



Climate

ACTIVITY REPORT

2022

AFD Group's 2017–2022 climate strategy

AFD Group is the first development bank to have committed to aligning its financing with the Paris Agreement. We've now achieved the goals set out in our "Climate and Development 2017–2022" strategy.

1 Conduct activities that are "100% Paris Agreement"

Since 2018, we've been evaluating our operations to ensure their consistency with decarbonization and resilience trajectories. These efforts have included:



Increased mainstreaming of climate change issues into all our sectors and projects.



Evaluation of the alignment of all our projects with the Paris Agreement via an independent sustainability assessment.

2 Increase climate finance

Since 2017, we've made significant efforts to mainstream climate issues in all of the sectors and regions where we operate, bringing considerable progress in sectors ranging from the energy transition and agriculture, to transport and infrastructure resilience.

3 Redirect financial flows

AFD Group has strengthened its strategic dialogue and operations with financial institutions and central banks. Delegated funds from our partners (Green Climate Fund, CAFI, and the European Commission) have increased, as has the mobilization of the private sector.

4 Build solutions together and help structure standards

AFD Group shares its practices in terms of alignment, green finance, and integration of financial risks due to climate change. We also encourage public development banks to make stronger climate commitments, through the **Finance in Common** initiative and the IDFC network, which AFD has chaired since 2017 and which committed nearly USD 1 trillion to green finance over the 2017–2021 period.

5 Improve internal practices

In 2020, AFD Group undertook to align the internal practices of its various entities. Since then, we've reduced our operating carbon footprint and improved our transparency via additions to the Open Data platform and expanded reporting.

100+ focal points in charge of disseminating climate expertise throughout the AFD network.

13.6 tons CO₂ equivalent emitted per employee in 2022, down from 16.7 tons of CO₂ equivalent in 2019 (pre-Covid benchmark situation).

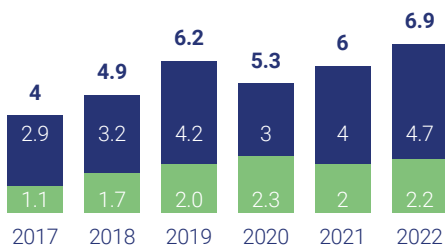
Snapshot of our climate finance



€33.3 billion in climate finance committed in developing countries and in French overseas territories by AFD Group since 2017, generating a leverage effect of **€9.9 billion** in private financing.

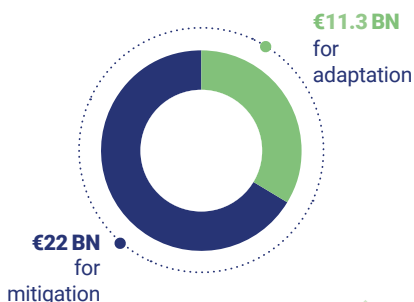
Trends in AFD Group commitments

in € BN



- Adaptation financing
- Mitigation financing

Breakdown of commitments since 2017



x2

Annual financing for adaptation **has doubled** since 2017.



1,336 climate projects financed between 2017 and 2022.



45 million tons of CO₂ equivalent avoided annually over the lifespan of mitigation projects financed between 2017 and 2022.

AFD Group, leader in implementing initiatives in line with the Paris Agreement

The [independent think tank E3G](#), assesses how well public development banks have aligned with the Paris Agreement. E3G has ranked AFD among the best financial institutions in this alignment and praised its institutional leadership.



