


2019



# Energy

ACTIVITY REPORT

#WorldInCommon



**I**n 2019, AFD Group's financing for energy transition reached €2.8 billion, including some €1 billion for the private sector. This accounts for 20% of Group allocations, representing an increase of €720 million compared to 2018.

Renewable energy and power grid upgrades continue to account for a significant proportion of the activity, and financing for these projects remained stable in 2019. The increase in allocations is due to the success of projects for energy efficiency in buildings and growth in public policy loans to support our partner countries for their low-carbon energy transition trajectories.

Energy efficiency and public policy support are major priorities of the 2019-2022 energy transition strategy adopted last year. In 2019, there was a convergence of strategic developments and funded projects. This, of course, is the result of the team's major investment in the Program for Energy Efficiency in Buildings (PEEB) and in the public policy dialogue across all continents. It also highlights two basic trends: that energy transition, particularly energy efficiency, concerns all sectors and is no longer the sole responsibility of energy specialists; and public policy dialogue is complementary to project investments and must be stepped up.

Enjoy the report!

Jean-Pierre Barral, Director of the Energy and Digital Transitions Department (ENU).

# AFD Group's energy strategy

## Energy: A driver for development

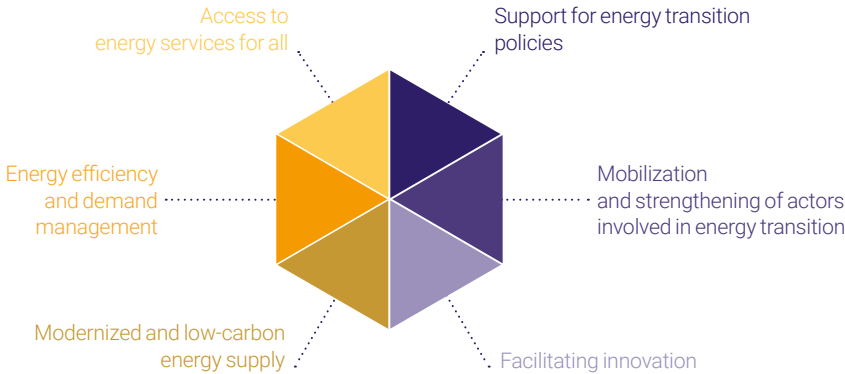
The energy transition is underway in developing and developed countries. Bolstered by recent technological developments, it constitutes an economic, social and environmental opportunity for the achievement of the Sustainable Development Goals. By offering efficient, resilient and carbon-free energy services, it is also a prerequisite for the achievement of the goals set out in the Paris Climate Agreement. The large-scale rollout of the energy transition requires far-reaching changes,

both technological and societal. It goes well beyond the electricity issue and concerns industry, buildings, mobility, urban planning, agriculture as well as our consumption patterns and leisure activities. It requires making large-scale changes to consumption and power generation systems and at the same time, providing over a billion people with access to reliable energy services.

AFD's energy transition strategy deploys three levels across three areas of operation.

