SUMMARY

1. SDGs at the heart of AFD Group strategy

2. Key information on reporting

3. Examples of projects
SDGs at the heart of the AFD Group Strategy
AFD GROUP, A WORLDWIDE NETWORK

- 115 countries where we operate
- 17 regional offices
- 85 field offices
- 3,000 employees
- 4,000 projects
- 80 nationalities
4 MAJOR AREAS OF INTERVENTION
In 2020, AFD Group commitments and disbursements remained high; operational performance improved

- Commitments were stable, and disbursements increased

- 996 new development projects in all sectors combined
  - €3 Bn for Covid-19 response
  - €5.4 Bn for climate
  - €4.9 Bn for Africa
  - €511 M for the G5 Sahel countries
  - €2 Bn in commitments for the private sector, via Proparco
  - €220 M of turnover for Expertise France
Despite the crisis, AFD Group maintained its financial balance

- **Net income** (IFRS basis): €40 M
- **Consolidated balance sheet**: €54.23 Bn (+14% compared to 2019)
- **Net loans outstanding**: €39 Bn (+4 BN in 2020, or +12%)
- **Solvency ratio** as of Dec. 31, 2020 meeting the Group’s prudential requirements: 16.29%
- **Regulatory equity capital** at the end of 2020: €7.9 Bn (equity capital boosted nearly €1.5 Bn by government, as voted in the 2021 Finance Act)
- **Total bond issues of €9.9 BN in 2020**, including:
  - €2 Bn in SDG Bond issues, a first: issues backed by loans selected according to how effectively they contribute to the SDGs
  - €1 Bn in climate-related issues
RESOURCES AND FINANCIAL TOOLS

Resources

- €247 M in government borrowing
- €9.9 Bn in market borrowing
- €603 M in delegated resources (of which €396 M from the EU)
- €695 M in Government-allocated budgetary appropriations

Financial tools

- €0.6 Bn Guarantees and equity investments
- €1.8 Bn Grants (donations to NGOs, C2D, delegations of funds from other donors)
- €4.9 Bn Loans to companies and local authorities
- €4.8 Bn Loans to governments
OUR AMBITION : THE 2030 AGENDA AND BEYOND

100% PARIS AGREEMENT

Energy transition

100% SOCIAL LINK

Digital and technological transition

Economic and financial transition

Demographic and social transition

Political and civic transition

Territorial and ecological transition

AGENCE FRANÇAISE DE DÉVELOPPEMENT
AFD Group and the 2030 Agenda

- A twofold international and national contribution to achieve the SDGs, embodied by our Three Oceans Department
  - Contributing to the implementation of the French State’s development policy abroad
  - Contributing to the achievement of the SDGs in French overseas departments and territories

- AFD group contributing to France’s roadmap for the 2030 Agenda
  - AFD Group’s specific contribution to challenge number 6 of the Roadmap: “Working at European and international levels towards sustainable transformation of societies, peace and solidarity”
  - Integration of the Agenda 2030 targets into the AFD Group strategy
  - 0.55% of gross national income (GNI) allocated to Official Development Assistance (ODA) in 2022, a first step towards the UN objective of 0.7% of GNI
**Our Sustainable Development Goals Alignment Tool**

**Sustainable growth and resilient economy**

**Social Well-being and reduction of social imbalances**

**Gender equality**

**Sustainability of project impacts and governance framework**

**Fight against climate change and its impacts**

**Conservation of biodiversity, management of environment and natural resources**

- **Sustainability of project impacts and governance framework**
- **Sustainable growth and resilient economy**
- **Social Well-being and reduction of social imbalances**
- **Gender equality**
- **Fight against climate change and its impacts**
- **Conservation of biodiversity, management of environment and natural resources**

*AGENCE FRANÇAISE DE DÉVELOPPEMENT*
RESULT INDICATORS ALIGNED WITH SDGs

- Capturing sectoral and cross-cutting contributions to SDGs by SDG-matching or SDG-aligned result indicators within project accountability

Number of girls attending primary and secondary school thanks to AFD funding

Areas in conversion to agroecological systems
Achieving SDG alignment through...