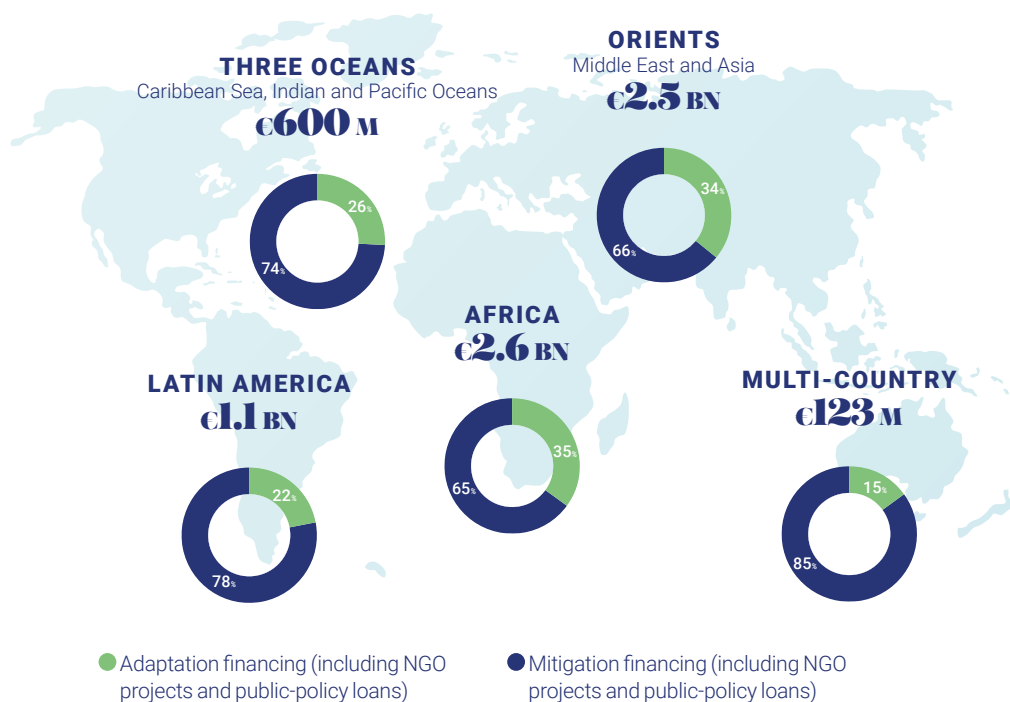
FIND OUT MORE:
[World tour of climate solutions](#) (in French)

Our climate activity in 2022

€6.9 BN in climate financing committed by AFD Group in developing countries and French overseas territories, including **€2.2 BN** dedicated to adaptation.

+15%
compared
to 2021

Breakdown by region



29% of climate finance committed to projects that also benefit biodiversity



By 2022, €2 BN worth of climate projects will contribute to biodiversity preservation, via sustainable resource management and sectoral approaches promoting nature-based solutions.

Fighting climate change represents



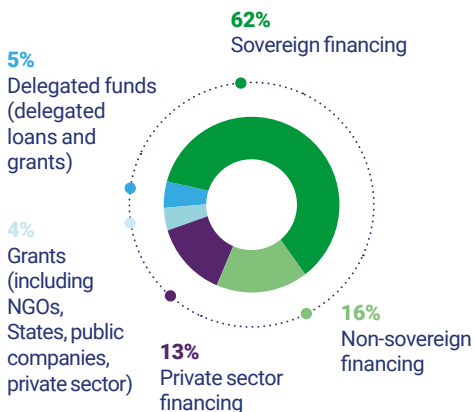
62%
of AFD's
commitments



45%
of Proparco's
commitments

AFD Group has once again met the commitment it made in 2017 to devote **at least 50% of its financing each year to projects that also benefit the climate.**¹

Breakdown by tool

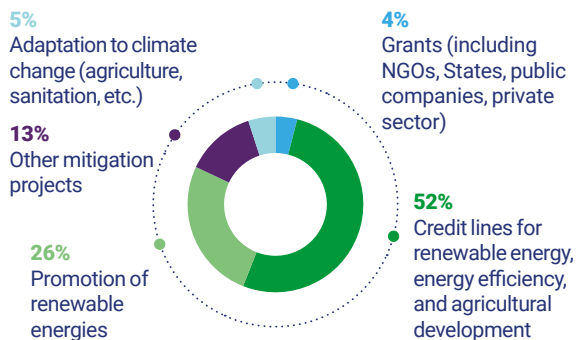


Including €1.7 billion
counted as official
development assistance

Mobilization of the private sector and of French expertise for the climate



€902 M in financing with climate co-benefits committed
to **47** projects, up 33% compared to 2021.



€48.8 M
of delegated funds
from the European
Union signed.

A new methodology for assessing climate commitments with a "sustainable development" rating will be applied to projects starting 2023.

¹ Percentages calculated based on annual commitments in developing countries and French Overseas Territories, not including overall budget assistance, debt mechanisms (C2D), and portfolio guarantees.

