

# AFD Group and Europe in North Africa



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**#WorldInCommon**





Project of the photovoltaic power plant in Kom Ombo, operational since 4 June 2020 - ©AFD - Pedro Costa Gomes

# The power of European partnership



**14 years**  
of partnership



**60**  
countries supported

**Guided by shared convictions, AFD and the European Commission (EC) have worked together since 2008 to boost the impact of their funding and the effectiveness of development aid. They form a key partnership for achieving Sustainable Development Goals (SDG).**

AFD has been authorized to manage European funds since 2008. In those fourteen years, it has become a leading partner for the Commission. During the last European financial framework (2014-2020), the Commission entrusted €2.8 million to AFD. In so doing, it improved the impact of more than 220 projects supporting citizens in some sixty countries.

The strength of this partnership lies in the impressive similarities in the institutions' strategic visions and the productive dialogue between their teams. In Brussels and on the ground, AFD and the EC benefit from a network of local representatives that is unparalleled in the European family.

## A wide range of tools and a leverage effect

The partnership takes the form of a wide range of funding arrangements adapted to the situations and needs of the counterparties. This includes the delegation of grants, including through trust funds, backing AFD loans with European grants, and the roll-out of a portfolio of operations benefiting from European guarantees.

Whenever possible, the two institutions seek to structure their interventions through blending facilities, which help make the most of European grants due to the leverage effect for donors' loans. Between 2014 and 2020, €9 billion in AFD loans and grants were thus mobilized alongside nearly €1.6 billion from the European Commission to fund development efforts in nearly 60 countries in Africa, the Mediterranean region, Asia-Pacific, Latin America, and the Caribbean. AFD's level of involvement has positioned it as the leading bilateral partner of the Commission in the area of blending facilities, and the number two partner behind the European Investment Bank.

In 2017, AFD was also keen to participate in the launch of the European Fund for Sustainable Development (EFSD) aimed at using innovative guarantee mechanisms to support investment in Africa and in the EU's neighboring countries to achieve sustainable development goals, particularly the goal of ending poverty. AFD was once again among the Commission's first partners in the design of these new tools and ranked second in terms of liquid guarantees to benefit developing countries.

In order to further support its positions, AFD Group has created alliances through inclusive platforms, including the strengthened partnership of bilateral financial development institutions (AFD, KfW, CDP et AECID), the network of European Development Finance Institutions (EDFI), the International Development Finance Club (IDFC) and the

Practitioners' Network, which was chaired by Expertise France from 2018-2019. Proparco also helps develop European tools that benefit several development finance institutions.

## #TeamEurope : an even stronger partnership

Building on this experience and network, AFD Group will expand this partnership strategy with the #TeamEurope approach, aimed at reinforcing synergies and involving all stakeholders in the implementation of the European development agenda, in keeping with the principles of coherence, coordination and aid effectiveness.

With the integration of Expertise France, accredited by the EC as of 2011, the range of AFD Group's tools has expanded in order to better support counterparties in their efforts to achieve the targets set by Agenda 2030 and the Paris Agreement.



**€2,8**  
billion



**220**  
projects



# “Interviews ...

**More coherence, more funding solutions, more flexibility: based on these shared convictions, AFD Group and the European Commission have been strengthening their partnership since 2008 to increase the effectiveness of their inclusive investment. Katarína Mathernova and Koen Doens share their perspectives on AFD.**

## Katarína Mathernová

**The Directorate-General for Neighborhood Policy and Enlargement Negotiations (DG NEAR) is one of AFD Group's main partners on the European level. Katarína Mathernova, its Director-General, shares her feedback on the occasion of the French Presidency of the Council of the European Union.**



**Partnerships with financial institutions have always been a priority for you. What lessons have you learned from the one with AFD?**

AFD Group is a key stakeholder in the Neighborhood and Enlargement regions, especially south of the Mediterranean and in Turkey, but also in the East and the Balkans. DG NEAR helps Europe open up to the world.

We provide support for candidates for EU membership and build strong ties with our immediate geographical neighbors. From Rabat to Yerevan, to Cairo, Kiev and Belgrade, we face a wide range of challenges!