- **The project we finance, using our SDG tools**
  - During project instruction
  - With Governments toward the implementation of public policies
  - Borrowers that we accompany in the structuring of thematic bonds and with whom we share our experience (eg. DBSA Green Bonds)

- **Mobilization of other financiers**
  - IDFC (Study on SDG Alignment characterization and operationalization)
  - Team Europe
  - Fund for Innovation in Development (FID)
  - **Finance in Common Summit (FiCS)**, gathering for the first time ever all PDBs in the world: > 500 PDBs representing 10% of global investments annually
    - Joint declaration (harmonization of practices and standards including with the private sector, access to capital market for climate and SDGs – eg. BOAD Sustainable Bonds)
    - PDBs database (SDG mapping)

- **The SDG Bond Framework**
  - Reflecting the overall strategy of the Group
  - Thematic Bonds have reach a record of 30% of total issuance in 2020
FOCUS ON OUR SUSTAINABLE DEVELOPMENT TOOL

- Maximizing impact and significant contributions to SDG

- Fostering interactions between SDG (particularly on environmental and social pillars)

- Avoiding substantial, unmitigated and detrimental effect on one or more SDG – no negative impact (grades) under any dimension of our SDG alignment tool

- Less than 10% had negative impact on at least one of the 6 dimensions

The standardization of our SDG tool combined with the growth of outstanding comforts the ability to issue more and more thematic bond
Key information on reporting
KEY INFORMATION ON REPORTING (at 31/12/2020)

- SDG Framework has been released last autumn, with a EUR 2Bn Sustainable issue following

- Two portfolios are maintained, one Sustainable and one Climate
  - Climate portfolio comes from Bonds issued between 2014 and 2020 under the previous Climate Bond Framework. Loans were selected as defined in it.
  - Recent EUR 1.5Bn Sustainable Bond issued in June this year is not included in the reporting. It will be reported next year.

- Thematic assets portfolio contributes the most to SDG 13,14 and 15

### Key Figures

<table>
<thead>
<tr>
<th>Types</th>
<th>Bonds (EUR Bn)</th>
<th>Loans (Nb)</th>
<th>Loans outstanding (EUR Bn)</th>
<th>Loans commitment (EUR Bn)</th>
<th>Co-financing (EUR Bn)</th>
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<td>Sustainable</td>
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<td>157</td>
<td>4.13</td>
<td>6.47</td>
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<tr>
<td>Climate</td>
<td>3.25</td>
<td>165</td>
<td>4.54</td>
<td>7.65</td>
<td>22.46</td>
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</table>
KEY INFORMATION ON REPORTING, SUSTAINABLE PORTFOLIO

- 135 loans representing EUR 3.03Bn comply with the theme-based eligibility
- 12 loans representing EUR 0.19Bn comply with the climate performance eligibility
- 10 loans representing EUR 0.88Bn comply with the transformation eligibility

- 44% of AFD loans that were subject to a sustainable development analysis have positive impact on both social and environmental dimensions

Redemption profile

As at 31 December 2020, bond issuances represented 48.3% eligible asset outstandings
Some Green and Social impacts

- **4.7 million girls newly enrolled** in school
- Improved health care access for **15.8 million people**
- Improved quality of life in urban settings for **10 million people**
- Access to potable water for **12.5 million people**
- Better access to electricity for **7.8 million people**
KEY INFORMATION ON REPORTING, CLIMATE PORTFOLIO

- 141 loans representing EUR 3.8Bn are mitigation projects
- 15 loans representing EUR 344M are adaptation projects
- 9 loans representing EUR 239M are mixed projects

Redemption profile

As at 31 December 2020, bond issuances represented 71.5% eligible asset outstandings
KEY INFORMATION ON REPORTING, CLIMATE PORTFOLIO

