



**#WESAYWEDO**

# For a world in common

**ANNUAL REPORT 2019-2020**

Agence Française de Développement Group





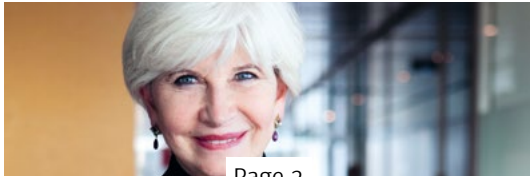


Agence Française de Développement (AFD) Group finances, supports and accelerates transitions toward a more coherent and resilient world. With our partners, we are building shared solutions, with and for the people of the South.

Our teams are engaged in more than 4,000 projects in 115 countries and Overseas Departments and Territories, in the field and in regions in crisis. We work to promote global public goods – the climate, biodiversity, peace, gender equality, education and health. We therefore contribute to the commitment of France and the French people to the Sustainable Development Goals. For a world in common.

# Contents

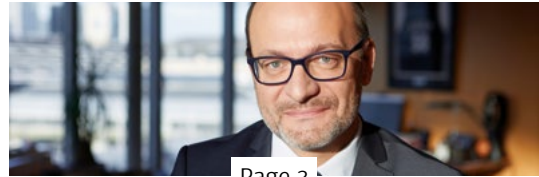
## EDITORIALS



Page 2

**AFD's responsiveness**  
has been remarkable

by **Laurence Tubiana**



Page 3

**A tenacious**  
quest **for impact**

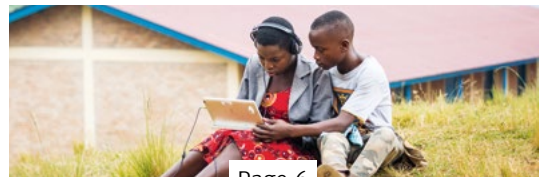
by **Rémy Rioux**

**#WESAY**



Page 4

**AFD Group** in 2019



Page 6

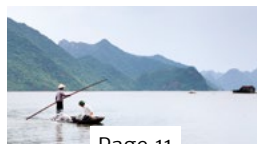
**Results** in the field

**#WEDO**



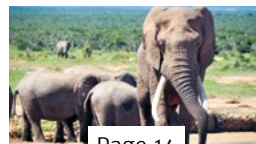
Page 8

**GENDER**  
**Equality**  
cannot wait



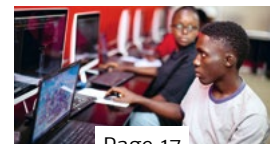
Page 11

**CLIMATE**  
**100% Paris**  
**Agreement**



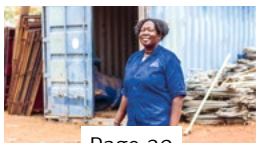
Page 14

**BIODIVERSITY**  
Time for  
**action**



Page 17

**ALL AFRICA**  
Our **top**  
**priority**



Page 20

**SAHEL**  
**1 billion euros**  
**for the Sahel**



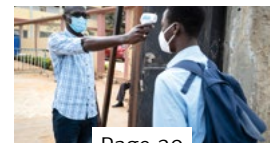
Page 23

**URBAN**  
**DEVELOPMENT**  
Tomorrow's  
**sustainable**  
**cities**



Page 26

**PUBLIC**  
**DEVELOPMENT BANKS**  
The finance  
**we need**



Page 29

**AFD's**  
**response to**  
**the Covid-19**  
**crisis**



# AFD's responsiveness has been remarkable

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**F**or AFD Group, 2019 was a year of accelerated action, the start of many new projects and the updating of its strategies in a world on the move, riddled with tensions and crises. In this context, AFD's responsiveness has been remarkable.

Its teams have succeeded in combining thorough, long-term work with quick responses to emergencies, notably in the Sahel. The Group continues the process of incorporating the SDGs and 100% climate in its sectoral, geographic and project strategies. It's a complex process, but this continuous adjustment effort is reinforcing the Group's influence on the international debate. Today, AFD is seen as a place of innovation and creativity, in connection with the International Development Finance Club (IDFC), and in a context of greater cooperation with more and more diverse partners. The Group's expansion to include Expertise France will further strengthen its ability to influence.

AFD Group demonstrated its responsiveness in the face of the health crisis, which began largely unnoticed at the end of 2019 and has since rocked the entire world. How to look back on 2019 without mentioning a crisis that continues to wreak such devastation? At the heart of the tumult caused by Covid-19, and at the dawn of a major economic and social crisis whose effects are coming into view, AFD's teams have demonstrated courage and responsiveness. On behalf of the entire Board of Directors, I want to salute these efforts and this commitment, and to express our full confidence in the men and women who make up the AFD Group, to meet the challenges ahead.

**Laurence Tubiana**, President of AFD's  
Board of Directors

# A tenacious quest for impact

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**I**n surpassing the targeted commitments of 14 billion euros in 2019, AFD Group met an unprecedented quantitative challenge and reached a critical sum, while fulfilling its five qualitative commitments. First among which is the fight against climate change and the strengthening of social ties, above all on the African continent – the Group’s geographical priority.

This growth comes alongside a tenacious search for impact, to live up to the “new ambition” that the French President wishes to infuse in France’s development policy. This is the idea behind the gradual transformation of AFD Group into an operational platform, open to all partners, and mobilizing actors from the private sector, research and civil society, to progress together toward sustainable development.

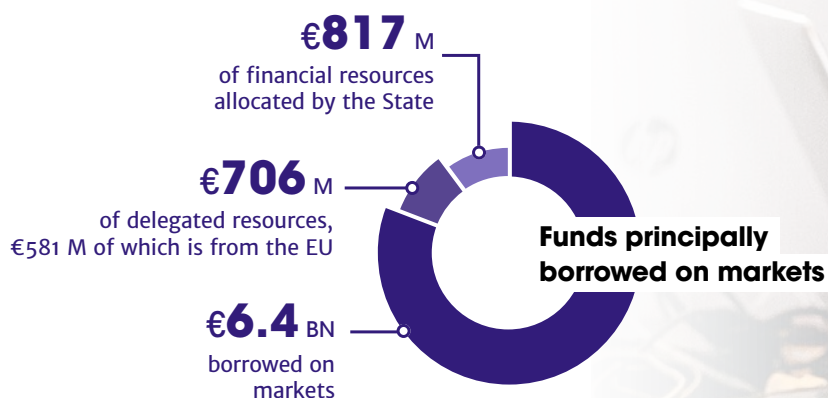
Today, with this strategic direction, the results it has produced and the exceptional mobilization of its teams throughout the world, AFD can provide a response to the health, economic and environmental crises triggered by the Covid-19 pandemic. This inclusive, low-carbon response falls within the framework of the “Health in Common” initiative, and is in partnership with public development banks from around the world, whom we will assemble in Paris in November.

**Rémy Rioux**, Chief Executive Officer of AFD Group

# AFD Group in 2019

With 14.1 billion euros committed in 2019, AFD Group finances and supports development projects in 115 countries. It invests in a world that is more just and more sustainable, thanks to a wide range of financial and technical instruments. It is also acting with its partners to fight the effects of the Covid-19 crisis.

