




Energy transition

ACTIVITY REPORT

2020



In 2020, despite the exceptional circumstances surrounding the health crisis, our new commitments in the energy sector totaled €1.5 billion (90% AFD and 10% Proparco) and concerned all the priorities of our energy transition strategy.

The year was marked by three major trends. Firstly, we have stepped up our support for energy transition trajectories with various projects. With a total budget of €278 million, we are supporting policy-based loans, long-term modeling (in 12 countries) and innovative partnerships, such as the South East Asia Energy Transition Partnership (SEA ETP).

Secondly, energy efficiency remained a major priority for our activity (€281 million) in 2020. It is based on the Program for Energy Efficiency in Buildings (PEEB), which supports projects for schools, hospitals and museums.

Thirdly, synergies between public and private financing are being strengthened to promote renewable energies. Commitments in this field stood at €614 million for public and private projects, credit lines and the launch of the new public payment guarantee by AFD.

These three factors require that we adopt a multi-disciplinary approach, as the energy transition concerns all sectors, mobilizes many areas of expertise and uses all the Group's financial instruments.

The year 2020 was also marked by an increase in commitments that facilitate access to electricity, with some €300 million committed, which will reach 5.6 million people.

In addition, the launch of the sectoral energy platform aims to increase the mobilization of expertise and synergies between headquarters, field offices, AFD, Proparco and Expertise France. It's a promising start!

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 now underway in both developing and developed countries. Supported by technological developments, it is an economic, social and environmental opportunity for the achievement of the Sustainable Development Goals. It is also necessary for the achievement of the objectives of the Paris Climate Agreement. It targets universal access to efficient, resilient and low-carbon energy services. The widespread deployment of the energy transition requires profound technological

and societal changes: beyond electricity, it concerns industry, construction, mobility, urban planning, agriculture and our lifestyles. It involves making major changes to energy consumption and production systems and, at the same time, providing over a billion people with access to reliable energy services. AFD's energy transition strategy is based on three areas of operation mobilizing three crosscutting levers.

3 areas of operation

Access to energy services for all

Energy efficiency and demand management

Modernized and low-carbon energy supply

3 acceleration levers

Support for energy transition policies

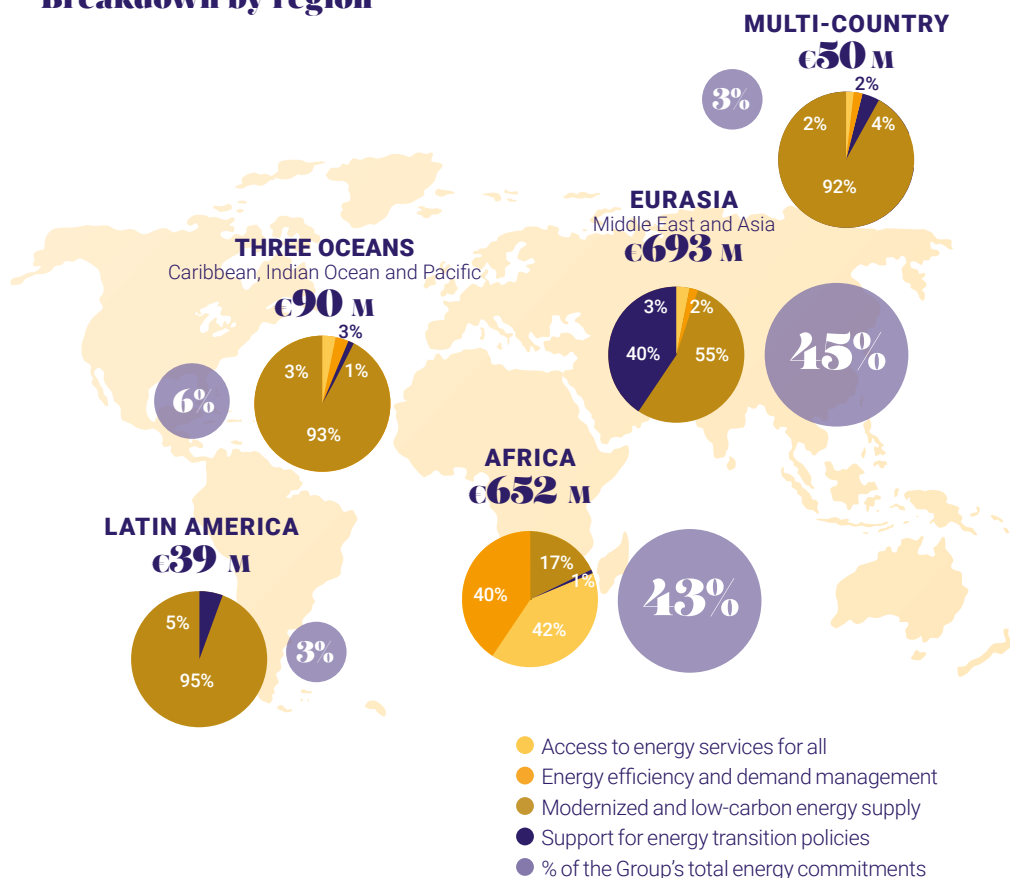
Mobilization and strengthening of stakeholders involved in energy transition

