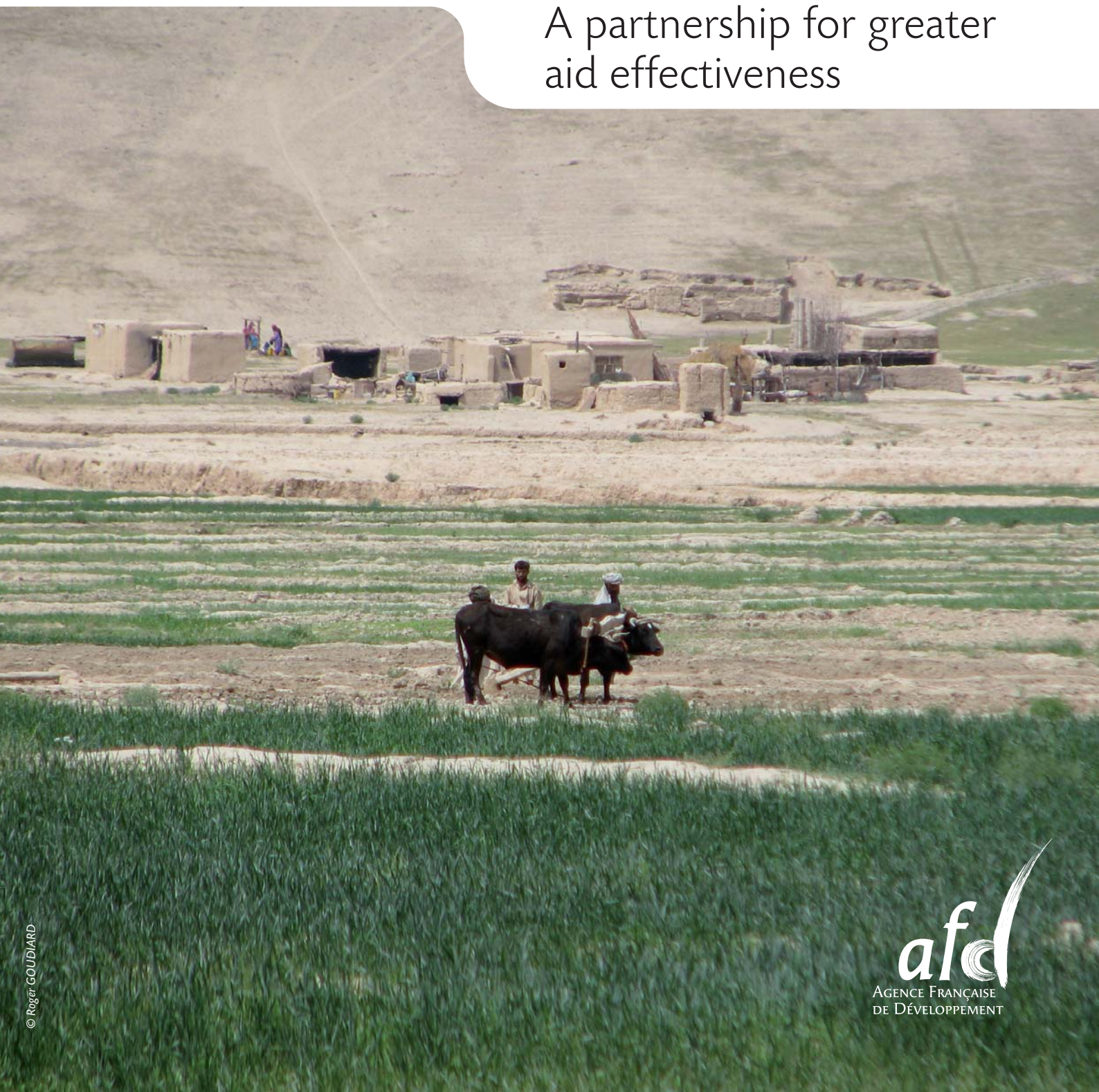


AFD AND AFGHANISTAN

A partnership for greater
aid effectiveness



AFD STRATEGIE AND ACTIVITIES IN AFGHANISTAN

Agence Française de Développement (AFD) has been operating in Afghanistan since 2004 with a mandate from the French Government. Its activities focus on two core sectors:

- Agriculture and rural development
- Health

AFGHANISATION: A VOLUNTARY APPROACH

Afghan ownership of aid is a strong concern for AFD. It works closely with Afghan institutions which directly implement projects and benefit from capacity building actions.

