



2023-2028
STRATEGIC PLAN

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The International Investment Banking Development Group (IIB-DG) has just adopted a Strategic Plan for the period 2023-2028. The unanimous adoption of this Plan confirms the Shareholders' desire to strengthen the IIB-DG 's intervention policy to better support the IIB mission and thereby improve the IIB's operational performance.

The main purpose of this ambitious plan is to contribute to ensuring that Businesses and Countries that getting funds from IIB produce the food that people consume and to become net exporters in the near future. It is our MISSION to help mankind by supporting emerging countries and companies that provide food production, clean water, efficient renewable energy generation along with vital infrastructure needs such as transit systems, telecom communication networks, asphalt plants for road construction, cement plants for buildings, concrete for structures like bridges, overpasses and dams for their river controls along with rail ways, and sea ports ,agriculture, livestock, fisheries, fish farming and agro-industry and many other projects.

To accomplish this, IIB wholly owns multi-portfolios corporate in oil ,gas, energy, mining, automobile, aviation, entertainment, real estate, petrochemicals and infrastructure development ,with trillions of dollars of assets with accounts in the Top 25 IIBs worldwide.

IIB` s Assets, subsidiaries (SPV` s),equities ,cash equivalents owned by IIB multinational holding company with valuation of over trillions of dollars enable IIB to provide funding for humanitarian ,development and infrastructure projects worldwide.

IIB DEVELOPMENT GROUP have a wide range of funding sources from which IIB-DG can draw. Anticipated Financing backed by :

- 1.USTDA, USA**
- 2.US International Development Finance Corporation (DFC), USA**
- 3.EXIM IIB USA**
- 4.Pool of Private Investors, Financiers and large Hedge Funds**
- 5.Sovereign wealth**
- 6.IIB of America ,USA**
- 7.JPMorgan-Chase-USA**

All monies engaged in each transaction funded by IIB-DG are derived from non-criminal origin; and are good, clean and cleared. The origin of funds is in compliance with Anti-Money-Laundering Policies assets forth by the Financial Action Task Force (FATF) 6/01.Funds are Clear of all liens, encumbrances and third-party interests.

IIB-DG to provide 100% total funding required for each project. Terms of the funding are as follows: • Funding amount: 100% • Annual interest rate: 1% • Repayment period: 10 years to 25 years • Grace period: 5 years

The plan also aims to establish good governance within the IIB so that it is permanently aligned with the best international standards.

The 2023-2028 Strategic Plan responds to the challenges facing the IIB and is a dynamic, organizational and development tool allowing both a better efficiency of the IIB's actions and the diversification of the economies of countries where we operate.

I am convinced that the vision, challenges, orientations and areas of intervention chosen will give the IIB a new impetus over the next five years.

President

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Strategic Plan 2023-2028 sets out IIB's high level goals and objectives for the next five years with the theme of 'Fostering Stable Financial System'. We hope that during the next five years, significant progress will be made in implementing extensive reforms of the funding system. Improving the quality of our funding structure is the key to the businesses, countries' to build middle-income country and driving sustainable economic growth. It is also a central element of the social services, which the IIB is committed to delivering.

The priorities in this Strategic Plan are centered on key areas like improving quality of services and processes, increasing transparency and accountability, supporting inclusion and diversity and building the right systems and infrastructure.

The realization of the goals in this ambitious Strategic Plan will result in many benefits for those involved in financial services delivery and the society in general. A responsive, well-framed, systematic, transparent and motivated banking system will contribute significantly to economic progress, promote greater equality and financial inclusion in our society, as well as enhancing countries's image in the international arena.

Countries and businesses still faces many challenges. These include accommodating needs of rapid population growth, targeting investment as our economic development continues to yield social dividends, serving ever-evolving needs of the society, promoting sustainable job creation and meeting the skills needs of the economy.

The IIB-DG aims to implement its new Strategic Plan for the period 2023-2028 while taking into account its international and regional context, addressing the various challenges and issues, and ensuring the continuity of its previous plans.

To achieve this, actions to modernize the IIB will have to continue, with particularly the adoption of good practices observed in similar IIBs, particularly in terms of governance, organization and management of human resources, internal control system, information system, financial management, accounting and prudential rules, etc.

All the reforms and actions planned in the 2023-2028 Strategic Plan aim to strengthen the IIB's financial soundness, improve its profitability and consequently strengthen its image and credibility vis-à-vis its shareholders, external partners, the sub-regional financial market, but also international in the long term.

This new Strategic Plan will contribute to the achievement of IIB-DG 's vision for 2028, which is "to be a reference partner for global integration and human development".

This Strategic Plan sets out to address most of these challenges. Given the development challenges facing countries, companies, actions undertaken by the institution over the last five years, the strategic directions for the 2023-2028 period are as follows:

Strategic area 1: Acceleration of global integration through sustained infrastructure financing.

Strategic area 2: Support for inclusive growth, food security and sustainable development

Strategic area 3: Support for businesses and states, development of financial engineering and services

Strategic area 4: Deepening the resource mobilization process
 There is also the need to align management and governance with the strategy in order to make the Bank more efficient.

Strategic area 5: Purchasing 6 Banks , 2 in USA, 2 Europe, 1 Africa and 1 Middle East .

There is also the need to align management and governance with the strategy in order to make the Bank more efficient

In terms of financial framework, and considering the need to provide for previous undisbursed commitments, as well as the current situation of scarce concessional resources, annual medium to long-term loans from the IIB could be substantially reduced.

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3 | The third part provides a financial framework that reflects the idea of consolidation and outlines the modes of implementation, as well as the mechanism for monitoring-evaluation of the Strategic Plan.

The formulation process of this Strategic Plan followed from the evaluation of the first plan by an external consulting firm. This was done as part of a participatory process involving the various departments within the IIB and took into account inputs made by a meeting of high-level experts.

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However, just like many developing economies, countries in the WAEMU region are witnessing a massive increase in their urban population. This situation puts enormous pressure on infrastructure and social services which countries are unable to provide.

Industrial processing

Countries in the Union are still characterized by low levels of industrialisation and diversification of their economies.

In the mining sector where the Union has huge mineral reserves, minerals are generally exported in their raw state, depriving the countries concerned of income they could make by adding value.

Currently, only about 3% of cotton, the Union's leading export commodity, is processed within the Union.

A slight improvement in the level of processing will see better value addition to raw materials and thereby lead to improvement in income and job creation.

Youth employment

With a population where 60% are below the age of 25, the issue of youth unemployment is a major concern to countries in the WAEMU region. The challenge is therefore to create decent and sustainable job opportunities by investing in the productive sectors.

Business climate and optimization of development actions

In spite of reforms carried out in several member countries with a view to strengthening corporate governance and improving the legal and institutional framework for business, most of these countries were still ranked between 154th and 180th by the 2014

edition of "Doing Business" report on the ease of doing business in such countries.

Various policies adopted at the community or sub-regional level have not yet been implemented satisfactorily. Efforts aimed at improving the business climate, encourage private investment, enhance performances and boost economic growth remain a huge challenge.

Moreover, better maintenance of the existing infrastructure, as well as upgrading of internal capacities of member countries, mainly in the preparation, origination and implementation of investment projects, is needed to optimize development actions.

Faced with these challenges, including major infrastructure gaps, BOAD needs to provide assistance that is worthy of its status. It is against this background that it carried out a strategic diagnosis of the institution.

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4.1. BOAD'S ECONOMIC AND FINANCIAL MODEL

The review of the Bank's economic and financial model will provide a clearer basis for action in the next five years.

4.1.1. ECONOMIC MODEL

The Bank operates as a unitary structure, combining development financing operations, with no direct financial returns (Development and Cohesion Fund Window), and commercial loans (Bank Window). Loans granted through the FDC Window are on concessional terms.

The Bank uses its "own resources" and loan resources mobilised from the regional capital market or from external partners to finance its operations.

Apart from its traditional medium to long-term loans to finance investment projects, the Bank has in the last three years granted short-term loans, particularly for "trade financing". It is also gradually developing financing arrangement and consultancy activities, which will enable the institution to address the needs of a wider range of businesses and economies, and generate additional income for itself.

Some of major challenges facing the Bank in the area of commercial medium to long-term loans are the

increasing pressure on the financing resources. Special attention will henceforth be placed on interventions based on better targeting of operations.

The Bank provides funding to member states' economies in the same way as multilateral and bilateral development agencies and commercial banks in member states.

BOAD, in keeping with its nature, will bring added to these two categories of institutions.