Adapting to the effects of climate change

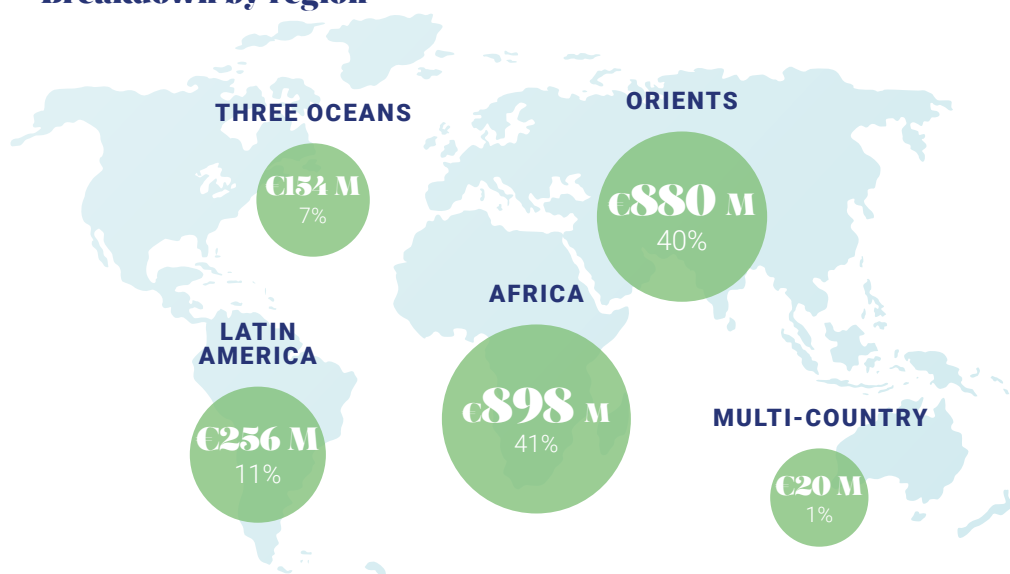
Adaptation to climate change refers to all policies and measures seeking to reduce societies' exposure and vulnerability to the hazards of climate change (e.g., extreme temperatures, droughts, rainfall, coastal erosion, etc.).



€2.2 BN committed to adaptation projects,
making up around **1/3** of AFD Group's climate financing.

+10%
compared
to 2021

Breakdown by region



The projects financed in 2022 will help in achieving multiple SDGs:

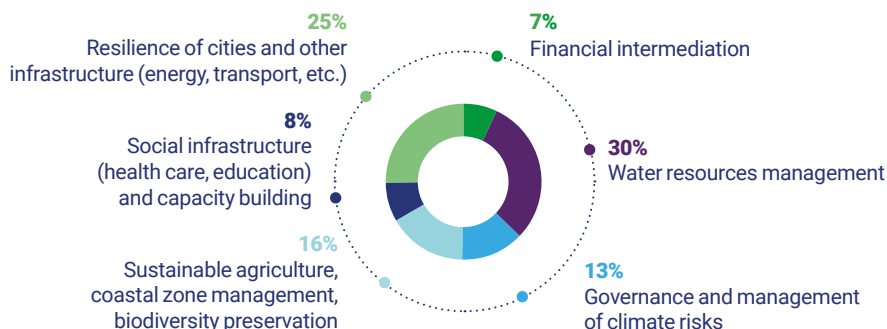


600,000 people will benefit from flood-risk management facilities or equipment.



170,000 hectares will be converted to agroecological systems.

Breakdown by sector



ADAPT ACTION

Supporting adaptation strategies in vulnerable countries

The [AdaptAction](#) program is now in its second phase (2022–2025), with the goal of strengthening the resilience of people and ecosystems in 12 particularly vulnerable African partner countries.

The AFD–Green Climate Fund partnership for adaptation

€600 M in co-financing delegated by the Green Climate Fund since 2016.

US\$220 M obtained in 2022 to co-finance the Programme for Energy Efficiency in Buildings (PEEB Cool). Its aim: to increase people's resilience to heat waves and encourage the transition to bioclimatic building practices in 11 countries.

Financing the costs of loss and damage, via innovative solutions

€345 M dedicated to projects working toward disaster risk reduction (DRR) in 2022.

Indonesia

Strengthening governance related to disaster risk reduction

In 2022, AFD granted a €150-million loan to the Republic of Indonesia to finance Phase 3 of the DREAM program (Disaster Resilience Enhancement and Management Program).

