



**ARAB BANK**  
FOR ECONOMIC  
DEVELOPMENT IN AFRICA



**Annual Report**  
**2019**



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2019





#BADEAbank



[www.badea.org](http://www.badea.org)

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**Photos included in this Report are examples of operations (projects and technical assistance) that BADEA financed or co-financed.**



## **BASIC INFORMATION**

### **Establishment**

- ▶ The Arab Bank for Economic Development in Africa (BADEA) was established pursuant to the Resolution of the 6<sup>th</sup> Arab Summit Conference held in Algiers on November 28, 1973 and commenced its operations in March 1975. Its headquarters based in Khartoum, capital of the Republic of Sudan. BADEA is an independent international financial institution owned by eighteen (18) Arab countries, members of the League of Arab States (LAS), who signed its Establishing Agreement on February 18, 1974. BADEA enjoys full international legal status and autonomy in administrative and financial matters. It is governed by the provisions of its Establishing Agreement and the principles of International Law.

### **Objectives and Functions**

- ▶ BADEA aims at strengthening economic, financial, and technical cooperation between Arab and African countries and the embodiment of Arab-African solidarity based on equality and friendship. To achieve these objectives, BADEA was mandated to execute the following functions:
  - Contribute to financing the economic development of African countries.
  - Encourage the participation of Arab capital in African development.
  - Contribute to the provision of the necessary technical assistance for development in Africa.

### **Beneficiaries from Funding**

- ▶ 44 Sub-Saharan African states.

## The Board of Governors

The Board of Governors is the highest authority of BADEA. It consists of a Governor and a deputy Governor from each member state. The Governors are usually the Ministers of Finance of the member states. The Board of Governors is entrusted with all the authorities. It has the authority to delegate all or some of its powers to the Board of Directors, except those expressly stated in the Establishing Agreement, including capital increase, appointing the Director General of BADEA, adopting the financial regulations, approval of financial statements, allocation of the net income, and interpretation and amendment of the Establishing Agreement. The Board meets once a year.

## The Board of Directors

The Board of Directors is composed of eleven (11) members and enjoys all the necessary powers for managing BADEA, except those that are the prerogatives of the Board of Governors.

The powers of the Board include:

- Setting BADEA's general policies and follow-up their implementation, in line with the provisions of the Establishing Agreement and the guidance of the Board of Governors.
- Setting the rules and regulations and taking the necessary measures for the management of BADEA, on bases of economy in expenses.
- Identifying the operations program and approving of loans and grants provided by BADEA.
- Decision-making on borrowing and issuing of bonds.
- Preparing for the meetings of the Board of Governors.
- Establishing agencies, branches, and offices for BADEA as may be necessitated operationally.

The largest nine contributors in BADEA's capital are permanent members of the Board of Directors; countries fulfilling these criteria at

present are the State of United Arab Emirates, the People's Democratic Republic of Algeria, the Kingdom of Saudi Arabia, the Republic of Iraq, the Sultanate of Oman, the State of Qatar, the State of Kuwait, the State of Libya and the Kingdom of Morocco. The rest of the members, according to the weight of their voting in the Board of Governors, take part in selecting the two non-permanent members of the Board of Directors. Currently these are the Republic of Tunisia and the Arab Republic of Egypt. Membership in the Board is four-year renewable term. The Board elects from among its members, a Chairman for a two-year renewable term. The Board of Directors meets once every three months or whenever necessary.

## The Board of Directors' Committees

The Board of Directors has two committees as follows:

**1/ The Investment Committee:** It supervises the management of BADEA's investments and composed of the Chairman of the Board of Directors, the Director General and two members selected by the Board of Directors from among its members for two years.

**2/ The Audit Committee:** It supervises the review of BADEA's internal works and composed of three members selected by the Board of Directors from among its members for two years.

## The Director General

The Board of Governors appoints the Director General of BADEA, from non-members of the Board of Directors, for a three-year term renewable twice. The Director General is the legal representative of BADEA and the chief executive officer. He is responsible for the management of business, under the supervision of the Board of Directors and in accordance with rules and regulations and the guidance of the Board of Governors and the Board of Directors.



Meeting of the Board of Governors  
No. (44) - Kuwait - April 2019

## The Board of Governors

**H.E. Mr. Omar Malhas**  
Minister of Finance  
Hashemite Kingdom of Jordan

**H.E. Mr. Derweesh Ben Ismaeil Al-Baloshi**  
Minister Responsible for Financial Affairs  
Sultanate of Oman

**H.E. Mr. Ebaid Hameed Al- Tayer**  
Minister of State for Finance  
State of United Arab Emirates

**H.E. Dr. Nabeel Kassis**  
Chairman of the Board of the Palestine  
Capital Market Authority  
State of Palestine

**H.E. Sheikh Salman bin Khalifa Al Khalifa**  
Minister of Finance and National  
Economy - Kingdom of Bahrain

**H.E. Mr. Ali Shareef Al-Emadi**  
Minister of Finance  
State of Qatar

**H.E. Mr. Zied Ladhari**  
Minister of Development, Investment,  
and International Cooperation  
Republic of Tunisia

**H.E. Dr. Nayef Falah Al Hajraf**  
Minister of Finance  
State of Kuwait

**H.E. Mr. Mohamed LOUKAL\***  
Minister of Finance  
People's Democratic Republic of Algeria

**H.E. Mr. Ali Hassan Khalil**  
Minister of Finance - Republic of Lebanon

**H.E. Mr. Mohamed Ben Abdulla Al-Jadaan**  
Minister of Finance  
Kingdom of Saudi Arabia

**H.E. Mr. Faraj Abdul Rahman Bumatari**  
Minister of Finance  
State of Libya

**H.E. Dr. Ibrahim Ahmed Elbadawi \***  
Minister of Finance and Economic Planning  
Republic of Sudan

**H.E. Dr. Sahar Nassr**  
Minister of Investment and International  
Cooperation - Arab Republic of Egypt

**Arab Republic of Syria\*\***

**H.E. Mr. Mohamed Benchaaboun**  
Minister of Economy and Finance  
Kingdom of Morocco

**H.E. Mr. Fuad Hussein**  
Deputy Prime Minister for Economic Affairs  
Minister of Finance  
Republic of Iraq

**H.E. Mr. Mohamed El Amin Ould Al-Thahabi\***  
Minister of Finance  
Islamic Republic of Mauritania

\* Representation in the Board of Governors has been modified during 2019. The People's Democratic Republic of Algeria used to be represented by H. E. Mr. Abderrahmane RAOUYA until April 2, 2019, the Republic of Sudan by H. E. Mr. Magdi Hassan Yassin until March 16, 2019, and the Islamic Republic of Mauritania by H.E. Mr. Mokhtar Ould Diay until August 22, 2019.

\*\* 2011 was the last year when a representative from the Arab Republic of Syria attended the Meetings of the Board of Governors.





**Meeting of the Board of Directors - Rwanda - March 2019**

## The Board of Directors

### Chairman

**H.E. Eng. Yousef Ben Ibrahim Al- Bassam**

Kingdom of Saudi Arabia

### Members

**H. E. Mr. Musabeh Mohamed Alsuwaidi**

State of United Arab Emirates

**H.E. Mr. Ahmed Saleh Bumater Al - Mohanadi**

State of Qatar

**H. E. Ms. Lamia Ben Mime**

Republic of Tunisia

**H.E. Mr. Marwan Abdullah Yusuf Al-Ghanem**

State of Kuwait

**H.E. Mr. Miloud Botaba**

People's Democratic Republic of Algeria

**H.E. Dr. Nasr Ali Ghurabi\***

State of Libya

**H.E. Mr. Khaled Salahuddin Mohammed\***

Republic of Iraq

**H.E. Dr. Mona Mohamed Ahmed Wahba**

Arab Republic of Egypt

**H.E. Dr. Abdul Aziz Ben Mohamed Al Hinai**

Sultanate of Oman

**H.E. Mr. Elhassan Eddez**

Kingdom of Morocco

### Director General

**H.E. Dr. Sidi Ould TAH**

Islamic Republic of Mauritania

\* Representation in the Board of Directors has been modified during 2019. The Republic of Iraq used to be represented by H.E. Dr. Huda Hadi Selman until October 2019, and the State of Libya by H. E. Mr. Mousa Mansour Al Kanoni until June 2019.

**Hon. the Chairman of the Board of Governors**

Arab Bank for Economic Development in Africa (BADEA)

**Hon. Chairman,**

Pursuant to Articles 25/6, 34/2 and 35 of the Establishing Agreement of the Arab Bank for Economic Development in Africa, I have the honour to submit to the esteemed Board of Governors, on behalf of the Board of Directors, the Annual Report on the work of the Arab Bank for Economic Development in Africa during the year 2019. The Report contains a review of the most important activities of BADEA and a detailed description of the new development operations in the African countries that benefited from the financing during the year. The Report also contains the audited accounts for fiscal year 2019.

*Please accept the assurance of my highest consideration*

**Yousef Ben Ibrahim Al-Bassam**  
**Chairman of the Board of Directors**

## The Most Important Indicators of BADEA's Activity (2018 – 2019)

Particulars	2018	2019
<b>Total Commitments (\$ Million*)</b>	<b>564.95</b>	<b>599.96</b>
Public Sector Project Loans	230	240
Private Sector Financing Loans	100	100
Arab Exports Financing Loans	225	250
Technical Assistance Grants	9.95	9.96
<b>Total Number of Operations</b>	<b>73</b>	<b>66</b>
Public Sector Projects	15	14
Private Sector Operations	8	3
Foreign Trade Operations	6	6
Technical Assistance Operations	44	43
Average of Grant Element for Public Sector Project Loans (%)	35.5	34.9
Total Cost of Public Sector Projects Cofinanced by BADEA (\$ Million)	884.08	515.66
Net Assets (\$ Million)	4,821.4	5,133.3
Total Income (\$ Million)	-11.9	391.1
Net Income (\$ Million)	-39.9	321.9

\* In this Report Dollar means US Dollar (\$)

## Overview of International Economic Development

### 1. Growth of the World Economy

The growth of the world economy slowed down in 2019 for the second consecutive year when the growth rate did not exceed 3%, the lowest rate recorded since the international financial crisis of 2008, as reflected in the International Monetary Fund's report on the World Economic Outlook issued in October 2019. This is attributed to the climate of uncertainty resulting from the multiplicity of obstacles confronting international trade exchanges and the escalation of geopolitical tensions. Estimates indicate that the trade war that erupted between the United States and China in 2019 following the significant increase in imposed tariffs on Chinese imports, and the reciprocal measures taken by China, in addition to the Chinese decision to reduce holding of American Treasury Bonds, contributed to lowering the world growth rate by about 0.8 point. Other circumstances linked to the economic difficulties facing several emerging economies and other structural factors related to decline in productivity and the ageing of population of developed economies, contributed to this slowdown. By sector, this slowdown is attributed to the recorded and significant decline in the level of manufacturing industries due to several factors, including the increase in custom fees which negatively affected investments and demand for capital goods. The automobile industry witnessed a significant contraction as a result of the upheavals resulting from the new regulations related to emissions recently adopted in the European Union and China. On the other hand, the service sector continued to register significant growth rates, contributing to the amelioration of the negative effects of the contraction in the industrial sector.

The growth rate of the American economy slowed down in 2019 to stabilize at around 2.3% due to the uncertainty surrounding international trade exchanges which had a negative impact on investments, in addition to the gradual subsiding of the short term positive effects generated by the tax measures of 2018. The expansionist policies of public spending and financial expansion adopted contributed positively to support the labor market and domestic demand, enabling the American economy to maintain a relatively high growth rate compared to other developed economies.

In the Euro zone, despite the persistence of robust domestic demand, the annual economic growth rate slowed down for the second consecutive year to stabilize at around 1.1% in 2019 due to the decline of exports and industrial production. The rate of growth of the economy of the United Kingdom continued to slide down for the second consecutive year to stabilize at around 1.2%, the lowest rate recorded by the country since 2009. This is attributed to the slowing down of investments resulting from the uncertainty created by the lengthy Brexit negotiations with the European Union.

In other developed economies, the rate of economic growth in Japan was stable due to the support of domestic demand, while in Canada, the growth rate slowed down for the second consecutive year as a result of short term effects produced by the adoption of a more cautious fiscal and financial policy aimed at making the country better prepared to face economic crises. The rate of economic growth slowed down in South Korea, Singapore, Taiwan and Hong Kong for the second consecutive year as a result of the decline in private investments and in exports due to the slowdown of growth in China, in addition to the decline in world demand for semi-conductors. In Norway, growth picked up due to increase in domestic demand and the adoption of tax incentives, while the rate of economic growth slowed down in Australia to reach the lowest level since 1991 as a result of the decline in exports

to China which is the first trade partner of Australia, the difficulties facing the real estate market and the natural disasters that plagued the country during 2019 caused by the bipolar phenomenon in the Indian Ocean. In China, the rate of economic growth slowed down for the second consecutive year to reach 6.1% due to the decline in exports as a result of high import tariffs in the United States, in addition to the decline in domestic demand resulting from stricter controls on credit activities, particularly from non-banking institutions, adopted to reduce the risk of precipitating a financial crisis. The rate of growth slowed down in India also for the third consecutive year due to the decline in investments because of the uncertainty surrounding the forthcoming government reforms in the field of business, in addition to the decline in domestic demand due to the tighter controls on the non-banking institutions active in the financial field following concerns related to their financial status. In the Group of ASEAN countries, growth slowed down in Thailand due to the decline in investments and exports precipitated by the world trade tensions, while economic growth rate remained relatively stable in Indonesia, Malaysia and Philippines because of the robust domestic demand. In Vietnam, and despite the slight decline in the rate of economic growth to 6.5%, the rate is still high compared to the rest of the states of the group. This is a result of the increase in exports to the United States to replace and compensate for imports from China.

Economic growth rate slowed down in Latin America for the second consecutive year to stabilize at around 0.2% as a result of the concurrence of several factors such as the significant contraction witnessed by the mining sector in Brazil following the disastrous collapse of one of the mines and the decline in investments; the decline in consumption in Mexico due to rising interest rates and the uncertainty surrounding the economic policies in place; the financing difficulties experienced in Argentina that exacerbated the economic contraction; in addition to the serious economic crisis in Venezuela which lost one third of its GDP in a single year. Economic growth rate also declined in the countries of Eastern Europe and Turkey for the second consecutive year to stabilize at about 1.7% as a result of the decline of investments and domestic demand in Russia, and the precipitous fall in the value of the local currency in Turkey which negatively affected the competitiveness of its industrial sector due to the significant dependence of this sector on imported inputs, in addition to the decline in investments due to the significant rise in interest rates resulting from the monetary policies aimed at stopping the fall in the value of the local currency.

In Sub-Saharan African countries, the rate of growth remained stable at around 3.2% as the relative increase in oil prices in the world market contributed to the acceleration of growth in most oil producing economies such as Nigeria where the growth rate reached 2.2%, while the Angolan economy continued to contract for the fourth consecutive year as a result of the decline in production. Economic growth rate slowed down in South Africa for the second consecutive year due to multiple strikes and the decline in mining production as a result of problems of electrical power availability, in addition to the decline in agricultural production. Unlike these largest three economies in the region, several other countries, particularly non-oil producing countries, succeeded in registering high growth rates. 20 countries having 45% of the region's population and representing 34% of the region's GDP, recorded growth rates exceeding 5%, while 24 countries recorded per capita income growth rates higher than those achieved in developed economies. The main locomotives of growth in these countries range from private investments in Cote D'Ivoire, Rwanda and Senegal, to boosting production of the agricultural sector in Benin, and to increased public investments in Mauritius. In the Middle East and Central Asia, growth rates slowed down for the third consecutive year to reach at 0.9%.

## 2. Inflation, Employment and Unemployment

### A. Inflation

The rate of inflation increased slightly in developed economies to reach 1.7% in 2019 pushed by the relative increase in wages after the rates of unemployed reached a record low. In emerging and developing economies, the rate of inflation fell to 4.6% because of the stability of world prices of most raw materials, in addition to the relative low levels of economic growth rates which decreased in 60% of these countries.

In the United States, the rate of inflation of consumer goods rose to 2.1% in 2019, pushed by increase in wages, while in the Euro zone, the inflation rate fell to 1.3% due to the slowing down of economic activity despite the expansionary monetary policy adopted by the European Central Bank. In the United Kingdom, the inflation rate continued to fall for the second consecutive year to reach 1.5% following the significant fall in energy prices after the lowering of the price ceiling by the sector regulating body.

In Japan, the inflation rate continued to rise for the fourth consecutive year to reach 1.5% after the Government raised taxes on consumer goods, while in China the inflation rate continued to rise for the second consecutive year to reach 2.2% pushed by the significant increase in pork prices caused by the spread of swine fever epidemic that decimated 40% of the domestic herd. The rate of inflation also rose in India to reach 3.8% following the significant increase in the prices of vegetables, particularly onions due to the failure of the harvest because of floods that affected most areas. In Brazil, Mexico and Russia, the inflation rate fell due to the slowing down of domestic demand.

In Sub-Saharan African countries, the rate of inflation rose in 2019 to reach 8.9% due to the Nino-induced drought that hit several countries in East and Southern Africa such as Kenya, Ethiopia, Botswana, Lesotho, Namibia and Zimbabwe and the storms that hit Mozambique and other Southern African countries. These natural disasters reduced the volume of agricultural production leading to significant inflationary pressures in those countries. The rate of inflation rose to 14.5% in Ethiopia and to 12% in Zambia. The significant fall in the exchange rate of domestic currencies in Angola and Liberia led to the intensification of inflationary pressures on these two countries where the rate of inflation reduced to 17% in Angola and to 20% in Liberia. In the countries of the West African Economic and Monetary Union and the countries of the Central African Economic and Monetary Community, the rate of inflation remained low, not exceeding 1% in Cote D'Ivoire and 1.8% in Congo Republic due to the association of the currencies of these countries with the Euro.

### B. Employment and Unemployment

The rate of unemployment in 2019 remained stable at 5.4% as the number of unemployed reached about 188 million, 40% of them female. Employment rate was 60.7% of the population above 15 years of age, while that rate did not exceed 47.2% for females.

In developed economies, the unemployment rate continued to fall for the seventh consecutive year to stabilize at 4.8%. In the Euro Zone, unemployment rate did not exceed 7.6%, the lowest rate in the zone since 2008. The Group of Seven Industrialized Countries recorded an unemployment rate below 4.3%, the lowest witnessed by the Group since the first oil shock of 1973, while the

unemployment rate remained stable in the rest of the developed economies at around 4%. In emerging economies, the unemployment rate continued to fall for the second consecutive year in the countries of North Africa to 12.1%, for the fourth consecutive year in Caribbean countries to 7.2%, for the fifth consecutive year in the Pacific Islands to 4.7%, and for the sixth consecutive year in Eastern European countries to 4.9%. The rate rose for the second consecutive year in Central American countries to 3.9% and in South East Asian countries to 3%. The rate equally rose in South American countries to 9.7%, in South Asian countries to 5.4%, in Central Asian countries to 5.8% and in West Asian countries to 11.9%, while it remained stable in Arab countries at around 8% and in East Asian countries at around 4.1%.

In Sub-Saharan African countries, the unemployment rate rose to 5.9%, representing 24.4 million unemployed, with an increase of about 900,000 persons compared to 2018. This rate reflects, however, important disparities between different regions as the rate remained stable at 4.8% in Central African countries, 3.2% in East African countries, 6% in West African countries, while it rose in Southern African countries to 27.2%.

### 3. International Trade

The growth in the world trade volume slowed down for the second consecutive year in 2019 to settle at 1.1%, the lowest growth rate recorded since 2009 because of the slowing down in investments which led to the fall in demand for capital goods, in addition to the protectionist measures adopted by China and the United States. The crisis experienced by the automobile industry contributed to this slowdown due to the technological transformations dictated by the accelerating change in specifications for emissions.

The annual rate of growth of exports in developed countries slowed down for the second consecutive year to 0.9% where it slowed down to 2.1% in the Euro Zone, and to 0.7% in the Group of Seven Industrialized countries, while the volume of exports in the rest of the developed economies fell to 0.2% for the first time since 2009.

In emerging and developing economies, the annual rate of growth of exports fell for the second consecutive year to 1.8% where it contracted to 2.8% in emerging and developing Asian economies, and to 2.6% in the five largest economies in the ASEAN group excluding Singapore. The annual growth rate of exports fell to 3.3% in East European countries and Turkey and to 0.9% in Latin American countries, while the contraction increased in exports of the Middle East and Central Asia to reach 2.1%. In Sub-Saharan African countries the annual rate of growth of exports fell to 2.7%.

The annual rate of growth of imports fell to 1.1% in the developed economies, to 2.5% in the Euro zone and to 1.5% in the Group of the Seven Industrialized Countries, while imports in the rest of the developed economies fell by about 1%. The annual rate of growth of imports in emerging and developing economies contracted to 0.6% where it fell to 0.2% in the emerging and developing Asian countries and to 2.4% in the five largest economies in the ASEAN Group (excluding Singapore). The rate also fell in the Eastern European countries and Turkey to 2.1% while imports in the countries of Latin America declined by 0.7%. The imports in the countries of the Middle East and Central Asia resumed growth at 0.6% after experiencing contraction in 2018. In Sub-Saharan African countries, the annual rate of growth of imports fell to 3.8%, but despite this contraction, the region remains the most dynamic in the world in growth of imports.



## 4. External Debt and Highly Indebted Poor Countries

### A. External Debt

According to World Bank statistics, the external debt of Sub-Saharan African countries totaled about \$583.6 billion in 2018, an increase of 4% over 2017. That figure represents 36.2% of the total GDP of those countries. About 84% of the total debt was in long term loans and 12% in short term loans, while World Bank loans represented 4% of the total indebtedness. The recorded increase at the level of the long-term loans, which amounted to 6% exceeded the recorded increase at the level of the total external debt. The IMF loans volume increased by 5%, while the total short-term loans volume fell by 3%. The percentage of concessional loans slightly increased to 17% of the total external debt, and the lending from multilateral institutions increased to 18.9%. The percentage of external debt expressed in US dollar increased to 64.8% and the percentage of external debt expressed in Euro increased to 6.6%.

The repayment arrears amounted to about \$34.1 billion in 2018, an increase of 10% over 2017. As to the structure of the arrears, 32% of them are related to interest while 68% are related to the principal. In 2018, disbursements from loans rose to \$80.3 billion, a decrease of about 8% over 2017. As to their structure, all these disbursements were related to long-term loans while 4% were credits from the IMF.

Debt servicing amounted to \$61.1 billion in 2018, an increase of 31% over 2017. Debt servicing constituted 14.1% of exports. As to its structure, 71% is related to repayment of principal while 29% is related to payment of interest. The recorded increase in repayment of principal represented 78% of the recorded increase in debt servicing. The average interest rate on new loans obtained in 2018 rose to 4.7%, the average loan duration decreased to 20.4 years, the average grace period rose to 11 years, while the average grant element fell to 0.1%. As to the new loans from public sources, the average interest rate rose to 2.2%, the average loan duration decreased to 24.3 years, the average grace period stabilized at 5.8 years and the average grant element fell to 30.8%.

On the other hand, the volume of foreign direct investment flows increased in 2018 by 17% to reach \$23.5 billion, while the volume of investment flows in portfolios fell by 83% to stabilize at \$2.4 billion.

### B. Highly Indebted Poor Countries

The number of countries that benefited from the Debt Relief Initiative for Highly Indebted Poor Countries (HIPC) is 36 countries of which 29 are African countries eligible to benefit from BADEA's assistance. All these countries reached the Completion Point within the Initiative. Three (3) countries are eligible to benefit from the Initiative but did not reach the Completion Point, of which one is an African country eligible to benefit from BADEA's assistance (Eritrea). The total resources devoted to debt relief within the Initiative amounted to \$76.3 billion, of which \$64.7 billion were earmarked for the African countries eligible to BADEA's assistance. BADEA's contribution within the Initiative by the end of 2019 stood at around \$258.8 million benefiting all the recipient countries that reached the Completion Point.