Compared with other international development finance institutions operating in the sub-region, BOAD has the advantage of being an endogenous institution with better knowledge of local realities. It is also actively involved in the formulation of community development policies and programmes, alongside the other institutions of the Union.

Compared to national financial institutions, BOAD provides funding mainly for development projects and grants typically longer maturities. Moreover, it maintains a relationship of complementarity and a multi-faceted partnership with such institutions in key areas such as (i) co-financing of investment projects and operations; (ii) provision of refinancing facilities and equity

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participations; (iii) financing arrangement; (iv) interbank transactions; (v) acquisition of BOAD bonds in the regional capital market.

As part of its co-financing activities, BOAD shares its wealth of experience in the design, financing and implementation of development projects with commercial banks.

Through equity participations, the Bank contributes to the emergence and consolidation of national financial institutions. It offers refinancing facilities with the aim of strengthening the financial capacity of banks and financial institutions, thereby helping them improve their services to SMEs. The Bank also plays a key structuring role in the development of the regional financial system through the promotion of specialized mechanisms and institutions.

4.1.2. FINANCIAL MODEL

In addition to the two windows it uses for its financing operations, the Bank has two distinct resource pools. One of them is used for the refinancing of FDC activities while the other is used for the Bank Window activities.

The principle here is that for every commitment the Bank gives in the form of loans, it must have a corresponding commitment in the form of own resources (called-up capital, self-financing, capital on-lending) or loan resources⁽¹¹⁾. This policy helps it draw on commitments received to cover loan disbursement whenever there is a conclusion of the commitment made.

While setting the levels of lending activities at the end of each year, the Bank allocates half of its own available

resources to non-commercial public projects (under the Development and Cohesion Fund), while the remaining half is used to finance the "Bank activity" which covers supplementary loans to member states from the market resources known as "sovereign loans at market conditions".

The amount of equity capital allocated to the "Bank activity" is calculated on the average cost of the Bank's loan resources for interventions in the commercial sector. The amount of equity capital allocated for non-commercial activity is done at no cost and is determined by the decision-making bodies. This approach is based on the fact that unlike institutions such as AfDB, BOAD does not have concessional resources based on which it could finance the non-commercial sector.

A benchmarking of models used by international development banks shows that no institution is able to sustainably and responsibly finance the non-commercial sector without benefitting upstream from concessional resources on a regular basis. In this regard, an analysis of the Bank's position in relation to other similar institutions suggests that BOAD runs the risk of being forced to gradually disengage from concessional financing if no lasting solution is found to the chronic lack of concessional resources.

Indeed, given the pressing development financing needs and considering the low amounts of concessional resources mobilized, the Bank has had to anticipate changes in the concessional resources to be mobilized, especially the allocations expected from the community which had been determined by the highest authorities of the Union. It was thus prompted to raise its annual commitment under the FDC Window, beyond the level of resources available. The resource gap of this

(11) Coverage of 90% for activities under FDC and 75% for the Bank Window.

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window increases the pressure of mobilizing concessional resources to progressively cover the need for disbursements.

Moreover, under the Bank's financial model, borrowing levels are based on volumes of funding. The increased level of activity has resulted in the need to increase outstanding borrowings.

However, the debt capacity of the Bank was simultaneously determined by two rules. The first, provided for by the Articles of Association stipulates that "total outstanding borrowings [...] will be limited at any time to the amount of subscribed callable capital of the Bank." The second rule contained in the Policy

Statement states that "BOAD shall limit its debt level to three times its equity".

These provisions have caused the Bank to resort repeatedly to capital increases (including subscribed callable capital) or equity. However, most regional shareholders are now alluding to challenges in supporting new capital increases.

In all, it appears that the financing model of the Bank has reached its limits and needs to evolve.

This situation brought the Bank's decision-making bodies to review the Bank's debt ratio whereby it has limited its debt levels to triple its capital as requirement.

4.2. SUMMARY OF STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

4.2.1. STRENGTHS OF THE BANK

The strengths of the Bank, in terms of financing to be provided to the Union's economies, lie in the very status and gains made by the Bank. They include:

- Wealth of experience in financing productive investment projects, which makes the Bank a reference in the sub-region;
- The position of specialised institution of the Union which gives the Bank a good reputation in dealing with the challenges of the region ; participation in regional programmes and initiatives as well as the

Bank's involvement in integration projects among member states;

- The position of major player in the regional capital market based on which the Bank became the first non-sovereign bond issuer;
- Proximity through representative mission in the member countries of the Union, including offering a better understanding of the economic and financial situation of various countries, better monitoring of funded projects and market development facilities;

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- Quality partnership with the banking system in the sub-region and international financial institutions;

- The status of an international public institution.

4.2.2. WEAKNESSES

In spite of its strong corporate base and proven technical expertise, the Bank still faces challenges that may affect the successful attainment of its objectives. These challenges include:

- Limited prospects for resource mobilization which could hinder its ambition of financing the non-commercial sector;
- Difficulties in using tied loans granted by emerging economies;
- Falling debt capacity of the Bank and its impact on the Bank's aim of providing substantial funding to its member economies;
- Limited competitiveness of commercial activity due to the Bank's refinancing model as well as the shrinking of its traditional comparative advantages (level of intervention per operations, loan term, ...);
- Lack of country strategies for multi-annual programming of interventions and therefore an improved impact of the Bank's action;
- Inadequate support for project developers in project design and then in the fulfilment of conditions precedent;
- Inadequate specialised expertise in structured and innovative financing.

4.2.3. OPPORTUNITIES FOR THE BANK

Among the opportunities in the banking sector that could influence its actions, the Bank will focus attention on the following aspects:

- Positive economic outlook, opportunities of operating in various sectors (agribusiness, energy, industry, banks, etc.);
- Easing of debt conditionalities to member states of the Union, which will allow them to borrow at market conditions while ensuring the needed sustainability and viability of their debt;
- The existence of significant investment programmes for rural development and infrastructure, such as the regional economic programme (PER II), PCD and national development programmes, which brings together all stakeholders to tackle the issue of underdevelopment in the sub-region;
- Growing interest in public-private partnerships in the Union as this is an opportunity for the Bank to develop new services;
- Interest shown by major development partners in regional integration which they see as one of the key areas of development cooperation with West Africa, and resilience and food security as well as the environment. The Bank could serve a channel for funding in these areas;
- The adoption, at the regional level, of regulations on asset securitization when helps in running a debt securitization programme.

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4.2.4. THREATS

Some of the threats likely to weigh heavily on the Bank's activity are as follows:

- Scarcity of concessional resources;
- Slow implementation of macroeconomic reforms and improvement of the business climate; risk of counter-productivity of economies in the Union;
- Lack of a regional PPP regulatory framework is an obstacle to its implementation; lack of national institutional framework in certain countries of the Union;
- Lack of laws regulating land tenure in the rural areas;
- Systematization of the credit rating of businesses and institutions that issue bonds on the regional capital market will cause more businesses to use the market to raise capital and lead to a reduction in the Bank's guarantee activity.

Furthermore, a peculiar threat is the insecurity and socio-political instability that sometimes cripples member states of the Union.

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ABBREVIATIONS AND ACRONYMS

This second part outlines the Bank's strategy to deal with current challenges, having regard to the key development challenges facing member countries and the constraints of BOAD. It is based on this that the Bank has outlined its long-term vision as well as the strategic areas of intervention and directions for the next five years.

I. VISION

The WAEMU member countries now express their development prospects in terms of economic emergence. A review of their medium to long-term plans and strategies highlights various emerging targets: 2020 for Côte d'Ivoire, 2025 for Benin, Burkina Faso and Mali, 2030 for Togo, 2035 for Senegal and Niger; Guinea-Bissau's vision could be announced soon.

Economic growth, which has become the medium and long-term vision of member states, will require economic transformation through the adoption of policies that promote infrastructure development and investments, encourage entrepreneurship and growth of the private sector.

This transformation must also be driven by a diversification of sources of growth, the creation of added value within a context of strong, inclusive and sustainable growth.

The quest for strong and sustainable growth is further reflected in national development plans and strategies as well as community programmes such as PER, IRED, PCD, Programme for food security and sustainable agricultural development, or many other programmes.

These programmes will help deepen regional integration which appears to be one of the key components to boost growth and sustainable development through (i) increased intra-regional trade, (ii) facilitation of the movement of people and goods, (iii) creation of a larger market, which is a source of economies of scale, and (iv) improving the competitiveness of economies.

BOAD, the financial arm of the Union and its member states, must epitomise their ambitions.