### 3 areas of operation

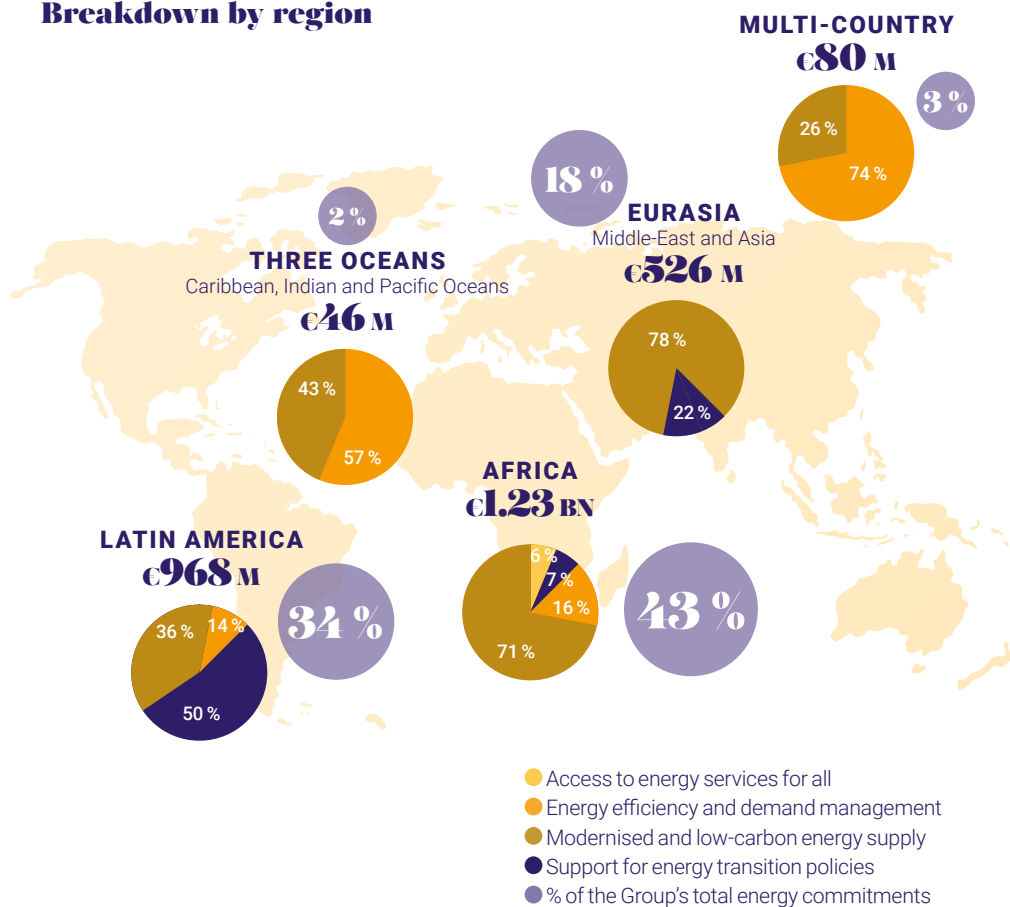
### 3 acceleration levers



AFD Group is working to implement this strategy, which is adapted to the needs of each country. Convinced that the energy transition can be an opportunity for all, AFD calls on all its partners to join in the pursuit of this objective.

# Our energy commitments in 2019

## Breakdown by region



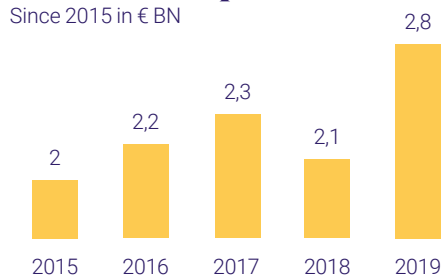
**€2.85 BN**  
Total commitments  
for 108 projects

In 2019, the energy sector accounted for 20% of total AFD Group commitments, which stood at €14.1 billion.

This represents a €720 million increase in commitments in this sector compared to the previous year.

## Trend in Group commitments

Since 2015 in € BN

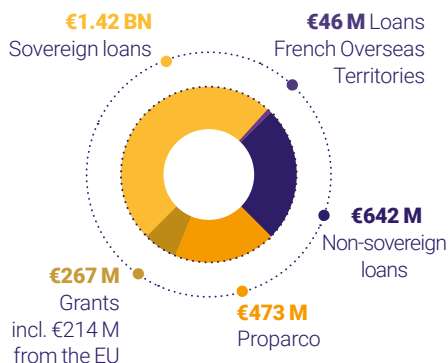


**€11,4 BN**

Total energy commitments since 2015

## Breakdown by financial tool

In €M

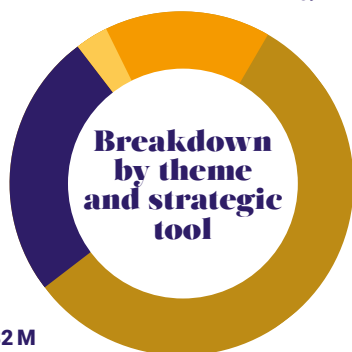


€69 M

Access for all

€423 M

Energy efficiency



€682 M

Support for transition policies

€1,671 M Modernized and low-carbon energy supply

## The Group's energy commitments



**83 % AFD**  
**€2.37 BN**



**17 % Proparco**  
**€473 M**

In 2019, AFD Group energy commitments stood at some €2.8 billion, including €2.4 billion for AFD and €0.4 billion for Proparco. It represents a total increase of 33% compared to the previous year.

