medium-sized enterprises and industries (SME/SMIs).

- Steel industry

During the year, BOAD approved CFAF 4.5 billion to support the construction in Côte d'Ivoire of a steel plant to produce a range of steel products locally instead of importing them. Through this investment in "Les Acières de Côte d'Ivoire", the Bank will indirectly support the construction and public works sector, which has grown considerably through the construction of new buildings by private individuals, the multiplication of real estate programs, and the revival of large building sites in WAEMU Member States as part of urbanization and transport infrastructure improvement programs.

FIGURE 13 : APPROVED FINANCING TO THE PRIVATE SECTOR FROM 1999 TO 2008 (in CFAF billion)



* No equity investment made

Source : BOAD

- Hotel and tourism industry

To promote tourism and increase the supply of hotels in WAEMU Member States, BOAD provided CFAF 4 billion to the company "Concorde" during the financial year to help finance the construction of a 125-room hotel complex in Senegal. The Bank also renewed its support for economic operators in the tourism industry to help diversify the current supply of high standard hotels.

- Equity investments

BOAD invested CFAF 2.5 billion (€3.8 million) in PROPARCO's share capital to strengthen strategic cooperation with the AFD Group. Investment in PROPARCO's equity will also enable BOAD to improve its integration in a network of first class international partners, to benefit from PROPARCO's strategic intelligence, and to better identify co-financing opportunities in the WAEMU zone's private sector.

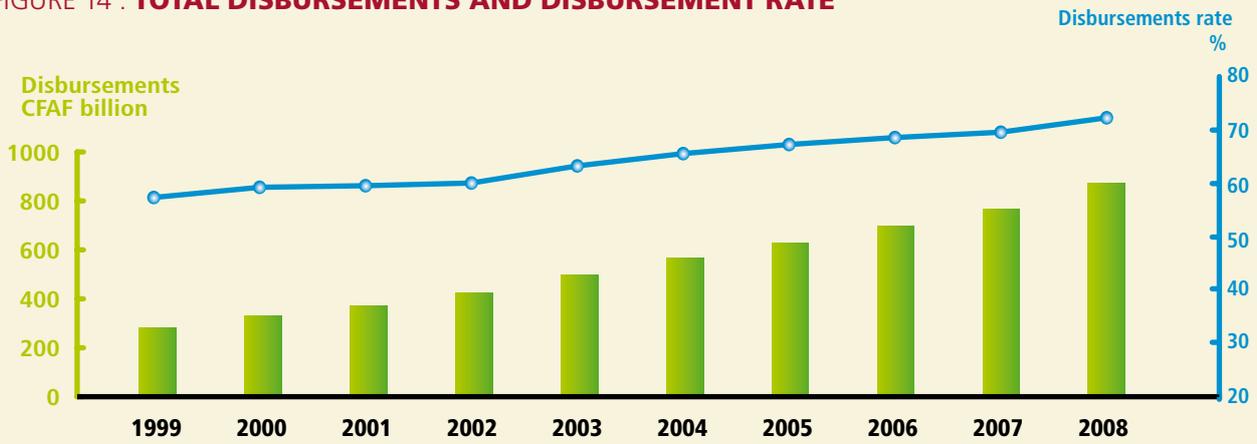
The Bank also contributed toward strengthening the capital of "Cauris Croissance" (an investment fund) with an equity investment of CFAF 2.5 billion. Through this operation, BOAD continues to support a venture capital company it promoted in 2005 together with other partners, to finance with equity capital SME/SMIs with strong potential for growth and profitability.

2.2. DISBURSEMENTS

The Bank's disbursements over the 2008 financial year totaled CFAF 100.45 billion (including disbursements from equity investment of CFAF 3.87 billion). This brings the total disbursements to CFAF 871.8 billion, or a disbursement rate of 72% as against 69.9% in 2007 (see Appendix 11).

These disbursement levels reflect the high-quality maturity and monitoring of projects financed by the Bank.

FIGURE 14 : **TOTAL DISBURSEMENTS AND DISBURSEMENT RATE**



Source : BOAD

2.3. FINANCING OF STUDIES

In 2008, the Bank financed five studies in preparation for investment projects for a total of CFAF 1.28 billion. These studies concerned the following:

- The planning of a road linking fishing harbor and its access roads in Benin (CFAF 200 million);
- The integrated development of Ouassoullou area in Mali (CFAF 227 million);
- The planning and asphaltting of Tiebissou-Didievi-Bocanda road in Côte d'Ivoire (CFAF 300 million);
- The rehabilitation and upgrading of Kpalimé-Atakpamé road in Togo (CFAF 300 million); and
- The rehabilitation of Sikasso-Zêgoua road in Mali (CFAF 253 million).

The Bank's total investments in this area totaled CFAF 19.3 billion over 185 completed studies (see Appendix 9).

2.4. SUPPORT TO MEMBER STATES

In the course of 2008, the Bank devoted approximately CFAF 2.73 billion to supporting Member States through technical assistance and interest rate subsidies.

As regards technical assistance, the Bank's involvement totaled CFAF 101 million in various areas of concern to Member States, especially:

- the environmental and social management across the sub-region; and
- the mobilization of financial resources by organizing donor roundtables as well as sub-regional seminars and meetings. In 2008, the Bank supported and participated in donor roundtables organized by Mali in Bamako (12-13 June 2008) and by Togo in Brussels (18-19 September 2008).

In the area of environmental and social management, the Bank continued with its support for the promotion of sustainable development in Member States. This applied particularly to the following:

- taking account of environmental and social aspects in the implementation of about 20 projects financed or being studied across WAEMU countries; and
- training personnel from consulting firms and public works contractors across WAEMU in March and April 2008, in conducting environmental and social impact assessment studies at the International Institute for Water Engineering and Environment in Ouagadougou.

As regards interest rate subsidies, the Bank approved CFAF 2.63 billion of relief on loan conditions in 2008 for 13 loans extended to Member States, totaling CFAF 38.3 billion over the financial year. These subsidized loans included road infrastructure, sewerage and rural development projects, and emergency food security programs following the upward surge in food prices.

Loan agreement signing ceremony



The subsidies allowed beneficiary Member States to fulfill their commitments on their concessional loans in conformity with the agreements signed with the Bretton Woods institutions.