Thus, the Bank's vision is formulated as follows:

"BOAD: a solid development bank for economic integration and transformation in West Africa".

Such a vision is an ample illustration of the Bank's mission, given the current economic situation in the sub-region.

The Bank will support the implementation of priority action plans of member states, as well as regional development programmes aimed at pushing for a more qualitative structural transformation of economies.

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Considering the limited prospects for resource mobilization, and after a scaling up between 2009 and 2013, marked by an average annual increase of 39.5% for medium to long-term loans, the institution expects to stabilize the changing trend in its financing operations over the next few years.

The 2015-2019 Strategic Plan will focus on consolidating the gains made in terms of lending volumes, and improve the supply of services to businesses as well as member states. Finally, given the constraints facing the Bank, it will need to be highly innovative in order to address current and future challenges.

Overall, the strategic plan will be guided by the following principles:

- A consolidation of outstanding loans;
- Support for the economic transformation of member states;
- Increased selectivity of funding operations;
- Strengthening the Bank's role as catalyst for development.
- Innovation and development of capacities.

II. AREAS OF INTERVENTION AND STRATEGIC DIRECTIONS FOR THE NEXT FIVE YEARS

In accordance with the Bank's mission and vision, and given the main economic challenges facing WAEMU countries, areas of intervention under the 2015-2019 Strategic Plan are as follows:

Strategic area 1: Acceleration of regional integration through sustained infrastructure financing

Strategic area 2: Support for inclusive growth, food security and sustainable development

Strategic area 3: Support for businesses and states in the development of financial engineering and services

Strategic area 4: Deepening the resource mobilization process The Bank will focus attention on the following areas:

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- Regional and national projects of common interest, which will facilitate the economic integration of member states of the Union;
- Environment and green growth for sustainable development.
- Agriculture, industry and services to enhance food security and promote value chains as bases for economic transformation in several countries in the Union;

2.1. STRATEGIC AREA 1 : ACCELERATION OF REGIONAL INTEGRATION THROUGH SUSTAINED INFRASTRUCTURE FINANCING

The two key components of the strategic area consist of:

- Prioritizing regional projects and programmes;
- Supporting regional growth poles.

The Bank expects to increase its funding for infrastructure projects to 50% of its medium and long-term commitments in the next five years, as against an average of 31% over the last five years and 37.4% cumulatively since the commencement of activities.

2.1.1. PRIORITIZING REGIONAL PROJECTS AND PROGRAMMES

Due to resource constraints and the significant need for investment in infrastructure, the Bank will focus attention on financing key integration-oriented infrastructure projects in various regional programmes underway: PER II, IRED, WAPP, PCD, etc.

In this connection, it will support regional transport, energy and telecommunication infrastructure projects.

In the area of transport infrastructure, the Bank will support the development and interconnection of roads, railways, sea and airport facilities.

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- Under the development and interconnection of road networks, the Bank will support efforts at addressing the shortcomings of the Regional Motorway Project and the rehabilitation of the priority road corridors.
- Under the development and interconnection of rail networks, recent studies have shown that the sub-sector is facing challenges in the form of (i) isolation of the railway lines and lack of interconnection, (ii) lack of rail interoperability⁽¹²⁾, (iii) obsolete condition of the network and equipment, as well as (iv) inadequate funding.

However, the development of efficient and interconnected rail corridors would increase the flow of traffic in the countries it crosses, without intermodal transfers. It will also lead to the expansion and integration of markets, open up access to areas that have a huge mining, agricultural and industrial potential, and make exports more competitive.

In order for rail networks to play an effective role in the economic development of the sub-region and facilitate the integration process, the Bank will support the rehabilitation and upgrading of the railway infrastructure. It will also support the interconnection and interoperability of rail networks, as well as the development of a rail industry by funding projects under the rail transport development adopted by the WAEMU Council of Ministers on 27 March 2014. In this regard, the Bank will support the implementation of the 2728 km long "rail loop".

(12) Railway interoperability refers to the ability of trains to move unhindered across different rail networks, especially rail networks in different countries.

- As part of the development of the network of seaports and airports, the Bank will continue to focus attention on strengthening sea and airport infrastructure of member states in order to make them real logistics platforms and enhance the quality of services.

In terms of energy infrastructure, and to support the Energy Development Fund, priority will be given to the development of power generation poles with a regional focus as well as interconnection of electric power grids. In this context, private power generation will be supported, particularly those based on renewable energies (solar, hydro, etc).

With regards to telecommunications infrastructure, the Bank will support the development of regional integrated information technology infrastructure networks and broadband communications, which should make them more reliable and cheaper. It will also support regional scale mobile telephony projects. In addition, the Bank will contribute to the financing of investments in digital radio and television migration within WAEMU, so that member states can meet the international deadline set for 17 June 2015.

2.1.2. SUPPORTING REGIONAL GROWTH POLES

The promotion of growth poles is a process of helping develop potential and natural resources by drawing on the synergy and positive external effects from particular spatial proximity of a number of activities, businesses, universities, and centres for research and excellence. These poles will help streamline the production mechanism.

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During the 2015-2019 period, the Bank plans to help finance integrated industrial and agricultural poles in order to attract investors, improve and diversify production as well as exports.

The Bank will also continue to support the development of large irrigation schemes such as those of the Niger and Ouémé rivers, to ensure sustainable food and nutritional security. As such, it will support initiatives under the auspices of the Office du Niger, the Liptako-Gourma integrated development authority (ALG), the Senegal River basin development authority (OMVS), etc.

Particular attention will also be given to the coffee/cocoa sector, which is an important sector for some countries in the Union, in order to boost their exports. Similarly, the Bank will continue to support the implementation of WAEMU's cotton and textile strategy.

By pursuing these objectives, the Bank will seek to strengthen the synergy of actions with community institutions (WAEMU Commission, EBID, ECOWAS Commission) and with regional intergovernmental organizations (IGOs) such as WAPP, CILSS and ALG.

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2.2. STRATEGIC AREA 2

SUPPORT FOR INCLUSIVE GROWTH, FOOD SECURITY AND SUSTAINABLE DEVELOPMENT

The Bank has always given priority to the fight against poverty in its operational strategies. According to WAEMU statistics, about 49.4% of the population are poor with most of them living in the rural areas.

The Bank's action will be in line with the coordinated regional strategies and programmes, including those outlined in the report entitled: "Situation of agriculture in the Union and prospects for attainment of food security and sustainable agricultural development", adopted in June 2012 by the Conference of Heads of State and Government.

Orientations under the second area are as follows:

- Supporting food security and agricultural resilience.
- Strengthening financial inclusion.
- Strengthening basic infrastructure financing.
- Supporting agribusiness development.
- Deepening environmental governance and developing green growth project financing.

A key objective will consist of devoting at least 50% of uncommitted concessional resources to rural development and food security. In addition, the Bank will initiate growth-generating actions and projects on climate and environment.

2.2.1. SUPPORTING FOOD SECURITY AND AGRICULTURAL RESILIENCE

The Bank will give priority to water management projects, access to inputs and equipment, increased added value to production, particularly food and sylvo-pastoral production as well as value chain promotion. Sustainable land management, extension services and organization of farmers, promotion of rural entrepreneurship and securing farmers' incomes will also be part of the selection criteria.

These interventions will aim at sustainably improving food security for rural and urban households, by supporting agricultural sector policies, regarding food and non-food production, and by integrating sustainable development issues. These policies should result in a socially and ecologically sustainable growth over time.

Special attention will be paid to family farms which produce between 70% and 80% of the food in developing countries and are therefore important tools in the quest for food security, promotion of employment in rural areas, and environmental resilience.

As part of diversified and resilient farming systems, based on the best practices in terms of certifications and agro-ecology, the Bank's interventions will also target businesses whose activities are environmentally friendly.

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Agricultural credit will be developed to facilitate the financing of inputs and agricultural equipment.

Furthermore, to protect farmers against climate hazards and price volatility, the Bank will promote a crop insurance scheme in its member states. In this regard, funding will be provided firstly to intensify agricultural insurance activities in countries with agricultural insurance companies and, secondly, to initiate activities that promote this type of insurance in order to create dedicated insurance companies in other countries.

2.2.2. STRENGTHENING FINANCIAL INCLUSION

Priority will be given to agricultural credit in order to promote diversification of income sources of vulnerable populations and increase their purchasing power through the financing of income generating activities under the implementation of integrated development programmes

More generally, the Bank will promote access of vulnerable populations to financing, by scaling up its support to the decentralized financial services (SFD) as well as national institutions responsible for inclusive finance, such as the national microfinance fund (NMF) and promote youth employment. This approach is made possible by the fact that the decentralized financial service sector is better structured and regulated.