The Group's main geographical focus remains on Africa, where the energy sector totals some €1.2 billion in allocations (43%), a level similar to 2018. There was a significant increase in Latin America funding (+155%), largely in the form of public policy loans.

The bulk of the activity for financial tools was driven by sovereign loans (€1.4 billion), partly reallocated to public operators. However, the private sector continues to receive substantial support (some €1 billion) via financial intermediation and Proparco's operations. Grants totaling €0.26 billion (9% of allocations), were mainly delegated by the European Union.

# Expected impacts

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The projects allocated by AFD and Proparco in 2019 will contribute to...



## INCREASING ACCESS TO ENERGY SERVICES FOR ALL

**1.8 million people**

will have access to sustainable  
electricity services.



## SUPPORTING ENERGY EFFICIENCY AND DEMAND MANAGEMENT

**220 GWH of energy**

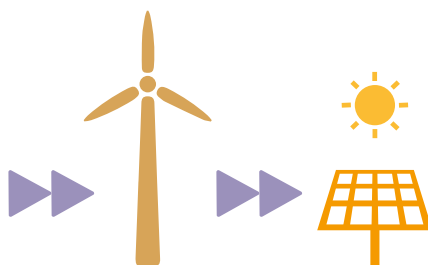
consumption saved.



## OFFERING MODERNIZED AND LOW-CARBON ENERGY

• **3.6 GW of renewable energy generation**  
capacity will be installed.

• **€1 billion committed**  
to solar projects since 2016  
to contribute to the objectives  
of the International Solar Alliance (ISA).



## ACCELERATING OUR PARTNERS' ENERGY TRANSITION

• **€666 million of loans**  
for public policies to  
support the transition.

• **€16 million for support**  
and capacity building  
for local stakeholders.



## SUPPORTING AFRICAN COUNTRIES IN PARTICULAR

- **€1.2 billion committed** in the energy sector in Africa.
- **Bringing the amount to €2.97 billion** earmarked for the Africa Renewable Energy Initiative (AREI) since 2015.



## HONORING AN ENERGY COMMITMENT

- 100% PARIS AGREEMENT
- **3.3 million tons of CO<sub>2</sub>** avoided annually to reduce greenhouse gas emissions.
- **77% of energy commitments** worth €2.2 billion in climate benefits.



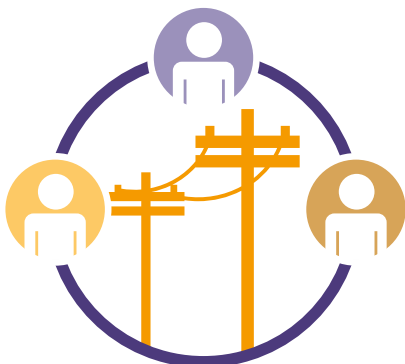
## PROMOTING A COMMITMENT TO 100% SOCIAL COHESION

- 56% i.e. €1.6 billion** of energy commitments feature a gender objective (OECD markers 1 and 2).



## PROMOTING A 3D COMMITMENT, DEFENCE, DIPLOMACY AND DEVELOPMENT IN G5 SAHEL COUNTRIES

- **106,000 additional people** will have access to a sustainable electricity service.
- **51 MW of renewable energy** capacity planned.



## IMPROVING SERVICE QUALITY 12 million people

- will benefit from an improvement in the quality of the electricity service in our partner countries.

# Committed to universal access to energy services

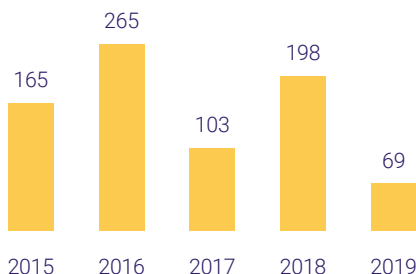
## Breakdown by region



In 2019, all Group commitments promoting access to energy services for all focused on Africa.

