



Annual Report  
2018

**ARAB BANK**  
FOR ECONOMIC  
DEVELOPMENT IN AFRICA





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**2018**





L'État travaille pour vous

Le Département de Transport et des  
Routes Publiques, l'Agence  
de Développement et d'Aménagement  
des Infrastructures  
Régionales (ADAR) et  
le Service Régional  
des Travaux Publics  
de l'État (SRTP) ont financé  
ce projet de développement.

TO  
L'État travaille pour vous

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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

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 in November 1973 and commenced its operations in March 1975. Its headquarters based in Khartoum, the capital of the Republic of Sudan.

### Definition

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 18 February 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.

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.

## 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 holds one annual meeting in ordinary session.

## 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 of Directors 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 the bases of economy in expenses
- Adopting the five-year plans and approving the loans and grants provided by BADEA.
- Making decisions concerning 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: State of the 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 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 is four-year renewable term. The Board elects among its members, a Chairman for a two-year renewable term. The Board of Directors meets once every three months or whenever necessary.

## Board of Directors' Committees

The Board of Directors has two committees as follows:

**1/ Investment Committee:** It supervises the management of BADEA's investments. It comprises 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/ Audit Committee:** It supervises the review of BADEA's internal works. It comprises 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 both Boards of Governors and Directors.



Meeting of the Board of Governors No. (43) - Dead Sea - April 2018

## The Board of Governors

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

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

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

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

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

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

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

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

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

**H.E. Mr. Abderrahmane RAOUYA**  
Minister of Finance People's  
Democratic Republic of Algeria

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

**H.E. Mr. Mohamed Ben Abdulla Ben Abdul-Aziz**  
Minister of Finance - Kingdom of Saudi  
Arabia

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

**H.E. Mr. Moataz Moussa Abdullah Salim \***  
Prime Minister / Minister of Finance and  
Economic Planning - Republic of Sudan

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

Arab Republic of Syria\*\*

**H.E. Mr. Mokhtar Ould Diay**  
Minister of Economy and Finance  
Islamic Republic of Mauritania

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

\* Representation in the Board of Governors has been modified during 2018, the kingdom of Bahrain used to be represented by H. E. sheikh Ahmed Ben Mohamed Al-Khalifa until 4 December 2018, the Republic of the Sudan by H. E. Dr. Mohamed Osman Sulaiman Al Rikabi until September 2018, the Republic of Iraq by H. E. Dr. Haider Al-Abadi until October 2018, the State of Kuwait by H. E. Mr. Anas Khaled Al-Saleh until January 2018, the State of Libya by H.E. Mr. Osama Saad Hammad Salih until October 2018 and the Kingdom of Morocco by H.E. Mr. Mohamed Boussaid until August 2018.

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





## The Board of Directors



Meeting of the Board of Directors - Khartoum - September 2018

### **Chairman**

**H.E. Eng. Yousef Ben Ibrahim Al- Bassam**  
Kingdom of Saudi Arabia

### **Members**

**H. E. Ms. Lamia Ben Mime**  
Republic of Tunisia

**H. E. Mr. Musabeh Mohamed Alsuwaidi**  
State of United Arab Emirates

**H.E. Dr. Huda Hadi Selman**  
Republic of Iraq

**H.E. Mr. Miloud Botaba**  
People's Democratic Republic of Algeria

**H.E. Mr. Ahmed Saleh Bumater Al - Mohanadi**  
State of Qatar

**H.E. Dr. Abdul Aziz Ben Mohamed Ben Zahir**  
Sultanate of Oman

**H.E. Mr. Mousa Mansour Al Kanoni\***  
State of Libya

**H.E. Mr. Marwan Abdullah Yusuf Thunayan Al-Ghanem**  
State of Kuwait

**H.E. Mr. Elhassan Eddez**  
Kingdom of Morocco

**H.E. Dr. Mona Mohamed Ahmed Wahba**  
Arab Republic of Egypt

### **Director General**

**H.E. Dr. Sidi Ould TAH**  
Islamic Republic of Mauritania

\*Representation in the Board of Directors has been modified during 2018, the State of Libya used to be represented by H. E. Mr. Jumaa Bashir Bu Khadra until March 2018.



**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 (BADEA), I have the honour to submit to the esteemed Board of Governors, on behalf of the Board of Directors, the Annual Report on the works of the Arab Bank for Economic Development in Africa during the year 2018. 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 of the year 2018.

*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 (2017 – 2018)

Particulars	2017	2018
<b>Total Commitments (\$ Million*)</b>	<b>529.60</b>	<b>564.95</b>
Public Sector Project Loans	220	230
Private Sector Financing Loans	100	100
Arab Exports Financing Loans	200	225
Technical Assistance Grants	9.60	9.95
<b>Total Number of Operations</b>	<b>71</b>	<b>73</b>
Number of Public Sector Projects	16	15
Number of Private Sector Operations	8	8
Number of Foreign Trade Operations	7	6
Number of Technical Assistance Operations	40	44
• Feasibility Studies	3	7
• Institutional Support	37	37
Average of Grant Element for Public Sector Project Loans (%)	41.5	35.5
Total Cost of Projects Cofinanced by BADEA (\$ Million)	569.9	884.08
Net Assets (\$ Million)	4,788.2	4,821.4
Total Income (\$ Million)	294.7	(11.9)
Net Income (\$ Million)	271.7	(39.9)

In this Report Dollar means US Dollar (\$)



## Overview of International Economic Development

### 1/ Growth of the World Economy

The world economy during 2018 recorded a growth rate of around 3.7%, 0.2 points above the annual growth rate in the last five years as reflected in the International Monetary Fund's Report on World Economic Outlook issued in October 2018. Notwithstanding the importance of the achieved growth rate, but it was lower than expected due to the relative slowdown in economic activity in some major developed countries, the negative impacts of some protectionist trade measures and the difficulties experienced by some major emerging and developing economies resulting from domestic factors in those countries, in addition to other factors such as difficulty of financing terms, the geo-political tensions and rise of oil prices.

The annual growth rate of the American economy accelerated through 2018 for the second consecutive year to reach 2.8% due to the adoption of a tax reduction policy that had a marked impact on encouraging the private sector activities. In the Euro zone, the annual rate of economic growth slackened to stabilize at around 2% in 2018 due to the slowdown in growth of exports, the rise in oil prices, in addition to political uncertainty and upheavals recorded in many of the countries of the zone. In the United Kingdom, the annual growth rate of the economy continued to fall for the fourth consecutive year to stabilize at 1.3%, the lowest growth rate experienced by the country since 2009, due to climate change and the state of uncertainty related to terms of exiting from the European Union.

In other developed economies, economic growth rate slowed down in Japan following the gradual fading of the catalytic effects of tax relief policy. In Canada, economic growth rate slowed down due to the uncertainty surrounding the review of the North American Trade Agreement (NAFTA), in addition to the relative decline of the taxation system following the tax deductions adopted in the United States of America. Likewise, economic growth slowed down in South Korea due to the decline in investments and the difficulties encountered by the industrial sector, in addition to the impact of the adoption of the substantial increase in the minimum guaranteed wage.

Growth contracted in Singapore and Taiwan due to slackening of Chinese demand for imports from these two countries. In Norway, growth accelerated for the second consecutive year due to increase in oil prices, while in Australia the economic growth rate increased due to growth in domestic consumption and in investments. Growth stabilized in Hong Kong while it fell slightly in China to reach 6.5% due to the contraction of public investments in addition to the adoption of legislations to control increases in real estate.

In India, the economic growth rate accelerated prompted by the increase in domestic consumption. The same happened in Indonesia pushed by domestic demand and in Thailand pushed by expansion in the tourism sector and in industrial exports, while growth slowed down in Malaysia, Philippine and Vietnam due to fall in the rate of growth of exports. Economic growth also slowed down in Latin America to stabilize at 1.1% as a result of the difficulty of terms of financing, the impacts of drought in Argentina in addition to the strike by truckers in Brazil which greatly impeded the productive process. Economic growth also slowed down in countries of Eastern Europe and in Turkey to stabilize at 3.7% as a result of the decrease in growth resulting from the fluctuations in financial markets in Turkey and the sharp fall in the exchange rate of the local currency. In Poland growth slowed down due to

decrease in growth of exports while it accelerated in the Association of Independent States for the second consecutive year to reach 2.3% prompted by rise in oil prices and in local consumption.

In Sub-Saharan African countries, growth rate accelerated for the second consecutive year to reach 3%. This acceleration reflects the beginning of recovery in the economies of oil-producing countries in the region due to increase in world prices and decrease in fluctuations in production. These are factors that played an important role in accelerating growth in Nigeria to 1.9%, and in reducing economic contraction in Angola to 0.1%. Acceleration in the growth rate in Nigeria had a positive impact on the economies of neighboring countries such as Benin and Togo by increasing their exports to the Nigerian markets. The economies of the non-oil producing countries in the region benefited from the improvement in agricultural activities after long spells of drought and from acceleration in public investment in infrastructure due to the persistence of the availability of concessional lending terms. In South Africa, economic growth rate slowed down as a result of political upheavals and the weakness of public investments. In the Middle East and North Africa, the growth rate accelerated to 2% due to the economic recovery of the oil-producing Arab countries following increase in world prices while the ever-increasing growth in Egypt persisted due to the increase in the volume of exports. In Iran, the contraction of the national economy as a result of the re-imposition of American sanctions against the country played an important role in the failure to attain the growth rate experienced by the region in 2016.

## 2/Inflation, Employment and Unemployment

### A. Inflation

Inflation rates in developed economies continued to rise for the third consecutive year to reach 1.9% in 2018, propelled by the increase in oil prices. But the rates of structural inflation that reflect consumer prices on the long term and do not consider fluctuations in energy and food prices remained lower than the planned goals by central banks in all developed economies. Inflation rates in emerging and developing economies continued to rise for the second consecutive year to reach 5.7%, also propelled by the rise in oil prices. In the United States, consumer price inflation rate slightly fell to 2% in 2018, the same rate targeted by the Central Bank. In the Euro zone, inflation rate continued to rise for the third consecutive year to reach 1.8%, propelled by the rise in oil prices in the light of the slow increase in wages, to remain lower than the target set by the European Central Bank at about 2%. In the United Kingdom, the inflation rate fell to 2.3% due to the decline of the inflationary effects resulting from the fall in the exchange rate of the Sterling Pound. In Japan, the inflation rate continued to rise for the third consecutive year to reach 1.4%, pushed by the increase in oil prices, while in China the inflation rate rose to 2.5% due to the same reason and the fall in the Yuan exchange rate. The rate continued to rise in India for the second consecutive year to reach 5.1% as a result of the narrowing of the gap between the achieved and possible levels of production following the acceleration in economic growth, the fall in the value of the local currency as well as the rise in oil prices. Inflation rate rose in Brazil to 4.1% due to rise in oil prices while it fell to 4.3% in Mexico following the slowdown in domestic demand. The inflation rate rose in Russia to 3.5% due to increase in import prices resulting from the fall in the value of the local currency even though the Central Bank raised the interest rate twice during the year.

In Sub-Saharan African countries, inflation rate fell to 8.7%. Despite the relative fall in inflation rates in Nigeria, Angola and Ethiopia, they remained at the two-digit level (12.8% in Nigeria, 20% in Angola and 10.5% in Ethiopia), due to rise of food prices in Nigeria and the fall in the value of local currencies in Angola and Ethiopia, in addition to the fast rise of bank loans in Ethiopia. The inflation rate rose to 5.7% in South Africa but remained within the targeted range set by the Central Bank of 3 – 6%.



## B. Employment and Unemployment

The global unemployment rate fell slightly in 2018 to stabilize at 5.4% where the number of unemployed reached 188 million, 43% of them females. Employment rate reached 58.5% of the total population above 15 years, while this rate did not exceed 45.6% for females.

In developed economies, the unemployment rate continued to fall for the sixth consecutive year to reach 5.1%, where the Euro Zone recorded unemployment rate of 8.3%, the lowest rate in the zone since 2008. The Group of Seven Industrialized Countries recorded an unemployment rate of 4.5%, the lowest witnessed by the Group since the first oil shock of 1973. Unemployment rate also fell in the rest of the developed economies to the lowest level since 2008 to settle at 4%. In emerging economies, the unemployment rate continued to fall for the third consecutive year in the countries of North Africa to stabilize at 11.5%, as well as in Central American countries for the fifth consecutive year to stabilize at 3.6%, in Eastern European countries to stabilize at 5.2% and in Central Asian countries to stabilize at 6.5%. The rate fell in South American countries to 9.4% and in Arab countries to 7.8%, and to 10.1% in countries of West Asia while it remained stable at 4.5% in East Asian countries, at 2.7% in South East Asian countries, at 4.1% in South Asian countries and at 2.7% in ASEAN countries.

In Sub-Saharan African countries, the unemployment rate stabilized at 7.2%, representing around 29.9 million unemployed, with an increase of about one million persons compared to 2017. This rate reflects, however, important disparities between different regions as it rose to 5.4% in Central African countries, remained stable at 6.4% in East African countries and at 5.3% in West African countries while it continued to rise in Southern African countries for the fifth consecutive year to reach 26.8%.

## 3/International Trade

The growth in the volume of world trade slowed down in 2018 to settle at 4.1%. This is mainly due to the protectionist measures unilaterally adopted by the United States and reciprocated by China and the European Union.

The annual growth rate of exports of developed countries decelerated to 3.3%, where it fell to 3.8% in the Euro Zone, to 2.9% in the countries of the Group of Seven Industrialized countries, and to 3.3% in the rest of the developed economies. In emerging and developing economies, the annual growth rate of exports slowed down to 4.6% where it fell to 5% in the Association of Independent States, to 5.8% in the Asian emerging and developing economies, and to 6.2% in the largest five ASEAN countries (not including Singapore). Equally, the annual growth rate of exports slowed down to 7.1% in Eastern European countries and Turkey and to 3.6% in Latin American countries. The annual rate of contraction in exports of countries of the Middle East and North Africa fell to 0.2% while the annual growth rate of exports slowed down in Sub-Saharan African countries to 2.7%.

The annual growth rate of imports of developed economies fell to 3.6% where it rose to 3.9% in the countries of the Euro zone, while slowed down to 3.4% in the G-7 industrialized countries and to 3.5% in the rest of the developed economies. The rate contracted to 6% in the emerging and developing economies where it slowed down to 5.2% in the countries of the Association of Independent States, to 7.9% in the Asian emerging and developing economies and to 6.9% in the largest five economies in the ASEAN Group. The annual growth rate of imports fell in the countries of Eastern Europe and Turkey to 5.3% and in Latin American countries to 2.9% while it rose to 2.7% in the countries of the Middle East and North Africa and to 6.5% in the Sub-Saharan African countries.

## 4/ External Debt & Heavily Indebted Poor Countries

### A. External Debt

According to the World Bank, the volume of external debt of Sub-Saharan African countries stood at about 524.1 billion dollars in 2017 with a record increase of 15% compared to 2016. The volume of external debt is thus about 33.5% of the Gross Domestic Product (GDP). The structure of this debt reveals that 84% of the total debt was in the form of long-term loans and 12% in the form of short-term loans, while loans from the IMF amounted to 4% of the total debt. The recorded increase in long-term loans represented 91% of the total recorded increase in external debt while the recorded increase in short-term loans of 7.5% was the most important since 2012. The loans provided by the World Bank rose after three years of falling.

The percentage of concessional loans decreased slightly to 32.4% of the total external debt, while the percentage of loans from multilateral institutions rose to 19.7%. The percentage of external debt in dollars fell to stabilize at 62.4% while the percentage of external debt in Euros increased to around 5.7%.

The payment arrears amounted to about 30.5 billion dollars in 2017, an increase of 5.9% over 2016. As to the structure of the arrears, 26% of them are related to loans from private sources while 74% are related to loans from public sources. In 2017, disbursements from loans rose to a record level of about 83.1 billion dollars, an increase of about 42.5% over 2016. About 94% of these disbursements are related to long term loans while 6% are related to short term loans.

Debt servicing amounted to 40.1 billion dollars in 2017, an increase of 5% over 2016. Debt servicing constituted 10.4% of exports. As to its structure, 69% is related to repayment of principal while 31% is related to payment of interests. The recorded increase in repayment of principal represented 90% of the recorded increase in debt servicing. The average interest rate on new loans obtained in 2017 rose to 3.8%, the average loan duration to 20.2 years and the average grace period to 5.5 years while the average grant element fell to 40.1%. As to the new loans from public sources provided in 2017, the average interest rate rose to 2% the average loan duration to 25.3 years, the average grace period to 5.7 years and the average grant element to 57.5%. On the other hand, the volume of foreign investment flows continued to fall in 2017 for the second consecutive year to reach 27%. The volume of investment flows thus amounted to 15.7 billion dollars, the lowest level in the last 10 years, while the volume of investment flows in portfolios reached 6.5 billion dollars after being negative in 2016.

### B. Heavily-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. 3 countries are eligible to benefit from the Initiative but did not reach the Completion Point, of which one country is eligible to benefit from BADEA's assistance (Eritrea). The total resources devoted to debt relief within the Initiative amounted to 76.3 billion dollars, of which 64.7 billion dollars were earmarked for the African countries eligible to BADEA's assistance. BADEA's contribution within the Initiative by the end of 2018 stood at around 258.8 million dollars benefiting all the recipient countries that reached the Completion Point.





## 5/ World Economic Outlook for 2019

Projections in the International Monetary Fund's report on the prospects of the World Economy for 2018 indicate a slight slowdown in the growth rate of the world economy to stabilize at 3.6% in 2019 due to the slowdown in the growth rate of trade, investments and industrial activities. The growth rate in developed economies is expected to fall to 2.1% due to the gradual end of the supportive expansionary monetary policies. It is also expected that the growth rate in emerging and developing economies will stabilize at 4.6% although this rate hides wide disparities among these countries. It is further expected that economic growth will slow down in the emerging and developing economies in Asia and Europe, while other regions such as Latin America, the Middle East, North Africa and Sub-Saharan Africa will experience an acceleration in their economic growth.

Economic growth is expected to slowdown in the United States of America in 2019 to stabilize at 2.5% as a result of the gradual end of the supportive expansionary monetary policies, the fading of the positive impacts of the tax relief policies and the increase in public spending. It is also expected that the growth rate will slow down in the Euro Zone to around 1.8% as a result of the gradual end of the supportive expansionary monetary policies and the slowdown in the growth of world trade in the light of protectionist measures. In the United Kingdom, growth is expected to accelerate slightly to 1.4% in 2019 with the end of the state of uncertainty surrounding the negotiations on exiting from the European Union.

In Japan, the economic growth is expected to decline to 0.9% in 2019 due to the fading of the positive impacts resulting from the tax relief policies. In other developed economies, growth rate is expected to stabilize in Canada at 2% and to slow down in South Korea to about 2.5% due to the persistence of the negative effects of the significant increase in the guaranteed minimum wage, in addition to the restructuring of the industrial sector. Growth is equally expected to slow down in Australia to 2.7% as a result of the slowing down in exports and domestic consumption. In Switzerland, the economic growth is expected to contract to 1.8% due to the gradual fading of the momentum caused by the devaluation of the exchange rate of the local currency.

In China, the economic growth is expected to continue slowing down to stabilize at 6.1% in 2019 as a result of the fall in the exports growth brought about by the American protectionist measures, while in India the economic growth is expected to accelerate to 7.4% reflecting the persistent growth of investments and exports as a result of the multiple structural reforms adopted over the last few years, including the enactment of legislation dealing with cases of companies defaulting or bankrupt, in addition to the simplification of procedures of paying taxes on goods and services, the significant improvement of road networks and electric supply services, and the increase in banks' resources. In Indonesia, the economic growth is expected to stabilize at 5.1%, while it is expected to accelerate in Latin America to reach 2.1% in 2019. This rate hides, however, disparities among the countries of the region. In Mexico, growth is projected to accelerate to 2.5% and in Brazil to 2.3% due to recovery in domestic demand associated with fall in unemployment, while in Argentine economic contraction is expected to persist to reach 1.6% due to the continuation of fiscal austerity and monetary restrictive policies. In the Association of Independent Countries, economic growth is expected to stabilize at 2.3% while it is expected to slow down in Turkey to stabilize at 0.3%, as a result of declining in domestic demand.

In Sub-Saharan African countries, the economic growth is expected to accelerate in 2019 to reach 3.7% due to the decline of the state of political uncertainty experienced by the major economies such as South Africa and Angola that would enhance investments in these economies, in addition

to robustness of growth in non-oil producing countries. This acceleration, however, remains limited due to the difficulties facing the global economy and alarming slowdown in economic growth of most trade partners of the continent, in addition to the hardening of funding terms and the uncertainty state surrounding the international trade because of the continuation of protectionist measures. Growth in Nigeria is expected to accelerate to 2.2% in 2019, and the Angolan economy is expected to emerge from the persistent contraction experienced through the last three years to register a growth rate of 3% due to the rise in oil production and the adoption of reforms aimed at improving the business climate.

It is also expected that growth would accelerate in South Africa to reach 1.4% but this acceleration remains limited due to the negative impact of high rates of unemployment, the effects of sluggish growth of personal bank loans on family consumption, and the austerity policy aimed at controlling the deficit in government budget. It is expected that growth will remain robust in the other countries of the region as the economies of the countries of the Economic and Monetary Community of Central Africa are expected to benefit from the rise in oil prices and the increase in domestic demand accompanying the decline of impacts of austerity policies adopted by the Group countries during the latest years. It is also expected that growth rates would remain high in the fast-growing countries such as Cote D'Ivoire, Kenya and Tanzania as a result of continuing of public investment and improvement of agricultural production. In Madagascar, growth rate is expected to remain high in the light of increase in exports while in Ethiopia the same would happen despite the austerity policies aimed at controlling the volume of public debt.

