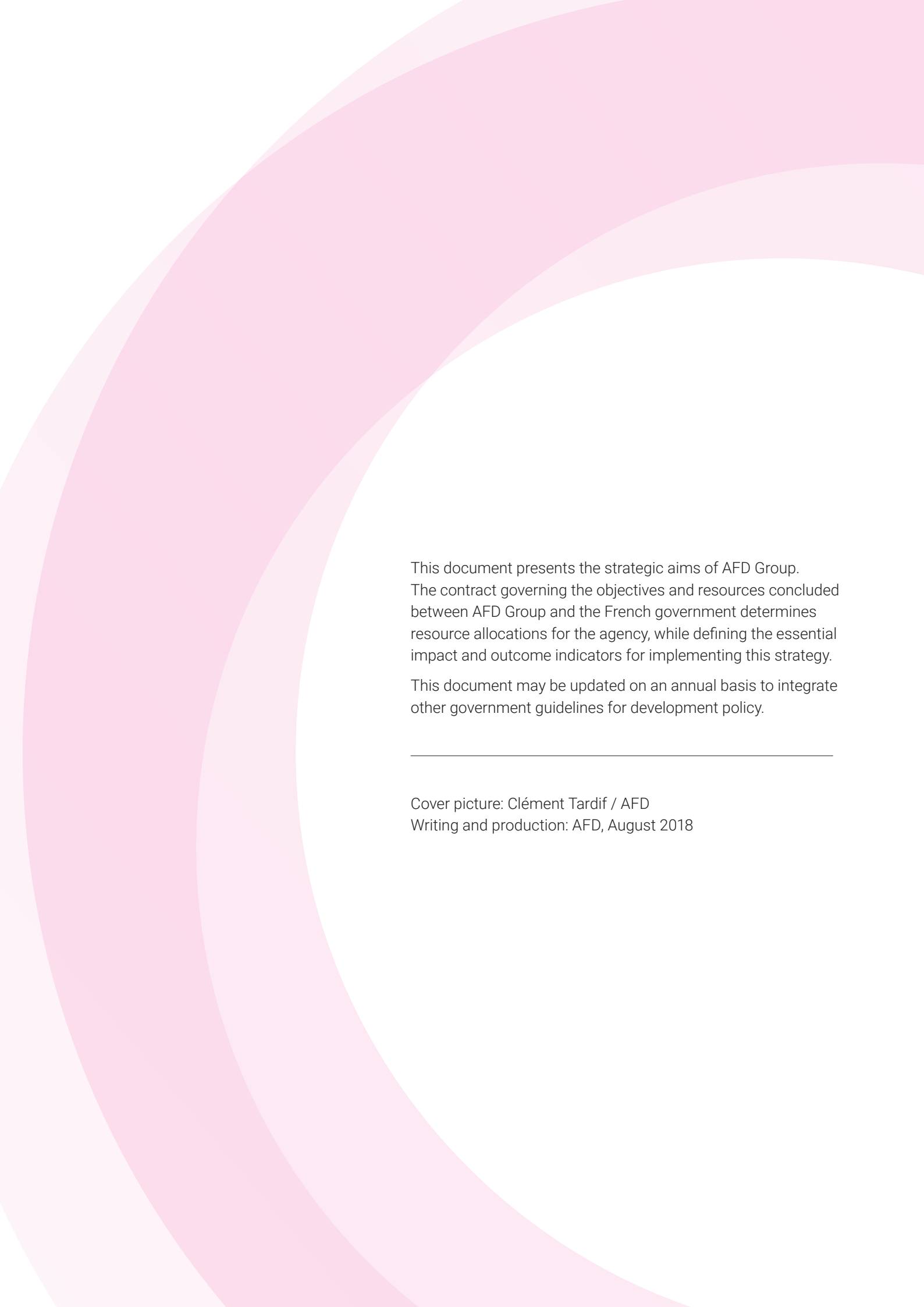




# Towards a World in Common

**AFD Group 2018-2022  
Strategy**

#WorldInCommon



This document presents the strategic aims of AFD Group.  
The contract governing the objectives and resources concluded  
between AFD Group and the French government determines  
resource allocations for the agency, while defining the essential  
impact and outcome indicators for implementing this strategy.

This document may be updated on an annual basis to integrate  
other government guidelines for development policy.

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# Summary

**a) With Agence Française de Développement (AFD), the world's oldest development agency, France has a solid and respected bilateral financial institution. Thanks to 2,500 highly-skilled employees, AFD manages its risks while intervening in the most difficult situations.**

In concert with its private-sector financing subsidiary Proparco, and new technical assistance arm Expertise France, AFD Group provided more than €10 billion in development finance in 2017. The Group has gained widespread recognition for its knowledge of Africa, its expertise in financing the fight against climate change, and the quality of its projects. Operating through a network of 85 in-country field offices, AFD Group enjoys a unique asset: a presence in all of France's Overseas Territories and in more than 100 foreign countries.

This solid base allows AFD Group to envisage an ambitious new strategic phase, according to guidelines set by the French President and his government and with parliamentary oversight. This phase should allow AFD Group to realize French development-policy priorities, shaped by both the United Nations 2030 Agenda for Sustainable Development (Agenda 2030) and the new European Consensus on Development.

**b) International development-policy goals changed radically in 2015: in Addis Ababa with the Action Agenda for development finance, in New York with the Sustainable Development Goals (SDGs), and in Paris with the Paris Agreement on climate change.**

We are all developing countries now, each beginning at a different starting point but heading toward a common goal – the Agenda 2030; each of us has something to learn from the others. All countries are in transition, trying to strike a new balance between economic growth and environmental preservation; higher capital investments and lower indebtedness; greater wealth and less inequality; more broadly-distributed decision-making power and improved management of common goods.

**These ambitions have been reaffirmed and amplified since 2017.** French President Emmanuel Macron has said, "Whether it be the migration crisis, climate challenges, authoritarian abuses, the excesses of global capitalism, or – of course – terrorism: danger no longer strikes only at a few while sparing the rest. We are all interdependent. We are all neighbors...France will remain active and be mindful of peace, of the balance of power, of international cooperation; it will keep its commitments [both] to development and to fight global warming." This vision translated into action with a meeting of the French Interministerial Committee for International Cooperation and Development (CICID) on 8 February 2018 – a meeting that shored up France's commitments and strengthened the means dedicated to French development policy.

### **c) The AFD Group 2018-2022 strategy presented in this document aims to meet these challenges.**

Countries in the Global South still eagerly seek support from development finance institutions like AFD, provided that these prove their capacity on three critical fronts: respect and understanding for local situations, efficient mobilization of increased funding volumes, and creation of strong bonds between beneficiary countries and their own country. In return, France can learn from the South: certain so-called developing countries often prove to be more nimble innovators in many domains – economic, social, cultural, environmental – than nations in the Global North.

As AFD Group undertakes its government-assigned development mission in more than 100 countries and the French Overseas Territories, the Agency will act as a trusted third party and financier, providing a link between France and the Global South and working in both directions.

To achieve this, AFD Group is committed to:

- (1) *Becoming the first “100% Paris Agreement” development finance institution* – the first to systematically ensure that all funded projects are compliant with the Paris Agreement.
- (2) *Ensuring that funding supports “100% Social link,”* such that all actions will bolster social link (or at least not weaken social link). This means emphasizing fair and inclusive policies that reduce inequalities, particularly gender inequality, and increase access to essential education and health-related services.
- (3) *Promoting “3D development thinking” for fragile and crisis situations.* AFD Group pledges to take a comprehensive approach that works in symbiosis with the French military and diplomatic corps to “win the peace.” Geared toward prevention, this approach will deploy innovative and agile intervention modes that link rapid results with long-term solutions – today in the Sahel, tomorrow in the Middle East.

(4) *Non-sovereign first: prioritizing non-sovereign solutions and fostering private-sector grassroots initiatives.* Without diminishing efforts to bolster national governments, AFD Group will give priority to projects led by local entities in foreign countries: regional and local governments, public-goods and service authorities capable of making long-term capital investments, financial institutions and markets, private-sector enterprises, and civil society organizations.

(5) *Partnership by design.* AFD Group will apply a very simple principle: a project conducted with a third party is always better than one undertaken alone. This new approach will mobilize additional resources for French geographic and sectoral priorities while improving the efficiency and coordination of multi-party development actions.

### **d) Meeting these five commitments requires that the entire AFD Group mobilize and reorganize its activities into a new action matrix.**

The Group will distinguish between three geographical entities: “Whole of Africa,” taking the full measure of the continent into account; “The Three Oceans,” where France has its Overseas Territories and seeks to propel regional development; and “The Americas and The Orient,” where emerging countries bear a significant share of the challenges in adopting low-carbon, socially- and economically-inclusive models.

In these three geographical entities, AFD Group will redouble its partnerships, to promote dialogue and cooperation, and to expand inclusive, durable, and responsible financing and financial systems. These will serve to accelerate six major transitions currently underway across the globe: (1) demographic and social, (2) energy-related, (3) territorial and ecological, (4) digital and technological, (5) economic and financial, and (6) political and civic. Alongside these geographical and thematic dimensions, the AFD Group action matrix will also draw upon a cross-cutting third dimension – innovation and research – that will continue to improve current projects, while inventing the sustainable-development models and pathways of the future.



**e) This ambitious government-conferred mandate also implies that AFD Group will become the French bilateral development-policy platform, a multifaceted one:**

- a *partnership* platform open to all public- and private-sector actors that share its goals, promoting action in both Europe – the continent of solidarity and development – and the world through the International Development Finance Club (IDFC).
- a *financing* platform that deploys increased funding volumes, while managing risk and preserving a robust financial model with continuous support from the French state.
- an *expertise* platform that assembles the best of public- and private-sector development know-how – especially with the coming integration of Expertise France into an expanded AFD Group.
- a *non-sovereign* platform, mobilizing the private-sector to increase funding and provide sustainable grassroots solutions for disadvantaged populations.
- a *human, technical, and digital* platform, valorizing multidisciplinary expertise and diversity in employees and jobs alike – in short, a collective intelligence in service of a more agile and efficient Agency.
- a *lead-by-example* platform, capable of the most precise accounting for resources received and impacts achieved by AFD Group as a whole.
- *the French bilateral development-policy* platform that will defend openness, commitment, and ethics – values central to AFD Group activities for more than 75 years.

**f) This new AFD Group strategy differs from previous plans in the following ways:**

- *Full integration of all Sustainable Development Objectives and the Paris Agreement, both of which now define our frame of reference.* Other development institutions may be tempted to say that nothing has changed or that they plan to focus on only a few SDGs. AFD affirms that we are all developing countries in a world in common, seeking to link short-term decisions with long-term impacts.
- *Support for the design of development paths and related public policies, equivalent to support for financing projects; selection of “best path” approaches that allow more rapid completion of projects.* This passage toward a more dynamic, policy-oriented and long-term conception of support assumes that AFD Group will give less emphasis to the objects it finances, and more to the actors and processes that link projects to development paths and policies. It also assumes that the Group will expand its range of nonfinancial services, with knowledge transfers and capacity building integral and complementary to funding.
- *An open-ended approach to partnerships, preferring joint design, funding, and implementation over solo efforts.* While development banks generally prefer to finance projects on their own, AFD Group will promote a two-way approach, one that promotes co-learning, co-invention, co-construction, co-funding, and co-implementation.
- *A desire to foster diversity, openness and innovation in the AFD Group workforce, its values and procedures.* Effecting transitions and influencing development paths call for a wide spectrum of skills beyond economics and engineering. Thus the Group will create new human-resources policies, drawing people from the creative, cultural, environmental, and social-science fields into its ranks while increasing its hires of non-French employees in foreign countries.
- *Strengthened by diversity, a new frame of reference, and increased means, AFD Group will resolutely turn towards its country of origin to bring cooperation to France. Therein lies the power and responsibility of a bilateral development agency.*

# Introduction

Speaking to France's ambassadors on 29 August 2017, President Emmanuel Macron set out his first-term ambitions and priorities: "With regard to development, I have established the goal of investing 0.55% of our national revenues in official development assistance by 2022, which represents a considerable budgetary effort over the next five years. This effort requires a change in method, one already begun by the French Development Agency (AFD): on the one hand, working closely and symbiotically with all other relevant French actors, including our armed forces, our local governments, the private sector and nongovernmental organizations; and on the other hand, finding more effective and more direct means of reaching the beneficiaries of assistance in our partner countries. I also want the bilateral component of our development assistance to play a greater role in the years to come. Education will be our priority, because an alternative must be provided to fundamentalism and obscurantism. The other priorities of this renewed partnership will be the role of women, the fight against climate disruption combined with access to low-carbon energy, and the eradication of pandemics, including HIV/AIDS, which still poses a grave threat to the African continent, despite all the progress that has been made."

AFD Group designed the strategy proposal contained in this document both to help realize the ambitious goals the French president set forth at the beginning of his term and to serve French foreign policy and international commitments to the United Nations 2030 Agenda for Sustainable Development and the Paris Agreement on climate.

Acting under the authority of France's prime minister, and at the request of President Macron, the French Interministerial Committee for International Cooperation and Development (CICID) confirmed these objectives at its 8 February 2018 meeting, the first of the new president's five-year term. Preparatory documents for the CICID meeting, enriched with input from AFD, parliamentarians and civil society, set out a renewed development policy that will benefit everyone working in the field. It has five thematic priorities: (1) international stability, (2) education, (3) climate, (4) gender equality, and (5) health.

The CICID opted to make an unprecedented increase in foreign-aid and international-solidarity funding, aiming for official development assistance (ODA) to reach 0.55% of gross national income (GNI) by 2022, its highest level since 1995. The integration of Expertise France, the leading French technical assistance agency for foreign cooperation, into an enlarged AFD Group in 2019, will further contribute to this renewal, as will stronger management, more transparency, greater visibility, and more accountability for AFD Group actions.

The new AFD Group strategy comes under the aegis of three French ministries: Europe and Foreign Affairs (along with its diplomatic network), Economy and Finance, and Overseas Territories. These ministries set the guidelines for French development and foreign aid policies; they also lend oversight to AFD Group.

This strategy document embodies AFD Group's renewed commitment to do more and do better in areas where the Group has recognized expertise and legitimacy. These areas include field operations in Africa, where development stakes are the highest; the fight against climate change, where the Group already has a head start that the refreshed approach aims to maintain; on-the-ground operations in the French Overseas Territories, where France has connections to the entire world; and finance for non-sovereign entities.