## Trend since 2015

commitments in € M



### AFD committed to the Sahel Alliance

AFD coordinates the Sahel Alliance's Energy Group alongside the World Bank. In G5 Sahel countries the Group, in concert with other donors, is co-financing 13 projects labelled "Sahel Alliance". Their objective: to double renewable energy access and capacity by 2022.

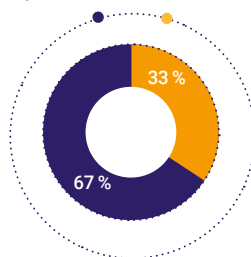
In October 2019, at the initiative of AFD and its partners, Paris hosted a major conference on access to energy in G5 Sahel countries. "It is essential for Sahel countries to remain open to international investments", said Mohamed Abdel Vetah, the Mauritanian Minister of Energy, "They must be made alongside the emergence of a local private sector, working in particular on mini-grids."

**6**  
projects

**dedicated to off-grid electrification programs**  
such as solar kits or mini-grids.

## Breakdown by financial tool

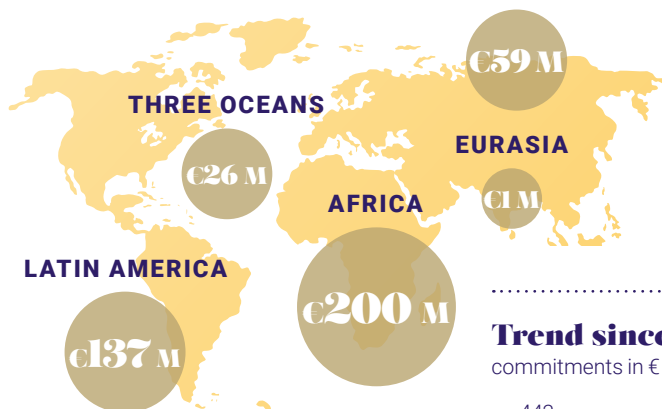
**€46 M** Sovereign loans  
**€23 M** Grants





# Promoting energy efficiency

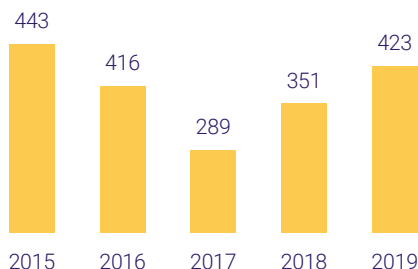
## Breakdown by region



**€423 M**  
commitment  
for energy efficiency  
and demand  
management.

## Trend since 2015

commitments in € M

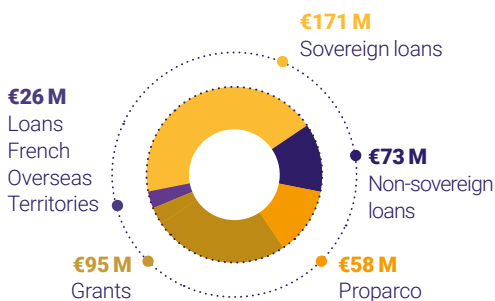


## Supporting energy efficiency in buildings

The Program for Energy Efficiency in Buildings (PEEB) assists public and private stakeholders in their efforts to improve the built environment.

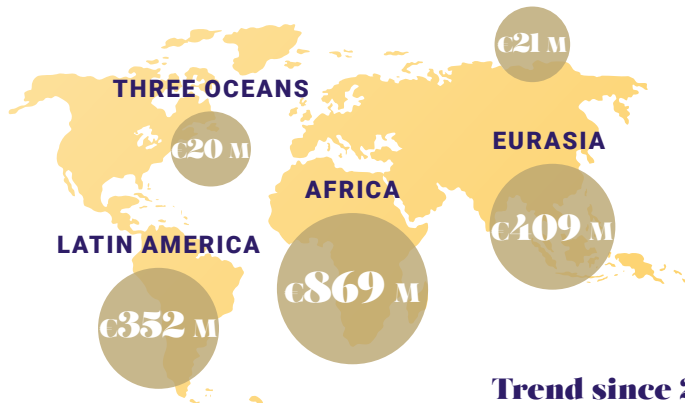
In Tunisia for example, it is contributing to construction and renovation projects implemented by the Ministry of Health for the Sidi Bouzid and Gafsa regional hospitals. This project aims to obtain an international High Environmental Quality (HQE) certification and improve energy performance to 20% above local thermal regulations.