3

PROMOTING AND FUNDING REGIONAL INTEGRATION

- 3.1. FUNDING OF INTEGRATION-RELATED PROJECTS
- 3.2. INCREASING THE PRESENCE OF BOAD IN THE REGIONAL CAPITAL MARKET
- 3.3. AGRICULTURAL DEVELOPMENT AND FOOD SECURITY
- 3.4. ENERGY SECTOR: ISSUES AND PERSPECTIVES WITHIN WAEMU
- 3.5. CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT

Promoting and funding regional integration remains one of BOAD's major concerns. In 2008, the Bank funded several integration-prone projects. It also participated in implementing major initiatives aimed at accelerating the economic integration process within the region. These initiatives addressed the development of financial markets, agriculture and food security, and the strengthening of energy infrastructure and environmental management.

In 2008, BOAD approved funds that encouraged regional integration, allocating CFAF

3.1. FUNDING OF INTEGRATION-RELATED PROJECTS

38.5 billion to twelve projects, or 37% of the year's approved funds. The funds were allocated mainly to interconnection projects linking the different electricity grids and road networks as well as to projects involving food security within Member States.

One example is the CFAF 12.5 billion fund approved for the construction of a power grid interconnection between Mali and Côte d'Ivoire. This operation falls within the scope of the implementation of the ECOWAS West African Power Pool (WAPP).

Another example is the assistance provided for the reconstruction of Aflao-Hilacondji-Benin border road and asphaltting of Dapaong-Ponio-Burkina border road, amounting to a total investment of CFAF 10.3 billion. These funds also contributed to improving ECOWAS priority road network and that of WAEMU community road "Cu01", namely, the Abidjan-Lomé-Cotonou-Lagos corridor. These investments are part of the execution framework for the Community Infrastructure and Road Transport Action Plan (PACITR) as well as WAEMU Regional Economic Program (PER).

Finally, as part of measures approved by the WAEMU Council of Ministers to combat the rise in prices, particularly the rising price of foodstuffs, BOAD granted a total of CFAF 13.3 billion to Member States to help them carry out projects dealing with food security.

Altogether, the combined funds approved by the Bank in support of regional integration since 1976 has reached CFAF 548.2 billion. These were distributed across 158 projects, representing 45% of total net commitments.

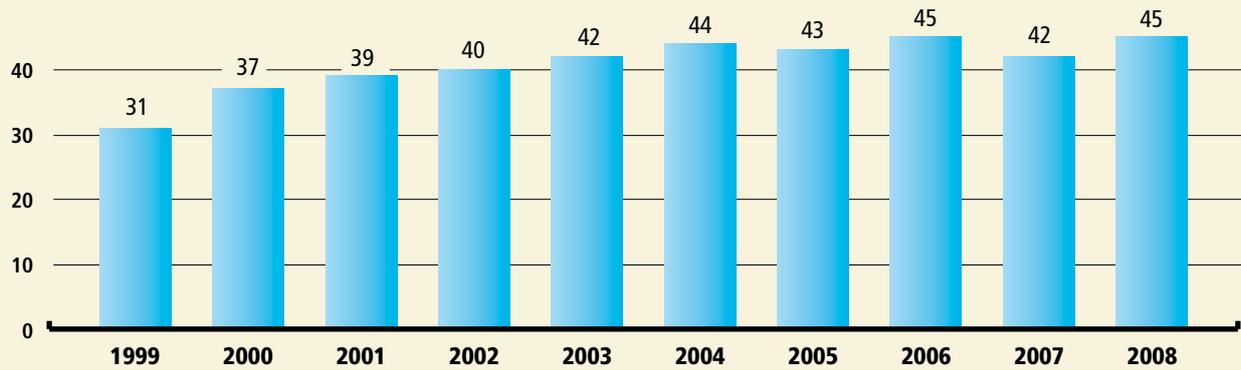
Source : BOAD

TABLE 5 : DISTRIBUTION OF FUNDING FOR INTEGRATION-PRONE PROJECTS IN 2008 PER PROJECT TYPE

Project type	CFAF million	Projects	Related projects
Agriculture	13 300	8	35 %
Electricity	12 500	1	32 %
Road infrastructure	10 250	2	27%
Equity investment*	2 500	1	6 %
TOTAL	38 550	12	100 %

*CAURIS Croissance

**FIGURE 15 : SHARE OF INTEGRATION-PRONE PROJECTS
IN BOAD'S TOTAL NET COMMITMENTS FROM 1999 TO 2008 (%)**



Source : BOAD

Additionally, BOAD actively participated in regional meetings, with the aim of contributing to planning and monitoring of integration-related programs.

The Bank took part in the deliberations of a number of regional consultative groups as part of the implementation of the Community Infrastructure and Road Transport Action Plan (PACITR).

BOAD also participated in various meetings held by the steering committee of the Regional Economic Program (PER). In accordance with the recommendations made by the 2006 donors' roundtable, it also participated in a study carried out by the WAEMU Commission, which focused on the creation of an institutional framework for the mobilization of resources promised with the aim of implementing, monitoring and appraising the program.

Finally, as part of the implementation programme of the Common Industrial Policy (PIC), BOAD participated in 2008 in the activities of the steering committee of the Industrial Restructuring and Upgrading Program (PRMN) of WAEMU Member States. It also participated in various meetings held in this connection, including the meeting of Managers in charge of Restructuring and Upgrading Services and that of Ministers in charge of the PRMN project.

3.2. INCREASING THE PRESENCE OF BOAD IN THE REGIONAL CAPITAL MARKET

During 2008, the Bank issued two debt offerings for a total of CFAF 76.14 billion. The first offering, which closed on 15 February 2008, consisted of an auction of BOAD bonds, which yielded CFAF 22.49 billion. The second offering, which was authorized by the WAEMU Council of Ministers, formed part of the special bond loan program, in a total amount of CFAF 100 billion. These funds were exclusively intended for project financing aimed at improving food production within WAEMU. In line with the Council of Ministers' recommendations, securities issued within the context of the special program can be used as part of the reserve requirements of commercial banks with the Central Bank. The first tranche of the offering closed on 12 December 2008 made it possible to mobilize CFAF 53.65 billion.

In 2008, BOAD helped strengthen the capacity of key market participants. It also continued to encourage the promotion of a regional mortgage market. This was achieved as part of BOAD's structuring role within the regional capital market.

Through the implementation of the WAEMU Capital Market Development Project (PDMF/WAEMU), the Bank contributed toward strengthening the capacity of key market players. It also provided technical assistance and institutional support through a series of training seminars meant for panel members of the Regional Board and agents of its General Secretariat of this regional capital market supervisory authority. Training was also provided to personnel of the Regional Stock Exchange (BRVM) and to private traders and other capital market players during the same period.