2.2.3. STRENGTHENING BASIC INFRASTRUCTURE FINANCING

Basic infrastructure is essential for attaining inclusive growth. They accounted for a substantial part of BOAD's portfolio.

Over the next five years, the Bank will continue to focus on (i) rural development, (ii) environment, (iii) safe drinking water supply and sanitation, as well as (iv) electrification.

Infrastructure in the area of rural development and environment include irrigation schemes, storage, processing and marketing facilities, water and soil conservation, as well as agroforestry, infrastructure to improve access (feeder roads and tracks, transhumance corridors).

Interventions in the water and sanitation sector will include:

- Development of potable water supply facilities and sanitation in urban and rural areas, including waste water treatment plants and solid waste management;
- Financing of private investment in the water and sanitation sectors: companies engaged in the manufacture and/or installation of water supply or domestic sewage and industrial waste purification equipment as well as developers of innovative liquid and solid waste purification systems.

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Electricity supply. The supply of electricity to rural populations and/or remote areas by strengthening production and distribution networks will be at the heart of the Bank's strategy. Attention will also be given to rural electrification by promoting the use of renewable energy sources, especially solar energy, among others.

2.2.4. SUPPORTING AGRIBUSINESS DEVELOPMENT

The private sector, especially the agricultural sector, is expected to play a major role in the economies of the member states. The sector therefore needs to be supported as a vehicle for wealth creation for the people, and also for its contribution to food security.

BOAD's interventions in the private agricultural sector (loans and equity participations) accounted for 10% of commitments in rural development and food security during the 2009-2013 period.

During the next five years, the Bank will place special attention to private initiatives within the context of projects aimed at developing irrigated agriculture and related agricultural services (inputs, processing, marketing, credit, etc.). The institution will promote the creation of agricultural input production plants as well as the development of high potential agricultural value chain.

Also, in order to enhance the impact of its interventions, the Bank will, as the case may be, help raise the capital of primary banks specialized in agriculture so that they can meet the financing needs of agricultural businesses.

**2.2.5. DEEPENING ENVIRONMENTAL GOVERNANCE
AND DEVELOPING GREEN GROWTH PROJECT
FINANCING**

Motivated by the progress made as well as the results recorded in the area of environmental promotion and past international agreements, the Bank plans to deepen environmental governance and develop environmental actions and projects. It will specifically seek the attainment of the following objectives.

a. Consolidating the Bank's role in the sub-region as leader in environmental issues.

The Bank has earned itself the reputation as leader in West Africa, when it comes to international environmental governance through its various achievements in recent years.

This positioning inspires a lot of hope and expectation from WAEMU member states. The challenge will therefore be to live up to such expectation by playing the expected catalyst role in forging strong cooperation with countries of the Union on some major environmental issues.

In this context, the Bank is urged to promote low carbon, energy-efficient and ecologically sustainable economic and social development models. It must be therefore focus on sustainable land management, as well as joint management of shared natural resources, within the spirit of sub-regional integration. The Bank will also seek complementarity and coherence of its climate and environmental governance actions with various stakeholders so as to achieve profound and lasting changes.

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Furthermore, the Bank will strengthen the capacity of businesses, as well as the commercial private and public sectors in environmental governance through support for the implementation of their corporate social responsibility (CSR) programs.

b. Promoting the financing of investment projects in the area of environment and climate

The Bank will develop a portfolio of projects in key sectors of the environment and climate. Green growth opportunities in certain sectors of the economy in Africa will also be tapped into. To this end, the Bank will rely on financial mechanisms designed for the environment, for which it is mandated to be the implementing entity. Subsidies as well as concessional funds can also be mobilized.

The Bank will scale up its green growth sector interventions such as:

- production, distribution and use of energy (renewable energy, plant efficiency, fuel switching, etc.),
- agro-ecology, iii) fight against forest degradation and deforestation,
- improvement and development of carbon sinks through afforestation/ reforestation and land allocation/use,
- waste management,
- transportation,
- housing.

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2.3. STRATEGIC AREA 3

SUPPORT FOR BUSINESSES AND STATES IN DEVELOPING FINANCIAL ENGINEERING AND SERVICES

As part of this strategic area, the Bank will strengthen and diversify its range of financing products and services by asserting itself as a major partner for both private and public sectors. The institution has thus set out the following orientations:

- Promoting Public Private Partnership (PPP).
- Supporting the development of industries and emergence of regional scale businesses.
- Strengthening non-traditional services and products to the public and private sectors.
- Scaling up support to SMEs/SMIs and supporting the development of the financial sector.

These orientations will help the Bank to be more involved in the process of transforming the economies of member states while consolidating its financial viability. To this end, the following specific objectives should be achieved:

- Devoting about 40% of funding for the period to the commercial sector;
- Increasing by half the share of products and services in its operating income.

The development of services and scaling up of commercial loans should enable the Bank to make more income to increase its equity, part of which is used as funding for member states.

2.3.1. PROMOTING PUBLIC PRIVATE PARTNERSHIP (PPP)

Public private partnerships involve a wide range of economic and social infrastructure projects and are particularly beneficial to both governments and the private sector.

Private investment in the WAEMU region is gradually increasing in several sectors (energy, water and sanitation, telecommunications, transport infrastructure) which traditionally received their funding from central government.

Thus, about US\$2 billion of private investments were made between 2009 and 2013. This trend is expected to continue in the coming years, given the steadily growing demand for infrastructure. Governments alone cannot satisfy this expectation at the expected rate without involving the private sector in the design, financing, implementation or operation of infrastructure. This view is confirmed in the economic strategies adopted by countries in the region that initiated PPP development.

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The Bank recently created a PPP Development Unit in response to the growing interest in PPPs. The objective for this unit is to promote planned activities as a consulting firm, provided that other units of the Bank will support PPP operations through the more traditional approaches of consultancy, financing and co-financing arrangement. In this regard, the Bank will be proactive from the prior assessment phases.

BOAD's PPP Development Unit will be required to protect the interests of member states in this area and support them in the preparation, negotiation and monitoring of PPP projects. Steps will be taken to further strengthen their capacities.

Alternatively, with the gradual divestiture of governments from strategic sectors such as energy, water, telecommunications, and with the award of infrastructure projects, the Bank will work towards supporting the local private sector to be able to take over. Thus, within the framework of its PPP approach, the Bank will also help build capacities for the local private sector, particularly through advisory services (be they technical, legal and financial) for tenders and project management.

BOAD will support the development of legislations relating to PPPs at community level.

2.3.2. SUPPORTING THE DEVELOPMENT OF INDUSTRIES AND THE EMERGENCE OF REGIONAL SCALE BUSINESSES

A transformation of the Union's economies will require increased development of agricultural and mineral resources, which are a source of added value and sustainable jobs. As such, the Bank will support the promotion of value chains in agribusiness, manufacturing and mining. Its interventions will include improved productive capacity of existing units and the creation of new local resource processing industries and services.

The mining sector, characterized by a near absence of local processing units and which accounts for a large percentage of export earnings of the Union, is faced with an acute processing challenge. The Bank will work together with member states and community institutions to develop this sector.

The Bank will also strengthen its interventions in the commercial sector by supporting the development of companies and technically and financially viable groups engaged in areas such as construction, energy, industry, transportation, hospitality, etc. In this regard, it will help such businesses to avail of opportunities that come with the expansion of a common market in order to accelerate growth of regional businesses and increase economies of scale.

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As part of its commitment towards improving support for investment projects, the Bank will examine the possibility of prefinancing studies to be conducted by public or private companies, especially regarding integration-prone projects. To this end, it will work towards strengthening its fund for research finance. It will also review the modalities of intervention in the private sector and more generally the commercial sector.

In the area of equity participations, the Bank will work more closely with specialized institutions. It will consider further compensation for its shares, especially those it holds in industrial companies. In certain cases, it will combine capital financing with funding in the form of loan.

**2.3.3. IMPROVING NON-TRADITIONAL
PRODUCTS AND SERVICES TO THE PRIVATE
AND PUBLIC SECTORS**

Apart from the aforementioned support, and in order to have greater impact on the economies of member states, the Bank is aiming at:

- Developing special services meant for States and local communities,
- Becoming a vital partner in structuring financing arrangement operations,
- Developing non-traditional funding.

a. Developing special services for member states and local communities

Given the difficulties that member states and their local authorities face in managing certain infrastructure projects, the Bank will work to assist in the installation, implementation and governance of these projects. This will be done through actions including institutional capacity building for key stakeholders of the sectors involved.