## Breakdown by financial tool



# Promoting sustainable energies, reducing dependence on fossil fuels

## Breakdown by region



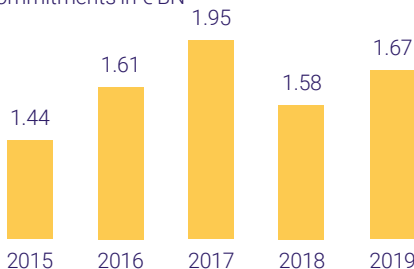
**€1.67 BN**  
commitment  
to a modernized  
and low-carbon  
energy supply

### Burkina Faso: Supporting solar energy and rural electrification (€136 million)

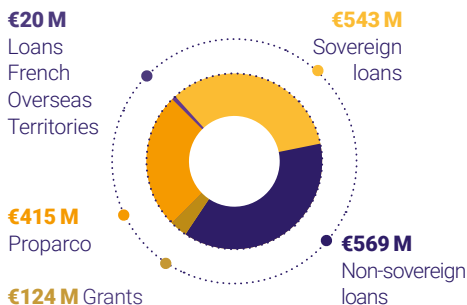
AFD, along with its partners at the European Commission and African Development Bank, is providing financial support to Burkina Faso for the Yeleen project. It features the construction of several photovoltaic solar power plants. These facilities will make the country a regional leader in the exploitation of solar energy, and it will allow Burkina Faso to export low-cost electricity to neighboring countries. The program also encompasses grid densification and a rural electrification component.

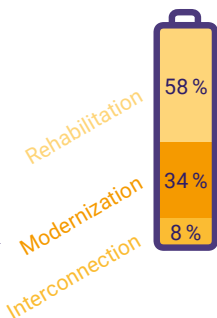
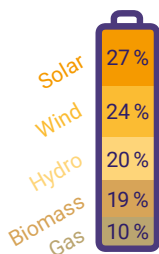
## Trend since 2015

commitments in € BN



## Breakdown by financial tool





**€559 M**  
for private renewable  
energy projects financed  
by credit lines



**€24 M**  
for studies  
and technical assistance

### Côte d'Ivoire: Focusing on biomass

AFD Group, *via* its private sector arm Proparco, is financing the construction of the first biomass power plant in Côte d'Ivoire. It is part of the BIOVEA project and will recover 400,000 tons of agricultural by-products from the palm oil sector to generate 46 MW of renewable electricity. It will provide additional income to the 11,000 smallholders who will supply biomass to the power plant.

### Bangladesh: Reliable and sufficient electricity supply (€112 million)

The Power Factor Improvement project is helping the electricity distribution company DPDC in Dhaka, Bangladesh, distribute reliable and sufficient electricity.

The integration of digital technologies in this project is reinforcing the existing grid and improving its performance and efficiency. This project is improving the daily lives of over a million people and reducing annual emissions by 104,000 tons of CO<sub>2</sub>.

### AFD / West African Development Bank climate finance partnership

This project is supporting the development of resilient and low-carbon economic models in the WAEMU zone. In Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo, it is contributing to redirecting investment flows towards projects with climate benefits stemming from the construction of photovoltaic power plants, off-grid rural electrification and agricultural and territorial development projects.

# The three energy transition tools

## Supporting public policies



In 2019, AFD stepped up its public policy dialogue on the energy sector in a number of countries. This led to a sharp increase in the number of public policy loans to accelerate the deployment of renewable energies and enhance the energy efficiency ambition.

This dialogue also takes place in many technical cooperation activities with countries and their energy agencies.