CO2 savings (tonne per year)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Africa</th>
<th>Latin America</th>
<th>Three Oceans</th>
<th>Orient</th>
<th>General total</th>
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<tbody>
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<td>Biodiversity protection</td>
<td>1,047,305</td>
<td></td>
<td></td>
<td>1,022,079</td>
<td>2,069,384</td>
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<tr>
<td>Biological Sequestration</td>
<td></td>
<td>300,000</td>
<td></td>
<td>300,000</td>
<td></td>
</tr>
<tr>
<td>Energy Efficiency</td>
<td>1,882,722</td>
<td>154,000</td>
<td>130,884</td>
<td>2,267,201</td>
<td>4,434,807</td>
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<tr>
<td>Renewable Energy</td>
<td>4,092,600</td>
<td>2,417,348</td>
<td>313,300</td>
<td>2,409,827</td>
<td>9,233,075</td>
</tr>
<tr>
<td>Transportation</td>
<td>295,200</td>
<td>109,619</td>
<td>84,000</td>
<td>861,000</td>
<td>1,349,819</td>
</tr>
<tr>
<td>Waste management</td>
<td>30,000</td>
<td></td>
<td>20,000</td>
<td>50,000</td>
<td></td>
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<tr>
<td>General total</td>
<td>7,347,827</td>
<td>2,680,967</td>
<td>528,184</td>
<td>6,880,107</td>
<td>17,437,085</td>
</tr>
</tbody>
</table>

Some additional green impacts

- Improved access to sustainable transportation for **12.8 million people**
- Improved access to electricity for **56.8 million people**
- Potable water savings of **35.3 million m3/year**
Examples of projects
Education - Morocco
AFD in the Education Sector in Morocco

Challenges of the education sector

- Expansion of school coverage through massive public investment in school infrastructure since 2000s
- Disconnect between high spending (18% of State budget, 6% of GDP) and student achievement (drop-outs, TIMSS and PRLSS int’l test results)
- A single Ministry covering the entire continuum (primary and secondary education, higher education & research, professional training)

Strong reform agenda

- An ambitious reform agenda of the Kingdom of Morocco - "Strategic Vision 2015-2030"
- A longstanding collaboration of AFD with Moroccan the education continuum (primary to higher education, vocational training, employment) – EUR 434 M commitments since 1998

AFD activities in the education sector aim at improving access to better education, reduce poverty and gender gap, and increase insertion rate in the labor market.

ASTRE focuses specifically on supporting the implementation of the Strategic Vision 2015-2030 for Education:

- Ensure equity of access to quality education
- Promote diversification of educational pathways for better integration to labor market
- Transform governance of education in the context of advanced regionalization
Financial instruments & investment rationale

- **Budgetary support (74 M EUR loan)**
  Incentivize pace of progress of reform + focus attention on key outcomes
  - Annual review of a budgetary matrix
  - Disbursement conditional to attaining jointly-agreed indicators (6 results-based and 11 process-based)

- **School infrastructure investment (6 M EUR loan)**
  Speed up school renovation + promote best practices in infrastructure provision
  - Rehabilitation of ~200 schools in 2 regions (Beni Mellal Kenifra & Drâa Tafilalet)

- **Technical assistance (0.5 M EUR grant)**
  Share know-how, expertise + promote political & technical dialogue
  - Capacity-building to line Ministry departments
## ASTRE – IMPLEMENTATION

### Key project milestones

#### Timeline
- Implementation: 2016-2022
- Loan disbursements: until May 2022, conditioned on results
- Loan reimbursement: 15 years

#### Technical & Policy dialogue
- Annual supervision missions (AFD HQ)
- On-going daily cooperation (AFD Rabat on-site + AFD HQ remote)
- Education Thematic Group (with all donors & Ministry)

#### Technical assistance
- Education: foreign language proficiency for school teachers, e-learning resources, bilateral academic cooperation, etc.
- Engineering & procurement expertise for the infrastructure investment program