In the Middle East and North Africa, growth rate is expected to accelerate to reach 2.5% in 2019, due to the continuation of reforms aimed at improving the business climate and the adoption of economic diversification strategies in oil producing countries which would enhance investments in the region, in addition to the improvement in domestic demand and the recovery in the tourism sector. In this context, the rate of growth is expected to accelerate in the Kingdom of Saudi Arabia to reach 2.4%, to 3.6% in the United Arab Emirates to 3.6%, while in Iran the economic contraction is expected to deepen to reach 3.6% as a result of the impacts of the American sanctions.



## PART ONE

### Financial Activity

#### Introduction

2018 is the penultimate year of BADEA's Seventh Five-Year Plan (2015 – 2019), the Plan that has allocated 1100 million dollars for public sector projects, 450 million dollars for private sector operations, between 150 and 250 million dollars annually for financing Arab exports to African countries (revolving amount) and 50 million dollars for technical assistance operations.

Regarding the sectoral distribution of public sector projects approved in 2018, funding covered the infrastructure sector in the fields of transport, provision of safe drinking water, sanitation services and traditional fishing. These fields have their direct impact on improving the living conditions of the population. Funding also covered the agriculture and rural development sector which plays a key role in achieving food security and reducing poverty, in addition to promoting women's participation in economic activities. They also covered the social sector in the fields of health, education and microfinance, which helps in improving the health conditions of the population and strengthening human capacities in various disciplines.

BADEA intensified – during the year – its efforts to develop trade exchange between Arab and African regions, through financing Arab exports to African countries. It equally provided substantial support to the private sector in the beneficiary countries by providing the needed financial resources to conduct its business. BADEA also earmarked non-repayable grants to finance various technical assistance operations.

In 2018 BADEA responded to the desire of the African countries to raise the ceiling of funding per project during the year, taking into consideration the disparity among the development levels of the beneficiary countries. Accordingly, the ceiling of funding increased from 20 million dollars to 40 million dollars (while maintaining the volume of the annual allocations until the end the current five-year plan), provided that BADEA's contribution does not exceed 90% of the total cost of the project or 40 million dollars, whichever is less. On the other hand, a beneficiary state may be granted more than one loan per year, provided that the total amount of such loans does not exceed 40 million dollars.

#### Total Commitments in 2018

Total commitments in 2018 amounted to about 564.95 million dollars, the equivalent of 99.9% of the approved allocations for the year, of which 230 million dollars were earmarked for 15 public sector projects, 100 million dollars for 8 private sector operations, 225 million dollars for 6 Arab export operations to African countries and 9.95 million dollars for 44 technical assistance operations.

Commitments of 2018 exceeded those of 2017 by an increase of 6.7%, owing to the increase in public sector allocations by 4.5% and in Arab export allocations by 12.5%.

**Public Sector Loan Commitments and their Distribution in 2018**

Based on the guidance of BADEA's current Seventh Five-Year Plan and the priorities of the African beneficiary countries, public sector loan commitments were distributed as shown in the diagram below.

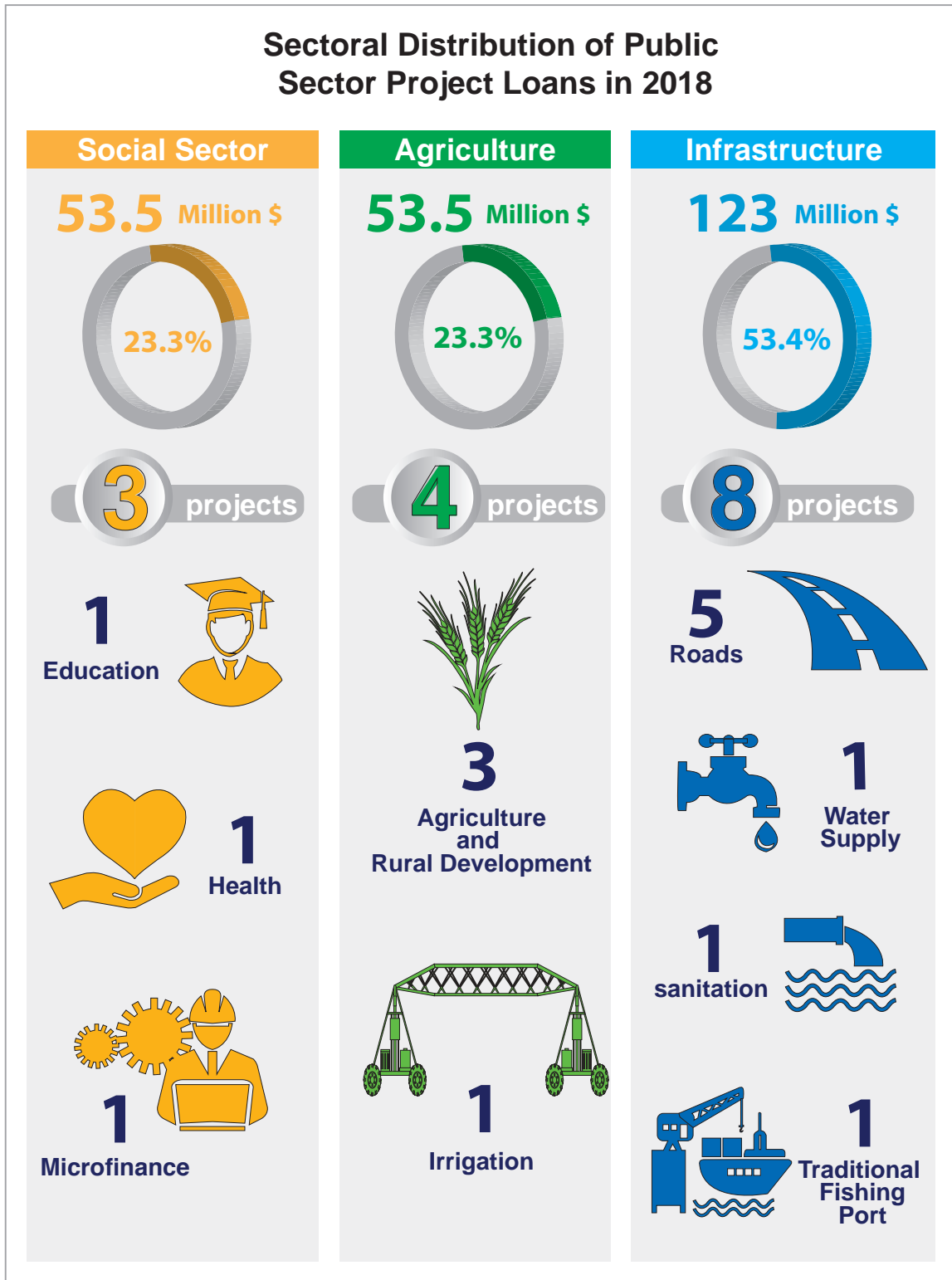




Table I

## Sectoral Distribution of Public Sector Loans for 2017 &amp; 2018

Sector	Number of Loans		Amount (\$ Million)		Percentage (%)	
	2017	2018	2017	2018	2017	2018
Infrastructure	8	8	122.5	123.0	55.7	53.4
Agriculture and rural development	4	4	53.5	53.5	24.3	23.3
Social	4	3	44.0	53.5	20.0	23.3
<b>Total</b>	<b>16</b>	<b>16</b>	<b>220</b>	<b>230</b>	<b>100</b>	<b>100</b>

## Lending Terms

Loans are extended in favorable terms, taking into consideration the economic conditions of the borrowing states, which are mostly in the low-income group. These terms enabled these states to obtain loans with a grant element commensurate with their circumstances and the orientations of the international institutions on how to deal with them.

The weighted-average for the interest rate charged on BADEA's loans was around 1.7% in 2018 compared to around 1.5% in 2017, for the repayment period was around 25.4 years in 2018 compared to around 28.2 years in 2017, and for the grace period was around 6.7 years in 2018 compared to around 8.5 years in 2017.

The grant element average was around 35.5% in 2018, registering a slight decline in comparison to 2017 where it was around 41.5%. This decline is due to the disparity in the lending terms associated with the economic situations of the beneficiary country on the one hand, and the new terms of lending adopted by the Board of Governors to raise the ceiling of funding, on the other hand.



Table II

**Evolution of Financial Activity of BADEA's Operations (1975 – 2018)**  
**(Loans & Grants / \$ Million)**

Year	Total Annual Commitments	Net Annual Commitments <sup>(1)</sup>	Interest Rate Average (%) <sup>*</sup>	Repayment Period Average (years) <sup>*</sup>	Grace Period Average (years) <sup>*</sup>	Grant Element Average% <sup>(2)</sup>
1975	85.500	68.033	3.70	23.60	5.20	44.68
1976	62.000	56.823	2.90	22.80	5.00	49.78
1977	66.290	64.226	5.00	16.10	4.40	29.91
1978	72.870	48.601	3.70	18.10	5.20	40.84
1979	49.070	41.916	4.30	17.20	4.40	35.20
1980	71.950	48.066	5.60	15.90	3.80	25.44
1981	76.026	41.284	5.90	14.40	4.20	23.01
1982	90.000	48.180	6.00	16.00	4.70	23.84
1983	83.933	62.120	6.50	15.00	4.20	19.72
1984	87.960	43.178	6.60	14.20	3.70	18.24
1985	73.790	35.785	5.90	15.90	4.30	24.05
1986	58.605	36.937	4.20	16.50	4.20	35.02
1987	71.423	28.604	4.60	16.20	4.70	32.84
1988	66.720	49.151	4.30	17.00	4.30	34.90
1989	72.000	53.618	4.20	18.00	5.20	37.61
1990	73.682	32.565	3.90	18.40	4.30	39.16
1991	74.235	34.613	3.90	17.80	3.80	37.43
1992	73.726	54.157	3.40	17.93	4.20	40.97
1993	74.654	42.332	3.40	17.50	4.20	40.97
1994	74.307	55.998	3.40	18.00	4.10	42.00
1995	79.930	73.000	3.15	18.17	4.42	43.45
1996	89.938	78.467	3.26	18.50	4.34	42.61
1997	99.830	76.536	3.05	17.80	4.36	43.75
1998	109.940	69.535	3.10	18.10	4.38	42.70
1999	119.520	95.700	3.05	18.20	4.77	43.70
2000	123.950	113.834	2.29	25.95	5.62	58.15
2001	129.200	101.292	2.03	26.23	5.65	58.80
2002	134.390	132.150	1.43	27.25	7.21	65.40
2003	139.990	120.027	1.70	27.45	6.73	36.40
2004	144.970	135.838	1.36	27.67	7.62	42.72
2005	159.939	140.185	1.15	29.08	8.56	45.11
2006	169.945	153.394	1.31	28.78	9.20	54.94
2007	179.600	174.998	1.28	28.66	9.22	57.94
2008	190.000	178.845	1.50	27.40	8.46	50.48
2009	200.000	186.927	1.33	29.06	9.12	46.58
2010	200.000	198.200	1.11	29.14	9.69	49.52
2011	200.000	199.118	1.08	29.60	9.59	43.18
2012	200.000	187.307	1.17	29.38	9.44	36.26
2013	200.000	187.626	1.21	29.89	9.33	48.04
2014	200.000	199.541	1.11	29.47	9.70	50.74
2015	260.000	259.798	1.12	29.85	9.48	48.76
2016	306.000	305.871	1.05	30.31	9.76	48.81
2017	329.555	329.234	1.49	28.16	8.47	41.45
<b>2018</b>	<b>340.000</b>	<b>339.50</b>	<b>1.70</b>	<b>25.40</b>	<b>6.70</b>	<b>35.50</b>

(1) Cancellations were deducted from the total commitments 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.

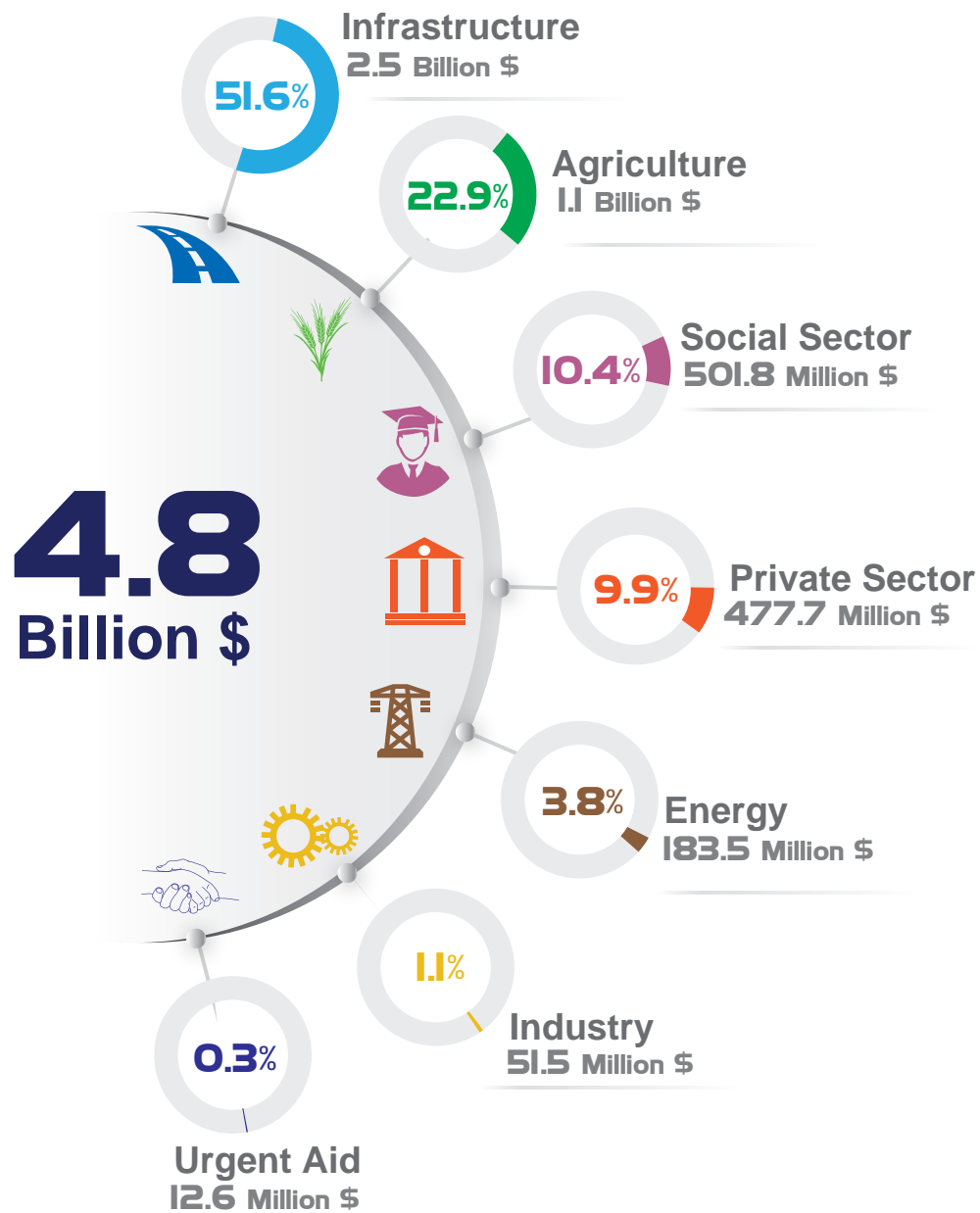
(\*) Regarding the public sector projects, rates of : interest rate, repayment period, grace period and grant element were calculated as weighted averages by the loan value of each project.



**Loan Commitments and their Sectoral Distribution (1975 – 2018)**

Total cumulative funding of BADEP during the period 1975 - 2018 stood at around 5.8 billion dollars, of which around 5.4 billion dollars were allocated to finance 662 development projects. The net project loan commitments amounted to around 4.8 billion dollars, distributed by sector as shown in the following diagram.

**Sectoral Distribution of Net Project Loan Commitments (1975 - 2018)**



The loans of the Special Arab Aid Fund for Africa (SAAFA <sup>(1)</sup>) totaling 59 at a total cost of 214.244 million dollars were extended to support the balance of payments of some African countries. Thus, by the end of 2018, the total net commitments including projects and SAAFA loans amounted to around 5 billion dollars.

**The Private Sector**

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

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

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 dollars was earmarked to be distributed within the years of the Plan as follows:

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

8 loans of credit at a total cost of 100 million dollars were granted in 2018. Beneficiaries of funding were 6 commercial banks and local development financing institutions in the Democratic Republic of Congo, Nigeria, Burkina Faso, Uganda ,Mozambique and Senegal (75 million dollars), a regional development financing institution (15 million dollars) and a governmental institution of commercial nature in Senegal (10 million dollars).

Regarding the signature of loans of credit agreements during the year, 3 agreements were signed with some financial institutions, at a total cost of 45 million dollars including two operations approved in 2017 and one operation approved in 2018. It is to be noted that one of those agreements was declared effective and the borrowing institution began the withdrawal from the proceeds of the fund.

**Financing Arab Exports to African Countries**

BADEA focuses on supporting trade exchange between 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 with essential goods in addition to facilitating the circulation of the final production.

(1) The Special Arab Aid Fund for Africa (SAAFA) was established in November 1973 and started its operations in November 1974, to help the African countries to overcome the difficulties of 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.



## Financial Activity



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

Till the end of the Program in 2014, total approvals amounted to 399.5 million dollars, of which 187 million dollars 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.

Since 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 Funding (\$ Million)	150	200	200	225	250

In 2018, 6 lines of credit totaling 225 million dollars were granted, representing an increase of 12.5% over 2017 allocations which amounted to 200 million dollars. Beneficiaries of funding were 4 commercial banks and local development financing institutions in Nigeria, Senegal, Mali and Mozambique (120 million dollars) and 2 regional development financing institutions (105 million dollars).

### Regional Operations

Projects and technical assistance operations of regional character receive great attention from BADEA, due to their positive impacts on more than one country. In 2018 BADEA contributed to the financing of Massakory– Ngouri– Bol – Niger Borders Road Project (Phase II : Ngouri – Bol) in the Republic of Chad, the Rehabilitation of "Romongi - Nyanzalak" Road Project in the Republic of Burundi which contributes in opening an access to the sea for the Republics of Burundi and Rwanda, and the National Road No. 10 "Tugan - Wahigoya" Project in Burkina Faso which contributes to promoting the economic integration between Burkina Faso, Niger, Mali and Cote d'Ivoire.

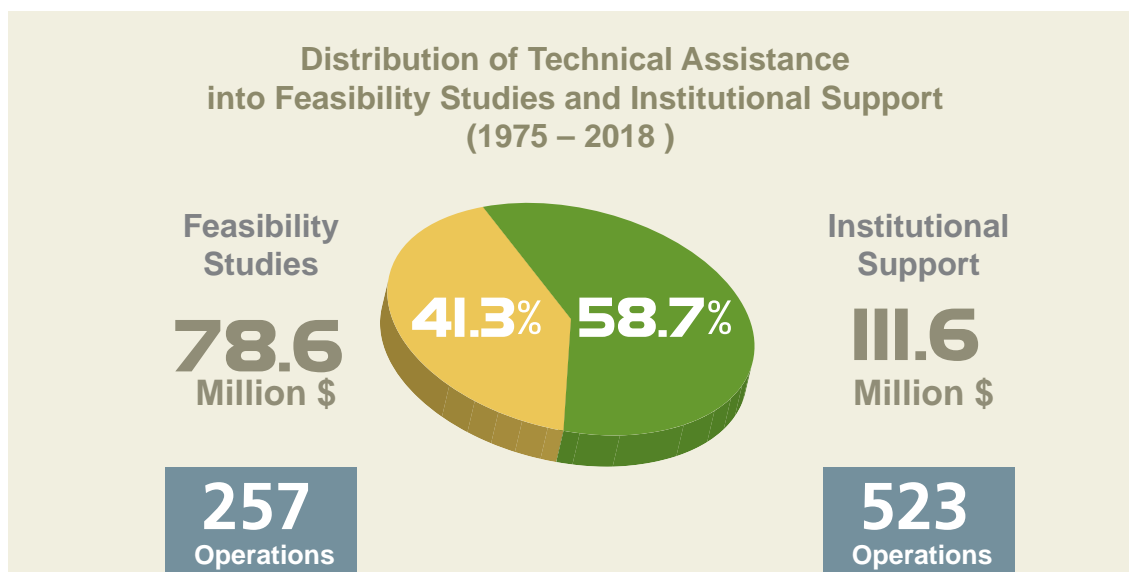
### Technical Assistance Operations and their Distribution in 2018

Technical assistance is provided to recipient states and regional African organizations - as non-refundable grants - through two mechanisms: 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 institutional support operations which cover many activities including training sessions, sending of Arab experts to African countries, organizing events and providing equipment and devices for some institutions.

In 2018, an amount of around 9.95 million dollars was earmarked to finance 44 technical assistance operations, the equivalent of 99.5% of the year allocations amounted to 10 million dollars. 1.92 million dollars was earmarked for infrastructure sector, 1.85 million dollars for agriculture and rural development sector, 3.53 million dollars for financial sector, 2.05 million dollars for social sector, 450 thousand dollars for industrial sector and 150 thousand dollars for some operations within the powers of the Director General.

