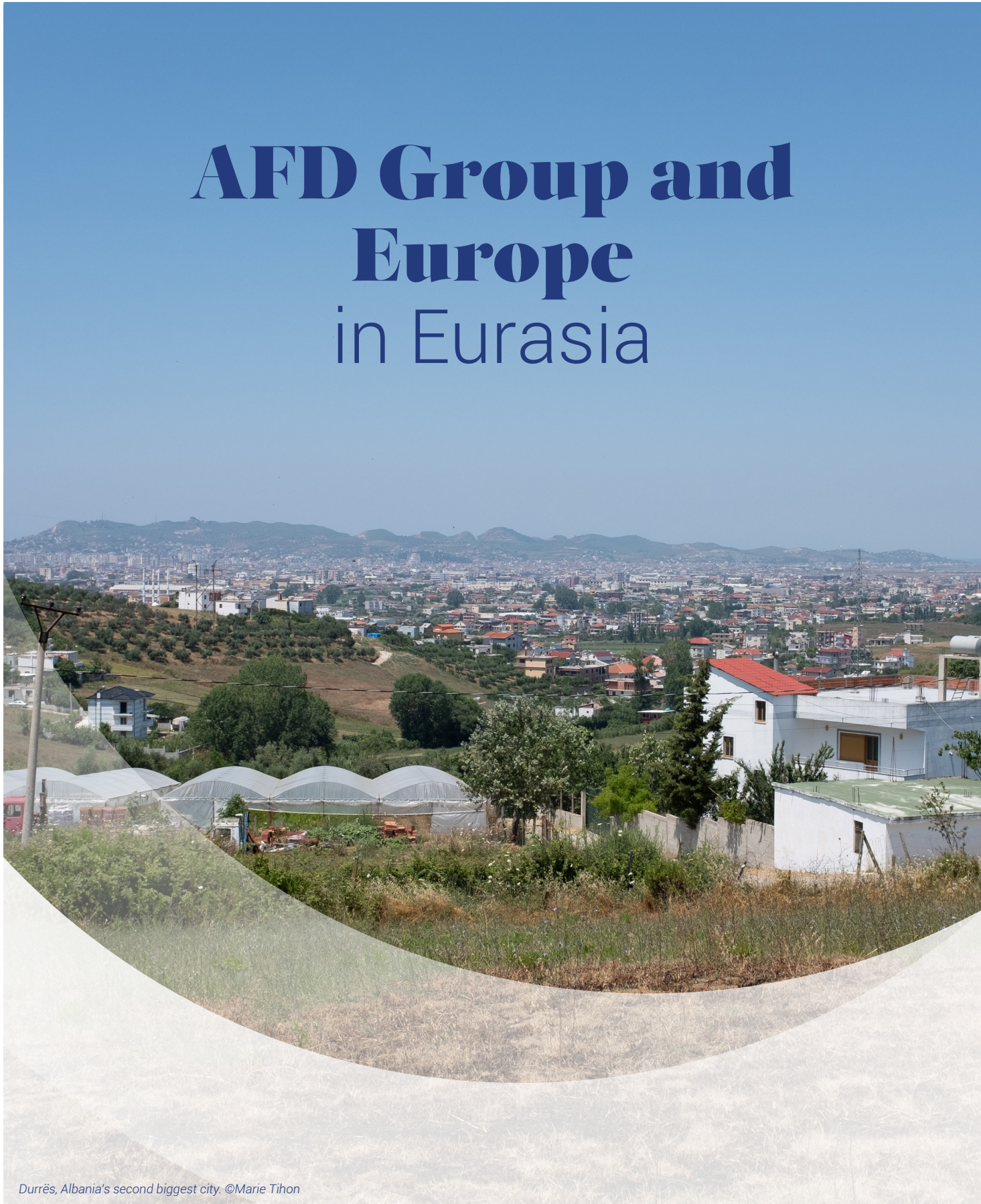


AFD Group and Europe in Eurasia



Durrës, Albania's second biggest city. ©Marie Tihon

#WorldInCommon



The power of European partnership



14 years
of partnership

.....



