



# ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA



Annual Report  
**2020**





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



## BASIC INFORMATION

### Establishment

The Arab Bank for Economic Development in Africa (BADEA) was established pursuant to the Resolution of the 6<sup>th</sup> Arab Summit Conference held in Algiers on 28 November 1973 and commenced its operations in March 1975. Its headquarters based in Khartoum, the capital of the Republic of Sudan. BADEA is an independent international financial institution owned by eighteen (18) Arab countries, members of the League of Arab States (LAS), who signed its Establishing Agreement in 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.

### Objectives and Functions

BADEA aims at strengthening economic, financial, and technical cooperation between Arab and African countries and the embodiment of Arab African solidarity based on equality and friendship. To achieve these objectives, BADEA was mandated to execute the following functions:



Contribute to financing economic development of the African countries



Encourage participation of Arab capital in African development



Contribute to provision of necessary technical assistance for development in Africa

### Beneficiaries from Funding

The non-Arab African states – South of the Sahara.



## Leadership Bodies

### 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 right 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 of Directors

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

The powers of the Board include:

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

The largest nine contributors to BADEA's capital are permanent members of the Board of Directors; countries fulfilling these criteria at present are the State of United Arab Emirates, the People's Democratic Republic of Algeria, the Kingdom of Saudi Arabia, the Republic of Iraq, the Sultanate of Oman, the State of Qatar, the State of Kuwait, the State of Libya and the Kingdom of Morocco. The rest of the members,

according to the weight of their voting in the Board of Governors, take part in selecting the two non-permanent members of the Board of Directors. Currently these are the Republic of Tunisia and the Arab Republic of Egypt. Membership in the Board is four-year renewable term. The Board elects among its members, a chairman for a two-year renewable term.

### Board of Directors' Committees

The Board of Directors has four (4) committees as follows:

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

#### **2/ Audit Committee**

It supervises the review of BADEA's internal works. It consists of three members selected by the Board from among its members for a period of two years.

#### **3/ Benefits and Rewards Committee**

It considers all matters related to the benefits and rewards of the employees and submits proposals thereon to the Board of Directors. It consists of three members selected by the Board from among its members for a period of two years.

#### **4/ Risk and Compliance Committee**

It considers all matters related to risk management and compliance, reviews department reports and submits proposals thereon to the Board of Directors. It consists of three members selected by the Board from among its members for a period of 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 guidelines of the Board of Governors and the Board of Directors.



## The Board of Governors

<b>H.E. Mr. Mohamad Al-Ississ</b> Minister of Finance Hashemite Kingdom of Jordan	<b>H.E. Mr. Sultan bin Salim Al Habsi*</b> Minister of Finance Sultanate of Oman
<b>H.E. Mr. Ebaid Hameed Al- Tayer</b> Minister of State for Finance State of United Arab Emirates	<b>H.E. Dr. Nabeel Kassis</b> Chairman of the Board of the Palestine Capital Market Authority - State of Palestine
<b>H.E. Sheikh Salman bin Khalifa Al Khalifa</b> Minister of Finance and National Economy Kingdom of Bahrain	<b>H.E. Mr. Ali Shareef Al-Emadi</b> Minister of Finance State of Qatar
<b>H.E. Mr. Ali Kooli*</b> Minister of Economy, Finance, and Investment Support Republic of Tunisia	<b>H.E. Mr. Khalifa Hamada*</b> Minister of Finance State of Kuwait
<b>H.E. Mr. Aymen Abdurrahman*</b> Minister of Finance People's Democratic Republic of Algeria	<b>H.E. Dr. Ghazi Wazni*</b> Minister of Finance Republic of Lebanon
<b>H.E. Mr. Mohamed Ben Abdulla Al-Jadaan</b> Minister of Finance Kingdom of Saudi Arabia	<b>H.E. Mr. Faraj Abdul Rahman Bumatari</b> Minister of Finance State of Libya
<b>H.E. Dr. Hiba Mohamed Ali*</b> Minister of Finance and Economic Planning - Republic of Sudan	<b>H.E. Dr. Rania Al-Mashat*</b> Minister of International Cooperation Arab Republic of Egypt
Arab Republic of Syria**	<b>H.E. Mr. Mohamed Benchaaboun</b> Minister of Economy, Finance, and Administration Reform - Kingdom of Morocco
<b>H.E. Mr. Ali Abdul-Amir Allawi*</b> Minister of Finance Republic of Iraq	<b>H.E. Mr. Mohamed El Amin Ould Al-Thahabi</b> Minister of Finance Islamic Republic of Mauritania

\* Representation in the Board of Governors has been modified during 2020. The Republic of Tunisia used to be represented by H.E. Mr. Zied Ladhari until August 2020, the People's Democratic Republic of Algeria by H. E. Mr. Abderrahmane RAOUYA until June 2020, the Republic of Sudan by H. E. Dr. Ibrahim Elbadawi until June 2020, the Republic of Iraq by H.E. Mr. Fuad Hussein until March 2020, the Sultanate of Oman by H.E. Mr. Derweesh Ben Ismaeil Al-Baloshi until August 2020, the Republic of Lebanon by H.E. Mr. Ali Hassan Khalil until January 2020, the State of Kuwait by H. E. Ms. Mariam Al-Aqeel until February 2020 and H.E. Mr. Barak Al-Sheetan until December 2020, and the Arab Republic of Egypt by H.E. Dr. Sahar Nassr until January 2020.

\*\* 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







## Chairman

**H.E. Dr. Fahad Abdullah Aldossari**

Kingdom of Saudi Arabia

## Members

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

**H. E. Ms. Atef Al Jamousi\***  
Republic of Tunisia

**H.E. Mr. Ibrahim Jamal Kassali\***  
People's Democratic Republic of Algeria

**H.E. Mr. Khalid Salah Alldin Murad**  
Republic of Iraq

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

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

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

**H.E. Dr. Nasr Ali Ghurabi**  
State of Libya

**H.E Mr. Tarek El-Sharawy\***  
Arab Republic of Egypt

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


## Director General

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

Islamic Republic of Mauritania



\*Representation in the Board of Directors has been modified during 2020. The People's Democratic Republic of Algeria used to be represented by H.E. Mr. Miloud Botaba until April 2020, the Kingdom of Saudi Arabia by H.E. Eng. Yousef Ben Ibrahim Al-Bassam until June 2020, the Arab Republic of Egypt by H.E. Dr. Mona Mohamed Ahmed Wahba until August 2020, and the Republic of Tunisia by H.E Ms. Lamia Ben Mime until October 2020.

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**Hon. the Chairman of the Board of Governors**  
Arab Bank for Economic Development in Africa  
(BADEA)

**Hon. Chairman,**

Pursuant to Articles 25/6, 34/2 and 35 of the Establishing Agreement of the Arab Bank for Economic Development in Africa, I have the honour to submit to the esteemed Board of Governors, on behalf of the Board of Directors, the Annual Report on the work of the Arab Bank for Economic Development in Africa during the year 2020. 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 which were approved during the year. The Report also contains the audited accounts for fiscal year 2020.

*Please accept the assurance of my  
highest consideration*

**Dr Fahad Abdullah Aldossari**  
*Chairman of the Board of Directors*



### The Most Important Indicators of BADEA's Activity (2019 – 2020)

Particulars	2019	2020
<b>Total Commitments (\$ Million*)</b>	<b>599.96</b>	<b>780.43</b>
Loans for Public Sector Projects	240	300
Credit Loans for Private Sector Operations	100	95.52
Credit Lines for Trade Finance Operations	250	375.06
Technical Assistance Grants	9.96	9.85
<b>Total Number of Operations</b>	<b>66</b>	<b>59</b>
Public Sector Projects	14	19
Private Sector Operations	3	4
Trade Finance Operations	6	8
Technical Assistance Operations	43	28
Average of Grant Element for Public Sector Project Loans (%)	34.9	28.6
Total Costs of Public Sector Projects Cofinanced by BADEA (\$ Million)	515.66	529.1
Net Assets (\$ Million)	5,133.3	5,376.3
Total Income (\$ Million)	391.1	282.0
Net Income (\$ Million)	321.9	275.1

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

## Overview of International Economic Development

### 1 / Growth of the World Economy

The year 2020 was an exceptional year by all standards when COVID-19 pandemic caused the death of about 2 million persons around the world and placed more than 110 million persons under abject poverty. The world economy witnessed in 2020 an unprecedented contraction since the Second World War. According to the International Monetary Fund (IMF) report on World Economic Outlook published in October 2020, the world economy contracted by 4.4%. This rate greatly surpassed the contraction resulting from the World Financial Crisis of 2009 which registered 0.08%. Although all economic sectors were impacted by this contraction, the service sector is the one most affected due to the impact of health restrictions and social distancing imposed by many countries on economic activities such as trade, tourism, and transport. It is worth noting that the government measures significantly contributed to mitigation of the crisis as many countries adopted financial support programs to individuals and institutions amounting to 20% of the GDP in developed economies, and 5% in emerging and developing economies. These measures succeeded in avoiding turning the economic crisis into a world financial crisis.

The most important characteristic of the current economic crisis is its scope as all countries of the world, without exception, were affected. In the United States of America, the economy contracted during 2020 by about 4.3% despite the direct financial support provided by the government to the population to stimulate domestic demand. Economies of the Euro zone contracted by about 8.3% during the same year due to the length and strictness of the health isolation imposed by all the countries of the zone. The service sector, particularly tourism which is one of the most essential economic sectors in the countries of Southern Europe, witnessed significant stagnation while the manufacturing sector continued recovery bolstered by external demand despite the second wave of COVID-19 pandemic. Despite the unprecedented slowdown in economic activity, the countries of the zone succeeded in adopting significant financial support programs and strengthened financial solidarity, including certain formulas such as issuing common bonds by the European Union and distributing part of the amounts mobilized as grants to the most affected member states by the pandemic. The economy of the United Kingdom witnessed a contraction estimated to be 9.8% in 2020, making it the most affected European country by the pandemic with the largest number of fatalities and the longest lockdown period. Besides the COVID-19 pandemic, the state of uncertainty that accompanied negotiating the agreement regulating trade relations between the UK and the European Union contributes to deepening of this contraction in the last quarter of the year.

In other developed economies, the Japanese economy witnessed a contraction of 5.3% when the second wave of the pandemic impeded the continuation of economic recovery in the third quarter of 2020 due to the financial support programmes adopted by the government. The Canadian economy contracted by about 7.1% due to the strict isolation measures imposed by several provinces. Many developed economies in Asia succeeded in mitigating the negative effects of the pandemic due to the swift adoption of effective preventive measures that were adhered to by their populations. Some countries benefited from their previous experiences with the SARS pandemic such as South Korea which managed to keep economic contraction at 1.9% during 2020, as well as Taiwan which witnessed no economic contraction. Singapore and Honk Kong, whose economies depend primarily



on services and international trade, recorded a contraction of 6% and 7.5%, respectively, due to the significant slowdown in international trade exchanges. In Norway, which was affected by the pandemic during the first half of the year and from the collapse in oil prices, the economy registered a contraction that did not exceed 2.8% due to the recovery in oil prices in the second half of the year. Australia recorded an economic contraction of 4.2% as a result of several factors such as COVID-19 pandemic and the fires that ravaged the country at the beginning of the year as well as the fall in international demand for the country's exports of minerals. In China, the rate of economic growth was the lowest since 1976 and did not exceed 1.9%, but the country which was the origin of the pandemic succeeded in avoiding economic contraction thanks to the effective government measures adopted in addition to the policy of economic stimulation through support of public investments. The industrial sector contributed to the reactivation of the Chinese economy starting with the second quarter of 2020 when China was the principal supplier of goods to a world where most countries were still under lockdown, including the medical equipment and technological products necessary for adapting to the new work conditions imposed by health situation. India was one of the most affected countries by the pandemic in the world as its economy contracted by about 10.3% due to the imposition of a comprehensive, long, and strict lockdown that resulted in a sharp fall in domestic demand, in addition to the decrease in investments due to the uncertainty created by the pandemic.

In the ASEAN group countries, Thailand witnessed a 7.1% contraction due to the significant slowdown in the tourism sector during the pandemic. The economies of the Philippines and Malaysia contracted by about 8.3 and 6%, respectively due to the strictness and length of quarantine period that resulted in fall in domestic consumption, while Indonesia managed to ameliorate the negative effects of the pandemic on its economy, keeping contraction at 1.5% through adopting a lockdown less strict compared to what was imposed in the other countries of the group and because of the financial support the government provided to face the crisis which represented 4.3% of GDP. Vietnam was the only country in the group that achieved a growth rate estimated at 1.6% due to the timely and effective government measures adopted to confront the pandemic, and the proper targeting of government spending to support the most vulnerable social strata, beside the adoption of a flexible monetary policy that enable economic institutions to access the needed financing.

Latin America witnessed a deep economic contraction that registered 8.1% where Brazil was the second country with the highest number of fatalities in the world and its economy contracted by about 5.8% despite the financial support program adopted by the government to face the crisis which included monthly payment to more than 67 million persons. The Mexican economy contracted by about 9% but the government did not put in place any financial support program to stimulate domestic consumption, in addition to the difficult economic conditions resulting from the state of uncertainty created by the review of the free trade agreement with the United States. The Argentinian economy contracted by about 11.8% due to the length of the lockdown, while the Venezuelan economy continued to contract for the seventh consecutive year, registering about 25% in 2020 and lost three quarters of its size since 2013 as a result of international sanctions imposed on the country.

Equally, countries of Eastern Europe and Turkey witnessed an economic contraction estimated at 4.6%. The Russian economy contracted by about 4.1% due to the slowdown in consumption and investments in addition to the collapse in oil prices during the first half of 2020. The Turkish economy contracted by about 5% because the early indication of economic recovery experienced by the country during the summer due to the financial stimulus program adopted by the government was blocked by the second wave of the pandemic.

In Africa south of the Sahara, the economy contracted by about 3% and the average income per capita fell by 5.3% to return to the same level of 2013. Although the economy of the region experienced a significant slowdown during the first half of 2020 due to the health restriction and lockdown measures adopted by most of the countries and the fall in oil prices, the second half reflected indications of recovery resulting from easing these restrictions and the rise in raw materials. The most affected countries by the crisis were those that are economically dependent on tourism such as the Seychelles and Cape Verde in which economies contracted by 13.8% and 6.8%, respectively, as well as countries that depend primarily on export of raw materials, particularly hydrocarbons. The Nigerian economy contracted by about 4.3% due to the fall in oil prices during the first half of the year and the slowdown in domestic demand resulting from the isolation protocol, while the Angolan economy continued to contract for the fifth consecutive year at the rate of 4% due to the continuous decrease in oil production and the fall in international prices. On the other hand, countries with more diversified economies were less affected by the crisis as most of them achieved positive though lower growth rates, such as Cote D'Ivoire which registered a growth rate of 1.8% and Ethiopia which registered about 2%. In South Africa, the economy contracted by about 8% due to the strict and comprehensive health quarantine measures imposed that led to significant decrease in levels of consumption, investment, and exports.

In the Middle East and Asia, the economy contracted by about 4% due to the shutdown of economic activity brought about by the lockdown measures adopted by most of the countries of the region. Oil exporting countries were the most affected by the pandemic which coincided with the collapse in world oil prices during the first half of the year and the fall in international demand. Despite the relative recovery witnessed by oil prices after the agreement by the Organization of Petroleum Exporting Countries (OPEC) and major oil producing countries non-members of the organization, prices remained 40% lower than the pre-pandemic levels. Incomes accruing from oil exports fell by about 50% in certain countries of the region such as Iraq. In oil importing countries in the region, domestic consumption decreased due to slowdown in tourism and expatriate remittances, two of the most important sources of income in those countries. Industrial activity also slowed down due to the economic contraction experienced by the major economic partners, particularly in Europe. These include Morocco and Jordan where contraction registered 7% and 5%, respectively.

## **2/ Inflation, Employment and Unemployment**

### **a) Inflation**

The impact of the slowdown in demand on the world economy was greater than the effects of the disruption resulting from the COVID-19 crisis on the value chains of world production. This was reflected in the fall in inflation rate to its lowest level during the last five years, not exceeding 2.8% at the world level. The slowdown was at its severest level in the developed economies due to the strict isolation measures and social distancing adopted where inflation rate remained under 0.8%, while the inflation rate in emerging and developing economies fell to 4.3%. Energy prices witnessed a decrease as oil prices fell by more than 60% between February and April as a result of the decrease in world demand brought about by the pandemic and the emergent fears about the limited storage capacity and inability to keep pace with production before the cut in production contributed to a new, though limited, rise in oil prices as they remained 40% lower than their level at the beginning of 2020 due to the negative effect of the pandemic on international transport systems.

The inflation rate in the United States rose slightly to 2.1% in 2020 but the strict lockdown measures in the Euro zone led to the slowdown in domestic demand and inflation rate fell to 0.1%. Likewise, inflation rate decreased in the United Kingdom to 0.3% for the same reasons. In Japan, consumer prices fell by about 0.6% due to the fall in domestic demand, the decrease in hydrocarbon prices and the government program to promote internal tourism which led to the fall in the cost of some services by about 50% with a government promise to pay the remaining 50% later. In China, the inflation rate fell to 1.3% due to the slowdown in economic growth, while in India the inflation rate fell to 3.4% due to the slowdown in economic activity. In Brazil, the inflation rate fell to 2% because of the slowdown in economic activity and the record rise in unemployment, while in Mexico the inflation rate rose to 3.7% due to the decision of the Central bank to decrease interest rates by about 4 points.

In African countries South of the Sahara, the inflation rate rose in 2020 to reach 10.5% because of the rise in food prices which is brought about by disruption in distribution channels due to the lockdown and closure of borders as well as the fall in exchange rates of local currencies which are affected by the fall in foreign currency reserves amid the economic crisis precipitated by the pandemic.

### **b) Employment and Unemployment**

The most recent statistics of the ILO published in September 2020 show that working hours at the world level fell by about 17.3% during the second quarter of 2020 due to the COVID-19 pandemic compared to the last quarter of 2019, which is equivalent to losing 495 full-time million jobs at the world level. South Asia was one of the most affected regions by the loss of jobs (170 million jobs), followed by Southeast Asia (49 million jobs). Arab countries lost 23 million jobs, Central America lost 24 million jobs; South America lost 50 million jobs; North America lost 25 million jobs; East Asia lost 45 million jobs; Western Europe lost 7 million jobs; Eastern Europe lost 3 million jobs; and West and central Asia lost 3 million jobs. Estimate of the ILO indicate that 150 million jobs were regained at the world level during the third quarter of 2020, more than half in Asia.

In Africa South of the Sahara working hours decreased during the second quarter of 2020 by about 14.5%, representing the loss of 45 million jobs, of which 19 million were in East Africa where working hours decreased by about 14%; 15 million jobs in West Africa where working hours decreased by 13.9%; 7 million jobs in Central Africa where working hours fell by 14.7%; and 4 million jobs in Southern Africa where working hours fell by about 20.3%. ILO estimates indicate that 10 million jobs were regained in Africa south of the Sahara during the third quarter of 2020, including 4 million in West Africa, 3 million in East Africa, 2 million in Southern Africa and 1 million jobs in Central Africa.

In the developed economies, the average rate of unemployment rose to 7.3%, registering 8.9% in the Euro zone, 7.2% in the Group of Seven industrial countries, and 5% in the remaining developed economies. These figures do not reflect, however, the reality exactly for two reasons, the first, the impact of technical employment programs adopted in several developed economies to pay the wages of the workers, raising the probability of the increase of unemployment rates when these programs expire. The second reason is linked to the definition of the unemployment rate that only takes into account the number of persons actively seeking employment at a time when the lockdown prevented many who lost their jobs from seeking new employment.

It is worth pointing out that developed economies adopted important financial support programs aimed at compensating loss of income due to loss of employment. The ILO statistics show that the scale of these stimulus programs in high income countries represented about 107% of the income

lost by unemployment, i.e., they did not only fully compensate that loss but managed also to pump additional resources in the economy. At the world level, this rate registered 37% with significant variations among countries, whereas the rate in Africa South of the Sahara did not exceed 14%, and although the percentage recorded in Southern Africa reached 50%, it did not exceed 16% in East Africa, 11% in West Africa, and 0% in Central Africa.

### **3/ The World Trade**

The volume of world trade exchanges fell by 10.4% in 2020 which is the same rate of decreases registered during the international financial crisis of 2009 although the economic contraction in 2020 far exceeds the contraction registered in 2009. This is attributed to the fact that the 2009 crisis primarily affected the industrial sector which contributes significantly to world trade exchanges while the current crisis mainly affected the service sector which has a limited contribution in trade exchanges. The fall in the volume of world trade exchanges during 2020 is attributed to the fall in world demand, while other factors such as restrictions on the export of certain goods such as medical products, and the disruptions in value chains at the world level, had a limited effect on this decrease.

The volume of exports of developed economies fell by 11.6% during 2020 as the exports from the countries of the Euro zone fell by 13%, the countries of the Group of Seven by 13% and the rest of the developed countries by about 7.9%. Exports from emerging and developing economies fell by 7.7% as the volume fell by 5% for the Asian emerging and developing economies. The volume of exports of the largest five economies in the ASEAN group of countries, excluding Singapore, fell by 12.6%. Exports of Eastern European countries and Turkey fell by 11.2%, of Latin America by 10%, of Middle East and Central Asia by 10.3%, while the volume of exports of the countries of Sub-Saharan Africa fell by about 7.3%.

The volume of imports of developed economies fell by about 11.5% during 2020 as the imports of the Euro zone fell by 11.7%. The volume of imports of the countries of the Group of Seven fell by 12.5% and by 8.4% in the imports of the rest of the developed economies. In emerging and developing countries, the volume of imports fell by 9.4%, a percentage that exceeds the fall in their exports leading to a deficit in the trade balance. Imports of emerging and developing economies of Asia fell by about 7.2% while those of the largest five ASEAN economies, excluding Singapore, fell by 12.3%. Imports of Eastern Europe and Turkey fell by about 9.9% and those of Latin America by about 13.4%, while imports of the Middle East and Central Asia fell by 12.5% and those of Sub-Saharan African countries by about 8.3%.

### **4/ External Debt and Heavily Indebted Poor Countries (HIPC)**

#### **a) External Debt**

According to the statistics of the World Bank, the external debt of Sub-Saharan African countries totaled \$625 billion in 2019, an increase of 9.4% over 2018. That figure represents 42% of the GDP of those countries. About 85% of the total debt was in long term loans and 10% in short term loans. Credits from the IMF represented 5% of the total debt. The registered increase in long term loans of 10.5% exceeded the registered increase in total external debt. Credits from the IMF increased by about 6%, while the increase in short term loans did not exceed 2%. The percentage of concessional loans fell slightly to 17.1% of the total external debt, while lending from multilateral institutions increased to 19.8%. The percentage of external debt in US dollars rose to 75.7% and in Euros rose to 7.7%.



Debt repayment arrears amounted to \$38.3 billion in 2019, an increase of 5% compared to 2018. As to the structure of these arrears, 37% of them related to interest while 63% are related to the principal. In 2019, disbursement from loans totaled about \$81.8 billion, an increase of 0.4% of the disbursement in 2018. Debt servicing in 2019 totaled \$57.6 billion, a decrease of 8% compared to 2018. Debt servicing represented 14.1% of exports, 67% of which are related to repayment of the principal while 33% are related to repayment of the interest. Average interest rate on new loans in 2019 fell to 3.6%, while the average loan duration rose to 21 years, the average grace period fell to 6 years, while the average grant element rose to 14.5%. If we consider only loans from public sources, we find that the average interest rate fell to 1.5%, average loan duration rose to 26 years, average grace period fell slightly to 5.6 years, while the average grant element rose to 37.5%.

On the other hand, the volume of foreign direct investment flows increased in 2019 by about 25% to reach \$23.5 billion, while investment flows into portfolios were negative for the first time during the last decade, making out-going exceed incoming flows by \$5.9 billion. This is primarily attributed to the rise in investment portfolio returns in developed countries, particularly the United States, during that period when the LBOR for the dollar remained over 3% for a year.