**Technical Assistance Operations during the Period 1975 – 2018**

Between 1975 and 2018, technical assistance commitments stood at about 190.2 million dollars, allocated to finance 780 operations and distributed among the feasibility studies and the institutional support as shown in the chart below:



**Table III**

**Evolution of Technical Assistance Operations (1975 – 2018)**

Date	Feasibility studies		Institutional support		Total	
	Number	Amount (\$ Million)	Number	Amount (\$ Million)	Number	Amount (\$ Million)
1975 - 2004	155	42.622	169	35.627	324	78.249
2005	7	2.000	21	3.989	28	5.989
2006	8	2.740	16	3.485	24	6.225
2007	8	2.910	23	3.590	31	6.500
2008	8	2.770	23	3.980	31	6.750
2009	9	3.605	18	3.395	27	7.000
2010	9	3.285	21	4.715	30	8.000
2011	7	2.330	24	5.670	31	8.000
2012	8	2.460	24	5.540	32	8.000
2013	4	1.560	29	6.440	33	8.000
2014	6	2.550	23	5.450	29	8.000
2015	9	3.785	26	6.215	35	10.000
2016	9	3.150	32	6.850	41	10.000
2017	3	0.725	37	8.830	40	9.555
2018	7	2.060	37	7.890	44	9.950
<b>Total</b>	<b>257</b>	<b>78.552</b>	<b>523</b>	<b>111.666</b>	<b>780</b>	<b>190.218</b>
<b>Percentage %</b>	<b>32.95</b>	<b>41.30</b>	<b>67.05</b>	<b>58.70</b>	<b>100</b>	<b>100</b>

## Financial Activity



## Institutional Support

Allocations for institutional support of 111.6 million dollars during the period 1975 -2018 covered the sending of 146 Arab experts to some African countries at a total cost of 30.2 million dollars, to benefit from their expertise in various disciplines and train the local personnel. They also covered the financing of 225 training sessions at a total cost of 33.9 million dollars, to help in the capacity-building of 10521 African trainees from both private and public sectors. Equally, allocations covered the contribution to financing of Arab-African joint trade fairs in cooperation with the Secretariats of the League of Arab States and the African Union, provision of office and medical equipment and devices for different African institutions, and financing of forums, seminars, fairs and conferences in the fields of development, trade and investment. This is in addition to supporting many programs and initiatives that improve the quality of life of African citizens and help in African women's economic empowerment. Total cost of such activities amounted to 47.4 million dollars.

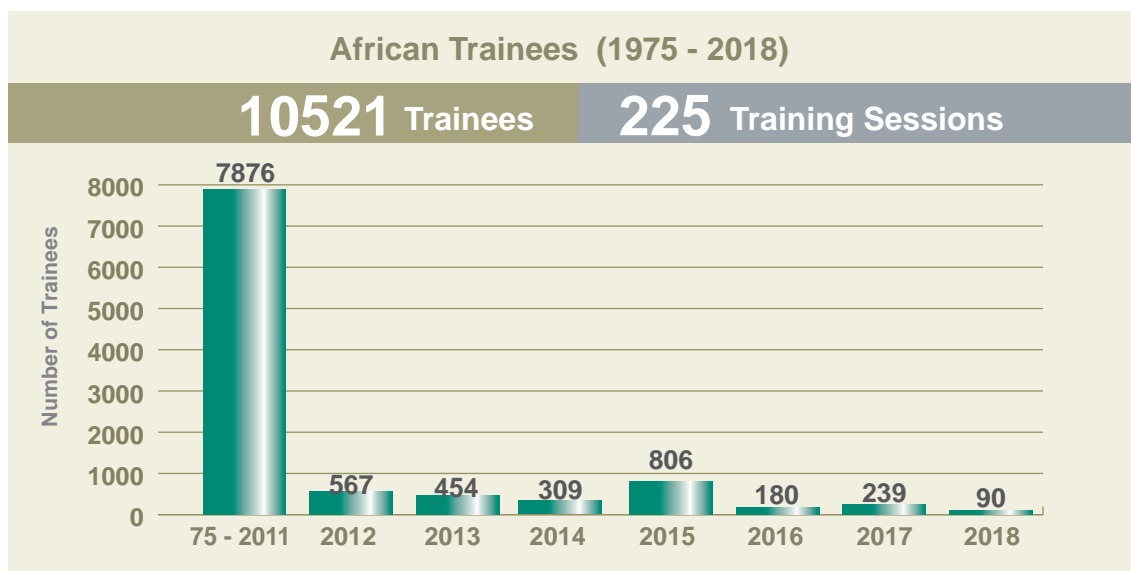


Table IV

## Sectoral Distribution of Technical Assistance Operations during the Period 1975 - 2018 (\$ Million)

Sector / Technical Assistance	Infrastructure		Agriculture		Industry		Energy		Finance		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Feasibility Studies</b>	39.41	50.2	30.00	38.2	2.33	3.0	4.83	6.1	1.99	2.5	78.56	100
<b>Institutional Support</b>												
<b>Experts</b>	10.421	34.5	7.778	25.8	0.56	1.9	0.235	0.8	11.199	37.1	30.193	100
<b>Training</b>	3.825	11.3	16.3	48.1	2.105	6.2	0.28	0.8	11.41	33.6	33.92	100
<b>Other Operations</b>	15.963	33.7	9.581	20.2	1.125	2.4	0.557	1.2	20.177	42.6	47.40	100
<b>Sub-Total</b>	30.209	27.1	33.659	30.2	3.79	3.4	1.072	1.0	42.936	38.4	111.516	100
<b>Grand Total</b>	69.618	36.6	63.656	33.5	6.118	3.2	5.897	3.1	44.929	23.6	190.218	100

### Evolution of Commitments and Disbursement from Loans and Grants for the Period 1975 - 2018

During the period 1975 - 2018 total commitments of public and private sectors' loans and technical assistance grants amounted to about 5,765.388 million dollars, of which 5,575.170 million dollars for loans and 190.218 million dollars for grants. The net commitments amounted to about 4,932.241 million dollars, of which 4,773.091 million dollars for loans and 159.150 million dollars for grants, excluding the 59 loans granted by SAAFA at a total cost of 214.244 million dollars.

The difference between the total gross and the net commitments of 833.147 million dollars represents some cancellations, of which the remained balances of completed operations (projects and technical assistance operations).

By the end of 2018, total cumulative disbursement amounted to 3,398.209 million dollars, of which 3,272.958 million dollars for loans and 125.251 million dollars for grants, compared to 3,177.867 million dollars by the end of 2017, of which 3,059.683 million dollars for loans and 118.184 million dollars for grants, including disbursement from SAAFA loans. The ratio of cumulative disbursement to cumulative commitments of both BADEA and SAAFA, net of cancellations, stood at 66% by the end of 2018 (Table V).

It is worth noting that the volume of disbursement from loans during the last 10 years (2009 – 2018) exceeded the volume of repayment of the original loans' instalments by 841.632 million dollars. The disbursement amounted to 1,372.058 million dollars whereas the repayment amounted to 530.426 million dollars, and this is due to the improvement of loans and grants management and follow-up, and the increase of operations volume during the same period. Regarding the disbursement and repayment in 2018, they amounted to 213.275 million dollars and 57.040 million dollars respectively, which indicates that BADEA plays a real developmental role.

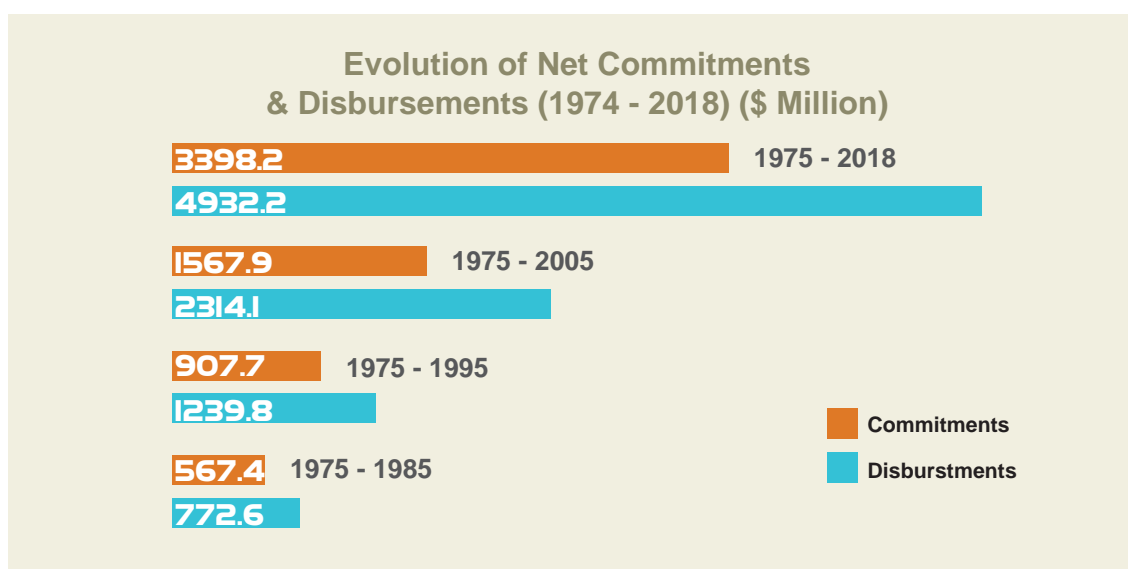




Table V

### Evolution of Commitments and Disbursements (1974 - 2018) (\$ Million)

Year	Annual Financing	Annual Net Commitments	SAAFA Annual Commitments	Cumulative Net of Commitments & SAAFA	Total Cumulative of Disbursements	Disbursements as Percentage of Commitments (%)
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	113.834	—	1,667.503	1,170.766	70
2001	129.200	101.292	—	1,768.795	1,238.822	70
2002	134.390	132.150	—	1,900.945	1,309.097	69
2003	139.990	120.027	—	2,020.972	1,386.819	69
2004	144.970	135.772	—	2,156.744	1,477.208	68
2005	159.939	140.181	—	2,296.925	1,567.890	68
2006	169.945	153.394	—	2,450.319	1,677.291	68
2007	179.600	171.898	—	2,622.217	1,825.125	70
2008	190.000	173.184	—	2,795.401	1,965.984	70
2009	200.000	186.613	—	2,982.014	2,098.924	70
2010	200.000	196.195	—	3,178.209	2,223.603	70
2011	200.000	197.320	—	3,375.529	2,360.060	70
2012	200.000	185.547	—	3,561.076	2,483.329	70
2013	200.000	179.423	—	3,740.499	2,619.092	70
2014	200.000	199.510	—	3,940.009	2,753.610	70
2015	260.000	231.421	—	4,171.430	2,899.371	70
2016	306.000	305.871	—	4,477.301	3,029.063	68
2017	329.555	329.234	—	4,806.535	3,177.867	66
2018	339.950	339.950	—	5,146.485	3,398.209	66
<b>Total</b>	<b>5,765.388<sup>(1)</sup></b>	<b>4,932.241<sup>(2)</sup></b>	<b>214.244</b>	<b>5,146.485</b>	<b>3,398.209</b>	

(1) This sum is the total cumulative of BADEA's commitments before cancellations, of which 5,575.170 million dollars for public and private sectors' loans and 190.218 million dollars for grants.

(2) This sum is the total cumulative of BADEA's net commitments, of which 4,773.091 million dollars for public and private sectors' loans and 159.150 million dollars for grants.

### Operations Completed during 2018

During 2018, 7 development projects of 304.816 million dollars in infrastructure, agriculture and rural development and social sectors were completed. BADEA contributed 70 million dollars to the financing of these projects which benefited 7 African countries. Moreover, 35 technical assistance operations of 9.8 million dollars were achieved during the year, including 7 feasibility studies (2.1 million dollars) and 28 institutional support operations (7.7 million dollars).

### Signature of Agreements

In 2018, BADEA signed 23 loan agreements with 12 African countries and 7 regional institutions. Total amount of loans extended under these agreements stood at 415 million dollars. Furthermore, 20 agreements have been declared effective with 12 African countries and 8 regional institutions, at a total amount of 367 million dollars.

### BADEA's Contribution towards Debt Relief

BADEA contributes to alleviating the burden of its loans on the recipient countries, through rescheduling their payment several times, even before the World Bank and the International Monetary Fund launched their Heavily Indebted Poor Countries (HIPC) Initiative. BADEA participates with the international financing institutions in this initiative since 1997. It is operating under the HIPC in reducing the debt burden according to the circumstances of each state.

Up to the end of 2018, total assistances provided by BADEA in this regard, amounted to 258.848 million dollars for the benefit of 29 African countries, as follow

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 coordinates with financing institutions especially the Arab ones in co-financing of major development projects. In this regard, it contributed to the funding of 10 projects out of the 15 projects approved in 2018 with some Arab and international financing institutions, Islamic Development Bank and OFID. BADEA's contribution represented around 20.1% of the total cost of these projects amounting to 810.7 million dollars, while the contribution of the other Arab Funds (Saudi Fund for Development, Kuwait Fund for Arab Economic Development and Abu Dhabi Fund for Development), Islamic Development Bank



Financial Activity

and OFID represented around 50.9%. The non-Arab financing institutions (African Development Bank, IFAD, Belgian Livelihood Fund and Norwegian Development Fund) contributed around 18.8% and the governments of the beneficiary countries contributed around 10.2%.

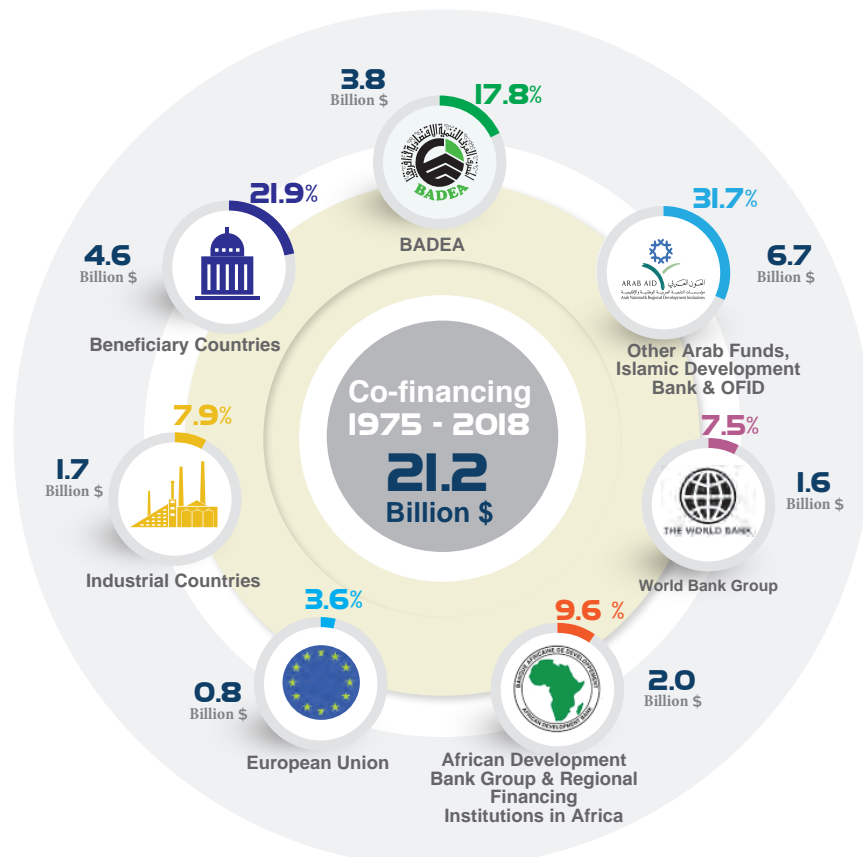
BADEA and the governments of the beneficiary countries co-financed the remaining 5 projects. BADEA's contribution amounted to 67 million dollars representing about 91.3% of the cost of these projects totalling 73.4 million dollars.

Table VI

Co-financing During the Years 2017 & 2018

Co financiers	2017		2018	
	\$ Million	%	\$ Million	%
BADEA	150.1	30.8	163	20.1
Other Arab Funds, Islamic Development Bank and OFID	200.2	41.1	412.8	50.9
Non-Arab Financing Institutions	86.4	17.8	152	18.8
Governments of Beneficiary Countries	50	10.3	82.9	10.2
<b>Total</b>	<b>486.8</b>	<b>100</b>	<b>810.7</b>	<b>100</b>

Total cost of projects co-financed by BADEA with all institutions during the period 1975 – 2018, stood at about 21.2 billion dollars, where its contribution represented about 17.8%. Details of this co-financing is shown in the following diagram.







# Countries that Benefited from Public Sector Loans during 2018



## PART TWO

### Detailed Description of the Approved Operations in 2018

BADEA approved during 2018 the financing of 15 development projects in the public sector, 8 operations in the private sector, 6 Arab export operations and 44 technical assistance operations, benefiting some African countries and institutions eligible for its assistance. This Part includes a detailed description of these operations.

#### 1/ Public Sector Projects

“The Massakory– Ngouri– Bol – Niger Borders Road” Phase II: “Ngouri – Bol”

Sector: Infrastructure

#### Republic of Chad

28 February  
2018  
Date of  
Approval

8 million  
dollars  
Value of the Loan

#### ▼ Objectives of the Project

This project falls within the Government's program to develop the transport sector, improve the national road network, and contribute to the economic and social development in the Republic of Chad. The project aims at expanding, integrating and developing the network of tarmac roads and linking it with the administrative and economic centers and improving the effectiveness of traffic and safety on the existing road. It also aims especially at developing the existing road to support the economic integration between the Republics of Chad and Niger, through ending the isolation of the western region and that of the villages and human settlements near Lake Chad. The project contributes to the development of the regional economic integration through the cross-desert road, to link the Republics of Chad, Niger, Mali and Nigeria with North Africa.

#### ▼ Description of the Project

The road project extends for about 418 Kilometers from Massakory to Niger borders. It was divided into five phases where BADEA contributes to the financing of Phase II (Ngouri – Bol) whose components include the civil engineering works to construct a 100 Kilometer tarmac road of 7 meters width with two shoulders of 1.5 meters each outside the residential areas, and 9 meters width and two sidewalks of 2 meters each inside the residential areas. The components also include the consultancy services and supporting the Project Implementation Unit.

#### ▼ Funding of the Project

The total cost of Phase II of the project is 30.96 million dollars. BADEA contributes 8 million dollars as a supplementary loan to cover the share of the Government of Chad in the civil works contract (around 25.9% of the total cost). BADEA has already provided a loan of 10 million dollars to finance Phase I of the project in 2012. Other financiers are: the Saudi Fund for Development contributes 11 million dollars (about 35.5%), the Kuwaiti Fund for Arab Economic Development contributes 11 million dollars (about 35.5%) and the Government contributes 0.96 million dollars (about 3.1%).



## Water Supply and Sanitation in the Island of Santo Antao (Phase I)

Sector: Infrastructure

### Republic of Cape Verde



#### ▼ Objectives of the Project

This project falls within the Master Plan for supply of drinking water and sanitation in the island of Santo Antao for the period 2015 – 2035 which aims at improving the health and living conditions of the population of the island and alleviating poverty. This would curtail migration to other islands. Phase One of the project aims at improving the effectiveness of drinking water distribution system through reducing water losses in the network and ensuring its quality, in addition to expanding the sanitation networks.

#### ▼ Description of the Project

Components of Phase One include the civil works to rehabilitate the network and systems of drinking water transport and distribution in Porto Novo, Ribeira Grande and Paul cities, the expansion of the sanitation network in Porto Novo by construction of lift stations for wastewater and procurement and installation of a main line to transport it to the treatment station, in addition to the building of household septic tanks in rural areas.

The components also include supporting the independent water and sanitation entities in the area, the consultancy services, supporting the Project Implementation Unit, as well as the audit of the project's annual accounts and the organization of two workshops on its launching.

#### ▼ Financing of the Project

The total cost of the project is 12 million dollars. BADEA contributes 10 million dollars (83.3% of the total cost) and the Government contributes 2 million dollars (16.7% of the total cost).

## Support of Basic Education in Five Regions

Sector: Social (Education)

### Republic of Ghana



#### ▼ Objectives of the Project

Support and improvement of basic education to play an important role in building the education sector in the Republic of Ghana, through the construction of 44 additional schools to accommodate 7840 pupils of both sexes. This will help in creating better education opportunities for poor and rural communities, increase the desire for education, relieve pressure on over-crowded classes, improve the quality of education, bridge the gender gap in access to it and lower the phenomenon of under-development. The project will assist in implementing the Government's program for developing and expanding basic education opportunities in the country.

#### ▼ Description of the Project

The project covers five regions in the southern half of the country and includes constructing and equipping 44 schools with a total of 196 classrooms. The buildings are composed of three models: a school building of 6 classrooms of a total area of 553 square meters; a building of 3 classrooms of a total area of 383 square meters and a third building of 2 classrooms of a total area of 243 square meters. Each class accommodates 40 pupils and each school accommodates a maximum of 240 pupils.

The project's components include the civil works to construct the schools, the external works, the electricity, water and sanitation networks connections, procurement and installation of educational and office furniture and equipment, as well as the consultancy services, supporting the Project Implementation Unit, organization of the project's launching workshop and the auditing of its accounts.

#### ▼ Financing of the Project

The total cost of the project is 15 million dollars. BADEA contributes 13.5 million dollars (90% of the total cost) and the Government contributes 1.5 million dollars (10% of the total cost).