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### Indicateurs | Titre | Proportion de la part mensuelle | Période applicable pour le niveau d’atténuation | Montant (EUR)
|-------|------|------|-------------|------|

| IR1™ | Part du budget de l’État alloué au secteur de l’éducation et de la formation en réponse aux enjeux stratégiques du secteur et aux besoins en ressources humaines et financières (VIE condition générale) | 20%™ | 1 000 k€ | X-XXX-XX™ |

| IR2™ | Taux de réalisation des filières collégiales (OIL, L1) | 20%™ | 1 000 k€ | X-XXX-XX™ |

| IR3™ | Suivi des indicateurs de la qualité des élèves (QIS, L1, L2) | 20%™ | 90 k€ | X-XXX-XX™ |

| IR4.1™ | Bilan des achats des élèves dans les filières du baccalauréat (IPE) | NA™ | NA™ | Livré en 201™ |

| IR4.2.™ | Bilan des achats des élèves dans les filières du baccalauréat (IPE) | 20%™ | 82 k€ | X-XXX-XX™ |

| IR4.3.™ | Support aux analyses de l’évaluation du nombre d’élèves par filière de qualification et rapport d’évaluation de l’office des bacs professionnels | 1 000 k€ | X-XXX-XX™ |
Sustained investment in education (« soft » & « hard »)
- Steady increase of govt spending in education
- 16 « integrated projects » underway
- New legislation voted & under implementation

Access and quality of education

Literacy rate for girls:
- 96.7% to 99.9% (primary)
- 60.5% to 69% (middle school)
- 37% to 43% (high-school)

Drop-out rate:
- 10.2% to 10.4% (middle school)
- 9.6% to 7.4% (high school)

Transition rate (achieves class N + registers in grade N+1):
- 81% to 91% (primary)
- 60% to 70% (middle school)

Success rate in high school:
- 60% to 69% (boys) / 64% to 78% (girls)

Reduce rural / urban disparities

Scolarisation rate for girls in rural areas:
- Target 2020 = 44.5%
- Achieved 2020 = 48.6%
- ... But 84.5% in urban areas

Source: Achievment Report (Ministry of Education, 2021)
Energy – Burkina Faso
AFD activities in the energy sector help reduce poverty through better access to energy, and provide a greener and more sustainable energy supply, open to regional trade.

**Energy sector**
- 2019 electricity access rate: 22%
- Installed capacity: 366 MW (82% thermal, 9% hydro, 9% solar)
- Power demand growth: 10%/year
- Peak power: 365 MW (06 2020)
- Production cost: 21 c€/kWh (sold 18 c€/kWh)
- Solar capacity installed: 34.1 MWp

**Climate ambitions**
- 600 MWp PV power by 2030 thanks to private and public investments, in line with regional planning
- NDC: Two reduction scenarios - 6.6% and -11.6% versus BaU
- Adaptation strategies

**Improvement of energy access for the populations**
- Connection of major secondary cities to the interconnected network (32M€, 2009)
- Grid connection of vulnerable clients in the border area North - Sahel (3M€, 2018)

**Creation of interconnections with neighbouring countries**
- Interconnection with Ghana (53M€, 2011)
- Interconnection Nigeria-Niger-Burkina-Benin (45M€, in progress)

**Development of solar capacities**
- First large-scale solar power plant in west Africa: 33 MWp in Zagtouli (22.5 M€ AFD, 2017)
ZAGTOULI SOLAR PV POWER PLANT, A PIONEER IN WEST AFRICA

**Project completed in 2017**

**Donors:**
AFD : € 22.5 M  
EU (EDF): € 25 M (grant)  
EU (EIB): € 22.5 M

**Borrower:**
Government of Burkina Faso, SONABEL

Smoothly operated by Sonabel since 2019

---

**Key features**

33 MWp (129 600 panels on 60 ha)

Part of national plan PNDES

Generation : 55 GWh/year, 4% of national demand 2017  
i.e. consumption of 660 000 people

Low production cost : 5c€/kWh

Avoided emissions : 26 000 tCO₂eq/year
Program started in 2018
Construction
July 2021 – January 2022
Donors:
AFD : € 75 M (including a € 5M grant)
EU : € 8 M
African Development Bank : € 81 M
Client: Govt Bukina Faso, SONABEL