In 2008, the Bank continued to promote the concept of a regional mortgage market, asset securitization and the establishment of mutual funds. These three related sectors form a coherent set, which should encourage better relending of the Union's idle liquidity toward improving the conditions for funding investment projects and promoting financial services within the WAEMU zone.

In order to boost the regional mortgage market, BOAD, in conjunction with the Central Bank of West African States (BCEAO) and the Regional Board for Public Savings and Capital Markets (CREPMF) and with the support of development partners, decided to simultaneously promote three mortgage refinancing schemes, including: a regional mortgage refinancing fund, the asset securitization and securitized bonds.

A feasibility study sponsored by the Bank in 2005 confirmed the need for the securitization of BOAD's loans. However, securitization operations required adjusting the legal and regulatory framework for loan securitization as well as adapting the regulation of some regional financial operations. These changes are currently being carried out within the overall framework of the WAEMU regional mortgage market establishment. BCEAO, BOAD and the Regional Board (CREPMF) have been cooperating over this project since 2005.

In this connection, all three institutions have finalized the terms of reference of studies performed prior to setting up a regional mortgage market. The first study, which focused on the legal framework of the mortgage market, was conducted and led to a validation seminar held on 10 July 2008 in Lomé. Two draft regulations emerged from this initiative. These focused on securitization and securitized bonds and will shortly be submitted to the Union's Council of Ministers for approval.

BOAD sponsored two studies as part of the project implementation. Both studies cost CFAF 365 million and covered respectively the following issues: i) evaluating the potential of the mortgage

market and securitization, and ii) determining the structure of the WAEMU mortgage market. The second study funded by the Bank included a feasibility study for the establishment of a regional mortgage refinancing fund. The results of these various studies will provide information to be discussed during a gathering of the Union's stakeholders regarding the promotion of a mortgage market and the potential role of securitization operations within WAEMU.

Additionally, in accordance with the guidelines provided by the Union's Council of Ministers in June 2008, BOAD participated in a review chaired by BCEAO on the report of the joint IMF-World Bank mission concerning the WAEMU Financial Sector Evaluation Program (PESF). A report regarding these operations was submitted by BCEAO to the Council of Ministers in December 2008. The resulting action plan was approved by the Council of Ministers. Its implementation, which will cover a period of three years, will begin in January 2009.

In 2008, the Bank continued to support the efforts of Member States in the areas of agricultural development and food security. One of the main concerns during this year was to help Member States curb the effects of food crisis. The Bank, pursuant to the guidelines issued during the extraordinary meeting of the Council of Ministers held on 23 April, 2008, contributing CFAF 13.3 billion, allocated to emergency action in food security matters previously identified by Member States.

The Bank also participated in reflections on food security issues during various technical meetings within the Union. One of these was the preparatory meeting for the WAEMU Extraordinary Ministerial Meeting (22 April 2008, Abidjan, Côte d'Ivoire), the Seminar of Community Institutions Experts (26-28 May 2008, Dakar, Senegal) and the meeting held by the Task Group in charge of marketing rural food production of the 2008-2009 crop year (14-15 November 2008, Dakar, Senegal).

3.3. AGRICULTURAL DEVELOPMENT AND FOOD SECURITY

At the international level, the Bank joined the FAO initiative regarding the soaring food prices. It also participated in the high-level summit on food security held on 3-5 June 2008 in Rome. Following these meeting, a decision was taken, among other initiatives, to implement a WAEMU cooperation program. In particular, the program will aim at making agricultural inputs (improved seeds, fertilizers, phytosanitary products, etc.) more widely available, promote the sustainable management of water resources, and provide support for outputs by implementing a storage, preservation and processing program.

BOAD also met with the World Bank and the WAEMU Commission in Ouagadougou (Burkina Faso) in November 2008. Following this meeting, BOAD and the Commission initiated a range of common actions aiming at determining which agricultural projects should be given priority for submittal to the World Bank within the scope of its "Global Response to the Food Crisis" project, at a total cost of US\$1.2 billion. This common action was also meant to benefit developing countries.

Similarly, the Bank participated in a meeting held in Paris on 9 December 2008 focusing on agricultural and food issues in West Africa, organized by the French Presidency of the European Union and the Economic Community of West African States (ECOWAS) Commission.

These meetings allowed the Bank to set its action plan for 2008 and draw up a road map that will help strengthen its funding initiatives in favor of the agricultural sector by formulating an invest-

ment strategy for this sector in WAEMU Member States.

Over the long term, the Bank's actions will contribute to support the initiatives of Member States in their drive to face the challenges presented by food security in the sub-region. In particular, these actions aim at:

- increasing agricultural production by intensifying sustainable farming practices while reducing both natural and financial risks;
- encouraging the smooth trading of food products across Member States while creating an environment conducive for trade among the poorest; and
- reducing rural poverty by diversifying farmers' sources of income.

On 17 January 2008 in Ouagadougou, the 12th ordinary meeting of WAEMU Conference of Heads of State and Government discussed the energy crisis affecting WAEMU countries and, more generally, funding conditions for the sub-regional economies. The

BOAD AND THE FUNDING OF AGRICULTURAL AND RURAL DEVELOPMENT

THE YEAR 2008 was marked not only by a financial crisis but also by an international food crisis. The first quarter saw a significant increase in the nominal price of key food staples. On international markets, the nominal price of agricultural products reached its highest level in nearly 50 years, and its highest level in real terms in nearly 30 years. The soaring price of food in international markets also affected the WAEMU countries, leading to social tension.

Following decisions taken at the Extraordinary Meeting of the Union's Council of Ministers held on 23 April 2008 in Abidjan, BOAD became closely involved in finding adequate solutions to this issue. The actions that were implemented in this area were in line with the Bank's traditional stance toward agricultural funding.

It is important to recall that BOAD has long contributed generously to the development of agricultural and rural development in WAEMU Member States by funding hydro-agricultural infrastruc-

ture projects, village water supply projects, rural tracks upgrading and water and soil conservation projects as well as projects involving the soil protection and restoration. These projects have often been carried out jointly with the International Fund for Agricultural Development (IFAD). On 31 December 2008, the Bank's investments in the agricultural and rural development sectors reached CFAF 160.1 billion. These funds have helped improve food security conditions, self-sufficiency and income among the rural population living in relevant areas. In particular, success was achieved through the following actions:

- implementing integrated rural development projects involving the development of approximately 20,000 hectares of irrigated land intended for cereals and vegetable production, and launching several small projects involving stock-breeding, fight against desertification and promotion and structuring of existing agricultural organizations;

- opening up production areas by building or rehabilitating 3,700 km of dirt roads and rural tracks;

- preparing 109,800 hectares of village land in order to curb current rural-urban drift, particularly through income-generating activities;

- building 2,500 modern water points and preparing or rehabilitating 13 water reservoirs, which will impact a population of approximately 4 million. Relevant studies of the impact of projects financed by the Bank reveal that these have increased the villagers' capacity to sustainably manage their own resources while improving their access to services, resulting in the use of improved techniques;

- funding micro-projects via national financial institutions or specialized institutions in cooperation with development partners, including the 1998-2000 microfinance window supported by the United Nations Equipment Fund (UNEF), the Swiss Funds Uti-

summit reaffirmed the need to allocate perennial concessional funds to BOAD. After an in-depth technical review of each issue, the Heads of State and Government jointly decided that an ad hoc regional commission should be created and placed under the authority of the President of the Republic of Benin, His Excellency Dr Boni Yayi.

