



Corporate Social Responsibility and Activity Report

2024



Éditorial AFD Group CEO



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While 2023 has confirmed that a geopolitical re-configuration is now underway with a growing number of conflicts and a greater presence of the “Global South”, we are also seeing a stronger drive for international cooperation. Countering the hypothesis of inward-looking attitudes, three out of four Europeans call for collective responses to the global challenges.¹ International fora are pulling in crowds: nearly 100,000 people were present for the Dubai-hosted COP28 in December; the whole world will come together in Paris for the Olympic and Paralympic Games; and in June 2023, the international community met in Paris to lay the foundations for a new global financing pact at the initiative of the President of the Republic. The resulting Paris Pact for People and the Planet (4P) sets out four principles to make the message of the United Nations Sustainable Development Goals (SDGs) simple and accessible:

1. No country should have to choose between fighting poverty and fighting for the planet.
2. Each country should adopt its own development and climate transition pathway, while meeting the international commitments of the 2015 Paris Agreement.
3. More resources must be allocated to support the most vulnerable economies through a “concessionality shock”.
4. We need to unite to leverage far more private capital to finance the global commons.

¹ <https://www.afd.fr/fr/ressources/sondage-adhesion-europeens-solidarite-internationale-et-developpement-durable> (In French)

This groundbreaking new matrix is what guides the actions of AFD Group. It could also inspire our peers — the 530 public development banks around the globe — that we are striving to bring together into the Finance in Common (FiCS) movement. Together, we wish not only to ensure that attention and solidarity is focused on the most vulnerable populations and territories — to finance what no one is financing —, but also to redirect the entire financial system towards our common goods — by leveraging private finance. This means supporting and spreading the sustainable development solutions that are emerging in the four corners of the world: from South Africa to Vietnam or Senegal through the Just Energy Transition Partnerships (JET-P); in Brazil or Rwanda with sustainable financial systems; in Kazakhstan with its water-saving policies; in Papua New Guinea or the Congo Basin through the protection of forests and biodiversity reserves. All initiatives supported by AFD Group.

As the first bank to fully align with the Paris Agreement, AFD has reached a record €7.5 billion of climate finance, thus hitting 85% of France's climate finance target. An effort, as well, to protect nature: our objective of committing €1 billion to biodiversity by 2025 was already surpassed in 2023. With an activity of over €13 billion, the AFD Group has now set its sights on becoming 100% SDG-compliant and, to achieve this, it applies a clear methodology to analyse sustainable development that now serves as a quality standard for our refinancing on the markets.

To boost this momentum, the Group is creating and strengthening its partnerships. With over 300 civil society organisations from both the North and South supported in 2023 to sustain the dynamics of economic, ecological and social change that is respectful of rights and the environment. With nearly 70 French regional and local authorities in order for them to forge reciprocity-based ties with their peers. With the private sector, where the know-how and expertise of French businesses are clearly untied to aid. More broadly, the Group is mobilising in step with all development finance players, as shown by our renewed partnership with the World Bank, for which we are now the leading global partner, or by the strategy launched in 2023 of our subsidiary Proparco of mobilising €1 of private finance for €1 euro of its own operations.

Finally, 2023 was a year of consolidation for AFD Group. Its configuration with three entities — AFD, Proparco and now Expertise France — is unique in the international development landscape. This format enables us to propose our clients and partners a broader, more flexible and better tailored offering. With a full raft of useful instruments to hand, our Group can step back from its tools to listen and respond more closely to our clients' and partners' contexts and expectations. Our corporate social responsibility (CSR) approach continues to be a key pillar for structuring our operations in social, environmental and ethical matters, respecting human rights, fighting corruption and ensuring transparency, as Moody's non-financial rating recognised at the close of 2023. Committed and socially responsible, AFD is working to reduce its environmental footprint and promote in-house parity and diversity.

This strategy review foregrounds the high points of the Group, backed by its 4,500 staff and experts fulfilling our mandate from our Paris headquarters, our Campus in Marseille, and the 160 countries and overseas territories where we are committed.

Lastly, 2024 is the year of a new Means and Objectives Contract signed with the State and our first Strategic Orientation Plan in an AFD Group format, which clarifies our ambition, our positioning and our commitments until 2029, the final year before the SDG deadline. It is my hope that all our collective potential for creation and momentum can be deployed to serve our clients and with our partners so that we can respond to their needs ever more effectively and help deepen and renew our ties.

Rémy RIOUX
AFD Group CEO



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01

STRATEGIC REVIEW 2023

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In 2023, new geopolitical divides accelerated the reshaping of global balances against a backdrop of environmental emergencies. In this context, the Presidential Development Council (CPD), then the Interministerial Committee for International Cooperation and Development (CICID) and the Interministerial Committee for Overseas Territories (CIOM) set out ten major priorities for France, including accelerating the phase-out of coal and financing renewable energy, protecting biodiversity, promoting innovation and African entrepreneurship, strengthening food sovereignty and combating gender inequality.

AFD Group plays a pivotal role in implementing these new strategic and policy directions for France in the context of an international drive to redirect a greater portion of public and private, national and international financing towards the Sustainable Development Goals (SDGs).

This strategic review of the Group's 2023 activity presents the highlights, key achievements and major changes that have marked the Group's operations over the past year, in four parts:

- **Positioning the Group “by the side of others”**, — its clients and partners — as close as possible to their requests and needs. From South Africa to Senegal, the Group supports the Just Energy Transition Partnerships (JET-Ps) to back up public energy transition policies whilst at the same time striving to reduce social inequalities. It also adopts an integrated approach to tackling multi-dimensional vulnerabilities through its Minka Peace and Resilience Fund, in eastern Chad, for instance, with a project that combines emergency aid, economic development and environmental challenges in a conflict zone. The year 2023 also marks a strengthening of the Group's commitment in the east of Europe, Eurasia and the Pacific.

Whilst maintaining a sharp focus on its operations in Africa and Latin America, the Group is also stepping up its interventions in the countries of the European Political Community (EPC) and placing its action in a context of geopolitical recomposition.

- **Giving a central place to the SDGs.** Because the SDGs are at the heart of the Group's actions and remain its main compass. By taking this SDG-centred impact and alignment commitment, the Group is working to reconcile human development, the preservation of the planet and support to institutions and citizens' initiatives. This requires a method, namely the sustainable development analysis and opinion mechanism. This quality standard, which underpins AFD's sustainable refinancing on the markets, was extended to a Group format in 2023.

- **Mobilising for greater impacts.**

To amplify its action, AFD Group rallies, mobilises and brings on board the actors and forces of change — youth, citizens and civil society organisations — in France and worldwide. The Group also mobilises expertise and knowledge, particularly that of French local authorities and companies. Lastly, on behalf of France and together with the coalition of public development banks (IDFC), AFD Group has been a driving force in redefining the international financial architecture, be it the Paris Summit for a New Global Financing Pact in June 2023 or the Finance in Common Summit (FiCS) in Cartagena and the COP28. Achieving the SDGs means speeding up mobilisation efforts to render all global finance sustainable, finance common goods and invest more in vulnerable countries and populations. Redirecting a larger share of available financing towards the SDGs is now part of AFD's Group mandate following the CPD and CICID of 2023.

- **Lastly** — and the starting point for this review —, **“fulfilling AFD Group's promise”**, a now expanded group with the integration of Expertise France and Proparco's new strategy. Building on the complementarity of its three entities, the Group is giving priority to its clients and partners by adapting to their needs. 2023 has therefore been marked by the roll-out of a Group offering consolidated in several regional offices, in North Africa and Eurasia.



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Fulfilling AFD Group's promise, a joint commitment

Faced with major geopolitical, environmental and social upheavals, AFD Group positions itself as a key player in the construction of a more just and more sustainable world.

The French law of 4 August 2021 transformed AFD Group into an almost unique player in the international development finance ecosystem, as it comprises three entities with complementary missions: the Agence française de développement (AFD), a public financial institution tasked with implementing France's development policy; Proparco, its private sector arm; and since 1 January 2022, Expertise France, the French international technical cooperation agency. As a result, AFD Group now combines the activities of a national public development bank with an international scope, a financial institution dedicated to the private sector and an agency providing technical cooperation and expertise.

The success of the Group's strategic commitments depends on the full deployment of this collective capacity, along with AFD Group Campus, the Société Immobilière de Nouvelle-Calédonie (SIC), SOCREDO bank and the guarantee fund SOGEFOM, as well as STOA the impact fund co-created with the Caisse des dépôts et consignations (CDC).

Consolidating operational synergies in the field

Capitalising on its three entities (Agence française de développement, Expertise France, Proparco), AFD Group draws on an extensive network in over 160 countries and 11 French Overseas Territories and Departments. With its 4,500 employees, including over 2,000 in the network, the Group is deploying its operations and taking up new themes, on the ground, close to its clients and local partners. To co-develop solutions to the challenges embodied in the Sustainable Development Goals, the teams from each group entity work in coordination, basing their interventions on the complementarity between their public, private and expertise capacities to respond to the needs and requests. They can thus also capitalise on a strengthened understanding of local and institutional contexts.

Since 2023, several regional teams have been organised, spearheaded by AFD's regional directors, to launch a consolidated Group offering tailored as closely as possible to clients and partners, notably:

- in North Africa, on the theme of entrepreneurship and youth, or in the field of social protections in Morocco and Egypt, with AFD sectoral policy financing and technical assistance provided by Expertise France,
- in Eurasia, in the energy transition sector, particularly in Albania, Moldova and Uzbekistan where the Group combines AFD sectoral policy financing, technical assistance from Expertise France with European Union delegated funds and private project financing with Proparco.

Operational synergies are thus being developed to heighten impacts by capitalising on the Group's exceptional value added for its clients and local partners.

**3,800 employees
in Paris and over
150 countries
and 11 French
Overseas Territories
and Departments**



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Austerlitz: a new head office for the Group

By 2027, AFD Group's 2,800 Paris-based employees will be settled in a new shared head office in the heart of a "sustainable development complex".

This project aims to group together, in a shared space, the actors who, as Group CEO Rémy Rioux explains, "are working to produce innovative financial solutions and disseminate knowledge on the sustainable development challenges". The teams from the French Facility for Global Environment (FFEM) and from the Fund for Innovation and Development (FID) will also join AFD Group's teams under the same roof.

To limit the impacts of the project, the design and development of the site comply with numerous environmental standards and are subject to rigorous certifications and labels.

- The project foresees construction solutions and a reduced-impact worksite through the use of bio-sourced or recycled materials, and an 80% recovery rate for construction site waste.
- The energy-efficient building is equipped with photovoltaic panels that will meet 50% of electricity needs. Likewise, the heating and air conditioning systems are powered by green energies thanks to partnerships with the Compagnie parisienne de chauffage urbain (CPCU) and Climespace.
- Ecomobility is encouraged, with 1,000 parking places reserved for bicycles, and an ideal location for public transport (Gare de Lyon, Gare d'Austerlitz, RER, metro and bus).

- The project integrates substantial greening aspects with roof areas dedicated to agriculture and biodiversity. Neighbouring green spaces will also be enhanced with planted trees.

Group employees are invited to attend a series of thematic workshops between 2023 and 2027 under a plan to support the change. Because bringing together under the same roof teams that have such diverse professions and practices means supporting them well in advance of the move.

© L'autre image
Architects : Atelier d'architecture Gares & Connexions, Atelier Zundel Cristea, Dietmar Feichtinger Architectes, Henke Schrieck Architekten, inSpace Architecture, Tank Architectes, TVK, Wilmotte & Associés Architectes



Head office key figures

2,800
employees
in total

5,000m²
of wooden flooring

80%
of construction waste
recovered

1,500m²
of urban agriculture

200
trees planted

50%
of electricity needs
supplied by photovoltaic
panels

A Group at the service

of innovation

FFEM:

30 years of innovation for the environment and development

Refinanced for the period 2023-2026, the French Facility for Global Environment (FFEM) has recently adopted a new strategy and defined its new policy priorities. The strategy is in line with its previous actions, taking emerging challenges and risks into account and integrating new niches for innovation. The climate emergency, accelerating biodiversity loss, the economic and health consequences of the Covid-19 pandemic and the current supply bottlenecks for raw materials and energy are heightening the vulnerability of communities and ecosystems. In this context, the FFEM aims to step up its action to promote innovation for global environmental protection and sustainable development in developing countries.

The FFEM's approach remains focused on the partnership dimension of its projects and on its evaluation and capitalisation practice, which underpins its identity and actions. Its end goal is to gather lessons from the pilot and innovative experiments it finances in order to disseminate and mainstream the new practices it develops into its projects. For this, the FFEM's strategy seeks linkages with other partners and donors. It also reaffirms the priority of Africa and the Mediterranean, with the objective of concentrating two-thirds of its resources in these geographies.

Five priority themes

1. Biodiversity conservation and enhancement
2. Resilience of aquatic ecosystems
3. Sustainable management of agricultural and forest landscapes
4. Adaptation and low-carbon transition in cities and regions
5. Circular solutions and the fight against pollution

Evolving co-financing modalities

The FFEM contributes between €500,000 and €2,000,000 to €3,000,000 to projects, with a maximum co-financing rate ranging from 30% to 50% depending on the type of entity concerned, which is an appreciable change in the terms and conditions of its operations.

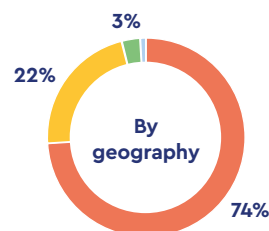
Cross-cutting innovation vectors

Innovation is core to the FFEM's action and helps define its specificity. The main challenge is to activate transformational dynamics and scale up relevant solutions that benefit the environment and communities. These dynamics can rely for the most part on vectors of innovation such as:

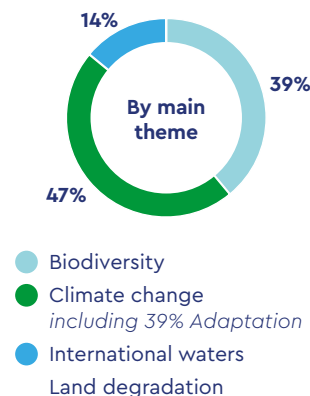
- nature-based solutions and the "One Health" approach
- knowledge and expertise
- citizen participation
- mechanisms that mobilise sustainable finance
- a research-to-policy approach.

The FFEM in 2023

TOTAL AMOUNT OF COMMITMENTS



- Africa + Mediterranean
- Latin America
- Asia
- Rest of the world



- Biodiversity
- Climate change including 39% Adaptation
- International waters
Land degradation

FID makes its mark!

Highlights of the Fund for Innovation in Development (FID)



4 years

**RENEWAL
OF THE AGREEMENT**
between the **FID**, the **French
State** and **AFD** until 2027



€31M

**THE AMOUNT COMMITTED
IN 25 COUNTRIES**
over the period **2021-2023**.



€25M

**THE FID'S
NEW ANNUAL BUDGET**
compared to an annual **€15 million**
over the period 2021-2023



66

**THE NUMBER OF
PROJECTS FUNDED**
in three years.



2,700

**THE NUMBER
OF APPLICATIONS**
received in **three years**.



4 months

AVERAGE TIME
to deliver a **final funding decision**
after the receipt of an application.

The FID is ramping up

Launched in 2021, the Fund for Innovation in Development (FID) invests in solutions likely to have a high impact on tackling the challenges facing vulnerable communities. To do so, it provides grants tailored to the different stages involved in developing innovations. While hosted by AFD, FID's governance is independent, its board being chaired by Esther Duflo, winner of the Nobel Prize in Economics. The FID selects the innovations it funds through a call for projects open all year round and to all types of structures and sectors.

The FID has quickly become an attractive instrument for innovators worldwide. Over three years, more than 2,700 applications were received proposing projects in nearly 90 low- or middle-income countries.

In 2023, 25 new innovative solutions to major development challenges were funded. Among these: a system for the re-use of unsold mangoes in Kenya, agro-meteorological assistance in Tanzania to increase the resilience of farming communities to climate challenges, and a reinsurance scheme for tontines in Cameroon. The FID promotes synergies and dialogue between innovation and research to pilot, test and evaluate the impact of projects.

In India, for instance, the FID is financing the impact evaluation of an innovative programme to enhance the wellbeing and self-confidence of schoolchildren.

The year 2023 marked a new milestone for the FID with the renewal of its agreement with the AFD and the French government. This new agreement formalises a substantial increase in the FID's budget, which will rise from an annual €15 million to €25 million over the period 2024-2027. It also demonstrates the French government's confidence in this innovative financing mechanism.

Proparco : Acting together for greater impact

Proparco in 2023

1. A historic year: 2023 was a pivotal year for Proparco. While deploying its new strategy, “Acting together for greater impact”, Proparco marked up a year of record activity with over €2.7 billion of commitments for over 200 projects to the benefit of private actors in the Group’s geographical areas of operation.

2. Impact at the core of projects: this ambition took concrete shape in Proparco’s projects in 2023:

- On climate, where Proparco has the capacity to structure large-scale operations by syndicating financing from other donors, as in the case of a USD 200M impact loan (sustainability-linked loan) signed at COP28 with the pan-African banking group Ecobank. This operation aims to support Proparco’s strategy on sustainable development and the fight against climate change. In 2023, more than 40% of Proparco’s business involved climate co-benefits, i.e. an increase of nearly 70% in volume compared to 2021 (from €0.67 billion to €1.13 billion).

- On the reduction of gender inequality — a challenge on which Proparco continues to make headway year after year. While gender equality is traditionally part of its financial inclusion activities, Proparco is now endeavouring to streamline a gender component more systematically into the projects financed across all sectors. One example is the case of Senegal with the financing of Dakar’s Bus Rapid Transit system. This operation includes a component designed to strengthen the safety and daily access to transport for 125,000 women and promote their employment in the transport sector.

- In the least developed countries (LDCs) and fragile countries, Proparco supports the private sector as developing this is a prerequisite to improving the living conditions of local communities and to creating economic opportunities. In 2023, some fifty projects in sectors such as decentralised energy, support for start-ups and very small to midcap enterprises (MSMEs), as well as agriculture and the agri-food industry. This is the case of the Sama Al-Manar project in Iraq where Proparco is supporting the development of a new cutting-edge agro-industrial complex in Umm Qasr port.

3. Proparco, backing France’s priorities. In 2023, Proparco’s action was fully aligned with France’s priorities as set out by the July CICID:

- Promote innovation and entrepreneurship in Africa with the roll-out of the second phase of the Choose Africa initiative, which involves all of the Group’s entities. Proparco and its subsidiary Digital Africa are using all of their tools to promote access to credit, bolster equity for start-ups and MSMEs, and facilitate trade for these economic players who are key in helping reduce poverty.
- Strengthen food security — this year Proparco will be deploying the pilot phase of the Private Sector component of the Food & Agriculture Resilience Mission (FARM) launched by the French President and geared to supporting agricultural MSMEs and agri-food businesses.



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Proparco in figures



**OVER 450
EMPLOYEES**



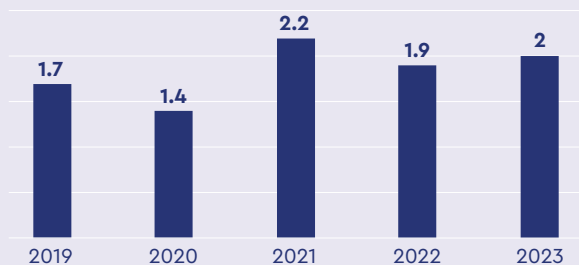
**159
NEW PROJECTS
SIGNED**



**550
ONGOING
PROJECTS**

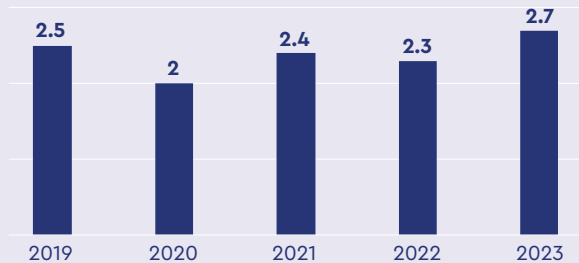
VOLUME OF SIGNED PROJECTS

€ billions



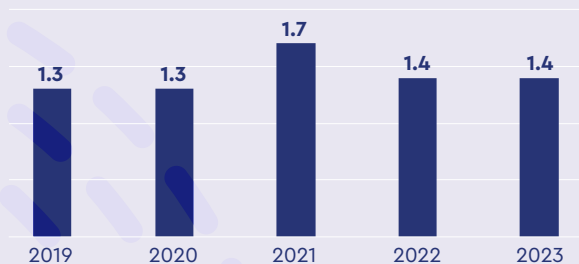
FINANCING AUTHORISATIONS

€ billions



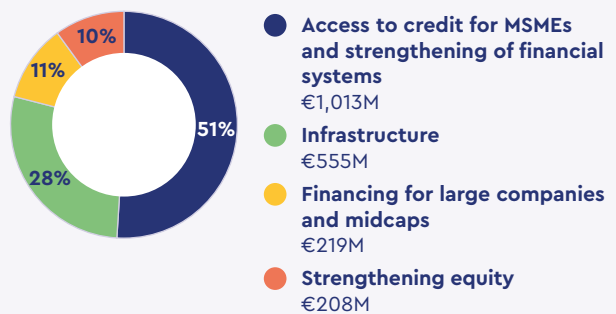
VOLUME OF DISBURSEMENTS

€ billions



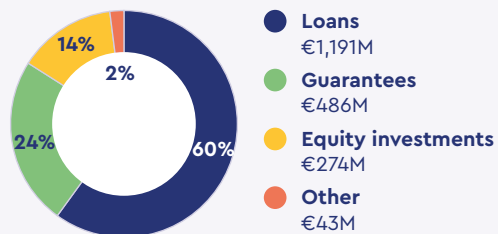
PROJECTS SIGNED IN 2023 BY TYPE OF ACTIVITY

€ millions



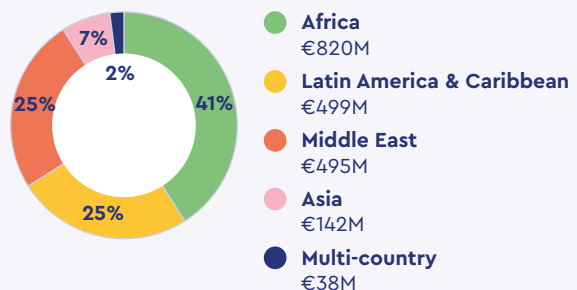
2023 BREAKDOWN BY FINANCING TOOL

€ millions



BREAKDOWN OF PROJECTS BY GEOGRAPHY

€ millions



Expertise France : know-how in common

An expanded Group

The French law of 4 August 2021 transformed AFD Group into an almost unrivalled player in the international development finance ecosystem, as it comprises three entities with complementary missions. AFD Group now combines the activities of a national public development bank with an international scope, a financial institution dedicated to the private sector and an agency providing technical cooperation and expertise.

Expertise France works alongside the Group's partners and clients to advise and assist them in strengthening their public policies. It promotes a robust partnership-based approach, work methods calling on recognised legal and technical standards, but also a vision of economic development and governance respectful of the rule of law and human rights.

Increasing operational integration

Si While the European Union remains the leading contributor to Expertise France's activity (48%) followed by French ministries (27%), the agency is consolidating its operational integration into AFD Group,

which contributes more than 20% of its financing. In 2023, AFD allocated €140 million to Expertise France (primarily in Central Africa for €29M and the Near and Middle East for €22M). Three sectors account for more than two-thirds of the volume of activity carried out with Expertise France: governance, health and social protection, education and vocational training.



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Expertise France in 2023



765
EMPLOYEES AT
HEADQUARTERS



€388.6M
TURNOVER
with a net result of **+€1.5M**



**TOTAL SIGNATURES
IN 2023**

174
CONTRACTS
totalling **€558M**



350
ONGOING PROJECTS



320
INTERNATIONAL
TECHNICAL EXPERTS
(ITEs)



174
COUNTRIES AND REGIONS
OF OPERATION



© Alexandre David

Positioning ourselves “by your side”

The Group is reinforcing its geographical intelligence, its knowledge of development contexts, situations and paths, and of the public policies of countries wishing to cooperate with France.

AFD Group positions itself firmly by the side of others — meaning alongside countries, people, partners and clients — and assumes full accountability for this. Being a Group by the side of others also means looking at the world from our partners’ perspectives and then engaging a dialogue with them to build collaborative pathways that converge towards sustainable development. And continuing to reinforce and transform our activities in French Overseas Territories and Departments.