Facilitating innovation

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 Group calls on all its partners to join in the pursuit of this objective: in our world in common, everyone must have access to efficient and low-carbon energy services.

The Group's energy commitments in 2020

Breakdown by region



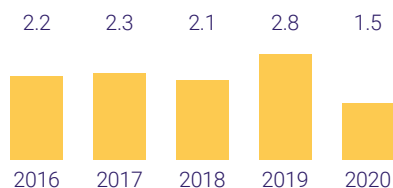
€1.52 BN

Total commitments for 87 projects

In 2020, the energy sector accounted for 12.6% of total AFD Group commitments, which stood at €12.1 billion.

Trend in Group commitments

Since 2016 in €BN

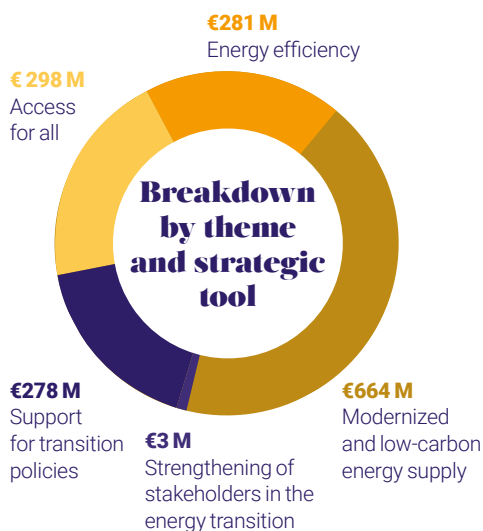
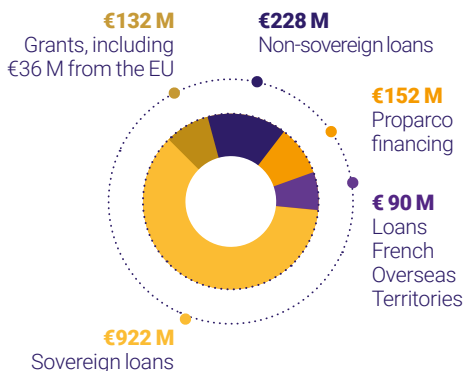


cl BN

Total energy commitments since 2016

Breakdown by financial tool

in €M



The Group's energy commitments



90% AFD
€1.37 BN



10% Proparco
€152 M

At the intersection of climate issues and the achievement of SDG 7, AFD Group's activities aim to accelerate the energy transition in our countries of operation towards efficient, resilient and low-carbon energy services accessible to all.

To achieve these objectives, we conduct an ongoing political dialogue with a large number of countries on their low-carbon energy transition trajectories. Our teams also place a strong emphasis on energy efficiency, which is key to realizing this transition. The deployment of renewable energies and their integration into power grids, along with storage, are also increasingly important.