10

**technical assistance**  
projects for countries



6

**public policy loans**  
for €666 M

### **Algeria:** **Modeling transition trajectories**

In 2019, the Algerian Ministry of Energy and AFD began planning to model the country's energy transition through to 2050. An energy sector projection model has been produced. In 2020, this work will continue with research institutes to explore the macroeconomic impacts of this transition.

### **Mexico: Supporting green finance**

The Green Finance public policy loan is helping to align public and private financial flows in Mexico with the mitigation and adaptation goals of the Paris Agreement. It covers a number of structural themes for the alignment of financial flows, such as the implementation of the green budget and the preparation of a set of tax measures for a low-carbon transition.

## Knowledge production...



With European financing and support from a consortium of French consulting firms in 2019, AFD produced an extensive analysis and capitalization study on the universalization of electrification. This study reviews national off-grid electrification strategies, by focusing primarily on two types of systems: mini-grids and individual solar kits. It also makes innovative recommendations.



## Mobilizing stakeholders for the energy transition

In its new energy strategy, the Group is committed to mobilizing technical and financial partners and training stakeholders in the South. In 2019, this led to projects co-financing, the launch of joint initiatives with other donors, as well as new partnerships with Expertise France and ADEME. A number of electricity companies have also benefited from technical assistance and training. Examples of partnerships:



### Supporting innovative stakeholders

to promote access to off-grid sustainable energy in Africa under SolInAE's call for projects.



### Solar Risk Mitigation Initiative (SRMI)

to facilitate the development of private solar generation projects in emerging and developing countries.



### The Covenant of Mayors in Sub-Saharan Africa (CoM SSA)

is supporting the development of sustainable urban energy projects.

## Building the capacities of an electricity operator in Mauritania

The Energy Sector Capacity Building Project in Mauritania (PACSEM) will build the capacities of the staff of the Mauritanian electricity company (SOMELEC), strengthen its Human Resources Department and revitalize its electricity trade school, based on the energy transition. This project is an example of the close cooperation between AFD's teams specialized in vocational training and its energy teams.

## ... and innovation

### Floating solar power plant in Côte d'Ivoire

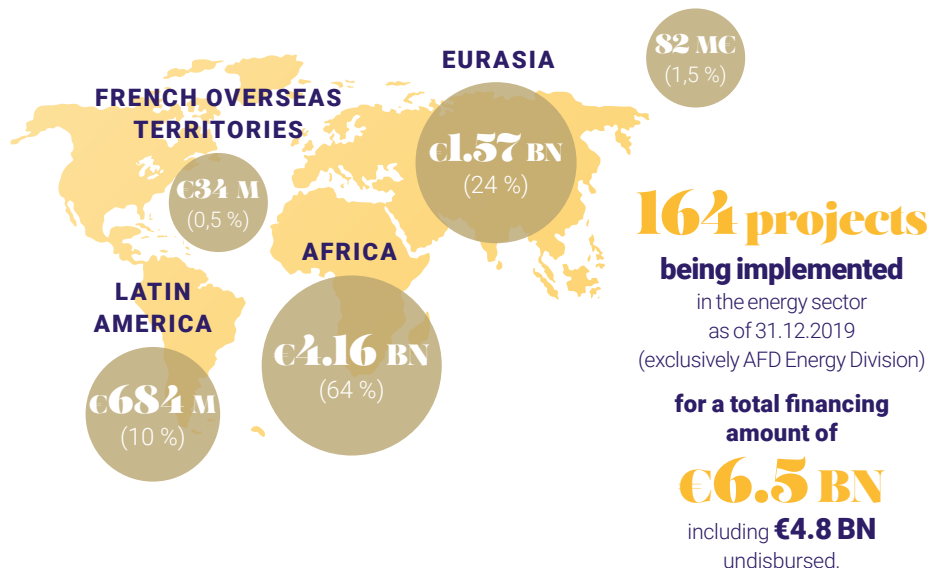
AFD is financing the construction of the first floating solar power plant in West Africa. It is located on Lake Kossou in northern Abidjan and is part of the country's renewable energy development strategy, which targets an energy mix with 42% of renewable energy by 2030.