**+70%**  
of activity  
since 2015



**€11.6 BN**

AFD share

**€2.5 BN**

Proparco share



**€2.5 BN**

in grants, of which  
€0.7 BN delegated



**Kenya.** The start-up Lynk connects more than 3,000 men and women, specialized in 70 domains, with companies. This employment start-up is supported by Proparco, the AFD Group subsidiary devoted to the private sector.

**To learn more:**

[bit.ly/Lynk-Proparco-Kenya](https://bit.ly/Lynk-Proparco-Kenya)



#WeSay

**€14.1 BN**  
in annual commitments  
in 2019

ORIENTS

**€3.3 BN**  
(24%)

THREE OCEANS

**€1.9 BN**  
(14%)

**€0.3 BN**  
UNMAPPABLE  
ACTIVITIES  
(1%)

LATIN AMERICA

**€2.1 BN**  
(15%)

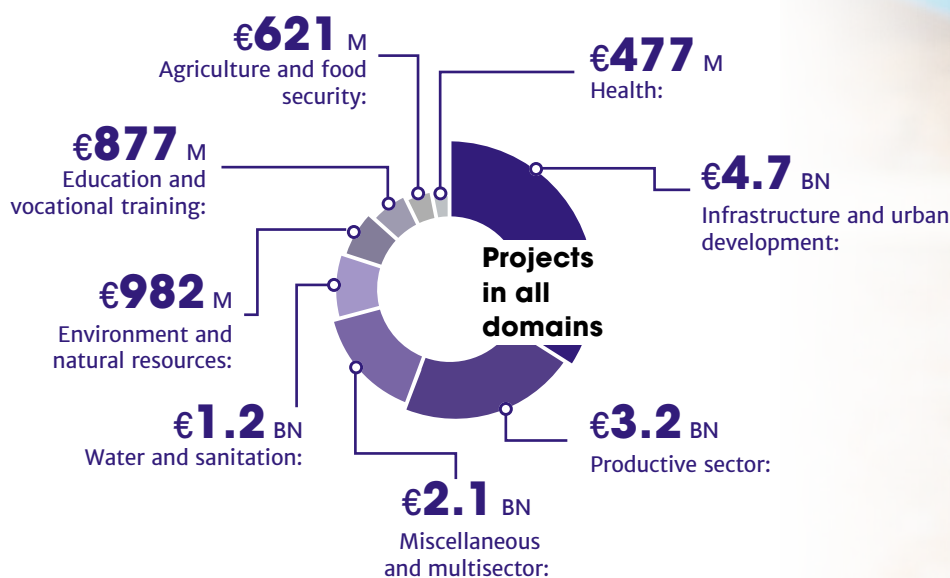
AFRICA

**€6.5 BN**  
(46%)



# Impacts in the field

In 2019, AFD Group supported 1,072 new development projects. Three thousand staff and contractors helped implement and realize our commitments in the field, striving to achieve the Sustainable Development Goals by 2030.



**In 2019,** thanks to projects supported by AFD

**5.3 M**

people benefited from improved essential services

**2.4 M**

children enrolled in primary and middle school, of whom 1.2 M girls

**108**

finance actors funded

**7.7 M**

people benefited from better electricity services

**9.4 M**

hectares of natural spaces protected or restored

**1.7 M m<sup>3</sup>**

of drinking water per day financed

**18.5 M**

people will see improved access to healthcare

**939 565**

people use a new or reconditioned lane or road every day



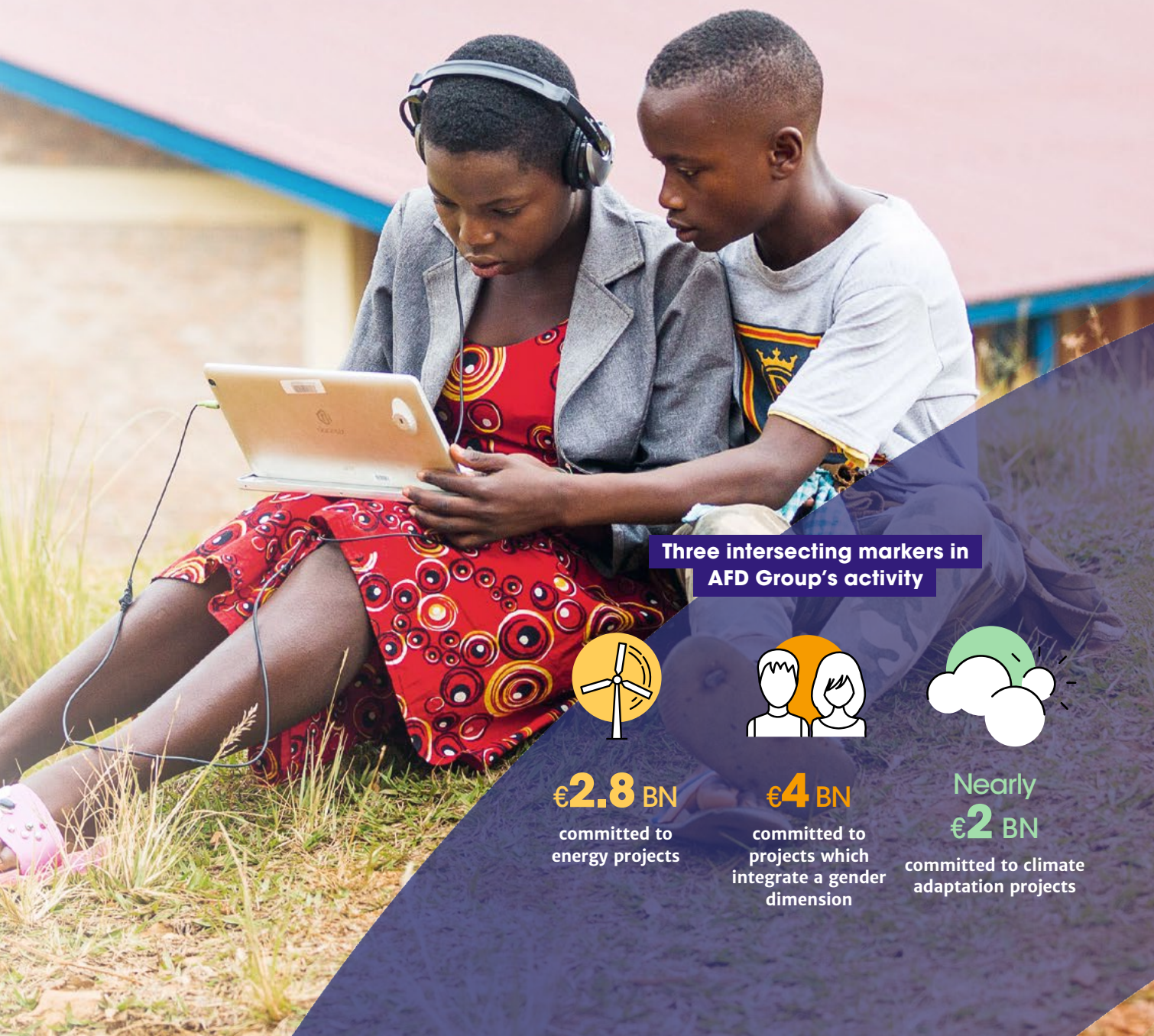


#WeSay

**Burundi, Isare.** Since 2014, Bibliothèques Sans Frontières (Libraries Without Borders), an NGO financed by AFD, has been distributing portable multimedia libraries in communities. In the rural outskirts of Bujumbura, children follow school and extracurricular lessons at the community center, which now has these Idea Boxes.