The commitment to do more and do better specifically covers priority thematic areas: education and health in Africa, real gender equality, and women's empowerment. It also covers areas that AFD Group has only taken on more recently, such as governance, higher education, sports, and creative and cultural industries.

The new strategy outlined here also sends a signal to all those who sponsor development projects – ministries, public-goods and service authorities and operators, local governments, small and large enterprises, financial institutions, nongovernmental organizations (NGOs), foundations, and other stakeholders: AFD Group is in a process of transformation. This strategy is also rooted in the conviction that complete openness to partnerships will help the group to realize its new ambitions for "a world in common."

# I. Our vision: towards a world in common

AFD Group aims to help build “a world in common.” In light of the United Nations Agenda 2030 and Paris Agreement, all countries are developing countries — all transitioning toward a world that can preserve four essential common goods: the Earth, social link, peace, and economic prosperity.

“A world in common” is not yet “a common world” — far from it. Between the two phrases, that little preposition “in” expresses the continued distance to that goal and the efforts, movements, and action needed to close it. While every country remains responsible for its own economic and social development, including the alleviation of poverty and inequalities on its own soil, we also have a collective responsibility at every level — local, global, individual, national, regional. The AFD Group vision of development no longer depends on a simplistic view that some countries need to “catch up.” Rather, in countries once termed “developing” as well as in so-called “developed” ones, we see dynamic transitions toward a sustainable world already underway.

These transitions assume that the global community can overcome individual and collective tensions and reconcile contradictions that appear in the creation or management of common goods. Such is the intention of the Agenda 2030 and the mission of development banks and agencies, including AFD Group — a mission simultaneously reaffirmed and transformed.

Development stands as a pillar of French foreign policy, alongside diplomacy and defense; it also plays a role in France’s economic and cooperation policies. The new international framework shapes French development policy in a new way: it becomes a dialogue between France and its partners about development experiences. These conversations bring forth innovative solutions that AFD Group can share by forging new connections between nations, territories, and peoples.

In the wake of the Agenda 2030 and the Paris Agreement, development policy now depends on relationships, openness, two-way exchanges, and reciprocity. It must become a means as much as an end to support diverse national and regional development paths and to reconcile short-term urgency with long-term equilibrium. It must also become a means as much as an end for French ministries, local governments, non-governmental organizations, private-sector companies, and others who harbor ambitions for the Global South.

## 1.1. A world of tensions and opportunities

AFD Group works in countries and regions fraught by tensions, and vulnerable to crisis. With the right compromises, these situations may offer development opportunities for the affected region — and inspiration for the rest of us.



### ***Economic development and ecosystem preservation***

Current models of production and consumption are destroying our planet's biodiversity and depleting its natural resources. These models are unsustainable. They emit greenhouse gases that accelerate climate change, harming the poorest countries first. With its clients and partners, AFD Group strives to invent resilient, low-emission, resource-efficient, environmentally-friendly development models for controlled urban growth and sustainable agriculture and food systems. Economic development efforts have to include both climate-change adaptation and mitigation interventions to alleviate poverty while taking into consideration the needs of a viable planet, one that can sustain us all.

### ***Forced migration and the desire for mobility***

According to the United Nations High Commissioner on Refugees, the number of forcibly displaced people reached a record 68.5 million at the end of 2017. Forced migration, whether due to security, economic, political and/or environmental concerns, weakens both affected societies and those displaced. At the same time, globalization amplifies the desire for mobility; if well-regulated, movement from one place to another can promote development, through exchanges and the mutual enrichment of the concerned societies. A keen understanding of realities — combined with concrete actions at origin, initial-destination, and final-destination points — can turn migration into a positive development factor; this approach can also address the causes of forced migration and improve security and protections for those on the move.

### ***Emergence and growth of inequalities***

In the past 30 years, the number of people living below the poverty threshold has significantly decreased. The percentage of the world's population living on less than \$1.90 per day has fallen from 44% to 12% as China and other emerging economies have grown. However, within every country and between regions, income and wealth gaps continue to grow, as do disparities in access to healthcare and culture. Despite regional economic recovery, rapid population growth in Africa has pushed 100 million more people into poverty since 1990. Too often, economic emergence widens the wealth gap within societies or between territories. Inequitable economic growth weakens social cohesion by leaving part of the population behind. As companies and regions rise economically, the goal of sustainable prosperity for all will require effective redistribution policies and new public services that capitalize on the digital revolution.

### ***Macroeconomic constraints and support for capital investments***

Countries with insufficiently diversified economies have a particular vulnerability to economic shocks. Commodity price volatility, political instability, heightened insecurity, excess public debt, reduced inward investment, and financial market failures can provoke macroeconomic imbalances. Developing economies should receive balanced financial support, promoting responsible public borrowing that respects the amount of debt they can carry; this calls for astute analyses of debt-service capacities. Financiers should extend more (and better) financing to creditworthy private-sector and non-state entities. These actors mobilize effective support for capital investment, particularly in Africa. Sustainable prosperity models and developing-economy credit needs will require a balance between macroeconomic stability and microeconomic dynamism.

### ***Common goods and polylateral governance***

During the Paris Climate Conference (COP21), all stakeholders — central and local governments, enterprises, civil society organizations, and others in attendance — said that the planet was too small and too limited to fulfill the promises of globalization. In order to tackle common challenges collectively and protect shared interests, all these stakeholders must coordinate their actions — a difficult task to organize, since centers of decision-making tend to become scattered and unmoored from their native places.

Nonetheless, major international negotiations conducted in 2015 showed the way, laying a still-unfolding foundation for a new “polylateral” order. Neither multilateral nor simply bilateral in the old state-to-state sense, this “poly-polar” form of governance draws on new and changing relationships between nation-states, their local institutions, international and regional organizations, and civil society, territories and businesses. This new form of governance should be vigorously fostered: it may well prove able to reconcile global interests and challenges with local ones while meeting popular expectations for proximity, solidarity, and protection.

### 1.2. Development finance: the link to a world “in” common

Development finance, an ancient, humble, specific profession, involves identifying, financing, and helping project sponsors in the developing world; it also means improving the quality of services provided to them. As the world's oldest development-finance institution, AFD has long practiced this humble “grammar of peace and hope,” the diplomacy of doing concrete things together as friends. AFD grounds its actions in respect for others and a genuine understanding of beneficiary needs; it aligns its actions and procedures with theirs to change conditions on the ground and to improve people's lives.

As the July 2015 Addis Ababa Action Agenda reminded us, development finance also serves as a principal expression of international solidarity by supporting the poorest and most vulnerable countries. The Action Agenda reaffirmed that official development assistance (ODA) providers should target 0.7% of their gross national income (GNI)/ODA to developing countries. The European Union, which already provides more than half of all ODA through its member-states, also reaffirmed this target. France will make its full contribution to this momentum: President Macron has pledged to increase French foreign aid from 0.39% of GNI in 2016 to 0.55% by 2022. In order to reach the 0.55% rate by 2022, the French government plans to gradually augment ODA: 0.44% in 2018; another 0.44% in 2019; 0.47% in 2020; 0.51% in 2021; reaching 0.55% in 2022. In this way, France will join the European and worldwide movement toward raising ODA and climate-finance commitments. Bilateral French ODA financing will receive two-thirds of the funding increase by 2022; grant funding will rise, exceeding €1 billion in annual commitments to AFD project grants by 2019.

The design of development finance should also link France with its foreign partners, serving their mutual interests and the SDGs. This logic informed the CICID decision of 8 February that called for full integration (by mid-2019) of AFD Group and Expertise France, the French international technical-assistance agency. In an unprecedented cooperation strategy, the two complementary agencies will unite technical expertise with financing tools: technical assistance, equipment provisioning, direct project leadership and financing arrangements. Expertise France will bring its direct cooperation-project implementation ability to the enlarged AFD Group, working in partnership with central and regional governments and public or private, French or foreign experts and consultants.

The same logic underpinned the December 2016 strategic alliance between AFD and the Caisse des Dépôts et Consignations (CDC), France's domestic development bank. AFD Group, now reconnected within France via CDC offices, can mobilize and share all French development-provider expertise, creating dialogue and exchanges with the Global South informed by CDC's two hundred years of domestic development experience. In turn, AFD Group plans to bring innovations, opportunities, and Southern-sponsored cooperation projects back to France.

Development finance constitutes an essential tool for working towards a “world in common,” given the capacity to take practical action on the ground, create relationships between France and foreign partners, and deploy larger amounts of funding in the future. However, to become truly useful, foreign aid must meet certain conditions. It must change in response to the broader agenda set out in the 17 SDGs; it must see broader activation in order to leverage, redirect, and intensify public and private investment in sustainable solutions. It must also become more effective, open to innovations, and compelling; it should invite participation from all actors, as now occurs with large international funding facilities such as the Green Climate Fund and the Global Partnership for Education. Foreign assistance should take inspiration from the wealth of experience found in the Development-Finance Institutions (DFIs) serving the Global South (such as Proparco, active for 40 years). In addition, French foreign aid must refresh its narrative and seek stronger approval from French taxpayers by showing them that France can take concrete and positive actions in a globalized world.

### 1.3. AFD Group's commitment to “common goods”

The French government has given AFD Group a mission commensurate with its capacity to promote, defend, and serve five global common goods, known as the “5 Ps”: the *Planet Earth*, the well-being of *Populations*, *Peace*, shared *Prosperity*, and global *Partnerships*. In pursuit of this mission, AFD Group has made five commitments that will guide its 2018 - 2022 actions with its staff in mainland France, the French Overseas Territories, and in countries where it works.

## Protecting the planet

Human activity leads to global warming and ecosystem upheaval. Warming affects biodiversity, and reduced biodiversity aggravates warming. Our pursuit of greater prosperity and lower poverty requires that we halt and transform global warming trends. Each country's development policy and path will affect the Paris Agreement objective — limiting warming to well below 2 degrees Celsius (or 1.5 degrees Celsius, if possible) of pre-industrial levels. This objective requires a transformation of the production and consumption modes inherited from the Industrial Revolution; it also calls for rediscovery of traditional knowledge about biodiversity conservation and environmentally-friendly practices.

This objective means that we must also redirect a large share of financing toward low-carbon, resilient infrastructure, and address the implications of Paris Agreement Article 2.1: transforming the financial system becomes one of three fundamental actions to combat climate-change effects, alongside mitigation and adaptation. Thus “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development” becomes an end in itself, not only a means. The most vulnerable countries must also receive assistance to increase their resilience to the effects of climate disruption.

## Our first commitment: 100% Paris Agreement

In its national “*Climate Plan*” published in July 2017, the French government announced that AFD Group would become the first development bank with an explicit mandate to implement the Paris Agreement on climate change, thus helping to attain SDG 13 (fight climate change).

While AFD Group will continue to dedicate at least 50% of its financing to projects with direct, positive impacts on the climate, and will strengthen measurements of climate co-benefits in its projects, it pledges to become the first “100% Paris Agreement” development-finance institution — the first to systematically ensure that all project funding, in every country, finances resilient low-carbon development as compliant with the Paris Agreement.

AFD Group will honor this commitment through an analytic framework for projects that allows the Group to monitor development paths of its beneficiary countries vis-à-vis their Paris Agreement commitments. This analytic tool will join AFD's “Sustainable Development Toolbox” and those of other Group entities.

AFD Group will become “100% Paris Agreement” compliant by directing public and private investment toward projects tailored for low-carbon and resilient transitions. The Group will also help partner countries implement their national contributions and define long-term climate strategies to 2050. It will support the most vulnerable countries by sharply increasing financing dedicated to climate-change adaptation, concentrating funding in Africa, the least-developed countries, and the Small Island Developing States. AFD Group will ensure that its actions align with France's National Low-Carbon Strategy; it will report to the AFD governing board by 2020 on progress in fulfilling its pro-climate commitments.

## Promoting the well-being of populations

Development holds human well-being as its ultimate goal, one that also depends on maintaining a balance in both Earth's environment and the climate. AFD Group therefore gives equal strategic importance to pro-planet commitments and those promoting well-being for the planet's inhabitants across the globe.

For our “world in common,” the fight against poverty cannot be dissociated from the fight against inequalities. All forms of inequality weaken social link by limiting or prohibiting inclusion in the workforce and/or society as it prospers. Sustainable, shared development requires social link, the strong bonds between individuals and

societies that embody the “common good of the commons.” Social link is the sine qua non for sustainable and shared resource management, particularly in limited resource conditions. Conversely, when social link breaks down, radicalization and violence increase, weakening a society's ability to govern itself, fight climate change, and/or regulate and protect the private-sector as needed.

Reinforced social link requires, above all, increased dialogue among local officials, populations, and civil society. AFD Group must take part in this, the better to meet their collective needs, to ensure benefits to individuals, communities, and territories, to avoid conflicts over projects, and to encourage stakeholder acceptance for Group actions.

## I. Our vision: building a world in common

Social link also requires that development becomes more inclusive, alleviating inequalities suffered by the most vulnerable populations – women, youth, and disadvantaged or marginalized communities.

For these reasons, AFD Group prioritizes the reduction of gender inequality. Providing equal opportunities for women will fulfill a primary requirement of social justice, it will also give powerful leverage to other development efforts. Gender equality is one of the more reliable national development indicators. Stronger social link also requires opportunities for youth, the two billion 10-to-24-year olds alive today. During this century, the world population will see a growing percentage of young people,

especially in Africa. While school enrollment rates have clearly risen over the past 15 years, stark inequalities persist between girls' and boys' access to education; in 21 countries, one-third of them in West and Central Africa, schooling rates for all children remain below 60%. Harmonious coexistence and the fight against fundamentalism of all kinds depend on genuine gender parity, as well as youth access to education and employment.

Finally, bolstered social link also requires activities and events where people share efforts, talents, and feelings. Thus AFD Group will also support and develop sporting, cultural, and creative activities, leveraging them to attain the SDGs.

