The Seventh Five-Year Plan (2015 – 2019)

BADEA’s Five-Year Plans:

The Board of Governors has approved in its 39th session, convened in Tunis from 8 to 9 April 2014, the 7th five-Year Plan (2015 – 2019), which will come into force by January 2015.

Since 1983 BADEA has pursued its activities through five-year plans relating the available resources to the needs of African recipient countries. It adopted a strategy based on gradual increase in the financial resources earmarked for financing in accordance with expansion of its operations to meet the rising needs of Sub-Saharan African countries, in all spheres especially in terms of food, transport, health, education and human resources development.


Within this plan, un amount of US$ 1100 million will be earmarked for the public sector projects, US$ 450 million for the private sector projects and US$ 50 million for the technical assistance operations. Moreover, un amount ranging between US$ 150 and 250 million will be assigned annually throughout the five years of the plan for financing trade between Arab and African countries.

### Yearly breakdown of Commitments (US$ million)

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<tbody>
<tr>
<td><strong>Projects loan</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Public sector</strong></td>
<td>250</td>
<td>310</td>
<td>320</td>
<td>330</td>
<td>340</td>
<td>1550</td>
</tr>
<tr>
<td><strong>Private sector</strong></td>
<td>200</td>
<td>210</td>
<td>220</td>
<td>230</td>
<td>240</td>
<td>1100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>450</td>
<td>530</td>
<td>540</td>
<td>560</td>
<td>580</td>
<td>450</td>
</tr>
<tr>
<td><strong>Technical Assistance</strong></td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total 1+ 2</strong></td>
<td>260</td>
<td>320</td>
<td>330</td>
<td>340</td>
<td>350</td>
<td>1600</td>
</tr>
<tr>
<td><strong>Arab Export</strong></td>
<td>150</td>
<td>200</td>
<td>200</td>
<td>225</td>
<td>250</td>
<td>250(1)</td>
</tr>
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</table>

(1) Represents a revolving fund.
The Seventh Five year plan (2015-2019) has been prepared according to the resolution of the Board of Governors No. (4) in 2013 which decided the increase by 50% of BADEA’s capital, equivalent of US$ 1400, thus increase BADEA’s capital to US$ 4.200.

Within this plan, BADEA will continue its efforts benefiting from a long experience and know-how to strengthen its role, diversity its interventions and improve the quality of its operations to meet the challenges in light of the recent trends taking place in the world in general and in the beneficiary countries in particular. Over the Plan’s years, the Banks activities will be based on three pillars:

1) Support development in Sub-Saharan African countries through financing projects in both public and private sector,

2) Provide technical assistance to beneficiary countries in the field of Human and Institutional Capacity Development.

3) Encourage Arab exports to African countries.

BADEA will continue its usual activities, and will seek to expand its operations in the private sector, and help African countries in their fight against poverty. The Bank will continue as well to contribute to debt relief within the framework of the international initiative to reduce the debt burden on the heavily Indebted Poor Countries (HIPC); in addition to the coordination and co-financing with development finance institutions, especially the Arab ones.

Taking into account the economic situation of beneficiary countries, the concessional lending terms are to continue through the increase of the grant element of loans extended to these countries. The guidelines for the allocation of resources within the Seventh Five-Year Plan are as follows:

- Infrastructure sector should have an allocation between 40 -50% of the resources of the Plan;

- Agriculture and Rural development sector is to receive between 25-30% of the resources of the Plan;

- Human resources development and social sector are to receive between 20-25% of the resources of the Plan;

Allocation to a project loan shall not exceed 60% of the total cost of any project provided that this does not exceed US$
20 million. Exceptions may be made when the total cost of the project does not exceed US$ 15 million, in which case BADEA’s contribution to funding can reach a maximum of 90% of the total cost of the said project.

In addition, a country may be granted more than one loan in a year provided that the total amount of the loans granted to the said country may not exceed US$ 20 million annually.

✔ The concessional lending terms for the public sector projects are to continue in the form of: interest rates ranging from 1-4% annually, loan periods ranging from 18-30 years with grace periods ranging from 4 to 10 years.

✔ Granting a discount of 0.25% of the interest dues on loans to countries which repay their debt obligation installments within a month of the due dates for repayments of such obligations.

✔ The continuation of granting IDA terms to countries which have obligation to such lending conditionality, continuation of lending to countries which qualify for HIPC on terms agreed with multi-lateral donors, which include BADEA.