Being by the side of others means adopting an attentive and respectful stance, listening to the needs, cultures, knowledge and talents of countries and our clients. It also means being by the side of ongoing or projected developments, at the same time differentiating and tailoring our tools and our approach to

each country’s individual trajectory. It involves going beyond project mode alone and being even more attentive to stakeholders and supporting them over the long term. Going further than projects, the Group’s activities support national and regional sustainable development trajectories. This reinforced approach is based on the support and transformation of major national players — and the processes linking them together — identified as key agents of change. It means supporting ministries, municipalities, regions, utility companies, central and development banks, private businesses, large non-governmental organisations (NGOs) or media, mainly through public policy loans, programmes and expertise. Finally, being a Group “by your side” means being mindful of the relevance of our offering and of the quality of our relationships — the

central hallmarks of France’s positioning, in the context of the ongoing geopolitical reconfigurations.



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© Sarah Waiswa

Teaming up with our partners and clients

Giving voice

For the Group, being “by your side” implies positioning ourselves as close as possible to our clients and partners, listening to them and moving beyond the simple logic of supply-centric services that often characterise a donor’s offering.

How do they view their relationships with the Group? What are the levers of improvement? For the Geographies Department and its network, these are priority questions. Several initiatives were recently launched to better capture our clients’ and partners’ expectations, capitalise on the Group’s strengths and guide its choices:

- a second client survey produced jointly with Ipsos, with the results to be published in September 2024,
- design of a “hot” questionnaire (post-signature or post-disbursement), shared by AFD and Proparco to gather feedback on the client’s experience during the setting-up of financing,
- organisation of “Client Days” at AFD headquarters during the annual network meetings held in January: a delegation of some twenty people representing a panel of the Group’s counterparties is invited to headquarters for a day of discussions.

Maintaining trust, adapting to needs

These different initiatives foreground the trust that the clients and partners place in the Group. A trust fostered by the quality of their relationship with the teams, who go beyond a strictly business relationship by combining expertise, technical assistance and the commitment to meet the needs of clients and partners. For instance, the Net Promoter Score (which measures the likelihood that clients would recommend the bank) tops 50% for AFD, whereas for commercial banks in France the average is 10%. The clients also appreciate the extensive global network of the Group and its partners (FICS, IDFC, Joint European Financiers for International Cooperation [JEFIC], European Development Finance Institutions [EDFI] in particular), as it opens up more opportunities for exchanges with their peers and sectoral experts. This is the point of the “Country Days” and client events organised several times a year. These discussions with its clients and partners also enable the Group to identify avenues for progress and improvement.

The Group has thus successfully completed various projects that simplify things for its clients and partners. After working in 2021 and 2022 on contracting procedures (mainly by allowing electronic signature solutions), in 2023 the Group worked on the identification and financing appraisal processes, which resulted in:

- team in charge of the project financing,
- more clarity for our clients regarding the expectations expressed at the appraisal stage,
- fewer terms and conditions for the signature or disbursement of funds.

Thanks to all these measures, the interval between the granting of financing and the contract signature date was divided by three between 2021 and 2023, dropping from an average 4.5 months to 1.5 months.

The Group's locally hired employees: skills crucial to the Group's local foothold

The Group's geographic intelligence also stems from the 650 employees recruited in the countries where it operates. These represent a great asset for the Group with all the skills and granular knowledge of its partners and local contexts.

Career development for local employees is one of the Group's priorities. They now have enhanced prospects thanks to setting-up of operational centres in the agencies, the strengthening of the regional offices, and the decentralisation from headquarters to the network.

The Group is assisting the internal mobility of its local employees not only to head office or another representation in the network, but also to managerial positions. Discussions are also in progress to foster professional mobility between the Group entities as well as to partner entities.



A tailored support programme

Set up by the Human Resources Department and AFD Group Campus, this programme supports local agents along their career path and is based on three components:

- A constantly enriched training offer, adapted and open to employees hired in the network to strengthen their skills throughout their professional life.
- A fast-track programme for local operational employees (diagnostic and skills assessment, targeted training, immersion periods at head office). A first group of 11 employees from across all geographies will be in immersion training at AFD's head office from 21 to 30 May 2024.
- Tailored guidance is proposed to local employees who are about to take on a new function, notably the position of project team manager in the network.

Between 2019 and 2023



30 local employees
moved to head office

23 moved to a regional
office

11 moved to another
agency



26 local employees
were appointed as
managers:

20 heads of operational
centres in the agencies

5 agency deputy directors

1 office manager

Catherine Taroan,
Officer in Regulatory Knowledge of Counterparties department

“ What struck you most when you arrived at AFD in 2012?

Before joining AFD, I worked at the French Embassy in Beijing. When I joined the agency, what first struck me was that my entire work environment, and my colleagues and project counterparties, were all Chinese, quite the opposite from at the Embassy. I thought to myself “Oh my! What am I going to do?”, because the French and Chinese ways of working are very different and although I’m Chinese, I’ve been living in France for a long time, so I’m used to working in a more “direct French style”. But my AFD colleagues in the agencies and at head office helped me a lot as they were available to answer my questions whenever necessary. I really benefited from the training courses I was able to do, and all that helped to improve my skills.

“ You’ve been working at AFD head office for six months now. In what way is your experience in the Beijing agency useful in Paris?

I joined AFD’s Beijing agency as agency accounting officer, then as regional portfolio monitoring (SPR) and disbursement officer. At the moment, I’m an officer in the Regulatory Knowledge of Counterparties Unit (CRC) at head office which is bringing me new expertise. I’ve crossed to the other side of the mirror so to speak. There are marked cultural differences between China and France, be it in the way of working or interpersonal codes and my dual Franco-Chinese culture is an advantage that helps me to meet the expectations of my new position at head office, as it did in my former jobs in the agency and regional office. In fact, my experience in the field means that I have a better understanding of the agencies’ needs.

The just dimensions of the energy transition, from South Africa to Senegal

Being “by your side” also means supporting public energy transition policies, while at the same time working to reduce social inequalities. This is the whole point of the Group’s intervention under the Just Energy Transition Partnership (JETP) initiative. The year 2023 saw the launch of the 4th JET-P in which France is involved, this time for Senegal. This follows on from the 1st JETP in 2021 signed with South Africa, then in 2022 with the 2nd and 3rd JETPs with Vietnam and Indonesia. All in all, the approach mobilises a cumulative financial commitment of USD 30 billion pledged by members of IPG (International Partners Group), and rises to nearly USD 48 billion when private finance investment is added in.

Prevent decarbonisation from exacerbating inequalities: focus on the JETP in South Africa

Marked by sharp social inequalities and a heavy reliance on coal, South Africa is facing recurrent issues of energy availability. As a result, a major challenge for the country is to embark on an extensive programme to decarbonise its economy and energy mix without becoming weakened or exacerbating inequalities. These were the stakes of the Just Energy Transition Partnership (JETP) led by South Africa and signed in November 2021 at COP26 with France, Germany, the United Kingdom, the United States and the European Union.

Transnet, the public operator in the transport sector for rail and port freight, is a pivotal actor for South Africa’s inclusive economic development and central to AFD Group’s intervention to support the country’s JETP. In 2023, to support Transnet, AFD mobilised:

- €7 million from the European Union’s IIPSA Facility to bolster the operationalisation of its Green Hydrogen strategy
- €270,000 to assist it in defining JET orientations and investments for 2040.

This support complements a €300,000 loan from AFD to Transnet to bolster its Green Freight Strategy and JET trajectory.

The JETPs, transformational projects

Support for the JETPs is at the top of the CICID’s ten political objectives. This partnership approach, in which AFD is the lead project owner for French commitments, establishes an enabling framework for the deployment of AFD Group’s offering on the just dimensions of the energy transition. Through its implementation of an inclusive social dialogue, the Group supports the workers, communities and territories impacted by the phase-out of fossil energies, in order to anticipate and mitigate any potential inequalities induced and ensure a fair distribution of the dividends of this type of transition towards green economies.



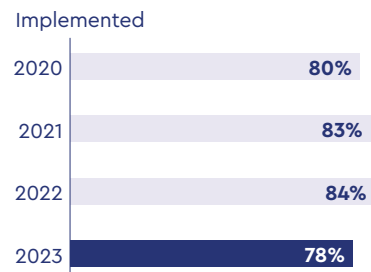
In addition, mobilising on the JETPs helps to create a collaborative space that contributes to:

- a better linkage between decarbonisation objectives, financial resources and investment plans,
- consideration of the specifics of each partner country and the multi-sectoral character of the energy transition,
- good coordination between donors and partner countries in view of enhancing technical and sectoral dialogues at policy level.

"By you side"

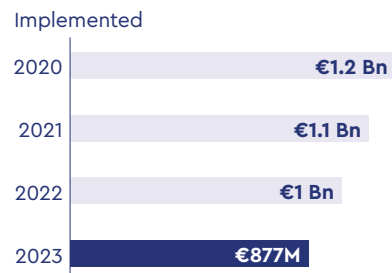
in figures

Financing for Africa and Middle East (Group)



In 2023, the State channelled nearly €1.9 billion to Africa and the Middle East. The primary beneficiary of this effort was Côte d'Ivoire (€448M), followed by Senegal (€120M), Cameroon (€91M), Madagascar (€80M) and Morocco (€75M).

Loans to French Overseas Territories and Departments (AFD and Proparco)

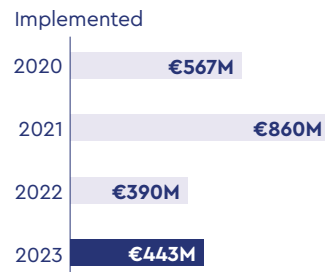


In 2023, loan financing for the public sector reached €877 million.

Loans to the overseas public sector, which account for four-fifths of own-account activities, are based for the most part on subsidised loans that provide financing at preferential rates for investment projects with high social and environmental impacts in the territories.

In 2023, AFD rolled out a unique subsidised loan tool: the policy-based loan for transitions (PSP-T), which replaces the former Green PSPs and subsidised PSPs in the social sectors.

African MSMEs (AFD and Proparco)

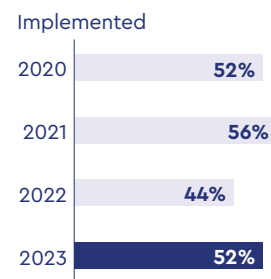


On 28 February 2023 in his speech about a new partnership with Africa, the President of the Republic stated the ambition of "scaling up France's effort" through a second edition of the Choose Africa initiative and following on from the Summit on the Financing of African Economies (2021), the New Africa-France Summit held in Montpellier (2021), and the 2022 European Union - African Union Summit.

Choose Africa 2 is geared to African and French entrepreneurs and to initiatives launched by the African diaspora in France. The programme will be implemented by Team France comprising AFD Group and Bpifrance. It will propose governments, entrepreneurial ecosystems and entrepreneurs financial and technical support in order to finance entrepreneurship, businesses and private sector growth.

Proparco has committed €443 million, which surpasses the 2023 target of €390 million; this result is linked to the roll-out of phase 2 of the Choose Africa programme.

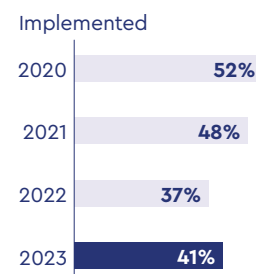
Non-sovereign financing (AFD and Proparco)



AFD has pledged to step up its financing of non-state actors, i.e. "non-sovereign" actors, such as development banks, private and public enterprises, or local authorities, in view of orienting them towards sustainable solutions and in the direction of building inclusive, lasting and responsible financial systems.

Despite a slowdown in non-sovereign financing in 2022, this activity jumped back up to 2021 levels. This was particularly the case for AFD's non-sovereign financing where volumes more than doubled in 2023, reaching €2.2 billion.

Public policy budgetary financing and bank credit lines (AFD)



The share of public policy budget financing and bank credit lines in AFD's activity in foreign countries stood at 41% in 2023.



Driving the new partnership between Africa, Europe and France

AFD Group is contributing very actively to the renewal of the partnership between African countries and France. In an increasingly divided and transactional geostrategic context, AFD Group's action provides a vehicle for fuelling, strengthening and renewing the ties between African societies, French society and their representatives. The Group specifically aims to step up its support for projects combining sport and development, for the cultural and creative industries, and for cross-cutting projects targeting youth, diasporas and civil society organisations (CSOs). A further focus involves investing in innovation and entrepreneurship, in concert with the country's authorities, mainly through the Choose Africa 2 initiative and Digital Africa, as well as creating decent jobs and economic opportunities for young people.



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Building up territorial development in Mauritania: an integrated territorial approach (ITA)

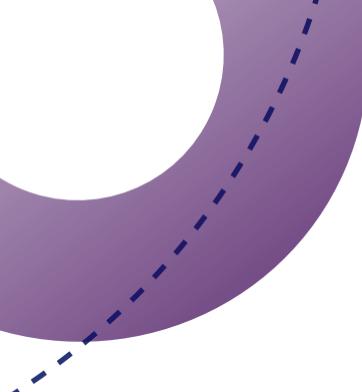
In Mauritania's Hodh El Chargui region, the integrated territorial approach is a real driver of change, aimed at bolstering public services and stimulating local development to benefit some 600,000 inhabitants. For the region, which is up against major challenges such as a population scattered over a vast territory and growing pressure from the influx of refugees from Mali, ITA represents a crucial support to overcome these obstacles.

Since 2021, Mauritania's central and local authorities together with AFD and all Sahel Alliance members have been coordinating this collaborative approach between local stakeholders, governments, donors and civil society organisations. The approach promotes inclusive planning, participatory implementation and joint evaluation of the initiatives, actively involving local communities. The concrete actions stemming from this approach encompass promoting sustainable agriculture, managing natural resources, enhancing local infrastructure, developing skills and improving access to basic services such as education and healthcare.

In 2023, AFD injected an additional one million euros for the project supporting the moughataas (departments) of Amourj and Adel Bagrou, thus completing the Tenmiya d'Iklim Kouch (TIK) project. Integrated into the Min-ka Sahel initiative, these projects clearly illustrate the integrated territorial approach as they deliver concrete solutions to the territorial vulnerabilities, firm up public services and promote local economic development whilst also consolidating social ties and the trust between institutions and populations.

To this end, the ITA initiative aims to implement 35 health and education projects to improve access to basic services, enhance job opportunities for young graduates by promoting employment and training programmes, finance projects that target youth associations and social cohesion to strengthen community ties, and improve local municipalities' administrative management and transparency to ensure efficient and transparent governance.

The ITA project thus carries a strong commitment to enhance Mauritania's territorial development, with local communities at the heart of the approach for a more inclusive and prosperous future.



**Contributing
to an inclusive
investment pact
between Latin America
and Europe**

Relying on AFD Group, France can play a key role in strengthening the ties between Latin America and Europe by building up a trusting relationship and a basis for investment. Established on the continent since 2007 under a mandate targeting the protection of common goods and the reduction of inequalities, the Group operates mainly in Colombia, Brazil and Mexico, with a financing volume in excess of €10 billion over the period 2017-2022. As one of the region's foremost bilateral donors, AFD Group is keen to be Team Europe's driving force behind the ecological transition, social justice and people's access to their rights in the Latin American countries.

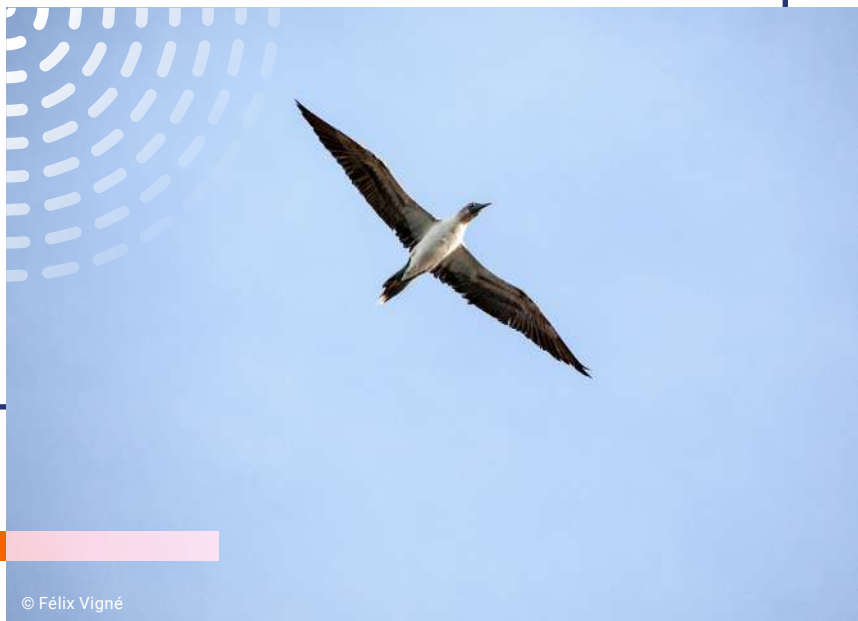
Preserving wetlands in Argentina

Santa Fe Province in Argentina harbours an outstanding natural gem: a vast network of wetlands mainly bordering the Paraná river and home to an incredible wealth of biodiversity. With more than 600 bird species and a multitude of aquatic species, these areas play a vital role in regulating water cycles, mitigating climate risks and preserving natural habitats.

Despite their crucial importance, these protected areas are plagued by a lack of appropriate management, human resources and adequate infrastructure. In light of this, a project has been launched to strengthen the management of these areas and raise public awareness of their priceless value for our planet.

The objective is twofold: on the one hand, preserve and enhance biodiversity in the province while actively helping to fight climate change. To this end, the project aims to extend and improve the management of the protected areas by developing adapted infrastructure and facilities. On the other hand, three climate innovation centres (CICs) will be set up to raise people's awareness of the crucial importance of climate action.

The project is fully in line with the global objectives for biodiversity conservation, particularly through its direct support for the 30x30 Target in the Global Biodiversity Framework adopted in 2022. It also foresees partnerships with French players such as the Fédération des parcs naturels régionaux and the Muséum national d'Histoire naturelle, to enhance the identity of the territories and offer the general public enriching experiences.



Bolstering regional cooperation between the French overseas territories and neighbouring foreign countries

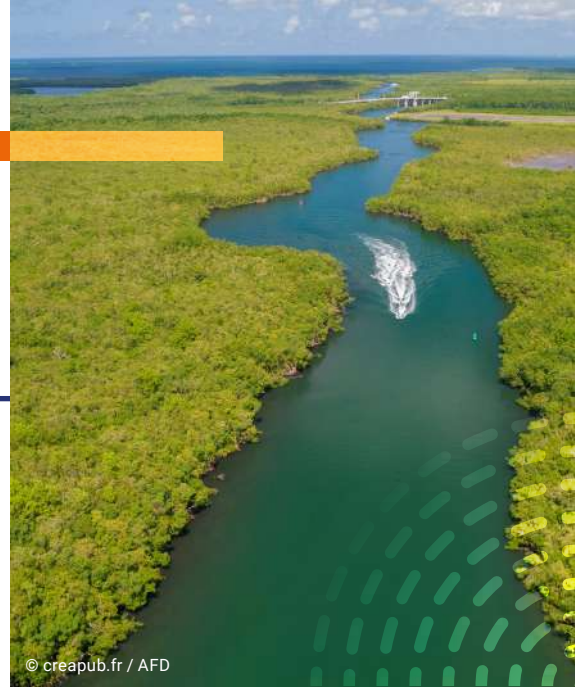
With backing from the Ministry of the Interior and Overseas Territories, AFD Group aims to deliver an overarching response to cross-border issues shared by three ocean basins: the Atlantic, Pacific and Indian basins. The Group's ambition is to support the regional integration of French overseas territories into their ocean basin, especially with respect to ecological transition and sustaining social cohesion. To achieve this, the Group is systematically seeking to mainstream environmental and social co-benefits into its activities and is building on its capabilities in engineering, studies and analyses, in addition to its financial offering for the public and private sectors.

Contributing to mangrove restoration: the OEEO Mangroves project

mangroves are vital for biodiversity, coastal protection and carbon sequestration but are now suffering from the effects of human activities and natural events such as hurricanes and the accumulation of sargassum seaweed along coastlines. The OEEO Mangroves project aims to restore mangrove sites selected in five countries and territories that are members of the Organisation of Eastern Caribbean States (OEEO): Grenada, St. Vincent and the Grenadines, Saint Lucia, Martinique and Guadeloupe.

With financing worth €6.15 million (grant from the 209 programme, with AFD and FFEM), the project involves the community-based restoration of degraded mangroves, the establishment of sustainable conservation models and the region-wide dissemination of knowledge about mangrove ecosystems. This financing will thus help to reinforce the capacity of these vulnerable small island territories to mitigate and adapt to climate change and protect the biodiversity in mangrove habitats, based on management models that benefit neighbouring communities. It will also contribute to strengthening OEEO's capacities and promote experience-sharing between foreign countries, Martinique and Guadeloupe, and other OEEO members, **for better regional collaboration in managing these natural resources.**

The OEEO Mangroves project epitomises an ambitious vision for the preservation of these essential ecosystems, thus ensuring a greener and more sustainable future for the Eastern Caribbean.



The east of Europe and Eurasia, new horizons for the Group in 2023

Following the extension of its mandate to Moldova in 2022, AFD is now operating in Ukraine, by inter-ministerial decision, in support of its candidate status for European Union membership. It has thus deployed an all-round Group offering alongside Proparco and Expertise France, who have already been operating there for several years. Already strong in the Western Balkans, this reinforced commitment confirms the Group's growing support for paths of convergence between Eastern

The year 2023 marks the strengthening of the Group's commitment in the east of Europe and Eurasia.

Europe countries and the European Union. By stepping up its operations in countries within the European Political Community (EPC), the Group places its action in the context of a geopolitical recomposition. In doing so, the Group is supporting convergence with European economic, environmental and social policies, since a sustainable development pathway and support for the *acquis communautaires* are grounded on the same approach.

New directions for strategic cooperation are also emerging in Eurasia. In 2023, the Group stepped up its action in Kazakhstan (where AFD is now present alongside Proparco and Expertise France, following the signing of an intergovernmental agreement) and is now operating in Mongolia. In response to the commitment of

the President of the Republic, AFD also opened an office in Baghdad in 2023 to enable the Group to contribute to the recovery of the Iraqi economy, in close contact with its clients and partners, and respond to Iraq's requests in the area of restoring public services.



UKRAINE
MOLDOVA
IRAQ
KAZAKHSTAN
MONGOLIA

Affirming AFD's action in crisis and conflict zones

In the context of the acute and protracted crises now affecting both middle-income and low-income countries, it is long-term investment alone that will enable us to avert and respond to multiple vulnerabilities: food insecurity, the risks and impacts of climate change, undereducation and underemployment of young people, and the risks of armed conflict or epidemics. According to the World Bank, 80% of the world's poorest will live in crisis or conflict countries by 2030.¹ To achieve the SDGs, stronger and more integrated actions are required for interventions in



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situations presenting “vulnerability traps” as these all obstruct development.

Since 2017, AFD has thus committed €1.2 billion via the Minka Peace and Resilience Fund,² targeting four crisis zones that constitute priorities for France (the Sahel, Lake Chad, the Central African Republic and the Middle East) based on a Triple Nexus approach: Humanitarian / Development / Peace.³

In 2023 alone, AFD granted €134 million for 25 operations in the Middle East and Chad, as well as West Africa (Benin, Senegal, Togo) and Mozambique.



Focus on RESPECCT – Chad

By way of example, the programme for the economic and social resilience of Eastern Chad populations facing conflict and climate change (RESPECCT) was granted funds through an NGO consortium in 2023 led by Concern Worldwide (€16 million). The programme aims to improve the living conditions and promote the resilience of indigenous peoples and refugees in three regions in Eastern Chad. For decades now, the Chadian State and its population have been facing humanitarian crises, armed conflict, inter-community tensions and risks stemming from climate change. In addition, the influx of refugees since the outbreak of the Sudanese crisis in 2023 has significantly increased the already strong pressure on basic services and natural resources (water, farmland, pastures, firewood).

This combination of structural and cyclical crises requires an integrated approach to address compounded vulnerabilities, including emergency assistance and long-term development prospects, as well as efforts to promote social cohesion and peaceful cohabitation. Accordingly, this programme co-financed with the European Union brings together:

- a response to needs for protection and access to emergency assistance for both displaced populations and the host communities,
- the development of economic opportunities, sustainable infrastructure, value chains,
- initiatives for dialogue, greater awareness of peacebuilding and environmental issues.