### Our second commitment: 100% social link

All AFD Group actions will aim to reinforce social link – or at least not weaken it – by reducing inequalities and improving access to essential goods and services such as education, health, nutrition, water, energy, judicial protection, and culture. The Group will also close gaps in economic participation by facilitating access to property ownership, employment, and credit, and by connecting isolated areas to the rest of the world. This multidimensional commitment will help attain SDG 1 (eradicate poverty), 10 (reduce inequalities), and 5 (gender equality). It also includes all AFD actions that contribute to SDG 2 (zero hunger), 3 (good health and well-being), 4 (quality education), and 8 (decent work and economic growth) and those that address access and territorial challenges: SDG 6 (water and sanitation), 7 (clean and affordable energy), and 11 (sustainable cities and communities).

Social link requires AFD Group to develop modes of participatory governance to inform financing decisions. It will adapt its modalities of intervention, and consult with local stakeholders and civil society, seeking their opinion on its activities, strategies, and projects, and garnering approval for projects through these consultations, along with participatory outcome evaluations, complaint mechanisms, and other efforts.

The Agency will pay special attention to vulnerable and fragile populations – women, youth, and disadvantaged or marginalized communities – to ensure that they benefit from Group operations. It will expand their access to decent work by promoting education, vocational training, job-seeking assistance, job creation, and by improving working conditions.

Our commitment to social link will prioritize gender equality – a prime concern for President Macron's first term – and universal basic education, for which AFD Group will dedicate more grant funding over the next three years.

Through a range of dedicated financial instruments and programs, AFD Group will increase funding for projects that promote gender equality and women's access to employment, education, healthcare, and nutrition. Fifty percent of annual Group commitments will significantly or wholly prioritize gender equality and women's empowerment.

AFD Group will also set up innovative operations and partnerships to promote social link through specific projects for sport and development, health, education, and culture. AFD Group will also create specific indicators for the "100% social link" commitment, to better focus its actions and assess whether project results remain on track.

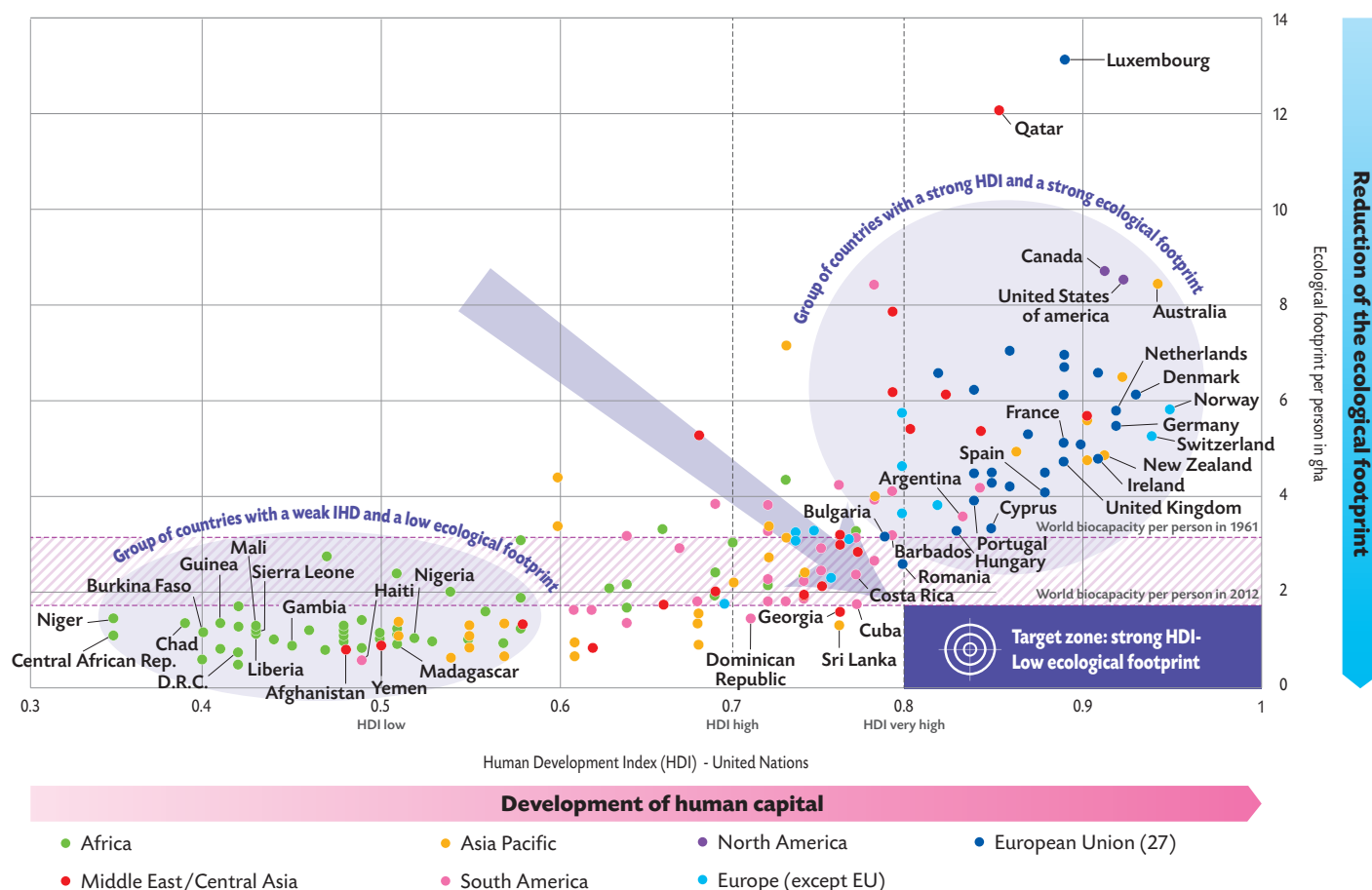
The Group will propose reporting on its progress in fostering social link to AFD's Board of Directors by 2020.

By ranking both these objectives — “100% Paris Agreement” and “100% Social link” — as top strategic priorities, AFD Group advocates for a balance between pro-climate action and alleviation of poverty and inequality. The Group sees these two objectives as intimately linked, the very heart of the Agenda 2030: the consequences of climate change deepen inequalities and weaken social cohesion, while conversely, the strength of social link fosters the success of positive ecological, social, and economic transitions at any level of wealth. Thus AFD Group promises that none of its pro-climate actions will harm anti-poverty efforts, and vice versa.

The figure below illustrates this promise; it shows a distribution of nations according to their human development index (HDI) on the x-axis and their ecological footprint on the y-axis. Two polarized groups stand out (circled): one set of countries has very high HDIs and unsustainably large ecological footprints, while the other has low HDIs and small ecological footprints.

All need to “come back down to Earth” (*atterrir*), to use the expression of French sociologist Bruno Latour, meaning that all need to land in an area that has a high HDI and smaller ecological footprint — a zone gradually shrinking as we deplete Earth’s resources. The figure tells us that no country in the world can claim that it has “landed,” that it has adopted a sustainable model. Despite starting from different points, all must begin a transition and converge, without any one country serving as a definitive model for the others. Upholding the dual objective of “100% Paris Agreement and Social link” thus becomes another way of formulating the ambition of the universal SDGs and the Agenda 2030.

## All countries in transition towards sustainable development



Source: Wackernagel M., Hanscom L., Lin D. Making the Sustainable Development Goals consistent with sustainability. *Frontiers in Energy Research*. 2017 Jul 11;5:18.



## I. Our vision: building a world in common

### Creating peace and stability

Many countries remain fragile and unstable; their social link in turn breaks down, sometimes to the point of civil war. Furthermore, the lack of continuity in international assistance has left them trapped in poverty and conflict. These crises primarily stem from political disenfranchisement, social exclusion, bad governance, and weak economic, educational, healthcare, and security systems. Consequently, crises prove difficult to resolve without comprehensive attention to their root causes. Once-distant conflicts have drawn closer to home. Regional crises in the Sahel or Middle East have repercussions far beyond their borders — particularly in France, owing to its longstanding relationships with these regions. Therefore all French actions, including those of AFD, aim to restore peace and stability in crisis-afflicted regions.

In keeping with SDG 16 (peace, justice and strong institutions) and France's new fragility-response strategy (Prevention, Resilience and Lasting Peace), AFD Group will do more to promote peace and resilience among populations, through strong investment in actions that fight vulnerabilities and respond to crises. By seeking social and economic inclusion for youth, women and marginalized populations, Agency interventions will aim for more participatory and equitable governance institutions, thereby supporting fair and inclusive policies. AFD Group will strengthen the social contract between governors and the governed by building capacities for essential service provision, particularly security for residents of vulnerable countries. In such countries, it will propose social and economic strategies benefitting all citizens, through more inclusive development models that protect the poorest and most vulnerable. In short, AFD Group efforts will aim to restore social cohesion, repairing bonds frayed by social and economic inequalities and divisive religious, communitarian, and/or political identities.

AFD's efforts in such countries have not always proven successful, given a lack of coordination and a tendency to treat diplomatic, security, and development interventions as strictly sequential. The wars and crises underway in the Sahel, Central Africa, and the Middle East demand that AFD Group, the French defense ministry, and the diplomatic corps jointly refresh their views and intervention modalities: that is our mission and our collective interest.

Therefore AFD must rethink its interventions in conflict-affected areas, with improved responses for development needs during epidemics or after natural catastrophes. The Group will relay humanitarian efforts, acting in the medium-term and working closely with actors in diplomacy, stabilization and defence to achieve lasting peace. With this objective in mind, in 2017 AFD created the Minka Mitigation and Resilience Funding Facility for peace and resilience; by 2020, its funding will double, reaching €200 million.

AFD will continue transforming its operating modes towards better prevention, so that wherever possible, it can keep the causes of fragility from sparking larger crises. It will address crises on a regional scale, as with the Sawa Initiative for countries bordering Syria. Another emblematic initiative, the Sahel Alliance, was created in July 2017 by the French president, German chancellor, and European Union alongside the World Bank, African Development Bank, and the United Nations Development Programme (UNDP). This Alliance strengthens development partner coordination and gives effective assistance to stabilization and poverty eradication efforts. In particular, priority Group interventions will specifically aim to help vulnerable populations caught up in crisis-afflicted regions in Burkina Faso, Chad, Mali, Mauritania and Niger.

The Agency will systematically analyze conflicts and fragilities in the regions where it operates. The strategies underpinning AFD-supported projects will include a more finely-grained understanding of intervention contexts, thereby prompting more effective and nimble solutions that can remain responsive to changes at the local and regional levels.

AFD Group's innovative practices will pair rapid results with long-term solutions to bolster local institutions and strengthen societal resilience. Regional projects will also aim to encourage dialogue and complementary approaches among local project sponsors, civil society, and the private sector.

With the integration of Expertise France, AFD Group will have an additional tool at its disposal for 3D development: Expertise France has skills and field experience in supporting internal security forces and peace-keeping operations led by the MINUSMA and G5 Sahel Joint Forces.

The Group, enlarged by Expertise France, intends to bolster its position as an actor for peace and security by working closely with the French military and diplomatic corps to combat fragilities, through innovative approaches that pair short-term results with long-term constructive actions.

## **Our third commitment: “3D” development thinking**

Development practitioners, diplomatic corps, and the military must exchange views to establish an accurate diagnosis of fragilities in contexts where AFD has financed projects. The Group will densify its development-partner network, seeking complementarity and coherency with military, diplomatic, humanitarian, and other development providers from France and peer institutions.

Whenever France intervenes in crisis-afflicted regions to uphold international peace, it takes on a responsibility for effective and long-term action; otherwise, it runs the risk of wasting resources and reigniting conflicts.

No foreign military intervention can achieve lasting success without a peace plan, along with a distinct yet commensurate, contemporaneous, and coordinated development plan. As long as development professionals know how to adapt to very specific contexts, they can play an important role in “winning the peace” alongside local officials, institutions, and civil society. They constitute the third “D” in the Defense, Diplomacy and Development trinity – the “3Ds” of French foreign intervention.

Like other French actors operating internationally, AFD Group will promote a solid (and improved) analytic basis for understanding instability and complex dynamics in fragile and crises-afflicted situations. It also pledges to work alongside the diplomatic and military corps, creating a 3D vision for conflict prevention. The more we intervene in our respective domains before crises break out, the more efficient and effective our operations will be.

## **Sharing prosperity**

All poor countries aspire to economic development, with prosperity as the priority. For some time now, the global economy has not distinguished between advanced industrialized nations and developing countries; rather, it has formed a single economy linked by trade and investment among all countries. While each may pursue its own development path, economic emergence depends on creating effective public policies and entities, along with solid financial systems and a robust private sector.

We prefer to talk about “prosperity” – a common good – rather than “growth,” because an economy makes sense only if it creates social progress for all. Prosperity based on depleting natural capital and increasing onerous national debt cannot last. Sustainable prosperity requires solutions that are neither 100% public – sovereign debt alone has never ensured any country’s development – nor 100% private: no business can grow without a stable environment underpinning its plans. In regions and populations where economic growth lags, the private sector needs special encouragement. France and Europe could transfer their current know-how and technologies to help construct sustainable prosperity in the South. .

## **Our fourth commitment: non-sovereign first**

AFD Group will foster prosperity by prioritizing non-sovereign aid recipients; these include all non-state entities such as municipal public-goods and service authorities capable of making long-term capital investments, as well as local governments able to commission public works projects, private-sector companies or financial institutions in partner countries, and civil society organizations. Compared with other donors and funders, AFD Group has a competitive advantage in this domain, since 50% of its financing already goes to non-sovereign counterparties.

AFD will go further in this direction without any reduction in its efforts to bolster central governments. Its project managers will henceforth apply a simple principle: they will systematically ask themselves if a relevant and value-adding non-sovereign financing option exists for all or part of a project, before proposing a sovereign one.

Recognizing that the main sources of funding for sustainable development will derive from the local level, AFD Group will call on its international network of field offices and prioritize finding solutions as close to local needs and realities as possible. This will encourage social, partnership, and financial innovations while ensuring the financial sustainability of projects and programs. The Group will emphasize the development of lasting, accountable financial systems that can underpin economic prosperity.

## I. Our vision: building a world in common

### **Our methodology: strengthening partnerships**

In order to honor these four operational commitments, AFD will apply a very simple principle: a project conducted with a funding partner — whether a multilateral, bilateral, or regional institution; whether from France, Europe, or anywhere else, including partner countries and regions where AFD operates — will be much better than one undertaken by AFD Group alone. Partners, as defined here, may originate the design of AFD projects and/or enhance their strength and impact. They differ from AFD Group client or beneficiary partners, who will (obviously) have the last word on projects.