IMF estimates indicate that the budget deficit in Sub-Saharan African countries accelerated in 2020 to 7.6% of the GDP, the highest level recorded in the region. This is attributable to the fall in public revenues to 15.2% of the GDP, and the rise in public expenditures to 17.3% of the GDP. It is expected, therefore, that public indebtedness of these countries would increase to 56.6% of the GDP, meaning that indebtedness returned to the same level of 2002 before the launching of HIPC Initiative. Equally, current account deficit in the balance of payments of African countries rose to 4.8% of the GDP in 2020, thus raising the external debt to 45.9% of the GDP, a percentage that approaches the level of external debt in 2002. The debt servicing for African countries in 2020 was 36.7% of the value of exports, the highest level recorded since 1999. This highlights the importance of the initiative of the Group of 20 regarding the moratorium of debt servicing for poor countries, including African countries, until mid-2021.

It is worth noting that 32 Sub-Saharan African countries benefited in 2020 from the financial support programs of the IMF by \$15 billion, to ameliorate the negative effects of COVID-19 pandemic. By the end of September 2020, 5 African countries were classified as countries facing a debt crisis, 11 as high-risk countries, 13 as medium-risk countries, and 3 as low-risk countries.

### **B) Heavily Indebted Poor Countries (HIPC)**

The number of countries that benefited from the Debt Relief Initiative for Heavily Indebted Poor Countries (HIPC) totaled 36 countries, 29 of which are African countries eligible to benefit from the BADEA's assistance. All these countries reached the Completion Point within the Initiative. Of the 3 countries eligible to benefit from the Initiative but did not reach the Completion Point we find a single African country (Eritrea) which is a recipient of BADEA's assistance. The total resources devoted to debt relief within the Initiative was \$76.3 billion, of which \$64.7 billion were earmarked to African countries recipient of the BADEA's assistance. BADEA's contribution within the Initiative up to the end of 2020 stood at \$258.8 billion to the recipient countries that reached the Completion Point.

## 5/ Outlook of the World Economy in 2021

Projections in the 2020 IMF Report on the World Economic Outlook that the rate of growth in the world economy will reach 5.2% in 2021 due to the expected recovery after COVID-19 pandemic subsides. This rate, however, remains limited, meaning that the volume of the world economy at the end of 2021 will not exceed its level at the end of 2019 by more than 0.6%. This is linked to the expected continuation of the social distancing measures through 2021, even at a less strict level, as this will negatively affect some important economic activities, particularly the service sector.

In the developed economies, projections indicate that the growth rate will reach 3.9% in 2021 after a contraction of 5.8% in 2020, meaning that the GDP in these countries will be less at the end of 2021 than its level at the end of 2019 by about 2%. The growth rate is expected to reach 3.1% in the United States in 2021 against the background of an expansionist budget through which the government intends to support incomes and domestic consumption, and the expected increase in exports which is linked to the improvement in the economic situation of the major trade partners and the implementation of the trade deal with China which includes a substantial increase in American exports to China. It is also projected that the rate of growth in the Euro zone will reach 5.2% due to the start of recovery in domestic demand and in exports, particularly to China. The expected increase in the growth rate in the Euro zone compared to the United States is attributed to the importance of economic contraction experienced by the zone in 2020 resulting from the stricter and more comprehensive lockdown measures. In the UK, it is expected that the growth rate will reach 5.9% in 2021, fueled by domestic demand and public spending, while the rate is not expected to exceed 2.3% in Japan against the background of the slowdown in domestic demand. In other developed economies, it is expected that the growth rate reaches 5.2% in Canada fueled by domestic demand, 2.8% in South Korea due to the gradual recovery of the service sector, the adoption of an expansionist budget and the growth in exports because of improvement in the world economic situation. It is expected, further, that the growth rate in Australia will reach 2.9% due to the recovery in domestic demand and increase in mineral exports, particularly to China, and to 3.6% in Switzerland with the support of the chemical industries sector.

In emerging and developing economies, the projections indicate that the growth rate will reach 6% in 2021 as growth in China is expected to accelerate to reach 8.2% due to its exceptional success in controlling the COVID-19 since the Spring of 2020 and avoiding a new wave in the fall of the same year. Economic activity in China, unlike other developed economies or even emerging ones, started 2021 without being impeded by any constraints linked to lockdowns or social distancing, leading to increase in exports and domestic demand. It is also expected that the rate of growth in India will accelerate to reach 8.8% due to the mitigation of health quarantine measures, and to reach 6.1% in Indonesia due to recovery in domestic demand. In Latin America, the economic growth rate is not expected to exceed 3.6% in 2021, as it will not exceed 2.8% in Brazil because of the sharp slowdown in public financial support programs and delay in provision of vaccines and 3.5% in Mexico due to the impact of the quarantine measures on the service sector. In Argentine growth prospects are expected to be affected negatively by the major economic imbalances and the continuation of quarantine measures, even partially. It is not expected, therefore, that the rate of growth would exceed 4.9% and the volume of the economy would therefore be less by 8% compared to its level in 2019.

In Sub-Saharan Africa, the rate of economic growth is projected to reach 3% in 2021 dependent on the development of the pandemic in the continent and the easing of the lockdown and other measures. Other indicators such as the rise in oil prices and other raw materials, the decrease in interest rates and concessional lending terms do, however, encourage a sense of optimism regarding the ability of the region to witness a gradual economic recovery. It is expected that the growth in exports of raw materials which is linked to the recovery of world economy, the gradual recovery of domestic demand and the return of foreign investments will be the main motor of growth. The recovery would, however, remain less than the world pace due to the limited public economic support programs compared to developed economies and some emerging ones. If we take into account the rate of growth recorded in the region before the pandemic, the expected economic losses in 2020 and 2021 may reach 14% of the GDP. IMF projections indicate that African governments need to mobilize additional external resources to the tune of \$290 billion to stimulate economic growth during 2021. In general, the economy of the region is not expected to regain the same volume that it has before the pandemic before 2022.

The large economies in the region such as Nigeria, Angola and South Africa are not expected to regain the same volume they had in 2019 before 2023 or 2024 according to some estimates. Economic growth in South Africa is not expected to increase more than 3% in 2021 due to the fact that domestic consumption is affected by the rise in unemployment rates and the continuing weakness of investments, and not to increase more than 1.7% in Nigeria due to continuing fall in oil prices and the slowdown in public investments resulting from the drop in public revenues, and the slowdown in private investments resulting from the imminent bankruptcy of local firms and the lack of confidence of foreign investors, in addition to the weak growth of domestic demand due to the fall in income of the poor and the lack of confidence of the rich in the economy. In Angola, the economic growth is expected to reach 3.2% in 2021 due to the imminent increase in oil production and the reforms that are designed to improve the business environment.

In countries whose economies depend on tourism, the number of tourists is not expected to go back to the same level before 2023. The rate of growth in 2021 will not, therefore, exceed 4.2% in the Seychelles and 4.5% in Cape Verde. In countries dependent on the export of agricultural crops, average economic growth rates will reach 4.5% due to the increase in the prices of these crops in the world market, the growth in investments, including the foreign ones that are linked with the gradual ending of the state of uncertainty accompanying the pandemic, entry into force of the African free trade agreement and the continuation of adoption of reforms to improve the business environment. In this context, the rate of economic growth is expected to reach about 6.2% in 2021 in Cote D'Ivoire, 3% in Togo, while in Senegal, the pandemic led to the postponement of the implementation of oil and gas exploitation projects that are not expected to commence before 2023. Nevertheless, the rate of growth in the Senegalese economy is expected to grow at 5.2% in 2021 due to the diversified nature of the economy. In Ghana, considered to be the fourth largest economy in the region, the rate of economic growth is expected to reach 4.1% due to the resilience of the agricultural sector.

Due to the importance of demographic growth in Sub-Saharan Africa, the expected rate of growth in per capita income in the region will not exceed 0.5% in 2021, that is to say, the average per capita income at the end of 2021 will be less by 6% than its level in 2019 and will be equal to same level in 2012. Preliminary predictions indicate that the pandemic did contribute to the fall of tens of millions in Africa under the abject poverty line, a figure that is expected to rise during 2021, thus increasing the challenges that face the development financing institutions active in the region.

In the Middle East and Central Asia, the rate of economic growth is not expected to increase more than 3% in 2021 due to the continuation of the negative effects of the COVID-19 pandemic and the low oil prices. It is expected that the rate reaches 3.1% in the Kingdom of Saudi Arabia in 2021 fuelled by the increased world demand for oil as well as the easing of restriction on oil production and the continuous growth in public investments that were postponed as a result of the pandemic, in addition to the recovery in domestic demand that is linked to the gradual ending of the lockdown. In Libya, the economic growth rate is expected to reach 7.6% as a result of the resumption of oil production following the agreement on a cease fire in the ongoing conflict.

In the oil importing countries of the region, the growth rate is expected to be negatively affected by weak investments associated with the uncertainty precipitated by the pandemic and the weak external demand of the major trade partners of these countries, particularly in the Euro zone. It is expected that the limited financial resources at the disposal of these countries would impede the adoption of expansionist budgets to support growth in the requisite form. In this context, the growth rate is expected to slow down in Egypt to 2.8% due to the slowdown in the tourism activity and in some essential sector such as manufacturing. In Morocco, the growth rate is expected to reach 4.9% fuelled by the increase in agricultural crops after the end of the drought wave and recovery in domestic demand following the easing of the quarantine measures. In Lebanon, a country that is facing one of the most severe economic crises in its modern history, economic contraction is expected to continue.



# Chapter One



## The Financial Activity



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### Introduction

2020 is the first year of BADEA's 2030 Strategy and its Eighth Five-Year Plan (2020 -2024). Total commitments in this year amounted to about \$780.43 million of which \$300 million for the public sector, \$95.52 million for the private sector, \$375.06 million for the trade finance and \$9.85 million for the technical assistance.

BADEA contributed - during the year - with Arab, regional, and international financing institutions to funding of 8 public sector projects with a 53% share as well as with banks and private sector African firms to funding of 5 operations in which it provided 31.8% of their total cost.

Within the context of supporting recipient countries to face the exceptional circumstances precipitated by Covid-19 pandemic, BADEA provided about \$171.2 million to fund 20 operations. Sources of these financing are public and private sectors and grant windows with an amount of \$142.7 million from 2020 allocations as well as reallocation of unutilized balances of completed operations with an amount of \$28.5 million.

### Urgent Response Program within the Context of Covid-19 Pandemic

Immediately after the announcement by WHO on 30 January 2020 that the spread of Covid-19 epidemic represents a world health emergency, BADEA commenced following developments and evaluating their impacts on its development interventions. When the epidemic was classified as a world pandemic on 11 March 2020, BADEA formed a monitoring and follow up task force and established a virtual operations room entrusted with coordination with bodies dealing with combatting Covid-19 and with development institutions active in Africa, particularly the Coordination Group institutions. On 27 March 2020, BADEA's Board of Directors decided to allocate \$100 million from the 2020 commitments to support the recipient countries in dealing with the pandemic.

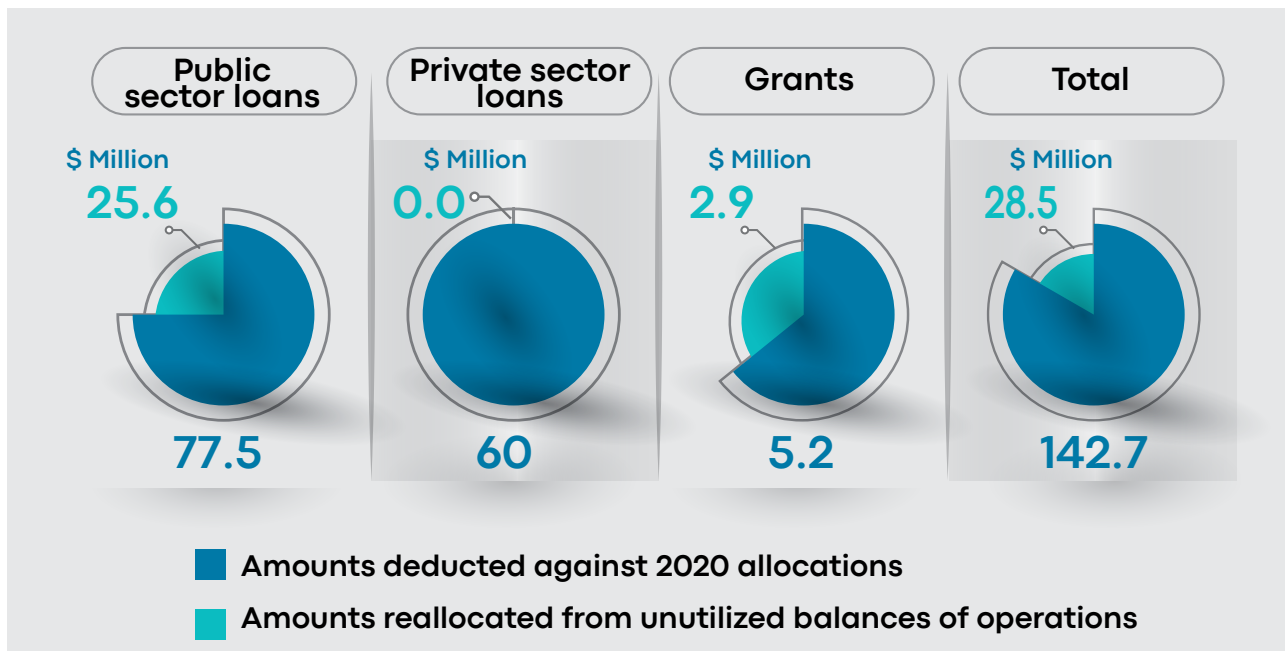
Since the spread of the pandemic in Africa represents a serious challenge to the economies and health systems of the recipient countries, the Board of Directors adopted «the Urgent Response Program» to assist these countries through financing operations that support their plans, characterized by their urgent nature and flexible implementation mechanisms. Reports of these operations were prepared with urgency commensurate with the situation, in accordance with BADEA's rules and procedures to ensure the necessary transparency in implementation and the achievement of the intended impact of the interventions.

Most of the financing have been directed to the health sector in order to address the outbreak of the pandemic. This includes support infrastructure, provision of medical and para-medical equipment and laboratory requirements in health facilities; provision the services of qualified health staff, training and capacity building, awareness raising campaigns and exchange of experiences; provision of vaccines and therapeutic drugs in case of detection, in addition to support of small and medium sized enterprises and microfinancing programs and assisting in the protection of the poor and other vulnerable social groups.

The Program depends on the following financial resources:

- The sum of \$100 million that the Board of Directors approved to allocate against the 2020 commitments (public and private sectors and grants).
- Unutilized balances of projects and technical assistance operations that were fully implemented or were not implemented, following the approach of some international financial institutions.
- Any other amounts the Board of Directors decides to allocate to the Program against the annual allocations.

Total operations within the Program is 20 at a total cost of around \$171.2 million, benefiting 16 African countries in addition to 2 regional operations, distributed as in the diagram below.



### Total Financial Commitments in 2020

Total BADEA's financial commitments in 2020 for the beneficiary countries amounted to around \$780.43 million, exceeding those of 2019 (\$600 million) by about 30%. This is due to the increase in public sector financing by around 25%, and in private sector and trade financing by around 34%. It is worth noting that new allocations for the African trade were introduced within the trade finance activity.



**Table (1)**  
**Financial Activity of BADEA's Operations (1975 – 2020)**

Year	Public Sector	Technical Assistance	Private Sector	Trade Finance	Total
1975	85.500				85.500
1976	61.800	0.200			62.000
1977	66.240	0.050			66.290
1978	71.620	1.250			72.870
1979	49.070				49.070
1980	71.950				71.950
1981	75.700	0.326			76.026
1982	90.000				90.000
1983	83.150	0.783			83.933
1984	87.050	0.910			87.960
1985	69.440	4.350			73.790
1986	57.805	0.800			58.605
1987	70.673	0.750			71.423
1988	66.100	0.620			66.720
1989	71.450	0.550			72.000
1990	71.960	1.999			73.959
1991	71.988	2.437			74.425
1992	71.810	2.216			74.026
1993	71.974	3.000			74.974
1994	71.993	3.269			75.262
1995	75.000	4.930			79.930
1996	84.960	4.978			89.938
1997	94.857	4.973			99.830
1998	104.950	4.950			109.900
1999	114.520	5.000			119.520
2000	118.990	4.960			123.950
2001	124.200	5.200			129.400
2002	128.990	5.400			134.390
2003	134.390	5.600			139.990
2004	139.200	5.770			144.970
2005	153.950	5.989			159.939
2006	163.720	6.225			169.945
2007	173.100	6.500			179.600
2008	183.250	6.750			190.000
2009	193.000	7.000			200.000
2010	192.000	8.000			200.000
2011	192.000	8.000			200.000
2012	180.000	8.000			188.000
2013	192.000	8.000			200.000
2014	192.000	8.000			200.000
2015	200.000	10.000	50.000	150.000	410.000
2016	210.000	10.000	86.000	200.000	506.000
2017	220.000	9.555	100.000	200.000	529.555
2018	230.000	9.950	100.000	225.000	564.950
2019	240.000	9.960	100.000	256.460 <sup>(1)</sup>	606.420
<b>2020</b>	<b>300.000</b>	<b>9.850</b>	<b>95.520</b>	<b>375.060<sup>(2)</sup></b>	<b>780.430</b>

(1) \$183 million + 60 million Euro

(2) Of which 45 million Euro

## Public Sector Loan Commitments in 2020 and their Breakdown by Strategy Pillars

Based on the guidelines of the Eighth Five-year Plan, the priorities of the recipient countries and the approval of the Board of Directors to reallocate the unused balances of completed operations, total public sector funding amounted to \$325.7 million of which \$300 million equivalent to 100% of 2020 allocations and a reallocated amount of \$25.7 million, distributed as follows:

- \$222.6 million from 2020 allocations to contribute to financing of 6 development projects.
- \$77.4 million from 2020 allocations plus a reallocated amount of \$25.7 million to contribute to financing of 15 urgent response operations to face Covid-19 pandemic.

**Table (2)**

### Breakdown of Public Sector Loans by Strategy Pillars (2019 & 2020) & the Urgent Response Operations

Strategy Pillar	Number of Projects		Amount (\$ Million)		Percentage (%)	
	2019	2020	2019	2020	2019	2020
Investment in Infrastructure	9	19*	200.5	261.11	83.5	80.2
Agriculture Value-Chains Development	3	1	35.5	49.55	14.8	15.2
Entrepreneurship and Small and Medium-sized Enterprises Development	2	1**	4.0	15.00	1.7	4.6
<b>Total</b>	<b>14</b>	<b>21</b>	<b>240.0</b>	<b>325.66</b>	<b>100.0</b>	<b>100.0</b>

\* Including urgent response funding for the health sector to confront Covid-19 Pandemic.

\*\* Support operation for small and medium-sized enterprises affected by the Pandemic.

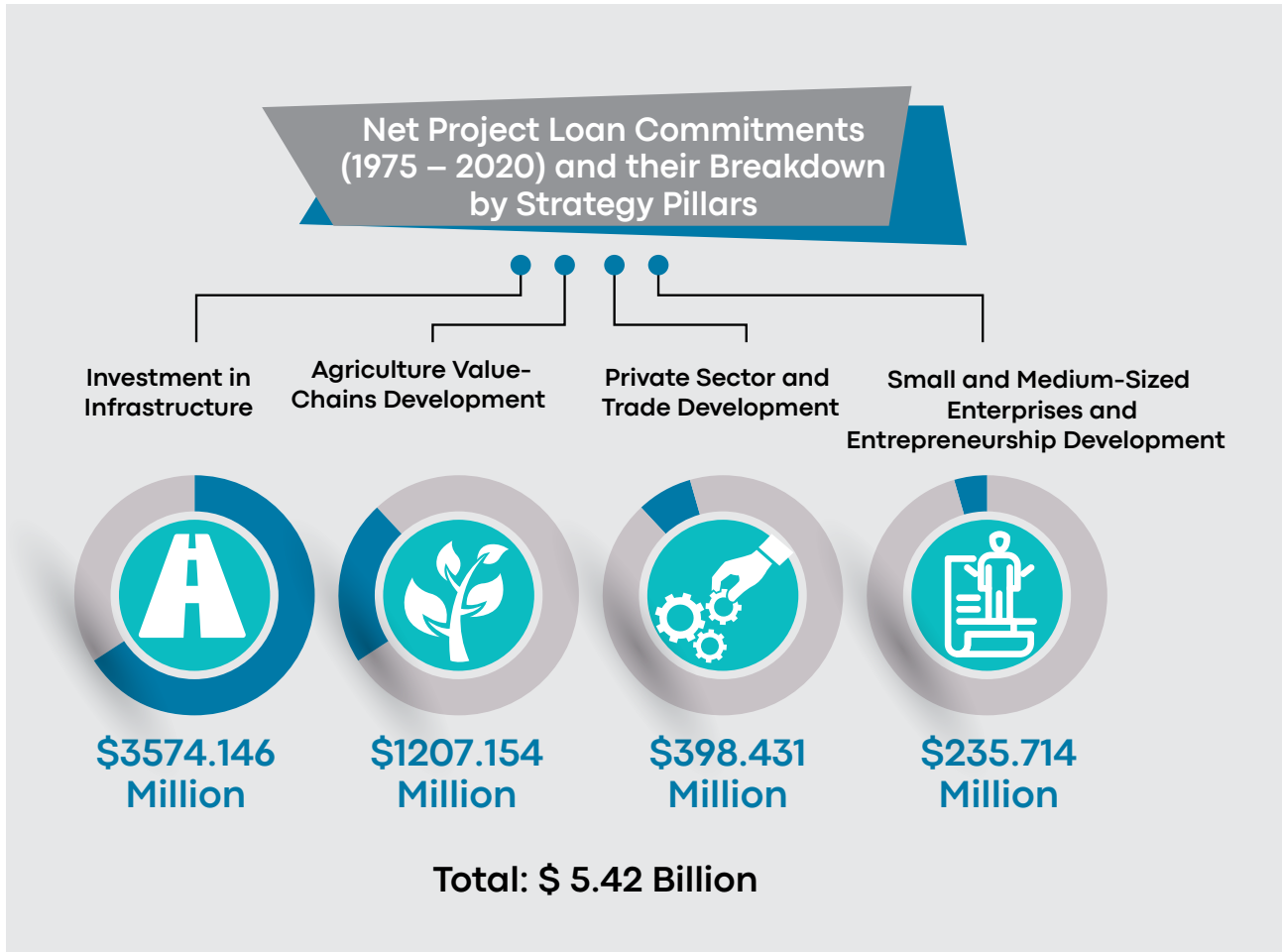
## Lending Terms

The Eighth Five-year Plan has adopted allocations to fund the projects with regular terms in addition to possibility of the mixed funding. This decision has been made due to the high demand by beneficiary countries for external resources, with bearing in mind the approach of similar development financial institutions to combine concessional funding and regular funding. This mechanism enabled the countries to obtain loans with a grant element that commensurate with their circumstances and the guidelines of the international institutions. The weighted average of the interest rate charged on BADEA's loans was about 2.2% in 2020 compared to about 1.7% in 2019, of the repayment period was about 24 years in 2020 compared to about 18 years in 2019, and of the grace period was about 5.6 years in 2020 compared to about 6 years in 2019. The grant element weighted average of public sector project loans was 28.6% in 2020 registering a decrease in comparison with 2019 where it was 34.9%. This decrease is because the 2020 financing included funding with regular terms in an amount of \$100 million, in addition to the mixed funding.



## Public Sector Loan Commitments (1975 - 2020) and their Breakdown by Strategy Pillars

BADEA's overall cumulative funding during the period 1975 - 2020 stood at around \$6.5 billion, of which around \$6.3 billion were devoted to finance 718 development projects. The net project loan commitments amounted to around \$5.4 billion.