In Sub-Saharan Africa, contributing to the broadening of access to electricity through a range of technological options remains a priority for AFD, as is the low-carbon transition.

Expected impacts

The projects allocated by AFD and Proparco in 2020 will contribute to...



INCREASING ACCESS TO ENERGY SERVICES FOR ALL

5.6 million people

will have access to
sustainable electricity services



SUPPORTING ENERGY EFFICIENCY AND DEMAND MANAGEMENT

90 GWh of energy consumption
saved



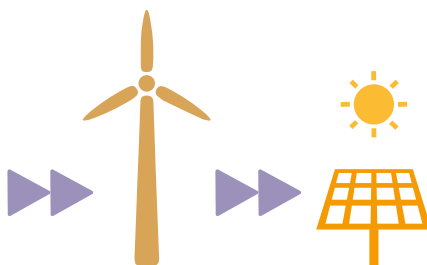
OFFERING MODERNIZED AND LOW-CARBON ENERGY

- **1.2 GW** of renewable energy
generation capacity will be installed

- **€1.1 billion committed**

to solar projects since 2016 to contribute to the
objectives of the International Solar Alliance (ISA)

- **692,600 beneficiaries**
of a renewable energy project



ACCELERATING OUR PARTNERS' ENERGY TRANSITION

- **€278 million of commitments**
to support public policies
for the energy transition

- **€3 million for support**
and capacity building
for local stakeholders



SUPPORTING AFRICAN COUNTRIES

IN PARTICULAR

- **€ 652 billion committed**
in the energy sector in Africa
- **€3.2 billion** earmarked for the Africa Renewable Energy Initiative (AREI) between 2016 and 2020, meeting France's commitment of €3 billion



HONORING A COMMITMENT

100% PARIS AGREEMENT

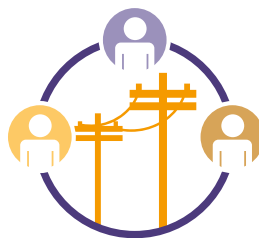
- **1.7 million tons of CO₂**
avoided to reduce
greenhouse gas emissions
- **72% of energy commitments**,
i.e. €1.1 billion with a climate benefit



PROMOTING A COMMITMENT

TO 100% SOCIAL COHESION

- **69%, i.e. €1.05 billion**
of energy commitments have gender
as a main or significant objective
(OECD markers 1 and 2)



IMPROVING SERVICE QUALITY

- **4.6 million people**
will benefit from an improvement in the quality
of the electricity service in our partner countries
- **6,284 km** of lines installed

Committed to universal access to energy services

Breakdown by region

€276 M for **Afrique**

€19 M for **Asia**

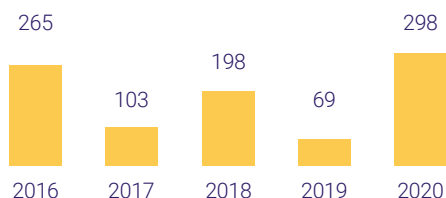
€2 M for the **Threeoceans**

€1 M for **multi-country**

In 2020, all Group commitments promoting access to energy services for all focused on Africa and Pakistan.

Trend since 2016

commitments in €M



Angola • Extending access to electricity and strengthening the sector (\$167 million)

A project to improve the electricity sector and access to electricity is supporting a major reform of Angola's electricity sector, for the well-being of its population and the diversification of its economy.

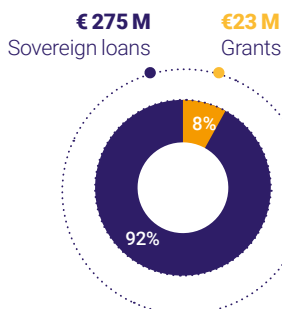
It will connect or improve access to electricity for at least a million people, i.e. almost 5% of the population.