60
supported countries

Guided by shared convictions, AFD and the European Commission (EC) have worked together since 2008 to boost the impact of their funding and the effectiveness of development aid. They form a key partnership for achieving Sustainable Development Goals (SDG).

AFD has been authorized to manage European funds since 2008. In those fourteen years, it has become a leading partner for the Commission. During the last European financial framework (2014-2020), the Commission entrusted €2.8 million to AFD. In so doing, it improved the impact of more than 220 projects supporting citizens in some sixty countries.

The strength of this partnership lies in the impressive similarities in the institutions' strategic visions and the productive dialogue between their teams. In Brussels and on the ground, AFD and the EC benefit from a network of local representatives that is unparalleled in the European family.



Tirana. ©Marie Tihon

A wide range of tools and a leverage effect

The partnership takes the form of a wide range of funding arrangements adapted to the situations and needs of the counterparties. This includes the delegation of grants, including through trust funds, backing AFD loans with European grants, and the roll-out of a portfolio of operations benefiting from European guarantees.

Whenever possible, the two institutions seek to structure their interventions through blending facilities, which help make the most of European grants due to the leverage effect for donors' loans. Between 2014 and 2020, €9 billion in AFD loans and grants were thus mobilized alongside nearly €1.6 billion from the European Commission to fund development efforts in nearly 60 countries in Africa, the Mediterranean region, Asia-Pacific, Latin America, and the Caribbean. AFD's level of involvement has positioned it as the leading bilateral partner of the Commission in the area of blending facilities, and the number two partner behind the European Investment Bank.

In 2017, AFD was also keen to participate in the launch of the European Fund for Sustainable Development (EFSD) aimed at using innovative guarantee mechanisms to support investment in Africa and in the EU's neighboring countries to achieve sustainable development goals, particularly the goal of ending poverty. AFD was once again among the Commission's first partners in the design of these new tools and ranked second in terms of liquid guarantees to benefit developing countries.

In order to further support its positions, AFD Group has created alliances through inclusive platforms, including the strengthened partnership of bilateral financial development institutions (AFD, KfW, CDP et AECID), the network of European Development Finance Institutions (EDFI), the International Development Finance Club (IDFC) and the Practitioners' Network, which was chaired by Expertise France from 2018-2019. Proparco also helps develop European tools that benefit several development finance institutions.

Afin de porter des positions plus fortement, le Groupe crée des alliances au sein de plateformes inclusives telles le Partenariat renforcé rassemblant les institutions bilatérales financières de développement (AFD, KfW, CDP et AECID), le réseau des EDFI (European Development Finance Institutions), IDFC (International Development Finance Club) et le Réseau des praticiens présidé en 2018-2019 par Expertise France. Proparco, la filiale du Groupe dédiée au secteur privé, participe également au montage d'outils européens bénéficiant à plusieurs DFI.

#TeamEurope: an even stronger partnership

Building on this experience and network, AFD Group will expand this partnership strategy with the #TeamEurope approach, aimed at reinforcing synergies and involving all stakeholders in the implementation of the European development agenda, in keeping with the principles of coherence, coordination and aid effectiveness.

With the integration of Expertise France, accredited by the EC as of 2011, the range of AFD Group's tools has expanded in order to better support counterparties in their efforts to achieve the targets set by Agenda 2030 and the Paris Agreement.



2,8
Mds €



220
projects

Interviews

More coherence, more funding solutions, more flexibility: based on these shared convictions, AFD Group and the European Commission have been strengthening their partnership since 2008 to increase the effectiveness of their inclusive investment. Katarina Mathernova and Koen Doens share their perspectives on AFD.

Katarina Mathernova

The Directorate-General for Neighborhood Policy and Enlargement Negotiations (DG NEAR) is one of AFD Group's main partners on the European level. Katarina Mathernova, its Director-General, shares her feedback on the occasion of the French Presidency of the Council of the European Union.



Partnerships with financial institutions have always been a priority for you. What lessons have you learned from the one with AFD?