The Bank will also support the protection and maintenance of infrastructure, including roads.

Besides, the Bank plans to support institutional reforms aimed at strengthening the ongoing decentralization process in the member countries. Depending on the progress made in this process, some local authorities may be given a mandate and a resource base to make collective investments.

Local authorities with a legal capacity and debt capacity will resort more to additional sources of funding. In this regard, the Bank may, through targeted interventions, play an advisory role and funding pilot projects and ultimately build an appropriate strategy for capacity building, transaction structuring and financing of local communities' projects.

b. Becoming a vital partner in transaction structuring and fund mobilization

The Bank intends to substantially strengthen its financial services, particularly in the form of transaction structuring and financing arrangements for member states, as well as public and private companies.

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It will provide the necessary funding for this purpose and strengthen its service offer to clients by proposing a service package ranging from origination to structuring and then syndication of loans. It will alternatively strengthen financial advisory services.

c. Developing non-traditional products

Apart from short-term financing which started in 2010, the granting of "sovereign loans at market conditions" which was launched in 2012 and the expected development of climate finance (CDM) projects, the Bank intends to develop new products in the coming years. Just as transaction structuring and financing arrangements, the development of these products is expected to complement efforts by member states to meet their funding needs while providing the Bank with additional income.

Thus, discussions will be held with a view to promoting new products such as:

- Islamic Finance: this will involve studying the desirability and feasibility of making BOAD support a big part of IDB activity in member states. A study on the possibility of opening an «Islamic Finance» Window would be conducted in collaboration with BCEAO which has initiated discussions on aspects of the regulatory framework;
- Short-term refinancing facilities to commercial banks: the possibility of promoting refinancing framework agreements for short maturity operations in the agricultural sector, particularly cooperatives, farmers' groups, producers).

Moreover, along with the consolidation of its short-term financing of the industrial and agricultural sectors, the Bank will expand its range of short-term facilities by:

- Prefinancing public procurement or other short-term operations promoted by member states in the form of prefinancing of national investment budgets;
- Allocation of cash advances, particularly to help expedite the granting of bridge loans (a common practice during the crop year) for member states or large companies with excellent balance sheets, pending funding approval decisions;
- Deepening the possibility of implementation of the downstream product line.

2.3.4. SCALING UP SUPPORT TO SMES/SMIS AND SUPPORTING THE DEVELOPMENT OF THE FINANCIAL SECTOR**a. Support to SMEs/SMIs**

The Bank will support SMEs/SMIs by providing refinancing facilities for NFIs, and equity participations in venture capital funds or banks. As indicated by the Bank's recent interventions in investment funds, capital investment will help address the needs of SMEs/SMIs in terms of strengthening their capital base and management support.

Apart from the indirect financing of SMEs/SMIs, and taking into account the interventions carried out in the member countries, particularly through the WAEMU Commission, reflections will be deepened in order to identify the assistance that BOAD could provide them, especially in the area of (i) managerial support,

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(ii) upgrading or (iii) advice in the preparation of their investment plans. Relevant modalities will be defined and the appropriate resources identified.

Special assistance will also be offered to exporting SMEs in conjunction with BCEAO.

b. Supporting the development of the financial sector

In response to the need to strengthen and modernize the financial sector of the Union, which is struggling to deal with the challenges that come with a growing

demand for financial services and comply with regulatory requirements, BOAD will continue its efforts to set up an investment fund dedicated to the development of financial services, after the relevant feasibility study has been conducted.

The set objective is to scale up the contribution of BOAD to the efforts of banking institutions regarding new minimum regulatory capital requirements and the need to support the modernization of the financial sector to meet the growing demand for specialized financial services for businesses and households.

2.4. STRATEGIC AREA 4 DEEPENING THE RESOURCE MOBILIZATION PROCESS

One key challenge BOAD will have to address in the next five years is the mobilization of substantial amounts of appropriate resources to meet the financing needs inherent to the attainment of the objectives of this strategic plan, and cover the financing gaps caused by the activities conducted in the 2009-2013 period.

The strategic objectives for resource mobilization will include the following.

- Strengthening the Bank's debt capacity.
- Strengthening the Bank's presence in the regional capital market.

- Obtaining a rating and accessing the international capital market.
- Exploring alternative means of refinancing.
- Developing a targeted concessional resource mobilisation approach.
- Enhancing the leverage effect of financing from the Bank.

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2.4.1. STRENGTHENING THE BANK'S DEBT CAPACITY

BOAD's financial model as presented in Section 4.1.2 in Part I, addresses the current constraints of the Bank in terms of leveraging ratios and its capacity to provide new funding.

Given its age and in view of international standards, the institution's debt regulatory framework will have to be updated in order to strengthen the Bank's debt capacity. Other basic measures for debt reinforcement will be recommended.

2.4.2. STRENGTHENING THE PRESENCE OF THE BANK IN THE REGIONAL CAPITAL MARKET

For over fifteen years, the regional capital market has been a vital source of resource mobilization for the Bank to finance its activities. At the end of 2013, domestic market resources, free of exchange risk, accounted for 48% of total outstanding debt.

In the next five years, the Bank will work to strengthen its presence and consolidate its position as the largest non-sovereign issuer in the regional capital market. This exercise will lead to a greater frequency of debt securities floatation, a wider range of maturities during operations, including an extension of certain maturity periods.

In order to broaden the base of security underwriters, the Bank will make changes in the proposed financial products.

2.4.3. OBTAINING A RATING AND ACCESSING THE INTERNATIONAL CAPITAL MARKET

The increase in resource requirements due to the Bank's current annual commitment levels, as well as the risk of saturation of securities in the regional capital market, BOAD is advocating reliance on resources from the international capital market as a supplementary measure.

Given that it will need to obtain an international credit rating before it can access such resources under secure and sustainable conditions, the Bank will focus attention on the procedures necessary for its rating.

Moreover, with new regulations being introduced in the regional capital market of the Union, non-sovereign issuers will be more compelled to meet rating requirements.

Furthermore, a satisfactory rating should enhance the credibility of the Bank and facilitate business relations with external partners for the mobilization of credit facilities.

Finally, in an attempt to broaden the shareholding to other non-regional shareholders, a rating would be a sign of good governance.

2.4.4. EXPLORING ALTERNATIVE MEANS OF REFINANCING

The Bank will work to diversify its refinancing options in order to diversify its refinancing model.

A practical option will consist of adopting a securitization policy for part of the portfolio of receivables on

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the balance sheet in accordance with discussions held for several years and which were aimed at using this technique as an additional means to mobilize resources in the regional capital market. The Bank will update the operational feasibility study to deepen the conditions, potential benefits and risks.

The Bank will also draw on various technical innovations that have proved useful in the world of finance. It will therefore focus on products such as those listed below:

- Infrastructure bonds (project bonds): the floatation of this category of securities may be specially formulated for PPPs ;
- Use of private foundations;
- Provision of a new class of shares eligible to receive dividends;
- Diaspora bonds so as to put more savings from the diaspora for the development of the member countries;
- Sukuk bonds or Islamic Finance bonds.

**2.4.5. DEVELOPING A TARGETED CONCESSIONAL
RESOURCE MOBILIZATION APPROACH**

Considering the acute social needs of various countries of the Union, coupled with the strong desire for growth as evidenced in national growth and sustainable development strategy papers, BOAD expects to maintain a minimum level of appropriate financing for activities in the non-commercial public sector.

In the past, such funding was made possible mainly through concessional resources mobilized from development partners and helped in achieving remarkable results and impacts on populations and economies of the member countries.

Given the low prospect of mobilizing resources such as concessional loans to finance the Development and Cohesion Fund (FDC) activities, it will be necessary for the Bank to develop internal concessional resource mobilization initiatives.

To this end, and as approved by the Council of Ministers at its meeting held on 19 December 2013 in Bamako, discussions have been held in collaboration with BCEAO and the WAEMU Commission in order to deal with the resource constraints of the Bank. Some of the areas to be examined include:

- Periodic floatation of special bonds⁽¹³⁾ in the regional market to finance priority programmes;
- Increased allocation of existing community resources to the Bank;
- Introduction of specific fiscal or quasi-fiscal levies for the Bank.

Resources obtained as community allocations and special tax or quasi-tax levies, as part of efforts to strengthen development taxation, could be used to finance special funds that will help in blending resources or providing interest subsidies for targeted sectors. These special funds would also be supplemented with possible allocations from external partners or other types of resources.