1 Pathways for Peace: Inclusive Approaches to Preventing Violent Conflict. The World Bank, Washington, DC. Licence: Creative Commons Attribution CC BY 3.0 IGO.

2 AFD Group's mandate for the prevention and response to violent conflict intersects with the mandates to combat poverty, fight against inequalities (including gender inequality) and fight against the effects of climate change.

3 OECD/DAC Recommendation on the Humanitarian-Development-Peace Nexus, [OECD/LEGAL/5019: 643.en.pdf \(oecd.org\)](https://www.oecd.org/legal/5019/643.en.pdf).

A 100% SDG Group committed to impact

For AFD Group, SDG alignment requires the emergence of just and inclusive sustainable development models. The Group strives to dovetail human development, preservation of the planet and support for institutions and citizen initiatives.

AFD Group ensures its operations are SDG-aligned thanks to its sustainable development analysis mechanism.

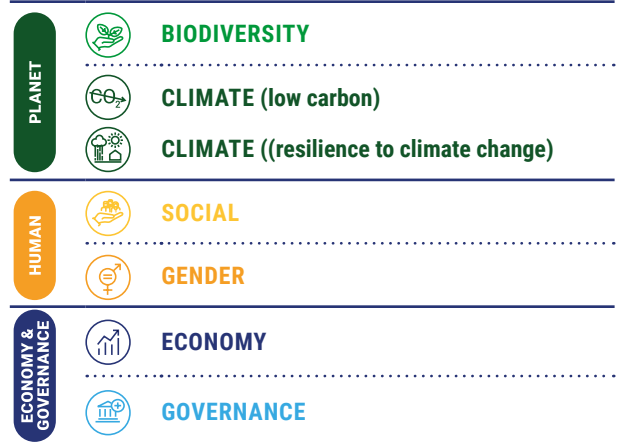
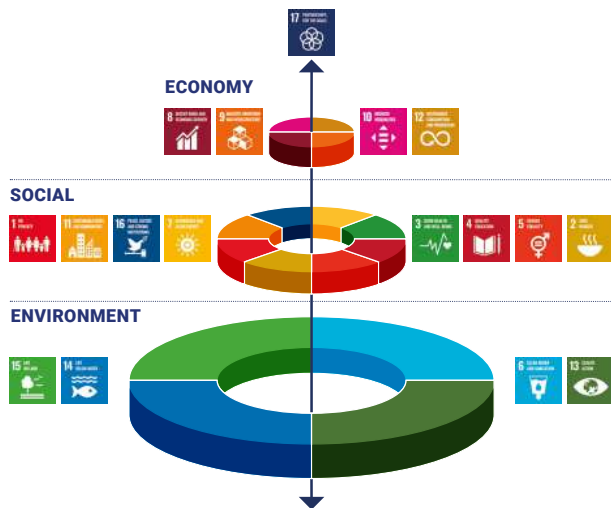
**AFD Group's operations
analysed through
the prism of sustainable
development**

AFD Group analyses the expected effects of its operations against the yardstick of the three sustainable development pillars: "planet", "people", "economy and governance". In

this way, it seeks to improve the impacts of the operations it finances or implements along the six sustainable development dimensions: biodiversity and natural resources management, climate (involving both the low-carbon transition and resilience to climate change), gender (gender equality), a resilient economy and, finally, governance and the long-term positive impacts of operations.

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THE DIMENSIONS LINE UP WITH THE THREE SUSTAINABLE DEVELOPMENT PILLARS



The sustainable development ratings qualify the scope of the impacts

On each sustainable development dimension, the expected impacts of projects are assessed according to their scope:

- significant negative impacts **-2** or residual negative impacts **-1** ;
- neutral impacts **0** ;
- positive impacts: moderate **+1**, significant **+2**, or structural **+3**.

Improve the impact of operations on sustainable development

Qualifying impacts during appraisal means that measures can be put in place to ensure that operations align with the SDGs:

Bolster cross-dimensional impacts to help drive synergies between the different areas of sustainable development (social, environmental, economy and governance).

Increase the positive impacts of operations;

Avoid worsening situations on each dimension, in other words, apply a “do-no-harm” approach to sustainable development when designing projects.

“Do no harm”: the linchpin of SDG alignment

Negative ratings throw light on potentially negative impacts, mainly those relating to a project’s environmental and social risks. If these negative impacts are identified well ahead of appraisal, steps can be taken to assess and manage them. The sustainable development analysis approach is thus grounded in the environmental and social risk management approach. The Group establishes procedures to identify, prevent or mitigate environmental or social harm, as well as human rights violations potentially arising from these activities. If risks persist, the project is likely to obtain a negative rating. This will require increased vigilance during project implementation to prevent the negative impact from materialising.

A “Group” approach

AFD’s ten years of experience

The sustainable development analysis has been applied at AFD for ten years. In 2014, even before the Sustainable Development Goals were adopted, AFD had developed the “Sustainable Development Analysis and Opinion Mechanism” so as to more effectively mainstream sustainable development challenges into the projects it finances. Under this mechanism, the analysis performed by the teams in charge of appraising operations is then reviewed by a team from outside the Operations department, which then gives a formal opinion to the decision-making bodies (Board of Directors or specialised committees). Since 2014, around 1,700 AFD projects have been subject to a sustainable development opinion.

Proparco and Expertise France introduced this approach in 2023

In 2023, Proparco and Expertise France adopted a sustainable development analysis approach based on the same analysis grid and the same methodology as those used by AFD (an impact grading scale, no offsetting between dimensions, discussions in the grants committee or awards committee based on the ratings obtained), but nonetheless adapted to the specificities of their business and organisation. For Proparco, for example, the “ratings review” is not in the form of a formalised opinion at the time the decision-making bodies meet, but rather

conducted at an annual review during which the sustainable development ratings of approved projects are audited, thus enabling these ratings to be validated and adjusted if need be.

A common approach to the dialogue with clients and partners

The analysis approach provides the three entities with a common base, which helps drive practices forward at Group level and facilitates the pooling of analysis and training tools. For our partners and clients, having a common approach also makes discussions on sustainable development issues easier as it creates a common understanding.

A tool to sustainably refinance AFD Group

The ratings attributed through the sustainable development analysis are one of the criteria used to select which assets are eligible for refinancing within the framework defined in 2020 for issuance of AFD Group's sustainable bonds. In 2023, these bonds represented 43% of the total €8.030 billion borrowed.



In 2023, a sustainable development analysis was performed on 94 approved projects, representing a cumulative amount of €2.31 billion (out of a total authorised amount of €2.68 billion).¹

- In 2024, the scope of the rating will be extended to all of Proparco's project (except for some technical assistance projects that are appraised by the department in charge of technical assistance and resource mixing). The sustainable development rating criteria will also be updated to align them with Proparco's 2023-2027 strategy.
- For the purposes of accountability and in-house learning, Proparco performs an annual rating review of authorised projects.

¹ The sustainable development ratings applied to Proparco's projects, with the exception of ARIZ/EURIZ guarantees, trade finance, financing dedicated to technical assistance and some specific programmes (Bridge Fund by Digital Africa, projects with European Financing Partners (EFP) and Interact Climate Change Facility (ICCF) led by partner institutions).



The Sustainable Development Analysis Mechanism is a tool for dialogue at Expertise France's project appraisal stage. Directly integrated into the project appraisal procedure – development committee (CODEV) –, its purpose is to encourage project managers to ask questions about the potential impacts of operations on sustainable development at the earliest possible stage. All projects implemented by Expertise France are subject to an analysis and rating based on the sustainable development dimensions shared by AFD Group: biodiversity, climate a) climate change resilience and b) low-carbon pathway, social link, governance and economy.

To analyse and rate projects, project managers use a rating grid to qualify the nature of a project's expected impacts. This grid is very similar to that used by AFD, except for the governance dimension as this has been reworked by Expertise France to better integrate its operational mandate of security, peace and stability.



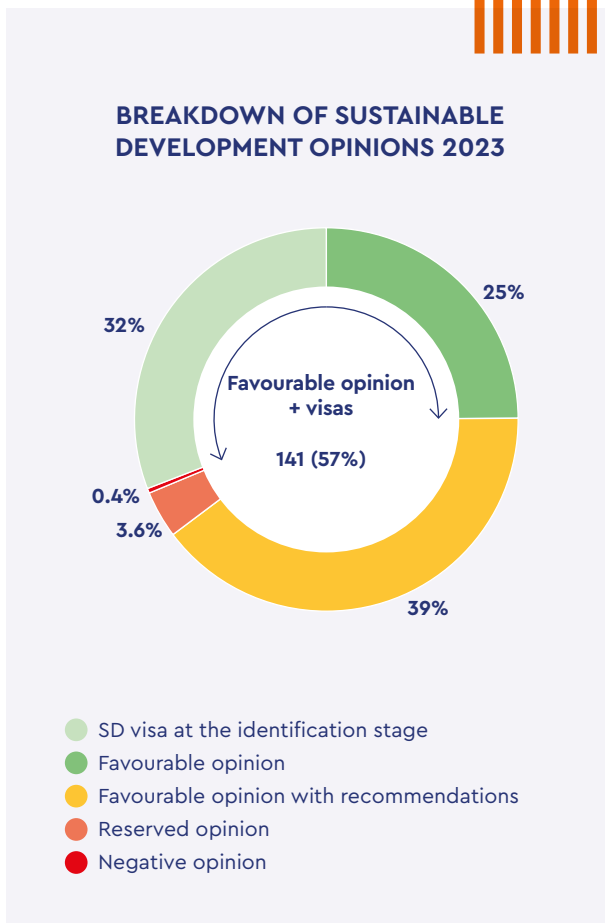
What opinions were issued in 2023?

In 2023, sustainable development opinions were issued for 248 projects (+14% compared to 2022) representing a total amount of €8.7 billion, i.e. 83% of the financing granted over the year.¹

The sustainable development challenges were correctly analysed at the appraisal stage for most of the operations: 57% of these, i.e. 141 operations, received a favourable opinion.² This percentage was down on 2022 (a drop of 11 percentage points) falling back to the levels normally found in 2019-2021.

A favourable opinion with recommendations was given to 39% of the projects. The recommendations rely heavily on the context of the project and the partner receiving the funds granted. They suggest operational points to be improved but may also involve longer-term strategic orientations.

Four per cent of the projects received a reserved or negative opinion, i.e. ten projects. This proportion has remained stable for several years. The projects concerned cover the following sectors: sanitation, biodiversity conservation, agriculture, energy, governance, education and support to entrepreneurship. The reservations highlight potential negative impacts linked to environmental risks,



social risks in the area of human rights, and governance risks possibly arising from the projects. One negative opinion was issued for an operation to build housing on the grounds that the loan could potentially deepen social inequalities.

¹ The sustainable development opinion is applied to financing over a set threshold (more than €1.5 million for grants and €5 million for loans), which follows AFD's usual financing cycle and whose impacts can be assessed in terms of sustainable development. This excludes notably the mechanism for financing civil society organisations, the funding facility for French local authorities, the special funds hosted by AFD (French Facility for Global Environment, Fund for Innovation in Development) and global budget support on behalf of the French State.

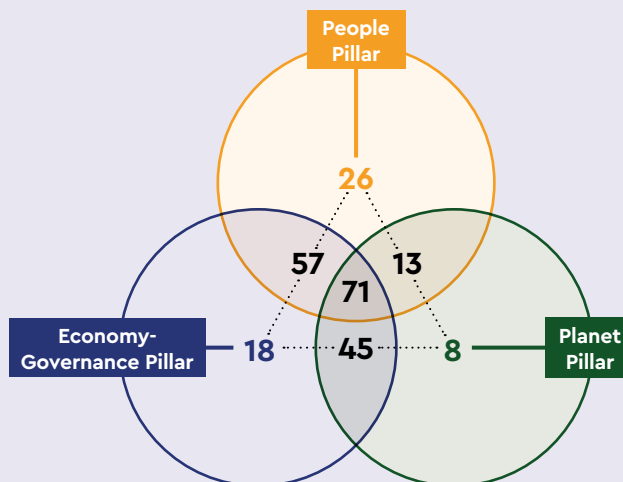
² Including 32% of sustainable development visas. The sustainable development visas are delivered at the identification stage for projects that have no stakes in the area of sustainable development. The projects are granted financing without a formal independent sustainable development opinion being delivered prior to the granting of financing.

Reconciling human development and preservation of the planet while supporting citizens and institutions

AFD is seeking to introduce cross-cutting social, environmental, economic and governance impacts into the projects it finances. In 2023, one-third of the projects (71) that received a sustainable development opinion are deemed **"multidimensional"**, meaning that they have a significant or structural expected impact on at least one dimension of the three pillars ("planet", "human" and "economy-governance"). This proportion has been stable since 2019 (29-36%).

More broadly, three-quarters of the projects, i.e. 186 projects, make a significant or structural contribution (+2 or +3) to at least one dimension of two sustainable development pillars.

THE MULTIDIMENSIONAL PROJECTS FINANCED BY AFD IN 2023



The projects in the centre (71) of the diagram are those with a +2 or +3 rating on at least one dimension of the three pillars "planet", "people", "economy-governance".

The projects in the areas where two pillars intersect have a +2 or +3 rating on at least one dimension of the two

pillars concerned. For example, thirteen projects have a +2 or +3 rating on a least one dimension of the "people" and "planet" pillars, but no +2 or +3 rating on the third "economy-governance" pillar.



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Improving access to safe drinking water in Mauritius

The Republic of Mauritius is facing mounting challenges with respect to water resources management. Despite the authorities' efforts, safe drinking water and sanitation services are still only partly provided. Partnered by AFD, the authorities were granted a €200M loan accompanied by a €2M grant to pilot a new water policy aligned with the 2030 Agenda for Sustainable Development, integrating water supply, sanitation and storm water management. The programme aims to improve the living conditions of 1.3 million people, implement an integrated water resources management system and reduce territorial disparities in access to basic services between the Island of Mauritius and Rodrigues Island. This initiative will help to ensure fair access to drinking water and sanitation while preserving biodiversity and strengthening the resilience to climate change.

Designing long-term, low-carbon strategies for a just transition

The Paris Climate Agreement and the Kunming-Montreal Global Biodiversity Framework have underlined just how important it is for countries to design long-term trajectories for change. To be realistic, these trajectories need to factor in institutional, socioeconomic and technological changes. Since 2018, AFD has been assisting public actors in some fifteen countries in preparing and implementing long-term scenarios that dovetail socioeconomic challenges with climate challenges. This new €10 million grant approved in 2023 aims to build up the capacities of the public actors and will be backed mainly by the tools implemented for the first tranches of the Facility 2050 or developed by AFD (particularly the GEMMES¹, ESTEEM², ESGAP³ models).

© Chris Liverani / Unsplash



1 General Monetary and Multisectoral Macrodynamics for the Ecological Shift — a macroeconomic modelling tool.

2 Exposure to Structural Transition in an Ecological-Economic Model — a transition risks modelling tool.

3 Environmental Sustainability Gap — an environmental sustainability monitoring tool.

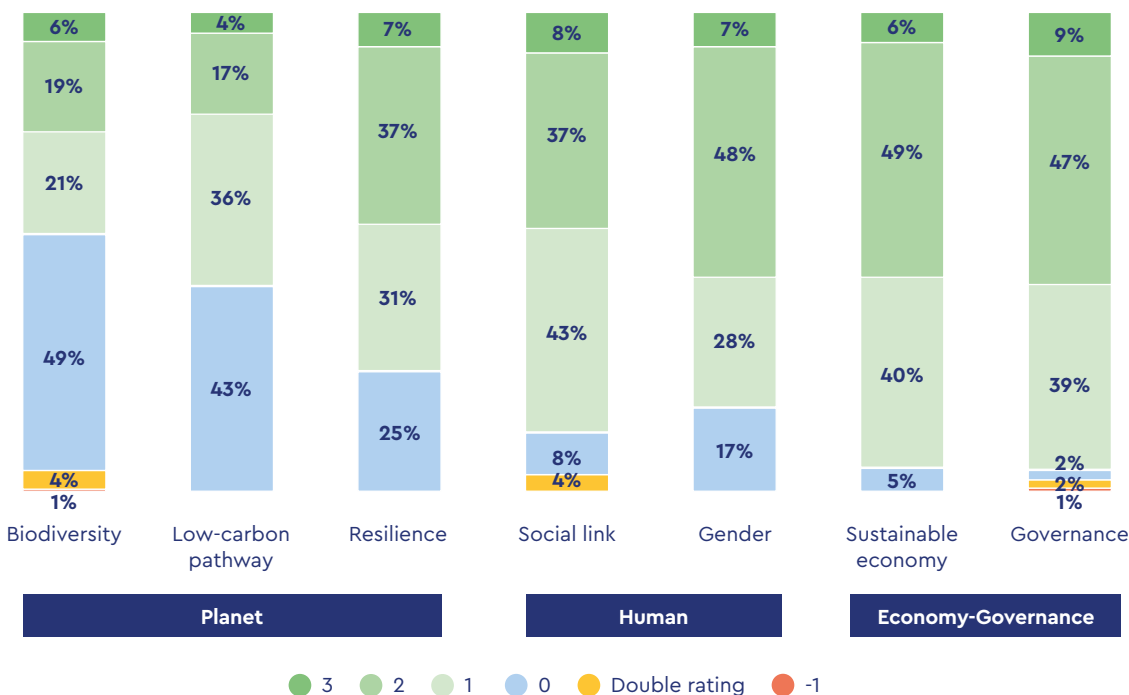
A greater share of projects with transformational impacts

The Sustainable Development Analysis and Opinion Mechanism qualifies the expected contribution of projects on each of the sustainable development dimensions by apply-

ing the impact rating scale: from -2 for projects with potential lock-in effects or negative impacts to +3 for projects with transformational impacts.

In 2023, the 248 projects examined by the Sustainable Development Analysis and Opinion Mechanism scored as follows:

BREAKDOWN OF SUSTAINABLE DEVELOPMENT SCORES BY DIMENSION IN 2023 (number of projects in %)



"Planet" pillar

The expected positive impacts of projects on the environmental pillar (biodiversity and climate) are more modest than those expected from the other two pillars but have been increasing regularly since 2018. Across all of the pillar's dimensions, there has been a constant increase in the share of financing granted for projects with significant and structural impacts.

57%

In 2023, **57% of projects aimed to support the low-carbon trajectory of countries or partners** by activating at least one of the three following levers:

- a technical measure for long-term carbon efficiency,
- mobilisation of financiers and private actors to boost financing for countries' low-carbon trajectories,
- support to public policies promoting low-carbon development.

44%

44% of projects have expected significant and structural impacts on resilience to climate change.

25%

25% of projects target biodiversity conservation and better natural resources management, as either a secondary or principal objective.



Enhanced protection against climate risks for countries and their populations

Building up countries' financial resilience to climate shocks is a growing challenge given the rise of extreme weather events. AFD approved a €20M grant to support the "Global Shield against Climate Risks" initiative. Launched in Germany in 2022, this operation aims to develop insurance solutions offering the most vulnerable countries and communities protection against climate risks and is a sign that donors are mobilising to support the development of insurance mechanisms to tackle loss and damage.

"People" pillar

45%

In 2023, almost half of the 248 projects analysed should make a significant contribution to reducing multidimensional inequalities and reinforcing inclusion (Social Link dimension).

This shows a 10-percentage point drop compared to 2022. The heightened ambitions for the social link rating since 2022 may partly explain this drop.

55%

55% of projects examined by the sustainable development analysis mechanism had a secondary or primary objective focused on women's empowerment and the reduction of gender inequalities (DAC1 and DAC2) according to the criteria of the Organisation for Economic Co-operation and Development (OECD).

Supporting education in Cameroon

Cameroon's education system is facing huge challenges with school coverage and primary school enrolment indicators stagnating or even worsening. To tackle these issues, support for the sector budget support programme, Education 2023-2025, aims to assist the Government of Cameroon in improving its school coverage and learning conditions for primary school children. A further objective is to increase the quality of teaching and overall management of the education system. The programme primarily targets the education services of Education priority zones and regions where school enrolment is lagging the most. By focusing its efforts on the inclusion of the most vulnerable communities, the programme seeks to offer each child the possibility of accessing quality education whatever his or her social background.



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"Economy-Governance" pillar

54%

In 2023, 54% of projects should make a substantive contribution to the transition towards a more sustainable and resilient economy.

56%

56% of the projects were expected to make a significant or transformational contribution to the governance dimension and the sustainability of project impacts, which means that, at the very least, the project

has substantial and lasting impacts on the institutional framework. This signals a strong action by AFD to strengthen the actors involved and include civil society.



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Supporting Morocco in operationalising its green budgeting transition

The Kingdom of Morocco is noteworthy for its political will in climate matters.

To contribute to the efforts of the country's Ministry of Finance in financing the green transition, AFD together with the World Bank is supporting a programme designed to bring budget policy and public finance management tools into line with the challenges of climate change mitigation and adaptation. This should enable a framework for future green or sustainable bond issuances to be put in place, the roll-out of a "green" public procurement scheme and budget climate-tagging.

Bolstering public policy, this €80M loan accompanied by a €2M grant should have transformational and multidimensional impacts, both institutionally and economically, to help tackle climate change.

Climate, biodiversity, equality:

indicators on green

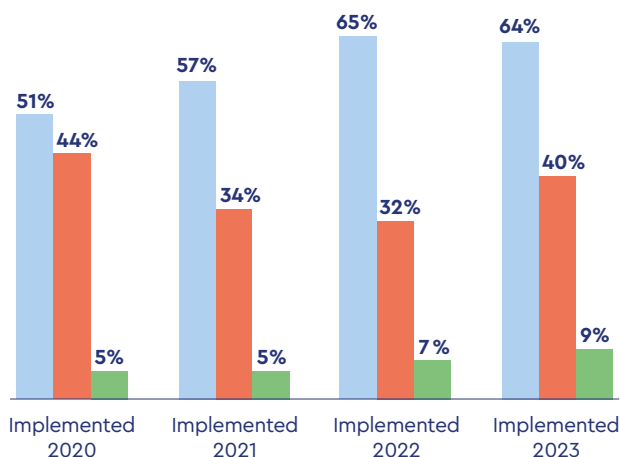
Indicators 9 (climate co-benefit), 10 (climate-adaptation co-benefit) and 11 (biodiversity foreign countries and Overseas France)

Given the increasing and particularly severe impacts of climate change in developing countries, support for **adaptation and resilience in the most exposed regions** is at the heart of the Group's action. Accordingly, the amount of commitment approvals for foreign countries with a climate-adaptation co-benefit totalled €2.8 billion in 2023. These results are consistent with the Paris Agreement and with the orientations of the Law of 4 August 2021 on achieving a balance between mitigation and adaptation. This financing has supported projects aimed at water management and sanitation, sustainable agriculture and climate risk management (warning systems, rising water levels, flooding) as well as public climate policy reforms – with the creation of a country climate platform notably in Bangladesh.

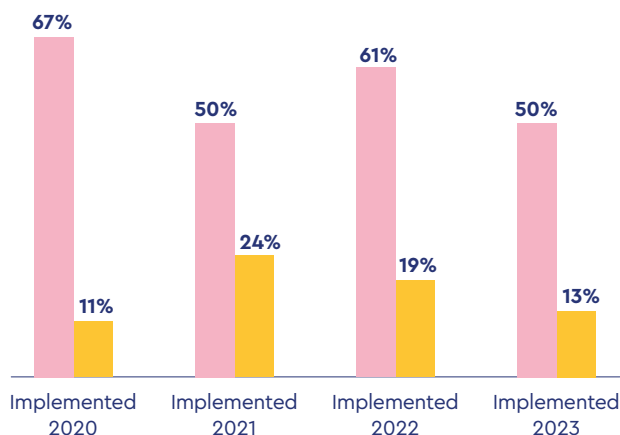
The rise of **biodiversity finance** – in line with France's ambitions and international commitments (Kunming-Montréal Global Biodiversity Framework) – represents more than 6% on average of the Group's commitments over the period 2020-2023. In 2023, biodiversity finance attained €1.1 billion, which is an outstanding result that enabled the Group to fulfil the commitments in the 2019-2022 biodiversity roadmap two years ahead of schedule (2025).

Indicators 20 and 21 (share of gender equality projects, DAC1, DAC2 and grant commitment approvals marked DAC2)

The share of AFD's approvals targeting the promotion of gender equality (volumes marked DAC1 and DAC2¹) stood at €4.7 billion in 2023. In 2023, AFD invested a total of €324 million (in loans and grants) in projects marked DAC2.