AFD Group is a key stakeholder in the Neighborhood and Enlargement regions, especially south of the Mediterranean and in Turkey, but also in the East and the Balkans. DG NEAR helps Europe open up to the world. We provide support for candidates for EU membership and build strong ties with our immediate geographical neighbors. From Rabat to Yerevan, to Cairo, Kiev and Belgrade, we face a wide range of challenges! Since 2008, our partnership has produced a volume of activity amounting to roughly €800 million covering the areas of energy, transport, urban development and the social sectors. AFD Group has therefore been our second largest partner in southern neighborhood countries. In addition to blending facilities, AFD Group is leading a new guarantee instrument for the European Fund for Sustainable Development (ESFD), which includes, among others, an operation signed in December 2020 in the agricultural sector covering the NEAR region.

How do you see the future of this partnership?

The pandemic we are facing reminds us that we must work together to overcome challenges. Mobilization around the Team Europe initiative now amounts to €36 billion, of which €11.7 billion earmarked for DG NEAR. And that was from only a few months!

To effectively roll out operations on the ground, we must act pragmatically by attracting all the necessary resources, both public and private. We are calling on AFD Group to join us in supporting the Economic Investment Plans we have established with our partner countries in the South, East and in the Balkans.

AFD Group's strong presence in the countries in this region is a considerable asset. Its expertise in financial innovation is also valuable in this context. We hope to enhance the leverage effect by confirming the potential of the "guarantee" tool to support climate, environmental, digital and social transitions.

In creating the EFSD, the Commission entered the guarantee market, with over €1.5 billion signed in December 2020. With the FEDD+, we are seeking to become a key player in this field. The Multiannual Financial Framework for 2021-2027 and the new Neighborhood, Development and International Cooperation Instrument (NDICI) provide us with the necessary resources, with a total volume of guarantee coverage amounting to €53 billion. Together, we will make an impact and achieve the desired political results.

... Koen Doens

The AFD Group and European Union partnership: a key structuring component of the new Team Europe.

The partnership between AFD Group and the European Union now finds itself at a pivotal moment as Team Europe takes shape, introducing a new European geopolitical ambition and a drive for increased cooperation. Koen Doens, Director-General for International Partnerships (DG INTPA) at the European Commission, offers his insight.



The European financial framework for 2014-2020 was marked by the introduction of numerous funding solutions. How do you view AFD Group's contribution to this movement?

I have a positive and attentive view. For us, AFD Group is a preferred partner for the support of public development policies and the stabilization of the most vulnerable areas. AFD Group is one of the leading providers of budget support in the world and we are working together in close collaboration to better respond to the needs of our partner countries.

The response to the COVID-19 crisis offered an opportunity to intensify this cooperation. This response was part of the Team Europe approach, which has become the backbone of European Union programming for 2021-2027. By combining our collective actions throughout the European Union with the work of Member States in their bilateral actions, we create a broad system that is greater than the sum of its parts.

As you know, AFD Group is expanding to integrate Expertise France. What are your thoughts on this?

The European Commission is following this French integration approach with great interest. This strategy echoes the search for more concerted efforts, embodied in Team Europe. These developments are part of a more strategic approach, and both reflect

the conviction that “working together” leads to greater effectiveness and results.

AFD Group's expansion will therefore allow the European Commission to cooperate with a stakeholder with a holistic strategy, with access to a wide range of valuable assets: extensive experience in the development field, multisectoral expertise, a significant presence in the field and in-depth knowledge of our partner countries.

What are your expectations of AFD Group regarding the new European financial framework for 2021-2027?

The Team Europe format provides the EU and its Member States with the opportunity to boost our collective impact and visibility. Our partnership with AFD Group will help us translate this approach into concrete actions. This involves implementing the common vision for a recovery that is sustainable, inclusive, green and digital. AFD Group will be able to simultaneously help stimulate investments in our partner countries, while also providing technical assistance to support these dynamics.

Through Team Europe initiatives, for which AFD provides design and funding assistance, our goal is to gather the forces of European cooperation around truly transformational projects that support our partner countries. AFD's involvement in this cooperation offers access to a comprehensive range of instruments, methods and resources. In addition, AFD Group's presence on the ground is a major asset.