Between 150,000 and 250,000 tons of CO₂ will be saved every year through the implementation of this project, by reducing grid losses and supplying mainly low-carbon electricity and 75% of electricity from hydroelectric sources, instead of individual diesel generators.

3 projects

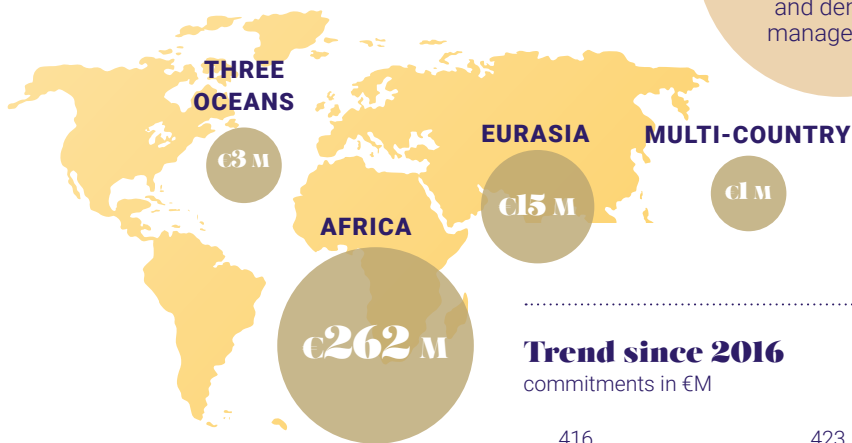
dedicated to off-grid electrification programs
such as solar kits or mini-grids.

Breakdown by financial tool



Promoting energy efficiency

Breakdown by region



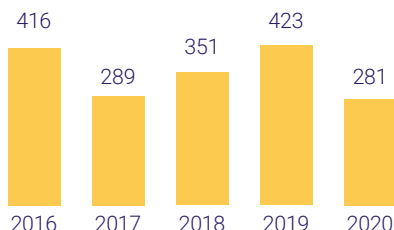
€281 M
of commitments
for energy efficiency
and demand
management.

EUROCLIMA+ • A fund to support climate commitments

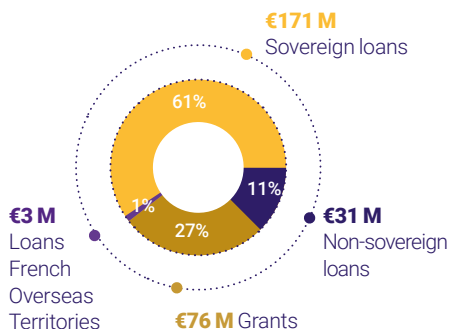
EUROCLIMA+ is a multi-year program financed with European Union funds, with Spanish cooperation. The €5 million delegated to AFD are supporting energy efficiency projects and policies in Argentina, Colombia and Ecuador, in line with the climate change mitigation commitments made by these countries. For example, in several cities in Argentina, the "Sustainable Energy in Municipal Buildings" project is assisting a consortium chaired by the National University of La Plata (UNLP) with the development of energy efficiency operations and the dissemination of good practices with a gender perspective in public buildings.

Trend since 2016

commitments in €M

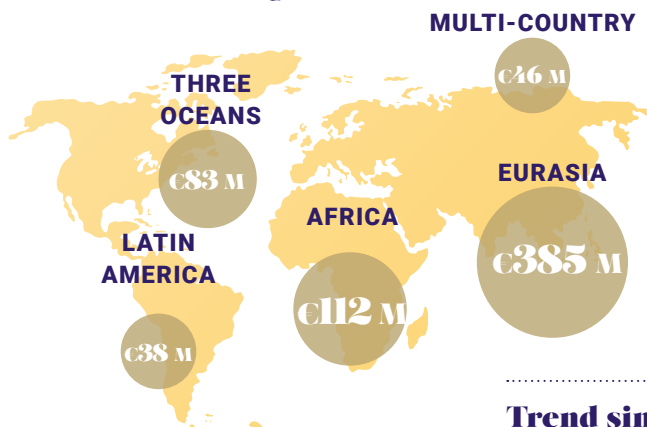


Breakdown by financial tool



Promoting sustainable energies, reducing dependence on fossil fuels

Breakdown by region



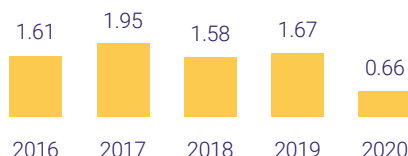
€664 M
commitment
to a modernized and
low-carbon energy
supply