Henceforth, AFD Group will systematically favor partnership in its interventions; in particular, the Group will provide technical and financial assistance, and significantly increased funding, for projects led by NGOs and international solidarity organizations concerned with migration, local governments, and businesses. This will enhance partnerships, programs, and multi-actor coalitions. Furthermore, sharp growth in philanthropic foundation activity, whether funded by individuals or corporations,

opens up co-financing opportunities in several sectors of common interest, such as health, climate change, nutrition, water access, among other concerns. By entrusting project leadership and implementation to these partners, AFD will create opportunities for innovation and knowledge-sharing between peers. It also aims to reach marginalized populations and regions.

AFD also pledges to foster greater effectiveness in the work performed by development agencies and banks. Having proven and tested its trustworthiness with KfW and the European Investment Bank, AFD will offer peers simple and reciprocal co-financing agreements, allowing each party to delegate tasks and reduce donor-transaction and coordination costs. Such arrangements also protect clients from the problems created by too-fragmented or poorly-coordinated aid.

AFD will continue to mobilize third-party resources towards increased impact of funded projects. It will preserve the special relationship that it has built with the European Commission, given European institutional interest in financial instruments such as subsidized loans or — more recently — credit guarantees.

### **Our fifth commitment: partnership by design**

AFD Group will position itself in ways to comprehensively welcome development partners of all kinds — financial, technical, operational. It will manifest this openness — crucial for bolstering both operations and development-policy ownership and support in France and Europe — to promote systematic partnerships with French and European partners using appropriate mechanisms. The upcoming integration of Expertise France will further amplify the Group's drive for more partnerships using its presence alongside AFD partners and its vocation to combine public, private, French, European, and Southern expertise.

All projects and programs will consider possible synergies with French and European aid providers, especially the Caisse des Dépôts et Consignations (CDC). AFD will also seek to transfer knowledge and skills in two directions, between its clients and financial beneficiaries in the Global South and French development providers

# II. Our action matrix

A new action matrix will support the 2018 - 2022 AFD Group strategy and the implementation of its five foundational commitments.

The first axis of this new matrix is based on a new understanding of the world, one composed of three major geographies: "Whole of Africa" which includes the entire African continent; "Three Oceans" where French Overseas Territories connect their neighboring countries with France; and the emerging worlds of "The Americas and The Orient." Each region, country and territory defines and follows a singular development path according to its own needs. As a bilateral aid agency, AFD Group draws its strength from a finely-grained understanding of each region, its specific dynamics, and its limitations.

The second axis arises from AFD Group's reframing of the 17 SDGs as six "transitions": (1) social and demographic, (2) energy-related, (3) territorial and ecological, (4) digital and technological, (5) economic and financial, and (6) political and civic. AFD believes that this reading of the Agenda 2030 SDGs makes their complexity and interrelation easier to understand. AFD Group adds a third dimension to this matrix with a cross-cutting axis that operationalizes research and innovation. This will enable the Group to start thinking about future development today by constantly disseminating new thinking and approaches throughout its ranks.

## 2.1. A new understanding of the world: Three global regions

AFD Group works in the French Overseas Territories and more than 100 foreign countries, spread across all continents and three oceans. Each province, country, and region has specific needs, prompting different requirements from AFD Group. The nature and intensity of our response will depend on our reading of three major geographies: the entire African continent with its regional differences; The Three Oceans where France's Overseas Territories connect it to the world; and the emerging countries in the Americas (Central and South) and the Orient (Balkans, Middle East, India and Far East).

With the integration of Expertise France and its ability to work throughout the world, AFD Group's global footprint will align with the global spirit of the SDGs. That said, each Group entity – AFD, Expertise France and Proparco (the private sector arm) – will retain its specific mission and geographic mandates.

## II. Our action matrix



### 2.1.1. Whole of Africa

AFD Group has given — and will continue to give — the highest priority to Africa, as reaffirmed in the 8 February 2018 CICID conclusions. Africa's ability to realize its potential in social and economic prosperity will depend on how well it makes the necessary transitions. Africa's future will affect the entire world, especially Europe. Its population will double by 2050, representing 25% of humanity. These realities, together with AFD Group's history and presence in Africa, compel the Agency to assist African countries towards their goals.

Africa has seen an unprecedented rise in real and per-capita GDP growth in the past decade; however, it now confronts less positive macroeconomic conditions. Sovereign debt levels have risen; commodity prices have proven unpredictable, and political threats menace the stability of some areas. Poverty rates have declined more slowly than in other regions; in many African countries, the majority still live in extreme poverty. This persistent poverty stems from vulnerabilities that may well worsen, especially under the effects of political instability, terrorism, and climate change. Although most African countries have become democracies, opinion polls reveal that a majority of Africans — especially younger ones — remain dissatisfied with the way their national institutions function.

AFD Group has named its new strategy "Whole of Africa." It will make AFD the first non-African development finance institution to treat the continent as a whole, no longer dividing its operations and projects between North and sub-Saharan Africa. The "Whole of Africa" strategy fully recognizes the continent's emergence as a region that already rivals India in wealth and population, but not yet in international stature. AFD Group aims to observe and assist North African countries — especially Morocco — as they draw closer to the southern part of Africa. It will improve Group understanding of African migration flows, so that the Agency can help design more effective public policies and the financing instruments that best serve them. The "Whole of Africa" strategy also foresees making very specific efforts within the framework of the Sahel Alliance, a coalition that aims to coordinate bilateral and multilateral initiatives, thus encouraging innovation and delivering more rapid and lasting results.



## SAHEL ALLIANCE

A line drawn between North and sub-Saharan Africa led many development banks to neglect the Sahel, the land mass lying to the immediate south of the Sahara Desert and stretching east-west across the breadth of the African continent. France, Germany and their respective bilateral development agencies (AFD, KfW, GIZ) joined with the European Union and the World Bank, African Development Bank, and the United Nations Development Programme to launch the Sahel Alliance in July 2017. This initiative pushes the Sahel back to the top of development community priorities. AFD Group will work with KfW, and Expertise France with GIZ, to fortify this partnership. Its founding principles rest on an understanding of the links between security and development, and on mutual accountability between the Alliance and Sahelian beneficiary countries.

The Alliance's credibility depends on its ability to deliver rapid and visible early results in the region. Through its participation in the Alliance, AFD will demonstrate and amplify concrete and speedy results, encouraging other members to follow its example. AFD will also initiate new modes of operating, targeting short-term impacts within constructive medium-term programs.

More specifically, over the next five years AFD will emphasize efforts in Burkina Faso, Chad, Mali, Mauritania, and Niger through what it calls the "Tiwara Initiative" in the Sahel, and the "Kouri Initiative" around Lake Chad. They will target the most fragile populations, focusing on three priorities: youth employment and social integration, solutions for demographic challenges, and support for local development.

Its new approach should give AFD Group a more astute understanding of common challenges, transnational phenomena, Africa's diversity, and development and integration logics in each sub-region. The Agency will be able to work across geographical areas with similar or equivalent resources, political systems, economies, and demographics.

The success of the Agenda 2030 depends on Africa, which is home to 70% of the least-developed countries (LDCs). Resolute action by international aid institutions should allow the 33 least-developed African countries — currently mired in poverty and conflicts — a progressive escape from these traps. These countries, sidelined by the world economy, have the greatest need for development aid. AFD will prioritize 19 LDCs for concessional funding, as requested by the French government.

The AFD Group "Whole of Africa" strategic approach should also improve regional integration, still one of Africa's major development challenges. As yet, the donor community has not formulated a response to African requests for integrative support, particularly in transnational project implementation and better policy consistency across different African countries. In order to meet such requests, AFD Group will reorganize and use regional platforms to intensify cooperation with African institutions.

### THE MEDITERRANEAN REGION: THE INTERFACE BETWEEN EUROPE, AFRICA AND ORIENTS

The “Whole of Africa” strategy does not mean that AFD Group has lost interest in helping North Africa or the Middle East; it will continue to work on their challenges along with partner institutions. The renewed strategy views North Africa as an interface between Europe and Africa, one where the Agency can make good use of longstanding contacts and relationships. A new AFD Group mandate to work in the western Balkan states bolsters this strategy. The Group will also continue providing aid to the Middle East, a war-torn region crucial for global geopolitical equilibrium. The AFD Group “Orients” strategy extends from the Middle East to the Far East, whose new trade routes will once again reach the shores of the Mediterranean Sea.

AFD Group will focus support on three efforts: bolstering local development and regional cohesion, fighting climate change by supporting energy-transition policies and adaptation infrastructure, and promoting social cohesion by improving workplace and school safety and the social and economic integration of women and youth. AFD Group will also continue implementing the “Sawa Initiative” (“Sawa” meaning “together”) to promote peace and resilience in the Middle East.

#### 2.1.2. The Three Oceans: connections between France and the world

The French Overseas Territories give France a unique, worldwide footprint, extending national territory beyond the mainland onto four continents and three oceans – the Atlantic/Caribbean, Pacific, and Indian – as well as the Antarctic. Thus France boasts the second-largest maritime domain in the world and shoulders the responsibility contained in SDG 14 to “[c]onserve and sustainably use the oceans, seas and marine resources for sustainable development.”

Aside from French Guiana and the French Southern and Antarctic Lands, the French Overseas Territories, as islands among islands, suffer the same harsh consequences of climate change as their neighbors, along with the challenges of small, isolated island economies.

AFD Group aims to use the richness of its dual domestic- and international-development-bank status to help each of France’s overseas territories in their sustainable development projects, significantly strengthening relationships with their foreign neighbors. In this way, AFD Group will enhance the coherency of its international actions and those in the territories.

As French outposts throughout the world, the Overseas Territories have begun reinventing themselves, each through a new project of its own. Even more than they do today, in the future they will innovate to meet climate, economic and social challenges. AFD Group will accelerate innovations in renewables for their energy transitions, addressing employment, population growth, ageing, and healthcare for their social and demographic transitions, and improving connectivity for their digital transitions. AFD Group also aims to showcase its marine-biodiversity conservation efforts and “Blue Economy” initiatives in the Territories.

In each of The Three Oceans areas home to French Overseas Territories, the Agency will reorganize its office network into regional units covering both the Overseas Territories and neighboring countries. The units will report to a single AFD authority who will coordinate and steer projects while working with regional authorities, including those in the Pacific Ocean, where AFD has a new mandate to assist small island states with climate-change adaptation and biodiversity protection. Thus AFD Group will strengthen the convergence between its domestic and international interventions. It will also bolster group-wide accountability for attaining the SDGs, fighting global warming, promoting gender equality, and strengthening the private sector.

#### 2.1.3. The Americas and The Orients: dialogue with emerging countries

Our collective ability to construct “a world in common,” one founded on sustainable development, depends heavily on what happens in emerging countries in the Americas and the Orients. Attaining the Paris Agreement goal – limiting the rise in global temperatures to less than 2 degrees Celsius – will also depend on how quickly OECD countries can transition to zero-carbon economic models, and how well emerging economies adopt low-carbon development paths (and so avoid the over-reliance on their fossil-fuel resources that the West has faced). Similarly, if proponents of regulated globalization aim to reject the “normative lowest bidder” model, they must also respond to the call from emerging countries to improve their quality of life.

In emerging economies, AFD Group aims to share its development experience and French know-how to achieve sustainable development paths. AFD Group seeks a two-way dialogue with each emerging region and will use the International Development Finance Club as its forum (see below). Such conversations, based on mutual experiences, serve the Group's mandate in emerging G20 nations, countries with an increasingly strong influence on world governance.

Central and South American countries have extensive development and regional-integration experience; they have also created strong social safety nets and a robust middle class. Some countries in the Americas, such as Colombia, lead in promoting the SDGs. However, the region needs further integration with the global economy, and high levels of inequality and sharp economic reversals threaten its social-protection models.

Countries in the Orient, which reaches from the Balkans through the Middle East and India to the Far East, have witnessed highly diverse development paths. Asian countries face two major internal challenges: achieving regional economic equilibrium on the one hand, and on the other, creating economies that respond to the demands of a domestic middle class. China's Belt and Road Initiative (BRI) could link Asian and Middle Eastern regions more closely, as discussed below. In the Near and Middle East meanwhile, regional stability seems more dependent than ever on the inclusion of women and youth in politics and society.

AFD Group has committed to sharing models, experiences, and dialogue in the Americas and the Orient. In emerging countries, the Agency hopes to consolidate social cohesion by reducing inequalities and meeting middle-class hopes for a social safety net. To help implement the Paris Agreement, it will also support transitions toward low-carbon economic models, sustainable urban solutions, and protections for ecosystems and biodiversity.

In these economies, AFD Group will work in domains that already recognize French skills and expertise; it will also work with public- and semi-public-sector entities that can inform public policies, the better to implement sustainable solutions. The Agency will increase the added value of its services by mobilizing greater and increasingly multidisciplinary expertise, sharing its experience with complex issues upon client request. This information-sharing will draw on institutional and social solutions as much as strictly technical or financial ones. AFD Group will refresh its offerings in aid of systematic services — not only in financing but also French development expertise and partnerships, particularly through its technical-assistance wing, Expertise France.

In sharing knowledge and experience with emerging countries, AFD Group will learn more about their institutional, technical, and social innovations, in turn inspiring innovative Agency actions in other regions and countries, including France and its Overseas Territories via CDC. In the Americas and the Orient, AFD Group will also strengthen its partnerships with regional multilateral, bilateral, and national development-bank members of the International Development Finance Club.