The energy crisis remains a major concern for Member States. It has affected the West African sub-region since 2006 and constitutes one of the main obstacles to economic and social development as well as the fight against poverty.

BOAD actively participated in the activities of the aforementioned commission. A summary report providing an overview of the commission's activities served as a background document for the discussions during the WAEMU Council of Ministers held in Niamey on 19 December 2008. The report included recommendations for the funding of the sub-region's economies. It also provided suggestions for the implementation of a

WITHIN WAEMU

lization Project (PUFS), which was established with the support of the Swiss Cooperation Office from 1994-2006 and the Regional Solidarity Bank (BRS) created in 2006 in partnership with BCEAO and the WAEMU Commission.

The Bank's investments in agricultural and rural development projects continue to be hampered by constraints related to perennial concessional resources. Although WAEMU Member States possess significant natural resources, these remain under-exploited, leading to an alarmingly uncertain situation in terms of food production and a lagging economy. Yet the development of agriculture is an essential element in reducing hunger and poverty and encouraging economic growth and possibilities for increasing export activity.

Food production in WAEMU suffers from a structural deficit valued at CFAF 695 billion in 2007. This deficit continues to grow each year, doubling between 1996 and 2002. The amount of imported food grew by 2.5 times between

1996 and 2007.

The potential of WAEMU Member States for rural and agricultural development as well as in terms of the challenges the sector represents has led BOAD to view this sector a priority investment destination. It may consequently be beneficial to reexamine the different areas of application in which the Bank is providing funds.

The Bank has elaborated a new strategy regarding the agricultural and rural development sectors. This strategy focuses on three major directions:

Strategic direction 1:

Encouraging the development of food agriculture, farming, and halieutic resources;

Strategic direction 2:

Reducing poverty in the rural areas; and

Strategic direction 3:

Promoting private investment in agriculture.

The main goal is that of achieving food security in

Member States.

The overall strategy is in line with programs developed for each policy and sector by Member States. Additionally, the strategy resulted from BOAD's 2009-2013 Strategic Plan. The implementation of the plan is divided into two phases: i) a short-term phase (2009-2011), which focuses on improving food security, and ii) a medium-term phase, which will start in 2012 and will address the export of agricultural and farm-raised animal products through commodity chains.

In order to make the strategy operational, CFAF 50-100 billion will be invested each year to fund agricultural and rural development projects over the 2009-2013 period. For each dollar invested by BOAD, three will benefit WAEMU.

* FAO: Escalation in food prices: facts, prospects, effects and required actions, June 2008.



PADER-LACS project:
funding of income-
generating activities

Regional Sustainable Energy Development Initiative (IREN).

The IREN program is based on four community-based strategic areas that aim at providing affordable energy to all WAEMU citizens by 2030. This goal can be achieved

3.4. ENERGY SECTOR: ISSUES AND PERSPECTIVES WITHIN WAEMU

by promoting a broad, balanced and integrated market that will allow the exchange of electricity services across West Africa. The regional market would produce its own energy and would be supported by a dynamic public-private partnership.

The IREN program focuses on four strategic approaches: i) developing a diversified energy supply that will be competitive and sustainable; ii) establishing a regional plan that will help control power consumption; iii) accelerating the creation of a regional power pool market across West Africa; and iv) setting up a suitable system for the funding of the energy sector.

A total of approximately CFAF 15,000 to 20,000 billion is required for the programme implementation. The program's short term operation (2009-2012) aims at reducing the current deficit. It involves an emergency component that seeks to expedite project implementation processes and improve existing power grids. Another objective of the short-term operation is the launching of additional regional or extension projects that would reduce the existing deficit by 2012. The cost of this emergency program is estimated at CFAF 500 billion.

As regards the conditions required for funding the IREN programme, the suggestions

REGIONAL SUSTAINABLE ENERGY DEVELOPMENT INITIATIVE (IREL): OBJECTIVE AND STRATEGY FOR THE DEVELOPMENT OF THE ELECTRICITY SECTOR IN WAEMU

THE ELECTRICITY SECTOR in WAEMU appears to be deadlocked. The main issues are: i) severely reduced access to electricity services; ii) the high cost of electricity; iii) outdated or obsolete cabling; iv) the need for greater public investment; v) electricity grids requiring extension; vi) poor success rate of reforms required by institutions; vii) the precarious financial situation of public electricity services; viii) inappropriate adaptation of institutions to the context; and ix) strong dependency on petroleum products.

WAEMU's objective regarding the electricity sector is to provide affordable energy to all WAEMU citizens by 2030. This could be achieved by promoting a wide, balanced, and integrated power pool market across West Africa. The regional market would produce its own energy and would be supported by a dynamic public-private partnership.

The implementation of this strategy is based on regional actions divided into the following four (4) strategic approaches:

- developing diversified, sustainable, and competitive electrical supply by reducing the deficit through the following methods: i) setting up a wide regional

program that seeks to save energy (energy efficiency); ii) developing a regional system based on competition to supply petroleum products; and iii) increasing the share of competitive, renewable, and sustainable energy sources in the energy-source mix;

- establishing a regional plan for controlling power consumption rates by spreading the use of measures meant to achieve energy efficiency in lighting, industry, buildings, and public infrastructure;

- accelerating the creation of a regional power pool market across West Africa, thereby bringing together all energy resources and attracting investors, particularly independent power generators;

- establishing a structure that will ensure that the strategy is followed up and provide funding for the electricity sector through the following actions: i) restructuring the electricity providers' operational system; ii) providing short-term funding for the program, and iii) creating an environment conducive for private investors to finance priority programs derived from the medium and long term strategies. In order to implement these actions, two funds will be created:

an Energy Development Fund and an Investment Fund. The Energy Development Fund will finance the restructuring process of both the emergency program and medium and long-term projects. It will also support the creation and funding of energy companies, mainly by becoming involved in the implementation of projects that foster energy efficiency and by encouraging decentralized systems based on the use of renewable energy. The Investment Fund will encourage the creation of public-private partnerships in the energy sector.