This strengthened partnership with AFD Group is also important because of the precedent it sets. We wish to move towards greater cooperation of this type for the purpose of gaining greater effectiveness and enhancing our impact.

“AFD Group's presence on the ground is a major asset.”



A map of Eurasia with various countries labeled in dark blue text. The labels include: Serbia, Bosnia and Herzegovina, Kosovo, Montenegro, Macedonia, Albania, Moldova, Georgia, Armenia, Azerbaijan, Turkey, Kazakhstan, and Uzbekistan. The map is set against a light green background.

AFD Group and Europe in Eurasia

In a region stretching from the borders of the European Union to the heart of Asia, the Agence Française de Développement (French Development Agency) Group contributes to the fight against climate change and works towards fairer and more inclusive transitions. AFD's action promotes alignment with European social, technical and environmental practices and standards, in a region sometimes torn between competing development models.

Eurasia has diverse socio-economic contexts but faces common environmental and social challenges. It is particularly important in terms of French and European strategic and diplomatic challenges in terms of influence, connectivity (energy, transport), environment (water, sanitation, biodiversity) and crisis management (climate and security).

Several States are engaged in a process of European alignment, being either eligible for the funds of the instrument of pre-accession assistance or associated with European programs of strengthened partnership.

For the AFD Group, cooperation with the EU is essential in the region, by promoting a coordinated response on the ground and through thematic and sectoral initiatives that are as regional as possible.

The AFD Group, with its subsidiaries dedicated to the private sector (Proparco) and the technical cooperation (Expertise France), offers tailor-made financing solutions, supported by expertise systems that promote French and European partnerships and know-how.

In Eurasia, AFD finances many investment projects associated with European grants, support programs for the reform of legislative frameworks in support of the process of alignment with the EU and manages delegations of funds under European facilities.

Expertise France is active throughout the region, mainly in the Balkans, Turkey, the Caucasus and Central Asia. The European Union is its first partner and its first source of funding in the region.



Ashraf Kodirow, manager of a small cow farm in Uzbekistan.
©Marie Tihon



274 million euros

delegated by the EU between 2016 and 2020 (i.e. approximately 10% of AFD authorizations over the period)



92% climate co-benefits

in AFD projects in Eurasia in 2021



What is the strategy of the AFD Group in the Western Balkans?

The Agence Française de Développement group contributes to the fight against climate change and works towards fairer and more inclusive transitions in the Western Balkans. Present in the region since 2019, our action has funded several projects in Albania, Serbia and Montenegro aimed at supporting the countries of the region in their

process of European integration, promoting the alignment of European practices and standards, in key sectors such as energy, environmental preservation, urban, governance and the rule of law.

Who are your privileged partners in the region?

AFD Group, backed by its presence in the field with its teams in Belgrade and Tirana, is pursuing a process of building long-term partnerships. Our privileged partners are the public authorities of the States of the region, central or local, as well as financial institutions or public companies. AFD seeks to develop project opportunities with other donors and has co-financed many projects in the region with KfW, BERD or the World Bank.

How important is the partnership with the European Union?

Our cooperation with the European Union is central, in this region at the heart of Europe where the horizon of membership is approaching. This relationship is at the heart of our mandate. We work closely with the teams on the ground, for example through the Western Balkans Investment Framework (CIBO).

Dominique Hautbergue
Director of the Western Balkans Regional Office



Banks of the Sava river in Belgrade. ©Marie Tihon



COORDINATING CRISIS RESPONSE

Whether linked to security, politics, health, food or the environment, crises often stem from difficulties in sharing power or resources. They are also fueled by internal conflicts in the countries, which threaten progress that has been made and development opportunities. AFD Group is therefore committed to intervening in crisis situations to build lasting peace.

Using an integrated approach, AFD Group seeks to prevent crises by addressing their structural causes, as well as their effects, with the aim of enhancing the resilience of countries and citizens in the short, medium and long term. Its interventions combine emergency work with social and economic development projects. In these high-pressure situations, more than anywhere else, it prioritizes a partnership approach, especially with its European partners.