**To learn more:**

[bit.ly/20-projets-ONG-2020](https://bit.ly/20-projets-ONG-2020) (FR)



**Three intersecting markers in AFD Group's activity**



**€2.8 BN**  
committed to  
energy projects



**€4 BN**  
committed to  
projects which  
integrate a gender  
dimension



**Nearly  
€2 BN**  
committed to climate  
adaptation projects

# Equality cannot wait

Gender equality is central to AFD Group's feminist and "100% social links" commitment. Access to essential services, the fight against gender-based violence, women's empowerment, the reduction of inequalities in the face of climate issues: all are components in our drive for equality.

**I**n all domains – employment, education, health and governance – women face discrimination. Inequality between the sexes is not only an injustice, it is also among the causes of poverty, impeding economic and social development.

Organization, equality would generate 28 trillion dollars, an increase of 26% of global GDP in 2025. Taking gender into account is a powerful way to increase the positive effects of our actions. The empowerment of women must be a priority.

## A global, targeted response

That's why, since 2013, AFD has been developing a strategy to promote gender equality and women's empowerment in all of the countries and sectors in which it operates. It finances projects that work to reduce inequality through better access to basic services, which combat violence against women, projects that promote women's education, improved access to the labor market and women's participation in governance.

## Wide gender disparities throughout the world

Equality between men and women, and the empowerment of women are far from being a reality. The numbers speak for themselves: 70% of the people living on a dollar a day are women, as are two-thirds of those who can neither read nor write. Furthermore, in certain countries, one of every two women is a victim of violence.

Yet many studies have shown that reducing gender inequalities and educating and empowering women contribute to the equitable and sustainable development of countries as a whole. According to the International Labour



€740 M

committed to projects  
whose main objective  
concerns gender  
equality

Through these efforts, AFD is developing a specific offer of projects for gender equality. It has committed to making sure that 100% of its financed projects contribute to improving equality between men and women, and promote women's empowerment. ■



48.5%

of AFD projects  
take gender  
into account



#WeDo



*Sri Lanka, Weliwita. Pupils in St. Mary middle school going to class. The education of girls and equal access to schooling are among AFD's main priorities. Thanks to projects supported in 2019, more than one million girls will be enrolled in primary and middle schools.*

**To learn more:** [bit.ly/gender-equality-AFD](https://bit.ly/gender-equality-AFD)

## THE CENTRAL AFRICAN REPUBLIC

Stopping violence against  
women in Central Africa



AFD works with the Pierre Fabre Foundation to build a center for the overall care of women who are victims of violence in Bangui, Central African Republic. It's a partnership finalized in the presence of Doctor Denis Mukwege, winner of the Nobel Peace Prize in 2018.

### Sustainable energy - thanks to women



Faced with the lack of electricity in remote rural areas of Myanmar, the NGO Geres supports the emergence of distributors of sustainable “last kilometer” electricity solutions. The objective: to reach the most isolated villages. Eight women have been trained to sell a range of solutions, from lamps and solar kits to improved woodstoves.



### Proparco: Legacy Girls College, for a new generation of women

#### GHANA

In Akuse in eastern Ghana, Legacy Girls College provides quality teaching at a reduced cost for more than 400 students. The establishment is training a new generation of Ghanaian women by stressing strong values such as integrity, responsibility, and excellence. It receives support from the Oasis African Fund, which in turn benefits from a FISEA fund investment. The latter is managed by Proparco.



# 100% Paris Agreement

Climate and development are two urgent issues that are inextricably connected. Our objective? Make our projects compatible with the Paris Agreement. In 2019, the fight against climate change represents 51% of our international commitments, with greater efforts made to boost adaptation.

**S**ince 2015, climate has been a strong marker in the Group's identity. This is reinforced by our climate strategy (2017–2022), which supports the implementation of the Paris Agreement and low-carbon, resilient transitions in developing and emerging countries. To succeed, AFD has made four commitments:

- ▶ Ensure an activity which is “100% Paris Agreement”
- ▶ Increase climate financing
- ▶ Redirect financial flows
- ▶ Co-develop solutions

## Climate objectives reached

In 2019, despite its increased activity (+23%), AFD Group met its objective of 50% financial commitments having the co-benefit of fighting climate change and its effects. These commitments to climate co-benefits correspond to 55% of AFD's commitments and to 31% of Proparco's commitments.

To ensure that climate issues are better integrated into supported projects, Proparco added a “100% Paris Agreement” dimension to the

appraisal phase of its projects in 2019. A systematic analysis of Proparco's alignment of its financing and investments with the Paris Agreement (excluding intermediation) has thus been carried out: 32 projects generating climate co-benefits and contributing to low-carbon growth were financed for a total of 717 million euros. Eighty-seven percent of climate co-benefit financing concerns projects helping to mitigate climate change, primarily in the renewable energies sector.

## Supporting nature-based solutions

Ecosystems absorb more than 44% of greenhouse gas emissions each year. Their preservation and management are therefore essential to meeting worldwide objectives in both mitigating climate change and adapting to its effects. AFD promotes nature-based solutions in its countries of operation while incorporating natural capital in its investment strategies.

The Joint Pacific Initiative on Biodiversity, Climate Change and Resilience is a good example. It promotes the adaptation of small Pacific islands and their populations to the effects of climate change as well as the protection of their biodiversity by implementing nature-based solutions. ■



€6.1 BN

**in financial commitments  
have a co-benefit of  
fighting climate change  
and its effects**



**Vietnam.** For the past 10 years, AFD's work in this country has concentrated increasingly on climate change and support for urban development.

To learn more: [bit.ly/Vietnam-climate-AFD](https://bit.ly/Vietnam-climate-AFD)