(13) A l'instar des bons admissibles en représentation des réserves obligatoires de la BOAD auprès de la BCEAO avec plafonnement des taux à 2%

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In any case, the Bank will continue its efforts at mobilizing concessional resources for programmes and projects in key sectors such as food security, regional integration and environment.

Furthermore, discussions will be held in a bid to setting up a community concessional fund in the form of financial vehicle with its own legal capacity. The current situation where BOAD operates as a unitary structure, combining the development finance (FDC Window) and commercial loan (Bank Window) activities will have to evolve, going forward. To enhance the visibility of the FDC and mobilize more concessional resources, it will be appropriate to consider its transformation by creating a new fund, modelled along the type of the World Bank's International Development Association (IDA) or AfDB's African Development Fund (ADF).

**2.4.6. IMPROVING THE LEVERAGE EFFECT OF
 FUNDING FROM THE BANK**

The high costs of energy, road, rail, port, airport or telecommunication infrastructure projects pose a major challenge to the mobilization of financing resources. In this regard, the Bank will intensify its partnership efforts, both with international financial institutions and other stakeholders, to promote the co-financing of such projects.

As such, a significant improvement of the equity multiplier will be sought given their relatively low levels seen in recent years (1.5 in 2013). In this regard, the traditionally used average of 3 for the leverage effect of financing from the Bank will be maintained during the 2015-2019 period, pending any future improvements. Financing arrangement activities should help attain these goals.

Meanwhile, the existence of co-sponsors in the project financing scheme will be taken into account when assessing project proposals.

During its interventions, and as often as possible, the Bank will strive to play the role of lead financier of major projects in the Union.

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III. ALIGNING MANAGEMENT AND GOVERNANCE

While taking stock of the last five years and considering the targets set for the next five years, the Bank has decided to strengthen its management and governance processes to further improve its efficiency and align them with its new strategic directions while adopting practices that comply with international standards.

These measures will include:

- Strengthening the legal certainty of the operations.
- Improving financial and risk management processes.
- Developing the monitoring-evaluation of operations, sectoral studies and knowledge management.
- Aligning marketing and communication action with the strategy.

- Optimizing personnel output.
- Strengthening asset management and safety of goods and people.
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3.1. STRENGTHENING THE LEGAL CERTAINTY OF OPERATIONS

Increased support of the Bank to the commercial sector exposes it to more risks, and it is therefore necessary to find ways of addressing such risks. To this end, the Bank will strengthen the legal certainty of its operations, by (i) ensuring adequate coverage and better monitoring and evaluation of collaterals taken, and (ii)

strengthening debt collection actions; as such, appropriate recovery procedures covering stages of amicable, pre-litigation and litigation settlements, will be updated and implemented.

3.2. IMPROVING FINANCIAL AND RISK MANAGEMENT

With regard to financial and risk management, special attention will be paid to the following aspects:

- Improved profitability: in spite of the expected stabilization of its medium to long-term loans, the Bank is targeting a profitability of 4% of its equity as against 3.3% as at the end of 2013.
- Improved management of counterparty risk through (i) greater selectivity of commercial sector operations, with systematizing the second opinion process, and (ii) close monitoring of the portfolio.

The aim is to limit to 10% the gross rate of degradation of the commercial sector portfolio (commercial private and public sectors).

Furthermore, discussions will be held on the Bank's capital adequacy policy in relation to its commitments, including procedures on how to integrate country risks.

- Strengthening market risk control, with a review of the exchange risk hedging policy, in particular, and action plans for its implementation.
- Finalizing the actual implementation of the operational risk mapping, which will help understand upstream risks related to the increase in the Bank's activities and to develop suitable mitigation plans.
- Reviewing the tariff system to assess current practices and recommend innovative technical solutions that better reflect the Bank's realities. The objective is to (i) establish a tariff system that offer flexible and competitive tariffs to meet the expectations of counterparties and (ii) provide the Bank with a financial guidance

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in its balance sheet (financial equilibrium, control of margins and profitability).

- Optimizing cash management for better profitability, including a review of the liquidity policy, a more reliable forecast of disbursements and the search for short-term investment opportunities for idle cash. The possibility of a partial investment delegation system will be considered in order to establish a more active cash management.

An emergency refinancing plan will also be put in place.

- Operationalizing cost accounting and fine-tuning the modernization of general accounting procedures.
- Increasing the competitiveness of financing conditions by reducing the cost of mobilized resources and increasing control of operating expenses.

In addition, "financial management" functions will be expanded based on their compatibility.

3.3. DEVELOPING MONITORING-EVALUATION OF OPERATIONS, SECTORAL STUDIES AND KNOWLEDGE MANAGEMENT

The Bank will strengthen the support functions needed for the conduct of its activities and operations, particularly sectoral studies, monitoring and evaluation of funded projects and knowledge management. The objectives for the 2015-2019 period are summarized below.

3.3.1. STUDIES

For increased awareness of the potential of certain sectors and a better understanding of funding opportunities for the Bank, a targeted programme will be implemented to cover strategic sectors such as agricultural inputs, agribusiness, modernization of port infrastructure, etc.

Furthermore, a study will be conducted to define the conditions of implementation of country support strategies in order to: (i) better plan the Bank's interventions in each country; (ii) encourage and strengthen co-financing; (iii) ensure greater impact of funds granted, and (iv) facilitate portfolio monitoring.

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3.3.2. MONITORING-EVALUATION OF PROJECTS

The Bank will need to improve on how it measures the development outcomes of its operations. The main objectives for the five-year period include:

- Operationalizing monitoring and evaluation by integrating various stages of the project cycle, particularly through the establishment of benchmarks that will be regularly referred to.
- Strengthening the quality and quantity of historical performance appraisals by progressively aligning them with international standards. At least 25% of projects completed in the last twenty years, both in commercial and non-commercial sectors, will undergo performance evaluations.
- Conducting socio-economic impact assessments of projects to provide some objective criteria for assessing the Bank's real impact on the development of member states. At least 2% of projects completed more than 5 years ago will be assessed.
- Conducting thematic evaluations to provide the Bank with in-depth analysis of specific development challenges. At least one (1) thematic evaluation will be conducted every two years.
- Strengthening the capitalization and sharing of experiences from evaluations carried out in order to improve the design and implementation of projects and programmes.

3.3.3. KNOWLEDGE MANAGEMENT

In its quest to become a leading institution in terms of knowledge and expertise in development finance in the WAEMU region, BOAD will pay greater attention to knowledge management in order to sustain the effectiveness of its interventions.

In the coming years, the Bank will consolidate actions initiated as part of its knowledge management strategy. Specifically, the priorities for action will be to:

- Support research, production and promotion of knowledge through partnerships with institutions, universities and specialized research centres;
- Capture and capitalize on new knowledge, including critical and strategic data to enhance the performance of the institution.

The Bank will also share knowledge and lessons drawn from its operations with partners and other economic players in the sub-region.

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3.4. ALIGNING THE MARKETING AND COMMUNICATION ACTION WITH THE STRATEGY

In order to play a vital role in the attainment of objectives of the strategic plan for the next five years, the objectives set for marketing and communication will mainly consist of:

- Increasing visibility and improving the corporate image of the Bank;
- Enhancing the effectiveness of the marketing action.

3.4.1. INCREASING VISIBILITY AND IMPROVING CORPORATE IMAGE

The key areas of improvement will include increased visibility of the Bank by strengthening communication with both customers and prospects for “financing and advisory» activities, as well as with external donors and financial investors in its “resource mobilisation” activity.

The Bank will in this regard improve availability of information on its products, services and procedures as well as achievements and impact of funded projects.

3.4.2. ENHANCING THE EFFECTIVENESS OF THE MARKETING ACTION

The effectiveness of the marketing function will generally be enhanced. The Bank will seek an improvement in customer relations and conduct a review of its intervention strategy in the private and commercial public sector. It will also ensure that service conditions remain attractive and develop a business, economic and informational intelligence that will enable it to create and avail of key investment opportunities.

In order to maximize the effectiveness of these actions, the Bank will establish a synergy promoting mechanism, particularly in the area of “Prospecting” between the finance and marketing units. The Bank will also continue with reforming its Resident Missions in order to enhance their proximity with customers and partners.

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3.5. OPTIMIZING STAFF PERFORMANCE

Key aspects for optimizing staff performance will include:

- Reinforcing staff performance culture and motivation;
- Consolidating the forward planning of human capital;
- Enhancing the skills and provide staff for new activities of the Bank.