✔ For the private sector projects, lending terms, will be specified by the Board of Director including the loan amount, the loan period, the grace period and the interest rate in a way that encourages and promotes the private sector in Africa and support partnership between Arab and African investors.

✔ Lending terms for financing Arab exports to African countries will also be specified by the Board of Directors, including the loan amount, the loan period, the grace period and the interest rate, based on lending terms of similar regional and international financing institutions working in the field of trade between Arab and African countries, thus support Arab exports to African countries.

✔ The infrastructure projects are considered as top priority throughout the plan period, without losing sight of projects in other sectors such as industry, energy, health, education, environment, following a policy of flexibility that takes into account the needs and priorities of beneficiary countries.
The provision of infrastructure, including roads, airports and ports, railways, water, sewage and dams and bridges, is an important input for the development, so BADEA will continue to finance infrastructure projects through the 7th Five Year Plan.

✓ Continue giving particular attention to the agriculture and rural development sector, including agriculture, irrigation, livestock development, fisheries, forestry, rural infrastructure, water and rural roads, rural electrification, which contributes to the achievement of rural development, food security, poverty alleviation and enhance women participation in rural development.

✓ Keep on financing social sector projects, with introduction of some flexibility to the annually allocated amounts to this sector, without upsetting the balance of financing of other sectors in recipient countries.
✔ Carry on financing private sector projects through extending lines of credit and providing technical assistance to improve investment environment in beneficiary countries.

✔ Benefit from the experience of Arab and African countries, and goods and services produced in the Arab and African countries, in the implementation of the projects financed by BADEA.

✔ The Plan will keep on financing social sector projects as well as projects aiming to human development. These includes sub-sectors of health and education; which helps to develop human resources, improve social indicators, fight against poverty and illiteracy that limit farmer's ability to production.

✔ The Bank will enhance involvement of the private sector through direct loans and lines of credit. The latter are extended to Arab or African banks, where as direct loans are allocated to finance private sector projects, joint public-private projects and joint Arab African projects. In this respect, the Bank will intensify cooperation with regional and international development finance institutions, for financing private sector investment projects. The plan also focuses on encouraging Arab investment in African countries, through financing studies, seminars and institutional support operations, aiming to support promotion of Arab investment in African countries through financing seminars and forums aiming to bring together Arab and African Business actors.
The Bank will enhance the involvement of Arab contracting firms in the implementation of development and investment projects in Africa. Similarly, the Bank will try to attract Arab consulting firms for the preparation of studies in various fields of development and investment and in implementing and monitoring project. Equally, the Bank will make use of services of Arab experts in building the capacities of African human and institutional capacities as well as Arab training center in training African.

The Bank will be guided by the classification of African countries eligible for its assistance, adopted by the International Development Committee (World Bank Group) and the African Development Bank (AfDB group).

The Bank will focus on the expansion of its operations for financing Arab exports to African countries through:

- Undertaking the management of all resources allocated to finance foreign trade;

- Extending lines of credit to Arab, African and Regional Banks, including the Islamic Development Bank, to finance trade between the Arab and African countries;

- Financing the import of goods and services through African Public sector agencies, and Intensifying trade promotion and follow up activities. Within the framework of this program, an annual portfolio will be allocated to finance the promotion for Arab goods in coordination with Arab and African banks and Arab institutions involved in promotion of Arab exports.

- Organizing forums that bring together Arab exporters and African importers operating in the subject sector.

The first five-year (1983 - 1987), started with the allocation of US$ 419 million dollars. Then a gradual increase has been adopted throughout the following Plans. BADEA’s allocations for the development of Africa increased from US$ 375 million in the Second Five-Year Plan (1990 – 1994) to US$ 500 million in the Third Five-Year Plan (1995 – 1999), to US$ 675 million in the Fourth Five-Year Plan (2000 – 2004). A significant increase in BADEA allocations within the Fifth Five-Year Plan (2005 -2009), which registered US$ 900 million in the.
addition to US$ 100 million earmarked for financing Arab exports to African countries.

The allocations for the Sixth Five-Year Plan (2010 -2014) which started in January 2010, stood at US$ 1000 million (US$ 200 million for each year), representing an increase of US$ 100 million compared to the Fifth Five-Year Plan). Programs for the first four years of the plan has been fully implemented (2010-21013); regarding program, of the fifth year (2014) and the last of them implementation is in still progress.