## Karonga Town Water Supply Project

Sector: Infrastructure

### Republic of Malawi



#### ▼ Objectives of the Project

The project aims at expanding and developing of water supply system in Karonga town in the north of the country within “the Malawi Poverty Reduction Strategy (2017 – 2022)”. It also falls within “the National Water Policy” which aims at provision of drinking water services to all citizens and to urban and rural residential areas by 2025, in the light of the steady growth of the population and the rising need for such services. This will take place through conservation of water resources, rehabilitation and development of its productive facilities and monitoring of its quality. Development, replacement and maintenance of the system will lead to decrease of water losses to 25% by 2035.

#### ▼ Description of the Project

Components of the project include civil engineering works to develop the water pipeline through replacing the existing degraded line with another of a 600 mm radius made of high-density polyethylene, installing of a sand purifier, expanding the water treatment station, developing the water transport lines, the pumping stations and the distribution network, procuring 5000 water meters and 40 kilometers of plastic pipes, building and maintaining service tanks and constructing services' buildings and gravel roads. The components also include the consultancy services, institutional support to the Project Implementation Unit and land acquisition.

#### ▼ Financing of the Project

The total cost of the project is 26.7 million dollars. BADEA contributes 10 million dollars (about 37.4% of the total cost); OFID contributes 15 million dollars (about 56.2%); and the Government contributes 1.7 million dollars (about 6.4%).

## Flacq Teaching Hospital

Sector: Social (Health)

### Republic of Mauritius



#### ▼ Objectives of the Project

The project falls within the Government's 2030 Vision in the field of health that aims at improving basic health indicators in the country and within "the National Development Plan of Malawi" (2015 – 2019) to develop the health sector and provide high-quality and free health services to the population.

The project will assist in enhancing the efficiency of the infrastructure by construction and equipment of hospitals, development of the country into a medical and knowledge center, encouragement of medical tourism by providing clinical training for medical students and support staff, in addition to alleviating the pressure on other hospitals in the project zone.

#### ▼ Description of the Project

This two-phased project includes construction of several buildings at a total area of about 138.340 square meters, including main educational hospital composed of an underground floor, a ground floor and six upper floors, a medical college for 100 students, specialized clinics, a conference hall with a capacity of 500 persons and a parking. The project also includes the provision of 575 hospital beds, procurement and installation of medical and non-medical equipment and furniture, the consultancy services and the organization of the project's launching workshop.

#### ▼ Financing of the Project

The total cost of the project is 122 million dollars. BADEA contributes 20 million dollars (about 16.4% of the total cost); Saudi Fund for Development contributes 50 million dollars (about 41%); Kuwaiti Fund for Arab Economic Development contributes 25 million dollars (about 20.5%); and the Government contributes 27 million dollars (about 22.1%).



## Expansion of the Highway: International Airport – Niamey City Center (Phase I)

Sector: Infrastructure

### Republic of Niger



#### ▼ Objectives of the Project

The project falls within the Government's Renaissance Program (2016 – 2021) and the policy of the country to modernize the capital Niamey. The project aims at improving the living conditions of the population of the capital through improving the quality of public spaces, developing the transport and infrastructure facilities and the urban and economic fabric, streamlining traffic and facilitating it when entering and exiting the capital and enhancing the capacity of intersections, in addition to reducing the transport time and protecting the road users.

#### ▼ Description of the Project

Components of the project include the preparation of a highway of 9.58 kilometers long and a width ranges from 23.6 meters to 39.4 meters, building of a rain water drainage system, prepare 8 horizontal intersections, lighting and transfer of service networks (drinking water, communications and electricity). The project equally includes the consultancy services, supporting the Project Implementation Unit, audit the project's annual accounts and land acquisition.

#### ▼ Financing of the Project

The total cost of the project is 40 million dollars. BADEA contributes 20 million dollars (around 50% of the total cost); OFID contributes 15 million dollars (about 37.5%); and the Government contributes 5 million dollars (about 12.5%).

## Rehabilitation and Expansion of Rumonge –Nyanza Lac Road

Sector: Infrastructure

### Republic of Burundi



#### ▼ Objectives of the Project

The project falls within the Joint Program of East African Countries and the Great Lakes to develop the Rwanda – Burundi – Tanzania - Democratic Congo Regional Road. The project aims at facilitating the movement of goods and passengers to the southern part of the Republic of Burundi, reduce the cost of transport, end the isolation of the villages along the road, facilitating the supply of agricultural products and fish to transformation centers and common markets with neighboring countries as well as the development of tourism in Lake Tanganyika area. It also aims at contributing to the development of the regional cooperation, providing access to the sea for the Republics of Burundi and Rwanda, intensify the commercial exchange between neighboring countries and help the integration of their economies.

#### ▼ Description of the Project

The project is situated in the south western part of the country and is a part of the National Highway Number (3). It includes the rehabilitation and expansion of the road by increasing its length by 52 kilometers and its width by 6 to 7 meters with two shoulders of 1.5 meters each outside the residential areas and two (2) meters inside them. The project equally includes the rehabilitation of 9 bridges, preparing of 6 kilometers of urban roads in Rumonge, digging and equipping of 6 tube wells for drinking water in Nyanza Lac, preparing of 3 existing markets in addition to procurement of a mobile axle weighting station for heavy trucks. It also includes the consultancy services, land acquisition, supporting the Project Implementation Unit and organizing of the project's launching workshop.

#### ▼ Financing of the Project

The total cost of the project is 68 million dollars. BADEA contributes 15 million dollars (around 22.06% of the total cost); Saudi Fund for Development contributes 15 million dollars (around 22.06%); Kuwaiti Fund for Arab Economic Development contributes 15 Million dollars (around 22.06%); OFID contributes 20 million dollars (around 29.41%); and the Government contributes 3 million dollars (around 4.41%).





## Family Farming in Upper and Middle Guinea

Sector: Agriculture and Rural Development

### Republic of Guinea



#### ▼ Objectives of the Project

Generally, the project aims at contributing to the achievement of food security and improving the living conditions of the people in the project area, especially the poor segments. It also aims, particularly, at contributing to the improvement of the agricultural production, farmers' income and raising the number of families depending on modern techniques of agricultural production, in order to adapt to climate change and increase crops for marketing.

#### ▼ Description of the Project

The project is situated in upper and middle Guinea regions and covers 15 of the 33 provinces in the country. It was divided into several parts, and the part in which BADEA contributes consists of 6 provinces. The components include the civil engineering works to reform 1700 hectares of lands through construction of small dams, network for distributing irrigation water and agricultural runoff, and barriers to protect the agricultural lands from flood. The components also include assisting in access to markets through establishing and equipping of 2 markets with an area ranges from 5 to 10 hectares, 17 local markets with an area ranges from 1 to 3 hectares, construction of rural gravel roads at a total length of 154 kilometers and a width of 6 meters and rehabilitation of 20 kilometers of national gravel roads with a width of 8 meters, this in addition to the consultancy services.

#### ▼ Financing of the Project

The total cost of the project is 81.8 million dollars. BADEA contributes 15 million dollars (about 18.3% of the total cost), IFAD contributes 45.8 million dollars (around 56%), OFID contributes 15 million dollars (around 18.3%), the Belgian Livelihood Fund contributes 5 million dollars (around 6.1%) and the Government contributes one (1) million dollars (around 1.3%)

## Modogashi – Wajir Road

Sector: Infrastructure

## Republic of Kenya



### ▼ Objectives of the Project

To contribute towards the improvement of roads network in Kenya North East region, through providing a highly efficient road which will link the region with the other parts of the country and the borders of some neighboring countries such as Ethiopia and Somalia. The project will facilitate the movement of goods and passengers and reduce the transport cost and time. This will help in achieving the country's strategy for economic and social development (Kenya Vision 2030) to reduce poverty.

### ▼ Description of the Project

The project's components include the civil engineering works to construct a first-class paved road of 157 kilometers long and 7 meters wide, with two shoulders of 2 meters each. The works include improvements on the road's length and breadth, putting layers of asphalt, construction of water drainage facilities and bridges, in addition to the road safety works. The components also include the consultancy services, the organization of a workshop to launch the project implementation and the auditing of the project's annual accounts.

### ▼ Financing of the Project

The total cost of the project is 130 million dollars. BADEA contributes 20 million dollars (about 15.4% of the total cost), OFID contributes 25 million dollars (about 19.2%), Saudi Fund for Development contributes 25 million dollars (about 19.2%), Kuwaiti Fund for Arab Economic Development contributes 23.8 million dollars (about 18.3%), Abu Dhabi Fund for Development contributes 15 million dollars (about 11.6%) and the Government contributes 21.2 million dollars (about 16.3%).



## Construction of a Fishing Port at Angoche Town

Sector: Infrastructure

### Republic of Mozambique



#### ▼ Objectives of the Projects

This project comes under the State's strategy to develop the fisheries sector, through operating a fishing port to receive traditional and industrial fishing boats in the project area, improving the capabilities of handling and preparing fish according to the international standards, increasing revenue from fish exporting, improving the balance of payments and creating new job opportunities. This will contribute to reduce poverty rates and achieve food security.

#### ▼ Description of the Project

The project includes the civil engineering works to construct a pier with a length of 160 meters, a width of 30 meters and a depth of 4.5 meters with water, fuel and electricity connections. It also includes the construction of a slope for boats repair, ice factory, fish refrigeration, freezing and preparing unit, management building, maintenance workshop, fish market and the external works. The components also include provision of two 50-ton winches, one 10-ton winch, 2 forklifts, 2 tractors and 40-ton containers' carriers, this in addition to the consultancy services, supporting the Project Implementation Unit and organizing a workshop for launching the project and auditing its accounts.

#### ▼ Financing of the Project

The total cost of the project is 33.266 million dollars. BADEA contributes 20 million dollars (60% of the total cost), OFID contributes 12 million dollars (36%), and the Government contributes 1.266 million dollars (4%).

## Smallholders Irrigation Project

Sector: Agriculture and Rural Development

### Republic of Uganda



#### ▼ Objectives of the Project

The project aims at reducing poverty levels and improving people's social and economic conditions through raising the economic growth rates by increasing food and crop production and transforming subsistence farming to commercial farming to develop exports. This will contribute to increasing of job opportunities, increasing of farmers' income and improving the quality of their life, consequently help in achieving food security for families and enhancing the environmental conditions through management of the natural resources and development of agribusiness.

#### ▼ Description of the Project

The project comes under the second phase of FIEFOC Program to irrigate about 9138 hectares of agricultural lands in Uganda. BADEA's funding covers provision of irrigation facilities to 96 smallholders in 3 regions (24 in the eastern and Karmoja regions, 36 in the western and lower middle regions, and 36 in the northern and upper middle regions), at an area of about 4 hectares for each smallholder.

The funding equally covers the consultancy services, provision of institutional support including consultancy services to establish sustainable management systems for the project infrastructure, in order to operate and maintain the facilities, instructing the farmers on how to manage the operation of modern irrigation systems and explaining the benefits of the project.

#### ▼ Financing of the Project

The total cost of the project is 206.95 million dollars. BADEA contributes 15 million dollars (around 7.3% of the total cost), Islamic Development Bank contributes 90 million dollars (around 43.5%), African Development Bank contributes 76.6 million dollars (about 37%), Norwegian Development Fund contributes 5.6 million dollars (around 2.7%) and the Government contributes 19.75 million dollars (around 9.5%).



## National Road No. (10) Tougan – Ouahigouya

Sector: Infrastructure

### Burkina Faso



#### ▼ Objectives of the Project

To break the internal and external isolation of the country, support the economic and commercial integration between Burkina Faso and its neighbors (Niger, Mali and Cote d'Ivoire), improve the economic and social situations of the people living in border areas and reduce poverty, support the tarmac road network, decrease roads maintenance cost, reduce transport and travel time, and facilitate the movement of agricultural products, especially beans and peanuts, to transformation centers and markets.

#### ▼ Description of the Project

The road starts from Tougan city towards Ouahigouya city, the capital of the northern region. The population in the region is estimated at 3.19 million who are mainly farmers and pastoralists. The project includes the construction of a two-way 94 kilometers long and 7 meters wide road with 1.5 meters paved shoulders in each direction outside the residential areas and 8 meters wide with 2 meters paved shoulders in each direction inside them.

The project also includes the construction of 90 Passovers and about 35000 meters of side canals to drain rainwater, the traffic safety requirements, preparing of 16 tube wells for potable water with hand pumps, rehabilitation of 5 existing markets in the project area, procurement of a mobile station to monitor heavyweight trucks and construction of two payment tolls. It also includes the consultancy services, supporting the Project Implementation Unit, organizing a workshop for launching the project implementation and auditing of its annual accounts.

#### ▼ Financing of the Project

The total cost of the project is 71 million dollars. BADEA contributes 20 million dollars (about 28.17% of the total cost), Saudi Fund for Development contributes 15 million dollars (about 21.13%), Kuwaiti Fund for Arab Economic Development contributes 15 million dollars (about 21.13%), OFID contributes 19 million dollars (about 26.76%), and the Government contributes 2 million dollars (about 2.81%).

## Loan of Credit to Support Four National Microfinance Funds

Sector: Social (Microfinance)

### Burkina Faso



#### ▼ Objectives of the Project

To support the efforts of the Government of Burkina Faso to reduce poverty and improve the living conditions of the poorest categories in the country, especially women and youth, through provision of microfinance in the agricultural services sectors (plant production, livestock development and agricultural transformation) and traditional and craft industries and related activities. This will contribute to the achievement of the sustainable economic development geared towards the most vulnerable categories.

#### ▼ Description of the Project

The loan will be extended to the Government of Burkina Faso which in turn lends it to four funds working in small and microenterprises financing, namely: The Income Support Women's Activities Fund, the Labor Support Fund, the Youth Support Fund and the Uncategorized Sector Support Fund. These funds have the legal personality and the financial and administrative independence. Their headquarters are based in the capital Ouagadougou.



## Support of Local Development in Tandjili Region

Sector: Agriculture and Rural Development

### Republic of Chad



#### ▼ Objectives of the Project

The project comes under the Local Development Program Support and Overall Funding for the period 2017 -2021 which covers 23 regions all over the country and aims basically at struggle against poverty and achieving of social and economic integration of population, through enhancing of local sustainable development and financial inclusion. The project will contribute towards attaining food security and improving the living conditions of the population in the poorest region in the country. It will also help in access to electricity, provision of potable water, increase the agricultural production through lands reclamation and develop and improve the infrastructure through construction of warehouses, commercial stores, refrigerating and transformation units, and equipped cultural and sports centers.

This will give the project the social aspect to support the local development and create new job opportunities to integrate the youth and to restrict migration.

#### ▼ Description of the Project

The project is situated in Tandjili region in the far south west of the country, 800 kilometers from the capital city of Ndjamen, consisting of east and west Tandjili provinces and considered to be one of the poorest regions. The project includes the civil engineering works to reform around 400 hectares of irrigated agricultural holdings, construction and equipping of 6 cultural and sports centers, construction of 10 rural systems to supply potable water and water for pastures, provision of 8 stations for solar energy generation (each with 500 Watts capacity) and building and equipping of 7 rural markets. It also includes the consultancy services, support the Project Implementation Unit, organizing two workshops for launching the project and auditing of the project's annual accounts.

#### ▼ Financing of the Project

The total cost of the project is 13.4 million dollars. BADEA contributes 12 million dollars (89.6% of the total cost) and the Government contributes 1.4 million dollars (10.4% of the total cost).

## Rural Development in Savoigne Region in Senegal River Basin

Sector: Agriculture and Rural Development

### Republic of Senegal



#### ▼ Objectives of the Project

To contribute to the achievement of food security in the project area through increasing crop production rates, especially rice and vegetables, by increasing irrigated areas and rice planting. The project also aims at improving the living conditions of the population by ending the isolation of the project area from villages and irrigated regions, improving movement there through rehabilitation and construction of rural roads, and providing potable water and electricity.

#### ▼ Description of the Project

The project is situated in Dagana region in the lower delta of Senegal River, 32 kilometers north east of Saint Luis, the capital city of the country's north region, and 300 kilometers from the capital city Dakar. 11 villages with a population of 5700 persons will benefit from this project.

The project includes rehabilitation of about 334 hectares of irrigated lands and expanding them on around 60 more hectares, rehabilitation and expansion of the irrigation network at a total length of about 65.2 kilometers, the agricultural roads network at about 37 kilometers, the agricultural drainage network at about 57 kilometers and the protection barriers from floods at about 2 kilometers, in addition to provision and installation of pumps for irrigation and agricultural drainage. The project also includes supporting the agricultural production through providing farming equipment, construction of warehouses to store crops and agricultural inputs, extension services and farmers training, in addition to the consultancy services, supporting the Project Implementation Unit, organizing a workshop for launching the project and auditing its annual accounts.

#### ▼ Financing of the Project

The total cost of the project is 13 million dollars. BADEA contributes 11.5 million dollars (88.5% of the total cost), and the Government contributes 1.5 million dollars (11.5% of the total cost).





## 2- Private Sector Operations

### Loan of Credit to West African Development Bank (BOAD)

#### Regional

20

June  
2018

Date of  
Approval

15  
million  
dollars

Value of the Loan

#### ▼ Objectives of the Loan of Credit

To provide the necessary financial resources for funding capital expenses and complementary operational expenses regarding implementation of small and medium projects in the countries of the West African Economic and Monetary Union, in order to increase the production of goods and services, especially in production sectors, benefit from natural and human resources, provide job opportunities, lower poverty and increase welfare of the population. The loan will be provided to the Bank which will finance private sector projects in all sectors, for the benefit of the eight countries of the Group (Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo).

### Loan of Credit to Rawbank

#### Democratic Republic of Congo

20

June  
2018

Date of  
Approval

15  
million  
dollars

Value of the Loan

#### ▼ Objectives of the Loan of Credit

Contribution towards the private sector development in the Democratic Republic of Congo through raising of funding capacities of the borrowing bank which will help in facilitating access of private sector institutions to funding sources and utilizing them to finance their projects and investments in addition to provision of the working capital for their various activities. This will strengthen production, provide job opportunities, decrease unemployment, improve the living conditions of the population and reduce poverty.

## Loan of Credit to the National Company for Marketing Oil Seeds

### Republic of Senegal

20

June  
2018  
Date of  
Approval

10  
million  
dollars

Value of the Loan

#### ▼ Objectives of the Loan of Credit

To raise the capacities of the private sector in the agricultural activity, directly or indirectly, through enabling the National Company for Marketing Oil Seeds to purchase groundnuts and their biproducts from farmers in the Republic of Senegal. This will help increase farmers' income and strengthen and sustain their agricultural production, create job opportunities and decrease unemployment rates, thus improve the living conditions and decrease poverty. The loan will assist in enhancing the productive base and population stability and limiting the rural migration, which will have a positive impact on growth of the national income and achievement of food security.

## Loan of Credit to CORIS BANK INTERNATIONAL

### Burkina Faso

20

June  
2018  
Date of  
Approval

15  
million  
dollars

Value of the Loan

#### ▼ Objectives of the Loan of Credit

Funding private sector projects in Burkina Faso through provision of appropriate financing within the framework of the State Five-year Plan for Comprehensive Economic and Social Development (2016 - 2020) which aims at restructuring the economy of Burkina Faso, develop the private sector, train human resources and improve the living conditions of the population.



## Loan of Credit to Sterling Bank PLC

### Republic of Nigeria

26

September  
2018  
Date of  
Approval

15  
million  
dollars

Value of the Loan

#### ▼ Objectives of the Loan of Credit

Assisting the borrowing Bank in funding the private sector projects and operations in the Republic of Nigeria through relending its resources to clients. The loan will contribute to promote the role of the private sector in achieving economic and social development in the country, through activating the service and productive sectors, creating job opportunities, providing various goods and services and supporting the State's budget through tax revenues. This will enhance the economic growth opportunities and lead to the improvement of the living standards of the population.

## Loan of Credit Loan to Banque Régionale des Marchés

### Republic of Senegal

12

December  
2018  
Date of  
Approval

10  
million  
dollars

Value of the Loan

#### ▼ Objectives of the Loan of Credit

Assisting the borrowing Bank in funding the private sector projects and operations in the Republic of Senegal through relending its resources to clients. The loan also aims at strengthening the private sector's role in achieving the economic and social development in the country, through activating the productive and service sectors, creating job opportunities, providing various goods and services and supporting the State's budget through tax revenues. This will enhance the economic growth opportunities and lead to the improvement of the living standards of the population.

## Loan of Credit to Uganda Development Bank Limited (UDBL)

### Republic of Uganda



**December  
2018**  
Date of  
Approval



**Value of the Loan**

#### ▼ Objectives of the Loan of Credit

The loan of credit aims at financing the private sector operations in the Republic of Uganda through relending its resources by the Bank to beneficiaries, in order to achieve the Bank's goals related to the implementation of the country's development strategy.

## Loan of Credit to the National Investment Bank (BNI)

### Republic of Mozambique



**December  
2018**  
Date of  
Approval



**Value of the Loan**

#### ▼ Objectives of the Loan of Credit

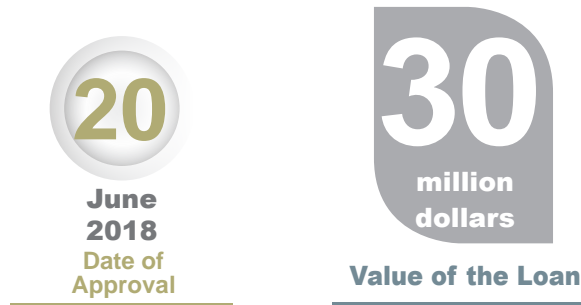
The loan of credit aims at assisting the borrowing Bank in funding the private sector projects and operations in the Republic of Mozambique, through relending its resources to clients. It also aims at promoting the private sector's role in the economic and social development of the country, to contribute in activating the productive and service sectors, creating job opportunities, providing various goods and services and supporting the State's budget through tax revenues. This will positively impact the economic growth and improve the population's living standards.