One of France's largest solar energy storage power plants

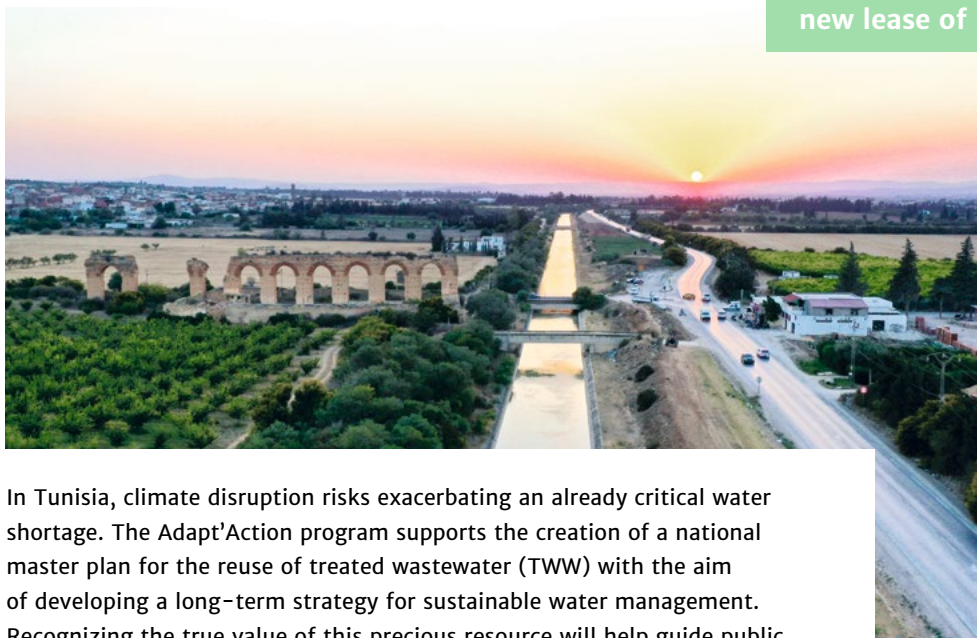
## NEW CALEDONIA

In order to support the region's energy transition, AFD backed the construction of one of France's largest solar power plants with energy storage. With 18.5 megawatts-peak power, the Boulouparis plant in New Caledonia is forecast to produce enough energy for the equivalent of 6,800 households.



## TUNISIA

### Wastewater's new lease of life



In Tunisia, climate disruption risks exacerbating an already critical water shortage. The Adapt'Action program supports the creation of a national master plan for the reuse of treated wastewater (TWW) with the aim of developing a long-term strategy for sustainable water management. Recognizing the true value of this precious resource will help guide public policies and future investments in the sector.



### Making the most of biomass

## GUYANA

AFD is supporting the construction of a new biomass-based electricity production plant in Guyana. A project which will reduce greenhouse gases produced by the overseas territory.

## BIODIVERSITY

# Time for action

The foundation of the Sustainable Development Goals, biodiversity, is now at the heart of the international agenda. Climate issues and the conservation of ecosystems are inseparable. In this context, AFD Group is making the preservation of biodiversity a priority, like the fight against climate change.

**T**he ongoing loss of biodiversity everywhere on our planet erodes nature's ability to contribute to people's well-being and the richness of human life. According to the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), the sixth mass extinction is already underway.

### A crucial issue for the Sustainable Development Goals

The yearly cost in lost benefits and services accruing from nature is estimated to be more than 10% of global GDP. The current context underscores biodiversity's determining role in achieving the SDGs, including the fight

against the effects of climate change as well as the prevention of health crises. For years to come, it is therefore paramount that AFD Group's commitments to biodiversity increase substantially to fully address these issues and to contribute to the implementation of the global framework of biodiversity, to be adopted in 2021 (COP15 of the Convention on Biological Diversity).



€457 M

devoted to biodiversity in 2019

For AFD Group, the conservation and development of ecosystems are engines of inclusive and sustainable growth. The protection of biodiversity must be factored into the full range of our activities. In 2019, AFD committed 457 million euros to biodiversity and the sustainable management of natural resources, accounting for 3.3% of the Group's commitments. ■





**Mozambique.** Since 2006, nearly 50% of Mozambique's elephants have disappeared due to the escalation of poaching. The country has decided to act. To monitor the evolution of the population of these mammals, at the end of 2018 AFD financed a national inventory as part of the project known as Protected Areas and Elephant Preservation in Mozambique (APEM).

**To learn more:**

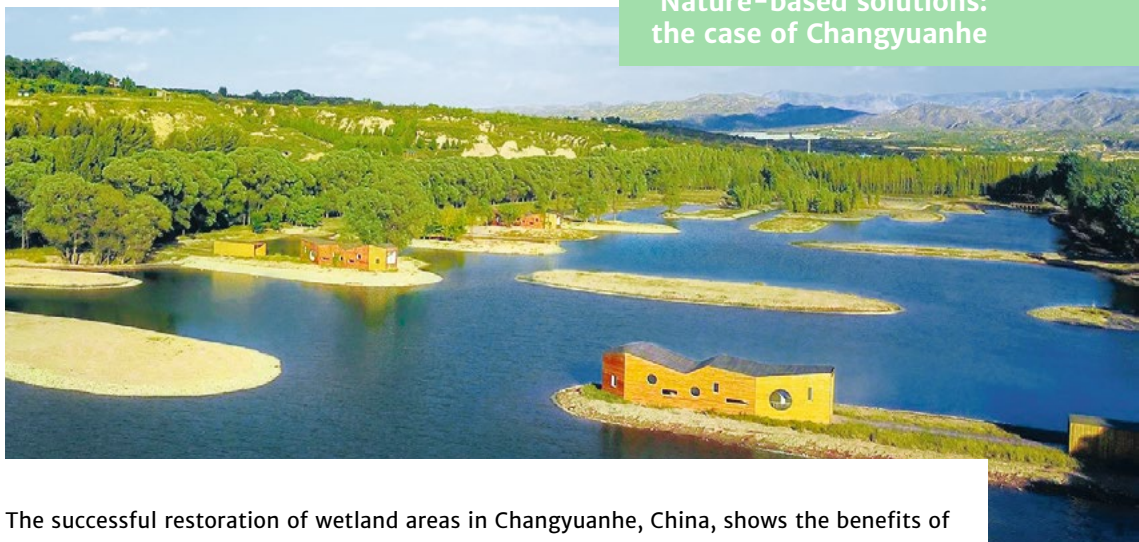
[bit.ly/census-elephants-Mozambique](https://bit.ly/census-elephants-Mozambique)

## MOZAMBIQUE

A sanctuary of biodiversity  
to be preserved



The Niassa National Reserve, one of the last preserved wild regions of Africa, has not been spared from poaching. In its commitment to conservation, Mozambique has taken several coordinated measures in an effort to stop the massacres from continuing.

**CHINA****Nature-based solutions:  
the case of Changyuanhe**

The successful restoration of wetland areas in Changyuanhe, China, shows the benefits of nature-based solutions in the face of climate change, and their ability to help preserve ecosystems.

**MEXICO****AFD commits to the management  
of marine resources**

As part of French backing for Mexico's national program for the preservation of marine resources, AFD will support the ministries and agencies overseeing fishing sectors, protected areas and the preservation of marine biodiversity. This plan mainly seeks to restore mangroves and coral and fishery resources along the shores of Mesoamerica.



# Our top priority

Demographic, social, ecological, energy, political and technological transitions make up the many challenges for emerging African economies. The continent's development is at the heart of AFD Group's effort to bring about a change of outlook and renewed ties with France and Europe.

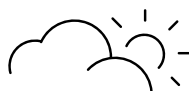
**A**frica is the Group's geographical priority, accounting for 50% of our commitments every year. On the continent, AFD Group is implementing an All Africa approach: it is present from Cape Town to Cairo and operates in numerous sectors. Its activity aims to accelerate toward the achievement of the SDGs, and to implement the priorities set by the Interministerial Committee for International Cooperation and Development (CICID) in 2018. Lastly, it is focused on achieving these goals, which the French President announced in his Ouagadougou speech in 2017.