ACTIVE PROJECTS

- Cotton production revival in north and northeast Afghanistan
- Support to the rehabilitation of the national blood transfusion system and the national public health laboratory
- Support to First Microfinance Bank's microfinance activities
- Technical and institutional support to the Afghanistan Ministry of Agriculture, Irrigation and Livestock
- Support to project preparation and implementation

RESOURCES FOR EFFECTIVENESS:

- Increased commitments
- A representation office opened in Kabul at the beginning of 2008. It is piloted by the Islamabad regional agency
- A wide range of financial instruments

AREAS FOR FUTURE COOPERATION

- Development of horticultural cooperatives around Kabul
- Support to the French Medical Institute for Children (FMIC) in Kabul
- Strengthening paramedical human resources
- Support to World Health Organization (WHO) programs in Afghanistan along with other donors
- Cross-cutting support to initiatives by NGOs and local authorities

REVIVING COTTON PRODUCTION (10 MILLION EURO GRANT)

AFD has been financing the program to revive cotton growing in Afghanistan's north and northeast provinces (around Mazar-e Charif and Kunduz) since 2005. The project is implemented by NAPCOD (a joint-venture between the French company GEOCOTON, formerly DAGRIS, 60% and the Afghan State 40%). It comprises both an industrial and agricultural component. Cotton seed processing capacity has been raised to 31 000 tons thanks to the rehabilitation of industrial equipment. Agricultural production has also increased fourfold in 3 years thanks to the project (52 000 tons are expected for 2008). In 2007 over 28 000 farms shared some USD25 million of gross income and around 300 small ginneries and private craftsmen benefited from USD12 million of additional income. This project falls within the framework of rehabilitating the agricultural sector. Expected impacts are:

- Monetization of the rural economy
- Constitution of monetary revenues which will be widely redistributed
- Organization of the rural sector



SUPPORT TO THE MINISTRY OF PUBLIC HEALTH VIA THE REHABILITATION OF THE NATIONAL BLOOD TRANSFUSION SYSTEM AND THE NATIONAL PUBLIC HEALTH LABORATORY (8 MILLION EURO GRANT)

The project contributes to institutional and operational capacity building for the Ministry of Public Health and will:

- Sustainably secure the national blood transfusion system
- Improve the quality and operating of the national public health laboratory in Kabul

PROPARCO IN AFGHANISTAN (20 MILLION DOLLAR LOAN)

PROPARCO is AFD's private sector financing arm. Its mission is to provide loans and equity to private enterprises which have positive developmental and environmental impacts.

PROPARCO has supported the development of ROSHAN, Afghanistan's main mobile phone operator, by providing two successive 10 million dollar loans in 2004 and 2006. This financed the extension of its networks to the country's main towns and to rural areas. In December 2007 ROSHAN had over 1.6 million subscribers and directly employed 750 staff, including 20% women, and indirectly employed several thousand people. PROPARCO, via its long-term financing for this mobile phone operator, has supported an effective private stakeholder which has made a sizeable contribution to the economic and social development of Afghanistan.



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FFEM IN AFGHANISTAN (1.35 MILLION EURO GRANT)

The Fonds Français pour l'Environnement Mondial (FFEM) (French Global Environment Facility) is supporting the Afghan authorities' efforts to include an energy efficiency component in the construction of public buildings (health and education sectors) in the country's cold areas. The project was designed in partnership with ADEME, the French Agency for Environment and Energy Management and GERES, the Renewable Energies, Environment and Solidarity Group. It is strategically important in view of the rapid large-scale deforestation in Afghanistan and the sharp rise in energy prices. The project is part of the "Afghan-French-German (AFG) Energy Initiative" launched in 2004 within the framework of the Afghanistan reconstruction plan.



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SUPPORTING FIRST MICROFINANCE BANK (FMFB) ACTIVITIES (4 MILLION US DOLLAR LOAN AND THE AFGHANI EQUIVALENT OF 1 MILLION EUROS)

FMFB is primarily owned by the Aga Khan Development Network (AKDN). Thanks to AFD's financing, FMFB will be able to expand, consolidate its financial structure and provide more loans in local currency. The project is in line with poverty reduction targets and will provide populations excluded from the financial system, particularly women, with sustainable access to financial services designed to finance income generating activities.



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Agence Française de Développement is a public establishment with a mission of general interest: to finance development. As a specialized financial institution, AFD supports projects with economic or social impacts in both public and private sectors: infrastructure and financial systems, urban and rural development, education and health.

AFD today operates in over sixty developing countries and in all France's Overseas Local Authorities via a wide range of financial instruments from grants to market condition loans. It also contributes, in collaboration with its supervisory authorities, to public policy design and France's influence in the development world.

AFD commits, in all its activities, to promote the Millennium Development Goals, at the crossroads of imperatives such as economic growth, poverty reduction and sustainable development which are priorities for France's official development assistance. AFD commitments in 2007 totalled 3.5 billion euros.

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