Since 2008, our partnership has produced a volume of activity amounting to roughly €800 million covering the areas of energy, transport, urban development and the social sectors. AFD Group has therefore been our second largest partner in southern neighborhood countries. In addition to blending facilities, AFD Group is leading a new guarantee instrument for the European Fund for Sustainable Development (ESFD), which includes, among others, an operation signed in December 2020 in the agricultural sector covering the NEAR region.

**How do you see the future of this partnership?**

The pandemic we are facing reminds us that we must work together to overcome challenges. Mobilization around the Team Europe initiative now amounts to €36 billion, of which €11.7 billion earmarked for DG NEAR. And that was from only a few months!

To effectively roll out operations on the ground, we must act pragmatically by attracting all the necessary resources, both public and private. We are calling on AFD Group to join us in supporting the Economic Investment Plans we have established with our partner countries in the South, East and in the Balkans.

AFD Group's strong presence in the countries in this region is a considerable asset. Its expertise in financial innovation is also valuable in this context. We hope to enhance the leverage effect by confirming the potential of the “guarantee” tool to support climate, environmental, digital and social transitions.

In creating the EFSD, the Commission entered the guarantee market, with over €1.5 billion signed in December 2020. With the FEDD+, we are seeking to become a key player in this field. The Multiannual Financial Framework for 2021-2027 and the new Neighborhood, Development and International Cooperation Instrument (NDICI) provide us with the necessary resources, with a total volume of guarantee coverage amounting to €53 billion. Together, we will make an impact and achieve the desired political results.

## ... Koen Doens

**The AFD Group and European Union partnership: a key structuring component of the new Team Europe.**

**The partnership between AFD Group and the European Union now finds itself at a pivotal moment as Team Europe takes shape, introducing a new European geopolitical ambition and a drive for increased cooperation. Koen Doens, Director-General for International Partnerships (DG INTPA) at the European Commission, offers his insight.**



**The European financial framework for 2014-2020 was marked by the introduction of numerous funding solutions. How do you view AFD Group's contribution to this movement?**

I have a positive and attentive view. For us, AFD Group is a preferred partner for the support of public development policies and the stabilization of the most vulnerable areas. AFD Group is one of the leading providers of budget support in the world and we are working together in close collaboration to better respond to the needs of our partner countries.

The response to the COVID-19 crisis offered an opportunity to intensify this cooperation. This response was part of the Team Europe approach, which has become the backbone of European Union programming for 2021-2027. By combining our collective actions throughout the European Union with the work of Member States in their bilateral actions, we create a broad system that is greater than the sum of its parts.

**As you know, AFD Group is expanding to integrate Expertise France. What are your thoughts on this?**

The European Commission is following this French integration approach with great interest. This strategy echoes the search for more concerted efforts, embo-

died in Team Europe. These developments are part of a more strategic approach, and both reflect the conviction that “working together” leads to greater effectiveness and results.

AFD Group's expansion will therefore allow the European Commission to cooperate with a stakeholder with a holistic strategy, with access to a wide range of valuable assets: extensive experience in the development field, multisectoral expertise, a significant presence in the field and in-depth knowledge of our partner countries.

**What are your expectations of AFD Group regarding the new European financial framework for 2021-2027?**

The Team Europe format provides the EU and its Member States with the opportunity to boost our collective impact and visibility. Our partnership with AFD Group will help us translate this approach into concrete actions. This involves implementing the common vision for a recovery that is sustainable, inclusive, green and digital. AFD Group will be able to simultaneously help stimulate investments in our partner countries, while also providing technical assistance to support these dynamics.

Through Team Europe initiatives, for which AFD provides design and funding assistance, our goal is to gather the forces of European cooperation around truly transformational projects that support our partner countries. AFD's involvement in this cooperation offers access to a comprehensive range of instruments, methods and resources. In addition, AFD Group's presence on the ground is a major asset.

This strengthened partnership with AFD Group is also important because of the precedent it sets. We wish to move towards greater cooperation of this type for the purpose of gaining greater effectiveness and enhancing our impact.