The Group has been functioning with an All Africa approach since 2017, and is developing one strategy for the entire continent, making AFD the first non-African

development institution to consider Africa as a whole. We aim to address more effectively issues increasingly shared between Africa's regions, due to growing human, commercial and financial flows. And we are striving to do more to confront climate and environmental issues.

## Support the continent's response to the crisis

Africa has been impacted by the Covid-19 crisis not only because of its health impacts and the weakness of healthcare systems, but also due to the economic blow dealt by the pandemic. AFD Group's short-term priority is to support the continent's response, and it is therefore implementing the French initiative "Covid-19 – Health in Common," principally concentrated in African countries (see pages 8-11). ■



**43%**

of commitments  
in Africa in 2019 have  
climate co-benefits



**50%**

of AFD Group  
activity is  
concentrated  
in Africa



**Kenya, Nairobi.** Thanks to a partnership between Rubika, the French school of animation, and the Africa Digital Media Institute (ADMI), future international degree programs in digital animation and video games will open the doors to African talent for careers in digital technology.

**To learn more:** [bit.ly/pixels-made-Africa](https://bit.ly/pixels-made-Africa)



**Making medicine affordable: the role of the private sector**

## PROPARCO

Africa accounts for just 3% of the world's pharmaceutical production. The private sector has a decisive role to play in providing access to affordable, quality health products. In this context, Proparco is supporting the development of pharmaceutical companies such as Pharmivoire Nouvelle, a pioneer in the production of intravenous solutions in Ivory Coast.



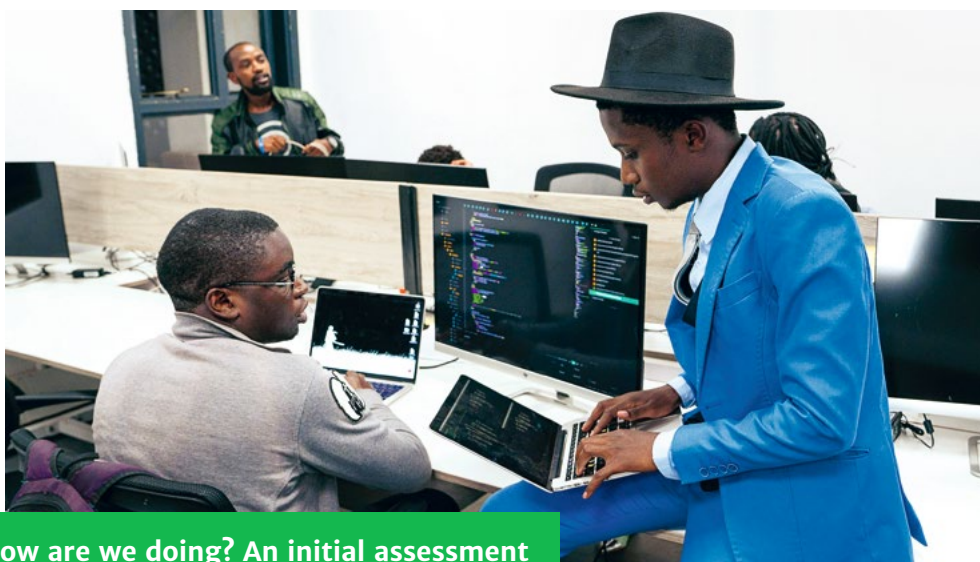


## UGANDA

### Water matters

To highlight 20 years of AFD Group's commitments in Uganda, three talented Ugandan photographers set out to meet people who are benefiting from AFD projects in the domain of access to water, a Group priority in the country.

**To learn more:**  
[bit.ly/histoires-eau-Ouganda](https://bit.ly/histoires-eau-Ouganda)  
 (FR)



### How are we doing? An initial assessment

**CHOOSE AFRICA** Choose Africa presents AFD Group's global offering of financing and support, designed for start-ups, micro-enterprises and SMEs on the African continent. AFD and Proparco have provided 2.5 billion euros in funding for 2018-2022. In the first year, nearly 1 billion euros were committed: 300 million euros in equity capital (of the 1 billion euro target set for 2022) and 700 million euros in dedicated direct credit lines and guarantees granted to banks to cover SME risk (of a total 1.5 billion euros targeted for 2022).

# 1 billion euros for the Sahel

There can be no development without peace, nor stability without development. In the Sahelian belt, AFD Group action is conducted more than ever through partnerships, notably with the Sahel Alliance. AFD operates in conjunction with French defense and diplomatic actors, and in collaboration with civil society organizations and our international partners.

**S**ahelian countries are confronted by a multitude of challenges, and climate change is further weakening the entire region. According to the Office for the Coordination of Humanitarian Affairs of the United Nations (OCHA), more than one million people have been displaced due to insecurity.

## The Sahel, region of chronic instability

The security, humanitarian and sociopolitical situation in the Sahel has been deteriorating since the Malian crisis of 2012, with a growing number of trouble spots. This context increases the vulnerability of the Sahelian people who already suffer from food insecurity, weak governance and unequal access

to basic services, notably in the regions farthest from the capitals. The situation also raises fears of increased intercommunity tensions and diminished social cohesion.

## The Minka Sahel Peace and Resilience fund: AFD's response

In May 2017, France set up a financing tool in order to support projects to consolidate peace: the Minka Sahel Peace and Resilience fund, implemented by AFD. This is AFD's response to violent conflicts, which threaten the region. It finances development projects for the most vulnerable populations, encouraging inclusive actions, and is attentive to youth and gender equality. These projects are carried out by institutions, local actors or civil society organizations. ■



€459 M

for 61 projects to consolidate  
peace made possible  
by the Minka fund



#WeDo



**Burkina Faso.** At the National Water and Sanitation Office, Scholastique Sawadogo supervises this project financed by Sahel Alliance. She coordinates the design office, manufacturers, and builders. This project aims to connect 8 000 additional customers, and to expand the drinking water network in 19 urban centers.

To learn more: [bit.ly/projet-eau-Burkina-Faso](https://bit.ly/projet-eau-Burkina-Faso) (FR)

## SAHEL ALLIANCE: COALITION FOR THE REGION

France, Germany and the European Union launched the Sahel Alliance and were quickly joined by the World Bank, the African Development Bank, the United Nations Development Programme and several European countries. The goal: to help Sahelian countries to restore the foundations of stable societies to foster development and sustainable peace in the region.