In addition to managing the Energy Development Fund, BOAD will also manage the Emergency Program. It will also share its expertise during the preparation and supervision of selected studies to be conducted as part of the Emergency Programme. Finally, it will ensure the funding of eligible projects submitted to the Energy Development Fund.

made by the Commission emphasized the establishment of two funds to be used for funding energy: one concessional fund consisting of public capital amounting to CFAF 500 billion to finance an emergency programme, and a private investment fund dedicated to the funding of infrastructure. The latter should be created speedily to ensure the funding of additional capacities required by 2030.

The concessional fund will consist of concessional resources that will amount to the same sum as the emergency program fund, or CFAF 500 billion. Thanks to WAEMU's internal resources, the fund will benefit from an immediate injection of CFAF 250 billion. The remaining CFAF 250 billion will be sought from external contributions, following a roundtable of the Union's donors in 2009.

The concessional fund will be administered by BOAD and will be invested in controlling power consumption, studies, technical assistance, reforming the institutional framework and funding emergency plans and priority investment projects.

The WAEMU Council of Ministers met on 19 December 2008. It followed the Commission's recommendations and agreed upon a set of practical methods meant to contribute to the Energy Development Fund by providing CFAF 250 billion in internal concessional resources. These resources will be granted by the WAEMU Commission and drawn from the Community Solidarity Levy (TCS) and funds from BCEAO or any country that wishes to contribute through BCEAO (transfer fees).

CLIMATE CHANGE: BOAD'S VISION

ASSESSMENT OF BOAD'S ENVIRONMENTAL AND SOCIAL INITIATIVES

As part of its role as a common development finance institution at the service of WAEMU Member States, BOAD is concerned with the devastating impact climate change is increasingly having today. Aware of the situation and in support of Member States in their effort to protect the environment, the Bank has developed its own policies and investment procedures concerning the management of environmental issues under the projects it funds.

The type of assistance provided by BOAD to Member States in terms of environmental and social management mainly focuses on: i) the implementation of the

BOAD/AFD Environmental Partnership Agreement; ii) the integration of the "General Environmental and Social Specifications" annex in all calls for tender related to road projects across WAEMU, iii) setting up the WAEMU Environmental and Social Units Network; iv) supporting the organization of a Clean Development Mechanism (CDM) regional workshop (to be held in Lomé) as well as the Carbon Fund initiated by the "Carbon Finance Assist" project of the World Bank; and v) sharing information and raising awareness among partnering businesses eligible for CDM funding for their environmental and social activities.

As regards the carbon market, African countries generally appear marginalized in

this respect, with a lower exchange in certified carbon reduction units stemming from the implementation of the CDM initiative. This marginalization is mainly due to issues regarding technical, organizational, institutional, and financial capabilities.

OVERVIEW OF BOAD ACTIVITIES IN THIS AREA

From an institutional point of view and within the scope of its capacities, BOAD will provide technical and financial assistance to the implementation of a crucial system that will help develop an effective strategy to combat climate change. BOAD will also support the growth of sustainable development initiatives at both national and local levels.

The Council of Ministers' conclusions will be submitted for ratification by the next meeting of WAEMU Conference of Heads of State and Government which originally created the ad hoc regional commission.

Populations and agricultural production systems will increasingly confront climate change in the future. The impact of climate change is obvious in the sub-region and may be observed in the form of droughts, increasingly frequent floods, water shortages that affect agricultural and pastoral production, forest depletion, coastal erosion, and disease (meningitis, malaria, cholera, etc.).

Climate change has therefore become part of everyday life and should from now on be taken into account in the political and development strategies developed by the countries of the sub-region. These strategies should aim at curbing the harmful impact of climate change on sustainable development.

There have been several attempts to respond to these challenges on an international scale. There have also been opportunities to create resources within the continent, particularly through the use of Carbon funds. WAEMU Member States may thus wish to implement the following strategy in order to benefit from these resources:

- strengthening their national capacity and consolidating their national regulatory framework;
- developing a greater number of eligible projects to encourage medium-term growth;
- getting mobilized for the Conference of Parties to the United Nations Framework Convention

Given its specific aim to promote and fund projects that are eligible for CDM support, BOAD, a multilateral funding institution, also aims to act as a catalyst within the sub-region's carbon market. With this in mind, it has set up a reflection group that has been working since August 2008 to create an action plan that is in line with the roadmap provided. This plan is meant to be adopted in time for the launch of carbon market activities.

The preliminary stages of the Carbon Group's work led to the organization of a sub-regional workshop that took place on 24-26 November 2008 at BOAD headquarters in Lomé. Participants invited to the workshops included representatives of the region's institutions (BOAD, WAEMU Commission) as

well as Member States, particularly officials from ministries and designated national authorities in charge of environmental policy. The workshop received the support of high level regional experts. Participants discussed the following key issues:

- assessment of the regulatory and institutional framework at both national and local levels;
- necessary actions and conditions required to encourage the creation of projects eligible for CDM support and ways of implementing programs for combating climate change;
- providing examples of the way other projects were implemented in other regions of the world (within and

outside Africa);

- examining the sub-region's potential, identifying projects eligible for CDM support, and promoting these projects;
- defining a baseline and a community-based system to help promote projects eligible for CDM support within WAEMU; and
- identifying the role of community institutions (BOAD, WAEMU Commission) and Member States within the community-based system.

The workshop resulted in an action plan addressing the development of a carbon market within WAEMU. This action plan is currently pending approval.

on Climate Change to be held in Copenhagen in December 2009. The aim should be to raise the negotiating strength of Member States in order to improve their access to the international Carbon market.

BOAD seeks solutions to the main environmental problems affecting the West African sub-region by actively taking part in the elaboration of WAEMU and ECOWAS environmental policies and participating in the process of formulating a sub-regional action plan addressing climate change.

Additionally, in October 2003, the Bank elaborated an environmental and social policy to be applied to all projects funded by the Bank. In 2008, the policy took into consideration various environmental and social aspects. The Bank also adopted a set of relevant management plans addressing the assessment of approximately 20 projects that were submitted to it for funding.