Its purpose is to bolster the management of and planning for natural disasters, with a special focus on protecting vulnerable populations.

Mitigating the impacts of climate change

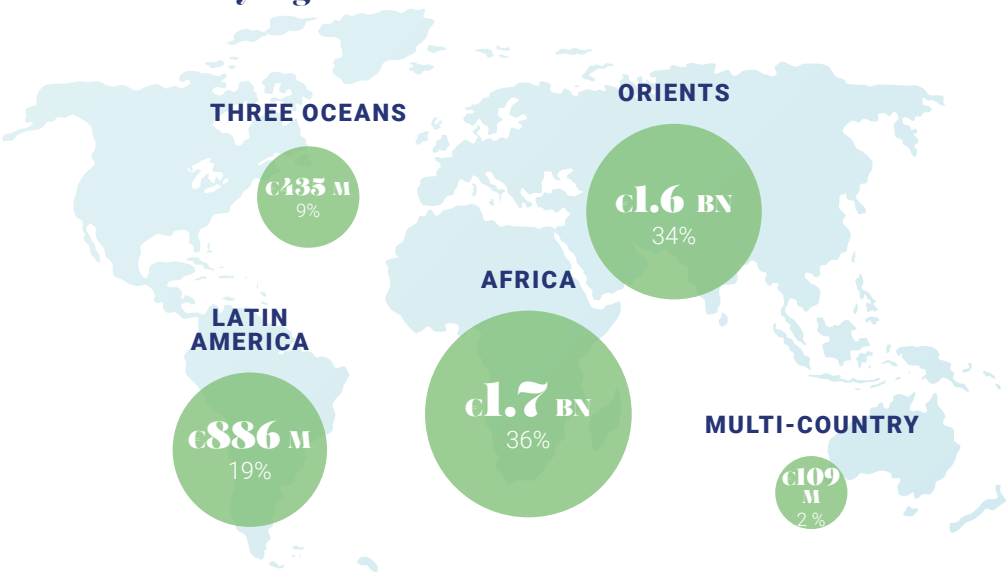
The purpose of climate change mitigation is to reduce global warming through projects that diminish greenhouse gas (GHG) emissions or protect GHG sinks and reservoirs.



€4.7 BN
committed to mitigation
projects in 2022.

10.5 million tons of CO₂ equivalent
will be saved each over the lifespan of
mitigation projects financed in 2022.

Breakdown by region



The projects financed in 2022 will help in achieving multiple SDGs:

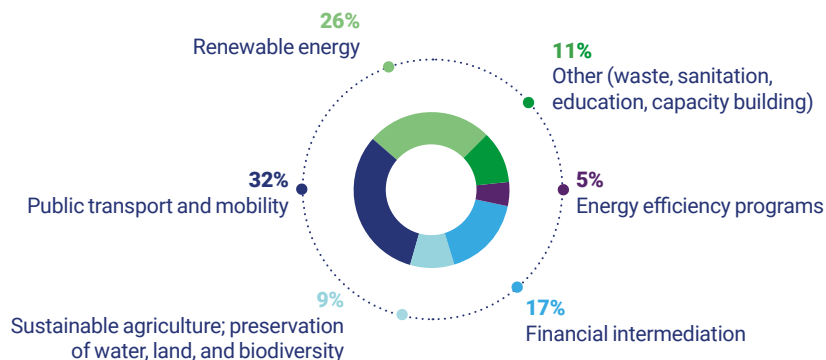


4.8 million people will benefit from a renewable energy project
2,300 MW of renewable energy will be installed or rehabilitated.



6.5 million people will benefit from improved access to sustainable urban transport.

Breakdown by sector



Carbon footprints of projects and portfolio

+7.4 million
CO₂ equivalent tons

Amount of absolute emissions produced by all the projects financed in 2022

The emissions generated by all our projects, without taking into account the benchmark scenario and thus the emissions that they help avoid.

-9.7 million
CO₂ equivalent tons

Amount of emissions avoided by all the projects financed in 2022

The total carbon footprint of all our projects (the difference between the GHG emissions of a situation with the project and a benchmark scenario specific to each project²).