- Climate co-benefits (AFD and Proparco)
- Climate-adaptation co-benefits (AFD and Proparco)
- Biodiversity protection (AFD and Proparco)



- Projects with a gender equality objective – DAC1 or DAC2 (AFD)
- 100% gender equality grants – DAC2 (AFD)

¹ The projects/programmes marked "Significant objective" or "Principal objective" (values 1 or 2) are considered by the OECD's DAC as aid targeting gender equality.

Climate and biodiversity financing

In 2023, climate financing totalled €7.5 billion in foreign countries and French Overseas Territories and Departments, i.e. 62% of commitments.¹

In foreign countries, AFD and Proparco approved 266 climate projects for a total amount of €7.5 billion in financing, equivalent to 64% of its commitments.² As a result, the Group exceeded the 50% target set in 2012 and renewed its Climate and Development Strategy.

Climate projects in foreign countries financed in 2023 had two focuses:

- climate change mitigation: €4.5 billion in financing,
- adaptation to the impacts of climate change: €3 billion in financing, i.e. 40% of climate financing (for a target set at 33%).

More specifically, 163 mitigation projects in foreign countries contributed to avoiding 2.7 Mte CO₂³ each year of their project cycle.

Biodiversity, or nature-positive finance, amounted to €1.134 billion in 2023. This presents a very substantial increase of 54% compared to 2022 (€736M), and is higher than the €1 billion set for 2025, representing 9.4% of AFD Group's activity and a total of 124 projects.

This quantification of biodiversity finance is based on a new accounting method (Nature+),⁴ which has been applied since 2022 and aims to qualify projects according to their intention with respect to biodiversity, using six levers and associated weighting rather than simply sectoral correspondence. This method for monitoring and calculating biodiversity finance was developed in-house by AFD based on the new Global Biodiversity Framework (GBF) adopted in Montreal in December 2022.

AFD Group committed €2.6 billion in climate financing with biodiversity co-benefits in foreign countries, i.e. +36% compared to 2022. This convergent climate finance represents 37% of climate financing in 2022, for a target set at 30%.

On the biodiversity front, the roll-out of BIODEV2030, a programme led by Expertise France, continued in 2023 with grants worth €10 million. Phase 1 of the project (2019-2023) aimed to assist 16 pilot countries (including 13 in Africa) in mainstreaming biodiversity across sectors with high development potential, and in supporting the formulation of voluntary commitments. Phase 2 (2023-2026) will contribute to implementing these commitments in public policy.



The Group and I4CE

Among the Group's many actions to support research on climate and nature, AFD signed a three-year partnership with the think tank, the Institute for Climate Economics (I4CE) for €180,000. The goal is to drive the development of its work at an international level and in developing

countries, mainly through the "Mainstreaming Climate in Financial Institutions" initiative, whose secretariat is hosted by the think tank and in which AFD participates along with some fifty public and private financial institutions with a focus on climate issues.

¹ Excluding C2D, FAPS, FEXTE, FICOL, FID, FFEM, guarantees.

² In 2022, AFD Group approved 251 climate projects for a total financing amount of €5.6 billion.

³ The sum of projected annual greenhouse gas (GHG) emissions avoided thanks to projects contributing to climate mitigation approved by management bodies over the year, with respect to AFD's and Proparco's operations in foreign countries within the scope of financial tools subject to climate finance accountability (excluding: debt cancellation (C2D), global budget support (GBS), portfolio guarantees, FEXTE, FICOL, FAPS). The only emissions reported are those from projects where it is possible and relevant to measure a carbon footprint at the time the commitment is approved. In particular, carbon footprints are not assessed when a project's emissions cannot be precisely quantified (e.g., budget financing of public policy, technical assistance for small projects). When the available information is sufficient to undertake a carbon assessment and experts determine on the basis of their experience that the CO₂ emissions would not be significant, these projects are also excluded from the scope of carbon accountability.

⁴ Nature+ Finance: accounting principles for tracking nature-positive finance and biodiversity: <https://www.afd.fr/en/ressources/nature-plus-finance>



Reducing multidimensional inequalities

- In 2023, nearly 50% of AFD's financing targeted the reduction of multidimensional inequalities (projects rated +2 or +3 on the "Social Link dimension: reduction of inequalities and inclusion").⁵
- Funded by the European Commission's Directorate-General for International Partnerships (INTPA) and implemented by AFD, the Research Facility on Inequalities⁶ continued to mobilise international partners in 2023 on research into inequality in low- and middle-income countries.
- The European Commission's Inequality Marker (I-Marker),⁷ launched in June 2023, was integrated by AFD, which designed an equivalence grid to match the sustainable development analysis rating system.

Reducing gender-based inequalities

The Presidential Development Council (CPD) of 5 May 2023, followed by the Interministerial Committee for International Cooperation and

Development (CICID) held in July 2023 set ten priority objects for France's International Cooperation Strategy, including "Promoting women's rights and gender equality, notably through supporting feminist organisations and institutions promoting women's rights".

In 2023, AFD continued to contribute to the French strategy to promote women's rights and gender equality:

- In 2023, AFD's share of commitments carrying a gender equality objective (volumes marked CAD1 and CAD2⁸) compared to previous years was maintained at 50% (i.e. €4.7 billion).
- AFD upheld its commitment alongside feminist organisations on projects financed by the Support Fund for Feminist Organisations (FSOF). In 2023, grants worth €38 million were committed through AFD for a target of €35 million. On this count, two calls for projects were launched for civil society participants on menstrual hygiene issues (€10M) and the economic empowerment of women and LGBTQIA+ people (€10M).

Since 2018, Proparco has partnered with five other G7 development finance institutions to implement the 2X Challenge. The objective of the 2X Challenge is to mobilise the private sector on contributing to the development of women as entrepreneurs, business leaders, employees and consumers of products and services that foster their economic participation. Phase 2 of the 2X Challenge was completed at the end of 2022,⁹ having enabled 20 development finance institutions (DFIs) and multilateral banks to leverage USD 16.3 billion (against an initial target of USD 15bn) to support 2X projects.

To enhance its approach to reducing gender inequality, Proparco also launched several efforts to: strengthen the 2X criteria, develop an approach to tackle the risks of gender-based violence (GBV) and develop a technical assistance and awareness-raising offering designed to better integrate gender-related issues into our clients' practices.

On the gender equality front, the activity of Expertise France is consistent with France's feminist diplomacy and the EU's Action Plan for Gender Equality and Women's Empowerment in External Action 2021–2025 (GAP III).

Expertise France thus aims for the cross-cutting integration of gender into each of its areas of operation, at all levels and all stages of its projects. In this way, it contributes to achieving SDG 5 on gender equality.

⁵ Scope of AFD's sustainable development analysis and opinion, i.e. 248 operations analysed and granted financing in 2023.

⁶ [A research facility to better understand inequalities](#)

⁷ [EC LAUNCHED THE INEQUALITY MARKER! | Capacity4dev](#) (europa.eu).

⁸ The projects/programmes marked "Significant objective" or "Principal objective" (values 1 or 2) are considered by the OECD's CAD as aid targeting gender equality.

⁹ The results of the collective achievement of the USD 15bn target by 20 DFIs were unavailable at the date this report was published.

At the side of the International Union for the Conservation of Nature (IUCN)

France and AFD have been working closely with this international environmental network since 2005 through successive partnerships. AFD contributed to the financing and implementation of a framework agreement covering the period 2021-2024 and targeting multiple objectives: accelerate, deploy and widely implement Nature-based Solutions (NBSs), promote agroecological practices to

ensure healthy land, promote sustainable and inclusive blue economies and conserve marine protected areas. AFD is cooperating with the IUCN on various projects (BIODEV, Kiwa, Smart DESERT, etc.). In 2023, the network and AFD worked on scaling up NBSs across all of the Agency's sectors of intervention, which involved identifying NBS projects in AFD's portfolio.

In 2023, AFD financed high-impact projects in the sports and cultural sectors.

The year 2023 saw record activity in the "sport and development" sector with 12 projects committed for a total of €58 million. The bulk of the funding relates to AFD's strategic priority of financing the renovation of local sports facilities in order to promote sports activities for all. In these projects, particular focus is placed on the aspects of management, maintenance and coordination to ensure that the sports facilities are sustainable and inclusive. A sizeable share of 2023 financing

also targeted training and capacity building for stakeholders from the sporting world, for example, local sports federations, to bolster the professionalisation of the sector.

As for the cultural and creative industries (CCIs), AFD continued its activities, committing a total of €25 million in 2023. This financing fostered the emergence of projects to rehabilitate and enhance cultural heritage, develop vocational training and support entrepreneurship in order to assist beneficiary countries in democratising culture. AFD also accompanied the development of innovative CCI sectors (audiovisual,

film, television, immersive universes, publishing) in Africa, under the aegis of the President of the Republic, through its support to the Création Africa forum. Lastly, AFD supported the Africa-Europe museum cooperation programme, which aims to renew ties between museums on both continents and identify fresh avenues for cooperation.

"Pour Elles: Sport and Culture" against gender inequality

The project "Pour Elles – Sport and Culture" in the Democratic Republic of the Congo aims to improve young women's quality of life by promoting and opening up access to sports and cultural activities.

It includes renovating sports and cultural facilities and training the professionals who will be managing and coordinating these facilities.

The project is expected to give more than 3,000 girls access to sports and cultural activities and boost the capacities of over 200 stakeholders in the ecosystem. Expertise France, in partnership with the relevant Congolese ministries (Sport, Culture, Gender), is implementing the project.

By leveraging sport and culture to improve the conditions of young people and girls, the project is helping to reduce school drop-out rates, strengthen social cohesion and foster entry into working life.

Mapping the SDGs,

2023 results

Since 2020, AFD has been using a dedicated in-house tool, *Phare ODD*, to map its financial flows and their contribution to sectoral and cross-cutting SDGs. The information opposite presents the results achieved by ongoing AFD-funded projects.

The characterisation of financial flows towards the SDGs is based on OECD codes and policy markers, but also on an in-house metric for SDG alignment: the Sustainable Development Analysis and Opinion Mechanism. The analyses give an overview, by sector or by geography, of how AFD-financed actions contribute to each SDG.

SDG alignment is also an integral part of AFD Group's business model. It aims to ensure that 100% of its lending activity is financed on the "SDG markets" and by bringing on board investors looking for sustainable assets. The *Phare ODD* also serves to automate and secure the production of this pool of data, which is generated by applying a strict selectivity approach to ensure that negative residual impacts of the operations financed are totally absent.

Contribution to sectoral SDGs



1.4 million family farms have improved their economic performance



70.6 million people with better access to healthcare



343,000 people have benefited from vocational and technical training



12.6 million people with access to an improved and safely managed drinking water supply service



3,800 MW of renewable energy installed/rehabilitated (in megawatts)



4,000 km of land routes (roads/rail) interurban routes created or rehabilitated



47 million city dwellers and users with improved standards of living

17 Goals to save the world

The Sustainable Development Goals (SDGs) provide us with the course of action to reach a better and more sustainable future for all. They take up the global challenges facing us, especially those related to poverty, inequality, climate change, environmental degradation, prosperity, peace and justice. These Goals are interconnected and, to ensure that no one is left behind, it is vital to achieve each one of them and each of their targets by 2030.

Contribution to cross-cutting SDGs



59 million people with access to essential goods and services



1.5 million women whose situation has improved in terms of gender equality (access to economic goods and services and benefits of development)



13,000 businesses have benefited from support for recruitment, improved job quality, and gender mainstreaming



41 million people with better social protection



631,000 smallholdings are converting to agroecological systems



49 million people whose climate resilience is improved by the projects



1.3 million hectares have benefited from marine biodiversity conservation / restoration programmes



33 million hectares of land have benefited from biodiversity conservation / restoration programmes



1,700 institutions have benefited from capacity-building actions (at ministry / sub-ministerial levels)



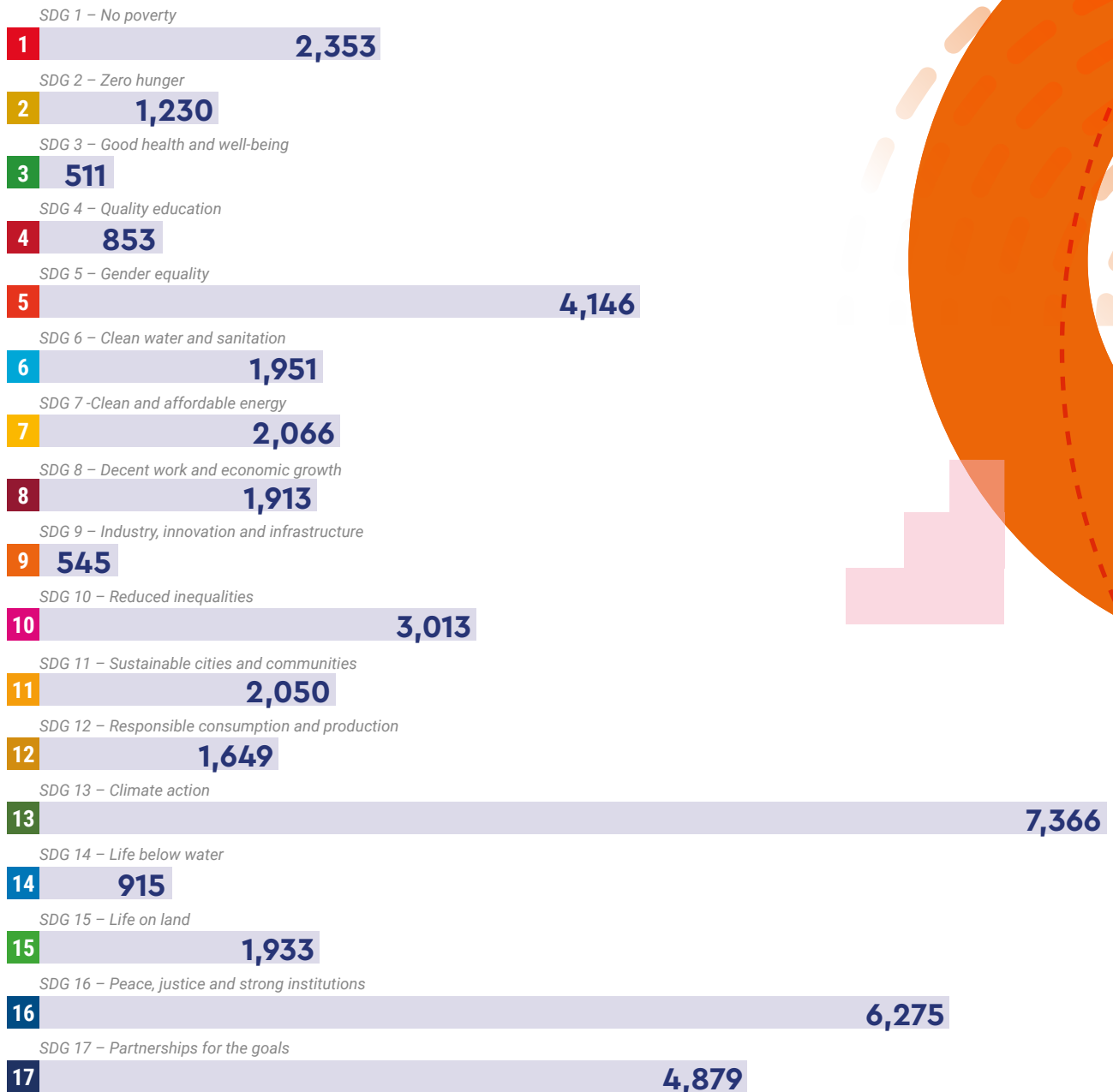
2,200 partners formal and informal, from civil society have participated in projects

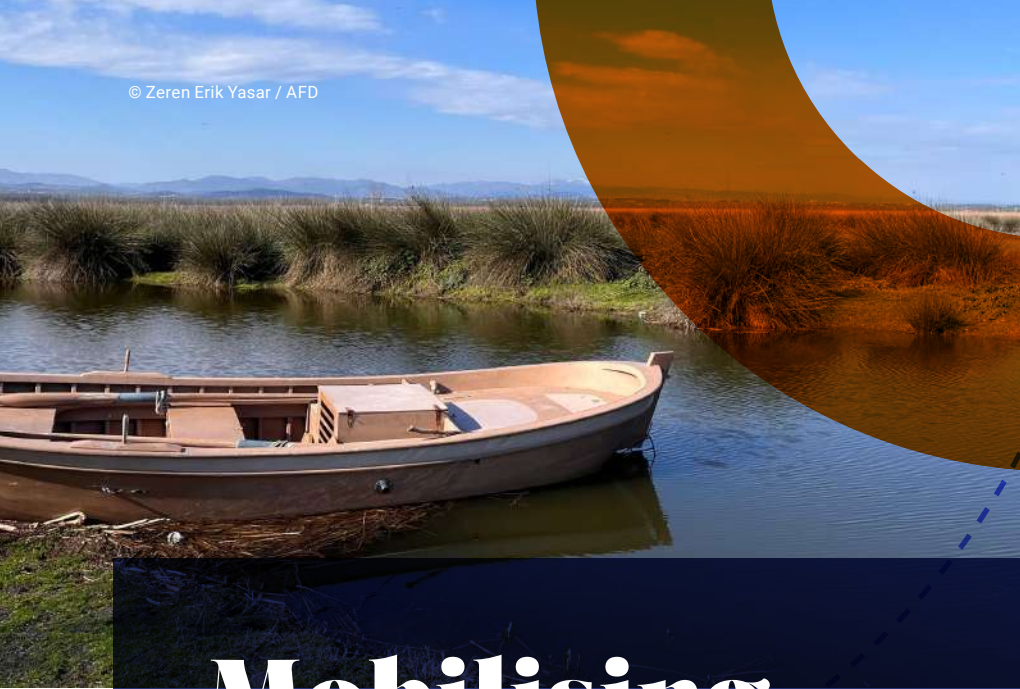
SDG-alignment is above all a factual requirement and thus relies on measuring and monitoring development results and impacts. The data below show the results achieved in 2023 thanks to more than 2,000 on-going projects.

Under its new accountability policy, AFD is putting in place a renewed system that integrates inclusive and sustainable investment standards to monitor development results and impacts.

The sum of approved commitments reported below exceeds the Group's total commitments since much of the financing produces results across several SDGs. However, it clearly shows the concentration of efforts by SDG.

SHARE OF TOTAL PROJECT FINANCING ATTRIBUTED TO THE SDGS In € millions





Mobilising for greater impact

To amplify its action and further the achievement of the SDGs, AFD Group supports and mobilises at its side the actors and forces of change through three complementary lines of action.

Mobilise financing. Achieving the SDGs means speeding up the mobilisation efforts to align the financial system with the sustainable development agenda. In other words, make global finance sustainable across the board, finance common goods and scale up investment in the most vulnerable countries and communities. To tackle the objectives set by the CPD and CICID in 2023, AFD's mandate now includes redirecting a greater share of available public and private, national and international finance towards the SDGs.

Mobilise citizens. Side by side, with all of France's civic stakeholders (civil society organisations, youth, opinion leaders, citizens), as levers for change.

Mobilise knowledge, technology and expertise, as a complement to financial tools to drive investment. For AFD Group, this means supporting, sharing and promoting knowledge and innovation, be it expertise to explain or guide, or know-how to implement projects and measure their results and impacts.



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**Businesses,
local government,
Europe, CSOs,
a strong mobilisation**

In July 2023, the CICID set a new strategic and political priority for the mobilisation of French public and private actors working to support France's inclusive and sustainable investment (ISD) policy, in accordance with the untying of aid.

In 2023, 73% of AFD's ongoing projects involved at least one public or private French player¹ (companies, consultancies, public entities, regional and local authorities, associations, etc.). This participation rate confirms AFD's key position in projecting French expertise at the service of the ISD policy.

A substantial French footprint in AFD operations²

In 2023, AFD-financed contracts involving international calls for tenders amounted to €1.2 billion, equivalent to an increase in volume of almost 20% compared to 2022.

French companies are highly active on these international contracts with a 58% participation rate in 2023.

AFD relies on close coordination with the main professional organisations representing the private sector such as MEDEF International, Syntec-Ingénierie or the Conseil français des investisseurs en Afrique (CIAN). In 2023, the collective dialogue was strengthened to enhance a mutual understanding of our institutions and our tools, in strict compliance with untied official development assistance.

Cooperation with several major French public institutions operating internationally was also consolidated. In 2023, AFD Group also pursued its exchanges on operations and expertise with BRGM (the French Geological Survey), CIRAD (the French Agricultural Research and Cooperation Organisation), and IRD (the French National Research Institute for Sustainable Development).

¹ *Enquête Empreinte France 2023*. This indicator measures the involvement of French operators in AFD projects being implemented as at 31/12/2023, (direct and indirect beneficiaries of financing, contractors, project initiators, and beneficiaries of financing, etc.) or actively mobilised (e.g., participation in tenders), whatever the financial scale of operations. The operations in French Overseas Territories, as well as those of FFEM and Proparco, or via the CSO Initiative are excluded from the survey.

² *Enquêtes marchés 2023*. Within the scope of project aid, account is taken of: works and supply contracts over €1M, intellectual service contracts over €100K and contracts awarded to Expertise France, as well as contracts financed by EU delegated funds over €15K. The operations in French Overseas Territories as well as those of FFEM and Proparco, or via the CSO initiative are excluded from the survey.





Decentralised cooperation, linking up territories

A reinforced action

In 2023, AFD granted €12 million to support 13 decentralised cooperation projects, a budget almost 10% up on 2022. These projects all help to promote the expertise of French local authorities, while also enabling them to enhance their own public policies through their contact with the local authorities in the Group's countries of operation — for example, in Laos (Joint association for the management of the Chauvet Cave and the Centre-Val de Loire Region), in Colombia (Crolles municipality) or Senegal (Communauté d'agglomération de Grand Paris Sud).

The year 2023 also saw the launch of a consultation on cooperation for local authorities in French Overseas Territories and Departments, the objective being to improve the FICOL tool for their benefit. It was also the first year of financial support aimed at consolidating a French environment conducive to maintaining and amplifying decentralised coopera-

tion. A longstanding partner, Cité Unies France thus received financing to consolidate and enhance its seeding scheme for the external action of local authorities.

Beyond the Sahel

With the suspension of AFD's activities in Burkina Faso and Niger, projects underwent significant readjustments. Given the importance of Sahelian countries for French decentralised cooperation, particularly Mali and Burkina Faso, AFD launched discussions with some thirty local authority partners on the prospects for decentralised cooperation in the region. This provided an opportunity to jointly identify paths for redeployment in other geographical areas and best tailor its offering of assistance as closely as possible to the requests and needs of French local authorities.



Focus on FICOL

The Funding Facility for Local Authorities (FICOL) enables French local authorities to support ambitious decentralised cooperation projects. It is designed for all tiers of local government and finances projects that promote dialogue on topics of common development (vocational training, urban development, environment, etc.) in the spirit of the SDGs.

The projects must be implemented abroad and be consistent with AFD's orientations. AFD financing ranges from €200,000 to €2 million, while the local authorities and their partners are required to contribute at least 30% of the project financing. The financing is multi-year and projects must be executed within 3 years.



CSOs and the Group

In 2023, the Group continued to strengthen its ties with French and local civil society organisations (CSOs). In total, all of AFD Group's schemes open to CSOs committed nearly €444 million of financing in 2023, through 387 approvals for 323 CSOs, including 50% for local CSOs. Under the "CSO-Initiatives" mechanism, AFD co-financed 161 projects through 162 French CSOs and 20 local CSOs for an overall amount of €163 million (against €139 million in 2022).

Moreover, the CSOs mobilised an additional €152 million from other financiers (public and private) as well as expertise and voluntary involvement (citizens). In 2024, for the second year running, AFD opened its call for expressions of intention to projects led directly by CSOs under local law.

At the end of 2023, the portfolio of projects being monitored/implemented under the "CSO Initiatives" mechanism included 609 CSO projects for a total amount of €576 million.

In the course of 2023, AFD Group:

- **mobilised** a total amount of nearly €448 million for CSOs,
- **organised** a multi-stakeholder conference on human rights, mental health, children's rights, biodiversity, agroecology,
- **increased** exchanges on structuring themes (climate, education, gender) and priority regions (Sahel, the Caucasus, Balkans, Middle East, Overseas France, notably).

Three redistributive funds were granted to promote biodiversity with the IUCN, the Balkans with the European Association for Local Democracy (ALDA) and associations in French overseas territories with the French NGO Guilde européenne du raid. The year 2023 was also the first year that the CSO Initiatives mechanism received delegated funds totalling €2 million from the European Union.