## CHINA'S "BELT AND ROAD INITIATIVE"

**China will increase its political and economic influence through its "Belt and Road Initiative" (BRI), an overseas infrastructure-investment drive. The BRI will allocate more than USD 1 trillion over the next 15 years, involving more than 65 countries from Southeast Asia to the Balkans and Africa. Five funders have already signed memoranda of understanding for BRI cooperation.**

**The BRI presents AFD Group with opportunities but also raises concerns. Financing deployed through the BRI and its implementation modalities may soon challenge the established development-finance standards that AFD Group promotes, such as untied aid, competitive bidding, and social or environmental norms. However, if the BRI progressively falls in line with transparent frameworks, international standards, and sustainable debt-carrying capacities, it could allow AFD Group to partner with Chinese banks working abroad, particularly the China Development Bank, an IDFC member. In all events, AFD operations will fall in line with the upcoming European Community strategy for Eurasian connectivity currently under development.**

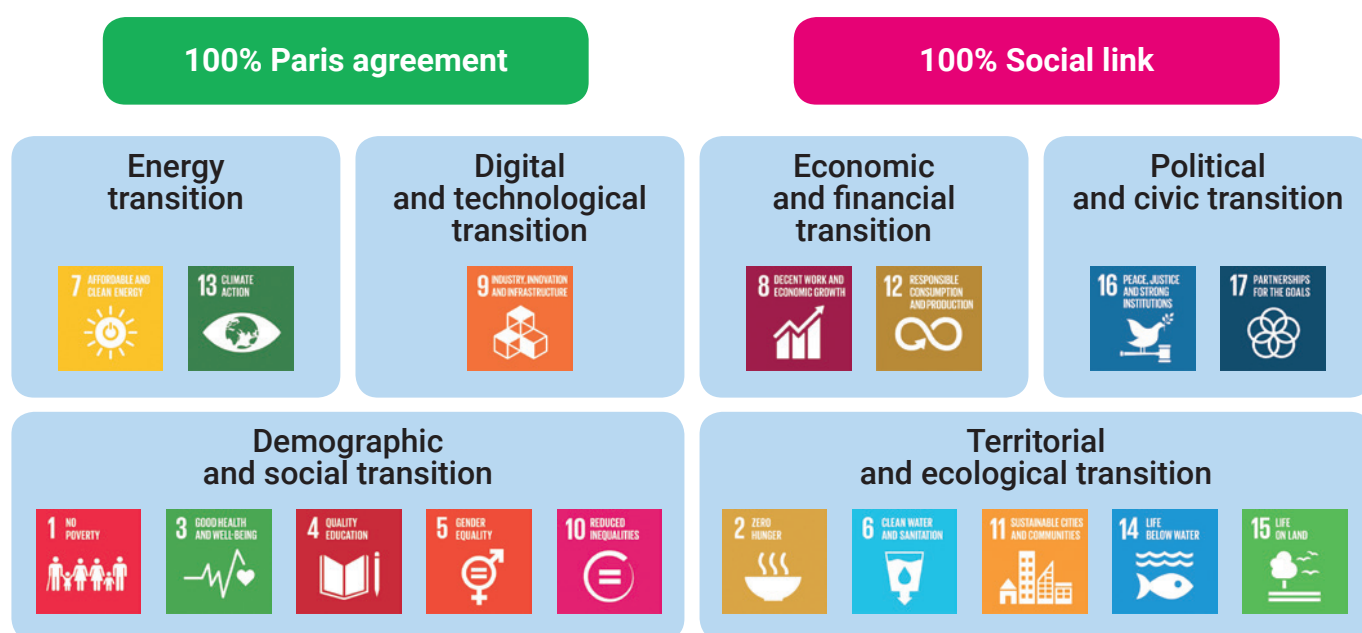
## II. Our action matrix

### 2.2. Sectoral Focus: Six major transitions

By adopting a universal approach that no longer distinguishes between developed and developing countries, the Sustainable Development Objectives (SDGs) propose a new way of thinking about development, while acknowledging the many pathways toward sustainability. AFD Group believes that the term “transitions” avoids a too-simple and outmoded discourse focused on “catching up”; at present, all countries must identify new, sustainable development models that can simultaneously preserve climate and ecosystems, foster high levels of social cohesion, and produce universal economic prosperity. The term “transitions” also allows for diverse starting points and recognizes the urgent need to reduce development gaps. It also acknowledges the importance

of institutions and international agreements — such as the primacy of the Agenda 2030 and Paris Agreement — by integrating public-policy governance challenges and local projects into the development agenda.

As illustrated in the figure below, the AFD Group strategic vision and organizational structure will henceforth align with its reading of the 17 SDGs, now grouped into six “transitions”: (1) social and demographic, (2) energy-related, (3) territorial and ecological, (4) digital and technological, (5) economic and financial, and (6) political and civic. The Agency further synthesizes these six transitions into two of its principal objectives: 100% Paris Agreement-compliant and 100% Social link interventions. Although simplifications, these aims underscore the cross-cutting nature of the Agenda 2030, since each SDG may contribute to several different transitions.



NB: While each SDG may contribute to several transitions, this figure illustrates the primary transition affiliated with each of the 17 SDGs.

### 2.2.1. Demographic and social transition

How can the well-being of 8.5 billion people, the projected 2030 global population, be assured? That is the challenge for demographic and social transitions. They place humanity at the heart of any society's planning, help to build cohesiveness, and promote high-quality social link.

In the coming decades, rapid global population growth will continue, especially in Africa. Yet while some countries have just begun their demographic transition or see a resurgence in birthrates, other countries, reaching the end of their transition, confront rapidly aging populations. When AFD Group speaks about assisting demographic and social transitions, it means taking a variety of population trends into account and acting in ways that reduce inequalities between and within countries — gender inequality in particular. The alleviation of inequalities underpins social acceptance for other transitions by increasing social cohesion, the determining factor for common-pool resource management on a finite planet. AFD Group will support demographic and social transitions, developing tools to “diagnose” inequalities and creating an “inequalities co-benefit” indicator, the better to identify disadvantaged populations that may benefit from its projects.

AFD Group will help countries transform population dynamics, such as rising or ageing populations, into development assets. In Africa, the Group will help accelerate demographic transitions by supporting education for girls, increasing access to sexual and reproductive healthcare services, and working to lower teen-pregnancy and infant-mortality rates. In Asian and other countries facing rapidly-aging populations, AFD Group will use experience gained in the French Overseas Territories, together with CDC expertise, to help design suitable retirement systems, and public-transportation, housing, and other policies that promote autonomy for the elderly.

### PROVIDING LARGE-SCALE EDUCATION FUNDING IN AFRICA

Strengthened educational systems offer the best means of developing the potential of well-trained, healthy youth, in keeping with SDG 4 (quality education for all), particularly in Francophone African countries where French-language skills remain indispensable to economic and cultural exchanges. Following guidelines set out by the French president and reaffirmed at the Global Partnership for Education (GPE) Financing Conference on 3 February 2018 in Dakar, Senegal, AFD Group will chiefly apply grant monies for education funding, concentrating resources in priority poor countries, including Liberia and The Gambia, added during the February 2018 CICID meeting. As a long-term investment, education combats the causes of illegal immigration, promotes equal opportunity, and provides an alternative to fundamentalism and enforced ignorance.

AFD Group will emphasize education for girls and young women, particularly in demographically pressured sub-Saharan countries. It will focus on training more teachers, and develop professional education in tandem with private-sector companies; it will also promote new economic models for higher education.

At the international level, AFD Group will primarily work through the GPE; at the domestic level, it will strengthen its relationship with the French Ministry of Education.

Providing universal access to quality basic social services, such as education and healthcare, remains a challenge everywhere, even as digital technology makes new solutions possible. AFD Group will continue to support healthcare and health-insurance systems while fighting the grave threat of pandemics. It will also renew its attention to eradicating malnutrition in line with SDG 3 (good health and well-being), and SDG 2 (zero hunger).



## II. Our action matrix

### FACILITATING ACCESS TO HEALTHCARE AND SOCIAL PROTECTIONS

Although the situation has improved in the past 10 years, five billion people still have no access to safe and affordable healthcare services, and more than half the world's population still lacks social protections. These conditions pose a priority challenge for developing countries and the French Overseas Territories, one central to SDG 3 (good health and well-being for everyone of all ages).

AFD Group will rise to the challenge by strengthening its commitment to health and social protections, assisting the countries and territories it serves in their demographic and social transitions. The Group strategy focuses efforts on three areas: (1) supporting sexual, reproductive, maternal, neonatal, and infant health (including funding for improved family planning, nutrition, and gender equality); (2) promoting universal healthcare insurance coverage and creating inclusive social protection systems; (3) strengthening healthcare infrastructure, such as facilities, equipment, governance, human resources, information technology, disease surveillance systems, and remote medical services (e-health).

Harmonious coexistence must include opportunities for everyone to work and innovate, which in turn require investment in higher education and research. AFD Group will provide support for quality post-secondary education and professional training; it will also support labor-market entry and job mobility, the better to develop the potential of youth and women, protect them from violence, and help them find and maintain employment. AFD Group will also expand decent work and entrepreneurship – especially among women – by promoting financial inclusion and providing credit to small and medium-sized enterprises.

Demographic and social transitions should strengthen social link and ensure social cohesion. As mentioned above, in every place it operates, AFD Group will target inequalities that weaken social link, in keeping with SDG 10 (reduce inequality within and among countries). The Group will draw on French expertise in urban and rural land-use planning, territorial infrastructure, decentralization, social protection, and fiscal policy, particularly redistributive policies. AFD Group will also work with client countries to identify factors driving social and economic inequalities, thus seeking the most effective disparity-reduction policies and approaches.

### CATALYZING SOCIAL LINK WITH SPORTS

AFD Group will extend its support to include sports, a facilitator for many SDGs, such as health, education, nutrition, crisis resolution, and economic growth. Paris will host the 2024 Summer Olympic Games, providing a unique opportunity to develop an inspiring, diversified portfolio of development projects through sport over the next seven years. Responding to a request from President Macron and the French government, AFD Group will design a platform for sports-related projects in Africa. Group involvement in sports will complement its services for local governments and civil society. The Group has already begun working with the World Bank and in July 2018 agreed to partner with America's National Basketball Association (NBA). An action plan will be presented in 2018, one that closely follows the international strategy of the French sports ministry and French sporting-goods companies.

### 2.2.2. Energy transition

Successful energy transitions require universal access to reliable, sustainable, affordable, and decarbonized energy that helps limit global warming to below 1.5 to 2 degrees Celsius above pre-industrial levels. However, periodic forecasts by the Intergovernmental Panel on Climate Change (IPCC) have predicted warming trends of 4 to 5 degrees Celsius. Recent forecasts based on Nationally Determined Contributions see a rise of about 3 degrees Celsius. Therefore, the Paris Agreement objective (less than 2 degrees Celsius) calls for massive and rapid severance of development from fossil-fuel-based energy sources in every country, alongside large-scale changes in energy production and consumption systems. This energy revolution should also bring reliable energy services to millions who currently lack them, particularly in Africa and South Asia.

With its extensive energy-sector experience, AFD Group will retain energy transition assistance at the heart of its actions, accelerating such transitions along with the economic, social, and environmental opportunities that they generate across the board: energy security and access, competitive services, job creation, pollution reduction, and low-carbon manufacturing, construction, consumption, and transportation.

Drawing on French experience and expertise, the Agency will first and foremost increase support for the electricity, construction, and transportation policies that energy transitions require; it will shepherd them through design, implementation and supervision phases. Public-goods and service authorities will play a coordinating role, defining energy-transition strategies and incentivizing their application. AFD Group will fuel discussions about energy-transition and development paths with its clients, offering public-policy loans and providing targeted technical assistance and decision-support tools, particularly through Expertise France.

Second, energy services require modernization, decarbonization, and universal affordability. AFD Group therefore refuses to invest in coal and nuclear power. These transition criteria require large-scale investment that will expand use of locally-available renewables, update and reinforce power-distribution networks and their regional integration, and produce biofuels for transportation and/or bioheat for electricity generation and manufacturing.

Finally, all energy-consuming sectors – construction, transportation, manufacturing, and others – must reduce their usage and improve their efficiency, especially in urban areas.

In order to succeed, the energy revolution requires both innovation and capitalization of experience. Digital innovations – such as smart grids and clean technology, better storage technology, and more competitive renewables – will radically change electrical systems and, by extension, the way many companies operate. This revolution calls for improved power supply-and-demand management, optimized electricity production, distribution, and storage, and lowered demand and consumption. Beyond the electricity sector, the need for energy efficiency will prompt major innovations, especially in transportation.

### RENEWING A COMMITMENT TO ENERGY IN AFRICA

As one key French commitment during Paris Agreement negotiations, AFD Group promised to invest €6 billion in energy for Africa. Half of this funding (€3 billion) was earmarked for the Africa Renewable Energy Initiative (AREI). AFD disbursed more than half that amount by the end of 2017 for nine AREI-backed projects. The AREI has already financed six of 10 gigawatts that will come online by 2020. Furthermore, half of the AFD and CDC-created €600 million STOA Infrastructure Fund will be earmarked for Africa, providing €300 million for capital investments.

### 2.2.3. Territorial and ecological transition

Successful territorial and ecological transitions develop the potential of each country, region, city, or rural area. This attention to territories is a principal innovation of the Agenda 2030. Success will require a number of prerequisites: local and national public-goods and service authorities with the capacity to ensure infrastructure construction, local economy expansion, basic services access, and simultaneous protections for natural capital. These challenges apply to both urban and rural territories, and to everything that ties the two together.

## II. Our action matrix

Global cities, secondary cities, and towns will expand and multiply to absorb the majority of world population growth. They already shelter more than half the world's population and consume 80% of all energy on barely 1% of the Earth's surface. Several cities currently suffer from water shortages.

As urban populations grow, urban planners face immense challenges in connecting metropolitan areas (to support national cohesion) and developing inclusive and sustainable cities (to promote social cohesion). AFD Group will work to keep cities compact, their traffic fluid and non-polluting, their built spaces balanced with natural spaces, their water supply conserved, and their basic services – especially sanitation services and drinking water – high quality and universally accessible. In addition, AFD Group will protect urban residents from natural catastrophes, often caused by climate disruption.

### AFD GROUP PROMOTES FRENCH EXPERTISE IN SUSTAINABLE CITIES

**AFD Group will focus on cities to promote sustainable-development models in urban areas. It will alleviate disparities by structuring urban services to reach peripheral and/or disadvantaged neighborhoods while fighting urban sprawl. Drawing on recognized French expertise, the Agency will support land-use planning agencies and other urban regulatory agencies while promoting the creation, extension, and improvement of natural preserves. In urban areas, the Agency will promote SDG 14 (life below water), and SDG 15 (life on land), working towards sustainability on multiple fronts: high-performing public services and well-designed and -managed urban grids, transportation, waterworks, parks and open spaces. AFD Group will also help produce the 2020 Africa-France Summit on sustainable cities, further bolstering cooperative efforts in this domain.**

The planet's future depends on rural development that simultaneously benefits the economy, the environment, society, and political life. Rural areas face many challenges in supplying safe, more highly-processed energy, fibers, other materials, and food to an ever-larger and more-demanding worldwide population. These challenges call for rural areas retooled into places of opportunity for young people, where they can find jobs and good quality of life, especially in countries beginning their demographic transition.