Mozambique • Reducing non-technical losses

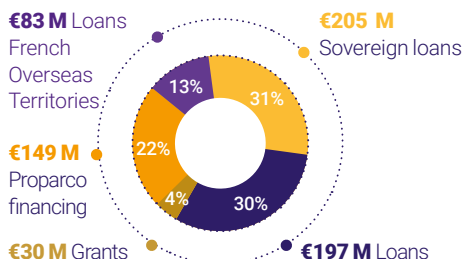
AFD, in partnership with the European Union, has renewed its support to the public energy company Electricidade de Moçambique (EDM) with a €10 million grant. It is contributing to reducing non-technical losses of electricity on its distribution grids. The project also aims to improve the reliability of the metering of subscribers, provide more comprehensive information about flows on the distribution grids and increase the management capacity and performance of EDM. It is thereby supporting the country's objective of universal access to electricity by 2030.

Trend since 2016

commitments in €BN



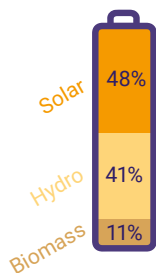
Breakdown by financial tool





€295M

for power
generation



Vietnam • A new climate finance program

AFD is assisting the Bank for Investment and Development of Vietnam (BIDV) with its climate objectives via a \$100 million credit line and a €0.3 million technical assistance facility. The ultimate beneficiaries of the project are promoters of innovative green investments focusing on the renewable energies and energy efficiency sectors.

The objective of this program is to make progress with BIDV's climate finance strategy by supporting the development of renewable energies in the national energy mix in order to reduce carbon emissions.

China • Biomass is replacing coal (€27 million)

The financing of a 24 MW biomass cogeneration plant will make it possible to generate a clean electricity and heating source. Fueled by local biomass from agricultural and forestry residues, this power plant will provide significant additional activity to some 2,000 farmers responsible for collecting biomass. The energy produced will replace inefficient coal heating units and carbon-intensive electricity on the grid. It will supply the equivalent of 13,500 households and provide heating for 18,800 households in the city of Pianguan.



€44M
for grids



€319M
for renewable energy
projects financed
by credit lines and
guarantees



€5M
for studies
and technical assistance

Burkina Faso • Low-carbon electricity

Alongside the Netherlands Development Finance Company (FMO), Proparco is financing the construction by Qair Group of two solar power plants with a capacity of 18 MW and 24 MW near Dédougou and Tenkodogo. The commissioning of these two power plants is scheduled for 2022 and they will be among the first private solar power plants in the country. They will increase the share of renewable energies in Burkina Faso's energy mix and provide energy at a competitive price, while reducing emissions by 50 kt CO₂ eq per year. These power plants will supply electricity equivalent to 500,000 of SONABEL's client users.

The three energy transition tools



Supporting public policies

In 2020, AFD conducted public policy dialogues on the energy sector in a number of countries. This has led to two new policy-based loans, with related schemes aiming to accelerate the deployment of renewable energies and raise the ambition for energy efficiency. This dialogue has also led to a number of technical cooperation activities with countries, including the modeling of ambitious transition trajectories and the macroeconomic impacts associated with this transition.



35
technical assistance
projects for countries



€270 M
for 2 policy-based loans

Côte d'Ivoire • Promoting the modeling of transition trajectories

In 2020, the Ivorian Ministry of Energy and AFD conducted a techno-economic modeling of the energy sector, combined with a macroeconomic model. This work shows that a low-carbon transition combining hydropower, solar energy and batteries has major benefits in terms of energy self-sufficiency, the balance of payments and economic development.