Sewage treatment plant. ©Marie Tihon



This project is funded by the European Union.
Bu proje Avrupa Birliği tarafından finanse edilmektedir.
هذا المشروع تم تمويله من قبل الاتحاد الأوروبي

Water, sanitation and waste management infrastructure in Turkey

The European Union has entrusted AFD with the implementation of this project to strengthen water, sanitation and waste management systems in southern Turkey. This project aims to meet the immediate humanitarian and development needs of the many refugees present in this region and their host communities. It includes 19 infrastructure investment projects in 8 municipalities, as well as technical assistance to improve the performance of public operators of these services. AFD manages financing from the European Facility for Refugees in Turkey.



277

million euros in
financing



2,5

million people
benefiting from a safely
managed drinking
water and/or sanitation
service



4,5

million m³/year of
untreated wastewater
discharge into the
environment avoided



Building of the new Dörtyol hospital. ©Tayfun Dalkılıç



This project is funded by the European Union.
Bu proje Avrupa Birliği tarafından finanse edilmektedir.
هذا المشروع تم تمويله من قبل الاتحاد الأوروبي

Construction and equipment of a public hospital in Turkey

Via a delegation of funds from the European Union, AFD supports the Turkish Ministry of Health in the development of health infrastructure. In particular, it is overseeing the construction of a new public hospital in Dörtyol (province of Hatay), in order to alleviate the pressure on the health services of this region close to the Syrian border, where many refugees have come to settle. The new hospital in Dörtyol will be able to accommodate up to 6,000 patients a day and will ensure a high quality of care, while improving the working conditions of medical staff and the living conditions of patients.



40

million euros in
financing



1,5

million inhabitants
of Hatay province
with better access to
healthcare



250

beds in the new
hospital



TOWARDS ACCESSIBLE, EFFICIENT LOW-CARBON ENERGY

Over one billion people do not have access to electricity. Fossil fuels, which are responsible for two-thirds of greenhouse gas emissions, remain the primary energy source consumed worldwide. At the same time, energy access challenges continue to hinder development and prevent basic needs from being met.

Massive and concerted investment in favor of universal access to efficient, low-carbon energy is crucial. The AFDxEU partnership approach is embodied through joint interventions focused on key areas: access to quality services, including in rural areas, the regional interconnection of electricity networks, funding for renewable energies, both directly and through green finance programs, and energy efficiency.



KFW

EXPERTISE
FRANCE
GROUPE AFD

PROPARCO
GROUPE AFD

European Bank
for Reconstruction and Development


European
Investment
Bank
The Ed. bank

Support for the reform of the electricity sector in Albania

This policy-based loan aims to **improve the sustainability of the Albanian electricity sector by supporting sector reform and diversifying the electricity mix towards renewable energies**. It also aims to continue the integration of the Albanian electricity network into the European network. Conducted in partnership with KfW, it supports Albania in its approach to European Union energy standards. Significant technical assistance is deployed by Expertise France to support the government in the development of a new tariff model. Modeling tools and a study on the impact of the reform on vulnerable populations will support decision-makers in the implementation of the reform.

Construction of solar power plant in Uzbekistan

Proparco, a subsidiary of the AFD Group dedicated to the private sector, co-finances with the BERD and the BEI the **construction and implementation of a 100 MW photovoltaic solar power plant near the city of Samarkand**. It is one of the first private sector renewable energy projects in the country. Launched in 2021, the project will improve access to electricity in the Samarkand region and contribute to Uzbekistan's ambitious transition to renewable energies. This project complements the support by AFD, alongside the Asian Development Bank, for reforms in the Uzbek energy sector.


100%
of the electricity produced in
Albania today comes from
hydroelectricity


250
million euros
in financing in
partnership with KfW


43,000
inhabitants will benefit
from better access to
electricity


110,000
tons of CO2 avoided
per year


1,350
local jobs
supported over
the next five years



ACCESS TO WATER FOR EVERYONE

Two billion people do not have access to good-quality drinking water services and more than one in two people in the world do not have access to adequate sanitation. Water-related interventions affect numerous other issues: health, food security, biodiversity, gender equality, and living conditions of disadvantaged individuals.