Key features
4 solar plants : total 51 MWp + Storage 8 MW/MWh
Generation : 85 GWh/year, 5% of national demand 2017
i.e. consumption of 1million people
Low generation cost
Grid densification, extension, minigrids and SHS:
+150 000 remote clients connected
Technical assistance and capacity building to SONABEL

The project will provide reliable and affordable power supply, tackling inequalities and poverty
- Focus on remote, fragile, rural areas → Improves safety conditions
- Rural health facilities and schools gain electricity access
- Reducing generation deficit, a main obstacle to economic growth
- 62 800 tCO2,eq/year avoided

To be replicated in Mali
Transport - Pakistan
Mobility in Peshawar (Pakistan)

- 1.8 millions inhab. (estimated 3 M in 2030)
- 40% are poor
- No formal transport means:
  - Minibus and walk are the main modes
  - Poor accessibility
- Congestion, air pollution
- Unsafe roads
Program started in 2020

Donors:
AFD : $150M
Asian Development Bank : $335M

Regulator: KPUMA
System’s Manager: TransPeshawar

BRT Peshawar: Key project features

Key features
28 km BRT corridor and 30 stations

12 km at-grade, 14 km elevated, 2 km “open” underpasses

Full “façade-to-façade” reconstruction of the corridor, with provision of walking and cycling facilities, including a bike sharing system
BRT Peshawar: A Network Approach

A total of 8 “lines” servicing a 78 km route network

220 vehicles, with a mix of 12m & 18m hybrid electric-diesel buses

Ridership: current = 200,000/day; full system = 320,000 (estimated)

Operation: private operators + restructuring program for existing small-scale operators

Network map

28 kilometers of dedicated busway

+50 kilometers of off-corridor routes
BRT Peshawar : Climate and Social Impacts

- **Objectif 1**: providing better access to economic and social opportunities for the poorer, with a focus on women mobility
  - 500 000 persons will gain access to a modern, sustainable mode of transport
  - Time savings
  - % of women users should increase, from 15% to 35%

- **Objectif 2**: keeping « liveable » cities
  - Congestion
  - Air pollution
  - Road safety

- **Objectif 3**: reducing GHG emissions
  - Carbon footprint: - 32 000 tCO2eq/an
Annexes
USE OF PROCEEDS

A loan is eligible if it satisfies all of the following three conditions (cumulative requirement):

1. **Contribution to the SDGs**: the project/activity funded contributes to one Sustainable Development Goal, in addition to SDGs n°1 and n°17, contributes to one of the six transitions in the AFD Group’s strategic plan and addresses one of the eligible categories of SBP, GBP, SBG of ICMA.

2. **Thematic & technical eligibility**: the loan meets at least one of the three technical eligibility criteria

   1. Theme-based eligibility: depending on the **intrinsic nature or purpose** of the activities/projects
   2. Climate performance eligibility: depending on the **minimal climate performance level of mitigation projects**
   3. Transformation eligibility: conditioned on reaching sustainable development results

3. **Positive interlinkages between SDGs taken into account**

   **Positive or neutral rating** on the six dimensions of the “Sustainable Development Analysis and Opinion” mechanism

   Projects are rated by DEV 1 or 2 as part of the impact rating (scale of 1 to 6)
### SDG Contribution Sustainable and Climate Pools

#### SDG split by Outstandings (in million euros)

<table>
<thead>
<tr>
<th>SDG</th>
<th>Outstandings (in million euros)</th>
<th>Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,380</td>
<td>42</td>
</tr>
<tr>
<td>2</td>
<td>1,093</td>
<td>66</td>
</tr>
<tr>
<td>3</td>
<td>531</td>
<td>25</td>
</tr>
<tr>
<td>4</td>
<td>1,620</td>
<td>49</td>
</tr>
<tr>
<td>5</td>
<td>3,381</td>
<td>96</td>
</tr>
<tr>
<td>6</td>
<td>1,344</td>
<td>63</td>
</tr>
<tr>
<td>7</td>
<td>1,460</td>
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Thank you