### 3/ Foreign Trade Operations

#### Line of Credit to West African Development Bank (BOAD)

##### Regional

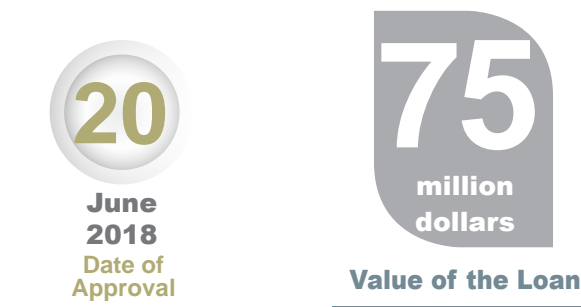


##### ▼ Objectives of the Line of Credit

To contribute towards increasing Arab exports volume to the eight (8) countries of the West Africa Economic and Monetary Union in cooperation with the West African Development Bank, through providing the appropriate funding for importing operations of Arab commodities (of no less than 30% Arab origin). This will achieve regular supplying for priority sectors in development such as energy, industry and agricultural development.

#### Line of Credit to the African Export-Import Bank (Afreximbank)

##### Regional



##### ▼ Objectives of the Line of Credit

To finance importing of Arab commodities and products to non-Arab African countries members of the African Export-Import Bank, through relending its resources by the Bank to beneficiaries in these countries. The line of credit also aims at encouraging and enhancing trade exchange between Arab and African countries and assisting in acquainting the African markets with Arab products. This will lead to the growth of Arab exports destined to Sub-Saharan Africa.

## Line of Credit Line to Sterling Bank PLC

### Republic of Nigeria

26

September  
2018

Date of  
Approval

50  
million  
dollars

Value of the Loan

#### ▼ Objectives of the Line of Credit

Funding the import of Arab goods and products to the Republic of Nigeria through relending the credit line's resources by the Bank to beneficiaries in the country. The line of credit contributes to encouraging and strengthening trade exchange between the Arab and African countries and assists in acquainting the African markets with Arab products. This will lead to the growth of Arab exports destined to Sub-Saharan Africa.

## Line of Credit to the National Investment Bank (BNI)

### Republic of Mozambique

12

December  
2018

Date of  
Approval

20  
million  
dollars

Value of the Loan

#### ▼ Objectives of the Line of Credit

Assisting the borrowing Bank in financing the import of Arab commodities and products to the Republic of Mozambique, through relending its resources to importing clients. This will lead to strengthening of commercial exchange and growth of exports from the Arab countries to Sub-Saharan Africa. It will also assist in acquainting the African markets with Arab products.



## Line of Credit to the Malian Solidarity Bank (BMS)

### Republic of Mali

12

**December  
2018**  
Date of  
Approval

30

million  
dollars

**Value of the Loan**

#### ▼ Objectives of the Line of Credit

The line of credit aims at helping the borrowing Bank in funding the import of Arab commodities and products to the Republic of Mali through relending its resources to importing clients, in addition to acquainting the African markets with Arab products. This will help increase Arab exports directed to Sub-Saharan Africa.

## Line of Credit to Banque Régionale des Marchés

### Republic of Senegal

12

**December  
2018**  
Date of  
Approval

20

million  
dollars

**Value of the Loan**

#### ▼ Objectives of the Line of Credit

Financing the import of Arab commodities and products to the Republic of Senegal through relending the line of credit's resources to beneficiaries in the country. The line of credit contributes to encouraging and promoting trade exchange between the Arab and African countries and helps in acquainting the African markets with Arab products. This will lead to the growth of Arab exports destined to Sub-Saharan Africa.

## 4- Technical Assistance Operations

### Feasibility Study for the Project of Establishment of Four Higher Institutes

#### Republic of Burundi

◆ **Date of Approval:** 28 February 2018    ◆ **Value of the Grant:** 280 thousand dollars

#### ◆ Objective of the Assistance

Preparation of the technical and economic feasibility study for the project of Establishment of Four Higher Institutes for Vocational Training, within the framework of the Government strategy which aims at supporting the economic and social development program in the country. The project will contribute in completing the training of specialized technicians in many professional fields and cover the shortfall in the qualified staff needed in the economic institutions.

### Feasibility Study for the Construction of Some Bridges Project

#### Republic of Guinea

◆ **Date of Approval:** 28 February 2018    ◆ **Value of the Grant:** 400 thousand dollars

#### ◆ Objective of the Assistance

Preparation of the technical and economic feasibility study for the construction of some priority bridges to be used instead of the existing ferry boats. This will help in facilitating traffic and transport of passengers and goods, raising the efficiency of the road network and linking the various regions of the country with each other and with the neighboring countries.

### Feasibility Study for the Project of Supporting Plants and Agricultural Crops Protection Methods in Liptako-Gourma Region (Phase II)

#### Regional

◆ **Date of Approval:** 28 February 2018    ◆ **Value of the Grant:** 200 thousand dollars

#### ◆ Objective of the Assistance

Preparation of the technical and economic feasibility study for the Project of Supporting Plants and Agricultural Crops Protection Methods (Phase II), in order to achieve food security and raise the income levels of the targeted group of farmers through increasing of agricultural production, making the most of natural resources, decreasing the environmental risks and migration, and reducing poverty.





## Feasibility Study for Strengthening Electricity Network Project in Zanzibar Island

### United Republic of Tanzania

- ◆ **Date of Approval:** 20 June 2018
- ◆ **Value of the Grant:** 300 thousand dollars

#### ◆ Objective of the Assistance

Preparation of the technical and economic feasibility study for the project of Strengthening Electricity Network in Zanzibar Island which aims at adopting the best choices for providing people with electricity, improve their living standards, and develop public services facilities, and tourist and industrial activities. The current network in the Island suffers from lack of energy to meet the necessary needs of the population and the various activities.

## Feasibility Study for the Sanitation Project in Mzuzu City

### Republic of Malawi

- ◆ **Date of Approval:** 26 September 2018
- ◆ **Value of the Grant:** 250 thousand dollars

#### ◆ Objective of the Assistance

Preparation of the technical and economic feasibility study for the Sanitation Project in Mzuzu City within the framework of the State strategy in the field of sanitation (2016 - 2030). The study aims at preparing the project's preliminary designs, cost estimates and the environmental screening. Implementation of the project will improve the people's health and living conditions and reduce poverty. It will also have a positive impact on the growing commercial and tourist activities in the city.

## Feasibility Study to Develop the Integrated Agro-Industry in Manica Province

### Republic of Mozambique

- ◆ **Date of Approval:** 26 September 2018
- ◆ **Value of the Grant:** 280 thousand dollars

#### ◆ Objective of the Assistance

Preparation of the technical and economic feasibility study to upgrade the comprehensive agro-industry in Manica province regarding surplus agricultural products and added value to them and to other perishables. The aim is to encourage small capitalization to invest in agro- industry and open new markets. This will lead to creation of job opportunities and decreasing of unemployment and poverty levels, in addition to achieving food security. The study is expected to produce many projects suitable for joint funding between the public and private sectors.

## Feasibility Study for Poultry and Agricultural Crops Production

### Republic of Gabon

◆ **Date of Approval:** 12 December 2018      ◆ **Value of the Grant:** 350 thousand dollars

#### ◆ **Objective of the Assistance**

Preparation of the technical and economic feasibility study for poultry production in the outskirts of the capital city “Libreville” and production of agricultural crops (rice, maize and soybeans) in “Ankonya “ and “Inyanka” areas. The reasons for carrying out the study is to prepare projects that contribute in achieving food security through production of poultry and establishment of agricultural projects that limit Gabon’s dependence on foreign sources to secure its needs from agricultural products, especially rice which is considered the main food item in the country and whose rate of consumption has increased greatly during the recent years.

## Training Program to Follow Up Projects’ Implementation Using the Geographical Information System

### Regional

◆ **Date of Approval:** 28 February 2018      ◆ **Value of the Grant:** 200 thousand dollars

#### ◆ **Objective of the Assistance**

To promote the monitoring capacities of 15 employees from French-speaking African countries who are responsible for follow up of BADEA’s projects, through strengthening their skills in dealing with the Geographical Information System (GIP) and its utilization in the follow up of projects’ implementation. The training program will facilitate the follow up of projects in remote and out of reach areas. It will be supervised by the UN Institute for Training and Research “UNITAR”.





## Training Session for Employees of Free Zones in the African Countries

### Regional

- ◆ **Date of Approval:** 28 February 2018
- ◆ **Value of the Grant:** 160 thousand dollars

#### ◆ Objective of the Assistance

To increase the commercial exchanges between the Arab and African countries by supporting the free zones, applying of modern methods and standards in their management and open up new industrialization and commercial avenues. 25 African trainees from countries that have free zones will participate in this training which covers various subjects like: free zones and sustainable economic development, management of free zones, methods of attracting investment, and procedures of facilitation of trade and marketing. The session will be conducted and supervised by the World Free Zones Organization (WFZ).

## Training Program in the Field of Investment Promotion

### Republic of Mali

- ◆ **Date of Approval:** 26 September 2018
- ◆ **Value of the Grant:** 300 thousand dollars

#### ◆ Objective of the Assistance

Financing of a training on "Enterprise Development & Investment Promotion Program" which was initiated by UNIDO's Investment and Technology Promotion Office, for the benefit of some public and private sectors' employees in the Republic of Mali. The trainees will acquire the necessary skills in the field of establishing micro, small and medium size projects, which will assist in promoting and increasing domestic investment and attracting foreign investment in order to broadening the economic base of the country.

## Training Session for Employees in the Member States of the Integrated Development Authority of the Liptako-Gourma Region

### Regional

- ◆ **Date of Approval:** 26 September 2018
- ◆ **Value of the Grant:** 200 thousand dollars

#### ◆ Objective of the Assistance

Financing of a training session to improve the public administration performance for the benefit of 30 employees from member States of the Authority (Burkina Faso, Mali and Niger). The objective is to raise the trainees' capacities and enabled them to absorb the basis and general rules of projects' management and funding loans, then transfer the knowledge they require to other employees. The session includes important topics such as: preparation of development projects and the mechanisms for their follow-up and implementation, negotiations with financiers, management of funding loans, procurement of goods and services and norms of management, governance and conflict resolution.

## Extension of Services of an Arab Engineer to Support the Road Authority

### Republic of Madagascar

- ◆ **Date of Approval:** 28 February 2018
- ◆ **Value of the Grant:** 240 thousand dollars

#### ◆ Objective of the Assistance

To continue supporting the Road Authority in the Ministry of Public works, Transport and Meteorology in the Republic of Madagascar, by extending the services of an Arab Engineering expert. The expert will contribute to provide consultancies on the Authority's programs and studies, review tender documents related to implementation of roads and bridges, monitor implementation of civil engineering works, prepare routine maintenance programs and cooperation programs with funding institutions, as well as training of the Authority staff.

## An Arab Expert to Support the Ministry of Finance, Budget and Development Planning

### Republic of Burundi

- ◆ **Date of Approval:** 20 June 2018
- ◆ **Value of the Grant:** 320 thousand dollars

#### ◆ Objective of the Assistance

To support the Public Administration for Economic Forecasting and Planning in the Ministry of Finance, Budget and Planning in the Republic of Burundi, by providing the services of an Arab expert in the field of development planning, for two years. The expert will assist in preparing the planning methodology, monitoring and evaluation of programs and projects of the Ministry, and coordination and implementation of the activities related to projects funded by BADEA and other Arab institutions. He will also assist in evaluation of the Ministry's offers and the award of contracts, preparation of annual public investment programs and identification of priority projects.

## Extension of Services of an Arab Expert to Support the Ministry of Development Planning

### Togolese Republic

- ◆ **Date of Approval:** 20 June 2018
- ◆ **Value of the Grant:** 130 thousand dollars

#### ◆ Objective of the Assistance

To continue supporting the Public Administration of Land Management in the Ministry of Development Planning in the Republic of Togo, by extending the services of an Arab economic expert for one year. The expert will assist in supervising the preparation of the national plan for land management and establishing of its mechanisms and the preparation of the construction and housing plan, preparing the national policy on development priorities, reviewing the organizational framework of land management in the country and assisting the municipalities in laying the regulatory framework to achieve the land management plans at the local level.



## An Arab Expert to Support the Ministry of Finance and Planning to Follow-up the Projects' Implementation

### Republic of Kenya

- ◆ **Date of Approval:** 20 June 2018
- ◆ **Value of the Grant:** 320 thousand dollars

#### ◆ **Objective of the Assistance**

To support the Public Debt Management in the Ministry of Finance and Planning in the Republic of Kenya, through providing the services of an Arab engineer in the field of development projects management, for two years. The expert will contribute to preparation of future plans for the development and implementation of projects in development sectors, selection of priority projects from the country's development strategies, follow up implementation of projects funded by BADEA and Arab institutions, follow up of foreign loans and grants, contributing to offers evaluation and award of contracts in addition to transfer of expertise and knowledge to other staff.

## An Arab Expert to Support the Ministry of Planning

### Republic of Niger

- ◆ **Date of Approval:** 20 June 2018
- ◆ **Value of the Grant:** 320 thousand dollars

#### ◆ **Objective of the Assistance**

To support the Public Administration of Development Programming in the Ministry of Planning in the Republic of Niger, through the provision of the services of an Arab expert in the field of development projects management, for two years. The expert will contribute towards the preparation of future plans and the public investment program of the Administration, selection of effective projects from the country's development strategies, follow up the implementation of the projects funded by BADEA and Arab institutions, follow-up of foreign loans and grants, setting up the procedures of development projects implementation, , evaluation of offers and award of contracts in addition to transfer of expertise and knowledge to other staff of the Ministry.

## Strengthening the Productive Capacities of Women's Agricultural Associations in Bonkani Region

### Republic of Cote d'Ivoire

- ◆ **Date of Approval:** 28 February 2018
- ◆ **Value of the Grant:** 300 thousand dollars

#### ◆ **Objective of the Assistance**

To enhance the productive capacities of women's agricultural associations in Bonkani region in the field of agricultural and poultry production, in order to improve their living conditions. 200 women members in 23 agricultural associations will benefit from the assistance, through preparation of farms for poultry farming and egg production, building of a warehouse and a guard house, digging a well for each farm, provision of agricultural equipment, strengthening the women technical capacities through training, and provision of inputs for production such as fodder, medicines and chickens.

## Support to Women Activities in the Fields of Sewing and Embroidery (Stage II / Phase I)

### Regional

- ◆ **Date of Approval:** 20 June 2018
- ◆ **Value of the Grant:** 170 thousand dollars

#### ◆ **Objective of the Assistance**

To contribute to strengthening the capacities of 100 women from the Republics of Benin and Cameroon in the area of modern technologies of sewing, embroidery and marketing. Support includes provision of sewing and embroidery machines, vocational training and supervision. The Islamic Educational, Scientific and Cultural Organization (ISESCO) will supervise the implementation of the assistance, in cooperation with the relevant authorities in the two countries and some women associations working in the field of poverty eradication. BADEA has in the past contributed to funding of three training programs in these areas, for the benefit of about 260 African women.

## Support the Establishment of the African Fund for Women Leadership

### Regional

- ◆ **Date of Approval:** 20 June 2018
- ◆ **Value of the Grant:** 300 thousand dollars

#### ◆ **Objective of the Assistance**

To support the establishment of the African Fund for Women Leadership, which is an investment fund that contributes to the financing of the economic institutions owned by women in Africa, directly or through intermediary investment funds. The Fund's objective is to enable these institutions to have access to the financial and technical resources. BADEA's grant will cover the cost of preparation of legal texts to organize the Fund's activities, the legal registration of some of its affiliates and the equipping of its headquarters.

## Pilot Project to Fund Public Social Facilities in "Soam" Province

### Burkina Faso

- ◆ **Date of Approval:** 28 February 2018
- ◆ **Value of the Grant:** 500 thousand dollars

#### ◆ **Objective of the Assistance**

To support the local economy by improving the access of the population of five villages in "Soam" province to social services including water, electricity and health services, and improving and developing the facilities of marketing and trade exchanges. Support includes provision of 5 solar energy systems for some health and educational institutions and some rural markets. It also includes digging and equipping of 9 wells for potable water, construction of 5 rural markets beside supervision and monitoring of implementation.



## Pilot Project to Finance Social Facilities in “Boboy” District

### Republic of Niger

- ◆ **Date of Approval:** 28 February 2018
- ◆ **Value of the Grant:** 500 thousand dollars

#### ◆ **Objective of the Assistance**

To support the social facilities in agriculture, health and education fields in “Berni Injawri” municipality, in order to improve the inhabitants’ living conditions and reduce poverty. Assistance includes helping the “Farmer’s House” in the municipality by building a warehouse for veterinary equipment, provision of a tractor, equipping the maintenance workshop of the agricultural machineries and supply of drinking water. It also includes supporting the health facilities by providing equipment to the regional hospital in Boboy district and to 4 integrated health centers, and supporting the educational facilities through rehabilitation of a hall for vocational training in electricity, and three classrooms and building of two classrooms and toilettes at the bilingual school.

## Pilot Project for Development of Animal Resources

### Republic of Niger

- ◆ **Date of Approval:** 20 June 2018
- ◆ **Value of the Grant:** 500 thousand dollars

#### ◆ **Objective of the Assistance**

Financing the pilot project for animal resources development in the Republic of Niger which aims at achieving food security and reduce poverty in the pastoral communities and reduce the impact of drought and crises in the Sahel region. Assistance covers some areas in Maradi and Tahwa provinces and includes provision of fodder, water and sustainable management for pastures, provision of veterinary and extension services to improve the animal products and securing a conducive institutional environment to promote policies that support the pastoralist sector.

## Pilot Project to Strengthen Food Security in Areas Affected by Salinity

### Republic of Gambia

- ◆ **Date of Approval:** 26 September 2018
- ◆ **Value of the Grant:** 500 thousand dollars

#### ◆ **Objective of the Assistance**

To improve food security and contribute to reduction of poverty among small farmers in the areas affected by salinity in the Republic of Gambia, by introducing salinity resistant crops, using the best practices of agricultural management and building the farmers’ capacities in the field of the appropriate management of saline lands. Around 1650 of small farmers, half of them are women, will benefit from this assistance.

## Support to the Regional School for Science and Veterinary Medicine

### Regional

- ◆ **Date of Approval:** 28 February 2018
- ◆ **Value of the Grant:** 200 thousand dollars

#### ◆ Objective of the Assistance

To provide institutional support to the Regional School for Science and Veterinary Medicine (institution of higher education) which is owned by 15 countries in West and Central Africa and located in Dakar, the capital city of Senegal. Support includes rehabilitation of the horses' veterinary clinic on an area of around 130 square meters, the external works, provision of office equipment, and provision and installation of veterinary equipment and training on their use. This includes the pedagogic supplies necessary for the training of students in the field of veterinary medicine.

## Support the Sahel Institute (INSAH)

### Regional

- ◆ **Date of Approval:** 28 February 2018
- ◆ **Value of the Grant:** 150 thousand dollars

#### ◆ Objective of the Assistance

Contributing to the improvement of performance of the Sahel Institute which was established in 1976 by the Permanent Interstate Committee for Drought Control in the Sahel (CILSS), in order to conduct studies in the fields of agriculture, environment, climate change, markets, population and development. Support includes provision and installation of an information technology network, communications network and servers, provision of 25 computers and accessories, 2 scanners and 2 projectors, and provision of safety equipment including fire-extinguishing systems and camera surveillance systems.

## Support the Permanent Interstate Committee for Drought Control in the Sahel (CILSS)

### Regional

- ◆ **Date of Approval:** 26 September 2018
- ◆ **Value of the Grant:** 250 thousand dollars

#### ◆ Objective of the Assistance

To support the Permanent Interstate Committee for Drought Control in the Sahel, by providing audio-visual media for the Conference Hall of the Committee in Ouagadougou, capital of Burkina Faso. The assistance includes the civil works for the Hall decoration (carpentry, aluminum, tiles, wood, painting and plumbing networks), provision of electrical and informatic equipment and communications, provision of fire detectors, video surveillance and air conditioning, provision and installment of audio-visual media in addition to provision of the services of an architect to supervise the implementation.





## Support the Ministry of the African Cooperation and Integration

### Republic of Guinea

◆ **Date of Approval:** 26 September 2018      ◆ **Value of the Grant:** 380 thousand dollars

#### ◆ **Objective of the Assistance**

To support the Ministry of the African Cooperation and Integration by organizing of training sessions and provision of equipment, in order to improve its performance and accelerate the implementation of the programmed projects within the framework of the Social and Economic Development Plan. The Aid comprises 5 training sessions in the capital Conakry for the benefit of 130 employees from the Ministry in the fields of development projects' preparation, monitoring and management, procurement of goods and services, preparation of resource mobilization strategies and improving absorption capacity of foreign aid. The aid also comprises the provision of informatic, office and audio-visual equipment for the Ministry.

## Financing of Arab Export Promotion Authorities Forum

### Regional

◆ **Date of Approval:** 28 February 2018      ◆ **Value of the Grant:** 150 thousand dollars

#### ◆ **Objective of the Assistance**

Discuss ways to increase volume of Arab exports to Sub-Saharan African countries by developing joint mechanisms between the two parties. Topics of the forum includes: Arab-African trade, BADEA's Program for funding Arab exports to African countries within the framework of boosting intra-trade, the role of export development and export insurance institutions in the development of exports between the two regions, and the strategies of stimulating this activity. The forum is organized by "Mamoun Biheiri Centre for Economic and Social Studies and Researches in Africa", located in Khartoum.