AFD Group will improve living conditions in rural areas by financing infrastructure such as transportation, electricity, water, and sanitation facilities, thus connecting the countryside to urban areas and providing safer, more affordable essential services to rural residents, including the poorest. The Group will also work to bolster the legitimacy and competence of rural public-goods and service authorities. AFD Group will support balanced and equitable policies that promote sustainable rural development, conserve soils and forests, and create lasting value from natural resources. It will help set up integrated water-management agreements and systems to support shared water consumption for agricultural, industrial, and household purposes. AFD Group will also help create decent-employment opportunities in rural areas and long-term economic perspectives for farmers by promoting the spread of agroecology. Such support will also improve the quality and range of agricultural products, supplying cities with food and thus reducing national trade deficits.

In both rural and urban areas, AFD Group will finance infrastructure and facilities that help reduce greenhouse gas emissions and bolster climate change adaptation measures.

## CONSERVING BIODIVERSITY

As scientists warn of an accelerating sixth mass extinction of plants and animals, biodiversity conservation becomes a global imperative. It calls for natural habitat preservation and sustainable natural resource usage — indispensable for halting the extinction cycle.

AFD Group will significantly strengthen actions that fight deforestation and conserve, restore, and sustainably manage biodiversity; these efforts will aim to meet the revised Aichi Biodiversity Targets by 2020. The Agency will redirect public and private funding from domestic and international sources toward pro-biodiversity projects. It will draw upon recognized French experience to support water- and land-use regulatory agencies and to create, extend, and improve nature preserves and protected areas. AFD Group will also promote biodiversity-friendly practices in ecological agriculture.

### 2.2.4. Digital and technological transition

The digital revolution, underway across the globe, transforms development policy as it transforms all domains of human activity, in public and private life as well as the economy. By 2020, the world will see nearly one billion new mobile phone users; the Internet of Things (IOT) will supply connections to 50 to 80 billion objects, and data traffic will reach 10 times the volume of five years ago.

Technological innovation — especially digital technologies — creates wealth and makes it possible to imagine new sustainable-development solutions. Just how far technological innovation will affect ways of thinking, to say nothing of relationships to time and work, remains to be seen. Technological innovation also creates new disparities in access — particularly to local content — as well as in mastery, cybersecurity, policy robustness, and digital-ecosystem innovations and advantages. Furthermore, digital technologies have begun to consume too much electricity around the world; meanwhile, the use of robots in certain fields of work could have major, still-unknown consequences, particularly in developing countries.

AFD Group aims to promote technology in service of accelerated development pathways, management of digital revolution social impacts, and a French and European vision of the major social, ecological, and economic issues that new and digital technologies raise: cybersecurity, Net neutrality, open-source software, personal-data protection, cultural diversity, and environmental protection. AFD Group will also champion responsible public-data management.

AFD Group will use digital technologies to fast-track the SDGs, accelerating development by integrating these goals into all sectors of intervention. For example, the Agency will include digital means when planning and monitoring the projects and programs it finances. It will support pro-environmental actions with “green tech” while helping governments transform into “e-governments,” cities and towns into “smart” cities and villages. In addition, AFD Group will exploit the power of data for more open, accountable, and effective projects and evaluations.

AFD Group aims to reduce the digital divide and support universal Internet access through finance for training, norm-setting, and digital-infrastructure expansion, fortification, and security.

## AIDING CREATIVE AND CULTURAL INDUSTRIES TO BOOST ATTAINMENT OF THE SDGs

The 2018 CICID confirmed the “cross-cutting role of culture in attaining the SDGs”, giving AFD Group a mandate to “expand financing to support creative and cultural industries in developing countries, particularly in Africa.” AFD Group will seize opportunities to work in this new field for Group operations, one seen as a powerful driver of inclusive local development and a vector for promoting use of the French language, freedom of expression, and cultural diversity. The Group will prioritize funding technical assistance for this sector with grant monies.

## II. Our action matrix

### 2.2.5. Economic and financial transition

AFD Group assists economic and financial transitions by pushing economies to produce goods and services with higher added value. It will support structural transformations that can generate long-term productivity gains – such as expanding the digital or energy-efficiency sectors – and lead to consistent increases in incomes, job creation, macroeconomic stability, and essential-services provision. Because financial systems play a primordial role in value creation, supplying capital and credit to companies of all sizes, the Agency girds the longevity of transformed economies through its efforts to expand capital markets, diversify financing sources, and create tools such as credit guarantees, public-private partnerships, social-impact contracts, and “green” funds. As called for in the Addis Ababa Action Agenda, AFD Group mobilizes funding from multiple sources – sovereign and non-sovereign public funds, private-sector investors and companies – essential for development finance.

Fostering economic and financial transitions that will reduce inequalities and share prosperities also requires creating social and environmental value. Therefore, AFD Group will do more to support entrepreneurship in general and will expand financial inclusion of poor or marginalized populations, creating new economic opportunities. It will also promote hybrid economic models by financing social entrepreneurs, social and inclusive economies, and non-profits that provide public services.

As economies grow more open to international commerce and competition, the Agency will bolster the resilience of their financial systems and productive apparatus. It will support value chain diversification and evolution that can increase locally-produced added-value while helping companies find new markets and new sources of financing abroad.

Furthermore, AFD Group will encourage all economic actors to contribute as much as possible to SDG attainment. It will mobilize local savings, long-term investors, and public authorities and funds to provide capital for infrastructure investments, plants and equipment, and household access to essential services and goods. In addition, the Agency will help local and national governments with ambitious public policies that allow them to invest in public enterprises that can deliver essential services. Such policies should also help central governments preserve financial stability in the event of an economic or financial crisis.

### 2.2.6. Political and civic transition

In the spirit of the SDGs, political and civic transitions call for more horizontal and inclusive governance models. This imperative also translates into greater citizen engagement in public life, boosted by social networks. Bolstered principles of citizen participation and institutional nondiscrimination, accountability, openness, and efficient public administration have taken on new urgency; these principles will likely influence other major transitions as well.

Buoyed since 2016 by a new governance mandate and by the projected assimilation of Expertise France by the end of 2019, AFD Group will promote these principles at the heart of its aid operations. The Group will adopt a comprehensive approach at all scales and fuse all dimensions of governance – economic, financial, human, civic – in order to promote lawful governments, open, fair, and inclusive societies, and sustainable resource management.

In this context, AFD Group has committed to three actions:

- *Promoting more comprehensive discussions about public policies:* AFD Group will develop socioeconomic and institutional-analysis tools that can both prepare public-policy dialogue and strengthen governance in climate concerns, gender equality, crisis prevention, natural-resources management, and the digital transition. The Group will broaden the use of evaluation tools to enrich this dialogue, valorizing evaluation itself as a component of good governance. It will assist in developing diagnostic tools for international concerns, particularly public finances, so that it can better target interventions and encourage international dialogue. It aims to begin lasting, strong discussions about public-enterprise governance and gender-aware budgeting. The Agency pledges to support governance forms that encourage dialogue, participatory management, and equitable resource access, including resources outside government purview. It will collaborate closely with the French government when leading these stronger discussions, the better to maintain coherence with French policy priorities.



## WORKING WITH BENEFICIARY COUNTRIES ON THE CAUSES OF FORCED MIGRATION

While development action cannot directly manage migratory flows, AFD Group will take the following balanced measures to fight the root causes of forced migration and make migration a positive development factor:

- Developing attractive economic areas and facilitating cross-border cooperation to assist regional, South-South mobility.
- Working with local French governments and civil society organizations to enhance and strengthen the economic, social, cultural, and human contributions of the diaspora to their region of origin and their initial and final destinations.
- Improving the governance and management of migrations, migrants' rights and benefits access, and host society integration in a concerted fashion by supporting public migration policies of partner countries and territories. In the French Overseas Territories, AFD Group will tailor solutions to fit specific needs, notably in the French Guiana-Suriname-Brazil triangle and around the Mayotte-Comoros archipelago.
- Addressing migratory crises by ensuring that migrants and host populations have access to essential services in developing countries – the main hosts to migrants.
- Providing support for private-sector companies, job creation, and governance in origin and destination countries that can promote development in origin areas and offer alternatives to forced migration.
- Producing knowledge and disseminating realistic stories about migration within the framework of the AFD development-education mandate, the better to inform the public about development and international solidarity.

The 8 February 2018 CICID meeting gave AFD Group the responsibility for an international migrations and development action plan. With the additional experience and strategic positioning Expertise France will bring, this mandate will allow the Group to coordinate other French actors and keep them aligned with the strategy.

– *Building institutional capacity:* with expanded reach via Expertise France, AFD Group pledges to mobilize French technical experience and additional funding for the design of new institutional regulations for policy support and application. The Group will capitalize fully on digital technologies, assisting partner countries through “Gov Tech” solutions — digital identities and other administrative reforms that can lead a more open government. The Agency will also bolster the efficiency and effectiveness of public-finance management, even in fragile situations, by supporting projects that streamline audit procedures, expand the tax base, and computerize revenue collection, the better to mobilize domestic resources in partner countries. It will promote the use of processes and forums that encourage accountability, transparency, policy oversight, evaluation, and cooperation between partners; it will also promote agreements that protect the public interest.

– *Promoting democratic governance:* AFD Group will work to promote access to justice and the exercise of rights, supporting vulnerable populations — especially women, children and youth, and the disabled, indigenous, and LGBTQI. It will strengthen justice and penal systems and train legal professionals so that all citizens may enjoy their rights. These efforts will extend to promoting respect for the rights and dignity of the incarcerated.

AFD Group also aims to create more transparent, inclusive, and democratic societies by expanding both citizen participation in governance (particularly via digital tools) and freedom of information (through support for public, private and community media). The Agency will underpin these efforts by deploying “Civic Tech” digital technologies that facilitate inter-citizen dialogue and citizen-to-government communication; it will also create on- and offline spaces at local, regional, and national levels where citizens can discuss issues with their governments, thus addressing their increasingly strident calls for greater inclusion.

## II. Our action matrix

As a result of the 8 February 2018 CICID meeting that called for a rights-based approach in cooperation actions, AFD will help design France's Human Rights and Development strategy. As part of its mandate, AFD Group will investigate creation of a dedicated financial facility or fund to finance operations specifically designed to strengthen human rights and democracy.

- Recognizing that governance stands at the intersection of agendas and action within central and local governments, civil society organizations, local communities, and public and private enterprises, AFD Group will work with all of these stakeholders, and mobilize all its financial tools – especially budgetary funding for public policy grants and loans – to amplify its efforts and bolster its analyses and technical assistance. Assistance will range from the structuring of public institutions and policies, to strengthening sectoral strategies, to exchanging views and experiences around public-policy practices.

By working more closely with Expertise France, the country's leading technical assistance provider, AFD Group can expand its range of services that support political and civic transitions, while exploiting Expertise France's experience to draw additional funding from other international donors.

### THE OPEN GOVERNMENT PARTNERSHIP: A MULTILATERAL INITIATIVE TO INCREASE GOVERNMENT TRANSPARENCY

AFD Group will support the Open Government Partnership (OGP), a multilateral initiative begun in 2011. By harnessing new digital technologies, among other means, the OGP seeks to improve government transparency, responsiveness, and participatory and collaborative engagement with citizens. AFD Group aims to build capacity, especially in French-speaking African countries, helping them to make and keep OGP commitments, while sharing successful French and Southern experiences.

## 2.3. Research and Innovation: a two-way approach to future development models

Informed forecasting of development challenges underpins future sustainable models and the ability to improve current projects. For this reason, AFD Group has made research and innovation the third axis in its action matrix.

### Encouraging innovation and solution-sharing between the Global North and South

AFD Group will place innovation at the center of its practice. It will seek new financial, technical, and organizational tools, the better to meet the needs of its clients and the challenges of the six transitions, whether in public-policy assistance or project implementation. It will reorganize its workplace to foster knowledge-sharing and exploit collective intelligence while also creating spaces and cultures dedicated to innovation. In order to reshape its practices, it will join networks that support and promote such innovation, especially in partner countries with AFD operations. In collaboration with CDC and with ADEME, the French environment and energy management agency, AFD Group might connect its new innovation space to counterparts and actors in the Global North and South. The space would foster new thinking about public policy and land use to support ecological transitions; it would also facilitate innovation and sharing in both directions, from North to South and vice versa. AFD Group will become a veritable digital development platform, amplifying client dialogue and interactions through its own new digital-services platform. These steps aim to transform AFD Group into an ideas incubator for development projects, one that stimulates bidirectional-thinking professionals.

### Deploying knowledge to increase AFD Group's added value

AFD Group will also create, manage, process and share knowledge through models, research, evaluations, and expert networks (in particular through its blog, "Ideas for Development"), thus adding value to its aid operations. As part of its "100% Paris Agreement" commitment, the Group will strengthen its analytical capacity, examining contextual institutional and economic strengths and weaknesses and sustainable-development provider governance. This more finely-grained contextual understanding requires mobilizing the expertise of AFD Group and its national and international partners in service of the Group's strategic priorities.

AFD Group will continue investing in research programs that focus on three subjects: (1) governance and common-pool resources, (2) transitions toward decarbonized societies, and (3) strengthening social cohesion. Such research proves invaluable, illuminating operational decisions, intervention strategies, and national and international debates. AFD Group research and analysis will focus on sustainable development, capitalizing on multidisciplinary work that combines economics, engineering and the social sciences. The Group will partner with French and international research institutes, and will mobilize and valorize expertise from the South on a more systematic basis. The Agency will also draw upon leading economists from other donor organizations, particularly national development bank-members of the IDFC. The Group will cofinance studies on topics of common interest; it may also delegate funding or use delegated funds to finance research (following a precedent set by the European Union delegated-funding facility to finance AFD Group research on inequalities).

These research partners will join in strategic discussions with partners in beneficiary countries – public decision-makers, academic and nonacademic experts, civil society, and the business community – as groundwork for public-policy recommendations. AFD Group has begun a pilot project along these lines in the Republic of Côte d'Ivoire, which may see later expansion to a number of other countries.