**More than  
800  
projects**

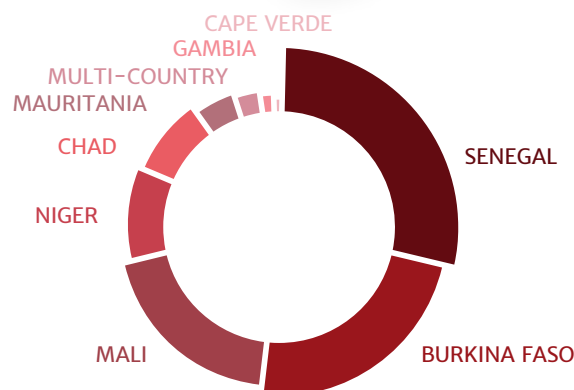
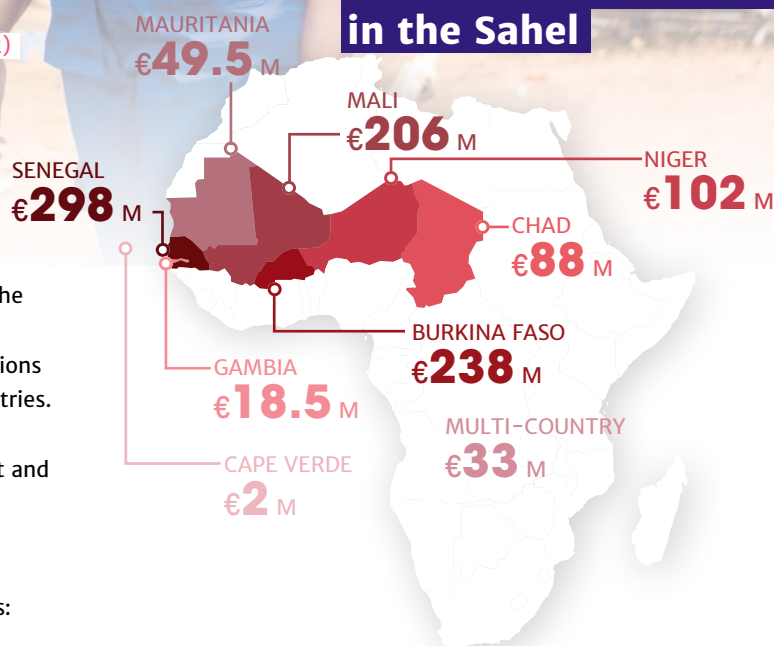
**implemented between  
2018 and 2022 by  
the Sahel Alliance**

The financed projects target six priority sectors: education and youth employment; agriculture, rural development, and food security; energy and the climate; governance; decentralization and basic services; and domestic security.

To accelerate implementation and maximize effectiveness, the projects use innovative methods and work with

a diverse range of partners (NGOs, local authorities, private sector). Lastly, the projects are aimed at the most vulnerable and fragile.

## Geographic distribution of annual commitments in the Sahel





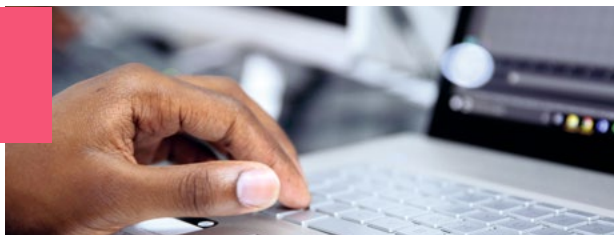
## Health Facility Project in Northern Mali

### MALI

Implementation of this project has been ongoing for two years with a consortium of NGOs. AFD contributed €14 M. The goal is to reduce maternal and child mortality while also improving the functionality and governance of healthcare structures. The Health Facility has enabled a quick response to people's needs in the Gao and Timbuktu regions.

## MediaSahel raises awareness during the Covid-19 crisis

### BURKINA FASO, MALI, NIGER



In Burkina Faso, Mali and Niger, the MediaSahel project raises young people's awareness of the fight against Covid-19. Beyond the health crisis, this project, in partnership with CFI, promotes the inclusion of youth in the public debate. Radio programs are created by and for them. In 2019, MediaSahel consisted of 72 community radio stations, which produced 1,300 programs in 10 local languages.

## Double access to energy by 2022

### BURKINA FASO, NIGER

Energy access in the Sahel region is a major issue. AFD is financing solutions in this essential sector to develop the region. In 2017, the 32-million-euro project financed in Burkina Faso and Niger culminated in the connection of eight isolated centers to the electricity grid.





# Tomorrow's sustainable cities

AFD is supporting the low-carbon transition of cities and their adaptation to climate change. It is seeking to improve citizens' quality of life, supporting the sustainable development of regions, and helping city actors to meet the challenges of urban growth, social inequalities, and regional vulnerabilities.

**I**n 2030, 60% of the planet's inhabitants will be living in cities. The consequences of this rapid urbanization are social, economic, and environmental. At issue is enabling cities to deal with this urban growth and its consequences.

## Supporting and funding the development of sustainable cities

AFD is supporting cities to meet the challenges of urban growth, social and regional inequalities, and the vulnerability of regions. It is promoting sustainable cities as a process of design, construction, and management by working with actors in charge of cities, civil society, and inhabitants. The "City and Climate" strategy is multi-sectoral and aims to improve resilience to climate change and to reduce cities' carbon footprint. It is composed of three objectives:

- ▶ to improve city dwellers' quality of life
- ▶ to promote a sustainable urban development of territories



**€1.3 BN**

for sustainable cities,  
of which €598 M for urban  
projects carried out in Africa

- ▶ to strengthen local actors in charge of the city

Our mitigation and adaptation strategies support States and local authorities in their efforts to be more resilient to climate change and to reduce cities' carbon footprint. In 2019, financing, consisting mainly of loans to States, was approved for urban development, and to support local authorities. One-third of the loans went to local authorities and Overseas operators.

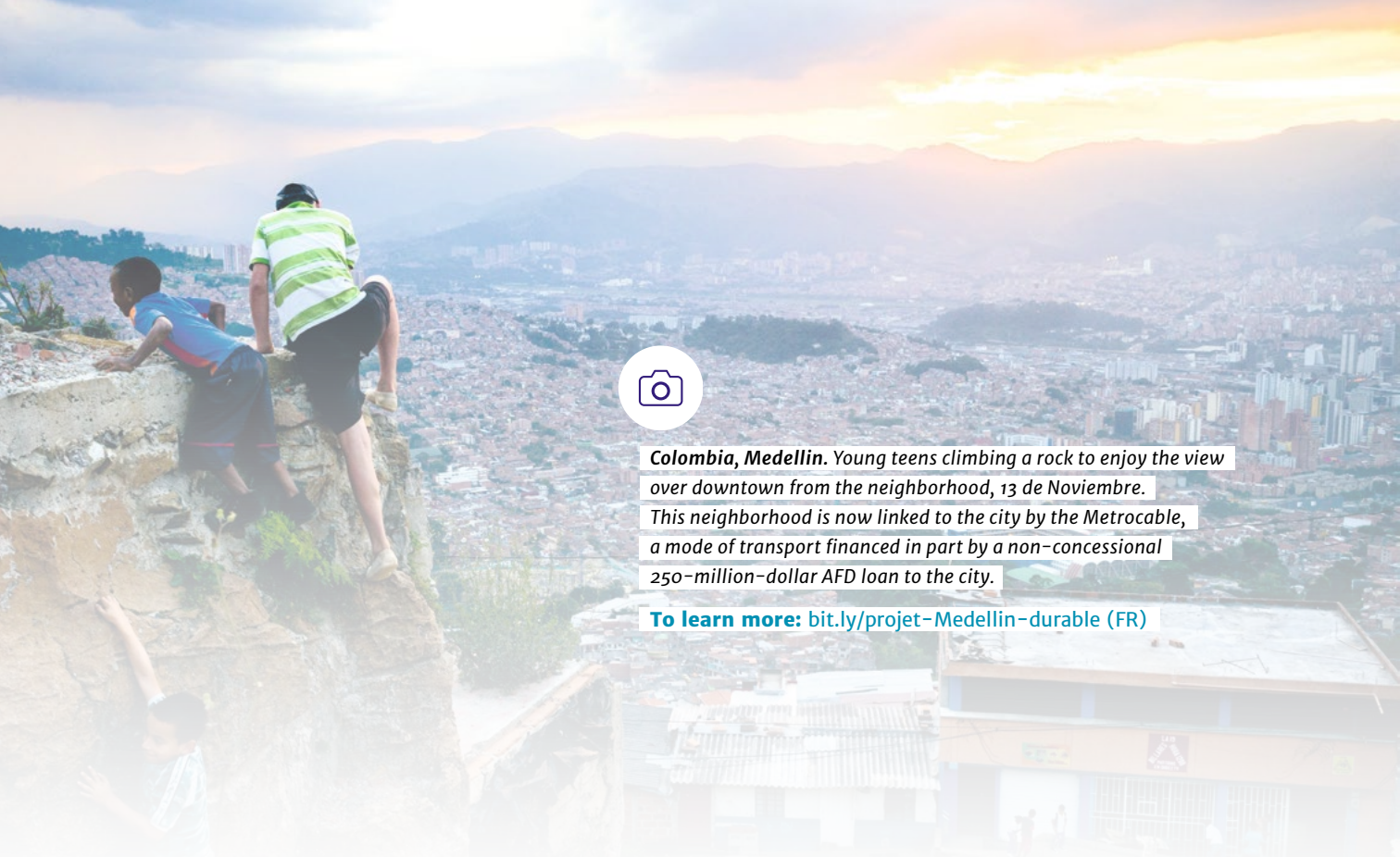
## Working with partners to make cities sustainable