BOAD also became active within the framework of the BOAD-AFD Environmental Partnership Agreement, which provides support for public sector enterprises and the private sector in WAE-MU countries, thus encouraging the implementation of each country's respective environmental and social programs. In addition, the Bank continued to implement environmental guidelines for

CIPREL's power generation facilities in Côte d'Ivoire



3.5. CLIMATE CHANGE AND SUSTAINABLE DEVELOPMENT

the WAEMU Capital Market Development Project, which has seen improvements in the capacities of infrastructure project managers.

The 2009-2013 Strategic Plan shows the Bank's commitment regarding the promotion of environmental projects and the launching of a strategy for the release of appropriate resources.







4

INTERNATIONAL COOPERATION AND MOBILIZATION OF EXTERNAL RESOURCES

- 4.1. INTERNATIONAL COOPERATION
- 4.2. MOBILIZATION OF EXTERNAL RESOURCES

4.1. INTERNATIONAL COOPERATION

In 2008, BOAD continued to actively expand its partnerships and diversify its shareholder base. In this regard, it had discussions with Brazil, Libya and Luxembourg.

To provide greater support for development efforts in Member States, the Bank continued to implement measures aimed at mobilizing financial and technical resources from its traditional bilateral and multilateral partners, especially the AFD Group, EIB, FAO, IFAD, KfW, DEG, Luxembourg, Germany, Belgium, the World Bank and FMO.

Following measures initiated in October 2008, Luxembourg and BOAD agreed to explore the possibility of replicating and extending among WAEMU Member States the agricultural program financed by Luxembourg Aid in Mali as well as implementing actions in the area of microfinancing.

Similarly, the Bank requested concessional resources from Belgium, Denmark, the European Commission and the AFD Group to finance non-market public sector projects.

Finally, it continued to cooperate with IFAD in managing five projects in Benin, Burkina Faso and Mali.

BOAD'S SUBSCRIPTION FOR PROPARCO (A SUBSIDIARY OF AFD) CAPITAL

BOAD SUBSCRIBED €3.8 million (CFAF 2.5 billion) for the share capital of PROPARCO, a subsidiary of the French Development Agency (AFD). This measure is meant to strengthening BOAD-AFD Group partnership.

At its inception, BOAD developed ties with France and its aid agencies, especially in the areas of financial and technical assistance as well as personnel training. These ties went on to include financial cooperation, through which BOAD obtained resources

for financing operations in the market public sector and for the establishment, expansion, and restructuring of private businesses in productive sectors of WAEMU Member States.

PROPARCO's core mandate, which consists of catalyzing private sector investments in developing countries for sustainable development, matches BOAD's objectives, which are to: i) support projects benefiting the most vulnerable groups in society, ii) promote and finance regional integration, and

iii) support the private sector.

Moreover, as an active member of the group of European Development Finance Institutions (DEG, IFC, FMO, COFIDES, etc.), PROPARCO will enable BOAD to integrate into the network of leading international partners and identify cofinancing potential within WAEMU.

4.2. MOBILIZATION OF EXTERNAL RESOURCES

BOAD and AfBD signed a financial agreement regarding external resources and involving three components:

- A US\$40 million (CFAF 26.238 billion) credit line to fund private projects in the industrial and service sectors of WAEMU Member States;
- A subscription meant for BOAD's capital increase in an amount of CFAF 2 billion, thereby increasing AfBD's interests in BOAD's capital to CFAF 4 billion;
- Institutional support totaling US\$943,000 (CFAF 396.2 million) to support efforts to improve the Bank's management.

The resources mobilized by the Bank since its inception in 1976 now amount to CFAF 720.6 billion, of which CFAF 400 billion came from external resources.

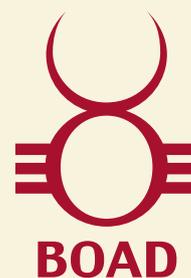




5

BANK'S GOVERNANCE AND FINANCIAL POSITION

- 5.1. GOVERNANCE
- 5.2. THE BANK'S FINANCIAL POSITION



In 2008, the Bank continued to improve its management and governance system. The main actions undertaken aimed at strengthening good governance and consolidating its financial position.

5.1. GOVERNANCE

In addition to the due diligence that is typical of BOAD governance, a substantial proportion of the Bank's personnel was mobilized in 2008 to formulate a 2009-2013 Strategic Plan for the Bank.

5.1.1. 2009-2013 STRATEGIC PLAN

The 2009-2013 Strategic Plan, the design of which began in June 2008, was endorsed by BOAD's Board of Directors and WAEMU Council of Ministers in December 2008. Before it was submitted to the Bank's governing bodies, the document was reviewed by a panel of international experts that gathered in Lomé in September 2008. The ultimate goal of the 2009-2013 Strategic Plan is to lay the foundation of a vision that aims at transforming BOAD into "a solid and world-class development bank in the regional common market" by 2020.

The current international environment, which is characterized by the globalization of economies, offers both opportunities and risks for WAEMU Member States. This economic environment has undergone major changes that resulted in heightened and more pressing social expectations. In a bid to make their economies adapt to this dynamic more smoothly and to speed up the creation of wealth and employment, Member States carried out in-depth economic and institutional reforms.

As a typical development finance institution and to better meet the expectations of the beneficiaries of its projects, BOAD must increasingly adapt its strategic orientations and organization to these international and regional changes. It was against this background that the entire BOAD personnel, international and sub-regional experts, and representatives of Member States met to formulate the 2009-2013 Strategic Plan.

The 2009-2013 Strategic Plan encompasses four key orientations, the primary objectives of which are:

- To position the Bank as a strategic instrument for the sustainable development of Member States and for poverty reduction by strengthening synergies and consistency of action with various actors and partners in the sector through the promotion of agriculture, especially food production, while consolidating funding for basic infrastructure and contributing to the improvement of environmental management;
- To turn BOAD into a business partner and a leader in innovative financing by implementing a targeted marketing strategy for each segment, creating a new approach to financial advisory services with support from partners, making the Bank's financing terms more competitive and promoting specific mechanisms for financing SMEs and SMLs;
- Developing partnerships and extending capital market structures and instru-

ments by expanding financial instruments to include banks and financial institutions and developing a new partnership framework with institutional investors and new actors in the world of finance; and

- Revitalizing the mobilization process for both concessional and market resources, especially by expanding the Bank's capital base, diversifying its shareholder base, and creating an IDA or ADF-type fund, with resources that could periodically be replenished by the Bank's partners and shareholders.

The Strategic Plan is to be implemented as early as January 2009.