As an institution dedicated to continuous learning, AFD Group will also emphasize ways to capitalize on the lessons of its own project evaluations and assessments, along with those of partners. It will also exploit third-party documentation and research. This perpetual dedication should serve as a central tenet of Group knowledge management. Since the Agency hopes to increase cofinancing for its efforts, it will work in with its peers, NGOs, and Southern research institutes on joint evaluations, mutually enriching evaluation and learning practices through these contacts.

The renewed importance assigned to research and innovation should bolster AFD Group's market position by appending nonfinancial assets to its financing instruments.

## SUPPORTING TRANSITIONS WITH GEMMES MACROECONOMIC INFORMATION

AFD Group has developed internationally recognized expertise in climate-mitigation finance. As part of its "100% Paris Agreement" commitment, the Group will now bolster this expertise with an ambitious knowledge-production program, employing a macroeconomic and climatic modelling tool called GEMMES: it focuses on interactions between economic development and climate-change mitigation and adaptation. The model simulates national development pathways via specific country characteristics, such as those found in Brazil, Colombia, Vietnam, or other partners. AFD Group created GEMMES to inform discussions with clients; its models allow the Agency to provide public-policy advice for various aspects of social and ecological transitions and to pre-test how well such policies might reduce inequalities. AFD Group will also research simplified versions of the GEMMES tool. It has created models specifically for African economies such as Côte d'Ivoire, simulating short- and medium-term dynamics and identifying vulnerabilities in economic-growth models.

# III. AFD Group: France's bilateral development- policy platform

Building on its 75-year history, AFD Group now aims to become the French development-policy platform, serving priorities set by France's Interministerial Committee for International Cooperation and Development (CICID), national parliament, and the Law of 7 July 2014, which guides development plans and international-solidarity policy within the European framework.

AFD has the capacity both to amplify the French voice and influence internationally and mobilize Franco-European development actors. In order to become the French development-policy platform, AFD Group will open itself up to new partnerships, reinforce its financial model, welcome diverse new hires and expertise, and fully integrate digital advantages. AFD Group intends to lead by example in its social and environmental actions and in measuring the impact of financed projects.

## 3.1. A partnership platform

The United Nations 2030 Agenda for Sustainable Development and the Paris Agreement on the climate – in their comprehensiveness, geographic universality, and relevance at every level from central governments to civil society – require a collective response made stronger through partnerships. Such a response is the objective of SDG 17 (revitalize the global partnership for sustainable development). No organization or individual, and certainly no donor can act alone and succeed in constructing a world in common.

As explained above, AFD Group pledges to adopt a “partnership reflex” for all of its aid operations. It will also contribute to any partnership or coalition where joint action can add operational value – financing, expertise, analyses, and/or office network and contacts – and whenever the Group can capitalize on its experience and work towards innovative solutions.

Stronger partnerships also condition AFD Group's success in meeting ambitious, government-imposed growth objectives for its finance operations. The Group needs to attract more project sponsor-partners, as long as they fulfil its reputational and development-impact requirements. In order to become more attractive, the Group needs to modify its procedures, allowing sponsors to have greater involvement during the project cycle.

Adopting a “partnership reflex” means:

- Jointly identifying, constructing, and qualifying pertinent development actions and finding resources to support them, preferably with multiple donors.
- Whenever possible, encouraging cofinancing arrangements based on tailored financial, technical, and analytical solutions, and calling on “blended” public-private and/or loan-grant funds, along with innovative vehicles such as “sustainability bonds”, loan guarantees, and securitization.
- More systematic action and structured dialogue with all transition stakeholders: public and private-sector enterprises, financial institutions and markets, local governments, and civil society organizations (CSOs).
- Working through CSOs, local governments and financial services firms that can find sponsors and channel funds towards small beneficiaries and solutions with powerful grassroots impacts.
- Drawing delegated funding from the European Union, national development banks, and/or foundations to amplify the impact of AFD Group financing.
- Delegating funding to third-parties – a corollary of our ability to manage others’ resources – the better to reach additional beneficiaries.
- Taking steps toward continuous learning by evaluating projects and programs and capitalizing upon shared experience, knowledge and expertise.

Rather than an end in themselves, AFD Group sees these partnerships and coalitions as a vital means to achieve its strategic objectives, one aligned with the values and priorities of French development policy. The Group will prioritize alliances that will have the greatest operational effectiveness and impact on SDG targets, aiming to create mutual financial, operational, and/or strategic benefits.

## A platform for French partners

AFD Group serves as a natural entry point to the French ecosystem of development-solution providers, whether these operate in public-goods and service authorities, civil society organizations, businesses or citizen groups. The Group aims to become the definitive resource for these providers, a place where they will find an eager ear and, after discussions and an examination of their project, advice and financial support.

AFD Group therefore pledges to act in partnership with:

- ***The Caisse des Dépôts et Consignations***, to fully operationalize the Strategic Alliance agreed on 6 December 2016. The two organizations have already aligned their strategies and exchanged personnel and expertise. Next they will create common financial instruments out of the STOA Investment Fund, which will finance €600 million worth of primarily pro-climate infrastructure in emerging countries, including at least €300 million in Africa, prioritizing financing for French companies. AFD Group and CDC have connected their office networks in mainland France, the French Overseas Territories, and in other countries to further internationalize the French economy and expand international cooperation.
- ***Expertise France***, when it fully joins the Group in 2019, to unify the main public and private expertise providers and implement technical assistance projects financed by AFD and/or other international donors. Expertise France, with its extensive and deep-rooted network of partners – administrations, public and private entities and enterprises, and nonprofits with public-policy know-how – constitutes a key element in the Group’s new partnership platform.
- ***Other public-sector development providers working internationally and in the French Overseas Territories***, to strengthen coordination. AFD Group will remain open to any other domestic public institution interested in addressing development issues in the South.



### III. AFD Group: France's bilateral development-policy platform

#### ADDING EXPERTISE FRANCE TO CREATE A LARGER, STRONGER GROUP

As part of its effort to streamline French cooperation operators, the French government has decided to integrate Expertise France into a larger AFD Group by mid-2019. A public agency and benchmark for French international technical cooperation, Expertise France serves a portfolio of more than 500 projects worth nearly €900 million. Expertise France will keep its identity, legal entity, sectoral and geographic specialties, intervention modalities, and special relationships with administrators that use public-service expertise. It will also preserve its ability to raise and mobilize financing from international donors. With Expertise France, AFD Group will be able to offer its beneficiaries a complete, unprecedented range of financial solutions and technical expertise. This union will enhance both parties and bolster the Group's domestic footing. The AFD and Expertise France chief executives, working with their oversight ministries, will create a joint implementation plan by the end of 2018, bringing this outstanding partnership to life during 2019 at the latest. AFD Group and Expertise France will especially focus on project engineering and mobilization of governance-related expertise, remaining available to any public institution interested in Southern challenges.

- **French local and regional governments**, to exploit their expertise in joint actions addressing domestic sustainable-development challenges and facilitate experience-sharing between French and peer local governments in the South. AFD Group will increase funding for international projects sponsored by French local governments, augmenting, for instance, the FICOL Local Government Innovation Facility, thereby increasing the current portfolio from about 12 to 100 projects by 2022.

- **Domestic civil society organizations**, as well as international and in-country CSOs, to support the social, economic, and ecological transformations that they sponsor. AFD Group will continue to increase financing to CSO initiatives (doubling it by 2022), and will also provide operational support to CSOs, particularly for crises and vulnerable situations. AFD Group will call for proposals that address priority sectors identified by the CICID and draw on CSO strengths: understanding of local contexts, innovative thinking, advocacy, and ability to reach all types of populations, including those facing the greatest disadvantage and discrimination.
- **French companies** to intensify existing partnerships and enhance the private-sector role in crafting sustainable development solutions. AFD Group wants to turn business relationships into an avenue for new project and program opportunities that more traditional channels cannot detect.

#### PROMOTING FRENCH SUSTAINABLE-DEVELOPMENT EXPERTISE

AFD Group seeks to become a knowledge bank for its clients in the South, one from which they may draw on French sustainable-development expertise. The Agency will therefore strengthen dialogue with the French private sector and business people committed to international sustainable development. It will enlarge its circle of business relationships through private-sector associations such as MEDEF, CNCCEF and CIAN, and through public-sector organizations such as Business France and the French Chamber of Commerce and Industry. It will broaden these relationships to reach all corners of France and identify companies that might contribute sustainable-development solutions. AFD Group must also strengthen its partnership with BpiFrance, a domestic private-sector development bank, so that both may benefit from the latter's expertise and energy; this will bolster opportunities for joint operations and investments with Proparco, such as with the Averroès Fund. In partnership with Expertise France, the Group will offer comprehensive services that combine French and international funding with the expertise and experience of public and/or private French entities that might be of help to Group beneficiaries.

- **Citizens**, to fulfill the new AFD Group mandate to “educate the public about development and international solidarity.” In partnership with educators and cultural organizations, AFD Group will focus on youth. The Agency will reach out to influencers likely to draw public attention to development issues and stakes; it will also engage with citizens and activists through CSO-led public-awareness and mobilization campaigns in France and abroad.

### **A platform for European partners**

The European Union contributes the most official development assistance (ODA) in the world – more than €70 billion per year, representing about 0.51% of European GDP and more than twice the United States ODA contribution. Europe’s lead will increase as its largest countries – first and foremost Germany and France – bolster their international sustainable-development policies. The Agenda 2030 aligns with European values and practices and gives meaning and power to the European project. Development policy, manifest in the Treaty of Rome, holds a central place in this reconstruction of the European priorities.

AFD Group has become a central actor in European development policy. In 2017, the Group received more than €600 million in delegated European funds, making it the leading bilateral agency for European financing and priorities. AFD Group will continue to contribute actively to a new, effective and innovative European development-finance architecture.

“Donor Europe” as constituted by the European Development Fund and other European-Union institution instruments now has a complement – a “Europe of Donors” that combines the strengths and experience of national and European Community agencies and development banks, such as France’s AFD, Germany’s KfW, Italy’s CDP, Spain’s AECID, Sweden’s SIDA, and the European Investment Bank (EIB). AFD Group will champion the “Europe of Donors” model by promoting more subsidiarity and leverage; it will also bolster European values through a European preference for delegated funding. The Group will support European Union efforts on behalf of the climate, least-developed countries, Africa, and the overseas European territories that connect Europe to developing countries. The Group will partner with all European Union member-state development agencies, regardless of their size.

Expertise France will contribute significantly to strengthening the Agency’s European ties. It has accreditation to manage European funds; it currently (2018 - 19) chairs a network of European implementation agencies, the Practitioners’ Network, and 70% of its nearly €900 million project portfolio is funded by the European Union, its principal donor. Proparco, too, will deepen cooperation efforts already in place with the European Development Financial Institutions (EDFI) network, and will continue to influence their strategic thinking about the future. In addition, Proparco will set up new agreements with multilateral agencies to facilitate cofinanced operations and seek means for small or new development finance institutions to join loan or equity syndicates.

### **A platform for international partners, especially IDFC members**

Historically and naturally, AFD Group has found partners in the donor community. The Group will now systematically seek to cofinance operations with other bi- and multilateral donors, particularly the World Bank, regional development banks, bilateral European, North American and Asian development banks, and large private foundations that contribute to international development.

AFD Group is a founding member of the International Development Finance Club (IDFC), a network of the world’s main national and regional development banks instituted in 2011. IDFC currently has 23 members, including Japan’s JICA and Germany’s KfW, leading regional banks such as CAF in Central America, BOAD in West Africa, TDB in Eastern and Southern Africa, and national institutions from developing and emerging countries, including Brazil, China, India, Mexico, Morocco, Peru, South Africa, South Korea, Russia, Turkey, and others. Member institutions boast \$3.5 trillion in cumulative assets; they finance \$630 billion worth of projects annually, of which nearly \$160 billion goes to pro-climate capital investments. This makes IDFC far and away the leading public-sector financier of sustainable development; its collective contribution outpaces the \$20 billion contributed by all United Nations agencies or the \$200 billion contributed by all multilateral development banks.

### III. AFD Group: France's bilateral development-policy platform

In 2017, AFD Group took over the chair of the IDFC. During its term, the Group will strengthen the structure of this unique network and work to intensify relationships and joint actions in favor of the climate and the SDGs. AFD Group will monitor national and regional development-bank actions and their articulation with those of the European Union, Green Climate Fund, and Global Environment Fund. This articulation will help improve the coordination and coherency of these actions and multiply their impacts. The IDFC may offer an appropriate platform for working with China through the China Development Bank, the world's largest public bank. AFD Group will mobilize its network and that of CDC, garnering financing for CDC-like savings-and-domestic-development banks and other instruments; these tools can help transform African savings into African investments.

#### WORKING WITH PHILANTHROPIC FOUNDATIONS

**When working with philanthropic foundations that offer grassroots understanding, implementation capacity, and fund-raising ability, AFD Group will transmit technical skills while advancing shared strategic priorities and helping finance and implement development projects. AFD counts the Aga Khan Foundation and the Bill and Melinda Gates Foundation among its principle philanthropic partners. For example, the Group signed a three-year partnership contract with the Gates Foundation in 2016; since its execution has satisfied both parties, they envisage even broader collaboration in the future. As another example, during the One Planet Summit in December 2017, France's Paris Agreement negotiator and AFD chair Laurence Tubiana began an AFD-funded initiative to mobilize philanthropists on behalf of the planet.**

### 3.2. A financing platform

Stronger financial capabilities will allow AFD Group to scale up and create a financing platform to serve its own objectives and those of its partners. This strength will rest on three pillars: (1) securing AFD Group's financial autonomy; (2) stronger financial controls and better integration with Group strategy; (3) more astute management of the regulatory environment and the operational risks stemming from financial-division activity, leading to greater capacity for financial innovation.

AFD Group financial autonomy depends on three capabilities: (1) generating sufficient profits to cover non-banking operating costs without resorting to external funding; (2) assuring the market of sufficiently high liquidity under the best rates and conditions, essential for offering attractive rates to counterparties in turn; (3) generating sufficient profits to increase AFD Group equity, at least during periods when the gross loan portfolio remains stable or rises slightly. These capabilities will secure net-income growth, yet remain within AFD's not-for-profit remit.