**AFD Group's presence on the ground is a major asset.**



# AFD Group and Europe in North Africa

For more than ten years, the AFD Group has developed a very close partnership with the European Commission for its action in North Africa. This partnership takes different forms. It starts with a constant dialogue on the ground between our agencies and the delegations of the European Union to cross-check our analyses, share our programming and coordinate our actions.

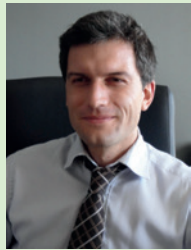
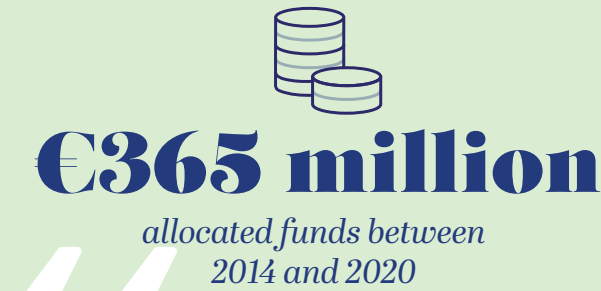


IWSP project: Installation of drinking water and sanitation pipes in the Delta in Egypt. ©AFD - KFW

This has recently been reflected in the joint programming exercise for the European Commission's new multiannual financial framework, which allow to observe a great convergence with the AFD Group's strategy in the region and to forecast a further strengthened relation in the future.

This partnership is also materialized into highly operational collaboration. The AFD Group is able to manage funds on behalf of the European Commission. This has led to implement financing operations combining AFD funds and European ones for a wide range of sectors: basic services such as access to water and sanitation, infrastructure such as urban transport or access to energy, the rehabilitation of working-class neighbourhoods, vocational training, rural development, and the promotion of sustainable finance.

Thanks to its various entities (AFD, PROPARGO and Expertise France), the AFD Group mobilize all its instruments and addresses all the development actors in the region, which should guarantee the consolidation of this European partnership.



**What is the AFD Group's strategy in the region?**  
The AFD Group's strategy for the period 2021-2025 aims to bring the countries of the region closer to new environmental and societal balances. It is about meeting many common challenges in the Mediterranean basin which they face, by pursuing three main objectives:

- Strengthening the resilience of the territories towards accelerated climate change and support low-carbon transitions;
- Contributing to the consolidation of a social agreement as a vector for stability, cohesion and inequalities reduction;
- Promoting economic and social transformations that will create new opportunities.

**Who are your privileged partners in the region?**  
Our action is by definition based on partnerships, which leads us to work with many national, regional and multilateral actors. Among them, the European partners occupy a special place given our proximity and our strategic convergences.

**How important is AFD's partnership with the European Union?**  
The role of the European Commission is of course central to this European partnership system, especially in a region as strategic as North Africa, which is our immediate neighborhood, with which we have very close ties and a future to build together.

**Mathieu Vasseur**  
AFD North Africa Regional Director — ”



PAFIP Project: Practical Exercise of Industrial Maintenance at the Sectoral Mechatronics Training Centre in Borj Cédria, Tunisia. ©AFD - Sam Zekri





## SUSTAINABLE FINANCE AND SUPPORT FOR SMEs

The economies of the region face two challenges: (i) facilitate access to finance for enterprises to enable their development and the economic and employment dynamics that they could generate and (ii) promote investments that enable a sustainable development trajectory, contribute to the preservation of the environment and fight against the effects of climate change.

By means of adapted support mechanisms, the combined tools of the European Commission and AFD allow an increased access to finance for businesses, thanks to support to the financial sector through enhanced or risk-sharing resources. They also create the necessary incentives to encourage sustainable investments while providing the necessary technical assistance to achieve them.