## Support “the Forum of Investment and Cooperation for Development between the Arab States and the Republic of Chad

### Republic of Chad

◆ **Date of Approval:** 12 December 2018      ◆ **Value of the Grant:** 350 thousand dollars

#### ◆ **Objective of the Assistance**

To contribute to the organization of the Forum of Investment and Cooperation for Development between the Arab States and the Republic of Chad, which aims at promoting Arab investments in Chad in various fields, in order to accelerate growth, build strong economy and laying foundations of sustainable and comprehensive development. The forum also aims at realizing the commitments made by the Arab parties in the Paris Roundtable of September 2017, towards investment, financing and partnership with Chad.

## Support the African Executive Heads Forum

### Regional

◆ **Date of Approval:** 12 December 2018      ◆ **Value of the Grant:** 80 thousand dollars

#### ◆ **Objective of the Assistance**

To contribute to the organization of the African Executive Heads Forum in Kigali, Republic of Rwanda, with the participation of around 700 African executive heads. The forum aims at promoting partnership between African economic institutions in order to expand their geographic coverage and promote their partnership with international counterparts. The objective is to promote technology transfer to Africa and enable the heads of the African economic institutions to benefit from the experiences of a large number of experts and consultants invited to the Forum.

## Support the Intra-African Trade Fair

### Regional

◆ **Date of Approval:** 12 December 2018      ◆ **Value of the Grant:** 300 thousand dollars

#### ◆ **Objective of the Assistance**

To co-sponsoring the Intra-African Trade Fair organized by the African Export-Import Bank in the Arab Republic of Egypt. The fair avails BADEA with the opportunity to build a network of relations with the African investors, identify the Arab products and the needs of the African countries, and exchange the information and disseminate them among the participant companies and institutions. This will help introduce BADEA's services especially in the areas of financing the private sector and the Arab exports to sub Saharan Africa.



## Support the Alliance for the Fight Against Blindness Program – Phase II (Second Contribution)

### Regional

- ◆ **Date of Approval:** 28 February 2018
- ◆ **Value of the Grant:** 600 thousand dollars

#### ◆ **Objective of the Assistance**

To contribute to fighting the blindness caused by cataract, glaucoma and diabetic retinopathy. The support will be used to finance surgical operations, training doctors and technicians in the field of eye diseases, and provision of medical equipment in the states of Burkina Faso, Chad, Cote d'Ivoire, Guinea, Guinea Bissau, Mali, Mozambique, Niger and Togo. BADEA has contributed in the past to the financing of the first and the transitional phase of the Program with 1.3 million dollars.

## Induction Program for Projects' Implementation Units and Focal Points

### Regional

- ◆ **Date of Approval:** 26 September 2018
- ◆ **Value of the Grant:** 220 thousand dollars

#### ◆ **Objective of the Assistance**

The technical assistance is in the context of BADEA's policy which aims at increasing the effectiveness of the projects and technical assistance operations it finances in the beneficiary countries, by enhancing the skills of officials in charge of their follow up. The program includes cooperation programs with countries, procedures of procurement of goods and services, procedures of withdrawal from loans and grants, preparation, monitoring and evaluation of development operations, as well as providing information on BADEA's programs for the private sector and foreign trade. About 48 officials from the projects' implementation units and focal points in 12 African countries will benefit from the program which will be conducted in BADEA's headquarters at Khartoum.

## Development the System of Procurement of Goods and Services' Documents to Implement the Projects Funded by BADEA in Africa

### Regional

- ◆ **Date of Approval:** 20 June 2018
- ◆ **Value of the Grant:** 100 thousand dollars

#### ◆ **Objective of the Assistance**

To provide the services of a consultant from the International Institute of Law to update and prepare the documents of procurement of goods and services which are in effect within the members of the Coordination Group in the projects co-financing, in order to be pilot and cope with the modern developments and to cover the project's cycle. This will lead to the improvement of efficiency and quality of projects financed by the Group, including BADEA, in accordance with the best professional and technical practices. Each member of the Group contributes 100 thousand dollars to finance the assistance.

## 4-1 Technical Assistance Operations Within the Powers of the Director General

### Contribution to the Organization of a Forum to Encourage Gulf Investments in Africa

#### Regional

◆ **Date of Approval:** February 2018

◆ **Value of the Grant:** 15 thousand dollars

#### ◆ **Objective of the Assistance**

The Forum aims at stimulating the Gulf investments in Africa in various fields, such as agriculture, mining, real estate, communications, energy, building and construction. The assistance aims at sensitizing investors from the Gulf on investment opportunities in the African continent and the best ways to select projects and how to deal with obstacles which may face them. The Forum will be organized by “ALET- MAF” in Marrakech, Kingdom of Morocco.

### Contribution to the Organization of a Workshop on the Sidelines of the 30th FAO Regional Conference on Africa

#### Regional

◆ **Date of Approval:** February 2018

◆ **Value of the Grant:** 15 thousand dollars

#### ◆ **Objective of the Assistance**

The assistance falls within the efforts to realize the second goal of the Sustainable Development Goals (SDGs) which aims at ending hunger and malnutrition by 2030. It aims at financing a workshop on the margins of the 30<sup>th</sup> FAO Regional Conference on Africa, to be held in Khartoum. In the workshop, consultations will take place with some African ministers about BADEA's contributions to agriculture and rural development sector and the aspirations of the beneficiary countries for the future role that BADEA can play to contribute in achievement of food security and reduction of poverty.

### Contribution to Financing All Africa Competition for Artificial Intelligence for 2018

#### Regional

◆ **Date of Approval:** February 2018

◆ **Value of the Grant:** 15 thousand dollars

#### ◆ **Objective of the Assistance**

The Competition aims at developing innovation skills and creative abilities of students and provide them with practical experience to design, construct and program robotic systems, develop the teamwork skills and prepare a mature generation well aware of the labor market requirements. The “Sans Ecole” organization will organize the competition in Kigali, Republic of Rwanda, in which 500 competitors from 21 African countries will participate.



## Contribution to Financing the First African Summit for Smart Agriculture

### Regional

- ◆ **Date of Approval:** May 2018
- ◆ **Value of the Grant:** 15 thousand dollars

#### ◆ Objective of the Assistance

To combat poverty and achieve food security by increasing and improving the agricultural production through the use of information and communication technology in developing the agricultural sector. The Summit will be a platform to discuss the implementation of the Sustainable Development Goals in Arab and African countries in the field of food security, and the impact of the modern technologies on agriculture. The Arab Information and Communication Technology Organization in cooperation with the Arab Organization for Agricultural Development supervise the organization of the Summit in Khartoum, Republic of Sudan.

## Contribution to Financing the Second Summit for African Innovation

### Regional

- ◆ **Date of Approval:** May 2018
- ◆ **Value of the Grant:** 15 thousand dollars

#### ◆ Objective of the Assistance

The Summit aims at finding solutions to the challenges facing the African continent such as poverty, health, food shortage, energy and security, through innovation and creativity in various fields, in order to achieve the Sustainable Development Goals and develop the national economy of each country. The IHABA Organization in cooperation with the governments of Cape Verde and Rwanda organize the Summit in Kigali Convention Centre, with more than 1000 participants from around 50 African countries.

## Contribution to Financing the Third Future Manufacturing and Trade Summit

### Regional

- ◆ **Date of Approval:** September 2018
- ◆ **Value of the Grant:** 15 thousand dollars

#### Objective of the Assistance

To contribute to financing the 3<sup>rd</sup> Future Manufacturing and Trade Summit, to be held in Dubai, United Arab Emirates. The summit provides a platform to discuss future trends in industrialization and the key strategies for promoting trade and economic development. It also provides an opportunity for BADEA to enlighten investors and exporters on its programs in the fields of financing of private sector and foreign trade.

## Contribution to Funding a Workshop during the Third Annual Meeting of the Africa Free Zones Organization

### Regional

◆ **Date of Approval:** September 2018      ◆ **Value of the Grant:** 15 thousand dollars

#### ◆ **Objective of the Assistance**

To finance a workshop in the sidelines of the Third Annual Meeting of the Africa Free Zones Organization, in order to contribute to developing free zones in Africa which have a significant impact on the commercial activities, creating of employment opportunities and reduction of poverty. The workshop focuses on the role of free zones in attracting the direct foreign investment and identifying the opportunities and the constraints. The Africa Free Zones Organization organizes the workshop in Abidjan, Republic of Cote d'Ivoire.

## Contribution to Financing the African Forum For Small and Medium-sized Enterprises

### Regional

◆ **Date of Approval:** October 2018      ◆ **Value of the Grant:** 15 thousand dollars

#### ◆ **Objective of the Assistance**

To increase the participation of African youth and women in realizing the economic development of Africa, through supporting the small and medium-sized enterprises. The Forum will provide an opportunity for these enterprises to establish contacts with big companies, exchange expertise on mechanisms and sources of finance, encourage innovation and capacity building, and create job opportunities and wealth. The Forum is organized by the Africa Search Group in Johannesburg, Republic of South Africa.

## Contribution to Financing the African Investment Forum

### Regional

◆ **Date of Approval:** October 2018      ◆ **Value of the Grant:** 15 thousand dollars

#### ◆ **Objective of the Assistance**

Financing the services of a consultant to support BADEA's participation in the African Investment Forum to be organized by the African Development Bank in Johannesburg, in cooperation with other financial institutions. The Forum aims at creating a framework for cooperation between various economic actors and provide the opportunity for meeting with investors. Components of the support include submit of a working paper on the development of BADEA's role in the field of development funding in order to respond to the growing needs of Africa, in addition to BADEA's cooperation with development financing institutions to stimulate the investments in Africa.



## Preparation of a Methodology to Monitor the Development Impact of the Cooperation between BADEA and the African Countries

### Regional

◆ **Date of Approval:** October 2018

◆ **Value of the Grant:** 15 thousand dollars

◆ **Objective of the Assistance**

The assistance includes financing of the services of a consultant to prepare a methodology for monitoring the development impact of the cooperation between BADEA and the African states, by focusing on samples of the completed and successful projects which were financed by BADEA in various sectors and have positive impacts on the beneficiaries.



## PART THREE

### Financial Resources

#### Financial Position as of 31 December, 2018

Total net assets of BADEA at the end of 2018, amounted to 4,821.4 million dollars compared to 4,788.2 million dollars at the end of 2017, an increase of 33.2 million dollars. This increase came mainly due to the installments paid by some member countries during 2018 in BADEA's capital increase, in accordance with the Resolution No (4) of the Board of Governors in its Thirty-Eight Meeting (Dubai, April, 2013).

#### Capital

By the end of December 2018, the balance of the capital amounted to 3,999.3 million dollars, compared to 3,899.0 million dollars by the end of December 2017, with an increase of 100.3 million dollars 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 dollars - corresponding to 50% of BADEA's capital amounting to 2800 million dollars, effective from January 2014, out of which 700 million dollars to be transferred from general reserve, and the remaining 700 million dollars as a cash increase from member countries, to be paid in five equal annual installments with first payment due in April, 2014.

#### General Reserve

The balance of the general reserve at the end of 2018 stood at 862.1 million dollars, compared to 617.6 million dollars at the end of 2017, an increase of 244.5 million dollars that represents the net income for the year 2017 amounting to 271.7 million dollars less the grant of 27.2 million dollars, allocated by the Resolution No (2) of the Board of Governors in its Forty-Three Meeting (Dead Sea, April, 2018).

#### Special Reserve

The balance of the special reserve at the end of December 2018 amounted to 4.8 million dollars, compared to 2.5 million dollars at the end of December 2017, an increase of 2.3 million dollars.

#### Total Revenue

BADEA's total revenue for the year 2018 was negative and amounted to 11.9 million dollars, compared to a positive revenue of 294.7 million dollars in 2017, a decrease of 306.6 million dollars.



## Financial Resources



The details of revenue for 2018 and 2017 are as follows:

Item	2018	2017	Difference
	(\$ Million)	(\$ Million)	(\$ Million)
Investment Income (loss)	(35.5)	273.2	(308.7)
Revenue form Loans	20.8	19.2	1.6
Trade Finance Income	2.3	1.5	0.8
Others	0.5	0.8	(0.3)
<b>Total</b>	<b>(11.9)</b>	<b>294.7</b>	<b>(306.6)</b>

It is noted from the figures that investment revenue during the year 2018 decreased by 308.7 million dollars compared to 2017, while revenue from loans increased by 1.6 million dollars and from trade finance increased by 0.8 million dollars.

The objective reasons for the decrease of investment income during 2018 can be illustrated through the analysis of its components as contained in the table below:

Income Details	2018	2017	Difference
	(\$ Million)	(\$ Million)	(\$ Million)
Revenue from Time Deposits and Call Accounts	7.0	1.5	5.5
Revenue from Fixed Income Portfolios	15.9	42.6	(26.7)
Revenue from Equity Portfolios	(68.8)	227.1	(295.9)
Revenue from Sukuk	10.0	1.6	8.4
Revenue from Securities Lending	0.4	0.4	-
<b>Total</b>	<b>(35.5)</b>	<b>273.2</b>	<b>(308.7)</b>

It is noted from the above table, the decrease in revenue from equity portfolios by 295.9 million dollars and from fixed income portfolios by 26.7 million dollars, whereas the revenue from time deposits and call accounts increased by 5.5 million dollars, and the revenue from sukuk which are managed directly by BADEA, increased by 8.4 million dollars.

The decrease in the investment portfolios' revenue was due mainly to the decrease in the performance of the global financial markets, particularly the equity markets which witnessed a sharp decline in its performance during 2018 compared to 2017, as a result of large sell off of equities during the fourth quarter of 2018, noting that the performance of the equity markets was positive until the end of the third quarter of the year.

It is worth noting that a large part of the accounting recorded losses are unrealized losses resulting from evaluation of the securities held by the portfolio managers at the market value as at 31/12/2018, which amounted to about 208.7 million dollars as explained in the following table.

The components of investment portfolios' revenue during 2018 compared to 2017 are as follows:

Investment Portfolios' Revenue	2018	2017	Difference
	(\$ Million)	(\$ Million)	(\$ Million)
<b>Fixed Income</b>			
Interest on Bonds	31.3	30.9	0.4
Interests on Time Deposits and Call Accounts	0.1	-	0.1
Net (Loss) / Trading Income	(12.4)	2.0	(14.4)
(Loss) / Unrealized Profits	(14.0)	8.7	(22.7)
Currency Differences and Derivatives Evaluation	13.8	5.0	8.8
Portfolio Management and Custody Fees	(2.9)	(4.0)	1.1
<b>Total</b>	<b>15.9</b>	<b>42.6</b>	<b>(26.7)</b>
<b>Equities</b>			
Dividends	21.5	28.6	(7.1)
Interest on Time Deposits and Call Accounts	0.1	0.1	-
Net Trading Income	98.8	58.3	40.5
(Loss) / Unrealized Profits	(194.7)	130.8	(325.5)
Currency Differences and Derivatives Evaluation	7.0	11.9	(4.9)
Portfolio Management and Custody Fees	(1.5)	(2.6)	1.1
<b>Total</b>	<b>(68.8)</b>	<b>227.1</b>	<b>(295.9)</b>
<b>Sukuk</b>			
Sukuk Profit Margin	8.2	3.2	5.0
Currency Differences and Derivatives Evaluation	1.8	(1.7)	3.5
<b>Total</b>	<b>10.0</b>	<b>1.5</b>	<b>8.5</b>
<b>Securities Lending</b>			
	0.4	0.4	-
<b>Total</b>	<b>(42.5)</b>	<b>271.6</b>	<b>(314.1)</b>

It is worth noting that BADEA's liquid resources are invested in the light of 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 are to maintain BADEA's assets and to achieve revenue in the aggregate exceeds what BADEA can realize or reduce losses if the investments were exclusively limited to one investment instrument, as the decline in revenue resulting from one of the investment instruments is offset or reduce loss by increased revenue in the other investment instrument.

### Expenses

Total expenses during 2018 amounted to 18.7 million dollars, compared to 16.9 million dollars during 2017. Total expenses during 2018 included 17.6 million dollars of administrative expenditure compared to 16 million dollars during 2017.

## Financial Resources



### Net Income

The net loss for 2018 amounted to 39.9 million dollars, compared to a net profit of 271.7 million dollars for 2017, thereby decreasing by 311.6 million dollars, which is mainly due to the decrease of the market value of the equity and fixed income portfolios, as a result of the decrease in the performance of global financial markets during 2018 compared to 2017. It is to be noted that the net loss for 2018 includes the grants disbursed to African beneficiary countries amounting to 7.1 million dollars, in addition to the special reserve allocation for 2018 amounting to 2.3 million dollars.

### Financial Commitments

BADEA's total financial commitments in favor of beneficiary countries during 2018 amounted to 340 million dollars, of which 230 million dollars were allocated for the public sector, 100 million dollars for the private sector and 10 million dollars for the technical assistance, compared to total financial commitments of 330 million dollars during 2017, of which 220 million dollars were allocated for the public sector, 100 million dollars for the private sector and 10 million dollars for technical assistance.

The total cumulative net commitments at the end of 2018 amounted to 5,146.5 million dollars, of which 4,987.3 million dollars allocated for loans and 159.2 million dollars for technical assistance, compared to 4,857.8 million dollars at the end of 2017, of which 4,708.2 million dollars allocated for loans, and 149.6 million dollars for technical assistance. BADEA's total commitments for foreign trade financing in 2018 amounted to 755 million dollars compared to 550 million dollars in 2017.

### Disbursement and Repayment

Disbursement from loans during 2018 amounted to 213.3 million dollars, compared to 143.4 million dollars during 2017, with an increase of 69.9 million dollars (48.7%). Disbursement from technical assistance grants during 2018 amounted to 7.1 million dollars, compared to 5.5 million dollars during 2017 corresponding to an increase of 1.6 million dollars (29.1%). Also disbursement from trade financing loans in 2018 amounted to 32.1 million dollars.

Total cumulative of loans disbursement at the end of 2018 amounted to 3,273.0 million dollars, compared to 3,059.7 million dollars at the end of 2017. By adding trade financing loans and technical assistance grants, the total cumulative disbursement at the end of 2018 amounted to 3,483.9 million dollars<sup>(1)</sup> compared to 3,230.9 million dollars<sup>(2)</sup> at the end of 2017. Thus, the percentage of cumulative disbursement to net cumulative commitments at the end of 2018 is about 66% compared to 65% at the end of 2017, and after adding trade finance, the percentage is about 59% in 2018 compared to 60% in 2017.

(1) Includes grant withdrawals deducted from income, totalling about 125.3 million dollars at the end of 2018 and 118.2 million dollars at the end of 2017.

(2) Includes grant withdrawals deducted from income, totalling about 118.2 million dollars at the end of 2017.

Regarding the repayment, the total installments of loans paid during 2018 amounted to 57.0 million dollars, against 55.7 million dollars during 2017, an increase of 1.3 million dollars, whereas the total income from interests and fees during 2018 amounted to 20.8 million dollars compared to 19.2 million dollars during 2017, an increase of 1.6 million dollars. The total amount of interests and charges on loans received during 2018 amounted to 19.8 million dollars compared to 20.1 million dollars during 2017, a decrease of 0.3 million dollars. The principal loan repayments from trade finance amounted to 34.0 million dollars during 2018, against 17.4 million dollars during 2017, and the total amount of interests and fees received from trade financing loans amounted to 2.3 million dollars in 2018 against 1.2 million dollars in 2017.

Total repayment of loans, including interests and fees amounted to 113.1 million dollars during 2018, compared to 94.4 million dollars during 2017, an increase of 18.7 million dollars. Thus, the total cumulative repayment of principal loan installments at the end of 2018 amounted to 1,569.1 million dollars compared to 1,478.1 million dollars at the end of 2017; whereas the total cumulative of interests and administrative fees collected by BADEA amounted to 591.8 million dollars at the end of 2018 compared to 569.8 million dollars at the end of 2017.

## Conclusion

It is clear from the foregoing, that despite the decline in the performance of financial markets at the end of 2018, BADEA continued its policy of maintaining a sound financial position, through which its net assets at the end of 2018 compared to 2017 increased by an amount of 33.2 million dollars. BADEA also continued the controlling of the administrative spending in accordance with its policy of rationalizing expenditure, without prejudice to fulfilling its objectives and programs.

It is worth noting that the net income has decreased from 271.7 million dollars in 2017 to (39.9) million dollars in 2018, due to the decrease in the market value of securities portfolios, as a result of the decline in the performance of global financial markets during 2018 compared to 2017, noting that this decline in market value represents unrealized loss.