3.5.1. REINFORCING STAFF PERFORMANCE CULTURE AND MOTIVATION

The objective is to reinforce the performance culture based on simple and clear principles for all staff.

To this end, there will be a consolidation of the performance management system which will be a vital tool for dialogue, identifying needs and capacity building.

3.5.2. CONSOLIDATING HUMAN CAPITAL MANAGEMENT

Consolidating the forward planning of human capital will allow for better synergy between skills and needs of the Bank. This will involve the development and implementation of the second phase of the jobs and skills management planning (GPEC).

Moreover, there will be a judicious allocation of staff by category to allow for a systematic and well programmed retirement plan.

3.5.3. ENHANCING SKILLS AND PROVIDING PERSONNEL FOR THE NEW ACTIVITIES OF THE BANK

The implementation of the Strategic Plan will require redeployment of staff and sometimes recruitment of specialized skills. Indeed, the continued diversification of activities, with a focus on developing structured and innovative financing, as well as creation of new products will require the provision of adequate staff for operations.

Meanwhile, there will be specific capacity building for operational units, particularly in environmental management.

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3.6. REINFORCING ASSET MANAGEMENT AND SAFETY OF GOODS AND PERSONS

The following priorities will be set in the area of asset management:

- At operational level: (i) establishing an energy efficiency plan based on an energy audit. The aim of the new five-year term includes obtaining HQE (High Quality Energy) certification; (ii) completing the computer-aided maintenance management system (CMMS) for better control of maintenance costs in light of the ageing of the Bank's building;
- At security level: a security plan will be formulated for the protection of property and persons and an integrated emergency plan to consolidate the overall security system of the Bank ;
- As regards real estate projects: the second phase of the headquarters building extension project will be launched during the five-year period.

3.7. MODERNIZING THE INFORMATION SYSTEM

As part of the 2015-2019 strategic plan, the Bank will carry on with the implementation of the IT blueprint which was launched under the previous plan and, secondly, move to an information system blueprint (application - information and processes) by incorporating the telecommunication dimension into it. The operational procedures will basically consist of:

- updating and implementing an information system security policy;
- operationalizing the Bank's backup site by setting up a user backup site in the WAEMU region, with the capability of supporting business activities;
- incorporating the telecommunication dimension into the Bank's information system with the aim of establishing an independent, modern and secure communication system which should make it possible for the resident missions to be integrated into the VSAT information system;
- implementing business intelligence which will allow Management to have a decision-making scorecard.
- Carrying out the automation of "non-business" activities by setting up support tools that use innovative technologies.

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3.8. CONSOLIDATING GOVERNANCE AND MONITORING SYSTEM

During the next five years, BOAD will establish an even stronger performance and result-oriented governance system.

In this regard, it will seek to attain the following objectives:

3.8.1. REASSERT THE BANK'S COMMITMENT TOWARDS GOOD CORPORATE GOVERNANCE

The Bank will continue to pay special attention to issues related to good corporate governance by implementing the code of ethics, combating fraud and corruption, money laundering and terrorist financing. It will also reaffirm the need for staff to remain committed to the values of the Bank, such as professionalism, discipline, loyalty, teamwork and integrity.

3.8.2. RAISING THE CONTROL PROCESSES TO INTERNATIONAL STANDARDS AND CONSOLIDATING INTERNAL GOVERNANCE

The organizational structure of the Bank may be reviewed to allow for greater fluidity and greater delegation of authority.

Moreover, apart from the annual audit conducted by the Audit Committee and the External Auditor, a management audit will be conducted by a reputable independent firm, whenever the need arises.

3.8.3. REINFORCING ORGANIZATIONAL GOVERNANCE

In this regard, actions will be carried out to promote a governance model that ensures closer collaboration with category B shareholders.

Also, the possibility of having independent directors on the Bank's Board will be explored.

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3.9. PREPARING A POSSIBLE ORGANIZATIONAL REFORM OF THE BANK

Discussions and preliminary arrangements will be made and deepened in view of a possible organizational reform of the Bank.

After the next cost accounting which will, among other things, result in a separation of the FDC accounts from those of the commercial window, discussions will be held to examine the feasibility of a legal separation

between the Bank and FDC activities. This could lead to a conversion of the FDC into a new fund with a mechanism for replenishment, modelled along the likes of AfDB's African Development Fund (ADF) or the World Bank's International Development Association (IDA).

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I. FINANCIAL FRAMEWORK

1.1. PRELIMINARY CONSIDERATIONS

The strategic directions outlined above helped identify the Bank's operational priorities for its intervention in member states and explore resource mobilization avenues in the 2015-2019 period.

The significant scaling-up of interventions during the 2009-2013 period resulted in an annual financing average of XOF346 billion for medium to long-term loans as against XOF90 billion over the 2004-2008 period.

The amount of funds allocated as part of implementation of the 2009-2013 Strategic Plan is proof of the Bank's commitment to scale up support to the development efforts of member countries, particularly during this period, which was marked by severe energy and food crises across the Union.

In view of the need to provide for undisbursed previous commitments mentioned in the financial model (see section 4.1.2, Part 1), and considering the limited opportunities for resource mobilization and compliance with debt ratio, activity levels over the five-year period will be contained in order to preserve the financial integrity of the Bank.

The Bank will continue to support countries in their development efforts, taking into close account the available resources. The programme of activities under the FDC window, in particular, will depend on the amount of community resources expected from the various institutions and countries of the Union, as well as external concessional resources that could be mobilized from certain development partners.

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Activities of the Energy Development Fund (EDF), currently run by BOAD, are not included in this financial framework since the Fund's business conditions are determined by its council of donors.

Commercial sector loans and "sovereign loans at market conditions" will be catered for with a borrowing programme in the regional and international financial markets as well as credit facilities to be mobilized from partners.

The scenario used is based on the current situation of scarce concessional resources, resulting in a substantial reduction in levels of activity.

The implementation of this programme will require the mobilization of resources to the tune of XOF1,256 billion, of which about XOF1,048 billion will be loan resources and XOF208 billion will be from concessional resource endowments. The latter will include XOF90 billion from community resources, while XOF118 billion will be from external sources. Without such funding, FDC activity would be further reduced.

Concessional resources obtained from the community are used to basically supplement the Bank's own resources which it uses to cover previous financing shortfalls of the FDC window. Some of these resources will be used as interest subsidy or blending of resources in order to lessen the financial burden in some areas.

TABLE 2
LEVELS OF ACTIVITY UNDER THE SCENARIO (XOF'bln)

	Total* 2009-2013	2014**	2015	2016	2017	2018	2019	Total 2015-2019
FDC activity	641	80	0	50	50	50	50	200
Sovereign loans at market conditions	292	100	100	100	100	100	100	500
Total MLT loans to States	933	180	100	150	150	150	150	700
Commercial private and public MLT loans	731	157.5	75	75	75	75	75	375
Total MLT loans	1,664	337.5	175	225	225	225	225	1075
Short-term loans		43	43	43	45	45	50	233
Equity participations	64.5	7.5	7.5	7.5	7.5	7.5	7.5	37.5

* Total of sovereign loans over two years (2012 and 2013).

** Estimates.

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Thus, an increase in new non-market loans will depend on the amount of concessional resources mobilized from partners. Given the low levels of expected concessional financing, requests by States as part of their plans for accelerated growth, will be further provided for by sovereign loans at market conditions”.

The orientations and priorities outlined in this strategic plan will guide the development of the financial outlook update (PFA) and the Bank’s annual budget- programming.

These tools for operationalising the strategic plan must reflect the state of mobilizable resources, particularly with regard to loans from the FDC window.

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II. IMPLEMENTATION RISKS

Les Major risks that may impede the attainment of the objectives of this strategic plan include (i) inadequate debt ratio, (ii) non-obtaining of the expected concessional resources, and (iii) poor credit rating for access to

resources at competitive rates from the global financial market. Another aspect to be considered is the liquidity risk and loss of profitability that would be caused by a shortfall in the said resources.

2.1. RISK OF INADEQUATE DEBT CAPACITY

An inadequate debt capacity will prevent the Bank from mobilising loan resources at the expected levels in order to finance planned activities during the five-year period or make disbursements on outstanding previous commitments.

Apart from a review of its debt ratio, any remarkable improvement will require specific measures of consolidating equity and/or capital.

2.2. RISK OF NON-OBTAINING OF INTERNAL CONCESSIONAL RESOURCES

Given the fact that opportunities for external concessional resource mobilization are very limited compared with the current demand, obtaining substantial concessional resources from the Union will be crucial for the financing of FDC activities.