Focus on civil society organisations (CSOs)

AFD coordinates the "Partners' Committee", a forum for dialogue and consultation that brings together French and international CSOs, ministries, French think tanks and commercial banks.

Convening biannually, the committee aims to promote open and regular consultation on strategic and operational topics concerning the Group's climate and nature challenges (in 2023: "climate-nature" roadmap and the stakes of the COP).



AFD also organised regular and ad hoc meetings with CSOs such as Climate Action Network and Coordination SUD.



Global Gateway

AFD and the European Commission's Global Gateway strategy

In 2023, AFD was a major contributor to the European Commission's Global Gateway initiative in eligible sectors (digital, climate and energy, transport, health, education and research), all core areas of AFD Group's expertise and added value.

Financing for these projects went hand in hand with significant efforts to mobilise resources, particularly European funds, which generated a significant leverage effect, as shown below:

€13.092 bn

direct contributions (approvals), to the 6 Global Gateway sectors

The Kakono HydroPower Plant project in Tanzania

A hydropower plant to reinforce the national grid and boost renewable energies.

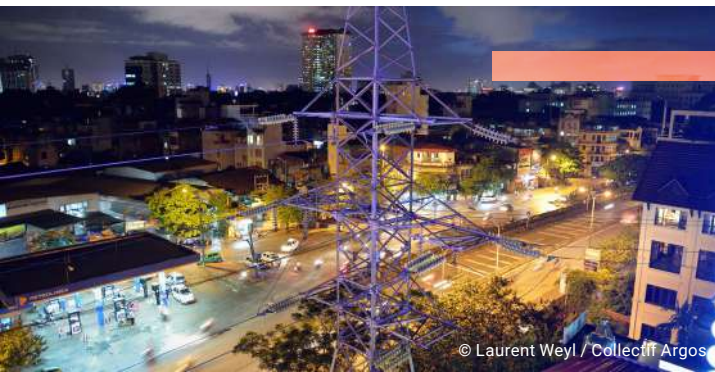
Tanzania, which depends on hydropower and thermal power plants (mainly gas) for its electricity supply, has significant untapped potential in renewable energy. Given the country's rapid growth with a 40% population increase over a period of 10 years, the Tanzanian government intends to exploit this potential to meet national energy requirements, whilst also ramping up its low-carbon commitment.

To support this trajectory, AFD Group is working with the European Union, the African Development Bank and the Tanzanian government to co-finance the construction of a hydropower plant in the region of Kagera and a dam that



will supply electricity to between three and four million people and reduce greenhouse gas emissions.

The project will supply the national grid with an additional 88 MW and enable the development of related infrastructure (upgrade of the existing Kyaka substation and a new 39 km-long, 220 kV transmission line). The capacities of the Tanzanian electricity operator, Tanzania Electric Supply Company (TANESCO), will also be strengthened. On top of the €110 million loan from AFD, the African Development Bank should provide USD 161 million and the European Union €36 million in grants.



The project "Team Europe Energy Transition Facility"

A Team Europe programme to support Vietnam in implementing its energy transition strategy.

Vietnam has firmly committed to becoming carbon neutral by 2050 and phasing out coal by 2040. This two-pronged commitment is a priority for the government, which is set to review all of its development strategies and plans, including those linked to the electricity sector.

The transformation of this sector is a crucial and integral component of Vietnam's energy transition, and the 100% state-owned operator Vietnam Electricity (EVN) Group will play a key role given its dominant position in the country's power sector.

The Team Europe Energy Transition Facility, financed by the European Union, aims to provide technical assistance to EVN in (i) implementing its energy transition strategy and (ii) preparing and implementing EVN's projects related to Vietnam's commitments to carbon neutrality and the gradual phase-out of coal in line with COP26 and JET-P Vietnam. The technical assistance grant scheme (€16M from the European Union and €2M from AFD) is being combined with energy transition investment loans financed by European financial institutions (AFD, KfW and EIB) for a projected amount of €1 billion.



Proparco : Acting together for greater impact

Proparco's mission is to "build the future by supporting private initiatives for a more just and sustainable world" (Proparco Strategy 2023-2027 – "Preparing for the Future"). Its operations all aim to reinforce the contribution of private players to the achievement of the Sustainable Development Goals (SDGs) adopted by the international community in 2015.

In line with the 2023- 2027 strategy, Proparco's financing aims to:

- broaden access to economic opportunities and boost the resilience of local economic systems in Africa and in the least developed countries¹ and fragile countries,²
- support the emergence of an economy compatible with climate and biodiversity challenges,
- contribute to the fight against gender inequality, work for inclusion and contribute to the fight against socioeconomic and territorial inequalities.



Alignment of Proparco's impact management practices with the Impact Principles

As a signatory of the Operating Principles for Impact Management³ since 2019, Proparco published its fourth Disclosure Statement⁴ in 2023. This document reports on the alignment of Proparco's processes and procedures with each of the nine principles. The Disclosure Statement was validated by the BlueMark firm, which conducted an independent verification and benchmarked

Proparco's practices against those of its peers. The results are summarised in the Verifier Statement.⁵ The conclusions of this 2023 verification reaffirm that Proparco impact management system is aligned with the Impact Principles.

¹ According to the OECD list in force in 2023

² According to the World Bank list in force in 2023.

³ [Operating Principles for Impact Management](#).

⁴ [Disclosure Statement](#).

⁵ [Verifier Statement](#).

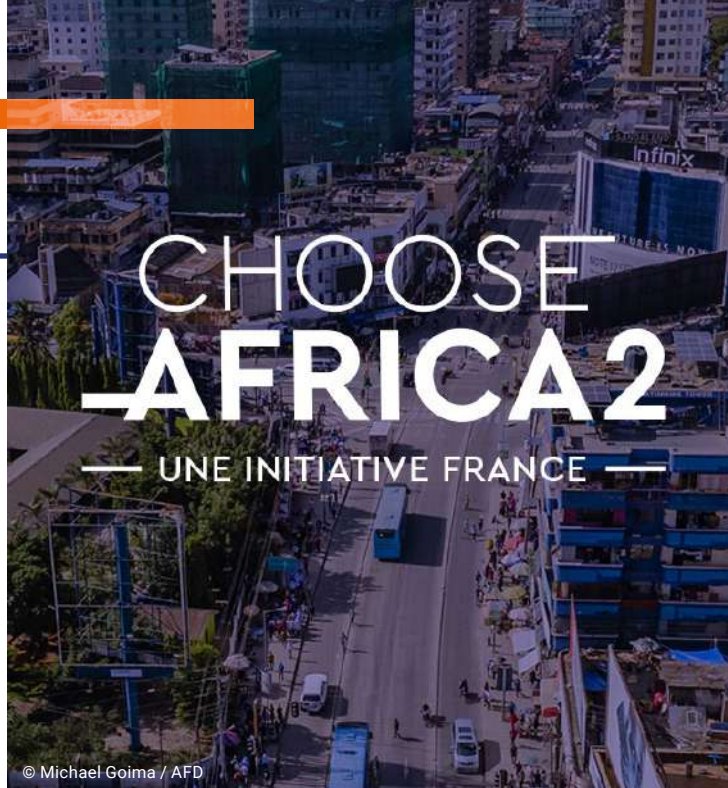
Choose Africa 2 – Joliba: support small and mid-cap companies of the future

Joliba Capital is an African private equity firm majority-owned by LBO France, a multi-specialist and multi-country investment platform.

As lead investor, Proparco has invested €14 million in the Joliba Capital Fund I, along with the International Finance Corporation and the Dutch Entrepreneurial Development Bank, FMO.

The fund will mainly target investment opportunities in Francophone countries in West and Central Africa.

The objective is to develop a diversified portfolio of small and midcap regional business champions across a broad range of sectors focusing on agribusiness, manufacturing, as well as education and healthcare.



Joliba Capital is looking for above-average returns, while deploying environmental, social and governance strategies to maximise impact, promote gender diversity and ensure sustainable growth for its portfolio companies. The project will support over 17,000 direct local jobs, including nearly 14,000 jobs for women.

Harmonise practices with DFIs

Proparco is working in coordination with its European peers on new approaches to our climate-related practices and harmonising them. Working groups have been set up to deal with more particularly with subjects linked to estimating the emissions attributed to the portfolios of each of the financial institutions, as well as to defining the decarbonisation trajectories of their portfolio. Other groups are working on drafting sectoral guides to analyse the

alignment of direct financing with the Paris Agreement, and on improving the methods for analysing the alignment of financial intermediation projects with the Paris Agreement.

In 2023, within the Adaptation and Resilience Investors Collaborative (ARIC),⁶ Proparco also contributed to concretising the commitments presented in 2021 at the G7 and COP26.⁷ In practice, three workstreams are working to (i) to develop an approach to identify, assess and

manage physical climate risks, (ii) define an approach to measure the positive contributions of adaptation and resilience (A&R) investments, and (iii) identify financial tools to step up and accelerate A&R financing.

⁶ Group launched in 2020 at the Finance in Common Summit to increase private investment in climate adaptation and resilience (A&R) in emerging and developing countries. Today, ARIC has 18 members mainly DFIs, including AFD (founding member) and Proparco.

⁷ [Engagements ARIC](#).

Expertise France, deploys its experts

The activity of Expertise France, reaching almost €400 million in 2023, remained strongly focused on Africa, to which it devoted 59% of its turnover. The agency has nonetheless diversified into new regions, particularly the Western Balkans, the Indo-Pacific and Ukraine.

For Expertise France, 2023 was marked by a rise in the development of new projects, with a 172% hike in the number of signed projects – a growth driven by projects funded by European and AFD financing.

Expertise France's business breaks down as follows: peace, stability and security (26%); health (19%); governance (17%); bilateral cooperation and mobilisation of expertise (14%); sustainable development (9%); human capital and social development (8%) and sustainable and inclusive economy (7%).

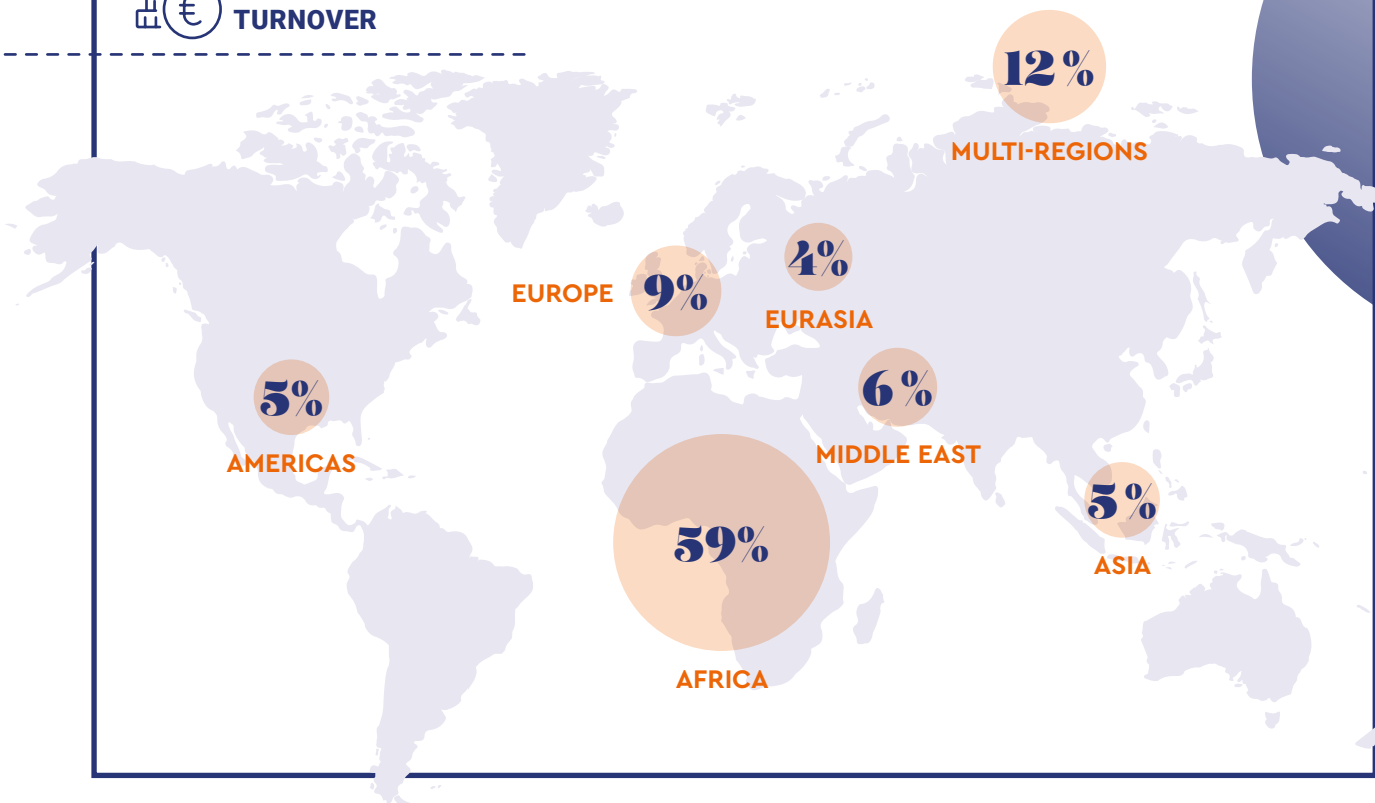
In addition to these projects on which the agency is lead operator, the two business segments entrusted to it by the State – the Global Health Fund and international technical experts – developed in line with ministerial directives. By the end of 2023, Expertise France had deployed 284 experts (a 40% increase compared to 2022).

Distribution of Expertise France's 2023 turnover

DISTRIBUTION OF ACTIVITY BY GEOGRAPHIC REGION



€388.6M
TURNOVER



A few

2023 projects

THE VET4JOBS PROJECTS
for the socio-economic
inclusion of Syrian refugees
in Türkiye

€44M

Space Data Hub to boost
the use of geospatial data,
with the Rwanda Space Agency
(RSA)

€350,000

**Regional Teachers Initiative
for Africa (RTIA)**, for teachers
in multiple African countries

€31M

Papua New Guinea:

Expertise France commits to preserving forests and biodiversity

In 2022, the European Union launched a major cooperation programme in Papua New Guinea targeting forestry, climate change and biodiversity. Its national component, with local-level spin-offs, will be implemented by Expertise France, through a €33.5 million budget.

France will also support the efforts of Papua New Guinea by helping to implement a “Forests, Nature and Climate” country package. The goal is to mobilise further financing from the international community to help Papua New Guinea reach the target of 30% of terrestrial and marine protected areas by 2030 (Target “30x30”).

Associated with the EU’s Forestry, Climate Change and Biodiversity Programme (EU-FCCB), this country package component will be part of a significant Team Europe Initiative to support the efforts of Papua New Guinea in this field.



© Aurore-Alexandra Castellacci

Leveraging global finance to serve the SDGs

The Finance in Common Summit (FiCS): mobilising global investments to finance the Sustainable Development Goals

Launched in 2020 by the President of the Republic, the Finance in Common Summit (FiCS) brought together 530 Public development

banks (PDBs) which manage assets worth USD 23,000 billion and account for annual investments of USD 2,500 billion, i.e. more than 10% of total global investments.

After four editions held in France, Italy, Côte d'Ivoire then Colombia, the FiCS has become an international flagship arena and meeting point for the mobilisation of public development banks in response to the crises and challenges around the protection of global public goods, working with numerous partners

(investors and private companies, civil society, international organisations, etc.).

- leave no one behind, notably the most vulnerable countries, by creating a programme dedicated to technical assistance tailored to the needs of public development banks, enabling them to scale up their investments to protect global public goods,

CARTAGENA DE INDIAS

Colombia, September 2023:

FiCS at Cartagena de Indias

Convened in September 2023 in Colombia and closed by Colombian President Gustavo Petro, the fourth edition of the FiCS gathered over 1,000 participants and 110 development banks on the theme "Building new alliances for the future of development banking". The focus was placed on the following topics: financing SMEs and financial inclusion, climate finance and biodiversity, financing sustainable infrastructures, operational alignment on the SDGs and support for stakeholders to move ahead in this direction. The public development banks launched a common work programme in line with the 4P Agenda and the G20 to:

- stop opposing climate and development and align finance on the SDGs, the Paris Climate Agreement and the Global Biodiversity Framework,
- promote the development of a more extensive and powerful international financial architecture through cooperation between all the PDBs particularly by creating the FiCS Innovation Lab. This will focus on the workstreams (i) climate-resilient debt clauses, (ii) debt-for-nature swaps, (iii) currency risks (iv) carbon markets and biodiversity,
- leave no one behind, notably the most vulnerable countries, by creating a programme dedicated to technical assistance tailored to the needs of public development banks, enabling them to scale up their investments to protect global public goods,
- innovate and mobilise private finance by driving the emergence of more projects and presenting new initiatives to support a new more inclusive and effective international financial architecture.



© AFD

- innovate and mobilise private finance by driving the emergence of more projects and presenting new initiatives to support a new more inclusive and effective international financial architecture. A new milestone was crossed at the Summit for a new global financial pact (NFP) during which all the multilateral banks, including the World Bank, signed this declaration.
- The FiCS now officially gathers together the World Federation of DFIs (WFDI), all multilateral development banks, all the regional associations of public development banks and all the existing coalitions, notably the IDFC which AFD chaired for six years, the Montreal Group and the Berne Union. The FiCS thus contributes to the G20 agenda on reforming the international financial architecture and reorienting financial flows towards greater sustainability and more investment in countries' national economies.

The FiCS movement thus helps scale up the priorities which France supports internationally through its public banks (CDC, Bpifrance, AFD), in line with the efforts to reshape the international financial architecture as promoted by the G7 and G20. It thus contributes to defining sustainable finance principles and methodologies and its own role in international public investment in order to go beyond official development assistance (ODA) towards sustainable development investment (SDI). This serves to support a new public international financial architecture and mobilise international financial institutions as well as national financial stakeholders.

At the end of 2023, the United Nations mandated the FiCS movement to make proposals in this direction at the Financing for Development (FfD) Summit to be held in Spain in July 2025 (known as "Addis+10").

The International Development Finance Club

The International Development Finance Club (IDFC) is core to the mobilisation of public development banks. This group of 26 banks from all corners of the world has assets worth over USD 4,000 billion and commits more than USD 800 billion annually. It is also the main contributor of public climate finance, with a record USD 28 billion in 2022.

In 2023, IDFC attended COP28 for the fourth year running and organised over 30 events for its pavilion agenda. Among the notable achievements of 2023, IDFC also marked up:

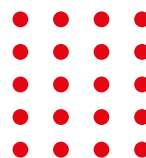
- the first inventory of the volume of financing for gender equality (€10bn in 2022),
- at the 4th FiCS, the publication of a position paper ("Making the financial system consistent with achieving the SDGs¹"), resulting from a joint collaboration between AFD and IDFC's member banks. The paper presents the key SDG-alignment principles for public development banks,

**IDFC:
core to the
mobilisation
of public
development
banks**

- the publication of a contribution on post-2025 climate finance,² related to the ongoing talks under the United Nations Framework Convention on Climate Change (UNFCCC), in which IDFC promotes a common approach that goes beyond North-South divides and formulates proposals on the dual need to step up the mobilisation of climate finance whilst also ensuring that it advances the alignment of all financial flows with low-carbon and resilient trajectories, as required by Article 2.1.(c) of the Paris Agreement,
- the implementation of a training pathway on mainstreaming biodiversity into financial institutions.

Lastly, the year saw a change in IDFC's presidency. AFD handed the chair over to two other members, BOAD, the West African Development Bank and Bancóldex, the national bank of Colombia.

IDFC will benefit from the complementarity of the mandates, the geographic footprints and the shareholding structures of these two institutions.



¹ [Making the financial system consistent with achieving the SDGs.](#)

² [Contribution to the UNFCCC Post-2025 Climate Finance dialogues.](#)



02

OPERATING ACTIVITIES 2023

© Falihery-Francisco / AFD

In 2023, AFD Group delivered on its objectives with €11.4 billion in new financing signed for 800 new projects. The Group's subsidiaries, Proparco and Expertise France, contributed significantly to these results.

Proparco, with signed projects worth €2 billion and Expertise France, whose activity has tripled since 2015, with close to €558 million in signatures in 2023.

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A strong presence, key figures for 2023

© Sarah Waiswa / AFD

Faced with geopolitical and social challenges, AFD Group is upholding its commitments by innovating and mobilising more financial resources.

The year 2023 was marked by major geopolitical upheavals.

To respond to the mounting needs for development finance, AFD Group is mobilising ever more financial levers, particularly through the private sector or foundations. The results speak for themselves: in 2023, the projects financed by AFD Group provided 70 million people with better access to healthcare, 4,000 km of interurban land routes were built or rehabilitated, and 33 million hectares benefited from conservation/restoration programmes for terrestrial biodiversity.





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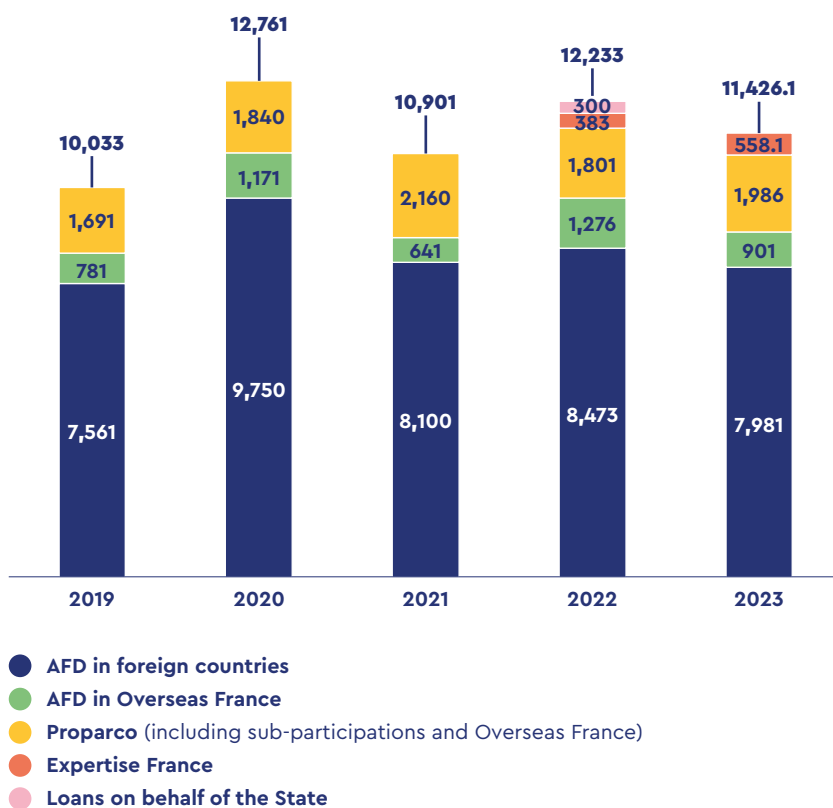
AFD Group

in figures

In 2023, AFD Group signed new financing agreements worth €11.4 billion. While slightly lower than the 2022 record (€12.2bn), this amount nonetheless exceeds the initial target of €10.7 billion and the time required for signature was shortened, particularly in the Orient's¹ and the Three Oceans regions. In 2023, 50% of project financing agreements were signed within less than 2.5 months.

AFD GROUP SIGNATURES IN FOREIGN COUNTRIES AND FRENCH OVERSEAS DEPARTMENTS AND TERRITORIES

€ millions

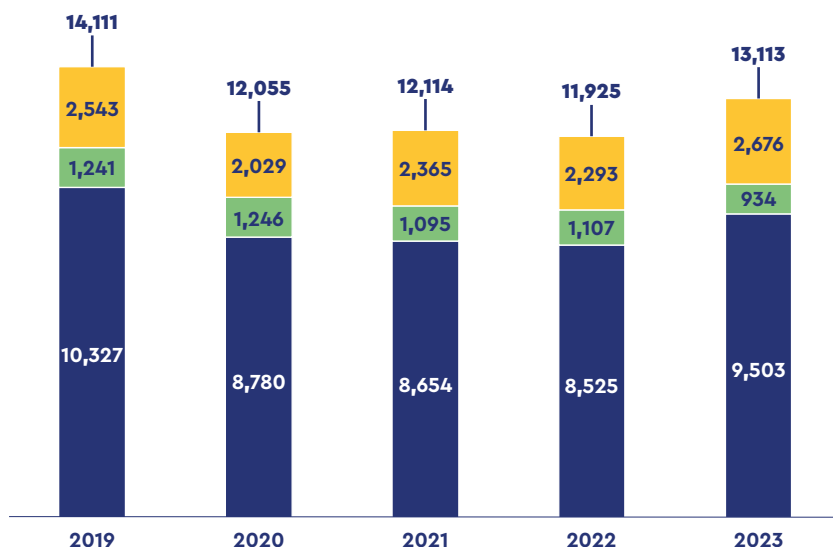


¹ For the Group, the "Orient's" region covers the subregions of the Eurasian continent: European area (Western Balkans, Türkiye, Southern-Caucasus, Near East), central Asia, China, the Indo-Pacific in a broad sense (South and South-East Asia).