## 5. World Economic Outlook for 2020

Projections in the 2019 IMF Report on the World Economic Outlook indicate that the rate of growth of the world economy in 2020 will rise to 3.4% due to the expected improvement in the economic conditions of some emerging economies that experienced certain difficulties in 2019. It is expected that the relative recovery of growth in these countries will contribute about 70% in the acceleration of

growth at the world level. It is expected also that the rate of growth remains stable in the developed economies at around 1.6% due to the slight acceleration of growth in the Euro zone which will balance the expected slowing of growth in the United States. It is further expected that the rate of growth will accelerate in emerging and developing economies to reach 4.5% and that this acceleration will affect various regions with the exception of the Asian emerging and developing countries where the rate is projected to remain stable.

In the United States, the deceleration in the economic growth is expected to continue through 2020 for the second consecutive year to stabilize at 2% as a result of the gradual ending of the supportive expansionary fiscal policies, the subsiding of the positive effects of the tax relief policies and the increase in public spending. It is expected that growth will resume in the Euro zone to reach 1.3% due to the relative recovery of external demand and the gradual fading of the impact of some of the transient factors that negatively affected growth in 2019, such as the impacts resulting from the adoption of new specifications for automobile emissions as the automobile industry is expected to gradually adapt to the technological transformations dictated by these criteria. It is also expected that the growth will resume in the UK to attain 1.4% in 2020 because of the end of the uncertainty surrounding negotiating the exit of the UK from the EU, and avoiding the scenario of exiting without a deal which could lead the country to enter into a phase of economic contraction following the approval of the British Parliament of the Brexit agreement at the beginning of the year, in addition to the short term positive effects brought about by the expected increase in public spending promised by the Conservative party, the winner of the recent legislative elections organized in December 2019.

In Japan, economic growth is expected to slow down to stabilize at around 0.4% in 2020 due to the projected slowdown in domestic demand after the Government increased taxes on consumer goods. In other developed economies, economic growth is expected to accelerate in Canada to reach 1.7% due to the relative improvement in the real estate market and the increase in domestic investments and demand, to 2.2% in South Korea and Australia due to the activation of domestic demand by the adopted expansionist fiscal policies and to 1.2% in Switzerland buoyed by domestic demand and hosting of several important international sports events such as the world ice hockey championship.

In China, on the other hand, the slowing down of economic growth is expected to continue to stabilize at 5.8% in 2020 due to the continuous fall in exports resulting from American protectionist measures and the coronavirus pandemic, while in India, economic growth is expected to accelerate to reach 7%, fueled by the adopted expansionist monetary policies, reduction of corporate taxes, in addition to the forthcoming reforms on business climate announced by the Government which will enable the ending of the state of uncertainty that contributed to the drying up of investment during the recent period. It is also expected that the Government program to support consumption in rural areas will play an important role in accelerating growth.

In Latin America, it is expected that economic growth would accelerate to reach 1.8% in 2020. It is projected that the rate would reach 1.3% in Mexico fueled by domestic demand and 2% in Brazil fueled by structural reforms aimed at improving the business climate and by the adopted expansionary monetary policies, while in Argentina economic contraction is expected to persist, though at a slower pace compared to 2019, due to the persistence of the negative impacts of the financial crisis that hit the country recently. In the countries of Eastern Europe and Turkey, it is expected that economic growth will accelerate to reach 2.5% in 2020, reaching 2.9% in Turkey due to the expansionist fiscal policies and the significant increase in the volume of funding provided by state-owned banks and 1.8% in Russia fueled by the increase in the volume of public investments.

In Sub-Saharan Africa, economic growth is expected to accelerate in 2020 to reach 3.5% pushed by domestic demand and private investment, in addition to the continuation of expansionist fiscal policies adopted recently in several African countries with a view to propel economic activity, and the



slight improvement in rates of growth in oil producing countries resulting from the increase of the production volume, in addition to the efforts exerted to diversify the economy. It is also expected that the expansionist fiscal policies resumed in the Euro zone and the United States would contribute to making the area more attractive to foreign investments, providing additional impetus to the pace of growth. But the acceleration of economic growth in the area will remain limited due to the expected slowdown in public investments, and to increased government spending beyond the record levels of public debt in most countries of the area. It is further expected that the economic growth would be negatively affected by the slowdown in world trade, the expected fall in the prices of most exported raw materials including oil, in addition to the persistence of security problems experienced by some countries in the area.

In Nigeria, it is projected that economic growth will accelerate slightly to reach 2.5% due to the relative improvement in the performance of the non-oil sector, but this improvement will be limited due to poor infrastructure, the problems afflicting the banking sector and the slowing down of private investments. It is also expected that economic growth will accelerate slightly in South Africa to reach 1%, but this acceleration will remain limited also due to the slowing down of growth in private investments and exports in the light of the persistence of structural problems besetting the business climate and the poor performance of many state corporations. It is projected that the Angolan economy will resume growth in 2020 after 4 years of contraction due to the Government's efforts to diversify the economy, but this growth will be weak, not exceeding 1.1%. The low growth rates in these economies will continue to negatively affect several trade partners in the region, particularly in neighboring countries.

Robust economic growth is expected to persist in non-oil producing countries in Sub-Saharan Africa where it is expected that the rate will remain high in Ethiopia at around 7.1% despite the slight slowing down as a result of reliance on stricter fiscal and monetary policies aimed at maintain overall equilibrium. It is expected that the growth rate will reach 7.2% in Cote D'Ivoire, 7.8% in Rwanda and 6.7% in Senegal as a result of the increase in private investments. Growth is projected to increase to 6.7% in Benin due to improvement in the agricultural sector productivity and to 3.8% in Mauritius due to the increase in public investments.

It is also expected that growth will accelerate in the Middle East and Central Asia to reach 2.8% in 2020 as a result of the accelerated pace of Government investments in the field of infrastructure and the accelerated pace of private investments in the countries of the Gulf Cooperation Council (GCC) following the reforms adopted to enhance the business climate and the continuation of recovery of domestic demand in many of the region's countries. It is further expected that the improvement in tourism activities in North Africa resulting from improvement in the security situation and the promotion efforts will contribute to the acceleration of economic growth. Situations experienced by many of the region's countries will continue, however, to negatively affect the growth outlook in the region.

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## PART ONE

# The Financial Activity

### Introduction

## BADEA 2030 Strategy

### Vision

To be the lead platform for Arab-Africa economic cooperation for development.

### Mission

To promote Arab-Africa's economic cooperation through financial assistance, investment, and technical support.

### Objectives

1. To identify, develop, and promote strategic economic cooperation opportunities between Arab and African countries.
2. To contribute innovatively to the sustainable development and structural transformation of African countries in the context of the SDGs and Africa 2063.

BADEA 2030 Strategy seeks to respond – proactively - to a changing world where many Arab and African economies are experiencing major shifts to meet the needs of their ambitious young. The Strategy is the framework that assists BADEA to undertake its role as a platform supporting Arab-African partnership and cooperation and to utilize the available opportunities to improve the cooperation given the ongoing transformation of the two regions into emerging markets, home to more than one billion people.

The strategy serves BADEA's objectives as it identifies the main areas of focusing to mobilize partners and implement high-quality development programs. It will enable BADEA to play a leading role in development and be able through its eighth and ninth five-year plans to adapt and modify its Strategy. In light of a strategical orientation-based culture and results-based management BADEA will be able – progressively- to build new innovative competencies.

BADEA through this Strategy strives to further support to African countries' economic and social development efforts on the one hand and to realize the common Arab African interest on the other.



## Commitments and Achievements of the Seventh Five-year Plan and Highlights of the Eighth Five- Year Plan

To work according to a clear vision and guidelines, BADEA since 1983 has adopted the five-years plans system that balances the available resources and the needs of the recipient African countries. BADEA increases the financial allocations for each plan reasonably, to safeguard its financial position.

By the end of 2019, the Seventh Five-year Plan (2015 – 2019) was concluded. This Plan was prepared in light of the Board of Governors' Resolution no. (04) for 2013 to increase BADEA's capital by 50% to reach \$4200 million.

Allocations for the Seventh Plan amounted to \$1600 million of which \$1100 million for public sector, \$450 million for private sector and \$50 million for technical assistance, in addition to an annual revolving amount (not exceeding \$250 million in 2019) to finance Arab exports to African countries. On organizational and institutional level, BADEA improved governance through the establishment at the Board of Directors level "the Audit Committee", in addition to many technical committees on executive management level to revise and follow up lending operations, and for credit and risk management. Equally, a new organizational structure was adopted including the establishment of the Risk Management and the Institutional Development Office. BADEA also developed the quality culture and adopted new working methods. This enabled it to obtain certificates in Overall Quality (ISO 9001), Information Systems Security (ISO 27001), and Information Quality (ISO 20000).

It is worth noting that BADEA has succeeded to achieve the Plan's targets by up to 99.4%.



**Financial Activity**

**The Eighth Five-Year Plan**

The Eighth Five-Year Plan (2020 – 2024) aims at consolidating the previous plans’ gains and supporting the efforts of the beneficiary countries to face the development challenges. The Plan commensurate with the recent development trends specially the SDGs and the African Agenda 2063.

The Strategy and the Eighth Plan pillars (Investment in infrastructure for inclusivity, industrialization and innovation, agriculture value-chains development for empowerment, boosting trade and private sector development for growth and job creation, and small and medium-sized enterprise and entrepreneurship development) will be the reference point for BADEA’s activity during the five years.

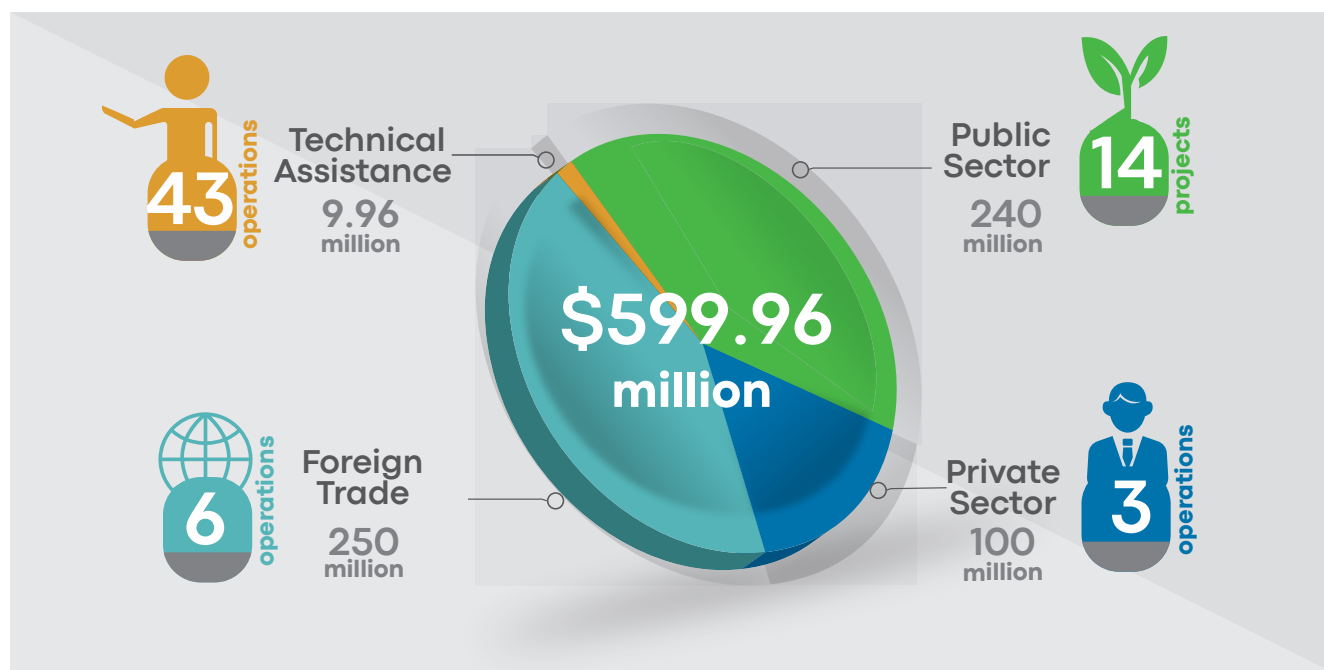
The approved financial allocations for the Plan include an amount of \$1700 million for the public sector, \$1000 million for the private sector and \$50 million for the technical assistance, in addition to an annual revolving amount estimated at between \$260 million and \$300 million to finance Arab exports to African countries and a similar amount for the African trade.

Among the most important orientations of the Plan are to promote BADEA’s role as a platform for Arab-African cooperation, increase allocations for the private sector to meet its investment and operational needs, encourage investment of Arab capital in Africa, intensify the Arab – African trade exchange, and continue the provision of technical assistance with the introduction of new mechanisms.

**Total Financial Commitments in 2019**

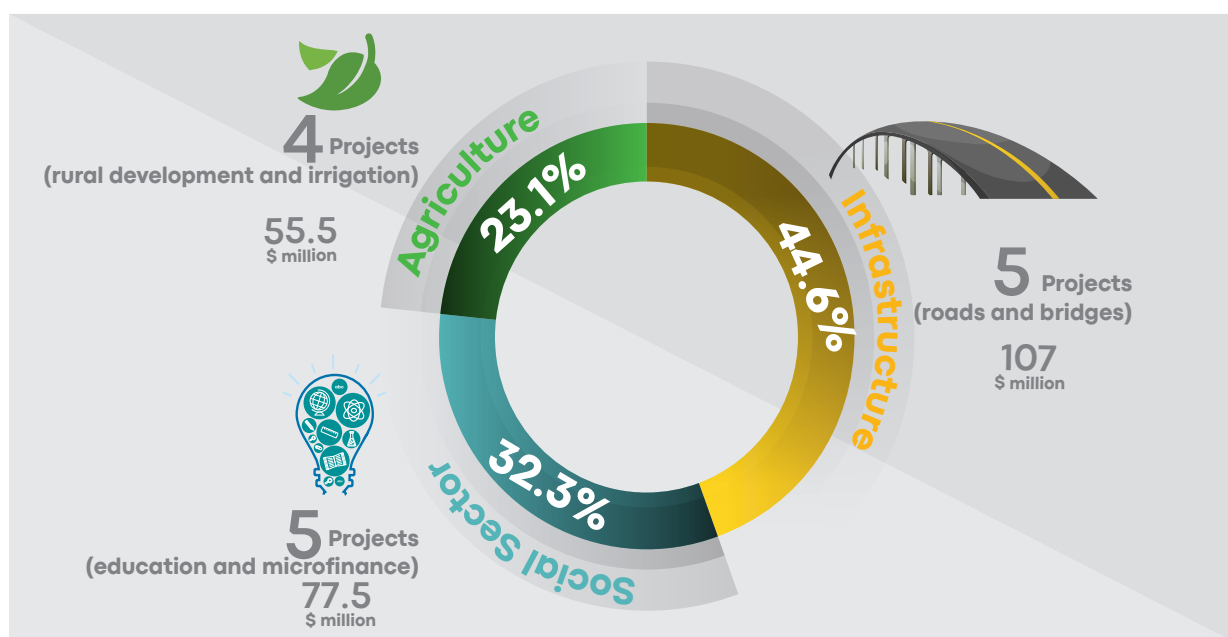
BADEA's total financial commitments in 2019 for the beneficiary countries amounted to \$599.96 million, exceeding those of 2018 (\$564.95 million) by an increase of 6.2%. This is due to the increase in public sector allocations by around 4.3% and in Arab exports allocations by around 11%.

**Commitments Distribution**



## Public Sector Loan Commitments in 2019 and their Sectoral Distribution

Based on the guidance of the Seventh Five-Year Plan (2015 – 2019) and the priorities of the African beneficiary countries, public sector loan commitments were distributed sectorally as follows:



**Table I**

**Sectoral Distribution of Public Sector Loans ( 2018 & 2019)**

Sector	Number of Projects		Amount (\$ Million)		Percentage (%)	
	2018	2019	2018	2019	2018	2019
Infrastructure	8	5	123.0	107.0	53.4	44.6
Agriculture and rural development	4	4	53.5	55.5	23.3	23.1
Social	3	5	53.5	77.5	23.3	32.3
<b>Total</b>	<b>15</b>	<b>14</b>	<b>230</b>	<b>240</b>	<b>100</b>	<b>100</b>





## The Lending Terms

Loans are provided on concessional terms, taking into consideration the economic conditions of the borrower states which are mostly in the low-income group. These terms enabled the states to obtain loans with a grant element that appropriate to their circumstances and the guidelines of the international institutions.

The weighted-average of the interest rate charged on BADEA's loans was 1.66% in 2019 compared to 1.70% in 2018, of the repayment period was 18.5 years in 2019 compared to 25.4 years in 2018, and of the grace period was 6.0 years in 2019 compared to 6.7 years registered in 2018.

The grant element weighted-average of the public sector projects loans was 34.91% in 2019 registering a slight decline in comparison with 2018 where it was 35.50%. This decline is due to the disparity in lending terms associated with the economic situations of the beneficiary country on the one hand and the decision of BADEA's Board of Governors to raise the ceiling of funding on the other hand.



**Table 2****Evolution of Financial Activity of BADEA's Operations (1975 – 2019)  
(Loans and Grants / \$ Million)**

Year	Total Annual Commitments	Net Annual Commitments <sup>(1)</sup>	Grant Element Average % <sup>(2)</sup>
1975	85.500	68.033	44.68
1976	62.000	56.823	49.78
1977	66.290	64.226	29.91
1978	72.870	48.601	40.84
1979	49.070	41.916	35.20
1980	71.950	48.066	25.44
1981	76.026	41.284	23.01
1982	90.000	48.180	23.84
1983	83.933	62.120	19.72
1984	87.960	43.178	18.24
1985	73.790	35.785	24.05
1986	58.605	36.937	35.02
1987	71.423	28.604	32.84
1988	66.720	49.151	34.90
1989	72.000	53.618	37.61
1990	73.682	32.565	39.16
1991	74.235	34.613	37.43
1992	73.726	54.157	40.97
1993	74.654	42.332	40.97
1994	74.307	55.998	42.00
1995	79.930	73.000	43.45
1996	89.938	78.467	42.61
1997	99.830	76.536	43.75
1998	109.940	69.535	42.70
1999	119.520	95.700	43.70
2000	123.950	113.798	58.15
2001	129.200	101.292	58.80
2002	134.390	132.150	65.40
2003	139.990	120.002	36.40
2004	144.970	135.772	42.72
2005	159.939	137.312	45.11
2006	169.945	153.394	54.94
2007	179.600	163.080	57.94
2008	190.000	173.153	50.48
2009	200.000	184.170	46.58
2010	200.000	186.186	49.52
2011	200.000	196.214	43.18
2012	200.000	185.547	36.26
2013	200.000	179.334	48.04
2014	200.000	198.363	50.74
2015	260.000	231.421	48.76
2016	306.000	293.871	48.81
2017	329.555	323.199	41.45
2018	339.950	334.889	35.50
<b>2019</b>	<b>349.960</b>	<b>349.960</b>	<b>34.91</b>

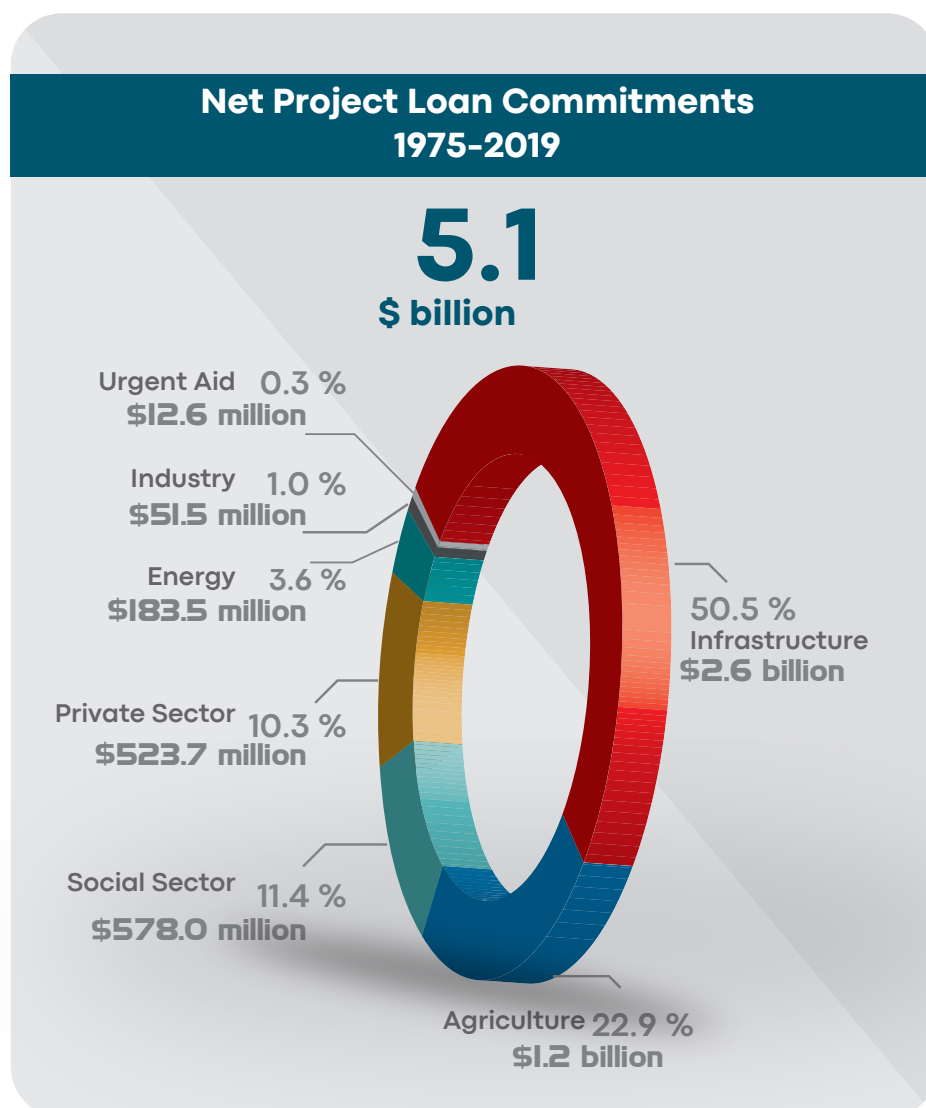
(1) Cancellations were deducted from the total funding of the year in which the Board of Directors had given its approval.

(2) A loan is considered concessionary if the grant element is 35% or more.



### Loan Commitments and their Sectoral Distribution (1975 – 2019)

Total cumulative funding of BADEA during the period 1975 - 2019 stood at around \$6.1 billion, of which around \$5.7 billion were devoted to finance 676 development projects. The net project loan commitments amounted to around \$5.1 billion distributed sectorally as shown in the following diagram.



Loans of the Special Arab Aid Fund for Africa (SAAFA)<sup>(\*)</sup> totaling 59 at a total cost of \$214.2 million were provided to support the balance of payments of some African countries. Consequently, by the end of 2019, the total net funding including projects and SAAFA loans amounted to around \$5.3 billion.

(\*) The Special Arab Aid Fund for Africa (SAAFA) was established in November 1973 and started its operations in November 1974 to provide loans to African countries to help overcome difficulties in obtaining foreign financing and to support their balance of payments. It was administrated by the League of Arab States up to 1976 when BADEA took over the management of its operations. In 1977 its resources were merged into BADEA's capital and its basic operations of non-project lending came to an end.

### Financing of the Private Sector

BADEA contributes to financing the private sector in recipient countries through loans of credit provided to national and regional development financing banks and institutions in order to re-lend them to fund private sector subprojects. Parallel to this, BADEA provides loans to governments that are directly re-lent to the private sector. Moreover, it funds components that can support this sector within its development projects.

During the period 1975 – 2014, 45 loans were provided through governments to the private sector, at a total net amount of around \$116.9 million.

For further enhancement to the role of the private sector through provision of additional financial resources, BADEA's Board of Governors adopted "the Private Sector Financing Program" pursuant to its Resolution no. (6) of 2014. The Program was launched at the beginning of the Seventh Five-year Plan, where an amount of \$ 450 million was earmarked to be distributed within the years of the Plan as shown below, to provide credit loans to banks and financial institutions in order to re-lend them to the private sector, and to fund the activities of the Government commercial institutions as well as the partnership processes between the private and public sectors.

Year	2015	2016	2017	2018	2019
Private Sector (\$ Million)	50	100	100	100	100

In 2019, three (03) credit loans totalling \$100 million were granted. Recipients of these loans were a regional development bank in east African region (\$20 million) and two companies working in the area of renewable energy, one in the Republic of South Africa and the other in the Republic of Madagascar (\$40 million each).