### Digital technologies for energy in developing countries

The Digital Energy facility (€23.5 million) aims to promote innovation in the energy sector through the digital transformation of public power utilities and the development of innovative models for access to energy involving start-ups and private enterprises.

# Projects under implementation: Focus on AFD's support to the public sector

## Breakdown by region



### Promoting renewable energies in Africa

Since 2016, AFD Group has been supporting the Africa Renewable Energy Initiative (AREI). Its objective is to contribute to the installation of 10 GW of renewable energies (REN) between 2016 and 2020. France initially pledged €3 billion in project financing during this period. This objective has almost been reached with €2.9 billion of funds allocated by the Group by the end of 2019.

The next stage of this initiative will close the first phase of AREI and assist African partners with their aim of achieving 300 GW of installed REN by 2030.

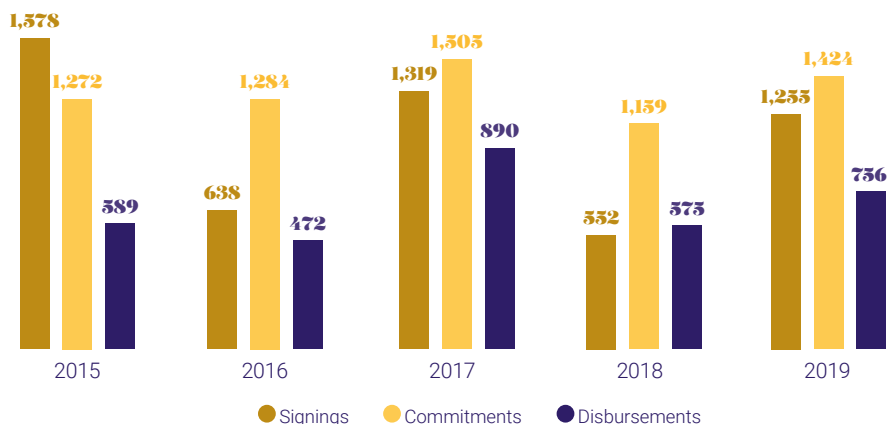
### Supporting the International Solar Alliance

France and India launched the International Solar Alliance (ISA) at COP21 in 2015. Its objective: promote the development of solar energy around the world by mobilizing \$1 trillion by 2030.

AFD is supporting the training, research and innovation program of the ISA Solar Technology Application Resource Center (STAR-C). The Group is also contributing to France's objective of committing €1.5 billion to solar generation by 2022. These commitments reached €1 billion in 2019.

## Signed financing agreements, commitments and disbursements\*

In M€



  
**€1.2 BN**  
 of signatures

  
**€756 M**  
 of disbursements  
 for the Energy Division in 2019.

### Financing the largest solar power plant in Bolivia (€60 million)

The Oruro solar power plant is located at an altitude of 3,730 meters and will have a capacity of 100 MW. This facility will reduce greenhouse gas emissions by some 60,000 tons of CO<sub>2</sub> a year. This project is co-financed by the European Union and the Central Bank of Bolivia, and is part of the implementation of Bolivia's energy transition strategy.

### Impact of energy projects completed in 2019\*



**1.1 million additional people** have access to sustainable electricity services.



**3.6 million people benefit** from improved access to electricity.



**530 MW** of renewable energy capacity installed.

**300 MWh** of energy saved during the year.

\*These figures only concern the Energy Division

## For a World in Common

Agence Française de Développement (AFD) is a public financial institution that finances, supports and accelerates transitions towards a more just and sustainable world. As a French overseas aid platform for sustainable development and investment, we and our partners create shared solutions, with and for the people of the global South.

Our teams are active in more than 4,000 projects in the field – in the French overseas departments and some 115 countries. They strive to promote health, education and gender equality, and are working to protect our common resources – peace, biodiversity and a stable climate.

It's our way of contributing to the commitment that France and the French people have made to achieve the Sustainable Development Goals. AFD Group includes AFD and PROPARCO, its subsidiary dedicated to financing private sector players.

In 2019, the Group's financial commitments stood at €14.1 billion.

Towards a world in common.



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5, rue Roland-Barthes - 75598 Paris Cedex 12 - France - tél : +33 1 53 44 31 31