By adding the sums of SAAFA<sup>(1)</sup> loans (\$214.2 million) and the urgent aid operations (\$12.6 million) to the total net project loans, the loan commitments stand at about US\$ 5.6 million by the end of 2020.

## Private Sector Financing

BADEA contributes to financing of private sector operations in recipient states directly through credit loans provided to private sector projects, public and private sectors' joined projects and government institutions of commercial nature, or indirectly through credit loans provided to local and regional commercial banks, and national and regional development financing institutions to re-lending them for the benefit of private sector sub-projects. Since 1975 up to the end of 2020 total commitments for this sector amounted to about \$567 million.

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

On the other hand, BADEA has contributed \$10 million to the capital of the Africa Finance Corporation (AFC), \$10 million to the capital of the Eastern and Southern African Trade and Development Bank (TDB) and \$1.7 million to the capital of the Development Bank of Central African States (BDEAC).

Within the framework of the 2030 Strategy, BADEA identified key pillars to promote its gains and developmental role, of which “the Private Sector and Trade Development for Growth and Job Creation” pillar. Therefore, the private sector allocations were increased to reach \$1000 million during the Eighth Plan period distributed among its years as in the diagram below.



In 2020 four (4) credit loans were provided at a total of \$ 95.52 million benefiting an African airline company in the amount of \$19 million under a joint financing with some financial institutions, a national development finance institution in the Republic of Senegal in the amount of 13.5 million Euro (about \$16.52 million), a regional development finance institution in the amount of \$50 million and a national development finance institution in the Republic of Rwanda in the amount of \$10 million. It is worth noting that the two last operations are within the Urgent Response Program to confront Covid-19.

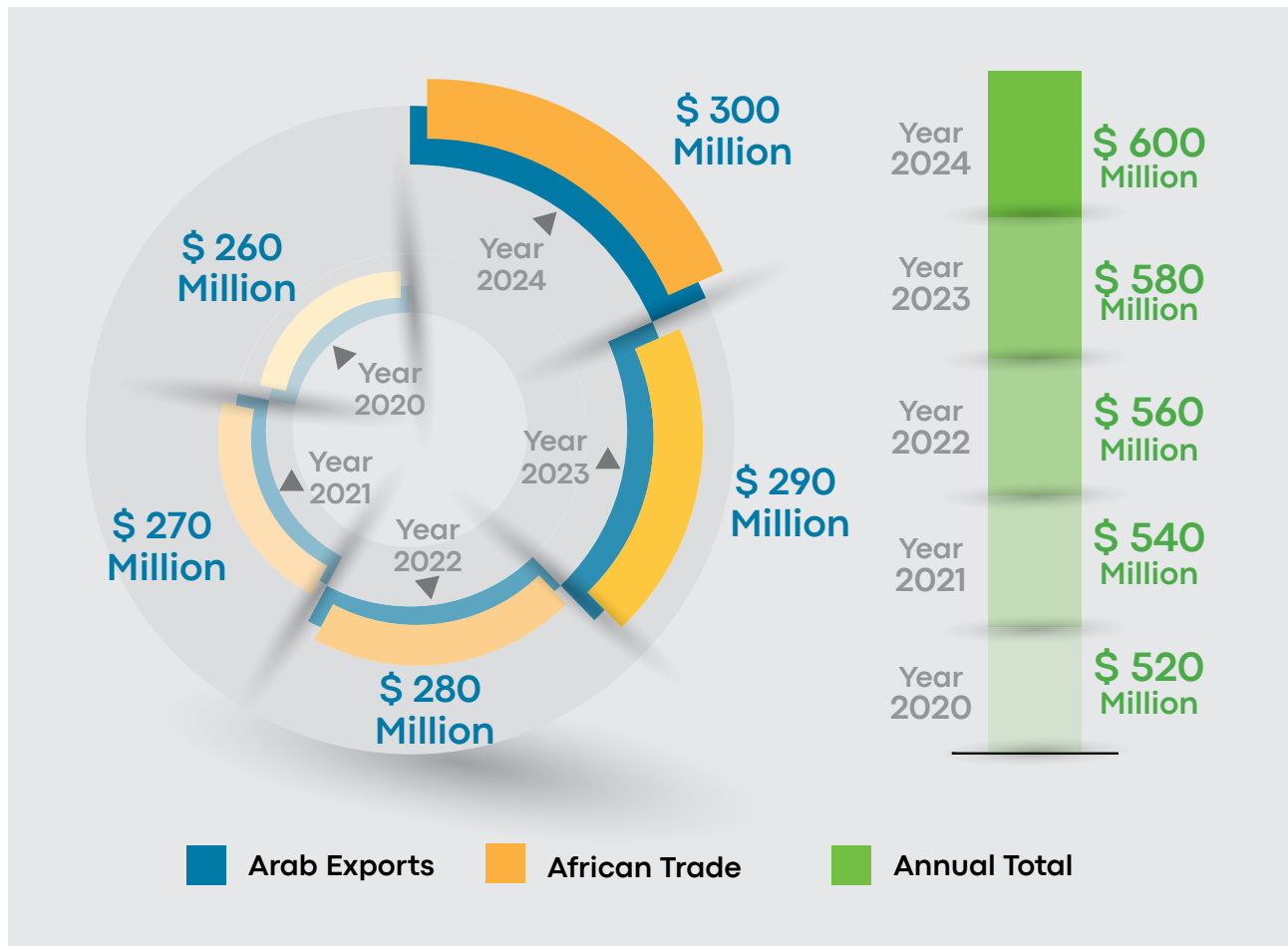
### Trade Finance

BADEA is interested in funding trade operations to raise the standard of commercial exchanges between Arab and African states and promote their national exports. In this context, BADEA has contributed \$10 million in the capital of the African Export and Import Bank (AFREXIMBANK) in 1995, then agreed to increase its share in 2019 by \$67.67 million. BADEA also agreed in 2020 to earmark \$1.262 million from its share in the bank's profits to purchase 62 additional shares.



In 1997 BADEA set up a program of \$100 million (revolving) to finance Arab exports to African countries. Until the end of this program in 2014, total approvals amounted to about \$399.5 million. Then during the Seventh Five-year Plan (2015 – 2019) BADEA set up a new program to finance Arab exports and allocated to it an annual revolving amount of between \$150 million and \$250 million.

Under “the Private Sector and Trade Development for Growth and Job Creation” pillar, it was decided to increase allocations for Arab Export Financing Program to reach an annual revolving amount of between \$260 million and \$300 million. A new program to finance the African trade was established with the same allocations as the Arab Export Financing Program.

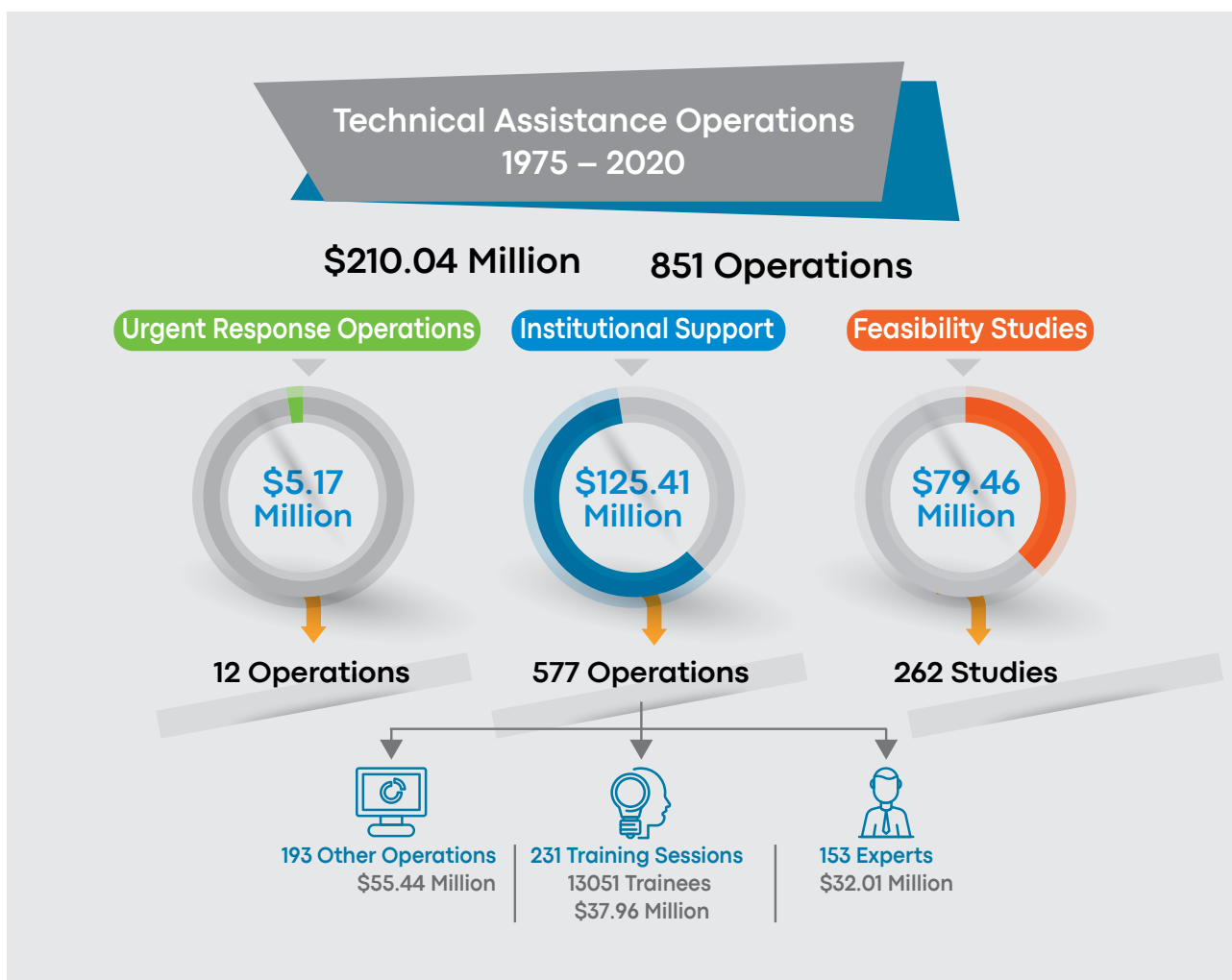


In 2020, a total financing of about \$375 million has been granted, covering 3 Arab export operations with about \$200 million and 5 African trade operations with about \$175 million. Beneficiaries were a governmental institution of a commercial nature, a national central bank, two regional development financing institutions, a regional commercial bank and a local commercial bank, existed in Burkina Faso, Malawi, West African region, Togo, and Ethiopia.

## Technical Assistance Financing

Technical assistance is provided to recipient states and regional African organizations in the form of non-refundable grants to finance technical and economic feasibility studies for development projects and institutional support operations. Institutional support covers many activities including organization of training sessions to enhance African cadres' capacities in various disciplines, sending experts to African countries to benefit from their services, organizing different events in the fields of development, trade and investment in Africa, supporting of programs and initiatives that improve the quality life of the population, and providing equipment and devices for some institutions.

In 2020, an amount of about \$9.85 million was earmarked to finance 28 technical assistance operations, the equivalent of 98.5% of the year allocation amounted to \$10 million. The operations included one (1) feasibility study for a project and 2 sectoral studies, provision of services of 2 experts, 2 operations to provide equipment and devices, 5 training operations, one (1) operation of exchanging knowledge and expertise and one (1) operation to support the Arab Development Portal, in addition to 2 operations within the powers of the Director General and 12 operations in the context of Covid-19 Pandemic aimed at provision of laboratory and health equipment.



**Table (3)**

**Evolution of Technical Assistance Operations 1975 – 2020 (\$ Million)**

Year	Feasibility studies		Institutional support		Covid-19		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1975 - 2004	155	42.63	169	35.61			324	78.24
2005	7	2.00	21	4.00			28	6.00
2006	8	2.74	16	3.49			24	6.23
2007	8	2.91	23	3.59			31	6.50
2008	8	2.77	23	3.98			31	6.75
2009	9	3.61	18	3.39			27	7.00
2010	9	3.28	21	4.72			30	8.00
2011	7	2.33	24	5.67			31	8.00
2012	8	2.46	24	5.54			32	8.00
2013	4	1.56	29	6.44			33	8.00
2014	6	2.55	23	5.45			29	8.00
2015	9	3.78	26	6.22			35	10.00
2016	9	3.15	32	6.85			41	10.00
2017	3	0.73	37	8.83			40	9.56
2018	7	2.06	37	7.89			44	9.95
2019	3	0.30	40	9.66			43	9.96
2020	2	0.60	14	4.08	12	5.17	28	9.85
<b>Total</b>	<b>262</b>	<b>79.46</b>	<b>577</b>	<b>125.41</b>	<b>12</b>	<b>5.17</b>	<b>851</b>	<b>210.04</b>
Percentage %	30.79	37.83	67.80	59.71	1.41	2.46	100	100



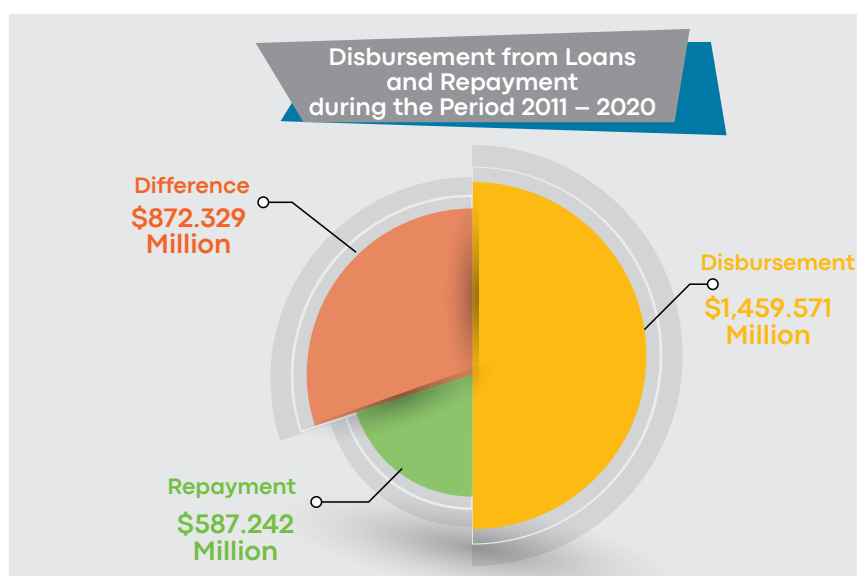


**Table (4)**  
**Sectoral Distribution of Technical Assistance Operations**  
**1975 - 2020 (\$ Million)**

Sector	Infrastructure		Agriculture		Industry		Energy		Finance		Covid-19		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Covid-19	-	-	-	-	-	-	-	-	-	-	5.17	100	5.17	100
<b>Feasibility Studies</b>	39.41	49.6	30.90	38.9	2.33	2.9	4.83	6.1	1.99	2.5	-	-	79.46	100
<b>Institutional Support</b>														
Experts	10.42	32.6	7.78	24.3	0.56	1.7	0.24	0.7	13.01	40.7	-	-	32.01	100
Training	5.45	14.3	17.30	45.6	2.11	5.6	0.28	0.7	12.82	33.8	-	-	37.96	100
Others	17.84	32.2	12.15	21.9	1.15	2.1	0.91	1.6	23.39	42.2	-	-	55.44	100
Sub -Total	33.71	26.9	37.23	29.7	3.82	3.0	1.43	1.1	49.22	39.3	-	-	125.41	100
<b>Grand Total</b>	<b>73.12</b>	<b>34.8</b>	<b>68.13</b>	<b>32.4</b>	<b>6.15</b>	<b>2.9</b>	<b>6.26</b>	<b>3.0</b>	<b>51.21</b>	<b>24.4</b>	<b>5.17</b>	<b>2.5</b>	<b>210.04</b>	<b>100</b>

**Evolution of Commitments and Disbursement from Loans and Grants (1975 - 2020)**

During 1975 - 2020 total commitments of public and private sectors' loans and technical assistance grants amounted to about \$6,520.7 million, of which \$6,310.7 million for loans and \$210 million for grants (excluding the 59 SAAFA loans of \$214.2 million). The net commitments amounted to about \$5,820.5 million, of which \$5,642.3 million for loans and \$178.2 million for grants. The difference between the total and the net commitments of \$700.2 million represents cancellations, some of which are remained balances of completed projects and technical assistance operations. By the end of 2020, total cumulative disbursement amounted to about \$3,748.4 million, of which \$3,608.7 million for loans and \$139.7 million for grants, compared to \$3,587.5 million by the end of 2019, of which \$3,454.4 million for loans and \$133.1 million for grants. Regarding disbursement and repayment in 2020, they amounted to \$284 million and \$172.2 million respectively.



**Table (5)**  
**Evolution of Commitments and Disbursement 1975 - 2020 (\$ Million)**

Year	Commitments							Disbursements		Ratio of Total Disbursements to Total Net Commitments and SAFFA
	Public Sector	Technical Assistance	Private Sector	Trade Finance	Annual Net Commitments	SAFAA Annual Commitments	Total Cumulative Commitments	Total Disbursements	Total Cumulative Disbursements	
1974						79.850	79.850	79.850	79.850	100%
1975	85.500	-			85.500	64.650	230.000	64.650	144.500	63%
1976	61.800	0.200			62.000	56.500	348.300	58.597	203.097	58%
1977	66.240	0.050			66.290	13.244	427.784	20.862	223.959	52%
1978w	71.620	1.250			72.870		500.654	55.676	279.635	56%
1979	49.070	-			49.070		549.724	51.956	331.591	60%
1980	71.950	-			71.950		621.674	47.855	379.446	61%
1981	75.700	0.326			76.026		697.374	36.982	416.428	60%
1982	90.000	-			90.000		787.374	36.812	453.240	58%
1983	83.150	0.783			83.933		870.524	39.654	492.894	57%
1984	87.050	0.910			87.960		957.574	41.904	534.798	56%
1985	69.440	4.350			73.790		1,031.364	41.564	576.362	56%
1986	57.805	0.800			58.605		1,089.969	49.214	625.576	57%
1987	70.673	0.750			71.423		1,161.392	35.171	660.747	57%
1988	66.100	0.620			66.720		1,228.112	24.849	685.596	56%
1989	71.450	0.550			72.000		1,299.562	23.631	709.227	55%
1990	71.960	1.999			73.959		1,373.521	23.289	732.516	53%
1991	71.988	2.437			74.425		1,447.946	42.830	775.346	54%
1992	71.810	2.216			74.026		1,521.972	35.393	810.739	53%
1993	71.974	3.000			74.974		1,596.946	22.797	833.536	52%
1994	71.993	3.269			75.262		1,672.208	35.275	868.811	52%
1995	75.000	4.930			79.930		1,752.138	38.879	907.690	52%
1996	84.960	4.978			89.938		1,842.076	42.487	950.177	52%
1997	94.857	4.973			99.830		1,941.906	42.709	992.886	51%
1998	104.950	4.950			109.900		2,051.806	49.726	1,042.612	51%
1999	114.520	5.000			119.520		2,171.326	71.325	1,113.937	51%
2000	118.990	4.960			123.950		2,295.276	56.829	1,170.766	51%
2001	124.200	5.200			129.400		2,424.676	68.056	1,238.822	51%
2002	128.990	5.400			134.390		2,559.066	70.275	1,309.097	51%
2003	134.390	5.600			139.990		2,699.056	77.722	1,386.819	51%
2004	139.200	5.770			144.970		2,844.026	90.389	1,477.208	52%
2005	153.950	5.989			159.939		3,003.965	90.682	1,567.890	52%
2006	163.720	6.225			169.945		3,173.910	109.401	1,677.291	53%
2007	173.100	6.500			179.600		3,353.510	147.834	1,825.125	54%
2008	183.250	6.750			190.000		3,543.510	140.859	1,965.984	55%
2009	193.000	7.000			200.000		3,743.510	132.940	2,098.924	56%
2010	192.000	8.000			200.000		3,943.510	124.679	2,223.603	56%
2011	192.000	8.000			200.000		4,143.510	136.457	2,360.060	57%
2012	180.000	8.000			188.000		4,331.510	123.269	2,483.329	57%
2013	192.000	8.000			200.000		4,531.510	135.763	2,619.092	58%
2014	192.000	8.000			200.000		4,731.510	134.518	2,753.610	58%
2015	200.000	10.000	50.000	150.000	410.000		5,141.510	145.761	2,899.371	56%
2016	210.000	10.000	86.000	200.000	506.000		5,647.510	149.692	3,049.063	54%
2017	220.000	9.555	100.000	200.000	529.555		6,177.065	181.804	3,230.867	52%
2018	230.000	9.950	100.000	225.000	564.950		6,742.015	252.418	3,483.285	52%
2019	240.000	9.960	100.000	256.460	606.420		7,348.435	265.322	3,748.607	51%
<b>2020</b>	<b>300.000</b>	<b>9.850</b>	<b>95.520</b>	<b>375.060</b>	<b>780.430</b>		<b>8,128.905</b>	<b>283.600</b>	<b>4,032.207</b>	<b>50%</b>

## Regional Operations

Projects and technical assistance operations of regional nature attract BADEA's attention given their positive impact on more than one African country. In 2020 BADEA contributed to financing of some regional operations including a training session in the field of obsolete pesticides management, support the exchange of knowledge and expertise between Senegal and ten African countries to develop laboratory capacities in infectious diseases diagnosis, support Phase 4 of the Arab Development Portal, and prepare the feasibility study for the Sustainable Agriculture Support Project in Senegal River Basin.

## Completed Operations

Implementation of 9 development projects in the areas of investment in infrastructure and agriculture value-chains development was completed in 2020. BADEA contributed \$95.2 million to funding of these projects that benefited 8 African countries. Moreover, 18 technical assistance operations at a total cost of \$5.64 million were achieved, including one (1) feasibility study (\$0.34 million) and 17 institutional support operations (\$5.30 million).

## Signature of Agreements

In 2020, BADEA signed 20 loan agreements with 15 African countries and 4 financial and regional institutions. Total amount of loans extended under these agreements reached \$336.45 million and 67 million Euro. Furthermore, 14 agreements have been declared effective with 12 African countries and 2 regional institutions at a total amount of \$246.8 million and 7 million Euro.