Regarding the signature of credit loans' agreements during the year, 4 agreements of \$55 million were signed with some financial institutions.

### Financing of Arab Exports to African Countries

BADEA focuses on supporting trade exchange between the Arab and African regions due to the active role of trade in the development process by facilitating movement of goods and services, providing inputs for production processes, supplying local and international markets in addition to facilitating the circulation of the final production.

BADEA contributed \$10 million in the capital of the African Export and Import Bank (AFREXIMBANK). It also adopted in 1997 a program of \$100 million (revolving) to finance Arab exports to African countries, of which \$75 million were managed by the Islamic Development Bank Group then by the International Islamic Trade Finance Corporation. the remaining amount of \$25 million was granted to Arab banks in order to finance Arab exports to African countries.

Until the end of the Program in 2014, total approvals amounted to \$399.5 million, of which \$187 million were withdrawn to finance 29 operations for the benefit of Tanzania, Guinea, Mauritius, Zimbabwe, Seychelles, Zambia, Côte d'Ivoire, Kenya, Senegal and Gambia. Some of these states benefited from more than one operation.



## Financial Activity

By the beginning of 2015 and pursuant to the above-mentioned Resolution of the Board of Governors no. (6) of 2014, “the Foreign Trade Financing Program” was adopted and revolving annual amounts were earmarked as follows:

Year	2015	2016	2017	2018	2019
Arab Exports to African Countries (\$ Million)	150	200	200	225	250

In 2019, a total amount of \$250 million has been granted including 2 credit lines of 60 million Euro (about \$67 million), 2 credit lines of \$20 million, and 2 documentary credit operations of \$163 million. Beneficiaries from these funds were a government entity, a regional commercial bank, 2 local commercial banks and a local development financing institution, in the states of Burundi, Togo, Mali, Ethiopia and Uganda.

### Regional Operations

Projects and technical assistance operations of regional character receive great attention because of their positive impacts on more than one country. In 2019 BADEA contributed to the financing of some regional operations including Burundi – Rwanda Regional Highway Project (Part1: Bujumbura – Nyamitanga) , the Establishment of the Innovation Bank in the Economic Community of Central African States, the Arab Electronic Portal (Phase 4), the Development of Science, Technology, Engineering and Mathematics in the Republics of Ghana and Mauritius, the Regional Program to Combat Intra-border Diseases in Arab and African Regions, Support to the General Secretariat of the Sahel Group, the Arab-Africa Trade Bridges Program in addition to a training program for the benefit of the implementation unites of troubled projects in French speaking African countries.

### Technical Assistance Operations in 2019 and their Sectoral Distribution

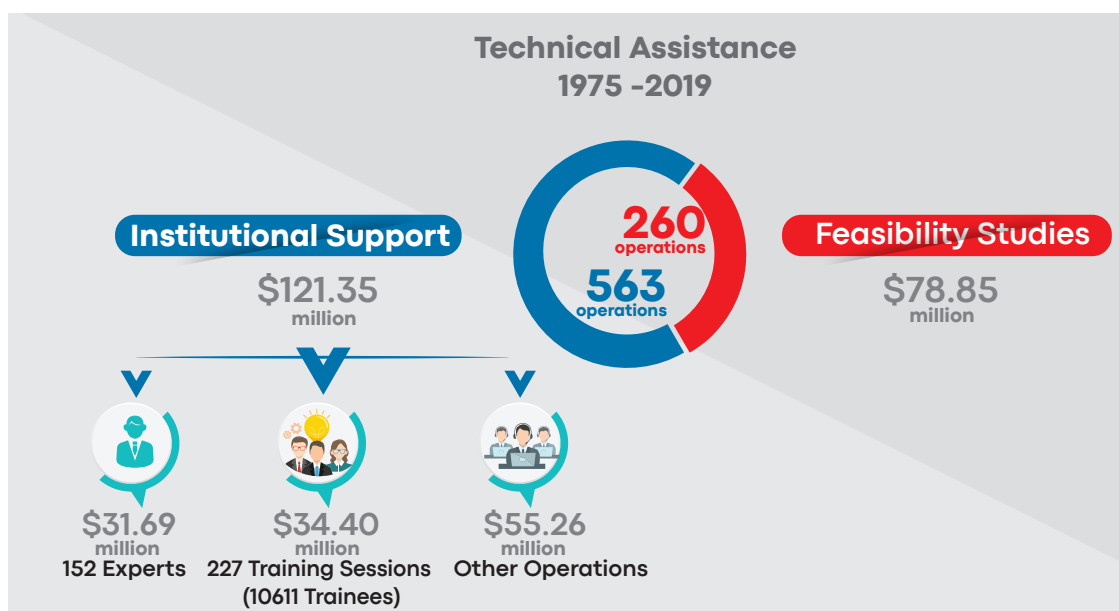
Technical assistance is provided to recipient states and regional African organizations through two mechanisms namely financing technical and economic feasibility studies for development projects and restricting their preparation to Arab, African and Arab-African consulting firms and institutions, and financing the institutional support operations.

The institutional support operations cover many activities including organization of training sessions to enhance the African cadres' capacities in various disciplines, sending Arab experts to African countries to benefit from their services, organizing different events in the fields of development, trade and investment, supporting many programs and initiatives that improve the quality of life of the population, and providing equipment and devices for some African institutions.

In 2019, an amount of about \$9.96 million was earmarked to finance 43 technical assistance operations, the equivalent of 99.6 % of the year allocation amounted to \$10 million. An amount of \$1.070 million was earmarked for infrastructure sector, \$2.320 million for agriculture and rural development sector, \$4.605 million for financial sector, \$1.820 million for social sector, in addition to an amount of \$145 thousand for some technical assistance operations within the powers of the Director General.

### Technical Assistance Operations during the Period 1975 – 2019

Between 1975 and 2019, technical assistance commitments stood at \$200.2 million, directed to finance 823 operations distributed among feasibility studies and institutional support operations as shown in the diagram below



**Table III**

### Evolution of Technical Assistance Operations 1975 – 2019

Date	Feasibility studies		Institutional support		Total	
	Number	Amount (\$ Million)	Number	Amount (\$ Million)	Number	Amount (\$ Million)
1975 - 2004	155	42.62	169	35.63	324	78.25
2005	7	2.00	21	4.00	28	6.00
2006	8	2.74	16	3.49	24	6.23
2007	8	2.91	23	3.59	31	6.50
2008	8	2.77	23	3.98	31	6.75
2009	9	3.61	18	3.39	27	7.00
2010	9	3.28	21	4.72	30	8.00
2011	7	2.33	24	5.67	31	8.00
2012	8	2.46	24	5.54	32	8.00
2013	4	1.56	29	6.44	33	8.00
2014	6	2.55	23	5.45	29	8.00
2015	9	3.78	26	6.22	35	10.00
2016	9	3.15	32	6.85	41	10.00
2017	3	0.73	37	8.83	40	9.56
2018	7	2.06	37	7.89	44	9.95
2019	3	0.30	40	9.66	43	9.96
<b>Total</b>	<b>260</b>	<b>78.85</b>	<b>563</b>	<b>121.35</b>	<b>823</b>	<b>200.20</b>
<b>Percentage %</b>	<b>31.59</b>	<b>39.39</b>	<b>68.41</b>	<b>60.61</b>	<b>100</b>	<b>100</b>



**Table IV**  
**Sectoral Distribution of Technical Assistance Operations**  
**during the Period 1975 - 2019 (\$ Million)**

Sector	Infrastructure		Agriculture		Industry		Energy		Finance		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Feasibility Studies</b>	39.41	50.0	30.30	38.0	2.33	3.0	4.83	6.0	1.98	3.0	78.85	100
<b>Institutional Support</b>												
Experts	10.42	33.0	7.78	25.0	0.57	2.0	0.24	1.0	12.69	39.0	31.69	100
Training	4.08	12.0	16.30	47.0	2.11	6.0	0.28	1.0	11.62	34.0	34.40	100
Other Operations	17.68	32.0	12.15	22.0	1.16	2.0	0.91	2.0	23.36	42.0	55.26	100
Sub-Total	32.18	27.0	36.23	30.0	3.84	3.0	1.43	1.0	47.67	39.0	121.35	100
<b>Grand Total</b>	<b>71.59</b>	<b>36.0</b>	<b>66.53</b>	<b>33.0</b>	<b>6.17</b>	<b>3.0</b>	<b>6.26</b>	<b>3.0</b>	<b>49.65</b>	<b>25.0</b>	<b>200.20</b>	<b>100</b>

#### **Evolution of Commitments and Disbursement from Loans and Grants for the Period 1975 - 2019**

During the period 1975 - 2019 total commitments of public and private sectors' loans and technical assistance grants amounted to about \$6,115.4 million, of which \$5,915.2 million for loans and \$200.2 million for grants. The net commitments amounted to about \$5,232.5 million, of which \$5,064.2 million for loans and \$168.3 million for grants, excluding the 59 loans granted by SAAFA at a total cost of \$214.2 million.

The difference between the total gross and the net commitments of \$882.9 million represents some cancellations, of which the remained balances of some completed development projects and technical assistance operations.

By the end of 2019, total cumulative disbursement amounted to \$3,451.2 million, of which \$3,330.6 million for loans and \$120.6 million for grants, compared to \$3,285.8 million by the end of 2018, of which \$3,173.0 million for loans and \$112.8 million for grants, including disbursement out of SAAFA. After excluding the cancellations, the ratio of the cumulative disbursement to cumulative commitments of BADEA and SAAFA stood at 66% by the end of 2019 (Table V).

It is worth noting that the volume of disbursement from loans during the last 10 years (2010 – 2019) exceeded the volume of repayment of the principle loans' instalments by \$756.8 million. The disbursement amounted to \$1,301.8 million whilst the repayment amounted to \$545 million, and this is due to the improvement of loans and grants management and follow-up, and the increase in number of operations during the same period. Regarding the disbursement and repayment in 2019, they amounted to \$157.6 million and \$60.6 million respectively, which demonstrates that BADEA plays a real developmental role.

Table V

## Evolution of Commitments and Disbursements 1974 - 2019 (\$ Million)

Year	Annual Financings	Annual Net Commitments	SAAFA Annual Commitments	Total Cumulative of Net Commitments & SAAFA	Total Cumulative of Disbursements	Percentage of Total Disbursements to Total Net Commitments and SAAFA (%)
1974			79.850	79.850	79.850	100
1975	85.500	68.033	64.650	212.533	144.500	68
1976	62.000	56.823	56.500	325.856	203.097	62
1977	66.290	64.226	13.244	403.326	223.959	56
1978	72.870	48.601		451.927	279.635	62
1979	49.070	41.916		493.843	331.591	67
1980	71.950	48.066		541.909	379.446	70
1981	76.026	41.284		583.193	416.428	71
1982	90.000	48.180		631.373	453.240	71
1983	83.933	62.120		693.493	492.894	71
1984	87.960	43.178		736.671	534.798	73
1985	73.790	35.785		772.456	576.362	75
1986	58.605	36.937		809.393	625.576	77
1987	71.423	28.604		837.997	660.747	79
1988	66.720	49.151		887.148	685.596	77
1989	72.000	53.618		940.766	709.227	75
1990	73.682	32.565		973.331	732.516	75
1991	74.235	34.613		1,007.944	775.346	77
1992	73.726	54.157		1,062.101	810.739	76
1993	74.654	42.332		1,104.433	833.536	75
1994	74.307	55.998		1,160.431	868.811	75
1995	79.930	73.000		1,233.431	907.690	74
1996	89.938	78.467		1,311.898	950.177	72
1997	99.830	76.536		1,388.434	992.886	72
1998	109.940	69.535		1,457.969	1,042.612	72
1999	119.520	95.700		1,553.669	1,113.937	72
2000	123.950	113.798		1,667.467	1,170.766	70
2001	129.200	101.292		1,768.759	1,238.822	70
2002	134.390	132.150		1,900.909	1,309.097	69
2003	139.990	120.002		2,020.911	1,386.819	69
2004	144.970	135.772		2,156.683	1,477.208	68
2005	159.939	137.312		2,293.995	1,567.890	68
2006	169.945	153.394		2,447.389	1,677.291	69
2007	179.600	163.080		2,610.469	1,825.125	70
2008	190.000	173.153		2,783.622	1,965.984	71
2009	200.000	184.170		2,967.792	2,098.924	71
2010	200.000	186.186		3,153.978	2,223.603	71
2011	200.000	196.214		3,350.192	2,360.060	70
2012	200.000	185.547		3,535.739	2,483.329	70
2013	200.000	179.334		3,715.073	2,619.092	70
2014	200.000	198.363		3,913.436	2,753.610	70
2015	260.000	231.421		4,144.857	2,899.371	70
2016	306.000	293.871		4,438.728	3,029.063	68
2017	329.555	323.199		4,761.927	3,177.867	67
2018	339.950	334.889		5,096.816	3,398.209	67
2019	349.960	349.960		5,446.776	3,587.477	66
<b>Total</b>	<b>6,115.348<sup>(1)</sup></b>	<b>5,232.532<sup>(2)</sup></b>	<b>214.244</b>	<b>5,446.776</b>	<b>3,587.477</b>	

(1) Total cumulative of BADEA's commitments before cancellations, of which \$5,915.170 million for public and private sectors' loans and \$200.178 million for grants.

(2) Total cumulative of BADEA's net commitments, of which \$5,064.218 million for public and private sectors' loans and \$168.314 million for grants.





### Projects and Technical Assistance Operations Completed in 2019

Nineteen (19) development projects in infrastructure, agriculture and rural development, and social sectors were completed in 2019. BADEA contributed to the financing of these projects by \$186.4 million benefiting 16 African countries. Moreover, 25 technical assistance operations of \$7.8 million were achieved, including 6 feasibility studies at a total cost of \$2.6 million and 19 institutional support operations at a total cost of \$5.2 million.

### Signature of Agreements

In 2019, BADEA signed 17 loan agreements with 11 African countries and 6 national institutions. Total amount of loans extended under these agreements was \$329 million. Furthermore, 19 agreements have been declared effective with 13 African countries and 6 international, regional, and national institutions, at a total amount of \$382 million.

### BADEA's Contribution towards Debt Relief

BADEA contributes to alleviating the burden of its loans on the recipient countries through rescheduling the payment of the arrears, even before the World Bank and the International Monetary Fund launched their Heavily Indebted Poor Countries (HIPC) Initiative. BADEA also participates with the international financing institutions in this Initiative since 1997. Up to the end of 2019, total assistances provided by BADEA in this regard amounted to \$258.848 million benefiting 29 African countries, as follows:

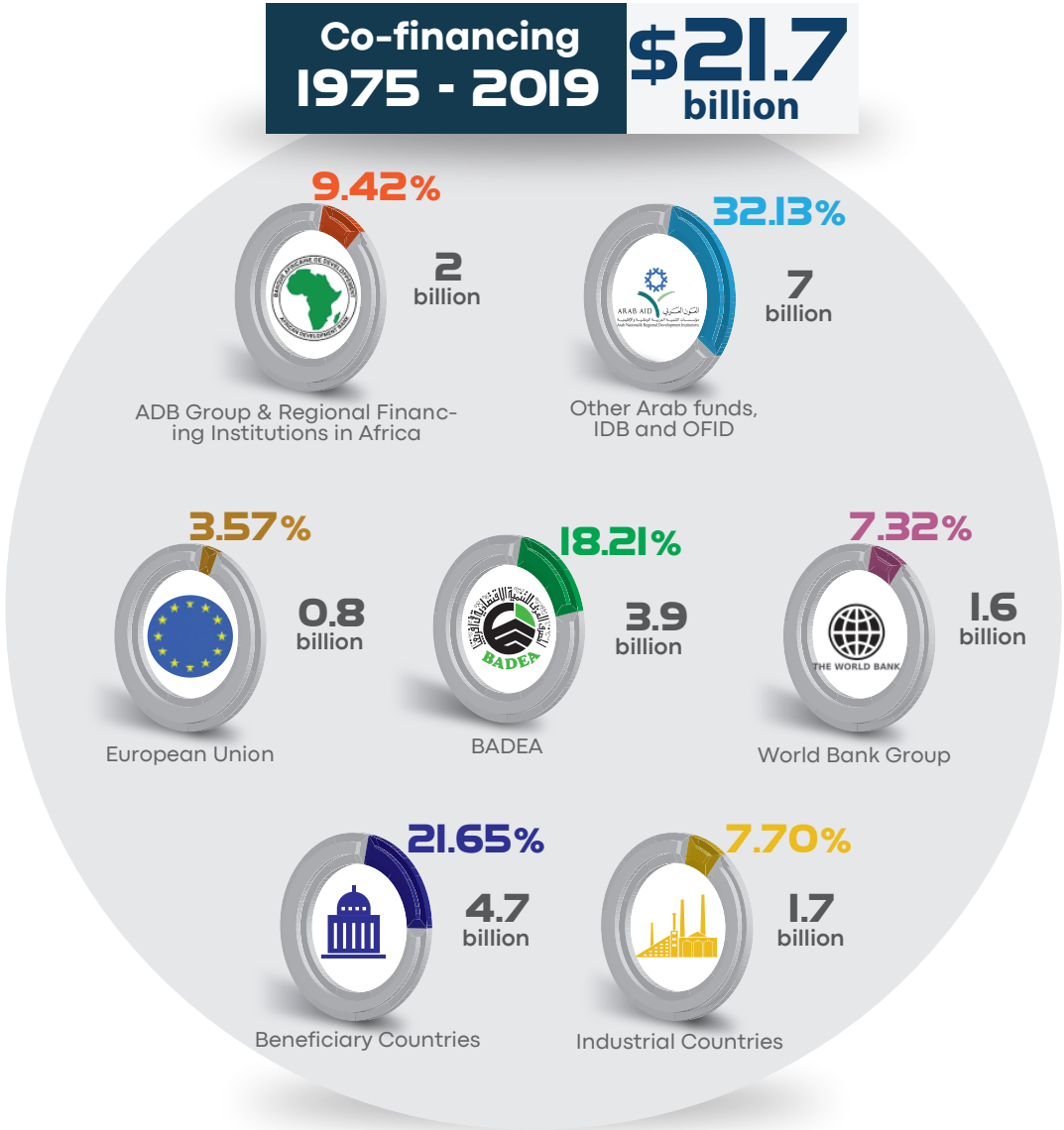
Country	Amount (\$ Million)	Country	Amount (\$ Million)
Uganda	7.200	Malawi	4.216
Mozambique	11.300	Sierra Leone	9.766
Benin	2.600	Sao Tome & Principe	7.011
Mali	4.041	Burundi	15.808
Senegal	5.100	The Gambia	0.817
Burkina Faso	16.300	Central Africa Republic	8.726
Niger	19.600	Congo	5.180
Ethiopia	6.000	Guinea Bissau	7.185
Tanzania	14.742	Democratic Congo	17.906
Rwanda	24.312	Liberia	17.270
Ghana	8.342	Togo	0.308
Madagascar	1.506	Cote d'Ivoire	1.771
Zambia	11.847	Guinea	10.360
Cameroon	1.904	Comoros	15.446
Chad	2.284		

### Co-financing

BADEA endeavors to coordinate with the development financing institutions especially the Arab ones in co-financing the major development projects in the African recipient states. In this regard, it contributed with some Arab financing institutions, the Islamic Development Bank and OFID to the funding of 11 projects out of the 14 projects approved in 2019 by the Board of Directors. BADEA's contribution represented around 38.5% of the total cost of these projects amounting to \$432.49 million, while the contribution of other Arab funds (the Saudi Fund for Development, the Kuwait

Fund for Arab Economic Development, and the Arab Gulf Program for Development), the Islamic Development Bank and OFID represented around 51.5%, and the contribution of the beneficiary states represented about 10%. With respect to the 3 remaining projects of \$83.17 million, BADEA financed them with the governments of the beneficiary countries with an amount of \$73.50 million representing 88.37% of their total cost.

Total cost of projects co-financed by BADEA with all institutions during the 1975 – 2019 amounted to around \$21.7 billion. Its contribution represented about 18.21%. More details in the diagram below:





## Important Indicators on Badea's Achievements (1975 -2019)

During 45 years BADEA realized tangible achievements that contributed to the improvement of the socio-economic indicators of the Sub-Saharan African countries and reduction of poverty, in addition to promoting the Arab African cooperation.



**Roads**  
15815 km of asphalted roads  
13102 km of rural roads



**Railways**  
608 km of railways



**Water and Sanitation**  
126 operations in 33 African countries  
4829 km of water and sanitation networks



**Ports**  
7 operations in 6 African countries



**Agriculture and rural development**  
235428 hectares of reclaimed lands  
6295 water wells



**Industry**  
15 projects and industrial complexes in 12 African countries



**Energy**  
1368 Megawatt of generated power  
17503 km of power transmission networks



**Health**  
221 hospitals and health centres  
2623 beds



**Airports**  
16 International airports  
24 domestic airports



**Education**  
289 educational institutions (universities, institutions, centres, schools)  
1863 classrooms  
48433 students

Part  
Two

Detailed Description  
of Operations



Detailed Description  
of Operations

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Description  
of Operations

Detailed Description  
of Operations



## Part Two

### Detailed Description of the Approved Operations in 2019

BADEA approved during 2019 the financing of 14 development projects in the public sector, 3 operations in the private sector, 6 Arab export operations and 43 technical assistance operations, benefiting several African countries and institutions eligible for its assistance. This Chapter includes a detailed description of these operations.

#### 1. Public Sector Projects

##### Dila – Bole – Haro Wachu Road

Sector: Infrastructure

Federal Democratic Republic of Ethiopia

**Date of Approval: 06 March 2019**

**Amount of Loan: \$20 million**

##### Objectives of the Project

Contribute to the achievement of Goal 9 of the Sustainable Development Goals (SDGs) on investment in infrastructure and Goal 11 on development of the transport system in cities. The project also aims at intensifying trade exchange between neighboring countries and the integration of their economies, as well as linking the project area with the rest of the country and with the capital, Addis Ababa.

##### Description of the Project

The road extends from the city of Dila which is situated 350 kilometers from Addis Ababa in the south east, passing through some main commercial and administrative towns to end in Haro Wachu. The project comprises the upgrading of the road to be an all weather tarmac, with a length of 68.7 kilometers and a width of 7 meters, together with two shoulders of 1.5 meters that broaden to 2.5 meters in cities and villages, and the construction of overhead passes and protection facilities against rain and flooding. It also comprises the consultancy services, land acquisition, organizing a workshop on launching the implantation of the project, and audit of the project's annual accounts.

##### Financing of the Project

The total cost of the project amounts to \$64.20 million. BADEA contributes \$20 million (representing 31.15% of the total cost), while OFID contributes \$22 million (34.27%), and the Government contributes \$22.20 million (representing 34.58% of the total cost).

## Construction and Equipping of Secondary Schools in Zanzibar

Sector: Social (Education)

United Republic of Tanzania

**Date of Approval: 06 March 2019**

**Amount of Loan: \$13.5 million**

### Objectives of the Project

The project aims at contributing to the achievement of Goal 4 of the SDGs on provision of quality education and at ensuring access by students (of both sexes) in the areas suffering from shortage of secondary schools to secondary school education opportunities.

### Description of the Project

The project comprises the construction of three secondary schools in Zanzibar in the western urban area of Unguja Island in the village of Mfinisini, the northern area of Unguja Island in the village of Jamba, and the northern area of Pemba Island in the village of Kifondi. The project's components include the construction of the three schools, accommodation for teachers and students, a cafeteria and a kitchen, in addition to the external works, and the electrical, water and sanitation connections. Components also include provision of school furniture, educational equipment and school buses, as well as the consultancy services, organizing a workshop on launching the implementation of the project, support of the project implementation unit and auditing of the project's annual accounts.

### Financing of the Project

The total cost of the project amounts to \$15 million. BADEA contributes \$13.5 million (representing 90% of the total cost) and the Government contributes \$1.5 million (representing 10% of the total cost).





## Construction of a Bridge over Mangoky River

Sector: Infrastructure

Republic of Madagascar

**Date of Approval: 06 March 2019**

**Amount of Loan: \$20 million**

### Objectives of the Project

The aim is to contribute to the achievement of Goal 9 of the SDGs on investment in infrastructure, support of the economic and commercial integration between the country's provinces, support of the tarmac road network, lowering of the cost of maintenance of roads and the time of transport and travel, facilitating access of agricultural products to markets and processing centres, in addition to improving the economic and social conditions of the population of the southern part of the country.