This strategy falls within AFD's partnership strategy: in 2019, 43% of commitments granted to foreign countries in the urban sector were realized through co-financing with other donors, among them the World Bank, the European Union, and the Inter-American Development Bank. Moreover, 64% of projects relied on French expertise. ■



**12  
million  
people**

will see an  
improved quality  
of life thanks  
to projects  
approved  
in 2019



**Colombia, Medellín.** Young teens climbing a rock to enjoy the view over downtown from the neighborhood, 13 de Noviembre.

This neighborhood is now linked to the city by the Metrocable, a mode of transport financed in part by a non-concessional 250-million-dollar AFD loan to the city.

**To learn more:** [bit.ly/projet-Medellin-durable](https://bit.ly/projet-Medellin-durable) (FR)



**For local economic development and access to urban commercial facilities**

## IVORY COAST

AFD, alongside Ivory Coast, is financing a project to rebuild the large market of Bouaké and to build the central market in Yopougon. The refurbishing and construction of urban commercial facilities contribute to the local economic development of two regions of national importance.



## MADAGASCAR

### Helping regions recover and emerge from crisis



Madagascar is highly vulnerable to natural disasters and climate change. In 2019, AFD granted the Malagasy government a 10-million-euro contingency risk loan in the event of a natural disaster, co-financed by the World Bank. The disbursement of this public policy loan is conditioned on the occurrence of a natural disaster and the implementation of reforms to improve risk management. The goal: strengthen technical, institutional, and financial capacities of the government to manage the risks of disaster.



### Supporting decentralization

**MOROCCO** The support program to improve the performance of municipalities, co-financed with the World Bank, aims to improve the provision of local public services in Morocco's main cities. This includes improving the management of 97 towns and supporting the development of inter-municipal cooperation between urban areas. It is financed by a 100-million-euro sovereign loan.

## PUBLIC DEVELOPMENT BANKS

# The finance we need

Public development banks have a key role to play in reorienting financial flows toward sustainable investments and in facilitating the growth of their volume to benefit sustainable development.

**W**ith their public mandate and their countercyclical role, public development banks (PDBs) are more capable than any other institution to reconcile the short-term responses to crises linked to Covid-19 with solutions for long-term, sustainable development. These institutions act like a “visible hand”, able to mobilize and direct the financing we need, for the future we want.

## An action plan to respond to new challenges

What collective action must be taken to avoid a long recession and to ensure the sustainability of the post-Covid-19 recovery? How can PDBs help economies boost short-term employment and carry out the needed sectoral transformations over the long term? How do we make the transition toward a resilient, low-carbon economy? These questions will be at the heart of the Finance in Common summit, to take place in November 2020.

PDBs are already supporting climate action and the Sustainable Development Goals (SDGs). They are making long-term, concessional resources available as well as knowledge and technical assistance, and are encouraging the

participation of the private sector. A growing number of PDBs are applying new conditions to the distribution of their own funds. Nevertheless, the reorientation of global finance toward the climate and the SDGs requires a more sustained and better coordinated effort for practices to be truly transformed.

## Concrete, sustainable solutions

In a world awash in liquidity, it is urgent to create a coalition of financial institutions able to convert public resources into sustainable projects in the field. Such coordination of PDBs would build a bridge between questions of international policy and local solutions, and between the capacity of governments to define sustainable development trajectories and private sector opportunities.

As public institutions with a regional focus and deeply rooted in local economies and the social fabric, PDBs provide crucial support for multilateral development banks. They can deploy a wide variety of tools to make up for market deficiencies, mobilize domestic resources, redirect investments, support the mobilization of the private sector, and promote sustainability. PDBs are the link between political intentions and results in the field – acting before, after or in coordination with the financial markets.



# 10%

of the volume of global annual financing is invested by public development banks





*The formation of a coalition of public development banks will promote coherent and complementary responses to global issues. This effort to pool our challenges, our objectives and our strengths is all the more urgent as Covid-19 exacerbates inequalities around the world."*

**Audrey Rojkoff**, Secretary General of the Finance in Common summit

### **A new vision for financing development**

Certain PDBs have already been active for decades and a growing number of governments are strengthening them or creating new ones. Their legitimacy is consolidated by a new vision for financing development – a vision that goes beyond the scope of investments in infrastructure or other traditional mandates,

thanks to the capacity to mobilize government institutions and financial markets. In the field, PDBs can foster institutional changes and offer indispensable economic outlets for carrying out the SDGs. For example, their financial support and their expertise alongside governments can stimulate investment in social infrastructure, notably in the healthcare sector. They can similarly contribute to building the trust needed to reach carbon neutrality by 2050. ■

# FINANCE IN COMMON SUMMIT



**Scheduled for November 12th, 2020 as part of the Paris Peace Forum, the “Finance in Common” summit will confirm the crucial role of public development banks in sustaining economies affected by the Covid-19 crisis while ensuring the promotion of a sustainable recovery.**

As the first global summit gathering all public development banks, it will strive to respond to our common need to create new forms of prosperity, capable of protecting all forms of life – above all, the planet – and boosting their resilience.

## **A summit for societies that are resilient and respectful of the environment**

In the midst of the Covid-19 pandemic and the resulting socio-economic crisis, the Finance in Common summit will be an opportunity to:

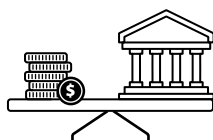
- ▶ gather the 450 existing PDBs for the first time and discuss their role, their ambitions, their challenges, and their opportunities

- ▶ assemble the whole financial community to design a financial system in which the PDBs can mobilize financial flows toward the climate and the Sustainable Development Goals (SDGs)
- ▶ contribute to sustaining and reinventing multilateralism by promoting new forms of cooperation

## **Encourage collective action by financial actors**

The summit must help define the COP26 and G20 programs. At a research conference to be held on November 10th, a consortium of university institutions will present their work and their findings on the modes of better long-term PDB financing. Summit participants are encouraged to attend.