Just Energy Transition Partnerships (JET-Ps)

JET-P agreements are partnerships signed with countries wishing to phase out coal, accelerate renewable energy development, and bring forward the projected date of their peak greenhouse gas emissions. AFD Group participates in discussions between governments and donors. In 2022:

€300 M committed by AFD
for the South African JET-P, whose
agreement was signed at COP26 in 2021,

2 new JET-P agreements signed
with Indonesia and Vietnam.

² AFD's Carbon Footprint Tool and its user guide play a key role in our carbon accountability. They are freely accessible online: [The AFD Carbon Footprint Tool for projects - User's Guide and Methodology](#)

Guiding low-carbon and resilient trajectories in our partner countries

AFD Group supports governments in developing and implementing public policies for a just and resilient low-carbon transition.

In 2022, the 2050 Facility supported some 30 countries.

Since 2018, the 2050 Facility has supported some 30 AFD partner countries in Africa, Latin America, and the Asia-Pacific region in the development and implementation of their long-term strategies (LTS) for low-carbon and resilient development.

Through a technical cooperation program implemented by the Global Green Growth Institute (GGGI), the 2050 Facility supported the development of LTS in Burkina Faso, Ethiopia, and Vanuatu. These LTS were presented at COP27.



€1.8 M

in budget support for climate-friendly public policy in 2022.

Public-policy loans are designed to back up a sectoral or multisectoral policy. They combine budget support, dialogue backed by a matrix of indicators, and technical cooperation. AFD Group proposes studies, technical assistance, and capacity-building activities to round out its assistance.

West Africa



Strengthening local stakeholders' resilience to the effects of climate change

As part of the GCCA+ project (€12.1 M), Expertise France has been guiding West African governments since 2018 in their implementation of the Paris Agreement. The project works on capacity building for regional institutions and their member countries and fosters the development of innovative solutions on the ground to enhance the resilience of agricultural and rural stakeholders. For example, it supported the development of the ECOWAS regional climate strategy, which was approved in 2022 by the member states' environment ministers.

Supporting civil society's work for the climate and nature



41 civil society organization projects

funded in 2022 provide climate co-benefits.

Funding amounting to

€33.6 M

including:

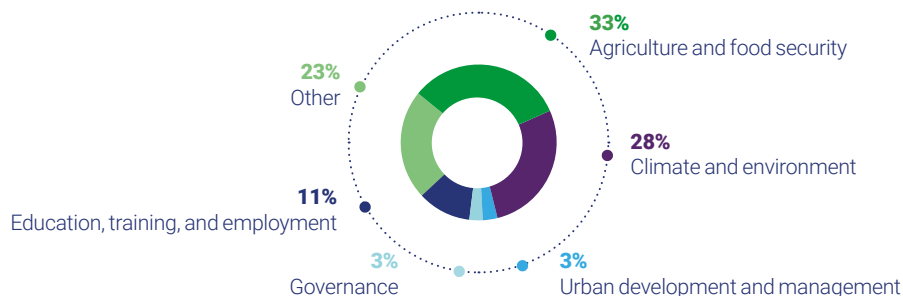


€21 M for projects
providing adaptation co-benefits.



€11.6 M for projects
providing biodiversity co-benefits.

Breakdown by sector



Senegal and Burkina Faso



Promoting climate-friendly entrepreneurship

In 2022, AFD supported the AGreenLab project run by the NGO People Power Inclusion (a member of Groupe SOS). This two-year program seeks to stimulate young people's innovative capacity to find sustainable solutions to economic, social, and environmental challenges. It works through entrepreneurial and incubator projects in the renewable energies and agrifood sectors.

Towards a world in common

AFD Group contributes to the implementation of France's policies for sustainable development and international solidarity. The Group includes Agence Française de Développement (AFD), which finances the public sector, NGOs, research and training; its subsidiary Proparco, which is dedicated to the private sector; and Expertise France, a technical cooperation agency. The Group finances, supports and accelerates the transitions needed for a fairer, more resilient world.

With our partners, we are building shared solutions with and for the people in more than 150 countries, as well as in 11 French Overseas Departments and Territories. As part of the commitment of France and the French people to achieving the Sustainable Development Goals, our teams are at work on 4,200 projects in the field. Our objective is to reconcile economic development with the preservation of common goods, from peace, the climate and biodiversity to health, education and gender equality. Towards a world in common.



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