AFD Group will take five steps to strengthen its financial management and control departments, thus aligning them fully with its strategy: (1) optimizing non-banking operating costs (as per the Group business plan) through in-depth analysis of cost-accounting data; (2) improving disbursements management via operationalized middle-office portfolio monitoring; (3) a comprehensive and forward-looking approach to liquidity, assets, liabilities, profits, and equity assessments; (4) garnering additional delegated funding for AFD through reinforced asset-management capabilities for Group internal and extra-budgetary resources while guaranteeing perfectly secure audit trails for mandated funds; and (5) improving financial communications and explanations to AFD Group employees and governing bodies, thus encouraging stakeholder ownership.

A financing platform that can serve AFD Group ambitious objectives will, in fact, rest on the central and strategic role played by the French state — the sole shareholder and provider of capital. The state will sharply increase development activity via the Group, funding the increase by strongly augmenting the Group budget allowance for project grants and subsidies.

Creating a financing platform will require more astute management of the regulatory environment and the operational risks stemming from financial division activity. AFD Group will further increase its attention to compliance as it operationalizes changes to standards, regulations, and prudential rules. It will improve its ability to anticipate such changes through more structured and regular dialogue with relevant stakeholders. It will also bolster operational risk management by intensifying efforts to ramp-up and upgrade banking-information systems, covering portfolio monitoring, management, accounting, risks, cash-flow, and settlement.

Scaled-up AFD Group internal control and information systems should allow AFD to automate and industrialize its payment-processing chain. Such systems usually also constitute a prerequisite for developing more tailored and innovative financial products under secure conditions. The AFD financing platform should support financial innovation by uniting Group financial-engineering skills with its knowledge of financial systems, its ability to set market parameters and mobilize partners, and its understanding of client needs and capacities. Reinforced dialogue with peer financial partners will also help achieve this objective.

Thus the financing platform will better integrate with the AFD Group strategy and help translate it into a business plan. The financing platform will also ensure optimal funding allocations for strategic priorities, while using resources in a cost-effective way.

### **3.3. A platform to mobilize private-sector financing**

Mobilization of private-sector funding and finance for private-sector enterprises in the Global South has become a priority for AFD Group and other development providers, since many Southern central governments have reached the upper end of their borrowing thresholds after more than 10 years of infrastructure investment. Having high sovereign debt levels means that central governments must become more selective about their capital investments; this has led AFD Group to prioritize non-sovereign funding sources and clients, as explained above.

The Agency aims to become a platform for private-sector mobilization in favor of sustainable development actions. It will use its ability to work across the public-private spectrum to raise and channel funding from new sources and donors toward Southern economies. It will strive to diversify development-finance providers, with the conviction that anyone and everyone can help attain the SDGs.

AFD Group will pursue an ambitious policy of redirecting global private-sector investment flows toward sustainable development. It will also seek to intensify private-sector investment in projects with high social-welfare standards. Specifically, the Agency will consolidate financial-system governance by developing inclusive, lasting, and socially-responsible local financial systems – banks, credit institutions, and stock and bond markets, the essential financiers of an economy. AFD Group will also work to create a favorable environment for private investment, creating credit- and other risk-management tools, strengthening public enterprises that might participate in public-private partnerships, fostering a positive business environment, and promoting new and innovative solutions, particularly for social entrepreneurs.

Working primarily through its private-sector finance subsidiary, Proparco, AFD Group will actively work to strengthen the fabric of Southern economies, particularly via small and medium-sized enterprises. The Group aims to not only increase funding volumes, but to offer new financial and nonfinancial services to private-sector companies.

### III. AFD Group: France's bilateral development-policy platform

AFD Group will support projects whose sponsoring companies seek to maximize their sustainable-development contribution — especially those companies working with stakeholders to curb their negative social and environmental impacts. In beneficiary countries, the Group will favor projects that create or expand social and inclusive economies.

Proparco will acquire asset-management tools that can expand its ability to mobilize third-party funds, multiply development impacts, and bolster AFD Group's financing platform for the Global South.

#### 3.4. A platform for expertise

The new AFD Group strategy will require greater financial and human resources as well as organizational change to enhance the agility, innovation, and exemplary role of Agency actions.

##### The AFD Group workforce

In 2017, AFD Group provided a window onto the world through its 2000 employees: they comprise 80 nationalities, speak more than 100 languages, and work in 85 field offices, both in other countries and the French Overseas Territories. The workforce will continue to expand in France and abroad, in tandem with the increase in financing activity mandated by the French government. In the coming years, AFD Group will see its largest-ever increase in human resources, including the addition of nearly 500 Expertise France employees.

AFD Group seeks to become a unique crucible where competencies unite with a strong organizational culture. Strong values motivate the AFD Group workforce: integrity, commitment, open-mindedness, and adaptability.

Workforce growth will require a change in management practices: more diversity in hiring, employees freed to innovate, and improved quality of life at work. It will also require better change and talent management — mapping individual career paths, identifying critical skills, and recruiting and integrating new employees into headquarters and field offices. AFD Group will foster these changes by sharpening its reputation as a good employer, the better to attract non-French talent from beneficiary countries along with rare, new, or underrepresented skills, those found in professionals with social-sciences or digital backgrounds, for example. For its offices in the French Overseas territories and foreign countries, the Agency will seek out specific skills locally.

AFD Group will improve its induction process for new hires. It will also capitalize on staff experience in order to safeguard the Agency's competencies, business practices, and common values. Professional education and training for the entire Agency workforce — from headquarters to field offices — will promote enduring know-how and expertise, develop the new skills needed for deep transformations, and ensure cohesive adoption of Group culture, values, and commitments. AFD Group will promote equity and the well-being of its workforce while adapting to business and technological changes. It will also valorize the careers of host-country personnel working in its field offices. The Agency will encourage work practices that lead to employee fulfillment and pay close attention to the quality of dialogue with employee and trade union representatives.

#### ACHIEVING GENDER PARITY WITHIN AFD GROUP

The AFD Group commitment to gender equality in financed projects obliges it to lead by example. At the end of 2017, women comprised more than 54% of the Agency workforce and 39% of its managers. AFD Group aims to place women in 50% of its managerial positions, particularly in field-office postings. The Group will begin a gender-parity and diversity certification process, aimed at preventing discrimination and promoting diversity, equality and parity for its workforce. Incentives and recognition for employees who take steps to achieve gender parity will stimulate a group-wide commitment to gender equality.



## **A new organizational structure to support flexibility and innovation**

AFD Group will reorganize to fulfil its strategic ambitions and increase its agility.

AFD will realign its expert functions – its “know-how” – into thematic departments that correspond with the six transitions. In addition, it will set up three cross-cutting units: Climate; Crises and Conflicts; and Social Link. Beyond a reorganization of head office management into four geographical divisions (Whole of Africa, Three Oceans, The Americas and The Orients), the Group will bolster its presence in beneficiary countries via regional management units tailored to local realities and the Agency’s regional activities. These regional offices will complement the national office network by proposing region-wide solutions to a growing number of transnational challenges, such as climate change, energy corridors, and migrations. They will also advance the regional integration of the French Overseas Territories, promoting cooperation with regional partners where the Agency operates.

AFD Group will also mobilize additional resources to strengthen partner expertise through capacity-building and assistance with project preparation. When Expertise France fully joins the Group in 2019, it will expand the fields of action for regional offices with the Group’s broader range of competencies. The Agency will support Expertise France’s strategic positioning in the expertise market and among international donors. In return, while performing its activities, Expertise France will identify financing needs among its partner countries on behalf of AFD Group.

AFD Group will standardize, secure, and adapt current practices to support its projected financing-activity growth. Using digital technology and innovations, the Agency will begin a process of continuous improvement, aiming for more flexibility and efficiency in all internal operations: risk management, finance, human resources, legal, purchasing, and so forth. The Group will also continue a simplification process called KITE, for “keep it to essential,” reducing the time needed to assess and finance the least complicated and lowest-risk projects. Greater agility will also help speed-up AFD Group grant and loan disbursements.

At the same time, the Agency will continue a multi-year modernization program for its key information systems in human resources, finance, and risk management. A current effort to rebuild the Group aid-funding management tool constitutes a building-block in its future information-technology architecture. For its modernization program, the Group will tap stronger methodological and organizational skills. It will also support future financing-activity and headcount growth by designing and implementing a solid, suitable real-estate strategy.

## **OFFERING CUSTOMIZED TRAINING AS AN AFD GROUP SERVICE**

AFD Group will give greater priority to capturing collective intelligence and drawing on its jointly-created knowledge pool. This allows it to develop and share its knowledge, know-how, and expertise – deploying them through stronger networks, practitioner communities, and partnerships. It will also follow a new knowledge-production strategy, using conferences, publications, and Open Access publishing to disseminate research and analyses. The Agency will respond to partner needs for training-program prototypes, incubators, and pilot projects through increased use of digital tools and by exploring innovative, scalable pedagogical formats: massively open online courses (MOOCs), digital platforms, e-learning, and innovation labs. The Group will also mobilize collective intelligence and develop an ability to pick up innovations in the North and the South and share them in a spirit of partnership, the better to assist transitions.

### 3.5. A digital platform

A successful digital transformation represents a fundamental challenge for the AFD Group. If it wants partners to see it as a credible resource for digital and technological transitions, it must lead by example — steering its own transformation, modernizing its processes, tools, procedures, and modes of working to inspire and capture innovations. The Agency's digital transformation calls for hires of new skilled technologists (such as data analysts, digital innovation experts, and information systems designers), and promotion of new tools and new agile, collaborative, and open work methods — mainstreaming digital technologies and culture across all activities and employees, and instilling a group-wide "digital reflex."

AFD Group will combine an ambitious control-data strategy with flexible, agile, and open modes of operating; this will increase its effectiveness in detecting, anticipating, and reacting to problems and opportunities. In addition, the Agency will use data to augment its understanding of transitions and to shape specific action plans for each of its business lines.

### 3.6. AFD Group: Leading by example

AFD Group has long set itself high standards for corporate social responsibility (CSR); it now has the highest CSR rating of all development banks. It will further improve upon these standards with a new, exemplary CSR policy, one that will ensure coherence between its mission and financing commitments and the sustainable quality and impact of its interventions. Its "Sustainable Development Analysis and Rating" tool will add the SDGs and this five-year strategy as criteria. In these ways, the Agency will improve environmental and social risk management, as well as its quality and security standards. The Group will remain particularly vigilant about respecting human rights during its interventions, using specialized financial institution (SFI) performance standards and World Bank Safeguard Policies.

AFD Group will also strengthen its culture of evaluation. Given the multifaceted, complex nature of development challenges, the Agency and its partners require the capacity to measure project outcomes and learn from successes and failures.

The Agency will use the Sustainable Development Analysis and Rating tool to ensure that lessons drawn from all financed projects inform plans for future actions, and that projects have reliable, documented indicators that permit their evaluation in turn. The Agency will produce knowledge that rests on evaluation of its own actions, instruments, and practices, along with those of other development practitioners.

AFD Group will commit to development-policy stakeholder dialogue and transparency through a new external-relations policy, in compliance with the International Aid Transparency Initiative (IATI) that the Agency joined in 2017. In this spirit of transparency and accountability, the AFD Strategic Steering Committee will meet at least once a year, chaired by the Europe and Foreign Affairs minister in charge of Development. AFD management will also set up an annual strategic review with its oversight ministries.

AFD aims to lead by example, and this manifests in how it pursues social responsibility through its internal operations: reducing the Agency's direct environmental footprint, bolstering professional ethics, and managing personnel in keeping with its 100% Paris Agreement and 100% Social link objectives.

The AFD Group professional ethics charter will remain a guide for every employee and agent. Increased vigilance over the safety of employees and equipment will allow the Agency to pursue operations in often-risky and ever-changing geographies and situations.

Finally, in keeping with French commitments, the Agency will maintain the highest standards and continue to fight some of the greatest dangers to sustainability: corruption, aid diversion, money laundering, and terrorism financing. It will remain particularly vigilant about financing that involves non-cooperative countries.

# Conclusion

This document is neither a business nor an action plan. In accordance with the February 2018 CICID meeting, it should be read as a complementary document to the Contract governing the Resources and Objectives concluded between AFD Group and the French state. Other more precise and specific strategic and operational exercises will round out this document, as will a review of Agency internal procedures.

This is a strategic proposal: it expresses a profoundly new vision and set of objectives, supported by greater resources.

This proposal affirms common commitments that AFD will deploy to unite stakeholders and actions from now until 2022. It envisions a place and a mandate for everyone in AFD Group to contribute to this collective project. It aims to reaffirm AFD Group as the central platform for French development policy. This proposal sees the Agency as a resolutely open platform for all French development providers seeking to engage the Global South, working for the broader European project and for new, concrete forms of solidarity taking shape globally.

AFD is a development bank, one that has gained progressive recognition from its bilateral and multilateral peers. It will use this solid base to blossom more fully into an agency by 2022, equipped with the skills and tools required to achieve its mandate and contribute to the convergence of various development institutions, especially in Europe.


AFD Group will also resolutely turn towards its domestic environment and, assisted by its ally the CDC, create much stronger bonds with all French actors interested in cooperation. It will partner with these development providers in the construction of joint projects, serving as a third-party financier and guarantor between them and its counterparts in the South.

AFD Group will also continue to inform France and the French people about the rest of the world – about its ability to innovate, the stakes involved in its development – thus fostering greater openness and solidarity, and contributing to the success of French presidential and governmental actions abroad.









International development-policy goals have changed radically over the past two years with the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. In turn, France now aims for its official development assistance (ODA) to reach 0.55% of gross national income (GNI) by 2022.

AFD Group, the principal player in French development policy, designed its 2018-2022 strategy to meet these new challenges and goals.

These strategic guidelines draw on a year of deep thinking and extensive consultation with French citizens and with AFD Group partners and civil society in France and in developing and emerging countries.

The AFD Group 2018-2022 Strategy rests on a vision of **“a world in common”** and **five foundational commitments that underpin all actions:**

**100% Paris Agreement**  
**100% social link**  
**3D development thinking**  
**Non-sovereign first**  
**Partnership by design**

Meeting these five commitments requires that AFD Group reposition itself and reorganize its activities into a new action matrix, in order to do more and better in areas where the Group has recognized expertise and legitimacy. AFD thus aims to make development policy into a genuinely solidarity-based investment policy.

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