### Description of the Project

The project of building a bridge over Mangoky River represents a link between the two parts of the National Highway 9 at Kilometer (199 + 700). It comprises the construction of a bridge of 880 meters long and 7 meters wide, and two sidewalks of 1.35 meters each, as well as building a 7-kilometer long access roads to the National Highway 9, building a 10-kilometer rural road to link residential settlements, digging and preparing 10 boreholes for drinking water, and constructing and equipping a building to house the National Police, a health center and a school.

The project also comprises the consultancy services, land acquisition, a workshop on launching the implementation of the project in addition to the technical validation of the specifications and auditing the project's annual accounts.

### Financing of the Project

The total cost of the project amounts to \$64.28 million. BADEA contributes \$20 million (representing 31.11% of the total cost), the Saudi Fund for Development contributes \$20 million (31.11%), the Kuwaiti Fund for Arab Economic Development contributes \$10 million (15.56%), OFID contributes \$10 million (15.56%), and the Government contributes \$4.28 million (representing 6.66% of the total cost).

## Rice Value Chain Development

Sector: Agriculture and Rural Development

Republic of the Gambia

**Date of Approval: 06 March 2019**

**Amount of Loan: \$10 million**

### Objectives of the Project

The project aims at contributing to the achievement of Goal 1 of the SDGs related to the eradication of poverty and Goal 2 related to the total eradication of hunger in order to improve the social and economic conditions of the population by making them 30% self-sufficient in rice by 2030.

The project also aims at increase the income of rice growers nationally by 50%, reduce national poverty level by 4%, increase the agricultural production in the project area, improve the efficiency of the irrigation systems, enable the access to inputs and agricultural technologies, improve the rice value chain, in addition to encourage actors in the private sector to invest in growing rice in order to raise their contribution to 50% in the project area when the project is completed.

### Description of the Project

The project is situated in two areas at the center and up-river regions. The phase financed by BADEA comprises the improvement of production and productivity through reclaiming 1275 hectares of agricultural lands, provision of agricultural machinery, and development of agro-industrial and linking them to markets through construction of feeder roads and post-harvest civil engineering works for infrastructure. It also comprises the consultancy services, support of project management, and organizing workshops for the launching of the implementation process, the mid-term evaluation and for the completion of the project.

### Financing of the Project

The total cost of the project amounts to \$29.80 million. BADEA contributes \$10 million (representing 34% of the total cost), the Islamic Development Bank contributes \$17.30 million (58%), and the Government contributes \$2.50 million (representing 8% of the total cost).





## Rural Electrification in “Nyamagabe” and “Nyaruguru” Districts

Sector: Agriculture and Rural Development  
Republic of Rwanda

**Date of Approval: 06 March 2019**

**Amount of Loan: \$20 million**

### Objectives of the Project

The project aims at contributing to the achievement of Goal 7 of the SDGs related to the provision of clean energy at an affordable cost and at the provision of electrical energy in “Nyamagabe” and “Nyaruguru” districts in order to contribute to the improvement of social and economic conditions of the population and limit, thereby, migration to the urban areas.

### Description of the Project

The project comprises the procurement and installation of equipment to construct power transmission cables of 30 Kilovolts for a distance of 186 Kilometers, 242 sub-transformers, distribution cables (400 Volts) for a distance of 582 Kilometers, and cables and meters to provide electric power for about 25,600 houses and 47 public and commercial centres. The project also comprises installing networks to transport and distribute electric power, connections for houses and commercial, health, educational and public centres, in addition to the consultancy services, supporting the project implementation unit, land acquisition and project management overheads.

### Financing of the Project

The total cost of the project amounts to \$22.22 million. BADEA contributes \$20 million (representing 90% of the total cost) while the Government contributes \$2.22 million (representing 10% of the total cost).



## Support the National University of Agriculture and the National University for Science, Technology, Engineering and Mathematics (STEM)

Sector: Social (Education)  
Republic of Benin

**Date of Approval: 06 March 2019**

**Amount of Loan: \$40 million**

### Objectives of the Project

The aim of the project is to contribute to the achievement of Goal 4 of the SDGs related to providing quality education, increase enrollment in the two universities, enhance the quality of education and research, strengthen capacities, in addition to prepare highly efficient and qualified manpower for the labor market.

### Description of the Project

The project comprises construction of a headquarters for the National University of Agriculture in Porto-Novo on a total area of 3,045 square meters, and the building of the Faculty of Agriculture. It also comprises construction of a headquarters for the National University of Science, Technology, Engineering and Mathematics in Abomey on a total area of 3,346 square meters and the Preparatory Institute of Engineering Studies attached to the University. The components of the project also comprise procurement of furniture and equipment, the consultancy services, provision of support to improve the quality of education, support of the project implementation unit, organizing a workshop on launching of the project implementation and auditing the project's annual accounts.

### Financing of the Project

The total cost of the project amounts to \$45.95 million. BADEA contributes \$40 million (representing 87.05% of the total cost) while the Government contributes \$5.95 million (representing 12.95% of the total cost).





## **An Additional Loan for Burundi – Rwanda Regional Highway Part 1: “Bujumbura” - “Nyamitanga”**

Sector: Infrastructure  
Republic of Burundi

**Date of Approval: 06 March 2019**

**Amount of Loan: \$7 million**

### **Objectives of the Project**

The project aims at contribute to the achievement of Goal 9 of the SDGs related to investment in infrastructure, Goal 11 related to development of transport system in cities. It also contributes to intensifying trade exchanges between neighboring countries and promote the integration of their economies, facilitating the movement of goods and people to the western part of Burundi, reducing the cost of transport and ending the isolation of the villages located along the road.

### **Description of the Project**

The project includes construction of a sector of the National Highway 5 as a double-carriage tarmac road of 5.3 kilometers in length and 7 meters in width separated by a concrete barrier, two shoulders of 1.5 meters each, in addition to two sidewalks of 1.5 meters wide each.

The project also includes lighting poles, two overpasses for pedestrians and cyclists at the Kilometer-4 and a roundabout at the entrance of the airport. It further includes the consultancy services, land acquisition, support of the project implementation unit and the technical audit of the project.

### **Financing of the Project**

The total cost of the project (the additional loan) amounts to \$13 million. BADEA contributes \$7 million (representing 55.56% of the total cost), the Saudi Fund for Development contributes \$5.9 million (43.91%), while the Government contributes \$0.1 million (representing 0.53% of the total cost).

**Contribution to the Establishment of the Innovation Bank  
for Microfinance in the Economic Community  
of Central African States**

Sector: Social (Microfinance)

Regional

**Date of Approval: 06 March 2019**

**Amount of Loan: \$2 million**

**Objectives of the Loan**

The aim is to enable the Development Bank of the Central African States (BDEAC) to contribute to the establishment of the Innovation Bank for Microfinance in the Economic Community of Central African States.

The Innovation Bank aims at combatting poverty through microfinance mechanisms and financial inclusion and enabling the poorest of segments to access to financial services on a sustainable basis. Establishing the Bank would assist in facing challenges and obstacles impeding the microfinance sector as an effective way to solve the problems of the states of the Community, particularly the high unemployment rate and the low income of several segments of the population.

**Financing of the Project**

The initial capital of the Innovation Bank to be established is \$5 million, in which the BDEAC contributes \$2 million (the loan from BADEA) representing 40%, and the Arab Gulf Program for United Nations Development (AGFUND) contributes \$3 million, representing 60%.



## Support for Education Sector

Sector: Social (Education)

Republic of Sierra Leone

**Date of Approval: 19 June 2019**

**Amount of Loan: \$20 million**

### Objectives of the Project

The aim is to contribute to achieving Goal 4 of the SDGs related to ensuring inclusive equitable and quality education, strengthen opportunities for life-long education for all, assist in implementing the country's Education Sector Strategic Plan (2018 – 2020) aimed at improving free and inclusive education for the primary levels, ensuring access of students of areas suffering from shortage of secondary schools to secondary education and availing the higher and technical education in all parts of the country that suffer from poor and limited services.

### Description of the Project

The project includes rehabilitating and constructing of two institutes for technical and higher education (Bunumbu Teachers College and Milton Margai College of Education and Technology), the rehabilitation and expansion of four government secondary schools in four different regions in the country (Bo, Kenema, Magburaka and Prince of Wales), in addition to construction of an administrative building for the Ministry of Higher and Secondary Education in Freetown, the capital, on a total area of 3,136 square meters.

The project also includes provision of furniture and educational equipment, consultancy services, support of the project implementation unit, organizing a workshop on launching of project implementation, beside the technical and financial audit of the project's accounts.

### Financing of the Project

The total cost of the project amounts to \$68 million. BADEA contributes \$20 million (representing 29.4% of the total cost), the Saudi Fund for Development contributes \$25 million (36.8%), OFID contributes \$20 million (29.4%), while the Government contributes \$3 million (representing 4.4% of the total cost).

## Rehabilitation and Preparation of Three Water Basins in the islands of “Santiago”, “Santo Antao” and “Boa Vista”

Sector: Agriculture and Rural Development  
Republic of Cape Verde

**Date of Approval: 19 June 2019**

**Amount of Loan: \$16.5 million**

### Objectives of the Project

The project aims at contributing to the achievement of Goal 1 of the SDGs related to the eradication of poverty and Goal 2 related to the total eradication of hunger. It contributes to achieving food security and improved nutrition and strengthen sustainable agriculture for the population of the project areas which helps in improving their living conditions and alleviating their poverty.

### Description of the Project

The project area is situated in Santiago, Santo Antao and Boa Vista Islands with a total population of 16,500. The project focuses mainly on implementing the plan of reclaiming and preparing the “Ribeira Grande” and the “Ribeira Calhau” water basins, in addition to completing the implementation of the components of the plan of reclaiming and preparing the “Sao Joao Baptista” water basin (where BADEA contributed \$15 million in 2017 to the financing of Phase One).

The project will assist in harvesting and storing 2.2 million cubic meters of surface and underground water annually to irrigate 271 hectares of agricultural lands. The components of the project comprise construction of water storage facilities and flood and soil protection facilities, developing agricultural and economic activities and supporting project implementation structures. Components also comprise the consultancy services, organization of workshops to launch the project and for the mid-term evaluation, in addition to auditing the annual accounts of the project.

### Financing of the Project

The total cost of the project amounts to \$36 million. BADEA contributes \$16.5 million (representing 45.8% of the total cost), the Saudi Fund for Development contributes \$17 million (47.2%), while the Government contributes \$2.5 million (representing 7% of the total cost).



## Construction of “Loga – Doutchi” Road – Phase 2

Sector: Infrastructure  
Republic of Niger

**Date of Approval: 19 June 2019**

**Amount of Loan: \$20 million**

### Objectives of the Project

The project aims at the achievement of Goal 8 of the SDGs related to the support of the economic development, and Goal 1 related to the eradication of abject poverty and hungry through the subsidiary goal (1- 4) on providing opportunities of access to basic services, and Goal 3 related to the improvement of living conditions and the level of welfare through the availability of additional health services. The project contributes to the construction of the integrated national and regional road network linking Niger with the neighboring countries, ending the isolation of Dosso region which has a huge agricultural potential, support trade exchanges and contributing to reduction of transport and travel costs.

### Description of the Project

The road in Dosso Province, which is situated to the east of Niamey, the capital, links the town of Doutchi with Loga village. It is a gravel road of 91 kilometers which is part of the Regional Highway no.1 that is a sector of the main road network of ECOWAS.

The road was divided in several parts. BADEA contributes to financing of the second part. Its components comprise building and tarmacking a road of 61 kilometers long and 7 meters wide, and two shoulders of 1.5 meters wide each, establishing and equipping two axel-weighting stations, preparation of the internal roads in Doutchi city at a total length of 5 kilometers, building 15 kilometers of rural access roads for settlements along the road, construction of two halls for medical treatment, and digging and equipping of drinking water wells. The project's components also comprise the consultancy services, support of the project implementation unit, land acquisition, organize workshops to launch the project implementation and for the mid-term evaluation, as well as audit of the project's annual accounts.

### Financing of the Project

The total cost of the project amounts to \$53.3 million. BADEA contributes \$20 million (representing 37.38% of the total cost), the Saudi Fund for Development contributes \$20 million (37.38%), the Kuwaiti Fund for Arab Economic Development contributes \$12 million (22.43%), while the Government contributes \$1.5 million (representing 2.81% of the total cost).

## Rice Value Chain Development

Sector: Agriculture and Rural Development  
Republic of Guinea

**Date of Approval: 02 October 2019**

**Amount of Loan: \$9 million**

### Objectives of the Project

The project aims at contributing to the achievement of Goal 1 of the SDGs related to the eradication of poverty and Goal 2 related to the total eradication of hunger in order to improve the social and economic conditions of the population. The project contributes to increase rice production and productivity, development of national institutions active in the field of rice value chains, increase the number of farmers and beneficiaries in the project area, as well as involving women, youths and private citizens in rice production value chains.

### Description of the Project

The project is situated in the hilly region (Upper Guinea) and the coastal region (Maritime Guinea). The part financed by BADEA comprises improvement of production and productivity through reclaiming of about 1,500 hectares in the vicinity of Dinguiraye, Kouroussa and Siguiri provinces in Upper Guinea, constructing about 150 kilometers of rural access roads to villages and production areas, as well as studying land fertility in an area of 1,500 hectares.

The project also comprises provision of production inputs, machinery and equipment, strengthening links with markets through building 12 centers for collecting rice and vegetables, 2 centers to dry rice and 4 units for shelling rice, bolster the empowering policies and the institutional climate through supporting the development of information and administrative services, supporting the private sector and rice producers, in addition to the consultancy services and support of the project implementation unit.

### Financing of the Project

The total cost of the project amounts to \$28.33 million. BADEA contributes \$9 million (representing 31.77% of the total cost), the Islamic Development Bank contributes \$17.51 million (61.80%), while the Government contributes \$1.82 million (representing 6.43% of the total cost).





## Rehabilitation of “Sifari” – “Gao” Road

### Phase 1: “Sifari” – Bore”

Sector: Infrastructure

Republic of Mali

**Date of Approval: 02 October 2019**

**Amount of Loan: \$40 million**

### Objectives of the Project

The project aims at contributing to the achievement of Goal 9 of the SDGs related to encourage investment in infrastructure, industrialization and innovation, Goal 1 related to the eradication of poverty and Goal 8 related to decent work and the economic growth. The project contributes to ending the isolation of the project area, facilitating transport of goods and passengers, reducing time and cost of transport and improving road safety. It also contributes to alleviation of poverty, strengthening economic and social development of northern and central regions of Mali, and promoting trade exchanges between north and south Mali and between Mali and its neighboring countries.

### Description of the Project

The project is situated in Mopti area in central Mali and starts from Sifari town, 621 kilometers to the east of Bamako, the capital. The project’s components comprise rehabilitating the road with a length of 111 kilometers and widening it from 6 to 7.2 meters with a dual carriage of 3.6 meters wide each and two shoulders of 1.5 meters wide each outside human settlements and 2.5 meters inside them.

The components also include constructing a 45-meter long bridge, drainage underpasses and a pumping station in Sifari city, as well as providing road safety equipment. The components equally include the consultancy services, support of the project implementation unit and audit of the project’s annual accounts.

### Financing of the Project

The total cost of the project amounts to \$65.38 million. BADEA contributes \$40 million (representing 61.18% of the total cost), OFID contributes \$20 million (30.59%) while the Government contributes \$5.38 million (representing 8.23% of the total cost).

## **Contribution to the Establishment of the Innovation Bank for Microfinance**

Sector: Social (Micro-finance)  
Republic of Rwanda

**Date of Approval: 02 October 2019**

**Amount of Loan: \$2 million**

### **Objectives of the Credit**

The project aims at enabling the Republic of Rwanda to contribute to the establishment of the Innovation Bank for Microfinance in the country in order to empower vulnerable groups, particularly among the youth and women, to access to financial services.

The credit contributes to reducing poverty rates through the mechanisms of microfinance and financial inclusion, and to the provision of employment opportunities. The loan will be provided to Rwanda which will re-lend it to the Rwanda Development Bank to enable it to contribute to the Innovation Bank initial capital.

### **Description of the Project**

The total initial capital of the Innovation Bank for Microfinance is \$5 million in which Rwanda contributes \$2 million (the BADEA loan) representing 40%, and the Arab Gulf Program for United Nations Development (AGFUND) contributes \$3 million representing 60%.



## 2. Private Sector and Foreign Trade Operations

### **Credit Loan to Contribute to the Funding of an Electric Energy Station Project**

Republic of South Africa

Sector: Private

**Date of Approval: 19 June 2019**

**Amount of Loan: \$40 million**

#### **Credit Loan Objectives**

Contributing towards funding an electric energy station project is part of the government policy to increase energy production in the country utilizing renewable energy provided by independent producers (IPP). This also comes within the UN sustainable development goals including Goal 7 regarding the provision of modern and clean energy for all, and Goal 13 regarding combat climate change and its impact. The project aims at providing sustainable energy to all populations at affordable costs and increasing job opportunities in the project area during implementation and operation.

### **Credit Loan to a Regional Development Financing Institution**

Regional

Sector: private

**Date of Approval: 11 December 2019**

**Amount of Loan: \$20 million**

#### **Credit Loan Objectives**

To provide the necessary financial resources to a regional development financing institution in Africa in order to make available the capital and operational expenses for the private sector projects in the member states. This will contribute towards driving economic growth, creation of new job opportunities, reducing poverty levels and improving the living conditions of the population.

**Credit Loan to Contribute towards  
the Funding of an Electric Energy Station Project**

Republic of Madagascar

Sector: Private

**Date of Approval: 11 December 2019**

**Amount of Loan: \$40 million**

**Credit Loan Objectives**

Supporting the implementing company of the project of constructing an electric station in the Republic of Madagascar. The project aims at contribute to increasing electrical energy production in the country which will help in achieving the SDGs, especially Goal 7 regarding the provision of modern and clean energy for all, Goal 8 regarding provision of decent work and economic growth and Goal 13 regarding combating climate change and its impact.

**Credit Line for Funding a Financial Institution**

Federal Democratic Republic of Ethiopia

Sector: Trade

**Date of Approval: May 2019**

**Amount of Loan: \$63 million**

**Credit Line Objectives**

Promoting letters of credit issued by a financial institution in Ethiopia in order to import agricultural inputs from the Kingdom of Morocco. The credit line also aims at promoting Arab exports to Africa in general and enhancing BADEA's relations with development financing institutions active in trade funding and the African commercial banks in particular, diversifying BADEA's financial operations and products, in addition to supporting the agricultural sector in Ethiopia to contribute towards national income growth and achievement of food security.

**Credit Line to the Government of the Republic of Burundi**

Republic of Burundi

Sector: Trade

**Date of Approval: 19 June 2019**

**Amount of Loan: \$10 million**

**Credit Line Objectives**

Funding the import of medicines and medical equipment from the Arab countries within the framework of BADEA's program for Arab exports financing and enable agents in the medical field in the Republic of Burundi to supply the local market regularly with medicines in such a priority sector like the health sector. The credit line also contributes towards providing additional financial resources to the government of Burundi to enable it to fund importing goods of Arab origin. This will further strengthen commercial links and support cooperation and complementarity between the Arab and African regions.



### **Credit Line to a Financial Institution**

Republic of Uganda

Sector: Trade

**Date of Approval: 19 June 2019**

**Amount of Loan: \$10 million**

#### **Credit Line Objectives**

Funding the import of Arab goods and commodities through re-lending the credit line resources by a financial institution in the Republic of Uganda to beneficiaries in the country in order to achieve the objectives of the institution related to the implementation of the Country Development Strategy. The credit line also aims at encouraging commercial exchanges among the Arab and African countries which will promote the growth of Arab exports directed towards Sub Saharan Africa.

### **Credit Line to Banking Group in West Africa Region**

Regional

Sector: Trade

**Date of Approval: 02 October 2019**

**Amount of Loan: 30 million Euros**

#### **Credit Line Objectives**

Expansion in financing the Arab exports to countries of the West African Economic and Monetary Union and countries of the Central Africa Economic and Momentary Community through provision of a credit line to an active banking group in west Africa enabling it to provide suitable funding to import Arab goods to the various basic economic sectors. This will improve the level of economic development and the living conditions of the population. The credit line will enable the importers to provide goods and commodities needed for production and consumption and help in creating supply links and economic relations between the Arab and African countries.

### **Credit Line to a Commercial Bank**

Republic of Mali

Sector: Trade

**Date of Approval: 02 October 2019**

**Amount of Loan: 30 million Euros**

#### **Credit Line Objectives**

Assisting a commercial bank in the Republic of Mali in financing import of Arab goods and commodities to the country through re-lending the credit line resources to its clients. The credit line also aims at promoting the commercial exchanges between the Arab and African countries and advertising Arab products to African markets which will contribute towards growth of Arab exports volume directed towards Sub Saharan Africa.

**Credit Line to a Financial Institution**  
Federal Democratic Republic of Ethiopia  
Sector: Trade

**Date of Approval: November 2019**

**Amount of Loan: \$100 million**

**Credit Line Objectives**

Promoting letters of credit issued by a financial institution in the Republic of Ethiopia in order to import agricultural inputs from the Kingdom of Morocco. The line of credit also aims at promoting Arab exports to Africa in general and enhancing BADEA's relations with development financing institutions active in trade funding and the African commercial banks in particular, diversifying BADEA's financial operations and products in addition to supporting the agricultural sector in Ethiopia which will contribute towards national income growth and achievement of food security.

### **3/ Technical Assistance Operations**

**Preparation of Study of the Master Plan for Agriculture and  
Forest Production Sector in the Gambia River Basin Region**  
Regional

**Date of Approval: 02 October 2019**

**Amount of Assistance: \$250 thousand**

**Objectives of the Assistance**

Preparation of the master plan for agriculture and forest production sector in the Gambia River basin region which includes Senegal, Gambia, Guinea and Guinea Bissau. The plan aims at identifying the strategic axes of development and natural resources management policies in the region and proposing a program for the development of the agricultural, livestock and forest sectors. The study includes collection and analysis of economic and social data in order to identify the resources in the region, preparation of the master plan which include vision, objectives and agricultural development alternatives, in addition to the preliminary feasibility study therein.



## **Preparation of a Feasibility Study for the Project of Youth Employment and Entrepreneurship Development in the Agricultural Sector**

Republic of Uganda

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$270 thousand**

### **Objectives of the Assistance**

Preparation of a technical and economic feasibility study on the project of Youth Employment and Entrepreneurship Development in the Agricultural Sector which aims at addressing unemployment and supporting the agricultural value chains in Uganda. The study includes conducting of economic and geographical survey to identify growth, opportunities and challenges drivers, identify job opportunities in agriculture sector and in higher agricultural education institutions, studying the development of agricultural value chains in priority goods, and promoting human capital in science, innovation and entrepreneurship.

## **Training Program for the Staff of the Ministry of Finance and Economic Cooperation**

Federal Democratic Republic of Ethiopia

**Date of Approval: 06 March 2019**

**Amount of Assistance: \$200 thousand**

### **Objectives of the Assistance**

Training 50 staff members from the Ministry of Finance and Economic Cooperation in the fields of human resources management and development (10 trainees), public sector financial management (20 trainees) and macroeconomics planning and project management (20 trainees) with the aim of upgrading their professional skills in these specializations. This will help the Ministry in upgrading its performance. ESAMI will carry out the training in its headquarters in Arusha, Republic of Tanzania.

## **Training Program for the Implementation Units of Troubled Projects in French Speaking Countries**

Regional

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$250 thousand**

### **Objectives of the Assistance**

To contribute towards quality improvement of projects financed by BADEA through upgrading the skills of staff working in the implementation units of troubled projects. The training includes individual capacity building through presentations on BADEA's rules and procedures, contracts management and risk mitigation, and monitoring and evaluation. The training also includes institutional capacity building regarding methods on dealing with difficult challenges through interaction with BADEA's experts. 40 trainees from 16 African French speaking countries benefit from this training, to be organized by Nelson Mandela Faculty at Cape Town University, Republic of South Africa.