Failing this, the Bank would be forced to withdraw from concessional financing.

It will also not be able to deal adequately with disbursements relating to previous outstanding non-commercial sector commitments.

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2.3. RISK OF POOR CREDIT RATING

The Bank has taken remarkable steps required for its access to the global financial market with the support of rating consulting firm.

Obtaining a poor credit rating could affect the Bank's chances of accessing funding from global financial market and raise the cost of the resources it may mobilized there. This would result in the risk of a non-competitive offer to the Bank.

2.4. LIQUIDITY RISKS AND LOSS OF PROFIT MARGINS

Inadequate resources could create a liquidity risk for the Bank. Similarly, in the absence of adequate concessional resources to cover disbursements of outstanding concessional loans, there will be the risk as to whether the market resources alone can cover

the disbursements, even if partly, and this could result in a loss of profit margins.

The incidence of socio-political and security crises could also hamper the implementation of the strategic plan.

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III. IMPLEMENTATION PHASES AND SCHEDULE

The implementation of the strategic plan will consist of three stages: the launching, deepening and transitional phases.

3.1. LAUNCHING PHASE

The following steps will be taken during the launching phase, which will be completed by the end of 2014:

- Information and mobilization of all staff for the attainment of the objectives of the strategic plan ;
- Operational deployment and implementation of monitoring tools;
- Review of the debt standards;
- Launching of BOAD rating process.

The collective and individual involvement of the Bank's staff in the implementation of the strategic plan is a guarantee for success. To this end, after approval of the plan by the governing bodies of the Bank, a general staff meeting, chaired by the President of BOAD will be held, to share the objectives and information on the activities to be carried out.

Operational deployment will involve the development of detailed action plans and setting up of monitoring tools (logical framework, tools for data collection, analysis and reporting).

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3.2. DEEPENING PHASE

The deepening of the process will extend till June 2015, where other essential preparatory steps to achieving the objectives will be taken. These will include

- Capacity building and targeted recruitment of staff;
- Aligning the marketing actions with the strategy;
- Taking decisive steps towards resource mobilization;
- Finalization of key procedures for the launch of new products.
- Aligning the organization, policies and procedures;

3.3. TRANSITIONAL PHASE

The transitional phase is the period in which the Bank will focus on the expected decisions on internal concessional resource mobilization and bond floatation in the global financial market.

This will be the period for full implementation of the strategic plan.

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IV. MECHANISM FOR CONTROL AND MONITORING-EVALUATION

Monitoring of the strategic plan implementation will be carried out by the department in charge of strategy, in conjunction with all departments of the Bank.

The monitoring logframe as well as the tools for collection, analysis and reporting combined with specific target-based scorecards will be set up.

Monitoring reports, with recommendations, will be submitted every half-year for review by Management of the Bank. The main monitoring results will be disseminated to staff.

The Board of Directors will be presented with an annual implementation report.

The strategic plan will undergo external evaluation at the end of the five-year period.

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A) Directions and objectives relating to the bank's operations

AREA 1 : ACCELERATING REGIONAL INTEGRATION THROUGH SUSTAINED INFRASTRUCTURE FINANCING

	STRATEGIC DIRECTIONS	OBJECTIVES
1	Prioritizing regional projects and programmes	Supporting the development and interconnection of road and rail networks; rehabilitating port and airport infrastructure; Supporting the development of energy and telecommunication infrastructure
2	Supporting regional growth poles	Financing integrated industrial and agricultural poles Supporting the development of large irrigation schemes

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AXE 2 : SUPPORT FOR INCLUSIVE GROWTH, FOOD SECURITY AND SUSTAINABLE DEVELOPMENT

	STRATEGIC DIRECTIONS	OBJECTIVES
1	Supporting food security and agricultural resilience	Providing funding for family farm projects as part of the value chain approach Promoting a crop insurance programme in the member countries of the Union
2	Strengthening financial inclusion	Intensifying rural credit to finance income generating activities Increasing support to decentralized financial services and national entities in charge of financial inclusion.
3	Scaling up financing for basic infrastructure	Areas of support: rural development and environment; water and sanitation; electricity
4	Supporting agribusiness development	Supporting the development of irrigated agriculture and the provision of sector-related services Providing funding for agricultural input production plants Investing in the capital of specialized agricultural banks
5	Deepening agricultural governance and developing funding for green growth projects	Strengthening BOAD's governance and leadership on environmental issues Promoting the financing of environmental projects

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AXE 3 : SUPPORTING BUSINESSES AND STATES IN THE DEVELOPMENT OF FINANCIAL ENGINEERING AND SERVICES

	STRATEGIC DIRECTIONS	OBJECTIVES
1	Promoting public private partnerships (PPP)	Supporting States as well as companies in PPP activities Supporting the emergence of local private sector that can replace States as they withdraw from strategic sectors
2	Supporting the development of industries and emergence of regional businesses	Supporting the development of regional-scale businesses and the promotion of value chains Prefinancing studies on regional scale commercial projects Better professionalism in the Bank's equity participations
3	Strengthening the provision of non-traditional products and services to the public and private sectors.	Developing specific assistance to States in the area of infrastructure projects. Developing advisory and financial services for local authorities Becoming a vital partner in transaction structuring and fund raising Developing new products
4	Scaling up support for SMEs/ SMIs and supporting financial sector development	Providing refinancing facilities and equity investments in venture capital funds or NFIs. Identifying ways of providing managerial support and advice to SMEs Promoting specific support to exporting SMEs. Promoting the creation of an investment fund for financial sector development

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AXE 4 : DEEPENING THE RESOURCE MOBILIZATION PROCESS

	STRATEGIC DIRECTIONS	OBJECTIVES
1	Strengthening the debt capacity of the Bank	Revisiting the Bank's debt ratio
2	Enhancing the Bank's presence in the regional capital market	Increasing frequency of bond issues and expanding the range of selected maturities Broadening the base of securities underwriters
3	Obtaining a rating and accessing the global financial market	Mobilizing resources from the global financial market
4	Exploring alternative modes of refinancing	Studying the possibilities of debt securitization and use of certain innovative fund-raising products
5	Developing a targeted concessional resource mobilization approach	Exploring resource mobilisation avenues in collaboration with BCEAO and WAEMU Creating a BOAD concessional fund of IDA or ADF-type
6	Improving the leverage effect of funding from the Bank	Promoting project co-financing Strengthening partnership with other financiers.

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B) Objectives of aligning management and governance

1	Reinforcing the legal certainty of operations	Better and adequate monitoring-evaluation for commitments taken Strengthening debt recovery actions
2	Improving financial and risk management	Strengthening the counterparty risk management mechanism Reinforcing control of market risks, particularly through the exchange risk hedging policy Optimizing cash flow management Re-examining the tariff system Operationalizing the cost accounting processes and separating the FDC accounts Deepening the job accounting function in the area of financial management Enhancing the competitiveness of financing conditions Enhancing the Bank's profitability
3	Developing monitoring-evaluation of operations, sectoral studies and knowledge management	Continuing sectoral conduct of prospective studies Studying the modalities and implementing country support strategies Operationalizing the monitoring-evaluation of projects Reinforcing ex-post evaluation Supporting research/production of knowledge and capitalize on new knowledge Making knowledge and lessons drawn available to partners and economic operators in the sub-region
4	Aligning the marketing and communication action with the strategy	Increasing the visibility and corporate image of the Bank Revisiting the intervention strategy for the commercial sector Promoting synergy, particularly in the area of "prospecting"

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5	Optimizing staff performance	Strengthening staff performance culture and motivation
		Consolidating human resource management
		Enhancing skills and providing staff for new activities
6	Reinforcing asset management and safety of goods and persons	Controlling the maintenance cost of the buildings and facilities
		Modernizing and reinforcing the security apparatus
		Launching the 2 nd phase of the headquarters building extension project
7	Modernizing the information system (IS)	Activating and implementing an IS security policy
		Integrating the telecommunication dimension into the information system
		Setting up a business intelligence
8	Strengthening the governance and monitoring system	Carrying out the automation of non-core activities
		Reasserting the Bank's commitment to good corporate governance
		Raising the control and auditing practices to international standards
		Consolidating internal governance
		Strengthening organizational governance
9	Preparing for possible organizational reform of the Bank	Working towards the inclusion of independent directors on the Board
		Separation of FDC accounts from those of the market window
		Meeting the requirements for the possible legal separation of the two activity windows (Bank and FDC)



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