In light of these realities, AFD Group and the European Commission are mobilizing to improve the delivery of water and sanitation services for communities, both in major urban centers, rural areas, and regions affected by crises. These interventions are designed taking into account climate risks, such as flooding, and can propose the development of innovative solutions, such as reusing wastewater for agriculture.



Water treatment plant. ©Marie Tihon



Drinking water supply near Shahrissabz. ©Marie Tihon



Modernization of the water and sanitation system in Khashuri, Georgia

In the area of Khashuri, an average city of Georgia, running water is only available for a few hours a day and sewage is discharged into a river without treatment. Delegated funds from the European Union, combined with an AFD line of credit, **aim to rehabilitate, reconstruct and expand water supply and sanitation infrastructure and improve associated services in the municipality of Khashuri.** The United Water Supply Company of Georgia, the public operator of water and sanitation infrastructure, will develop its expertise and capacities to guarantee better living conditions for the local population.



Development of sanitation infrastructure in secondary towns in Uzbekistan

This project aims at the construction, rehabilitation and extension of centralized sanitation systems in the cities of Karmana, Kitob and Shakhrisabz. The objective is to ensure integrated management of water resources adapted to climate change, with benefits for the environment and the health of populations. The work will consist of building a modernized sanitation system, thanks to the establishment of connections, the installation of a network of collectors, the construction of a treatment plant and the establishment of a device for the discharge of treated wastewater compatible with reuse for irrigation. A grant from the European Union makes it possible to strengthen the project through capacity building actions for regional water companies and technical support for the Uzbek administration in this sector.



180

km of new or
rehabilitated water
supply lines



8,300

m³/day of treated
wastewater



11,500

households
benefiting from an
improved sanitation
system



105

million euros
loan from AFD



20

years of
financing



9

million EU grant

OBJECTIVE: CONVERGENCE TOWARDS EUROPEAN UNION STANDARDS

In the Eurasia region, close to Europe, AFD implements European Union financing and cooperates with other European bilateral donors. That is not all: it also supports the countries of South Caucasus and the Balkans in the convergence of their public policies towards the highest standards driven by the EU, in coherence with the Oriental Partnership strategy. A singularity that strengthens the mandate of the AFD group in the region.

Energy, environment, governance, etc. The areas in which the European Union establishes rules are numerous. The candidate countries for integration or rapprochement with the EU thus strive to converge their own rules towards all or part of the "acquis communautaire", the common base of legal rights and obligations which bind the Member States of the EU.

In the Western Balkans, AFD supports local authorities in this process. *"Albania, North Macedonia, Montenegro and Serbia are candidates for becoming members and negotiations are underway for Serbia and Montenegro"* explains Dominique Hautbergue, Director of the AFD office for the Western Balkans. *"The majority of our projects therefore aim to bring European Union standards closer together. For example, we are supporting Albania, with KfW, in its reform of the energy sector (implementation of the 3rd energy community package)".*

Moreover, in Moldova, in Turkey and in the South Caucasus, the AFD supports States in their long-term reforms and in the development of their governance. The reforms concern investments in infrastructure, the integration of climate change into public policies, but also the approximation to EU social standards.

"Georgia and the Georgians, for example, show a strong desire for Europe, which is reflected in their actions. The country has signed an association agreement with the European Union, which provides an ambitious political horizon, on which a set of reforms in the social, public services, climate and environmental management sectors, supported by AFD, is based", explains Raphaël Jozan, AFD Director for the South Caucasus. The neighboring countries of the European Union, including particularly Armenia, Azerbaijan, Georgia and Moldova, benefit from a strengthened partnership with the EU, being located in the immediate neighborhood of Europe and greatly influencing its future.

"The commitment to the convergence of standards, alongside our European partners within Team Europe, is therefore extremely strong in the South Caucasus. Georgia and Armenia have signed association agreements with the EU and wish to maintain their close relations with Europe. It is clear, together we can go further and boost the dynamics of reform encouraged by the authorities." concludes R. Jozan.



For a common world

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.



www.afd.fr

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The Imedi cooperative in Mokhe, Georgia, was created in the aftermath of a technical assistance program to promote access to financing for small farms and agricultural cooperatives, co-financed by AFD and the EU.

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