AFD GROUP FINANCING APPROVALS IN FOREIGN COUNTRIES AND FRENCH OVERSEAS DEPARTMENTS AND TERRITORIES

€ millions

- AFD in foreign countries
- AFD in French overseas and departments
- Proparco



AFD's and Proparco's financing activity

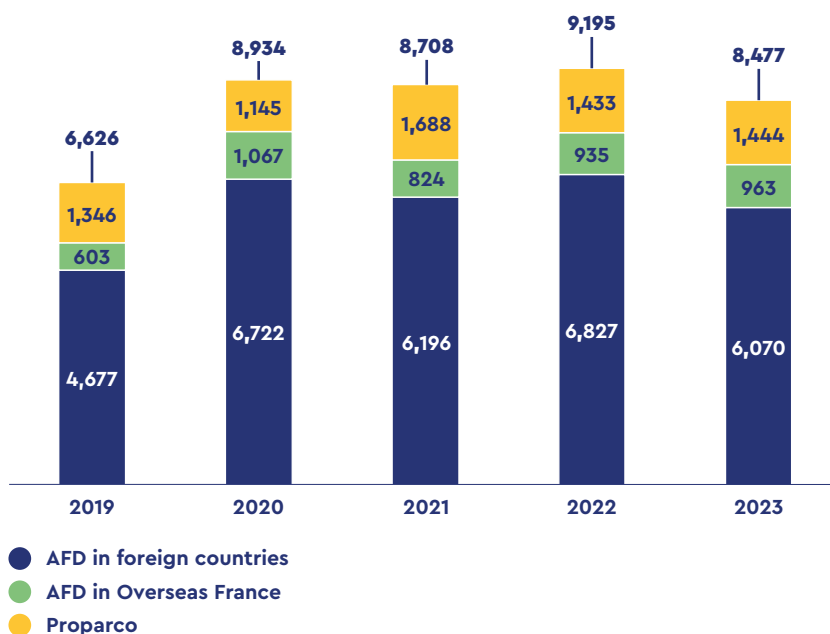
Financing data include all of AFD's and Proparco's activity. The data for Expertise France are presented separately.

In 2023, AFD Group's financing approvals in foreign countries and French Overseas Territories and Departments changed substantially compared to the previous year. AFD intensified its operations in foreign countries with commitments of €9.5 billion, against €8.5 billion in 2022. AFD's activity in French Overseas Territories and Departments dropped slightly with commitments totalling €934 million, down on €1.1 billion in 2022. Proparco also increased its commitments, which rose from €2.3 billion in 2022 to €2.7 billion in 2023.

In 2023, AFD Group's disbursements totalled €8.5 billion, slightly down on the €9.2 billion for 2022. AFD's disbursements in foreign countries shrank to €6 billion compared to €6.8 billion in 2022. This downtrend stems mainly from the halt or postponement of various disbursements following the deteriorating political and economic situation of countries in which the Group operates. Disbursements in French Overseas Territories and Departments rose slightly. Proparco continued its uptrend in disbursements, reaching €1.444 billion (€1.433 billion in 2022).

AFD GROUP'S DISBURSEMENTS IN FOREIGN COUNTRIES AND FRENCH OVERSEAS TERRITORIES AND DEPARTMENTS

€ millions

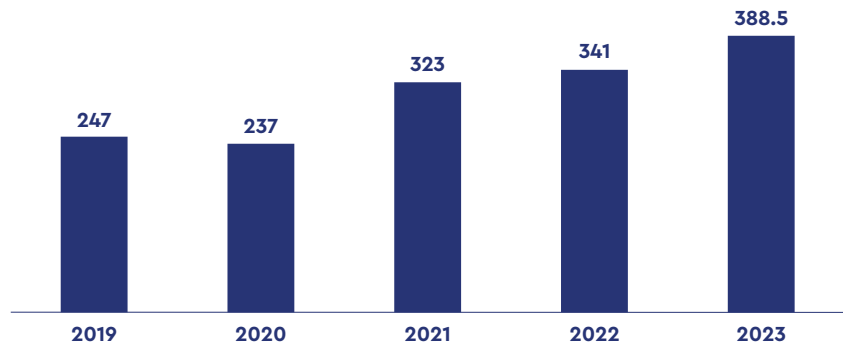


Expertise France, a turnover on the rise

In 2023, Expertise France saw a 14% growth in its activity with turnover reaching €388.5 million and the signature of 174 new contracts worth €558 million. The agency now has 350 cooperation projects across the globe. This performance highlights the robustness of Expertise France's business model and confirms its successful integration into AFD Group.

TURNOVER OF EXPERTISE FRANCE

€ millions

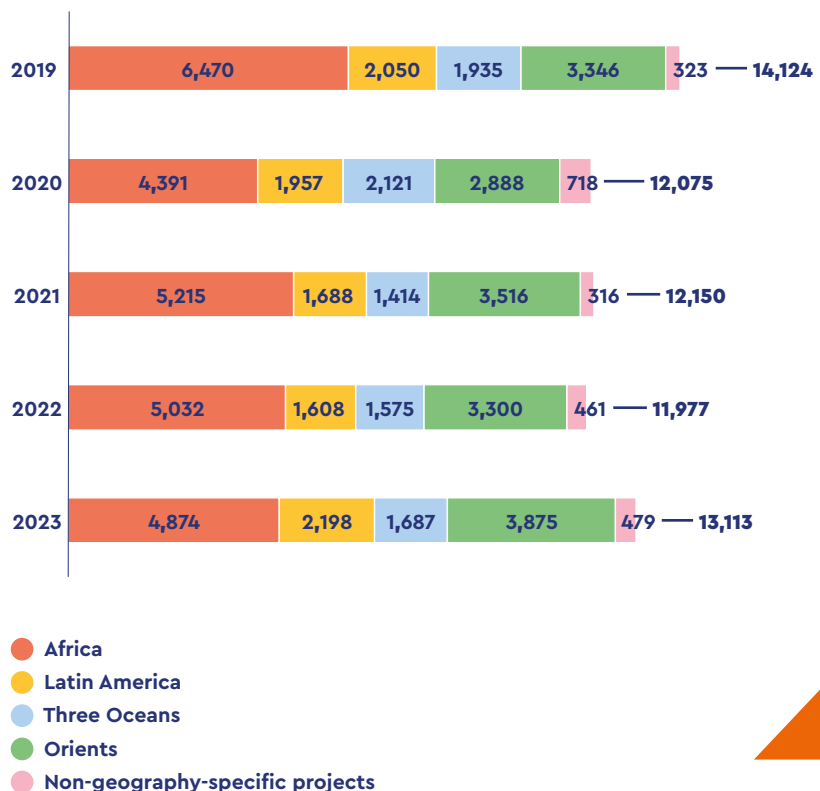


Despite a slight drop, Africa remains the foremost region for AFD Group operations

In 2023, AFD Group committed a €4.9 billion in Africa, a decrease compared 2022, but a still significant amount given the difficult security and macroeconomic contexts. Proparco signed projects for a total €820 million in Africa, representing more than 40% of its commitments. AFD's activity in the Three Oceans was maintained at €1.7 billion despite the economic uncertainties and inflation. The year 2023 marked the Group's stronger commitment in the Orient region, primarily in Eastern Europe and Eurasia. In Latin America in 2023, despite an inflationary pressure and monetary tightening, the Group committed financing of €2.2 billion, including €500 million from Proparco, up on 2022..

AFD GROUP FINANCING APPROVALS BY GEOGRAPHIC REGION

€ millions



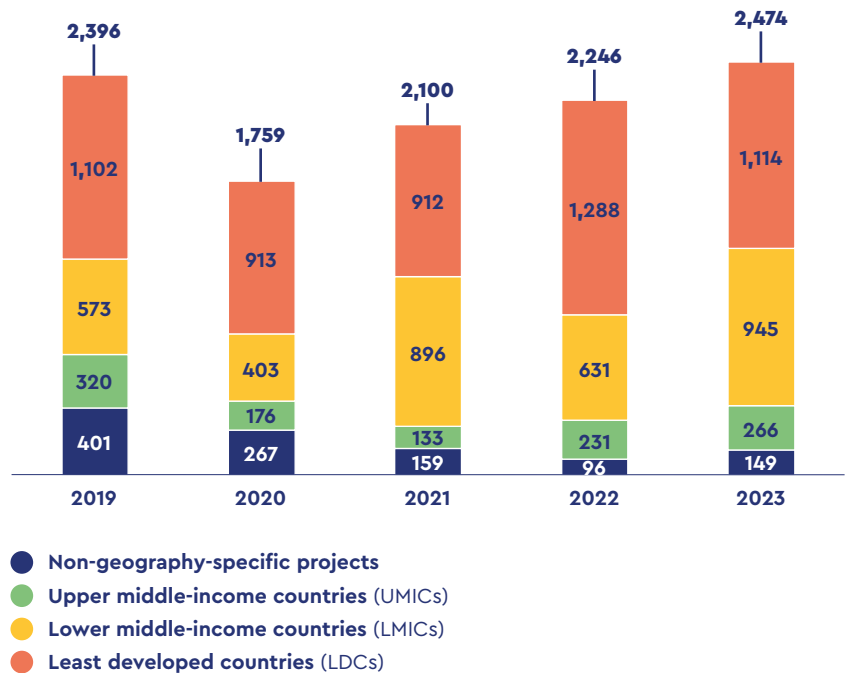
In 2023, State financing implemented by AFD Group attained €2.5 billion, which provided leverage for financing approvals worth €12.2 billion.* These included nearly €1.1 billion, or 45% of total financing, allocated to the least developed countries (LDCs), confirming their strategic importance. Financing approvals for LDCs reached €2.7 billion representing 21% of the Group's international activity.

The LMICs accounted for 31.5% of AFD Group's activity with €4 billion of financing approvals and a state effort of €945 million. The UMICs were granted €4.5 billion of financing and €266 million of state effort, with a focus on the protection of global public goods.

*Excluding French Overseas Territories and Departments

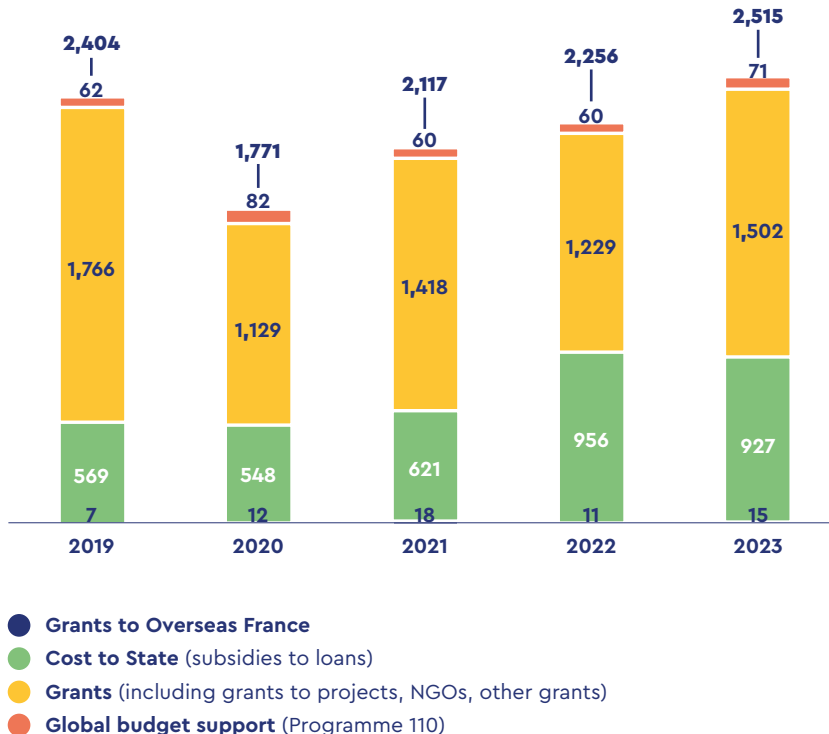
STATE FINANCING EFFORT IMPLEMENTED BY AFD GROUP BY COUNTRY INCOME LEVEL

€ million



STATE FINANCING EFFORT IMPLEMENTED BY AFD GROUP

€ millions



The State's financial effort implemented by AFD Group reached €2.5 billion in 2023, a higher amount than in 2021. Grants (including global budget support) represent €1.5 billion and subsidies on loans €927 million.

AFD Group worldwide

The year 2023 saw a ramp-up of the Group's commitment in the east of Europe, Eurasia and the Pacific. Although its operations were still largely focused on Africa and Latin America, the Group strengthened its operations in the Indo-Pacific and in the member countries of the European Political Community (EPC), placing its action in a context of geographical recomposition.

Africa

Lower than in 2022, AFD's volume of commitments held up at €3.7¹ billion in 2023. This level is still high despite the deteriorating security and macroeconomic environment in many of the countries where the Group operates. Whereas increased interest rates combined with high levels of indebtedness in many African countries restricted sovereign activity, non-sovereign business grew to around €247 million, mostly with counterparties in the financial sector. This is notably the case of the innovative €10M Tier 2 credit line project contracted with Zep-Re, an East African reinsurance player.

AFD financing in 2023 was granted in priority to the following sectors: governance (28%),² infrastructure and urban development (26%), education and vocational training (12%) and agriculture (8%).

In 2023, projects with climate co-benefits accounted for 58% of the volume granted.

The year 2023 followed through on the momentum generated by the New Africa-France Summit of 2021.

AFD's African activity reflected its transformational agenda through numerous projects: protection and enhancement of the Laas Geel archaeological site (Somalia), rehabilitation of multi-sports grounds and classrooms in Guinea-Bissau, support for the African Sports Movement to create fresh and inclusive perspectives for young people through sport, the Youth Culture Sport Project in Nouakchott and Nouadhibou (Mauritania), and the project to rehabilitate and develop

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¹ This amount includes an €80M loan for budget support to the Government of Niger.

² Including €437.2 million in budget financing for macroeconomic consolidation, in grants within the framework of the third C2D (debt reduction-development contract) in Côte d'Ivoire (2021-2025).

the Great Zimbabwe site, a UNESCO world heritage site.

The partnership approach is also foregrounded through the mobilisation of third parties as, for example, the Global Partnership for Education (GPE - a project supporting reforms to improve teaching quality in the Democratic Republic of the Congo); the Central African Forest Initiative (CAFI - identification of a project to support a forest/environment sectoral dialogue in Equatorial Guinea); and the Green Climate Fund (sustainable investment financing of the CAM Group in Morocco).

In a difficult macroeconomic context, numerous operations involving budget support were carried out to boost affected economies (Gabon, Senegal, Cameroon, Côte d'Ivoire).

Proparco in Africa

Over 40% in volume of the projects signed by Proparco in 2023 were in Africa, for a cumulative amount of €820 million. In line with its strategic objective to "invest in a sustainable and resilient economy" and support the development of very small to medium-sized enterprises (MSMEs) in Africa, Proparco granted and implemented guarantees for African financial institutions to encourage investment, the creation of jobs and their long-term maintenance in various sectors generating positive impacts for the SDGs. This is notably the case of a €2M guarantee for a microfinance institution in Cameroon, Advans Cameroun, which will help to reinforce access to financing for MSMEs operating in Cameroon and target agricultural sectors and MSMEs in rural areas, education and women's entrepreneurship.

Expertise France in Africa

Africa represents nearly 59% of the agency's 2023 turnover, without counting 12% of the financing for multi-region projects, most of which involve the African continent. Expertise France's operations have covered over thirty African countries on more than 160 projects (national and regional). It implements multi-sectoral projects, mainly to support the cultural, heritage and sports sectors, and also operates in Africa by implementing specific schemes such as the Health Initiative, which aims to support national partners in designing, implementing, monitoring-evaluating the financing allocated by the Global Fund for pandemic prevention, preparedness and response.

In 2023, the activity of Expertise France remained highly concentrated on North and West Africa, although it began to expand into other African regions, particularly East Africa, southern Africa and central Africa. In West Africa, the worsening security and political situation in the Sahel led Expertise France to shift the geographical balance of its portfolio towards the countries in the Gulf of Guinea.





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Three Oceans

AFD's activity in the Three Oceans region stood at €1.5 billion in 2023, maintaining a dynamic pace despite a backdrop of uncertainty as to the extent of the economic recovery and high inflation trends.

French Overseas Territories

AFD remained fully mobilised to contribute to a sustainable recovery in French overseas territories with commitment volumes amounting to €934 million (including SOGEFOM¹), mainly in public sector financing through loan-based operations (€639 million).

To continue its support to projects with a virtuous social, environmental or climate impact, a new subsidised

loan instrument, the public sector transition loan (PSP-T), was created and deployed representing €345 million, to complement the offering of non-subsidised financing. For instance, in Martinique, care facilities for people with autistic spectrum disorders as well as their family were financed through a PSP-T. Additionally, the renewal of the French Overseas Fund in 2023 made it possible to mobilise FOM² grants worth €10.3 million to support engineering among overseas public-sector stakeholders. Technical assistance support also continued with the COROM³ contracts. In fact, in 2023 the government decided to extend the COROM system to 12 new municipalities for the period 2023-2025.

As far as the private sector is concerned, overseas activity rose sharp-

ly in 2023 with €237 million in commitments (compared to €176Mn in 2022), predominantly in market-rate loans. The year was marked by the substantial financing granted to the financial sector, with a long-term credit line to SOCREDO⁴ (€125M, 40% of which presents climate co-benefits), and the second loan from the Multi-tranche Facility to the BCI⁵ (€50M). The activity is particularly dynamic in the field of renewable energy (Albioma in Réunion, solar projects in the French West Indies-Guyana region).

1 SOGEFOM: Société de gestion de fonds de garantie d'Outre-mer (French Overseas Guarantee Fund Management Company)

2 FOM: Fonds Outre-mer (French Overseas Local Authorities Fund)

3 COROM: Contrats de redressements Outre-mer (French Overseas Recovery Contracts)

4 SOCREDO: Société de crédit et de développement de l'Océanie (credit and development bank for Oceania)

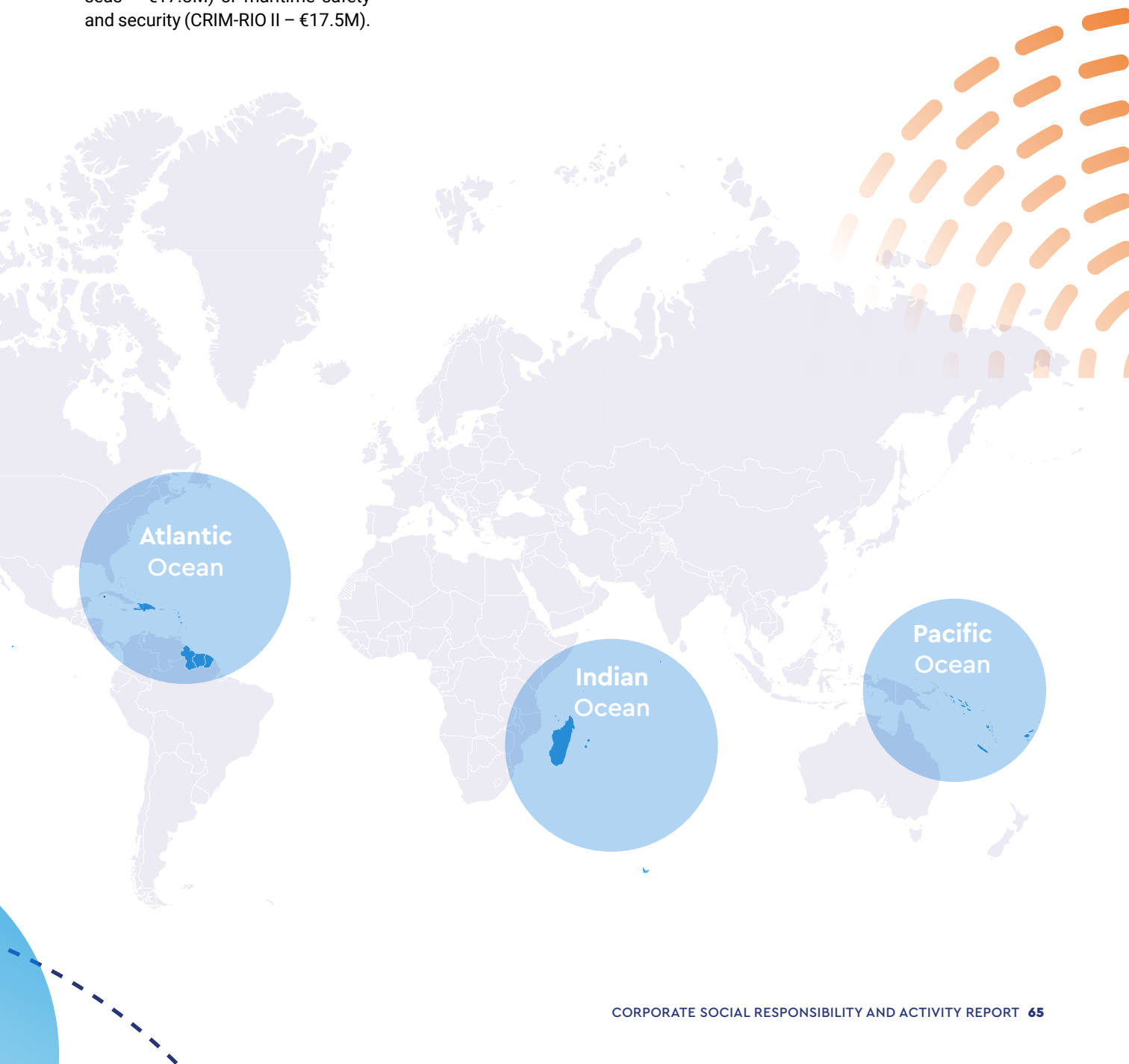
5 BCI: Banque calédonienne d'investissement (Caledonian investment bank)

Expertise France in the Three Oceans regions

For Expertise France, the Indo-Pacific region is a new area of strong growth for operations. In 2023, Expertise France's portfolio of projects in the Indo-Pacific totalled €149.7 million on a multi-year basis, some examples of which are projects for biodiversity (Varuna – €10M), climate change resilience (Green Overseas – €17.8M) or maritime safety and security (CRIM-RIO II – €17.5M).

In 2023, Expertise France expanded its activity in the region, notably in Papua New Guinea with the development of an EU-funded biodiversity, climate change and forests project. Two new projects were implemented in Madagascar in connection with the diaspora (TADY – €7M) and public finances (PARRC – €3M).

Expertise France is also present in the Caribbean on sustainable development projects such as the RESEMBID programme (nearly €40M to support resilience, sustainable energy and marine biodiversity in Caribbean overseas countries and territories), or with national projects, notably in Haiti.





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Orients

New mandates

The year 2023 marks the reinforcement of the Group's commitment in the east of Europe and Eurasia.

Following the mandate conferred in 2022 for operations in Moldova, AFD is now authorised by interministerial decision to operate in Ukraine, in support of its accession to candidate status for European Union membership. It is thus deploying a comprehensive Group offering alongside Proparco and Expertise France, both already already operating there. With an already strong presence in the western Balkans, this heightened commitment confirms the Group's growing support for paths to convergence between Eastern European countries and the European Union. By stepping up its operations in the member countries of the European Political Community (EPC), the Group places its action in the context of geopolitical recomposition. By doing so, the Group sup-

ports convergence with European political, environmental and social policies, as the linkage to a sustainable development trajectory and an assistance towards the *acquis communautaires* are grounded in the same approach.

New avenues of strategic cooperation are also emerging in Eurasia. In 2023, the Group reinforced its action in Kazakhstan (where AFD is now present alongside Proparco and Expertise France, following the signing of an intergovernmental agreement) and also operates in Mongolia. In response to the presidential commitment, AFD also opened an office in Baghdad in 2023 so that the Group could operate more closely to its clients and partners thus facilitating its contribution to the revival of the Iraqi economy and its response to Iraq's demands for assistance in restoring its public services.