## **Public development banks in a nutshell:**



**\$11.2 TRILLION**  
in assets in 2018



**\$2,300 BILLION**  
average annual disbursements,  
representing around 10% of world  
gross capital formation



# AFD's response to the Covid-19 crisis

#WeDo

In 2020, AFD Group's priority is to respond to the Covid-19 crisis to contain the health, social and economic consequences in the countries where it operates. Most notably, it has launched the "Health in Common" initiative to support health systems in the most fragile States.

**A**FD's first response in the face of the health crisis and its immediate economic and social consequences, the "Covid-19 – Health in Common" Initiative, primarily serves the countries of Africa and the Middle East. It is mobilizing 150 million euros in grants and one billion euros in the form of concessional loans. It also plans to readjust existing loans and grants to address needs arising from the health crisis.

This initiative is an essential component in France's contribution to the global response to Covid-19 for the most vulnerable countries. As of June 18th, 2020, 24 projects have been approved for an overall amount of 515 million euros in grants and loans.

## AFD Group mobilized

Proparco, AFD Group's subsidiary for the private sector, is monitoring its clients more closely and is proposing solutions to help them face the economic crisis, by rendering existing credit more flexible, for instance. Additional financing may be provided to help economies recover once the health crisis is over.



**This is the total potential amount of loan repayments rescheduled by AFD following the suspension of debt servicing of countries on the International Development Association (IDA) list or countries classified as least developed (LDCs).**

Expertise France, for its part, has developed a Covid-19 technical support platform in order to move quickly to reinforce regional monitoring networks and help public authorities in partner countries detect the pandemic and prevent it from spreading.

## Institutional partnerships for Africa and the Middle East

Beyond this initiative, AFD has joined its institutional health and research partners to provide effective responses as close as possible to where they are needed. With the French National Institute of Health and Medical Research (Inserm), AFD is providing 1.5 million euros for a support project to prepare hospitals for the operational response to Covid-19 (Aphro-Cov) in Burkina Faso, Ivory Coast, Gabon, Mali and Senegal. It is also making 2 million euros available to five Pasteur Institutes (Guinea, Niger, Madagascar, Central African Republic, and Senegal) to help them carry out their mandates as Covid-19 reference laboratories.

In addition, 2.2 million euros have been granted to the French National Research Institute for Sustainable Development (IRD) to support national



**Senegal.** As the Covid-19 pandemic destabilizes an already fragile African health system, several private health actors backed by Proparco are mobilizing to overcome this major economic and social crisis.

**To learn more:** [bit.ly/Proparco-Covid-19](https://bit.ly/Proparco-Covid-19)

authorities in six African countries as they develop their response strategies to deal with the epidemic. Elsewhere, AFD and the Mérieux Foundation aim to strengthen testing capacities in West Africa (Benin, Burkina Faso, Guinea, Mali, Niger, Senegal, Togo) with 1.5 million euros in financing. And a support program for the Rafik Hariri University Hospital in Beirut, Lebanon was launched in cooperation with the International Committee of the Red Cross (ICRC) to identify and implement response measures to the health crisis.

### **Alongside development partners, a multipronged response**

AFD is pursuing and adapting its support for French civil society organizations weakened by the health crisis: they have been accorded 31 million euros in grants since the beginning of the crisis. In parallel, AFD has begun the reorientation of ongoing operations so that they are in line with the Group's overall response to the Covid-19 crisis.

AFD Group has also started discussions with its partner members of the International

Development Finance Club (IDFC) to prepare programs and projects to respond to the health crisis. This is the case with the West African Development Bank (BOAD), the CAF in Latin America as well as DBSA in South Africa. Also, multilateral development banks – notably the World Bank Group, the Asian Development Bank, the African Development Bank, the Inter-American Development Bank, and the Islamic Development Bank – have mobilized to prepare a joint response.

### **“Overseas in Common” program**

In the French overseas departments and territories and along with the State and the banks, AFD has put in place a program dedicated to local authorities and companies for a total of 1 billion euros. In Mayotte, AFD is experimenting with a pre-financing loan mechanism: the Value-Added Tax Compensation Fund for municipalities, which will allow them to proceed more easily with their investment projects, with financial support from the Overseas Ministry. An extension to other Overseas local authorities will be considered in 2021 if the results are convincing. ■



# “A time to rethink development trajectories”

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The crisis linked to Covid-19 is having a sizeable impact on the world economy, notably on developing countries. What role can public donors play in containing it? Analysis in three questions with Thomas Mélonio.

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**Thomas Mélonio**, director of innovation, research, and knowledge at AFD

## What risks are developing countries forced to bear due to the crisis?

**Thomas Mélonio.** Developing and emerging countries were hit even before the first cases of Covid-19 appeared, in the form of an economic shock imported through the collapse of the tourism sector, the drop in the price of oil, capital flight to developed countries and the decrease in migrants' remittances.

On top of that, the epidemic itself has been very costly, humanly, socially, and economically. Certain countries can borrow to cope or do so while paying a premium for higher risk. These countries risk being quickly unable to pay civil servants or health care workers.

The macroeconomic crisis and the health and social crisis feed on one another.

## What can public donors do?

**T. M.** The IMF and central banks have an essential role to play in injecting liquidity. This is crucial so that governments, banks, and large companies have direct access to it. As for the decision to suspend debt servicing, which France favored, it was welcome. Solidarity between States is key in such a situation. Isolationism is a serious risk. It is understandable for health reasons at first, but an international response is essential to tackling the coming health and social crisis. Problems will not be solved if each country



**Burkina Faso, Ouagadougou.** Through the initiative « Covid-19 – Health in common », AFD supports communication and prevention actions that aim to limit the propagation of the virus. It also funds short-term sanitary needs and backs the gratuity of drinking water dispensers.

**To learn more:** [bit.ly/covid-AFD-Burkina](https://bit.ly/covid-AFD-Burkina) (FR)

focuses only on itself. France must play its role in terms of international solidarity. It has every reason to do so: health is a global public good, and the interests of all countries are linked!

### What role can AFD play?

**T. M.** Since the beginning of the crisis AFD has been working with the Ministry of Europe and Foreign Affairs and the Ministry of Finance to redirect certain financing and programs, notably in Africa. This is an emergency, and this is our priority. Secondly, we can play a strong countercyclical

role to complement the massive interventions by the IMF or central banks. Thanks to our relationships with local actors, we are able to reach those who can strengthen health and research capacities, to support SMEs, and to supply analyses and advice to optimize future recovery plans.

A crisis is also an opportunity to rethink development trajectories. The recovery must be sustainable, that is, we must support energy, ecological and social transitions, and not finance things that turn out to be developmental dead-ends. We know full well that the needs will be immense. For AFD, that means doing even more – and doing it better. ■



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