Trader beneficiary of the support ©AFD - KMS



Photovoltaic field ©AFD - Sam Zekri



### Proparco-Arab Tunisia Leasing financing agreement to support Tunisian SMEs

In Tunisia, with EU support through the EFSD guarantee, Proparco was able to grant in February 2021 a line of financing of €15 million to ATL. This project has so far financed 1304 TPME, at an average height of 36000 TND (€11500). 52% of these SMEs work in the trade and services sector, 16% in construction, 14% in industry, 9% in tourism and 9% in agriculture. 27% are located in the south and 24.5% in central Tunisia, two regions less well served by the system banking. The project thus contributed essentially to SDG 8 "Economic growth and decent jobs".



### SUNREF - A green finance label from the AFD group

Implemented in Tunisia, the project facilitates the development of a green economy and sustainable projects to emerge by helping private actors to set up, finance and, in their green transition projects, to stay competitive. It operates through an innovative approach: lines of credit for Tunisian companies, technical assistance for project promoters, banks and public agencies, and a premium on investment for the benefit of project promoters. The four partner banks (UIB, UBCI, BH Bank and Amen Bank), public environment protection agencies (ANME and ANPE) and Assistance (Expertise France) have been working together for these new projects to be developed.



## EMPLOYMENT AND INTEGRATION

Employment is a major issue in the region, especially for youth. Beyond its economic dimension, the income needed to meet primary and secondary needs, it is a major vehicle for social integration. Creating employment opportunities is therefore an imperative to consolidate the social agreement in each country. Fighting against unemployment and strengthening social ties are among the major issues guiding action and projects of AFD and the European Commission in North Africa. Employment and what makes it possible, like education and employability, are at the heart of these projects, since they help ensuring to people access to most of their rights. Gender equality and regional imbalances are also included in these projects.



©AFD - Image Experience



SASME Animal Farming project supports farmers to improve livestock feeding and breeding practices. ©AFD - Egypte




### SABIL - Supporting the economic integration of young people in Morocco

Implemented in Morocco, the program supports the consolidation of measures to promote employment and territorial ecosystems in Morocco, in three pilot regions. It helps to strengthen intermediary actors and to improve the employability of young people through a better territorial network of employment services and pathways of integration adapted to the territories and to the public, especially the most vulnerable. It also stimulates the development of entrepreneurship by supporting projects developed by young people and by consolidating the existing TPE, promote the convergence of public policies by engaging all actors in a collective performance approach and by strengthening monitoring capacities.

### SASME - Support project for agricultural SMEs in Egypt

Implemented in Egypt, the project supporting agricultural SMEs and promoting rural employment comprehensively addresses all the challenges of the agricultural sector such as improving access to finance through a line of credit, a guarantee and technical assistance, and the increase in agricultural yields of the aquaculture and dairy sectors, which are important sectors of Egyptian agriculture. In addition, this project is not only an agricultural project; it is also a support project for Egyptian SMEs.

  
**37 627**  
Jobs supported  
until Feb 2022

  
**1304**  
SMEs supported  
until Feb 2022

  
**26**  
Number of projects  
at the end of 2021

  
**90 000T**  
CO<sub>2</sub> equivalent  
saved/yea

  
**13**  
Beneficiary  
Governorates

  
**€160m**  
Amount  
of financing

  
**3**  
beneficiary  
pilot regions

  
**€30m**  
Amount  
of funding

  
**16000**  
beneficiaries/7 years

  
**26**  
Beneficiary  
Governorates





## SUSTAINABLE URBAN DEVELOPMENT

Two-thirds of the population of North Africa lives in cities, which makes the issue of sustainable development of these spaces a major one. The aim is to ensure that everyone has access to essential decent housing, as fluid a mobility as possible and an economic and social development areas. Cities must also increase their resilience to the effects of climate change.

AFD and the European Commission have made a special effort to support a sustainable urban development in the region by various interventions covering all fields previously mentioned to accompany local public policies aimed fundamentally at improving living conditions of urban populations.