In this region, boosted by sustained domestic demand and the revival of international trade, economic growth has for the most part kept

energy-driven inflationary pressures in check. However, this favourable situation remains fragile and unstable given the risk of war and conflict in the region, the resurgence of geopolitical crises and the effects of several major climate-related events and natural disasters.

The financing approved in 2023 (€3.2bn against €2.7bn in 2022) primarily benefited countries in Eurasia (41% of commitments), followed by South Asia (24%) and Southeast Asia (21%).

AFD-funded projects in the region were co-financed by other donors, primarily the World Bank Group and the Asian Development Bank. As a result, the first sustainable infrastructure was built in Cambodia under the European Global Gateway initiative.

Lastly grant funding for three health surveillance networks (PPHSN¹ in the Pacific, ECOMORE² implemented in Southeast Asia by the Institut Pasteur, and SEGA-One Health³ co-

1 PPHSN: Pacific Public Health Surveillance Network

2 ECOMORE: Economic development, ecosystem modification and emerging infectious diseases risk evaluation

3 SEGA-One Health: Epidemic surveillance and alert management

ordinated by the Indian Ocean Commission) have operationalised the regional dimension of AFD's commitment in the Indo-Pacific. This is also linked to the regional partnership with ASEAN⁴ (official approval for the first two projects addressing air quality and the management of maritime transport waste; financing of a project for energy efficiency and a multi-sector facility for capacity building).

Proparco in the Near and Middle East and Asia

Over 25% in volume of the projects signed by Proparco in 2023 were in the Middle East (worth €495M) and around 7% in Asia (worth €142M). For instance, in 2023 Proparco contributed €15 million in financing for the restructuring of a new state-of-the-art agro-industrial complex in Umm Qasr port in Iraq to bolster the country's food security. Partnered by the International Finance Corporation (IFC - a member of the World Bank Group dedicated to the private sector) and the Dutch Entrepreneurial Development Bank (FMO), Proparco contributed to the total €112 million package for the project headed by Sama Al-Manar company. The project's innovations will also help to create jobs and diversify the economy by reducing Iraq's dependency on fossil energy. The new facility will enable the company to more than double its imports of corn by 2027 to meet the country's needs for animal feed.

Iraq will also be able, for the first time, to import raw soybeans and convert them into oil, which should then become one of the country's leading non-oil export commodities.

Expertise France's activity

The turnover of Expertise France in the Middle East in 2023 stabilised at €24.5 million. Its activity stemmed mainly from its support to the European Union's on-the-ground actions on the rule of law and the reform of public administration (Lebanon, Jordan) or the structuring of civil society, workers' rights and gender issues (Lebanon, Syria, Israel)..

On the other hand, Expertise France's activity grew significantly in Eurasia in support of the European trajectory of the Western Balkans, and in response to the requests and needs of the Ukrainian authorities. In 2023, in Ukraine alone, Expertise France implemented five projects, worth €5.5 million, in the areas of the rule of law and justice, health, civil protection and financial auditing. Since September 2023, Expertise France has also ensured the implementation of the mAIDan Facility for technical assistance, to Ukraine financed by the French Ministry for Europe and Foreign Affairs (MEAE) to support the country's resilience, reconstruction and its application for membership of the European Union.



4 ASEAN: Association of Southeast Asian Nations



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Latin America

Following the post-pandemic rebound, growth in Latin America slowed down significantly due to the combined effect of external shocks and structural dynamics, in a context of inflationary pressures that justified a tightened monetary policy and led to decline in household consumption.

Although activity was curbed by the economic situation in some of its countries of operation (particularly, Cuba and Bolivia), AFD reached €1.7 billion in commitments (+44% compared to 2022), around €1.1 billion in signatures (on a par with 2022) and disbursements amounting to €1 billion (down on 2022).

The “Planet” remains a powerful marker for AFD in Latin America as the 2023 closure was over the targeted 72% of financing with climate co-benefits (i.e., about €1.1bn in UNFCCC⁵ financing).

After an eight-year absence of high-level dialogue between governments in Latin American and the Caribbean and European governments, the EU-CELAC⁶ Summit held in Brussels in July 2023 underlined the converging interests of the two continents. A concrete sign of this strategic rapprochement is AFD’s partnership approach with the EU and a first co-financing operation with KfW in Peru (sustainable affordable housing) via the new financial platform, Joint European Financiers for International Cooperation (JEFIC), which aims to pool resources for increased effectiveness of financing.

New intellectual partnerships with Latin-American research centres have been set up to shed light on

⁵ UNFCCC: United Nations Framework Convention on Climate Change

⁶ EU-CELAC: European Union and the Community of Latin American and Caribbean States

needs and prepare AFD's service offering on its strategic focus "citizen, democracy and institution", much like the partnership forged in Argentina with CIPPEC⁸ for the celebrations of the 40th anniversary of uninterrupted democracy in the country.

Proparco in Latin America

Vingt-cinq pour cent du volume In 2023, 25% in volume of the projects signed by Proparco were in Latin America, representing a cumulative amount of close to €500 million. Among these are two large-scale water and sanitation projects in Brazil, Águas do Rio 1 and 4, with €116 million in financing. These projects, bringing 100% climate-adaptation co-benefits, will boost climate change resilience and are aligned with Brazil's Federal Government strategy. The government's ambitious goal is to provide universal access to water and sanitation services by 2033, with a 99% coverage rate for drinking water and 90% for sewage collection and treatment services.

In 2023, Proparco granted two local currency guarantees to IDB Invest (IDB-I) totalling €116 million for the Águas do Rio project. Proparco thus provided IDB-I with considerable leverage to secure its €277 million loans to the Águas do Rio 1 and 4 concessionaires. This financing supports the expansion of water and sanitation services in 27 municipalities in the State of Rio de Janeiro, several of which are located in the Rio de Janeiro city, and includes vulnerable communities (favelas). At the same time, the project will also reduce pollution in Guanabara Bay, the interior lake and beaches of the city of Rio de Janeiro, as well as the Guandú River and its affluents, which currently receive untreated sewage discharges.

Ultimately, nearly 9 million people are to have new or improved access to quality water and sanitation services, including 15% to 20% of users eligible for an extended lifeline tariff. The projects will help to maintain and create over 9,600 jobs, some of which will be in vulnerable neighbourhoods. The project also helps to generate additional income for the State, including through the rehabilitation and extension water purification infrastructure which remains under public management..

Expertise France in Latin America

Expertise France's operations in Latin America involve sectors ranging from social protection, education and employment to the environment and sustainable development as well as state reforms. This activity mainly stems from its participation in regional cooperation programmes, funded either by the European Union (EU), such as EUROCLIMA+ (€8.5M) or EI PACCTO 2 (€6.2M), or financed by AFD such as VITAL (€4M), a facility to tackle population ageing in Latin America and the Caribbean.

A growing number of national projects were signed in 2023, notably in central America and the Andes region. Examples include the project to combat gender-based violence in Colombia (EU funding of €3.8M) and the LAMARR project (EU funding of €10M) involving digital training for young people in order to enhance the technical skills of vulnerable communities and thereby promote access to better job opportunities.



Three offerings tailored to the requests from the Group's clients and partners

The Group's response to the objectives set out by the Presidential Development Council and the Interministerial Committee for International Cooperation and Development (CICID) involves structuring three sectoral offerings that tightly link AFD, Proparco and Expertise France. These offerings are designed for the Group's clients and partners in response to their requests and needs, to support the achievement of the SDGs.

Step up investment in sustainable and quality infrastructure

To achieve the SDGs, the Group supports the development of quality, future-proof and resilient infrastructure that meets the needs of people (quality of life, prosperity, employment, equality, gender, youth). This

not only helps to tackle the challenges of preserving the planet (climate change, environment, biodiversity) but also helps to strengthen the institutions in charge of these issues (competencies, governance, fight against corruption).

The year 2023 was marked by flagship operations financed by AFD to promote the energy transition (integration of renewable energies in Egypt under the European Global

Gateway initiative in Africa, support for the JET-P partnership in Vietnam, a floating solar power plant in Mexico, support for the European integration of Moldova...), sustainable water management (support for public policies in Mauritius, mobilisation of the Bill and Melinda Gates Foundation for sanitation...), sustainable mobility (transport in secondary cities in Türkiye or Brazil, modal transport in Abidjan, electric river shuttle boats in Lagos, support for the green

hydrogen strategy of the South African rail and port operator). Infrastructure was also financed in the sectors of health (modernisation of Musanze referral hospital in Rwanda), education (€521M committed in 2023, notably the construction of the National Faculty of Public Health in Medellín), governance (€963M in 2023) or sport (renovation of Iba Mar Diop stadium and neighbourhood sports facilities in Dakar). To support and secure private investment in sustainable infrastructure, AFD and the Caisse des Dépôts Group (CDC) shored up the infrastructure investment vehicle, STOA, by contributing €300 million (€200M from AFD, €100M from CDC). This financing made it possible to leverage over €3 billion of private investment (leverage effect generating 12 times the original amount) with 50% being invested in Africa.

Expertise France implemented 17 operations, including ten forestry programmes in 20 countries, which supported 580 biodiversity protection organisations, trained 3,720 staff on the challenges of sustainable development and provided technical assistance focussed on the presidential commitments to the Forests, Nature & Climate country packages.

Economy and sustainable finance: tackling vulnerabilities

For the Group, building up an economy and sustainable finance means ensuring that growth creates decent jobs, reduces inequalities and generates shared and inclusive prosperity. At the same time, it ensures that the essential functions provided by nature persist over time. This agenda is fully consistent with the Paris Pact for People and the Planet (4P), aimed at fighting inequality, the effects of climate change and the destruction of natural capital.

Over 2023, AFD was able to deploy new operations demonstrating the diversified know-how that the Group makes available to its clients to support them in these dynamics. For example, AFD granted a €200M contingency loan to the Peruvian State that can be disbursed in the event of a disaster - an innovative solution adapted to a State with which the Group had not thus far contracted sovereign financing. The Group's support also takes shape through an approach geared to the overall transformation of economies. The support provided for the greening of the Rwandan financial system

in partnership with the International Monetary Fund (IMF) is exemplary on this count as it supports the State, the Central Bank and the Rwandan Development Bank. It also involves strong and sustained support to financing the initiatives of entrepreneurs, particularly women and young people. The Group has thus assisted 24,000 MSMEs in Africa as, for example, the support that will continue under the Choose Africa 2 initiative thanks to the joint missions of AFD and Bpifrance in 2023.

In addition to financial support, AFD Group continued to reinforce the solutions for its clients. Of particular note is the publication of an operational research work on dual macroeconomic and climate-related vulnerabilities, which prompted the Group to redesign operational alternatives in its countries of operation. In light of this research, AFD announced at COP28 the introduction of clauses allowing for the suspension of loan repayments in the event of climate disasters and the commitment to a reflection on operations involving debt-for-nature swaps.



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Investing in human development and social progress: mobilising for a just transition

In a world marked by a systemic crisis, AFD Group committed €6.5 billion in 2023 to promote human development and social progress with a core concern to reduce multidimensional poverty and gender inequalities as these are a major cause of persistent poverty. With €2.8 billion in financing, 170 projects have directly impacted a nexus of SDGs (education, health, nutrition, decent employment, social protection) specifically taking care of people as well as the planet. Inclusive and sustainable investment is the linchpin of any low-carbon transition, including in territories and for populations vulnerable to crises and violent conflict. These are all promises of access to essential services and of support to the institutions and public policies that guarantee the sustainability of investments and social progress in a more inclusive, more equitable, peaceful world mobilising for just transitions by investing in young people.

The year 2023 marked an unparalleled mobilisation of investment at the One Summit 4 Health held in July in Lyon. This event reflected the will of public development banks in the FiCS Coalition for Social Investment, to raise more finance for health, social protection and the fight against climate change impacts and biodiversity loss. For example, a first delegation of funds was signed between AFD and the Gates Foundation to support Pakistan's public health system in its fight against polio-myelitis. A dialogue was engaged with ASEAN, backed by support starting in 2023 for the health surveillance networks in partnership with the Instituts Pasteur in the Indo-Pacific region.

In education, AFD is the leading bilateral partner of the Global Education Partnership and was selected by the Democratic Republic of the Congo as partner agent alongside the World Bank to upskill and train teachers. To support youth employment and agricultural production, a first budget financing was granted to Benin to expand agroecological practices and agricultural training. Financed on European Union funds, AFD also supports the Economic Community of West African States (ECOWAS) on research and innova-

tion on how to adapt its agriculture to climate change. Egypt has also benefited from the coordinated joint support of AFD and the EU to expand its food storage and wholesale market capacities, which are crucial to food security in a fragile environment exacerbated by the war in Ukraine..

Fifty-five per cent of projects signed by Expertise France in 2023 are classified as DAC1 or DAC2 according to OECD's gender equality marker. Expertise France relies on the ongoing implementation of flagship projects: IPADSAJJ in Guinea (€10M) to enhance the access and quality of healthcare for young people and adolescents and the institutional framework for sexual and reproductive health and rights (SRHR); the integration of migrant Venezuelan women (€7 million in Colombia/Ecuador) by facilitating access to housing and employment and tackling gender-based violence; the EFOR project (€7 million) in Tunisia for the economic empowerment of women farmers; or the HERNES project (€2M) in Syria targeting access to maternal healthcare for conflict-affected populations.

***The year 2023
marks an
unparalleled
investment
in terms of
mobilisation***

getting access to maternal healthcare for conflict-affected populations.

A flagship project:

electric buses for Colombia

At the fourth edition of the Finance in Common Summit (FiCS) held in Cartagena, Colombia in September 2023, AFD and FDN (Colombia's National Development Finance Corporation) signed a credit agreement for €90 million to ensure a smooth transition of Colombian cities to a low-carbon public transport system.



This will enable Colombian municipalities or their public transport operators to finance the purchase of electric buses and the associated charging infrastructure.

The project encourages programmes that promote gender equality by boosting jobs for women drivers or implementing special measures to keep female users safe.

In Saint-Joseph, a care centre

for people with autism, Martinique

Given the complexity involved in caring for people with autism spectrum disorders (ASDs), care facilities in Martinique were widely dispersed.

SAINT-JOSEPH



For this reason, the investment project implemented by the association Martinique Autisme is to build new care facilities on an 8,700m² plot. The goal is to improve the conditions of care and increase the number of available places. The project also plans to create a space for parents and reinforce emergency reception facilities.

The association has also opted for a low-carbon building. **Funded by AFD, Martinique Autisme will be the project owner, fully supported by the regional health care agency (ARS).** The opening of the site is planned for April 2025.



Bolstering food security and diversifying the Iraqi economy

Proparco, with the International Finance Corporation (IFC) and the Dutch Entrepreneurial Development Bank (FMO), supports the agrifood company Sama Al-Manar in developing a new agro-industrial complex in the Iraqi port of Umm Qasr.

This complex includes a soyabean crushing plant and warehouses. The new facility will enable Sama Al-Manar to double its corn imports by 2027 and, for the first time, import raw soyabeans for processing.



The expected impacts are considerable for this conflict-prone country: not only will food security be boosted thanks to a lesser dependency on imports as local farmers will have better access to animal feed, but it will also bring greater economic diversification. Not to mention new opportunities for the creation of decent local jobs.

Improving households' access to sanitation and helping to depollute the Rio Tietê

in Brazil, the São Paulo region is crossed by the Rio Tietê, a river severely affected by eutrophication due to sewage discharges into the natural environment.



Proparco and IDB Invest are working with the Brazilian state-owned enterprise Sabesp to improve access to sanitation and help depollute Rio Tietê, by extending the coverage of sewage collection networks and treatment plants.

Phase IV of the Tietê programme targets 34 municipalities in the region through three lines of action: optimise and extend the sanitation network, build 4 sewage plants and provide technical assistance in project management.

The expected impacts include: 1.3 million people with access to a new or improved sanitation service, a reduction in waterborne diseases and water pollution, the maintenance or creation of 6,000 jobs.

Proparco is providing a local-currency guarantee for half of the loan totalling around €200 million, which the company has taken out with IDB Invest.

The Democratic Republic of the Congo: promoting women's entrepreneurship

Women entrepreneurs make up a sizeable share of country's economic fabric (over 43% of non-farm companies are run by women), yet they still predominantly operate in the informal sector or are self-employed.

The AFD- funded project *"Pour Elles: Support to Women Entrepreneurs"* aims to promote women's economic empowerment in the DRC and thus help to reduce gender inequalities.



Over the course of the 4-year project, 1,200 women entrepreneurs (micro-entrepreneurs, small and midcap businesses) in Kinshasa, Bukavu and Kikwit will benefit from support. Innovative financing mechanisms (interest-free loans, seed funding) will be set up to finance businesses with a high potential for upscaling. A system will also be put in place for the effective and sustainable coordination and consultation of the different stakeholders of women's entrepreneurship.

mAIDan: assisting

Ukraine's reconstruction

With the mAIDan Technical Assistance Facility, endowed with €14.5 million, Expertise France is supporting the resilience and reconstruction of Ukraine, and helping to prepare the country's application for accession to the European Union.

Launched in September 2023 by the French Ministry for Europe and Foreign Affairs, **it has helped to restore the roofing of the Chernihiv regional theatre**, which was severely damaged by the Russian army, thus enabling the activities of region's main cultural centre to resume.

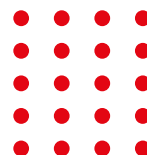
Other sectors are also covered by the mAIDan Ukraine programme: health, mobility, urban development and governance.





03

OUR CORPORATE SOCIAL RESPONSIBILITY COMMITMENTS



For over fifteen years, AFD Group's approach to corporate social responsibility (CSR) has enabled it **to structure its practices and comply with the applicable social, environmental and ethical requirements**, respect human rights, fight against corruption and ensure transparency. The Group is also resolutely committed to the reference framework set by the 2030 Agenda and the Paris Climate Agreement, and constantly striving **to deepen its approach to sustainable development**.

The Group's CSR approach is given non-financial ratings that not only guide investors' decisions, but also serve as a valuable tool to drive internal progress. In 2023, Moody's Analytics assigned AFD Group a score of 74/100 (compared to 73/100 in 2021), positioning it first ex aequo in the category Specific purpose banks and agencies and in the top ten among 4,667 businesses assessed worldwide. Moreover, AFD obtained an AAA rating in MSCI's latest ratings review in February 2023. It also moved from being the

best actor in climate finance among the national and bilateral public development banks in 2021 to being a "transformational bank"¹ in 2023, according to the external independent assessment conducted by the think tank E3G.



4 FOCUSES FOR ACTION

1

Appropriate and deepen
sustainable development
in financed projects

2

Financial
exemplarity
and Ethics

3

Reduce the Group's
footprint and master
its practices

4

Responsible
human
resources

3 CROSS-CUTTING LEVERS



Awareness-raising
and training for employees



Transparency



Dialogue
with stakeholders



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Focus 1

Appropriate and deepen sustainable development in financed projects

In 2023, AFD Group pursued its activities to bolster dialogue, capitalisation, monitoring and external exchanges on the sustainable development challenges.

Manage the social and environmental (E&S) risks of financed projects

AFD Group integrates social and environmental responsibility into its governance system and activities. As such, it takes steps to assess and manage the environmental and social (E&S) risks of the operations it finances. The Group follows procedures to identify, prevent or mitigate E&S damage, including any human rights abuses that may arise from its activities. The approach to E&S risk management is applied at each stage of the project cycle, from identification to financing approval through to monitoring and ex post evaluation. In 2023, a capitalisation

exercise was undertaken on what impact the application of E&S criteria has on the quality and success of the projects. This cross-cutting analysis was based on case studies.

The Group also has an exclusion list that lays out and strengthens the Group's operating guidelines, specifically in the areas of climate, biodiversity conservation and the protection of human rights. This approach is supplemented by two mechanisms to manage E&S complaints, used by AFD and Proparco respectively.



Continue to mainstream the human rights-based approach

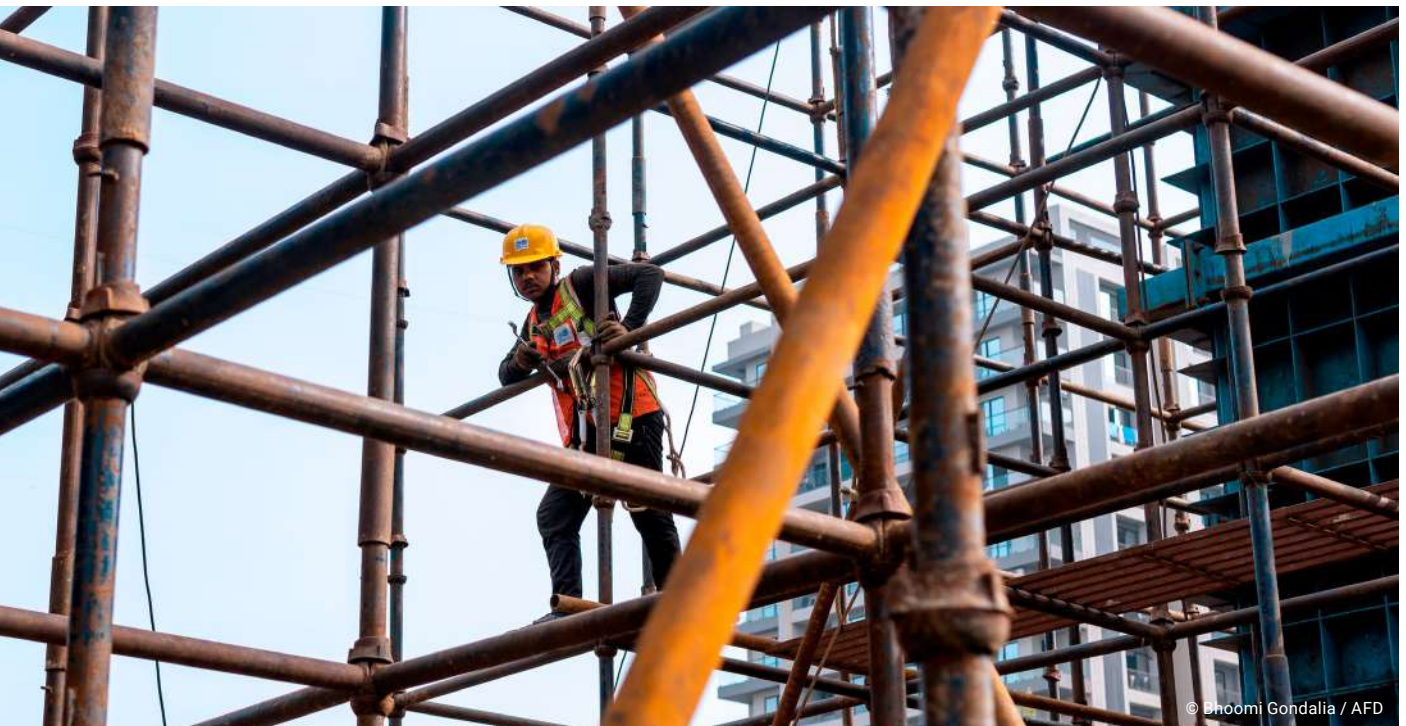
For AFD Group, the human rights-based approach (HRBA) is an ongoing process of learning and sharing best practices. Building on exchanges with civil society networks, on participation in the working groups of bilateral and multilateral partners dedicated to this theme, and on exchanges within the Group, this process is helping to deepen our teams' knowledge and improve due diligence practices.

*... an ongoing
process of
learning and
sharing best
practices ...*

The human rights-based approach is grounded both on a risk reduction approach with the objective of doing no harm and on a more proactive approach enabling projects to contribute directly to the attainment of human rights. In 2023, Proparco developed the first version of a "human rights" roadmap for the two coming years, which defines the actions to improve the integration of HRBA into its activities.

In tandem, a methodology to better integrate this approach into development projects has been created as part of a new partnership with the Danish Institute for Human Rights (DIHR). This methodology also proposes an accountability system along the lines of the OECD/DAC markers.

In December, the "Human Rights and Development" conference provided the opportunity to share the results. The conference was also a chance to take stock of how the human rights situation is evolving worldwide and to examine through concrete cases the links between conventional human rights, the right to a healthy environment and the emerging rights of nature. It was joined by 1,200 attendees from around the world.



© Bhoomi Gondalia / AFD



© Cyril le Tourneur d'Ison

Focus 2

Financial exemplarity and Ethics

Prevent and combat prohibited practices

Corruption, fraud and any form of misappropriation of public or private aid could cause lasting harm to AFD Group's mission. The year 2023 saw AFD's continuing efforts to strengthen its mechanism to prevent and combat prohibited practices. In particular, it revised the Directives on awarding AFD-financed contracts in foreign States, in order to include a broader range of potentially ineligible cases related to prohibited practices. This new version entered into force on 1st February 2024.