## Contribution towards Debt Relief

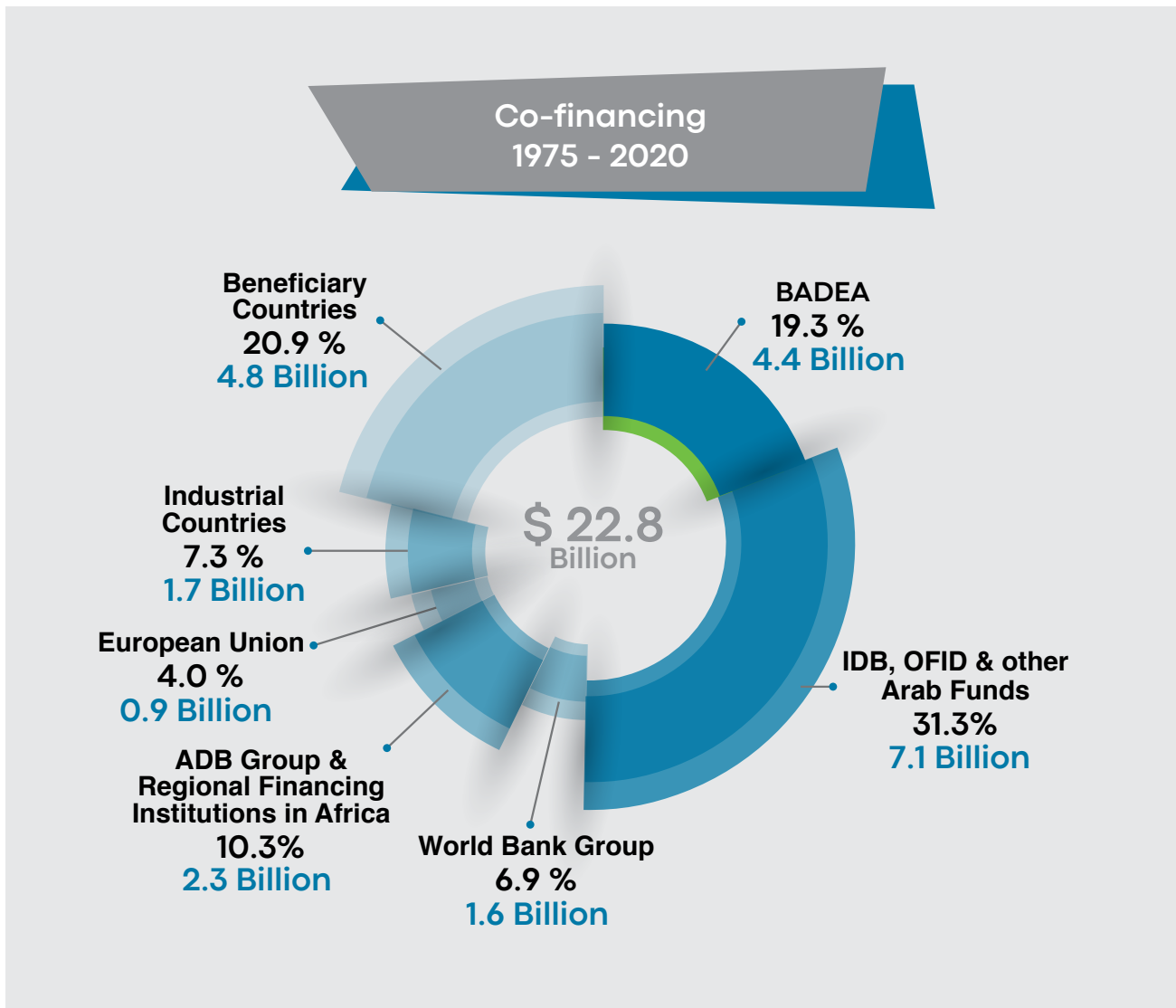
BADEA contributes to alleviation of the burden of its loans on recipient countries through rescheduling the payment of their arrears. Until the end of 2020, BADEA has also been participating in the Heavily Indebted Poor Countries (HIPC) Initiative since 1997, where it provided around 258.8 million to assist 29 African countries as shown below.

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	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 seeks to coordinate with development financing institutions especially the Arab ones in joint financing. This approach avails opportunities to fund major projects submitted by recipient states. In 2020, BADEA co-financed 8 public sector projects with a contribution ratio of 53% in their total cost amounting to \$461.975 million. Other cofinanciers of these projects are the Saudi Fund for Development (15.7%), the African Development Bank (12%), OFID (5%), the United Nation Development Program (0.3%) and the governments of beneficiary countries (14%).

Regarding the private sector and trade, BADEA co-financed 5 operations with a number of banks involved in trade finance in Africa and some private sector firms. Its contribution ratio in their total cost of \$702 million was 31.84%.



# Chapter Two



## Detailed Description of Operations



## Chapter Two

### Detailed Description of Operations Approved in 2020

#### 1/ Urgent Response Operations to COVID-19 Pandemic

##### Objectives of Operations

The urgent response operations generally aim at contribution to the achievement of Goal (3) of the Sustainable Development Goals on good health and wellbeing and aim specifically at supporting the recipient government's plans to respond to COVID-19 Pandemic through enhancing their health systems, application of good prevention practices, intensification of monitoring and controlling the spread of the disease at the level of health centers and public spaces, and mitigation of negative social and economic impacts.

The next part of this chapter includes detailed description of the operations and the beneficiary states.



## Republic of Benin

**Approval Date:** 12 June 2020

**Operation Cost:** \$4.06 million

### Operation Description

The operation aims at providing support to health facilities in Benin, strengthen their capacities to detect and test cases and assisting in their rehabilitation to accommodate suspected cases. It includes equipping laboratories, providing epidemiological monitoring and prevention tools, and selecting an auditing office to follow up implementation according to BADEA's rules and procedures.

### Operation Funding

Source of Funding	Amount in Dollars
<b>Reallocation of unutilized balances of the following project loans:</b>	
- Aquaculture Development in Niger River Basin	245,000
- Construction of the High Institute of Mathematics and Physics in Dangbo	110,000
- Construction of Kandi - Ségbana Road	370,000
- Construction of a Bridge on Mono River	3,060,000
<b>Reallocation of unutilized balances of the following grants:</b>	
- Feasibility study for Seme - Porto Novo Double Carriage Road Project.	74,000
- Services of an Arab expert in the field of offshore facilities	31,000
- Study of environmental and social impact of protection of the western coast of Cotonou city	170,000
<b>Grand Total</b>	<b>4,060,000</b>

### Expected Developmental Impact

It is expected that the operation would contribute to strengthening health systems in the country, upgrade the diagnostic capacities of the medical institutions and bolster confidence in the results of laboratory analysis. The package of developmental interventions to the country, including those of BADEA, are expected to support its capacities to face epidemics in the future.



## **Burkina Faso**

**Approval Date:** 12 June 2020

**Operation Cost:** \$15.6 million

### **Operation Description**

The operation aims at providing support to health facilities in Burkina Faso, strengthen their capacities to detect and test cases and assisting in their rehabilitation to accommodate suspected cases. It includes equipping laboratories, radiology and medical imaging centers, and surgery theatres with medical equipment and supplies; provision of life-saving equipment and logistics; provision of epidemiological monitoring and prevention tools; and supporting the country's capacity in management, monitoring and communication to raise awareness about the pandemic and the means of protection. Furthermore, the operation includes selecting of an auditing office to follow up implementation according to BADEA's rules and procedures.

### **Operation Funding**

Source of Funding	Amount in Dollars
<b>Public sector loan allocations for 2020</b>	12,000,000
<b>Reallocation of unutilized balances of the following project loans:</b>	
- Support of Plant and Agricultural Crops Protection in Liptako Gourma Area	998,000
- Construction of Kongoussi – Djibo Road (Kongoussi – Borgu) Road	2,002,000
<b>Grant allocations for 2020</b>	400,000
<b>Reallocation of unutilized balances of the following grants:</b>	
- Feasibility study for Kongoussi - Djibo - Barabouli – Mali Borders Road Project.	140,000
- Feasibility study for Tougan - Ouahigouya Road Project	15,000
- Feasibility study for Tenkodogo- Sangha – Togo Borders Road Project	45,000
<b>Grand Total</b>	<b>15,600,000</b>

### **Expected Developmental Impact**

It is expected that the operation would contribute to strengthening health systems in the country, upgrade the diagnostic capacities of the medical institutions and bolster confidence in the results of laboratory analysis. The package of developmental interventions to the country, including those of BADEA, are expected to support its capacities to face epidemics in the future.



## Republic of Chad

**Approval Date:** 12 June 2020

**Operation Cost:** \$8.32 million

### Operation Description

The operation aims at providing support to health facilities in Chad, strengthen their capacities to detect and test cases and assisting in their rehabilitation to accommodate suspected cases. It includes providing laboratories with medical materials and supplies, provision of life-saving equipment and logistics and provision of epidemiological monitoring and prevention tools. The operation also includes selection of an auditing office to follow up implementation according to BADEA's rules and procedures.

### Operation Funding

Source of Funding	Amount in Dollars
<b>Reallocation of unutilized balance of the following project loan:</b>	
- Rural Development in Salamat Area	7,860,000
<b>Reallocation of unutilized balances of the following grants:</b>	
- Feasibility study for Dourbali - Tchoui Road Project	450,000
- Investment and Cooperation Forum	10,000
<b>Grand Total</b>	<b>8,320,000</b>

### Expected Developmental Impact

It is expected that the operation would contribute to strengthening health systems in the country, upgrade the diagnostic capacities of the medical institutions and bolster confidence in the results of laboratory analysis. The package of developmental interventions to the country, including those of BADEA, are expected to support its capacities to face epidemics in the future.



## **Republic of Zimbabwe**

**Approval Date:** 12 June 2020

**Operation Cost:** \$10.5 million

### **Operation Description**

The operation aims at providing support to health facilities in Zimbabwe, strengthen their capacities to detect and test cases and assisting in their rehabilitation to accommodate suspected cases. It includes providing laboratories with medical equipment and supplies, providing life-saving equipment and logistics, providing epidemiological monitoring and prevention tools, as well as purchasing some medications. The operation also includes selection of an auditing office to follow up implementation according to BADEA's rules and procedures.

### **Operation Funding**

Source of Funding	Amount in Dollars
Public sector loan allocations for 2020	10,000,000
Grant allocations for 2020	500,000
<b>Grand Total</b>	<b>10,500,000</b>

### **Expected Developmental Impact**

It is expected that the operation would contribute to strengthening health systems in the country, upgrade the diagnostic capacities of the medical institutions and bolster confidence in the results of laboratory analysis. The package of developmental interventions to the country, including those of BADEA, are expected to support its capacities to face epidemics in the future.



## **Republic of Cote D'Ivoire**

**Approval Date:** 12 June 2020

**Operation Cost:** \$5 million

### **Operation Description**

The operation aims at providing support to health facilities in Cote D'Ivoire, strengthen their capacities to detect and test cases and assisting in their rehabilitation to accommodate suspected cases. It includes providing laboratories with medical equipment and supplies and providing epidemiological monitoring and prevention tools. The operation also includes selection of an auditing office to follow up implementation according to BADEA's rules and procedures.



## Operation Funding

Source of Funding	Amount in Dollars
<b>Reallocation of unutilized balances of the following project loans:</b>	
- Rural Development of Baguio Area	1,500,000
- Singrobo - Yamoussoukro Express Highway – (the additional loan)	3,000,000
<b>Reallocation of unutilized balance of the following grant:</b>	
- Feasibility study for Divo- Goitri - Kotiar Road Project	450,000
<b>Grand Total</b>	<b>5,000,000</b>

## Expected Developmental Impact

It is expected that the operation would contribute to strengthening health systems in the country, upgrade the diagnostic capacities of the medical institutions and bolster confidence in the results of laboratory analysis. The package of developmental interventions to the country, including those of BADEA, are expected to support its capacities to face epidemics in the future.



## Republic of Mali

**Approval Date:** 12 June 2020

**Operation Cost:** \$10 million

### Operation Description

The operation aims at providing support to health facilities in Mali, strengthening their capacities in case detection and testing and assisting in their rehabilitation to receive suspected cases. It includes providing laboratories and treatment centers with medical equipment and supplies, providing life-saving equipment and logistics as well as providing epidemiological monitoring and prevention tools. The operation also includes selection of an auditing office to follow up implementation according to BADEA's rules and procedures.

## Operation Funding

Source of Funding	Amount in Dollars
Public sector loan allocations for 2020	9,150,000
<b>Reallocation of unutilized balance of the following project loan:</b>	
Expansion of Kaï City Airport	450,000
<b>Grant allocations for 2020</b>	<b>250,000</b>
<b>Reallocation of unutilized balance of the following grant:</b>	
Comprehensive Eye Care Program	150,000
<b>Grand Total</b>	<b>10,000,000</b>

## Expected Developmental Impact

This operation is expected to strengthen health systems in the country, enhancing the diagnostic capacities of the medical institutions and increase confidence in laboratory analysis results. The developmental interventions which the country receives, including BADEA's assistance, should enhance its capacities in facing the spread of epidemics in the future.



## Republic of Madagascar

**Approval Date:** 12 June 2020

**Operation Cost:** \$5.5 million

### Operation Description

The operation aims at providing support to health facilities in Madagascar, strengthening their capacities in case detection and testing and assisting in their rehabilitation to receive suspected cases. It includes provision of ambulances to health centers, provision of medical materials and the necessary personal protection equipment, providing laboratories with medical equipment and supplies as well as selection of an auditing office to follow up implementation according to BADEA's rules and procedures.

## Operation Funding

Source of Funding	Amount in Dollars
Public sector loan allocations for 2020	5,000,000
Grant allocations for 2020	270,000
<b>Reallocation of unutilized balances of the following grants:</b>	
- Feasibility study for the Rice Shelling and Fodder Project	160,000
- Services of an Arab expert to support the Roads Authority	14,000
- Training of Public Debt Department staff	48,000
- Extension of services of an Arab expert to support the Roads Authority	8,000
<b>Grand Total</b>	<b>5,500,000</b>

## Expected Developmental Impact

This operation is expected to strengthen health systems in the country, enhancing the diagnostic capacities of the medical institutions and increase confidence in laboratory analysis results. The developmental interventions which the country receives, including BADEA's assistance, should enhance its capacities in facing the spread of epidemics in the future.



## Republic of Gambia

**Approval Date:** 12 June 2020

**Operation Cost:** \$0.643 million

### Operation Description

The operation aims at providing support to health facilities in Gambia, strengthening their capacities in case detection and testing and assisting in their rehabilitation to receive suspected cases. It includes equipping of laboratories, providing of epidemiological monitoring and prevention tools as well as selection of an auditing office to follow up implementation according to BADEA's rules and procedures.

## Operation Funding

Source of Funding	Amount in Dollars
<b>Reallocation of unutilized balance of the following project loan:</b>	
Expansion of Koto Electricity Generation Station	143,000
<b>Grant allocations for 2020</b>	<b>500,000</b>
<b>Grand Total</b>	<b>643,000</b>

## Expected Developmental Impact

This operation is expected to strengthen health systems in the country, enhancing the diagnostic capacities of medical institutions and increasing confidence in laboratory analysis results. The developmental interventions which the country receives, including BADEA's assistance, should enhance its capacities in facing the spread of epidemics in the future.



## United Republic of Tanzania

**Approval Date:** 12 June 2020

**Operation Cost:** \$1.730 million

### Operation Description

The operation aims at contributing to supporting health facilities in Tanzania, enhancing their capacities in case detection and testing, and assisting in their rehabilitation to receive suspected cases. It includes providing laboratories with medical supplies, provision of life-saving equipment and logistics, providing of epidemiological monitoring and prevention tools, support of risk awareness efforts and society involving as well as selection of an auditing office to follow up implementation according to BADEA's rules and procedures.

## Operation Funding

Source of Funding	Amount in Dollars
<b>Reallocation of unutilized balances of the following project loans:</b>	
- Water Supply and Sanitation in Singida District	38,076
- State University in Zanzibar	197,877
- Marango - Rangwa Road	14,644
- Songwe airport in Mbeya	521,361
<b>Reallocation of unutilized balances of the following grants</b>	
- Feasibility study for the New Msalato Airport Project in Dodoma City	122,502
- Feasibility study for the Rehabilitation and Expansion of Mnazi Mmoja Hospital Project in Zanzibar	99,485
- Services of an Arab expert on roads to support the Ministry of Transportation	250,000
- Services of an Arab expert to support the Ministry of Finance and Planning in Zanzibar	35,592
- Support to the Ministry of Water	450,000
<b>Grand Total</b>	<b>1,729,537</b>

## Expected Developmental Impact

This operation is expected to strengthen health systems in the country, enhancing the diagnostic capacities of the medical institutions and increase confidence in laboratory analysis results. The developmental interventions which the country receives, including BADEA's assistance, should enhance its capacities in facing the spread of epidemics in the future.



## Republic of Equatorial Guinea

**Approval Date:** 12 June 2020

**Operation Cost:** \$4 million

### Operation Description

The operation aims at supporting health facilities in Equatorial Guinea, strengthening their capacities in case detection and testing, and assisting in their rehabilitation to receive suspected cases. It includes enhancing the capacities of the public laboratory and la Paz hospitals (Malabo and Bata) through provision of medical equipment and some intensive care room supplies and other materials for the infected cases management. The operation also includes selection of an auditing office to follow up implementation according to BADEA's rules and procedures.



### Operation Funding

Source of Funding	Amount in Dollars
Public sector loan allocations for 2020	4,000,000
<b>Grand Total</b>	<b>4,000,000</b>

### Expected Developmental Impact

This operation is expected to strengthen health systems in the country, enhancing the diagnostic capacities of the medical institutions and increase confidence in laboratory analysis results. The developmental interventions which the country receives, including BADEA's assistance, should enhance its capacities in facing the spread of epidemics in the future.



### Republic of Liberia

**Approval Date:** 12 June 2020

**Operation Cost:** \$1.3 million

### Operation Description

The operation aims at providing support to health facilities in Liberia, strengthening their capacities in case detection and testing, and assisting in their rehabilitation to receive suspected cases. It includes monitoring the pandemic and controlling entry points, construction and equipping of laboratories, provision of life-saving equipment and enhancing the infection prevention systems. The operation also includes selection of an auditing office to follow up implementation according to BADEA's rules and procedures.

### Operation Funding

Source of Funding	Amount in Dollars
<b>Reallocation of unutilized balance of the following project loan</b>	
- Roberts International Airport	900,000
<b>Grant allocations of for 2020</b>	<b>400,000</b>
<b>Grand Total</b>	<b>1,300,000</b>

### Expected Developmental Impact

This operation is expected to strengthen health systems in the country, enhancing the diagnostic capacities of the medical institutions and increase confidence in laboratory analysis results. The developmental interventions which the country receives, including BADEA's assistance, should enhance its capacities in facing the spread of epidemics in the future.



## Republic of Senegal

**Approval Date:** 12 June 2020

**Operation Cost:** \$10.12 million

### Operation Description

The operation aims at supporting health facilities in Senegal, strengthening their capacities to discover, test and treat cases, in addition to assist in their rehabilitation to receive suspected cases. It includes taking care of the infected, enhancing pandemic monitoring capacity to reduce spreading, and provision of life-saving equipment and logistics. The operation also includes selection of an auditing office to follow up implementation according to BADEA's rules and procedures.

### Operation Funding

Source of Funding	Amount in Dollars
<b>Public sector loan allocations for 2020</b>	5,800,000
<b>Reallocation of unutilized balances of the following project loans:</b>	
- Potable Water Supply to River Sine-Saloum Delta	2,920,000
Sanitation to Soleil Area in Dakar	1,280,000
<b>Reallocation of unutilized balances of the following grants:</b>	
Feasibility study for the Rehabilitation and Expansion of Farmlands Project in Savoini Basin	91,000
Feasibility study for the Sanitation Project in Thies, Kaffrine and Sedhiou Cities	10,000
Technical assistance to support income-generation projects for rural women	19,000
<b>Grand Total</b>	<b>10,120,000</b>

### Expected developmental impact

This operation is expected to strengthen health systems in the country, enhancing the diagnostic capacities of the medical institutions and increase confidence in laboratory analysis results. The developmental interventions which the country receives, including BADEA's assistance, should enhance its capacities in facing the spread of epidemics in the future.



## **Republic of Equatorial Guinea**

**Approval Date:** 14 August 2020

**Operation Cost:** \$15.4 million

### **Operation Description**

The operation includes establishing of a work platform comprising stakeholders and actors in the private sector, launching an application for management of business and medium, small, and macro projects and launching another application for digital payment. It also includes establishing of a collective work platform to develop the ecosystem of major sectors (tourism, agriculture) through the advancement of information technology systems component. Through this operation, some of the local banks will be able to provide funding to a sizable number of institutions.

### **Operation Funding**

Source of Funding	Amount in Dollars
Public sector loan allocations for 2020	15,000,000
Grants allocations for 2020	400,000
<b>Grand Total</b>	<b>15,400,000</b>

### **Expected Developmental Impact**

Establishment of collective work platforms for actors in the private sector is expected to contribute towards creating fruitful and sustainable cooperation relations and an improved work environment. The designed applications are expected to facilitate the creative management of medium, small, and micro projects. Furthermore BADEA's loan will facilitate access of small and medium institutions to financing.



## **Democratic Republic of Congo**

**Approval Date:** 14 August 2020

**Operation Cost:** \$10.5 million

### **Operation Description**

The operation aims at providing support to health facilities in Democratic Congo, strengthening their capacities to discover and test cases and assisting in their rehabilitation to receive suspected cases. It includes rehabilitation of a number of laboratories, strengthening diagnostica capabilities of medical staff and providing some consumable materials which contribute to decreasing the spread of the pandemic.

## Operation Funding

Source of Funding	Amount in Dollars
Public sector loan allocations for 2020	10,000,000
Grant allocations for 2020	450,000
<b>Grand Total</b>	<b>10,450,000</b>

## Expected Developmental Impact

This operation is expected to strengthen health systems in the country, enhancing the diagnostic capacities of the medical institutions and medical staff as well as improving the abilities of some hospitals to perform urgent resuscitation operations. The developmental interventions which the country receives, including BADEA's assistance, should enhance its capacities in facing the spread of epidemics in the future.



## Republic of Chad

**Approval Date:** 14 August 2020

**Operation Cost:** \$7 million

### Operation Description

The quick response operation has two components, the first is the implementation of Phase II of the Local Development and Inclusive Finance Project in Tandjilé region which was prepared in coordination with the UNDP and the government of Chad. This project aims at enabling the population in the area to utilize the economic facilities. It includes construction of the regional center for professions (including training workshop, preparation of fields, building of fish tanks, building of transformation, treatment and agricultural products preservation units, processing workshops, communication center, shopping center, restaurant, accommodation, teaching unit and recycling center), in addition to strengthening capacities of beneficiary population and availing full funding for producers and professionals.

The second component includes a project to support women and girls in Lake Chad region to face the adverse economic impacts of Covid-19 by funding income - generation activities in 3 villages in Mamdi district, namely Matfu, Mrafikiri and Moon, in coordination with women associations in these villages.

### Operation Funding

Source of Funding	Amount in Dollars
Public sector loan allocations for 2020	6,500.000
Grant allocations for 2020	500.000
<b>Grand Total</b>	<b>7,000.000</b>

### Expected Developmental Impact

This operation is expected to help in capacity building of 500 production groups (around 1500 families) in high potential activities, providing fund for 500 groups with an average of \$5000 and increase percentage of access to water from 31% currently to 80% by 2030. The operation is also expected to support 1550 women and girls to face the economic damages caused by the pandemic.



## Republic of Botswana

**Approval Date:** 9 December 2020

**Operation Cost:** \$0.5 million

### Operation Description

The operation aims at providing support to equip health facilities and national laboratories in Botswana, strengthening their capacities to discover and test cases, and assisting in their rehabilitation to receive suspected cases.

### Operation Funding

Source of Funding	Amount in Dollars
Grant allocations for 2020	500,000
<b>Grand Total</b>	<b>500,000</b>

### Expected Developmental Impact

This operation is expected to strengthen health systems in the country including improvement of access to health services and supporting of disease and epidemic control. The developmental interventions which the country receives, including BADEA's assistance, should enhance its capacities in facing the spread of epidemics in the future.





## Republic of Namibia

**Approval Date:** 9 December 2020

**Operation Cost:** \$0.5 million

### Operation Description

The operation includes equipping and preparing health facilities and national laboratories in Namibia and raising their capacities to discover and test cases through providing special equipment and reagents for Covid-19 testing. It also includes strengthening the capacities of these facilities to receive suspected cases.

### Operation Funding

Source of Funding	Amount in Dollars
Grant allocations for 2020	500,000
<b>Grand Total</b>	<b>500,000</b>

### Expected Developmental Impact

This operation is expected to strengthen health systems in the country through raising the diagnostic capacities of the medical institutions. The developmental interventions which the country receives, including BADEA's assistance, should enhance its capacities in facing the spread of epidemics in the future.



## Republic of Angola

**Approval Date:** 9 December 2020

**Operation Cost:** \$0.5 million

### Operation Description

The quick response operation includes supporting of health facilities in Angola and strengthen their capacities to detect, test and treat cases through provision of some lifesaving equipment and raising their preparedness to receive suspected cases. It also includes provision of medical consumables for personal protection in order to decrease the outbreak of infection.

### Operation Funding

Source of Funding	Amount in Dollars
Grant allocations for 2020	500,000
<b>Grand Total</b>	<b>500,000</b>

### Expected Developmental Impact

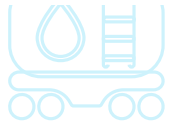
The expected developmental impact is supporting the health sector in Angola to face the pandemic by providing 123 equipment and devices, improving access to health services by training of around 1000 health staff, protecting the population from infection (10500 persons), and enhancing the country’s capacities to deal with epidemics in the future, especially in 12 border districts.