**Extension of the Services of an Arab Expert to Support  
the Ministry of Economy, Planning and Cooperation  
Central African Republic**

**Date of Approval: 06 March 2019**

**Amount of Assistance: \$250 thousand**

**Objectives of the Assistance**

Supporting the General Department of Economic Programming at the Ministry of Economy, Planning and Cooperation through extending the services of an Arab expert specializing in civil engineering for two years. The expert's functions include contribution in preparation of technical and economic studies of sectorial projects, supervising studies carried out by external parties, preparation of tender documents, evaluation of offers and award of contracts, supervising projects funded by BADEA and other Arab institutions, enhancing the capacities of technical departments staff in the field of rules and procedures of BADEA and other funding institutions, and training them in the areas of project implementation and management and knowledge transfer.

**Provision of the Services of an Arab Expert to Support  
the Ministry of Finance and Economic Planning  
Republic of Rwanda**

**Date of Approval: 06 March 2019**

**Amount of Assistance: \$320 thousand**

**Objectives of the Assistance**

Supporting the External Financing Division at the Ministry of Finance and Economic Planning by providing the services of an Arab expert economist/engineer for two years. He should be an expert in managing development projects to assist the Division in consultation and communication with the Arab Coordination Group institutions including BADEA and in management, follow up and supervision of projects and feasibility studies which they fund, in order to accelerate their implementation. The expert will also transfer his knowledge and expertise to the staff of the Division.

**Extension of the Services of an Arab Expert to Support  
the Program of Teaching Arabic Language in The Republic of Chad  
Regional**

**Date of Approval: 06 March 2019**

**Amount of Assistance: \$250 thousand**

**Objectives of the Assistance**

To continue the support provided to ISESCO Regional Educational Center in Chad by extending the services of an Arab expert for two years in the field of teaching Arabic language to non- Arabic speakers. The expert contributes towards promoting the work of the Center by proposing educational programs, organizing training sessions, preparing researches, supervising cultural and scientific activities, and exploring suitable ways to enable French speaking government officials to learn the Arabic language.





## **Provision of the services of an Arab Expert to Support the Ministry of Economy and Development Planning**

Republic of Chad

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$360 thousand**

### **Objectives of the Assistance**

Provision of the services of an Arab expert for two years to support the Central Administration at the Ministry of Economy and Development Planning in improving the performance and follow up of projects funded by BADEA and the Arab Coordination Group institutions and acquainting with their procedures to decrease the percentage of troubled projects and improve the withdrawal rates from loans. The expert's functions include follow up the implementation of existing projects and technical assistance operations, coordination between BADEA and the Group's institutions regarding jointly-financed projects, transfer his expertise in project management and follow up to the Administration staff, in addition to assist in preparing future plans and public investment programs, and in selection of effective projects.

## **Provision of the Services of an Arab Expert to Support the Ministry of Economy and Finance**

Republic of Mali

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$360 thousand**

### **Objectives of the Assistance**

Provision of the services of an Arab expert for two years to support the General Directorate of Public Debt at the Ministry of Economy and Finance in improving the performance and follow up of projects funded by BADEA and the Arab Coordination Group institutions and acquainting with their procedures to decrease the percentage of troubled projects and improve the rates of withdrawal from loans. The expert's functions include follow up the implementation of existing projects and technical assistance operations, coordination between BADEA and the Group's institutions regarding jointly-financed projects, transfer his expertise in project management and follow up to the Directorate staff, in addition to assisting in preparing future plans and public investment programs and in selection of effective projects.

## **Extension of the Services of Two Experts and Provision of Information Equipment to the Ministry of Planning and Development**

Côte d'Ivoire

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$210 thousand**

### **Objectives of the Assistance**

Strengthening the achievements of the two Arab and local experts within a previous technical assistance through extending their services for two years to enable the Ministry to improve the portfolio of the current projects and their development impact. The Arab expert contributes towards improving the performance of the projects financed by the Arab partners, training the Ministry's staff in the field of strategic planning and assisting in preparation of the Development Strategy (2021 – 2025). The expert will transfer his expertise to the local expert who will support the Ministry in the field of planning, programming and follow up of projects and preparing a guidebook therein, mobilizing financial resources for the new projects, and evaluating and analyzing integration of women in the development process. The assistance also includes provision of office and information equipment to the Ministry staff.

## **Support Phase 4 of the Arab Electronic Portal Regional**

**Date of Approval: 06 March 2019**

**Amount of Assistance: \$160 thousand**

### **Objectives of the Assistance**

This support comes within BADEA's contribution towards the realization of the Arab Electronic Portal established by the Arab Coordination Group in 2006 with the aim of bridging numerous gaps in the field of knowledge in the Arab world and covering the needs of governments, the private sector, investors and academicians regarding development knowledge. Phase 4 aims at continuing operation, maintenance, updating and developing the Portal at an estimated cost of \$1.6 million to be shared by the Group's institutions. UNDP is implementing the Portal project under the supervision of OFID.

## **Institutional Support to the Ministry of Water and Sanitation Republic of Senegal**

**Date of Approval: 06 March 2019**

**Amount of Assistance: \$350 thousand**

### **Objectives of the Assistance**

Upgrading the capacities of the Department of Planning and Water Resources Management at the Ministry of Water and Sanitation through providing the services of an Arab engineer expert in the field of water and sanitation for two years, in addition to providing machinery and equipment. The expert will provide technical advice in the development of water sector and prepare master plans on water supply. He will also contribute to selection of priority projects, estimating their costs and mobilizing the necessary funding, in addition to training the technical staff in the field of management and follow up of project implementation.

## **Support to the Investment Promotion Authority Republic Burundi**

**Date of Approval: 19 June 2019**

**Amount of Assistance: \$350 thousand**

### **Objectives of the Assistance**

Providing training and modern management systems for technical capacity building of staff working at the Investment Promotion Authority to assist in attracting foreign investment and promoting its competitive capacities. Support components include training sessions in the fields of development and implementation of investment promotion strategies, implementing the COMESSA's campaign on marketing, attracting and encouraging investment, developing the Investment Tracking System (ITS) and the Authority's electronic site to become bilingual, in addition to announcing the start of the institutional support program provided by BADEA.



## **Providing Support for the Development of Science, Technology, Engineering and Mathematics (STEM) Republics of Ghana and Mauritius**

**Date of Approval: 19 June 2019**

**Amount of Assistance: \$250 thousand**

### **Objectives of the Assistance**

Support the development of STEM in Ghana and Mauritius through activating their role in preparing developed national strategies to promote industrialization, encourage entrepreneurs and innovators to market scientific research and development in Africa, strengthen the contribution of women and youth in scientific research, and creating new projects with linking them to investors and commercial partners. The support includes training of 100 innovators and new companies through the internet in those fields, the program of incubators to adopt new ideas, and the incentive program to expedite marketing of new projects. The AfroChampions Initiative supervises the implementation of this support, in coordination with BADEA.

## **Providing Support to the Permanent Secretariat of the Sahel Group Regional**

**Date of Approval: 19 June 2019**

**Amount of Assistance: \$300 thousand**

### **Objectives of the Assistance**

Supporting the efforts of the Permanent Secretariat of the Sahel Group to mobilize the financial resources needed to fund the projects earmarked in phase one of the Priority Investments Program (2019 -2021). The support includes provision of the services of two experts to assist the Secretariat in preparing technical documents for the projects and funding requests, mobilizing actual received funding promises and new resources, facilitating contacts with financiers and partners including negotiations of projects financing agreements, in addition to providing consultations to the Permanent Secretary of the secretariat.

## **Supporting Arabic Language Teaching at the State University in Zanzibar United Republic of Tanzania**

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$330 thousand**

### **Objectives of the Assistance**

To contribute to upgrading the efficiency and level of Arabic language learning at the State University in Zanzibar, developing the capacities of Arabic language teachers and improving the quality of Arabic language academic programs. This comes within the framework of the government efforts to strengthen the use of Arabic language in the country. The support components include preparing the curriculum of Arabic language MA degree program then offering it to 20 students for two years, in addition to equipping the Arabic language classroom with furniture, books and computers.

## **Contribution to the Funding of the World Investment Forum for Entrepreneurs Regional**

**Date of Approval: 19 June 2019**

**Amount of Assistance: \$350 thousand**

### **Objectives of the Assistance**

Contributing towards funding the second World Investment Forum for Entrepreneurs held under the slogan “Achieving the sustainable development goals through promoting entrepreneurship, innovation and investment in the 4<sup>th</sup> industrial revolution and digital economy”. The forum which is organized by UNIDO Investment and Technology Promotion Office, aims at presenting the best international practices and successes in the field of entrepreneurship and innovation, facilitating commercial and investment partnerships to establish local projects and establishing a platform for entrepreneurs from all over the world in order to develop joint investment.

## **Contribution to the Sponsorship of the African Investment Forum Regional**

**Date of Approval: 19 June 2019**

**Amount of Assistance: \$300 thousand**

### **Objectives of the Assistance**

Contributing to sponsor the African Investment Forum which aims at increasing the flow of capital to develop major development sectors in Africa (infrastructure, energy, industrialization, agriculture and social sectors), and coordinating the efforts of the stakeholders active in the economic development in Africa whether governments, institutions or investors, in order to create framework for cooperation among the actors in various economic sectors. The forum is organized by the African Development Bank in Johannesburg, Republic of South Africa.

## **Contribution to the Sponsorship of the African Forum of Small and Medium Enterprises Regional**

**Date of Approval: 02 October 2019**

**Amount of Assistance: \$300 thousand**

### **Objectives of the Assistance**

To provide more information on BADEA's private sector financing program and its other products provided to small and medium enterprises in order to promote entrepreneurship and the private sector in Africa, and contribute to linking small and medium enterprises with funding institutions, hence enabling them to benefit from BADEA's allocations for the private sector approved in its 8<sup>th</sup> five-year plan. The Forum is organized under BADEA's sponsorship in Johannesburg, South Africa, in conjunction with the African Investment Forum organized by the African Development Bank.



## **Funding the Second Forum on Arab African Trade Promotion**

### Regional

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$400 thousand**

#### **Objectives of the Assistance**

Follow up of the outcomes of the 1<sup>st</sup> Forum on Arab African Trade Promotion organized by BADEA in Addis Ababa in 2018 and highlighting BADEA's role as a funding institution dealing in promoting and developing trade exchange between the Arab and African regions. The 2<sup>nd</sup> Forum organized by BADEA in Cairo, Arab Republic of Egypt, discusses the intra-trade challenges between the two regions, and creating an environment conducive to export promotion by providing value added services to exporters and importers in addition to strengthening the BADEA's existing partnerships with financial institutions dealing in trade funding.

## **Sponsoring the 2020 African Executive Directors Forum**

### Regional

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$150 thousand**

#### **Objectives of the Assistance**

Sponsoring the 2020 African Executive Directors Forum which will provide the heads of the African economic institutions with the opportunity to benefit from the experience of a number of world consultants and experts who will address the Forum, promote dialogue among the African economic institutions and various actors in the private sector such as banking institutions and investors and present experiences of investors, financiers and decision makers in order to reach to the best ways for the private sector success and come up with recommendations therein.

## **Sponsoring the Second Conference on Investment and Trade in the Great Lakes Region**

### Regional

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$70 thousand**

#### **Objectives of the Assistance**

Sponsoring the Conference which aims at promoting partnerships between the private sector and the funding institutions, realizing the deals held during the 1<sup>st</sup> Conference in 2016, and contributing to the provision of an environment conducive to holding partnerships between Arab and African investors. The conference also aims at introducing BADEA's new funding windows and products to finance private sector and foreign trade. The support is supervised by the office of the UN Secretary General's Special Envoy to the Great Lakes Region.

**Sponsoring the First International Investment Forum  
in the Republic of Angola**  
Regional

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$130 thousand**

**Objectives of the Assistance**

Sponsoring the 1<sup>st</sup> International Investment Forum which aims at encouraging the flow of Arab capital for investment in Angola and enabling the Arab investors to be acquainted with the investment opportunities in the country, fostering partnerships between the Angolan economic institutions and their Arab counterparts, enabling heads of institutions in Angola to benefit from the experiences of highly qualified consultants and experts who will address the forum, in addition to promoting cooperation between BADEA and the Republic of Angola and shedding more light on BADEA, its Strategy, and its products directed towards funding development in Africa.

**Sponsoring a Forum on Enabling Women and Youth in Africa, Held  
Alongside the 53rd Annual Meeting of the African Ministers  
of Finance, Planning and Economic Development**

Regional

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$100 thousand**

**Objectives of the Assistance**

Contributing towards the achievement of goals and programs of the African countries in empowering women and youth through acquainting the participating African ministers with BADEA's funding products provided to empower these categories within its 2030 Strategy with regard to developing small and medium institutions and entrepreneurships in addition to fostering partnerships with other funding institutions in the field of empowering women and youth and creating new operations according to the government directions.

**Sponsoring the Fourth African Forum on Enterprises and Social Responsibility**  
Regional

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$55 thousand**

**Objectives of the Assistance**

To contributing towards the encouragement of the African economic institutions to participate in social responsibility in order to achieve the sustainable development goals, and acquainting these institutions with BADEA's programs and products included in its 2030 Strategy. The forum discusses important issues such as the private sector and climate change, transformation in agriculture in Africa as a means to achieve food security, types of partnerships between the private and public sectors, and launching of the African entrepreneurs initiative for a sustainable future. The Forum will be held in Marrakech, Kingdom of Morocco.



## **Contributing to the Development of Value Chains of Mango and Cashew Export Republic of Guinea**

**Date of Approval: 19 June 2019**

**Amount of Assistance: \$300 thousand**

### **Objectives of the Assistance**

The support concerns the value chain of mango export in Kindia and Kankan regions and the value chain of cashew export in Boke and KanKan regions. It aims at developing and improving the competitiveness of mango and cashew exports through transfer of the Tunisian expertise in this field. The support includes improving the work environment of value chains, adding value to mango value chain, supporting access to markets, and coordinating and follow up the mplementation of the assistance which costs \$1.58 million, to be paid by BADEA and other parties.

## **Contributing to the Funding of the Regional Program for Combating Trans-border Animal Diseases in the Arab and African Regions Regional**

**Date of Approval: 19 June 2019**

**Amount of Assistance: \$500 thousand**

### **Objectives of the Assistance**

Supporting the Program which aims at combating trans-border animal diseases in the Arab and African regions. This includes a number of activities geared towards combating animal diseases which have negative economic and social impacts, especially on the flow of trade of livestock. The diseases include foot and mouth disease, contagious abortion, rift valley fever and plague of small ruminants. Countries benefiting from the support are Burkina Faso, Cameroun, Chad, Central Africa, Ethiopia, Kenya, Mali, Nigeria, Tanzania, South Africa and South Sudan. The total cost of the Program estimated at \$29 million, to be paid by BADEA and other parties.

## **Contributing to the Funding of Arab –Africa Trade Bridges Program Regional**

**Date of Approval: 02 October 2019**

**Amount of Assistance: \$500 thousand**

### **Objectives of the Assistance**

Contributing to the funding of the Arab-Africa Trade Bridges Program which is coordinated by the ITEC. The Program serves BADEA's Financing ForeignTrade Program goals and the expansion of its activities in the Arab and African regions. The support covers several activities which will contribute to strengthening trade flows between the two regions, in addition to updating the study on export opportunities and creating a platform on the internet.

**Contributing to the Conducting of the General  
Census of Population and Housing  
Republic of Côte Ivoire**

**Date of Approval: 19 June 2019**

**Amount of Assistance: \$330 thousand**

**Objectives of the Assistance**

Contributing to conduct the 5<sup>th</sup> general census on population and housing in 2019 in Côte Ivoire in order to support planning mechanisms in the country and provide the basis for taking decisions regarding national plans, identifying priorities, investment in human resources and dealing with population issues. The total cost of the census program is around \$41 million. BADEA's contribution will be utilized in awareness raising campaigns, census information coverage, preparation of statistical and information programs, and providing of office equipment and furniture.

**Establishment of a Platform to Follow Up Projects Implementation  
through Utilizing the Geographical Information System  
Regional**

**Date of Approval: 02 October 2019**

**Amount of Assistance: \$470 thousand**

**Objectives of the Assistance**

Accelerating projects implementation and improving rates of withdrawal from loans by using Geographical Information System (GIS) to increase the development impact on beneficiary countries. The assistance is earmarked for funding the establishment of a platform on the internet which allows project implementing units in beneficiary countries to access to geographical information of the projects via satellite, and provide analysis on satellite as part of project monitoring to ensure their success and timely implementation. 50 projects in 27 countries were chosen as a pilot stage. UNITAR is supervising the implementation of this support.

**Funding the Pilot Project of Promoting Food Security  
in the Regions Affected by Soil Salinity  
Republic of Namibia**

**Date of Approval: 02 October 2019**

**Amount of Assistance: \$500 thousand**

**Objectives of the Assistance**

Supporting regions affected by soil salinity in Namibia in order to achieve food security and poverty alleviation among small farmers especially women, enhance capacities of farmers and workers in the field of agricultural extension and land management, introducing salinity resisting plants and developing agricultural value chain for farmers. Directly benefitting from the support is a great number of small farmers living in the regions of high land salinity. This will enable them to improve productivity and gain higher incomes. The support is administered by ICBA in cooperation with the Namibia Ministry of Agriculture and IFAD.





## **Funding Small Projects in Labe District**

### **Republic of Guinea**

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$400 thousand**

#### **Objectives of the Assistance**

Contributing to funding the project of Potable Water Supply to Some Areas in Labe City and the project of Supporting Women Independence in Labe. The first project helps in enabling the residents of 5 districts in the city to access to drinking water through digging 5 wells, installing solar energy pumps, building a reservoir and providing a water point in each district. The second project supports 9 women agricultural cooperatives working in the field of vegetable production through providing irrigation equipment and production inputs, building storages and providing transportation means. It also supports 5 other women cooperatives working in the field of soap production through building small soap production units and providing the necessary equipment and inputs.

## **Funding the Pilot Project of Promoting Food Security**

### **in Regions Affected by Soil Salinity**

**Republic of Sierra Leone**

**Date of Approval: 11 December 2019**

**Amount of Assistance: \$500 thousand**

#### **Objectives of the Assistance**

Supporting regions affected by soil salinity in Sierra Leone in order to achieve food security and poverty alleviation among small farmers especially women, enhance the capacities of farmers and workers in the field of agricultural extension and land management, introducing salinity resisting plants and developing agricultural value chain for farmers. Directly benefitting from the support is a great number of small farmers living in the regions of high land salinity. This will enable them to improve productivity and gain higher incomes. The support is administered by ICBA in cooperation with the Sierra Leone Ministry of Agriculture and IFAD.

## **Funding the African Forum**

### **for Enterprises and Social Responsibility**

**Republic of Rwanda**

**Date of Approval: March 2019**

**Amount of Assistance: \$15 thousand**

#### **Objectives of the Assistance**

This support comes within the framework of the BADEA's orientations which aim at activating the role of the African private sector companies in developing educational curricula and creating jobs. The Forum aims at acquainting the private sector with the best practices in the social responsibility, encouraging small, medium and new companies on social responsibility and awarding the most innovative African companies in the field of sustainable development.

## **Supporting the No- Till Farming Republic of Chad**

**Date of Approval: March 2019**

**Amount of Assistance: \$15 thousand**

### **Objectives of the Assistance**

Supporting the no-till farming in the Republic of Chad through contributing towards provision of consultative services in coordination with the Arab Authority for Investment and the Agricultural Development. The support contributes to the transfer, development and dissemination of no-till farming as a new technical system to produce cereal crops, oil crops and cotton, especially after it proved its effectiveness in increasing productivity and preserving the soil.

## **Preparation of a Study on the Fertilizers Market in Four African Countries Regional**

**Date of Approval: July 2019**

**Amount of Assistance: \$10 thousand**

### **Objectives of the Assistance**

Provision of the services of an expert to prepare a comprehensive study on the fertilizers market in Côte Ivoire, Senegal Burkina Faso and Mali. This will contribute to developing commercial exchanges between the Arab and African countries in the field of fertilizers. There is an increasing demand for fertilizers in these four countries to develop production and productivity especially in cotton, promote exports, achieve food security and increase farmers' income.

## **Contribution to Funding the Fourth Session of the Industrialization Week of South Africa Development Community 2019 Regional**

**Date of Approval: July 2019**

**Amount of Assistance: \$15 thousand**

### **Objectives of the Assistance**

To Contribute to funding this activity which will provide the opportunity for information exchange regarding technology and innovation to develop related industries, exchange of expertise on private sector and trade development, establish a platform to facilitate partnerships between private and public sectors, improve the environment conducive to investment in industry in Africa, in addition to promote the regional complementarity between the Southern African countries.



## **Preparation of a Study on Reality and Prospects of Bilingual (French – Arabic) Education Republic of Guinea**

**Date of Approval: October 2019**

**Amount of Assistance: \$15 thousand**

### **Objectives of the Assistance**

Preparing a study, at the request of the Republic of Guinea, to examine the reality of dual French Arabic education in the country and identify the most important challenges with providing appropriate solutions therein. The study aims at examining ways to improve this type of education including increasing intake, quality of educational programs and teachers' competence, in addition to developing infrastructure and equipment in schools and institutes working in this field.

## **Funding Consultative Services to Support the Digital Transformation in African Countries Regional**

**Date of Approval: October 2019**

**Amount of Assistance: \$15 thousand**

### **Objectives of the Assistance**

Funding the services of an expert specialized in digital transformation to support the transition to digital economy in the African countries and develop the human resources capacities to support national economies and promote production and competitiveness. The consultative services include identifying requirements for digital transformation according to BADEA 2030 Strategy, preparing a road map for digital transformation and creating new projects in this respect which BADEA can contribute to their financing.

## **Preparation of a Pilot Project for the No- Till Farming Republic of Chad**

**Date of Approval: October 2019**

**Amount of Assistance: \$15 thousand**

### **Objectives of the Assistance**

Providing the consultative services of specialized experts to prepare a pilot project to support the no-till farming which proved its feasibility in Chad. The services include completing studies, selecting areas to implement this type of farming, collecting and analyzing data on soil and climate, collecting data on availability of equipment and agricultural inputs, and preparing the report of the pilot project of the no- till farming including objectives and components.

## **Contribution to Sponsoring the Second African Finance Day** Regional

**Date of Approval: October 2019**

**Amount of Assistance: \$15 thousand**

### **Objectives of the Assistance**

Contributing to the sponsorship of this event in order to acquaint economic actors with the new development activities provided by BADEA, especially those concerning the private sector and foreign trade. The event aims at highlighting the African finance and investment opportunities in financial services in the continent, supporting integration of Africa in the world economy through digital financial services, in addition to achieve economic growth through science, technology and innovation.

## **Contribution to Sponsoring a Special Session on Arab – African Investment, Alongside the Arab International Investor Forum** Regional

**Date of Approval: October 2019**

**Amount of Assistance: \$15 thousand**

### **Objectives of the Assistance**

Sponsoring a special session on Arab–African investment within the framework of the Forum. This support comes within the second goal of BADEA's establishment which calls for encouraging participation of Arab capital in the development of Africa. The session aims at acquainting the Arab investors with BADEA's new Strategy especially its program for financing the private sector, and insuring the participation of prominent economic actors from the African continent in the forum in order to open new cooperation opportunities with their Arab counterparts.

## **Contribution to Sponsoring the Second Summit on Islamic Instruments** Regional

**Date of Approval: November 2019**

**Amount of Assistance: \$15 thousand**

### **Objectives of the Assistance**

Sponsoring the Summit organized by the Islamic Development Bank which aims at highlighting the important role played by the Islamic instruments (Skuk) as an investment tool and a widespread financial product. The Summit will help create opportunities to bring Islamic assets towards the general direction of the diverse financial investments at the international level, in addition to highlighting the possibility for the Islamic instruments to contribute to the world economic development



Part  
Three

**Financial Resources**



Financial Resource

Financial Resources

Resources

Financial Resource

Financial Resources

Financial Resources



## PART THREE

### The Financial Resources

#### Financial Position as of December 31, 2019

The total net assets of BADEA at the end of 2019 amounted to \$5,133.301 million compared to \$4,821.442 million at the end of 2018 with an increase of \$311.859 million. This increase includes the net income for the year 2019 which amounted to \$321.852 million, plus an amount of \$7000 representing the installments paid by some member countries during 2019 in BADEA's capital increase in accordance with the Resolution No. 4 of the Board of Governors in its Thirty-Eight Meeting (Dubai: April 2<sup>nd</sup>, 2013), minus an amount of \$10 million representing the grant allocated according to the Resolution No. 2 of the Board of Governors in its Forty-four Meeting (Kuwait: April, 2019).