Furthermore, AFD and Proparco have a comprehensive **anti-corruption**

and anti-influence-peddling compliance programme

which includes notably an anti-corruption code of conduct, an internal professional whistleblowing mechanism which Expertise France took up in 2023, risk mapping for

corruption and influence-peddling, etc. After adopting a procedure in 2022 enabling it to identify and as-

sess the risk of corruption associated with its suppliers, on entry and throughout the entire business relationship with them, the Group decided to centralise the performance of due diligences within a structure as from 2024.

Likewise, Expertise France implemented AFD Group's general policy on preventing and combating prohibited practices. This is based on a code of conduct that defines and offers examples of prohibited situations and actions as well as the behaviour to be adopted when conducting activities. In 2023, the procedure for reporting and processing illegal practices was published. A new procedure for managing conflicts of interest came into force early 2024.

Since 2021, the **system for reporting prohibited practices** has also been open to the Group's third parties.

In tax matters, the Group finalised the overhaul of its policy on non-co-operative jurisdictions in 2023.

*... the system
for reporting
prohibited
practices is open
to the Group's
third parties.*



© Chau-Cuong Lê / AFD

Resolutely responsible finance

As regards sustainable bonds, in 2014, AFD Group was **the first French public-sector issuer of a green bond** focused on climate. It then adopted a programmatic framework for climate bonds and continued its policy of issuing them on a regular basis. A new milestone for the Group came in 2020 with the publication of a renewed thematic borrowing framework centred on the Sustainable Development Goals (SDGs), naturally in line with pillars of the “Green & Social Bond Principles”, specifically the transparency of project selection and the use of proceeds. It gives AFD the possibility of issuing three types of bonds: sustainable, climate and social. In 2023, AFD’s sustainable bonds represented 40% of the total €8.030 billion borrowed. The choice of arranging banks for these operations presented a new challenge —environmental, social and governance (ESG) now had to be taken into account. At the same time, AFD was continuing a project to integrate SRI (Socially Responsible Investment) into its treasury management.

Additionally, AFD and Proparco investigated the different types of employee savings investment pro-

posed to the employees. A study was conducted on the options and opportunities for the responsible investment of **employee savings**. As a result, three other funds that met the new criteria were added to the investment options proposed to employees. This approach led to the launch of a call for tenders in 2024 for a new contract not only for management of AFD Group’s employee savings but also for the future setting-up of a company savings plan in which all the funds proposed comply with the environmental and social criteria defined by the Group.

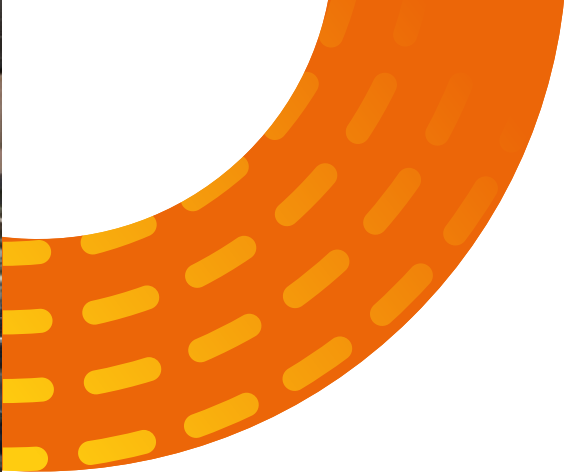
An enhanced dialogue on ethics

Mindful of the strict requirements of its public service mission in French Overseas Territories and Departments and in foreign States, AFD took the initiative in 2004 to put in place a comprehensive **ethics system**, comprising a charter, an ethics committee and an advisor. A new Ethics Charter was signed by the Group’s three chief executive officers (AFD, Proparco, Expertise

France) on 15th April 2022. It sets out a common ambition, behavioural standards and commitments consistent with its triple status as a public institution, financial institution and development agency.

A representative and independent ethical board was set up in August 2022. It emphasises the links between ethics and the individual and collective questioning of the Group’s values and rules. The board is invited to clarify through group-wide “Ethics” dialogues various sensitive questions. As a result, four “ethics cafés” were organised in-house in 2023: these discussions fed into the thinking of AFD Group’s Ethics Board and informed its proposals and recommendations on themes such as: “whistleblowing/reporting a prohibited act: why isn’t it so simple?”, “Political orders: how and when can they pose an ethical problem?”.

In 2023, AFD's sustainable bonds represented 43% of the total €8.030 billion borrowed



Actors of energy sobriety
at AFD headquarters.

© Stéphanie Boillon / AFD

Focus 3

Reduce the footprint
and master the
practices of AFD

Towards a low-carbon trajectory

Between 2022 and 2023, total emissions at headquarters for AFD and Proparco increased by 8% – rising from 23,957 to 25,997 tCO₂e – due to the rise (13%) in the inputs item (corresponding to non-capitalised goods and services) and to the up-trend in the Group's activity. Travel-related emissions were up slightly in 2023 (8%). These account for 42% in the headquarters' Bilan Carbone (carbon assessment), compared to 53% in 2019, the pre-Covid reference year. The other items, which together account for 10% of the Headquarters' Bilan Carbone, show little change although it should be noted that the "Energy" item has been decreasing for several years mainly due to a proactive energy sobriety

policy.

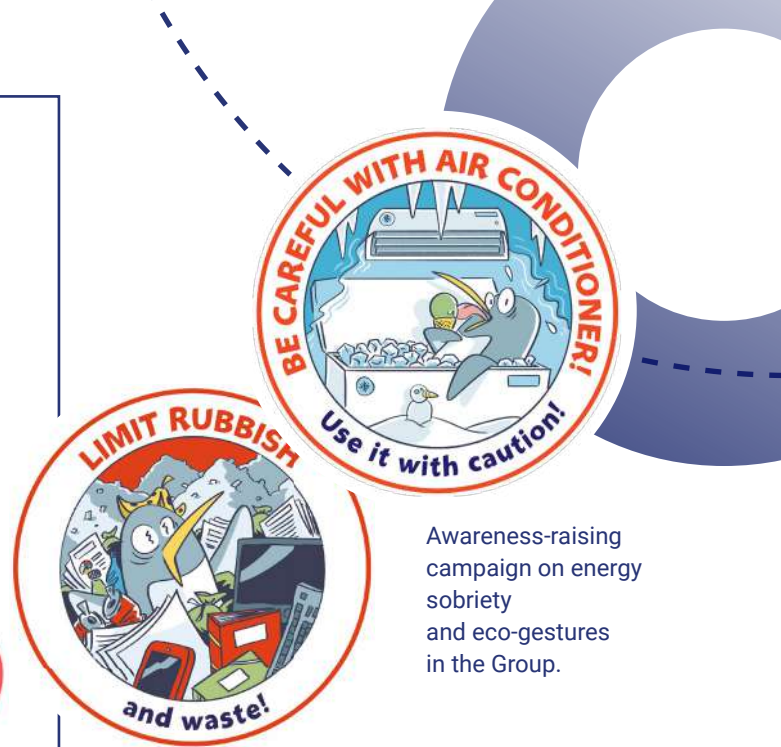
All in all, since 2019, CO₂ emissions for headquarters alone have dropped by 15%, even though business has sharply increased in terms of outstandings.

Each year, the internal emissions for headquarters and the regional offices in AFD's and Proparco's territories and countries of operation are offset through the purchase of carbon credits intended to finance actions that contribute to the SDGs. Accordingly, in 2023, CO₂ emissions for 2021 and 2022 were offset by financing for projects involving biomass and anti-deforestation in Brazil and micro-hydropower in Indonesia. Discussions are in progress to further develop the relevant methodology.

The first carbon footprint assessment for Expertise France (EF) was completed early 2023 for the year 2022. This quantified the emissions linked to the operating of EF's Paris-based head office, as well as those linked to travel from the head office to recipient countries. This travel ac-

counts for 95% of EF's emissions. As it is deconcentrating its activity, which continued into 2023, one of the challenges for EF's next carbon assessment will be to gradually extend the calculation to EF regional offices in the field and to the new country offices. Another challenge for EF involves the assessment of its activities. In 2024, EF is set to adopt its own multi-year "low-carbon trajectory" roadmap, which lays out the actions to be implemented to reach this objective.

The low-carbon trajectory is applied not only in-house across AFD Group but also along its value chain through operational measures to reduce the impact of its activity. In 2023, the Group continued to work on its low-carbon trajectory by improving the reliability of its Bilan Carbone and pinpointing the levers to be activated to significantly lower the greenhouse gas (GHG) emissions stemming from its own functioning by 2030.



Awareness-raising campaign on energy sobriety and eco-gestures in the Group.

Awareness-raising campaign on energy sobriety and eco-gestures in Réunion.

Take part in the efforts for energy (and environmental) sobriety

As a public operator, AFD Group is committed to the French government's ecological plan and the national energy sobriety plan.

Participating in the eco-responsible public services approach. All the Group's concerned departments took action along with their partners and service providers. A set of tailored measures was defined covering both the search for savings and the adaption to technical constraints, constantly mindful of the need to maintain the best possible working conditions for all. The closure of part of the Paris office in

August 2023 resulted in an energy saving of 57,000kW. The ten-day closure in December 2023 of three of AFD's four head office buildings reduced energy consumption for the year by 2.4%.

An **awareness-raising campaign** for the Group's employees on energy sobriety and eco-gestures ran throughout 2023. The campaign included news items on the intranet, posters, comic strips and stickers and unfolded on different themes: mobility and transport, lighting and electric and digital equipment, heating and air-conditioning, catering and food waste, water.

Wow, what a great idea! The fun side and the close link with eco-gestures to use remind us each day to respect energy sobriety! Allon mèt ensamb pou nout planète !

Dolène Nauche,
Head of Financial Management and Resources department,
AFD Réunion agency



ENERGY SOBRIETY

AFD Group's plan



CATERING & FOOD WASTE

- 1 **REDUCE FOOD WASTE**
& Only fill our plates with what we need
- 2 **EAT LESS MEAT AND MORE PLANT PROTEINS AND PULSES**
& Eat locally and seasonally
- 3 **BAN PLASTIC, SORT RUBBISH AS CAREFULLY AS POSSIBLE**
& Use reusable containers

EVERY ACTION COUNTS

Mobilization is the only energy use we don't have to reduce!



Since July 2023, the company restaurant at AFD head office has become more sustainable to meet the expectations of its users. Now, two vegetarian dishes are proposed daily and there is a 100% vegetarian day each month. Less beef is presented and at least 60% of the food is now sustainably sourced, including 40% from organic farming (the so-called "EGalim" specifies only 20% of organic produce in food purchasing for collective catering). The coffee in the cafeteria is organic and fair-trade certified. Particular attention is also paid to reducing plastic waste, as plastic-bottled water has been discontinued. Lastly, the catering contractor redistributes some still edible foodstuffs under an agreement with the Banque alimentaire (Food Bank), at the level of the central kitchen.

Group's awareness campaign on energy sobriety and eco-gestures.

Promoting responsible procurement

AFD Group is committed to reduce the environmental footprint of its purchasing, enhance its social contribution and support local development. Its policy has set the objectives of integrating environmental criteria into the procurement process, tightening the environmental or social terms of its contracts, rendering contracting more accessible to small and medium-sized enterprises and to local players in its countries of operation, and boost the share of purchases from companies in the sheltered employment sector (STPA).

In 2023, the gradual integration of social responsibility criteria into AFD Group procurement process was continued, while care was taken to ensure that the specifics of the procurement process was taken into account.

An item specifically for responsible procurement and supplier relations was created. A diagnosis of responsible procurement and a granular analysis of the regulatory framework for responsible public procurement helped to define and develop the structuring elements of the approach. A mapping tool for procurement-related social and envi-

ronmental risks, already rolled out to suppliers in 2022, was made available to all of the Group's buyers. In accordance with the legal requirement of enabling small or local structures to submit tenders, consultations are divided into lots. A reinforced dialogue was engaged with some of the Group's key suppliers on their relations with the Group and their CSR practices. The Group promoted procurement from the sheltered employment sector (STPA) for an amount totalling around €1 million in 2023.

Towards a greener IT

AFD's action plan for greener IT ultimately aims to **reduce the carbon footprint and environmental impact of AFD Group's digital uses**. In 2023, several actions were carried out: an internal challenge led to a 14% decrease in paper printouts between the first and third quarters and the energy-saving mode for workstations and screens was automatically turned on after one

hour of inactivity, which delivered an annual saving of 2,8 tCO₂. Improved stock-taking helped to give a better understanding of the quantity and quality of the equipment stock and monitor its movements. Lastly, a carbon footprint assessment is now systematically required for all calls for tenders involving infrastructure and all IT calls for tenders include environmental criteria.

In the campaign to renew old PCs, the IT department chose to prioritise **donating them to associations**. In 2023, more than 530 PCs were given to schools and non-profits, notably the Label École (Emmaüs), a second-chance school that offers free training on e-commerce jobs for people who experience difficulty in finding work.



Laptops enable all of [their] users to follow their training in the best conditions, and thus maximise the chances of being included long term in the professional world.

Grégoire Lievens,
Director of Label École (Emmaüs)



Focus 4

Responsible human resources

Runners in the Nuit des Relais.
© Jérémie Pellet / Expertise France

Quality of life at work

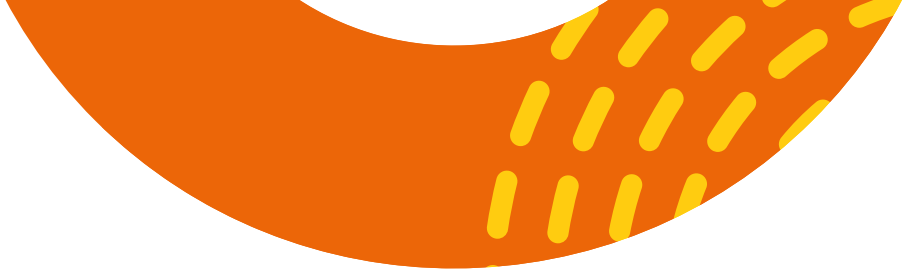
Concerning the quality of life at work, AFD continued to implement the agreement signed in 2020. A new system for reporting and handling situations involving moral harassment, and gender-based and sexual violence was put in place. A generic email box is accessible to all employees at headquarters and in

the network and provides a handling process that commits to leaving no situation unanswered. This system was promoted by specific communication actions.

A new agreement on teleworking was signed and applies as of 1 June 2023. This new scheme provides for a fixed annual number of teleworking days and introduces innovations

such as the menstrual work-from-home policy. The agreement provides the definition of teleworking charters for each structure to lay the ground for efficient and smooth collective work for all.

Since workload is regularly mentioned as a risk factor, the Human Resources department together with the department in charge of



internal change designed a tool to assess and regulate workloads. The tool analyses the work environment and provides a basis for a team discussion in order to define an action plan. It is gradually being rolled out to the structures that wish to rethink their way of working.

A considerable amount of work was done on redesigning the Guide for caregiving employees which aims to provide a better understanding and visibility of all of the existing assistance schemes to support the needs of caregiving employees. The “Quality of life at work” week in June was a chance to propose a conference on the topic of caregiving.

The sports and cultural association (ASC) of the social and economic committee (SEC) also plays an active role in developing social cohesion through the many sports and cultural activities proposed. The ASC’s action promotes to a large extent collective activities and social cohesion. In 2023, 805 employees took part in ASC’s activities.

In addition, AFD Group has an internal mediator whose role is to prevent and manage interpersonal relationships (between individuals or groups) in a professional context, both at headquarters and in the network. The mediator gives advice to employees who ask for it and, if necessary, organises interpersonal and group mediation. In 2023, nearly 150 employees attended training course on themes such as “Understanding each other better at work”

A new system for reporting and handling situations involving moral harassment, discrimination, gender-based and sexual violence was put in place.

or “Grasping conflict in my position of manager”.

In 2023, a new social barometer was conducted with all employees at headquarters and in the network in order to better understand the advantages, challenges and difficulties that they experience. The general indicator for well-being at work (aggregating the measure of employees’ satisfaction at work, pleasure at work, pride in work and motivation) was down, dropping from 6.61/10 for the previous barometer to 6.43/10 in 2023. This indicates that, while the interest and utility of work remain appreciated, as is local management, many points scored lower than in the 2021 barometer. These results

were taken into account and fed into the corporate internal transformation plan. Action plans to tackle the feedback on issues are being implemented in each of the executive departments and at senior management level.

Promoting

professional equality

Professional gender equality is a major stake for AFD Group’s human resources policy. The approach is designed to be consistent with that implemented by AFD Group in its operations, where the theme of gender acts as a lever for achieving the SDGs.

AFD’s efforts for professional gender equality were recognised by Afnor’s Professional Equality award in 2021, again confirmed by a mid-term audit in 2023. The Professional Equality Index score for AFD and Proparco published in 2023 is 92/100, and 99/100 for Expertise France. The pay gap between men and women narrowed to +2.1 in favour of men for 2023 (2.65 in 2022), mainly due to the difference observed at executive level.

Lastly, in 2023, AFD’s feminist network, “Mondes en commun·e·s” set up a mentoring programme designed to create links, moments of discussion and support amongst women, which has led to the formation of 130 pairs.

Towards more inclusion and diversity

AFD's approach to promoting diversity and inclusion was recognised in 2021 when it obtained the Afnor Diversity label, which was again confirmed by a mid-cycle audit in 2023. AFD is continuing its actions in this area: awareness-raising, training, external helplines, participation in an inclusion barometer, etc. Discrimination risk mapping has been prepared by a specialist consultancy to analyse all HR processes and

ensure that they do not run any of these risks, even indirectly.

In October 2023, AFD organised its third diversity and inclusion week. On this occasion, a round table with representatives from the internal networks working on diversity within AFD was organised and prepared with the Human Resources department. An awareness-raising film, "Discrimination, this also happens at AFD" drawing on real-life testimonials was produced, and widely distributed internally to support the fight against all kinds of discrimination.

For the International Day against Homophobia, Transphobia and Biphobia, Group employees in Bogotá met together to discuss the prejudice and difficulties encountered by the LGBTQIA+ community. The same day, a coming-out conference was held at AFD headquarters.

The AFD team in the Comoros taking part in the Pink Ribbon Marche.

© Chaheer Younoussa

Committed employees

Under the partnership with the non-profit organisation, Article 1, employees show their commitment by mentoring young people to help their professional integration. This partnership also aims to broaden the pool of candidates for internships and work-study schemes within the Group, encourage greater diversity among young employees and make AFD an equal opportunity employer.

In the Comoros, our team took part in the Pink Ribbon walk to show their commitment and solidarity in the fight against breast cancer. The AFD restaurant also supported this annual communication campaign to raise women's awareness of breast cancer screening and raise money for research by organising the sale of deserts and meringues for the League against Cancer.

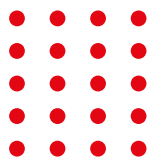


On 18 April 2023, over twenty employees from AFD, Proparco and Expertise France cheerfully braved the rain to run the Nuit des Relais. This night-time solidarity race, organised every year by the Fondation des Femmes, aims to raise money to combat violence against women (photo page 78).



Climate Fresk workshop.
© Axelle Bergeret-Cassagne/AFD

Levers for the corporate social responsibility approach



Train and raise the awareness of employees

In line with the Group's major strategic commitments, special efforts have been made in training on sustainable development (SD): 28 certified SD sessions were organised in 2023, with 433 trainees for a total of 3,240 hours. Other training sessions on this theme were held in 2023 as and when the need arose to support the AFD and Proparco teams in charge of environmental and social subjects (World Bank's environmental and social standards: ESS 5 and ESS 6). These "non-certified" training course were attended by 451 trainees, for 3,467 hours.

To reinforce the effectiveness of its training tool, AFD Group worked throughout 2023 on preparing the ground for a **corporate university**. This involved all the teams dedicated to training and encompassed both internal and external offerings. This outcome of this work was the January 2024 launch of AFD Group Campus. Positioning this new structure at executive management level is a clear sign that, for the Group, developing the skills of its employees and partners is now eminently strategic.

Bike repair workshop.
© Frédéric Contin / AFD



Raise awareness of the stakes of sustainable development

Different awareness-raising activities were proposed to employees at several key points in the year. For example, during the recycling days in March 2023, workshops to raise awareness on the issue of waste reduction were run by the association Zero Waste Paris. During the **European Sustainable Development Week** in September 2023, many events were held, in particular one run by the Essone AMAP (a community-supported agricultural association) which delivers a weekly basket of fruit and vegetables to its members. AFD head office also hosted workshops on detergent- and deodorant-making, bike repairs, etc.

Upwards of 200 employees from 17 teams took part in the eco-gesture challenge organised by the association Ma petite planète. From Paris to Marseille, in our regional offices and agencies abroad and in French overseas territories, 3,409 challenges were taken up resulting in 1,831,260 litres of water saved, and 104 kilos of waste and 9,720 kilos of CO₂e avoided. Finishing in second place in the challenge, the team from the Bangkok regional office commented: "It's a great experience. This challenge brought a fine range of ideas for eco-gestures, even for those who are already aware and committed. It also has an emulation effect among colleagues, including across the oceans!"



Deodorant-making workshop.
© Axelle Bergeret-Cassagne / AFD

In parallel, AFD Group continues to roll out the Climate Fresk throughout the year: in 2022-2023, 670 employees attended this collaborative workshop. The year's innovations: fresks were organised for 4th year secondary school students on an immersion course at AFD and a junior fresk for employee's children in Paris. Expertise France proposed an institutional fresk in the Operations Department. The Campus also trained students of the Masters in project management for development (Modev) to run fresks. Lastly, other fresks for employees were held in 2023 on diversity, digital technology, climate change adaptation, etc.



The Climate Fresk held on 2 December 2023 in Cotonou and co-organised by Anziz Adehan, a 2022-2023 Modev graduate from Benin

© Anziz Adehan

Dialogue with stakeholders

AFD Group defines and implements its actions within the framework of multiple concrete partnerships. This involves dialoguing with a diversity of French stakeholders (civil society organisations, public institutions, foundations, local authorities, businesses), European and international partners, (regional and multilateral banks, UN organisations, philanthropists, etc.), as well as local partners (civil society organisations, foundations, local authorities) in the different countries of operation. In 2023, during preparations for its Strategic Orientation Plan 2024-2029, AFD Group held numerous bilateral and multilateral meetings with its stakeholders. In addition, AFD coordinates the “Partners Committee”, a forum for dialogue and consultation that convenes French and international CSOs, ministries, French think tanks and commercial banks twice a year to discuss the Group’s climate and nature challenges. Quarterly exchanges are also held on climate and CSR topics with several French CSOs.

For the appraisal and implementation of the projects it finances, the Group foresees legal conditions and assistance to ensure that the project owner consults the different stakeholders. For projects likely to have significant environmental and social impacts, AFD applies measures to make sure that stakeholders are associated at each stage of the project.

Transparent financing

Driven by the desire to align with the best transparency standards, AFD is continuing its membership of the International Aid Transparency Initiative, which prompts it to continuously improve practices for enhanced transparency at the service of development aid. In 2023, AFD Group launched a project to overhaul its open data portal so that it could propose a more user-friendly platform that was better structured with more easily accessible data. This portal will showcase the Group’s transparency and also provide thematic data linked to the Group’s key commitments.

Lastly, the Group is working to put a new transparency policy in place with a broader scope for publishable data and content.

Key figures

TOP 10

among 4,667 businesses rated by the agency Moody’s Analytics

1,200 attendees

at the “Human Rights and Development” conference”

over 670

employees took part in a “Climate Fresh”

over 530 PCs

donated to schools and associations

7,607 hours

of training related to sustainable development organised in 2023

Professional Equality Index Afnor

92/100

for AFD and Proparco

99/100

for Expertise France

€1M of purchases

from the sheltered employment sector

AFD’s corporate social responsibility approach and its annexes are available at the below link:

<https://www.afd.fr/en/our-social-responsibility>

About AFD Group

Agence Française de Développement (AFD) Group finances, supports and accelerates the transitions necessary for a more just and resilient world. It thus contributes to implementing France's policy on sustainable development and international solidarity. It is with and for communities that we build, with our partners, solutions in more than 160 countries, as well as in 11 French overseas departments and territories.

Our objective: To reconcile economic development with the preservation of common goods: the climate, biodiversity, peace, gender equality, education and health. Our teams are involved in more than 3,600 projects in the field, which are part of the commitment of France and the French people to fulfilling the Sustainable Development Goals. For a world in common.



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