AFD and EU support efforts to rehabilitate and integrate neighborhoods precarious and informal urban. ©AFD - Zayneb Mhemedi



### PROVILLE 1&2 - Supporting the city policy in Tunisia

Implemented in Tunisia, the project, funded by AFD and the European Union, contributes to the improvement of the living conditions of the inhabitants of working-class neighborhoods and supports the adoption of reforms in favor of a city policy. The objective of PROVILLE is to enhance basic urban infrastructure in these 140 working-class neighborhoods. It also promotes the dynamics of local development through the construction of social community facilities and industrial premises. The program includes also an important component of support to the national authorities in the development of city policy, in particular on matters of planning, housing and development, and supporting of the decentralization process initiated in Tunisia since 2011.

**€351m**  
Amount  
of financing

**314**  
Neighbourhoods



©AFD - Société d'Aménagement Zenata



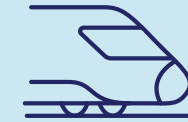
### ZENATA - Creation of the first Moroccan Ecocity

Implemented in Morocco, the project consists of creating a city of 2000 hectares in the region of Casablanca, to ensure its socio-spatial balance. As an adequate city for the middle class, Zenata is a project of public interest, aiming to raise Casablanca to the status of a major world metropolis. With a national scope and among the largest international urban development, Zenata will be a city of services and one of the first Moroccan ecocities. It will promote social and territorial cohesion and promote sustained growth in term of jobs, providing a quality of living and an environment for a social class faced with the lack of adequate supplies.

**300000**  
Inhabitants

**1860**  
Hectares

**100 000**  
Job creation



## TRANSPORT AND ENERGY

The mobility of people and the problems of access to energy are among the most important obstacles to socio-economic development but also to the well-being of individuals. Safe and accessible transportation is essential to finding employment and accessing vital services. The expansion of energy distribution channels, particularly to households, makes it possible to facilitate the daily lives of people and to combat the marginalization of peri-urban or rural areas. AFD and European Commission is financing major projects in North Africa to meet these needs. This includes promoting sustainable mobility and energy and facilitating access to these services for as many people as possible.



©AFD Morocco



### Casatransport - Implementation of two tramlines in Casablanca, Morocco

Implemented in Morocco, these projects consisted of two tramlines (line T1 and T2) to improve sustainable mobility of the inhabitants of Casablanca.

These projects are helping to facilitate access to public transport for the greatest possible number, by providing the use of clean, low-carbon transportation and improve the quality of public transport service.

The challenge of this program was also to promote gender equality. The project enables reduced mobility people to use an adapted and safe public transport. Besides, the access for women to transportation services facilitates their greater economic and social inclusion.

**€54m + €75m**  
AFD BEI  
Amount of financing Amount of financing

**49%**  
of users  
are women



Connection to the national gas network and installation of meters. ©AFD - Pedro Costa Gomes



### EGAS - Extension of natural gas network

Implemented in Egypt, this project aims to improve the access of households to sustainable and low-emitting energy.

Although Egypt has significant gas reserves, which are inexpensive and less polluting than oil and coal, many Egyptians are still without access to sustainable energy. To overcome this deficit, the National Gas Company (EGAS), with the support of AFD, the European Union and the World Bank, is launching an ambitious program to connect more than two million households and provide them with cleaner energy, better managed and more physically and financially accessible.

**€1.7bn**  
Amount  
of financing

**2,3M**  
beneficiaries

**11**  
Beneficiary  
Governorates





## Towards a world in common

AFD Group implements France's policy in the areas of development and international solidarity. The Group includes Agence Française de Développement (AFD), which finances the public sector and NGOs, as well as research and education in sustainable development; its subsidiary Proparco, which is dedicated to private sector financing; and Expertise France, a technical cooperation agency. The Group finances, supports and accelerates transitions towards a fairer, more resilient world. With our partners, we are building shared solutions with and for the people of the Global South. Our teams are at work on more than 4,000 projects in the field, in the French Overseas Departments and Territories, in 115 countries and in regions in crisis. We strive to protect global public goods – promoting a stable climate, biodiversity and peace, as well as gender equality, education and healthcare. In this way, we contribute to the commitment of France and the French people to achieve the Sustainable Development Goals (SDGs). Towards a world in common



[www.afd.fr](http://www.afd.fr)

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