## 2/ Modular Public Sector Projects

### Electricity Transmission and Distribution in Eight Provinces

Investment in Infrastructure

Republic of Benin



**Approval Date:** 26 February 2020

**Loan Amount:** \$50 million

#### Project Objectives

To contribute towards the achievement of Goal (7) of the SDGs on clean energy in affordable prices, Goal (1) on poverty eradication and Goal (8) on decent work and economic growth. The project specifically aims at expanding electricity transmission and distribution networks to urban and semi-urban centers in 8 districts and providing them with electricity. This will support economic and social activities in the project area and help in their high quality implementation.

#### Project Description

The project includes supply and installation of high-tension lines to transmit electricity with 161KV capacity and 108Km length and 63KV capacity and 25Km length, in addition to 3 transformation stations with capacity of 161/61KV, 161/20KV and 63/20KV, distribution networks which include medium tension lines with capacity of 20 KV and 335Km length and low tension lines with capacity of 0.4KV and 220Km length as well as 240 transformers to distribute 0.4/20 KV and cables and electricity meters for around of 60 thousand subscribers.

#### Project Funding

Total cost of the project is \$120.14 million. BADEA's contribution is \$50 million (41.61%), the Saudi Fund for Development's contribution is \$50 million (41.61%), and the government's contribution is \$20.14 million (16.78%).

#### Expected Developmental Impact

The project is expected to increase electricity supply at the national level from 35.2% in 2017 to 75% in 2025 and decrease the shortages by 10% between 2019 and 2023. It will also lead to raising the efficiency and reliability of electricity supply in the project area through strengthening transmission and distribution systems. Number of subscribers is expected to increase by 60 thousand between 2019 and 2023 while the technical loss in electrical energy is expected to decrease from 23% in 2015 to 17% in 2023. It is also expected to provide electricity to the new airport, the social housing, and the administrative quarter in "Ouidah".



## Preparation of the Industrial Area “Fanji” Investment in Infrastructure

Republic of Guinea

**Approval Date:** 26 February 2020

**Loan Amount:** \$28 million

### Project Objectives

To contribute towards the achievement of Goal (9) of the SDGs regarding promote industrialization and innovation and build infrastructure as well as the achievement of the National Economic and Social Development Plan (2016 – 2020). The project specifically aims at attracting investments in laboratory industries sector, increasing the number of industrial establishments and encourage their competitiveness, creating new job opportunities and improving the population living conditions.

### Project Description

The project includes internal preparation works and construction of various networks in the industrial activity area in Fanji on a total area of about 30 hectares in order to construct 84 industrial establishments in the fields of food processing, iron industry, pharmaceutical industry and building materials as well as providing all services to fora suitable working environment to around 5000 job opportunities.

### Project Funding

Total cost of the project is \$31.5 million. BADEA's contribution is \$28 million (88.89%) and the government's contribution is \$3.5 million (11.11%)

### Expected Developmental Impact

By 2030, the project will help in increasing the contribution of laboratory industries to the GDP from 10% in 2018 to 20%, to employment from 8% in 2015 to 16% and to exports from 1.5% in 2018 to 12.5%. The project will also increase the contribution of food industries to the GDP from 3% in 2018 to 7% in 2030.





## Construction and Equipping of the University Hospital in “Abobo” Investment in Infrastructure

Republic of Côte d’Ivoire

**Approval Date:** 26 February 2020

**Loan Amount:** \$50 million

### Project Objectives

To contribute towards the achievement of Goal (3) of the SDGs concerned with good health and wellbeing. The project specifically aims at providing health services and improving treatment conditions in the capital city of Abidjan, contributing towards bridge shortages in infrastructure in the health sector and enhancing effectiveness of the medical staff

### Project Description

The project includes construction and equipping of an advanced medical facility in the largest municipality in the capital city Abidjan which includes two main specializations: kidney diseases and dialysis and infant and neonatal diseases. The hospital’s capacity is 600 beds and 50 dialysis machines. It includes various sections such as medical and surgical emergencies, general medicine, general surgery, gynaecology, paediatric, ENT, ophthalmology, childbirth and maternity, dentistry, and intensive care. The hospital building consists of three floors and numerous annexes containing pharmacy, laboratory, X-ray center and morgue.


The project also includes internal roads, parking lots, AC facilities, electricity, and supplying with cold and hot water and medical liquids.

### Project Funding

Total cost of the project is \$96.34 million. BADEA’s contribution is \$50 million (51.9%), the Saudi Fund for Development’s contribution is \$22.72 million (23.6%) and the government’s contribution is \$23.62 million (24.5%).


### Expected Developmental Impact

By the year 2030, the project will contribute to lowering mortality rates among children less than 5 years old by 50% and mother’s mortality rates during childbirth by 50% .



## Construction of Tkonko- Btemba - Matrojon Road (Btemba – Matrojon Sector) Investment in Infrastructure

Republic of Sierra Leone



**Approval Date:** 14 August 2020

**Loan Amount:** \$25 million




### Project Objectives

To contribute towards the achievement of Goal (8) of the SDGs on decent work and economic growth and Goal (1) on poverty eradication, through lowering transportation and moving costs in the project area to support trade exchanges, facilitate access to touristic sites to increase the number of tourists, increasing job opportunities and end isolation of production areas. The project also contributes to the construction of the integrated national and regional road network which links Sierra Leone and Liberia.



### Project Description



The project is located in an area administratively belongs to Bo and Bonthe regions in the South of the country. It includes construction of a 42.5 Km paved road, construction of rainwater drainage facilities and bridges, provision of safety equipment, in addition to miscellaneous works to support social development in the project area. The project also includes consultancy services, land acquisition, support to project implementation unit and organization of a workshop to launch its works.




### Project Funding

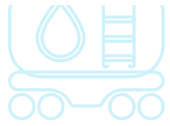
Total cost of the project is \$28.8 million. BADEA's contribution is \$25 million (86.8%), and the government's contribution is \$3.8 million (13.2%)



### Expected Developmental Impact



The project is expected to contribute towards lowering transportation costs by 42.8% by 2023 and movement time by 63% from 5.5 hours to 2 hours by 2026 in addition to increasing the number of vehicles on the road from 165 vehicles in 2019 to 526 vehicles in 2026.



## Construction and Equipping of Technical Sciences College and a Student Hostel at Dori University and a Student Hostel at Fada N'Gourma University

### Investment in Infrastructure

**Burkina Faso**

**Approval Date:** 14 August 2020

**Loan Amount:** \$20 million

#### Project Objectives

To contribute towards the achievement of Goal (4) of the SDGs concerned with education, supporting human capital and promoting social protection. The project aims specifically at developing the university center in Dori and increasing enrollment therein. It also aims at lowering rates of failure at the university center and at Fada N'Gourma university, upgrading the quality of curricula and the teachers' capacities and improving the student living conditions.

#### Project Description

The project includes construction of a technical sciences unit and social and service facilities for the benefit of around 1200 students at Dori University. It also includes construction of hostels each of about 1000 beds to accommodate students, infrastructure works for the site and the perimeter fence, administrative facilities and halls for student activities at Dori and Fada N'Gourma universities.

#### Project Funding

Total cost of the project is \$44.75 million. BADEA's contribution is \$20 million (44.7%), OFID's contribution is \$23 million (51.4%), and the government's contribution is \$1.75 million (3.9%)

#### Expected Developmental Impact

Increase in the enrollment rate in university education from 530 students for each 100 thousand of the population in 2017 to 829 students for each 100 thousand of the population in 2030 and increase in the number of registered students in professional fields which respond to needs of the national economy from 8% in 2017 to 30% in 2025. The project will directly impact the increase in the number of students at the polytechnic university center at Dori from 260 students in 2017 to 1200 students in 2025.

## The Integrated Agricultural Industrial Zones and Youth Employment

Agriculture Value-chains Development

Federal Democratic Republic of Ethiopia

**Approval Date:** 27 September 2020

**Loan Amount:** \$50 million

### Project Objectives

To generally contribute to the achievement of Goal (1) of the SDGs on poverty irradiation, Goal (2) on hunger abolition, and Goal (9) on industry, innovation and building infrastructure through encouraging sustainable agro-industry. The project aims specifically at increasing agricultural production by reducing dependence on rain irrigated agriculture in four agro-industrial regions in the country, developing these regions and providing them with adequate inputs, in addition to providing support for the youth and upgrading their skills to enable them utilize opportunities provided by developing these areas.

### Project Description

The project helps in enhancing of agricultural productivity by developing irrigation networks around the integrated agricultural industrial zones in 4 regions namely: Tigray, Amhara, Oromia and southern nations. It also supports agricultural entrepreneurship among the youth in the project areas by strengthen their capacities in the field of management of profitable commercial agricultural projects and making available funding program to support youth farmers and small and medium enterprises.

### Project Funding

Total cost of the project is \$114 million. BADEA's contribution is \$50 million (42.93%) of which \$49.55 million as a loan and \$0.45 million as a technical assistance grant. The African Development Bank's contribution is \$55.2 million through the African Development Fund (50.03%), and the government's contribution is \$8.8 million (7.04%).

### Expected Developmental Impact

The project is expected to reduce unemployment among the youth through attracting private investments to agricultural cities expected to reach \$1 billion by 2024. The number of direct beneficiaries from the project is expected to reach 30 thousand families, 2500 youth graduates and 20 thousand youth without college degrees. The number of indirect beneficiaries is expected to reach 200 thousand persons including all service providers along value chain. This will lead to decreasing the number of rural areas residents who live below the poverty line, increasing agricultural production, decreasing import of raw materials and developing industrial exports.

### 3/ Private Sector Operations



**Credit Loan for the Benefit of an African  
Airline Company**

**Private Sector**

**Approval Date:** 26 February 2020

**Loan Amount:** \$19 million

**Objectives of the Operation and the Developmental Impact**

To renovate and expand air carriers of the borrower company. BADEA's contribution to this operation will help in achieving of a number of developmental benefits such as promoting linkages via airports, facilitating movement of investors, businessmen, and economic actors and commodities, providing hard currencies, and offering logistical services, maintenance, and training to other airlines companies as well as providing job opportunities for citizens and upgrading their skills in the aviation industry and increasing revenues of the public treasury either through taxes and fees or profit distribution.

**Credit Loan to a Financial Institution**

**Republic of Senegal - Private Sector**

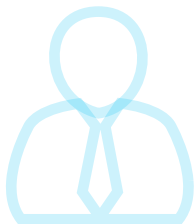
**Approval Date:** 26 February 2020

**Loan Amount:** 13.5 million Euros

**Objectives of the Operation and the Developmental Impact**

Strengthening the capability of the borrower bank in the field of projects and private sector operations financing in the Republic of Senegal through reloaning the credit loan resources to its clients. Since its inception, the concerned bank is used to enhance its mission of contributing to the country's economic development through the promotion of new projects and development of local companies by the provision of miscellaneous renewable products and services geared specifically towards medium and small institutions.





**Credit Loan to a Regional Development  
Financing Institution**  
**Regional - Private Sector**



**Approval Date:** 27 August 2020

**Loan Amount:** \$50 million

**Objectives of the Operation and the Developmental Impact**

Support the sustainability of private sector institutions works and qualified financial institutions within the framework of a Covid-19 reinforced response. The concerned borrower institution will continue to support important sectors in the economies of member States to ensure the flow of goods and services inside and outside their borders and providing liquidity to client companies, especially those which concentrate on strategic sectors such as medicines, health care and agribusiness.



**Credit Loan to a Financial Institution**  
**Republic of Rwanda - Private Sector**



**Approval Date:** 26 October 2020

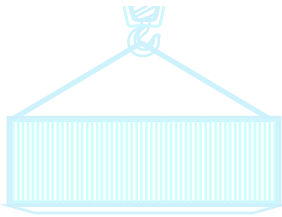
**Loan Amount:** \$10 million

**Objectives of the Operation and the Developmental Impact**

Support of the private sector institutions in the Republic of Rwanda within the framework of BADEA's Private Sector Financing Program, through funding projects in the major economic sectors.

It is expected that these projects will have a tangible developmental impact on stimulating economic activity and providing sustainable job opportunities, especially in the sectors of infrastructure, agriculture and industrialization, in addition to supporting enterprises affected by the Corona Pandemic (Covid-19).





## 4/ Trade Finance Operations

### 4.1 Arab Exports

#### Promote and Deduct Documentary Credits for the Benefit of a Financial Institution

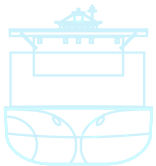
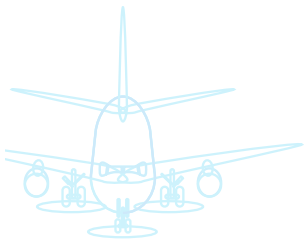
##### Federal Democratic Republic of Ethiopia – Arab Exports

**Approval Date:** 27 August 2020

**Loan Amount:** \$75 million

#### Objectives of the Operation and the Developmental Impact

Promote and deduct joint documentary credits in favor of a financial institution in cooperation with a regional development finance institution, with the aim of importing strategic goods of Arab origin to Ethiopia. The credit line aims at boost Arab exports to non-Arab African countries, assist in providing strategic goods and diversify BADEA's financing operations and products, thus contributing to enhancing economic growth opportunities, increasing national income, achieving food security and developing the health sector.



#### Promote and Deduct of Documentary Credits for the Benefit of a Financial Institution

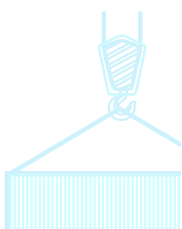
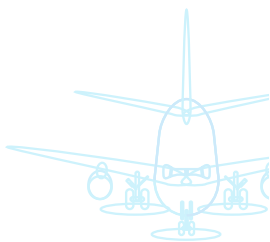
##### Federal Democratic Republic of Ethiopia – Arab Exports

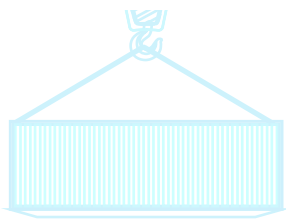
**Approval Date:** 27 August 2020

**Loan Amount:** \$75 million

#### Objectives of the Operation and the Developmental Impact

Promoting and deducting joint documentary credits in favor of a financial institution in cooperation with a regional developmental finance institution, with the aim of importing strategic goods from Arab countries to Ethiopia. The credit line aims at boost Arab exports to non-Arab African countries and strengthening cooperation relations with development finance institutions active in the field of trade finance and with African commercial banks, which will give them more chances for success. It also contributes to enhancing economic growth, achieving food security, providing necessary commodities and supporting the health sector.





## Credit Line to a Regional Development Finance Institution in West Africa Region

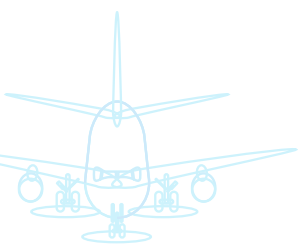
### Regional – Arab Exports

**Approval Date:** 26 October 2020

**Loan Amount:** \$50 million

#### Objectives of the Operation and the Developmental Impact

Contributing to supporting Arab exports destined to West Africa, by granting a credit line to a regional bank active in the region. The credit line aims at achieve food security for West Africa countries and reduce the import bill by obtaining seeds and fertilizers for the agricultural sector from Arab countries on the one hand, and financing exports of commodities such as cotton and agricultural products on the other hand. The credit resources also contribute to simulating economic growth, providing manpower and increasing the income of the population.



#### 4.2 African Trade

## Joint Credit Line to a Country in West Africa Region in Cooperation with an International Trade Financing Institution

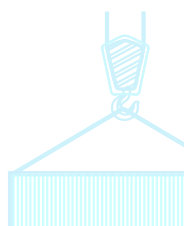
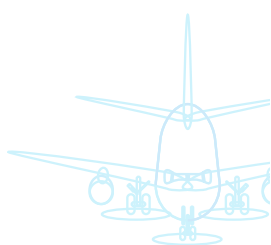
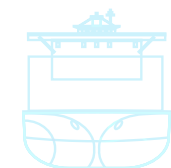
### African Trade

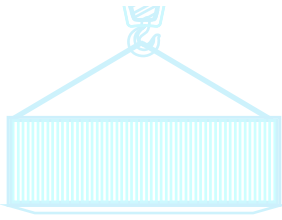
**Approval Date:** 26 February 2020

**Loan Amount:** 10 million Euros

#### Objectives of the Operation and the Developmental Impact

Promoting the cotton sector in the beneficiary country by enabling the executing agency to obtain the crop and export it abroad. The credit line contributes to the development of the business of enterprises active in this sector and in other sectors related to the value chain of the cotton crop. It also contributes to enhancing the productive base, stabilizing the population and curbing rural migration. It is expected that the operation will have a positive impact on the growth of national income and the increase of the State's foreign exchange revenues, thus enhancing the balance of trade and the balance of payments.





**Joint Credit Line to a Country in West Africa Region  
in Cooperation with an International  
Trade Financing Institution**

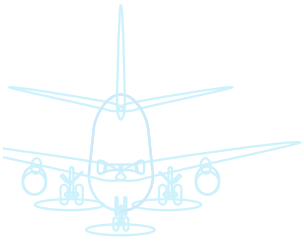
**African Trade**

**Approval Date:** 9 December 2020

**Loan Amount:** 35 million Euros

**Objectives of the Operation and the Developmental Impact**

Promoting the cotton sector in the beneficiary country by enabling the executing agency to obtain the crop and export it abroad. The credit line contributes to the development of the business of enterprises active in this sector and in other sectors related to the value chain of the cotton crop. It also contributes to enhancing the productive base, stabilizing the population and curbing rural migration. It is expected that the operation will have a positive impact on the growth of national income and the increase of the State's foreign exchange revenues, thus enhancing the balance of trade and the balance of payments.



**Credit Line to a Development Finance  
Institution in West Africa Region**

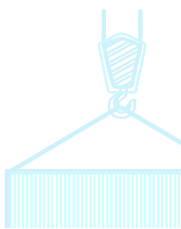
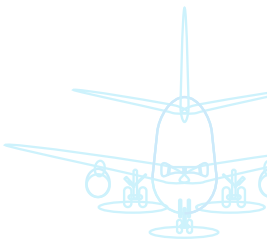
**Regional – African Trade**

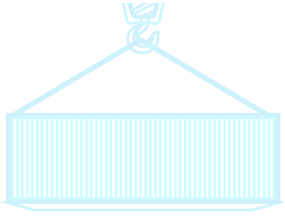
**Approval Date:** 9 December 2020

**Loan Amount:** \$50 million

**Objectives of the Operation and the Developmental Impact**

Provision of the necessary financial resources to the borrower bank to fund operations related to agriculture (agricultural production, importing of inputs, and agricultural campaigns to all agricultural speculations) and energy, and continuing to support its clients from companies, private sector institutions and local banks, especially those established in the countries of the Economic and Monetary Union of West Africa. The credit line also provides the necessary support for national exports of the eight member states of the concerned bank and helps in preserving existing jobs and creating new job opportunities, which contribute to stimulating economic growth.





## A Structured and Revolving Credit Line to the Central Bank of a Country in South Africa Region

African Trade

**Approval Date:** 9 December 2020

**Loan Amount:** \$30 million

### Objectives of the Operation and the Developmental Impact

Enhancing intra-African trade and supporting and developing African trade destined to various parts of the world. The borrower bank re-lends the credit line resources to its customers through its various affiliated banks in order to produce and export goods and products of African origin, which will stimulate the productive sectors in the Sub-Saharan African countries.



## Credit Line to an African Financial Group

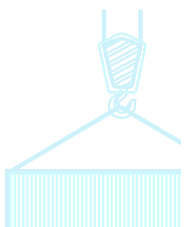
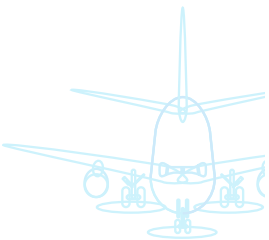
Regional – African Trade

**Approval Date:** 9 December 2020

**Loan Amount:** \$40 million

### Objectives of the Operation and the Developmental Impact

Enhancing intra-African trade and supporting and developing African trade destined to various parts of the world. The borrower group re-lends the credit line resources to its customers through its various affiliated banks in order to produce and export goods and products of African origin, which will stimulate the productive sectors in the Sub-Saharan African countries.







## 5/ Technical Assistance Operations

### 5.1 Modular Technical Assistance Operations

#### **An Arab Expert to Support the Ministry of Economy, Finance and planning**

##### Republic of Equatorial Guinea

**Approval Date:** 26 February 2020

**Grant Amount:** \$320 thousand

#### **Operation Objectives**

Supporting the Ministry of Economy, Finance and Planning in Equatorial Guinea by providing the services of an Arab expert for two years. The expert will help in enhancing the capabilities of the staff of the General Administration of the International Economic and Financial Organizations in the Ministry in the field of managing development projects and enabling them to acquire expertise, mobilizing resources from the Arab Coordination Group and attracting foreign investments to bridge the financing gap of the National Plan; in addition to contributing to the revitalization of cooperation with BADEA and with the institutions of the Arab Coordination Group.

#### **The Expected Developmental Impact**

Transferring experiences in the fields of project follow-up and implementation and mobilizing external resources to the staff of the General Administration of the International Economic and Financial Organizations in the Ministry thus contributing to attract foreign investments and bridge the gap in financing of government projects.

## **Institutional Support for Teaching Arabic language**

### Republic of Chad

**Approval Date:** 26 February 2020

**Grant Amount:** \$180 thousand

#### **Operation Objectives**

Supporting the efforts of the government of Chad in the field of advancing the teaching of the Arabic language and spreading language dual culture by developing the capabilities of scientific and technical cadres in Arabic language, improving the capabilities of teachers and learners and developing methods of teaching by using modern pedagogical means.

#### **The Expected Developmental Impact**

The assistance is expected to contribute to learning Arabic language to 50 cadres of administrative leaders and 120 students in four French – speaking schools (Francophone), and to train 60 teachers and 100 employees from different state offices in Arabic language.



## **Training Session in the Field of Managing Expired Pesticides**

### Regional

**Approval Date:** 26 February 2020

**Grant Amount:** \$160 thousand

#### **Operation Objectives**

Supporting the capabilities of the cadres tasked with the managing of expired pesticides in the French –speaking African countries, in order to reduce its negative effects on the health of the population and the environment.

#### **The Expected Developmental Impact**

The assistance is expected to help in training and developing the capabilities of 20 agricultural employees specialized in disposal of expired pesticides and to contribute to the environmental risk reduction, through disposing tons of expired pesticides.

## Institutional Support to Foster Youth Entrepreneurship

### Republic of Sierra Leone

**Approval Date:** 26 February 2020

**Grant Amount:** \$200 thousand

#### Operation Objectives

Supporting the Youth Entrepreneurship Program in the Republic of Sierra Leone, so as to strengthen the state's efforts aimed at curbing the spread of unemployment and poverty, and creating job opportunities for young people, which contributes to slowing down illegal mass migration.

#### The Expected Developmental Impact

The assistance is expected to train 500 cadres (50% of whom are women) of youth qualified for entrepreneurship and owners of medium and small start-ups enterprises.



## An Investment Plan in the Cotton Value-chains (FAO)

### Republic of Mali

**Approval Date:** 26 February 2020

**Grant Amount:** \$300 thousand

#### Operation Objectives

Preparing a plan to develop cotton value chains through attracting investments to the sector, increasing production and value added locally and enhancing the competitiveness, which will help in creating additional job opportunities, improving the families and the farmers' income and reducing poverty.

#### The Expected Developmental Impact

Preparation of a plan to develop cotton value chains in the Republic of Mali based on realistic data and mobilization of necessary resources for its implementation.

## Support to the Ministry of Finance, Economic Planning and Development

### Republic of Malawi

**Approval Date:** 26 February 2020

**Grant Amount:** \$180 thousand

#### Operation Objectives

Supporting the capacities of the cadres in the Debt and Aid Department in the Ministry in several areas, the most important of which are managing, monitoring, and evaluating projects, mobilizing financial resources, managing records and information, in addition to providing modern technological means in order to support the administration capabilities.