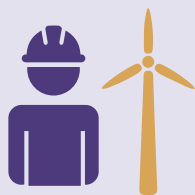
Georgia • Reforming the electricity market and promoting energy efficiency

The energy policy-based loan (€120 million, Tranche 3) is assisting Georgia with its efforts to structure the regulatory framework of the energy efficiency sector. This financing is contributing to the regulatory and operational implementation of the European Union's third energy package, with the objective of developing an energy mix based on renewable energies.



Innovation and knowledge production for the energy transition

To promote innovation, the Group seeks to identify innovation that is likely to materialize, with potential for replication on a larger scale. This is the case with the Proparco project presented above. To develop knowledge, the Group draws on analyses, studies and research that feed into reflection on the energy transition. For example, this was the case in 2020 with the Commons.



Mobilizing and strengthening stakeholders to support the energy transition

Mobilizing technical and financial partners and strengthening stakeholders in the South are a major focus of the energy transition strategy. In 2020, this led to participation in new initiatives, such as the AfDB's Desert to Power Initiative, the Energy Transition Campaign related to COP26 and the strengthening of partnerships with Expertise France and ADEME.



Supporting innovative stakeholders

to promote access to off-grid sustainable energy in Africa and help the French Overseas Territories move towards low-carbon energy mixes.



THE WORLD BANK
IBRD • IDA

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.

AREI Initiative • The objective has been achieved!

During COP21, France pledged to support this African initiative, which aims to install 10 GW of renewables by 2020, with €3 billion of financing over a five-year period implemented by AFD Group. At the end of 2020, the objective had been achieved with €3.1 billion committed to finance over 60 projects across the continent. These projects concern REN generation (solar, wind, hydropower), grids and electrification in periurban and rural areas. Their financing has mobilized the entire Group and has often been combined with an EU grant.

Nigeria • Innovative decentralized energy solutions

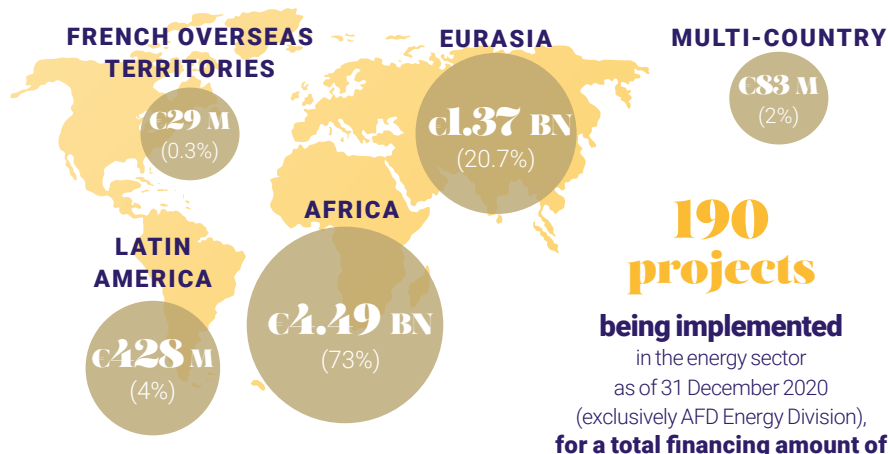
Proparco is supporting Daystar Power, one of the main providers of hybrid solar energy solutions for business and industry in West Africa. The facilities should supply companies with some 153 GWh of reliable and clean electricity per year by 2025 and thereby contribute to reducing their dependence on diesel and improving their energy supply.

The Commons approach to access to energy

AFD has been working on the issue of the Commons since 2015. The Commons provide access to certain essential resources and services because they establish systems of stakeholders and management rules adapted to local situations, making them a particularly effective management method. This reflection led to the publication in August 2020 in AFD's collections of a policy paper entitled "Renewing Energy Access Approaches – Proposals for Mobilizing Commons to Encourage and Guide Subsidiarity".