#### Capital

By the end of December 2019, the balance of the capital amounted to \$3,999.271 million compared to \$3,999.264 million by the end of December 2018, with an increase of \$7,000 representing the installments paid by some member countries in BADEA's capital increase in accordance with the Resolution No. 4 of the Board of Governors for the year 2013, which stipulated the increase of BADEA's capital by \$1400 million - corresponding to 50% of BADEA's capital amounting to \$2800 million, effective from January 2014, out of which \$700 million to be transferred from the general reserve and the remaining \$700 million as a cash increase from member countries to be paid in five equal installments, the first payment being due in April, 2014.

#### General Reserve

The balance of general reserve at the end of 2019 stood at \$812.178 million compared to \$862.137 million by the end of 2018. A decrease of \$49.959 million represents the amount transferred from the reserve to cover the net loss for the year 2018 which amounted to \$39.959 million as well as the grant of \$10 million allocated by the Board of Governors.

#### Special Reserve and Trade Finance

The balance of the special reserve and trade finance at the end of December 2019 amounted to \$46.372 million compared to \$4.768 million by the end of 2018 with an increase of \$41.604 million.

#### Total Revenue

BADEA's total revenue for the year 2019 amounted to \$391.1 million compared to a loss of \$11.9 million in 2018, making an increase by \$403 million. It's worth noting that BADEA's liquid resources are invested in short term bank deposits, fixed income portfolios, and equity portfolios and the global trade finance window in accordance with a conservative investment policy, guidelines, and specific rules which take into consideration the liquidity requirements and the diversification of investment instruments with the preservation of capital and achievement of highest possible returns. The most positive results of this policy is to maintain BADEA's assets and to achieve a revenue in the aggregate that exceeds what BADEA can realize if the investments were exclusively limited to either short term deposits or fixed income portfolios or equity portfolios, as a decline of revenue resulting from one of the investment instruments could be offset by increased revenue in other investment instrument.

The details of revenue for 2019 and 2018 are as follows

Item	2019	2018	Difference
	(\$ Million)	(\$ Million)	(\$ Million)
Investment revenue (Loss)	365.7	(35.5)	401.2
Revenue from loans	22.3	20.8	1.5
Trade finance Revenue	2.9	2.3	0.6
Others	0.2	0.5	(0.3)
<b>Total</b>	<b>391.1</b>	<b>(11.9)</b>	<b>403</b>

It is noted from the above figures that the investment revenue during the year 2019 increased by \$401.2 million compared to 2018. Revenue from loans also increased by \$1.5 million and revenue from trade finance increased by \$0.6 million.

The objective reasons for the increase of investment income during 2019 can be illustrated through the analysis of its components as contained in the table below, which indicates that this increase is due to the increase of revenue from equity portfolios by \$302.8 million, the increase of revenue from fixed income portfolios by \$95.2 million, the increase of revenue from time deposits and call accounts by \$5.3 million as well as to the increase of revenue from global trade finance window by \$0.2 million.

Revenue Details	2019	2018	Difference
	(\$ Million)	(\$ Million)	(\$ Million)
Revenue from time deposits and call accounts	12.3	7	5.3
Revenue from fixed income portfolios	111.1	15.9	95.2
Revenue from equity portfolios	234	(68.8)	302.8
Revenue from Sukuk	7.8	10	(2.2)
Revenue from the global trade finance window	0.2	-	0.2
Revenue from securities lending	0.3	0.4	(0.1)
<b>Total</b>	<b>365.7</b>	<b>(35.5)</b>	<b>401.2</b>





The increase in the investment portfolios' revenue was due mainly to the better performance of the global stocks and bonds markets in 2019. The components of investment portfolios' revenue during 2019 compared to 2018 are as follows:

Investment Portfolios' Revenue	2019	2018	Difference
	(\$ Million)	(\$ Million)	(\$ Million)
<b>Fixed Income</b>			
Interest on bonds	33.2	31.3	1.9
Interest on time deposits and call accounts	0.2	0.1	0.1
Net (Loss) / trading income	76.9	(26.4)	103.3
Currency differences and derivatives valuation	5.2	13.8	(8.6)
Portfolio management and custody fees	(4.4)	(2.9)	(1.5)
<b>Total</b>	<b>111.1</b>	<b>15.9</b>	<b>95.2</b>
<b>Equities</b>			
Dividends	18.4	21.5	(3.1)
Interest on time deposits and call accounts	0.4	0.1	0.3
Net trading income	203.2	(95.9)	299.1
Currency differences and derivatives valuation	13.9	7	6.9
Portfolio management and custody fees	(1.9)	(1.5)	(0.4)
<b>Total</b>	<b>234</b>	<b>(68.8)</b>	<b>302.8</b>
<b>Global trade finance</b>			
Income from global trade finance	0.2	-	0.2
Management and custody fees	-	-	-
<b>Total</b>	<b>0.2</b>	<b>-</b>	<b>0.2</b>
<b>Sukuk</b>			
Sukuk profit margin	10.9	8.2	2.7
Currency differences and derivatives valuation	(3.1)	1.8	(4.9)
<b>Total</b>	<b>7.8</b>	<b>10</b>	<b>(2.2)</b>
<b>Securities lending</b>			
	0.3	0.4	(0.1)
<b>Total</b>	<b>353.4</b>	<b>(42.5)</b>	<b>395.9</b>

## Expenses

Total expenses during 2019 amounted to \$27.6 million compared to \$25.8 million during 2018. Total expenses during 2019 included \$19.8 million for the administrative expenditure and \$7.8 million for the technical assistance grants compared to \$18.7 million and \$7.1 million respectively during 2018.

## Net Income

The net income in 2019 amounted to \$321.9 million compared to a loss of \$39.9 million in 2018, thereby increasing by \$361.8 million and with a rate of 906.8%, which is mainly due to the increase of the market value of the equity and fixed income portfolios as a result of the better performance of the global financial markets during 2019 compared to 2018.

## Financial Commitments

BADEA's total financial commitments in favor of beneficiary countries during 2019 amounted to \$349.96 million, of which \$240 million were allocated for public sector, \$100 million for private sector, and \$9.96 million for technical assistance, compared to total financial commitments of \$339.95 million during 2018, of which \$230 million for public sector, \$100 million for private sector and \$9.95 million for technical assistance.

The total cumulative net commitments at the end of 2019 amounted to \$5,446.8 million, of which \$5,278.5 million were allocated for loans and \$168.3 million for technical assistance, compared to \$5,146.5 million at the end of 2018, of which \$4,987.3 million were allocated for loans and \$159.2 million for technical assistance. BADEA's total commitments for Arab exports financing amounted to \$993.4 million at the end of 2019 compared to \$755 million at the end of 2018.

## Disbursement and Repayment

Disbursement from loans during 2019 amounted to \$181.5 million compared to \$213.3 million during 2018, with a decrease of \$31.8 million (14.9%). Disbursement from technical assistance grants during 2019 amounted to \$7.8 million compared to \$7.1 million during 2018 corresponding to an increase of \$0.7 million (9.9%), while disbursement from Arab exports financing in 2019 amounted to \$76.1 million.

Total cumulative of loans disbursement at the end of 2019 amounted to \$3,454.4 million, compared to \$3,273.0 million at the end of 2018. By adding trade finance loans and technical assistance grants, the total cumulative disbursement at the end of 2019 amounted to \$3,748.6<sup>(1)</sup> million compared to \$3,483.9<sup>(2)</sup> million at the end of 2018. Thus, the percentage of cumulative disbursement to net cumulative commitments at the end of 2019 is about 66% at the same level of 2018. By adding trade finance, the percentage is about 58% in 2019 compared to 59% in 2018.

Regarding the repayment, total installments of loans paid during 2019 amounted to \$76.6 million against \$57 million during 2018 with an increase of \$19.6 million, whereas, the total income from interests and fees during 2019 amounted to \$22.3 million compared to \$20.8 million during 2018 with an increase of \$1.5 million. The total amount of interests and charges on loans received during 2019 amounted to \$23.2 million compared to \$19.8 million during 2018 with an increase of \$3.4 million. The principal loan repayments of trade finance amounted to \$45.0 million during 2019 against \$34 million during 2018, and the total amount of interests and fees received from trade finance loans amounted to \$2.8 million in 2019 compared to \$2.3 million in 2018.

(1) Includes grant withdrawals deducted from income, totalling \$133.059 million at the end of 2019 and \$125.3 million at the end of 2018.

(2) Includes grant withdrawals deducted from income, totalling \$125.3 million at the end of 2018.



## Financial Resources

The total repayments of loans, including interests and fees amounted to \$147.6 million during 2019 compared to \$113.1 million during 2018 with an increase of \$34.5 million. Consequently, the total cumulative repayment of principal loan installments at the end of 2019 amounted to \$1,690.7 million compared to \$1,569.1 million at the end of 2018; whereas the total cumulative of interests and commitment fees collected by BADEA amounted to \$617.8 million at the end of 2019 compared to \$591.8 million at the end of 2018.

## Conclusion

It is clear from the foregoing that BADEA continued its policy of maintaining a sound financial position, through which its net assets at the end of 2019 increased by an amount of \$311.9 million compared to 2018, as a result of the increase of its various revenues while continuing to control administrative spending, without prejudice to fulfilling its objectives and programs. It is worth noting that the net income amounted to \$321.9 million in 2019 compared to a loss of \$39.9 million in 2018 thanks to the increase in the market value of portfolios brought about by the improved performance of the global stocks and bonds markets during 2019.



## Overall Summary for the Report

- ▶ By the end of 2019 BADEA concluded its Seventh Five-year Plan (2015 - 2019) for which an amount of \$ 1600 million was allocated including \$1100 million for the public sector, \$ 450 million for the private sector, \$50 million for the technical assistance, in addition to an annual revolving amount ranging between \$150 million and \$250 million for foreign trade financing.
- ▶ BADEA continued its efforts to promote the Arab - African cooperation through contribution to the financing of development projects in the Sub-Saharan African countries in various sectors, providing technical assistance and encouraging the investment of the Arab capital in Africa, as well as supporting trade exchanges between the two regions.
- ▶ During 2019, BADEA approved the financing of 14 development projects in the public sector at a total cost of \$240 million, of which 5 projects in infrastructure sector, 4 projects in agriculture and rural development sector and 5 projects in social sector.
- ▶ Within the framework of “the Private Sector Financing Program”, BADEA provided 3 credit loans of \$100 million to some African funding institutions and countries.
- ▶ With respect to the financing of Arab exports to African countries, 6 credit lines were provided to some African funding institutions and countries at a total cost of \$250 million.
- ▶ BADEA granted non-repayable amount of \$9.96 million to finance 43 technical assistance operations, including 3 technical and economic feasibility studies and 40 institutional support operations in various fields.
- ▶ During the year, 19 development projects were completed in infrastructure, agriculture and rural development and social sectors. BADEA’s contribution to the financing of these projects amounted to \$186.4 million benefiting 16 African countries. Equally, 25 technical assistance operations at a total cost of \$7.8 million were achieved including 6 feasibility studies of \$ 2.6 million and 19 institutional support operations of \$5.2 million.
- ▶ Regarding the financial situation, indicators show that BADEA has continued its policy of maintaining a sound financial position where the net assets increased by \$311.9 million by the end of 2019 compared to 2018. This is due to its miscellaneous income and controlling of administrative expenditure without prejudice to fulfilling its programs. The net income amounted to \$321.9 million in 2019 due to the good functioning of the global markets of equities and bonds.





# Financial Statements for the Year Ended 31 December 2019



Financial

Statement

for the Year Ended

31 December

2019

Financial



**Deloitte.**

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## **Independent auditor's report to the Chairman and the members of the board of governors of Arab Bank for Economic Development in Africa**

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### **Opinion**

We have audited the financial statements of **Arab Bank for Economic Development in Africa** (the "Bank"), which comprise the statement of financial position as at 31 December 2019, and the statement of income and expenditure, statement of changes in member countries' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with the basis of preparation explained in Note 2 to the accompanying financial statements.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our ethical responsibilities in accordance with the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of the management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the **financial** statements in accordance with the basis of preparation explained in Note 2 to the accompanying **financial** statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.



## Independent auditor's report to the Chairman and the members of the board of governors of Arab Bank for Economic Development in Africa (continued)

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### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management, subject to the constraints imposed by the basis of preparation determined by the Establishment Agreement and related internal regulations.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte & Touche*

Deloitte & Touche (M.E.) & Co. LLC  
Muscat, Sultanate of Oman  
26 February 2020







## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Statement of financial position at 31 December 2019

	Notes	2019 USD '000	2018 USD '000
<b>ASSETS</b>			
Cash in hand and at banks		1,049	1,436
Investments	3	3,236,464	3,042,072
Contribution in financial institutions	4	57,018	29,950
Trade finance	5	64,213	33,645
Accrued interest on trade finance	6	691	617
Net loans balances	7, 2(g)	1,814,281	1,750,513
Net accrued interest on loans	8	13,509	14,538
Other assets	9	3,612	2,617
Net fixed assets	10	14,116	14,890
<b>Total assets</b>		<b>5,204,953</b>	<b>4,890,278</b>
<b>LIABILITIES</b>			
Other liabilities		62,300	60,507
Provision for end of service benefits	11	9,352	8,329
<b>Total liabilities</b>		<b>71,652</b>	<b>68,836</b>
<b>Net assets</b>		<b>5,133,301</b>	<b>4,821,442</b>
<b>MEMBERS' COUNTRIES EQUITY</b>			
Subscribed and paid up capital	12	3,999,271	3,999,264
General reserve	13	812,178	862,137
Net income / (loss) for the year		321,852	(39,959)
<b>Total members' countries equity</b>		<b>5,133,301</b>	<b>4,821,442</b>

The accompanying notes form an integral part of these financial statements.

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Statement of income and expenditure  
for the year ended 31 December 2019

	Notes	2019 USD '000	2018 USD '000
<b>INCOME</b>			
Net income / (loss) investments	14	365,702	(35,521)
Income from loans		22,250	20,776
Income from trade finance		2,908	2,347
Others		238	536
<b>Total income / (loss)</b>		<b>391,098</b>	<b>(11,862)</b>
<b>EXPENDITURE</b>			
Board of Governors		171	163
Board of Directors		1,308	1,314
Salaries and employee benefits		13,409	12,439
Travel and services		3,023	2,572
Utilities		1,106	1,118
Depreciation	10	801	785
Other expenditure		16	322
<b>Total expenditure</b>		<b>19,834</b>	<b>18,713</b>
<b>Net income / (loss) before grants and provisions</b>		<b>371,264</b>	<b>(30,575)</b>
Grants disbursed to beneficiary countries		(7,808)	(7,067)
Provision for loan impairment	7(c)	(41,604)	(2,317)
<b>Net income / (loss) for the year</b>		<b>321,852</b>	<b>(39,959)</b>

The accompanying notes form an integral part of these financial statements.



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Statement of changes in member countries' equity for the year ended 31 December 2019

	Notes	Subscribed and paid-up capital USD '000	General reserve USD '000	Net (loss) / income for the year USD '000	Total USD '000
Balance as at 1 January 2018		3,898,972	617,644	271,659	4,788,275
Paid by member countries	12	100,292	-	-	100,292
Transfer to general reserve	13	-	271,659	(271,659)	-
Appropriations		-	(27,166)	-	(27,166)
Net income loss for 2018		-	-	(39,959)	(39,959)
<b>Balance as at 1 January 2019</b>		<b>3,999,264</b>	<b>862,137</b>	<b>(39,959)</b>	<b>4,821,442</b>
Paid by member countries	12	7	-	-	7
Transfer to general reserve	13	-	(39,959)	39,959	-
Appropriations		-	(10,000)	-	(10,000)
Net income for 2019		-	-	321,852	321,852
<b>Balance as at 31 December 2019</b>		<b>3,999,271</b>	<b>812,178</b>	<b>321,852</b>	<b>5,133,301</b>

The accompanying notes form an integral part of these financial statements.

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Statement of cash flows  
for the year ended 31 December 2019

	Notes	2019 USD '000	2018 USD '000
<b>Cash flows from operating activities</b>			
Net income / (loss) for the year		321,852	(39,959)
Adjustments to reconcile net income / (loss) with net cash used in operating activities:			
Provision for loans and trade finance	7	41,604	2,317
Depreciation of fixed assets	10	801	785
Unrealised (gain) / loss from investments fair value valuation	14	(153,630)	208,772
<b>Net change in operating assets:</b>			
Trade finance		(31,096)	1,938
Accrued interest on trade finance		(74)	(146)
Net movement in loans		(104,844)	(156,235)
Net accrued interest on loans		1,029	(999)
Net other assets		(979)	228
<b>Net change in operating liabilities:</b>			
Other liabilities, net of appropriation		(8,207)	(17,464)
Net provision for end of service benefits		1,023	106
<b>Net cash generated from / (used in) operating activities</b>		<b>67,479</b>	<b>(657)</b>
<b>Cash flows from investing activities:</b>			
Contribution in financial institution		(27,068)	-
Investments		228,609	108,861
Purchase of fixed assets	10	(43)	(319)
<b>Net cash generated from in investing activities</b>		<b>201,498</b>	<b>108,542</b>
<b>Cash flows from financing activities:</b>			
Paid for capital increase by member countries	12	7	100,292
<b>Net cash generated from financing activities</b>		<b>7</b>	<b>100,292</b>
Net increase in cash and cash equivalents		268,984	208,177
Cash and cash equivalents as at the beginning of the year		448,240	240,063
Cash and cash equivalents as at the end of the year	15	717,224	448,240

The accompanying notes form an integral part of these financial statements.



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2019

#### 1. Establishment and objectives

Arab Bank for Economic Development in Africa (“BADEA”) was established in accordance with the resolution of the Sixth Arab Summit Conference held on 28 November 1973 following the recommendations of the Economic Council of the League of Arab States. BADEA was established with a capital of USD 231 million and was subsequently increased in accordance with resolutions issued by the Board of Governors until it reached USD 3,999 million as at 31 December 2019 (2018: USD 3,999 million).

BADEA is an independent international financial institution domiciled in Khartoum, Sudan. It has international legal status, enjoys full legal personality and full autonomy in administrative and financial areas. BADEA is governed by the articles of its Establishment Agreement (the “Establishment Agreement”) and by the principles of International Law. BADEA is located at the following address:

Arab Bank for Economic Development in Africa (BADEA)  
P. O. Box 2640  
Khartoum 11111  
Republic of Sudan

BADEA aims at consolidating economic, financial and technical cooperation between African countries and the Arab world. In order to achieve its objectives, BADEA undertakes the following functions:

1. Participation in the financing of economic development in Africa.
2. Encouragement the participation of Arab capital in African development.
3. Contribution in providing the technical assistance necessary for development in Africa.

#### 2. Summary of significant accounting policies

##### A- Basis of preparation

The accompanied financial statements have been prepared in accordance with the Establishment Agreement, as well as the internal regulations of BADEA.

##### B- Basis of measurement

The financial statements have been prepared on the historical cost basis except for investments held for trading and all financial derivatives’ contracts that are measured at fair value.

##### C- Functional and presentation currency

The currency used in BADEA’s operation and preparation of the financial statements is the United States Dollar (“USD”). The financial statements are expressed in USD and are rounded off to the nearest thousands.

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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**Notes to the financial statements  
for the year ended 31 December 2019 (continued)****2. Summary of significant accounting policies (continued)****D- Use of estimates**

The preparation of financial statements approved by the Bank requires the use of estimates and assumptions that may affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date, in addition to the amounts of income and expenditure for the year then ended. Such estimates are continually reviewed, based on past experience and other factors.

The significant item in which these estimates are used comprise the following:

**Provision for loans**

BADEA's method for determining the provision for loans is described in Note 2(G) "loans and provision for loans" and further explained under Note 18 "credit risk".

**E- Settlement date**

All regular purchase and sale transactions of financial assets are recognized on the settlement date. Those are purchase and sale transactions of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

**F- Financial assets**

BADEA's financial assets include the following:

**1- Fixed income securities and equity investments**

All investments in fixed income securities and equity are classified as investments held for trading; and are initially recognized at the fair value of the consideration given.

Such investments are revaluated at fair value that is the quoted market prices at the date of the statement of financial position. Changes in the fair value are recognized in the statement of income and expenditure.

Financial assets that are not listed in the financial markets, are recorded at cost less provision for impairment, if any.

**2- Securities – Sukuk**

Financial assets include securities – sukuk, which are acquired to be held for indefinite period of time, and can be sold in response to needs for liquidity or in response to changes in the market conditions. Sukuk are stated at cost less provision for impairment, if any.



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 2. Summary of significant accounting policies (continued)

##### F- Financial assets (continued)

###### 3- Loan balances

Financial assets of fixed or determined payments that are not traded in active market are classified as loans presented at amounts disbursed after deduction of repaid amounts and provision for loans.

##### G- Loans and provision for loans

All loans granted by BADEA are recognized as assets when disbursed in cash, and are recorded at that value of amounts disbursed.

Interest on loans overdue for 180 days is excluded from the Bank's income.

Provisions for loans is created for the past due of loans, as a deduction from the annual net income, based on the resolution of the Board of Directors no. (21-third) of 2019 approving the policy for loans to the public sector, and resolution no. (9) of 2019 approving the provisioning policy for loans to the private sector and trade finance (which was named as provision for loans for the purpose of presentation in the financial statements effective of October 2019, instead of "special provision" which was calculated in accordance with the Board of Governors' Resolution (resolution no.1 of 1989). As per the new policy, provision for loans to the public sector is calculated as a percentage from the past due installments and a percentage from the balance of the outstanding loans less past due installments, in accordance with the classification of loans and the state. Provision for loans to the private sector and trade is calculated a percentage from the outstanding balance of loans, in accordance with the days of past due and the internal risk classification.

loans are presented in the statement of financial position net of provision for loans.

Loans under renegotiated repayment arrangements, or installment rescheduling as well as loans under the Initiative of Highly Indebted Poor Countries (HIPC). Under the new arrangements, such loans are classified as performing loans, and treated as new loans.

##### H- Impairment of financial assets

An assessment is made at each date of statement of financial position to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount and any impairment loss for changes in its carrying amount is determined for that asset.

##### I- Revenue recognition

Revenue from interest on bank deposits, fixed income securities, sukuk and loans is recognized on an accrual basis.

##### J- Dividend

Dividend income is recognized when it is declared.

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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**Notes to the financial statements  
for the year ended 31 December 2019 (continued)**

**2. Summary of significant accounting policies (continued)**

**K- Grants**

Cost of study, preparation, and technical assistance of the projects are classified as grants and charged to expenditure when disbursed.

**L- Fixed assets**

Fixed assets are stated at cost net of accumulated depreciation. The cost of fixed assets is depreciated using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for the current and comparative year are as follows:

	<b>Years</b>
Buildings	30
Fixtures and equipment	5
Vehicles	5

**M- Provisions**

Provisions are recognized when the Bank has an obligation, legal or constructive, arising from a past event and the costs to settle the obligation are probable.

**N- Derivative financial instruments and hedging**

Derivative financial instruments, including forward contracts and futures, are initially measured at cost; and are subsequently re-measured at fair value. Fair values are generally determined by reference to quoted market prices, discounted cash flow models and pricing models as appropriate. Any changes in the fair values of derivatives that are held for trading purposes are directly included in the statement of income and expenditure.

**O- Foreign currency translation**

Transactions denominated in currencies other than United States Dollars are translated into United States Dollars at the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into United States Dollars at exchange rates prevailing at the date of the statement of financial position. Exchange adjustments are charged or credited to the statement of income and expenditure.

**P- Employees' end of service benefits**

End of service benefits for the Director General are computed in accordance with Article No. 6 of the Resolution of the Ministerial Committee selected to review the salaries and benefits of the Presidents and Directors General of Arab Financial Institutions. End of service benefits for employees are calculated in accordance with Article No. (13/1) of BADEA's Employees Regulations as amended by the Board of Directors' resolutions.





## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 2. Summary of significant accounting policies (continued)

##### Q- Cash and cash equivalents

For the purpose of preparation of the statement of cash flows, cash and cash equivalents comprise cash on hand and with banks; call accounts and time deposits maturing within three months or less from the date of acquisition.

#### 3. Investments

These consist of investments in securities' portfolios managed by portfolio managers and held for trading, sukuk portfolio, un-listed equity, portfolio of global trade finance, term deposits and call accounts managed directly by the Bank as at 31 December, as follows:

	2019 USD '000	2018 USD '000
Securities - bonds	1,467,114	1,469,431
Securities - sukuk	238,335	232,623
Total securities – bonds and sukuk (Note 18)	<u>1,705,449</u>	<u>1,702,054</u>
Securities - equity (listed)	789,571	873,131
Securities - equity (not listed)	10,001	10,001
Total securities – listed and un-listed equity (Note 18)	<u>799,572</u>	<u>883,132</u>
Global trade finance portfolio	13,263	-
Total securities – listed and un-listed equity and and of global trade finance portfolio	<u>812,835</u>	<u>883,132</u>
Fair value of derivative instruments, net (Note 17)	(10,935)	(3,013)
Accrued interest on deposits and securities	12,940	13,095
	<u>2,520,289</u>	<u>2,595,268</u>
Term deposits and call accounts	716,175	446,804
<b>Investments</b>	<u><b>3,236,464</b></u>	<u><b>3,042,072</b></u>

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Notes to the financial statements  
for the year ended 31 December 2019 (continued)

## 3. Investments (continued)

Term deposits and call accounts as at 31 December are summarised as follows:

	Managed by				Total	
	BADEA		Portfolio Managers		2019	2018
	2019	2018	2019	2018	2019	2018
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Term deposits	565,300	371,880	11,300	-	576,600	371,880
Call accounts	9,625	10,150	129,950	64,774	139,575	74,924
<b>Total</b>	<b>574,925</b>	<b>382,030</b>	<b>141,250</b>	<b>64,774</b>	<b>716,175</b>	<b>446,804</b>

## 4. Contribution in financial institutions

	2019	2018
	USD '000	USD '000
Contribution in the African Export And Import Bank (AFREXIM)	31,068	4,000
Contribution in in Arab Investment & Export Credit Guarantee Corporation	25,950	25,950
<b>Balance as at 31 December</b>	<b>57,018</b>	<b>29,950</b>

## A- Contribution in African Export And Import Bank (AFREXIM)

In its 19th annual meeting for 1994, the Board of Governors has approved Resolution No. 4 that BADEA would subscribe by USD 10 million, representing approximately 1.3% of the authorised capital of AFREXIM Bank, of which USD 4 million was paid during 1995. Furthermore, a subscription of USD 67.671 million in the capital of AFREXIM Bank had been approved on 17 November 2019, of which USD 27.068 million was paid during 2019. Accordingly, BADEA's contribution in the capital of AFREXIM Bank as at 31 December 2019 amounted to USD 31.068 million (2018: USD 4 million) [also see Note 20(C)].

## B- Contribution in Arab Investment &amp; Export Credit Guarantee Corporation ("AIECGC")

In accordance with Resolution No. 6 of The Board of Governors in its 27th annual meeting for 2002, it was approved that BADEA subscribes USD 17,300 million, representing approximately 9.2% of the authorised capital of AIECGC. BADEA paid the amount in full. The Board of Governors also approved in its 39th annual meeting in accordance with Resolution No.3 of 2014 to increase the contribution of BADEA in the AIECGC's capital with an amount of USD 8,650 million payable in equal annual installments over five years starting from 2013. BADEA has paid the full installments; and therefore, BADEA's contribution in the authorised capital of AIECGC as at 31 December 2019 amounted to USD 25,950 million (2018: USD 25,950 million).



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 5. Trade finance

The balance of trade finance, after deduction of the related provision, amounted to USD 64.213 million as at 31 December 2019 (2018: USD 33.645 million) represent part of the credit facilities granted to finance Arab exports to the African countries.

The movement of trade finance during the two years ended 31 December, is as follows:

	2019 USD '000	2018 USD '000
Balance as at 1 January	33,645	35,583
Disbursements during the year	76,054	32,076
Repayments during the year	(44,958)	(34,014)
Less: provision for trade finance	(528)	-
	<u>64,213</u>	<u>33,645</u>

#### 6. Accrued interest on trade finance

Accrued interest on trade finance amounted to USD 691 thousand as at 31 December 2019 (2018: USD 617 thousand)

#### 7. Net loans balances

##### A- Loans balances

The details of the loan balances as at 31 December are as follows:

	2019			2018	
	Project loans				
	Public sector USD '000	Private Sector USD '000	SAAFA Loans USD '000	Total USD '000	Total USD '000
Approved loans	4,662,218	402,000	214,244	5,278,462	4,987,335
Less: unsigned loans	(166,450)	(160,000)	-	(326,450)	(210,450)
Total signed loans	<u>4,495,768</u>	<u>242,000</u>	<u>214,244</u>	<u>4,952,012</u>	<u>4,776,885</u>
Less: ineffective loans	(157,300)	(70,000)	-	(227,300)	(240,850)
Total effective loans	<u>4,338,468</u>	<u>172,000</u>	<u>214,244</u>	<u>4,724,712</u>	<u>4,536,035</u>
Less: Undisbursed loans	(1,222,054)	(48,240)	-	(1,270,294)	(1,263,077)
Total disbursements from loans	<u>3,116,414</u>	<u>123,760</u>	<u>214,244</u>	<u>3,454,418</u>	<u>3,272,958</u>
Less: Loan installments repaid	(1,384,025)	(20,851)	(189,417)	(1,594,293)	(1,517,677)
Balance outstanding as at 31 December	<u>1,732,389</u>	<u>102,909</u>	<u>24,827</u>	<u>1,860,125</u>	<u>1,755,281</u>
Less: loans provision	(16,734)	(24,157)	(4,953)	(45,844)	(4,768)
Net outstanding balance as at 31 December	<u>1,715,655</u>	<u>78,752</u>	<u>19,874</u>	<u>1,814,281</u>	<u>1,750,513</u>

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Notes to the financial statements  
for the year ended 31 December 2019 (continued)

## 7. Net loans balances (continued)

## A- Loans balances (continued)

Ineffective loans represent loans signed, but their terms of effectiveness have not fulfilled yet.

SAAFA (the “Fund”) loans represent amounts granted by the Fund to non-Arab African countries prior to the merging of its loans in BADEA’s capital in 1977.

The movement of the loan balances during the two years ended 31 December, is as follows:

	Project loans			Total	
	Public Sector USD '000	Private Sector USD '000	SAAFA loans USD '000	2019 USD '000	2018 USD '000
Balance as at 1 January	1,632,138	97,442	25,701	1,755,281	1,599,046
Disbursements during the year	157,642	23,818	-	181,460	213,275
Repayments during the year	(57,391)	(18,351)	(874)	(76,616)	(57,040)
Balance as at 31 December	1,732,389	102,909	24,827	1,860,125	1,755,281
Less: loans provision	(16,734)	(24,157)	(4,953)	(45,844)	(4,768)
Net balance as at 31 December	1,715,655	78,752	19,874	1,814,281	1,750,513

B- The Board of Directors approved BADEA’s participation in the International Monetary Fund (IMF) and World Bank Debt Initiative for Highly Indebted Poor Countries (“HIPC”). The Board of Directors shall assess provision of loans individually in light of negotiations with the concerned beneficiary country. BADEA shall participate in such initiative through repayment arrangements of arrears; rescheduling of installments, and/or reduction of interest rates on due installments. Total rescheduled loan under the HIPC arrangements as at 31 December 2019 amounted USD 426,690 million (2018: USD 426,690 million).

## C- Loans provision

Details of movement in loans and trade finance loans provision ( 2018: special reserve) as at 31 December are as follows:

	2019			2018	
	Public sector USD '000	Private sector USD '000	Trade finance USD '000	Total USD '000	Total USD '000
Balance as at 1 January	4,768	-	-	4,768	2,451
Charged during the year	19,328	24,157	528	44,013	2,418
Reversal during the year	(2,409)	-	-	(2,409)	(101)
Balance as at 31 December	21,687	24,157	528	46,372	4,768



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 8. Net accrued interest on loans

Net accrued interest on loans as at 31 December is summarized as follows:

	2019			2018
	Public sector	Private sector	Total	Total
Accrued interest on loans	74,224	2,551	76,775	76,218
Less: excluded interest	(63,266)	-	(63,266)	(61,680)
Net accrued interest on loans	<u>24,467</u>	<u>2,551</u>	<u>13,509</u>	<u>14,538</u>

#### 9. Other assets

Net other assets as at 31 December are summarized as follows:

	2019	2019
	USD '000	USD '000
Unrecovered VAT on project	1,403	1,646
Others	2,209	971
Net other assets	<u>3,612</u>	<u>2,617</u>

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Notes to the financial statements  
for the year ended 31 December 2019 (continued)

## 10. Net fixed assets

The movement of fixed assets as at 31 December are as follows:

	Buildings USD '000	Furniture and equipment USD '000	Vehicles USD '000	Total USD '000
<b>Cost:</b>				
As at 1 January 2018	22,873	2,188	363	25,424
Additions during the year	39	174	106	319
<b>As at 1 January 2019</b>	<b>22,912</b>	<b>2,362</b>	<b>469</b>	<b>25,743</b>
Reclassification	-	-	(11)	(11)
Additions during the year	-	43	-	43
Disposals during the year	-	(200)	(97)	(297)
<b>As at 31 December 2019</b>	<b>22,912</b>	<b>2,205</b>	<b>361</b>	<b>25,478</b>
<b>Accumulated depreciation:</b>				
As at 1 January 2018	8,350	1,499	220	10,068
Charge for the year	508	239	39	786
<b>As at 1 January 2019</b>	<b>8,858</b>	<b>1,738</b>	<b>259</b>	<b>10,855</b>
Charge for the year	512	246	43	801
Disposals during the year	-	(197)	(97)	(294)
<b>As at 31 December 2019</b>	<b>9,370</b>	<b>1,787</b>	<b>205</b>	<b>11,362</b>
<b>Net book value</b>				
<b>As at 31 December 2019</b>	<b>13,542</b>	<b>418</b>	<b>156</b>	<b>14,116</b>
As at 31 December 2018	14,054	625	211	14,890

The lease of land on which the building is constructed was renewed for a period of 30 years commencing from 1 January 2017.

## 11. Provision for end of service benefits

The balance of end of service benefits is invested in a separate interest bearing term bank deposit account managed by BADEA.



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 12. Subscribed and paid-up capital

The contribution of each member country in BADEA's capital as at 31 December is presented as follows:

Country	2019 USD '000	2018 USD '000
Hashemite Kingdom of Jordan	8,562	8,562
State of United Arab Emirates	428,095	428,095
Kingdom of Bahrain	8,562	8,562
Republic of Tunisia	35,674	35,674
People's Democratic Republic of Algeria	171,238	171,238
Kingdom of Saudi Arabia	1,027,429	1,027,429
Republic of Sudan	8,562	8,562
Arab Republic of Syria	4,757	4,757
Republic of Iraq	599,333	599,333
Sultanate of Oman	51,372	51,365
State of Palestine	8,562	8,562
State of Qatar	342,476	342,476
State of Kuwait	627,873	627,873
Republic of Lebanon	28,540	28,540
State of Libya	570,794	570,794
Arab Republic of Egypt	8,562	8,562
Kingdom of Morocco	62,787	62,787
Islamic Republic of Mauritania	6,093	6,093
<b>Total</b>	<b>3,999,271</b>	<b>3,999,264</b>

On 2 April 2013, the Board of Governors of BADEA issued their resolution no. 4 of 2013 to increase BADEA's capital by USD 1,400 million – equivalent to 50% of the capital amounting to USD 2,800 million, effective at January 2014, out of which USD 700 million to be transferred from the general reserve. The remaining amount of USD 700 million shall be paid in cash by Member Countries in 5 equal annual installments starting on April 2014. As at 31 December 2019, the paid up capital amounted to USD 3,999.271 million (2018: USD 3,999.264 million), an increased of USD 7 thousand compared to the balance at end of December 2018. This amount was paid by certain Member Countries which represents their share in the increase in the share capital.

#### 13. General reserve

In accordance with Article 36 of the Establishment Agreement, and based on recommendation of the Board of Directors; the Board of Governors shall annually determine the portion of net income that should be transferred to the general reserve, to the shareholders' capital, or any other transfers in line with the objectives of BADEA. In application to Resolution No. 1 (2) of 2019 of the Board of Governors dated 10 April 2019, an amount of USD 49.959 million was transferred to General reserve (2018: USD 271.659 million).

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Notes to the financial statements  
for the year ended 31 December 2019 (continued)

## 14. Net income from investments

Net income from securities' portfolio for the two years ended 31 December comprises the following:

	2019 USD '000	2018 USD '000
Interest from fixed income securities	33,485	31,663
Dividends from equity securities	18,404	21,513
Margin profit on sukuk	10,890	8,177
Income from global international trade finance	192	-
Currency exchange differences and derivatives valuation	15,988	22,535
Net trading income	126,319	86,492
Unrealized gain / (loss)	153,630	(208,772)
Management fees- portfolio managers and custodians	(6,235)	(4,381)
Income from term deposits and call accounts	13,029	7,252
	<u>365,702</u>	<u>(35,521)</u>
Net income / (loss) from investments		
Unrealized gain / (loss) comprise of the following:		
Unrealized gain / (loss) on valuation of equity securities	112,922	(194,726)
Unrealized gain / (loss) on valuation of fixed income securities	40,708	(14,046)
	<u>153,630</u>	<u>(208,772)</u>

Interest income from term deposits and call accounts for the two years ended 31 December, is as follows:

	Managed by				Total	
	BADEA		Portfolio Managers		2019	2018
	2019 USD '000	2018 USD '000	2019 USD '000	2018 USD '000	USD '000	USD '000
Term deposits	12,218	6,854	103	98	12,321	6,952
Call accounts	147	174	561	126	708	300
<b>Total</b>	<u>12,365</u>	<u>7,028</u>	<u>664</u>	<u>224</u>	<u>13,029</u>	<u>7,252</u>





## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 15. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents as at 31 December are composed of the following:

	2019 USD '000	2018 USD '000
Cash on hand and with banks	1,049	1,436
Term deposits and call accounts (maturing within 3 months of contract date)	716,175	446,804
	<u>717,224</u>	<u>448,240</u>

#### 16. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a current transaction between knowledgeable and willing parties in an arm length transaction conducted with other parties. Then, differences between the carrying value and fair value is generated.

The fair values of financial instruments in the statement of financial position, except for loans, trade finance and contribution in unlisted financial institutions, are not significantly different from the carrying values included in the financial statements. BADEA does not currently sell its loans nor does it believe that there is a comparable market for these assets. Accordingly, it is impractical to determine reliable fair value of these loans.

#### 17. Derivatives

BADEA's investment guidelines in securities' portfolios allows utilisation of forward and future derivative instruments. Forward and future contracts are contractual agreements to buy or sell certain currency, commodity or financial instrument against specified price at certain date in the future. Forward contracts are customized contracts and traded in the over-the-counter market. While future contracts are traded in standardized amounts on regulated markets. Changes in the value of future contracts are paid on a daily basis.

The table below summarizes the positive and negative fair values of derivative financial instruments, and analysis of the nominal amounts for the remaining maturity term. The nominal amounts, which provide an indication of the volumes of the transactions outstanding at the year end, do not necessarily reflect the amounts of the related future cash flows. Thus, such nominal values do not reflect BADEA's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor to market risk.

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Notes to the financial statements  
for the year ended 31 December 2019 (continued)

## 17. Derivatives (continued)

	Positive fair value USD '000	Negative fair value USD '000	Total nominal amount USD '000	Nominal amounts by term to maturity			
				Within 3 months USD '000	3 - 12 months USD '000	1 - 5 years USD '000	Over 5 years USD '000
<b>2019</b>							
Forward contracts	4,574	15,509	1,719,496	1,652,058	17,216	46,000	4,222
Futures contracts	-	-	57,469	57,496	-	-	-
	<u>4,574</u>	<u>15,509</u>	<u>1,776,992</u>	<u>1,709,554</u>	<u>17,216</u>	<u>46,000</u>	<u>4,222</u>
<b>2018</b>							
Forward contracts	8,836	11,849	1,821,466	1,659,084	99,093	53,048	10,241
Futures contracts	-	-	59,496	59,496	-	-	-
	<u>8,836</u>	<u>11,849</u>	<u>1,880,962</u>	<u>1,718,580</u>	<u>99,093</u>	<u>53,048</u>	<u>10,241</u>

## 18. Risk management

The investment policy adopted by BADEA as developed by its Board of Directors, considers BADEA a specialized development institution, whose investment objective is to preserve capital and increase resources without exposing its assets to significant risks. Therefore, the nature of BADEA necessitates the adoption of a conservative investment policy that mitigates investment risk, in the same manner as adopted by similar development financial institutions. Therefore, BADEA's investment policy is based on a combination of investment in short-term bank deposits, sukuk and securities portfolios, and changing the proportions of resources employed in each of deposits, sukuk and portfolios in the light of the prevailing and expected developments in the financial markets.

**Custodial risk**

BADEA has entrusted the task of safekeeping of its investment portfolio components to a major custodian bank. The custodian safeguards the components of the portfolio, maintains separate accounts for each sub-portfolio, and settles the investment transactions entered into by the portfolio managers.

**Credit risk**

Credit risk is defined as the inability of a counter-party to pay amounts in full when due.

In respect of deposits and investment portfolio held for trading and available for sale; credit risk is managed by establishing certain limits for credit and investment guidelines by the Board based on the credit ratings; financial adequacy of the counter-party, the country or the currency. BADEA's management and the Investment Committee, established by the Board of Governors, monitor such limits and guidelines regularly.



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 18. Risk management (continued)

##### Credit risk (continued)

The details of concentration of BADEA investments in fixed income securities and sukuk as at 31 December are as follows:

1) According to the sector distribution:

	2019		2018	
	Amount USD '000	Percentage %	Amount USD '000	Percentage %
Governments	1,181,475	69	1,055,071	62
Corporate	294,602	17	401,504	23
Government authorities	84,699	5	98,337	6
International institutions	144,673	9	147,142	9
<b>Total</b>	<b>1,705,449</b>	<b>100</b>	<b>1,702,054</b>	<b>100</b>

2) According to the geographical distribution:

	2019	2018
	Amount USD '000	Percentage %
United States and Canada	846,580	50
Europe	300,281	18
Japan	138,041	8
South East Asia	73,998	4
Other	346,549	20
<b>Total</b>	<b>1,705,449</b>	<b>100</b>

3) According to the credit rating in accordance with Standard and Poor's Agency rating:

	2019		2018	
	Amount USD '000	Percentage %	Amount USD '000	Percentage %
AAA	246,632	16	367,918	21
AA	907,991	53	873,393	51
A	193,803	11	166,159	10
BBB	165,523	10	133,802	8
Other	173,500	10	160,782	10
<b>Total</b>	<b>1,705,449</b>	<b>100</b>	<b>1,702,054</b>	<b>100</b>

BADEA's lending program aims at supporting development programs in non-Arab African countries. Loan approvals are subject to a study by BADEA. The lending program of BADEA includes provision of loans to or guaranteed by governments. The outstanding loans are considered as sovereign debts. BADEA monitors regular payments of loan installments by the borrowing country, and new loans are suspended for countries that fall in arrears. Periodic reports are also developed on the repayment position of all loans. The borrowing program includes also financing the private sector and Arab exports to African non-Arab countries.

Notes to the financial statements  
for the year ended 31 December 2019 (continued)

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## 18. Risk management (continued)

## Credit risk (continued)

The following table illustrates details of BADEA's loans extended to countries as at 31 December 2019:

Country	No. of loans	Total approved loans USD '000	Unsigned loan amount USD '000	Ineffective loans USD '000	Undisbursed balances USD '000	Balance 2019 USD '000	% of total outstanding loans USD '000	Balance 2018 USD '000
Angola	5	19,950	19,950	-	-	-	-	-
Benin	30	114,070	-	-	57,156	56,914	3.24	56,964
Botswana	16	19,688	-	-	1,160	18,528	1.05	16,035
Burundi	16	90,183	-	7,000	48,031	35,152	2.00	34,214
Burkina Faso	37	198,184	-	20,000	67,957	110,227	6.27	95,975
Central Africa	9	38,230	-	-	32,225	6,005	0.34	5,456
Republic of Chad	23	141,788	-	-	81,411	60,377	3.43	54,910
Cameroon	17	100,606	12,000	-	43,793	44,813	2.55	44,583
Congo Brazzaville	7	34,710	-	-	20,915	13,795	0.79	13,795
Democratic Republic of Congo	9	60,894	-	-	22,258	38,636	2.20	35,248
Comoros	4	17,807	-	-	-	17,807	1.01	17,807
Cape Verde	22	98,292	16,500	-	37,549	44,243	2.52	43,535
Equatorial Guinea	5	94	-	-	-	94	0.01	195
Eritrea	4	20,370	-	-	3,366	17,004	0.97	17,004
Ethiopia	22	186,183	-	20,000	68,547	97,636	5.56	94,616
Gabon	2	1,542	-	-	-	1,542	0.09	1,571
Ghana	24	71,000	-	13,500	9,536	47,964	2.73	47,698
Gambia	22	74,129	-	10,000	10,627	53,502	3.04	48,651
Guinea Bissau	5	16,638	-	-	11,000	5,638	0.32	5,828
Guinea	30	145,592	9,000	15,000	52,169	69,423	3.95	60,296
Ivory Coast	18	116,061	-	-	57,892	58,169	3.31	54,922
Kenya	21	116,616	15,000	-	63,950	37,666	2.14	37,546
Liberia	6	30,897	-	-	11,804	19,093	1.09	16,745

Notes to the financial statements  
for the year ended 31 December 2019 (continued)

18. Risk management (continued)

Credit risk (continued)

Country	No. of loans	Total approved loans USD '000	Unsigned loan amount USD '000	Ineffective loans USD '000	Undisbursed balances USD '000	Balance 2019 USD '000	% of total outstanding loans USD '000	Balance 2018 USD '000
Lesotho	17	54,402	-	-	14,403	39,999	2.28	38,787
Madagascar	23	78,432	-	20,000	19,133	39,299	2.24	39,928
Malawi	12	81,859	-	-	25,221	56,638	3.22	51,228
Mauritius	13	28,833	-	-	27,153	1,680	0.10	1,563
Mali	33	136,587	40,000	-	30,422	66,165	3.77	68,825
Mozambique	35	162,674	-	-	66,582	96,092	5.47	96,299
Namibia	5	14,550	-	-	6,700	7,850	0.45	8,502
Nigeria	1	8,000	-	-	2,118	5,882	0.33	5,882
Niger	24	129,989	20,000	-	47,428	62,561	3.56	49,803
Rwanda	21	114,300	2,000	-	41,171	71,129	4.05	57,449
Senegal	45	172,890	-	-	53,976	118,914	6.77	116,138
Seychelles	12	34,138	-	-	14,518	19,620	1.12	18,638
Sierra Leone	14	79,857	-	20,000	6,018	53,839	3.06	50,896
Sao Tome and Principe	9	26,135	-	7,800	7,539	10,796	0.61	10,926
Swaziland	9	54,317	15,000	-	14,846	24,471	1.39	25,729
Tanzania	23	155,382	-	24,000	53,156	78,226	4.45	74,453
Togo	10	53,851	-	-	27,764	26,087	1.48	23,830
Uganda	18	103,471	15,000	-	25,208	63,263	3.60	52,009
Zambia	13	65,206	-	-	30,961	34,245	1.95	32,434
Zimbabwe	9	17,589	-	-	6,391	11,198	0.64	13,125
Other	7	17,034	2,000	-	-	15,034	0.85	17,801
<b>Total public sector</b>	<b>707</b>	<b>3,303,020</b>	<b>166,450</b>	<b>157,300</b>	<b>1,222,054</b>	<b>1,757,216</b>	<b>100.00</b>	<b>1,657,839</b>



Notes to the financial statements  
for the year ended 31 December 2019 (continued)