5.1.2. CORPORATE GOVERNANCE

Corporate governance principles observed by BOAD are based on transparent operations and accounting, a strict control system, an independent external control system, a decision-making process involving the participation and accountability of Bank personnel and the implementation of objective-based management, among others. The Bank's activities form the basis for procedure manuals, which are strictly followed.

a - Activities of the bank's governing bodies



Experts' meeting on BOAD's 2009-2013 Strategic Plan

BOAD's governing bodies performed normally during the 2008 financial year.

The 12th Ordinary meeting of the WAEMU Conference of Heads of State and Government that gathered in Ouagadougou on 17 January 2008 discussed (among other topics) the 2007 Report submitted by BOAD Chairman and CEO. The Conference also took the decision to appoint Mr. Abdoulaye Bio-Tchané as BOAD Chairman and CEO. It further decided to set up a Commission, chaired by His Excellency, the President of the Republic of Benin, which will propose solutions to issues relating to the energy crisis and the financing of sub-regional economies, especially through BOAD's sustainable concessional resources.

The Council of Ministers held four ordinary and three extraordinary meetings. Based on dossiers submitted by BOAD, the Council focused on the orientations of BOAD's 2009-2013 Strategic Plan, the concessionality of BOAD loans to WAEMU Member States, and the status report on the WAEMU Capital Market Development Project. To finance agricultural projects that will help contain the high cost of living in WAEMU resulting from the world food crisis, the Council authorized BOAD to issue securities totaling CFAF 100 billion on the regional market. These issues are considered eligible as evidence of bank's reserve requirements with BCEAO.

The Board of Directors held four meetings in 2008. It considered the dossiers submitted to the Council of Ministers, which were subsequently adopted. These were:

- Fifteen (15) funding proposals and two equity investments;
- The statement of accounts and activity report for the financial year ended 31 December 2007;
- BOAD's 2007 Annual Report;
- The orientations of BOAD's 2009-2013 Strategic Plan;
- A financial outlook update for 2008-2012;
- Draft capital and operating budget for the 2008 financial year;
- Reports on the 6th and 7th meetings of BOAD's Audit Committee; and
- The progress report on the WAEMU Capital Market Development Project.

b - Controls

The internal control system was closely monitored, especially through monthly meetings of Audit and Financial Control Services.

In a bid to strengthen good corporate governance, an Audit Committee was made operational and has helped the Board of Directors in reviewing the Bank's accounts.

The external control system operates at two levels: an audit of financial statements by the Central Bank and an external audit carried out by an internationally recognized auditing firm. Management audits are commissioned when necessary. This system makes it possible for international partners wishing to cooperate financially with the Bank to verify its independence and the reliability of its accounts through regular certification and the validation of management standards and rules.

The Bank also regularly circulated vital information about itself, especially over financial performance and commitments, the results of evaluations of Bank-financed operations, and the new management rules put in place.

c - Risk management

In the area of risk management, the Bank's policy has been one of continuous upgrading of its tools for managing credit risk, market risks (relating to interest rates, foreign exchange and liquidity), and operational risks. For example, the Bank embarked on drawing up a map of operational risks that will enable it to better target its audit and control assignments and facilitate the intervention of external auditors and BCEAO audit engagements.

As part of its drive to align its financial risk management to international standards, the Bank developed a project to modernize its financial management. This was implemented by a foreign firm selected following an international invitation to tender.

This project comprises the following five components: i) automation of the financial outlook update, ii) improvement to the current asset-liability management tool, iii) improvement to the quotation tool for counterparties, iv) setting up a computerized tool for cashflow management, v) developing liquidity market-oriented front office software. This project will continue to be implemented in 2009.

5.1.3. MODERNIZATION OF THE INFORMATION SYSTEM

The Bank's information system is improving gradually. The surge in demand for improved internal communication through greater use of information and communication technologies (ICTs) continued. The Bank's Intranet project was completed and became operational in 2008. Furthermore, in a bid to modernize means of payment, the Bank joined the STAR-WAEMU network as a direct participant through the SWIFT network.

The reliability of the information system was further strengthened through the design and implementation of new applications. The Bank also received support to modernize its information system as part of its cooperation with AfDB.

In a bid to make its information more secure, the Bank set up an Information System Security Policy (PSSI). A security audit of the information system was carried out. This led to the formulation of an action plan to correct flaws. This process will be followed by the development of security procedures and the setting up of a Business and Information Continuity Plan.

In conjunction with this, development of a documentary information system is under way and is expected to be completely modernized during the 2009 financial year. Studies carried out by consultants to modernize the Bank's Resource Center and archiving system were finalized. The validation of the audit of its archives is under way.

While awaiting the implementation of recommendations from the study on the modernization of its Resource Center, which is due to take place from 2009, the Bank continued its policy of updating its documentation.

5.1.4. INSTITUTIONAL COMMUNICATION

In the areas of communication and marketing, the Bank strenuously pursued actions to promote its products externally in a bid to have its beneficiaries and development partners know it better. It acquired promotional tools and continued to strengthen its image by updating and publishing new editions of its internal publications, especially legal documents, annual reports and other commercial documents. Furthermore, a chart of rules governing the use of various graphic signs (logos, colors, fonts, etc.) to be used in all Bank communication was created to ensure standardization across all forms of intra-Bank visual communication.

As regards internal communication, the Bank strengthened the platforms through which the staff can be informed of and involved in ongoing Bank activities. To this end, periodic meetings and events were organized for Bank personnel.

An open day was organized as part of the celebration of the Bank's 35th anniversary. In addition, an institutional film on BOAD was produced and broadcast in all WAEMU Member States. These events focused on further raising public awareness of BOAD's activities. Furthermore, the Bank reaffirmed its attachment to the cultures of its Member States and its commitment to promote them through an exhibition of art works from all Union's countries.

5.1.5. HUMAN RESOURCES AND IMPROVED WORKING ENVIRONMENT

In 2008, BOAD continued with its efforts to modernize its human resource management policy.

Some of the major actions to be implemented related to initiating the Human Resource Database System (HRDS) and adopting an objective setting and performance evaluation device with effect from 2009. Importantly, the Bank also carried out a series of internal studies on personnel management, career management and the Bank's social policy.

TABLE 6 : **BOAD STAFF FROM 2006 TO 2008**

Category	Number as at 31-12-2006	Number as at 31-12-2007	Number as at 31-12-2008
Professional staff	110	111	112
Support staff	134	137	134
Technical assistant	1	1	1
TOTAL	245	249	247

Sources : BOAD

In the area of the forward-looking management of personnel and jobs, efforts at re-balancing the age pyramid by recruiting young professionals continued in 2008. This allowed the Bank to set the median age of its employees at 40.