#### The Expected Developmental Impact

Provision of equipment for the Dept and Aid Department which include an internet server, 8 desktop computers, 10 laptops and 5 printers as well as training of 15 cadres of the Department.



## A Pilot Project to Empower Women

### Republic of Guinea

**Approval Date:** 26 February 2020

**Grant Amount:** \$500 thousand

#### Operation Objectives

Supporting women's income-generating activities to improve their living conditions and helping in structuring women's associations that are active in the field of agricultural products transformation. This will be through construction and equipping of facilities for transforming some agricultural products such as rice, millet, vegetables, and fruits, and training rural women in processing and packing techniques of agricultural products and entrepreneurship.



### **The Expected Developmental Impact**

Provision of equipment that include 40 grain mills, 40 peeling machines and 20 evaporation ovens and training of 2100 women in the fields of transforming and storing agricultural products, entrepreneurship, managing small scale projects and marketing, in addition to the project management which includes expenses for monitoring its implementation and evaluation.



### **A Pilot Project to Enhance Food Security in Salt-affected Areas**

Republic of Togo

**Approval Date:** 26 February 2020

**Grant Amount:** \$500 thousand

#### **Operation Objectives**

Reducing poverty and supporting food security for small farmers, especially women, in the salt-affected areas to enable them to improve their living conditions. This will be through introducing salt-tolerant crops, using the best practices in agricultural management, developing value chains and building capacities of farmers in the field of agricultural extension services.

#### **The Expected Developmental Impact**

Contribute to limiting the expansion of lands threatened by high salinity and increasing crop productively, thus enhancing food security.



### **Microfinance to Empower People with Special Needs**

Republic of Gambia

**Approval Date:** 26 February 2020

**Grant Amount:** \$500 thousand

#### **Operation Objectives**

Supporting the abilities of the people with special needs, developing their skills and refining their talents through training them in order to integrate them into the economic cycle and enabling them to practice income-generating activities and to access to appropriate funding sources for their business.

#### **The Expected Developmental Impact**

Training of about 245 persons with special needs in the field of entrepreneurship in order to develop their skills and innovative ideas, and establishing micro institutions equipped with sewing equipment, mills and refrigerators and contributing to its operating capital.



### **Exchange of Knowledge and Experiences between Senegal and 10 African Countries**

Regional

**Approval Date:** August 2020

**Grant Amount:** \$500 thousand

#### **Operation Objectives**

Strengthening the existing partnership between BADEA, the IDB, and the ITFC to support the efforts of the sub-Saharan African countries to face the risks of spread of the Covid-19 Pandemic, by help in developing their capabilities in the field of preventing from infection outbreak and enabling them to have the means of monitoring and communication against the dangers of this epidemic.

## The Expected Developmental Impact

Strengthening the preparedness of African countries to reduce the effects of the pandemic through the exchange of knowledge and experiences between them, and the creation of a coordination and cooperation network between medical laboratories for the diagnosis of infectious diseases in Africa, as well as enhancing the technical capabilities of about 200 technicians, providing a platform for e-learning and exchange of expertise.



## The Integrated Agricultural Industrial Zones Project and Youth Employment

### Federal Democratic Republic of Ethiopia

**Approval Date:** 27 September 2020

**Grant Amount:** \$450 thousand

### Operation Objectives

Financing the total costs of the project launch workshop, the mid-term evaluation and the project completion report as well as supporting the project implementation unit. This is in continuation of the project of Construction of Integrated Agricultural Industrial Zones within the Second National Growth and Transformation Plan (2015 - 2019) in Ethiopia, which among its pillars is to increase the production capacity and efficiency of the productive sectors by improving quality and competitiveness, especially in the agricultural sector which is considered a vital sector and an important source of foreign currencies.

### The Expected Developmental Impact

Improving production and productivity in areas adjacent to industrial zones by 15%, raising the contribution of agricultural industrialization to the GDP to 7%, attracting private investments to agricultural cities to reach one billion dollars by 2024, reducing the poverty rate in rural areas

to 16% and the unemployment rates to 12% by 2024 in addition to supporting about 30 thousand families (40% of whom are women) and 2500 young graduates, and benefiting about 200 thousand people indirectly from the project.



## Feasibility study for Sustainable Agriculture Project in Senegal River Basin

### Regional

**Approval Date:** 27 September 2020

**Grant Amount:** \$300 thousand

### Operation Objectives

Preparing the technical and economic feasibility study, preliminary designs, cost estimates and environmental examination for the Sustainable Sgriculture Support Project in the Senegal River Basin as part of a regional program to improve irrigated crops in the Senegal River Basin by 2025.

### The Expected Developmental Impact

Introduction of modern irrigation techniques, developing aquaculture practices, diversifying crops by introducing high-value crops, increasing rice production and productivity, achieving self-sufficiency in food stuffs and increasing farmers' income.



## Support Phase 4 of the Arab Development Portal

### Regional

**Approval Date:** 9 December 2020

**Grant Amount:** \$160 thousand

### Operation Objectives

This assistance comes within the framework of BADEA's previous contributions to the establishment of the Arab Development Portal



created by the Arab coordination Group in 2006. The aid will cover the fees of the consultant who has been assigned to complete the transfer of the Portal to the Arab Monetary Fund.

### **The Expected Developmental Impact**

It is expected that the assistance will contribute to provision of a dynamic and effective search engine, conducting researchs in indicators through the use of the drop-down list of indicators, and availing the feature to print keywords in English in the Arabic user interface to obtain a list of indicators in Arabic and vice versa.



## **Economic Empowerment of Rural Women**

### **Republic of Cote d'Ivoire**

**Approval Date:** 9 December 2020

**Grant Amount:** \$400 thousand

### **Operation Objectives**

The economic empowerment of a group of rural women in the municipality of "Alipai" which is located 45 kilometers northeast of the capital "Abidjan" and the "Gbeke" region in central Cote d'Ivoire through the implementation of a hairdressing and tailoring operation in the municipality of "Alipai" and an operation in the field of transformation and marketing of agricultural products in "Bouake", "Sacasso" and "Diabo" in the "Gbeke" region.

### **The Expected Developmental Impact**

Improving women's awareness of their rights, creating income-generating activities, training in marketing of products and services, ensuring access to local markets and training of about 70 women in hairdressing and sewing and 100 women in transformation and marketing of agricultural products.



## **An Expert to Assist Angola in Improving the Performance of its Portfolio of Projects**

### **Republic of Angola**

**Approval Date:** January 2020

**Grant Amount:** \$15 thousand

### **Operation Objectives**

Improving the performance of the portfolio of projects of Angola financed by BADEA via speeding up the Angolan authorities' signature on the two loan agreements that were approved in 2017 and the implementation of the projects, and their signature on the Memory Aid of BADEA's mission that was sent to Angola in 2019 to assess an agricultural project, in addition to introducing BADEA, its new Strategy 2030 and its Eighth Five- year Plan to the authorities, the private sector and the commercial banks in the country.

### **The Expected Developmental Impact**

Promoting cooperation opportunities between BADEA and Angola and accelerating the implementation of projects and technical assistance operations funded by BADEA.



## **A Public Plan for Water Supply and Sanitation Services**

### **Republic of Guinea**

**Approval Date:** December 2020

**Grant Amount:** \$18 thousand

### **Operation Objectives**

Contribute to achieving goal No. (6) of the SDGs on providing clean water in the Republics of Guinea and Tunisia in general, and financing the advisory services to prepare a public plan for the provision of water supply and sanitation services in Guinea in particular.

### **The Expected Developmental Impact**

Contribute to providing clean water and sanitation services in Guinea.



## **5.2 Grants within the Urgent Response Program for Covid-19 Pandemic**

**Approval Dates :** June, August, and December 2020

**Total Amount of Grants:** \$5.7 million

### **Operations' Objectives**

Engage with international efforts to respond urgently to confront the Covid-19 pandemic and mitigate the damages resulting from it by improving the capabilities of the health sector in 12 African recipient countries to combat this epidemic.

The objectives of the assistance provided – in general – are to equip and rehabilitate health facilities to contain and treat suspected cases, and the provision of monitoring and prevention tools and systems to limit the spread of infection. In the table below a detail of these operations.

Country	Amount (\$ Thousand)	Approval Date
Mali	250	June 2020
Burkina Faso	400	
Zimbabwe	500	
Madagascar	270	
Gambia	500	
Liberia	400	
Democratic Republic of Congo	450	August 2020
Equatorial Guinea	400	
Chad	500	
Botswana	500	December 2020
Namibia	500	
Angola	500	

## **6/ Exceptional Grant to the Republic of Sudan**

Within the framework of BADEA's social responsibility, the esteemed Board of Governors approved in December 2020 an exceptional grant to the Republic of Sudan amounting to \$10 million to contribute to mitigating the economic and social adverse impacts resulting from the outbreak of the Covid-19 pandemic and reducing the severe damage resulting from the unprecedented flood in the fall of 2020.



Vision	The Message	Objectives
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<p>To be the lead platform for Arab-Africa economic cooperation for development</p>	<p>To promote Arab-Africa's economic cooperation through financial assistance, investment, and technical support</p>	<ul style="list-style-type: none"> <li>◆ To identify, develop, and promote strategic economic cooperation opportunities between Arab and African countries.</li> <li>◆ To contribute innovatively to the sustainable development and structural transformation of African countries in the context of the SDGs and Africa 2063</li> </ul>
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## 7/ Implementation of BADEA's 2030 Strategy

### A/ Introduction

Through its 2030-decade Strategy, BADEA seeks to respond proactively to a changing world in which many African and Arab economics are undergoing major transformations through which countries seek to meet the needs of generations of their ambitious youth. The 2030 Strategy is considered as a framework for BADEA to help it play its role as a platform to support Arab-African partnerships and to seize the opportunities available to serve Arab-African cooperation in light of the transformation of the two regions into an emerging market for more than one billion people. The Strategy seeks to continue supporting the economic and social development efforts of African countries on the one hand and achieving the common Arab African interest on the other hand.

In pursuit of BADEA to achieve its strategic objectives, implement its Eighth Five-Year Plan effeciently and ensure its financial sustainability, the governance framework was promoted with the establishment of the Risk Committee and the Benefits and Rewards Committee emanating from the Board of Directors and the adoption of the Risk Framework. The approved organizational structure in 2017 was also updated. The modernization included, in particular, the establishment of the Operations Department – Private Sector and Trade Finance, the Operations Department - Public Sector, and incorporating the Development and Strategy, the Integrity and Compliance and the Ex post Evaluation into the office of the Director General. The Information and Communication Technology Division came under the direct supervision of the Director General. Note also that the names of the divisions of the Investment Department have been changed and the Cairo Office was administratively included in the Human and Administrative Resources Department. Equally, two rooms for the cockpit and the management of projects emanating from the cockpit were constructed and furnished.

The number of jobs in the functional structure has also been raised from 204 to 237 of which 62% are leadership and professional positions. Within the framework of BADEA's endeavors to create qualified human cadres that would enable it to achieve its goals, it began in 2016 implementing the Young Professional Program (YPP) through which professionals are trained in BADEA's departments for 2 to 3 years and subjected to training courses in institutions operating in the same field. In the same context, BADEA continues to train and develop the skills of its human cadres where it depends on a study to access training needs carried out by an international consultancy office.

### B/ Consistency of 2020 Financing with the Strategy Pillars

The Eighth Five-year Plan specified the funding ratios for the focusing Strategy pillars, taking into account the flexibility in the distribution between these ratios during the Plan implementation period.

In 2020 allocations amounted to \$970 million and approvals amounted to around \$780 million. The table below shows the programmed funding ratios and what has been achieved during the year.

Focusing Pillar	Minimum Limits	Maximum Limits	The Target	Funding Amounts	The Ratio
Investment in Infrastructure	35%	45%	40%	241.798	31%
Agriculture value-chains.Development	15%	25%	20%	251.26	32%
Trade and Private Sector Development.	30%	40%	35%	210.58	27%
Entrepreneurship and Small and Medium-sized Enterprises Development.	4%	6%	5%	76.78	10%

## C/ Performance Score Card for 2020

		2020		2024		2025	
		3	4	6	7	9	10
<b>Trade Finance and Private Sector Development</b>							
New job opportunities	4,200	225,000	274,500				
Arab-African Trade Exchange (million dollars)	337	2,250	3,240				
<b>Small and medium Enterprises and Entrepreneurs hip</b>							
Number of beneficiaries of microfinance	35	175	360				
<b>Capacity Development</b>							
	2020	2024	2030				
The number of beneficiaries of training programs	5620	29700	46890	5	8	10	17
<b>Infrastructure</b>							
	2020	2024	2030				
Number of beneficiaries of infrastructure Services (Million People)	3,602	64	102	3	4	6	7
Population with access to basic social services (one thousand people)	464	990	1587				
<b>Agricultural Value Chains</b>							
	2020	2024	2030	1	2	9	13
Farmers benefiting from the infrastructure (one thousand people)	75	477	757				
Households provided with agricultural inputs and extension services (one thousand people)	1.6	95	125				
Farmers benefiting from funding (one thousand people)	1.6	19.1	30.3				

### Beneficiaries Results

		2020		2024		2025	
<b>Human Capital management</b>							
	2020	2024	2030				
The percentage of employee satisfaction	%70	%90	%92				
The ratio of experts to the total number of employees (%)	%67	%90	%90				
<b>Efficiency of institutional procedures</b>							
	2020	2024	2030				
Percentage of electronic / paper procedures	%65	%70	%100				
The average time for the project cycle (months)	68	60	45				
Percentage of initiatives and action plans	-	%88	%92				
<b>Operational Performance</b>							
	2020	2024	2030				
Operations Approval (Public and Private Sectors) m.d.	405.371	3350	8865				
Withdrawals from operations (Public and Private Sectors) m.d.	160	1428	1628				
Redemption / Withdrawal Ratio	%55	%55	%65				
Co-Financing	1:4	1:5	1:6				
Country Strategy notes	-	44	44				
New Products and Services	5	20	32				
Percentage of project completion reports	-	50%	100%				
Percentage of expost evaluation reports	-	%5	%10				
<b>Institutional Strategic Positioning</b>							
	2020	2024	2030				
The percentage of satisfaction of the beneficiaries (%)	%70	%80	%90				
Number of partnerships	25	35	46				
<b>Financial Sustainability</b>							
	2020	2024	2030				
Asset Structure (investments / loans)	1.7	0.8	0.5				
Asset growth rate	%0.7	%13.4	%14				
Return on investment in portfolios (%)	%1.2-	%3.6	%3.8				
Return on equity (%)	%0.8-	%2.5	%2.5				

### Performance Indicators

# Chapter Three



## The Financial Resources





## Chapter Three

### The Financial Resources

#### Financial Position as of December 31, 2020

The total net assets of BADEA at the end of 2020 amounted to \$5,376.251 million compared to \$5,133.301 million at the end of 2019. The increase of \$242.950 million includes the net income for the year 2020 which amounted to \$275.135 million minus an amount of \$32.185 million representing the grant allocated according to the Resolution No. (2) of the Board of Governors for the year 2020 (taken by correspondence).

#### Capital

On December, 31<sup>st</sup> 2020, the balance of the capital amounted to \$4,200.000 million compared to \$3,999.271 million on December, 31<sup>st</sup> 2019, with an increase of \$200.729 million representing the capitalization of the unsettled part of the contribution of some member countries in capital increase by March, 31<sup>st</sup> 2020, by deduction from the reserve according to the Resolution No. (5) of the Board of Governors for the year 2019 which allows countries which have not settled their contribution in the capital increase to do so until the end of March 2020.

#### General Reserve

The balance of general reserve by the end of 2020 stood at \$901.116 million compared to \$812.178 million by the end of 2019, with an increase of \$88.938 million representing the net income for the year 2019 which amounted to \$321.852 million minus an amount of \$32.185 million representing the grant allocated according to the Resolution No. (2) of the Board of Governors for the year 2020 (taken by correspondence) and an amount of \$200.729 million which was transferred from the reserve to the capital to capitalize the unsettled part of the contribution of some countries in capital increase by March, 31<sup>st</sup> 2020, according to the Resolution No. (5) of the Board of Governors for the year 2019.

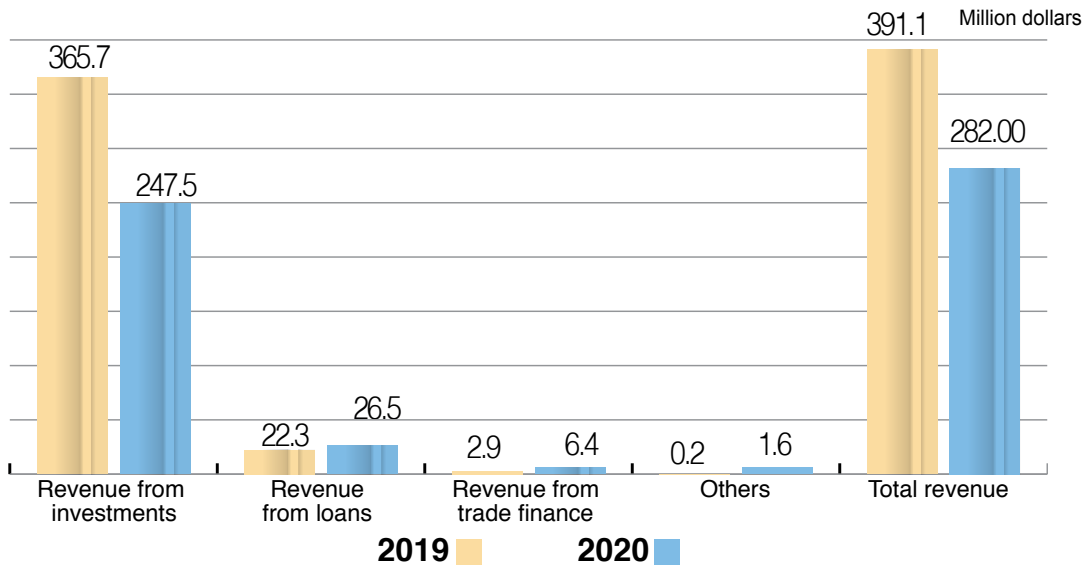
#### Loans' Provision and Trade Finance

The balance of loans' provision and trade finance at the end of December 2020 amounted to \$26.993 million compared to \$46,372 million at the end of December 2019 with a decrease of \$19.379 million.

#### Total Revenue

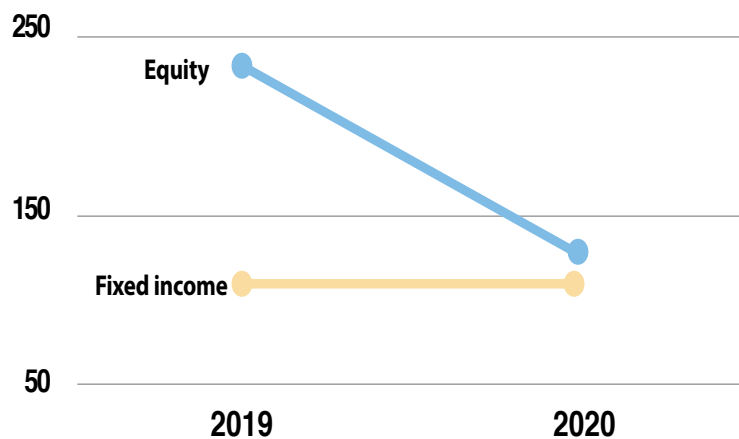
BADEA's total revenue for the year 2020 amounted to \$282.030 million compared to \$391.098 million in 2019, with a decrease of \$109.068 million. It's worth noting that BADEA's liquid resources are invested in short term bank deposits, fixed income portfolios, equity portfolios and the global trade finance portfolio in accordance with a conservative investment policy, guidelines, and specific rules which take into consideration the liquidity requirements and the diversification of investment instruments with the preservation of capital and achievement of highest possible returns. The most positive results of this policy are to maintain BADEA's assets and to achieve a revenue in the aggregate that exceeds what BADEA can realize if the investments were exclusively limited to either short term deposits or fixed income portfolios or equity portfolios, as a decline of revenue resulting from one of the investment instruments could be offset by increased revenue in other investment instruments.

**Chart No. (1)**  
**Details of Revenue Performance by the End of 2020 and 2019**



It is noted from the chart that the investment revenue during the year 2020 decreased by \$118.4 million compared to 2019 while revenue from loans and trade finance increased both respectively by \$4.2 million and \$3.5 million. The objective reasons for the decrease of investment income during 2020 can be illustrated through the analysis of its components. The decrease is mainly due to the decrease of revenue from fixed income portfolios by \$6.9 million, the decrease of revenue from equity portfolios by \$107.6 million and the decrease of revenue from time deposits and call accounts by \$7.4 million. The decrease of revenue from investment portfolios is due to a lower performance of equity and fixed income during the year 2020 as shown in the chart No. 2.

**Chart No. (2)**

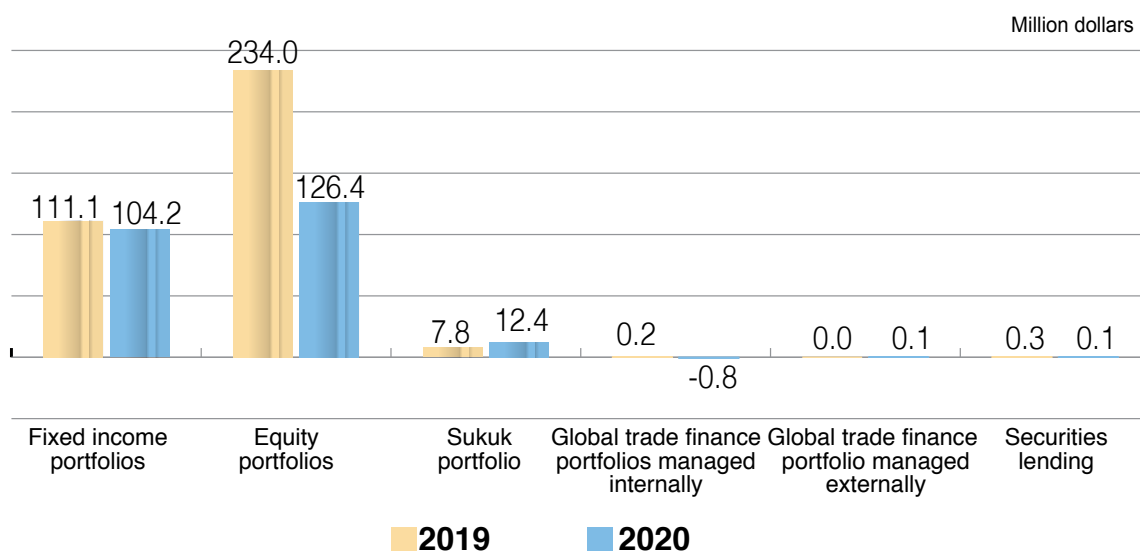


The decrease of revenue from investment portfolios is mainly due to a lower performance of the international equity and bonds markets during 2020 compared to 2019, knowing that an amount of \$237 million was withdrawn from the portfolios of equity and global trade finance which are externally managed.