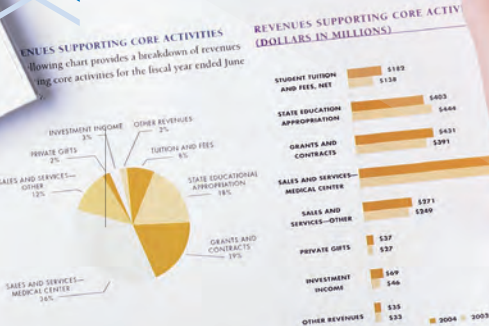
## Overall Conclusion for the Report

- 1/** BADEA continued in 2018, its efforts to promote the Arab - African cooperation, through contribution to financing development projects in sub-Saharan African countries in various sectors, providing technical assistance, encouraging the investment of Arab capital in Africa, as well as supporting trade exchanges between the two regions. These activities are currently achieved within the framework of the guidelines of BADEA's Seventh Five-year Plan (2015 -2019) and the priorities of the beneficiary countries.
- 2/** In 2018, BADEA approved the financing of 15 development projects in the public sector at a total cost of 230 million dollars, of which 8 projects in infrastructure sector, 4 projects in agriculture and rural development sector and 3 projects in social sector.
- 3/** Within the framework of "the Private Sector Financing Program", 8 loans of credit totaling 100 million dollars were provided to commercial banks and African funding institutions.
- 4/** With regard to the financing of Arab exports to African countries, 6 lines of credit were provided to commercial banks and African funding institutions, at a total cost of 225 million dollars.
- 5/** BADEA provided non-refundable grants of 9.95 million dollars to finance 44 technical assistance operations, including 7 technical and economic feasibility studies for development projects and 37 institutional support operations in various fields.
- 6/** During the year, 7 development projects were completed in infrastructure, agriculture and rural development and social sectors. BADEA's contribution to the financing of these projects amounted to 70 million dollars benefiting 7 African countries. Equally, 35 technical assistance operations at a total cost of 9.8 million dollars were achieved, including feasibility studies and institutional support operations.
- 7/** Regarding the financial situation, indicators show that BADEA has continued its policy of maintaining a sound financial position, where the net assets increased to 4,821.4 million dollars by the end of 2018, compared to 4,788.2 million dollars by the end of 2017. This is due to its miscellaneous income, receipt part of capital increase instalments and control of administrative expenditure.

The net income decreased from 271.7 million dollars in 2017 to net loss of 39.9 million dollars in 2018, because of underperformance of global financial markets, especially the performance of equity portfolios market.



# Report and financial statements for the year ended 31 December 2018



The following chart provides a breakdown of revenues supporting core activities for the fiscal year ended June 30, 2003.

Revenues to support UC Davis core activities of over \$2 billion, including those classified as nonoperating revenues, increased by \$115 million from 2003 to 2004. UC Davis has very diverse



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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 2018, 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 2018, 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.

### **Other matter**

The financial statements of the Bank for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on the financial statements on 6 March 2018.

### **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)** 2

**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  
6 March 2019







## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Statement of financial position at 31 December 2018

	Notes	2018 USD '000	2017 USD '000
<b>ASSETS</b>			
Cash in hand and at banks		1,436	1,237
Investments	3	3,042,072	3,151,727
Contribution in financial institutions	4	29,950	29,950
Trade finance	5	33,645	35,583
Accrued interest on trade finance	6	617	471
Loan balances	7	1,755,281	1,599,046
Net accrued interest on loans	8	14,538	13,539
Other assets	9	2,617	2,845
Net fixed assets	10	14,890	15,356
<b>Total assets</b>		<b>4,895,046</b>	<b>4,849,754</b>
<b>LIABILITIES</b>			
Other liabilities		60,507	50,805
Provision for end of service benefits	11	8,329	8,223
Special reserve provision	2(G), 7(C)	68,836 4,768	59,028 2,451
<b>Total liabilities</b>		<b>73,604</b>	<b>61,479</b>
<b>Net assets</b>		<b>4,821,442</b>	<b>4,788,275</b>
<b>MEMBERS' COUNTRIES EQUITY</b>			
Subscribed and paid up capital	12	3,999,264	3,898,972
General reserve	13	862,137	617,644
Net (loss) / income for the year		(39,959)	271,659
<b>Total members' countries equity</b>		<b>4,821,442</b>	<b>4,788,275</b>

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

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Statement of income and expenditure  
for the year ended 31 December 2018

	Notes	2018 USD '000	2017 USD '000
<b>INCOME</b>			
Net (loss) / income from investments	14	(35,521)	273,150
Income from loans		20,776	19,244
Income from trade finance		2,347	1,509
Others		536	779
<b>Total (loss) / income</b>		<b>(11,862)</b>	<b>294,682</b>
<b>EXPENDITURE</b>			
Board of Governors		163	256
Board of Directors		1,314	1,231
Salaries and employee benefits		12,439	11,394
Travel and services		2,572	2,333
Utilities		1,118	830
Depreciation	10	785	770
Other expenditure		322	98
<b>Total expenditure</b>		<b>18,713</b>	<b>16,912</b>
<b>Net (loss) / income before grants and provisions</b>		<b>(30,575)</b>	<b>277,770</b>
Grants disbursed to beneficiary countries		(7,067)	(5,454)
Charge of special reserve provision	7(c)	(2,317)	(657)
<b>Net (loss) / income for the year</b>		<b>(39,959)</b>	<b>271,659</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 2018

	Notes	Subscribed and paid-up capital USD '000	General reserve USD '000	Net income / (loss) for the year USD '000	Total USD '000
Balance as at January 2017		3,797,761	506,391	123,614	4,427,766
Paid by member countries	12	101,211	-	-	101,211
Transfer to general reserve	13	-	123,614	(123,614)	-
Appropriations		-	(12,361)	-	(12,361)
Net income for 2017		-	-	271,659	271,659
<b>Balance as at 1 January 2018</b>		<b>3,898,972</b>	<b>617,644</b>	<b>271,659</b>	<b>4,788,275</b>
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 for 2018		-	-	(39,959)	(39,959)
<b>Balance as at 31 December 2018</b>		<b>3,999,264</b>	<b>862,137</b>	<b>(39,959)</b>	<b>4,821,442</b>

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

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Statement of cash flows  
for the year ended 31 December 2018

	Notes	2018 USD '000	2017 USD '000
<b>Cash flows from operating activities</b>			
Net (loss) / income for the year		(39,959)	271,659
Adjustments to reconcile net (loss) / income with net cash used in operating activities:			
Depreciation	10	785	770
Special reserve provision	7(c)	2,317	657
Unrealised loss / (gain) from investments fair value valuation	14	208,772	(139,462)
<i>Net change in operating assets:</i>			
Investments		108,861	(31,967)
Trade finance		1,938	(15,583)
Accrued interest on trade finance		(146)	(304)
Net movement in loans		(156,235)	(87,605)
Net accrued interest on loans		(999)	890
Net other assets		228	(245)
<i>Net change in operating liabilities:</i>			
Other liabilities, net of appropriation		(17,464)	(12,402)
Net provision for end of service benefits		106	(2,101)
<b>Net cash generated from / (used in) operating activities</b>		<b>108,204</b>	<b>(15,693)</b>
<b>Cash flows from investing activities:</b>			
Contribution in financial institution		-	(1,730)
Net purchase of fixed assets	10	(319)	(454)
<b>Net cash used in investing activities</b>		<b>(319)</b>	<b>(2,184)</b>
<b>Cash flows from financing activities:</b>			
Paid for capital increase by member countries	12	100,292	101,211
<b>Net cash from financing activities</b>		<b>100,292</b>	<b>101,211</b>
Net increase in cash and cash equivalents		208,177	83,334
Cash and cash equivalents as at the beginning of the year		240,063	156,729
Cash and cash equivalents as at the end of the year	15	448,240	240,063

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 2018

#### 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 3,899 million as at 31 December 2017 (2016: USD 3,798 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 2018 (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:

**Special reserve provision**

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

**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.

**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.

**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.



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2018 (continued)

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

##### G- Loans and special reserve provision

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.

The special reserve is calculated in accordance with the Board of Governors' Resolution No.1 for 1989 for covering overdue loans; as a deduction from the annually recognized income (such provision is named as "Special reserve provision" for presentation purposes of the financial statements). The annually amount allocated for that provision should be equal to the sum of (a) half of the unpaid installments of principal loans overdue at the end of the financial year, and for a period of more than one year and less than two years; and (b) all installments of principal of loans overdue at the end of the financial year and for two years or more.

BADEA believes that the separate presentation of the loans and special reserve in the statement of financial position is complying with the nature of its operations.

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.

##### K- Grants

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

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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**Notes to the financial statements  
for the year ended 31 December 2018 (continued)**

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

**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:

Buildings	30 years
Fixtures and equipment	5 years
Vehicles	5 years

**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.

**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.





## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2018 (continued)

#### 3. Investments

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

	2018 USD '000	2017 USD '000
Fixed income securities	1,469,431	1,503,570
Sukuk securities	232,623	98,131
<b>Total securities – fixed income and sukuk (Note 18)</b>	<b>1,702,054</b>	<b>1,601,701</b>
Equity securities (listed)	873,131	1,256,271
Equity securities (not listed)	10,001	-
<b>Total equity securities – listed and not listed (Note 18)</b>	<b>883,132</b>	<b>1,256,271</b>
Fair value of derivative instruments, net (Note 17)	(3,013)	(15,113)
Accrued interest on deposits and securities	13,095	11,961
<b>Term deposits and call accounts</b>	<b>2,595,268</b>	<b>2,854,820</b>
	<b>446,804</b>	<b>296,907</b>
<b>Investments</b>	<b>3,042,072</b>	<b>3,151,727</b>

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

	Managed by				Total	
	BADEA		Portfolio Managers		2018	2017
	2018 USD '000	2017 USD '000	2018 USD '000	2017 USD '000	USD '000	USD '000
Term deposits	371,880	197,000	-	-	371,880	197,000
Call accounts	10,150	49,195	64,774	50,712	74,924	99,907
<b>Total</b>	<b>382,030</b>	<b>246,195</b>	<b>64,774</b>	<b>50,712</b>	<b>446,804</b>	<b>296,907</b>

#### 4. Contribution in financial institutions

	2018 USD '000	2017 USD '000
Contribution in the African Bank	4,000	4,000
Contribution in in Arab Investment & Export Credit Guarantee Corporation	25,950	25,950
<b>Balance as at 31 December</b>	<b>29,950</b>	<b>29,950</b>

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Notes to the financial statements  
for the year ended 31 December 2018 (continued)

## 4. Contribution in financial institutions (continued)

## 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 (see Note 22(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. Till 2017, BADEA paid full installments; and therefore, BADEA’s contribution in the authorised capital of AIECGC as at 31 December 2018 amounted USD 25.950 million (2017: USD 25.950 million).

## 5. Trade finance

The total trade finance for the purpose of financing Arab exports to African countries amounted to USD 33,645 million as at 31 December 2018 (2017: USD 35.583 million) represents part of 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:

	2018 USD '000	2017 USD '000
Balance as at 1 January	35,583	20,000
Disbursements during the year	32,076	33,000
Repayments during the year	(34,014)	(17,417)
Balance as at 31 December	<u>33,645</u>	<u>35,583</u>

## 6. Accrued interest on trade finance

Accrued interest on trade finance amounted to USD 617 thousand as at 31 December 2018 (2017: USD 471 thousand)



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2018 (continued)

#### 7. Loan balances and special reserve provision

##### A- Loan balances

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

	2018			2017	
	Public sector USD '000	Private Sector USD '000	SAAFA Loans USD '000	Total USD '000	Total USD '000
Approved loans	4,465,091	308,000	214,244	4,987,335	4,708,214
Less: unsigned loans	(95,450)	(115,000)	-	(210,450)	(201,500)
<b>Total signed loans</b>	<b>4,369,541</b>	<b>193,000</b>	<b>214,244</b>	<b>4,776,885</b>	<b>4,506,714</b>
Less: ineffective loans	(200,850)	(40,000)	-	(240,850)	(198,300)
<b>Total effective loans</b>	<b>4,168,791</b>	<b>153,000</b>	<b>214,244</b>	<b>4,536,035</b>	<b>4,308,414</b>
Less: Undisbursed loans	(1,210,019)	(53,058)	-	(1,263,077)	(1,248,731)
<b>Total disbursements from loans</b>	<b>2,958,772</b>	<b>99,942</b>	<b>214,244</b>	<b>3,272,958</b>	<b>3,059,683</b>
Less: Loan installments repaid	(1,326,634)	(2,500)	(188,543)	(1,517,677)	(1,460,637)
<b>Balance outstanding as at 31 December</b>	<b>1,632,138</b>	<b>97,442</b>	<b>25,701</b>	<b>1,755,281</b>	<b>1,599,046</b>

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	2018 USD '000	2017 USD '000
Balance as at 1 January	1,534,440	37,964	26,642	1,599,046	1,511,441
Disbursements during the year	152,130	61,145	-	213,275	143,350
Repayments during the year	(54,432)	(1,667)	(941)	(57,040)	(55,745)
<b>Balance as at 31 December</b>	<b>1,632,138</b>	<b>97,442</b>	<b>25,701</b>	<b>1,755,281</b>	<b>1,599,046</b>

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 2018 amounted USD 426,690 million (2017: USD 426,690 million).

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Notes to the financial statements  
for the year ended 31 December 2018 (continued)

## 7. Loan balances and special reserve provision

## C- Special reserve provision.

Details of movement in the special reserve provision as at 31 December are as follows:

	2018 USD '000	2017 USD '000
Balance as at 1 January	2,451	1,794
Charged during the year	2,418	1,893
Reversal during the year	(101)	(1,236)
	<u>4,768</u>	<u>2,451</u>
Balance as at 31 December	<u>4,768</u>	<u>2,451</u>

## 8. Net accrued interest on loans

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

	Public sector	2018 USD '000 Private sector	Total	2017 USD '000 Total
Accrued interest on loans	76,218	-	76,218	75,467
Less : excluded interest	(61,680)	-	(61,680)	(61,928)
	<u>14,538</u>	<u>-</u>	<u>14,538</u>	<u>13,539</u>
Net accrued interest on loans	<u>14,538</u>	<u>-</u>	<u>14,538</u>	<u>13,539</u>

## 9. Other assets

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

	2018 USD '000	2017 USD '000
Unrecovered VAT on project	1,646	1,646
Others	971	1,199
	<u>2,617</u>	<u>2,845</u>
Net other assets	<u>2,617</u>	<u>2,845</u>



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2018 (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 2017	22,642	2,039	289	24,970
Additions during the year	231	149	74	454
As at 1 January 2018	<b>22,873</b>	<b>2,188</b>	<b>363</b>	<b>25,424</b>
Additions during the year	39	174	106	319
As at 31 December 2018	<b>22,912</b>	<b>2,362</b>	<b>469</b>	<b>25,743</b>
<b>Accumulated depreciation</b>				
As at 1 January 2017	7,844	1,265	189	9,298
Charge for the year	506	233	31	770
As at 1 January 2018	<b>8,350</b>	<b>1,498</b>	<b>220</b>	<b>10,068</b>
Charge for the year	508	239	38	785
As at 31 December 2018	<b>8,858</b>	<b>1,737</b>	<b>258</b>	<b>10,853</b>
<b>Net book value</b>				
As at 31 December 2018	<b>14,054</b>	<b>625</b>	<b>211</b>	<b>14,890</b>
As at 31 December 2017	14,523	690	143	15,356

The lease of land on which the building is constructed was renewed for a 30-year period starting as of 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 2018 (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	2018 USD '000	2017 USD '000
Hashemite Kingdom of Jordan	8,562	8,277
State of United Arab Emirates	428,095	428,095
Kingdom of Bahrain	8,562	8,277
Republic of Tunisia	35,674	34,335
People's Democratic Republic of Algeria	171,238	165,530
Kingdom of Saudi Arabia	1,027,429	993,181
Republic of Sudan	8,562	8,277
Arab Republic of Syria	4,757	4,757
Republic of Iraq	599,333	579,356
Sultanate of Oman	51,365	49,652
State of Palestine	8,562	7,991
State of Qatar	342,476	331,060
State of Kuwait	627,873	606,944
Republic of Lebanon	28,540	27,588
State of Libya	570,794	570,794
Arab Republic of Egypt	8,562	8,277
Kingdom of Morocco	62,787	60,694
Islamic Republic of Mauritania	6,093	5,887
Total	<b>3,999,264</b>	<b>3,898,972</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 2018, the paid up capital amounted to USD 3,999,264 million (2017: USD 3,898.972 million), increased by USD 100,292 million compared to the end of December 2017. This was paid by certain Member Countries against their share in the capital increase.

## 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 2018 of the Board of Governors dated 10 April 2018, an amount of USD 271.659 million (2017: USD 123.614 million) was transferred to General reserve.



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2018 (continued)

#### 14. Net income from investments

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

	2018 USD '000	2017 USD '000
Interest from fixed income securities	31,663	31,292
Dividends from equity securities	21,513	28,579
Margin profit on sukuk	8,177	3,227
Currency exchange differences and derivatives valuation	22,535	15,257
Net trading income	86,492	60,283
Unrealized (loss) / gain	(208,772)	139,642
Management fees- portfolio managers and custodians	(4,381)	(6,654)
Income from term deposits and call accounts	7,252	1,704
	<u>(35,521)</u>	<u>273,150</u>

Net income from investments

Unrealized (loss)/gain comprise of the following:

Unrealised (loss) / gain on valuation of equity securities	(194,726)	130,774
Unrealised (loss) / gain on valuation of fixed income securities	(14,046)	8,688
	<u>(208,772)</u>	<u>139,462</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		2018	2017
	2018 USD '000	2017 USD '000	2018 USD '000	2017 USD '000	USD '000	USD '000
Term deposits	6,854	1,400	98	3	6,952	1,403
Call accounts	174	146	126	155	300	301
<b>Total</b>	<u>7,028</u>	<u>1,546</u>	<u>224</u>	<u>158</u>	<u>7,252</u>	<u>1,704</u>

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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**Notes to the financial statements  
for the year ended 31 December 2018 (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:

	2018 USD '000	2017 USD '000
Cash on hand and with banks	1,436	1,237
Term deposits and call accounts (maturing within 3 months of contract date)	446,804	238,826
	<u>448,240</u>	<u>240,063</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 2018 (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>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>
<b>2017</b>							
Forward contracts	3,678	18,791	1,882,602	1,824,674	2,757	41,816	13,355
Future contracts	-	-	43,721	43,721	-	-	-
	<u>3,678</u>	<u>18,791</u>	<u>1,926,323</u>	<u>1,868,395</u>	<u>2,757</u>	<u>41,816</u>	<u>13,355</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 2018 (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:

	2018		2017	
	Amount USD '000	% USD '000	Amount USD '000	% USD '000
Governments	1,055,071	62	1,095,728	68
Corporate	401,504	23	283,626	18
Government authorities	98,337	6	160,494	10
International institutions	147,142	9	61,853	4
<b>Total</b>	<b>1,702,054</b>	<b>100</b>	<b>1,601,701</b>	<b>100</b>

## 2) According to the geographical distribution:

United States and Canada	847,605	50	867,791	54
Europe	349,248	20	357,374	22
Japan	97,690	6	111,392	7
South East Asia	50,183	3	73,826	5
Other	357,328	21	191,318	12
<b>Total</b>	<b>1,702,054</b>	<b>100</b>	<b>1,601,701</b>	<b>100</b>

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

	2018		2017	
	Amount USD '000	% USD '000	Amount USD '000	% USD '000
AAA	367,918	21	327,448	21
AA	873,393	51	946,585	59
A	166,159	10	129,278	8
BBB	133,802	8	134,059	8
Other	160,782	10	64,331	4
<b>Total</b>	<b>1,702,054</b>	<b>100</b>	<b>1,601,701</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.