In 2008, the Bank recorded the retirement of 23 agents, of whom 17 were Managers. Furthermore, with effect from January 1, 2009, the retirement age will rise from 55 to 58 for support staff and 60 for professional staff.

As part of its career development policy and in a bid to develop their skills, Bank personnel benefited individually and collectively from a range of training programmes.

The systematic approach adopted by the Bank in this regard will enable it have at its disposal the personnel, jobs and skills needed for its operations and the timely attainment of its objectives.

As at 31 December 2008, the Bank's personnel totaled 247, including one Technical Assistant.

The Bank also continued to improve its working environment by adding office space as part of the ongoing extension of its headquarters.

5.2.1. **ASSETS AND LIABILITIES**

The Bank's total assets rose from CFAF 1,097.86 billion as at 31 December 2007 to CFAF 1,195.09 billion as at 31 December 2008, representing an increase of 8.86%.

The Bank's financial position remained sound and was marked by a financial structure that remained balanced, with equity capital representing 24% of its assets (excluding unpaid-up capital). Its equity rose from CFAF 129 billion in 2006 to CFAF 136 billion in 2007 and to CFAF 143 billion as at 31 December 2008.

The institution's debt remained within the statutory limits. Outstanding borrowings represented 51% of the callable capital at end 2006 and 2007 and 66% as at 31 December 2008 (to be reconciled with the statutory limit of 100%). These amounts outstanding represented 191% of equity at end 2006, 190% at end 2007 and 233% as at 31 December 2008, for an upper norm of 300%.

5.2. THE BANK'S FINANCIAL POSITION

The Bank's portfolio remained sound despite the difficult environment in which it operated. Its bad debts represented 6.63% of overall outstanding debts as of 31 December 2008 as against 5.90% at end 2007.

5.2.2. BANK OPERATIONS

Bank operations continued to record profits, which led to increased equity. Net profits as at 31 December 2008 reached CFAF 2.16 billion as against CFAF 1.25 billion in 2007, representing an increase of 72.8%.

Sources : BOAD

FIGURE 16 : **EQUITY FROM 1998 TO 2008** (CFAF billion)

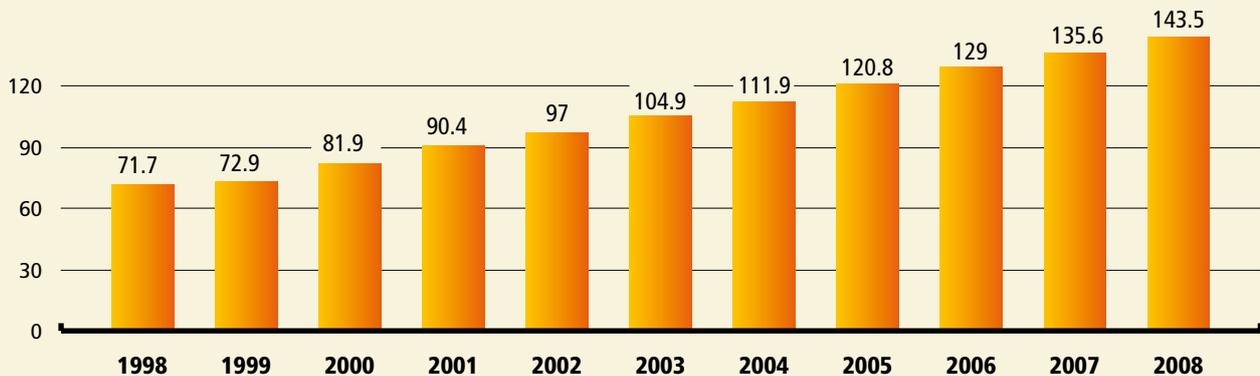
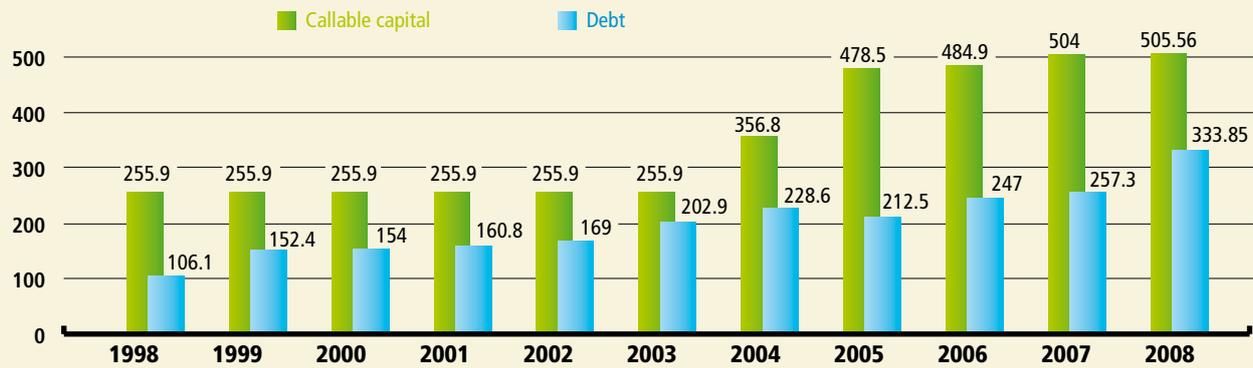


FIGURE 17 : **CALLABLE CAPITAL AND DEBT FROM 1998 TO 2008** (CFAF billion)

Sources : BOAD

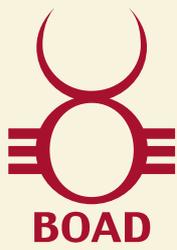
Operations showed the following characteristics (see Appendix 15):

- Dominance of proceeds from loans (more than 80% of operational proceeds), which constitute the Bank's main source of income; good control of debt costs with a relatively stable borrowing cost from one financial year to another, which stood at 4.64% at end 2008;
- Continuation of a prudent provision policy in view of the current position of a number of private market sector projects.

5.2.3. AUDITING

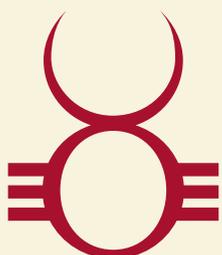
At the end of the financial year, the Bank's accounts were submitted for audit by BCEAO and PriceWaterhouseCoopers, the External Auditors selected following an invitation to tender.

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- APPENDIX 17 :** Main macro-economic indicators of WAEMU countries



Appendices

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2008



68 av de la Libération, BP 1172 Lomé, Togo
Tél. : +228 221 59 06 • Fax : +228 221 52 67

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www.boad.org