**Table No. (1)**  
**Components of Revenue from Investment Portfolios**  
**by the End of 2020 Compared to 2019**

Investment Portfolios' Revenue	2020	2019	Difference
	(\$ Million)	(\$ Million)	(\$ Million)
<b><u>Fixed Income</u></b>			
Interest on bonds	32.7	33.2	(0.5)
Interest on time deposits and call accounts	0.3	0.3	-
Net trading income	80.5	36.2	44.3
Unrealized (losses)/gains	(23.6)	40.7	(64.3)
Currency differences and derivatives valuation	19.2	5.2	14
Portfolio management and custody fees	(4.8)	(4.4)	(0.4)
<b>Total</b>	<b>104.2</b>	111.1	(6.9)
<b><u>Equities</u></b>			
Dividends	13.3	18.4	(5.1)
Interest on time deposits and call accounts	0.3	0.4	(0.1)
Net trading income	68.2	90.2	(22.0)
Unrealized gains	43.8	113.0	(69.1)
Currency differences and derivatives valuation	2.7	13.9	(11.2)
Portfolio management and custody fees	(2.0)	(1.9)	(0.1)
<b>Total</b>	<b>126.3</b>	234.0	(107.6)
<b><u>Global Trade Finance</u></b>			
Income from global trade finance	(0.6)	0.2	(0.8)
Management and custody fees	(0.2)	-	(0.2)
<b>Total</b>	<b>(0.8)</b>	0.2	(1.0)
<b><u>Sukuk</u></b>			
Sukuk profit margin	10.9	10.9	-
Currency differences and derivatives valuation	1.6	(3.1)	4.6
<b>Total</b>	<b>12.4</b>	7.8	4.6
<b><u>Securities lending</u></b>	<b>0.1</b>	0.3	(0.2)
<b>Grand Total</b>	<b>242.4</b>	<b>353.4</b>	<b>(111.0)</b>

**Chart No. (3)**  
**Components of Revenue from Investment Portfolios**  
**by the End of 2020 Compared to 2019**



### Expenses

Total expenses during 2020 amounted to \$26.3 million compared to \$27.6 million during 2019. Total expenses included \$19.7 million as administrative expenditure and \$6.6 million as technical assistance grants compared to \$19.8 million and \$7.8 million respectively during 2019.

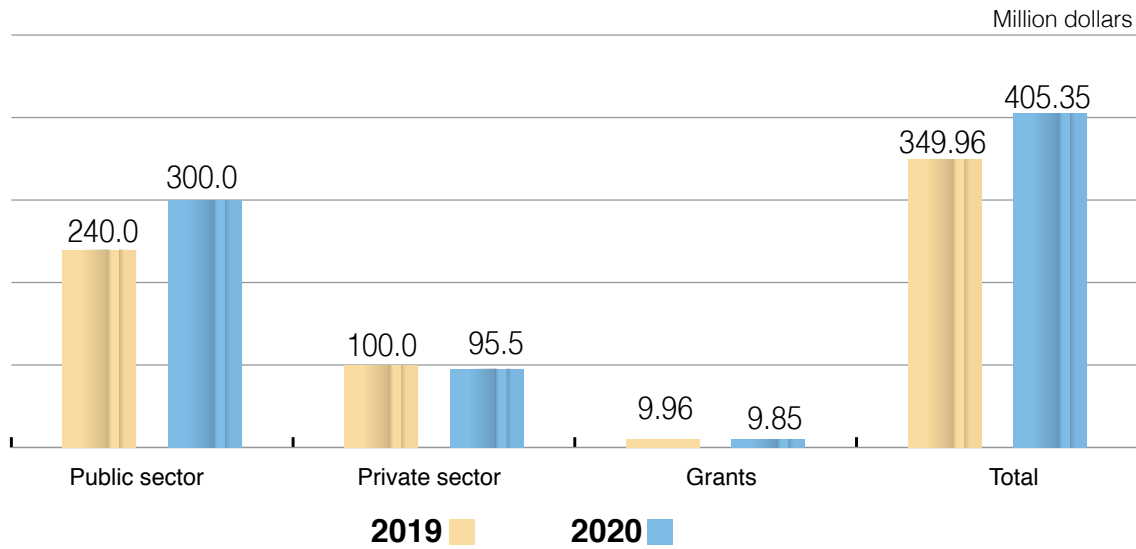
### Net Income

The net income in 2020 amounted to \$275.135 million compared to \$321.852 million in 2019, thereby decreasing by \$46.717 million and with a rate of 14.5%, which is mainly due to a lower performance of the equity and fixed income portfolios as a result of the negative impact that Corona pandemic had on the performance of international markets during 2020.

### Financial Commitments

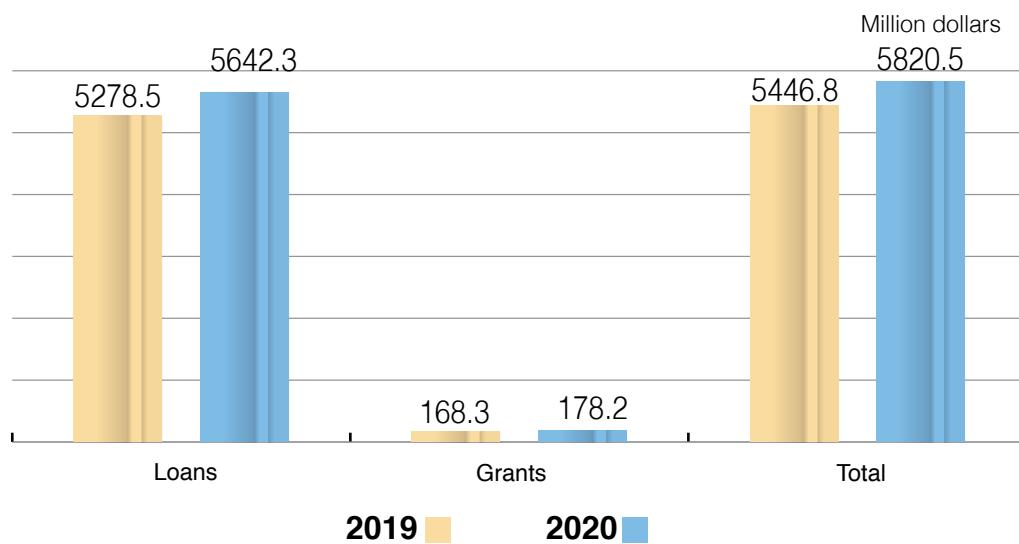
BADEA's total financial commitments in favor of beneficiary countries during 2020 amounted to \$405.371 million of which \$300 million were allocated for public sector, \$95.518 million for private sector and \$9.853 million for technical assistance, compared to total financial commitments of \$349.960 million during 2019, of which \$240 million were allocated for public sector, \$100 million for private sector and \$9.960 million for technical assistance.

**Chart No. (4)**  
**Breakdown of Loans and Grants Commitments**  
**by the End of 2020 Compared to 2019**



The total cumulative net commitments at the end of 2020 amounted to \$5,820.5 million of which \$5,642.3 million were allocated for loans and \$178.2 million for technical assistance, compared to \$5,446.8 million at the end of 2019 of which \$5,278.5 million were allocated for loans and \$168.3 million for technical assistance.

**Chart No (5)**  
**Breakdown of Cumulative Net Commitments**  
**by the End of 2020 Compared to 2019**

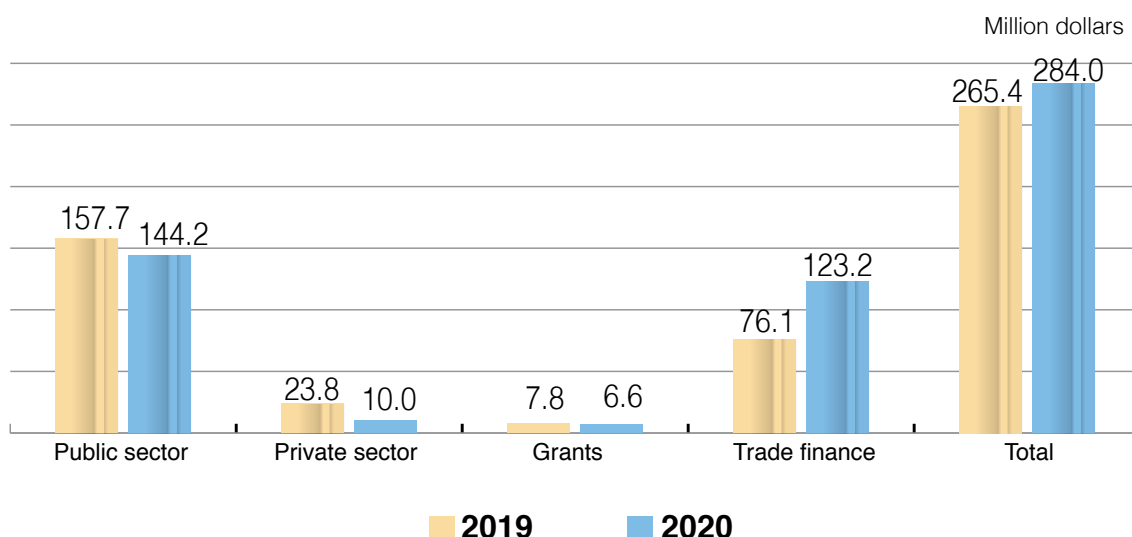




## Disbursement and Repayment

Disbursement from public sector loans during 2020 amounted to \$144.2 million compared to \$157.7 million during 2019 with a decrease of \$13.5 million representing 8.5%. Disbursement from private sector loans amounted to \$10 million in 2020 compared to \$23.8 million in 2019 with a decrease of \$13.8 million representing 58%. Disbursement from technical assistance grants amounted to \$6.6 million in 2020 compared to \$7.8 million in 2019 with a decrease of \$1.2 million representing 15.4% while disbursement from trade finance credit lines amounted to \$123.2 million in 2020 compared to \$76.1 million in 2019 with an increase of \$47.1 million representing approximately 62%.

**Chart No (6)**  
**Status of Disbursement from Loans**  
**by the End of 2020 Compared to 2019**



Total cumulative of loans disbursement at the end of 2020 amounted to \$3,608.7 million compared to \$3,454.4 million at the end of 2019. By adding trade finance credit lines and technical assistance grants, the total cumulative disbursement at the end of 2020 amounted to \$4,032.7 million<sup>(1)</sup> compared to \$3,748.6 million<sup>(2)</sup> at the end of 2019. Thus, the percentage of cumulative disbursement to net cumulative commitments by the end of 2020 was about 64% compared to 66% by the end of 2019. By adding trade finance, the percentage was about 56% in 2020 compared to 58% in 2019.

Regarding the repayment, total installments of public sector loans paid during 2020 amounted to 62.6 million against \$58.3 million during 2019 with an increase of \$4.3 million, whereas the income from interests on public sector loans during 2020 amounted to \$20.2 million compared to \$17 million during 2019 with an increase of \$3.2 million.

As for the private sector, total installments of loans paid during 2020 amounted to \$12.5 million compared to \$18.3 million during 2019 with a decrease of \$5.8 million, whereas the income from

(1) Includes grant withdrawals deducted from income, totalling \$139.7 million at the end of 2020 and \$133.1 million at the end of 2019.

(2) Includes grant withdrawals deducted from income, totalling \$133.1 million at the end of 2019.

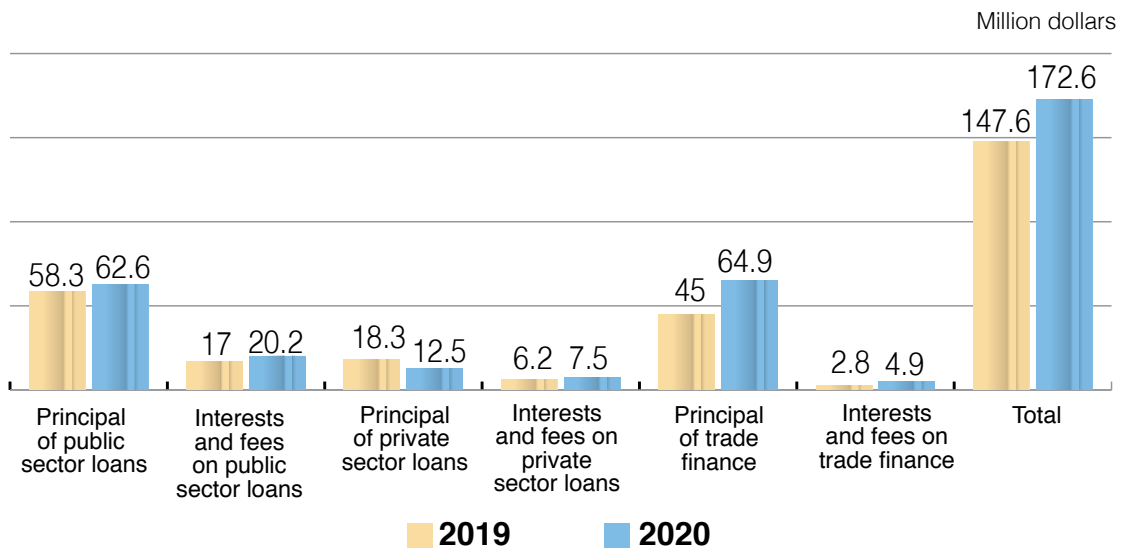


interests and fees on private sector loans during 2020 amounted to \$7.5 million against \$6.2 million during 2019 with an increase of \$1.3 million.

As for trade finance credit lines, paid principal during 2020 amounted to \$64.9 million against \$45 million in 2019 with an increase of \$19.9 million while paid interests and fees during 2020 amounted to \$4.9 million against \$2.8 million during 2019 with an increase of \$2.1 million.

Consequently, the total repayments including principal, interests and fees of loans and trade finance credit lines amounted to \$172.6 million during 2020 compared to \$147.6 million during 2019 with an increase of \$25 million representing a percentage of approximately 17%. It is also noting that the total income from interests and fees on loans amounted to \$26.5 million against \$22.3 million during 2019 with an increase of \$4.2 million representing a percentage of approximately 19%.

**Chart No (7)**  
**Status of Repayment of Loans' Principal, Interests and Fees**  
**by the End of 2020 Compared to 2019**



The total cumulative repayment of principal loan installments at the end of 2020 amounted to \$1,830.8 million compared to \$1,690.7 million at the end of 2019; whereas the total cumulative of interests and commitment fees collected by BADEA amounted to \$650.4 million at the end of 2020 compared to \$617.8 million at the end of 2018.

## Conclusion

It is clear from the foregoing that BADEA continued its policy of maintaining a sound financial position, through which its net assets at the end of 2020 increased by an amount of \$243.0 million compared to 2019, as a result of the increase of the paid capital while continuing to control administrative spending according to the pursued rationalization policy, without prejudice to fulfilling its objectives and programs.

It is worth noting that the net income decreased from \$321.852 million by the end of 2019 to \$275.135 million by the end of 2020 as a result to a lower performance of the securities portfolios due to the negative impact that Corona pandemic had during 2020 on the performance of international markets of equity and bonds.









## **Financial Statements for the Year Ended 31 December 2020**





# Deloitte.

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

1

### **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 2020, 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 2020, and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation explained in Note 2 to the accompanying financial statements.

### **Basis for opinion**

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

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

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

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

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

### **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.

## 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 (continued)

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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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  
4 March 2021





## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

3

### Statement of financial position at 31 December 2020

	Notes	2020 USD '000	2019 USD '000
<b>ASSETS</b>			
Cash in hand and at banks		1,110	1,049
Investments	3	3,330,528	3,236,464
Contributions in financial institutions	4	68,280	57,018
Net trade finance	5	121,530	64,213
Net accrued interest on trade finance	6	1,628	691
Net loans balances	7, 2(g)	1,913,722	1,814,281
Net accrued interest on loans	8	12,039	13,509
Other assets	9	2,731	3,612
Net fixed assets	10	13,725	14,116
<b>Total assets</b>		<b>5,465,293</b>	<b>5,204,953</b>
<b>LIABILITIES</b>			
Other liabilities		78,940	62,300
Provision for end of service benefits	11	10,102	9,352
<b>Total liabilities</b>		<b>89,042</b>	<b>71,652</b>
<b>Net assets</b>		<b>5,376,251</b>	<b>5,133,301</b>
<b>MEMBERS' COUNTRIES EQUITY</b>			
Subscribed and paid up capital	12	4,200,000	3,999,271
General reserve	13	901,116	812,178
Net income for the year		275,135	321,852
<b>Total members' countries equity</b>		<b>5,376,251</b>	<b>5,133,301</b>

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Statement of income and expenditure  
for the year ended 31 December 2020

	Notes	2020 USD '000	2019 USD '000
<b>INCOME</b>			
Net income investments	14	247,490	365,702
Income from loans		26,502	22,250
Income from trade finance		6,401	2,908
Others		1,637	238
<b>Total income</b>		<b>282,030</b>	<b>391,098</b>
<b>EXPENDITURE</b>			
Board of Governors		-	171
Board of Directors		949	1,308
Salaries and employee benefits		14,254	13,409
Travel and services		2,363	3,023
Utilities		1,257	1,106
Depreciation	10	799	801
Other expenditure		25	16
<b>Total expenditure</b>		<b>19,647</b>	<b>19,834</b>
<b>Net income before grants and provisions</b>		<b>262,383</b>	<b>371,264</b>
Grants disbursed to beneficiary countries		(6,627)	(7,808)
Reversed / (charged) provision for loans and trade finance	7(c)	19,379	(41,604)
<b>Net income for the year</b>		<b>275,135</b>	<b>321,852</b>



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Statement of changes in member countries' equity for the year ended 31 December 2020

	Notes	Subscribed and paid-up capital USD '000	General reserve USD '000	Net income for the year USD '000	Total USD '000
Balance as at 1 January 2019		3,999,264	862,137	(39,959)	4,821,442
Paid by member countries	12	7	-	-	7
Transfer to general reserve	13	-	(39,959)	39,959	-
Appropriations		-	(10,000)	-	(10,000)
Net income for the year 2019		-	-	321,852	321,852
<b>Balance as at 1 January 2020</b>		<b>3,999,271</b>	<b>812,178</b>	<b>321,852</b>	<b>5,133,301</b>
Transfer from general reserve to capital	12	200,729	(200,729)	-	-
Transfer to general reserve	13	-	321,852	(321,852)	-
Appropriations		-	(32,185)	-	(32,185)
Net income for the year 2020		-	-	275,135	275,135
<b>Balance as at 31 December 2020</b>		<b>4,200,000</b>	<b>901,116</b>	<b>275,135</b>	<b>5,376,251</b>



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Statement of cash flows  
for the year ended 31 December 2020

	Notes	2020 USD '000	2019 USD '000
<b>Cash flows from operating activities:</b>			
Net income for the year		275,135	321,852
Adjustments to reconcile net income for the year with net cash (used in) / generated from operating activities:			
(Reversed) / charged provision for loans and trade finance	7(c)	(19,379)	41,604
Depreciation of fixed assets	10	799	801
Unrealized gain from investments fair value valuation	14	(18,084)	(153,630)
<i>Net change in operating assets:</i>			
Investments		(123,681)	229,325
Net movement in trade finance		(58,289)	(31,096)
Net accrued interest on trade finance		(937)	(74)
Net movement in loans		(79,090)	(104,844)
Net accrued interest on loans		1,470	1,029
Net other assets		881	(979)
<i>Net change in operating liabilities:</i>			
Other liabilities, net of appropriation		(15,545)	(8,207)
Net provision for end of service benefits		750	1,023
<b>Net cash (used in) / generated from operating activities</b>		<b>(35,970)</b>	<b>296,804</b>
<b>Cash flows from investing activities:</b>			
Contributions in financial institutions		(11,262)	(27,068)
Purchase of fixed assets		(408)	(43)
<b>Net cash used in investing activities</b>		<b>(11,670)</b>	<b>(27,111)</b>
<b>Cash flows from financing activities:</b>			
Paid for capital increase by member countries	12	-	7
<b>Net cash generated from financing activities</b>		<b>-</b>	<b>7</b>
Net (decrease) / increase in cash and cash equivalents		(47,640)	269,700
Cash and cash equivalents as at the beginning of the year		510,224	240,524
Cash and cash equivalents as at the end of the year	15	462,584	510,224



# ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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## Notes to the financial statements for the year ended 31 December 2020

### 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 4,200 million as at 31 December 2020 (2019: USD 3,999 million).

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

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

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

- a. Participation in the financing of economic development in Africa.
- b. Encouragement the participation of Arab capital in African development.
- c. 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 derivative 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 2020 (continued)****2. Summary of significant accounting policies (continued)****D. Use of estimates**

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

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

**Provision for loans**

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

**E. Settlement date**

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

**F. Financial assets**

BADEA's financial assets include the following:

**1 Fixed income securities and equity investments**

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

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

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

**2 Securities – Sukuk**

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

**3 Loan balances**

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



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2020 (continued)

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

##### G. Loans and provision for loans

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

BADEA excludes from its revenues any interest on the principal of public sector loans when the payment of these interest is delayed for a period of more than 180 days. BADEA also excludes from its revenues any interest on the principal of the private sector and trade finance loans when the payment of these interests is delayed for a period of more than 90 days.

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

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

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

##### H. Impairment of financial assets

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

##### I. Revenue recognition

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

##### J. Dividend

Dividend income is recognized when it is declared.

##### 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 2020 (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:

	Years
Buildings	30
Furniture and equipment	5
Vehicles	5

**M. Provisions**

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

**N. Derivative financial instruments and hedging**

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

**O. Foreign currency translation**

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

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

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

**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 2020 (continued)

#### 3. Investments

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

	2020 USD '000	2019 USD '000
Securities - bonds	1,552,838	1,467,114
Securities - sukuk	232,212	238,335
<b>Total securities - bonds and sukuk (Note 18)</b>	<b>1,785,050</b>	<b>1,705,449</b>
Securities - equity (listed)	747,499	789,571
Securities - equity (not listed)	10,319	10,001
<b>Total securities - listed and un-listed equity (Note 18)</b>	<b>757,818</b>	<b>799,572</b>
Global trade finance portfolio	14,666	13,263
Market opportunities	114,825	-
<b>Total securities - listed and un-listed equity, global trade finance portfolio and market opportunities</b>	<b>887,309</b>	<b>812,835</b>
Fair value of derivative instruments, net (Note 17)	(23,080)	(10,935)
Accrued interest on deposits and securities	12,059	12,940
<b>Term deposits and call accounts</b>	<b>2,661,338</b>	<b>2,520,289</b>
	<b>669,190</b>	<b>716,175</b>
<b>Investments</b>	<b>3,330,528</b>	<b>3,236,464</b>

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

	Managed by				Total	
	BADEA		Portfolio Managers			
	2020 USD '000	2019 USD '000	2020 USD '000	2019 USD '000	2020 USD '000	2019 USD '000
Term deposits	525,536	565,300	15,800	11,300	541,336	576,600
Call accounts	38,153	9,625	89,701	129,950	127,854	139,575
<b>Total</b>	<b>563,689</b>	<b>574,925</b>	<b>105,501</b>	<b>141,250</b>	<b>669,190</b>	<b>716,175</b>

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Notes to the financial statements  
for the year ended 31 December 2020 (continued)

## 4. Contribution in financial institutions

	2020 USD '000	2019 USD '000
Contribution in the African Export And Import Bank	32,330	31,068
Contribution in in Arab Investment & Export Credit Guarantee Corporation	25,950	25,950
Contribution in Africa Finance Corporation	10,000	-
<b>Contribution in financial institutions</b>	<b>68,280</b>	<b>57,018</b>

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

In its 19th annual meeting for 1994, the Board of Governors has approved Resolution No. 4 that BADEA would subscribe by USD 10 million, representing approximately 1.3% of the authorised capital of AFREXIM Bank, of which USD 4 million was paid during 1995. Furthermore, a subscription of USD 67.671 million in the capital of AFREXIM Bank had been approved on 17 November 2019, of which USD 27.068 million was paid during 2019. Also, in its second meeting for the year 2020, the Board of Directors approved via its resolution No. 30 (2) dated 27 September 2020, to use part of the bank's share from the profits of AFREXIM Bank for the year 2019 to purchase 62 additional shares amounting to USD 1.262 million. Accordingly, BADEA's contribution in the capital of AFREXIM Bank as at 31 December 2020 amounted to USD 32.330 million (2019: USD 31.068 million) [also see Note 20(C)].

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

In accordance with Resolution No. 6 of The Board of Governors in its 27th annual meeting for 2002, it was approved that BADEA subscribes USD 17,300 million, representing approximately 9.2% of the authorised capital of AIECGC. BADEA paid the amount in full. The Board of Governors also approved in its 39th annual meeting in accordance with Resolution No.3 of 2014 to increase the contribution of BADEA in the AIECGC's capital with an amount of USD 8.650 million payable in equal annual installments over five years starting from 2013. BADEA has paid the full installments; and therefore, BADEA's contribution in the authorised capital of AIECGC as at 31 December 2020 amounted to USD 25.950 million (2019: USD 25.950 million).