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

### Notes to the financial statements for the year ended 31 December 2018 (continued)

#### 18. Risk management (continued)

##### Credit risk (continued)

The following table illustrates details of BADEA's loans extended to countries as at 31 December 2018:

Country	No. of loans	Total approved loans USD '000	Unsigned loan amount USD '000	Ineffective loans USD '000	Undisbursed balances USD '000	Balance 2018 USD '000	% of total outstanding loans USD '000	Balance 2017 USD '000
Angola	7	19,950	19,950	-	-	-	-	-
Benin	29	77,279	-	-	20,315	56,964	3.44	56,413
Botswana	16	22,272	-	-	6,237	16,035	0.97	16,076
Burundi	15	83,742	-	15,000	34,528	34,214	2.06	27,606
Burkina Faso	37	201,496	-	52,050	53,471	95,975	5.79	89,937
Central Africa	9	38,751	-	-	33,295	5,456	0.33	5,251
Republic of Chad	23	143,727	-	35,000	53,817	54,910	3.31	55,041
Cameroon	17	102,733	12,000	-	46,150	44,583	2.69	41,736
Congo Brazzaville	7	34,710	-	-	20,915	13,795	0.83	13,795
Democratic Republic of Congo	9	61,127	-	-	25,879	35,248	2.13	31,337
Comoros	4	17,807	-	-	-	17,807	1.07	17,807
Cape Verde	21	84,758	-	-	41,223	43,535	2.63	42,749
Equatorial Guinea	5	195	-	-	-	195	0.01	306
Eritrea	4	20,370	-	-	3,366	17,004	1.03	17,253
Ethiopia	21	168,946	-	-	74,330	94,616	5.71	89,911
Gabon	2	9,919	-	-	8,348	1,571	0.09	1,652
Ghana	23	74,038	13,500	-	12,840	47,698	2.88	48,667
Gambia	21	65,485	-	-	16,834	48,651	2.93	45,508
Guinea Bissau	5	16,828	-	-	11,000	5,828	0.35	5,828
Guinea	29	138,601	-	15,000	63,305	60,296	3.64	59,597
Ivory Coast	18	129,694	-	-	74,772	54,922	3.31	51,594
Kenya	21	124,370	20,000	-	66,824	37,546	2.26	34,812
Liberia	6	31,082	-	-	14,337	16,745	1.01	13,912



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements  
for the year ended 31 December 2018 (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 2018 USD '000	% of total outstanding loans USD '000	Balance 2017 USD '000
Lesotho	17	66,158	-	14,000	13,371	38,787	2.34	37,287
Madagascar	22	60,794	-	-	20,866	39,928	2.41	41,623
Malawi	12	83,076	-	10,000	21,848	51,228	3.09	44,266
Mauritius	13	29,031	-	-	27,468	1,563	0.09	1,669
Mali	32	99,275	-	-	30,450	68,825	4.15	72,014
Mozambique	35	167,542	-	20,000	51,243	96,299	5.81	94,493
Namibia	5	15,202	-	-	6,700	8,502	0.51	9,344
Nigeria	1	8,000	-	-	2,118	5,882	0.35	5,882
Niger	23	111,544	-	-	61,741	49,803	3.00	41,975
Rwanda	20	93,043	-	-	35,594	57,449	3.47	48,848
Senegal	45	176,323	-	11,500	48,685	116,138	7.01	112,266
Seychelles	12	35,374	-	-	17,096	18,638	1.12	14,092
Sierra Leone	13	60,585	-	-	9,689	50,896	3.07	48,055
Sao Tome and Principe	9	26,409	-	7,800	7,683	10,926	0.66	10,904
Swaziland	9	55,575	15,000	-	14,846	25,729	1.55	24,024
Tanzania	22	142,160	-	10,500	57,207	74,453	4.49	66,938
Togo	10	54,366	-	-	30,536	23,830	1.44	18,124
Uganda	18	108,938	15,000	-	41,929	52,009	3.14	44,857
Zambia	13	65,206	-	10,000	22,772	32,434	1.96	24,776
Zimbabwe	9	19,516	-	-	6,391	13,125	0.79	13,125
Other	6	17,801	-	-	-	17,801	1.07	19,732
<b>Total public sector</b>	<b>695</b>	<b>3,164,158</b>	<b>95,450</b>	<b>200,850</b>	<b>1,210,019</b>	<b>1,657,839</b>	<b>100.00</b>	<b>1,561,082</b>

Notes to the financial statements  
for the year ended 31 December 2018 (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 2018 USD '000	% of total outstanding loans USD '000	Balance 2017 USD '000
West African Development Bank (BOAD)	1	15,000	-	15,000	-	-	-	-
Eco Bank Group	1	10,000	10,000	-	-	-	-	-
East African Development Bank (EABD)	1	12,000	-	-	3	11,997	12.31	11,997
Africa Finance Corporation (AFC)	1	-	-	-	-	-	-	-
Development Bank of Rwanda (BRD)	1	12,500	-	-	-	12,500	12.83	14,167
The Bank of Central African States (BDEAC)	1	15,000	-	-	6,000	9,000	9.24	-
The Eastern and Southern African Trade and Development Bank (PTA)	1	15,000	-	-	10,000	5,000	5.13	-
SONIBANK	1	5,000	5,000	-	-	-	-	-
Tanzania Investment Bank (TIB)	1	10,000	-	-	7,500	2,500	2.57	2,500
Uganda Development Bank Limited (UDBL)	2	16,000	10,000	-	218	5,782	5.93	1,800
Investment and Development Bank (BIDC CEDEAO)	1	15,000	-	-	-	15,000	15.39	-
Liberian Bank for Development and Investment (LBDI)	1	5,000	-	-	3,500	1,500	1.54	-
National Fund for Credit Agriculture Senegal (CNCAS)	1	10,000	-	-	7,000	3,000	3.08	3,000
Mali Solidarity Bank (BMS)	1	15,000	-	-	-	15,000	15.39	4,500
Development Bank of Mali (BDM)	1	10,000	-	-	6,000	4,000	4.11	-
Cotton Development Company Cameroon (SODECOTON)	1	10,000	-	10,000	-	-	-	-
Home Finance Company (HFC)	1	15,000	-	-	12,750	2,250	2.31	-
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	-	-	-	-
SOACOS/ITFC	1	10,000	-	-	87	9,913	10.17	-
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	-	-	-	-	-
<b>Total private sector</b>	<b>27</b>	<b>305,500</b>	<b>115,000</b>	<b>40,000</b>	<b>53,058</b>	<b>97,442</b>	<b>100.00%</b>	<b>37,964</b>
<b>Total public and private sectors</b>	<b>722</b>	<b>3,469,658</b>	<b>210,450</b>	<b>240,850</b>	<b>1,263,077</b>	<b>1,755,281</b>	<b>-</b>	<b>1,599,046</b>



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements  
for the year ended 31 December 2018 (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.1 for the year 1989.

The following schedule shows commitment of countries in repayment of dues:

31 December 2018	Number of countries	Project loans USD '000	SAFAA loans USD '000	Total USD '000	Special reserve USD '000
<b>Performing countries with regular repayments</b>					
Without arrears*	19	1,078,944	3,133	1,082,077	-
Arrears less than one year	7	198,598	-	198,598	-
<b>Sub-total</b>	<b>26</b>	<b>1,277,542</b>	<b>3,133</b>	<b>1,280,675</b>	<b>-</b>
<b>Countries with arrangements for settlement of arrears with regular repayments</b>					
Without arrears	10	380,177	8,554	388,731	-
Arrears for one year and less	3	36,030	3,547	39,577	-
<b>Sub-total</b>	<b>13</b>	<b>416,207</b>	<b>12,101</b>	<b>428,308</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	-	-	-	-	-
Arrears for two years and more	3	34,260	10,467	44,727	4,056
<b>Sub-total</b>	<b>3</b>	<b>34,260</b>	<b>10,467</b>	<b>44,727</b>	<b>4,056</b>
<b>Countries with no arrangement for settlement of arrears and not performing</b>					
Arrears for two years and more	1	1,571	-	1,571	712
<b>Sub-total</b>	<b>1</b>	<b>1,571</b>	<b>-</b>	<b>1,571</b>	<b>712</b>
<b>Grand total 2018</b>	<b>43</b>	<b>1,729,580</b>	<b>25,701</b>	<b>1,755,281</b>	<b>4,768</b>

\* includes an amount of USD 97,442 million relating to loans granted to private sector as at 31 December 2018 (2017: USD 37,964).



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2018 (continued)

#### 18. Risk management (continued)

##### Credit risk (continued)

The following schedule shows regular repayment of dues by countries as at 31 December 2017:

Description	Number of countries	Project loans USD '000	SAFAA loans USD '000	Total USD '000	Special reserve USD '000
Performing countries with regular repayments					
Without arrears	18	827,153	3,135	830,288	-
Arrears less than one year	7	326,104	-	326,104	-
<b>Sub-total</b>	<b>25</b>	<b>1,153,257</b>	<b>3,135</b>	<b>1,156,392</b>	<b>-</b>
Countries with arrangements for settlement of arrears with regular repayments					
Without arrears	10	256,355	8,360	264,715	-
Arrears for one year and less	3	110,804	4,680	115,484	-
<b>Sub-total</b>	<b>13</b>	<b>367,159</b>	<b>13,040</b>	<b>380,199</b>	<b>-</b>
Countries with arrangements for settlement of arrears but not performing					
Arrears for more than one year and less than two years	1	13,795	-	13,795	135
Arrears for two years and more	2	20,465	10,467	30,932	1,823
<b>Sub-total</b>	<b>3</b>	<b>34,260</b>	<b>10,467</b>	<b>44,727</b>	<b>1,958</b>
Countries with no arrangements for settlement of arrears and not performing					
Arrears for two years and more	2	17,728	-	17,728	493
<b>Sub-total</b>	<b>2</b>	<b>17,728</b>	<b>-</b>	<b>17,728</b>	<b>493</b>
<b>Grand total 2017</b>	<b>43</b>	<b>1,572,404</b>	<b>26,642</b>	<b>1,599,046</b>	<b>2,451</b>

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Notes to the financial statements  
for the year ended 31 December 2018 (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:

	2018		2017	
	USD '000	%	USD '000	%
Consumable commodities	159,602	18	256,378	21
Energy	51,814	6	84,027	7
Financial institutions	169,818	19	265,405	21
Healthcare	137,639	16	150,853	12
Industrial	91,133	10	152,511	12
Information technology	153,585	18	213,235	17
Production of raw materials	45,398	5	66,759	5
Telecommunication services	43,823	5	39,289	3
Public utilities	30,320	3	27,814	2
<b>Total</b>	<b>883,132</b>	<b>100</b>	<b>1,256,271</b>	<b>100</b>

## 2- According to the geographical distribution:

United States and Canada	570,018	64	736,675	59
Europe	212,998	24	348,091	28
Japan	59,824	7	118,853	9
South East Asia	25,999	3	38,053	3
Other	14,293	2	14,599	1
<b>Total</b>	<b>883,132</b>	<b>100</b>	<b>1,256,271</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 2018 (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:

	USD '000				Total	% of USD
	USD	Euro	GBP	Others		
<b>2018</b>						
<b>Total assets</b>	<b>3,978,074</b>	<b>412,292</b>	<b>125,627</b>	<b>379,053</b>	<b>4,895,046</b>	<b>81</b>
<b>Total liabilities</b>	<b>73,604</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73,604</b>	<b>100</b>
<b>2017</b>						
<b>Total assets</b>	<b>3,719,867</b>	<b>413,308</b>	<b>169,940</b>	<b>546,639</b>	<b>4,849,754</b>	<b>77</b>
<b>Total liabilities</b>	<b>59,028</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,028</b>	<b>100</b>

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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**Notes to the financial statements  
for the year ended 31 December 2018 (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:

	2018			2017
	Public Sector USD '000	Private Sector USD '000	Total USD '000	USD '000
Unsigned loans (Note 18)	95,450	115,000	210,450	201,500
Ineffective loans (Note 18)	200,850	40,000	240,850	198,300
Un-disbursed loans (Note 18)	1,210,019	53,058	1,263,077	1,248,731
Un-disbursed grants	33,899	-	33,899	31,456
<b>Total</b>	<b>1,540,218</b>	<b>208,058</b>	<b>1,748,276</b>	<b>1,679,987</b>

**B- Trade finance program**

A provision of USD 225 million was allocated to the Arab trade finance program with African non-Arab countries for the year 2018 (2017: USD 200 million) of which total commitments amounted to USD 755 million (2017: USD 550 million), and unsigned agreements amounted to USD 285 million (2017: USD 210 million).

**C- Other commitments**

As at 31 December 2018, BADEA is committed to settle the residual amount of BADEA's contribution in AFREXIM's capital with an amount of USD 6 million (2017: USD 6 million). This amount should be paid on demand of shareholders (Note 4).

**21. Approval of the financial statements**

On 6 March 2019, the Board of Directors recommended to issue and present these financial statements to the Board of Governors for final approval.

# **ANNEXES**

## **Annex I**

**Evolution of Financing Operations  
(1975 - 2018)**

## **Annex II**

**Details of Distribution of Net  
Commitments by Beneficiary Countries  
(1975 - 2018)**

## **Annex III**

**Summary of Annual Sectoral  
Distribution of Net Commitments  
(1975 - 2018)**

## **Annex IV**

**Details of Sub-Sectoral  
Distribution of Net Commitments  
(1975 - 2018)**

## **Annex V**

**Subscription in Capital by Member  
States & Distribution of Votes  
until 31 / 12 / 2018**

**ANNEX I****Evolution of Financing Operations (1975 - 2018)**

(Amounts in \$ million)

Item	75 - 2012	2013	2014	2015	2016	2017	2018	Total
Number of approved project loans	546	20	20	18	16	16	14	650
Number of approved credit loans	30	2	2	1	-	-	1	36
Number of Special Program operations	14	-	-	-	-	-	-	14
Number of private sector operations	-	-	-	4	8	8	8	28
Number of approved technical grants <sup>(1)</sup>	558	33	29	35	41	40	45	781
Number of SAAFA loans	59	-	-	-	-	-	-	59
Number of signed loan agreements	543	23	17	25	12	32	25	677
Number of effective loan agreements	500	28	22	30	11	28	24	643
Technical grants deducted against income <sup>(2)</sup>	85.336	6.123	6.689	6.140	8.442	5.454	7.067	125.251
Technical grants deducted against income by the year of approval	99.552	4.949	5.058	5.347	0.005	4.030	0.731	119.672
Technical assistance and grants commitments	134.713	8.000	8.000	10.000	10.000	9.555	9.950	190.218
Cancelled grants and feasibility studies	27.156	0.374	0.490	0.579	0.129	0.321	0.000	29.049
BADEA's commitments - public sector	4,129.883	200.000	200.000	210.000	220.000	229.555	239.950	5,429.388
BADEA's commitments –private sector	0.000	0.000	0.000	50.000	86.000	100.000	100.000	336.000
Cancelled commitments <sup>(3)</sup>	783.051	20.577	0.490	28.579	0.129	0.321	0.000	833.147
BADEA's loans	3,276.206	180.000	192.000	200.000	210.000	220.000	230.000	4,508.206
BADEA's loans including grants and technical assistance	3,346.832	179.423	199.510	231.421	305.871	329.234	339.950	4,932.241
SAFAA's loans	214.244	0.000	0.000	0.000	0.000	0.000	0.000	214.244
SAFAA's disbursements	214.244	0.000	0.000	0.000	0.000	0.000	0.000	214.244
BADEA's disbursements	2,183.749	129.640	127.829	139.621	121.250	143.350	213.275	3,058.714
Paid- up capital	2,800.000	0.000	775.405	120.613	101.743	101.211	100.292	3,999.264

(1) Since the beginning of the Third Five-Year Plan (1995 - 1999) it has been decided that technical assistance funds earmarked for feasibility studies are to be considered as grants, whether the study resulted in viable project or not, while up to 1994, those funds were considered as part of the loan in case BADEA has decided to contribute to the financing of the project.

(2) BADEA's funds include the technical assistance and grants deducted against the revenue.

(3) It is the value of loans and technical assistance cancelled as requested by the beneficiary countries, or remaining balances cancelled from the project's loan or technical assistance grant after the completion of their implementation, and deducted with reference to the year of the final approval.



## ANNEX II

**Details of Distribution of Net Commitments by Beneficiary Countries (1975 – 2018)**  
 (\$ Million)

Country	75 - 2012	2013	2014	2015	2016	2017	2018	Total
Ethiopia	121.149	9.999	9.983	13.250	15.000	20.001		189.382
Eretria	28.326	0.014	0.029					28.369
Central African Republic	30.228				0.051	13.000		43.279
Angola	10.146					19.950		30.096
Benin	112.235	0.013	10.238	10.000				132.486
Botswana	82.078							82.078
Burkina Faso	166.939	12.450	20.109	9.400	19.000	12.370	40.500	280.768
Burundi	56.141	9.938	0.542	11.600		15.000	15.600	108.821
Chad	101.473	10.000		10.271	19.738	15.503	20.350	177.335
Tanzania	122.799	10.338	11.909		10.643		0.300	155.989
Togo	46.710		10.013	9.023			0.130	65.876
Gabon	17.556				0.061	0.002	0.350	17.969
Gambia	87.527		7.000	10.034			0.500	105.061
Cape Verde	84.996	7.113	0.018	12.000		13.619	10.000	127.746
Rwanda	92.121	10.271	11.206	15.000				128.598
Zambia	73.079	0.045			10.000			83.124
Zimbabwe	50.944		3.000					53.944
Sao Tome & Principe	11.888	0.014	7.532	7.922				27.356
Senegal	212.429	10.000	11.155	10.032	9.000	13.500	11.500	277.616
Swaziland	44.440			0.291	10.000	15.000		69.731
Sierra Leone	59.826	8.000				0.450		68.276
Seychelles	37.441	0.265	6.505	11.000	0.208			55.419
Ghana	142.985						13.500	156.485
Guinea	153.089	7.438	11.662	0.249	20.320	16.130	15.780	224.668
Equatorial Guinea	8.667							8.667
Guinea Bissau	10.671		0.062	0.120		11.500		22.353
Cameroon	103.268	7.543	11.300	12.000		12.470		146.581
Congo Brazzaville	46.123		10.000					56.123
Democratic Republic of Congo	56.331		10.062					66.393
Cote d'Ivoire	83.077	14.860	10.041	12.450	12.350	20.491	0.300	153.569
Kenya	108.051	10.000		10.000	11.000		20.320	159.371
Liberia	7.051		10.000		12.000			29.051
Lesotho	78.769	8.301				14.000		101.070
Mali	157.243		0.400	0.150	20.000		0.300	178.093
Madagascar	96.049		11.015	10.050	0.500	0.008	0.191	117.813
Malawi	76.793	9.810	0.006				10.250	96.859
Mauritius	67.295	0.014	0.036				20.000	87.345
Mozambique	175.693	10.530	9.900	13.080	10.450		20.280	239.933
Namibia	25.147							25.147
Niger	90.313		0.063	0.119	20.720	10.370	21.320	142.905
Nigeria	8.000							8.000
Uganda	84.084	7.014	0.040	15.096	11.500		15.000	132.734
Comoros	7.996							7.996
Group of countries (private sector)	10.000	10.000						20.000
Private sector				22.000	86.000	100.000	100.000	308.000
Organizations	0.114	0.504	0.626	0.937	1.746	1.840	2.748	8.515
Grants deducted against income	99.552	4.949	5.058	5.347	5.584	4.030	0.731	125.251
<b>Total</b>	<b>3,346.832</b>	<b>179.423</b>	<b>199.510</b>	<b>231.421</b>	<b>305.871</b>	<b>329.234</b>	<b>339.950</b>	<b>4,932.241</b>

### ANNEX III

#### Summary of Annual Sectoral Distribution of Net Commitments (1975 - 2018)

(\$ 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 - 2012</b>	1,828.404	54.63	817.714	24.43	51.529	1.54	172.469	5.15	12.635	0.38	259.029	7.74	99.514	2.97	105.538	3.15	3,346.832	100.00
<b>2013</b>	89.297	49.77	45.300	25.25		0.00	-	0.00		0.00	25.000	13.93	12.200	6.80	7.626	4.25	179.423	100.00
<b>2014</b>	110.600	55.44	43.500	21.80		0.00	-	0.00		0.00	32.900	16.49	5.000	2.51	7.510	3.76	199.510	100.00
<b>2015</b>	112.800	48.74	35.600	15.38		0.00	-	0.00		0.00	46.600	20.14	27.000	11.67	9.421	4.07	231.421	100.00
<b>2016</b>	108.500	35.47	49.000	16.02		0.00	-	0.00		0.00	52.500	17.16	86.000	28.12	9.871	3.23	305.871	100.00
<b>2017</b>	126.500	38.42	38.500	11.69		0.00	11.000	3.34		0.00	44.000	13.36	100.000	30.37	9.234	2.80	329.234	100.00
<b>2018</b>	103.000	30.30	73.500	21.62		0.00	-	0.00		0.00	53.500	15.74	100.000	29.42	9.950	2.93	339.950	100.00
<b>Total</b>	2,479.101	50.26	1,103.114	22.37	51.529	1.04	183.469	3.72	12.635	0.26	513.529	10.41	429.714	8.71	159.150	3.23	4,932.241	100.00

\*Including loans of credit.



## ANNEX IV

## Details of Sub-Sectoral Distribution of Net Commitments (1975 - 2018)

(\$ Million)

Sector	1975 - 2012	2013	2014	2015	2016	2017	2018	Total
<b>Infrastructure Sector</b>								
Roads	1,133.672	32.000	41.000	60.000	98.500	64.000	83.000	1,512.172
Railways	30.796							30.796
River transport	18.245							18.245
Air transport	137.992	10.000	10.000					157.992
Telecommunications	20.928							20.928
Water supply and drainage	326.398	39.797	39.500	41.800		42.500	20.000	509.995
Dams and bridges	103.134	7.500	11.600					122.234
Public services	57.239		8.500	11.000	10.000	20.000		106.739
<b>Sub -Total</b>	<b>1,828.404</b>	<b>89.297</b>	<b>110.600</b>	<b>112.800</b>	<b>108.500</b>	<b>126.500</b>	<b>103.000</b>	<b>2,479.101</b>
<b>Agriculture and Rural Development Sector</b>								
Agriculture and rural development	422.445	45.300	43.500	35.600	49.000	38.500	73.500	707.845
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>817.714</b>	<b>45.300</b>	<b>43.500</b>	<b>35.600</b>	<b>49.000</b>	<b>38.500</b>	<b>73.000</b>	<b>1,103.114</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 astructures	172.469					11.000		183.469
<b>Social Sector</b>	<b>259.029</b>	<b>25.000</b>	<b>32.900</b>	<b>46.600</b>	<b>52.500</b>	<b>44.000</b>	<b>53.500</b>	<b>513.529</b>
<b>Private Sector</b>	<b>99.514</b>	<b>12.200</b>	<b>5.000</b>	<b>27.000</b>	<b>86.000</b>	<b>100.000</b>	<b>100.000</b>	<b>429.714</b>
<b>Special Aid Program</b>	<b>12.635</b>							<b>12.635</b>
<b>Technical Assistance</b>								
Countries	5.872	2.173	1.827	3.137	2.541	3.364	6.471	25.385
Organizations	0.114	0.504	0.625	0.937	1.746	1.840	2.748	8.514
Grants deducted against revenues	99.552	4.949	5.058	5.347	5.584	4.030	0.731	125.251
<b>Sub - Total</b>	<b>105.538</b>	<b>7.626</b>	<b>7.510</b>	<b>9.421</b>	<b>9.871</b>	<b>9.234</b>	<b>9.950</b>	<b>159.150</b>
<b>Grand Total</b>	<b>3,346.832</b>	<b>179.423</b>	<b>199.510</b>	<b>231.421</b>	<b>305.871</b>	<b>329.234</b>	<b>339.950</b>	<b>4,932.241</b>

**ANNEX V****Subscription in Capital by Member States & Distribution of Votes  
until 31/12/2018**

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	51.365	513.65	1.28	713.65	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	0.22	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>3,999.264</b>	<b>39,992.64</b>	<b>100.00</b>	<b>43,592.64</b>	<b>100.00</b>





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