## 18. Risk management (continued)

## Credit risk (continued)

Institution	No. of loans	Total approved loans USD '000	Unsigned loan amount USD '000	Ineffective loans USD '000	Undisbursed balances USD '000	Balance 2019 USD '000	% of total outstanding loans USD '000	Balance 2018 USD '000
West African Development Bank (BOAD)	2	15,000	-	-	10,000	5,000	4.86	-
Eco Bank Group	1	10,000	10,000	-	-	-	-	-
East African Development Bank (EADB)	2	30,286	20,000	-	3	10,283	9.99	11,997
Development Bank of Rwanda (BRD)	1	10,833	-	-	-	10,833	10.53	12,500
The Bank of Central African States (BDEAC)	1	15,000	-	-	-	15,000	14.58	9,000
The Eastern and Southern African Trade and Development Bank (PTA)	1	15,000	-	-	-	15,000	14.58	5,000
SONIBANK	1	5,000	5,000	-	-	-	-	-
Tanzania Investment Bank (TIB)	1	9,318	-	-	7,500	1,818	1.77	2,500
Uganda Development Bank Limited (UDBL)	2	15,625	10,000	-	-	5,625	5.47	5,782
Investment and Development Bank (BIDC CEDEAO)	1	15,000	-	-	-	15,000	14.58	15,000
Liberian Bank for Development and Investment (LBDI)	1	5,000	-	-	900	4,100	3.98	1,500
National Fund for Credit Agriculture Senegal (CNCAS)	1	10,000	-	-	7,000	3,000	2.92	3,000
Mali Solidarity Bank (BMS)	1	15,000	-	-	-	15,000	14.58	15,000
Development Bank of Mali (BDM)	1	-	-	-	-	-	-	4,000
Cotton Development Company Cameroon (SODECOTON)	1	10,000	-	-	10,000	-	-	-
Home Finance Company (HFC)	1	15,000	-	-	12,750	2,250	2.19	2,250
Norsad Finance Limited Institution (NORSAD)	1	15,000	15,000	-	-	-	-	-
Access Bank Ghana	1	10,000	10,000	-	-	-	-	-
Tamweel Africa Holding	1	15,000	-	15,000	-	-	-	-
SONACOS/ITFC	1	87	-	-	87	-	-	9,913
RAW Bank	1	15,000	-	15,000	-	-	-	-
CORIS Bank International	1	15,000	-	15,000	-	-	-	-
Sterling Bank PLC	1	15,000	-	15,000	-	-	-	-
BRM	1	10,000	-	10,000	-	-	-	-
BNI	1	10,000	10,000	-	-	-	-	-
ACWA Power – SA	1	40,000	40,000	-	-	-	-	-
NEHO	1	40,000	40,000	-	-	-	-	-
<b>Total private sector</b>	<b>30</b>	<b>381,149</b>	<b>160,000</b>	<b>70,000</b>	<b>48,240</b>	<b>102,909</b>	<b>100</b>	<b>97,442</b>
<b>Total public and private sectors</b>	<b>737</b>	<b>3,684,169</b>	<b>326,450</b>	<b>227,300</b>	<b>1,270,294</b>	<b>1,860,125</b>	<b>-</b>	<b>1,755,281</b>
<b>Less: provision for loans to public and private sectors</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(45,844)</b>	<b>-</b>	<b>(4,768)</b>
<b>Total public and private sectors after provisions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,814,281</b>	<b>-</b>	<b>1,750,513</b>



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 18. Risk management (continued)

##### Credit risk (continued)

BADEA monitors the repayments of its due loans from the borrowing countries and assesses the position of recoverability in accordance with Board of Governors Resolution No.(21-third) for the year 2019, by adopting the policy of provision for loans to public sector, and resolution No. (9) of 2019 approving the policy of provisions for loans to private sector and trade finance. The following schedule shows commitment of countries in repayment of dues:

31 December 2019	Number of countries	Project loans USD '000	SAFAA loans USD '000	Total 2018 USD '000	Special reserve USD '000	Loans to private sector USD '000
<b>Performing countries with regular repayments</b>						
Without arrears*	17	799,884	-	799,884	19	70,677
Arrears less than one year	8	369,571	3,133	372,704	7	8,075
Arrears more than one year and less than two years	-	-	-	-	2	-
<b>Sub-total</b>	<b>25</b>	<b>1,169,455</b>	<b>3,133</b>	<b>1,172,588</b>	<b>28</b>	<b>78,752</b>
<b>Countries with arrangements for settlement of arrears with regular repayments</b>						
Without arrears	10	462,602	6,897	469,499	-	-
Arrears for less than one year	3	55,063	4,280	59,343	-	-
<b>Sub-total</b>	<b>13</b>	<b>517,665</b>	<b>11,177</b>	<b>528,842</b>	<b>-</b>	<b>-</b>
<b>Countries with arrangements for settlement of arrears but not performing</b>						
Arrears for more than one year and less than two years	2	17,368	50	17,418	-	-
Arrears for two years and more	2	11,167	5,514	16,681	-	-
<b>Sub-total</b>	<b>4</b>	<b>28,535</b>	<b>5,564</b>	<b>34,099</b>	<b>-</b>	<b>-</b>
<b>Countries with no arrangements for settlement of arrears and not performing</b>						
Arrears for two years and more	1	-	-	-	-	-
<b>Sub-total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand total 2019</b>	<b>43</b>	<b>1,715,655</b>	<b>19,874</b>	<b>1,735,529</b>	<b>28</b>	<b>78,752</b>

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Notes to the financial statements  
for the year ended 31 December 2019 (continued)

18. Risk management (continued)

Credit risk (continued)

31 December 2018	Number of countries	Project loans USD '000	SAFAA loans USD '000	Total 2018 USD '000	Special reserve USD '000	Loans to private sector USD '000
Performing countries with regular repayments						
Without arrears	19	981,502	3,133	984,635	24	79,442
Arrears less than one year	7	198,598	-	198,598	2	18,000
Sub-total	26	1,180,100	3,133	1,183,223	26	97,442
Countries with arrangements for settlement of arrears with regular repayments						
Without arrears	10	380,177	8,554	388,731	-	-
Arrears for less than one year	3	36,030	3,547	39,577	-	-
Sub-total	13	416,207	12,101	428,308	-	-
Countries with arrangements for settlement of arrears but not performing						
Arrears for more than one year and less than two years						
Arrears for two years and more	3	30,204	10,467	40,671	-	-
Sub-total	3	30,204	10,467	40,671	-	-
Countries with no arrangements for settlement of arrears and not performing						
Arrears for two years and more	1	1,859	-	859	-	-
Sub-total	1	859	-	859	-	-
Grand total 2019	43	1,627,370	25,701	1,653,071	26	97,442





## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 18. Risk management (continued)

##### Equity price risk

Equity price risk is the risk of change in the fair values of listed securities. BADEA sets suitable instructions for investment in securities- equity securities.

The following table discloses the concentration of BADEA's investment in securities – equity securities as at 31 December.

##### 1- According to the sector distribution:

	2019		2018	
	USD '000	%	USD '000	%
Consumable commodities	149,543	19	159,602	18
Energy	40,355	5	51,814	6
Financial institutions	145,920	18	169,818	19
Healthcare	107,198	14	137,639	16
Industrial	86,929	11	91,133	10
Information technology	144,959	18	153,585	18
Production of raw materials	33,901	4	45,398	5
Telecommunication services	65,318	8	43,823	5
Public utilities	25,449	3	30,320	3
<b>Total</b>	<b>799,572</b>	<b>100</b>	<b>883,132</b>	<b>100</b>

##### 2- According to the geographical distribution:

United States and Canada	514,904	64	570,018	64
Europe	182,159	23	212,998	24
Japan	61,014	8	59,824	7
South East Asia	23,328	3	25,999	3
Other	18,167	2	14,293	2
<b>Total</b>	<b>799,572</b>	<b>100</b>	<b>883,132</b>	<b>100</b>

##### Liquidity risk

Liquidity risk is the risk that BADEA may be unable to meet its funding requirements primarily for loan commitments. BADEA maintains adequate funding to meet such obligations when they become due.

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Notes to the financial statements  
for the year ended 31 December 2019 (continued)

## 18. Risk management (continued)

## Interest rate risk

Interest rate risk is the risk that the financial position and cash flows of BADEA may be affected by future fluctuations in interest rates. Favourable fluctuations may lead to increase in the interest income, while unexpected movements may decrease this income.

In respect of deposits, sukuk and fixed income securities, BADEA's main objective is to ensure safety and liquidity of assets. Subject to these factors, BADEA seeks the highest possible return. Performance is monitored regularly and adjustments are made to the portfolios in the light of market developments.

In respect of loans and foreign trade financing, interest rate is determined independently of market forces by the Board of Directors and at levels consistent with BADEA's strategic orientation within the framework of its development objective.

## Foreign exchange risk

Foreign exchange risk is defined as the potential fluctuations in the exchange rates and its effects on BADEA's financial position and cash flows. BADEA has developed certain limits and controls on foreign exchange; as well as their percentage composition, which are monitored regularly by BADEA. BADEA uses the US Dollar in its lending operations and transactions with banks. In respect of the investment portfolios held for trading, transactions of other limited currencies are allowed. Nevertheless, the US Dollar represents the functional currency against which at least 65% of the total portfolio held for trading including derivatives should be maintained.

The following analysis illustrates assets and liabilities by currency as at 31 December:

	Currencies					% of USD
	USD USD '000	Euro USD '000	GBP USD '000	Others USD '000	Total USD '000	
<b>2019</b>						
Total assets	4,248,266	385,496	111,244	549,947	5,204,953	82
Total liabilities	71,652	-	-	-	71,652	100
<b>2018</b>						
Total assets	3,978,074	412,292	125,627	379,053	4,895,046	81
Total liabilities	68,836	-	-	-	68,836	100



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2019 (continued)

#### 19. Taxation exemption

In accordance with Article (40) of its Establishment Agreement, BADEA shall be exempted from all taxes and charges in the member countries. BADEA is also exempted from any restrictions as well as custom duties on importing materials necessary for its operations. This may not be applicable to any dues payable for actual services rendered to the Bank. BADEA is also released and declared from any responsibility related to collection or payment of any tax or duty.

#### 20. Financing pledges and other commitments

##### A- Loans and grants commitments

All loans and grants are governed by agreements and memorandums of understanding with sovereign beneficiary countries. Total of these commitments does not necessarily reflect prospective financial needs; as many of these commitments are ineffective due to non-signature or revocation of the related agreements or memorandum of understanding; or incomplete endorsement procedures. Details of these commitments as at 31 December are as follows:

	2019			2018
	Public Sector USD '000	Private Sector USD '000	Total USD '000	USD '000
Unsigned loans (Note 18)	166,450	160,000	326,450	210,450
Ineffective loans (Note 18)	157,300	70,000	227,300	240,850
Un-disbursed loans (Note 18)	1,222,054	48,240	1,270,294	1,263,077
Un-disbursed grants	35,255	-	35,255	33,899
<b>Total</b>	<b>1,581,059</b>	<b>278,240</b>	<b>1,859,299</b>	<b>1,748,276</b>

**ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA**

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**Notes to the financial statements  
for the year ended 31 December 2019 (continued)****A- Trade finance program**

A provision of USD 250 million was allocated to the Arab trade finance program with African non-Arab countries for the year 2019 (2018: USD 225 million) of which total commitments amounted to USD 993 million (2018: USD 755 million), and unsigned agreements amounted to USD 425 million (2018: USD 285 million).

**B- Other commitments**

As at 31 December 2019, BADEA is committed to settle the residual amount of BADEA's contribution in AFREXIM's capital with an amount of USD 46,603 million (2018: USD 6 million). This amount should be paid on demand of shareholders (Note 4).

**21. Approval of the financial statements**

On 26 February 2020, the Board of Directors recommended to issue and present these financial statements to the Board of Governors for final approval.





# Annexes

Annexes

Annexes

Annexes

Annexes

Annexes



## ANNEX I

### Evolution of The Financing Operations (1975 - 2019)

(Amounts in \$ million)

Item	75 - 2013	2014	2015	2016	2017	2018	2019	Total
Number of approved project loans	566	20	18	16	16	14	14	664
Number of approved credit loans	32	2	1	-	-	1	-	36
Number of Special Program operations	14	-	-	-	-	-	-	14
Number of private sector operations	-	-	4	8	8	8	3	31
Number of approved technical grants	591	29	35	41	40	45	43	824
Number of SAAFA loans	59	-	-	-	-	-	-	59
Number of signed loan agreements	566	17	25	12	32	25	13	690
Number of effective loan agreements	528	22	30	11	28	24	15	658
Technical grants deducted against revenue	91,459	6,689	6,140	8,442	5,454	7,067	7,808	133,059
Technical grants deducted against revenue by the year of approval	104,966	5,485	5,913	6,101	5,637	3,668	1,289	133,059
Technical assistance and grants commitments	142,713	8,000	10,000	10,000	9,555	9,950	9,960	200,178
Cancelled grants and feasibility studies	28,230	0,490	0,579	0,129	0,356	0,061	-	29,845
BADEA's commitments - public sector	4,329,883	200,000	210,000	220,000	229,555	239,950	249,960	5,679,348
BADEA's commitments – private sector	-	-	50,000	86,000	100,000	100,000	100,000	436,000
Cancelled commitments	829,054	1,637	28,579	12,129	6,356	5,061	-	882,816
BADEA's loans	3,456,206	192,000	200,000	210,000	220,000	230,000	240,000	4,748,206
BADEA's loans including grants and technical assistance	3,500,829	198,363	231,421	293,871	323,199	334,889	349,960	5,232,532
SAFAA loans	214,244	-	-	-	-	-	-	214,244
SAFAA disbursement	214,244	-	-	-	-	-	-	214,244
BADEA's disbursement	2,313,389	127,829	139,621	121,250	143,350	213,275	181,460	3,240,174
Paid- up capital	2,800,000	775,405	120,613	101,743	101,211	100,292	0,007	3,999,271

## ANNEX II

## Distribution of Net Commitments by The Beneficiary Countries (1975 – 2019)

(\$ Million)

Country	75 - 2013	2014	2015	2016	2017	2018	2019	Total
Ethiopia	131,148	9,983	13,250	15,000	20,001	-	20,050	209,432
Eretria	28,340	0,029	-	-	-	-	-	28,369
Central African Republic	30,093	-	-	0,050	13,000	-	0,142	43,285
Angola	10,146	-	-	-	19,950	-	0,130	30,226
Benin	112,248	9,091.6	10,000	-	-	-	40,000	171,340
Botswana	81,033	-	-	-	-	-	-	81,033
Burkina Faso	179,389	20,109.1	9,400	19,000	12,307	40,500	-	280,705
Burundi	66,079	0,281.1	11,600	-	15,000	15,574	7,350	115,884
Chad	111,473	-	10,271	19,686	15,503	20,014	0,364	177,311
Tanzania	133,137	11,816	-	10,571.3	-	0,300	13,830	169,654
Togo	46,710	10,013	9,023	-	-	0,033	-	65,779
Gabon	9,208	-	-	0,061	0,002	0,350	-	9,621
Gambia	87,519	7,000	10,034	-	-	0,500	10,000	115,053
Cape Verde	91,010	0,018	12,000	-	13,522	10,000	16,500	143,050
Rwanda	102,392	11,206	15,000	-	-	-	22,320	150,918
Zambia	73,124	-	-	10,000	-	-	-	83,124
Zimbabwe	50,944	3,000	-	-	-	-	-	53,944
Sao Tome & Principe	11,902	7,532	7,922	-	-	-	-	27,356
Senegal	222,429	11,155.1	10,032	9,000	13,500	11,500	0,350	277,966
Swaziland	44,440	-	0,291	10,000	15,000	-	-	69,731
Sierra Leone	67,826	-	-	-	0,450	-	20,500	88,776
Seychelles	37,706	6,505.5	11,000	0,099	-	-	-	55,311
Ghana	142,985	-	-	-	-	13,500	-	156,485
Guinea	159,953	11,662.1	0,012	20,178	16,000	15,650	9,710	233,165
Equatorial Guinea	8,667	-	-	-	-	-	-	8,667
Guinea Bissau	10,530	0,062.1	0,120	-	11,218	-	-	21,930
Cameroon	110,811	11,300	12,000	-	12,338	-	-	146,449
Congo Brazzaville	46,123	10,000	-	-	-	-	-	56,123
Democratic Republic of Congo	56,331	10,062.1	-	-	-	-	-	66,393
Cote d'Ivoire	97,937	10,041	12,450	0,350	20,275	0,300	0,540	141,893
Kenya	118,051	-	10,000	11,000	-	15,320	-	154,371
Liberia	7,051	10,000	-	12,000	-	-	-	29,051
Lesotho	77,110	-	-	-	14,000	-	-	91,110
Mali	157,243	0,400	0,150	20,000	-	0,300	40,360	218,453
Madagascar	95,579	11,015	10,050	0,500	0,008	0,083	20,000	137,235
Malawi	86,603	0,005.5	-	-	-	10,250	-	96,859
Mauritius	67,309	0,035.5	-	-	-	20,000	-	87,345
Mozambique	186,034	9,900	13,080	10,450	-	20,280	-	239,744
Namibia	25,147	-	-	-	-	-	0,500	25,647
Niger	90,313	0,062.8	0,119	20,630	10,370	20,981	20,000	162,476
Nigeria	8,000	-	-	-	-	-	-	8,000
Uganda	87,176	0,040	15,096	11,500	-	15,000	0,270	129,082
Comoros	7,996	-	-	-	-	-	-	7,996
Group of countries (private sector)	20,000	-	-	-	-	-	2,000	22,000
Private sector	-	-	22,000	86,000	94,000	100,000	100,000	402,000
Regional Organizations	0,618	0,552.5	0,608	1,694.7	1,118	0,894	3,647	9,132.2
Grants deducted against income	104,966	5,485	5,913	6,101	5,637	3,560	1,397	133,059
<b>Grand Total</b>	<b>3,500,829</b>	<b>198,363</b>	<b>231,421</b>	<b>293,871</b>	<b>323,199</b>	<b>334,889</b>	<b>349,960</b>	<b>5,232,532</b>



### ANNEX III

#### Annual Sectoral Distribution of the Net Commitments (1975 - 2019)

(\$ Million)

Year	Infrastructure		Agriculture and Rural Development		Industry		Energy		Urgent Aid Program		Social Sector		Private Sector		Technical Assistance		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>1975 - 2013</b>	1,895,015	54.13	862,004	24.62	51,529	1.47	172,469	4.93	12,635	0.36	282,999	8.08	111,714	3.19	112,464	3.21	3500829	100.00
<b>2014</b>	109,453	55.18	43,500	21.93							32,900	16.59	5,000	2.52	7,510	3.79	198363	100.00
<b>2015</b>	112,800	48.74	35,600	15.38							46,600	20.14	27,000	11.67	9,421	4.07	231421	100.00
<b>2016</b>	108,500	36.92	49,000	16.67							40,500	13.78	86,000	29.26	9,871	3.36	293871	100.00
<b>2017</b>	126,500	39.14	38,500	11.91			11,000	3.40			44,000	13.61	94,000	29.08	9,199	2.85	323199	100.00
<b>2018</b>	98,000	29.26	73,500	21.95							53,500	15.98	100,000	29.86	9,889	2.95	334889	100.00
<b>2019</b>	107,000	30.57	55,500	15.86							77,500	22.15	100,000	28.57	9,960	2.85	349960	100.00
<b>Total</b>	<b>2557268</b>	<b>48.87</b>	<b>1157604</b>	<b>22.12</b>	<b>51,529</b>	<b>0.98</b>	<b>183469</b>	<b>3.51</b>	<b>12,635</b>	<b>0.24</b>	<b>577999</b>	<b>11.05</b>	<b>523714</b>	<b>10.01</b>	<b>168314</b>	<b>3.22</b>	<b>5232532</b>	<b>100.00</b>

## ANNEX IV

## Sub-Sectoral Distribution of the Net Commitments (1975 - 2019)

(\$ Million)

Sector	1975 - 2013	2014	2015	2016	2017	2018	2019	Total
<b>Infrastructure Sector</b>								
Roads	1,165,664	41,000	60,000	98,500	64,000	78,000	87,000	1,594,164
Railways	30,796							30,796
River transport	18,245							18,245
Air transport	138,599	10,000						148,599
Telecommunications	20,928							20,928
Water supply and drainnag	355,737	39,500	41,800		42,500	20,000		499,537
Dams and bridges	107,807	11,600					20,000	139,407
Public services	57,239	7,353	11,000	10,000	20,000			105,592
<b>Sub-Total</b>	<b>1,895,015</b>	<b>109,453</b>	<b>112,800</b>	<b>108,500</b>	<b>126,500</b>	<b>98,000</b>	<b>107,000</b>	<b>2,557,268</b>
<b>Agriculture and Rural Development Sector</b>								
Agriculture and rural development	466,735	43,500	35,600	49,000	38,500	73,500	55,500	762,335
Food production	238,275							238,275
Livestock and poultry	43,221							43,221
Fishing	70,524							70,524
Food industry	23,749							23,749
Forestry development	19,500							19,500
<b>Sub - Total</b>	<b>862,004</b>	<b>43,500</b>	<b>35,600</b>	<b>49,000</b>	<b>38,500</b>	<b>73,500</b>	<b>55,500</b>	<b>1,157,604</b>
<b>Industry Sector</b>								
Building materials	48,407							48,407
Chemical industries	3,122							3,122
<b>Sub -Total</b>	<b>51,529</b>							<b>51,529</b>
<b>Energy Sector:</b>								
Electricity Production	172,469				11,000			183,469
<b>Social Sector</b>								
Infrastructure	282,999	32,900	46,600	40,500	44,000	53,500	77,500	577,999
<b>Private Sector</b>	111,714	5,000	27,000	86,000	94,000	100,000	100,000	523,714
<b>Special Programme:</b>								
Emergency Aid	12,635							12,635
<b>Technical Assistance</b>								
Countries	6,880	1,472.5	2,900	2,075.3	2,444	5,327	5,024	26,123
Organizations	0,618	0,552.5	0,608	1,694.7	1,118	0,894	3,647	9,132
Grants deducted against revenues	104,966	5,485	5,913	6,101	5,637	3,668	1,289	133,059
<b>Sub - Total</b>	<b>112,464</b>	<b>7,510</b>	<b>9,421</b>	<b>9,871</b>	<b>9,199</b>	<b>9,889</b>	<b>9,960</b>	<b>168,314</b>
<b>Grand Total</b>	<b>3,500,829</b>	<b>198,363</b>	<b>231,421</b>	<b>293,871</b>	<b>323,199</b>	<b>334,889</b>	<b>349,960</b>	<b>5,232,532</b>



## ANNEX V

### Subscription in Capital by Member States & Distribution of Votes until 31/12/2019

Member States	Shares			Voting Power	
	Total Paid-up Capital (\$ million)	Number of Shares	Percentage	Number of Votes	Percentage
Hashemite Kingdom of Jordan	8.562	85.62	0.22	285.62	0.66
State of the United Arab Emirates	428.095	4,280.95	10.70	4,480.95	10.28
Kingdom of Bahrain	8.562	85.62	0.22	285.62	0.66
Republic of Tunisia	35.674	356.74	0.89	556.74	1.28
People's Democratic Republic of Algeria	171.238	1,712.38	4.28	1,912.38	4.39
Kingdom of Saudi Arabia	1,027.429	10,274.29	25.69	10,474.29	24.03
Republic of Sudan	8.562	85.62	0.22	285.62	0.65
Arab Republic of Syria	4.757	47.57	0.12	247.57	0.57
Republic of Iraq	599.333	5,993.33	14.99	6,193.33	14.21
Sultanate of Oman	51.372	513.72	1.29	713.72	1.64
State of Palestine	8.562	85.62	0.21	285.62	0.65
State of Qatar	342.476	3,424.76	8.56	3,624.76	8.31
State of Kuwait	627.873	6,278.73	15.70	6,478.73	14.86
Lebanese Republic	28.540	285.40	0.71	485.40	1.11
State of Libya	570.794	5,707.94	14.27	5,907.94	13.55
Arab Republic of Egypt	8.562	85.62	0.21	285.62	0.65
Kingdom of Morocco	62.787	627.87	1.57	827.87	1.90
Islamic Republic of Mauritania	6.093	60.93	0.15	260.93	0.60
<b>Total</b>	<b>3,999.271</b>	<b>39,992.71</b>	<b>100.00</b>	<b>43,592.71</b>	<b>100.00</b>





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