## C- Contribution in Africa Finance Corporation (AFC)

In accordance with Resolution No. 33 of The Board of Directors in its 4th meeting for 2019 dated 11 December 2019, it was approved that BADEA subscribes USD 10 million in the capital of AFC, which represents 0.86% of the authorized capital. BADEA paid the amount in full during the year 2020; and therefore, BADEA's contribution in the authorised capital of AFC as at 31 December 2020 amounted to USD 10 million (2019: nil).



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 5. Net trade finance

The balance of net trade finance, after deduction of the related provision, amounted to USD 121.530 million as at 31 December 2020 (2019: USD 64.213 million) represent part of the credit facilities granted to finance Arab exports to the African countries.

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

	2020 USD '000	2019 USD '000
Balance as at 1 January	64,741	33,645
Disbursements during the year	123,224	76,054
Repayments during the year	<u>(64,935)</u>	<u>(44,958)</u>
Balance as at 31 December	123,030	64,741
Less: provision for trade finance [Note 7(c)]	<u>(1,500)</u>	<u>(528)</u>
Net balance as at 31 December	<u><u>121,530</u></u>	<u><u>64,213</u></u>

#### 6. Net accrued interest on trade finance

Summary of the net accrued interest on trade finance as at 31 December is as follows:

	2020 USD '000	2019 USD '000
Accrued interest on trade finance	1,919	691
Less: excluded interest	<u>(291)</u>	<u>-</u>
Net accrued interest on trade finance	<u><u>1,628</u></u>	<u><u>691</u></u>

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 7. Net loans balances

##### A- Loans balances

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

	2020			2019	
	Project loans Public sector USD '000	Private Sector USD '000	SAAFA Loans USD '000	Total USD '000	Total USD '000
Approved loans	4,930,649	497,431	214,244	5,642,324	5,278,462
Less: unsigned loans	(205,000)	(255,518)	-	(460,518)	(326,450)
Total signed loans	4,725,649	241,913	214,244	5,181,806	4,952,012
Less: ineffective loans	(246,950)	(70,000)	-	(316,950)	(227,300)
Total effective loans	4,478,699	171,913	214,244	4,864,856	4,724,712
Less: undisbursed loans	(1,218,037)	(38,153)	-	(1,256,190)	(1,270,294)
Total disbursements from loans	3,260,662	133,760	214,244	3,608,666	3,454,418
Less: loan installments repaid	(1,445,639)	(33,361)	(190,451)	(1,669,451)	(1,594,293)
Balance outstanding as at 31 December	1,815,023	100,399	23,793	1,939,215	1,860,125
Less: loans provision	(17,994)	(2,393)	(5,106)	(25,493)	(45,844)
Net outstanding balance as at 31 December	1,797,029	98,006	18,687	1,913,722	1,814,281

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

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

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

	Project loans			Total	
	Public Sector USD '000	Private Sector USD '000	SAAFA loans USD '000	2020 USD '000	2019 USD '000
Balance as at 1 January	1,732,389	102,909	24,827	1,860,125	1,755,281
Disbursements during the year	144,248	10,000	-	154,248	181,460
Repayments during the year	(61,614)	(12,510)	(1,034)	(75,158)	(76,616)
Balance as at 31 December	1,815,023	100,399	23,793	1,939,215	1,860,125
Less: loans provision	(17,994)	(2,393)	(5,106)	(25,493)	(45,844)
Net balance as at 31 December	1,797,029	98,006	18,687	1,913,722	1,814,281



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 7. Net loans balances (continued)

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 2020 amounted USD 426.690 million (2019: USD 426.690 million).

#### C- Loans provision

Details of movement in loans and trade finance provision as at 31 December are as follows:

	Public sector USD '000	Private sector USD '000	SAAFA USD '000	Trade finance USD '000	Total	
					2020 USD '000	2019 USD '000
Balance as at 1 January	16,734	24,157	4,953	528	46,372	4,768
Charged during the year	8,968	1,368	153	1,000	11,489	44,013
Reversal during the year	(7,708)	(23,132)	-	(28)	(30,868)	(2,409)
Balance as at 31 December	<u>17,994</u>	<u>2,393</u>	<u>5,106</u>	<u>1,500</u>	<u>26,993</u>	<u>46,372</u>

#### 8. Net accrued interest on loans

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

	Public sector USD '000	Private sector USD '000	Total	
			2020 USD '000	2019 USD '000
Accrued interest on loans	71,105	1,164	72,269	76,775
Less: excluded interest	(60,200)	(30)	(60,230)	(63,266)
Net accrued interest on loans	<u>10,905</u>	<u>1,134</u>	<u>12,039</u>	<u>13,509</u>

#### 9. Other assets

Other assets as at 31 December are summarized as follows:

	2020 USD '000	2019 USD '000
Unrecovered VAT on project	1,333	1,403
Others	1,398	2,209
Other assets	<u>2,731</u>	<u>3,612</u>



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Notes to the financial statements  
for the year ended 31 December 2020 (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 2020	22,912	2,205	361	25,478
Additions during the year	-	333	75	408
<b>As at 31 December 2020</b>	<b>22,912</b>	<b>2,538</b>	<b>436</b>	<b>25,886</b>
<b>Accumulated depreciation:</b>				
As at 1 January 2020	9,370	1,788	204	11,362
Charge for the year	512	228	59	799
<b>As at 31 December 2020</b>	<b>9,882</b>	<b>2,016</b>	<b>263</b>	<b>12,161</b>
<b>Net book value</b>				
<b>As at 31 December 2020</b>	<b>13,030</b>	<b>522</b>	<b>173</b>	<b>13,725</b>
As at 31 December 2019	13,542	417	157	14,116

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

## 11. Provision for end of service benefits

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



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2020 (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	2020 USD '000	2019 USD '000
Hashemite Kingdom of Jordan	8,992	8,562
State of United Arab Emirates	449,582	428,095
Kingdom of Bahrain	8,992	8,562
Republic of Tunisia	37,465	35,674
People's Democratic Republic of Algeria	179,833	171,238
Kingdom of Saudi Arabia	1,078,997	1,027,429
Republic of Sudan	8,992	8,562
Arab Republic of Syria	4,995	4,757
Republic of Iraq	629,415	599,333
Sultanate of Oman	53,950	51,372
State of Palestine	8,992	8,562
State of Qatar	359,665	342,476
State of Kuwait	659,387	627,873
Republic of Lebanon	29,972	28,540
State of Libya	599,442	570,794
Arab Republic of Egypt	8,992	8,562
Kingdom of Morocco	65,938	62,787
Islamic Republic of Mauritania	6,399	6,093
<b>Total</b>	<b>4,200,000</b>	<b>3,999,271</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.

On 25 April 2019, the Board of Governors of BADEA issued their resolution no. 5 of 2019 to increase BADEA's capital by capitalizing the unpaid portion of the share capital increase determined in accordance with the Board of Governors of BADEA resolution No. (4) of 2013 amounting to USD 200.729 million as at 31 March 2020 as a deduction from the general reserve; provided that it shall be distributed among the member countries according to their contribution in BADEA's share capital (see note 13). As at 31 December 2020, the paid up capital amounted to USD 4,200 million (2019: USD 3,999.271 million).

#### 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.

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 13. General reserve (continued)

In application to Resolution No. 1 (2) of 2020 of the Board of Governors, an amount of USD 321.852 million was transferred to the general reserve (2019: USD 39.959 million).

In application to Resolution No. (5) of 2019 of the Board of Governors, an amount of USD 200.729 million was transferred from general reserve to the subscribed and paid-up capital (see note 12).

#### 14. Net income from investments

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

	2020 USD '000	2019 USD '000
Interest from fixed income securities	32,814	33,485
Dividends from equity securities	13,280	18,404
Margin profit on sukuk	10,855	10,890
Income from global international trade finance	1,076	192
Income from market opportunities	215	-
Currency exchange differences and derivatives valuation	23,515	15,988
Net trading income	149,084	126,319
Unrealized gain	18,084	153,630
Management fees- portfolio managers and custodians	(6,958)	(6,235)
Income from term deposits and call accounts	5,525	13,029
	<u>247,490</u>	<u>365,702</u>
Net income from investments		
Unrealized gain comprise of the following:		
Unrealized gain on valuation of equity securities	41,724	112,922
Unrealized (loss) / gain on valuation of fixed income securities	(23,640)	40,708
	<u>18,084</u>	<u>153,630</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			
	2020 USD '000	2019 USD '000	2020 USD '000	2019 USD '000	2020 USD '000	2019 USD '000
Term deposits	4,894	12,218	433	103	5,327	12,321
Call accounts	28	147	170	561	198	708
	<u>4,922</u>	<u>12,365</u>	<u>603</u>	<u>664</u>	<u>5,525</u>	<u>13,029</u>
Total						



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2020 (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:

	2020 USD '000	2019 USD '000
Cash on hand and with banks	1,110	1,049
Term deposits and call accounts (maturing within 3 months of contract date)	461,474	509,175
	<u>462,584</u>	<u>510,224</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.

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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Notes to the financial statements  
for the year ended 31 December 2020 (continued)

## 17. Derivatives (continued)

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.

	Nominal amounts by term to maturity						
	Positive fair_value USD '000	Negative fair_value USD '000	Total nominal amount USD '000	Within 3 months USD '000	3 - 12 months USD '000	1 - 5 years USD '000	Over 5 years USD '000
2020							
Forward contracts	2,684	25,764	1,306,197	1,215,338	52,968	35,199	2,692
Future contracts	-	-	16,702	16,702	-	-	-
	<u>2,684</u>	<u>25,764</u>	<u>1,322,899</u>	<u>1,232,040</u>	<u>52,968</u>	<u>35,199</u>	<u>2,692</u>
2019							
Forward contracts	4,574	15,509	1,719,496	1,652,058	17,216	46,000	4,222
Future contracts	-	-	57,496	57,496	-	-	-
	<u>4,574</u>	<u>15,509</u>	<u>1,776,992</u>	<u>1,709,554</u>	<u>17,216</u>	<u>46,000</u>	<u>4,222</u>

## 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.

**Custodian 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 2020 (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:

According to the sector distribution:

	2020		2019	
	Amount USD '000	Percentage %	Amount USD '000	Percentage %
Governments	1,140,897	64	1,181,475	69
Corporate	379,442	21	294,602	17
Government authorities	120,788	7	84,699	5
International institutions	143,923	8	144,673	9
<b>Total</b>	<b>1,785,050</b>	<b>100</b>	<b>1,705,449</b>	<b>100</b>

According to the geographical distribution:

	2020		2019	
	Amount USD '000	Percentage %	Amount USD '000	Percentage %
United States and Canada	839,295	47	846,580	50
Europe	342,283	19	300,281	18
Japan	127,985	7	138,041	8
South East Asia	92,938	5	73,998	4
Other	382,549	22	346,549	20
<b>Total</b>	<b>1,785,050</b>	<b>100</b>	<b>1,705,449</b>	<b>100</b>

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

	2020		2019	
	Amount USD '000	Percentage %	Amount USD '000	Percentage %
AAA	279,258	16	264,632	16
AA	880,269	49	907,991	53
A	202,712	11	193,803	11
BBB	224,192	12	165,523	10
Other	198,619	12	173,500	10
<b>Total</b>	<b>1,785,050</b>	<b>100</b>	<b>1,705,449</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

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### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 18. Risk management (continued)

##### Credit risk (continued)

The following table illustrates details of BADEA's loans extended to countries as at 31 December 2020:

Country	No. of loans	Total loans USD '000	Unsigned loans USD '000	Ineffective loans USD '000	Undisbursed loans USD '000	Balance 2020 USD '000	% of total outstanding loans %	Balance 2019 USD '000
Angola	5	19,950	19,950	-	-	-	-	-
Benin	32	161,948	-	50,000	52,794	59,154	3.22	56,914
Botswana	16	18,297	-	-	1,160	17,137	0.93	18,528
Burundi	16	89,517	-	-	46,513	43,004	2.34	35,152
Burkina Faso	39	226,383	20,000	-	81,500	124,883	6.79	110,227
Central Africa	9	37,561	-	-	32,148	5,413	0.29	6,005
Republic of Chad	24	146,327	-	6,500	71,343	68,484	3.74	60,377
Cameroon	17	98,023	-	12,000	40,222	45,801	2.49	44,813
Congo Brazzaville	7	33,174	-	-	17,033	16,141	0.88	13,795
Democratic Republic of Congo	10	70,260	-	10,000	20,005	40,255	2.19	38,636
Comoros	4	17,807	-	-	-	17,807	0.97	17,807
Cape Verde	22	96,204	16,500	-	36,174	43,530	2.37	44,243
Equatorial Guinea	6	19,000	15,000	4,000	-	-	-	94
Eritrea	4	20,370	-	-	3,366	17,004	0.92	17,004
Ethiopia	23	232,580	49,550	-	84,355	98,675	5.37	97,636
Gabon	2	1,542	-	-	-	1,542	0.08	1,542
Ghana	23	67,899	-	-	23,036	44,863	2.44	47,964
Gambia	22	73,900	-	-	14,965	58,935	3.21	53,502
Guinea Bissau	5	16,164	-	-	11,000	5,164	0.28	5,638
Guinea	31	172,150	-	37,000	54,908	80,242	4.36	69,423
Ivory Coast	18	163,852	50,000	-	49,089	64,763	3.52	58,169
Kenya	20	104,291	15,000	-	51,143	38,148	2.07	37,666
Liberia	6	30,387	-	-	11,804	18,583	1.01	19,093

**ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA**
**Notes to the financial statements  
for the year ended 31 December 2020 (continued)**
**18. Risk management (continued)**
**Credit risk (continued)**

Country	No. of loans	Total loans USD '000	Unsigned loans USD '000	Ineffective loans USD '000	Undisbursed loans USD '000	Balance 2020 USD '000	% of total outstanding loans %	Balance 2019 USD '000
Lesotho	17	52,823	-	-	14,058	38,765	2.11	39,999
Madagascar	24	81,220	-	5,000	37,382	38,838	2.11	39,299
Malawi	12	80,197	-	-	16,670	63,527	3.45	56,638
Mauritius	13	25,500	-	-	25,500	-	-	1,680
Mali	34	143,104	-	49,150	29,040	64,914	3.53	66,165
Mozambique	35	158,634	-	-	61,584	97,050	5.28	96,092
Namibia	5	13,633	-	-	6,700	6,933	0.38	7,850
Nigeria	1	8,000	-	-	2,118	5,882	0.32	5,882
Niger	24	128,078	-	-	64,204	63,874	3.47	62,561
Rwanda	22	113,695	2,000	-	35,673	76,022	4.13	71,129
Senegal	46	174,138	-	-	50,559	123,579	6.72	118,914
Seychelles	12	32,827	-	-	13,692	19,135	1.04	19,620
Sierra Leone	15	103,983	-	45,000	4,806	54,177	2.95	53,839
Sao Tome and Principe	9	26,038	-	7,800	5,879	12,359	0.67	10,796
Swaziland	9	52,585	-	-	29,846	22,739	1.24	24,471
Tanzania	23	155,188	-	10,500	55,114	89,574	4.87	78,226
Togo	10	53,325	-	-	25,857	27,468	1.49	26,087
Uganda	18	102,384	15,000	-	19,918	67,466	3.67	63,263
Zambia	11	45,289	-	-	10,488	34,801	1.89	34,245
Zimbabwe	10	26,424	-	10,000	6,391	10,033	0.55	11,198
Other	7	14,152	2,000	-	-	12,152	0.66	15,034
<b>Total public sector</b>	<b>718</b>	<b>3,508,803</b>	<b>205,000</b>	<b>246,950</b>	<b>1,218,037</b>	<b>1,838,816</b>	<b>100.00</b>	<b>1,757,216</b>

## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 18. Risk management (continued)

##### Credit risk (continued)

Institution	No. of loans	Total loans USD '000	Unsigned loans USD '000	Ineffective loans USD '000	Undisbursed loans USD '000	Balance 2020 USD '000	% of total outstanding loans %	Balance 2019 USD '000
West African Development Bank (BOAD)	1	15,000	-	-	-	15,000	14.94	5,000
Eco Bank Group	1	10,000	10,000	-	-	-	-	-
East African Development Bank (EABD)	2	28,571	20,000	-	3	8,568	8.53	10,283
Development Bank of Rwanda (BRD)	2	19,167	10,000	-	-	9,167	9.13	10,833
La Banque Nationale pour le Développement Economique / Senegal (BNDE)	1	16,518	16,518	-	-	-	-	-
The Bank of Central African States (BDEAC)	1	15,000	-	-	-	15,000	14.94	15,000
The Eastern and Southern African Trade and Development Bank (PTA)	3	82,125	69,000	-	-	13,125	13.07	15,000
SONIBANK	1	5,000	5,000	-	-	-	-	-
Tanzania Investment Bank (TIB)	1	8,864	-	-	7,500	1,364	1.36	1,818
Uganda Development Bank Limited (UDBL)	2	14,875	10,000	-	-	4,875	4.86	5,625
Investment and Development Bank (BIDC CEDEAO)	1	15,000	-	-	-	15,000	14.94	15,000
Liberian Bank for Development and Investment (LBDI)	1	4,091	-	-	900	3,191	3.18	4,100
National Fund for Credit Agriculture Senegal (CNCAS)	1	7,500	-	-	7,000	500	0.50	3,000
Mali Solidarity Bank (BMS)	1	12,500	-	-	-	12,500	12.45	15,000
Development Bank of Mali (BDM)	1	-	-	-	-	-	-	-
Cotton Development Company Cameroon (SODECOTON)	1	10,000	-	-	10,000	-	-	-
Housing Finance Company (HFC)	1	14,859	-	-	12,750	2,109	2.10	2,250
Norsad Finance Limited Institution (NORSAD)	1	15,000	15,000	-	-	-	-	-
Access Bank Ghana	1	10,000	10,000	-	-	-	-	-
Tamweel Africa Holding	1	15,000	-	15,000	-	-	-	-
Senegalese Groundnut Oil Processing Company (SONACOS)/ITFC	1	-	-	-	-	-	-	-
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	-	-	-	-
Bank of National Investment (BNI)	1	10,000	10,000	-	-	-	-	-
ACWA Power – South Africa	1	40,000	40,000	-	-	-	-	-
NEHO- Madagascar	1	40,000	40,000	-	-	-	-	-
<b>Total private sector</b>	<b>33</b>	<b>464,070</b>	<b>255,518</b>	<b>70,000</b>	<b>38,153</b>	<b>100,399</b>	<b>100.00</b>	<b>102,909</b>
<b>Total public and private sectors</b>	<b>751</b>	<b>3,972,873</b>	<b>460,518</b>	<b>316,950</b>	<b>1,256,190</b>	<b>1,939,215</b>	<b>-</b>	<b>1,860,125</b>
<b>Less: provision for loans of public and private sectors</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,493)</b>	<b>-</b>	<b>(45,844)</b>
<b>Total public and private sectors after provisions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,913,722</b>	<b>-</b>	<b>1,814,281</b>



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 18. Risk management (continued)

##### Credit risk (continued)

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

31 December 2020	Number of countries	Project loans USD '000	SAFAA loans USD '000	Total 2020 USD '000	Number of institutions	Private sector loans USD '000
<b>Performing countries with regular repayments</b>						
Without arrears	16	730,645	-	730,645	25	97,208
Arrears for less than one year	10	482,218	3,133	485,351	3	3,191
<b>Sub-total</b>	<b>26</b>	<b>1,212,863</b>	<b>3,133</b>	<b>1,215,996</b>	<b>28</b>	<b>100,399</b>
<b>Countries with arrangements for settlement of arrears with regular repayments</b>						
Without arrears	11	513,969	10,143	524,112	-	-
Arrears for less than one year	3	27,505	50	27,555	-	-
<b>Sub-total</b>	<b>14</b>	<b>541,474</b>	<b>10,193</b>	<b>551,667</b>	<b>-</b>	<b>-</b>
<b>Countries with arrangements for settlement of arrears but not performing</b>						
Arrears for more than one year and less than two years	1	34,800	-	34,800	-	-
Arrears for two years and more	2	24,344	10,467	34,811	-	-
<b>Sub-total</b>	<b>3</b>	<b>59,144</b>	<b>10,467</b>	<b>69,611</b>	<b>-</b>	<b>-</b>
<b>Countries with no arrangements for settlement of arrears and not performing</b>						
Arrears for two years and more	1	1,542	-	1,542	-	-
<b>Sub-total</b>	<b>1</b>	<b>1,542</b>	<b>-</b>	<b>1,542</b>	<b>-</b>	<b>-</b>
<b>Grand total 2020</b>	<b>44</b>	<b>1,815,023</b>	<b>23,793</b>	<b>1,838,816</b>	<b>28</b>	<b>100,399</b>



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 18. Risk management (continued)

##### Credit risk (continued)

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



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2020 (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:

	2020		2019	
	USD '000	%	USD '000	%
Consumable commodities	154,100	20	149,543	19
Energy	17,685	2	40,355	5
Financial institutions	99,211	13	145,920	18
Healthcare	94,349	13	107,198	14
Industrial	85,229	11	86,929	11
Information technology	167,561	22	144,959	18
Production of raw materials	40,874	5	33,901	4
Telecommunication services	78,787	11	65,318	8
Public utilities	20,022	3	25,449	3
<b>Total</b>	<b>757,818</b>	<b>100</b>	<b>799,572</b>	<b>100</b>

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

	2020		2019	
	USD '000	%	USD '000	%
United States and Canada	505,725	67	514,904	64
Europe	163,856	22	182,159	23
Japan	46,648	6	61,014	8
South East Asia	25,568	3	23,328	3
Other	16,021	2	18,167	2
<b>Total</b>	<b>757,818</b>	<b>100</b>	<b>799,572</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 2020 (continued)

## 18. Risk management (continued)

## Interest rate risk

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

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

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

## Foreign exchange risk

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

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

	Currencies					% of USD
	USD USD '000	Euro USD '000	GBP USD '000	Others USD '000	Total USD '000	
<b>2020</b>						
Total assets	<b>4,424,014</b>	<b>434,958</b>	<b>122,978</b>	<b>483,343</b>	<b>5,465,293</b>	<b>81</b>
Total liabilities	<b>89,042</b>	-	-	-	<b>89,042</b>	<b>100</b>
<b>2019</b>						
Total assets	4,248,266	385,496	111,244	459,947	5,204,953	82
Total liabilities	71,652	-	-	-	71,652	100



## ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

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### Notes to the financial statements for the year ended 31 December 2020 (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:

	2020			2019
	Public Sector USD '000	Private Sector USD '000	Total USD '000	USD '000
Unsigned loans (Note 18)	205,000	255,518	460,518	339,950
Ineffective loans (Note 18)	246,950	70,000	316,950	213,800
Un-disbursed loans (Note 18)	1,218,037	38,153	1,256,190	1,270,294
Un-disbursed grants	38,481	-	38,481	35,255
<b>Total</b>	<b>1,708,468</b>	<b>363,671</b>	<b>2,072,139</b>	<b>1,859,299</b>

##### A- Trade finance program

A provision of USD 520 million was allocated to the Arab trade finance program with African non-Arab countries for the year 2020 (2019: USD 250 million) of which total commitments amounted to USD 1,343 million (2019: USD 993 million) after deducting the revocations amounted to USD 64.5 million during the year, and the unsigned agreements amounted to USD 683 million (2019: USD 425 million).

**ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA****Notes to the financial statements  
for the year ended 31 December 2020 (continued)****B- Other commitments**

As at 31 December 2020, BADEA is committed to settle the residual amount of BADEA's contribution in AFREXIM's capital with an amount of USD 46.603 million (2019: USD 46.603 million). This amount should be paid on demand of shareholders (Note 4).

**21. Approval of the financial statements**

On 3 March 2021, the Board of Directors recommended to issue and present these financial statements to the Board of Governors for final approval.



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