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

Breakdown by region



Supporting the energy transition in Southeast Asia

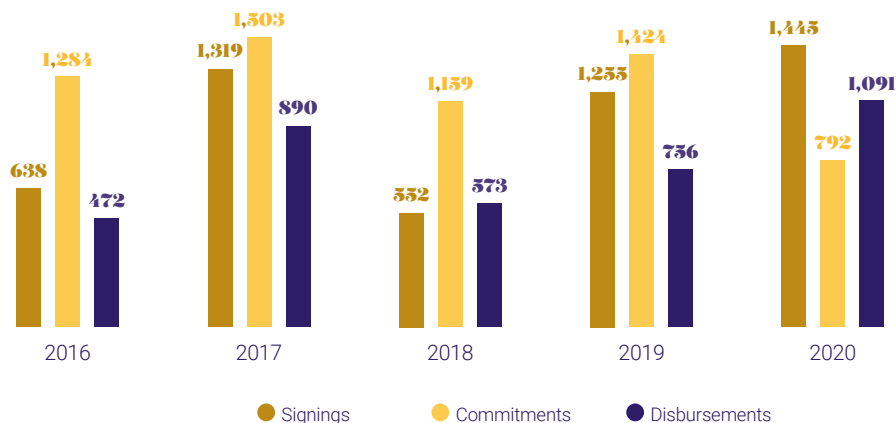
The Energy Transition Partnership (ETP) gathers public donors and private foundations that support the acceleration of the energy transition in Southeast Asian countries. Since 2018, this innovative coalition of stakeholders already operating in the region has had the dual objective of facilitating their coordination through a system of governance that includes all the donors and countries in the region, and rallying innovative means of intervention. The dedicated fund has already collected over \$18 million and targets a technical assistance program of some \$50 million over a five-year period. It will support the transformation of the energy system in the region, in line with the objectives of the Paris Agreement.

Supporting the *Desert to Power* initiative

The *Desert to Power* initiative, which is led by the African Development Bank, is supporting the development of some 10,000 MW of solar energy generation capacity. It will benefit 250 million people in 11 Sahel countries. In 2020, alongside the international donors operating in G5 Sahel countries, AFD contributed to the review of their roadmap, indicating the projects it supports therein. These discussions created synergies, while contributing to ensuring an effective coordination of the activities of the various stakeholders.

Signed financing agreements, commitments and disbursements*

In €M



€1.4 BN
of signatures

€1.1 BN
of disbursements
for the Energy Division in 2020.

Vietnam • Financing the Se San solar power plant (€25 million)

The photovoltaic power plant, which is located near the Se San hydropower plant, is managed by the operator EVN and generates a capacity of 49 MW. This facility is contributing to increasing the share of renewable energies in Vietnam's energy mix. This project is part of the implementation of Vietnam's energy transition.

Impact of energy projects completed in 2020*



1.6 million additional people have access to sustainable electricity services



5 million people benefit from improved access to electricity



293 MW of renewable energy capacity installed

2,420 GWh/year of energy saved

* These figures only concern the Energy Division.

For a world in common

AFD Group implements France's policy in the areas of development and international solidarity. The Group includes Agence Française de Développement (AFD), which finances the public sector and NGOs, as well as research and education in sustainable development; its subsidiary Proparco, which is dedicated to private sector financing; and soon, Expertise France, a technical cooperation agency. The Group finances, supports and accelerates transitions towards a fairer, more resilient world.

With our partners, we are building shared solutions with and for the people of the Global South. Our teams are at work on more than 4,000 projects in the field, in the French Overseas Departments and Territories, in 115 countries and in regions in crisis. We strive to protect global public goods – promoting a stable climate, biodiversity and peace, as well as gender equality, education and healthcare. In this way, we contribute to the commitment of France and the French people to achieve the Sustainable Development Goals (SDGs). Towards a world in common.



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